

# Report of the Board of Directors of Agni Systems Limited

## Dear Shareholders,

Welcome to our esteemed company's 27th Annual General Meeting. We appreciate your presence and engagement in the company's affairs as we discuss and evaluate our performance over the past fiscal year. At this meeting, we proudly present the Financial Statements for the year ending on 30th June 2023.

The Financial Statements encapsulate a comprehensive overview of the company's financial health, performance, and overall standing. They have been meticulously prepared in adherence to the Companies Act 1994, Guidelines issued by the Bangladesh Securities and Exchange Commission, and Bangladesh Accounting and Financial Reporting Standards. This ensures transparency, accuracy, and compliance with regulatory frameworks.

Our commitment to sound corporate governance is evident in preparing the Directors' report. Following Section 184 of the Companies Act 1994 and Corporate Governance Code No. BSEC/CMRRCD/2006-158/207/Admin/80, issued by the Bangladesh Securities and Exchange Commission on 03 June 2018, provides a comprehensive insight into the company's strategic decisions, corporate responsibility initiatives, and risk management protocols.

We extend our gratitude to our shareholders for your continued trust and support. The success and sustainability of our company are attributed to your unwavering commitment. As we navigate the discussions today, we encourage your active participation and valuable insights.

Thank you for being a crucial part of our journey. We look forward to fruitful deliberations and a successful Annual General Meeting.

## Current Global Outlook

In the ever-evolving global economic landscape, the dual challenges posed by the persistent COVID-19 pandemic and the Russia-Ukraine conflict continue to shape the narrative. Amidst these challenges, the recent resurgence of tensions in the Israel-Palestine conflict adds another layer of complexity to the global scenario. Initial concerns hinted at an impending financial crisis, fears of famine, and widespread food insecurity. However, the current reality paints a different picture, illustrating a resilient global economy gradually overcoming these formidable challenges. According to the latest report from the International Monetary Fund (IMF), there is a steady improvement in the overall global economic outlook.

Despite the ongoing conflict in Ukraine and the recent flare-up in the Israel-Palestine region, the adverse effects are showing signs of diminishing. The world has demonstrated remarkable adaptability in the face of the pandemic, and global supply chains are slowly recovering, returning to a semblance of normalcy reminiscent of the pre-pandemic era.

In the context of Bangladesh's internet industry, these global shifts bear significance. The nation's internet sector, a crucial communication, business, and connectivity facilitator, is poised to adapt to the evolving global economic landscape. As international conditions gradually improve, Bangladesh's internet industry has an optimistic outlook for sustained growth and resilience. The industry's ability to navigate challenges and seize emerging opportunities will be instrumental in its continued development in the coming months.

## Bangladesh Economy:

The economic trajectory of Bangladesh stands as a testament to remarkable progress and resilience in the face of global challenges. Surpassing India and Pakistan in various economic and social indicators, Bangladesh has emerged as a beacon of development on the world stage—a feat that few could have foreseen. Over the past 50 years, the Bangladeshi economy has grown an astonishing 271 times, a testament to the nation's commitment to macroeconomic stability.

In the last two decades alone, Bangladesh has outpaced Pakistan in crucial economic metrics, with GDP per capita growing by an impressive 500 percent. The country has also demonstrated its economic prowess by ranking ahead of India and Pakistan in the financial freedom index. Despite the challenges of a global recession, Bangladesh's economic growth has exceeded that of many prosperous nations.

The Goldman Sachs report highlights Bangladesh's unstoppable trajectory, predicting it to be the 16th largest economy in the world by 2075. According to the forecast, Bangladesh's GDP is expected to reach 6.3 trillion dollars, underscoring the nation's significant economic potential. This projection surpasses the government's estimated GDP by a substantial margin for the current financial year, at Tk 686.7 lakh crore.

This economic optimism is grounded in Bangladesh's growing population, expanding labor force, and abundant talent pool. Despite a temporary slowdown due to the COVID-19 pandemic, the economy is rebounding, positioning Bangladesh to surpass major global economies like Saudi Arabia, Canada, Australia, Turkey, Italy, Malaysia, and South Korea. As the world watches in amazement, Bangladesh's economic journey is an inspiring example of sustained growth and development.

## Industry Outlook and Future Development

Bangladesh's Internet Service Provider (ISP) industry is poised for significant growth, underpinned by various favorable factors. The Information and Communication Technology (ICT) sector will contribute 5 billion USD in export revenue by 2025. This surge in the industry is attributed to the rising internet penetration, an expanding middle class, and the government's proactive initiatives to extend digital connectivity.

The ISP market has evolved into a highly competitive landscape, fostering improved services and increased consumer affordability. The government's commitment to digitalization, exemplified by initiatives like "Digital Bangladesh," reinforces the sector's growth trajectory. Continued investments in internet infrastructure, including high-speed broadband networks and fiber-optic cables, have notably enhanced the quality and speed of internet services throughout the country.

Anticipated future developments include introducing 5G technology, which is expected to revolutionize the ISP industry by providing significantly faster speeds and lower latency. This technological advancement will facilitate the emergence of new applications and services, such as the Internet of Things (IoT) and augmented reality. The expansion of fiber-optic networks is deemed essential to meet the escalating demand for high-speed internet services, prompting continued investments in fiber infrastructure by ISPs.

Efforts to bridge the digital divide are expected to remain a focal point, with initiatives such as subsidized internet access targeted at underserved and remote areas. Government policies and regulations will play a pivotal role in shaping the future of the ISP industry, influencing market dynamics and the overall business environment. ISPs may diversify their offerings beyond

basic internet connectivity, exploring value-added services like streaming, cloud services, and cybersecurity solutions. Collaborations with content providers, tech companies, and other stakeholders may become commonplace as ISPs seek to offer bundled services and elevate the overall customer experience.

### **The future outlook for our company**

The future outlook for our company revolves around a steadfast commitment to ongoing investments in expanding our network, geographic presence, infrastructure, and operational processes and fostering the growth and development of our exceptional workforce. Building on the achievements of a successful fiscal year 2022-2023, we are unwavering in our belief that Agni is exceptionally well-poised to seize the myriad opportunities within the industry, maintaining its prominent position as a leading Internet Service Provider in the country.

### **Upcoming Project Overview: Retail Client Expansion Initiative**

Agni Systems Limited, a pioneering force in Bangladesh's information and communication technology sector, is embarking on a transformative journey with its Retail Client Expansion Project. With over 30 years of experience serving enterprises, Agni Systems Limited now aspires to bring its cutting-edge solutions to the retail segment, bridging the digital divide and connecting individuals nationwide. Project Objectives: The core objective of the Retail Client Expansion

Project is to extend Agni Systems Limited's reach to the retail client segment, enabling individuals across 21 districts in Bangladesh to access reliable and innovative telecommunication services. This expansion endeavor aims to transform Agni into a comprehensive solution provider catering to enterprise and individual clients.

Implementation Strategy: The project will be implemented over five years, emphasizing the establishment of manned offices in strategically selected districts. These offices will house dedicated Sales and Technical teams, ensuring a robust customer acquisition process and seamless service delivery. The project will target an ambitious goal of acquiring 3,70,000 customers by the end of the 5th year.

Fundamental Components: The success of the Retail Client Expansion Project hinges on several key components:

**Manned Offices:** Offices will be established in 25 districts to facilitate direct engagement with retail clients, ensuring personalized solutions and excellent customer service.

**Sales and Technical Teams:** Dedicated teams will be stationed at each office, combining expertise in sales and technical support to meet the diverse needs of retail clients.

**Fiber Optic Infrastructure:** Capital expenditure will be directed towards essential infrastructure components, including Fiber Optic Cables, Routers, Switches, Optical

Line Terminals (OLTs), and Customer Premises Equipment (CPE) or Optical Network Units (ONUs).

The Retail Client Expansion Project holds immense potential to reshape Agni Systems Limited's market presence and influence the digital landscape of Bangladesh.

- **Enhanced Connectivity:** Bringing reliable and innovative telecommunication services to retail clients will bridge the digital divide, empowering individuals with seamless connectivity.
- **Market Diversification:** The expansion project diversifies Agni's client base, tapping into the untapped potential of the retail segment.
- **Revenue Growth:** Acquiring 3,70,000 customers by the project's completion will contribute to substantial revenue growth, bolstering Agni's financial standing.
- **Nationwide Impact:** The project's strategic district-based approach ensures a national impact, fostering digital inclusion and progress in various regions.

### **The Core Activity**

Agni Systems Limited is primarily engaged in two core business activities, namely operating an Internet Service Provider (ISP) business and an International Clearing House (ICX) business. The ISP business has operated since 1995, initially utilizing dial-up phone lines and transitioning to advanced wireless and fiber infrastructure. As pioneers in introducing the Internet to the country, we have played a pivotal role in shaping the nation's digital landscape.

## Growth of the Industry

A pivotal initiative marks the digital connectivity project spearheaded by the government, the burgeoning growth of the ICT industry in Bangladesh. This strategic investment aims to revolutionize digital infrastructure, bringing ICT services to every corner of the country. The comprehensive project includes the establishment of over 100,000 broadband and user connections, nearly 10,000 digital labs, and 57 specialized labs. It encompasses the development of a central cloud platform, a frontier technology center of excellence, IT infrastructure in district and Upazila complexes, and extensive training facilities.

The transformative impact of this project extends to digitalizing government services, converting them into e-services for enhanced accessibility to the public. The government's commitment to achieving 90% digitalization of its services by the end of this year underscores its dedication to advancing governance and human resource development through increased broadband penetration. The multifaceted goals include ensuring internet access, prioritizing quality education, fostering job creation, supporting research and innovation, enhancing IT capabilities, building ICT infrastructure, promoting branding in the IT sector, and delivering IT-based services in rural areas. This strategic approach positions Bangladesh to harness the benefits of the digital age across various sectors of the economy and society.

## The ISP Industry

Bangladesh's Internet Service Provider (ISP) industry has experienced substantial growth in tandem with the rising Internet penetration rate. Over the past few years, the number of broadband users has seen a significant surge, particularly during the COVID-19 pandemic. The pandemic underscored the crucial role of the internet in facilitating essential tasks, such as remote work, online classes, and virtual meetings. As a result, there has been a notable increase in reliance on internet services.

According to data from the Bangladesh Telecommunication Regulatory Commission (BTRC), the total number of Internet Subscribers in Bangladesh reached an impressive 129.40 million by the end of June 2023. This substantial user base indicates the integral role of the ISP industry in providing connectivity services to meet the diverse needs of individuals, businesses, and educational institutions across the country. The industry's growth is a testament to the increasing demand for internet services and reflects the adaptability of ISPs in catering to evolving connectivity requirements in a dynamic digital landscape.

## Share Capital Overview:

As of June 30, 2023, Agni Systems Limited operates with an authorized capital of Tk. 1,000 million, divided into 100 million shares with a nominal value of Tk. 10 each. The authorized capital signifies the maximum capital the company can issue to its shareholders.

The issued and paid-up capital, representing the portion of the official capital shareholders have subscribed to and paid for, stands at Tk. 725.56 million. This amount reflects the financial participation of the shareholders in the company's equity as of the specified date.

The share capital structure is critical to the company's financial framework, indicating its capacity for expansion, investment, and financial stability. This information provides shareholders and stakeholders with insights into the financial standing and potential growth of Agni Systems Limited.

## Business Overview (2022-2023):

The operational and financial performance of Agni Systems Limited for the period spanning from 1st July 2022 to 30th June 2023 demonstrates positive growth and resilience. The company achieved a revenue of Tk. 570.17 million, reflecting a robust 9.75% increase compared to the preceding fiscal year. This upward trajectory in income was instrumental in driving an augmented Net Profit, reaching Tk. 81.80 million.

The positive financial indicators were further underscored by the Earnings Per Share (EPS) growth, which increased from Tk. 1.01 to Tk. 1.13 over the year. This performance showcases the company's ability to navigate challenges, capitalize on opportunities, and deliver value to its shareholders.

### Key Financial Numbers:

- Revenue: Tk. 570.17 million
- Net Profit: Tk. 81.80 million
- Earnings Per Share (EPS): Tk. 1.13

These financial metrics encapsulate the successful and commendable performance of Agni Systems Limited during the stated fiscal period, affirming its commitment to sustained growth and economic prosperity. Table:

Particulars	2022-2023	2021-2022	Increase/Decrease Taka	Increase /Decrease %
Revenue	570,174,028	519,515,280	50,658,748	9.75
Gross Profit	195,457,256	173,623,333	21,833,923	12.58
Net Profit Before Tax	89,412,324	79,770,517	9,641,807	12.09
Net Profit After Tax	81,796,294	72,957,688	8,838,606	12.11
Total Current Assets	772,828,166	706,757,617	66,070,549	9.35
Total Current Liabilities	182,939,803	151,453,444	31,486,358	20.79
Total Net Assets	1,157,296,529	1,108,150,521	49,146,008	4.43

## Products & Service

Agni Systems Limited offers a comprehensive range of products and services designed to meet the diverse needs of its customers. The company's commitment to high-speed, secure, and reliable solutions positions it as a leader in the ISP industry. Here's an overview of the critical products and services provided by Agni Systems Limited:

High-speed Internet and Data Services:

- Agni Systems Limited delivers high-speed, secure, and reliable Internet services nationwide.
- The company's internet infrastructure is connected to submarine and terrestrial cables for seamless connectivity.
- Dedicated to serving customers, Agni has a fully resilient network that continually adopts emerging communication platforms.

Email Hosting Services:

- Agni offers reliable email hosting services for personal and corporate needs.
- With uninterrupted and flawless email services, Agni is recognized as the country's most reliable email hosting provider.

Web Design and Hosting Solutions:

- Agni specializes in website development, offering dynamic and static solutions along with reliable hosting services.
- The company helps businesses establish a robust online presence with effective web design and secure hosting.

Cloud Solution:

- Agni provides cloud solutions, delivering IT resources over the internet on a pay-for-use basis.
- With rapid scalability and low-cost access to IT resources, Agni's cloud services cater to evolving business demands.

Network Design, Installation, and Administration Services:

- Agni possesses expertise in designing, sourcing, and installing network infrastructures of any size.
- Specializing in industrial data communications, Agni supports factory automation, IP CCTV, and access control applications.

IP Telephony Service:

- Agni offers IP telephony services, utilizing Internet Protocol to support voice calling, video conferencing, and instant messaging.
- Subscribers can access telephone services nationwide, including SIP trunks, national number ranges, IP phones, and softphones.

Domain Name Registration and Hosting Services:

- Agni provides secure and reliable hosting services for creating and maintaining websites.
- Recognized for reliability, Agni attracts corporate clients for domain registration and hosting services.

VPS (Virtual Private Server):

- Agni offers VPS hosting, a secure and stable solution for website owners with medium-level traffic.
- VPS hosting provides a dedicated server space on a smaller scale and is cost-effective compared to a dedicated server.

WiFi Solution (Residential & Commercial):

- Agni turns homes, offices, and open spaces into WiFi zones, providing high-speed internet services for residential and commercial purposes.

ICX Service:

- Agni, holding an ICX license, facilitates national and international voice traffic between operators.

AgniTalk App:

- AgniTalk is a free, secure communication platform offering unlimited calls and text via the Internet.
- The app features instant messaging, HD-quality voice and video calls, photo sharing, and document exchange.

Agni Systems Limited's diverse portfolio reflects its commitment to delivering innovative solutions that cater to the evolving needs of its customers in the dynamic digital landscape.

## Property, Plant & Equipment Investment

In the fiscal year under review, Agni Systems Limited demonstrated a robust commitment to infrastructure development and technological advancement. The company strategically invested Tk. 557.66 million in properties, plants, and equipment, as detailed in note 4 of the audited financial statements, available on the page No. 76 of the annual report.

This substantial investment underscores Agni Systems Limited's dedication to enhancing its operational capabilities and ensuring a state-of-the-art technological infrastructure. The allocation of funds into properties, plants, and equipment signifies a forward-looking approach to sustaining and improving service quality, reliability, and coverage.

As Agni Systems Limited continues to position itself as a leader in the ISP industry, such strategic investments in tangible assets further solidify the company's foundation for future growth and technological innovation. The detailed financial statements provide a transparent account of these investments, reflecting the company's commitment to transparency and accountability in its operations.

### **Risks and Concerns Management**

The Board of Directors underscores the importance of implementing robust risk management practices and internal controls to protect shareholders' interests and preserve Agni Systems Limited's assets. Assuming comprehensive responsibility, the Board oversees the Company's risk management systems and internal controls, ensuring the establishment of a controlled environment and framework while continually assessing their integrity and sufficiency.

Detailed insights into the identified risks and concerns are furnished in note no. 36 of the audited financial statements, accessible on pages 30 and 31 of the Audited Financial Report and page No. 85 of the comprehensive annual report. This disclosure reflects the Board's commitment to transparency and manifests its diligence in communicating the intricacies of potential risks and concerns.

Agni Systems Limited assures shareholders and stakeholders of its proactive approach to risk mitigation by providing a comprehensive overview of the risk landscape. The disclosure in the audited financial statements serves as a testament to the company's dedication to prudent governance and its pledge to address challenges that safeguard the long-term interests of all concerned parties.

### **Analysis of Cost of Goods Sold, Gross Profit Margin, and Net Profit Margin**

In the financial performance analysis of Agni Systems Limited for the fiscal year ending June 30, 2023, key indicators such as Cost of Goods Sold (COGS), Gross Profit, and Net Profit after tax play a pivotal role in assessing the company's operational efficiency and profitability.

#### **1. Cost of Goods Sold (COGS):**

- COGS for the fiscal year ending June 30, 2023, stands at Tk. 374.72 million, reflecting an increase from Tk. 345.89 million in the previous year.
- The rise in COGS suggests an escalation in the expenses associated with producing goods and services. Factors such as increased production costs, changes in the pricing of raw materials, or shifts in the market dynamics could contribute to this upswing.

#### **2. Gross Profit Margin:**

- Gross Profit for the year ending June 30, 2023, is reported at Tk. 195.46 million, displaying growth from Tk. 173.62 million in the preceding year.
- Gross profit margin, a critical metric, is calculated by dividing gross profit by revenue and multiplying it by 100 to express it as a percentage. It signifies the percentage of revenue retained by the company after covering the direct costs of production.
- The Gross Profit Margin provides insights into the efficiency of the company's production process. A rising margin implies effective cost management and pricing strategies.

#### **3. Net Profit Margin:**

- Net Profit after tax for the fiscal year ending June 30, 2023, is recorded at Tk. 81.80 million, compared to Tk. 72.96 million in the previous year.
- Net Profit Margin, calculated by dividing Net Profit after tax by Revenue and multiplying by 100, is a crucial metric reflecting the company's profitability after all expenses, including taxes.
- An expanding Net Profit Margin indicates the company's ability to generate profits while effectively managing operational costs and tax liabilities.

#### **Conclusion:**

- The increase in Gross and Net Profit after tax demonstrates Agni Systems Limited's capacity to navigate challenges and capitalize on opportunities in a dynamic market.
- Close monitoring of these financial indicators requires stakeholders to comprehend the company's financial health, operational efficiency, and profitability. These metrics' positive trajectory reflects Agni Systems Limited's financial performance for the reported fiscal year.

#### Stability in Operations:

- The lack of extraordinary gains or losses suggests stability in the company's day-to-day operations. Typically, extraordinary items arise from events outside the ordinary course of business, such as the sale of assets, impairment charges, or legal settlements.

#### Consistent Profitability:

- The continuity in regular business activities without extraordinary fluctuations implies that the company's core operations contribute to consistent profitability. This is generally viewed positively by investors and stakeholders.

#### Predictability for Stakeholders:

- Investors, analysts, and other stakeholders often appreciate a lack of significant extraordinary items, as it enhances the predictability of the company's financial performance. It allows for more accurate forecasting and analysis.

#### Management Effectiveness:

- Effective management practices can be inferred when a company operates without relying on irregular gains or losses. It suggests that the leadership is adept at steering the company through regular business challenges without resorting to one-time events.

#### Financial Reporting Integrity:

- The absence of significant extraordinary items enhances the transparency and integrity of financial reporting. It indicates that the financial statements present an accurate and fair view of the company's financial position without being distorted by exceptional events.

#### Future Considerations:

- While the current period may not have witnessed extraordinary gains or losses, it's essential for stakeholders to consider potential future developments that could impact financials. Continuous monitoring is crucial for anticipating and managing any exceptional events that might arise.

The statement affirming the absence of significant gains or losses during the reporting period is a positive indicator for Agni Systems Limited. It reflects stability, predictability, and effective management of the company's financial operations. However, stakeholders should remain vigilant and continue to assess the company's financial disclosures for any emerging trends or events that could impact its financial performance in the future.

#### **Analysis of Related Party Transactions Disclosure**

In the financial statements of Agni Systems Limited, the disclosure of related party transactions is an important aspect that provides insights into the relationships and transactions between the company and its associated parties. Here's an analysis:

#### Transparency and Compliance:

- The disclosure of related party transactions indicates a commitment to transparency and compliance with accounting standards. Such disclosures are essential for stakeholders to understand potential conflicts of interest and the nature of transactions with entities closely associated with the company.

#### Identification of Related Parties:

- The note should include identifying related parties involved in transactions with the company. Related parties can consist of key management personnel, their close family members, entities with significant influence, and other entities under common control.

#### Nature of Transactions:

- The nature of related party transactions should be clearly outlined. This could include selling or purchasing goods or services, loans or advances, guarantees, and other financial arrangements. Understanding the nature of these transactions is crucial for assessing their impact on the company's financial position.

#### Basis for Transactions:

- The basis for such transactions should be explained. This involves detailing the terms and conditions, including pricing mechanisms for goods or services exchanged, interest rates on loans, or other relevant terms. This helps stakeholders evaluate the fairness and commercial substance of the transactions.

#### Risk Assessment:

- Related party transactions can pose risks, mainly if not conducted at arm's length or if they involve significant amounts. The disclosure allows stakeholders, including investors and regulatory bodies, to assess the risk of such transactions.

#### Corporate Governance:

- The transparency in related party transactions is integral to good corporate governance. It ensures that fair decision-making and transactions are conducted in the company's and its shareholders' best interest.

#### Regulatory Compliance:

- Many jurisdictions have specific regulations regarding related party transactions. Full disclosure helps the company demonstrate its adherence to these regulations and norms.

#### Investor Confidence:

- A comprehensive disclosure on related party transactions enhances investor confidence. It assures that the company is forthright in its reporting and is committed to ethical business practices.

The inclusion of related party transactions in the notes of the financial statement signifies a commitment to transparency, corporate governance, and regulatory compliance by Agni Systems Limited. Stakeholders are encouraged to review this disclosure to understand better the relationships and transactions that may impact the company's financial performance and position.

#### Analysis of Variance within Quarterly and Annual Financial Statements

The statement indicating no significant variance between quarterly and annual financial performances in the year suggests stability and consistency in Agni Systems Limited's financial results. Below is an analysis of the implications of this statement:

#### Consistency and Stability:

- The absence of significant variances suggests that the company's financial performance remained relatively stable throughout the year. Consistency is often a positive sign, indicating effective financial management and operational control.

#### Predictability:

- For investors and stakeholders, a lack of significant fluctuations in financial results enhances predictability. Predictable financial performance can improve decision-making, risk assessment, and strategic planning.

#### Operational Efficiency:

- Consistency in financial performance may indicate that the company's operations are running efficiently. It suggests the company can maintain steady revenue generation and cost management over different periods.

#### Risk Management:

- Financial stability across quarters implies effective risk management. Fluctuations in financial results could be indicative of challenges or uncertainties. In this context, the statement suggests that the company has managed potential risks effectively.

#### Investor Confidence:

- Investors generally appreciate stability and predictability. The information about no significant variance can contribute to investor confidence, as it signals that the company has a reliable and steady financial performance.

#### Regulatory Compliance:

- In some cases, significant variances may raise questions from regulatory bodies. The absence of such variances implies adherence to accounting standards and regulatory requirements.

#### Comparative Analysis:

- When comparing quarterly and annual results, analysts often look for patterns or trends. The statement suggests that there are no unexpected or unexplained shifts in performance that would require additional scrutiny.

#### Communication to Stakeholders:

The report is a form of communication to stakeholders about the company's financial health and stability. It provides reassurance that the company is on track with its financial goals.

While the statement provides a snapshot of financial stability, stakeholders, including investors and analysts, may still delve into specific financial metrics and ratios to gain a more nuanced understanding of the company's financial health. It is an invitation for stakeholders to explore further and understand the factors contributing to the consistent financial performance reported by Agni Systems Limited.

#### Corporate and Financial Reporting Confirmation

The Directors of Agni Systems Limited are pleased to provide the following confirmation:

#### Conformity with Regulations:

- The Financial Statements and accompanying notes have been meticulously prepared in conformity with the relevant regulatory frameworks, including the Companies Act 1994, Securities and Exchange Rules 1987, and International Financial Reporting Standards (IFRS). Adhering to these standards ensures financial reporting transparency, accuracy, and comparability.

#### Fair Presentation:

- The Directors affirm that the Financial Statements offer a fair and accurate representation of the company's state of affairs, operational outcomes, cash flows, and changes in equity. This commitment to fairness is crucial for building stakeholder trust and ensuring a comprehensive understanding of the company's financial position.

#### Compliance Declaration:

- By the stipulations outlined in Bangladesh Securities and Exchange Commission's Notification no. BSEC/CMRRCD/2006-158/207/Admin/80, dated June 03, 2018, both the Managing Director and the Chief Financial Officer have provided declarations regarding the fairness of the Financial Statements. The details of these declarations are available in Annexure-1 of the report.

#### Regulatory Compliance:

- The company places significant emphasis on complying with regulatory requirements, fostering a culture of accountability, and aligning financial reporting practices with international standards. This commitment contributes to the overall integrity and credibility of the company's financial reporting.

#### Stakeholder Confidence:

- Assurance of conformity with regulations and the fairness of Financial Statements enhances stakeholder confidence. Investors, regulatory bodies, and other stakeholders rely on such confirmations to make informed decisions and assess the company's financial health.

#### Annexure-1:

- Annexure-1 is a supplementary document providing detailed declarations from the Managing Director and the Chief Financial Officer. This annexure offers additional transparency and insight into the rigorous processes undertaken to ensure the accuracy and fairness of the Financial Statements.

The confirmation provided by the Directors underscores the commitment to upholding the highest standards in financial reporting. This commitment is not only a regulatory requirement but also a cornerstone for building trust, transparency, and credibility in the eyes of stakeholders. The company's adherence to international standards and regulatory guidelines is integral to maintaining its reputation for sound corporate governance.

#### **Maintenance of Proper Books of Accounts**

Agni Systems Limited affirms its commitment to maintaining proper books of accounts, reflecting a dedication to transparent and accurate financial record-keeping. The significance of this commitment extends to various aspects of the company's operations:

##### Financial Integrity:

- The maintenance of proper books of accounts is foundational to ensuring the financial integrity of Agni Systems Limited. It systematically records financial transactions, providing a comprehensive and organized view of the company's monetary activities.

##### Regulatory Compliance:

- Properly maintained books of accounts align with regulatory requirements, ensuring adherence to accounting standards, legal obligations, and relevant financial reporting frameworks. This commitment to compliance is crucial for building trust among stakeholders and regulatory bodies.

##### Transparency and Accountability:

- Transparent financial records contribute to accountability within the organization. Stakeholders, including investors, regulators, and employees, rely on these records to assess the company's financial health, make informed decisions, and gain insights into its financial performance.

##### Decision-Making Support:

- Accurate and well-maintained book of accounts is a foundational element for informed decision-making. Executives and management can rely on these records to analyze financial trends, assess the impact of various strategies, and make sound business decisions.

##### Auditing and Assurance:

- Proper books of accounts facilitate the auditing process, allowing external auditors to examine financial records thoroughly. This not only ensures compliance but also enhances the credibility of financial statements.

##### Corporate Governance:

- The commitment to maintaining proper books of accounts aligns with principles of good corporate governance. It reflects a dedication to transparency, accountability, and ethical financial practices, contributing to the overall governance framework of the organization.

##### Facilitation of Reporting:

- Well-maintained books of accounts simplify the financial reporting process. Timely and accurate reporting supports communicating the company's financial performance to stakeholders, fostering transparency and openness.



In conclusion, the assertion of maintaining proper books of accounts reinforces Agni Systems Limited's commitment to financial diligence, regulatory compliance, and transparent business practices. This commitment is a cornerstone for the company's financial integrity and contributes to its standing as a responsible and trustworthy corporate entity.

#### **Adherence to Appropriate Accounting Policies**

Agni Systems Limited greatly emphasizes the selection and consistent application of appropriate accounting policies in preparing its financial statements. This commitment reflects the company's dedication to financial accuracy, transparency, and prudent judgment. Here are key aspects of Agni Systems Limited's approach to accounting policies:

##### **Consistency and Application:**

- The company adheres to a policy of consistency in selecting and applying accounting policies. This ensures uniformity and comparability in financial reporting, enabling stakeholders to analyze financial information over time.

##### **Reasonable and Prudent Judgment:**

- Financial statements are prepared based on good and prudent judgment. This implies a careful and thoughtful approach to accounting decisions, considering the circumstances and potential impacts on financial reporting.

##### **Accrual Basis of Accounting:**

- Agni Systems Limited records financial transactions on an accrual basis. This means that transactions are recognized when they occur, irrespective of the timing of cash inflows or outflows. This approach provides a more accurate reflection of the company's financial position and performance.

##### **Required Disclosures:**

- The company ensures that all the necessary disclosures are made in its financial statements. This includes transparent reporting of significant accounting policies, enabling stakeholders to understand the principles applied in preparing financial statements.

##### **Transparency in Financial Reporting:**

- Agni Systems Limited prioritizes transparency in financial reporting. Clear and comprehensive disclosure of accounting policies contributes to understanding financial statements by investors, regulators, and other stakeholders.

##### **Adaptability to Changing Circumstances:**

- While maintaining consistency, the company acknowledges the need for adaptability to changing circumstances. This may involve periodic reviews of accounting policies to ensure their relevance and appropriateness in evolving business environments.

##### **Compliance with Accounting Standards:**

The company aligns its accounting policies with relevant accounting standards. This commitment ensures that financial statements are prepared by established norms, promoting consistency and compliance with industry best practices.

In summary, Agni Systems Limited's commitment to appropriate accounting policies is rooted in consistency, reasonable judgment, and transparency. By adhering to these principles, the company aims to provide stakeholders with accurate, reliable, and meaningful financial information that supports informed decision-making and fosters trust in its financial reporting practices.

#### **Application of IAS and IFRS Standards**

Agni Systems Limited places importance on applying globally recognized accounting standards to ensure its financial statements' accuracy, transparency, and comparability. Here's how the company adheres to International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS):

##### **Global Standards Adoption:**

- The company aligns its financial reporting with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). This approach aligns with global best practices and facilitates consistency in financial reporting.

##### **Preparation in Conformity:**

- Agni Systems Limited ensures that its financial statements are prepared in conformity with IAS and IFRS. This includes the application of relevant accounting principles, methodologies, and presentation formats prescribed by these international standards.

##### **Consistent Application:**

- The consistent application of IAS and IFRS contributes to uniformity and comparability in financial reporting over different periods. This consistency aids stakeholders in analyzing the company's financial performance and position effectively.

##### **Departure Disclosure:**

- In cases where there is a departure from any specific IAS or IFRS standard, Agni Systems Limited is committed to providing adequate disclosure. This transparency allows stakeholders to understand the reasons for deviations and assess their impact on the financial statements.

#### Enhanced Financial Reporting Quality:

- By adhering to IAS and IFRS, the company enhances the quality of its financial reporting. These standards are designed to comprehensively and accurately represent an entity's financial performance and position, fostering investor confidence.

#### Facilitation of Global Comparisons:

- IAS and IFRS enables global comparisons of Agni Systems Limited's financial performance with other entities following similar standards. This is particularly crucial for international investors and stakeholders.

#### Adherence to Industry Best Practices:

- Agni Systems Limited's commitment to IAS and IFRS signifies its dedication to industry best practices in accounting and financial reporting. This commitment contributes to the credibility and reliability of the company's financial statements.

In summary, Agni Systems Limited's application of IAS and IFRS underscores its adherence to international accounting standards, ensuring that its financial statements are prepared in conformity with globally accepted norms. This commitment enhances transparency, comparability, and the overall quality of financial reporting, aligning the company with best practices in the global business landscape.

### **Internal Control Assurance**

Agni Systems Limited places significant emphasis on establishing and maintaining a robust internal control system. Here's how the company ensures the effectiveness and soundness of its internal controls:

#### Comprehensive System:

- Agni Systems Limited has implemented a complete internal controls system encompassing a set of rules, policies, and procedures. This system guides organizational activities, enhances operational efficiency, and ensures compliance with established policies.

#### Alignment with Objectives:

- The internal controls system is structured to align with the organization's business objectives. It is crafted to ensure that operations are conducted efficiently, assets are safeguarded, financial information is accurate, and compliance with laws and regulations is maintained.

#### Practical Implementation:

- The company ensures the effective implementation of internal controls across various facets of its operations. This involves consistently applying rules and procedures to mitigate risks and enhance governance.

#### Regular Monitoring:

- Agni Systems Limited recognizes the importance of continuous monitoring to ensure the ongoing effectiveness of internal controls. Regular assessments and evaluations are conducted to identify areas for improvement and address emerging risks.

#### Risk Management:

- The internal controls system is intertwined with the company's risk management framework. This integration allows for identifying, assessing, and mitigating risks potentially impacting the achievement of organizational objectives.

#### Adherence to Policies:

- Internal controls are designed to strengthen compliance with corporate policies. This includes adherence to financial reporting standards, ethical guidelines, and other policies that govern the conduct of employees and stakeholders.

#### Asset Protection:

- The internal controls system explicitly safeguards the company's assets. This involves measures to prevent unauthorized access, misuse, or misappropriation of assets, thereby protecting the organization's interests.

#### Training and Awareness:

- Agni Systems Limited invests in training and awareness programs to ensure that employees at all levels understand and adhere to internal controls. This promotes a culture of compliance and accountability throughout the organization.

#### Adaptability to Change:

- The internal controls system is designed to adapt to business environment changes. This ensures that controls remain relevant and practical, especially in the face of evolving risks and operational dynamics.

#### Independent Assessment:

- The company may engage in independent assessments, such as internal and external audits, to validate the effectiveness of its internal controls. This external perspective adds a layer of assurance.

In summary, Agni Systems Limited is committed to maintaining a strong internal control environment that is effective and adaptable to the changing business landscape. This commitment reflects the company's dedication to governance, risk management, and achieving its strategic objectives.

### **Protection of Minority Shareholders' Interests**

Agni Systems Limited is dedicated to upholding the rights and interests of minority shareholders as an integral part of its Corporate Governance philosophy. The following measures are in place to protect minority shareholders' interests:

#### **Fairness and Transparency:**

- The core tenet of the Corporate Governance philosophy is the commitment to fairness and transparency in all dealings. This extends to how the company treats its minority shareholders, ensuring they are treated equitably and provided with transparent information.

#### **Investor Relations Department:**

- The company has established a dedicated Investor Relations Department. This department is a direct point of contact for minority shareholders to engage with the management or the Board. It provides a platform for transparent communication and a mechanism for addressing concerns.

#### **Accessible Management and Board:**

- Agni Systems Limited ensures that the management and the Board are easily accessible to minority shareholders. This accessibility is facilitated through various communication channels, including regular shareholder meetings, investor conferences, and forums where shareholders can express their concerns and seek clarification.

#### **Grievance Redressal Mechanism:**

- The company has instituted a robust grievance redressal mechanism. Any shareholder, including minority shareholders, can communicate their grievances to the Company Secretary's office. The company proactively tracks and addresses these complaints, ensuring a fair and timely resolution.

#### **Complaint Tracking to Closure:**

- Agni Systems Limited follows a structured process for tracking and closing complaints. This involves systematic documentation and follow-up procedures to ensure that every shareholder grievance is addressed thoroughly and resolved satisfactorily.

#### **Board Oversight:**

- The Board of Directors plays a pivotal role in overseeing the redressal of shareholder complaints. It ensures that the mechanisms are effective, grievances are handled transparently, and appropriate actions are taken to address any valid concerns from minority shareholders.

#### **Communication Channels:**

- The company maintains open communication channels to keep shareholders informed about company developments irrespective of their shareholding size. Regular updates, reports, and disclosures are available to all shareholders, promoting transparency and informed decision-making.

#### **Ethical Conduct:**

- Agni Systems Limited adheres to ethical standards in all shareholder interactions. This includes a commitment to fairness, integrity, and honesty in dealing with minority shareholders, fostering trust and confidence in the company's management and operations.

#### **Shareholder Meetings:**

- Regular shareholder meetings provide a platform for minority shareholders to voice their opinions, ask questions, and participate in critical decision-making processes.

In summary, Agni Systems Limited protects minority shareholders' interests through transparent communication, effective grievance redressal mechanisms, and ethical conduct in all interactions. The company values the input of all shareholders, regardless of their shareholding size, and actively works to ensure their concerns are addressed.

### **Going Concern and Forward-Looking Statement Assurance**

Upon thorough examination of the company's existing and prospective business expansion, its overall performance, and the financial arrangements in place, the directors of Agni Systems Limited express their contentment. The directors affirm that the company possesses sufficient resources to sustain its operations in the foreseeable future, and there are no substantial concerns jeopardizing its status as a going concern. Consequently, the directors reiterate their commitment to adopting the going concern basis for preparing the financial statements. As a result, there are no substantial uncertainties regarding the company's capability to continue its operations as a going concern.

## Significant Deviations in Operating Results from Last Year

In the assessment of the company's operating results, several noteworthy deviations from the previous year have been identified:

### Deviation in Earnings per Share (EPS):

The company has observed an augmentation in revenue, coupled with effective control over the Cost of Goods Sold, services, and operating expenses. Consequently, the Earnings per Share (EPS) has demonstrated a marked increase compared to the corresponding period in the previous year. This positive trend reflects the company's strategic efforts in revenue generation and operational cost management.

### Deviation in Net Operating Cash Flow per Share (NOCFPS):

The company has experienced a positive deviation in the Net Operating Cash Flow per Share (NOCFPS) attributed to the following factors:

**Increased Revenue:** The company has successfully increased its revenue, indicating growth and effectiveness in its core operations.

**Improved Credit Management:** The augmentation in customer collection results from enhanced credit management practices. This signifies efficient financial strategies in handling receivables.

Due to these favorable developments, the Net Operating Cash Flow per Share (NOCFPS) has increased. This positive deviation underscores the company's adept financial management and ability to convert sales into cash effectively.

### Key Operating and Financial Data (Five-Year Overview):

Despite the challenges posed by the prolonged effects of the COVID-19 pandemic, the Russia-Ukraine war, fluctuations in the prices of essential commodities, and variations in the dollar exchange rate, the company has exhibited resilience and commendable financial performance. Here's a summarized overview of the key operating and financial data for the preceding five years:

#### Operating Profit (2023):

- Despite the challenging external factors, the operating profit for the year ended June 30, 2023, witnessed a substantial increase, showing resilience and adaptability in the face of adverse conditions.
- Operating Profit Increase: 11.59%

#### Net Profit After Tax (2023):

- The net profit after tax, a crucial indicator of overall financial health, demonstrated notable growth.
- Net Profit After Tax Increase: 12.11%

#### Comprehensive Overview:

- The company's ability to navigate global uncertainties is evident in the sustained growth in both operating and net profits.
- Despite external pressures, the strategic and financial decisions made by the company have contributed to a positive trajectory in financial performance.

For detailed information, please refer to page No 08 of the annual report, where a comprehensive breakdown of key operating and financial data for the last five years is annexed. This overview reflects the company's resilience, adaptability, and strategic understanding in a challenging business environment.

### Commitment to Employee Health and Safety:

At Agni Systems Limited, we recognize that our employees are the backbone of our organization, and their well-being is paramount to our success. To underscore our commitment to their health and safety, we have implemented a range of initiatives:

#### Prioritizing Employee Well being:

- We acknowledge that a healthy, talented, committed, and skilled workforce is instrumental in delivering superior services to our clients and elevating our organization.
- The well-being of our employees is not just a priority but a fundamental aspect of our corporate philosophy.

#### Health and Safety Measures:

- Proactive Steps: We have proactively taken several steps to ensure the health and safety of our employees.
- Comprehensive Safety Protocols: Robust safety protocols have been established, considering industry best practices and regulatory guidelines.

#### Motivation and Commitment:

- Motivational Environment: We strive to foster a motivational environment where employees feel valued, supported, and motivated to give their best.
- Commitment to Professional Growth: The company is committed to the professional growth of its employees, understanding that a motivated and skilled team contributes significantly to organizational success.

#### Coordination and Team Dynamics:

- **Enhanced Coordination:** A coordinated and cohesive team is essential for delivering efficient and timely services. We invest in team-building activities and training programs to enhance coordination and team dynamics.

#### Continuous Improvement:

- **Feedback Mechanism:** We have established a feedback mechanism to understand employee concerns and improve our health and safety measures.
- **Adaptability:** In response to evolving circumstances, we remain adaptable, ensuring that our health and safety initiatives stay relevant and effective.

In essence, our commitment goes beyond mere rhetoric – it's ingrained in our practices and policies. We believe that a healthy and safe working environment is not just a legal obligation but a moral imperative. As we move forward, we will persistently invest in our employees' well-being and professional growth, recognizing that their success is ours.

#### Employee Welfare and Compensation Framework:

##### Attracting, Retaining, and Motivating Talent:

At Agni Systems Limited, our strategic focus is on cultivating a work environment that attracts, retains, and motivates the most talented individuals. Our commitment extends beyond mere employment – we aim to create a progressive, safe, and healthy workplace for our employees.

#### Key Components of Our Employee Welfare Strategy:

##### Healthy and Progressive Environment:

- **Healthy Workplace:** We prioritize our employees' physical and mental well-being, fostering a healthy workplace that encourages productivity and job satisfaction.
- **Progressive Culture:** Our organizational culture encourages innovation, collaboration, and continuous learning.

##### Competitive Compensation Package:

- **Attractive Remuneration:** We offer a competitive compensation package to ensure our employees are fairly rewarded for their skills, dedication, and contributions.
- **Long-Term Career Focus:** Our policy emphasizes the long-term career growth of individuals committed to the company's success.

##### Provident Fund for Confirmed Employees:

- **Employee Financial Security:** In line with our commitment to employee welfare, we are formulating a Provident Fund to contribute to the financial security of our confirmed employees.

##### Compliance with Labor Laws:

- **Workers Profit Participation Fund (WPPF):** We adhere to Labor Law 2006 by contributing 5% of our net profit to the Workers Profit Participation Fund (WPPF). This fund is instrumental in enhancing employee benefits.

##### Incentives for Sales and Collection:

- **Performance-Linked Incentives:** Recognizing the efforts of our employees, we provide sales and collection incentives to encourage high performance and dedication.
- **Rewarding Excellence:** Incentives are aligned with organizational goals, and outstanding contributions are duly rewarded.

#### Long-Term Career Focus:

Our approach is not just about immediate benefits; it's about fostering a supportive and rewarding environment for individuals planning a long-term career with Agni Systems Limited. We believe that investing in our employees is an investment in the sustained success of our organization. As we move forward, we remain committed to evolving our welfare initiatives to meet the dynamic needs of our workforce.

#### Corporate Social Responsibility (CSR) at Agni Systems Limited:

##### Educational Empowerment for Underprivileged Children:

Agni Systems Limited, in line with its commitment to social responsibility, actively participates in a distance education program to uplift underprivileged children in remote areas. This impactful initiative is executed through collaboration with the Jaago Foundation.

##### Key Components of Our CSR Program:

###### Distance Education Program:

- **Targeting Underprivileged Children:** Our CSR program is designed to provide educational support to children facing socio-economic challenges in remote locations.

- Partnership with Jaago Foundation: We have partnered with the Jaago Foundation, leveraging their education and social development expertise.

**Online School Program:**

- Accessible Education: The initiative involves running an online school program, ensuring that education reaches even the most remote and disadvantaged areas.
- Technology for Inclusivity: Leveraging digital tools, we strive to bridge the educational gap and provide access to quality learning resources.

**Jaago Foundation Collaboration:**

- Empowering Through Education: The Jaago Foundation, known for its commitment to education, is crucial in implementing and managing the distance education program.
- Social Impact: By collaborating with the Jaago Foundation, we contribute to their mission of creating positive social change through education.

**Community Upliftment:**

- Beyond Business: Agni Systems Limited recognizes its broader role in the community and strives to contribute to the welfare and upliftment of society.
- Sustainable Impact: Our CSR initiatives are not just one-time endeavors; they are part of a sustained commitment to positively impacting the lives of the underprivileged.

**Our Vision for CSR:**

At Agni Systems Limited, we view CSR as an integral part of our identity, reflecting our commitment to creating a positive and sustainable impact on society. By focusing on education, particularly for underprivileged children, we aspire to contribute to developing a more inclusive and equitable society. As we move forward, our CSR initiatives will continue to evolve, driven by the goal of making a meaningful difference in the lives of those in need.

**Remuneration Structure for Directors at Agni Systems Limited:**

**\*\*1. \*\* Remuneration Policy:**

- Transparency and Governance: Agni Systems Limited upholds a transparent and governance-driven approach to director remuneration.
- Commitment to Fair Compensation: The remuneration policy is structured to ensure fairness and alignment with the company's performance and industry benchmarks.

**\*\*2. \*\* Remuneration Components:**

- Salary and Benefits: Directors, including Independent Directors, may receive remuneration comprising a fixed salary and associated benefits.
- Performance-Linked Components: In alignment with performance metrics and corporate achievements, variable components such as bonuses or performance incentives may be included.

**\*\*3. \*\* Remuneration Disclosure:**

- Detailed Financial Statements: The breakdown of remuneration expenses for Directors is explicitly disclosed in the financial statements.
- Note 23.01: Specific details regarding remuneration are outlined in Note 23.01 under Governance of Administrative Expenses in the financial statements.

**\*\*4. \*\* Number of Directors Receiving Remuneration:**

- Limited to Two Directors: Remuneration is paid to only two, reflecting a focused and streamlined approach.
- Independent Director: The Independent Director does not receive any remuneration, emphasizing objectivity and independence in decision-making.

**\*\*5. \*\* Governance Practices:**

- Adherence to Regulations: The remuneration structure adheres to applicable regulations and corporate governance guidelines.
- Commitment to Fair Practices: Agni Systems Limited is committed to ensuring that director remuneration practices are fair, just, and in line with regulatory expectations.

**\*\*6. \*\* Alignment with Performance:**

- Performance Metrics: The remuneration structure is designed to align with the company's performance, encouraging Directors to contribute to sustained growth and profitability.
- Linkage to Achievements: Variable components are linked to specific achievements and performance milestones.

**\*\*7. \*\* Independent Director:**

- Voluntary Service: The Independent Director contributes to the company voluntarily without receiving any remuneration.
- Objective Decision-Making: This practice underscores the independence and objectivity of the Independent Director's role.

**\*\*8. \*\* Commitment to Governance Excellence:**

- Continuous Review: Agni Systems Limited regularly reviews its remuneration policy to ensure it remains in alignment with evolving governance standards.
- Stakeholder Feedback: Feedback from stakeholders is considered in shaping and refining the company's remuneration practices.

Agni Systems Limited strongly emphasizes governance, transparency, and fairness in its remuneration practices. The company's commitment to aligning remuneration with performance underscores its dedication to fostering sustainable growth and value creation for all stakeholders.

**Appropriation of Profit at Agni Systems Limited:**

1. Net Profit for the Year 2022-2023:

- The net profit for the financial year ending June 30, 2023, stands at Tk. 81,796,294.

2. Retained Earnings Brought Forward from Last Year:

- The retained earnings from the previous fiscal year, i.e., 2021-2022, amount to Tk. 150,020,101.

3. Retained Earnings Available for Appropriation:

- The total retained earnings available for appropriation, considering the net profit for the current year and the retained earnings from the previous year, sum up to Tk. 199,166,109.

4. Proposed Dividend:

- The Board of Directors has recommended a cash dividend of 4.75% (Tk. 0.475 per share) for the fiscal year ending June 30, 2023.
- The proposed dividend amounts to Tk. 34,446,191.

5. Transfer to Retained Earnings:

- Following the dividend appropriation, the remaining amount of Tk. 47,332,103 is proposed to be transferred to retained earnings.

Description	Amount in Tk.
Net profit for the year 2022-2023	81,796,294
Retained earnings brought forward from last year	150,020,101
Retained earnings available for appropriation	199,166,109
Proposed Dividend	34,446,191
Transfer to Retained Earnings	47,332,103

The appropriation of profit at Agni Systems Limited reflects a balanced approach, considering the distribution of dividends to shareholders and the retention of a portion for further strengthening the company's financial position. The proposed dividend aligns with the company's financial performance and the interests of its shareholders. The transfer to retained earnings ensures a continued focus on financial stability and growth.

**Dividend Declaration at Agni Systems Limited:**

1. Dividend Percentage:

- The Board of Directors, considering the company's performance, has recommended a cash dividend of 4.75%.

2. Dividend Type:

- The declared dividend is in the form of cash.

3. Approval Process:

- The dividend will be paid after obtaining approval in the Company's Annual General Meeting.

#### 4. Record Date:

- The entitlement to the dividend will be based on the shareholding position on the record date, which is set as 19th November 2023.

#### 5. Bonus Share/Stock Dividend:

- No bonus share or stock dividend was declared during 2022-2023.

Declaring a 4.75% cash dividend reflects the Board's confidence in the company's performance and its commitment to delivering value to shareholders. The transparent communication of the dividend type, approval process, and record date provides clarity to the shareholders regarding their entitlement. Deciding not to declare bonus shares or stock dividends indicates a strategic focus on cash distribution to shareholders.

### **Management's Discussion and Analysis Highlights:**

Management's Discussion and Analysis (MD&A) was presented in the Managing Director's speech. The MD&A typically covers various aspects of the company's performance, strategies, challenges, and future outlook. Some key highlights from the MD&A include

#### Financial Performance:

- A comprehensive review of the financial performance for the year, including revenue, expenses, and profit margins.

#### Operational Highlights:

- Key operational achievements and challenges the company faces during the reporting period.

#### Market Trends:

- Analysis of market trends impacting the company's industry and how the company has responded to these trends.

#### Strategic Initiatives:

- Discussion on the company's strategic initiatives to drive growth and enhance competitiveness.

#### Risk Factors:

- Identifying and assessing key risks and challenges the company faces and the strategies to mitigate these risks.

#### Outlook and Future Plans:

- Insights into the company's plans, projects, and strategies for sustainable growth.

#### Industry Overview:

- A broader analysis of the industry dynamics, including any significant changes, challenges, or opportunities.

#### Stakeholder Value:

- Discuss how the company delivers value to its stakeholders, including shareholders, employees, and customers.

The MD & A gives shareholders and stakeholders a deeper understanding of the company's performance and the factors influencing its operations. It serves as a bridge between the financial statements and the strategic vision of the company, offering valuable insights for informed decision-making.

### **Declaration of the Managing Director and CFO:**

The Managing Director and Chief Financial Officer (CFO) have provided a declaration. This declaration, detailed in Annexure A of the annual report, asserts the commitment of the Managing Director and CFO to uphold and adhere to the principles of corporate governance.

The declaration likely covers critical points such as

#### Commitment to Corporate Governance:

- Affirmation of the company's commitment to maintaining high standards of corporate governance.

#### Ethical Conduct:

- Pledge to conduct business ethically and transparently, ensuring compliance with all relevant laws and regulations.

#### Financial Reporting:

- Assurance of the accuracy and reliability of financial reporting, with a commitment to providing transparent and timely information to stakeholders.



#### Internal Controls:

- Confirmation of establishing and maintaining effective internal control systems to safeguard the company's assets and ensure operational efficiency.

#### Compliance:

- Confirmation of compliance with all applicable regulatory requirements and guidelines.

#### Stakeholder Interests:

- Acknowledgment of the responsibility to protect the interests of all stakeholders, including shareholders, employees, and the broader community.

#### Continuous Improvement:

- Commitment to constant improvement in corporate governance practices and responsiveness to changing business dynamics.

This declaration serves as a testament to the company's dedication to upholding the highest standards of corporate governance, fostering trust among stakeholders, and ensuring the sustainable and ethical operation of the business. Shareholders and regulatory bodies often value such declarations as they reinforce the company's commitment to transparency, accountability, and responsible business practices.

### Board Meeting and attendance

Board Meeting and attendance during the year ended June 30, 2023, are as follows:

Name of Directors	Number of Meetings held during the year ended 30.06.2023	Number of Meetings attended
Mr. Reaz Islam, Chairman; BoD (Nominated by LR Global Bangladesh Asset Management Company Limited)	4	4
Mr. Mohammed Abdus Salam Managing Director	4	4
Mr. Zia Shamsi, Director	4	4
Mr. Md. Mofizur Rahman, Director (Nominated by Investment Corporation of Bangladesh)	4	4
Mr. Muhammad Omar Soeb Chowdhury, Director (Nominated by LR Global Bangladesh Asset Management Company Limited.)	4	4
Mr. Muhammad Ridhwanul Haq Ph.D, Independent Director	4	3
Mrs. Dr. Mansura Akter, Independent Director	4	4

### Shareholding Pattern Report

As of June 30, 2023, the shareholding pattern of the company is presented by condition No. (5) (xxiii) of the Corporate Governance Code of Bangladesh Securities and Exchange Commission. For detailed information, please refer to page No. 35 of this financial report.

The shareholding pattern provides insights into the distribution of ownership within the company. It outlines the percentage of shares held by various categories of shareholders, including promoters, institutional investors, and the public. This information is crucial for stakeholders to understand the equity structure of the company and the extent of ownership concentration.

For specific details on the distribution of shares among different entities and categories, please refer to the provided annexure in the financial report. This section aims to ensure transparency and compliance with regulatory requirements regarding the disclosure of the shareholding pattern.

## **Rotation, Retirement, and Reappointment of Directors**

By the provisions outlined in Section 91 of the Companies Act 1994, as well as Sections 79-87 of Schedule I of the Act, and as specified in the Articles of Association of the Company, it is mandated that one-third of the directors shall retire from office every subsequent year. After their retirement, these directors become eligible for re-election.

Therefore, at the upcoming 27th Annual General Meeting, Mr. Reaz Islam & Mr. Muhammad Omar Soeb Chowdhury, among the directors of Agni Systems Limited (ASL), will be retiring from their current office. However, it is important to note that the retiring directors will have the opportunity to be reappointed, subject to the shareholders' decision at the Annual General Meeting.

This process ensures a rotation in the board's composition over time, promoting accountability, transparency, and effective governance within the company. Shareholders are crucial in determining directors' reappointment, aligning with corporate governance principles and regulatory requirements.

## **Corporate Governance Compliance Certification**

Agni Systems Limited affirms its commitment to upholding the highest standards of corporate governance as stipulated by the Bangladesh Securities & Exchange Commission. In adherence to the commission's Notification No. SEC/CMRRCD/ 2006-158/207/Admin/80, dated 3rd June 2018, the company has diligently complied with all the requirements outlined in the Corporate Governance Code.

A comprehensive Corporate Governance Compliance Report is enclosed according to regulatory guidelines. This report provides a detailed account of the company's adherence to the principles and practices outlined in the Corporate Governance Code. Agni Systems Limited recognizes the pivotal role that corporate governance plays in ensuring transparency, accountability, and the protection of stakeholders' interests.

This commitment to compliance reflects the company's dedication to sound business practices and ethical conduct, fostering trust among shareholders, investors, and the broader business community. The enclosed report serves as a testament to Agni Systems Limited's ongoing efforts to align its operations with the best practices in corporate governance.

## **Credit Rating Acknowledgment**

Agni Systems Limited proudly announces its credit rating from Bangladesh Rating Agency Limited (BDRAL). The comprehensive rating surveillance was conducted based on the audited financial statements for the financial year ending June 30, 2023, and Unaudited Financial Statements as of 30th September 2023, along with an evaluation of other pertinent information.

We are pleased to share that Agni Systems Limited has been assigned a rating of "A" under the "Long Term" category and "ST-3" under the "Short Term" category by BDRAL. The assigned outlook for the company is categorized as "Stable."

This credit rating is a testament to Agni Systems Limited's robust financial standing, prudent management practices, and commitment to sustainable business operations. The "A" rating reflects a high degree of credit-worthiness, indicating a low credit risk associated with the company's long-term obligations. Moreover, the "ST-3" rating for the short term underscores the company's strong capacity to meet its short-term financial commitments.

Agni Systems Limited thanks Bangladesh Rating Agency Limited for their diligent assessment and acknowledgment of our financial stability and operational resilience. This credit rating provides stakeholders, including investors and financial partners, valuable insights into the company's financial health and underscores our commitment to transparency and accountability.

## **Appointment of Statutory Auditors**

We extend our gratitude to FAMES & R, Chartered Accountants, our existing statutory auditors, for their dedicated service and meticulous auditing of Agni Systems Limited for 2022-2023.

In adherence to Bangladesh Securities and Exchange Commission (BSEC) Rules, and considering the completion of the three-year term, FAMES & R is ineligible for reappointment as the statutory auditor for the upcoming fiscal year.

Therefore, the Board of Directors has proposed the appointment of Khan Wahab Shafique Rahman & Co., Chartered Accountants, as the Statutory Auditor of Agni Systems Limited for the Financial Year 2023-2024. This recommendation is subject to your esteemed approval, which we seek at the 27th Annual General Meeting.

We believe that Khan Wahab Shafique Rahman & Co., Chartered Accountants, with their expertise and commitment to professional excellence, will contribute significantly to ensuring the integrity and accuracy of our financial statements. We look forward to your support in endorsing this appointment.

## **Appointment of Auditor for Corporate Governance Compliance Certification**

We are pleased to announce that J.U. Ahmed & Co., Chartered Accountants in practice, has thoroughly investigated our company's compliance with the Corporate Governance Code as per the BSEC Notification No. SEC/CMRRCD/2006-158/207/Admin/80: dated 3rd June 2018 during the fiscal year 2022-2023.

Their commitment to upholding the highest standards of corporate governance is commendable, and their expertise has played a crucial role in ensuring our adherence to the prescribed governance norms. We are grateful for their diligence and professionalism.

The Board of Directors has recommended the reappointment of J.U. Ahmed & Co., Chartered Accountants in practice, for the fiscal year 2023-2024 to carry out the compliance certification of corporate governance. This proposal will be presented for your approval at the upcoming 27th Annual General Meeting.

## **Trade Body Memberships**

Dear Shareholders,

We take pride in being a leading IT company in Bangladesh, actively participating in various industry associations that contribute to the growth and development of our sector. As of the latest update, Agni Systems Limited holds memberships in the following prominent trade bodies:

**Internet Service Providers Association of Bangladesh (ISPAB):** A key association fostering collaboration among internet service providers, playing a crucial role in shaping the landscape of digital connectivity in Bangladesh.

**Association of ICX Operators Bangladesh (AIOB):** As members, we actively contribute to discussions and initiatives within the Association of ICX Operators Bangladesh, facilitating advancements in inter-operator voice communications.

**Bangladesh Computer Samity (BCS):** Our involvement in Bangladesh Computer Samity reflects our commitment to the broader computing community, where we engage in discussions and initiatives that drive technological advancements.

**Bangladesh Association of Software and Information Services (BASIS):** As a member of BASIS, we participate in shaping the future of software and information services in Bangladesh, contributing to the country's technological progress.

These memberships underscore our dedication to staying at the forefront of industry developments, fostering collaboration, and contributing to the collective advancement of the IT sector in Bangladesh.

## **Membership with BAPLC**

We are pleased to inform you that Agni Systems Limited, a publicly listed Company, holds a significant membership with the Bangladesh Association of Publicly Listed Companies (BAPLC). This membership exemplifies our commitment to industry best practices, transparency, and adherence to the highest standards of corporate governance.

We have attached the certificate of our membership with BAPLC for your reference. It can be found in page 58 of this annual report. This membership is a testament to our dedication to upholding the principles of good governance and contributing to the advancement of publicly listed companies in Bangladesh.

## **Our Contribution to the National Exchequer**

We take pride in sharing that Agni Systems Limited has substantially contributed to the National Exchequer, amounting to BDT 98,104,935 (approx.), during the financial year ending June 30, 2023. This contribution represents approximately 17.20% of the company's annual net turnover.

We provide the comparative data for the last three years for your reference and transparency. This commitment to financial responsibility and our contribution to the national economy reflects our dedication to sustainable growth and responsible corporate citizenship.

Particulars	Amount in BDT		
	Taka 2022-2023	Taka 2021-2022	Taka 2020-2021
Advance Income Tax	36,196,233	34,377,046	25,436,655
VAT	43,053,721	36,805,313	33,103,567
License Fee	18,854,981	15,270,52	15,263,900
<b>Total</b>	<b>98,104,935</b>	<b>86,453,879</b>	<b>73,804,122</b>

#### **Dividend Declaration**

We are pleased to inform you that the Board of Directors has recommended a 4.75% Cash Dividend for the fiscal year ending June 30, 2023. This decision reflects our commitment to enhancing shareholder value and rewarding your trust in Agni Systems Limited.

Over recent years, the Board has consistently declared dividends out of profit, offering shareholders attractive rates of return on their investments. We would like to clarify that no bonus share or stock dividend has been declared as an interim dividend.

Your continued support is invaluable, and we look forward to your participation in the upcoming Annual General Meeting to approve this dividend recommendation.

#### **Vote of Thanks**

On behalf of the Board of Directors, I extend our heartfelt appreciation to the incredible individuals and entities contributing to Agni Systems Limited's success.

To Our Employees and Shareholders: Your unwavering dedication and commitment are the driving force behind our achievements. Your passion and hard work fuel our progress, and we are truly grateful for your valuable contributions.

To Our Business Partners and Customers: We sincerely thank you for your trust and collaboration. Your partnership is integral to our success, and we value the relationships we've built across Bangladesh.

To Government and Regulatory Bodies: We express our gratitude to 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 other regulatory bodies for their cooperation and support.

Together, we form a strong and dynamic community that propels Agni Systems Limited forward. Thank you for being an essential part of our journey.

Best Regards,



Chairman  
Agni Systems Limited