

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

It is our privilege to welcome you all to the 18th Annual General Meeting of Intech Limited.

We are pleased to present the results of the operational activities and the audited financial statements of the Company for the 12 months' period ended on June 30, 2018 before the shareholders of the Company.

We now report below on the performance of the company and other relevant aspects in accordance with the Notification on Corporate Governance Code dated June 03, 2018, issued by BSEC.

Industry outlook and possible future developments in the industry

As we already informed you last year, your company has diversified in other areas i.e. resort project and fisheries project, while also retaining the core business of internet service and software.

During the reporting period, your Company continued its fishery business on leasehold property. Subsequently, the Company has decided to purchase the said property, efforts whereon are under process. The Company is optimistic that the said property may be utilized, with shareholders' approval, for more diversified business initiatives, e.g eco-tourism, agro-business with Aquaponic and Hydroponic system, Solar park (green power generation-On grid), Biogas project, Feed mill, Improved cook stove project, Specialized Fish processing & preservation plants, Poultry, Ice factory, Beef fattening, Dairy farm, Orchard etc.

Segment-wise or product-wise performance

'Software' and 'Fisheries' are the main sources of revenue, each representing around 37% and 52% respectively of the revenue earned (i.e., total 89%) during the period. The other source of income had been 'Internet Service' share whereof being around 11%.

Risks and concerns

In consideration of the risk of stiff competition and high personnel turnover in the software business, we have already diversified our business in integrated fisheries and the grabbing of a substantial part of business in vast sector of IT and ITeS services including are being envisaged. Intech has already signed agreement with Teletalk Limited for extending them Service Delivery Platform (SDP) with Teletalk Bangladesh Limited, commercial operation where against will commence soon. Meanwhile, Intech has started business of Amazon Web Services (AWS) in Bangladesh being the Exclusive local partner in collaboration with AWS's South-East Asian Regional Re-selling Agent "Minfy Technologies Private Limited, India".

It deserves here further mention that there are other emerging Business platforms /projects under Intech's upcoming business portfolio which are -i) BMRE of existing ISP services with GPON Technology, ii) Rongdhunu Bijoy WAP Portal, iii) WiFi Hotspot, iv) Cloud SIM, v) Alternative Delivery Channel(ADC) with time-befitting offer for Digital devices, products & services under to facilitate broader Financial Inclusion targeting the unbanked people across Bangladesh, vi) Corporate , Secure SMS Gateway, vii) Telecom Value Added Services(t-VAS), viii) Trading including import of Mobile devices, ix) Skill development training on IT/ITeS , x) IT /ITeS-powered Micro finance project etc.

Besides, under Joint Venture/Joint collaboration the following activities are envisaged to be executed in near future:

- i) under the upcoming Joint Venture with Overseas stakeholder from China(Shenzhen), the Company is deeply poised for making vibrant strides for setting up of computer-aided special software based Printing Circuit Board (PCB) designing. Further, to this effect, Intech has of late approached Bangladesh Hi-Tech Park Authority for a 'Plot for the High-scale IT-based project including the PCB project and Hi-tech skill development,
- ii) **setting up of medium scale Grid-connected Solar power** project on its own and with strategic partner finance/equity contribution for which MoU with **Karmiel International (Pvt) Ltd**, Colombo, SriLanka, aiming at setting up of a 100MW photovoltaic solar power plant at Tarakanda, Mymensingh, Bangladesh. Detailed commercial agreement shall follow soon.
- iii) MoU with NRB Telecom Limited has been signed with a view to work together to tie up into a strong bonding of Business cooperation/collaboration endeavour on the very work areas Managed services, Cloud SIM, Business process outsourcing, Content providers and WiFi Hotspot/telecom Value-added services, IAS, ICX footprints, Data Centre facility, Wholesale Internet, Backhaul and Support Services , licensed Data processing /primary Point of Inter-connection (POI), Detailed commercial agreement shall follow soon.
- iv) Intech has entered into a Partnership Agreement with long-proven USA-based company "Ranial Systems Inc.," for plying businesses concertedly on multi-faceted business areas - Innovative & cutting-edge technology –based –specially mentionable being unique digital platform for ERP solutions, Smart Manufacturing, Intelligent Platforms, OEMs/Device, Intelligent Energy Management, Intelligent Edge Computing, Vertical Applications, OT/IT Integration, Actionable Insights, Smart City space, Managed services, Internet of Things (IOT), CSV/MNO/MVNO, Strategic Consulting and Co-Innovation, Software & Hardware.

Last but not the least, Intech is also deeply engrossed in BMRE and broader Integration of its fishery/agro project in Tarakanda, Mymensingh with 3-Layers for latest cutting –edge technology "Aquaponic/RAS based a) Fish production/culture, b) vegetable production with c) Solar panel atop the farm structure intended for utilization as its roof as well as be utilized for solar power generation for meeting the farm's own power need and also feed the national power grid.

Subject to necessary Government approvals, the shareholders of Intech Limited have approved fresh investment of Tk. 54 crore against issuance of shares at par through envisaged private placement at 5th EGM held on October 21, 2018.

Cost of Goods and Services Sold, Gross Profit Margin and Net Profit Margin

The Cost of Goods and Services Sold in 2017-2018 amounted to 36% of Revenue, thereby resulting in Gross Profit Margin of 63%. This is fairly consistent with 50% Gross Profit Margin in 2016 - 2017.

Key operating and financial data of preceding 5 (five) years

Amount in Taka

Particulars	2017-18	2016-17	2015-16	2014	2013
Turnover	136,476,604	127,162,769	114,126,973	77,609,265	47,316,448
Gross Profit	78,812,226	63,087,115	61,354,548	45,540,710	39,768,272
Profit Before Tax	34,316,672	28,669,997	24,892,581	23,185,748	19,325,397
Tax	2,728,660	609,985	(127,681)	108,478	(314,935)
Profit After Tax	35,411,205	27,856,869	23,749,268	21,917,983	19,640,332
Total Asset	358,752,682	295,121,830	267,002,272	241,494,125	217,834,103
Shareholders' Equity	322,821,565	287,410,360	259,553,491	235,804,223	213,886,240
Total Current Assets	207,588,098	135,339,862	106,499,532	75,870,727	80,902,443
Total Current Liabilities	22,569,645	7,711,470	7,448,781	5,689,902	3,947,863v

Related Party Transaction

During the period under report, the company has executed transaction of Tk. 44,064,000 with Solquest Limited where there is common director of the company.

Explanation on significant variance that occurs between Quarterly Financial performance and Annual Financial Statements:

There was no significant variance.

However, due to increase in Turnover specially in Fisheries (most of fish sales occurred in last quarter as per seasonal and fish yield completion and earning of higher profit margin in Fish sales in last quarter took place) and Software during April-June'2018 and Turnover and profit margin have registered smooth and expected growth than the previous quarters and the related immediate preceding year.

Remuneration of Directors including Independent Directors

The Directors of the Company, including independent directors, have not received any remuneration during the year.

Directors' Declaration as to Financial Statements

As part of preparation and presentation of the financial statements, the Directors also report that:

- The financial statements prepared by the management of the company present fairly its state of affairs, the result of its operation, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- Bangladesh Accounting Standards (BAS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements.

System of internal control

The Company's internal control is sound which is designed and has been effectively implemented and monitored during the year.

Going Concern

There are no significant doubts upon the issuer company's ability to continue as a going concern.

Other Regulatory Disclosures

There was no extra-ordinary gain or loss during this year or the preceding year.
There was no public issue of shares of any other instruments during this period.

Dividend

The Board of Directors have the pleasure to recommend 11% Stock Dividend.

The Board of Directors in its meeting held on 28 October, 2018 has approved the Financial Statements for the year ended 30 June ,2018 and recommended 11% Stock Dividend for the Shareholders, which is placed to the Annual General Meeting for approval by the shareholders and authorization of the financial statement for issue. The said 11% Dividend is recommended as "Stock Dividend" with a view to set aside the fund occurring for not paying Cash Dividend for the Company's investments in envisaged financially rewarding and Socio-economic impact-bearing projects in the greater interests of the Company as well as for all its members/shareholders.

Directors

The Board of the Company consists of 5 (five) members, 1 (one) of whom (i.e 20%) is an Independent Director. Under section 60 of the Articles of Association of the Company, Directors from the general shareholders retire by way of rotation.

By rotation, Ms. Shadika Mahbub, one of the Directors from the general shareholders, would retire in this AGM, and she has expressed interest for re-election.

The pattern of shareholdings is disclosed as follows:

1. The Company has no Parents/Subsidiary/Associated Companies
2. The shareholdings of Directors have been disclosed as follows:

Shareholdings by	Designation	No. of shares
ATM Mahbubul Alam	General Shareholder Director	517,550
Ms Shadika Mahbub	General Shareholder Director	113,300
Md. Anisuzzaman	General Shareholder Director	11,000
Projib Bhusan Datta (FCMA)	Independent Director	-
Mirza Aminul Islam Beg	CEO	-

The number of Board meetings held during the period and attendance by each director (10 meetings were held in the period):

	Designation	Attendance
ATM Mahbubul Alam	Chairman	10
Ms. Shadika Mahbub	Director	10
Md. Anisuzzaman	Director	10
Projib Bhusan Datta	Independent Director	10
Mirza Aminul Islam Beg	CEO	10

Audit Committee

As per stipulation of the BSEC guidelines, the Board has constituted an Audit Committee for the Company. The Committee met six times during the reporting period, which was attended by all the members. The main activities of the Audit Committee during the reporting period were as follows:

- Review and recommend to the Board the quarterly and period-end financial statements for the period of 12 months in 2017-2018.
- Review and appraise the performance of the internal control system.
- Review and consider the compliance with various Guidelines of BSEC.

Corporate Governance Compliance Statement

We are pleased to confirm that we have complied with BSEC Notification No. SEC/CMRRC-D/2006-158/207/Admin/80 dated 03 June 2018, and have included the Compliance Report in the Annual Report. Further, a Certificate of Compliance required under the said Notification, as provided by Podder & Associates Cost and Management Accountants, has also been annexed to this Report.

Auditors

The Board recommends the appointment of Ata Khan & Co., Chartered Accounts, as Financial Auditors and Podder & Associates Cost and Management Accountants as Compliance Auditors for 2018-2019, for your approval.

Conclusion

The Board would like to thank you all for your participation in the AGM, and for your continued interest and support for the Company.

On behalf of the Board of Directors,



ATM Mahbubul Alam
Chairman