

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

It is our privilege to welcome you all to the 19th 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, 2019 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 hopeful 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 38% and 50% respectively of the revenue earned (i.e., total 88%) during the period. The other source of income had been 'Internet Service' share whereof being around 12%.

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 been running business of Amazon Web Services (AWS) in Bangladesh being the Exclusive local re-selling 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 had been 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. During the year under report the initiative of intech for promoting the aforesaid projects was not materialised.

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 as well as LICT 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 based finance/equity contribution for which MoU with **Karmiel International (Pvt) Ltd**, Colombo, Sri Lanka, aiming at setting up of a 100MW photovoltaic solar power plant at Tarakanda, Mymensingh, Bangladesh. Detailed commercial agreement is yet to be signed as incubation processes are on-going.
- 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 of 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 Interconnection (POI). Detailed commercial agreement is yet to be signed.
- 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. Vivid technical evaluation is going on.

Intech is still 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. Due to fund constraint/lack of desired finance this innovative and highly financially rewarding future endeavour has been hindered.

Subject to necessary Government approvals, the shareholders of Intech Limited 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, which the regulatory authority deemed not tenable.

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

The Cost of Goods and Services Sold in 2018-2019 amounted to about 43% of Revenue, thereby resulting in Gross Profit Margin of 57%. This is fairly consistent with 58% Gross Profit Margin in 2017 - 2018.

Key operating and financial data of preceding 5 (five) years**Amount in Taka**

Particulars	2018-19	2017-18	2016-17	2015-16	2014
Turnover	119,113,752	136,476,604	127,162,769	114,126,973	77,609,265
Gross Profit	68,260,468	78,812,226	63,087,115	61,354,548	45,540,710
Profit Before Tax	12,939,116	34,316,672	28,669,997	24,892,581	23,185,748
Tax	580,911	2,728,660	609,985	(127,681)	108,478
Profit After Tax	12,358,205	35,411,205	27,856,869	23,749,268	21,917,983
Total Asset	388,445,967	358,752,682	295,121,830	267,002,272	241,494,125
Shareholders' Equity	335,179,770	322,821,565	287,410,360	259,553,491	235,804,223
Total Current Assets	230,129,559	207,588,098	135,339,862	106,499,532	75,870,727
Total Current Liabilities	23,408,714	22,569,645	7,711,470	7,448,781	5,689,902

Related Party Transaction

During the period under report, no any such transaction has been made.

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

There was significant variance due to increase in cost of goods sold, administrative expenses including bad debts increase in financial expense and fall of sale of live fishes, new software as well as drastic reduction in ISP sales turnover due to lack of desired BMRE of the said services by adopting advanced GPON technology owing to nonavailability of desired fund.

Remuneration of Directors including Independent Directors

The Directors of the Company, including independent directors, have received 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 not recommended any dividend due to shortage of fund to pay cash dividend as well as to retain the limited fund to continue the services in the absence of additional required fund.

The Board of Directors in its meeting held on 28 October, 2019 has approved the Financial Statements for the year ended 30 June ,2019 and recommended no 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.

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, Mr. ATM Mahbubul Alam and Mr. Md. Anisuzzaman, the Directors from the general shareholders, would retire in this AGM, and they have 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	574,480
Ms Shadika Mahbub	General Shareholder Director	125,763
Md. Anisuzzaman	General Shareholder Director	12,210
Projib Bhusan Datta (FCMA)	Independent Director	-
Mirza Aminul Islam Beg	CEO (Ex-Officio Director)	-

The number of Board meetings held during the period and attendance by each director (10 meetings were held during 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 four times during the reporting period, which were 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 2018-2019.
- 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 Islam Aftab Kamrul & Co., Chartered Accounts, as Financial Auditors and Podder & Associates Cost and Management Accountants as Compliance Auditors for 2019-2020, 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