

DIRECTORS' REPORT TO THE SHAREHOLDERS

Honorable Shareholders,

It is a great honor and privilege on the part of the Board of Directors and myself to welcome you all to this 8th Annual General Meeting of Genex Infosys Limited and to place before you the audited Annual Financial Statements of the Company for the year ended June 30, 2020 for your kind consideration and adoption. In the following paragraphs we review the year under report for your information and appraisal.

MONETARY MANAGEMENT AND BANGLADESH ECONOMY

Bangladesh's economy grew by 9.63% during the year 2019-20 beating the record 8.13% in previous the year setting a consistent growth pattern accommodating the fastest expansion of the economy since recent past. It was also the eighth year that GDP growth in Bangladesh. Most analysts expect this thrust to continue for some more years, unless a major calamity befalls.

Despite the pressure of the un-charted Rohingya influx of over a million refugees from Myanmar, the economy kept its upward motion due to substantial increase in export growth in RMG sector some increase in wage earners remittance. The unfortunate loss by theft from Bangladesh Bank, over a billion us dollar has also impacted the economy during this year.

With the passage of time and continued and persistent drive and implementation from the Government and private sector- Digitization is now a reality which is rapidly transforming the socio-economic realm of the country. According to most media report in Asia, Bangladesh has outpaced India's economic growth, increasing its per capita gross income by a large margin as against a timid growth in India and a relatively low growth in Pakistan. At this rate, Bangladesh's per capita income growth-rate would exceed that of all SARC countries by the year 2020.

The ever-growing Rural Urban gap has shown some signs of narrowing with the introduction of Postal Digitization, different Banks/ Fintech companies have introduced Agent Banking, e-money transfers, thus greatly reducing the need for people to visit Bank Branches. GIL has been a natural partner of most of these activities and has a substantial footprint in the progress of digitization in Bangladesh.

INFLATIONARY PRESSURE

Bangladesh Bank shows that despite the significant GDP growth- inflation have been kept in check through prudent implementation of Monetary policy. The rural-urban gap in food inflation also reduced marginally, but non-food inflation increased as un-seasonal flood situation caused some supply disruptions.

INDUSTRY OUTLOOK AND POSSIBLE FUTURE DEVELOPMENTS IN THE SERVICE INDUSTRY SUB-SECTOR

Business Process Outsourcing (BPO) is a business practice that helps one organization hire another company to perform a specific work. Organizations can outsource a range of back-office functions, which are also referred to as internal business functions, such as IT services, Human resources, Accounting and payment processing. BPO helps to reduce cost, save money and effort to run any business operation efficiently.

Contact center is also part of BPO, concentrating on telephonic calls. This is used for reception and transmission of huge number of telephonic requests paced by commercial users. Contact center provides various services to the clients. Banks, Mobile Companies, Hospitals are providing services relating to client queries, making appointment, getting bank service through call center. Now a days, contactcenter is also used for telemarketing.

Bangladesh offers one of the most liberal tax policy regimes for IT/ITeS service providers – currently, all income from IT/ITeS is tax exempted. For tax exemption purpose, ITeS means Digital Content Development and Management, GIS, IT Support and Software Maintenance Services, web site services, Digital data analytics, call center service, Digital graphics design, Search Engine Optimization, Web Listing, etc.

CONTRIBUTON TO THE NATIONAL ECONOMY

GIL recognizes that the company has certain responsibilities to the society for their development and the development of the nation. For this, the Company has been making significant contribution to the Government each year by payment of Tax, VAT, Supplementary Duty etc.

SEGMENT WISE PERFORMANCE

As there is single business and geographic segment within the company operates as such no segment reporting is felt necessary.

FINANCIAL RESULTS:

Comparatives on the financial performance of the Company for the year ended June 30, 2020 are summarized hereunder:

Year	2019-20 (Tk.)	2018-19 (Tk.)	Increased/ (decreased)	Growth (%)
Revenue	1,035,595,131	943,335,014	92,260,117	9.78%
Cost of Service & Sales	540,309,467	557,743,652	(17,434,185)	-3.13%
Gross Profit	495,285,664	385,591,362	109,694,302	28.45%
Operating Expenses	62,055,288	60,925,872	1,129,416	1.85%
Operating Profit	329,093,623	203,076,789	126,016,834	62.05%
Profit Before Tax	321,515,137	195,678,820	125,836,317	64.31%
Profit After Tax	320,577,515	195,627,969	124,949,546	63.87%

The Gross Revenue, Net Profit (BT) and Net Profit (AT) increased by 9.78%, 64.31% and 63.87% during the FY 2019-20 over the previous year. The Cost of Sales decreased at 3.13% over the previous year due to decrease of Financial Cost compare to previous year. The increase of Gross profit Margin 28.45% during the FY 2019-20 over the previous year. However, the Company earned an extra ordinary income of Tk. 8,497,271 (Eighty-four lac ninety-seven thousand two hundred seventy-one only) (depicted in Note 28 of standalone accounts) during the year 2019-2020 resulting of Net Profit Margin increased by 63.87% against the previous year. The EPS for the year under review is Tk. 3.30, a 68.86% increase over the previous year. EPS calculation took place on the basis accounts during the year 2019-2020. EPS calculation took place on the basis of present outstanding 93,840,000 shares of Tk. 10 each. And the consolidated EPS increased by 63.87% which is Tk. 3.42 per share in the year 2019-2020 as against Tk. 2.08 per share of 2018-2019.

Year	2019-20(Tk.)	2018-19 (Tk.)	Increased/ (decreased)	Growth (%)
Data entry	26,799,306	30,210,426	(3,411,120)	-11%
Business process outsourcing	56,983,933	34,427,333	22,556,600	66%
IT support & software maintenance	50,854,486	36,433,203	14,421,283	40%
Digital content development & management	46,881,427	31,412,116	15,469,311	49%
Call center service	641,755,594	566,206,527	75,549,067	13%
Software development	140,362,540	160,758,328	(20,395,788)	-13%
Website development	26,752,323	26,567,583	184,740	1%
Sales	990,389,610	886,015,516	104,374,094	12%

In this consequence, Business process out sourcing, IT support & software maintenance, Digital content development & management, Call center service & Website development Revenue has expressively increased 66%, 40%, 49%, 13%, 1% against previous year. Cost of sales has decreased 3.13% and operating expenses has increased 1.85% during the year based on last year.

Net Profit before Tax for the year has increased by Tk. 125,836,317/- from the last year and reflection growth is 64.31% due to increase of sales & decreased of cost of sales. The growth in Net Profit after Tax is 63.87%.

EXTRA ORDINARY GAIN OR LOSS

Genex Infosys Limited is the leading outsourcing providers of customer experience management and trusted by world's leading brands. The earning of the company is increasing every year. The Company earned an extra ordinary income of Tk. 8,497,271 (Eighty-four lac ninety-seven thousand two hundred seventy-one only) (depicted in Note 28 of standalone accounts) during the year.

APPROPRIATION PROPOSED

1	Net Profit After Tax for the year 2019-20		Tk. 320,577,515
2	Appropriation Proposed:		
i)	Cash Dividend @10% (Tk. 10 per share)	Tk. 93,840,000	Tk. 187,680,000
ii)	Issuance of 10% Bonus share (Stock Dividend) Face Value of Bonus Share	Tk. 93,840,000	

HUMAN CAPITAL

GIL believes that human capital is vital for the company's success. It is the prime asset of the Company. It is the composition of competencies, knowledge and personality in the ability to perform jobs so as to produce economic value to the Company. Human capital can be increased through education, training and experience. GIL has the following policy to increase its human capital:

1. Establish and administer transparent policies that enable Company to develop and implement opportunities of recruitment, promotion, remuneration, benefits, reward and recognition system, transfer and training and performance management system without any regard to age, sex, race, political belief and religion.
2. Create trust and support within the company which encourage the employees to work well together as a team and at the same time to encourage them to be innovative and creative in order to achieve Company's goals.
3. Develop an effective internal communication and involvement mechanism which encourage employees to identify them with the Company and its activities.
4. Ensure that the employment opportunities conform to the established and acceptable practices of the country.

HR POSITION

Particulars	2019-20	2018-19
Beginning of the year	2184	1977
New recruitment	684	291
Released	100	84
Closing of the year	2768	2184

There are proper manpower planning and forecasting system in place along with enough people with the right skills and talents to meet Company's current and future growths and needs.

RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT

The management has overall responsibility for the establishment and oversight of the company's risk management framework. The company has exposure to the following risks from its use of financial instruments.

- (a) Credit Risk;
- (b) Liquidity Risk; and
- (c) Market Risk.

(a) Credit Risk

Credit Risk represents the financial loss to the company if a customer or counterparty to a financial instrument fail to meet its contractual obligations. It mainly comprises of trade receivables, advances to suppliers, trade deposits and bank balances. The company's maximum exposure to credit risk at the reporting date is trade receivables which is also secured by agreement with the clients & member banks also.

(b) Liquidity Risk

Liquidity risk is the risk that the company may not be able to meet its financial obligations as they fall due. The company maintains sufficient resources and arrangement of credit lines with the various banks for managing its liquidity risk.

(c) Market Risk

Market risk is that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and other price risks. The objective of market risk management is to manage and control market risk exposures within an acceptable range.

TECHNOLOGICAL RISK MANAGEMENT

Technology is a dynamic term that frequently changes its shape, trend and nature. Every capital-intensive industry has to rapidly synchronize itself with technological changes and invest in sophisticated machineries. A right technology is a crucial determinant of competitiveness that ensures better products and services to the customers while minimizing costs. Adjustment to new technologies thus involves relatively large-scale investments as well as a longer pay-back period.

The company is operating in an industry where technology is the key success factor. Some of the technological risks associated with the company vis-à-vis the management perception is as follows.

(a) Infrastructure Related Risk

Management always puts high focus and undertakes required CAPEX to keep the infrastructure updated to ensure smooth operation.

(b) Efficient Technical Expertise

The Company is the pioneer in Bangladesh in IT industry and has built up a strong team who has been involved since the evolution of the industry. So apparently, they have the most expert team in the industry to cater to any technological dynamics.

(c) Up gradation of the Industry / Solutions

In line with the global financial market, Bangladesh is also adopting the upgraded solutions fast. GIL is capable to adjust and cope up with the change in industry dynamics.

(d) Product / Solution Obsolesce

GIL management believes in continuous up-gradation and continuous improvement of their offerings. Historically, GIL is the pioneer and fast mover in terms of launching new products or ideas in the market. So it is implied that the management is well aware of their competitive edge and continuously putting efforts to assure its market leadership position.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced or is likely to be faced by the company.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Members of the Board, in accordance with the Bangladesh Securities & Exchange Commission Notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018; hereby confirm compliance with the financial reporting framework for the following:

- The Financial Statements prepared by the Management of GIL, present its true situation, the result of its operations, Cash Flows and Changes in Equity fairly and accurately.
- Proper Books of Accounts 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.

- ❑ International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS) International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the Financial Statements and any departure therefrom has been adequately disclosed.
- ❑ The system of internal control is sound in design and has been effectively implemented and monitored.
- ❑ There is no significant doubt on the ability of the company to continue as a going concern.

INTERNAL CONTROL SYSTEM

The company's internal control system is commensurate with its size and business nature. The system minimizes operational risks through effective control, systematic review and on-going audit. The internal auditors embark on a comprehensive audit of all functional areas and operations and their findings are referred to the Audit Committee of the Board for due appraisal.

BOARD MEETINGS AND ATTENDANCE BY THE DIRECTORS

During the year ended June 30, 2020, a total of 16 (Sixteen) Meetings of the Board were held.

Attendance by the Directors in the Board Meetings are summarized below:

Name of Directors	Position	Meeting Held	Attended
Chowdhury Fazle Imam	Chairman	16	16
Mohammed Adnan Imam	Managing Director	16	16
Prince Mojumder	Director & Co-Founder	16	16
Mezbah Uddin	Nominee Director	16	15
Ziaul Islam Chowdhury	Independent Director	16	12
Tanveer Ali	Independent Director	16	15
Mrs. Rokeya Islam	Independent Director	16	4

Remuneration of Directors

The Board members receive only fees for attending Board/Committee meetings and they are not allowed other remuneration or incentive except Prince Mojumder.

DIRECTORS INVOLVED IN OTHER COMPANIES

SL.	Name & Designation	Directorship/Ownership with Other Companies	
		Companies	Position
1	Mohammed Adnan Imam Managing Director & Director	AWR Developments (BD) Ltd.	MD
		AWR Real Estate Ltd.	MD
		NRB Commercial Bank Ltd.	Director
2	Chowdhury Fazle Imam Chairman & Director	AWR Developments (BD) Ltd.	Chairman
		AWR Real Estate Ltd.	Chairman
3	Prince Mojumder Director & Co-Founder	N/A	N/A
4	Mezbah Uddin Nominee Director of Oracle Services Ltd.	N/A	N/A

PROPOSED DIVIDEND

The Board of Directors has recommended an amount of Tk 93,840,000 as Cash Dividend, being 10% of the paid-up capital of the Company of Tk. 938,400,000 to be paid cash to the shareholders for the year 2019-20 and 10% stock Dividend. This dividend is to be approved by the shareholders at the 8th AGM of the Company.

REASON FOR STOCK DIVIDEND

The board of directors of Genex Infosys Limited recommended 10% of stock dividend for the year 2020 to build up strong reserve and used as capital for further business expansion as well as working capital.

INTERIM DIVIDEND

The Board herewith states that no stock dividend was considered during the year as interim dividend, which fulfills condition no.1(5)(xxi) of the codes of corporate governance code of BSEC.

PATTERNS OF SHAREHOLDING

The shareholding patterns of the Company as at 30th June, 2020 are shown in the following table:

Sl. No	Name	Status	Number of Share held as of 30.06.2020	% of Shareholding
A	Parent/Subsidiary/Associated Companies/Others Related Party			
	-	-	-	-
B	Directors & their Spouses and Minor Children:			
1	Mr. Mohammed Adnan Imam	Managing Director	7,694,305	8.199%
2	Mr. Chowdhury Fazle Imam	Chairman & Director	13,441,669	14.324%
3	Mrs. Nilofar Imam	Spouse of Chairman	3,041,813	3.241%
4	Mr. Prince Mojumder	Director	3,837,165	4.089%
5	Mrs. Gupa Shaha	Spouse of Director Mr. Prince Mojumder	1,702,000	1.814%
6	Oracle Services Ltd. Nominated by Mr. Mezbah Uddin	Director	6,163,080	6.568%
7	Mr. Md. Tanveer Ali	Independent Director	Nil	Nil
8	Mrs. Rokeya Islam	Independent Director	Nil	Nil
C	CEO, CFO, CS, HOIA and their Spouses and Minor Children			
1	Mr. Abdul Rahim Mia	Chief Financial Officer	115,000	0.123%
2	Mr. Md. Jewel Rashed Sarker	Company Secretary	Nil	Nil
3	Mr. Salahuddin	Head of Internal Audit	Nil	Nil
D	Top 5 (Five) Executives and their Spouses and Minor Children			
1	Mr. Salahuddin Nasir	Head of Corporate Affairs and Administration	Nil	Nil
2	Mr. Mohammad Nasir Uddin Sarker	Technology Operations Lead	Nil	Nil
3	Mr. Minarul Islam	Head of People & Culture	Nil	Nil
4	Mr. Md. Mostofa Jaman	Head of L&D and PR	Nil	Nil
5	Mr. Ashraful Haq	Service Delivery Lead	Nil	Nil
E	Shareholders Holding 10% or more voting interest in the company			
1	Mr. Chowdhury Fazle Imam	Chairman	13,441,669	14.324%

SUMMARY OF SHAREHOLDERS AND RANGE OF SHAREHOLDING

The shareholding distribution schedule of Genex Infosys Limited as on June 30, 2020 is presented as below. On the Basis of Shareholders Type:

Group Name	No. of Shareholders	No. of Shares	Ownership (%)
Sponsors/Promoters & Directors	7	32,838,219	34.99%
General Public	1,494	33,884,297	36.11%
Institute	208	27,103,651	28.88%
Foreign Company	6	13,833	0.01%
Total	1,715	93,840,000	100.00%

ON THE BASIS OF SHAREHOLDING

Holding Range	Number of Shareholders	No. of Shares	Ownership (%)
1-100	393	11,170	0.01%
101-500	227	70,609	0.08%
501-1000	406	265,090	0.28%
1001-10000	434	1,802,282	1.92%
10001-20000	89	1,270,151	1.35%
20001-50000	63	2,019,556	2.15%
50001-100000	32	2,270,355	2.42%
100001-1000000	55	15,067,697	16.06%
1000001-5000000	10	25,719,656	27.41%
5000001-10000000	5	32,401,765	34.53%
10000001 and Above	1	12,941,669	13.79%
Total	1,715	93,840,000	100.00%

MINORITY INTERESTS

In compliance with code 1(5)(xvi) of the codes of corporate governance, the Board hereby confirms that the interests of the minority shareholders have been duly protected by means of open and fully transparent operations of the Company.

OPINION BY THE AUDITOR'S OF EMPHASIS OF MATTERS IN FINANCIAL STATEMENTS

1. The Company did not revalue the assets in compliance with Para-34 of IAS-16 'Property, Plant and Equipment'.
2. Provident Fund: According to Section-264 of Bangladesh Labour Act 2006-Any establishment in the private sector may constitute provident fund for the benefits of workers".The company didn't constitute the Provident Fund for the benefits of workers',in compliance with the said provision of Labour Act 2006 (Amended in 2013 and 2018).
3. As per Labor act 2006,"Every Company to which this chapter applies shall pay, within 9 (nine) months of the closing of every year, five percent (5%) of the net profit of the previous year at the proportion of 80:10:10 to the Participatory Fund, Welfare Fund and Workers Welfare Foundation Fund established under section 14 of the Bangladesh Workers Welfare Foundation Act, 2006"respectively. The company paid the said amount after expiry of 9 (nine) months and before the date of authorization for issue.

UTILIZATION OF IPO PROCEED


As per BSEC consent letter no SEC/CI/IPO-264/2017/729 dated October 22, 2018 with issued & approved prospectus for IPO, the company has received a total fund of Taka 20 crores from the public for expansion of business, term loan adjustment and to meet IPO expenses. The company has used the total IPO fund as per prospectus and submitted the relevant report to the Commission and the Stock exchanges. The IPO fund has fully been utilized in the previous year.

SIGNIFICANT VARIANCE BETWEEN QUARTERLY AND ANNUAL FINANCIAL STATEMENTS

There were no significant variations between Quarterly Financial Statements and Annual Financial performance of the Company during the year under report. The company was able to maintain a remarkable performance both in operational and financial perspective throughout the period.

DIRECTORS' APPOINTMENT & RE-APPOINTMENT

With regard to the appointment, retirement and re-appointment of Directors, the Company is governed by its Articles of Association, the Companies Act, 1994 and other related legislations. As per Article 129 and 130 of the Articles of Association of the Company, the following Directors retire from office by rotation at the 8th Annual General Meeting and being eligible, they have offered themselves for re-election:


Mr. Chowdhury Fazle Imam
Chairman

Sd/-
Mr. Mezbah Uddin
Director

Brief profiles of the Directors being proposed for reappointment are given at page no. 55 of the Annual Report, which fulfill condition no.1(5)(xxiv) of the codes of corporate governance of BSEC.

APPONTMENT OF STATUTORY AUDITORS

"M/s. M M Rahman & Co., Chartered Accountants, Padma Life Tower, Level-10, 115 Kazi Nazrul Islam Avenue, Dhaka 1000, who were appointed as Auditors of the Company in the 7th Annual General Meeting of the Company has carried out the audit for the year ended 30 June 2020.

M/s. M M Rahman & Co., Chartered Accountants, Padma Life Tower, Level-10, 115 Kazi Nazrul Islam Avenue, Dhaka 1000, the auditors of the company retire at this meeting. Board considered the proposal made by the Audit Committee recommends for the appointment of Rahman Mostafa Alam & Co. Chartered accountants, Paramount Heights (7th Floor D2 & C1) 65/2/1 Box Culvert Road, Purana Paltan, Dhaka-1000, as statutory auditor for the year 2020-21"

APPOINTMENT OF COMPLIANCE AUDITOR AS PER CORPORATE GOVERNANCE CODE

"M/s. Mazumdar Sikder and Associates, Cost & Management Accountants, 105/A, 3rd Floor, Kakrail, Dhaka 1000, who were appointed as professional for Report on Compliance of corporate Governance Codes of the Company in the 7th Annual General Meeting of the Company has carried out for the year ended 30 June 2020.

M/s. Mazumdar Sikder and Associates, Cost & Management Accountants, 105/A, 3rd Floor, Kakrail, Dhaka 1000, who were appointed as professional for Report on Compliance of corporate Governance Codes of the Company retires at this meeting. Board considered the proposal made by the Audit Committee recommends for the appointment of M/s. A.K.M. Delwer Hussain & Associates, Cost & Management Accountants, as professional for Report on Compliance of corporate Governance Codes of the Company for the year 2020-21"

CORPORATE GOVERNANCE AT GIL

GIL recognizes that corporate governance is a continuous process which is to be established, nurtured and excelled by means of concerted efforts of all. That is why the Company engages all its team in the process because good governance entails managing the business professionally, effectively and responsibly and in a way, which is transparent, ethical, law abiding and ensures accountability. And in that pursuit, the Company has ventured to comply with all the relevant provisions of the codes of corporate governance as outlined in the BSEC gazette notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018. The Company aspires to uphold its long-acclaimed standards of good governance by standing ever alert in its management exercises.

ACKNOWLEDGEMENT

The Board of Directors of GIL firmly believes that the Company has the necessary strengths, resources and commitments to enable the Company to grow and augment its contribution to the nation. The performance of the Company during the period under review demonstrates the resolves and determination of the Board, Management and our employees to further empower the financial society. On this august occasion, the Board expresses on record its appreciation to the partners of GIL, its Shareowners, Customers, Financiers, Bangladesh Bank, the Bankers and Insurers of the Company, Bangladesh Securities & Exchange Commission (BSEC), Dhaka Stock Exchange Ltd.(DSE), and Chittagong Stock Exchange Ltd. (CSE), Registrar of Joint Stock Companies and Firms (RJSC), Central Depository Bangladesh Ltd. (CDBL) and other Regulatory Authorities for their support and patronage to bring the Company to this height and the Board shall continue to partner with them to build a speedy and conducive auto-system to accelerate Bangladesh's transformation into a digital nation.

For & On behalf of the Board of Directors



Mr. Chowdhury Fazle Imam
Chairman