

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 9th 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, 2021 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 6.80% during the year 2020-21, beating the record 5.20% in the previous 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 reports 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 2021.

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 has 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 situations 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 a 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 appointments, getting bank service through call center. Now a days, contact center 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 purposes, 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, 2021 are summarized hereunder:

Year	2020-21 (Tk.)	2019-20 (Tk.)	Increased/ (decreased)	Growth (%)
Revenue	1,022,600,112	1,035,595,131	(12,995,019)	-1.25%
Cost of Service & Sales	528,850,672	540,309,467	(11,458,795)	-2.12%
Gross Profit	493,749,440	495,285,664	(1,536,224)	-0.31%
Operating Expenses	55,897,518	62,416,149	(6,518,632)	-10.44%
Operating Profit	348,451,890	329,093,623	19,358,267	5.88%
Profit Before Tax	332,481,683	321,515,137	10,966,546	3.41%
Profit After Tax	332,416,295	320,577,515	11,838,780	3.69%

The Gross Revenue, decreased by 1.25%, Net Profit (BT) and Net Profit (AT) increased by 3.41% and 3.69% during the FY 2020-21 over the previous year. The Cost of Sales decreased at 2.12% over the previous year due to decrease of Financial Cost compare to previous year. The decrease of Gross profit Margin 0.31% during the FY 2020-21 over the previous year. However, the Company earned an extra ordinary income of Tk. 653,878 (six lac fifty three thousand eight hundred seventy eight only) (depicted in Note 31 of standalone accounts) during the year 2020-21 resulting of Net Profit Margin increased by 3.69% against the previous year. The EPS for the year under review is Tk. 3.21, a 7.14% increase over the previous year. EPS calculation took place on the basis accounts during the year 2020-21. EPS calculation took place on the basis of present outstanding 103,224,000 shares of Tk. 10 each. And the consolidated EPS increased by 3.69% which is Tk. 3.22 per share in the year 2020-21 as against Tk. 3.11 per share of 2019-20.

Year	2020-21(Tk.)	2019-20 (Tk.)	Increased/ (decreased)	Growth (%)
Revenue				
Data entry	24,652,215	26,799,306	(2,147,091)	-8%
Business process outsourcing	58,242,272	56,983,933	1,258,339	2%
IT support & software maintenance	54,759,098	50,854,486	3,904,612	8%
Digital content development & management	48,558,409	46,881,427	1,676,982	4%
Call centre service	633,140,336	641,755,594	(8,615,258)	-1%
Software development	160,730,817	140,362,540	20,368,277	15%
Website development	33,312,594	26,752,323	6,560,271	25%
Sales	1,013,395,741	990,389,610	23,006,131	2%

In this consequence, Business process outsourcing, IT support & software maintenance, Digital content development & management & Website development Revenue has expressively increased 2%, 8%, 4%, 15%, 25% against previous year. Cost of sales has decreased 2.12% and operating expenses has decreased 10.44% during the year based on last year.

Net Profit before Tax for the year has increased by Tk. 10,966,546/- from the last year and reflection growth is 3.41% due to decreased of cost of sales & decreased of operating expenses. The growth in Net Profit after Tax is 3.69%.

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. 653,878 (six lac fifty three thousand eight hundred seventy eight only) (depicted in Note 31 of standalone accounts) during the year.

APPROPRIATION PROPOSED

1	Net Profit After Tax for the year 2020-21		Tk. 332,416,295
2	Appropriation Proposed:		
i)	Cash Dividend @10% (Tk. 10 per share)	Tk. 103,224,000	Tk. 206,448,000
ii)	Issuance of 10% Bonus shares (Stock Dividend) Face Value of Bonus Share	Tk. 103,224,000	

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	2020-21	2019-20
Beginning of the year	2768	2184
New recruitment	1005	684
Released	228	100
Closing of the year	3545	2768

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) International Financial Reporting Standards (IFRS), 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, 2021, a total of 12 (Twelve) Meetings of the Board were held.

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

Name of Directors	Position	Meeting Held	Attended
Mr. Chowdhury Fazle Imam	Chairman	12	12
Mr. Mohammed Adnan Imam	Managing Director	12	12
Mr. Prince Mojumder	Director & Co-Founder	12	12
Mr. Mezbah Uddin	Nominee Director	12	11
Mr. Tanveer Ali	Independent Director	12	12
Mrs. Rokeya Islam	Independent Director	12	11
Mr. Md. Nazmul Hassan	Independent Director	12	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 Mr. Prince Mojumder.

DIRECTORS INVOLVED IN OTHER COMPANIES

SL.	Name & Designation	Directorship/Ownership with Other Companies	
		Companies	Position
1	Mr. Mohammed Adnan Imam Managing Director	Green & Red Technologies Ltd.	Chairman
		NRB Commercial Bank Ltd.	Director
2	Mr. Chowdhury Fazle Imam Chairman	AWR Developments (BD) Ltd.	Chairman
		AWR Real Estate Ltd.	Chairman
3	Mr. Prince Mojumder Director & Co-Founder	N/A	N/A
4	Mr. Mezbah Uddin Nominee Director of Oracle Services Ltd.	N/A	N/A
5	Mr. Tanveer Ali, Independent Director	Olympic Industries Limited	Independent Director
6	Mrs. Rokeya Islam, Independent Director	N/A	N/A
7	Mr. Md. Nazmul Hassan, Independent Director	N/A	N/A

PROPOSED DIVIDEND

The Board of Directors has recommended an amount of Tk. 103,224,000 as Cash Dividend, being 10% of the paid-up capital of the Company of Tk. 1,032,240,000 to be paid cash to the shareholders for the year 2020-21 and 10% stock Dividend. This dividend is to be approved by the shareholders at the 9th AGM of the Company.

REASON FOR STOCK DIVIDEND

The board of directors of Genex Infosys Limited recommended 10% of stock dividend for the year 2021 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, 2021 are shown in the following table:

Sl. No	Name	Status	Number of Share held as of 30.06.2021	% of Shareholding
A	Parent/Subsidiary/Associated Companies/Others Related Party			
	-	-	-	-
B	Directors & their Spouses and Minor Children:			
1	Mr. Mohammed Adnan Imam	Managing Director	84,63,735	8.199%
2	Mr. Chowdhury Fazle Imam	Chairman	1,47,85,835	14.324%
3	Mrs. Nilofar Imam	Spouse of Chairman	3,041,813	2.9468%
4	Mr. Prince Mojumder	Director & Co-Founder	42,20,881	4.089%
5	Mrs. Gupa Saha	Spouse of Director & Co-Founder Mr. Prince Mojumder	18,72,000	1.814%
6	Oracle Services Ltd. Nominated by Mr. Mezbah Uddin	Director	67,79,388	6.568%
7	Mr. Tanveer Ali	Independent Director	Nil	Nil
8	Mrs. Rokeya Islam	Independent Director	Nil	Nil
9	Mr. Md. Nazmul Hassan	Independent Director	Nil	Nil
C	CEO, CFO, CS, HOIA and their Spouses and Minor Children			
1	Mr. Abdul Rahim Mia	Chief Financial Officer	1,26,500	0.1225%
2	Mr. Md. Jewel Rashed Sarker	Company Secretary	Nil	Nil
3	Mr. Salah uddin	Head of Internal Audit	Nil	Nil
D	Top 5 (Five) Executives and their Spouses and Minor Children:			
1	Mr. Salah uddin Nasir	Head of Corporate Affairs and Administration	Nil	Nil
2	Mr. Md. Abdul Mannan	Site Head	Nil	Nil
3	Mrs. Nusrat Chowdhury	Vice President Head of People & Culture	Nil	Nil
4	Mr. Md. Mostofa Jaman	Head of Partnership and PR	Nil	Nil
5	Mr. Ashraful Haq	Head of Service Delivery	Nil	Nil
E	Shareholders Holding 10% or more voting interest in the company			
1	Mr. Chowdhury Fazle Imam	Chairman	1,47,85,835	14.324%

SUMMARY OF SHAREHOLDERS AND RANGE OF SHAREHOLDING

The shareholding distribution schedule of Genex Infosys Limited as on June 30, 2021 is presented as below. On the Basis of Shareholders Type:

Group Name	No. of Shareholders	No. of Shares	Ownership (%)
Sponsors/Promoters & Directors	9	3,61,22,039	34.99%
General Public	1877	4,58,71,791	44.439%
Institute	125	2,12,09,761	20.547%
Foreign Company	1	20,409	0.0198%
Total	2012	10,32,24,000	100.00%

ON THE BASIS OF SHAREHOLDING

Holding Range	Number of Shareholders	No. of Shares	Ownership (%)
1-100	486	15,013	0.0145%
101-500	254	78,736	0.0763%
501-1000	350	261,361	0.2532%
1001-10000	557	2,330,428	2.2576%
10001-20000	135	2,015,133	1.9522%
20001-50000	95	3,168,502	3.0695%
50001-100000	44	3,155,428	3.0569%
100001-1000000	75	23,794,947	23.0518%
1000001-5000000	10	24,164,786	23.4100%
5000001-10000000	5	32,986,040	31.9558%
10000001 and Above	1	11,253,626	10.9021%
Total	2012	103,224,000	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

Without qualifying our opinion, we draw attention regarding gratuity

As per the requirement of Labour Law 2006 section 19, 20 and 21, Gratuity Fund for employees is in acting concern of the board. It will be effective from the next year if the board decides. Hence, no financial impact occurred during this 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 9th Annual General Meeting and being eligible, they have offered themselves for re-election:



Mr. Mohammed Adnan Imam
Managing Director



Mr. Prince Mojumder
Director & Co-Founder

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

APPONTMENT OF STATUTORY AUDITOR

M/s. Rahman Mostafa Alam & Co. Chartered accountants, Paramount Heights (7th Floor D2 & C1) 65/2/1 Box Culvert Road, Purana Paltan, Dhaka-1000, who were appointed as Auditors of the Company in the 8th Annual General Meeting of the Company has carried out the audit for the year ended 30 June 2021.

M/s. Rahman Mostafa Alam & Co. Chartered accountants, Paramount Heights (7th Floor D2 & C1) 65/2/1 Box Culvert Road, Purana Paltan, Dhaka-1000, the auditors of the company retire at this meeting. As proposed by the Audit Committee and recommended by the Board of Directors in its meeting dated October 28, 2021, the matter for appointment of M/s. M M Rahman & Co. Chartered Accountants, Padma Life Tower, Level-10, 115 Kazi Nazrul Islam Avenue, Dhaka-1000, for the year 2021-2022 as Statutory Auditors of the company and to fix their remuneration at TK. 350,000 (Three lac fifty thousand taka only) excluding VAT is placed before the shareholders in the 9th AGM for approval.

APPOINTMENT OF COMPLIANCE AUDITOR AS PER CORPORATE GOVERNANCE CODE

M/s. A.K.M. Delwer Hussain & Associates, Cost & Management Accountants, who were appointed as professional for Report on Compliance of corporate Governance Codes of the Company in the 8th Annual General Meeting of the Company has carried out for the year ended 30 June 2021.

The Compliance Auditor is eligible for re- appointment. As proposed by the Audit Committee and recommended by the Board of Directors in its meeting dated October 28, 2021, the matter for appointment of M/s. A.K.M. Delwer Hussain & Associates, Cost & Management Accountants for the year 2021-2022, is placed before the shareholders in the 9th AGM for approval.

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



Chowdhury Fazle Imam
Chairman