

DIRECTORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED JUNE 30, 2019

Dear Fellow Shareholders,

The Directors' of BDCOM Online Ltd. welcome you all to the 23rd Annual General Meeting of the Company and have the pleasure of presenting the Director's Report of your Company together with audited financial statements for the year ended June 30, 2019 for your valued consideration, approval and adoption.

Enhanced value of Shareholder's Investment:

During the year under review, net revenue was Tk. 602.09 Million with 12.60% increase compared to the revenue of previous year.

The Directors take pleasure in reporting the financial results of the Company for the year ended June 30, 2019 (as mentioned in the Statement of Profit or Loss and Other Comprehensive Income). Details of the same are given below:

Description	June 30, 2019	June 30, 2018
Gross Profit	343,716,074	296,618,221
Operating Profit	92,417,812	80,190,595
Non-Operating Income	31,456,415	19,628,958
Net Profit before WPP & WF	116,247,739	99,903,143
Provision for WPP & WF	(5,535,607)	(4,757,293)
Provision for Income Tax	(25,939,774)	(12,994,040)
Provision for Deferred Tax	(923,120)	(2,426,267)
Net Profit after Tax	83,849,238	79,725,543
Less: Dividend Distribution of Previous Year	(55,826,564)	(44,306,796)
Less: Prior Year Adjustment	-	(9,416,947)
Add: Profit brought forward	124,642,157	98,640,357
Surplus Available for Appropriation	152,664,831	124,642,157

The Board of Directors recommendation for the year

Cash Dividend @ 6%	(29,308,946)
Stock Dividend @ 6%	(29,308,946)
Retained Earnings after Proposed Dividend	94,046,939

Dividend and Explanation regarding recommendation of Stock Dividend:

The Board of Directors pleased to recommend 6% Cash Dividend & 6% Stock Dividend for the year ended 30th June, 2019 which will be confirmed in the 23rd Annual General Meeting to be held on 24th Dec 2019. And:

- a) 6% Bonus Shares amount will be utilized for the core network and access network up-gradation and expansion. And besides this we are working on IPTV, and whole nationwide broadband connectivity expansion.
- b) The Bonus Shares is declared out of accumulated profit.
- c) The Bonus Share is not declared from capital reserve or revaluation reserve or any unrealized gain or out of profit earned prior to incorporation of the company or through reducing paid up capital or through doing anything so that the post-dividend retained earnings become negative or a debit balance.

Retirement and Re-appointment of Directors by rotation:

The Directors retire by rotation in terms of Articles of Association of the Company and being eligible, offer himself for re-election is Mr. Wahidul Haque Siddiqui.

Appointment of Independent Director:

The office of present Independent Director Mr. Das Deba Prashad will be vacant with the completion of 23rd Annual General Meeting and after being completion of two consecutive terms and being not eligible for re-appointment, the Board of Director recommended the appointment of Mr. Jashim Uddin Ahmed Chowdhury as new Independent Director of the Company subject to approval of the shareholders in the 23rd Annual General Meeting. It may be mentioned here that Mr. Chowdhury was our Public elected Director for 4 years (2004-2005 to 2007-2008). During his long stay with BDCOM as a Director he made a substantial contribution to the development of the Company. Mr. Chowdhury has a strong presence in number of industries in RMG, Real Estate sector. He occupies position in the board of Sar & Co. Ltd. as Chairman, Director in the Titan Company Limited & Nassa Holdings Limited, Managing Director in Rainbow Embroidery and Deputy Managing Director in Nassa Design & Development Ltd. He is member of Sheikh Jamal Dhanmondi Club & Shamoly Club, contributed and participated in establishing & managing of numerous Schools, Hospitals, Mosques & Orphanages.

Appointment of Auditors:

The office of the present Auditor M/S. Mahfel Huq & Co., Chartered Accountants will expire with the completion of 23rd Annual General Meeting and the Board of Directors recommended the appointment of M/S. Ahmed Zaker & Co., Chartered Accountants, BSEC Penal Auditor as statutory auditors for the year ended June 30, 2020 with existing fee for approval of the shareholders in the 23rd Annual General Meeting.

Appointment of a Professional Chartered Accountant for the certificate on compliance with the Corporate Governance Code of BSEC:

As per notification no. BSEC/CMRRCD/2006-158/207/Admin/80: dated June 03, 2018, the Company shall obtain a certificate from Professional Accountant/Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance with the condition of Corporate Governance Code of the commission and such certificate shall be disclosed in the Annual Report. And the professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the Annual General Meeting.

The Board recommended the appointment of Atik Khaled Chowdhury, Chartered Accountant, to issue "Corporate Governance Compliance Certificate" of BDCOM Online Ltd. for the year 2019-2020 with existing fee for approval of the shareholders of the Company in the 23rd Annual General Meeting.

Statement of Directors on Financial Reports:

The directors are pleased to recount on the following additional statements in respect of report prepared under section 184 of the Companies Act, 1994:

The financial statements prepared by the management for the year ended 30 June 2019 give a true and fair view of the state of the company about the result of its operation, cash flows and changes of equity.

Proper books of accounts as required by the prevailing laws have been maintained.

Appropriate accounting policies have been consistently applied in preparing the financial statement and that the accounting estimates are based on reasonable prudent judgment.

The financial statements have been prepared in accordance with applicable IAS/IFRS.

The system of internal control and check are in effect and maintained properly.

The company has sound and strong operational strengths and ability to continue as a going concern. As such, there is no doubt of its continuity.

There is no deviation from last year operating results.

The key operating and financial data for the proceeding five years have been shown in the Financial History of Five years: Given in page no. 22

Corporate Governance Code:

BDCOM Online Ltd. is pledge bound to adopt necessary measures of good governance abiding by all prevailing Rules and Regulations. Status of compliance with the conditions imposed by the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 issued under section 2CC of Securities and Exchange Ordinance, 1969 is given in page no. 41

Board of Directors Meeting and Attendance:

The Board is required at least four times a year as per Articles of Association of the Company. Board meeting dates are decided in earlier and notice of each Board Meeting is communicated in writing well in advance. Notice contains detailed statements of business to be transacted at each meeting. Also Board meets for both scheduled meetings and on other occasions to deal with urgent and important matters that require attention. The Company conducts its Board meetings and record the minutes of the meetings as well as keep required books and record in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB).

During the year Twenty Five (25) Board of Directors meeting were held and the attendance by each directors is given bellow:

Mr. Wahidul Haque Siddiqui	-	Chairman	-	25
Mrs. Qurrattul Ann Siddiqui	-	Director	-	25
Mrs. Quamrun Nahar Begum (Representative of Hornbill Apparel Limited)	-	Director	-	21
Mr. Das Deba Prashad	-	Independent Director	-	06
Mr. S M Golam Faruk Alamgir	-	Managing Director	-	25

Directors remuneration and fees: Given in page no. 87 (Note - 25.01)

The pattern of shareholding:

		Shares Qty as	Shares Qty as	%	%
		At 30 June 19	at 30 June 18	2019	2018
(a) Parent or Subsidiary or Associate Companies or other related parties		-	-	-	-
(b) Sponsor, Directors, Managing Director, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children:					
01) Mr. Wahidul Haque Siddiqui	Chairman	- 2,599,260	2,475,486	5.32	5.32
02) Mrs. Qurrattul Ann Siddiqui	Director	- 4,695,372	4,471,783	9.61	9.61
03) Mrs. Quamrun Nahar Begum (Representative of Hornbill Apparel Limited)	Director	- 2,331,542	2,220,517	4.77	4.77
04) Mr. Das Deba Prashad	Independent Director	- -	-	-	-
05) Mr. S M Golam Faruk Alamgir	Managing Director	- -	-	-	-
06) Mr. Sumon Ahmed Sabir	Sponsor	- 721,609	687,248	1.48	1.48
07) Mr. Mohd. Zulfiquar Hafiz	Sponsor	- 535,787	510,275	1.10	1.10
08) Mr. A.T.M Sayeeduzzaman	Sponsor	- 401,622	382,498	0.82	0.82
09) Mr. A. K. M. Kutub Uddin	ED & Company Secretary	- -	-	-	-
10) Mr. Shibli Noman, FCA	Chief Financial Officer	- -	-	-	-
11) Mr. Mohammad Moniruzzaman	Head of Internal Audit	- -	-	-	-

The pattern of shareholding:

		Shares Qty as At 30 June 19	Shares Qty as at 30 June 18	% 2019	% 2018
(c) Executives:					
01)	Mr. S. M. Kamruzzaman	Chief Technology Officer	-	-	-
02)	Mr. Gazi Zehadul Kabir	Chief Strategy Officer	-	-	-
03)	Mr. Anowar Hasan Sabir	Chief Information Officer	-	-	-
04)	Mr. M. Shykot Raihan	General Manager	-	-	-
05)	Mr. Bipul Ranjan Saha	Deputy General Manager	-	-	-
06)	Mr. Sharif Shabbirul Alam	Deputy General Manager	-	-	-
(d) Shareholders holding 10% or more voting interest in the company		-	-	-	-

Management Discussion and Analysis:

Management's discussion and analysis has been highlighted in the Managing Director's review and in Directors' report.

Duties of Managing Director and Chief Financial Officer:

As per condition 3(3) of the Corporate Governance Code, the Managing Director and Chief Financial Officer has certified to the Board that-

to the best of their knowledge and belief, they have reviewed financial statements for the year ended 30th June 2019 and that to the best of their knowledge and belief.

- (a) the financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- (b) the financial statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (c) there were, no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct.

Sponsor and Directors all the time jointly holding of minimum 30% (thirty percent) shares of the paid-up capital of the Company:

In compliance with the Bangladesh Securities and Exchange Commission Notification No. BSEC/CMRRCD/2009-193/217/Admin/90 dated 21st May 2019, the Board of Directors of BDCOM Online Ltd. appointed a new Director from among the shareholders of the Company, Norban Fashion Ltd. with a shareholdings of 33,71,000 ordinary shares and the nominated person Mr. Shafiqul Alom (Sumon) on 31st August 2019. At present jointly shareholdings of sponsors and directors of the Company stood at 30% of the paid-up capital.

Achievement & Future Plan:

BDCOM has envisioned a nation where there will be no barriers in accessing ICT services from the most remote areas of the country. Since 1997, we are working relentlessly to provide unparalleled service to our customers. We are motivated in amplifying the combined strengths of our company and the community to tackle broad challenges that persists in the society. We believe in leaving a positive impact on the society through the usage of ICT services. These goals help us target our resources and keep us accountable for “Progress Possible”.

A strong, secure and robust MPLS network infrastructure has always been one of the core strengths of BDCOM. The endeavor started few years back and is still on going to satisfy the demand for more bandwidth of our valued customers. So, we are investing our focus and time on it, as a result our 10G MPLS Backbone network has already covered 35 districts. Our plan and commitment have shown bright light that we will be able to expand this vital framework to all the districts in the country in coming years. Achievement in service delivery and quality increased tremendously due to the stable MPLS backbone inside the company. Consumers and enterprises alike are reliant on the capacity, speed and dependability of the network; however, this creates a predicament as we power through to the future, where new technology innovations are draining network capacity, thereby increasing bandwidth demand. To cope with this and to avoid resulting digital traffic jams that threaten to throttle the information-technology revolution for the Digital Bangladesh, we already started the expansion of our MPLS Backbone capacity from 10G to 40G in Dhaka, Chattogram, Sylhet, Khulna, Rajshahi and Bogura. Unsurprisingly, we will not be satisfied with this upgrade in our network. 100G capacity all over the nation is already mandated by the revolution and very soon, we are going to announce the upgrade to the nation. Likewise, as per our commitment to our shareholders, we already reached in all 64 Districts and all the Upazillas of the country. Our present “Mission Possible” is to connect the deprived outlying grass root people of the country from Union and village level to bring them to the highway of Digital Bangladesh. This mission also includes the connectivity to be the most advanced to date with GPON technology so that the end users can shift around and quickly be adaptive to the ever-changing needs of the business and lifestyle of the Digital Bangladesh.

As mentioned earlier, the substantial performance of BDCOM is the testimonial to our commitment to ensure best in operational efficiencies across the country. The most significant outcome of this commitment is the “broadband360°”. Based on the earnest initiatives of the Digital Bangladesh Government and with our efforts over the years we have developed the only true Triple Play service in the country. We designed broadband360° in accordance with our Social Responsibility, Ethical Business Practice and for the greater protection of our next generation from the vicious effects of violence & pornography in digital media. broadband360° ensures safe Internet through Ultrafast, first ever 100mbps in the country, Broadband Internet, Eco Friendly Phone, IPTV, VOD and many other services.

Since the inception of “IP Telephony Service” and “Vehicle Tracking Service” in Bangladesh, BDCOM is a leading player in the market. This was possible due to our relentless focus on being a cost-leader, at the same time maintaining the quality of service with 24/7 support commitment. We also believe that becoming the leader of the industry is about looking after our customers in a way that no other can or does. This obsession to lead the market compels us to innovate and continuously look for ways to add value for our valued customers. Result of which we already deployed new service portal for our VTS customers that will enable them tracking their assets in absolute real time with best of the bread new features.

Enterprises and service providers have been looking at Internet of Nano-Things, Things and Everything as the key enabler to drive digital transformation and to unlock the operational efficiencies. Advances in Artificial Intelligence coupled with ubiquitous connectivity, and real-time communication are enabling exponential growth in efficiencies generated by the ‘Internet of Things’. As machines and products have started communicating with each other without any human intervention, the real value of data is being generated through better and faster decision-making, predictive analytics and automation. BDCOM is already matching the pace in adapting new technologies like IoT, IoE, IoNT, AI, ML, BigData, and cloud to drive new business models with business potential on various sectors such as surveillance, manufacturing, utilities, transport and logistics, agriculture, oil and gas and smart cities.

We have expanded our sky because we still believe that our capacity to solve problems is boundless. The recently awarded industrial plot to BDCOM in the Mirsarai Economic Zone, the largest economic zone in Bangladesh, by The Bangladesh Economic Zones Authority (BEZA), is now our biggest opportunity to make new plans that will provide diverse platforms for disruptive and innovative technological products and services including renewable and energy efficient products in the country.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) has become a vital activity for any business we at BDCOM, strongly believe in the CSR activities in which we engage in. One of the key activities we do is that we invest in the development of the youth in our country. The youth hold the key to the future, not just of our company, but also of the ICT sector of Bangladesh. The interns who work in our organization are an integral part of our future plans. The internship opportunity provides them with a solid platform to kick launch their professional careers in the ICT sector of Bangladesh. The skills they develop during their internship period helps them tackle everyday challenges in the corporate world. It also helps them in their decision making process. The corporate culture itself is such in BDCOM that the employees themselves help out the interns by training them, sharing their knowledge and experience and making them aware of the future potential challenges which lie ahead. Under the guidance and supervision of our highly qualified employees, the interns flourish. The ones who leave are well equipped to tackle any kind of challenges and thus end up getting quality jobs in the competitive ICT job market. Hence, if we look at the bigger picture, this eventually goes on to help in developing the labor force of our country in the ICT sector.

BDCOM also financially help several NGOs like ASHIC- Foundation Serving Children Cancer, Bangladesh Mahila Parishad and Naripokkho and they all work for a noble cause.

Acknowledgement:

Finally the Board of Directors would like to express their thanks and gratitude to all honorable shareholders, valued clients, Bankers, Suppliers, Vendors, Insurance Companies, Registrar of Joint Stock Companies & Firms (RJSC), Bangladesh Telecommunication And Regulatory Commission (BTRC), Bangladesh Securities And Exchange Commission (BSEC), Dhaka Stock Exchange Ltd. (DSE), Chittagong Stock Exchange Ltd. (CSE) and Central Depository of Bangladesh Limited (CDBL) for their patronage and immense support and co-operation received. The Board of Directors pleased to put on record their appreciation for the teamwork, prompt and prudent decision making, efficient and cordial service and contribution made by the management as well as the employees towards the growth and progress of the Company.

Thanks & regards

For and on behalf of the Board of Directors



Wahidul Haque Siddiqui

Chairman
BDCOM Online Ltd.