

DIRECTORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED JUNE 30, 2020

Dear Fellow Shareholders,

On behalf of the Board of Directors' and Management, I welcome you all to the 24th Annual General Meeting of BDCOM Online Ltd. We have the pleasure to place herewith the Director's Report and the Auditors' Report, together with Audited Financial Statements of the Company, for the year ended June 30, 2020 for your valued consideration, approval and adoption.

Enhanced value of Shareholder's Investment:

During the year under review, net revenue was Tk. 640.32 Million with around 6.00% 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, 2020 (as mentioned in the Statement of Profit or Loss and Other Comprehensive Income). Details of the same are given below:

Description	June 30, 2020	June 30, 2019
Gross Profit	332,768,032	343,716,074
Operating Profit	58,116,435	92,417,812
Non-Operating Income	32,351,591	31,456,415
Net Profit before WPP & WF	82,265,656	116,247,739
Provision for WPP & WF	(3,917,413)	(5,535,607)
Provision for Income Tax	(18,153,452)	(25,939,774)
Provision for Deferred Tax	(835,543)	(923,120)
Net Profit after Tax	59,359,248	83,849,238
Less: Dividend Distribution of Previous Year	(58,617,900)	(55,826,564)
Add: Profit brought forward	152,664,831	124,642,157
Surplus Available for Appropriation	153,406,179	152,664,831

Dividend and Explanation regarding recommendation of Stock Dividend:

The Board of Directors pleased to recommend 5% Cash Dividend & 5% Stock Dividend for the year ended 30th June, 2020 which will be confirmed in the 24th Annual General Meeting to be held on 17th Dec 2020. And-

- a) 5% Bonus shares amount will be utilized for the network 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 themselves for re-election is Mr. Md. Shafiqul Alom (Sumon) Representative of Norban Fashion Ltd. and Mrs. Quamrun Nahar Begum Representative of Hornbill Apparel Ltd.

Re-appointment of Managing Director:

The Board of Directors re-appointed Mr. S M Golam Faruk Alamgir as Managing Director of the Company for next 3 (three) years upto 07 March 2023 and now seek approval from the shareholders.

Appointment of Auditors:

The office of the present Auditor M/S. Ahmed Zaker & Co., Chartered Accountants will expire with the completion of 24th Annual General Meeting and the Board of Directors recommended the appointment of M/S. Ahmed Zaker & Co., Chartered Accountants, BSEC Panel Auditor as statutory auditors for the year ended June 30, 2021 and to fix their remuneration for approval of the shareholders in the 24th 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 Board recommended the appointment of Atik Khaled Chowdhury, Chartered Accountant, to issue "Corporate Governance Compliance Certificate" of BDCOM Online Ltd. for the year 2020-2021 and to fix the remuneration for approval of the shareholders of the Company in the 24th Annual General Meeting.

Directors Responsibilities for Financial Statements:

The Board is responsible to present a fair, balanced and understandable assessment of the Company's position and prospect as a part of good governance and to that end the Directors' confirm to the best of their knowledge that:

The Financial statements prepared by the management for the year ended 30 June 2020 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.

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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: Annexed on page no. 21

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 annexed on page no. 40

Board of Directors Meeting and attendance:

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 (Rep: M/S. Hornbill Apparel Ltd.)	-	Director	-	21
Mr. Md. Shafiqul Alom (Sumon) (Rep: M/S. Norban Fashion Ltd.)	-	Director	-	18
Mr. Jashim Uddin Ahmed Chowdhury	-	Independent Director	-	06
Mr. S M Golam Faruk Alamgir	-	Managing Director	-	25

Directors remuneration and fees: Annexed on page no. 87 (Note - 24.01)

The pattern of shareholding:

		Shares Qty as At 30 June 20	Shares Qty as at 30 June 19	% 2020	% 2019
(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	- 2,755,215	2,599,260	5.32	5.32
02) Mrs. Qurrattul Ann Siddiqui	Director	- 4,977,094	4,695,372	9.61	9.61
03) Mrs. Quamrun Nahar Begum	Director	- 2,471,433	2,331,542	4.77	4.77
(Rep: M/S. Hornbill Apparel Ltd)					
04) Mr. Md. Shafiqul Alom (Sumon)	Shareholders Director	- 3,573,260	3,371,000	6.90	6.90
(Rep: M/S. Norban Fashion Ltd)					
05) Mr. Jashim Uddin Ahmed Chowdhury	Independent Director	- -	-	-	-
06) Mr. S M Golam Faruk Alamgir	Managing Director	- -	-	-	-
07) Mr. Sumon Ahmed Sabir	Sponsor	- 764,905	721,609	1.48	1.48
08) Mr. Mohd. Zulfiquar Hafiz	Sponsor	- 567,934	535,787	1.10	1.10
09) Mr. A.T.M Sayeeduzzaman	Sponsor	- 425,719	401,622	0.82	0.82
10) Mr. A. K. M. Kutub Uddin	ED & Company Secretary	- -	-	-	-
11) Mr. CA Faker Ahmed, FCA	Chief Financial Officer	- -	-	-	-
12) Mr. Mohammad Moniruzzaman	Head of Internal Audit	- -	-	-	-
(c) Executives:					
01) Mr. S. M. Kamruzzaman	Chief Technical 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. Sharif Shabbirul Alam	Deputy General Manager	- -	-	-	-
06) Mr. Bipul Ranjan Saha	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 2020 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, Jointly shareholdings of the Sponsors and Directors of the Company is 30% of the paid-up capital.

Achievement & Future Plan

The coronavirus pandemic has already had severe impacts on BDCOM's usual growth but the very dynamic Management of the company has emphasized the need for continuing development activities without relaxing the rules of hygiene in order to achieve development and sustainable economic growth of the Company. Our mission "Progress Possible" has proved to be realistic even at the deadly halt of the world due to Covid-19 Pandemic. As most local and global companies are still being shuttered with employees working from home, the impact of business growth has been stagnated and the ripple has been felt in the industry that has never been experienced. Due to the cancellation or postponing of projects and works in such an unexpected event, business continuity is in serious trouble, resulting in local companies facing cash crunches. As a result of this economic halt, local clients are stalling payment leading to cash flow challenges. But still the promise is kept with many milestones during this fiscal year 2019-2020.

We were advocating all these years to upgrade our MPLS backbone from 10G to 40G. The work is already accomplished in Metro areas with utmost success. Our focus and time investment on countrywide data network expansion is not hampered at all due to scarcity of essential accessories like Fiber Cable, router, etc., during the local and global halt of supply chain. Moreover, the regular aerial cable cut in Dhaka, Sylhet, Chattogram, Mymensingh, etc. districts tremendously impaired the expansion and development of the robust network of BDCOM. The BDCOM MPLS network is now available in all the districts of the country; also, the last mile is mostly converted to FTTx technology adopting the most successful GPON technology. Our specialty with the GPON technology is that we can connect any last mile endpoint upto 10Gbps max which is still very much rare in Bangladesh ISP industry.

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 came with the initiative “Internet for All”. The internet is now a pervasive, fundamental commodity part of daily life that continues to deliver massive economic and social benefits around the world. Although much progress has been made in closing the digital divide, the challenge remains huge, complex and multidimensional. With the “Internet for All” package SMILE Broadband is thinking beyond closing the digital divide to investing in the development of a robust digital ecosystem that can facilitate participation in the Fourth Industrial Revolution — intelligent automation ensuring every individual participation in the Internet World.

We strive to unfold the true potential within the Government to create remarkable innovations that can ease and improve the lives of the citizens of Bangladesh. As the flagship programme of the Digital Bangladesh agenda, we hope to inspire developing our Nation on Public Service Innovation and Transformation by sharing our groundbreaking insights supported by the revolution “Internet for All”. Thus, an increasingly ubiquitous, open, fast and content-rich Internet from BDCOM will be able to change the way many people live, communicate and do business.

We launched “Broadband360^o” as one of the most significant outcome of our commitment to the nation and to the vision 2021 of the Digital Bangladesh Government. As the product was designed in accordance with our Social Responsibility, Ethical Business Practice and for the greater protection of our next generation from the vicious effects of abuse, violence & pornography in digital media, our journey has seen bright promise in the society in last one year and now is recognized in the industry as a milestone for safe Internet experience through ultrafast connectivity.

Last one decade has been the landmark for BDCOM in case of Enterprise Hosting catering hosting services for all the major news sites of the country including Prothom Alo, The Daily Star and so on. The service was mostly homegrown open source based technology capacitating both conventional and virtualized environments. However, being one of the biggest computing trends that impact major business sectors across the globe, the cloud has run its roots deep into business processes, bringing a new face to how organizations operate and people work in the modern era. Bringing cloud technology into businesses changes the economics of innovation. Cloud makes it cheaper and faster for businesses to simplify, modernize aging infrastructure, integrate emerging technologies into existing business systems and become data-driven. The resilient and innovative engineers of BDCOM are very proud to announce it’s yet another homegrown cloud platform this year that would take its businesses to the next level.

Since the beginning, BDCOM is very proud of its Software development team, who already developed its own operational workground by which it is running all these years. The team was mainly focused on its own production environment development, maintenance and up gradation. This year BDCOM is rejuvenating its Software Department to focus on disruptive innovation in Software development for the commercial segment within the country and out to the global market. Also, the magnificent team is working relentlessly to match the pace of the modern era of Smart Living that includes Robotics, IoT, loE, loNT, SmartHome, SmartCity, AI, ML and BigData to drive new business models with business potential in various sectors such as surveillance, manufacturing, utilities, transport and logistics, agriculture, power and smart cities.

Our sky is still very much expanded because we still believe that our capacity to solve problems and adopt new normal technologies are boundless. The brains behind BDCOM still very much cynical and opportunistic to exploit chances offered by the new normal circumstances to make new plans that will provide diverse platforms for disruptive and innovative technological advanced products and services 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 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.