

DIRECTORS' REPORT TO THE SHAREHOLDERS



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FOR THE YEAR ENDED JUNE 30, 2023

Dear Fellow Shareholders,

The Board of Directors of BDCOM Online Ltd. with immense pleasure takes this opportunity of presenting the Annual Report and the Audited Financial Statements for the year ended June 30, 2023 together with the Report of the Auditors to the shareholders on the occasion of 27th Annual General Meeting of the Company for valued consideration, approval and adoption.

Annual results and allocations:

During the year under review, net revenue was Tk. 713.42 Million. The Directors take pleasure in reporting the financial results of the Company for the year ended June 30, 2023 (as mentioned in the Statement of Profit or Loss and Other Comprehensive Income). Details of the same are given below:

Description	June 30, 2023	June 30, 2022
Gross Profit	393,581,230	393,268,964
Operating Profit	85,851,815	88,221,321
Non-Operating Income	26,306,927	26,924,902
Net Profit before WPPF & WF	108,957,550	110,751,362
Contribution to WPPF & WF	(5,188,455)	(5,273,874)
Income Tax Expense	(40,697,366)	(26,057,174)
Deferred Tax (Expenses)/Income	11,474,322	758,930
Net Profit after Tax	74,546,051	80,179,244
Less: Dividend Distribution of Previous Year	(57,086,499)	(27,184,040)
Add: Profit brought forward	214,652,901	161,657,697
Surplus Available for Appropriation	232,112,453	214,652,901

Dividend recommendation:

The Board of Directors pleased to recommend 10% Cash Dividend for the year ended 30th June, 2023 which will be confirmed in the 27th Annual General Meeting to be held on 21st Dec 2023.

Disclosure on Dividend Distribution:

BDCOM pay off the dividend to the shareholders within 30 days of approval and submit a compliance report to the Exchanges and to the Commission in respect of dividend payment within 7 (seven) working days.

Interim Dividend

No Cash or Stock dividend has been declared by the Board as interim dividend and there was no effect of such in the Company's financial position.

Directors Retiring by Rotation:

As per Companies Act, 1994, each year one-third of the Directors (except Independent Director) retire from office at the Annual General Meeting and if eligible, may offer themselves for re-appointment by shareholders at the Annual General Meeting. In line with the Companies Act, 1994, the following Directors will retire at the 27th Annual General Meeting:

- 1. Mr. Wahidul Haque Siddiqui**
- 2. Mrs. Qurratul Ann Siddiqui**

The above Directors are eligible, offer themselves for re-appointment for the next term.

Re-appointment of Managing Director:

The Board of Directors re-appointed Mr. S M Golam Faruk Alamgir as Managing Director (Ex-officio) of the Company upto 31st December 2023 and now placed before the 27th Annual General Meeting for the shareholders approval.

Appointment of Auditors:

M/S. Islam Quazi Shafique & Co., Chartered Accountants was the auditor of the Company for the year ended 30th June 2023 and will retire from the position as Auditor in the 27th Annual General Meeting of the Company. As per section 210(3) of Companies Act the retiring Auditor shall be re-appointed for the next year unless there is any specific reason. However, due to their unwillingness to continue for the next year (2023-2024) the Audit Committee of BDCOM scrutinized the proposal of M/S. Ashraf Uddin & Co., Chartered Accountants (engagement partner Mr. Mohammad Shabbir Hossain FCA) and recommended to the Board to appoint as the Statutory Auditors of the Company for the year 2023-2024 and the Board of Directors now recommend and place this before the general body of shareholders for approval with a remuneration of BDT 2,25,000.00 excluding VAT.

Appointment of Compliance Professionals 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 M/S. Atik Khaled Chowdhury, Chartered Accountants, to issue "Corporate Governance Compliance Certificate" of the Company for the year 2023-2024 and to fix their remuneration BDT 30,000.00 excluding applicable VAT for approval of the shareholders in the 27th 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 2023 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: Annexed herewith page no. 52.

Corporate Governance:

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 herewith page no. 75.

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 two (22) Board of Directors meeting were held and the attendance by each directors is given bellow:

Mr. Wahidul Haque Siddiqui	-	Chairman	-	22
Mrs. Qurrattul Ann Siddiqui	-	Director	-	22
Mrs. Quamrun Nahar Begum (Rep: Hornbill Apparel Ltd.)	-	Director	-	20
Mr. Shafiqul Alom (Sumon) (Rep: Norban Fashion Ltd.)	-	Director	-	18
Mr. Md. Khalid Hussain FCA	-	Independent Director	-	06
Mr. S M Golam Faruk Alamgir (Ex-officio)	-	Managing Director	-	22

Directors remuneration and fees: page no. 119, note no. 29.01

The pattern of shareholding:

			Shares Qty as	Shares Qty as	%	%
			At 30 June 23	at 30 June 22	2023	2022
(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	-	3,037,623	3,037,623	5.32	5.32
02) Mrs. Qurrattul Ann Siddiqui	Director	-	5,487,245	5,487,245	9.61	9.61
03) Mrs. Quamrun Nahar Begum (Rep: M/S. Hornbill Apparel Ltd.)	Director	-	2,724,753	2,724,753	4.77	4.77
04) Mr. Md. Shafiqul Alom (Sumon) (Rep: M/S. Norban Fashion Ltd.)	Shareholders Director	-	3,939,519	3,939,519	6.90	6.90
05) Mr. Md. Khalid Hussain FCA	Independent Director	-	-	-	-	-
06) Mr. S M Golam Faruk Alamgir	Managing Director	-	-	-	-	-
07) Mr. Sumon Ahmed Sabir	Sponsor	-	843,305	843,305	1.48	1.48
08) Mr. Mohd. Zulfiquar Hafiz	Sponsor	-	626,145	626,145	1.10	1.10
09) Mr. A.T.M Sayeeduzzaman	Sponsor	-	469,354	469,354	0.82	0.82
10) Mr. A. K. M. Kutub Uddin	ED & Company Secretary	-	-	-	-	-
11) Mr. Faker Ahmed FCA	Chief Financial Officer	-	-	-	-	-
12) Mr. Mohammad Ali ACCA	Head of Internal Audit	-	-	-	-	-
(c) Executives:						
01) Mr. Monowar Hossain Khan	Executive Director	-	-	-	-	-
02) Mr. S. M. Kamruzzaman	Chief Technical Officer	-	-	-	-	-
03) Mr. Gazi Zehadul Kabir	Chief Strategy Officer	-	-	-	-	-
04) Mr. Anowar Hasan Sabir	Chief Information Officer	-	-	-	-	-
05) Mr. Bipul Ranjan Saha	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 as well.

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 2023 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.

Related party transactions:

We as IT Sector Company for IT related services and data connectivity we are to purchase Bandwidth and use NTTN (Nationwide Telecommunication Transmission Network) transmission line as rental basis from service provider companies. Regarding Bandwidth a few and for NTTN transmission line only 2 companies in Bangladesh. One is Fiber @ Home Ltd. and is our related party. We have transactions with this company regarding Bandwidth purchase & NTTN transmission line rent as a part of normal course of regular business operation All transactions involving related parties arising are conducted on an arm's length basis at commercial rates on the same terms and conditions as applicable to the third parties. Details of transactions with related parties and balances with them as at 30 June 2023 has been provided in note no. 37, page no. 121

In the 25th AGM held on 17 December 2021 the general body of Company's Shareholder approved the matter for that year and onward for smooth and uninterrupted transmission /operation of the Company in line with BSEC Notification No. BSEC/CMRRCD/2009-193/10/Admin/118 dated 22 March 2021 clause (a)(b).

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 Sponsor and Directors of the Company is 30% of the paid-up capital.

Achievement & Future Plan

BDCOM Online Ltd. marked its 26th anniversary in the ISP Industry, and we are proud to have played a vital role of Bangladesh's digital growth story. Our success can be attributed to our visionary leadership, cutting-edge technology, and unwavering commitment to customer satisfaction. With these values at the forefront, BDCOM Online Ltd. is well-positioned to shape the future of the internet landscape in Bangladesh. Our journey thus far is a testament to the power of innovation, dedication, and a customer-centric approach in driving success in the ISP sector. We have played a pivotal role in shaping Bangladesh's digital future, and our success story is a testament to the transformative power of connectivity. Moving forward, BDCOM Online Ltd. remains steadfast in its founding vision, and we are excited to continue our journey in the ICT sector of the country. The next quarter-century promises even greater achievements, and we are committed to being at the forefront of Bangladesh's digital revolution.

The Bangladesh Government has been actively involved in framing policies that promote infrastructure development to achieve its goal of becoming a Smart Bangladesh by 2041. With the success of Digital Bangladesh in 2021, the people are now more receptive to the government's plans for economic growth through the advancement of the ICT sector. BDCOM has played a pivotal role in this development by providing essential internet and telecommunication services to individuals, businesses, and government agencies for over 26 years. Our contributions have been crucial in accelerating the country's digital development and economic progress.

Bangladesh despite making a strong recovery from the COVID-19 pandemic, has encountered disruptions in its post-pandemic recovery due to various challenges such as escalating inflation, vulnerabilities in the financial sector, global economic uncertainty, supply chain disruptions caused by the pandemic, extreme climatic events, and geopolitical tensions. Despite facing a series of challenges, the journey has been unstoppable. However, the overall growth and development have been impeded by these events. These challenges have posed significant difficulties, particularly for countries like Bangladesh with limited financial resources and economic resilience. Nonetheless, BDCOM's ability to thrive amidst such disasters, particularly the global supply chain breakdown, is a remarkable achievement. Our unwavering commitment to providing uninterrupted internet services, investment in resilient infrastructure, and focus on customer communication have enabled us to overcome numerous obstacles and maintain our position as a trusted ISP in Bangladesh. This resilience not only benefits our customers but also contributes to the broader digital development of the nation.

As the largest Internet Service Provider in Bangladesh, BDCOM is proud to offer broadband coverage areas that surpass those of any other company in the country. Our broadband packages are designed to meet the needs of all user segments, providing our valued customers with purposeful choices. In the coming days, BDCOM Online Ltd is focused on aggressively expanding our customer base in the broadband segment by leveraging our expertise and infrastructure to reach more households and businesses across the country, including both urban and rural areas. This will be accomplished through targeted marketing campaigns, competitive pricing, and superior customer service. With a significant market plan already executed, we anticipate remarkable results in the coming years and aim to establish BDCOM as a leading broadband service provider in the region.

BDCOM maintains its unmatched dominance in the Data Communication industry, boasting extensive network coverage across the country, a team of dedicated and experienced engineers, and unparalleled technological expertise. This achievement is a direct result of our unwavering commitment to meeting the evolving needs of the corporate sector. Consequently, we continuously strive to deliver customized solutions to businesses of all scales. -

Our primary objective is to further establish our presence in the corporate data and internet segment by providing tailored offerings, including dependable high-speed internet, secure data connections, and cloud services. Simultaneously, we aim to fortify our existing relationships with corporate clients while actively pursuing new partnerships.

Our growth strategy heavily relies on expanding our network infrastructure, which is why we have planned to invest a significant amount in network expansion. Our aim is to reach underserved areas and improve connectivity nationwide, which will enable us to serve both urban and rural communities. This expansion will play a crucial role in bridging the digital divide and enhancing our ability to serve our customers.

BDCOM has already made significant progress in upgrading the Core MPLS backbone network from 10G to 40G, which has greatly improved our capacity to serve the nation. The next step is to expand the same to 100G, and we have already started working towards achieving this goal. Our first phase will involve upgrading the Core MPLS backbone to 100G in Dhaka and its suburbs, while simultaneously upgrading divisional and district level 1G backbone to 10G connectivity. This will require an upgrade in the existing hardware to a high capacity for a seamless transition in connectivity. Additionally, we are working closely with the Government and Telecom entities to transition from a TDM based IP Telephony system to an IP based mechanism. This technological shift will offer numerous advantages such as cost savings, flexibility, scalability, and the integration of voice and data services.

We are thrilled to announce that we will be expanding our services to all regional and local government headquarters, in addition to leveraging our network. This is a significant step towards contributing to the digital transformation of the public sector and supporting the Government's vision of Digital Bangladesh. Our aim is to help major regional entities leverage technology to improve efficiency, transparency, and service delivery. This strategic move will enable us to tap into new markets and ensure a continuous increase in our revenue streams.

We recognize that major regional entities have unique needs, and we are committed to providing them with tailored solutions. To achieve this, we will work closely with major regional officials and other stakeholders to understand their requirements and deliver solutions that meet their expectations. Our goal is to provide solutions that are customized to the specific needs of each region, and we are confident that this approach will enable us to build strong relationships with our clients.

At the heart of our focus lies the commitment to deliver exceptional customer service on a local level. We recognize that each region has its own unique needs and demands, and we are dedicated to tailoring our services accordingly. Through personalized and responsive customer support, we aim to foster strong relationships with our clients and ensure their utmost satisfaction. This approach is integral to our mission of providing top-notch services and contributing to the digital transformation of the public sector.

Looking ahead, our company's future plan is centered around a customer-centric approach that is both ambitious and forward-thinking. We aim to leverage our network capabilities and expand our services to every corner of the country. By providing district-based, best-in-class customer service, we strive to surpass our competitors in terms of service uptime and quality. Additionally, we are committed to driving innovation and collaboration on a national scale, adopting a solution-focused mindset. Through these efforts, we believe we can acquire more broadband customers, strengthen our presence in the corporate segment, expand our network, contribute to the digital economy, and fulfill our social responsibilities. By doing so, we will continue to create value for our shareholders and make a significant impact on the digital transformation of Bangladesh.

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 members of the Board of Directors 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 PLC. (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.

We express our sincere gratitude for your support, which has been instrumental in our journey thus far. Together, we eagerly anticipate a prosperous future that is empowered by digital advancements.

Thanks & regards

For and on behalf of the Board of Directors



Wahidul Haque Siddiqui
Chairman
BDCOM Online Ltd.



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