

Directors' Report to the Shareholders

For The Year Ended June 30, 2017

Dear Shareholders

The Directors of BDCOM Online Ltd. welcomes you at the 21st Annual General Meeting and have the pleasure of presenting the Director's Report of your Company together with audited financial statements for the year ended June 30, 2017.

Enhanced value of Shareholder's Investment:

During the year under review, Revenue (Net of VAT) was Tk. 520.96 million with 17.15% 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, 2017 (as mentioned in the Statement of Profit & Loss and Other Comprehensive Income). Details of the same are given below.:

Description	June 30, 2017	June 30, 2016
Gross Profit	291,070,848	260,406,564
Operating Profit	82,660,111	65,381,690
Non-Operating Income	16,101,017	18,938,504
Net Profit before Provision & Tax	89,982,549	84,320,194
Provision for WPPWF	(4,284,883)	(4,216,010)
Provision for Income Tax	(14,491,146)	(12,191,478)
Provision for Deferred Tax	(6,913,847)	(827,908)
Net Profit after Tax	64,292,672	67,084,798
Less: Dividend Distribution of Previous Year	(49,689,860)	(57,511,418)
Less :Prior Year Adjustment	-	2,805,770
Add: Profit brought forward	84,037,545	77,269,935
Surplus Available for Appropriation	98,640,357	84,037,545
The Board of Directors recommendation for		
Cash Dividend @ 5%	22,153,398	
Stock dividend @ 5%	22,153,398	
Retained Earnings after Proposed Dividend	54,341,753	

Dividend

The net profit after tax of the Company stands at Taka. 643.08 million for the year ended on 30th June 2017. The Board of directors recommends 5% Cash Dividend & 5% Stock Dividend for the year ended 30th June, 2017.

Directors

The Directors retire by rotation in terms of Articles of Association of the Company and being eligible, offer themselves for re-election is M/S. Hornbill Apparel Ltd.

Office of the Managing Director expires as per Section 110 of company Act, 1994 and as such the Board of Directors re-appointed Mr. S. M. Golam Faruk Alamgir as Managing Director on 07 March 2017 for next three (03) years, now seek shareholders post-facto approval.

Auditors

The office of the present Auditor M/S. Ahmed Zaker & Co., Chartered Accountants will expire with the completion of 21st Annual General Meeting and are eligible and offer themselves for re-appointment as Statutory Auditors and the Board of Directors recommended M/S. Ahmed Zaker & Co., BSEC Penal Auditor as Statutory Auditors for the year ended June 30, 2018 with re-fixation of remuneration and seek shareholders' approval.

Additional Statements

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

- a) The Financial statements prepared by the management for the year ended 30 June 2017 give a true and fair view of the state of the company about the result of its operation, cash flows and changes of equity.
- b) Proper books of accounts as required by the prevailing laws have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparing the financial statement and that the accounting estimates are based on reasonable prudent judgment.
- d) The financial statements have been prepared in accordance with applicable IAS/BAS/IFRS/BFRS.
- e) The system of internal control and check are in effect and maintained properly.
- f) 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.
- g) There is no deviation from last year operating results.
- h) The key operating and financial data for the proceeding five years have been shown in the Financial History of Five years (Annexure -I) (Page-15)
- i) During the year Nineteen (19) Board of Directors meeting were held and the attendance by each directors is given bellow:

1) Mr. Wahidul Haque Siddiqui	Chairman	-	19
2) Mrs. Qurrattul Ann Siddiqui	Director	-	19
3) M/S. Hornbill Apparel Ltd.	Director	-	16
4) Mr. Das Deba Prashad	Independent Director	-	11
5) Mr. S. M. Golam Faruk Alamgir	Managing Director	-	19
- j) The pattern of shareholding:
 - i) Parent/Subsidiary /Associate Companies
 - ii) Sponsor , Directors, Managing Director, Chief Financial Officer, Company Secretary, Head of Internal Audit and their spouse and minor children:

		Share Qty. as at 30 Jun-17	Share Qty. as at 30 Jun-16	% 2017	% 2016
a)	Mr. Wahidul Haque Siddiqui Chairman	- 2,357,606	2,203,371	5.32	5.32
b)	Mrs. Qurrattul Ann Siddiqui Director	- 4,258,841	3,980,226	9.61	9.61
c)	M/S. Hornbill Apparel Ltd. Director	- 2,114,779	1,976,430	4.77	4.77
d)	Mr. Das Deba Prashad Independent Director	- -	-	-	-
e)	Mr. S. M. Golam Faruk Alamgir Managing Director	- -	-	-	-
f)	Mr. Sumon Ahmed Sabir Sponsor	- 6,54,523	611,705	1.48	1.48
g)	Mr. Mohd. Zulfiqar Hafiz Sponsor	- 4,85,977	454,185	1.10	1.10
h)	Mr. A.T.M Sayeeduzzaman Sponsor	- 3,64,284	340,453	0.82	0.82
i)	A. K. M. Kutub Uddin Company Secretary	- -	-	-	-
j)	Mr. Chitta Ranjan Halder, FCA Chief Financial officer	- -	-	-	-
k)	Mr. Swapan Kumar Saha Head of Internal Audit	- -	-	-	-
iii)	Executives:				
a)	Mr. S. M. Kamruzzaman Chief Technical Officer	-	-	-	-
b)	Mr. Gazi Zehadul Kabir General Manager	-	-	-	-
c)	Mr. Anowar Hasan Sabir General manager	-	-	-	-
d)	Mr. Bipul Ranjan Saha Deputy General Manager	-	-	-	-
e)	Mr. Sharif Shabbirul Alam Deputy General Manager	-	-	-	-
iv)	Shareholders holding 10% or more voting interest in the company	-	-	-	-

Duties of Managing Director and Chief Financial Officer

As per condition 6 of the Corporate Governance Guidelines, the Managing Director and Chief Financial Officer (CFO) 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 2017 and that to the best of their knowledge and belief:
- the financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
- 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.
- 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.

Brief Resume of the Director

Mr. Wahidul Haque Siddiqui

Mr. Wahidul Haque Siddiqui is the sponsor, director, founder and also the chairman of BDCOM Online Ltd. Having completed his commerce graduation from the University of Dhaka, Mr. Siddiqui set his sights on getting actively involved in business enterprises which at present are playing a vital role in the economy of Bangladesh. He happens to be a very successful and experienced tycoon in the RMG (Ready Made Garments) and apparel sector both in Bangladesh as well as abroad. His contribution in the IT sector of Bangladesh has also been significant. He has spent the last 28 years with the RMG sector for the development, up-gradation and enhancement of foreign currency reserve of the country. He is also one of the directors of Asia Pacific General Insurance Company Limited. His vast knowledge in business as well as his leadership has been instrumental in BDCOM's success throughout the years. Mr. Siddiqui will continue to work on his vision of establishing a business empire which will aid in the development of our nation.

Mrs. Qurrattul Ann Siddiqui

She is the wife of Mr. Wahidul Haque Siddiqui and is a bonafide industrialist, entrepreneur as well as a social worker. She has been actively involved in doing business successfully for well over a decade. Mrs. Siddiqui is also one of the founders and directors of the company. Although her main contribution is towards doing social work and working for the development of our country, Mrs. Siddiqui does however have a lot of knowledge in business. She has travelled in many countries across the world for business purposes which has helped her gain significant insights on the matter.

M/S. Hornbill Apparel Limited

M/S. Hornbill Apparel Limited is the corporate sponsor and director of the company. They have been BDCOM's partner ever since its inception. They have been successfully engaged with apparel business in Bangladesh for a long period of time.

Mr. Das Deba Prashad

Mr. Prashad is the former Managing Director of Delta Life Insurance Limited. He has obtained his Master's degree in Accounting from the University of Dhaka and is well known and experienced in the Insurance sector. He has a vast knowledge in banking & capital market. He has participated in many local and international industrial events, trainings, seminars and workshops.

Mr. S. M. Golam Faruk Alamgir

Mr. Alamgir has obtained his MBA degree in Marketing and is the Managing Director of BDCOM Online Ltd. The Commander in chief of BDCOM is well experienced in ICT Business and has been engaged with this sector for more than 27 years. He has participated in many local and international events, trainings and workshops. His vision and knack for success has proved to be a vital element. He has previously worked in head positions of other IT companies.

Achievement & Future Plan

“As a rule, we find what we look for; we achieve what we get ready for” - James Cash Penney, Founder JC Penney, 1902.

BDCOM business intelligence and R&D team consistently working on the change environment of digital frontier and trying it's best to fit businesses based on it's own ecosystem. Preparing the team accordingly.

BDCOM's wide network operating footprint countrywide, a determined self-help agenda and a focus on differentiated services and solutions, enable the company to deliver a resilient performance against considerable headwinds in past few years and the experience we got from many ups and down of the market, make us very prepared for future businesses.

As we all know the business environment in last few years has put our people to the test, individually and collectively. BDCOM Employees, has faced many many challenges. Through their effort, BDCOM is navigating the market very robust way, may be more than that. We are very fortunate to have very effective Board and Management Team who are laying the foundations to make the company more resilient and better able to capture the opportunities ahead.

This year BDCOM will be more focused on home segment in addition to corporate segment, after lot of hurdles, network and other infrastructure are now more supportive than before. BDCOM is striving hard to keep its commitment to have safe and stable and echo friendly Internet, phone and other related services to the community, also will ensure round the clock more efficient helpdesk team to support our valued customer. We highly appreciate Government initiative in this regard.

Corporate Governance

BDCOM Online Limited 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. SEC/CMRRCD/2006-158/Admin/44 dated 07 August 2012 issued under section 2CC of Bangladesh Securities and Exchange Ordinance, 1969 is given in **Annexure-II** of this Annual Report. (Page-32)

Acknowledgement

The Board of Directors like to express their gratitude to all honorable shareholders, valued clients for their patronage. The Directors also express their thanks and profound appreciation for the immense support and co-operation received from Registrar of Joint Stock Companies & Firms (RJSC), Bangladesh Securities And Exchange Commission (BSEC), Dhaka Stock Exchange Ltd (DSE), Chittagong Stock Exchange Ltd (CSE) and Central Depository of Bangladesh Limited (CDBL). 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