

## DIRECTORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED JUNE 30, 2018

Dear Fellow Shareholders,

The Directors' of BDCOM Online Ltd. welcome you all to the 22<sup>nd</sup> 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, 2018 for your valued consideration, approval and adoption.

### Enhanced value of Shareholder's Investment:

During the year under review, net revenue was Tk. 534.74 million with 2.65% 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, 2018 (as mentioned in the Statement of Profit or Loss and Other Comprehensive Income). Details of the same are given below:

Description	June 30, 2018	June 30, 2017
Gross Profit	296,618,221	291,070,848
Operating Profit	80,190,595	82,660,111
Non-Operating Income	19,628,958	16,101,017
Net Profit before WPP&WF	99,903,143	89,982,549
Provision for WPP&WF	(4,757,293)	(4,284,883)
Provision for Income Tax	(12,994,040)	(14,491,146)
Provision for Deferred Tax	(2,426,267)	(6,913,847)
<b>Net Profit after Tax</b>	<b>79,725,543</b>	<b>64,292,672</b>
Less: Dividend Distribution of Previous Year	(44,306,796)	(49,689,860)
Less: Prior Year Adjustment	(9,416,947)	-----
Add: Profit brought forward	98,640,357	84,037,545
<b>Surplus Available for Appropriation</b>	<b>124,642,157</b>	<b>98,640,357</b>
<b>The Board of Directors recommendation for the year</b>		
Cash Dividend @ 7%	32,565,495	
Stock dividend @ 5%	23,261,068	
<b>Retained Earnings after Proposed Dividend</b>	<b>68,815,594</b>	

### Dividend and Explanation regarding recommendation of Stock Dividend:

The Board of directors pleased to recommend 7% Cash Dividend & 5% Stock Dividend for the year ended 30th June, 2018 which will be confirmed in the 22<sup>nd</sup> Annual General Meeting to be held on 17<sup>th</sup> Dec 2018. The retained amount of 5% stock dividend for the year will be utilized for the network expansion, capacity up-gradation and migration to Gigabit Passive Optical Networks (GPON) technology, which will require to procure a huge number of network equipments and related accessories, considering upcoming demand projection. Further BDCOM also in a process to setup a 100% Disaster Recovery (DR) centre in Mohakhali to avoid downtime in case of existing Data Centre failure. This would be very significant achievement of BDCOM being the only ISP to build 100% disaster Recovery.

**Retirement and Re-election of Directors by Rotation:**

The Directors retire by rotation in terms of Articles of Association of the Company and being eligible, offer herself for re-election is Mrs. Qurrattul Ann Siddiqui.

**Appointment of Auditors:**

The office of the present Auditor M/S. Ahmed Zaker & Co., Chartered Accountants will expire with the completion of 22<sup>nd</sup> Annual General Meeting and being not eligible for re-appointment, the Board of Directors recommended the appointment of M/S. Mahfel Huq & Co., Chartered Accountants, BSEC Penal Auditor as statutory auditors for the year ended June 30, 2019 with existing fee for approval of the shareholders in the 22<sup>nd</sup> 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 proposal for appointment of Atik Khaled Chowdhury, Chartered Accountant, to issue "Corporate Governance Compliance Certificate" of BDCOM Online Ltd. for the year 2018-2019 at a fee of Taka 25,000.00 (twenty five thousand) only for approval of the shareholders of the Company in the 22<sup>nd</sup> 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 2018 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 preceding five years have been shown in the Financial History of Five years:**

Given in page number - 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 given in page number - 36

**Board of Directors:**

The highest governing body of the Company and represents the interests of all shareholders and stakeholders. The decision making body and to approve the Strategy and Oversee compliance comprising five members including one Independent Director. Independent Director appointed as per provision of the Corporate Governance Code of BSEC. Composition of Board and its sub-committee given in page number - 11

**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 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
M/S. Hornbill Apparel Ltd.	-	Director	-	17
Mr. Das Deba Prashad	-	Independent Director	-	09
Mr. S M Golam Faruk Alamgir	-	Managing Director	-	22

**Directors Remuneration and fees:** Given in page number - 77 (Note 24.01)

**The pattern of shareholding:**

			Shares Qty as	Shares Qty as	%	%
			at 30 June 18	at 30 June 17	2018	2017
(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	-	2,475,486	2,357,606	5.32 5.32
02)	Mrs. Qurrattul Ann Siddiqui	Director	-	4,471,783	4,258,841	9.61 9.61
03)	M/S. Hornbill Apparel Ltd.	Director	-	2,220,517	2,114,779	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	-	687,248	654,523	1.48 1.48
07)	Mr. Mohd. Zulfiquar Hafiz	Sponsor	-	510,275	485,977	1.10 1.10
08)	Mr. A.T.M Sayeeduzzaman	Sponsor	-	382,498	364,284	0.82 0.82
09)	Mr. A. K. M. Kutub Uddin	ED & Company Secretary	-	-	-	- -
10)	Mr. Swapan Kumar Saha	CFO (Current Charge)	-	-	-	- -
11)	Mr. Mohammad Moniruzzaman	Head of Internal Audit	-	-	-	- -
(c)	Executives:					
01)	Mr. S. M. Kamruzzaman	Chief Technical Officer	-	-	-	- -
02)	Mr. Gazi Zehadul Kabir	General Manager	-	-	-	- -
03)	Mr. Anowar Hasan Sabir	General manager	-	-	-	- -
04)	Mr. Bipul Ranjan Saha	Deputy General Manager	-	-	-	- -
05)	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-

(a) to the best of their knowledge and belief, they have reviewed financial statements for the year ended 30th June 2018 and that to the best of their knowledge and belief.

(b) the financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

(c) 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.

(d) 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**

Wahidul Haque Siddiqui an eminent and visionary entrepreneur of this country. A native of Chittagong and raised in Dhaka, he completed his education from Adamjee Cantonment College and later on pursued his Bachelor's degree in Commerce from the University of Dhaka.

Wahidul Haque Siddiqui commenced his entrepreneurial career 1990 with buying house 'Norban Fashion Ltd.' In a few years time he garnered ample of expertise and knowledge about the Ready Made Garments (RMG) sector and established two factories 'Hornbill Apparels Ltd.' and 'Norban Comtex Ltd.' Mr. Siddiqui's bold and strategic leadership made Norban, one of the leading RMG factories in Bangladesh. His knowledge on all the aspects of RMG is unparalleled.

Wahidul Haque Siddiqui being a visionary witnessed the emergence of ICT globally. He anticipated this change Bangladesh in late 1990s. Hence took the initiative of establishing one of the first ISP of this country BDCOM Online Ltd. in 1997. Under Mr. Siddiqui's well steered direction BDCOM has won several accolades including the prestigious National Award. He is currently serving as the Chairman of the board at BDCOM Online Ltd.

Mr. Siddiqui a serial entrepreneur has a strong presence in number of industries. He occupies position in the board of Norban Group, Dowlutennesa Equities Ltd., Asia Pacific General Insurance Company Ltd., and several others. His resourceful mindset and goodwill is appreciated at home and abroad. He is actively associated with several charity organizations.

**Mrs. Qurratul Ann Siddiqui**

Mrs. Qurratul Ann Siddiqui is one of the founding directors of BDCOM Online Ltd. She has been actively associated with several business organizations. Mrs. Siddiqui born and raised in Dhaka completed her graduation from University of Dhaka.

Mrs. Siddiqui holds a management position in Norban Group, a leading RMG conglomerate in the country. She has been involved in the creating new strategies and devises new business ideas. Her diversified knowledge and insight has helped BDCOM to flourish in the IT sector. As a mindful well-wisher and director, the company's grave success has been the top of her priorities.

She has an active presence in several social and charity organizations across the country. She runs a charitable school for underprivileged children in the capital. Her charitable appreciation is only one of her many insightful traits.

**M/S Hornbill Apparel Ltd.**

M/S Hornbill Apparel Ltd. is the corporate sponsor and director of the company. 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 28 years. He has participated in many local and international events, trainings and workshops.

**Achievement & Future Plan:**

Without endorsing the ever changing modern technology, it is utterly difficult to play a meaningful role in a digital ecosystem - at least, any successful one. Digital ecosystems are built for innovation, learning and advancement. In BDCOM we are committed to learning about the latest digital capabilities and thus be agile and adaptive at the highest levels which are comprised of companies, people, data, processes and things that are connected by the shared use of digital platforms. Last few years BDCOM is creating these partnering ecosystems to enable collaboration and provide mutually beneficial results to all parties involved. The idea is to create a collection of flexible services that can shift around and quickly be adapted to the ever-changing needs of the business in Bangladesh.

Achievement came hand in hand with the promise; 10G MPLS network connected to all major cities of the country giving us the strength to think for future services to our distinguished customers. To enhance the capability of this information superhighway. BDCOM is now providing Google and Facebook Cache service from its own Data Center. Similarly, IP Telephony is still achieving the significant market share as the Leader in the sector.

Safe Internet was the mandate from our society for last few years and BDCOM is now cognizant of the knowledge of maximizing the user's personal safety and security risks to private information and property associated with using the Internet, and the self-protection from computer crime in general. The market is ready; the product is ready – BDCOM is ready to roll the service in the market.

BDCOM is the first ISP in the country to deploy a Disaster Recovery (DR) for its entire network resources. We are working relentlessly so that our existing network does not feel any bumps or spikes during business hours. Not only that all Point-to-Point connectivity and existing Ethernet passive optical network (EPON) are changing to Gigabit Passive Optical Networks (GPON).

With all these activities, it is assumed these days that 10G network is not enough to handle huge data for BDCOM. We are planning to upgrade it from 10G to 40G and 100G. This change will again be a paradigm shift for BDCOM in case of Capital Investment and challenge to achieve a successful Return On Investment (ROI) of your investment and trust.

BDCOM is always believed to be the house of very skilled Manpower. Due to the education system, economic challenges and social reformations, it is very difficult in present days to make a very good pool of effective skilled manpower and retain them year after year. A very big challenge. This again coupled with the crisis of Fiber Cut every day – a 100% asset loss due to this barbative.

As mentioned last year, BDCOM was more focused on home segment, prioritizing corporate sectors services side by side – this year the focus will remain same. After lots of hurdles, network and other infrastructure are now readier than before for earning the Market Leadership.

BDCOM is committed to bring disruptive technologies including safe, stable and eco-friendly Internet, Phone and other related services to the community, also is ensuring round the clock more efficient helpdesk to leverage the trust and faith our valued customers towards our services. We highly appreciate Government initiative in this regard.

**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 helped 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 Regulatory Commission(BTRC), Bangladesh Securities And Exchange Commission (BSEC), Dhaka Stock Exchange Ltd. (DSE), Chittagong Stock Exchange Ltd. (CSE) and Central Depository of Bangladesh Ltd. (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.