

# DIRECTORS' REPORT TO THE SHAREHOLDERS



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## For The Year Ended June 30, 2024

### Dear Esteemed Shareholders,

On behalf of the Board of Directors of BDCOM Online Ltd., it is both an honor and a privilege to present to you the Annual Report and Audited Financial Statements for the fiscal year ended 30 June 2024. Along with these, we are also submitting the Report of the Auditors for your careful review, consideration, and approval.

These documents are being presented at the 28th Annual General Meeting (AGM) of the Company, where we will provide an overview of the Company's performance during the past year, the challenges faced, and the steps taken to address them. This is an important opportunity for us to reflect on our achievements, as well as to share the Company's strategic direction moving forward.

We invite you to review the materials in detail and to provide your valued input, approval, and adoption of the financial results and other key resolutions as outlined in the meeting agenda.

### Annual Results and Allocations:

For the financial year under review, the Company recorded a net revenue of Tk. 778.86 million. The Board of Directors is pleased to present the detailed financial performance for the year ended 30 June 2024, as outlined in the Statement of Profit or Loss and Other Comprehensive Income.

We take this opportunity to highlight the key financial results, which reflect the Company's continued growth and strategic initiatives. The comprehensive details of the financial performance, including revenue breakdown, expenses, and allocations, are provided below:

Description	June 30, 2024	June 30, 2023
Gross Profit	417,135,500	393,581,230
Operating Profit	81,639,696	85,851,815
Non-Operating Income	32,784,941	26,306,927
Net Profit before WPPF & WF	108,347,546	108,957,550
Contribution to WPPF & WF	(5,159,407)	(5,188,455)
Income Tax Expense	(53,061,373)	(40,697,366)
Deferred Tax (Expenses)/Income	772,061	11,474,322
Net Profit after Tax	50,898,827	74,546,051
Less: Dividend Distribution of Previous Year	(57,086,499)	(57,086,499)
Add: Profit brought forward	232,112,453	214,652,901
Surplus Available for Appropriation	225,924,781	232,112,453

### Dividend Recommendation:

The Board of Directors pleased to recommend 5% Cash and 5% Stock Dividend for the year ended 30th June, 2024 which will be confirmed in the 28th Annual General Meeting to be held on 17th Dec 2024.

### Disclosure on Dividend Distribution:

In accordance with Clause (3)(i) of the Bangladesh Securities and Exchange Commission (BSEC) Directive No. BSEC/CMRRCD/2021-386/O3, dated January 14, 2021, BDCOM transfers an amount equivalent to the declared cash dividend for the relevant year into a dedicated bank account within 10 days of the Board of Directors'

recommendation. Furthermore, as per Clause (2) of the same Directive, the dividend is paid to shareholders within 30 days of approval at the Annual General Meeting. A compliance report is subsequently submitted to both the Exchanges and the Commission within 7 working days.

### **Interim Dividend:**

The Board has not declared any bonus shares or stock dividends as interim dividends, and accordingly, there has been no impact on the Company's financial position.

### **Directors Retiring by Rotation:**

In accordance with the Companies Act, 1994, one-third of the Directors (excluding Independent Directors) are required to retire by rotation at the Annual General Meeting. Those who are eligible may offer themselves for re-appointment by the shareholders. In compliance with this provision, the following Directors will retire at the 28th Annual General Meeting:

- Mrs. Quamrun Nahar Begum  
Representative of Hornbill Apparel Ltd.
- Mr. Md. Shafiqul Alom (Sumon)  
Representative of Norban Fashion Ltd.

Both Directors are eligible and have offered themselves for re-appointment for the next term.

### **Appointment of Managing Director:**

The Board of Directors of BDCOM Online Ltd., in its meeting held on 28th December 2023 at 4:00 PM, has appointed Air Vice Marshal Muhammad Nazrul Islam, BSP, nswc, afwc, psc GD(P), (Retd), as the new Managing Director of the Company, effective from 1st January 2024 for next 5 (five) years. He will succeed Mr. S. M. Golam Faruk Alamgir, the outgoing Managing Director.

This appointment is hereby placed before the shareholders for post facto approval.

### **Re-appointment of Independent Director:**

In compliance with Condition No. 1(2)(a) regarding the minimum number of Independent Directors on the Board, and following approval from the Bangladesh Securities and Exchange Commission (BSEC), the Board of Directors has re-appointed Mr. Das Deba Prashad as an Independent Director of the Company. This re-appointment is submitted for approval by the shareholders, and his tenure will commence from the date of the 28th Annual General Meeting, for a term of three (3) years.

### **Appointment of Independent Director:**

The first term (three years) of the current Independent Director will conclude at the upcoming 28th Annual General Meeting of the Company, scheduled for 17th December 2024. While he is eligible for re-appointment for a subsequent term, he has expressed his decision not to continue for personal reasons.

In light of this, the Company has submitted a request to the Bangladesh Securities and Exchange Commission (BSEC) for approval to appoint Air Vice Marshal Md Zahidur Rahman, BBP, BSP, GUP, nswc, psc (Retired) as the new Independent Director in place of the outgoing Director. We are currently awaiting BSEC's approval, and should we receive it prior to the notice period for the 28th Annual General Meeting, the appointment will be presented to the shareholders for approval.

### **Re-appointment of Auditors:**

M/S. Ashraf Uddin & Co., Chartered Accountants, with engagement partner Mr. Mohammad Shibir Hossain FCA, will retire from their position as Auditors at the 28th Annual General Meeting of the Company. In accordance with Section 210(3) of the Companies Act, the retiring auditors are eligible for reappointment, unless there are specific reasons for not doing so.

The Audit Committee of BDCOM Online Ltd. has reviewed the performance of the retiring auditors and, following its evaluation, has recommended to the Board the re-appointment of M/S. Ashraf Uddin & Co. as the Statutory Auditors for the fiscal year 2024-2025.

The Board now submits this recommendation to the shareholders for approval, with the auditors' remuneration for the upcoming year to remain unchanged at BDT 2,25,000.00, exclusive of VAT.

## **Appointment of Compliance Professionals for Certification on Compliance with the Corporate Governance Code of BSEC:**

In accordance with Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated June 3, 2018, the Board has recommended the appointment of M/S Atik Khaled Chowdhury, Chartered Accountants, as Corporate Governance Compliance Auditors for the fiscal year 2024-2025, at a fee of BDT 35,000.00, excluding applicable VAT. This appointment is now presented for approval by the shareholders.

## **Directors' Responsibilities for the Financial Statements:**

The Directors are responsible for preparing the annual report and financial statements in compliance with the Companies Act 1994, Bangladesh Securities and Exchange Commission Rules 1987, International Financial Reporting Standards (IFRS), and other relevant laws and regulations. Under the Companies Act 1994, the Directors are required to ensure that the Company maintains accurate books of accounts for all transactions and prepares financial statements that provide a true and fair view of the Company's financial position and performance for the year.

In addition, the Directors must ensure that the financial statements are prepared and presented in accordance with the IFRS applicable in Bangladesh, and that they comply with the disclosure requirements outlined in the Companies Act 1994, Securities and Exchange Ordinance 1969, Securities and Exchange Commission Rules 1987, and the regulations of the Dhaka and Chittagong Stock Exchanges.

The Directors are also responsible for taking reasonable steps to safeguard the Company's assets. In this regard, they ensure the establishment of an appropriate system of internal controls to prevent and detect fraudulent activities and other irregularities.

The Directors believe that the financial statements have been prepared in accordance with generally accepted accounting principles and in conformity with the International Accounting Standards as prescribed by the Institute of Chartered Accountants of Bangladesh.

The Directors are committed to maintaining accurate and sufficient records that allow for the accurate disclosure of the Company's financial position. They also ensure that the financial statements meet the requirements of the Companies Act 1994, International Accounting Standards, and the regulations of the Dhaka and Chittagong Stock Exchanges.

Following a review of the Company's plans for the coming year, including cash flow projections and available borrowing facilities, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. As such, the Directors continue to adopt the going concern basis in the preparation of the financial statements. There has been no significant deviation from last year's operating results. However, the notable change in earnings per share (EPS) is primarily attributable to an increase in income tax expenses, as outlined in the Income Tax Act 2023, Section 163(2)(KHA). Under this provision, tax deductions under Section 90 are now considered minimum tax rather than advance income tax, as stipulated in the Income Tax Act 2023 (Act No. 12, dated June 2023). As a result, the EPS for the fiscal year 2023-2024 stands at 0.89, compared to an EPS of 1.31 for the fiscal year 2022-2023.

The Company's auditors, M/S. Ashraf Uddin & Co., Chartered Accountants, have examined the financial statements provided by the Board of Directors, along with the relevant financial records, data, and minutes of Shareholders' and Directors' meetings. They have issued their opinion on the financial statements in their report.

**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. 30).

## **Corporate Governance:**

BDCOM is fully committed to upholding the highest standards of corporate governance and adhering to all relevant laws, regulations, and best practices. We remain dedicated to ensuring transparency, accountability, and ethical conduct in all aspects of our operations.

In line with this commitment, we have complied with the requirements set forth in BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018, issued under Section 2CC of the Securities and Exchange Ordinance, 1969 with an exception of Conditions 1(2)(a) and 1(2)(d). The Company has submitted an application to the BSEC for approval to appoint an additional Independent Director to meet the minimum board composition requirement. Approval was granted and the matter will be presented to the shareholders for approval at the 28th Annual General Meeting (AGM), scheduled for 17th December 2024. A detailed status of our compliance with these conditions is attached herewith (Page No. 67).

## Board of Directors Meetings and Attendance:

The Company conducts its Board meetings in accordance with the relevant provisions of the Bangladesh Secretarial Standards (BSS), as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB). Minutes of all Board meetings are diligently recorded, and required books and records are maintained to ensure compliance with applicable standards.

During the year, a total of twenty-two (22) Board meetings were held. The attendance of each Director at these meetings is provided below:

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	-	6
Mr. Muhammad Nazrul Islam	-	Managing Director	-	12

**Directors Remuneration and Fees:** Given Separately Note No 30.1 (Page-115)

## The Pattern of Shareholding:

		Shares Qty as At 30 June 24	Shares Qty as At 30 June 23	% 2024	% 2023
<b>a) Parent or Subsidiary or Associate Companies or other related parties:</b>	-	-	-	-	-
<b>b) Sponsor, Directors, Managing Director, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children:</b>					
1. Mr. Wahidul Haque Siddiqui	Chairman	3,037,623	3,037,623	5.32	5.32
2. Mrs. Qurrattul Ann Siddiqui	Director	5,487,245	5,487,245	9.61	9.61
3. Mrs. Quamrun Nahar Begum (Rep: M/S. Hornbill Apparel Ltd)	Director	2,724,753	2,724,753	4.77	4.77
4. Mr. Md. Shafiqul Alom (Sumon) (Rep: M/S. Norban Fashion Ltd)	Shareholders Director	3,939,519	3,939,519	6.90	6.90
5. Mr. Md. Khalid Hussain FCA	Independent Director	-	-	-	-
6. Mr. Muhammad Nazrul Islam	Managing Director	-	-	-	-
7. Mr. Sumon Ahmed Sabir	Sponsor	843,305	843,305	1.48	1.48
8. Mr. Mohd. Zulfiquar Hafiz	Sponsor	626,145	626,145	1.10	1.10
9. 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 FCCA	Head of Internal Audit & Compliance	-	-	-	-
<b>c) Executives:</b>					
1. Mr. S. M. Kamruzzaman	Executive Director & CTO	-	-	-	-
2. Mr. Gazi Zehadul Kabir	Chief Strategy Officer	-	-	-	-
3. Mr. Anowar Hasan Sabir	Chief Information Officer	-	-	-	-
4. Mr. Bipul Ranjan Saha	Chief Marketing Officer	-	-	-	-
5. Mr. Sharif Sabbirul Alam	General Manager	-	-	-	-
<b>d) Shareholders holding 10% or more voting interest in the company</b>		-	-	-	-

## 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-

- a. to the best of their knowledge and belief, they have reviewed financial statements for the year ended 30th June 2024 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
- c. statements that might be misleading.
- d. 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.
- e. 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:

As an IT sector company providing IT-related services and data connectivity, we are required to purchase bandwidth and lease Nationwide Telecommunication Transmission Network (NTTN) transmission lines from service providers on a rental basis. In Bangladesh, there are only a few companies that provide bandwidth services, and only two companies offer NTTN transmission lines. Among these, Fiber@Home Global Ltd. and Fiber@HomeLtd. are related parties to our company. We engage in transactions with these companies for bandwidth purchases and NTTN transmission line rentals, which are part of our routine business operations.

All related party transactions are conducted on an arm's length basis, at commercial rates, and under the same terms and conditions that apply to third-party transactions. Details of the transactions and outstanding balances with related parties as of 30 June 2024 are provided in Note No. 38.01 (Page No. 116).

At the 25th Annual General Meeting held on 17 December 2021, the shareholders approved related party transactions for that year and for subsequent years, to ensure the smooth and uninterrupted operation of the Company. This approval is in line with the guidelines set forth in BSEC Notification No. BSEC/CMRRCD/2009-193/10/Admin/118 dated 22 March 2021, specifically Clauses (a) and (b).

### Sponsor and Directors' Joint Holding of Minimum 30% of the Paid-Up Capital:

In accordance with Bangladesh Securities and Exchange Commission Notification No. BSEC/CMRRCD/2009-193/217/Admin/90 dated 21 May 2019, the joint shareholding of the Sponsors and Directors of the Company represents at least 30% of the Company's paid-up capital.

### Achievement & Future Plan:

In recent years, BDCOM Online Ltd. has experienced remarkable progress and transformation, transitioning from a traditional Internet Service Provider (ISP) to a comprehensive ICT solutions provider. This journey has been underscored by significant achievements and milestones that reflect the company's unwavering dedication to excellence. A prime example of this success is BDCOM's recognition at the ICSB National Award 2023, where it was honored for Corporate Governance Excellence in the Information and Communication Technology sector. The prestigious award serves as a testament to our steadfast commitment to governance, transparency, and industry-leading practices. This accolade marks the third time BDCOM has received this recognition, having previously won the award in 2014 and 2018. Also won the ICMAB Best Corporate award in the year 2021. All these awards reflect our ongoing efforts to uphold the highest standards in the ICT industry.

The recognition also highlights the collective contributions of our exceptional team, whose dedication has been instrumental in driving our success. It stands as a tribute to the trust and support of our clients, partners and share holders, without whom these achievements would not be possible. This milestone is not just a moment of celebration but a reinforcement of our focus on continuous improvement as we expand our service offerings, enhance customer satisfaction, and solidify our position as a leader in the ICT industry.

Aligned with our Mission, Vision, and Strategic Goals, BDCOM Online Ltd. has prioritized the pursuit and execution of large-scale National and Governmental projects, which are central to our commitment to driving the digital transformation of the Nation. Our proven expertise in delivering comprehensive ICT solutions has established BDCOM as a trusted partner for Government Agencies, allowing us to play a strategic and significant role in implementing critical communication infrastructure initiatives. This strategic focus has not only expanded our growth opportunities but also strengthened our reputation as a dependable partner in the public sector, reinforcing our position as a leader in the industry.

Technological advancements have been a cornerstone of BDCOM's achievements over the years. The company invested heavily in upgrading its network infrastructure to support the delivery of high-speed broadband, introducing fiber optics to the end customers' premises. These infrastructural investments have laid a strong foundation for the company's future technological endeavors and positioned BDCOM as a leader in connectivity solutions. The continuity future plans include significant upgrades to its network infrastructure to meet the increasing demand for high-speed connectivity. The company is set to enhance its network capacity, moving from 10G to 40G/100G in core network areas such as Dhaka, Chattogram, Sylhet, and Khulna. This upgrade is expected to provide a considerable boost in bandwidth and improve service quality in these key regions, laying the foundation for the delivery of advanced digital services. As part of its expansion strategy, BDCOM aims to extend coverage to the Thana and Union levels, further increasing accessibility and bringing more communities online.

Additionally, BDCOM already completed a critical migration of its disaster recovery (DR) setup from Khaja Tower in Mohakhali to its own premises in Dhanmondi. This move safeguards an enhance data security and streamline the company's disaster recovery processes, ensuring faster and more reliable backup solutions.

In a bid to diversify its offerings, the company's IPTSP service, Kotha, is scheduled to launch SMS services commercially starting January 2025, providing a new communication channel for customers and expanding BDCOM's suite of value-added services.

BDCOM has made remarkable strides across multiple facets of its business, establishing itself as a key player in the telecommunications and digital services industry. One of the most notable achievements has been the company's impressive Broadband service expansion into new districts every year, which has significantly boosted its customer base and overall market presence. By strategically targeting underserved regions, BDCOM has not only enhanced its revenue streams but also played a pivotal role in bridging the digital divide across the country. Currently, BDCOM offers broadband services across 22 districts, covering 33 zones. The company has ambitious plans to increase its reach to 30 districts and 45 zones by next year, aiming to deliver reliable internet access to a broader population.

In line with its efforts to enhance digital infrastructure, BDCOM is also preparing to establish a professional cloud environment by 2025, providing businesses with robust cloud solutions tailored to various industry needs.

The company is also expanding its capabilities in cybersecurity through a newly formed department focused on ICT-related security solutions, including DDoS protection, ransomware defense, email security, and web application protection. This move reflects BDCOM's commitment to addressing the rising threats in the digital landscape and offering comprehensive security services to its customers.

To improve customer experience, BDCOM is developing a self-diagnosis app designed for broadband and corporate service users. This app will enable users to identify problems, access troubleshooting advice, and create trouble tickets directly, resulting in faster service restoration and more efficient customer support. These forward-looking initiatives are set to solidify BDCOM's reputation as a leader in the digital services sector, driving growth and innovation across its operations.

## **Acknowledgement:**

We acknowledge our responsibility for ensuring the integrity of the company's financial reporting, the establishment of robust internal controls, and adherence to sound corporate governance practices. We also recognize the importance of maintaining transparent and accountable relationships with all our stakeholders, whose continued trust and support are integral to the company's success.

We express our sincere gratitude to:

- **Employees:** Our dedicated workforce remains the cornerstone of our success. We value their hard work, innovation, and commitment to excellence. Their continuous contributions enable the company to navigate challenges and seize new opportunities. We remain committed to fostering an inclusive and empowering work environment that encourages growth and development.
- **Customers:** Our customers are at the heart of everything we do. Their loyalty and trust in our products and services inspire us to continuously improve and adapt to meet their evolving needs. We are grateful for the ongoing partnerships that drive our growth and innovation.
- **Shareholders:** We deeply appreciate the confidence and trust our shareholders place in us. Their continued investment and belief in the company's strategy provide the foundation for our long-term success. We are committed to delivering sustained value and enhancing shareholder returns through sound decision-making and effective management.
- **Regulators and Authorities:** We thank the regulatory bodies and authorities for their ongoing support and guidance. We remain fully committed to compliance with all legal and regulatory requirements and will continue to work collaboratively with regulators to ensure transparency, accountability, and the highest standards of corporate governance.

We would like to extend our heartfelt thanks to all stakeholders for their unwavering support. We remain focused on our strategic goals and are confident that, with their continued partnership, we will achieve greater success in the years ahead.

Thanks & regards

For and on behalf of the Board of Directors



Wahidul Haque Siddiqui  
Chairman

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