



Directors' Reports

TO THE SHAREHOLDERS OF THE PENINSULA CHITTAGONG LIMITED

FOR THE YEAR ENDED JUNE 30, 2021

Welcoming Shareholders,

Assalamu Alaikum

The Directors have pleasure in presenting the 19th Annual General Meeting of our company together with its Audited financial statement for the financial year ended June 30, 2021. It is a great pleasure and privilege on the part of the Board of Directors of The Peninsula Chittagong Limited to welcome you all to this occasion of the 19th Annual General Meeting of the Company and to place before you the Annual Report together with the Audited Financial Statements and the Auditors' Report thereon for the year ended 30 June 2021.

Industry outlook & possible future developments:

Peninsula commenced operation on 17 February, 2006 and is the only four- star luxury business Hotel in Chittagong, Bangladesh. It is located in the heart of prestigious GEC circle of the port city. The Peninsula Chittagong provides the highest benchmark for the Hotels of Chittagong & Bangladesh, combining western sophistication and Chittagonian hospitality in a scenic but convenient location.

The travel and tourism sector worldwide will be affected, and Bangladesh will not be an exception. However, it is reasonable to expect that the occupancies at Hotels will begin to improve through its loyal member base, once the travel restrictions are eased off. New member additions will be dependent on consumer sentiment which should gradually improve post the lockdown restrictions getting lifted and resumption of general economic activity in post COVID phase. Although a sharp turnaround is expected when the restrictions on economic activity are lifted, there is considerable uncertainty around the timeline for normalcy and the extent of impact.

Segment-wise or Product wise performance

Particulars	Taka (2020-2021)	Taka (2019-2020)
Rooms	10,85,90,477	11,86,61,604
Food & Beverages	14,00,63,934	15,22,55,181
Minor Operating Departments	44,29,363	1,07,91,320
Space Rental	11,16,629	10,73,385
Total	25,42,00,403	28,27,81,490

Risks and concerns

The detail of risks and concerns of the Company is discussed in Managing Risks in this annual report.

The company has established an effective compliance mechanism to mitigate the risk and will be reviewed by the Board. The company has identified various risks and also has mitigation plans for each risk identified and reviewed. Risk management at TPCL is concerned with earning competitive returns from the company's various business activities at acceptable risk level. It support company's competitiveness by developing a culture, practice and structure that systematically recognizes and addresses future opportunities whilst managing adverse effects (i.e. threats) through recognizing risk and acting appropriately upon it. The Company has well defined risk management manual and processes to mitigate strategic and enterprise level risks.

Business risks refer to the impact that the country's industrial policy can have on the performance of a specific industry. Increased competition from foreign and domestic sources can lead to lower prices, revenues, profit margins, market share etc. which can adversely affect the business.





Discussion on Cost of Sales, Gross Profit Margin and Net Profit Margin

Particulars	Taka (2020-2021)	Taka (2019-2020)
Revenue	25,42,00,403	282781,490
Cost of Sales	(15,38,58,981)	(20,45,99,341)
Gross Profit/ (Loss)	10,03,41,422	7,81,82,148
Operating Profit	5,79,76,697	1,92,36,669
Net Profit after Tax	4,87,46,486	65,06,542
Gross Profit ratio	39.47%	27.65%
Net Operating Profit ratio	22.81%	6.80%
Net Profit ratio	19.18%	2.30%

*comparative figures have been restated to give the effected in deferred tax due to change in tax base of property, plant and equipment.

Continuity of Extra-Ordinary Gain or Loss:

During the year, the company earned Tk. 3,90,00,571/- as interest income by depositing into bank.

Basis for related party transactions

The detail list of the related parties with whom transactions have been taken place and their relationship as identified and certified by management is disclosed in related party disclosures under IAS-24 this annual report.

Statement of Utilization of Proceed

The Peninsula Chittagong Limited issue 55,000,000 number of shares by IPO in the year 2014. Hence, total 55,000,000 numbers of ordinary shares of Taka 10 each at a offer price taka 30/- including premium of Tk.20/- per share was increased in the paid up capital due to IPO. Total IPO proceeds of Taka 1,650,000,000.

Balance IPO proceeds amounting to Taka 51,75,27,374/- remain unutilized as on 30 June 2021.

Significant variance between Quarterly Report and Audited Financial Statement

That, the Company prepared and submitted quarterly report as per applicable rules and regulations and there were no significant differences between quarterly report and annual audited financial statements.

Director Remuneration

During the year under review, Managing Director, Chairman and Executive director are not drawing for the remuneration. The company has not paid remuneration to them. The Director of The Company were paid taka 2500/- per meeting as fee for attending board meetings during the year. Details of Director Remuneration paid during the period are as follows:

Name	Designation	Board Meeting
Mr. Mahboob Ur Rahman	Chairman	17,500
Mr. Mustafa Tahseen Arshad	Managing Director	17,500
Mrs. Ayesha Sultana	Director	15,000
Mrs. Bilkis Arshad	Director	17,500
*Dr. Md. Fashiul Alam	Independent Director	10,000
Dr. Sheikh Md. Shafiul Azam	Independent Director	17,500
Mr. Md. Abul Hossain	Nominated Director	17,500
*Professor Dr. Sultan Ahmed	Independent Director	2,500
Total		1,15,000

*Dr Md. Fashiul Alam Retired in the from The post of independent director due to finished his tenure and Professor Dr. Sultan Ahmed joint in 08/03/2021 in the pleace of Dr.Md Fashiul Alam.

Financial reporting standards/ Directors Declaration as to Statutory Information

In connection with preparation and presentation of the financial statements, the Directors also report that:

- a. The financial statements prepared by the management of Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.





- b. Proper books of accounts of the Company have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts of the Company's ability to continue as a going Concern.
- g. The significant Deviations from the last year's operating results of the Company have been highlighted in the report and reasons thereof have been explained.

A statement that minority shareholders have been protected from abusive actions By, or in the interest of, controlling shareholders acting either directly or indirectly And have

effective means of redress:

As a Public Limited Company, it does have to comply with the Corporate Governance Code guided by Bangladesh Securities and Exchange Commission. In this respect, our aim to meet best practice and the highest standards of Corporate Governance; the board is committed to complying with this Code and applicable provisions of the laws.

We are fully committed to the fair and equal treatment to all kind of shareholders we deal with it is because we see diversity as an asset that helps deliver our vision of a service that meets the needs of all our customers and stakeholders. Throughout our visionary and missionary process, we make every effort to ensure that minority shareholders are fairly treated focusing their influence and interest for the company. We are always active to create a culture so that the minority shareholders shall have the right to propose items in the agenda of the General Meeting, provided that the items in the agenda are for genuine business purposes. The minority shareholders have access to any and all information relating to matters for which the management is accountable for and should disclose to the shareholders. All these activities are taken for ensuring the lawful interest of minority shareholders along with ensuring their compensation as per the requirement.

Key Operating and Financial data of preceding Five years

Particulars	Taka (2020-2021)	Taka (2019-2020)	Taka (2018-2019)	Taka (2017-2018)	Taka (2016-2017)
Authorized Capital	3,00,00,00,000	3,00,00,00,000	3,00,00,00,000	3,00,00,00,000	3,00,00,00,000
Paid Up Capital	1,18,66,68,000	1,18,66,68,000	1,18,66,68,000	1,18,66,68,000	1,18,66,68,000
Total Shareholders' Equity	3,59,28,06,152	3,66,27,26,466	3,75,36,35,837	*3,70,94,12,728	3,64,0,88,4,829
Net Asset Value Per Share	30.28	30.87	31.63	*31.26	30.68
Earnings per Share	0.41	0.05	0.87	*0.56	0.53
Operating Cash Flow Per Share	0.93	0.69	0.69	0.85	0.74

Particulars	Taka (2020-2021)	Taka (2019-2020)	Taka (2018-2019)	Taka (2017-2018)	Taka (2016-2017)
Revenue	25,42,00,403	28,27,81,490	316,142,601	264,285,245	268,789,109
Vat Expense	-	-	-	-	(30,652,108)
Cost of Sales	(15,38,58,981)	(204,599,342)	(184,132,085)	(189,133,140)	(172,253,226)
Gross Profit/ (Loss)	10,03,41,422	78,182,148	132,010,516	75,152,105	65,883,775
Administrative Expenses	(4,14,57,010)	(58,505,795)	(59,652,112)	(54,204,699)	(50,912,458)
Selling & Distribution Expenses	(9,07,715)	(439,684)	(820,858)	(940,120)	(1,130,026)
Operating Profit	5,79,76,697	19,236,669	71,537,546	20,007,286	13,841,291
Financial Expenses	(3,92,43,757)	(33,652,179)	(15,042,044)	(7,028,997)	(16,661,887)
Other Income	3,90,00,571	56,252,888	82,046,886	93,641,248	92,514,147
Non-Operating Income/(loss)	86,07,973	(39,63,875)	1,225,776	(1,780,082)	1,729,404





Workers Profit Participation Fund (WPPF)	(33,17,074)	(1,893,675)	(6,988,408)	(5,241,973)	(4,571,148)
Net Profit before Tax	6,30,24,410	35,979,828	132,779,756	99,597,482	86,851,807
Provision for Tax	(1,42,77,924)	(29,473,286)	(29,223,247)	*(33,004,806)	(24,526,170)
Net Profit after Tax	4,87,46,486	6,506,542	103,556,509	*66,592,676	62,325,637

*To facilitate comparison, certain relevant balances pertaining to the previous period have been rearranged/ reclassified wherever considered necessary to conform to current period's presentation.

Financial results and appropriations

for the year 2020-2021 and recommend the following appropriations:

The Directors are pleased to report the financial results

Particulars	Taka (2020-2021)	Taka (2019-2020)
Net Profit before Tax	6,30,24,410	35,979,828
Net Profit after Tax	4,87,46,486	6,506,542
Add: Un-appropriated profit brought forward	19,66,86,340	27,91,79,898
Profit available for distribution	24,54,32,826	28,56,86,440
Less: Appropriation of Dividend	11,86,66,800	8,90,00,100
Un-appropriated profit	12,67,66,026	19,66,86,340
Earnings per Share	0.41	0.05
Operating Cash Flow Per Share	0.93	0.69

Dividend

The Board of Directors of the Company is pleased to recommend dividend @10 percent in cash for the year 2020-2021. The Company paid dividend @ 10 percent in cash for the year 2019-2020 also. History of dividend payment for the last Five years is as follows:

Years	Dividend Payout (%)
2016-2017	5% Cash
2017-2018	5% Cash
2018-2019	7.50% Cash
2019-2020	10% Cash
2020-2021	10 % Cash (Proposed)

Attendance status of Directors in Board Meetings

During the year ended 30 June 2021, Six (06) board meetings were held. The attendance status of all the meetings are as follows:

Name of the Director	Position	Meetings Held	Attendance
Mr. Mahboob Ur Rahman	Chairman	06	06
Mr. Mustafa Tahseen Arshad	Managing Director	06	06
Mrs. Ayesha Sultana	Director	06	05
Mrs. Bilkis Arshad	Director	06	06
Dr. Md. Fashiul Alam	Independent Director	06	03
Dr. Sheikh Md. Shafiul Azam	Independent Director	06	06
Dr. Sultan Ahmed	Independent Director	06	01
Mr. Md Abul Hossain	Nominated Director	06	06

Pattern of Shareholding

Name of Shareholder	Designation	2020-2021		2019-2020	
		No. of Share	%	No. of Share	%
Mr. Mustafa Tahseen Arshad	Managing Director	14,620,032	12.32	14,620,032	12.32
Mr. Mahboob- Ur- Rahman	Chairman	3,675,840	3.10	3,545,840	2.99
Mrs. Ayesha Sultana	Director	5,873,344	4.95	5,673,344	4.78



Mrs. Bilkis Arshad	Director	9,137,520	7.70	9,137,520	7.70
Engineer Mosharraf Hossain	Sponsor	8,660,016	7.30	8,360,016	7.04
Mr. Aminur Rahman	Sponsor	3,045,840	2.57	3,045,840	2.57
Mrs. Mirka Rahman	Sponsor	3,045,840	2.57	3,045,840	2.57
ICB (Mr. Md. Abul Hossain)	Director (ICB Nominated)	6,449,447	5.43	6,449,447	5.43
Professor Dr. Md. Fashiul Alam	Independent Director	Nil		Nil	
Dr. Sheikh Mohammed Shafiul Azam	Independent Director	Nil		Nil	
Dr. Sultan Ahmed	Independent Director	Nil		Nil	
GasMin Limited	Shareholder	15,00,000	1.26	15,00,000	1.00

Shareholding Ten Percent (10%) or more voting interest

Name of Shareholders who hold 10% or more shares is Mr. Mustafa Tahseen Arshad; Managing Director of the company holds number of shares 14,620,032/- and percentage of share is 12.32%.

Appointment/Re-appointment of Director

As per the Company's Articles of Association in the BoD of

the meeting decided about the retired & re-appointed of Mr. Mahboob- Ur- Rahman, and Mrs. Bilkis Arshad from the post of Chairman and Director respectively as per Article & Association will retire by rotation from the directors and being eligible for re-elected unanimously at 19th AGM. Their brief resume and other information are appended in the Director Profile of the report.

Shares held by Director, Chief Executive Officer, Company Secretary, Head of Internal Audit and Their Spouse:

Name of Shareholder	Designation	2020-2021		2019-2020	
		No. of Share	%	No. of Share	%
Mr. Mustafa Tahseen Arshad	Managing Director	14,620,032	12.32	14,620,032	12.32
Mr. Mahboob- Ur- Rahman	Chairman	3,675,840	3.10	3,545,840	2.99
Mrs. Ayesha Sultana	Director	5,873,344	4.95	5,673,344	4.78
Mrs. Bilkis Arshad	Director	9,137,520	7.70	9,137,520	7.70
ICB (Mr. Md Abul Hossain)	Director (ICB Nominated)	6,449,447	5.43	6,449,447	5.43
Professor Dr. Md. Fashiul Alam	Independent Director	Nil		Nil	
Dr. Sheikh Mohammed Shafiul Azam	Independent Director	Nil		Nil	
Dr. Sultan Ahmed	Independent Director	Nil		Nil	
Mohammed Nurul Azim	Company Secretary	Nil		Nil	
Mohammad Nurul Haider	Head of Internal Audit	Nil		Nil	
Mr. Md. Shamsul Arefin Maruf	CFO	Nil		Nil	

Nomination and Remuneration Committee (NRC)

Mohammad Nurul Azim acts as the secretary of NRC. In 2021 one NRC meeting held.

Name of the Member Number of Meeting attended:

Dr. Sheikh Mohammed Shafiul Azam- Chairman
 Professor Dr. Sultan Ahmed - Member
 Mrs. Bilkis Arshad -Member
 Mr. Mohammed Nurul Azim- Member Secretary

The NRC noted the remuneration governance ensuring the standards and compliance accordingly. The activities of NRC

during the year were as follows:

1. Recommend To appointment new member Professor Dr. Sultan Ahmed - Member
2. Consider the terms of reference of energy as a group by the board of director
3. Formulate a policy relating to the remuneration of the director and top level executive of the company
4. Formulate the criteria for determining qualification positive attributes and independence of the director and top executive





5. Formulate the criteria for evaluation of performance of independent directors and the board
6. Developing recommending and reviewing annually the company's human resources and training policies
7. Adopt a code of conduct for chairman directors and top executive of the company
8. Yearly review of all employees' salary and 5% increment.

The Chairperson of the NRC Dr. Sheikh Mohammed Shafiul Azam, (Independent director) was present in the 18th AGM held on 14 December 2020 and gave his valued speech. Since the shareholders attended in that meeting did not raise any specific question to him he was not required to reply to any query.

Share Capital

Authorized capital and paid up capital of the Company stood at Tk.300.00 crore and Tk. 118.66 crore respectively in 2021.

Fixed assets additions

During the year 2020-2021 total additions to the fixed assets was Taka 2,51,63,29,861/- and additional Taka 7,18,60,186/-.

Reserve and surplus

Retained earnings of the Company in 2020-2021 stood at Taka 12,67,66,026/- against Taka 19,66,86,340/- in 2019-2020. Revaluation Surplus Taka 1,228,413,842/-.

Statutory Auditors

M/S. Hoda Vasi Chowdhury, Chartered Accountants shall retire in 19th AGM, being eligible, M/S. Hoda Vasi Chowdhury & Co, Chartered Accountants offered themselves for appointment and the Board also recommended to re-appointing M/S. Hoda Vasi Chowdhury & Co, Chartered Accountants for the year 2021-2022. Remuneration of the auditor will be fixed by the shareholders at this Annual General Meeting.

Internal control

The Board has the ultimate responsibility of establishing

effective systems of internal control. To ensure the internal control regarding risk management, financial control and compliance legislation, the Company follows the principle of decentralization. It has been designed to manage the risk of failure to achieve the objectives of the Company. The Company has established internal audit department and appointed Head of internal Audit to ensure internal control and compliances in place.

The scope of Internal Control over Financial Reporting (ICFR) includes Company Level Control (CLC-Policies & Manuals) along with General Computer Control (GCC) and Transactional Controls to ascertain operational efficacy, consistent and dependable financial reporting, information security and legal compliance. This reasonable assurance has become even more crucial after being a listed company in the country's Stock Exchanges.

Post balance sheet events

There is no material events occurred after the balance sheet/reporting date, non disclosure of which could affect the ability of the users of these financial statements to make an appropriate evaluation.

Appreciation

The Directors express their deep sense of appreciation for the contribution made by the employee to the significant improvement in the operation of the company. The Board also tanks all the stakeholders including Members, customers, lenders, vendors, investors, governments of Bangladesh for their continued co-operation and support.

The Board would like to take this opportunity to thank the Government bodies, its shareholders, investors, bankers and employees for their continuous commitment, cooperation, confidence and support in achieving the Company's objectives.

Mahboob-Ur-Rahman
Chairman

