



# Directors' Reports

TO THE SHAREHOLDERS OF THE PENINSULA CHITTAGONG LIMITED  
FOR THE YEAR ENDED JUNE 30, 2023

## Welcoming Shareholders,

### Assalamu Alaikum

The Directors have pleasure in presenting the 21st Annual General Meeting of our company together with its Audited financial statement for the financial year ended June 30, 2023. 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 21th 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 2023.

## 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 the 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.

With hospitality experience spanning over 18 years TPCL aims to be Chittagonian leading Hospitality brand starting from 2006 but building a strong footprint in cities across Bangladesh. TPCL brands are individually distinctive and collectively powerful. Our growing portfolio of award-winning and innovative properties. Which have won several local and International Award, are Paving of superior guest experience and excellent Service Delivery across our key location. Our corporate goal on choice assets, provide extraordinary service, re-define hospitality standard on the continent remain truly and authentically Bangladeshi.

In addition, the global economy is facing significant headwinds as a result of the outbreak of Russia-Ukraine war, and this too is weighing on the industry. The hotel business will enjoy a steadily improving outlook over the next three years. Now a day the hospitality industry is continuously evolving. Like many industries, it weathers the economy during downturns and prospers during good times. Investments in future trends will launch the industry into another decade of profitability—provided managers and owners stay focused on the needs and wants of their customers. The preparation of responsible leaders within the industry is also critical to the industry's success. As Bangladesh cuisine has gained respect the world over, and Bangladesh hotels continue to set the global standard, chefs, hoteliers, designers, and the entire range of service people involved in the industry need to be trained to be creative, innovative, and, above all, service oriented. and we thank you for your continued interest in The Peninsula Chittagong Limited.

## Segment-wise or Product wise performance

Particulars	Taka (2022-2023)	Taka (2021-2022)
Rooms	15,65,39,451	13,09,36,586
Food & Beverages	20,39,70,368	17,69,06,216
Minor Operating Departments	1,74,31,965	36,68,680
Space Rental	11,02,624	268,583
<b>Total</b>	<b>37,90,44,408</b>	<b>31,17,80,065</b>

## Risks and concerns

The details of the risks and concerns of the Company are 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 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 an acceptable risk level. It supports 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 (2022-2023)	Taka (2021-2022)
<b>Revenue</b>	<b>37,90,44,408</b>	<b>31,17,80,065</b>
Cost of Sales	(26,65,83,697)	(22,37,70,973)
Gross Profit/ (Loss)	11,24,60,711	8,80,09,092
Operating Profit	4,54,58,755	3,37,26,936
Net Profit after Tax	(4,00,50,842)	2,31,30,283
<b>Gross Profit ratio</b>	<b>29.67%</b>	<b>28.22%</b>
<b>Net Operating Profit ratio</b>	<b>11.99%</b>	<b>10.82%</b>
<b>Net Profit ratio</b>	<b>(10.57) %</b>	<b>7.42%</b>

**Continuity of Extra-Ordinary Gain or Loss :** During the year, the company earned Tk. 2,33,14,238 - as interest income by depositing it into the bank.

**Basis for related party transactions :** The detailed list of the related parties with whom transactions have 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 issued 55,000,000 number of shares by IPO in the year 2014. Hence, a total of 55,000,000 numbers of 55,000,000 ordinary shares of Taka 10 each at an 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 22,51,20,196/- remain unutilized as on 30 June 2023.

**Significant variance between Quarterly Report and Audited Financial Statement :** That the Company prepared and submitted quarterly reports 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 was paid taka 2500/- per meeting as a 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	12,500
Mr. Mustafa Tahir Arshad	Managing Director	12,500
Mr. Mustafa Tahseen Arshad	Director	12,500
Mrs. Ayesha Sultana	Director	12,500
Mrs. Bilkis Arshad	Director	12,500
Dr. Sheikh Md. Shafiul Azam	Independent Director	12,500
Mr. Md. Abul Hossain	Nominated Director	12,500
Professor Dr. Sultan Ahmed	Independent Director	12,500
<b>Total</b>		<b>1,00,000</b>



## 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 the 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 the 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 about 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 is 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 of all kinds 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 (2022-2023)	Taka (2021-2022)	Taka (2020-2021)	Taka (2019-2020)	Taka (2018-2019)
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	3,42,69,07,769	3,49,72,69,634	3,59,28,06,152	3,662,726,466	3,753,635,837
Net Asset Value Per Share	28.88	29.47	30.28	30.87	31.63
Earnings per Share	(0.34)	0.19	0.41	0.05	0.87
Operating Cash Flow Per Share	0.97	0.30	0.93	0.69	0.69

Particulars	Taka (2022-2023)	Taka (2021-2022)	Taka (2020-2021)	Taka (2019-2020)	Taka (2018-2019)
Revenue	37,90,44,408	31,17,80,065	25,42,00,403	28,27,81,490	316,142,601
Cost of Sales	(26,65,83,697)	(22,37,70,973)	(15,38,58,981)	(204,599,342)	184,132,085)
Gross Profit/ (Loss)	11,24,60,711	8,80,09,092	10,03,41,422	78,182,148	132,010,516
Administrative Expenses	(6,56,83,182)	(5,30,34,302)	(4,14,57,010)	(58,505,795)	(59,652,112)



Selling & Distribution Expenses	(13,18,774)	(12,47,854)	(9,07,715)	(439,684)	(820,858)
<b>Operating Profit</b>	<b>4,54,58,755</b>	<b>3,37,26,936</b>	<b>5,79,76,697</b>	<b>19,236,669</b>	<b>71,537,546</b>
Financial Expenses	(6,77,13,111)	(4,95,55,873)	(3,92,43,757)	(33,652,179)	(15,042,044)
Other Income	2,33,14,238	3,00,60,447	3,90,00,571	56,252,888	82,046,886
Non-Operating Income/(loss)	(4,47,08,070)	2,89,98,040	86,07,973	(39,63,875)	1,225,776
Workers Profit Participation Fund (WPPF)	-	(33,17,074)	(1,893,675)	(6,988,408)	
<b>Net Profit before Tax</b>	<b>(4,36,48,188)</b>	<b>4,10,68,072</b>	<b>6,30,24,410</b>	<b>35,979,828</b>	<b>132,779,756</b>
Provision for Tax	35,97,346	(1,79,37,790)	(1,42,77,924)	(29,473,286)	(29,223,247)
<b>Net Profit after Tax</b>	<b>(4,00,50,842)</b>	<b>2,31,30,282</b>	<b>4,87,46,486</b>	<b>6,506,542</b>	<b>103,556,509</b>

### Financial results and appropriation

The Directors are pleased to report the financial results for the year 2022-2023 and recommend the following appropriations:

Particulars	Taka (2022-2023)	Taka (2021-2022)
Net Profit before Tax	(4,36,48,188)	4,10,68,072
<b>Net Profit after Tax</b>	<b>(4,00,50,842)</b>	<b>2,31,30,283</b>
Add: Un-appropriated profit brought forward	3,05,85,185	12,67,66,026
<b>Profit available for distribution</b>	<b>(94,65,657)</b>	<b>14,98,96,309</b>
Less: Appropriation of Dividend	2,96,66,700	11,86,66,800
<b>Un-appropriated profit</b>	<b>(3,91,32,357)</b>	<b>3,12,29,509</b>
Earnings per Share	(0.34)	0.19
Operating Cash Flow Per Share	0.97	0.32

### No Dividend

The Board of Directors of the Company is pleased to recommend No dividend for the year 2022-2023. The Company paid dividend @ 2.5 percent in cash for the year 2021-2022 also. History of dividend payment for the last five years is as follows:

Years	Dividend Payout (%)
2018-2019	7.50% Cash
2019-2020	10 % Cash
2020-2021	10 % Cash
2021-2022	2.50% Cash
2022-2023	No Dividend (Proposed)

### Attendance status of Directors in Board Meetings

During the year ended 30 June 2023, six (05) 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	05	05
Mr. Mustafa Tahir Arshad	Managing Director	05	05
Mr. Mustafa Tahseen Arshad	Director	05	05
Mrs. Ayesha Sultana	Director	05	05
Mrs. Bilkis Arshad	Director	05	05
Dr. Sheikh Md. Shafiul Azam	Independent Director	05	05
Dr. Sultan Ahmed	Independent Director	05	05
Md. Abul Hossain	Director	05	05



## Pattern of Shareholding

Name of Shareholder	Designation	2022-2023		2021-2022	
		No. of Share	%	No. of Share	%
Mr. Mustafa Tahir Arshad	Managing Director	5,482,512	4.62	5,482,512	4.62
Mr. Mahboob- Ur- Rahman	Chairman	3,675,840	3.10	3,675,840	3.10
Mr. Mustafa Tahseen Arshad	Director	14,620,032	12.32	14,620,032	12.32
Mrs. Ayesha Sultana	Director	6,036,344	5.09	5,990,344	5.05
Mrs. Bilkis Arshad	Director	9,137,520	7.70	9,137,520	7.70
Engineer Mosharraf Hossain	Sponsor	8,903,016	7.50	8,833,016	7.44
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)	52,96,384	4.46	52,96,384	4.46
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	1.26
Sayeman Beach Resort Limited	Shareholder	50,00,000	4.21	50,00,000	4.21

**Shareholding Ten Percent (10%) or more voting interest :** Name of Shareholders who hold 10% or more shares is Mr. Mustafa Tahseen Arshad; 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. Mustafa Tahir Arshad, and Mrs. Ayesha Sultana from the post of Managing Director and Director respectively as per Article & Association will retire by rotation from the directors and being eligible for re-elected unanimously at 21th 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	2022-2023		2021-2022	
		No. of Share	%	No. of Share	%
Mr. Mustafa Tahir Arshad	Managing Director	5,482,512	4.62	5,482,512	4.62
Mr. Mahboob- Ur- Rahman	Chairman	3,675,840	3.10	3,675,840	3.10
Mr. Mustafa Tahseen Arshad	Director	14,620,032	12.32	14,620,032	12.32
Mrs. Ayesha Sultana	Director	6,036,344	5.09	5,990,344	5.05
Mrs. Bilkis Arshad	Director	9,137,520	7.70	9,137,520	7.70
ICB (Mr. Md Abul Hossain)	Director (ICB Nominated)	52,96,384	4.46	52,96,384	4.46
Professor Dr. Sultan Ahmed	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	
Md. Shamsul Arefin Maruf	CFO	Nil		Nil	
S.M. Monir Uddin	Head of Internal Audit	Nil		Nil	

**Nomination and Remuneration Committee (NRC) :** Mohammad Nurul Azim acts as the secretary of the NRC. In 2023 one NRC meeting held.

### Name of the Member Number of Meeting attended:

1. Dr. Sheikh Mohammed Shafiul Azam- Chairman,
2. Professor Dr. Sultan Ahmed - Member
3. Mrs. Ayesha Sultana -Member,
4. 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. Consider the terms of reference of energy as a group by the board of directors.
2. Formulate the criteria for evaluation of performance of independent directors and the board.
3. Developing recommending and reviewing annually the company's human resources and training policies
4. Adopt a code of conduct for chairman directors and top executive of the company.
5. To recommend one foreign executive Chief should be appointed and take the necessary step regarding the matter.
6. Yearly review of all employees' salaries and 5% increment.

The Chairperson of the NRC Dr. Sheikh Mohammed Shafiul Azam, (Independent director) was present in the 20th AGM held on 19 December 2022 and gave his valued speech. Since the shareholders who attended 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 2023.

**Fixed assets additions :** During the year 2022-2023 total fixed assets were Taka 2,56,77,87,102/- and addition Taka 10,66,32,434/-.

**Reserve and surplus :** Retained earnings of the Company in 2022-2023 stood at Taka (3,91,32,357)/-against Taka 3,05,85,185/-in 2021-2022. Revaluation Surplus Taka 1,228,413,842/-.

**Statutory Auditors :** M/S. Hoda Vasi Chowdhury, Chartered Accountants shall retire in 21st AGM, being eligible, M/S. Hussain Farhad, Chartered Accountants offered themselves for appointment and the Board also recommended to appointing M/S. Hussain Farhad & Co, Chartered Accountants for the year 2023-2024. 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 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 an 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 on the country's Stock Exchanges.

**Post balance sheet events :** There are no material events that 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