



Directors' Reports

TO THE SHAREHOLDERS OF THE PENINSULA CHITTAGONG LIMITED

FOR THE YEAR ENDED JUNE 30, 2020

Welcoming Shareholders,

Assalamu Alaikum

The Directors have pleasure in presenting the 18th Annual General Meeting of our company together with its Audited financial statement for the financial year ended June 30, 2020. 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 18th 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 2020.

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.

TPCL look forward to engaging our customers, broaden our accessibility, grow our baseline sales, expand margins and enable long term growth in the Quick Service Restaurant (QSR) industry, while enabling growth for our people. The slow-down in the global economy in 2020 had an impact on COVID-19. The total number of room nights produced by travelers from the world 2019-20 remained flat. As is evident from this lack of growth, the dependence of the hospitality industry on Bangladesh leisure and corporate traveler has decreased. This trend will continue in the coming years.

Segment-wise or Product wise performance

Particulars	Taka (2019-2020)	Taka (2018-2019)
Rooms	118,661,604	152,773,587
Food & Beverages	152,255,181	141,928,715
Minor Operating Departments	10,791,320	19,275,025
Space Rental	1,073,385	2,165,274
Total	282,781,490	316,142,601

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 (2019-2020)	Taka (2018-2019)
Revenue	282,781,490	316,142,601
Cost of Sales	(204,599,342)	(184,132,085)
Gross Profit/ (Loss)	78,182,148	132,010,516
Operating Profit	19,236,669	71,537,546
Net Profit after Tax	6,506,542	103,556,509
Gross Profit ratio	27.65%	41.76%
Net Operating Profit ratio	6.80%	22.63%
Net Profit ratio	2.30%	32.76%

**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. 56,252,888/- 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 576,796,333/- remain unutilized as on 30 June 2020.

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, Total remuneration of Director Taka 6,720,000/- Managing Director, Chairman and Executive director are entitle for the remuneration. The company has not paid remuneration to them in excess of the limit from previous year. 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	Remuneration	Board Meeting	Gross Remuneration
Mr. Mahboob Ur Rahman	Chairman	2,400,000	15,000	2,415,000
Mr. Mustafa Tahseen Arshad	Managing Director	4,020,000	15,000	4,035,000
Mrs. Ayesha Sultana	Director	300,000	12,500	312,500
Mrs. Bilkis Arshad	Director	-	-	-
Dr. Md. Fashiul Alam	Independent Director	-	10,000	10,000
Dr. Sheikh Md. Shafiul Azam	Independent Director	-	12,500	12,500
Mr. Md. Abul Hossain	Nominated Director	-	5,000	5,000
Total		6,720,000	70,000	6,790,000

Financial reporting standards/ Directors Declaration as to Statutory Information

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

- 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 therefrom 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 (2019-2020)	Taka (2018-2019)	Taka (2017-2018)	Taka (2016-2017)	Taka (2015-2016)
Authorized Capital	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Paid Up Capital	1,186,668,000	1,186,668,000	1,186,668,000	1,186,668,000	1,186,668,000
Total Shareholders' Equity	3,662,726,466	3,753,635,837	*3,709,412,728	3,640,884,829	3,697,225,992
Net Asset Value Per Share	30.87	31.63	*31.26	30.68	31.16
Earnings per Share	0.05	0.87	*0.56	0.53	0.83
Operating Cash Flow Per Share	0.69	0.69	0.85	0.74	0.56

Particulars	Taka (2019-2020)	Taka (2018-2019)	Taka (2017-2018)	Taka (2016-2017)	Taka (2015-2016)
Revenue	282,781,490	316,142,601	264,285,245	268,789,109	300,264,617
Vat Expense	-	-	-	(30,652,108)	-
Cost of Sales	(204,599,342)	(184,132,085)	(189,133,140)	(172,253,226)	(175,215,269)
Gross Profit/ (Loss)	78,182,148	132,010,516	75,152,105	65,883,775	125,049,348
Administrative Expenses	(58,505,795)	(59,652,112)	(54,204,699)	(50,912,458)	(53,970,449)
Selling & Distribution Expenses	(439,684)	(820,858)	(940,120)	(1,130,026)	(1,495,216)
Operating Profit	19,236,669	71,537,546	20,007,286	13,841,291	69,583,683
Financial Expenses	(33,652,179)	(15,042,044)	(7,028,997)	(16,661,887)	(20,877,291)
Other Income	56,252,888	82,046,886	93,641,248	92,514,147	112,567,587
Non-Operating Income/(loss)	(3,963,875)	1,225,776	(1,780,082)	1,729,404	(1,058,313)





Workers Profit Participation Fund (WPPF)	(1,893,675)	(6,988,408)	(5,241,973)	(4,571,148)	(8,090,308)
Net Profit before Tax	35,979,828	132,779,756	99,597,482	86,851,807	152,125,358
Provision for Tax	(29,473,286)	(29,223,247)	*(33,004,806)	(24,526,170)	(53,864,750)
Net Profit after Tax	6,506,542	103,556,509	*66,592,676	62,325,637	98,260,608

*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 2019-2020 and recommend the following appropriations:

The Directors are pleased to report the financial results

Particulars	Taka (2019-2020)	Taka (2018-2019)
Net Profit before Tax	35,979,828	132,779,756
Net Profit after Tax	6,506,542	103,556,509
Add: Un-appropriated profit brought forward	279,179,898	243,372,602
Profit available for distribution	285,686,440	346,929,111
Less: Appropriation of Dividend	89,000,100	59,333,400
Un-appropriated profit	196,686,340	287,595,711
Earnings per Share	0.05	0.87
Operating Cash Flow Per Share	0.69	0.69

Dividend

The Board of Directors of the Company is pleased to recommend dividend @7.50 percent in cash for the year 2018-2019. 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 (%)
2015-2016	10% Cash
2016-2017	5% Cash
2017-2018	5% Cash
2018-2019	7.50% Cash
2019-2020	10% Cash (Proposed)

Attendance status of Directors in Board Meetings

During the year ended 30 June 2020, 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	03
Dr. Md. Fashiul Alam	Independent Director	06	04
Dr. Sheikh Md. Shafiul Azam	Independent Director	06	05
Mr. Md Abul Hossain	Nominated Director	06	02

Pattern of Shareholding

Name of Shareholder	Designation	2019-2020		2018-2019	
		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	3,545,840	2.99	3,545,840	2.99
Mrs. Ayesha Sultana	Director	5,673,344	4.78	5,673,344	4.78



Mrs. Bilkis Arshad	Director	9,137,520	7.70	9,137,520	7.70
Engineer Mosharraf Hossain	Sponsor	7,960,016	7.04	7,960,016	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	
GasMin Limited	Shareholder	15,00,000	1.00	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. Mustafa Tahseen Arshad, and Mrs. Ayesha Sultana 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 18th 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	2019-2020		2018-2019	
		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	3,545,840	2.99	3,545,840	2.99
Mrs. Ayesha Sultana	Director	5,673,344	4.78	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	
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 2020 one NRC meeting held.

Name of the Member Number of Meeting attended:

Dr. Sheikh Mohammed Shafiul Azam- Chairman
 Professor Dr. Md. Fashiul Alam - 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. Consider the terms of reference of energy as a group by the board of director
2. Formulate a policy relating to the remuneration of the director and top level executive of the company
3. Formulate the criteria for determining qualification positive attributes and independence of the director and top executive
4. Formulate the criteria for evaluation of performance of independent directors and the board





5. Developing recommending and reviewing annually the company's human resources and training policies
6. Adopt a code of conduct for chairman directors and top executive of the company.
7. Recommend To appointment foreign General Manager and executive Chef.
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 17th AGM held on 07 November 2019 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 2020.

Fixed assets additions

During the year 2019-2020 total additions to the fixed assets was Taka 2,477,806,302/- and additional Taka 47,052,712/-.

Reserve and surplus

Retained earnings of the Company in 2019-2020 stood at Taka 196,686,340/- against Taka 287,595,711/- in 2018-2019. Revaluation Surplus Taka 1,228,413,842/-

Statutory Auditors

M/S. Hoda Vasi Chowdhury, Chartered Accountants shall retire in 18th 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 2020-2021. 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