



Report of the Board of Directors

In the name of Allah, the Most Gracious, the Most Merciful

Dear shareholders,

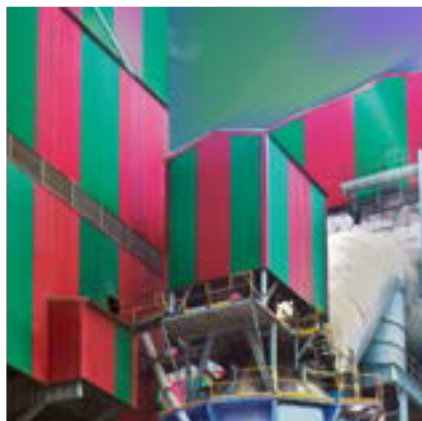
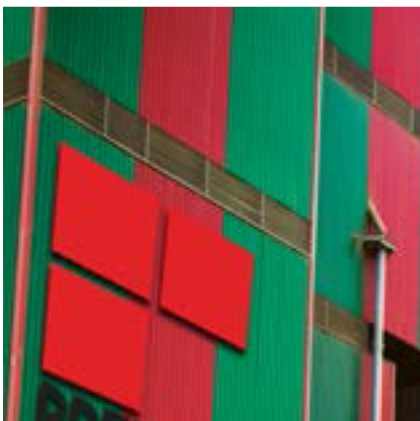
Assalamu Alaikum Wa-Rahmatullah

On behalf of the Board of Directors and Management, we welcome you all at the 19th Annual General Meeting (AGM) of Premier Cement Mills Limited. In compliance with the provisions of section 184-186 of the Companies Act 1994 and notification No. BSEC/CMMRCD/2006-158/207/Admin/80 dated on 3rd June 2018 of the Bangladesh Securities and Exchange Commission (BSEC), we are delighted to place the Directors' Report and Auditor's Report together herewith the Audited Financial Statements of the Company for the year ended June 30, 2021 thereon for your valued consideration, approval and adoption.

Bangladesh Economy:

The economic consequences of the Covid-19 outbreak are tough to handle as the entire of the global supply chain has been interrupted due to worldwide transportation shutdown. The unprecedented Covid-19 pandemic has largely unsettled global trade, business and education and Bangladesh has been equally affected by this contagion. On the other hand a large number of people live from hand to mouth and have no savings. This large group of people is severely affected by this ongoing crisis.

Though, it is the positive sign that in the midst of this Corona pandemic In 2020-21, the private investment-to-gross domestic product (GDP) ratio declined to 21.25 per cent, provisional data from the Bangladesh Bureau of Statistics (BBS)



VRM Mill
Model OK™ 54-6
Capacity 460MT/TONE

showed, This is the lowest ratio since 2007-08. The proportion was also lower than the 24.41 per cent private investment predicted for the last fiscal year in the Eighth Five-Year Plan. The ratio had risen to 23.5 per cent in 2018-19. It declined to 22.06 per cent in 2019-20 amidst the onset of Covid-19 in March last year. The country's Gross Domestic Product (GDP) increased a relatively healthy to 5.47 percent and the per capita income in Bangladesh has grown to \$2,227 in 2020-21 from \$2,024 in 2019-20 while Covid economic shocks have continued to turn many people into new poor. The Bangladesh Bureau of Statistics (BBS) came up provisional data from the Bangladesh (The Daily Star 08 August 2021). Economic activities began to recover in 2020-21 following the lifting of the more than two-month-long countrywide shutdown, aided by a steady flow of remittance and a rebound in exports. The recovery continued until the beginning of the second wave of coronavirus in March 2021. As such, the BBS has come up with a provisional estimate of 5.47 per cent GDP growth for FY21 based on March-April data. Economists say the BBS's FY20 GDP estimate was close to reality. However, the provisional estimate of FY21 is likely to decline in the final revision due to recurrent hiccups in economic activities amid lockdowns in place since April 2021. The BBS FY20 figures are in line with the International Monetary Fund's projection of 3.8 per cent growth for 2020 and the World Bank's 2 per cent for FY20. The WB, however, estimated the growth to be 3.6 per cent in FY21. The provisional estimates for FY21 were close to the growth projection of 5.5-6 per cent made by the Asian Development Bank in April. In FY20, industrial sector growth slowed to 3.25 per cent from 12.67 per cent the previous year. The growth rebounded to 6.12 per cent the next fiscal year. The expansion of the service sector, which accounts for 51 per cent of GDP, declined to 4.16 per cent in FY20, just half of the growth it posted in the previous fiscal year. The government has targeted 7.2 per cent GDP growth in the current fiscal year, way higher than the WB's projection of 5.1 per cent. The service sector growth edged up to 6.54 per cent in FY21, BBS data



showed. The CPD had projected up to 3.5 per cent GDP growth for FY20. According to the final figure of state-run Bangladesh Bureau of Statistics (BBS) (The Daily Star 6th August 2021/Economy hit harder than thought). The pandemic hit hardest industrial and service activities while agriculture managed to grow at a higher rate than before the pandemic. The rural region was not ravaged by the pandemic last year the way it has been sweeping in the hinterland since March. With decreased mobility and assembly, private consumption demand hibernated, and the deep uncertainties about the future coupled with increases in un-utilized production capacity brought private investments to a halt.

Scenario of Cement Industry in Bangladesh:

Cement and construction industries of Bangladesh have been directly and indirectly affected by the ongoing measures taken by the country's government to control the spread of the coronavirus pandemic. due to the outbreak of Covid-19 pandemic the country has been on lockdown from 26 March 2020 which is extended on basis of situation till August 2021 and it impacted the cement supply chain and continues to disrupt the implementation of large projects including the Padma Bridge, Rooppur nuclear power plant, Matarbari power plant, Karnaphuli river tunnel and Dhaka metro rail according to local media reports. One of the reasons for the suspension of construction works is that neither foreign nor local employees can work under the prevailing situation, which will definitely slow down the progress of the projects.

Bangladesh cement industry is one of the fastest-growing cement markets in the world and has observed double-digit growth over the last decade. The per capita cement consumption has also increased following the trend from 95 kg (2011) to 200kg in 2021. This massive growth of the cement industry was backed by the massive infrastructure investment by the government, growing remittance income, rising urban population, and impressive GDP growth.

Since the outbreak of the recent COVID-19, global economy has been significantly affected and consequently the Bangladesh economy will have to follow the same fate. This implies that just like the Garments sector; Cement production will also suffer a major drawback amidst the global crisis. Unlike the

Garments sector, the cement industries are mostly local sales based. This implies a kind of similar but different challenge for the market to recover from the current crisis.

Following the global spread of the Coronavirus, Bangladesh experienced its first case on 8th March 2020. No significant effect was observed on February and March was a real success in terms of sales for most of the local and multinational cement companies. Had there been no occurrence of this pandemic, April could have been another very high yielding month for all of the major players. But it eventually turned out to be a complete disaster after the pandemic took its full toll. At the start of April, the industry reported around 60%-65% reduction in cement production as the sales had plummeted from 25 lakh bags daily sale to only 5 lakh bags.

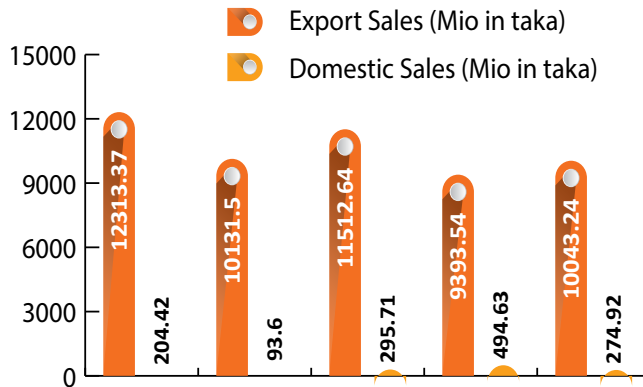
Since the industry is 100% import based, banking and port operations play key roles for the import and supply of raw materials. The recent government enforced country-wide lockdown has limited the bank operations which is limiting the transactional capacity of the Importers. Importers are restricted from opening new LC (Letter of Credit) or debenture for importing essential raw materials from abroad. Limited hours banking, limited resources in Customs and Port Operation, higher turn-around time in local logistics altogether had made the tasks very dismaying overall.

Our Performance during COVID-19 Outbreak:

Amidst the outbreak of the ongoing pandemic, a few companies have shown relatively better performances and were able to somehow address the crisis. Although the stock price of most companies has dropped significantly, Premier Cement Mills Limited is one of few companies in the country whose stock price has increased. Seven companies in the cement sector are listed on the stock exchange, among which two are multinational companies. Six out of the seven companies including the two multinationals have lost bids in the corona outbreak. However, Premier Cement is the only company in the lists which have gone against this trend and have been able to raise their stock prices. The performance of Premier Cement during the ongoing crisis has been quite satisfactory and should encourage other companies to handle the crisis in a better way.

Segment wise standalone Performance:

We believe Premier Cement Mills limited could have achieved greater sales revenue growth in these years. In spite of the many obstacles in this year, we have achieved a positive outcome in terms of sales volume from standalone point of view and our strong financials indicate more well-off position in our current business operation. Comparative standalone sales can be found in the following chart”



Risks and Concerns:

The details of risks and concerns of the Company are discussed in ‘Risk Management and Control Environment’s on page no 106 in this annual report

Discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin:

The details discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin of the Company are discussed in Section “The Management Discussion & Analysis” on page no 56 of this annual report.

Discussion on Continuity of any Extra-Ordinary gain or loss:

There was no extra-ordinary gain or loss during the mentioned period.

Related Party Transaction:

In the FY -2020-21, a number of transactions with related parties were carried out in the normal course of business on an arm’s length basis. In note 34 of consolidated financial statements, a brief description of related party transaction is given including names of the respective related parties, nature of relationship with them, nature of those transactions and their values in amount.

IPO Fund Utilization:

No IPO was made in the financial year 2020-21.





An explanation if the financial results deteriorate after the Company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing etc.

There was no deterioration of financial results during the period under review after the above mentioned events.

Safety, Health and Environment Issues:

Ensuring healthy and safe working conditions for employees is one of the most important issues to consider for the cement industry. Premier Cement takes all possible measures to ensure that all its employees as well as communities within which it operates remain safe at all times. Company's safety measures, continuous risk assessment policy ensure a healthy and hazard free work environment for all employees in the workplace. Moreover, we comply with zero tolerance policy in sacrificing

our community's health issues as we firmly believe that we all are integral part of the society. Environment preservation is therefore one of our top agenda. Premier Cement is a certified Company from the Department of Environment; Government of People's Republic of Bangladesh and has been successfully abiding by all the laws and regulations exerted by the above mentioned authority.

Quarterly disclosed financial performance and Annual financial performance:

As stipulated by law, the Company is required to publish the report of its 1st, 2nd and 3rd quarterly financial performance and the yearly performance are indicated in the following table:

Quarterly performance- PCML (Stand Alone)

Tk in Mio

Particulars	Q-1	Q-2	Q-3	Q-4	2020-2021
Revenue	2,618.55	3,329.11	3,633.85	3,228.92	12,810.44
Gross Profit	419.95	482.00	552.89	426.27	1,880.11
Profit from operation	319.93	358.96	368.44	315.31	1,362.63
Profit before tax	127.25	206.33	206.84	176.87	720.29
Profit after tax	83.17	163.45	153.96	215.21	615.789
Total assets	22,093.04	21,972.95	25,516.23	26,533.50	26,533.495
Total liability	17,218.36	16,934.82	17,720.46	18,522.51	18,522.51
Total equity	4,874.68	5,038.13	7,795.78	8,010.98	8,010.98
EPS	0.79	1.55	1.46	2.04	5.84
NAV per share	46.23	47.78	73.93	75.97	75.97
NOCFPS	2.29	0.89	1.81	0.86	5.85





Significant variance between Quarterly Financial performance and Annual Financial Statement.

The Company was successfully able to maintain a remarkable performance in both operational and financial perspective throughout the period. The Company recorded quarterly revenue was Tk. 2618.55 million Tk. 3329.11 million 3633.85 and 3,228.92 respectively from Q-1, Q-2, Q-3 and Q-4. At the end of the Q-4 revenue increased by Tk. 610.37 million or 23.3% from first quarter. The quarterly EPS were BDT 0.79, BDT 1.55, BDT 1.46, BDT 2.04 respectively. Due to the emergence of covid-19 pandemic, the government imposed lockdown from 26 March 2020 to 30 June 2021 in order to stop the spread of the virus which directly affected the business performance. The company was able to restore only 25.21 Per cent revenue in the fourth quarter.

Remuneration of Directors:

None of our Board of Directors including independent directors receives any remuneration or benefits from

the Company other than BoD meeting attendance fee.

Internal control and adequacy of Audit Committee:

Our Company has a well-defined internal control system to support efficient business operations and statutory compliance. External Auditors carry out concurrent audit of financials which adds to the stability of the entire internal control systems. Suitable internal checks have been built in to cover all monetary transactions with proper delineation of authority, which provides transparency at every stage of operation.

The Company has a strong system of budgetary control which covers all aspects of operations, finance and capital expenditure at a macro level by a monthly basis reporting directly to top management. Financial performances and efficiency parameters are monitored periodically and actions are taken then and there. Currently, our Audit Committee consists of the following Directors:

Mr. Mahfuzur Rahman - Chairman

Mr. Fakhru Islam - Member

Mr. Mohammed Ershadul Hoque - Member

Going concern:

Going concern is one of the fundamental assumptions of accounting on the basis of which financial statements are prepared. According to going concern a business will continue its business for the foreseeable future without the need or intention on part of management to liquidate the entity or to significantly curtail its operational activities.

Our Company has adequate resources to continue its operation for the foreseeable future. Thus the directors are of the opinion that the Company is a going concern; and its financial statements are prepared on a going concern basis.

Other concern

It is regrettable that a dispute has been arisen between Rupayan Housing Estate Limited and the Company. The Rupayan Housing Estate Limited had agreed to sell an office space of 21,507 sft (11th Floor) and 6 car parking spaces (4 in Basement-1 and 2 in Basement -2) at the Rupayan Trade Centre (a 18 storied building) at Bangla Motor area for Tk. 17,94,07,400.00 (Taka Seventeen Crores Ninety Four Lakhs Seven Thousands Four Hundreds Only). The agreement for sale was duly registered by Registered Deed No. 4169 on 12th May 2010 and the Company paid BDT 12.5 Crore to Rupayan at the time of registration. Subsequently, Rupayan sold the same property to a third party for at a higher price i.e. BDT 20 crores 33 lakhs 13 thousands and 7 hundred. After being informed of this incident, PCML's authority filed a case in the District and Session Judge Court against Rupayan and applied for imposing restriction on transfer of the said property to any other third party except the plaintiff, (case no.-61/2010.) The District and Session Judge Court on 13.07.2014 gave decree in favor of PCML after hearing of the case. Afterwards Rupayan appealed against the decision but that too went against their favor. Denying the Court verdict, Rupayan gave Subkobra Registry in favor of the said third party only at a price of Tk. 5 crore, Sales deed no.-4312/15 dated 30.06.2015. Drawing attention to this regard PCML again appealed to Durnity Doman Commission (DUDOK). ***In a new development Rupayan Housing Estate Limited has handed over a floor space of 17,023 square feet including 6 car parking at Rupayan Shopping Square.***

Significant deviation from the last year's operating results and the reasons behind deviations

The detail about significant deviation from the last year's operating results and the reasons behind deviations are discussed in "The Management Discussion & Analysis" on page no 56 of this annual report.

Comparative 5 years' operating, financial data and performance indicator:

Summary of five years' operating, financial data and performance indicator are presented in page no 49 of this Annual Report.

Reserve and Surplus

Consolidated Retained earnings of the Company in FY-2020-21 stood at BDT 3,812.56 million against BDT 3,256.48 million in FY-2019-20. Revaluation reserve stood at 3,108.83 million as on the year-end 2020-21 against BDT 492.31 million as on the corresponding previous year.

Events after the reporting period

Subsequent events after the reporting period the Board of Directors has recommended cash dividend 20% for the year 2020-21.

The number of Board meetings during the FY-2020-21 and the attendance of the Directors:

During the FY-2020-21, a total of 6 (six) meetings of the board were held. Attendance by the Directors has been summarized in corporate governance report of this annual report page no 94

Pattern of shareholding:

The pattern of shareholding (along with name wise details) of parent/subsidiary/associate companies and other related parties, Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Auditor and their spouse and minor children, executives, shareholders holding 10% or more voting interest in the Company as at 30 June 2021 are duly stated in the following report.

- A) Parent/ Subsidiary/ Associated Company and other related: **Nil**.
- B) Shares held by Chairman/Managing Director/Director their spouses and minor children (name wise details) as on 30 June 2021:

Name of the Directors	Position	Nos. of Shareholding	%	Spouse or Minor Children	%
Mr. Mohammad Mustafa Haider	Chairman	11,473,150	10.88%	Nil	Nil
Mr. Mohammed Amirul Haque	Managing Director	11,599,500	11.00%	Nil	Nil
Mr. Mohammed Jahangir Alam	Director	10,425,313	9.89%	Nil	Nil
Mr. MD. Alamgir kabir	Director	4,416,562	4.19%	Nil	Nil
ANCIENT PROPERTIES LTD Representative By Mr. Mohammed Ershadul Hoque	Director	2,113,500	2.00%	Nil	Nil
Mr. Mohammed Ershadul Hoque Representative By ANCIENT PROPERTIES LTD	Nominated Director	Nil	Nil	Nil	Nil
Mr. Mahfuzur Rahman	Independent Director	Nil	Nil	Nil	Nil
Mr. Fakhru Islam	Independent Director	Nil	Nil	Nil	Nil
Mr. A.K.M. Delwer Hussain	Independent Director	Nil	Nil	Nil	Nil

- C) Shares held by Chief Operating Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit & Compliance as on 30 June 2021.

Particulars	Position	No. of shareholding	%	Spouse or Minor Children	%
Mr. Tarique Kamal	COO	Nil	Nil	Nil	Nil
Mr. Md. Selim Reza, FCA	CFO	Nil	Nil	Nil	Nil
Kazi Md. Shafiqur Rahman	CS	132	0.0001	Nil	Nil
Mr. Md. Aminul Islam	HoIA	Nil	Nil	Nil	Nil

- D) Shareholders holding ten percent (10%) or more votes interest in the Company (name wise details) as on 30 June 2021: **Nil**.
- E) Shareholding of Senior Executives (Top Five salaried executives other than the Directors, CEO, CFO, CS, & HIAC): **Nil**.
- F) On the other hand the Company (PCML) hold 96% stake in the shares of Premier Power Generation Limited (Subsidiary) and 18.67% stake in the shares of National Cement Mills Limited (NCML) as on the balance sheet date.

Directors Profile:

A brief profile of all directors is provided in the section “Directors profile” of this report on page no 34

CSR Activities:

Since we are conducting our business in a society, we confess that we have some responsibilities towards our society and its welfare. Apart from doing business and making profit, we also engage ourselves for the welfare of the society in which we are operating our business. We carry out regular analysis to find out the most effective way of rendering service to people and to accelerate society’s welfare. After a comprehensive analysis, we finally choose a way to execute our responsibility towards the society. Because of our CSR program not only the people of our society are being benefited but we are being benefitted as well. It helps us to

enhance our corporate image in the society. A summary of sustainable development initiatives and CSR initiatives of the Company during the years is discussed on (page 68-77) of this annual report.

Corporate Governance

To ensure the spirit of the corporate governance with accountability, for inspiring confidence of investors, regulators, financiers and other stakeholders Premier Cement Mills Limited is committed to comply with all the requirements of corporate governance as required by Bangladesh Securities and Exchange Commission (BSEC). Details about the initiatives is discussed in Corporate Governance Report under Annexure-X

Status of Compliance

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission’s Notification No. BSEC/CMMRRCD/2006-158/207/Admin/80 dated on 3rd June 2018 has been enclosed in Annexure-X

On behalf of Board



Mohammad Mustafa Haider
Chairman

Date: 26th October 2021
Place: Dhaka

