

Build Together

Bangladesh, an independent proud nation, is marching towards progress and prosperity by overcoming all the barriers in the path of development. It has also achieved remarkable level of advancement in terms of science, technology, trade & commerce. Massive infrastructural development, easy access of foreign investment, automation of public services under a common platform, rise in average income, higher living standard and purchasing power contributes a lot in terms of total development of the Country. To be with the same pace of the nation's progress, HeidelbergCement Bangladesh Ltd., being one of the major players in the cement industry, is playing a significant role with its annual cement production of 2,378K tons, employing 267 people.

But in Bangladesh, metropolitan areas are constantly growing in respect of its limited space, presenting big challenges to urban developers. Here, HeidelbergCement Bangladesh Limited (HCBL) has taken the challenge with a motto of "Build Together". It is not only about building mega structures and expanding the horizon of urban dwellers but also maintain sustainable relationships with the stakeholders of the Company. Because HCBL itself believes that if we can work together, we can achieve more. By satisfying the needs of its stakeholders in every aspect, the Company is able to maintain a strong position as a sustainable cement provider and solidify its position to change the future.

**HEIDELBERGCEMENT
BANGLADESH LTD.**





HeidelbergCement Bangladesh Limited is proud of its two very popular and preferred cement brands “**ScanCement**” & “**RubyCement**”. The construction experts recommend these two brands as the best quality cement for every sort of establishments- large and small. The consistent quality of our cement and strong brand image permit us to charge price premium in highly competitive cement market of Bangladesh. It's a matter of pride to us for becoming the proud partner of the development of the country by maintaining the utmost good faith of all our stakeholders.



Letter of Transmittal

All Shareholders of HeidelbergCement Bangladesh Limited (HCBL)
Bangladesh Securities and Exchange Commission (BSEC)
Registrar of Joint Stock Companies and Firms (RJSC)
Dhaka Stock Exchange Limited (DSE)
Chittagong Stock Exchange Limited (CSE)
Bangladesh Investment Development Authority (BIDA)
National Board of Revenue (NBR)
Bangladesh Bank & All other stakeholders of HCBL

Annual report of HeidelbergCement Bangladesh Limited (HCBL) for the year ended 31 December 2018.

Dear Sir(s),

We are pleased to enclose a copy of HCBL's Annual Report together with the audited financial statements (consolidated and stand alone) as on 31 December 2018, statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2018 along with notes thereto of HCBL for your kind information and record.

General review of this report, unless explained otherwise, is based on the financials of the 'HCBL'.

Best regards,

Yours Sincerely,
For HeidelbergCement Bangladesh Limited

Md. Emdadul Haque, ACA
Company Secretary

What's inside?

■ Financial Calendar	05	■ Auditor's Report and Financial Statements	111
■ Global Presence	06	■ Auditor's Report to the Shareholders	112
■ HCBL in Brief	08	■ Consolidated & Separate Statement of Financial Position	117
■ Vision, Mission & Values	09	■ Consolidated & Separate Statement of Profit or Loss and Other Comprehensive Income	118
■ HCBL's Milestones	10	■ Consolidated & Separate Statement of Changes in Equity	119
■ Comparative Financial Highlights	11	■ Consolidated & Separate Statement of Cash Flows	120
■ Performance at a Glance in 2018	14	■ Consolidated & Separate Notes to the Financial Statements	121
■ National Contribution	17	■ Auditor's Report & Financial Statements of Meghna Energy Limited	150
■ Prestigious Projects	18	■ Auditor's Report to the Shareholders	150
■ To the Members of HCBL	23	■ Statement of Financial Position	153
■ Notice to the shareholders	26	■ Statement of Profit or Loss and Other Comprehensive Income	154
■ Corporate Information	28	■ Statement of Changes in Equity	155
■ Sustaining Growth	30	■ Statement of Cash Flows	156
■ Board of Directors	31	■ Notes to the Financial Statements	157
■ Management Committee	41	■ Proxy Form	165
■ Message from the Chairman	46	■ Attendance Slip of Proxy-holder	165
■ Shareholding Position	48		
■ Internal Control & Risk Management	49		
■ Statement on Corporate Governance	51		
■ Reports of the Committee of the Board of Directors	61		
■ Report of the Audit Committee	62		
■ Report of the Nomination & Remuneration Committee	65		
■ Report of the Board of Directors	67		
■ HCBL in Capital Market	82		
■ Awards	83		
■ Corporate Social Responsibility	86		
■ Family Day	88		
■ Annexures	89		
■ Annexure A	90		
■ Annexure B	91		
■ Annexure C	92		
■ Annexure D	105		
■ Annexure E	106		
■ Annexure F	110		



Financial Calendar



30th Annual General Meeting

07 May 2019 (Tuesday)

Notice of 30th Annual General Meeting

07 May 2019 (Tuesday)

Issuance of Annual Report

22 May 2019 (Wednesday)

30th Annual General Meeting

Record Date & Dividend

09 April 2019 (Tuesday)

Release of book closure Notice along with price sensitive information to regulators and shareholders.

06 May 2019 (Monday)

Record date in lieu of book closure.

11 June 2019 (Tuesday)

Payment of dividend to the shareholders whose name would appear in the Register of Members of the Company on record date.

Disclosure of Quarterly Results

Q1/ 24 April 2018 (Tuesday)

Unaudited results for the 1st quarter ended 31 March 2018

Q2/ 17 July 2018 (Tuesday)

Unaudited results for half year ended 30 June 2018

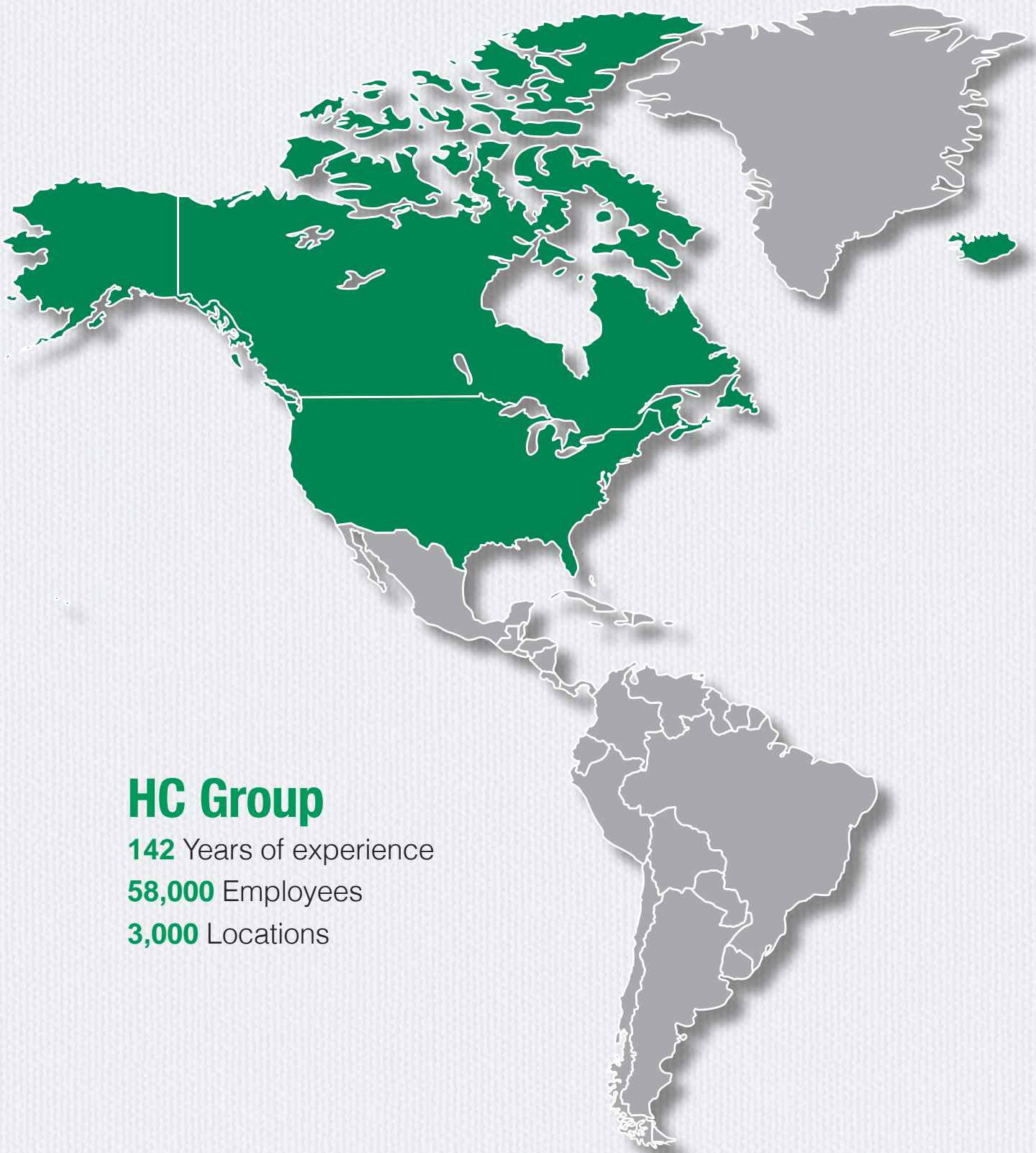
Q3/ 15 October 2018 (Monday)

Unaudited results for the 3rd quarter ended 30 September 2018

Q4/ 09 April 2019 (Tuesday)

Audited results for the year ended 31 December 2018

Global Presence

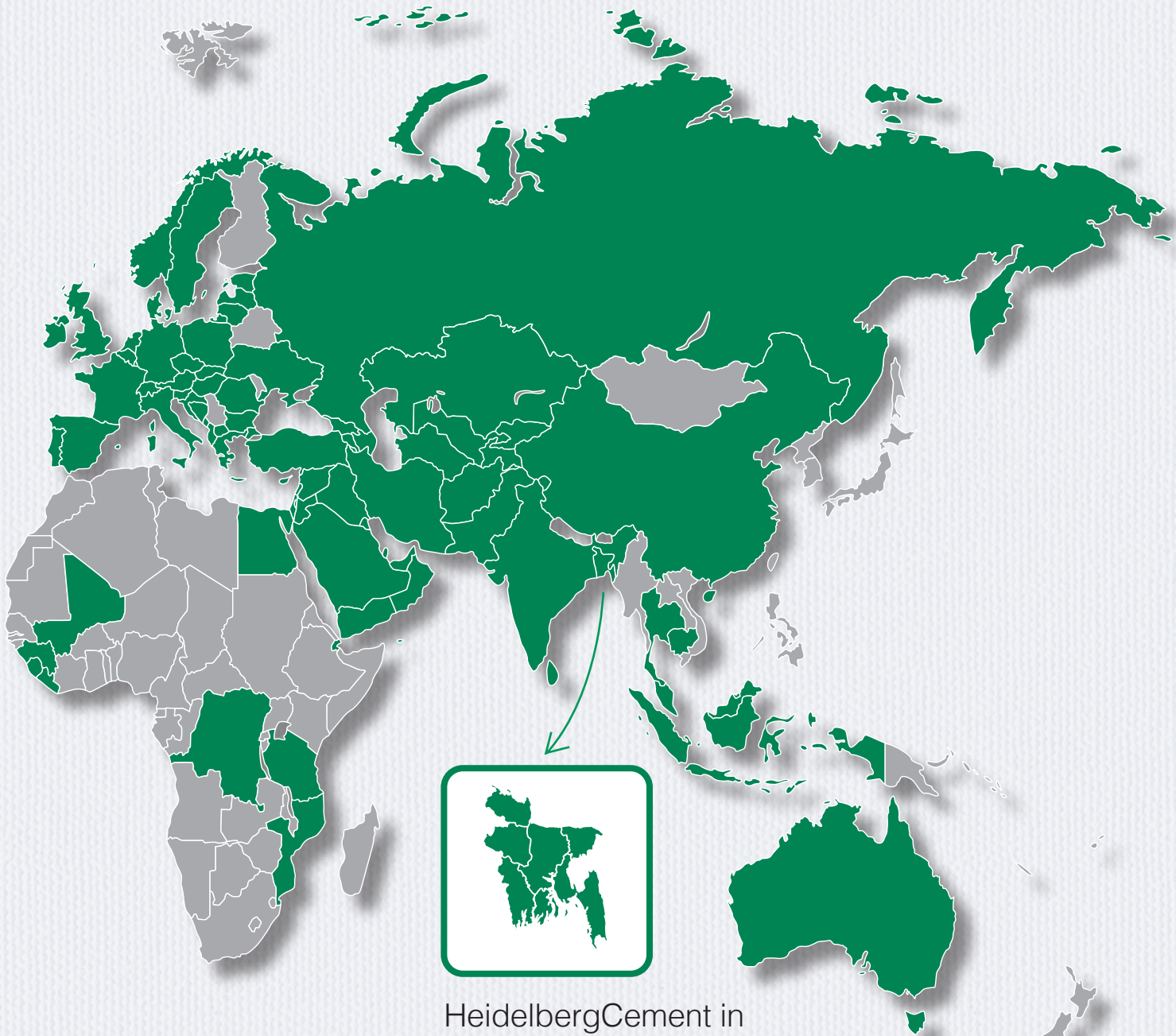


HC Group

142 Years of experience

58,000 Employees

3,000 Locations



HeidelbergCement in
Bangladesh



HCBL in Brief

HeidelbergCement Bangladesh Limited is one of the largest producers of quality cement in Bangladesh. HeidelbergCement Bangladesh Limited is a member of HeidelbergCement Group, Germany. The group has 142 years of experience in producing cement and is operating in more than 60 countries. It has around 58,000 employees who work at more than 3,000 production sites and its reported annual turnover is equivalent to €18,075 million. In Bangladesh it represents two reputed brands namely **“RubyCement”** and **“ScanCement”**.

In 1998 HeidelbergCement Group established its presence in Bangladesh by setting up a floating terminal with onboard packing facilities in the port of Chittagong and by distributing the cement to the key markets of Dhaka and Chittagong. In 1999 the Group further strengthened its position in Bangladesh and built a Greenfield manufacturing plant near Dhaka namely “ScanCement International Limited” with an installed capacity of 0.750 million tones per year. In 2000, HeidelbergCement Group bought a minority position in a Chittagong based company namely “Chittagong Cement Clinker Grinding Co. Limited (CCCGCL)” quickly followed by the acquisition of a controlling stake. The plant in Chittagong has an installed capacity of 0.7 million tones per annum.

In 2003, the two companies were amalgamated and the Company’s name was changed to HeidelbergCement Bangladesh Limited. Since 2004, the Company has diversified its product range by introducing Portland Composite Cement (PCC) into the market. The Company also produces other types of cement namely Ordinary Portland Cement (OPC). The Company further increased the capacity of its Kanchpur plant by

setting up another grinding unit of 0.45 million tones per year that was commissioned in 2008. The company has also increased the capacity of its Chittagong plant by installing another grinding unit of 0.750 million tones per year which is on operation from the end of 2011 and the Company inaugurated the cement mill in 2012. Both the plants are certified according to the globally applicable environmental management system standards-14001. In 2013, the Company installed another Cement Silo with a capacity of 8,000MT in its Kanchpur plant as a part of its Silo project which will help to increase the productivity of the Company.

HC Group

142 Years of experience

58,000 Employees

3,000 Locations



Vision

Corporate Image:

Building worldwide growth by building a better world

Business Culture:

Building on local responsibility for international success

Employee Policy:

Building our business on the knowledge of our people

Mission

Market Strategy:

Building our growth on a solid base of earnings

Customer Philosophy:

Building customer satisfaction, because their success is our success

Quality Standard:

Building on quality products to build our reputation

Values

Commitment to Environmental Protection:

Building on environmental care also makes economic sense

Commitment to Innovation:

Building on new technologies determines our future success

HCBL'S MILESTONES



The acquisition of 99.99% shares of Meghna Energy Limited was successfully done.

2017

HCBL inaugurated another grinding unit of 0.750 million tones per year in its Chittagong plant which was in operation.

2012

HCBL inaugurated another Silo having capacity of 8,000MT in its Kanchpur plant

2013

HCBL increased the capacity of its Kanchpur plant by setting up another grinding unit of 0.450 million tones per year that was commissioned.

2008

HCBL has diversified its product range by introducing Portland Composite Cement (PCC) into the market.

2004

The acquisition of "Chittagong Cement Clinker Grinding Co. Limited (CCCGCL)" was completed

2000

The SIL & the CCCGCL were amalgamated and the Company's name was changed to HeidelbergCement Bangladesh Limited.

2003

A Greenfield manufacturing plant was built near Dhaka namely "ScanCement International Limited (SIL)" with an installed capacity of 0.750 million tones per year.

1999

HeidelbergCement group established its presence in Bangladesh by setting up a floating terminal with onboard packing facilities in the port of Chittagong.

1998



Comparative Financial Highlights



Comparative Financial Highlights

Year	Consolidated		Stand Alone			
	2018	2018	2017	2016	2015	2014
Operating Results (Taka in Million):						
Net Revenues	11,151	11,151	9,802	10,600	10,485	10,504
Gross Profit	1,932	1,814	1,957	2,742	2,537	2,013
Income From Operations	1,040	924	1,020	1,946	1,702	1,307
EBITDA	1,514	1,345	1,460	2,369	2,178	1,911
EBIT	986	870	959	1,837	1,603	1,220
Net Income/(Loss)	810	711	803	1,508	1,402	1,180
Contribution to National Exchequer	2,780	2,717	2,700	3,128	2,841	2,879
Financial Results (Taka in Million):						
Net Cash Provided by Operating Activities	639	546	796	1,724	1,963	1,722
Total Assets	8,641	8,439	8,730	10,189	9,772	10,173
Total Liabilities	3,970	3,875	4,031	4,597	3,993	3,649
Shareholders Equity	4,672	4,563	4,700	5,592	5,779	6,524
Net Working Capital	1,404	795	1,962	2,810	3,032	3,678
Net Borrowings	(1,613)	(1,054)	(2,652)	(3,722)	(3,912)	(4,203)
Capital Employed	11,890	11,642	12,053	14,035	12,927	12,942
Share information:						
Market Capitalization (Million)	18,912	18,912	24,008	31,207	31,761	28,218
Issued Ordinary Shares	56,503,580	56,503,580	56,503,580	56,503,580	56,503,580	56,503,580
Per Share Data (Taka):						
Primary Earnings (loss) Per Share	14.33	12.59	14.21	26.69	24.81	20.88
Dividend Per Share	7.50	7.50	15.00	30.00	30.00	38.00
Book Value Per Share	152.94	149.35	154.51	180.32	172.94	180.04
Net Assets Value Per Share	82.68	80.76	83.17	98.96	102.27	115.46
Market Value Per Share	334.70	334.70	424.90	552.30	562.10	499.40
Financial Ratio						
Liquidity Ratios:						
Current Ratio	1.43: 1	1.25: 1	1.59: 1	1.73:1	1.96 : 1	2.33 : 1
Quick Ratio	0.87:1	0.70:1	1.24:1	1.34:1	1.65:1	1.96:1

Comparative Financial Highlights

Year	Consolidated		Stand Alone			
	2018	2018	2017	2016	2015	2014
Operating Ratios:						
Account Receivable Turnover Ratio	13.7	13.7	8.5	9.5	10.6	11.0
Inventory Turnover Ratio	6.1	6.3	8.4	7.1	10.7	10.2
Asset Turnover Ratio	1.3	1.3	1.1	1.0	1.1	1.0
Profitability Ratios:						
Gross Margin Ratio	17%	16%	20%	26%	24%	19%
Operating Income Ratio	9%	8%	10%	18%	16%	12%
Net Income Ratio	7%	6%	8%	14%	13%	11%
Return on Assets Ratio	9%	8%	9%	15%	14%	12%
Return on Equity Ratio	17%	16%	17%	27%	24%	18%
Net Operating Cash Flow to Net Profit Ratio	0.8	0.8	1.0	1.1	1.4	1.5
Stockholder Ratios:						
Earnings Per Share	14.3	12.6	14.2	26.7	24.8	20.9
Price Earnings (P/E) Ratio	23.4	26.6	29.9	20.7	22.7	23.9
Dividend Yield Ratio	0.02	0.02	0.04	0.10	0.10	0.10
Dividend Payout Ratio	52%	60%	106%	112%	121%	182%
Solvency Ratios:						
Times Interest Earned Ratio	244.4	215.7	370.2	847.6	818.1	260.2
Debt to Equity Ratio	0.9	0.9	0.9	0.8	0.7	0.6
Bad Debt Ratio	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%
Other Ratios:						
Net Gearing	(0.345)	(0.231)	(0.564)	(0.666)	(0.677)	(0.644)
EBITDA to Net Interest Cover (Times)	543	482	(3,640)	1,216	1,120	(9,016)
Net Borrowing to Assets	(0.19)	(0.12)	(0.30)	(0.37)	(0.40)	(0.41)
Return on Capital Employed	0.07	0.06	0.07	0.11	0.11	0.09
Number of Employees	267	267	270	276	269	272



Consolidated Performance at a Glance in 2018

NPAT (Net Profit After Tax)
BDT in Thousand

809,758

NOCF Per Share
BDT

11.32

NAV Per Share
BDT

82.68

EPS Per Share
BDT

14.33

Revenue
BDT in Thousand

11,151,286

Gross Profit
BDT in Thousand

1,931,512

Operating Profit
BDT in Thousand

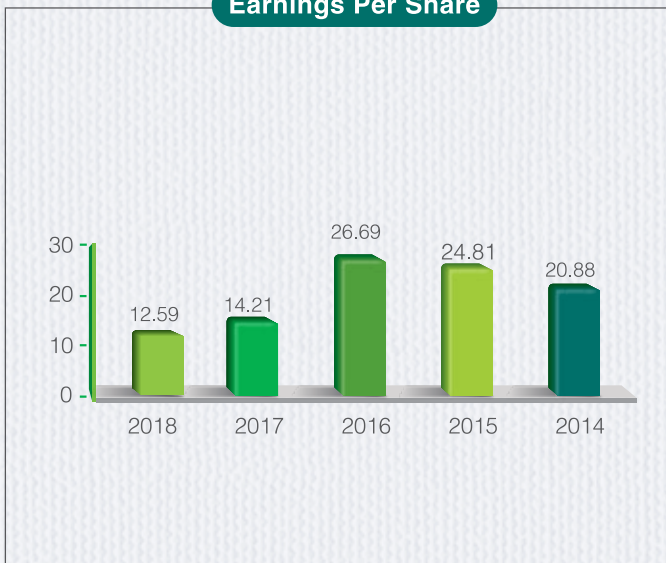
1,040,157

Profit Before Tax
BDT in Thousand

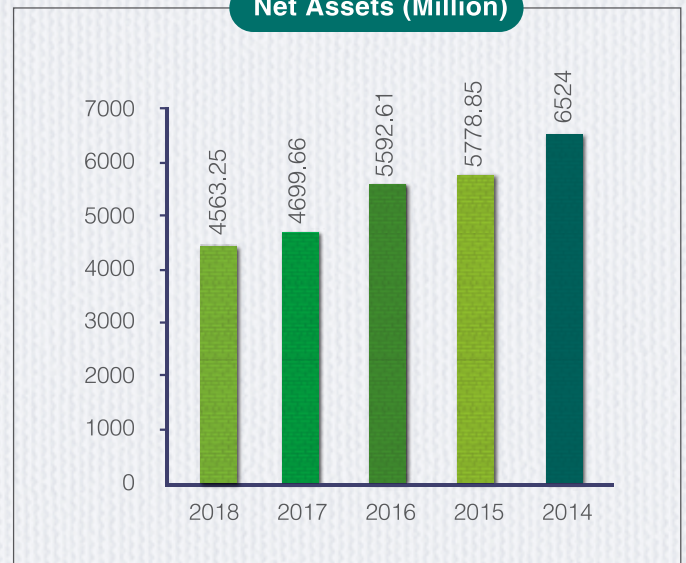
1,177,341

HCBL'S Performance at a Glance in 2018

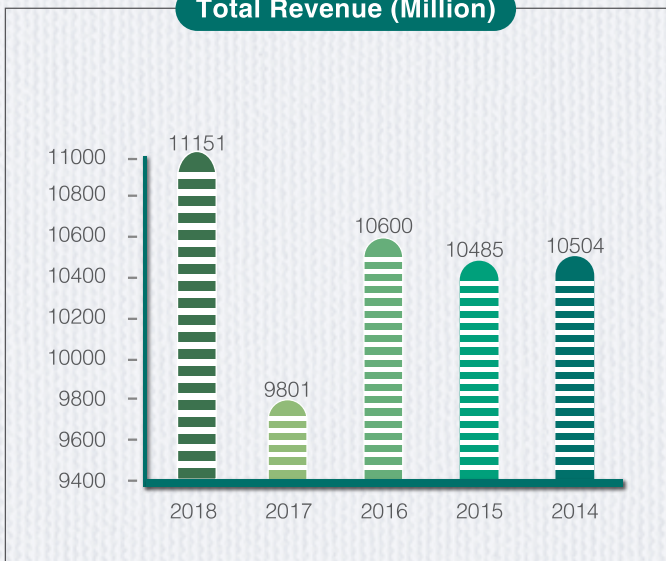
Earnings Per Share



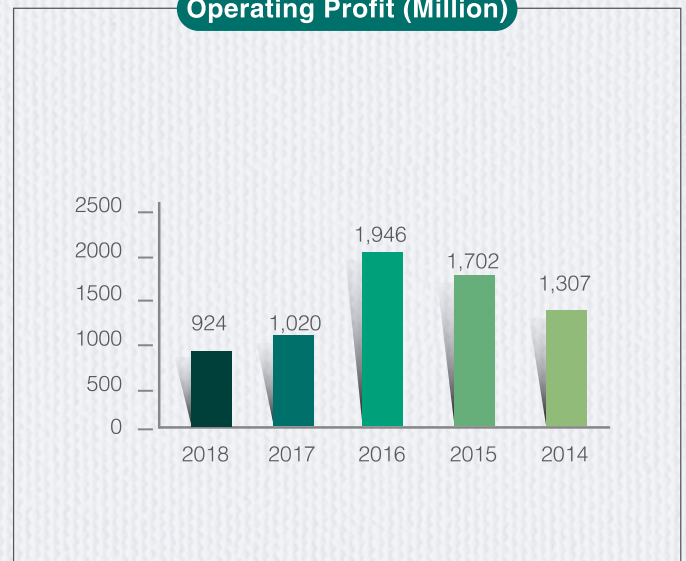
Net Assets (Million)



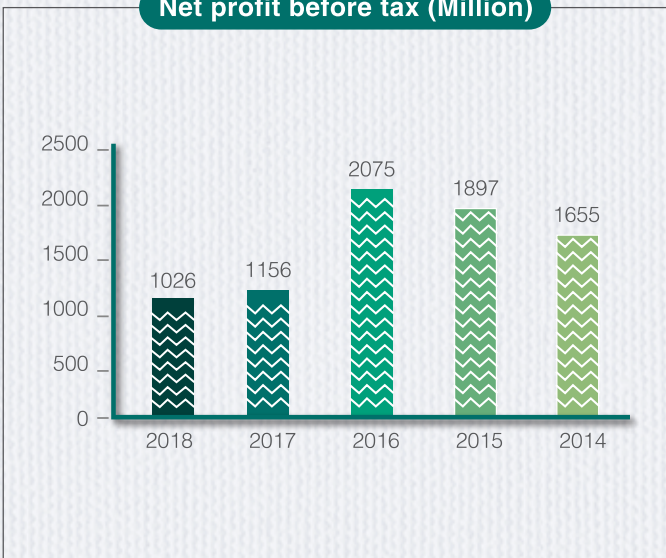
Total Revenue (Million)



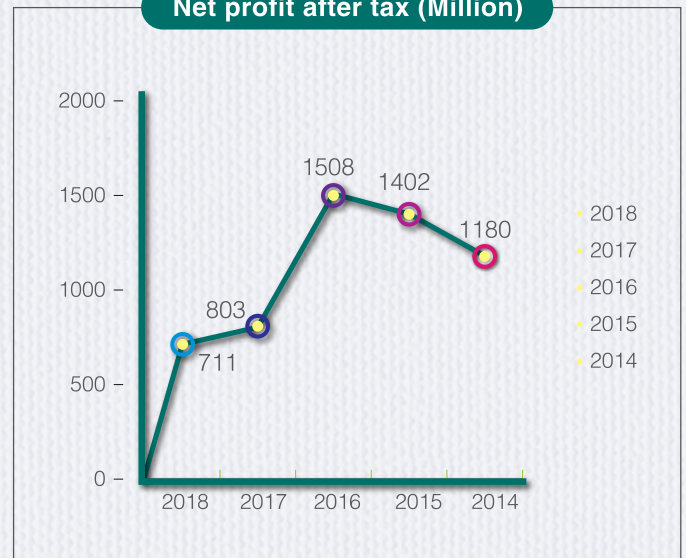
Operating Profit (Million)



Net profit before tax (Million)

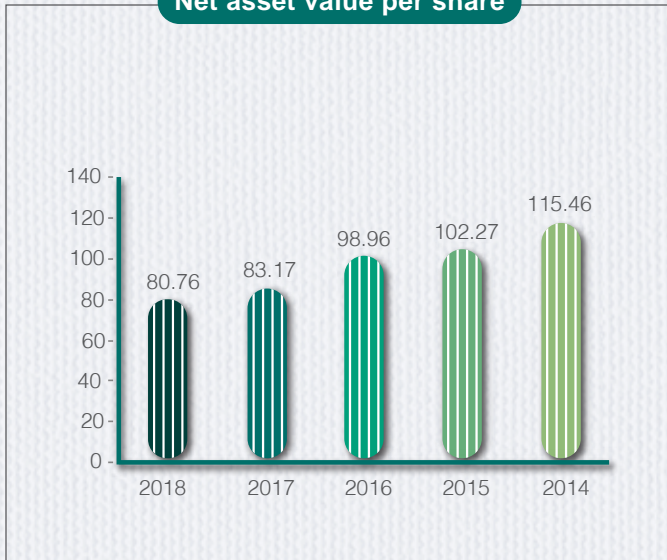


Net profit after tax (Million)

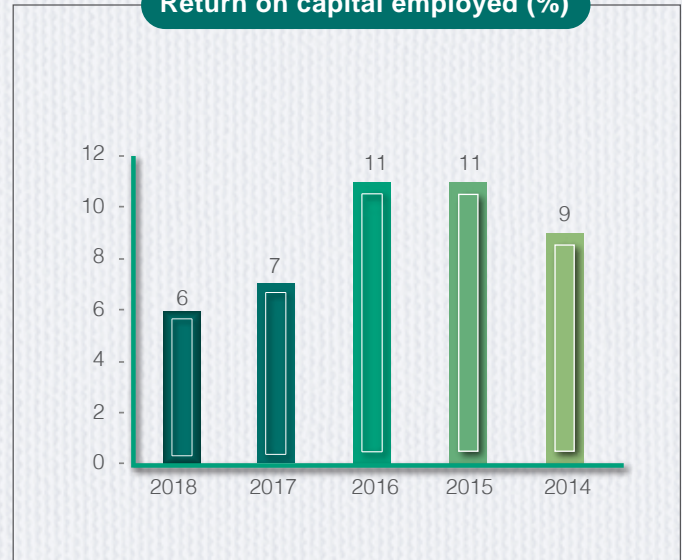


HCBL'S Performance at a Glance in 2018

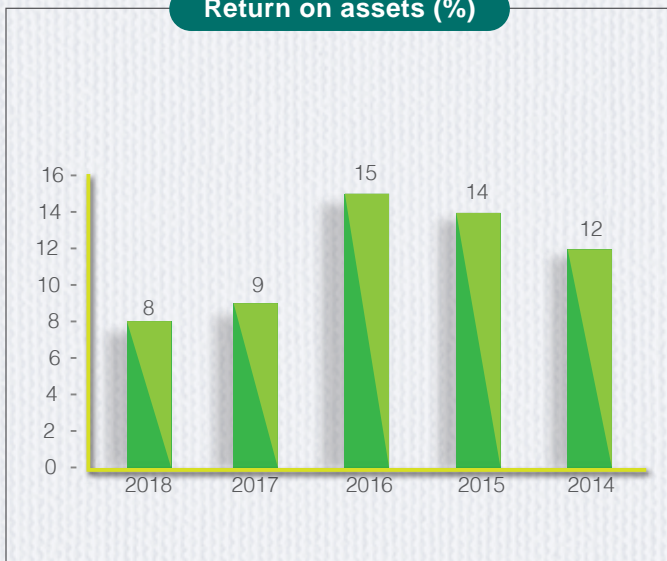
Net asset value per share



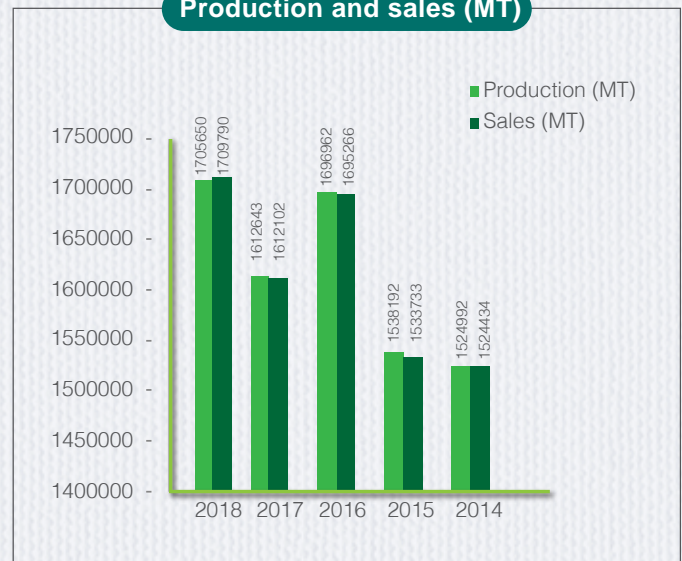
Return on capital employed (%)



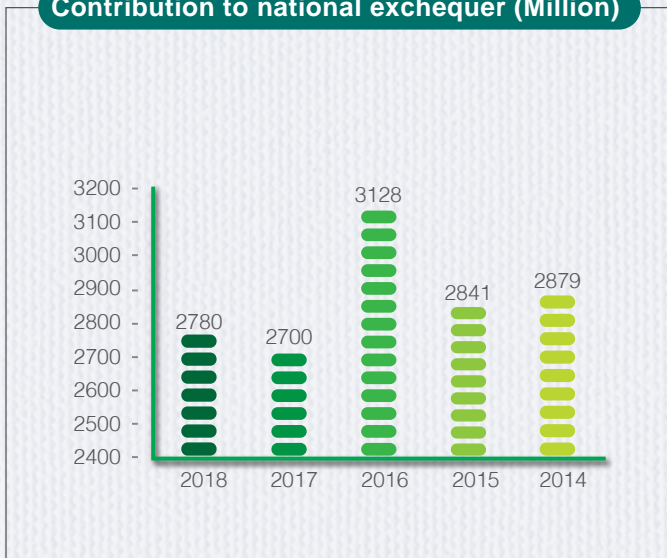
Return on assets (%)



Production and sales (MT)



Contribution to national exchequer (Million)



Dividend (%)



National Contribution

HCBL makes direct and indirect contribution to boost up the economy of the country. HCBL's contribution includes creation of new job opportunity both direct and indirect way, new investments, arrangement of effective training for existing employees, easy access to leadership opportunities across the Group and consequently across the region, access to HC technology, the integration of technology and processes, facilitating the growth of the global cement industry, investments in disaster resilience, education, e-innovation and social inclusion etc.

Prestigious Projects

Bijoy Sarani-Tejgaon Railway Overpass

The 3rd flyover in Dhaka with a length of 669 Meters was opened by the Honorable Prime Minister of Bangladesh to general public in April 2010. Construction Company: RP construction
Brand used: ScanCement



Mohakhali Flyover

The flyover has a total length of 1.12 km with a total 19 nos. of span of pre-stressed segmental box girder profile. The flyover was opened for all in November 2004.
Brand used: ScanCement

Lalon Shah (Pakshi) Bridge

Lalon Shah (Pakshi) Bridge, the country's second largest bridge with a length of 1.8 km, over the river Padma at Pakshi-Bheramara point opened to traffic in May 2004.
Brand used: ScanCement



Shah Amanat International Airport

Shah Amanat International Airport is the second largest airport of Bangladesh. It was constructed in early 1940s and had been used during World War II. Following several changes in construction plans the government took the initiative to re-build the airport around the late 90s.
Brand used: RubyCement

Bahaddarhat Flyover

It's the Government's initiative to build a flyover at Bahaddarhat in Chittagong metro to reduce traffic congestion. The length and width: 1.4 km and 14 meters. Project construction started in April, 2011.

Brand used: RubyCement



Third Karnaphuli Bridge

The most beautiful bridge of the country with a length of 950 meters over the river Karnaphuli to connect the southern part of Chittagong with the rest of the country was opened for all in September 2010 by The Honorable Prime Minister of Bangladesh.

Brand used: RubyCement

North South University

One of the pioneers in the private universities of the country, North South University's new building was opened for academic use in May 2009. Constructed by ABC-Monico JV, the 13-storied building is on the 5.65 acres premises in Bashundhara R/A. Brand used:

ScanCement



Chittagong Port Flyover

The Government took steps to build the first ever flyover of Chittagong connecting New Mooring container terminal and Custom House in October 2008. The length of the flyover is 978 meters.

Brand used: RubyCement

Prestigious Projects

Gulistan-Jatrabary Flyover

It is the longest flyover of the country as well as about 11 km long flyover in Dhaka which has connected 30 districts.

Brand used: ScanCement



Tongi-Bhairab Railway Double Track Project

64 km double-line railway tracks from Tongi to Bhairab on the Dhaka-Chittagong and Dhaka-Sylhet route, has made train journey more smooth, speedy & safe. Construction Company: China Major Bridge Engineering Co. Ltd.

Brand used: ScanCement

Summit Meghnaghat Power Plant

335/305 MW Dual Fuel Combined Cycle power plant at Meghnaghat, Narayangonj. Construction Company: China National Electric Engineering Co.

Brand used: ScanCement



New Mooring Container Terminal (Phase 2)

The implementation of back up facilities behind berth No. 4 & 5 of New Mooring Container Terminal of Chittagong port started on 40 acres area. Construction Company: Project Builders Limited.

Brand used: RubyCement

Police Plaza Concord Shopping Mall, Dhaka

Police Plaza Concord Shopping Mall is the multistoried commercial building is a centrally air-conditioned shopping complex and offices are equipped with modern facilities. This plaza was jointly built by Bangladesh Police Welfare Trust and Concord Group adjacent to Hatirjheel on the way to Gulshan Circle 1. Its basic foundation is 16-storey and at present is 12-storey. It is constructed on an acre of land by the Concord Engineers and Construction Ltd.

Brand used: ScanCement (Exclusive)



Muradpur Lalkhan Bazar Flyover, Chittagong

The construction of 5.2-kilometre-long Muradpur-Lalkhan Bazar flyover, is a massive development work for Chittagong. The flyover was opened for traffic movement in the mid of June, 2017.

Brand used: RubyCement

Dhaka Chittagong Four Lanes Highway

200 KM of Dhaka-Chittagong Four Lanes Highway will increase the efficiency of the road transport and will optimize the utilization of Chittagong port. Construction company: Sinohydro Corporation Ltd.

Brand used: RubyCement



Modunaghat Water Treatment Plant, Chittagong

A part of 'Chittagong Water Supply Improvement and Sanitation Project (CWSISP)'. The primary purpose of this project is to construct a surface water treatment plant at Modunaghat, Chittagong. The aim of this study is to work on the treatment process of Modunaghat Water Treatment Plant (MWTP). Everyday about 100 Million Liter per Day (MLD) water is drawn from the river. About 90 MLD is ready to be distributed among the people and the remaining 10 MLD will be used for backwashing and chlorine mixing.

Brand used: RubyCement

Prestigious Projects



Some other completed projects:

- Cox's Bazar Airport Development Project
- Apex Tannery Project, Saver

Some Other Ongoing Prestigious Projects of **HEIDELBERGCEMENT BANGLADESH LTD.**

■ Padma Multipurpose Bridge:

The 6150 meters long Padma Bridge is a multipurpose road-rail bridge across the Padma River under construction in Bangladesh. It will connect Louhajong, Munshiganj to Shariatpur and Madaripur, linking the south-west of the country, to northern and eastern regions. Padma Bridge is the most challenging construction project in the history of Bangladesh. It is our pride that the main structure of the bridge is being built by using ScanCement. Construction Company: Chain Railway Major Bridge Engineering Group

■ Padma Railway Link Project

■ Karnaphuli Tunnel

■ Mirershorai Economnic Zone

■ CDA Ring Road Project

■ Dohazari- Cox's Bazar Railway Project

To the **Members of HCBL**



To the Members of HCBL



To the Members of HCBL



HEIDELBERGCEMENT Bangladesh Limited

Registered Office: Mouza - Tatki, P.O. – Tarabow, Tarabow Pouroshava, P.S. – Rupgonj, Dist. - Narayangonj
Corporate Office: Symphony (6th & 7th Floor), Plot No. SE(F) 9, Road No.142, South Avenue, Gulshan –1, Dhaka -1212

NOTICE OF 30th ANNUAL GENERAL MEETING (AGM)

NOTICE is hereby given to all the members of HeidelbergCement Bangladesh Limited that the 30th Annual General Meeting (AGM) of the Company will be held on Wednesday, 22 May 2019 at 11.00 A.M. at the registered office & factory premises at Tatki, Jatramora, Tarabow, Rupgonj, Narayangonj to transact the following businesses:

AGENDA

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31 December 2018 together with the Reports of the Auditors and the Directors thereon.
2. To approve dividend as recommended by the Board of Directors.
3. To approve the appointment of an Independent Director.
4. To elect Directors and to approve the appointment of Directors.
5. To appoint Auditors for the year ended 31 December 2019 and to fix their remuneration.
6. To appoint Compliance Auditors for the year ended 31 December 2019 and to fix their remuneration.

By Order of the Board



Md. Emdadul Haque ACA
Company Secretary

Date: 07 May 2019

NOTES:

- The 'Record Date' in lieu of Book Closure was on 06 May 2019. The Shareholders whose names would appear in the Register of Members of the Company or in the Depository on the 'Record Date' will be eligible to attend the 30th Annual General Meeting and receive Dividends.
- A member is entitled to attend and vote at the Annual General Meeting may appoint a Proxy in his/her stead. Such proxy must be a Shareholder of the Company. The Proxy Form must be affixed with requisite revenue stamp and must be deposited at the Corporate Office of the Company at least 48 hours before the time fixed for the Meeting.
- The members are requested to notify change of address, if any, to the Company in writing at the Corporate Office.
- Admission to the meeting venue will be strictly on production of the attendance slip sent with notice.
- Members bearing BO ID are requested to update their respective BO ID with 12 digit Taxpayer's Identification Number (e-TIN), e-mail and present address through their Depository Participant (DP) before the "Record Date".
- Shareholders bearing folio numbers are requested to submit their 12 digit e-TIN certificate to the Share Department of the Company latest by 16 May 2019, failing which Income Tax at source will be deducted from cash dividend @15% instead of 10% from the dividend.
- Annual Report for the year ended 31 December 2018 is available in the Company's website at http://www.heidelbergcementbd.com/investors_relation.aspx

শেয়ারহোল্ডারবৃন্দের সদয় অবগতির জন্য জানানো যাচ্ছে যে, আসন্ন বার্ষিক সাধারণ সভায় বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশনের নির্দেশনা মোতাবেক কোন প্রকার উপহার/থাবার/কুপন প্রদানের ব্যবস্থা থাকবে না।

হাইডেলবার্গসিমেন্ট বাংলাদেশ লিমিটেড

রেজিস্টার্ড অফিস: মৌজা-টাটকি, ডাক: তারাবো, তারাবো পৌরসভা, থানা: রূপগঞ্জ, জেলা: নারায়ণগঞ্জ।
কর্পোরেট অফিস: সিঞ্চনী (৭ম ও ৮ম তলা), প্লট নং: এসই (এফ)৯, সড়ক নং: ১৪২, সাউথ এ্যাভিনিউ, গুলশান-১, ঢাকা-১২১২।

৩০তম বার্ষিক সাধারণ সভার বিজ্ঞপ্তি

এতদ্বারা হাইডেলবার্গসিমেন্ট বাংলাদেশ লিমিটেড এর সদস্যদের জানানো যাচ্ছে যে, কোম্পানীর ৩০তম বার্ষিক সাধারণ সভা নিম্নে বর্ণিত বিষয়াদি সম্পাদনকল্পে আগামী ২২ মে ২০১৯ ইং রোজ বুধবার সকাল ১১.০০ ঘটিকায় টাটকি, তারাবো, রূপগঞ্জ, নারায়ণগঞ্জে অবস্থিত কোম্পানীর রেজিস্টার্ড অফিস ও কারখানা প্রাঙ্গণে অনুষ্ঠিত হবে।

আলোচ্যসূচী

১. ৩১ শে ডিসেম্বর ২০১৮ ইং তারিখে সমাপ্ত বছরের নিরীক্ষিত লাভ লোকসান হিসাব ও স্থিতিপত্র এবং সেই সঙ্গে নিরীক্ষক ও পরিচালকমণ্ডলীর প্রতিবেদন গ্রহণ, বিবেচনা ও অনুমোদন।
২. পরিচালকমণ্ডলী কর্তৃক সুপারিশকৃত লভ্যাংশ অনুমোদন।
৩. স্বতন্ত্র পরিচালকের নিয়োগ।
৪. পরিচালকবৃন্দের নির্বাচন ও নিয়োগ।
৫. ৩১শে ডিসেম্বর ২০১৯ সালের সমাপ্য বছরের জন্য নিরীক্ষক নিয়োগ ও তাদের পারিশ্রমিক নির্ধারণ।
৬. ৩১শে ডিসেম্বর ২০১৯ সালের সমাপ্য বছরের জন্য কমপ্লায়েন্স নিরীক্ষক নিয়োগ ও তাদের পারিশ্রমিক নির্ধারণ।

পরিচালকমণ্ডলীর আদেশক্রমে



মোঃ ইমদাদুল হক, এসিএ
কোম্পানী সচিব

তারিখ: ০৭ মে ২০১৯ ইং

দ্রষ্টব্যঃ

১. ০৬ মে ২০১৯ ইং রেকর্ড ডেট হিসেবে নির্ধারণ করা হয়েছে। উক্ত তারিখে যে সকল শেয়ারহোল্ডারগণের নাম কোম্পানীর সদস্য বহি কিংবা ডিপোজিটরি বহিতে বৈধভাবে থাকবে, তারা এই ৩০তম সাধারণ সভায় যোগদান করতে পারবেন এবং লভ্যাংশ লাভের যোগ্য বলে বিবেচিত হবেন।
২. একজন সদস্য এই সাধারণ সভায় উপস্থিত এবং ভোট প্রদান করতে পারবেন কিংবা তার সপক্ষে উপস্থিত হতে এবং ভোট দিতে কেবলমাত্র একজন শেয়ারহোল্ডারকে প্রক্সি নিয়োগ করতে পারবেন। উপযুক্ত রেজিনিউ স্ট্যাম্প সম্বলিত প্রক্সি ফরম যথাযথভাবে পূরণ করে সভা আরম্ভের ৪৮ (আটচল্লিশ) ঘণ্টা পূর্বে কোম্পানীর কর্পোরেট অফিসে অবশ্যই জমা দিতে হবে।
৩. সদস্যদের ঠিকানা পরিবর্তনের তথ্যাদি (যদি থাকে) কোম্পানীর ঢাকাস্থ কর্পোরেট অফিসে জানাতে হবে।
৪. বিজ্ঞপ্তির সাথে প্রেরিত হাজিরা স্লিপ উপস্থাপনের পর সভাকক্ষে প্রবেশের অধিকার দেয়া হবে।
৫. যে সকল সদস্যদের বিও একাউন্ট নম্বর রয়েছে, তারা ডিপোজিটরি পার্টিসিপ্যান্ট এর মাধ্যমে তাদের একাউন্টে ১২ ডিজিট সম্বলিত ই-টিন নম্বর, ই-মেইল এবং তাদের বর্তমান ঠিকানা রেকর্ড ডেট এর পূর্বে হালনাগাদ করবেন।
৬. যে সকল সদস্যদের ফোলিও নম্বর রয়েছে, তাদেরকে আগামী ১৬ মে ২০১৯ ইং তারিখের মধ্যে ১২ ডিজিট সম্বলিত ই-টিন নম্বরটি কোম্পানীর শেয়ার অফিসে জমা প্রদান করার জন্য অনুরোধ করা হল। অন্যথায় ১০% এর পরিবর্তে প্রদেয় লভ্যাংশ থেকে ১৫% অগ্রিম আয়কর কর্তন করা হবে।
৭. ৩১শে ডিসেম্বর ২০১৮ ইং তারিখে সমাপ্ত বছরের জন্য বার্ষিক প্রতিবেদন কোম্পানীর ওয়েবসাইট http://www.heidelbergcementbd.com/investors_relation.aspx -তে পাওয়া যাবে।

শেয়ারহোল্ডারবৃন্দের সদস্য অবগতির জন্য জানানো যাচ্ছে যে, আসন্ন বার্ষিক সাধারণ সভায় বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশনের নির্দেশনা মোতাবেক কোন প্রকার উপহার/খাবার/কুপন প্রদানের ব্যবস্থা থাকবে না।

Corporate Information

Company Name: HeidelbergCement Bangladesh Limited

AUTHORIZED CAPITAL: BDT 1,000,000,000

PAID-UP CAPITAL: BDT 565,035,800

BOARD OF DIRECTORS

CHAIRMAN

Kevin Gerard Gluskie

MANAGING DIRECTOR

Jose Marcelino Ugarte

INDEPENDENT DIRECTORS

Golam Farook
Dr. Muhammad Abdul Mazid

DIRECTORS

Juan Francisco Defalque
Fong Wei Kurk
Sim Soek Peng
Jashim Uddin Chowdhury, FCA
Kazi Sanaul Hoq

BOARD COMMITTEE

AUDIT COMMITTEE

Dr. Muhammad Abdul Mazid (Chairman)
Golam Farook (Member)
Sim Soek Peng (Member)

Mamun-UI- Hoque Chowdhury
Md. Emdadul Haque, ACA (Secretary)

MANAGEMENT COMMITTEE

Jose Marcelino Ugarte
Jashim Uddin Chowdhury, FCA
Syed Abu Abed Saher
Ashrafal Amin Badal

Mustaque Ahmed
Terence Ong Kian Hock
Saikat Khan

NOMINATION & REMUNERATION COMMITTEE

Dr. Muhammad Abdul Mazid (Chairman)
Fong Wei Kurk (Member)

Sim Soek Peng (Member)
Md. Emdadul Haque, ACA (Secretary)

SAFETY, HEALTH AND ENVIRONMENT COMMITTEE

Mustaque Ahmed
Terence Ong Kian Hock

Mohammad Alamgir
Mahmud Al Rashid Joarder

STATUTORY POSITION

CHIEF FINANCIAL OFFICER
Jashim Uddin Chowdhury, FCA

**HEAD OF INTERNAL
AUDIT & COMPLIANCE**
Mamun-UI-Hoque Chowdhury

COMPANY SECRETARY
Md. Emdadul Haque, ACA

REGISTERED OFFICE

Mouza-Tatki, Post Office- Tarabow, Tarabow Pouroshava, P.S.- Rupgonj, Dist.- Narayangonj

CORPORATE OFFICE

Symphony (6th and 7th Floor), Plot No. SE (F) 9, Road No.142, South Avenue, Gulshan -1
Dhaka -1212

PLANTS

Dhaka Plant: Tatki, Jatramora, Tarabow,
P.S. -Rupgonj, Dist. - Narayangonj

Chittagong Plant: South Haliashahar,
G.P.O. Box No. 372, Chittagong-4204

STATUTORY AUDITORS

M/s. Hoda Vasi Chowdhury & Co.
Chartered Accountants

Address: BTMC Bhaban (Level- 7 & 8), 7-9,
Karwan Bazar, Dhaka-1215.

COMPLIANCE AUDITORS

Hoque Bhattacharjee Das & Co.
Chartered Accountants

Address: Cosmic Tower (9th Floor), 106/ka
Naya Paltan, Box Culvert Road, Dhaka-1000.

BANKERS

Standard Chartered Bank
Citibank N.A.
The HSBC Ltd.
BRAC Bank Ltd.

Dhaka Bank Ltd.
Uttara Bank Ltd.
One Bank Ltd.
Southeast Bank Ltd.

Eastern Bank Ltd.
Dutch-Bangla Bank Ltd.
Pubali Bank Ltd.
National Credit & Commerce Bank Ltd.

WEBSITE & E-MAIL

Website: www.heidelbergcementbd.com

E-mail: info@heidelbergcementbd.com

INVESTOR RELATIONS

Telephone +88-02-58815600; Ext. 304 & 305

Fax +88-02-9847003

STOCK EXCHANGE LISTING

Dhaka Stock Exchange Ltd.
Listing year - 1989
Trading Code - HEIDELBCEM
Scrip Code: 21614

Chittagong Stock Exchange Ltd.
Listing year - 1995
Scrip Code - HEIDELBCEM
Scrip ID No. 15002

CENTRAL DEPOSITORY SYSTEM

Through CDS the trading of HeidelbergCement Bangladesh Limited shares have started from 18th July 2004.

কর্পোরেট ইনফরমেশন

কোম্পানী নাম : হাইডেলবার্গসিমেন্ট বাংলাদেশ লিমিটেড

অনুমোদিত মূলধন: ১,০০০,০০০,০০০ টাকা

পরিশোধিত মূলধন: ৫৬৫,০৩৫,৮০০ টাকা

পরিচালনা পর্ষদ

চেয়ারম্যান

কেভিন জেরার্ড গ্লুসকি

স্বতন্ত্র পরিচালক

ড. মুহাম্মদ আবদুল মজিদ

গোলাম ফারুক

পরিচালক

জুয়ান ফ্রান্সিসকো ডিফান্ডে

ফং উই কুর্ক

সিম সাক পেং

জসিম উদ্দিন চৌধুরী, এফসিএ

কাজী সানাউল হক

ব্যবস্থাপনা পরিচালক

জোসে মার্সেলিনো উগার্চে

বোর্ড কমিটি

অডিট কমিটি

ড. মুহাম্মদ আবদুল মজিদ (চেয়ারম্যান)
গোলাম ফারুক (সদস্য)
সিম সাক পেং (সদস্য)

মামুন-উল-হক চৌধুরী
মোঃ ইমদাদুল হক, এসিএ (সচিব)

ম্যানেজমেন্ট কমিটি

জোসে মার্সেলিনো উগার্চে
জসিম উদ্দিন চৌধুরী, এফসিএ
সৈয়দ আবু আবেদ সাহের
আশরাফুল আমিন বাদল

মুসতাক আহমেদ
টেরেস অং কিয়ান হক
সৈকত খান

নমিনেশন এন্ড রেমুনারেশন কমিটি

ড. মুহাম্মদ আবদুল মজিদ (চেয়ারম্যান)
ফং উই কুর্ক (সদস্য)

সিম সাক পেং (সদস্য)
মোঃ ইমদাদুল হক, এসিএ (সচিব)

সেফটি, হেলথ এন্ড ইনভাইরনমেন্ট কমিটি

মুসতাক আহমেদ
টেরেস অং কিয়ান হক

মুহাম্মদ আলমগীর
মাহমুদ আল রশিদ জোয়ার্দার

স্ট্যাটুটরী পজিশন

প্রধান হিসাবরক্ষণ কর্মকর্তা
জসিম উদ্দিন চৌধুরী, এফসিএ

হেড অব ইন্টারনাল অডিট এন্ড কমপ্লায়েন্স
মামুন-উল-হক চৌধুরী

কোম্পানী সচিব
মোঃ ইমদাদুল হক, এসিএ

রেজিস্টার্ড ঠিকানা

টাটকি, জাতরামোড়া, তারাবো, থানা - রূপগঞ্জ, জেলা : নারায়ণগঞ্জ

কর্পোরেট ঠিকানা

সিফনী (৭ম ও ৮ম তলা), প্লট নং-এসইএফ (৯), রোড নং ১৪২, সাউথ এ্যাভিনিউ, গুলশান - ১, ঢাকা - ১২১২।

কারখানাসমূহ

ঢাকা প্ল্যান্ট : টাটকি, জাতরামোড়া, তারাবো,
থানা - রূপগঞ্জ, জেলা : নারায়ণগঞ্জ

চট্টগ্রাম প্ল্যান্ট : দক্ষিণ হালিশহর,
চট্টগ্রাম-৪২০৪

স্ট্যাটুটরী অডিটরস

মেসার্স হুদা ভাসি চৌধুরী এন্ড কোং
চার্টার্ড একাউন্ট্যান্টস

ঠিকানা: বিটিএমসি ভবন (লেভেল- ৭,৮), ৭-৯, কারওয়ান বাজার, ঢাকা-১২১৫

কমপ্লায়েন্স অডিটরস

হক ভট্টাচার্য এন্ড কোং.
চার্টার্ড একাউন্ট্যান্টস

ঠিকানা: কসমিক টাওয়ার (৯ম ফ্লোর), ১০৬/ক নয়া পল্টন, বঙ্গ কালভার্ট রোড,
ঢাকা-১০০০।

ব্যাংকার্স

স্ট্যান্ডার্ড চার্টার্ড ব্যাংক
সিটি ব্যাংক এনএ
ডি এইচএসবিসি লিঃ
ব্র্যাক ব্যাংক লিঃ

ঢাকা ব্যাংক লিঃ
উত্তরা ব্যাংক লিঃ
ওয়ান ব্যাংক লিঃ
সাউথইস্ট ব্যাংক লিঃ

ইস্টার্ন ব্যাংক লিঃ
ডাচ বাংলা ব্যাংক লিঃ
পূবালী ব্যাংক লিঃ
ন্যাশনাল ক্রেডিট এন্ড কর্মাস ব্যাংক লিঃ

ওয়েবসাইট এন্ড ই-মেইল

ওয়েবসাইট: www.heidelbergcementbd.com

ই-মেইল: info@heidelbergcementbd.com

ইনভেস্টরস রিলেশনস্

টেলিফোন: +৮৮-০২-৫৮৮১৫৬০০ এক্সট্রে: ৩০৪, ৩০৫

ফ্যাক্স +৮৮-০২-৯৮৪৭০০৩

স্টক এক্সচেঞ্জ লিস্টিং

ঢাকা স্টক এক্সচেঞ্জ লিঃ
লিস্টিং বছর - ১৯৮৯
ট্রেডিং কোড - HEIDELBCEM
স্ক্রিপ কোড - ২১৬১৪

চট্টগ্রাম স্টক এক্সচেঞ্জ লিঃ
লিস্টিং বছর - ১৯৯৫
স্ক্রিপ কোড - HEIDELBCEM
স্ক্রিপ আইডি - ১৫০০২

সেন্ট্রাল ডিপোজটরী সিস্টেম

হাইডেলবার্গসিমেন্ট বাংলাদেশ লিমিটেড এর শেয়ার বিগত ১৮ জুলাই ২০০৪ হইতে সিডিএস এর মাধ্যমে ট্রেড সম্পন্ন হচ্ছে।



Sustaining Growth

From the early stage of survival and recovery, HeidelbergCement Bangladesh Limited is methodically protecting and promoting diversity and it has progressed to reach a position of strength and potential for growth. The Company's strategy is built on three pillars of economy, ecology and social responsibility. We always have emphasized the importance of technical advancement, environmental and climate protection as well as safety of the employees and workers.

Board of Directors



Board of Directors

Kevin Gerard Gluskie Chairman

Age: 51 years

Nationality: Australian

Date of Appointment: 25 February 2016

Length of Service in the HC Group: 29 years

Date of Last Re-election: 13 April 2016

Membership in Board Committee: Nil

Qualifications:

Mr. Gluskie completed his Bachelor of Engineering (Honours) with a major in Civil Engineering from the University of Tasmania in 1988 and an Executive Master of Business Administration (EMBA) from the Australian Graduate School of Management in 2001. He also completed an Advanced Leadership Program in 2007 conducted by Magill University, the Indian Institute of Management and Lancaster University.

Working Experience:

Mr. Gluskie joined Pioneer International (subsequently acquired by Hanson PLC) in 1990 and held a number of operational roles throughout Australia in the readymix concrete and aggregates businesses. In 1999, he was appointed Regional General Manager responsible for the company's operations in Victoria and Tasmania. In 2009, Mr. Gluskie was appointed Chief Executive of Hanson Australia. In February 2016, Mr. Gluskie was appointed to the Managing Board of HeidelbergCement AG and from April 2016 assumes responsibility for HeidelbergCement operations in the Asia Pacific Region.

Directorship of Other Companies:

- HeidelbergCement AG
- Cement Australia Holdings Pty Limited
- Cement Australia Pty Limited
- Butra HeidelbergCement Sdn Bhd
- Alliance Construction Materials Limited
- Pioneer Concrete (Hong Kong) Limited



- HeidelbergCement India Limited
- Hanson Building Materials (S) Pte Ltd.
- Hanson Investment Holdings Pte Ltd.
- Hanson Pacific (S) Pte Limited
- HeidelbergCement Asia Pte Ltd.
- HeidelbergCement Myanmar Company Limited
- China Century Cement Ltd.
- Guangzhou Heidelberg Yuexiu Enterprise Management Consulting Company Ltd.
- Jidong Heidelberg (Fufeng) Cement Company Limited
- Jidong Heidelberg (Jingyang) Cement Company Limited
- Easy Point Industrial Ltd.
- HeidelbergCement Holding HK Limited
- Squareal Cement Ltd.
- Asia Cement Public Company Limited
- Jalapathan Cement Public Company Limited
- Zuari Cement Limited
- Gulbarga Cement Limited
- Singha Cement (Private) Limited

Board of Directors

Jose Marcelino Ugarte Managing Director

Age: 47 years
Nationality: Filipino
Date of Appointment: 21 July 2011
Length of Service in HC Group: 7.6 years
Date of Last Re-election: 11 May 2017
Membership in Board Committee: Nil



Qualifications:

Mr. Marcelino completed his Bachelor of Science with a major in Business Administration in 1996 from the University of San Francisco, California, USA. He is a member of the Australian Institute of Company Directors.

Working Experience:

Mr. Jose Marcelino Ugarte is the Managing Director of HeidelbergCement Bangladesh Limited which he joined in August 2011. He has worked for nearly 21 years in the cement industry in different capacities. Marcelino started his career as a Chief Operating Officer with Cramdells Development Corporation in Cebu, Philippines in 1996. He then spent 11 years in CEMEX (2000-2011), the first five years as Marketing and Construction Express Manager in Philippines and then in various top level leaderships as Director in Marketing, Sales, Retail and

Commercial. In 2007, he was posted as the Managing Director of Pt. CEMEX Indonesia and then in 2008, he was welcomed for playing role as the Managing Director of CEMEX Bangladesh. In 2010, he took responsibility of CEMEX Malaysia. In 2011, he joined HeidelbergCement Bangladesh Limited as the Managing Director. Under his excellent leadership HC Bangladesh experienced remarkable growth and maximum stakeholders return.

Board of Directors

Juan-Francisco Defalque Director

Age: 55 years

Nationality: Belgian

Date of Appointment: 23 July 2015

Length of Service in HC Group: 29 years

Date of Last Re-election: 13 April 2016

Membership in Board Committee: Nil



Qualifications:

- Masters Degree in Mining Engineering, Catholic University of Louvain-la-Neuve, Belgium in 1982-1987;
- Highly experienced Executives who demonstrated the ability to lead diverse teams of professionals to new levels of success in challenging environments;
- Strong business qualifications with an excellent track record of more than 28 years of hands-on experience in executing and managing large investment projects, suppliers and contractors selection and commissioning and hand over of the new facilities or plants to operations;
- Proven ability to successfully manage Cement business operations.

Working Experience:

Mr. Juan-Francisco Defalque is a Director of HeidelbergCement Bangladesh Limited, which he joined in July 2015. He has worked for about 29 years in the Cement industry in different capacities. He Joined in 1989 with HeidelbergCement, Belgium and worked for 12 years. The first five years as Packing Plant manager and Production & Dispatch Manager. In 1994, he was posted as the Technical Project Director. In 2002, he was commended as the Managing Director of Cimbenin-HeidelbergCement Group in Benin (West Africa) and served successfully. In 2006, he joined HC Indocement to set up and take the lead of a completely new Heidelberg Technology Centre organization in

Indonesia. In 2015, he joined HeidelbergCement Asia Pte Ltd. as a Director of HTC Asia-Oceania responsible for managing the Technical Centres in this Area.

Directorship of Other Companies:

- HeidelbergCement India Limited
- PT Indocement Tunggak Prakarsa Tbk
- Asia Cement Public Company Limited
- Zuari Cement Limited
- Gulbarga Cement Limited

Board of Directors

Sim Soek Peng Director

Age: 50 years
Nationality: Malaysian
Date of Appointment: 29 January 2014
Length of Service in HC Group: 15 years
Date of Last Re-election: 07 June 2018
Membership in Board Committee: NRC & BAC



Qualifications:

- Bachelor of Accounting, University of Malaya, Malaysia;
- CPA from The Malaysian Association of Certified Public Accountants (MICPA);
- Chartered Accountant from the Malaysian Institute of Accounting (MIA);
- Highly experienced Executives who demonstrated the ability to lead diverse teams of accounting professional to meet the Group requirements;
- Strong knowledge of group reporting, financial analysis, capital evaluations, ERP systems, customs and taxation matters as well as inter-company transactions and transfer pricing issues

Working Experience:

Ms. Sim Soek Peng is a Director of HeidelbergCement Bangladesh Limited, which she joined in 29 January 2014. She has 26 years of Accounting & Finance related experience in Property and Construction, FMCG Manufacturing & Building Materials companies. Started as a trainee accountant, passed professional examination for CPA, qualified as Chartered Accountant, then moved on to various positions in different companies mainly large and established organisations including Reckitt Benckiser, Philips and The Lion Group in Malaysia. She joined Heidelbergcement Group in 2004, based in Malaysia. Since then she has held

various management roles and participated in key projects in Malaysia, Singapore, Hong Kong and China. In 2008, Ms. Sim started working in the Asia Pacific area office based in Singapore in her current role as Finance Director for Asia Pacific area.

Directorship of Other Companies:

- HeidelbergCement India Limited
- Cochin Cements Limited
- Hanson Building Materials (S) Pte Ltd.
- Hanson Investment Holdings Pte Ltd.
- Hanson Pacific (S) Pte Limited
- Butra HeidelbergCement Sdn Bhd
- Asia Cement Public Company Limited
- Zuari Cement Limited
- Alliance Construction Materials Limited
- Pioneer Concrete (Hong Kong) Limited
- HeidelbergCement Asia Pte Ltd.

Board of Directors

Fong Wei Kurk Director

Age: 42 years
Nationality: Singaporean
Date of Appointment: 29 January 2014
Length of Service in the HC Group: 7 years
Date of Last Re-election: 07 June 2018
Membership in Board Committee: NRC



Qualifications:

Mr. Fong completed his Bachelor of Laws (LLB, Second Class Honours) from the National University of Singapore in 2001 and passed the Board of Legal Education Post-graduate Practical Law Course in 2001. He was admitted to the Singapore Bar as an advocate and solicitor in 2002.

Working Experience:

Mr. Fong began his career as a Corporate Associate in the Banking and Corporate Department of Drew & Napier LLC in 2002. After an in-house stint as a Legal Officer in the National Parks Board of Singapore, he joined the Corporate and Capital Markets Department of Rajah & Tann LLP, the largest law firm in Singapore, where he specialized in capital markets work and undertook several public merger and acquisition deals. In 2008, Mr. Fong joined the Energy Transactions Practice Group of Vinson & Elkins LLP, one of the top energy law firms in the world, in their Shanghai office where he specialized in energy-related transactions and outbound deals for the Chinese National Oil Companies.

In 2011, Mr. Fong returned to Singapore and served as the Legal Counsel and Company Secretary for BW Offshore, a leading Norwegian company in the FPSO industry. He joined the HeidelbergCement Group in 2012 and is currently working as the Legal Director for Asia-Oceania. He was appointed as a director of the Company on 29 January 2014.

Directorship of Other Companies:

- Butra HeidelbergCement Sdn Bhd, Brunei
- Asia Cement Public Company Limited

Board of Directors

Golam Farook Independent Director

Age: 61 years
Nationality: Bangladeshi
Date of Appointment: 19 July 2016 (2nd Tenure)
Length of Involvement with the Company: 15 years
Date of Last Re-election: 11 May 2017
Membership in Board Committee: BAC



Qualifications:

- Bachelor of Commerce (Hons.) in 1980 and Masters of Commerce in 1982 in Management from the University of Dhaka;
- Member of Uttara Club limited, Dhaka and Dhanmondi Boat Club, Dhaka.

Working Experience:

Mr. Farook has a high academic career and commendable experience in the field of industry, trade, stock market as well as capital market. He acts as Director and member of the Audit Committee in several companies. He also involves himself with various other business and industrial establishments in Bangladesh. Currently, he is a member of Board Audit Committee (BAC), HC Bangladesh Ltd.

Directorship of Other Companies:

- Magura Paper Mills Limited
- Niloy Cement Limited
- Delta Pharma Limited
- Rupali Investment Limited

Board of Directors

Jashim Uddin Chowdhury, FCA Director & Chief Financial Officer

Age: 56 years

Nationality: Bangladeshi

Date of Appointment: 20 June 2006

Length of Service with HC Group: 18 years

Date of Last Re-election: 11 May 2017

Membership in Board Committee: Nil



Qualifications:

- Fellow member of the Institute of Chartered Accountants of Bangladesh (ICAB);
- Experienced Executives who demonstrated the ability to lead finance team of professionals to new levels of success in challenging environments;
- Proven ability to successfully analyze an organization's critical financial requirements, identify deficiencies and potential opportunities and improving shareholders' offerings.

after the IT function of the Company as well. He has demonstrated very sincere service and remarkable loyalty to the Group and thus contributing to the sustainable growth of the Company.

Directorship of Other Companies:

- Meghna Energy Limited

Working Experience:

Mr. Chowdhury has been serving HeidelbergCement Bangladesh Limited as Chief Financial Officer (CFO) since 2006. He has worked for about 18 years with the Company in different capacities. He has been looking

Board of Directors

Kazi Sanaul Hoq Director

Nationality: Bangladeshi
Date of Appointment: 24 April 2018
Length of Service with HC Group: N/A
Date of Last Re-election: N/A
Membership in Board Committee: Nil



Qualifications:

- A graduate and a post graduate from the University of Dhaka.

Working Experience:

Mr. Kazi Sanaul Hoq has been Managing Director of Investment Corporation of Bangladesh since August 10, 2017. Mr. Hoq served as Managing Director of Agrani Bank Limited from August 15, 2016 to August 29, 2016. Mr. Hoq served as General Manager of Bangladesh Development Bank Limited (BDBL) since August 29, 2013. He served as Deputy Managing Director of Agrani Bank Limited until August 15, 2016. He started his Banking career as a class-I officer in Investment Corporation of Bangladesh (ICB) on October 25, 1984 and served in different position in the same organization. During his long Banking career he worked in different divisions in ICB and demonstrated outstanding performance in the respective area of operations. He served as Secretary to the Board of ICB from March 23, 2005 to June 30, 2008. He also served as the Chief Executive Officer of ICB Securities Trading Company Ltd. from July 1, 2008 to March 20, 2011. He served in Rajshahi Krishi Unnoyon Bank from March 21, 2011 to April 27, 2011. He served as Managing Director of Rajshahi Krishi Unnayan Bank (RAKUB) and also served as its General Manager. Mr. Hoq serves as the Chairman of ICB Capital Management Ltd. He has been Nominee Director of The ACME Laboratories Ltd. since October 13, 2017. He has been a Director of Renata Limited since September 18, 2017. He has been Director at Linde

Bangladesh Limited since November 8, 2017. He has been a Director of The Peninsula Chittagong Limited since September 19, 2017. He has been a Director of Investment Corporation of Bangladesh since August 10, 2017 and Nominee Director of Standard Bank Ltd. since September 28, 2017. He serves as Director at Central Depository Bangladesh Limited.

Directorship of Other Companies:

- Advanced Chemical Industries Limited
- Apex Tannery Limited
- Linde Bangladesh Limited
- Renata Limited
- Standard Bank Limited
- Bangladesh Welding Electrodes Ltd.
- Agrani Bank Limited
- Central Depository Bangladesh Limited
- The Dacca Dyeing & Manufacturing Company Limited
- The ACME Laboratories Ltd.
- The Peninsula Chittagong Limited

Board of Directors

Dr. Muhammad Abdul Mazid Independent Director

Nationality: Bangladeshi
Date of Appointment: 17 July 2018
Length of Service with HC Group: N/A
Date of Last Re-election: N/A
Membership in Board Committee: BAC & NRC



Qualifications:

- A post graduate from the University of Dhaka in English Literature & pursued further education in Oxford , UK
- A PhD holder in Social Science (the theme of the thesis: Agro Economy in the Coastal Belt of Bangladesh.)

Working Experience:

Dr. Muhammad Abdul Mazid, retired Secretary to the Government of Bangladesh and former Chairman of the National Board of Revenue (NBR), was appointed as the new Chairman of Chittagong Stock Exchange (CSE) for three years (2014-2017) in line with the Exchange Demutualization Act, 2013. He was Chairman of South Asian Federation of Exchanges (SAFE) and represented the Stock Exchanges of the South Asian Region in the BCIM-EC initiatives. Dr. Mazid, currently is the Adviser of the Bangladesh's largest and ground-breaking conglomerate A K Khan and Company Limited. Dr. Mazid started his career with Bangladesh Bank (Central Bank of Bangladesh), joined the Bangladesh Civil Service as a member of the Audit and Accounts cadre in 1981. Prior to retiring as the Senior Secretary of the Ministry of Finance, Dr. Mazid worked in many senior positions of the Public Services, in the public finance sector in particular. He was a member in the Bangladesh Planning Commission, hold senior positions in the Finance Division, Ministry of Finance, Director of the Board of Investment (BoI), and Economic Relations Division. Dr Mazid served as a trade diplomat (Commercial Counsellor) for six years (1994-2000) in the

Bangladesh Embassy in Tokyo, Japan. Dr. Mazid has had over 35 years' experience of working in the private and public finance sector. He worked with UN Board of Auditors in UN HQ, NY, was a member of the Aid Harmonization Committee representing the Asia Pacific Group in OECD, Paris and was inducted in the Draft Committee of the Paris Declaration, 2005. He has been a member of the International Training and Development (ITD), UK, a resource person in the training academies like Bangladesh Public Administration Training Center, National Defense College, Civil Service College, Bangladesh Bank Training Academy etc. He has been a visiting faculty in the Ahsanullah University of Science and Technology (AUST) and University of Information Technology and Science (UITS). Apart from showing excellences as a public servant, Dr. Mazid has proved his proficiency in writing as well. He authored 28 books on literature and Socio-economic-cultural-diplomacy. He is a member of the Governing Board of Human Development Foundation, Bangladesh NGO Foundation and International Business Forum of Bangladesh (IBFB). He is the former treasurer of the Asiatic Society of Bangladesh and Dhaka Ahsania Mission.

Directorship of Other Companies:

Dr. Mazid does not hold any directorship in any other company.

Management Committee



Management Committee

Jose Marcelino Ugarte Managing Director

Mr. Marcelino is a Filipino citizen. He has been playing the role of Managing Director of the Company since August 2011. Previously, he worked in the cement industry for about 12 years in various capacities. During his career he was posted as the Managing Director Malaysia, Indonesia and Bangladesh. He obtained Bachelor of Science degree under the department of Business Administration in 1996 from University of San Francisco, California, USA. He started his career in 1997 with Cramdells Development Corporation in Cebu, Philippines.



Jashim Uddin Chowdhury FCA Chief Financial Officer

Mr. Jashim is a Bangladeshi citizen, was born in the district of Chittagong. He has been serving the Company with utmost sincerity and integrity for about 18 years. Director of the Company since 2006, concurrently he is responsible as the Chief Financial Officer (CFO) of the Company since 2006. He is also looking after the IT function of the Company. He is a qualified Chartered Accountant from ICAB. He has been working for the Company in different roles since November, 2001



Management Committee

Ashraful Amin (Badal) Director Purchasing & Logistics Project Co-ordination

His bonding started with the Company since formation of JV Company in 1998. He Studied in the USA. In HCBL, He worked in different roles, including distribution of Imported Bulk Cement and thereby creating the Top Brand Image of “ScanCement”. He was actively involved in the Kanchpur Green-Field Project and later acquisition of CCCGCL (RubyCement Plant). At present, he looks after the Function of Purchasing & Logistics and plays a key role in HCBL Strategy + Future Business Development.



Mustaque Ahmed Director Human Resources

Mr. Mustaque Ahmed is a Bangladeshi citizen. He joined HeidelbergCement Bangladesh Limited in May 2010 as Director Human Resources. Before joining HC Bangladesh, he worked as Director Human Resources in Sanofi-Aventis Inter-Middle East & Gulf region for ten years based in Dubai, UAE. Mr. Ahmed also worked for Novartis Bangladesh for twelve years while started his career as a marketer and worked as Head of Hygiene products until become Head of Human Resources in 1989. Graduating from Dhaka University, Mr. Ahmed completed his post-graduation from Cornell University, USA in HR Management.



Management Committee

Terence Ong Kian Hock Technical Director

Mr. Terence Ong Kian Hock is a Singaporean citizen, was born on 14 December 1966. He joined HeidelbergCement Bangladesh Limited as Plant Manager in May 2004 and subsequently in 2013 he was appointed as Technical Director/Head of Heidelberg Technical Centre for Bangladesh and Brunei. His major areas of responsibility involves successful planning and execution of expansion projects in Dhaka and Chittagong as well as spearheading the optimization initiative for both plants resulting in significant OPEX savings. He obtained his Engineering Degree with Honours from Nanyang Technological University in Singapore and his MBA from Victoria University in Melbourne Australia. He has been conferred with several professional certifications in Project Management (PMP and Prince 2) and Risk Management (PMI-RMP, MoR- OGC, CPRM-NUS).



Syed Abu Abed Saher Director Marketing and Sales

Mr. Syed Abu Abed Saher is a Bangladeshi citizen, was born on 01 November 1970. He joined HeidelbergCement Bangladesh Limited as the Director, Marketing & Sales in February 2012 after 4 years work with Berger Paints Bangladesh Ltd. as General Sales Manager. Prior to that Mr. Saher worked with Novartis (Bangladesh) Limited for 8 years in different responsibilities. He started his career with Bata Shoe Company (Bangladesh) limited in 1995 as the Brand Manager after obtaining his MBA from Institute of Business Administration (IBA) of Dhaka University. He is an enterprising visionary outstanding sales & marketing talent with high calibre general management qualifications. He got intimate knowledge and experience of sales and operations management, customer management, brand management, distribution management, channel development and market research etc. Mr. Saher has won the prestigious "Outstanding Business Award" by the South Asian Countries SME Forum for enormous contributions towards society and national economy.



Management Committee

Saikat Khan

Head of Legal & Corporate Affairs

Mr. Saikat Khan is a Bangladeshi citizen, was born on 8th January 1983. He joined HeidelbergCement Bangladesh Limited on 12th August 2018 as Head of Legal and Corporate Affairs. Mr. Khan is a seasoned Legal Professional having more than 10 years' experience in Legal arena. Prior to joining HeidelbergCement group, he worked for Nestle Bangladesh Limited for nearly 8 years. In 2008 He started his Career after he enrolled himself as an Advocate in Bangladesh BAR Council. His Corporate Journey started with TRANSCOM Limited in 2009. He is also an Advocate of the Supreme Court of Bangladesh. Mr. Khan completed his LL.B (Hon's) and LL.M (Master of Laws) from University of Chittagong. He holds special knowledge and experience on Food Laws, Customs laws, Environmental Laws, Labor Laws etc. and also has specialties in Litigation Management, Contract Management and Corporate Compliance.



Message from the Chairman

**Dear Shareholders, Colleagues and
Friends of HeidelbergCement
Bangladesh Limited (“HCBL”),**

On behalf of the Board of Directors, I would like to express my gratitude and warm greetings to all the respected stakeholders for their continuous support and combined contribution in achieving excellence through good team work in the performance of our Company. Moreover, I would also like to take the opportunity of expressing my thankfulness to all of you for your valuable analytical sharing of thoughts and views on the performance of the Company in the past year and the potentials and possibilities going forward.

Message from the Chairman

In 2018, competition to grow volumes forced us to adjust our prices significantly. We demonstrated better performance in all areas of improvement. Despite of tough competition during the year under reviewed, the reported revenue increased by 13.8% but lower margin and higher costs declined the profit before tax for the financial year to BDT 1,026 million for HCBL and consolidated profit before tax reached to BDT 1,177.

2018: revenue and operating income

The recorded revenue of the Company was BDT 11,151 million in 2018. The Standalone net profit after tax for the financial year was decreased by 11% to BDT 711 million and Earnings per Share (EPS) arrived at BDT 12.59 and 14.33 for HCBL and consolidated respectively.

Shareholder's return

In light of the business performance and cash reserve of the Company, the Board of Directors proposed the dividend of BDT 7.5 per ordinary share of BDT 10 each to the Annual General Meeting to be held on 22 May 2019.

Thanks to our employees

Our employees once again had to face many challenges in 2018. But, their high level of personal commitment, unconditional loyalty, positive attitude and prudent timely actions pushed the difficulties back and made them turn into favorable for HeidelbergCement Bangladesh Limited. On behalf of the Board, it's my immense pleasure to thank and express my utmost appreciation to our managers as well as the staff functions. It is quite sure that without great efforts of you all, the good performance achieved in 2018 - also in comparison with our competitors - would not have been possible. Basically, HeidelbergCement's success is based on the achievements of a strong management team and comprehensively depends on two important factors. Firstly, a strong corporate culture that focuses on the key success factors of the Company, namely customer and employee orientation, sustainability, performance and results orientation, efficient cost management system, strength of implementation and focus on areas of improvement. Secondly, the balanced and diversified composition of management team with different personalities, competences, levels of experience mirrors

our presence in the markets, our customer structure and our business environment. We are thus able to respond quickly and flexibly to global challenges and local market changes.

We are cautiously optimistic about 2019:

Over the last two decades we have devoted tremendous time, energy and resources improving on the quality of our staff, goods and services. The result has been equally tremendous as we have continued to up the ante in all endeavors. We have built solid bridges of ethical and sustainable partnerships all over the Bangladesh, and cemented walls of uncertainties and failures. However, the favorable business trend in 1st Quarter 2019 makes us optimistic that we will obtain our objectives and would give you good return in 2019. With the sky as our limit, at present, we are in process of establishing another Cement Grinding Mill in Kanchpur plant with 550K MT capacity per year. With our advantageous geographical positioning in attractive markets in Bangladesh and our high degree of operational efficiency, we consider ourselves well-equipped to face the challenges and take advantage of the opportunities in 2019. My thanks also go to the Government bodies, Dhaka Stock Exchange, Chittagong Stock Exchange and other statutory bodies for their support of the various activities of the company. I also acknowledge the support extended by our valued customers, suppliers, associates, and our bankers. Thank You Once Again



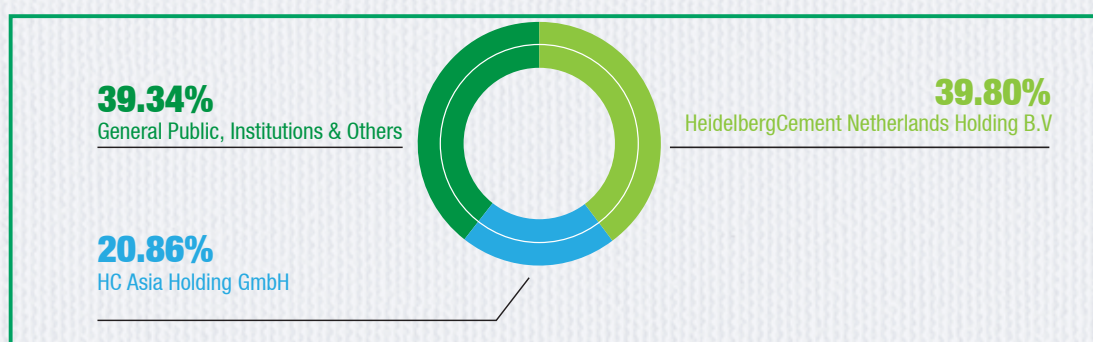
Kevin Gerard Gluskie
Chairman
Board of Directors
HeidelbergCement Bangladesh Limited

Shareholding Position

Break-up of total shareholding

Shareholders	Year-2018
HC Netherlands Holding B.V.	39.80%
HC Asia Holding GmbH	20.86%
General Public, Institutions & Others	39.34%

Break-up of total shareholding Year-2018



Classification of shareholders by holding

No. of shares held	01 January 2018			31 December 2018		
	No. of shareholders	Total holding	Percentage	No. of shareholders	Total holding	Percentage
0 – 5000	12,176	3,656,439	6.47	12,831	4,016,329	7.11
5001 – 50000	296	4,358,487	7.71	264	3,784,749	6.70
50001 – 200000	56	5,122,661	9.07	53	4,878,416	8.63
200001 – 500000	06	1,588,700	2.81	3	987,367	1.75
500001–10000000	04	7,499,883	13.27	4	8,559,309	15.15
10000000– 56503580	02	34,277,410	60.66	2	34,277,410	60.66

Top Ten Shareholders of the Company as on 31 December 2018

Name of shareholders	No. of shares held	Percentage
HEIDELBERGCEMET NETHERLANDS HOLDING B.V.	22,493,020	39.81
H.C. ASIA HOLDING GMBH	11,784,390	20.86
INVESTMENT CORP. OF BANGLADESH	4,608,514	8.16
ICB UNIT FUND	2,449,577	4.34
SHANTA HOLDINGS LIMITED	1,493,608	2.64
BANGLADESH FUND	401,586	0.71
PUBALI BANK SECURITIES LIMITED	302,791	0.54
ICB AMCL UNIT FUND	285,990	0.51
SONALI BANK LTD.	255,000	0.45
IBSL STOCK DEALER ACCOUNT	211,747	0.37

Internal Control & Risk Management



Internal control

The internal management control system at HeidelbergCement is based primarily on annual operational planning, ongoing management accounting and control, quarterly management meetings as well as regular Board meetings and reporting to the Group. Annual planning defines budget on the basis of macroeconomic analysis, its assessment of market conditions and cost targets. From this, specific targets are derived for individual operating units, which are used as the basis of detailed planning for the individual departments and setting of targets.

The indicators used for this purpose are determined and presented uniformly throughout the HeidelbergCement Group. Reports on financial status and selected sales volumes and production overviews are prepared accordingly. Reports on results of operations and working capital are prepared also in order to monitor cash flow as a key management indicator for the Company. Detailed reports on the assets positions are submitted at the end of each quarter. Internal quarterly reporting has been including a detailed tax reporting. At the management meetings, the Management committee discusses business developments including target achievement along with the outlook for the relevant year and any measures that need to be taken.

Measures for identifying, assessing and limiting risks

In order to identify and assess risks, individual business transactions at HeidelbergCement are analyzed using the criteria of potential risk and probability of occurrence. Suitable control measures are then established on the basis of these analysis. To limit the risks, transactions above a certain volume or with a certain complexity are subject to an established approval process. Furthermore, organizational measures (e.g. separation of functions in sensitive areas) and ongoing target/actual comparisons are performed for key accounting figures.

The IT systems used for accounting are protected from unauthorized access by appropriate security measures. The established control and risk management systems are not able to guarantee accurate and complete accounting with absolute certainty. In particular, individual false assumptions, inefficient controls and illegal activities may limit the effectiveness of the internal control and risk management systems employed. Exceptional or complex circumstances that are not handled in a routine manner also entail a latent risk.

Risk assessment

The assessment of the overall risk situation is the result of a consolidated examination of all major compound and individual risks. Overall, the Board is not aware of any risks that could threaten the existence of the Company either independently or in combination with other risks. The Company has a solid financial base and the liquidity position is comfortable. Third-party evaluations serve as another indicator for the overall risk assessment. HeidelbergCement is aware of the opportunities and risks for its business activity. The measures described above play a significant role in allowing HeidelbergCement to make use of the opportunities to further develop the Company without losing sight of the risks. Our control and risk management system, standardised across the Group, ensures that any major risks that could negatively affect our business performance are identified at an early stage.

Identification and assessment of risks

The process of identifying risks is performed regularly on a decentralized basis by the management and by the globally responsible Group functions in HeidelbergCement. General macro-economic data as well as other industry-specific factors and risk information sources serve as auxiliary parameters for the identification process.

Internal Control & Risk Management

Appropriate thresholds for reporting relevant risks have been established for HCBL, taking into account the specific circumstances. On the basis of our Group's risk model and according to the defined risk categories, the risks are assessed with reference to a minimum probability of occurrence of 10% and their potential extent of damage. The risk statement also includes risks that do not have a direct impact on the financial situation, but that can have an effect on non-monetary factors such as reputation or strategy. In the case of risks that cannot be directly calculated, the potential extent of damage is assessed on the basis of qualitative criteria such as low risk or risks constituting a threat to the Company's existence.

The process of regular identification is supplemented with an ad-hoc risk report in the event of the sudden occurrence of serious risks or of sudden damage caused. This can arise, in particular, in connection with political events, trends in the financial markets, or natural disasters.

Risk management

HeidelbergCement Bangladesh Limited (HCBL)'s risk policy is based on the business strategy, which focuses on safeguarding the Company's existence and sustainably increasing its value. Entrepreneurial activity is always forward looking and therefore subject to certain risks. Identifying risks, understanding them, and reducing them systematically are the responsibility of the Management Committee & the Board and a key task for all managers individually. HCBL is subject to various risks that are not fundamentally avoided, but instead accepted, provided they are consistent with the legal and ethical principles of entrepreneurial activity and are well balanced by the opportunities they present. Opportunity and risk management at HCBL is closely linked by Group-wide planning and monitoring systems.

The Management Committee of HCBL is obliged to set up and supervise an internal control and risk management system. The Board also has overall responsibility for the scope and organisation of the established systems. The Audit Committee also reviews the effectiveness of the risk management system on a regular basis. HeidelbergCement group has imposed transparent regulations to govern competences and responsibilities for risk management that are based on the Group's structure.

A code of conduct, guidelines, and principles apply across the Company for the implementation of systematic and effective risk management. The standardised internal control and risk management system at HeidelbergCement is based on financial resources, operational planning, and the risk management strategy established by the Managing Board of the Group. It comprises several components that are carefully coordinated and systematically incorporated into the structure and workflow organisation.

The essential elements of the risk management system are:

- Besides pursuing the efficient risk management as per group guideline, we are firmly committed to observe the code of conduct and compliance standards;
- Coordination of risk management in the Group Insurance;
- Managers are responsible for corporate risk at operational level
- Direct information, reporting and open communication of quantified risks between the Management committee and Group managing Board;
- Standardized and regular reporting to Group.

Sustainability and compliance risks

As part of its sustainable corporate governance, HCBL makes a special commitment to protect the environment, preserve resources, conserve biodiversity, and to act in a socially responsible way. We consider concern for the environment, climate protection, and sustainable resource conservation to be the foundation for the future development of our Company. Compliance with current legal and internal regulations forms an integrated part of our corporate culture and is therefore a task and an obligation for every employee. Violations of our commitments or of laws and internal guidelines pose direct sanction risks in addition to strategic and operational risks, and also entail a risk to reputation.

We have implemented a compliance program aligned with the HeidelbergCement Group to ensure conduct that is compliant with both the law and internal guidelines. This comprises, amongst other things, informational leaflets, a compliance hotline, and employee training measures, which are conducted using state-of-the-art technologies and media such as electronic learning platforms, and which focus on the risk areas of antitrust and competition legislation as well as anticorruption regulations. We have developed a plan for the evaluation, as well as the reduction, of corruption risks and potential conflicts of interest, which has been gradually implemented.



Statement on Corporate Governance

Statement on Corporate Governance

HeidelbergCement Bangladesh Limited (HCBL)'s ethos is simple: best practice in corporate governance is best practice in business. This has been the way HC Group operates to ensure that the Group meets its long-term objectives to enhance shareholders' value on a sustainable basis. In practice, the Board leads in setting the tone and direction for the Group's strategy and management, with an emphasis on the importance of governance and plays an active role in administering governance practices and reviewing the Group's governance framework to ensure its relevance and ability to meet future challenges. Our good corporate governance assists us to gain trustworthiness and acceptability of all stakeholders directly or indirectly involved with us, either countrywide or worldwide.

Corporate Governance Framework

HCBL's Corporate Governance Framework is developed based on the following statutory requirements, best practices, and guidelines:-

1. Companies Act 1994 (CA 1994);
2. Stock Exchanges Listing Regulations, 2015;
3. Corporate Governance Code, 2018 and Financial Reporting & Disclosure Notification, 2018 issued by Bangladesh Securities and Exchange Commission (BSEC);
4. Secretarial Standards issued by Institute of Chartered Secretaries of Bangladesh &
5. Other rules, laws, and regulations, enforceable in time to time.

Compliance with BSEC Code of Corporate Governance (BSECCG), 2018

HCBL has complied in all respects with the principles and recommendations of the Corporate Governance Code notified by the Bangladesh Securities and Exchange Commission (BSEC) dated 3 June 2018 (the "Code") as and when it becomes enforceable in FY18. We have included throughout this governance review all of the main principles and recommendations of BSECCG 2018 that are applied to the Company. The table to facilitate understanding of HCBL's compliance with the Code 2018 in respect of FY18 is attached as Annexure-C per requirements

Shareholders' Rights

The shareholders are the ultimate authority on decision making. The shareholders are entitled to attend at every annual general meeting either in person or through a proxy or authorised representative. Each shareholder is eligible to exercise his/her decision-making authority once against his/her total shareholding in a particular general meeting. Unless polling is requested, in accordance with the Articles of Association of HCBL, voting at general meetings will be carried out by way of a show of hands.

Usually, matters reserved for shareholders' approval at AGM include the following:-

1. Adoption of Audited Financial Statements;
2. Declaration of final dividends (if any);
3. Election and re-election of Directors
4. Appointment/re-appointment of external auditors;
5. Appointment/re-appointment of compliance auditors.

1. BOARD OF DIRECTORS:

(1.1) Composition:

The Directors of the Board are appointed by the members at the Annual General Meeting (AGM) and the appointed Directors are accountable to the Shareholders and who are supposed to act in such a way which ensures the best interest of the shareholders as well. The Board of Directors consists of Nine (9) members including two independent directors. The Board is re-constituted every year at each Annual General Meeting when one-third of the members retire and seeks re-election. The independent directors are not subject to such retirement by rotation. A director is liable to be removed if the conditions of the Articles of Association and the provisions of the Companies Act 1994 are not fulfilled.

(1.2) Roles & Responsibilities:

There are defined roles and responsibilities in the code of conduct for the Board of Directors' of the Company as recommended by the Nomination & Remuneration Committee and approved by the Board of Directors' in their meeting. However, the roles & responsibilities of the board of directors are to protect the shareholders' assets and ensure a decent return on their investment. In HCBL, directors feel that it is their primary responsibility also to protect the employees of the

company. The board of directors is the highest governing authority within the management structure. It is the board's job to select, evaluate and approve appropriate compensation for the company's Managing Director, evaluate the attractiveness of and recommend dividends and approve the company's financial statements. The Board of Directors holds the ultimate responsibility & accountability with due diligence for conducting the activities of the company as per provisions of law in the interest of the shareholders, the stakeholders, the state and the society. Doing so, the Board of Directors holds periodic meetings, at least once a quarter and provides appropriate decisions/directions to the Executive Management. Such meetings usually consider operational performance, financial results, review of budgets, capital expenditure proposals for BMRE or new projects/divisions/product lines, procurement of funds by issue of shares or borrowing, procurement of raw materials, plant & machinery, pricing of products/discounts, recruitment, training and promotion of officers, approval of audited accounts and distribution of dividends and other interest of the stakeholders including the employees and workers.

(1.3) Board Meeting

Under AOA of the Company, the Directors may meet together for the dispatch of business adjourn and otherwise regulate their meetings and proceedings, as they think fit. The meeting of the Board of Directors shall be held once in every three months and at least four such meetings shall be held in every year. No business shall be transacted at any meeting of the Board of Directors unless a quorum is present when the meeting proceeds to business. Four (4) Directors present in person shall form a quorum for the meeting of the Board of Directors. The BOD meets for both scheduled meetings and on other occasions to deal with urgent and important matters that require attention.

The calendar for Board meetings providing scheduled dates for meetings of the Board, Board committees and AGM as well as the Board Annual Calendar providing major items on the agenda for each financial year are fixed for the whole year in advance so as to enable Management to plan ahead and ensure the Board meetings are booked into their respective schedules. During the year 2018, 4 (Four) board meetings were held and the attendance records are as follows:

Name of the Director	Position	Meeting		Remarks
		Held	Attended	
Mr. Kevin Gerard Gluskie	Chairman	04	01	N/A
Mr. Jose Marcelino Ugarte	Managing Director	04	04	N/A
Mr. Abdul Awal Mintoo	Independent Director	04	02	Retired (17.07.2018)
Mr. Golam Farook	Independent Director	04	04	N/A
Mr. Jashim Uddin Chowdhury FCA	Director	04	04	N/A
Mr. Fong Wei Kurk	Director	04	04	N/A
Ms. Sim Soek Peng	Director	04	03	N/A
Mr. Juan Francisco Defalque	Director	04	04	N/A
Mr. Kazi Sanaul Hoq	Director	02	0	Appointed (24.04.2018)
Dr. Muhammad Abdul Mazid	Independent Director	02	01	Appointed (17.07.2018)

(1.4) Relationship with Shareholders & Public:

The shareholders as the owner are required to be provided with material information on the Company's operation quarterly, half-yearly and annually, the latter at the AGM. They are also provided routine services by the Company Secretary in relation to transfer of shares, transmission of shares, replacement in case of loss or damage of shares, payment of dividends etc. The Board is however responsible to the public for publication of any price sensitive information as per BSEC regulation. A qualified Chartered Accountant, Md. Emdadul Haque is in charge of all these responsibilities as Company Secretary.

(1.5) Relationship with Government:

In its role on accountability to the Government, the Board of Directors are very much cautious and make payment of all dues to Government in the form of import

duty, customs duty and port charges, VAT, Corporate Taxes and other levies as and when they become due on the basis of actual operations. This has enabled the Company to enhance its contribution to the National Exchequer on a progressive rate year after year.

(1.6) Chairman of the Board and Chief Executive Officer

Mr. Kevin Gerard Gluskie is in charge of the Chairman of the Board of Directors and Mr. Jose Marcelino Ugarte is playing the role of Managing Director of the Company. Under their excellent leadership, the Company is marching towards progress and prosperity year to year.

(1.7) Distinctive Roles and Responsibilities of the Chairman and Managing Director

The positions of the Chairman and the Managing Director are filled by different individuals and their roles

Statement on Corporate Governance



and responsibilities are different from each other. The HCBL board has clearly defined their respective roles and responsibilities which properly guide them to discharge their duty effectively and efficiently. The Chairman is responsible for the operations, leadership, and governance of the Board, ensuring its effectiveness and assumes the formal role as the leader in chairing all Board meetings and shareholders' meetings. He leads the Board in overseeing Management and principally ensures that the Board fulfills its obligations outlined by the HCBL Board and as required under the relevant legislations. The Managing Director is responsible for the management of the Company's business, organizational effectiveness and implementation of Board strategies, policies, and decisions. By virtue of his position as a Board member, he also acts as the intermediary between the Board and the management committee.

(1.8) Independence

In exercise of independence inside the Board, HCBL measures the independence of its Directors based on the criteria prescribed under the regulations wherein a Director should be independent and entitled to enjoy freedom from any business or other relationship that could materially interfere from the reflection of independent judgment or the ability to act in the best interest of the Company. A Director should also be willing to express his own opinion at the Board free of concern irrespective of his position or the position of any third party.

(1.9) Directors' Commitment

Each Board member is expected to commit sufficient time to carry out his/her role as Director and/or member of the Board Committees in which he/she is a member of. A Director is expected to advise the Chairman of the Board. In doing so, the Director is expected to indicate the time commitment with respect to the affairs of the Board and Board Committees.

(1.10) Directors' Code of Ethics &

Employees' Code of Conduct

The Board had since 2012 adopted the Directors' Code of Ethics as prescribed by the BSEC and the same is adhered to at all times. The corporate culture of uncompromising integrity is applicable across the Group and the Code of Conduct manual applicable to employees provides guidance on high ethical business standards and guidelines. The code serves as a guideline for employees conduct in the workplace, business conduct when dealing with external parties, and includes key issues such as bribery, conflicts of interests, insider trading and data integrity and retention. The Code of Conduct is disseminated throughout to employees of HCBL through its intranet and as a part of its enforcement, employees are required, on annual basis, to submit their declaration to adhere to and observe its provisions.

(1.11) Re-Appointment & Re-Election of Directors

In accordance with the Articles of Association of the Company (Articles), Directors newly appointed during the year must offer themselves to the shareholders for re-election at the first AGM following their appointment and one-third (1/3) of the Directors other than Independent Directors are subject to retirement by rotation at every AGM but shall be eligible for re-election. The Directors to retire in each year are the Directors who have been longest in office

since their appointment or re-election. The Managing Director, as Director, is subject to the same retirement by rotation provisions as the other Directors, notwithstanding any contractual terms that may have been entered into with the Company. At this forthcoming AGM, the three Directors who will be retiring by rotation are the Mr. Kevin Gerard Gluskie, Mr. Jose Marcelino Ugarte and Mr. Juan Francisco Defalque will also retire at this AGM. All of them, being eligible, offer themselves for re-election.

(1.12) Management of Conflicts of Interest

The Board aims to avoid any sort of conflict of interest in line with the Group policy as far as possible and formal procedures for managing compliance on conflicts of interest are in place. Where the Board is considering a matter in which a Director has an interest, the relevant Director immediately discloses the interest and abstains from participating in any discussion or voting on the subject matter and, where appropriate, excuses himself/herself from being present in the deliberations. This is recorded in the minutes of the meetings.

(1.13) Chief Financial Officer (CFO)

A Fellow Chartered Accountant (FCA), Mr. Jashim Uddin Chowdhury, with his long service experience and expertise, is leading the Finance Team of the Company as Chief Financial Officer. He is a seasonal accountant especially in cost control, wealth maximization, development of the operating plan, making of the budget, ensuring adoption of IFRS and AIS in preparation of financial statements and other applicable rules of reporting. The CFO attends the meetings of the Board of Directors as required under condition no. 3(2) of the Code.

(1.14) Head of Internal Audit & Compliance (HIAC)

Mr. Mamun-Ul-Hoque Chowdhury is serving the Company as Head of Internal Audit & Compliance. He has long experience in the field of audit and compliance and very much passionate to perform his defined roles and responsibilities. The HIAC are allowed to attend the meetings of the Board of Directors as required under condition no. 3(2) of the Code.

(1.15) Company Secretary (CS)

Md. Emdadul Haque, an Associate Chartered Accountant (ACA), has been appointed by the Board of Directors in its meeting as Company Secretary of the Company as per the requirement of BSEC. He is also the secretary of the other sub-committees of the Board. Mr. Haque has a long involvement with the Company.

His core responsibilities cover the efficient administration of a company, particularly with regard to ensuring compliance with statutory and regulatory requirements and for ensuring that decisions of the board of directors are implemented. As per condition no. 3(2), the CS also attends each meeting of the Board of Directors except those which involves consideration of agenda relating to him.

2. BOARD COMMITTEES

(2.1) Board Audit Committee (BAC)

In compliance with condition no. 3 of the Notification the Board has formed an Audit Committee. The Committee consists of three board members. It is headed by the Independent Director, Dr. Muhammad Abdul Mazid as the Chairman. Other members are Mr. Golam Farook, Ms. Sim Soek Peng. The Chief Financial Officer (CFO), the Head of Internal Audit and Compliance (HIAC) and the Company Secretary (CS) are permanent invitees to the Meetings of the Audit Committee.

Role of the Committee:

The Audit Committee carries out its responsibilities as per the provisions of law and submits its report to the Board of Directors from time to time. The Committee mandatorily reviews information such as internal audit reports related to internal control weakness, management discussion and analysis of financial condition and result of operations, statement of significant related party transactions and such other matters as prescribed. The Audit Committee shall also co-ordinate with the internal and external auditors as and when required. The Audit Committee ensures that adequate internal checks & balances supported by adequate MIS are in place for detection of errors, frauds and other deficiencies. BAC is also responsible for prevention of conflict of interest between the Company and its Directors officials, customers, suppliers, Government, and any other interested groups and detects or removes any scope/chance of insider trading in the Company's stock. The Audit Committee also ensures compliance requirements of the Code and other agencies. During the year 2018, 4 (Four) BAC meetings were held and the attendance thereof has been stated in the report of Audit Committee.

A report on the activities carried out by the Audit Committee is enclosed as a part of the Annual Report.

(2.2) Nomination & Remuneration Committee (NRC)

Nomination & Remuneration Committee has been formed on 15 October 2018 with the approval of Board in its meeting, with three members as per Condition 6(1)(b) of the Code. The Committee includes and Independent Director and two Non-Executive Directors.

Statement on Corporate Governance

Dr. Muhammad Abdul Mazid was duly appointed by the Board as the Chairman of the Committee.

Name	Status with the Committee	Status with the Board
Dr. Muhammad Abdul Mazid	Chairman	Independent Director
Mr. Fong Wei Kurk	Member	Director
Ms. Sim Soek Peng	Member	Director

Role of the Nomination and Remuneration Committee:

The powers, role and terms of reference of the Nomination and Remuneration Committee covers the areas as contemplated under Section 6(5) of the Code, besides other terms as referred by the Board of Directors. The role includes formulation of criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy relating to the remuneration for the directors and Top Level Executives; formulation of criteria for evaluation of Independent Directors and the Board; devising a policy on diversity of Board of Directors; and identification of persons who are qualified to become directors and recommend to the Board of their appointment, removal and noting their cessation.

During the year 2018, 1 (One) NRC meeting was held. Please find the attendance record in the report of Nomination & Remuneration Committee.

(2.3) Management Committee

The Management Committee is led by the Managing Director who is appointed by the Board of Directors for a term of 5 years (renewable) with the approval of shareholders in the Annual General Meeting. The Managing Director is supported by a professional, well educated, trained and experienced team consisting of Executive Directors, Directors and a host of Senior Executives in the hierarchy of management. The Management Committee is responsible for preparation of budgetary segment plans/sub-segment plans for every cost/profit centers and the committee is also held accountable for performance therefor.

(2.4) Safety Health and Environmental Committee

HCBL is committed to complying with all applicable environmental laws, standards, and requirements and takes a proactive and long-term view on environmental matters to prevent pollution and continuously improve

environmental performance. Health & safety is an integral part of all our business activities. Under his effective leadership of Mr. Alamgir, Country Health & Safety Manager, overall Health and Safety management of HCBL is moving forward even more successfully and is building a healthy safety culture in the Company. For the purpose of making awareness and to encourage following safety rules irrespective of place of work, among our all stakeholders, many programs were arranged on behalf of HCBL, within and outside of the Company throughout the year.

3. Other Governance Apparatus

The Company, in its efforts for Corporate Good Governance Practices, uses a series of top-ranking professional service providers including Legal experts, Bankers, Insurers and Technical experts who continuously assist the Board of Directors and the Executive Management in properly discharging their duties to all the shareholders, stakeholders, the Government and the public as highlighted below:

(3.1) Independent Directors:

In compliance of the BSEC Regulations on Good Governance, the Board of Directors as empowered by the Regulations, appointed Dr. Muhammad Abdul Mazid, former Secretary to GoB and Chairman of National Board of Revenue (NBR) and Mr. Golam Farook as the non-shareholder Independent Director. It is expected that their expertise would induce the Company to more disclosure and protect the interest of all investors, particularly for general and smaller investors.

(3.2) Statutory Auditor:

The present auditors of the Company, The most significant part of the certification of the financial statement for the year ended 31 December 2018 by a Chartered Accountant firm is done by M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants in order to comply with Financial Reporting and Disclosure notification dated 20 June 2018 of BSEC, maintain transparency and above all protection of the interest of investors. In this process, International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), Financial Reporting Act 2015 and International Standard of Auditing (ISA) are maintained strictly. This has been possible due to the high-level capability and integrity of M/s. Hoda Vasi Chowdhury &

Co., Chartered Accountants whose sincere performance has played a very trustworthy role in the protection of the interest of the investors.

(3.3) Subsidiary Company

Meghna Energy Limited (MEL), a Small Power Plant, dedicated for power generation and distribution to the KP's Production and Bangladesh Rural Electrification Board (BREB), has been acquired by HCBL through a share purchase agreement dated 26 October 2016 with HeidelbergCement Central Europe East Holding B.V. Now, MEL's activities are being controlled since HCBL holds 99.99% shares of total shareholding of it. The proposal of amalgamation has been backed by the approval of shareholders in the AGM of both companies and the process is ready to produce before the High Court for Court's approval.

(3.4) Dividend Policy

Dividend policy of the Company refers to the policy chalked out regarding the amount it would pay to their shareholders as a dividend. These policies shape the attitude of the investors and the financial market in general towards the concerned company. HeidelbergCement is a global company with activities on five continents of the Globe. The Company performs according to capital repatriation and remittance that is granted by the Bangladesh Investment Development Authority (BIDA) which directs payment to be made to the investors. Each shareholder is entitled to a dividend on the net profit of the Company according to shareholding. The General Meeting of the members will declare the amount of dividend to be paid. In this process, HCBL follows a consistent dividend policy.

(3.5) Company Secretary

To ensure effective assimilation and timely flow of information required by the Board and to maintain necessary liaison with internal organs as well as external agencies, the Board has appointed a Company Secretary. The Code of Corporate Governance Guidelines issued by the Bangladesh Securities and Exchange Commission (BSEC) also require a listed company to appoint a full-fledged Company Secretary, as distinct from other managers of the Company. In pursuance of the same, the Board of Directors has appointed a Company Secretary and defined his roles & responsibilities. In HCBL Among other functions, the Company Secretary:

- Performs as the bridge between the Board, Management and shareholders on strategic and statutory decisions and directions.
- Acts as a quality assurance agent in all information stream towards the Shareholders/Board.

- Is responsible for ensuring that appropriate Board procedures are followed and advises the Board on Corporate Governance matters.
- Acts as the Disclosure officer of the Company and monitors the compliance of the Acts, rules, regulations, notifications, guidelines, orders/directives etc. Issued by the BSEC or Stock Exchange(s) applicable to the conduct of the business activities of the Company so as to the interest of the investors.

(3.6) Corporate Social Responsibilities (CSR):

The Board of Directors are also concern for community development as a part of the Corporate Social Responsibilities (CSR) especially in the areas of gender equality, race-religion-regional equality, non-employment of child labour, human rights, environmental pollution, social marketing, social activities (promotion of sports & culture, health care and population control programs, elimination of corruption programs, participation in charitable activities etc. in non-partisan manner) right to form and participate in Union under ILO convention, employment of disabled etc. Besides this, the BOD especially cares for education.

(3.7) CEO/ CFO CERTIFICATION

Managing Director and the Director – Finance/CFO of the Company have certified to the Board of Directors, inter alia, the accuracy of financial statements and adequacy of internal controls for the financial reporting as required under condition no. 1(5)(xxvi) of the Code for the year ended 31 December 2018.

4. RELATIONSHIP WITH OTHER STAKEHOLDERS AND SHAREHOLDERS

(4.1) Communication with Shareholders and Investors

The Board acknowledges the importance of an effective communication channel between the Board, stakeholders, institutional investors and the investing public at large to provide a clear and complete picture of the Company's performance and position as much as possible. The Company is fully committed to maintaining a high standard in the dissemination of relevant and material information on the development in its commitment to maintain effective, comprehensive, timely and continuing disclosure. There is also a strong emphasis on the importance of timely and equitable dissemination of information and easy access to them as well. Disclosures of corporate proposals and/or financial results are made in compliance with the Regulations. Therefore, information that is

Statement on Corporate Governance

price-sensitive or may be regarded as undisclosed material information about the Company is not disclosed to any party until it is already in the public domain through disclosure.

HCBL uses a number of formal channels to account to shareholders and stakeholders; particularly-

(4.1.1) Annual Report

The Annual Report is a major channel of communication disclosing information not only on the Group's business, financial and other key activities but also additional information such as operations performance, challenges, and its management. The Board places great importance on the content of the Annual Report to ensure the accuracy of the information as the Annual Report is a vital source of information for investors, shareholders, and the general public. The senior management and personnel from various divisions play an important role to ensure the accuracy of information and full compliance with the relevant regulatory requirements. The contents of the Annual Report are continuously enhanced, taking into account developments, amongst others, in corporate governance.

(4.1.2) Announcements to BSEC and Stock Exchanges

The announcement of quarterly financial results, circulars, and various announcements are made via stock exchanges link in full compliance with regulatory authorities' disclosure requirements. The same is also made available through uploading on HCBL's official website.

(4.1.3) Media Releases

Media releases are also disseminated to the media on all significant corporate developments and business initiatives to keep the investing community and shareholders updated on the Company's developments. Media releases are subject to approval by the Managing Director.

(4.1.4) Company Website

All information on share prices, financial reports, stock exchange filings, presentations, financial calendar, and ownership profile are posted on the Investor Relations section. In addition, quarterly results are also available for streaming or downloading from the Company's

corporate website at www.heidelbergcementbd.com.

(4.1.5) Annual General Meeting

The AGM is undoubtedly the primary engagement platform between the Board and shareholders of the Company and has historically been well attended and has seen an increasing turn out year-on-year indicating a high level of engagement with shareholders. At the AGM in 2017, Directors were present in person to engage directly with, and be accountable to the shareholders for the stewardship of the Company. The proceedings of the AGM normally commences with a concise but comprehensive presentation by the Chairman of the meeting on the financial performance of the Company for the preceding financial year, preceding quarter and the Company's vision and initiatives. During the AGM, the shareholders are also at liberty to raise questions on all affairs of the Company. The Chairman, subject to the line of questions and relevance, entertains questions raised at the AGM as long as there is sufficient time and they are not repetitive.

(5) ACCOUNTABILITY AND AUDIT

(5.1) Financial Reporting

The Board is committed to ensuring that a clear, balanced and meaningful assessment of the Company's financial performance and prospects through the audited financial statements and the quarterly announcement of results are provided to shareholders and regulatory bodies. In this respect, the Board through the BAC oversees the process and the integrity and quality of financial reporting, both annually and quarterly. The BAC, in this respect, assists the Board by reviewing the financial statements and quarterly announcements of results to ensure completeness, accuracy, and adequacy in the presence of external auditors and internal auditors before recommending the same for the Board's approval. The details of the Company's financial statements for FY18 can be found on page 110 to 156 of the Annual Report.

(5.2) Related Party Transactions (RPTs)

The Company has an internal compliance framework to ensure it meets its obligations under the regulations including obligations relating to related party transactions. Processes and procedures are in place, to

Statement on Corporate Governance

ensure that Related Party Transactions (RPTs) are entered into on terms not more favorable to related parties than to the public. This is achieved after taking into account the pricing and contract rates, terms and conditions, level of service and expertise required, the quality of products and services provided, as compared to prevailing market prices and rates, industry norms and standards, as well as general practice, adopted by service providers of similar capacities and capabilities generally available in the open market. The annual internal audit plan incorporates a review of all RPTs to ensure that all the relevant approvals for RPTs have been obtained. The number of RPTs entered into during the FY18, is disclosed at 42 number notes.

In closing, HCBL in itself committed to ensure and demonstrate best compliance practice in the industry. The essence of the Code is to create such an environment of good governance and practice in all spheres of business and the Company to maintain the impeccable image of the Group is passionate for establishing an example of good governance leader in the country accordingly.



To get complete annual report & to know us well

Please **VISIT OUR WEBSITE**

www.heidelbergcementbd.com





Reports of the Committee of the Board of Directors

- Report of the Audit Committee
- Report of the Nomination & Remuneration Committee

REPORT OF THE AUDIT COMMITTEE FOR THE YEAR 2018

09 April 2019

To
The Board of Directors
HeidelbergCement Bangladesh Limited

The Audit Committee in HeidelbergCement Bangladesh Limited, as a sub-committee of the Board of Directors, assists the Board in fulfilling its oversight responsibilities with due diligence and utmost care. The Audit Committee assists the Board of Directors in ensuring that the financial statements reflect a true and fair view of the state of affairs of the Company and in ensuring a good monitoring system within the business. The purview of the Committee includes risk management with special emphasis on ensuring compliance with all applicable legislation and regulation.

Composition of the Committee

Name of the Members	Designation	Appointed/(Retired)
Dr. Muhammad Abdul Mazid	Chairman (from 15 October 2018)	17 July 2018
Mr. Golam Farook	Member	07 July 2013
Mr. Jashim Uddin Chowdhury, FCA	Retired Member	(15 October 2018)
Mr. Abdul Awal Mintoo	Retired Chairman	(17 July 2018)
Ms. Sim Soek Peng	Member	15 October 2018
Mr. Md. Emdadul Haque, ACA	Secretary	17 July 2018
Mr. Md. Mostafizur Rahman	Secretary	(03 July 2018)

A total of five (5) meetings were held during 2018. The Company Secretary functioned as the Secretary to the Committee as per regulatory guidelines. The Head of Internal Audit & Compliance attended the meetings by invitation. The Managing Director & other members of the Management Committee, representatives of the External Auditors and other Company employees were invited to attend the meetings as and when the Committee required their presence.

Name	Designation	Audit Committee Meeting held during 2018				
		16.01.2018	23.04.2018	28.05.2018	16.07.2018	14.10.2018
Mr. Abdul Awal Mintoo	Chairman	√	√	√	√	n/a
Mr. Golam Farook	Member	√	√	√	√	√
Mr. Jashim Uddin Chowdhury	Member	√	√	√	√	√
Dr. Muhammad Abdul Mazid	Member	n/a	n/a	n/a	n/a	√
Mr. Mamun-UI-Haque Chowdhury	HIAC	√	√	√	√	√
Mr. Md. Emdadul Haque, ACA	Secretary	n/a	n/a	n/a	n/a	√
Mr. Md. Mostafizur Rahman	Secretary	√	√	√	n/a	n/a

The detailed duties of the Audit Committee are well defined and approved by the Board of Directors. Its primary responsibilities are as follows:

- i) Reviewing and recommending to the Board the approval of the financial statements prepared for statutory purposes;
- ii) Monitoring the Company's financial reporting and internal control systems;
- iii) Reporting to the Board of Directors on internal audit findings from time to time considering the significance of the issues;
- iv) Reviewing the efficiency and effectiveness of the internal audit function;
- v) Reviewing the findings and recommendations made by external auditors and proposing remedies to the Board of Directors.

The Audit Committee report has been prepared pursuant to Condition 5(6)(a) and 5(7) of the Code of Corporate Governance issued by the Bangladesh Securities and Exchange Commission on 03 June 2018. The Audit Committee briefs the Board of Directors at each Board meeting on the proceedings of the Audit Committee meeting, and also keeps the Board of Directors apprised of any a) conflicts of interests; b) suspected or presumed fraud or irregularity or material defect identified in the internal control system; c) suspected infringement of laws, including securities-related laws, rules and regulations; and d) any other matter which shall be disclosed immediately to the Board of Directors. The Audit Committee keeps an eye on anything that has a material impact on the financial condition and results of operation and discusses any relevant findings with the Board and the Management, seeking rectification if required. If the Committee is of the view that such requests have been unreasonably ignored by the Board and/or Management despite reporting such matters, it is the prerogative of the Audit Committee to report such findings to the Bangladesh Securities and Exchange Commission. The Committee did not have such concerns during the year under review.

The Audit Committee considered the scope and methodology of the audits, as well as the independence, objectivity, and qualification of the external auditors. The Audit Committee reviewed the work of the external auditors and concluded that the financial reporting was satisfactory and in compliance with generally accepted accounting principles as adopted in Bangladesh and that the audit was satisfactorily conducted. In connection with financial reporting, the Audit Committee also reviewed the Company's 2018 financial statements. The Audit Committee concluded that all reported financial results have been presented in accordance with applicable rules.

The Audit Committee also reviewed the Company's self-assessment of Corporate Governance practices, based on a checklist provided by the Bangladesh Securities and Exchange Commission (BSEC). The Committee was satisfied that the Company's Corporate Governance practices exceeded national standards.

Besides these, the Audit Committee reviewed the Company's key enterprise-wide risk identification, assessment and mitigation methodologies, process and management, based on the HeidelbergCement Group's risk management framework and local risk issues. The Committee concluded that risk management was satisfactory, with the formulation of highly structured and well-defined risk categories, as well as the identification and review of the major risks affecting the Company's flow of operations and their impact in upcoming years.

The Audit Committee will continue to monitor the progress made by the Internal Audit Division for "Risk-Based Audit" implementation by conducting random sampling of Corporate Governance and Ethics compliance issues and ensuring the clearance of outstanding items from previous years.

Activities during the year

During the year under review, the Committee focused on, inter alia, the following activities:

- a) Overseeing the financial reporting process;
- b) Monitoring the choice of accounting policies and principles;
- c) Reviewing the internal audit plan for the year 2018 along with the risk-based auditing system;
- d) Adopting a standardized reporting format for the Auditors;
- e) Reviewing the draft financial statements and recommending them to the Board for consideration after holding a meeting with the representatives of the External Auditors;
- f) Reviewing the Quarterly & Half Yearly Financial Statements of the Company to evaluate the Company's performance before submission to the Board for approval;
- g) Reviewing significant internal audit findings with a view to taking timely corrective actions;
- h) Placing of compliance reports/minutes before the Board detailing the decisions taken/recommendations made by the Committee in various meetings for information/concurrence of the Board on a quarterly basis;
- i) Reviewing and examining the annual audited financial statements for the year ended 2018 and recommending the same for the Board's for approval;
- j) Reviewing the Management's Discussion and Analysis report before disclosing in the Annual Report;
- k) Overseeing the determination of audit fees, assessing the time required for the audit, and evaluating the performance of the auditors.
- l) Reviewing the operating plan 2018.



Dr. Muhammad Abdul Mazid

Chairman, Audit Committee

REPORT OF THE NOMINATION & REMUNERATION COMMITTEE (NRC) FOR THE YEAR 2018

In accordance with condition 6(2) of the newly adopted Code of Corporate Governance (the "Code") issued by the Bangladesh Securities and Exchange Commission (BSEC) dated 3 June 2018, the Company formed a Nomination & Remuneration Committee on 15 October 2018 as a sub-committee of the Board of Directors. The primary responsibility of the Committee is to assist the Board in the formulation and implementation of the nomination criteria or policy which has been attached herewith as Annexure-E. The Nomination and Remuneration policy sets out, inter alia, the following:

- criteria for identification of directors and top level executives, including the necessary qualifications, positive attributes and independence of directors;
- necessity for board diversity; and
- criteria for determining remuneration.

Constitution of the NRC:

The Board, in its meeting on 15 October 2018, nominated and appointed three (3) non-executive directors as members of this Committee. The members are as follows;

Chairman	: Dr. Muhammad Abdul Mazid
Member	: Ms. Sim Soek Peng
Member	: Mr. Fong Wei Kurk
Secretary	: Md. Emdadul Haque, ACA

The Committee met once in the year under review, satisfying both conditions 6(2)(h) & 6(4) of the Code. The Company Secretary of the Company functioned as the Secretary to the Committee as per the Code. The Managing Director & other members of the Management Committee and other Company employees were invited to attend the meetings as and when the Committee required their presence.

Role of the NRC:

The detailed responsibilities of the Nomination & Remuneration Committee are well defined in the Terms of Reference (TOR) which were duly adopted by the NRC in its first meeting on 15 October 2018 and approved by Board of Directors in its meeting on the same date in compliance with Condition 6(1)(c) of the Code. The Terms of Reference for the NRC are as follows:

- a) To formulate the criteria for determining the qualifications, positive attributes and independence of a director and recommend a policy to the Board relating to the remuneration of the directors and top-level executives, taking into account the following:
 - i. the level and composition of remuneration should be reasonable and sufficient to attract, retain and motivate suitable directors and senior management to run the Company successfully;
 - ii. the relationship of remuneration to performance should be clear and meets appropriate performance benchmarks; and
 - iii. the remuneration to directors and top-level executives should involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
- b) To devise a policy on the Board's diversity taking into consideration age, gender, experience, ethnicity, educational background, and nationality;

- c) To identify persons who are qualified to become directors and who may be appointed in top-level executive positions in accordance with the criteria laid down, and recommend their appointment and removal to the Board;
- d) To formulate the criteria for evaluation of the performance of independent directors and the Board;
- e) To identify the Company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
- f) To develop, recommend and review annually the Company's human resources and training policies.

Activities that were carried out during 2018:

During the year under review the Committee carried out the following activities:

- a) adoption of Terms of Reference of the Committee;
- b) recommendation of the Code of Conduct of the Chairman of the Board, other Board members and Managing Director of the Company; and
- c) development of the Nomination and Remuneration policy.

On behalf of the Nomination & Remuneration Committee



Dr. Muhammad Abdul Mazid

Chairman

Nomination & Remuneration Committee

Report of the Board of Directors

Management Discussion and Analysis



Report of the Board of Directors

Management Discussion and Analysis

For the year ended 31 December 2018

INTRODUCTION

In accordance with Section 184 of the Companies Act, 1994 and the Corporate Governance Code (the "Code") issued by the Bangladesh Securities and Exchange Commission (BSEC) on 3 June 2018, it is my privilege to welcome you all on behalf of the Board of Directors and Management to the 30th Annual General Meeting (AGM) of HeidelbergCement Bangladesh Limited. I am glad to present the report on the Company's affairs and the audited financial statements of the Company for the year ended 31 December 2018 for your valued consideration, approval, and adoption.

ACQUISITION OF MEGHNA ENERGY LIMITED

The Company on 26 October 2016 has executed a share purchase agreement with HeidelbergCement Central Europe East Holding B.V. to acquire 4,056,457 (Forty Lac Fifty Six Thousand Four Hundred Fifty Seven) ordinary shares of BDT 100 each (99.99% of total shares) in Meghna Energy Limited ("MEL") at a

total consideration of BDT 910,750,200 and at BDT 224.5186378 per share. However, since execution of this transaction involved payment of share sale proceeds to the non-resident shareholder and was subject to Bangladesh Bank's approval of MEL's share valuation as well as permission for remittance, such approval was considered as a 'condition precedent' for the transaction. Therefore, pending such approval from the central bank, MEL was not considered a controlled entity of the Company as at 31 December 2017. Subsequently, on 10 January 2018, the Company received the Bangladesh Bank approval for remittance to the non-resident seller of the MEL shares and accordingly effective from 10 January 2018, MEL has been treated as a controlled entity of the Company. With the acquisition of MEL, a private limited company engaged in generation and supply of electricity as a Small Power Plant (SPP), the Company has ensured uninterrupted electricity supply to its Kanchpur plant.

STATEMENT OF THE COMPANY'S AFFAIRS

In Financial Year 2018 (FY18), HeidelbergCement Bangladesh Limited (HCBL) has delivered yet another year of good results. Although the year under review witnessed an even more challenging and competitive market, the Company adopted prudent business strategies which delivered good results to protect the shareholders' interests. As a result, net profit before tax for FY18 was BDT 1,025.5 million and total revenue in 2018 was BDT 11,151 million, which is 14% higher than the actual revenue of BDT 9,802 million in 2017. HCBL continued to be the leader in the industry in terms of Health and Safety, Corporate Social Responsibility and Employee Welfare.

CEMENT INDUSTRY

The Bangladesh cement industry is mainly driven by basic infrastructure needs such as housing and industrial establishments. The country's increasing urbanization has stimulated the building materials sector and generated considerable demand for cement in the last couple of years. Consequently, a robust growth in the demand for cement is expected. In the year under review, an increased pace of urbanization, increases in purchasing power, and stability in the political arena all contributed towards an increase in cement consumption. A trend has been noted of an



Jose Marcelino Ugarte
Managing Director

Report of the Board of Directors

Management Discussion and Analysis

increase in cement consumption arising from the number of people upgrading their homes as well as building new ones. Demand from various industries and large infrastructure projects of both public and private sectors, has also played an active role in fostering the growth in demand for quality cement.

Bangladesh's cement industry has become the 40th largest market in the world with an increase of 12% in national cement demand in 2018. National cement demand stood at 28.5 million tons in 2018 whereas total cement grinding capacity in Bangladesh was around 55 million tons per year.

Despite a good year in 2018, the significant gap between demand and capacity continued to affect the industry adversely, with intense competition leading to reduced margins. The market continues to be oversaturated with too many producers and with the bigger players continuing to expand capacity. Among others, the recent price hike for raw materials, severe port congestion causing delays in unloading of raw materials, the crisis of lighter vessels, the depreciation of the taka against the US Dollar, the low retail price and load limits on the roads and highways have all been factors affecting the cement industry's profitability. Prices for key raw materials such as Clinker, Slag and Gypsum have all increased in 2018. Freight cost has risen and the ongoing congestion at the Chittagong Port is also affecting production costs. Any further increases in gas and electricity prices will also affect the cement sector adversely.

OPERATIONS

1. Sales and Production

In 2018, we delivered 1.71 million tons of cement from our Kanchpur and Chittagong plants combined, which is 6% higher than the total volume we sold in 2017. Overall production volume of the Company increased by 93K tons against prior year.

2. Price

Our uncompromising emphasis on product quality, relentless efforts in product innovation and consumer confidence in the consistent performance of our cement has allowed us to command a price premium. In spite of the market competition, the Company has succeeded in maintaining its price leadership due to our customers' faith in our products.

3. Customer Service

Good and responsive customer service has always been a top priority at HCBL. A skilled, experienced and dedicated team of civil engineers is always ready to provide the best solutions and consultation to our valued customers.

4. Product Innovation

As part of its continuous pursuit of innovation and constant drive to improve quality, HCBL introduced Portland Composite Cement (PCC) during 2003 as per Bangladesh Standards for cement of the Bangladesh Standard Testing Institution (BSTI). The Company was the pioneer in introducing PCC in Bangladesh. Portland Composite Cement (CEM II) is now the most commonly used type of cement in Bangladesh and Europe. The Company believes that global competition, coupled with concerns about climate change, is creating an important new mandate for product innovation, exceptional customer service, and strong policy leadership. We are investing in new technologies & research, expanding our use of technology for customers and ensuring that our customer service is the best in the industry.

Report of the Board of Directors

Management Discussion and Analysis

The result of an extensive research done in HCBL's concrete lab showed that the concrete made with ScanCement PCC gains compressive strength beyond 28 days. It was found that even after 28 days the concrete gains 65% more strength over 2 years.

5. Marketing Activities

The cement industry in Bangladesh is getting increasingly competitive day-by-day due to excess capacity. Most of the major players have already expanded or are expanding their capacity. To gain more market share, cement industry players are initiating aggressive marketing plans. Our brands, ScanCement and RubyCement, command top-of-mind recalls in the market, particularly in markets where these brands are sold.

We took many innovative initiatives e.g. association with sports, to increase our brand visibility and customer loyalty. These initiatives helped us to be in the top-of-mind of the consumers as well as to gain market share.

i) **Outdoor Visibility:** To increase brand visibility we did outdoor branding last year. Outdoor visibility activities included shop signs, shop paint, and mega sign installations.

ii) **Demand Generation Activities:** To increase demand and awareness among customers as well as influencers we conducted several demand generation activities through one-to-one communication. Under the demand generation program, we arranged face-to-face meetings with, among others, masons, house owners, and engineers.

iii) **Brand Image Enhancing Activities:** We published press advertisements and ran Facebook campaigns featuring the country's pride, Padma Bridge, to enhance our brand image.

AWARDS

The Company is proud to have been awarded First Position under the Category of Cement Manufacturing-Bangladesh in the "ICMAB Best Corporate Award-2017" Competition by the Institute of Cost and Management Accountants of Bangladesh (ICMAB) as a testament to the Company's unwavering commitment to good corporate governance practices. This prestigious award was given out by the former Honourable Minister for Finance, Mr. Abul Maal Abdul Muhith M.P., at the Grand Ballroom of Hotel InterContinental, Dhaka.



KEY INITIATIVES IN THE MANUFACTURING PROCESS

HCBL produces top quality cement in the cement industry of Bangladesh, offering both Ordinary Portland Cement (OPC) and Portland Composite Cement (PCC), State-of-the-art technology is employed at every stage of the manufacturing process to produce the finest quality of cement for sustainable and durable construction for various types of customers in Bangladesh. The key milestones we have achieved till today are:

- Consistently high level of cement quality exceeding BDS EN42.5;
- Low Carbon Footprint due to innovations in production techniques and power saving initiatives;
- Highly trained workforce as the Company is committed to employee development, sending its engineers for Technical Training with other plants around the world with our associated companies situated in 60 countries and in over 3000 locations.

i) **Low Carbon Cement Production:**

New technologies have enabled us to increase our use of clinker substitutes and alternative fuels in cement production, leading to significant and direct (e.g. from limestone decarbonisation) CO₂ emissions reductions. Moreover, producing power from natural gas with lean burning confirms zero carbon emission which helps to maintain our commitment to a greener environment. Our SO_x-NO_x report shows a remarkable control on harmful exhaust. Large solar power generators tapped directly to the plant reduces the amount of fossil fuel required by the power plant to generate the power required for our plant operations.

ii) **Electrical Energy Efficiency Enhancement**

Continuous improvements to the production process have been made to lower the amount of electricity required. Replacing older plants with more modern and efficient technologies and continually modernizing existing plants will result in improved electrical performance. For example, the application of enhanced grinding techniques and Power Factor Improvement device (PFI), using LED lighting inside the plants and variable speed drives all contribute towards lowering the levels of electrical energy required. We believe we are heading in the right direction towards consuming the lowest amount of power possible per unit of cement production.

iii) **Continuous Quality Control and Assurance Activities**

Best quality cement production for our customers is a key criteria of our business policy. To ensure such quality, our products are inspected and tested frequently including through third-party sampling tests to ensure compliance with BSTI standards and maintaining our ISO 9001 certification in every aspect of production. To support this aim, we have an international standard quality assurance laboratory in our plants equipped with EU/US origin testing equipment and highly trained personnel.

iv) **Dust Emission Control and its Prevention and Collection Enhancement**

Generation of fine particulates and dust are inherent in the manufacturing process, but most are recovered and recycled with the Automatic PLC controlled Dust collector and by carrying out preventive maintenance on each dust collector and measuring dust at set frequencies to observe dust emission inside the plant.

Report of the Board of Directors

Management Discussion and Analysis

We have achieved generation of less than 0.2 kilograms of dust per metric ton (kg/t) of material using dust recovery systems. More than sufficient ventilation systems are in use in conjunction with hoods and enclosures covering transfer points and conveyors. Drop distances are also being minimized by the use of adjustable conveyors, and dusty areas such as roads are wetted down to reduce dust generation. Various mechanical equipments are also used to control/collect dust such as the dust collector, Cyclone, industrial vacuum cleaner, etc. In both plants, old bag filters have been replaced with new and more efficient types.

v) **Continual Improvement Programme (CIP)**

A CIP programme has been established to improve all kinds of operational activities plus environmental protection and safety of our employees. Rather than being content with the standard output of the equipment used, we are also striving to find new ways to further improve performance our 100 years of global experience and expertise in the HeidelbergCement group is one key factor driving this continuous improvement process. The CIP has resulted in a drop in maintenance cost, improved specific power of over 10% and improvement in plant productivity by over 80%.

vi) **Resource Optimization:**

Production operating performance is managed by the adjustment of variable inputs like energy, raw materials and human resource for resource optimization. These adjustments are usually based on set points for operation control and resource availability. Such resource optimization adjustments, honed from lessons learnt through the years, have helped in driving towards our goal of best possible performance and best possible output per ton of cement for every unit of energy and human resource involved. We are currently sending engineers overseas on attachment and training to tap on the experience of the HeidelbergCement group plants in over 3000 locations located in 60 countries. The knowledge brought back by these engineers and the benefit of such resource development can be seen in the vast number of improvements implemented.

vii) **Expansion to meet Customer Demand:**

At present, we are in process of establishing another Cement Grinding Mill in Kanchpur plant with 550K MT capacity per year plus a new Jetty with additional unloading facility to handle 3 million MT raw materials per year at the river bank to increase production and delivery capacities to meet the expected increase in demand for our products. The work is in full swing and the cement grinding mill and additional jetty are expected to be operational by the end of 2019.

viii) **Health and Safety at Work:**

The Company takes workplace health and safety very seriously. For us, one of the fundamental principles of workplace health and safety is risk assessment to identify all potential health and safety hazards in the workplace environment. The Company is committed to providing information and training on risk at work and on safe working practices and seeks to ensure a safe working environment. The Company seeks to assess and manage all risks relating to chemicals, dust and physical hazards, and to take measures to reduce such risks as far as possible.

HCBL regularly provides its staff with information and training about these risks and how to manage them. Where appropriate, regular health checks are conducted to ensure any health effects are identified as soon as possible.

INFORMATION TECHNOLOGY

The Company has successfully completed a global integration project. As part of the group global integration, HCBL is now connected with the HeidelbergCement global infrastructure hub using SingTel connectivity and using central e-mail windows exchange server systems from the Group. By deploying Group Standard Infrastructure, it enables a more efficient approach to support the Company's operations. As a part of the HeidelbergCement Group, we have now successfully migrated to the HeidelbergCement cloud environment.

DIRECTORS' DECLARATION AS TO FINANCIAL STATEMENTS

As part of preparation and presentation of the financial statements, the Directors also report that:

- a) The financial statements prepared by the Management of the Company present a true and fair view of the Company's state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of accounts as required by law have been maintained.
- c) Appropriate accounting policies have been consistently applied in formulating the Financial Statements and Accounting estimates are reasonable and prudent.
- d) The Financial Statements were prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS)
- e) The CEO and the CFO have certified to the Board that they have reviewed the financial statements and believe that these statements do not contain any materially untrue statement or omit any material factor contain statements that might be misleading.
- f) The CEO and the CFO have certified to the Board that they have reviewed the financial statements and believe that these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- g) The CEO and the CFO have further certified to the Board that there was, to the best of their knowledge and belief, no transaction entered into by the Company during the year which was fraudulent, illegal or in violation of the Company's Code of Conduct.

REVIEW OF FINANCIAL PERFORMANCE

The financial statements of the Company for the financial year ended 31 December 2018 as well as for 31 December 2017 presented in this Annual Report comply with the Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS). Appropriate accounting policies have also been consistently applied in the preparation of the financial statements and the accounting estimates have been based on reasonable and prudent judgment. During FY18, the Company reported its highest ever production volume, sales volume, and sales revenue. During the year ended 31 December 2018, the Company produced 1,706k MT of cement compared to 1,613k MT in the year ended December 2017, an increase of 5.8%. Cement sales for the year were 1,710k MT compared to 1,612k MT in FY17, an increase of 6.1%. Net sales revenue in FY18 was BDT 11,151 million compared to BDT 9,802 million in FY17, an increase of 13.8%. The gross profits in FY18 and FY17 were reported at BDT 1,814 million and BDT 1,957 million respectively. Correspondingly, the net profit for FY18 was BDT 711 million compared to BDT 803 million in FY17. Higher raw materials import cost, BDT depreciation against USD and lower sales price collectively impacted on the overall profitability of the Company. A brief overview of the financial performance of HCBL for 2018 compared to 2017 is set out below:-

Report of the Board of Directors

Management Discussion and Analysis

Particulars	Standalone BDT'000		**Consolidated BDT'000	
	2018	2017	2018	2017
Net Revenue	11,151,286	9,801,506	11,151,286	N/A
Gross Profit	1,814,465	1,956,980	1,931,512	N/A
Operating Profit	924,370	1,019,502	1,040,157	N/A
Net Finance Income	155,234	192,370	191,154	N/A
Profit Before Tax	1,025,635	1,155,495	1,177,341	N/A
Income Tax Expenses	314,486	352,333	367,583	N/A
Profit After Tax	711,149	803,162	809,758	N/A
Earnings Per Share (EPS)	12.59	14.21	14.33	N/A

**Consolidated financial statements are the combined/aggregated financial statements of HeidelbergCement Bangladesh Limited and its subsidiary company, Meghna Energy Limited. The consolidation of financial statements has been effective from the year of 2018.

i) Un-appropriated Profit of HCBL in 2018

Financial Results for the Year 2018:	(BDT'000)
Un-appropriated profit from previous period	2,657,816
Net Profit for the year after Tax	711,149
Total Funds available for appropriation	3,368,965

Directors Recommended Dividend:

Dividend @75%	423,777
Un-appropriated profit carried forward to next year	2,945,188



ii) Brief summary of Company-wise performance is as under:

Particulars	2018	2017	+/- in %
Cement Production	1,705,650 MT	1,612,643 MT	5.8
Cement Sale	1,709,790 MT	1,612,102 MT	6.1

Particulars	Company	2018 (BDT'000)	2017 (BDT'000)	+/- in %
Net Revenue	HCBL	11,151,286	9,801,506	13.8
	MEL	377,202	372,184	1.3
Consolidated Revenue		11,151,286	N/A	N/A
Operating Profit	HCBL	924,370	1,019,502	-9.3
	MEL	125,786	129,635	-3.0
Consolidated Operating Profit		1,040,157	N/A	N/A
Net Profit	HCBL	711,149	803,162	-11.5
	MEL	98,609	99,767	-1.2
Consolidated Net Profit		809,758	N/A	N/A

HCBL (Cement Business):

- The net cement price realizations though improved during the year were not adequate to compensate for the increase in variable costs, especially of raw materials.
- Cost of Goods Sold per ton YTD December 2018 increased by BDT 595 per ton against prior year. The main driver was the increase in Clinker and Slag price in international market.
- Raw materials cost in the Chittagong plant was affected by an increase in unloading/local transportation cost due to jetty size limitation. The Company is using the main jetty facilities of the Chittagong port for slag and limestone delivery with additional handling cost of BDT 420 per ton. The Company has taken effective action to extend the Jetty to accommodate bigger vessels following approval from the appropriate authorities so as to reduce handling costs.
- It is important to note that the Company's focus on cost rationalization and to increase efficiency in input costs has helped to keep the operating costs under control. This focused approach towards costs as well as growth in cement volumes helped the Company to record the net profit before tax as 9.2% of net revenue of cement business.

MEL (Power Business):

- Power sales depend on the prevailing fuel prices as they directly affect generation costs and consequently sales price. MEL sells power to HCBL & the Bangladesh Rural Electrification Board (BREB) at arm's length price.
- Net revenue of MEL increased by 1.3% (BDT 377m vs BDT 372m) and in line with that the cost of sales also increased by 7.6% (BDT 260m vs BDT 242m) due to increases in gas price.
- Net financial/interest income increased to BDT 36 million in 2018 as against BDT 24 million in 2017.
- Net profit of Power Business stood at BDT 99 million at end of 2018 as against BDT 100 million in 2017.

Report of the Board of Directors

Management Discussion and Analysis

iii) Brief Summary of Financial Position

Particulars	2018		2017		Growth Rate
	(BDT million)	Proportion	(BDT million)	Proportion	
Non-Current Assets:					
HCBL	3,527.9	42%	3,443.4	39%	2.5%
MEL	186.5	20%	42.5	7%	338.8%
Current Assets:					
HCBL	4,000.0	47%	5,287.0	61%	(24.3%)
MEL	732.9	80%	588.8	93%	24.5%
Investment in Subsidiary	910.8	11%	N/A	N/A	N/A
Total Assets:					
HCBL	8,438.8	100%	8,730.5	100%	(3.4%)
MEL	919.4	100%	631.4	100%	45.6%

HCBL (Cement Business):

Property, Plant, and Equipment

During the year, there was an addition of BDT 117.96 million in fixed assets to ensure operating capability of the Company. The addition includes BDT 31.5 million in Land & Building, BDT 74.0 million in Plant and Machinery and BDT 12.4 million for other assets.

Capital work-in-progress

Capital work-in-progress balance of BDT 460.5 million includes BDT 328 million for payment of mill 3 constructions and BDT 62 million for gear box in Kanchpur plant.

Trade & Other Receivables

Trade Receivables reduced by BDT 319.8 million (780.7m vs 1100.5m) mainly due to adjustment of dealers' commission and other receivables reduced by BDT 3.7 million.

Cash and Cash equivalents

Cash and cash equivalents include cash in hand of BDT 0.120 million, cash at bank of BDT 116.4 million and fixed deposit of BDT 1,075.8 million. Net decrease in cash of BDT 1,597.9 million was mainly due to the payment for acquisition of shares in Meghna Energy Limited (MEL) of BDT 910.7 million, capital expenditure of BDT 402 million and dividend payment of BDT 831.2 million.

The summarized financial results for five years has been furnished in the "Comparative Financial Results" section at page no. 11 which reflects the trend of business performance of the Company over the years.

RELATED PARTY TRANSACTIONS

All the transactions entered into between the Company and its related parties during the financial year ended 31 December 2018 were in the ordinary course of business and on an arm's length basis. In note no. 42 of the consolidated financial statements, a brief description of related party transactions is given including the names of the respective related parties, nature of relationship with them, nature of those transactions and value in amount of such transactions.

Report of the Board of Directors

Management Discussion and Analysis

RISKS AND CONCERNS

HCBL has a well-defined internal control and risk management system to ensure that transactions are properly authorized, recorded, and reported. The system of internal control is sound in design and has been effectively implemented and monitored. The internal control system is supplemented by well-documented policies, guidelines and procedures and reviews carried out by the Company's internal audit function, which submits reports to the Management and the Audit Committee of the Board. It covers the topics of measuring, assessing and limiting risks. The points of focus of the risk management system are:

- Besides pursuing efficient risk management as per group guideline, we are firmly committed to observing the code of conduct and compliance standards;
- Risk management coordination in Group Insurance;
- Corporate risk management by managers at operational level;
- Direct information, reporting and open communication of quantified risks between the Company's Management Committee and the Group Managing Board;
- Standardized and regular reporting to the Group.

PROTECTION OF MINORITY INTEREST

The Board of Directors helps to play an active role in protecting the interests of the minority shareholders, especially in view of the majority shareholder exercising control over the Company. In the event of minority interests being adversely affected, the Board shall take immediate corrective actions after becoming aware of such fact. The minority shareholders have been protected from abusive actions by, or in the interest of, the controlling shareholders acting either directly or indirectly and have effective means of redress.

GOING CONCERN

The Company has adequate resources to continue its operations for the foreseeable future and therefore the financial statements have been prepared on a going concern basis. As per Management's assessment, there are no material uncertainties related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

DIVIDEND

The dividend policy of the Company allows it to recommend a dividend which is commensurate with its performance, investment requirements as well as meet shareholders' expectations. During the year, the Company did not declare any interim dividend or stock bonus to its members. The Board of Directors recommends a cash dividend of Tk. 7.5/- (Taka Seven and paisa Fifty only) per share for the year ended 31 December 2018.

CONTRIBUTION TO NATIONAL EXCHEQUER

The Company contributes a substantial amount to the National Exchequer by way of duties and taxes. HeidelbergCement Bangladesh Limited contributed Tk. 2,717 million to the National Exchequer in 2018.

POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, the directors recommended a cash dividend of Tk. 7.5 /- (Taka Seven and paisa Fifty only) per share.

Report of the Board of Directors

Management Discussion and Analysis

AUDITORS

Hoda Vasi Chowdhury & Co., Chartered Accountants, having their National Office at BTMC Bhaban (Level- 7 & 8)", 7-9, Karwan Bazar, Dhaka-1215, were appointed as the Statutory Auditors at the 29th AGM of the Company and in the year under review they have performed their audit work satisfactorily.

Being eligible and per the recommendation of the Board of Directors, Hoda Vasi Chowdhury & Co., Chartered Accountants may be appointed as the Statutory Auditors at the 30th AGM of the Company for the year 2019 at a fee of Tk. 8,50,000.00 (Taka Eight Lac Fifty Thousand) only. Members are requested to approve the appointment.

DIRECTORS PROPOSED FOR RE-ELECTION

In accordance with Article 98(a) of the Articles of Association of the Company, one-third of the Directors who have been longest in the office are supposed to retire from the office of Directors by rotation at the ordinary general meeting in every year. This year, Mr. Kevin Gerard Gluskie, Mr. Jose Marcelino Ugarte and Mr. Juan Francisco Defalque are due for retirement at the upcoming AGM. In accordance with Article 98(c) of the Articles of Association of the Company, the retiring directors are eligible for re-election. The brief resume of the retiring directors have been disclosed in the section on Board of Directors profile on pages 32 to 34.

INDEPENDENT DIRECTORS

Dr. Muhammad Abdul Mazid, retired Secretary to the Government of Bangladesh and former Chairman of the National Board of Revenue (NBR), and Mr. Golam Farook are presently the Independent Directors of the Company. Mr. Mazid was appointed as an Independent Director by the Board in its meeting on 17 July 2018 and his appointment will be approved by the shareholders in the ensuing AGM. His brief resume has been disclosed in the section on Board of Directors profile on page no. 40. On the other hand, Mr. Farook is serving the Company in his second tenure.

BOARD MEETING AND ATTENDANCE

The number of Board of Directors meetings held and attendance thereat for 2018 is duly reported in the section on "Statement on Corporate Governance".

REMUNERATION PAID TO THE DIRECTORS

During the year, the Company has paid a total of BDT 278,000 as Board meeting attendance fees. The remuneration of Directors has been mentioned in Note 41 of the Financial Statements.

PATTERN OF SHAREHOLDING

As per condition No. 1(5)(xxiii) of the Code, the pattern of shareholding (along with details of names) of parent/subsidiary/associate companies and other related parties, Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit & Compliance and their respective spouses and minor children, as well as Executives and Shareholders holding 10% or more voting interest in the Company as at 31 December 2018 has been furnished herewith as ANNEXURE-D.

HUMAN RESOURCES & CORPORATE SOCIAL RESPONSIBILITY

Mutual trust is a pre-requisite for dedication and success. Our employees act as role models with respect to their leadership and management skills as well as their personal conduct. Having competent and inspired employees will play a significant role in our continued drive for success. As such, it is imperative that we focus our efforts on retaining and developing the best talents. The ability to harness the best from our dedicated employees will contribute to sustained growth for the Company and deliver long term value for our shareholders and other stakeholders. The human resources function therefore plays an indispensable role in ensuring that the Company continues to recruit and retain talented and motivated employees to further the Company's vision and goals.

In order to attract the best talents, the Company maintains a performance-driven culture with teamwork where all employees are treated with dignity and regarded as partners. The Company follows a human capital strategy to provide for an attractive work environment. Training and continual development of the employees is therefore a cornerstone of the human resources function in order to extract the best from them. This requires us to invest continually in training and skills upgrading, especially for our technical staff, with both local and overseas trainings made available. At the same time, due attention is paid to developing non-technical skills such as leadership, management and motivation amongst our employees as these can determine how well HCBL positions itself against its competitors.

Maintaining congenial and successful employee relations whilst complying with labour laws will always be a big challenge for any multinational company operating in Bangladesh. The Company has thankfully enjoyed significant success in its labour relations and has been able to operate its plants smoothly for the past decade without any interruption from industrial actions or disputes.



We seek to foster good relationships with the locals wherever we operate as part of our Corporate Social Responsibility (CSR) philosophy. By supporting local projects in line with the established themes of building, environment, and education, we aim to build on our reputation as a good corporate citizen. HCBL's CSR program includes strategic flagship programs such as innovative construction of building and infrastructure by partnering non-profit organizations such as Habitat for Humanity International where we supported the construction of low cost housing for vulnerable peoples, supporting the Centre for the Rehabilitation of the Paralyzed as well as continuing a regular presence in our local communities through financial assistance for meritorious school students. We strongly believe that building strong relationships and creating sustainable trust with the local community greatly enhances the achievement of the Company's goals.

OCCUPATIONAL HEALTH & SAFETY

Safety in Practice is a cultural mantra and a system implemented in every aspect and at every level of the business and its operations. The Company continues to monitor annually compliance with safety measures and the employees' attitudes towards safety.

"Every employee and contractor should return home as healthy as they came to work" is a philosophy and principle emphasized in the Company to keep everyone safe at our workplace. Occupational health and safety is one of the core values of our Company and therefore a fundamental element of our work processes. It is our utmost priority to ensure that employees return home as safely as when they entered into our premises.

HeidelbergCement launched the Sustainability Commitments 2030 which replaced the Sustainability Ambitions 2020 and defined the key topics and core principles of the future sustainability strategy of HeidelbergCement. The new Sustainability Commitments 2030 covers six key areas of sustainability, which are of particular importance for us. Achieving excellence in Occupational Health and Safety is one of the key sustainability commitments.

If we look at our Safety KPI, an improving trend over the years is visible. Our lagging indicators are showing encouraging safety figures. Since the commencement of HeidelbergCement's operations in Bangladesh, it has only experienced one major incident for one of our Full-Time Employees (FTEs) and thankfully no fatal accidents have

Report of the Board of Directors

Management Discussion and Analysis

occurred for our FTEs to date. We have been maintaining a continued emphasis on safety at our workplaces, and thereby engendered a safety culture amongst our people, including external contractors.

Statistics reveal that 20% of incidents are linked to improper workplace organization and defective tools. Recognizing the significance of this, we have undertaken a stringent program to improve in this area by naming "Clean Site/Safe Site" in 2018. We devised 5S (Sort, Set, Shine, Standardize & Sustain) tools for the program and managed to cover almost 40% of the total areas in 2018.

HCBL provides extensive training on occupational health and safety to its permanent employees as well as external contractors. In 2018, we provided more than 3000 man hours training & orientation to our employees, contractors and visitors. In addition to various routine programs, we have trained and developed Safety Leaders with the mission of encouraging safety conversations between Safety Leaders and workers on the spot to make the implementation process more resilient.

To ensure strong planning, coordination, execution of actions and follow up, safety meetings are conducted at all levels starting from shop floor workers up to Management and the Board. We start meeting with safety discussions to emphasize the importance of safety and demonstrate our pledge to a safe work environment.

We translate Group Safety Guidelines into our local language and disseminate them through various modes. We comply with all relevant legal requirements for safety. We have defined our policies, guidelines and procedures according to local legal requirements, Group policy guidelines, and OHSAS 18001 standards. We ensure safety is in place and actively practiced through periodic inspections, crossover internal audits by officers from another plant, Group Audit, and OHSAS 18001 Certification Audit.

Anyone can report on any deviation from safety guidelines or standards as well as suggest improvements for Occupational Health & Safety at the workplace.

Safety Week is a motivational, engaging and culture changing program. Safety Week 2018 was successfully conducted to inculcate a culture of safety in the Company. The week was augmented with a variety of programs such as Accident Analysis Contest, Storytelling on the suffering of the family due to incidences, Commitment from the Drivers & Helpers, Debates on safety topics, etc. Employees' kids were also in the program. Contests were held and prizes awarded. Safety Week 2018 clearly demonstrated the engagement, involvement, and commitment of HCBL employees towards safety.

All management levels at the plants and corporate office of HCBL are responsible for ensuring Occupational Health and Safety. Our occupational safety organization is subordinate to the Chairman of the Management Committee, to whom the Country Health & Safety Manager, who is responsible for coordinating the Health & Safety measures within the country, reports directly. The line managers at local management level in Bangladesh are supported by the Country Health & Safety Manager. Occupational safety measures are a part of the personal goal agreements for Directors and Officers. We also make blue collar employees responsible for setting common goal agreements on safety.



It is notable and highly encouraging that the number of incidents has been reducing gradually and significantly. Nevertheless, we continue to work towards our ultimate goal of “zero harm” in a sustainable fashion. Health and Safety is our highest priority and we are committed to continuously enhancing the occupational health and safety conditions of our employees, contractors and third parties without compromise.

CORPORATE GOVERNANCE COMPLIANCE STATEMENT

The Board of Directors firmly supports and advocates good Corporate Governance practices. The Company recognizes that the long term success of business operations depends on the effective implementation of sound Corporate Governance practices, by for instance the effective segregation of duties and responsibilities to ensure transparency and accountability. Our Company fulfills all the regulatory compliance requirements issued by the Bangladesh Securities & Exchange Commission. We are pleased to confirm that the Company has complied with all the necessary guidelines under the Corporate Governance Code issued under the Bangladesh Securities & Exchange Commission Notification dated 03 June 2018. The Compliance report along with the necessary remarks/disclosure is appended in the Directors Report of the Company for the year 2018 at Annexures A to F. The Certificate of Compliance required under the said Guidelines, as provided by Hoque Bhattacharjee Das & Co., Chartered Accountants, is annexed to this report at Annexure B.

As per the Corporate Governance Code, the appointment of Compliance Auditors is also subject to approval of the shareholders in the ensuing AGM. The Board recommends the appointment of Hoque Bhattacharjee Das & Co., Chartered Accountant, having national office at Cosmic Tower (9th Floor), 106/ka Naya Paltan, Box Culvert Road, Dhaka-1000, as Compliance Auditor for the year 2019.

ACKNOWLEDGMENTS

I would like to express my sincere thanks and deep gratitude to our esteemed shareholders and my colleagues for their active support and guidance. My thanks also go to the State and Governments, stock exchanges and other statutory bodies for their support to the various activities of the Company. The employees have been a source of strength and the Company acknowledges their contribution to the progress of the Company. I also acknowledge the unstinting support extended by our valued customers, associates, and our bankers and would like to place on record our sincere thanks to them for their continued faith and confidence reposed in us.

By order & on behalf of the Board of Directors



Jose Marcelino Ugarte
Managing Director

HCBL in Capital Market

HeidelbergCement Bangladesh Limited is a listed company in both bourses i.e. Dhaka Stock exchange (DSE) Limited as well as Chittagong Stock Exchange (CSE) Limited as “A” category share in capital market. The Company’s capacity, sustainability, profitability and current business growth with the strategic plans show a clear strategic advantage that will enable the Company to secure market share as well as to maximize shareholders’ wealth. The share prices record throughout the year of 2018 in the market of the Company tells us what the investors feels about us and how much worth they actually willing to pay to the Company.



Awards



Awards

HeidelbergCement Bangladesh Limited (HCBL) has been awarded by the Institute of Cost and Management Accountants of Bangladesh (ICMAB) as the First Position under the Category of Cement Manufacturing-Bangladesh in the ICMAB Best Corporate Award-2017 Competition.



Awards



Corporate Social Responsibility (CSR)



CSR Project: Making a Difference

Introduction:

Approximately 70% of the population live in substandard housing and in the rural areas, where an estimated 80% of the population live, most houses are dilapidated and unhygienic, causing a direct negative effect on family health and wellbeing; 74% inhabitants use earth and sand as flooring materials; As part of the CSR Activities we had been looking for a project which would not only be benefited to the community but also at the same time promote us as a socially committed company and help to brand our product. We found a partner "Habitat" which expertise can support us to meet our objective. In July 2017, HeidelbergCement Bangladesh entered into a partnership with Habitat for Humanity Bangladesh for this purpose.

The village near Dhaka – The socio-economic conditions:

The village in the Kaliganj sub-district of Gazipur in Bangladesh suffers from high levels of poverty and a lack of economic opportunity. Despite its close proximity to the capital of Dhaka, the area remains underdeveloped, and many people live in poor conditions.

Project Goal:

HeidelbergCement Bangladesh decided to help improve this situation by supporting the non-profit organisation Habitat for Humanity in building houses, complete with outhouse, for families living on an average income of less than BDT 100 (€1) per person per day. With this initiative, HeidelbergCement Bangladesh demonstrates its commitment to



Corporate Social Responsibility (CSR)

community development by providing a healthier, more modern living environment for the local people.

Actions and the outcome:

With the partnership of Habitat for Humanity Bangladesh, we built four houses for underprivileged families in Kaliganj in 2017 & 2018. With this project, we have been helping the inhabitant of Kaliganj to improve their living conditions and economic security. The houses have been built for families without any proper, dignified shelter, in order to allow them to live a more prosperous and secure life with higher standards of hygiene and comfort. The buildings are standard Habitat Bangladesh houses consisting of one small room, a veranda and an outhouse. They are constructed of concrete by Habitat Bangladesh with the support of local community-based organizations. The staff and managers of HeidelbergCement Bangladesh participated hands-on in the construction of the houses. This is an excellent way for our employees to actively demonstrate their commitment by assisting the families as well as an opportunity to motivate action and promote community service. We not only built houses and exhibited our employees' commitment towards society but also we kept our foot print by continuing partnership with Habitat for Humanity through supplying cement bags with discounted price for building houses in other areas of the country. HeidelbergCement Bangladesh Ltd. has supplied 20,000 bags of cement with reduced price for this purpose.

Conclusion:

Corporate social responsibility is a form of corporate self-regulation integrated into a business model. The goal of our CSR activities is to embrace responsibility for the Company's actions and encourage a positive impact through our activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere who may also be considered as stakeholders. We will continue to strengthen our support for the social and economic development of our neighbouring communities and will ensure transparent communication with our stakeholders. We entered into this CSR partnership to foster successful transition to a more sustainable future for our country which will ultimately showcase our commitment towards sustainability. We want to make a difference.

Family Day



A photograph of an industrial facility at night, featuring tall chimneys, metal structures, and a green truck in the foreground. A large green diamond-shaped graphic with a white border is overlaid on the image, containing the word "Annexures".

Annexures

ANNEXURE-A

[As per condition No. 1(5) (xxvi)]

HeidelbergCement Bangladesh Limited. Declaration by MD and CFO

Date: 09 April 2019

The Board of Directors
HeidelbergCement Bangladesh Limited
Symphony (6th & 7th Floor)
Plot# SE(F) 9, Road#142
South Avenue, Gulshan-1
Dhaka-1212.

Subject: Declaration on Financial Statements for the year ended on 31 December 2018.

Dear Sirs,

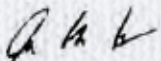
Pursuant to the condition no. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 under section 2CC of the Securities and Exchange, 1969, we do hereby declare that:

- (1) The Financial Statements of HeidelbergCement Bangladesh Limited for the year ended on 31 December 2018 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.


In this regard, we also certify that: -

- (i) We have reviewed the financial statements for the year ended on 31 December 2018 and that to the best of our knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
 - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



Jose Marcelino Ugarte
Managing Director



Jashim Uddin Chowdhury, FCA
Chief Financial Officer (CFO)

ANNEXURE-B

[Certificate as per condition No. 1(5) (xxvii)]



Hoque Bhattacharjee Das & Co.
Chartered Accountants

Report to the Shareholders of HeidelbergCement Bangladesh Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by HeidelbergCement Bangladesh Limited for the year ended on 31 December 2018. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an Independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission
- (b) The company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws;
- (d) The governance of the company is highly satisfactory or satisfactory.

Hoque Bhattacharjee Das & Co.
Chartered Accountants

Place: Dhaka
Dated: March 25, 2019

ANNEXURE-C

As per condition No. 1(5)(xxvii)

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 9)

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(1)	Size of the Board of Directors: shall not less than 5 and not more than 20	✓		
1(2)	Independent Directors			
1(2) (a)	At least one-fifth (1/5) of the total number of directors	✓		
1(2)(b)(i)	Does not hold any share or holds less than 1% shares of the total paid-up shares of the Company	✓		
1(2)(b)(ii)	Not a sponsor/not connected with any sponsor or director or nominated director or shareholder of the Company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds 1% or more shares of the total paid-up shares of the Company on the basis of family relationship and his or her family members are also not allowed to hold more than 1% shares of the total paid-up shares of the Company	✓		
1(2)(b)(iii)	Not an executive of the Company in immediately preceding 2 (two) financial years	✓		
1(2)(b)(iv)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated Companies	✓		
1(2)(b)(v)	Not a member or TREC holder/director/officer of any stock exchange	✓		
1(2)(b)(vi)	Not a shareholder, director excepting independent director or officer of any member or TREC holder of any stock exchange or an intermediary of the capital market	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(2)(b)(vii)	Not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of any concerned statutory audit firm or any firm that is already engaged with the Company	✓		
1(2)(b)(viii)	Not an independent director in more than 5 (five) listed companies	✓		
1(2)(b)(ix)	Not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a NBF	✓		
1(2)(b)(x)	Not been convicted for a criminal offence involving moral turpitude	✓		
1(2)(c)	Shall be appointed by the Board and approved by the shareholders in the AGM	✓		
1(2)(d)	The post cannot remain vacant for more than 90 (ninety) days	✓		
1(2)(e)	The tenure of office shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only. A former independent director may be reappointed for another tenure after a time gap of 3 years from his/her completion of consecutive two tenures. The independent directors shall not be subject to retirement by rotation	✓		
1(3)	Qualification of Independent Director			
1(3)(a)	shall be a knowledgeable individual with integrity and able to ensure compliance with relevant laws as well as able to make meaningful contribution to the business	✓		
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million/ any listed company/a member of any national or international chamber of commerce or business association	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(3)(b)(ii)	Corporate leader usually top level executive not lower than CEO/MD/AMD/DMD/COO/CFO/Head of Finance or Accounts/CS/HIAC/Head of Administration and Human Resources or any other person who holds equivalent position and same level or ranked or salaried officials of a unlisted company having paid-up capital of Tk. 100.00 million or of a listed company or	✓		
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th grade of the national pay scale having minimum bachelor degree in economics/commerce/business or law	✓		
1(3)(b)(iv)	University Teacher having educational background in Economics or Commerce or Business Studies or Law or	✓		
1(3)(b)(v)	Practicing advocate at least in the High Court Division of Bangladesh Supreme Court/CA/CMA/CFA/CCA/CS/equivalent qualification	✓		
1(3)(c)	Minimum 10 years of experience	✓		
1(3)(d)	Relaxation in special cases as to qualifications of independent director			
1(4)	Duality of chairperson of the Board of Directors and Managing Director or Chief Executive office			
1(4)(a)	The position of the both shall be filled by different individuals	✓		
1(4)(b)	MD shall not hold same position in any other listed company	✓		
1(4)(c)	Chairperson shall be a non-executive director	✓		
1(4)(d)	Clear defined roles & responsibilities for both of them	✓		
1(4)(e)	In the absence of regular chairperson, the other members shall elect a non-executive director to chair that particular meeting	✓		
1(5)	Directors' Report to Shareholders			

Condition No.	Title	Compliance Status (Put \checkmark in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(5)(i)	An industry outlook and possible future developments in the industry	\checkmark		
1(5)(ii)	The segment-wise or product-wise performance	\checkmark		
1(5)(iii)	Risks and concerns	\checkmark		
1(5)(iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	\checkmark		
1(5)(v)	Discussion on continuity of any extraordinary activities and their implications (gain or loss)	\checkmark		
1(5)(vi)	A detailed discussion on related party transactions	\checkmark		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments	\checkmark		
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer Direct Listing, etc.	\checkmark		
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements	\checkmark		
1(5)(x)	Remuneration paid to the directors including independent directors	\checkmark		
1(5)(xi)	Fairness of financial statements	\checkmark		
1(5)(xii)	Maintenance of proper books of accounts	\checkmark		
1(5)(xiii)	Adoption of appropriate & consistent accounting policies and estimates	\checkmark		
1(5)(xiv)	Follow of IAS, IFRS in preparation of the financial statements and any departure there from has been adequately disclosed	\checkmark		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored	\checkmark		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(5)(xvi)	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	✓		
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed	✓		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained	✓		
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized	✓		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year	✓		
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend	✓		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director	✓		
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details)	✓		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details)	✓		
1(5)(xxiii)(c)	Executives and	✓		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details)	✓		
1(5)(xxiv)(a)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:- a brief resume of the director	✓		

Condition No.	Title	Compliance Status (Put \checkmark in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(5)(xxiv)(b)	Nature of his or her expertise in specific functional areas and	\checkmark		
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board	\checkmark		
1(5)(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements among others, focusing on:	\checkmark		
1(5)(xxv)(a)	accounting policies and estimation for preparation of financial statements	\checkmark		
1(5)(xxv)(b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes	\checkmark		
1(5)(xxv)(c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof	\checkmark		
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario	\checkmark		
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe	\checkmark		
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company and	\checkmark		
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM	\checkmark		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A and	\checkmark		

Condition No.	Title	ComplianceStatus (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	✓		
1(6)	Meeting of the BoD Shall conduct Board meetings and record the minutes as per BSS	✓		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	Code of conduct for the Chairman, other Board members and Chief Executive Officer	✓		
1(7)(b)	Availability of Code of Conduct on the website of the Company	✓		
2	Governance of Board of Directors of Subsidiary Company:			
2(a)	Same provisions shall be applicable for composition of the Board of the holding and the Board of the subsidiary	✓		
2(b)	At least one independent director on the Board of the holding Company shall be a director on the Board of the subsidiary Company	✓		
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company	✓		
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also	✓		
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	✓		
3(1)	MD or CEO, CFO, Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS).-			
3(1)(a)	Appointment of MD or CEO, CFO, HIAC and CS	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3(1)(b)	Different individuals are in the position of MD or CEO CFO, HIAC and CS	✓		
3(1)(c)	The MD or CEO, CS, CFO and HIAC don't hold any executive position in any other company at the same time	✓		
3(1)(d)	Clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS	✓		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓		
3(2)	Attendance in the meetings of the Board of MD or CEO, CS, CFO and HIAC	✓		
3(3)(a)(i)	Does not contain materially untrue statement and omit any material fact in the financial statements certified by MD & CFO	✓		
3(3)(a)(ii)	True & fair view of financial statements certified by MD & CFO	✓		
3(3)(b)	Certification of MD and CFO regarding financial statements	✓		
3(3)(c)	Annual Report contains certification of MD & CFO on financial statements	✓		
4	Board of Directors' Committee			
4(i)	An Audit Committee	✓		
4(ii)	A Nomination & Remuneration Committee	✓		
5	Audit Committee			
5(1)(a)	Audit Committee as sub-committee of the Board	✓		
5(1)(b)	Assistance of the Audit Committee to the Board	✓		
5(1)(c)	Responsible to the Board and the duties of the Audit Committee shall be clearly set forth in writing	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5(5)(f)	review along with the management, the annual financial statements before submission to the Board for approval	✓		
5(5)(g)	Review the quarterly and half yearly financial statements before submission to the board for approval	✓		
5(5)(h)	Review the adequacy of internal audit Function	✓		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		
5(5)(j)	Review statement of all related party transactions submitted by the management;	✓		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	✓		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors	✓		
5(5)(m)	Oversee about the uses/applications of funds raised through IPO or RPO or Rights Share Offer	✓		
5(6)	Reporting of the Audit Committee			
5(6)(a)(i)	Reporting to the Board of Directors	✓		
5(6)(a)(ii)(a)	Report on conflicts of interests	✓		
5(6)(a)(ii)(b)	Report on suspected or presumed fraud or irregularity or material defect in internal audit/financial statements	✓		
5(6)(a)(ii)(c)	Report on suspected infringement of laws & regulatory compliances	✓		
5(6)(a)(ii)(d)	Any other matter deems necessary to disclose	✓		
5(6)(b)	Report on unreasonably ignored rectification to the Commission	✓		
5(7)	Reporting to the Shareholders and General Investors	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5(2)(a)	Audit Committee composition: at least 3 members	✓		
5(2)(b)	All members are to be non-executive directors except chairman of the board and one member shall be an independent director	✓		
5(2)(c)	Financial literacy & minimum 10 years experience of members	✓		
5(2)(d)	Vacancy of office of audit committee member, in case of his/ her expiry or inability to hold office	✓		
5(2)(e)	The company secretary shall act as the secretary of the Committee	✓		
5(2)(f)	At least 1 (one) independent director in quorum of the committee	✓		
5(3)(a)	An independent director shall be Chairman of the committee	✓		
5(3)(b)	Chairman in the absence of regular Chairman of the Committee	✓		
5(3)(c)	Audit Committee Chairman's presence in Annual General Meeting	✓		
5(4)(a)	At least its four meetings in a financial year	✓		
5(4)(b)	Quorum: two members or 2/3 of total audit committee member	✓		
5(5)(a)	Oversee the financial reporting process	✓		
5(5)(b)	Monitor choice of accounting policies and Principles	✓		
5(5)(c)	Monitor Internal Audit & Compliance Process	✓		
5(5)(d)	Oversee hiring and performance of external Auditors	✓		
5(5)(e)	Meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6	Nomination and Remuneration Committee (NRC)			
6(1)(a)	NRC as a sub-committee of the Board	√		
6(1)(b)	Assists the Board in formulating NRC policy	√		
6(1)(c)	Clearly defined terms of reference of NRC	√		
6(2)	Constitution of the NRC			
6(2)(a)	At least three members including an independent director	√		
6(2)(b)	All members of the Committee shall be non-executive directors	√		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board	√		
6(2)(d)	The Board reserve the authority to remove and appoint any member of the Committee;	√		
6(2)(e)	The Board shall fill the vacancy in case of death resignation, disqualification, or removal of any member	√		
6(2)(f)	The Chairperson may appoint external expert for advice or suggestion	√		
6(2)(g)	The company secretary shall act as the secretary of the Committee	√		
6(2)(h)	Quorum: at least an independent director	√		
6(2)(i)	No remuneration other than director fees/honorarium for any member	√		
6(3)	Chairperson of the NRC			
6(3)(a)	Chairman: an independent director	√		
6(3)(b)	In the absence of regular Chairman, Chairman from other members	√		
6(3)(c)	Chairman's presence in annual general meeting	√		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6(4)	Meeting of the NRC			
6(4)(a)	At least one meeting in a financial year	✓		
6(4)(b)	Any emergency meeting upon request by any member of the NRC	✓		
6(4)(c)	Quorum: Higher of two members or 2/3 of total members including at least one independent director	✓		
6(4)(d)	Confirmation of minutes in the next meeting of the NRC	✓		
6(5)	Role of the NRC			
6(5)(a)	Shall be independent and responsible or accountable to the Board and to the shareholders	✓		
6(5)(b)(i)(a)	Remuneration shall be reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully	✓		
6(5)(b)(i)(b)	Clear relationship among remuneration, performance & benchmarks	✓		
6(5)(b)(i)(c)	Balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals	✓		
6(5)(b)(ii)	Devising a policy on Board's diversity	✓		
6(5)(b)(iii)	Identification of qualification of directors and recommendation for appointment and removal	✓		
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board	✓		
6(5)(b)(v)	Identifying needs for employees and determine their selection, transfer or replacement and promotion criteria	✓		
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies	✓		
6(5)(c)	Nomination and remuneration policy, the evaluation criteria and activities of NRC during the year in its annual report.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
7	External or Statutory Auditors			
7(1)(i)	Not involved in appraisal or valuation services or fairness opinions	✓		
7(1)(ii)	Not involved financial information systems design and implementation	✓		
7(1)(iii)	Not involved in book-keeping or other services related to the accounting records or financial statements	✓		
7(1)(iv)	Not involved as broker-dealer services	✓		
7(1)(v)	Not involved in actuarial services	✓		
7(1)(vi)	Not involved in internal audit services or special audit services	✓		
7(1)(vii)	Not involved in any service that the Audit Committee determines	✓		
7(1)(viii)	Not involved in audit or certification services on compliance of corporate governance	✓		
7(1)(ix)	Not involved in any other service that creates conflict of interest	✓		
7(2)	No partner or his/ her family or employees of the external audit firms hold any share at least during audit work	✓		
7(3)	Auditors' or their representative presence in the AGM	✓		
8	Maintaining a website by the Company			
8(1)	An official website linked with the website of the stock exchange	✓		
8(2)	A website functional from the date of listing	✓		
8(3)	Available detailed disclosures on its website as required under the listing regulations of the stock exchange(s).	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
9	Reporting and Compliance of Corporate Governance-			
9(1)	Compliance certificate on Corporate Governance Code of the Commission in the Annual Report.	✓		
9(2)	The compliance auditor shall be appointed by the shareholders in the AGM	✓		
9(3)	Annexure-C attached in the directors' report	✓		

ANNEXURE-D

As per condition No. 1(5)(xxiii)

The pattern of shareholding (along with detail name) of parent/subsidiary/associate companies and Other Related Parties, Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit & Compliance and their Spouse and Minor Children, Executives and Shareholders holding 10% or more voting interest in the company as at 31 December 2018 duly stated in the report.

Particulars	Nos. of shareholding	Percentage	Remarks
Directors:			
Chief Executive Officer (CEO) and his spouse and minor children	-	-	
Chief Financial Officer (CFO) and his spouse and minor children	2,340	0.004%	
Company Secretary (CS) and his spouse and minor children		-	
Head of Internal Audit & Compliance (HIAC) and his spouse and minor children	-	-	
Executives (Top five salaried person other than CEO, CFO, CS, HIAC):	-	-	-
Shareholders Holding 10% or more voting rights:			
HeidelbergCement Netherlands Holdings B.V.	22,493,020	39.80%	
HC Asia Holding GmbH, Germany	11,784,390	20.86%	

ANNEXURE-E

As per condition No. 6(5)(c)

HEIDELBERGCEMENT BANGLADESH LTD. Nomination and Remuneration Policy (the “Policy”)

1. Preamble

HeidelbergCement Bangladesh Limited (the “Company”) is committed to excel in every sphere of its activity by attracting and retaining qualified, talented and experienced professionals through an efficient selection and evaluation mechanism.

The Board of Directors of the Company has constituted a Nomination and Remuneration Committee (the “Committee”) on 15 October 2018 to perform the delegated functions and to formulate a policy for nomination, appointment and remuneration of directors (the “Directors”) and top level executives (the “Top Level Executives”) of the Company.

The terms of reference of the Committee are as follows:

- a) To formulate the criteria for determining the qualifications, positive attributes and independence of a Director and recommend a policy to the Board relating to the remuneration of the Directors and Top Level Executives, taking into account the following:
 - i. the level and composition of remuneration should be reasonable and sufficient to attract, retain and motivate suitable directors and senior management to run the Company successfully;
 - ii. the relationship of remuneration to performance should be clear and meets appropriate performance benchmarks; and
 - iii. the remuneration of Directors and Top Level Executives should involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate for the Company and its goals;
- b) To devise a policy on the Board’s diversity taking into consideration age, gender, experience, ethnicity, educational background, and nationality;
- c) To identify persons who are qualified to become directors and who may be appointed in top level executive positions in accordance with the criteria laid down and recommend their appointment and removal to the Board;
- d) To formulate the criteria for evaluation of the performance of independent directors and the Board;
- e) To identify the Company’s needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
- f) To develop, recommend and review annually the Company’s human resources and training policies.

In consequence thereof, the Company has developed this Policy in accordance with condition 6(1)(b) of the Corporate Governance Code notified by the Bangladesh Securities and Exchange Commission (BSEC) dated 3 June 2018 (the “Code”).

This Policy sets out the guiding principles for the Nomination and Remuneration Committee for identifying persons who are qualified to be appointed as Directors on the Board (including independent Directors) and those who may be appointed to fill the Top Level Executive positions. The Policy also sets out the guiding principles for determining the remuneration of Directors, Top Level Executives and other employees.

2. Definitions

“**Board**” means Board of Directors of the Company;

“**HR Policy**” means the human resources policy as framed by the Management which is applicable to all employees of the Company, as the same may be amended or modified from time to time;

“**Independent Director**” means a Director as defined under condition 1 of the Code, as amended from time to time;

“**Remuneration**” means any money or its equivalent is given or passed to any person for services rendered by him and includes perquisites as defined under the Income Tax Ordinance, 1984;

“**Top Level Executive**” means personnel of the Company who are members of its core management team (the “**Management**”), including the Managing Director (MD) or Chief Executive Officer (CEO), Chief Operating Officer (COO), Chief Financial Officer (CFO), Director Human Resources, Director Marketing and Sales, Director Purchasing and Logistics, Technical Director, Head of Internal Audit and Compliance (HIAC), Head of Legal and Corporate Affairs, Company Secretary (CS) or positions of equivalent level or rank; and

3. Scope

This policy is applicable to:

- Directors (Executive & Non-Executive, including Independent Directors)
- Top Level Executives

4. Criteria for identification of Directors and Top Level Executives

The Committee shall review potential candidates for appointment as Director and for filling Top Level Executive positions and give its recommendations to the Board. In evaluating the suitability of potential candidates the Committee may take into account factors, such as:

- a. Qualifications for appointment as Director (Including Independent Directors)
 - personal and professional ethics, integrity and values;
 - educational and professional background;
 - leadership skills, standing in the profession;
 - business knowledge, relevant competencies and skills, and experience;
 - actual or potential conflicts of interest, if any;
 - any applicable provisions of the Companies Act, 1994 and the Rules made thereunder; and
 - the requirements under condition 1 & 3(1) of the Code.

In particular, the Committee shall seek to appoint Directors with the following positive attributes:

b. Positive attributes of Directors (including Independent Directors)

- Individuals having eminence, standing and knowledge with significant achievements in business, professions and/or public service;
- Individuals who hold sound financial or business literacy/skills;
- Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively and the willingness to address issues proactively;
- Actively update their knowledge and skills with the latest developments in the industry, market conditions and applicable legal provisions;
- Willingness to devote sufficient time and attention to the Company's business and to effectively carry out duties and responsibilities;
- To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company; and
- To act within their authority to assist in protecting the legitimate interests of the Company, its shareholders and employees.

c. Independence of Directors

- Independent Directors shall meet the requirements set out under the Companies Act, 1994 read with the Rules made thereunder, as amended from time to time, and in particular conditions 1(2) & (3) of the Code.

d. Appointment of Top Level Executives

Top Level Executives shall:

- possess the required qualifications, experience, skills & expertise to effectively discharge their respective duties and responsibilities;
- practice and encourage professionalism and a transparent working environment; and
- adhere strictly to the Company's Code of Conduct and other compliance policies.

The Committee shall have the discretion to consider and fix any other criteria or norms for selection of the most suitable candidates. The Committee may also institute an inquiry into the background and qualifications of the potential candidates.

5. Board Diversity

The Committee in nominating candidates for appointment to the Board shall ensure sufficient diversity in representation in terms of age, gender, experience, ethnicity, educational background, and nationality.

6. Remuneration

In order to sufficiently attract, retain and motivate Executive Directors and Top Level Executives to run the Company successfully, the remuneration shall be comprised of fixed and performance based components as detailed below:

i) Fixed Remuneration

The fixed remuneration shall be determined for each grade of employees and Top Level Executives after taking into account the comparative remuneration profile with respect to industry scale of the Company's business, criticality of the position and competencies and experience of the person. It shall be the Company's endeavour to pay fixed remuneration which will:

- attract, retain and motivate professionals required to successfully run the Company;
- encourage people to perform to their highest potential;
- align the performance of the business with the performance of key individuals and teams within the Company;
- allow the Company to compete in each relevant employment market;
- ensure participation in Workers' Profit Participation Fund (WPPF) as per the Bangladesh Labour Code, 2006 and the Bangladesh Labour Rules, 2015.

ii) Performance Based Remuneration:

(a) Performance Management System (PMS)

The Company has a detailed and structured PMS. Based on the review of performance through the PMS process, the Company shall assess the employees' competencies, eligibility for promotion and salary increment. The MD shall from time to time decide the annual increments / mid-term revisions to be given to employees as per the guidelines set out in this Policy and the Company's HR Policy. The MD is also authorized to approve the policies for giving loans/financial assistance to the employees.

(b) Variable Pay

The Company shall reward Executive Directors and Top Level Executives based on the Company's performance and their own individual performance to create a strong relationship between performance and remuneration. The percentage of performance based remuneration / variable pay in the total remuneration package of each employee shall be determined according to such employee's level in the organization so as to ensure that the remuneration package is fairly balanced to attract, retain and motivate skilled professionals.

The variable pay shall be divided into two parts, of which the first part would be dependent on the Company's performance which shall be measured in financial terms such as achievement of targeted EBIT or Net Profit during

the previous calendar year. The other part shall depend upon the individual employee's performance against the targets set in the goal agreement with the Company. The weightage of the Company performance vis-a-vis individual performance in the variable pay may range from 40 to 60 percent depending upon seniority of the concerned employee in the organization structure.

There shall be a goal agreement setting out the annual objectives/targets of an individual employee cascading from the organizational goals. These annual objectives/targets shall be:

- Formulated clearly, i.e. goals must be described in a concrete, precise and comprehensible manner;
- Can be influenced, i.e. the employee must have a decisive influence on the goal's achievement;
- Realistic, fair and challenging, i.e. it must be possible for the employee to achieve a goal without being under-challenged or over-challenged; and
- Must be able to measure whether the goal has been achieved, i.e. by means of quantitative standards (key figures) or qualitative standards (quality criteria based on common definitions) defined and ascertained during target setting.

The aforesaid objectives shall strike a balance between short-term and long-term goals of the Company. The progress of the employees towards the achievement of the objectives shall be reviewed together with the employee's line manager at the appropriate time following the end of each calendar year.

The remuneration/sitting fees, as the case may be, for the Non-Executive / Independent Directors, shall be in accordance with the provisions of the Act and the Rules made thereunder for the time being in force or as may be decided by the Committee/Board/shareholders.

7. Retirement Benefits

The Company shall comply with the applicable laws for payment of retirement benefits such as Provident Fund and Gratuity.

8. Termination Payments

Each employment contract shall set out in advance the notice period in case of resignation/termination of employment or the payment to be made in lieu thereof.

9. Review and Amendment

The Committee and the Board of Directors reserve the right to amend or modify this Policy in whole or in part, at any time, without assigning any reason whatsoever.

ANNEXURE-F

As per condition no. 46 of DSE Listing Regulation dated 30th June 2015

Certificate of membership of BAPLC



OTHER REGULATORY DISCLOSURES:

- The Company is aware of its various risks and concerns, mainly from the policy and regulatory fronts, and is prepared to meet those by systematic control.
- The Company's IPO was made in the Eighties. No further issue of any instrument was made during the year. From inception, the financial results of the Company have continued to grow as reflected in the yearly financial statements of the Company.
- As per IAS presentation of Financial Statements, no items of income and expense are to be presented as extraordinary gain or loss in the financial statements. Accordingly, no extraordinary gain or loss has been recognized in the financial statements.
- No significant variations have occurred between quarterly and annual financial results of the Company during 2018.
- All significant deviations from the previous year in operating results of the Company have been highlighted and reasons thereof have been explained.
- The Company has declared dividend for the year 2018.
- The Directors & the Management Committee members' profiles have been included in the Annual Report as per BSEC Guidelines and Listing Regulations.

Auditor's Report and Financial Statements



Independent Auditor's Report to the Shareholders of HeidelbergCement Bangladesh Limited Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of HeidelbergCement Bangladesh Limited and its subsidiary (the "Group") as well as the separate financial statements of HeidelbergCement Bangladesh Limited (the "Company"), which comprise the consolidated and separate balance sheets as at 31 December 2018 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Company give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Company as at 31 December 2018, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and Bangladesh Securities and Exchange Commission (BSEC), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matters	Our response to key audit matters
Acquisition of a subsidiary (Meghna Energy Limited) and consolidation	
<p>The Company on 26 October 2016 has executed a share purchase agreement with HeidelbergCement Central Europe East Holding B.V to acquire 4,056,457 (ordinary shares of BDT 100 each 99.99% of total shares in Meghna Energy Limited ("MEL") at a total consideration of BDT 910,750,200 and at BDT 224.52 per share.</p> <p>However, since execution of this transaction involved payment of share sale proceeds to non-resident and</p>	<p>We obtained understanding of the acquisition process followed by the Company to takeover MEL.</p> <p>We reviewed all related documents and agreements as well as approval letter of the central bank (Bangladesh Bank).</p> <p>We checked acquisition accounting followed by the Group on acquisition date in accordance with IFRS 3: Business Combination including charging of related</p>

HeidelbergCement Bangladesh Limited (HCBL) & Its Subsidiary

Description of key audit matters	Our response to key audit matters
Acquisition of a subsidiary (Meghna Energy Limited) and consolidation	
<p>subject to the central bank's (Bangladesh Bank) approval of MEL's share valuation as well as permission for remittance, such approval was considered as 'condition precedent' and pending this approval of Bangladesh Bank, MEL has not been considered as a controlled entity of the Company at 31 December 2017.</p> <p>Subsequently, on 10 January 2018, the Company has received approval from Bangladesh Bank for remittance of BDT 860,739,611 based on per share fair value of BDT 212.19 to the non-resident shareholder of MEL and accordingly effective from 10 January 2018, MEL has been considered as a controlled entity of the Company. Since this will be the first set of consolidated financial statements for statutory purposes comprising the Company and its controlled entity (MEL) and also involve acquisition accounting, we have considered this as key audit matter.</p>	<p>expenses to profit or loss.</p> <p>We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the impairment testing of related goodwill appearing in the Group's consolidated financial statements and carrying value of investments appearing in the Company's separate financial statements. Our testing included controls over market data inputs into valuation models, model governance, and valuation adjustments.</p> <p>We evaluated the appropriateness of future cash flows used in measurement of value in use reconciling with general and industry specific market expectation.</p> <p>We have tested the parameters used to determine the discount rate applied and evaluate the measurement model.</p> <p>Overall, we consider the measurement inputs and assumptions used by management to be in line with our expectations and to lie also within a range that we consider reasonable.</p>
Refer to note 36 of the financial statements	
Valuation of receivables	
<p>Significant portion of the Group's external sales are made on credit and hence accounts receivable balance constitute significant component of the Group's balance sheet as at 31 December 2018.</p> <p>Due to inherent risk associated with recovery of accounts receivable balance as well as difficulties in enforcing security in case of default by debtors we have considered as key audit matter.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Credit approval process and assigning credit limit to a customer; • Collection of securities against receivable; • Periodic balance confirmation from debtors; • Monitoring process for overdue receivables; and • Group's policy of creating provision against overdue receivables and periodic write off in line with IFRS 9 <p>Our substantive procedures in relation to the assessing valuation of receivables comprises the following:</p> <ul style="list-style-type: none"> • Reconciliation of debtors ageing to general ledger; • Conducting cut-off testing at the year-end; • Reviewing subsequent receipt of receivables

HeidelbergCement Bangladesh Limited (HCBL) & Its Subsidiary

Valuation of receivables	
	<p>balance;</p> <ul style="list-style-type: none"> • Comparing current year rebate accruals to the prior year and issuance of credit notes post year-end; and • Recalculation of provision for trade receivables as per 'simplified approach' as required by IFRS 9.
<p>The Group operates a Gratuity Scheme which is considered a defined benefit plan as per IAS 19 and the balance is significant in the context of the overall balance sheet.</p> <p>The valuations of the retirement benefit liabilities are calculated with reference to a number of actuarial assumptions and inputs including discount rate, rate of inflation and mortality rates. The net defined benefit liability is sensitive to changes in the assumptions as well as future returns from plan assets.</p>	<p>We tested the design and operating effectiveness of key controls over the completeness and accuracy of data extracted and supplied to the Group's actuary, which is used to calculate the gratuity fund obligations and related fund assets as well as net surplus or deficit.</p> <p>We read the latest actuary report and assessed reasonableness of various key actuarial assumptions to our understanding of the market condition.</p> <p>We compared the amount of contribution made during the year on account of past service cost with the previous</p>

Reporting on other information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs as explained in note 2, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

HeidelbergCement Bangladesh Limited (HCBL) & Its Subsidiary

In preparing these financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

HeidelbergCement Bangladesh Limited (HCBL) & Its Subsidiary

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

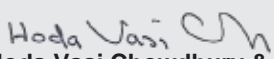
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994 and the Securities and Exchange Rules 1987, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) in our opinion, proper books of account as required by law have been kept by the Group and the Company so far as it appeared from our examination of those books;
- (iii) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns; and
- (iv) the expenditures incurred were for the purpose of the Company's business for the year.


Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 09 April 2019

Consolidated and Separate Statement of Financial Position

As at 31 December 2018

	Notes	2018 Consolidated BDT '000	2018 HCBL BDT '000	2017 HCBL BDT '000
Assets				
Non-current assets				
Property, plant and equipment	4	3,252,315	3,065,784	3,264,836
Capital works-in-progress	5	460,460	460,460	176,367
Intangible assets	6	1,708	1,708	2,201
Goodwill	36	272,830	-	-
Total non-current assets		3,987,313	3,527,952	3,443,404
Investment in subsidiary	36	-	910,750	-
		-	910,750	-
Current assets				
Inventories	7	1,834,689	1,761,342	1,171,532
Trade and other receivables	8	816,937	816,937	1,140,473
Advances, deposits and prepayments	9	213,617	191,849	184,788
Current tax assets	20	37,502	37,502	-
Cash and cash equivalents	10	1,751,361	1,192,391	2,790,303
Total current assets		4,654,106	4,000,021	5,287,096
Total assets		8,641,419	8,438,723	8,730,500
Equity and Liabilities				
Capital and reserves				
Share capital	11	565,036	565,036	565,036
Capital reserve	12	605,657	605,657	605,657
General reserve		15,000	15,000	15,000
Dividend equalization fund		8,600	8,600	8,600
Retained earnings		3,477,574	3,368,965	3,505,370
		4,671,867	4,563,258	4,699,663
Non-current liabilities				
Suppliers' credit-blocked	13	2,565	2,565	2,565
Quasi equity loan	14	122,636	122,636	122,636
ADP loan	14.1	12,699	12,699	12,699
Deferred tax liability	16	581,164	532,164	568,178
Total non-current liabilities		719,064	670,064	706,078
Current liabilities				
Trade and other payables	17	2,912,349	2,899,773	3,027,599
Provision for workers profit participation fund	18	53,981	53,981	60,816
Unclaimed dividend	19	251,647	251,647	235,389
Current tax liabilities	20	32,511	-	955
Total current liabilities		3,250,488	3,205,401	3,324,759
Total liabilities		3,969,552	3,875,465	4,030,837
Total equity and liabilities		8,641,419	8,438,723	8,730,500

These financial statements should be read in conjunction with annexed notes.
For and on behalf of the Board of Directors of HeidelbergCement Bangladesh Limited



Jose Marcelino Ugarte
Managing Director

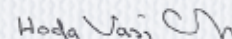


Jashim Uddin Chowdhury, FCA
Director & Chief Financial Officer

See annexed report of the date



Md. Emdadul Haque, ACA
Company Secretary



Hoda Vasi Chowdhury & Co
Chartered Accountants

Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018

	Notes	2018 Consolidated BDT '000	2018 HCBL BDT '000	2017 HCBL BDT '000
Sales	22	11,151,286	11,151,286	9,801,506
Cost of goods sold	23	(9,219,775)	(9,336,821)	(7,844,526)
Gross profit		1,931,512	1,814,465	1,956,980
Other operating income	24	18,169	18,169	34,626
Warehousing, distribution and selling expenses	25	(412,122)	(412,122)	(467,550)
Administrative expenses	26	(497,402)	(496,141)	(504,553)
Operating profit		1,040,157	924,370	1,019,502
Non-operating expenses	27	12	12	4,438
Net finance income	28	191,154	155,234	192,370
Contribution to workers' profit participation fund	18	(53,981)	(53,981)	(60,816)
Profit before tax		1,177,341	1,025,635	1,155,495
Income tax expense		(367,583)	(314,486)	(352,333)
Current tax:				
Current year	29	(394,097)	(337,500)	(352,000)
Prior year		(13,000)	(13,000)	(7,083)
Deferred tax income		39,514	36,014	6,750
Profit for the year		809,758	711,149	803,162
Other comprehensive income		-	-	-
Total comprehensive income		809,758	711,149	803,162
Earnings per share (EPS)	30	14.33	12.59	14.21

These financial statements should be read in conjunction with annexed notes.
For and on behalf of the Board of Directors of HeidelbergCement Bangladesh Limited



Jose Marcelino Ugarte
Managing Director



Jashim Uddin Chowdhury, FCA
Director & Chief Financial Officer

See annexed report of the date



Md. Emdadul Haque, ACA
Company Secretary



Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, Bangladesh
Date, 9 April 2019

Consolidated and Separate Statement of Changes in Equity

For the year ended 31 December 2018

Consolidated

Particulars	Share capital BDT '000	Capital reserve BDT '000	General reserve BDT '000	Dividend equalisation fund BDT '000	Retained earnings BDT '000	Total equity BDT '000
Year 2018						
Balance as at 01 January 2018	565,036	605,657	15,000	8,600	3,505,370	4,699,663
Net profit for the year	-	-	-	-	809,758	809,758
Payment of dividend for 2017	-	-	-	-	(847,554)	(847,554)
Realisation of excess depreciation on revalued assets	-	-	-	-	10,000	10,000
Balance as at 31 December 2018	565,036	605,657	15,000	8,600	3,477,574	4,671,867

HCBL

Particulars	Share capital BDT '000	Capital reserve BDT '000	General reserve BDT '000	Dividend equalisation fund BDT '000	Retained earnings BDT '000	Total equity BDT '000
Year 2017						
Balance as at 01 January 2017	565,036	605,657	15,000	8,600	4,397,316	5,591,609
Net profit for the year	-	-	-	-	803,162	803,162
Payment of dividend for 2016	-	-	-	-	(1,695,108)	(1,695,108)
Balance as at 31 December 2017	565,036	605,657	15,000	8,600	3,505,370	4,699,663

Year 2018

Balance as at 01 January 2018	565,036	605,657	15,000	8,600	3,505,370	4,699,663
Net profit for the year	-	-	-	-	711,149	711,149
Payment of dividend for 2017	-	-	-	-	(847,554)	(847,554)
Balance as at 31 December 2018	565,036	605,657	15,000	8,600	3,368,965	4,563,258

For and on behalf of the Board of Directors of HeidelbergCement Bangladesh Limited



Jose Marcelino Ugarte
Managing Director



Jashim Uddin Chowdhury, FCA
Director & Chief Financial Officer



Md. Emdadul Haque, ACA
Company Secretary

Consolidated and Separate Statement of Cash Flows

For the year ended 31 December 2018

	Notes	2018 Consolidated BDT '000	2018 HCBL BDT '000	2017 HCBL BDT '000
Cash flows from operating activities				
Collections from customers	31.1	11,441,333	11,475,843	9,767,310
Cash received from other operating income		57,739	21,818	73,232
Cash paid to suppliers	31.2	(8,287,054)	(8,423,227)	(6,509,736)
Cash paid for operating expenses	31.3	(2,304,495)	(2,304,495)	(2,321,450)
(Payment)/adjustment of financial expenses net of exchange gain		(2,789)	(2,789)	401
Interest income		167,950	167,950	185,694
Income tax paid	32	(433,272)	(388,957)	(399,136)
Net cash flow from operating activities (a)	37	639,412	546,143	796,315
Cash flows from investing activities				
Acquisition of non-current assets		(413,395)	(402,048)	(216,594)
Investment in subsidiary		(433,701)	(910,750)	-
Proceeds from sale of non-current assets		39	39	4,438
Net cash used in investing activities (b)		(847,057)	(1,312,760)	(212,156)
Cash flows from financing activities				
Payment of dividend	35	(831,296)	(831,296)	(1,654,165)
Net cash flow used in financing activities (c)		(831,296)	(831,296)	(1,654,165)
Net decrease in cash and cash equivalents (a+b+c)		(1,038,942)	(1,597,912)	(1,070,006)
Opening cash and cash equivalents		2,790,303	2,790,303	3,860,309
Closing cash and cash equivalents	10	1,751,361	1,192,391	2,790,303

Investment in subsidiary of Tk 910,750k has been netted off by Tk 477,049k of acquired cash and cash equivalents.

These financial statements should be read in conjunction with annexed notes.
For and on behalf of the Board of Directors of HeidelbergCement Bangladesh Limited



Jose Marcelino Ugarte
Managing Director



Jashim Uddin Chowdhury, FCA
Director & Chief Financial Officer



Md. Emdadul Haque, ACA
Company Secretary

Notes to the consolidated and separate financial statements

For the year ended 31 December 2018

1. Company and its activities

1.1 Company profile

A project named Chittagong Cement Factory was established under Central Ordinance No. XXXVIII of 1962. The factory started production of Portland cement on 30 June 1974. The installed production capacity was 300,000 MT per annum. The Project was thereafter incorporated as a private limited company named Chittagong Cement Clinker Grinding Co Ltd. (CCCGCL) on 30 June 1979 which was placed under Bangladesh Chemical Industries Corporation (BCIC) with effect from 1 July 1982. This Company (CCCGCL) was converted into a public limited company in February 1989 after revaluation of assets as well as finalisation of its net worth. The Company commenced commercial production of its another unit in Kanchpur with effect from 1 November 1999. The production capacity of this unit is 600,000 MT. On 10 April 2008, Kanchpur plant installed second mill with capacity of 450,000 MT per annum. The total production capacity of Dhaka and Chittagong plant currently stands at 2,378,000 MT per annum.

The Company in its 5th Extraordinary General Meeting of shareholders held on 3 October 2002 approved the scheme of Amalgamation of Scancement International Limited and Scancement Bangladesh Limited with Chittagong Cement Clinker Grinding Co. Limited, presently known as HeidelbergCement Bangladesh Limited (HCBL/the Company). The Hon'ble High Court Division of the Supreme Court of Bangladesh sanctioned the approval of the above Scheme of Amalgamation by an order dated 11 January 2003.

The registered office of the Company is situated in Tatki, P.O.: Jatramora, Union: Tarabaw, P.S.: Rupganj, Narayanganj. The address of the operational headquarters is at Symphony, Plot: SE (F) 9, Road 142, South Avenue Gulshan 1 Dhaka. Its shares are listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

The number of employees at the year end was 267 (2017: 270).

1.2. Nature of business

The principal activities of the Company throughout the year continued to be manufacturing and marketing of gray cement under two brands namely, RubyCement and ScanCement.

1.3. Meghna Energy Limited (Subsidiary company)

The Company has acquired 100% ownership of one subsidiary company named Meghna Energy Limited (MEL) on which the Company got control effective on 10 January 2018. Meghna Energy Limited, a private company, limited by shares, is incorporated in Bangladesh under the Companies Act 1994, vide certificate of incorporation no C-40420(2388)/2000 Dated 05 June 2000.

The principal objective of MEL is to build, own and operate a gas burning reciprocating engine power plant at Tatki, Rupganj, Narayanganj, Dhaka to supply electricity to HeidelbergCement Bangladesh Limited.

2. Basis of preparation

2.1. Statement of compliance

These consolidated financial statements of HeidelbergCement Bangladesh Limited (the Company) and its subsidiary Meghna Energy Limited (collectively referred to as the 'Group') as well as separate stand-alone financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRSs), applicable sections of the Companies Act 1994 and the Securities and Exchange Rules 1987. The title and format of these financial statements follow the requirements of IFRS which are to some extent different to the requirements of the Companies Act, 1994. However, such differences are not considered material.

2.2. Basis of consolidation

The consolidated financial statements comprise the consolidated financial position and the consolidated results of operation of HeidelbergCement Bangladesh Limited (the "Company") and its subsidiary Meghna Energy Limited (collectively referred to as the 'Group').

Subsidiary is an enterprise controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing control, potential

Notes to the consolidated and separate financial statements For the year ended 31 December 2018

voting rights that are presently exercisable are taken into account. The results of operations and total assets and liabilities of the subsidiary are included in the consolidated financial statements on a line by-line basis and the interest of non-controlling shareholders, if any, in results and net assets of the subsidiary are stated separately. The financial statements of the subsidiary are included in consolidated financial statement of the Group from the date of control achieved until the date of control ceased.

The consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS)-27: "Separate Financial Statements" and International Financial Reporting Standard (IFRS)-10: "Consolidated Financial Statements". The consolidated financial statements are prepared to a common financial year ended on 31 December 2018.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Profit and loss resulting from transactions between the Group are also eliminated on consolidation.

Date of approval

The board of directors has approved these financial statements on 9th April 2019.

Basis of measurement

These financial statements have been prepared on going concern basis under the historical cost convention.

2.3. Functional and presentational currency

These financial statements are presented in Bangladesh Taka (BDT), which is both functional and presentational currency of the Company.

2.4. Going concern

The Company and the Group has adequate resources to continue its operation for foreseeable future and hence, the financial statements have been prepared on going concern basis. As per management's assessment there are no materials uncertainties related to events or conditions which may cast significant doubt upon the Company's or the Group's ability to continue as a going concern.

2.5. Fair value

As fair value is a market based measurement, when measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible though entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant while measuring fair value. Fair values are categorised into different levels in a fair value hierarchy based on inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable input).

2.6. Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and assumptions are reviewed on an ongoing basis.

The estimates and underlying assumptions are based on past experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation and judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Notes to the consolidated and separate financial statements For the year ended 31 December 2018

Note	4	Property, plant and equipment
Note	7	Inventories
Note	8.1	Provision for doubtful debts
Note	15	Gratuity
Note	16	Deferred tax liability
Note	17	Trade and other payables
Note	29	Provision for income tax
Note	36	Goodwill

2.7. Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

2.8. Reporting period

The financial reporting period of the Company and the Group covers one year from 1 January to 31 December and consistently applied. However, as the Company acquired the subsidiary effective from 10 January 2018, consolidated financial statements have been prepared from 10 January to 31 December 2018 and there are no comparative disclosure on consolidated financial statements.

2.9. Segment reporting

A segment is a distinguishable component of the Company that is engaged in providing products or services within a particular economic environment. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company regards its Board of Directors as its chief operating decision maker, as the Board is responsible for allocating resources, assesses performances, and makes strategic decision.

2.10. Application of standards

The following International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted by ICAB are applicable for the financial statements for the year under review:

IAS 1	Presentation of financial statements
IAS 2	Inventories
IAS 7	Statement of cash flows
IAS 8	Accounting policies, changes in accounting estimates and errors
IAS 10	Events after the reporting period
IAS 12	Income taxes
IAS 16	Property, plant and equipment
IAS 19	Employee benefits
IAS 21	The effects of changes in foreign exchange rates
IAS 23	Borrowing costs
IAS 24	Related party disclosures
IAS 27	Separate Financial Statements
IAS 32	Financial instruments: Presentation
IAS 33	Earnings per share
IAS 36	Impairment of assets
IAS 37	Provisions, contingent liabilities and contingent assets
IAS 38	Intangible assets

Notes to the consolidated and separate financial statements

For the year ended 31 December 2018

IFRS 3 Business combinations
 IFRS 7 Financial instruments: Disclosures
 IFRS 8 Segment reporting
 IFRS 9 Financial instruments
 IFRS 13 Fair value measurement
 IFRS 15 Revenue from contracts with customers

2.11. New accounting standards issued but not yet adopted

The Company has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2018 have been considered. However, these amendments have no material impact on the financial statements of the Company.

In December 2017, ICAB has decided to adopt IFRS replacing BFRS effective for annual periods beginning on or after 1 January 2018. However, since currently issued BFRS have been adopted from IFRS without any major modification, such changes would not have any material impact on financial statements.

A number of standards and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted. However, the Company has not early applied the following new standards in preparing these financial statements.

- (a) IFRS 16 Leases
- (b) IFRS 17 Insurance Contracts

The Company has not yet assessed any potential impact of aforesaid new standards on its financial statements.

3. Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year. Figures relating to the previous year included in this report have been rearranged, wherever considered necessary, to make them comparable with those of the current year without, however, creating any impact on the value of assets and liabilities as reported.

3.1. Foreign currency translation

Foreign currency transactions are recorded in BDT at applicable rates of exchange ruling at the dates of transactions in accordance with IAS-21 "The Effects of Changes in Foreign Exchange Rates." Exchange rate difference at the statement of financial position date are charged/credited to statement of comprehensive income, to the extent that this treatment does not contradict with the Schedule XI of Companies Act 1994. This Schedule requires all exchange gains and losses arising from foreign currency borrowings, taken to finance acquisition of construction of fixed assets, to be credited/ charged to the cost/value of such assets.

The rate of relevant foreign exchange at year-end:

	<u>2018</u>	<u>2017</u>
1 US Dollar = BDT	83.69	82.64
1 EURO = BDT	95.81	99.21

3.2. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.2.1. Financial assets

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the date at which the Company becomes a party to the contractual provisions of the transaction.

The Company derecognises a financial asset when the contractual rights or probabilities of receiving the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the

Notes to the consolidated and separate financial statements

For the year ended 31 December 2018

financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets include cash and cash equivalents, accounts receivable, and long term receivables and deposits.

3.2.2. Financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the transaction date at which the company becomes a party to the contractual provisions of the liability.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial liabilities include loans and borrowings, accounts payable and other payables.

3.3. Property, plant and equipment

3.3.1. Recognition and measurement

Tangible fixed assets are accounted for according to IAS-16 "Property, Plant and Equipment" at historical cost or revaluation less accumulated depreciation and the capital work-in-progress is stated at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Maintenance, renewals and betterments that enhance the economic useful life of the property, plant and equipment or that improve the capacity, quality or reduce substantially the operating cost or administration expenses are capitalised by adding it to the related property, plant and equipment.

3.3.2. Subsequent costs

Subsequent cost are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. In compliance with the provisions of the Companies Act 1994, adjustment is made to the original cost of fixed assets acquired through foreign currency loan at the end of each financial year by any change in liability arising out of expressing the outstanding foreign loan at the rate of exchange prevailing at the date of balance sheet.

3.3.3. Depreciation

Depreciation is charged on straight-line method consistent with the Group's depreciation policy. Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives. In respect of acquisition of fixed assets, depreciation is charged from the month of acquisition and no depreciation is charged in the month of disposal.

The rates of depreciation for the current and comparative years are as follows:

Category of assets	2018	2017
HCBL		
Buildings	3% - 5%	3% - 5%
Plant and machinery	5% - 10%	5% - 10%
Furniture and equipment	10% - 20%	10% - 20%
Transport and vehicles	10% - 20%	10% - 20%
Subsidiary (MEL)		
Power plant and machinery	6.67%	
Other equipment and machinery	10%	
Building and civil work	10%	
Furniture and fixture	20%	

Notes to the consolidated and separate financial statements

For the year ended 31 December 2018

3.4. Intangible assets

Intangible fixed assets are accounted for according to IAS-38 "Intangible Assets." Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

Intangible assets include acquired computer software capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

3.5. Inventories

Inventories are measured at lower of cost and net realisable value in accordance with IAS-2 "Inventories." The cost of inventories includes expenditure incurred for acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses.

Inventories consist of raw materials, finished goods, packing materials and stores and spares.

<u>Category of inventory</u>	<u>Basis of valuation</u>
Raw and packing materials	: At weighted average cost
Finished goods	: At cost
Stores, accessories and spares	: At weighted average cost
Goods-in-transit	: At cost incurred till the balance sheet date

3.6. Impairment

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each date of statement of financial position. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value at appropriate discount rates.

3.7. Trade and other receivables

Trade and other receivables consists of unpaid bills receivable from customers carried at their original invoice amount, stated net of provision for doubtful debts. The Company initially recognises trade and other receivables at nominal value which is the fair value of the consideration given in return. After initial recognition these are carried at nominal value less impairment losses due to uncollectibility of any amount so recognised. Unpaid bills receivable from HCBL by the Subsidiary has been eliminated at the time of consolidation. To calculate provision for impairment on receivables, the Group is following 'Simplified Approach' as allowed under IFRS 9.

3.8. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and other short term highly liquid investments with original maturities of three months or less and bank overdrafts which were held and available for use by the company without any restriction, and there was insignificant risk of changes in value of these current assets.

3.9. Borrowings

Borrowings are classified into both current and non-current liabilities. In compliance with the requirements of IAS-23 "Borrowing Cost," borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.10. Liabilities

Liabilities are broadly classified into current and non-current.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2018

3.10.1. Trade and other payables

The Group recognises a financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits. Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the Group. Outstanding balance of payable by HCBL to its Subsidiary has been fully eliminated at the time of consolidation.

3.10.2. Provision, contingent liabilities and contingent assets

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If a transfer of economic benefit is no longer probable the provision should be reversed. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure required to settle the obligation.

Accruals

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amount due to employees.

Contingent liabilities

A contingent liability arises when a past event may lead to an entity having a liability in the future but the financial impact of the event will only be confirmed by the outcome of some future event not wholly within the entity's control. A contingent liability should be disclosed in the financial statements unless the possible outflow of resources is thought to be remote.

Contingent assets

A contingent asset is a potential asset that arises from past events but whose existence can only be confirmed by the outcome of future events not wholly within an entity's control. A contingent asset should be disclosed in the financial statements only when the expected inflow of economic benefits is probable.

3.11. Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss and other comprehensive income (profit and loss statement) in accordance with IAS-12 "Income taxes."

3.11.1. Current tax

The Company qualifies as a "Publicly Traded Company" as defined in income tax laws. The applicable tax rate for the company is 25% and hence provision for taxation has been made on this basis which is in compliant with the Finance Act 2018.

The applicable income tax rate for the Subsidiary Meghna Energy Limited is 35% and provision has been made on this basis.

3.11.2. Deferred tax

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity. The deferred tax asset/income or liability/expense does not create a legal obligation to, or recoverability from, the income tax authority.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.12. Workers' profit participation fund

The Company has provided for WPPF in terms of section 234(1)(b) of Bangladesh Labour (Amendment) Act

Notes to the consolidated and separate financial statements For the year ended 31 December 2018

2013, 5% of the net profit of each year, not later than nine (9) months from the close of that period, is required to be transferred to the Fund, the proportion of the payment to the Participation Fund and the Welfare Fund being 80:10. The remaining 10% of the amount of net profit shall be paid by the Company to the Workers' Welfare Foundation Fund, as formed under Bangladesh Workers' Welfare Foundation Act, 2006.

3.13. Employee benefit

The Company maintains a defined contribution plan (provident fund) and a retirement benefit obligations (approved gratuity fund) for its eligible permanent employees.

3.13.1. Defined contribution plan (provident fund)

Defined contribution plan is a post employment benefit plan under which the Company provides benefits for all of its permanent employees. The recognised Employees' Provident Fund is being considered as defined contribution plan as it meets the recognition criteria specified for this purpose. All permanent employees contribute 10% of their basic salary to the provident fund and the Company also makes equal contribution. This fund is recognised by the National Board of Revenue (NBR). The Company recognises contribution to defined contribution plan as an expense when an employee has rendered required services. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund. Obligations are created when they are due.

3.13.2. Retirement benefit obligations (gratuity)

The Company maintains a recognised gratuity scheme for all its eligible permanent employees. As per terms of contract the gratuity obligation, for employees who joined before amalgamation in their former Chittagong Cement Clinker Grinding Company Ltd, is last two months' basic salary or wages drawn and for employees who joined after amalgamation, one and half month's basic salary applicable at the time of their respective cessation of employment for each completed year of service.

3.13.3. Group insurance benefit

The permanent employees of the company are covered under a group term insurance scheme, premium for which is being charged to profit or loss statement.

3.14. Revenue recognition

3.14.1. The Company recognises sales when products are invoiced and dispatched to the buyers.

The Subsidiary's revenue consists of supply of electricity and quantum which is determined by survey of meter reading. Since MEL generates its entire revenue through sale of electricity to HCBL, on consolidation total revenue of MEL has been eliminated against corresponding cost of sales of HCBL.

3.14.2. Interest income on bank deposits and short-term investments is recognised on accrual basis.

3.14.3. Other income is recognised on receipt or due basis.

3.15. Finance expenses

Finance expenses comprise bank charges. All finance expenses are recognised in the profit and loss statement along with interest income from fixed deposit and from saving or current account.

3.16. Advertising and promotional expenses

All costs associated with advertising and promotional activities are charged out in the year it is incurred.

3.17. Research, development and experiment costs

These are usually absorbed as revenue charges as and when incurred, in line with IAS 38: Intangible Assets.

3.18. Stocks write off/down

Notes to the consolidated and separate financial statements

For the year ended 31 December 2018

It includes the cost of writing off or writing down the value of redundant or damaged or obsolete stocks, which are dumped and/or old stock.

3.19. Repair, upkeep and maintenance charges

These are usually charged as revenue charges.

3.20. Basis of allocation of depreciation

Basis allocation of depreciation in different overheads are as follows:

Manufacturing, labour and overhead	75%
Warehousing, distribution and selling expenses	15%
Administrative expenses	10%

MEL's depreciation is fully allocated to Cost of Sales of the Subsidiary.

3.21. Environmental expenditure

Environmental expenditures, which increase life, capacity or result in improved safety or efficiency of a facility, are capitalised.

3.22. Earnings per share

The Group and the Company separately presented consolidated and separate basic and diluted (when dilution is applicable) earnings per share (EPS) data for its ordinary shares according to IAS-33 "Earning Per Share."

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares during the period, adjusted for the effect of change in number of shares for bonus issue, share split and reverse split.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no dilutive potential ordinary shares during the relevant periods.

3.23. Statement of cash flows

Statement of Cash Flows (Cash Flow Statement) is prepared under direct method in accordance with IAS-7 "Statement of Cash Flows" as required by the Bangladesh Securities and Exchange Rules 1987.

3.24. Events after the reporting period

Events after the balance sheet date that provide additional information about the Group's position at the balance sheet date are reflected in the financial statements. Material events after the balance sheet date that are not adjusting events are disclosed in the note 44.

	31.12.2018
	BDT '000
4. Consolidated property, plant and equipment	
HeidelbergCement Bangladesh Limited (Note 4.1)	3,065,784
Meghna Energy Limited	186,531
	<u>3,252,315</u>

Notes to the consolidated and separate financial statements

For the year ended 31 December 2018

4.1 Property, plant and equipment: HCBL

Particulars	Land and building BDT '000	Plant and machinery BDT '000	Furniture and equipment BDT '000	Transport and vehicles BDT '000	Total BDT '000
Cost					
At 01 January 2017	2,241,735	4,398,179	108,957	80,489	6,829,361
Additions (note 4.2)	25,436	166,272	8,227	16,003	215,939
Disposal	-	(7,936)	(46)	(18,383)	(26,364)
Balance at 31 December 2017	2,267,171	4,556,515	117,139	78,110	7,018,935
Depreciation					
At 01 January 2017	880,001	2,498,134	72,961	24,936	3,476,032
Depreciation expense	58,991	223,409	11,289	10,744	304,432
Disposal	-	(7,936)	(46)	(18,383)	(26,365)
Balance at 31 December 2017	938,992	2,713,607	84,204	17,297	3,754,100
Net book value at 31 December 2017	1,328,179	1,842,908	32,935	60,813	3,264,836
Cost					
At 01 January 2018	2,267,171	4,556,515	117,139	78,110	7,018,935
Additions (note 4.2)	31,486	74,032	7,525	4,912	117,955
Disposal	-	-	(241)	(200)	(441)
Balance at 31 December 2018	2,298,657	4,630,547	124,423	82,822	7,136,449
Depreciation					
At 01 January 2018	938,992	2,713,607	84,204	17,297	3,754,100
Depreciation expense	61,416	232,960	10,684	11,919	316,979
Disposal	-	-	(214)	(200)	(414)
Balance at 31 December 2018	1,000,408	2,946,567	94,674	29,016	4,070,665
Net book value at 31 December 2018	1,298,249	1,683,980	29,749	53,806	3,065,784
				31.12.2018	31.12.2017
				BDT '000	BDT '000

4.2 Break-up of addition to property, plant and equipment: HCBL

Land and building

Non-factory building	31,486	25,436
	31,486	25,436

Plant and machinery

Equipment apparatus and accessories	63,354	116,540
Electrical installation	10,292	49,732
Tools and equipment	386	-
	74,032	166,272

Furniture and equipment

Furniture and fixture	226	1,644
Sundry assets	1,309	1,955
Computer	3,166	960
Office equipment	2,824	3,669
	7,525	8,227

Notes to the consolidated and separate financial statements

For the year ended 31 December 2018

	31.12.2018 BDT '000	31.12.2017 BDT '000
Transport and vehicles		
Pick up van/vehicle	4,912	16,003
	4,912	16,003
	117,955	215,939

4.3. Allocation of depreciation expense of HCBL to:

Manufacturing, labour and overheads (note 23.5)	237,734	228,324
Warehousing, distribution and selling expenses (note 25.1)	47,547	45,665
Administrative expense (note 26.1)	31,698	30,443
	316,979	304,432

4.4. Details of disposal of property, plant and equipment

Particulars	BDT '000				Mode of disposal	Particulars of purchaser
	Cost	Accumulated Depreciation	Net Book Value	Disposal Proceeds		
Transport and Vehicles	200	200	-	32	as per policy	Employees
Furniture and Equipment	241	214	27	7	as per policy	Written off/ Employees/ Third Party
2018	<u>441</u>	<u>414</u>	<u>27</u>	<u>39</u>		
2017	<u>26,364</u>	<u>26,364</u>	<u>-</u>	<u>4,437</u>		

**31.12.2018
BDT '000**

5. Consolidated capital works-in-progress

HeidelbergCement Bangladesh Limited (Note 5.1)	460,460
Meghna Energy Limited	-
	460,460

5.1 Capital works-in-progress - HCBL

Particulars	Land and building BDT '000	Plant and machinery BDT '000	Furniture and equipment BDT '000	Total BDT '000
At 1 January 2017	20,057	150,899	7,218	178,174
Addition	30,688	160,192	800	191,680
Capitalised during the year	(25,436)	(160,838)	(7,213)	(193,487)
At 31 December 2017	25,309	150,253	805	176,367
At 1 January 2018	25,309	150,253	805	176,367
Addition	266,132	124,284	866	391,282
Capitalised during the year	(31,486)	(74,032)	(1,671)	(107,189)
At 31 December 2018	259,955	200,505	-	460,460

**31.12.2018
BDT '000**

6. Consolidated intangible assets

HeidelbergCement Bangladesh Limited (Note 6.1)	1,708
Meghna Energy Limited	-
	1,708

Notes to the consolidated and separate financial statements

As at 31 December 2018

	Software BDT '000	Total BDT '000
6.1 Intangible assets - HCBL		
Cost		
At 01 January 2017	7,459	7,459
Additions	2,463	2,463
Balance at 31 December 2017	<u>9,922</u>	<u>9,922</u>
Amortisation		
To 01 January 2017	7,295	7,295
Charge for the year	425	425
Total to 31 December 2017	<u>7,721</u>	<u>7,721</u>
At 31 December 2017	<u>2,201</u>	<u>2,201</u>
Cost		
At 01 January 2018	9,922	9,922
Additions	-	-
Balance at 31 December 2018	<u>9,922</u>	<u>9,922</u>
Amortisation		
To 01 January 2018	7,721	7,721
Charge for the year	493	493
Total to 31 December 2018	<u>8,214</u>	<u>8,214</u>
At 31 December 2018	<u>1,708</u>	<u>1,708</u>
	31.12.2018	
	BDT '000	
7. Consolidated inventories		
HeidelbergCement Bangladesh Limited (Note 7.1)	1,761,342	
Meghna Energy Limited	73,347	
	<u>1,834,689</u>	
	31.12.2018	31.12.2017
	BDT '000	BDT '000
7.1 Inventories - HCBL		
Raw materials	1,249,638	681,803
Finished goods	128,503	131,645
Packing materials	63,841	48,064
Stores and spares	325,269	315,928
	1,767,250	1,177,440
Provision for slow moving stores and spares	(5,908)	(5,908)
	<u>1,761,342</u>	<u>1,171,532</u>
	31.12.2018	
	BDT '000	
8. Consolidated trade and other receivables		
HeidelbergCement Bangladesh Limited (Note 8.1)	816,937	
Meghna Energy Limited	78,806	
	895,743	
Less: Intercompany Transactions	(78,806)	
	<u>816,937</u>	

Notes to the consolidated and separate financial statements

As at 31 December 2018

	31.12.2018 BDT '000	31.12.2017 BDT '000
8.1 Trade and other receivables - HCBL		
Trade receivables		
Considered good	780,702	1,100,589
Considered doubtful	44,675	49,346
	<u>825,377</u>	<u>1,149,934</u>
Other receivables		
Third party	19,089	21,473
Inter-company	17,147	18,411
	<u>36,235</u>	<u>39,884</u>
Provision for doubtful debts	(44,675)	(49,346)
	<u>816,937</u>	<u>1,140,473</u>
Receivable covered under security	575,316	898,294
Outstanding for a period exceeding six months.	<u>94,068</u>	<u>83,057</u>

Trade and other receivables were stated at their nominal value. Adequate provisions has been made for all identifiable impaired receivables.

Trade and other receivables were accrued in the ordinary course of business and no amount was due by the Directors (including Managing Director), managers and other officers of the company and any of them severally or jointly with any other person.

	31.12.2018 BDT '000		31.12.2017 BDT '000
9. Consolidated advances, deposits and prepayments			
HeidelbergCement Bangladesh Limited (Note 9.1)	191,849		
Meghna Energy Limited	21,768		
	<u>213,617</u>		
	31.12.2018 BDT '000	31.12.2017 BDT '000	
9.1 Advances, deposits and prepayments - HCBL			
Advance paid to suppliers and employees	77,930	86,664	
Security and other deposits	103,675	76,201	
Prepayments	10,243	21,923	
	<u>191,849</u>	<u>184,788</u>	
9.2. These include dues realisable/adjustable within one year from the balance sheet date	<u>162,022</u>	<u>162,252</u>	
9.3. These include aggregate amount due by, executives, managers, officers and staffs	<u>28,662</u>	<u>32,082</u>	
9.4. The maximum aggregated amount due by executives, managers, officers and staffs of the company at the end of any month during the year	<u>42,489</u>	<u>37,777</u>	
9.5. Advance recoverable in cash	<u>2,866</u>	<u>3,208</u>	
9.6. Advance outstanding for a period exceeding six months	<u>29,827</u>	<u>22,536</u>	
	31.12.2018 BDT '000		
10. Consolidated cash and cash equivalents			
HeidelbergCement Bangladesh Limited (Note 10.1.)	1,192,391		
Meghna Energy Limited	558,971		
	<u>1,751,361</u>		

Notes to the consolidated and separate financial statements

As at 31 December 2018

	31.12.2018	31.12.2017
	BDT '000	BDT '000
10.1. Cash and cash equivalents - HCBL		
Cash in hand	120	139
Cash at bank in current accounts	48,234	27,161
Short term bank deposits (STD)	68,234	342,672
Fixed deposits receipts (FDR)	1,075,801	2,420,332
	<u>1,192,391</u>	<u>2,790,303</u>

FDR includes an amount of BDT 16,958 (2017: 37,610) thousand held under lien in favour of Customs Authority.

11. Share capital

11.1. Authorised share capital

The total authorised number of ordinary shares is 100 million with a face value of BDT 10 per share (2017: BDT 10 per share). The face value of shares were changed to BDT 10 from BDT 100 as per the decision taken in 7th Extra-Ordinary General Meeting (EGM), held on 27 November 2011, to comply with the Bangladesh Securities and Exchange Commission order no. SEC/CMRRCD/2009-193/109 dated 15 September 2011.

100,000,000 ordinary shares of BDT 10 each	<u>1,000,000</u>	<u>1,000,000</u>
--	-------------------------	-------------------------

	31.12.2018	31.12.2017
	BDT '000	BDT '000
11.2. Issued, subscribed and paid-up capital		
36,358,880 ordinary shares of BDT 10 each fully paid up	363,588	363,588
20,144,710 ordinary shares of BDT 10 each issued as fully paid-up bonus shares	201,448	201,448
	<u>565,036</u>	<u>565,036</u>

11.3. Percentage and value of shareholdings

	%		BDT '000	
	2018	2017	2018	2017
Foreign shareholders				
HeidelbergCement - Netherlands Holding B.V.	39.80%	39.80%	224,930	224,930
HC Asia Holding GmbH	20.86%	20.86%	117,844	117,844
	60.66%	60.66%	342,774	342,774
Bangladeshi shareholders				
General public	11.72%	11.92%	66,234	67,376
Company's employees	0.24%	0.25%	1,349	1,398
Investment Corporation of Bangladesh (ICB)	12.49%	12.49%	70,581	70,571
Other financial institutions	14.88%	14.67%	84,062	82,881
Director				
Mr. Golam Farook	0.01%	0.01%	36	36
	39.34%	39.34%	222,262	222,262
	100.00%	100.00%	565,036	565,036

11.4. Classification of shareholders by holding Shareholding range

	Number of shareholders	
	2018	2017
Less than 5000 shares	12,831	12,176
5001 to 50,000 shares	264	296
50,001 to 200,000 shares	53	56
200,001 to 500,000 shares	3	6
500,001 to 10,000,000 shares	4	4
Over 10,000,000 shares	2	2
	<u>13,157</u>	<u>12,540</u>

Notes to the consolidated and separate financial statements

As at 31 December 2018

11.5. Option on un-issued shares

There is no option on un-issued share capital

12. Capital reserve

	Share premium BDT '000	Amalgamation reserve BDT '000	Total BDT '000
Balance as at 1 January 2018	193,500	412,157	605,657
Balance as at 31 December 2018	<u>193,500</u>	<u>412,157</u>	<u>605,657</u>

The amalgamation reserve is resulted from amalgamation transactions. It is not available for dividend distribution. Amalgamation transaction was accounted for using 'pooling-of-interest' method. Under the 'pooling-of-interest' method any difference between the acquisition consideration for and the share capital of the entities are shown as a movement in the reserves of the amalgamated entity.

13. Suppliers' credit-blocked

Suppliers' credit-blocked BDT 2,565 thousand represents the value of mechanical spares etc. supplied by the contractor M/s Five's Coil Bebbcock, France against French grant as replacement of damages caused to the conveyor belt being constructed by it. The value of supplies at FF 499,578 was converted at ruling exchange rate as on 30 June 1988. BCIC had claimed the amount and debentures were issued towards repayment of the amount (note 14).

14. Quasi equity loan

	31.12.2018 BDT '000	31.12.2017 BDT '000
Fixed assets revaluation surplus	104,122	104,122
Government equity contribution	20,000	20,000
	<u>124,122</u>	<u>124,122</u>
Foreign currency devaluation	(1,486)	(1,486)
	<u>122,636</u>	<u>122,636</u>

14.1 At the time of transfer of 51% shares, held by BCIC, to BDT Oil Refinery Limited during June 1993, the company issued 13.5% Debenture for BDT. 137,900 thousand to BCIC in repayment of the following dues:

Suppliers' credit (note 13)	2,565
Quasi equity loan (note 14)	122,636
ADP interest-excess provision	12,699
	<u>137,900</u>

The trust deed was registered on 24 June 1993 but the concerned properties have not been mortgaged and charged have not been created then as per requirement of sections 115 of Companies Act 1913. The minority shareholders (40%) filed a case with sub-judge court, Dhaka against issue of debentures. The judgment was in favour of minority shareholders, which means that the entire liability will not be payable to BCIC. The Government appealed to high court and the judgment was again in favour of minority shareholders. The judgment and order of the High Court Division was challenged by the Government before Appellate Division of the Supreme Court and the Appellate Division vide its judgment and order dated 10.05.2007 allowed the appeal and set aside the judgment and order of the High Court Division dated 07.12.1999. Subsequently, the Government has filed pending Money Suit No. 32 of 2009 in the Court of Joint District Judge, 4th Court, Dhaka against the company claiming BDT. 437,600,148 only including debenture interest.

Notes to the consolidated and separate financial statements

As at 31 December 2018

15. Retirement benefit obligations (gratuity)

This represents gratuity payable to employees of the Company at the time of their cessation of employment with the Company. The Company's policy related to employees gratuity is stated in note - 3.13.2. During the year 2017, the Company has established a separate trust for management of gratuity obligation and as per the latest actuarial valuation done as at 31 December 2018, the Company has transferred the entire gratuity to the fund. As per the actuary report the Company is required to contribute 11.50% (2017: 11.70%) of basic salary as its contribution to gratuity fund.

Value of benefit obligation for past service costs	140,038,526	136,103,671
Value of the fund assets	146,584,807	149,667,723
Net surplus/deficit	<u>6,546,281</u>	<u>13,564,052</u>
Principal actuarial assumption		
Discount rate	7%	
Expected return of fund assets	7%	
Rate of expected increase in salaries	7%	

31.12.2018
BDT '000

16. Consolidated Deferred tax liability

HeidelbergCement Bangladesh Limited (Note .1)
Meghna Energy Limited

532,164
49,000

581,164

31.12.2018
BDT '000

31.12.2017
BDT '000

16.1. Deferred tax liability - HCBL

Opening balance
Provision (reversal)/made during the year
Closing balance

568,178
(36,014)

532,164

574,928
(6,750)

568,178

16.2 Deferred tax by type of temporary differences that resulted in deferred tax (assets) or liabilities

Property, plant and equipment
Provision for inventories
Provision for doubtful debts

551,332
(7,999)

532,164

588,514
(7,999)

568,178

31.12.2018
BDT '000

17. Consolidated trade and other payables

HeidelbergCement Bangladesh Limited (Note 17.1)
Meghna Energy Limited

2,899,773
91,381

2,991,155

Less; Intercompany Transactions

(78,806)

2,912,349

31.12.2018
BDT '000

31.12.2017
BDT '000

17.1. Trade and other payables - HCBL

Trade payables (*)
Creditors for other finance (note 17.2)
Creditors for revenue expenses (note 17.3)
Interest accrued

1,229,446
369,062

1,001,565

299,700

2,899,773

895,018
763,095

1,069,787

299,700

3,027,598

(*) BDT 63,810 thousands provided against import and supplementary duties covered by bank guarantees.

Notes to the consolidated and separate financial statements

As at 31 December 2018

	31.12.2018 BDT '000	31.12.2017 BDT '000
17.2 Creditors for other finance		
Security deposits	247,679	573,449
VAT deduction at source	8,297	7,143
Tax deduction at source	33,570	42,939
Payable to employees provident fund	(1,089)	1,607
Inter company payables	3,262	3,415
Payable for capital expenditure	76,949	134,175
Others	395	367
	369,062	763,095
17.3 Creditors for revenue expenses		
Revenue charges	657,076	714,883
Employees remuneration	50,444	36,889
Technical know-how fee (note 17.4)	294,045	318,014
	1,001,565	1,069,787

17.4. Technical know how fee is payable to HeidelbergCement Asia Pte. @ 3% of net sales of prior year in terms of the Technical know-how and Technological transfer agreement effective from 1 January 2001.

18. Provision for workers' profit participation fund

Provision for liabilities and charges includes provision for Worker's Profit Participation Fund (WPPF) of BDT 53,981 thousand (2017: BDT 60,816 thousand). This represents 5% of net profit before charging WPPF (note 3.12).

19. Unclaimed dividend

Opening balance	235,389	194,446
Addition during the year	847,554	1,695,108
Paid during the year	(831,296)	(1,654,165)
Closing balance	251,647	235,389

20. Consolidated provision for income tax

HeidelbergCement Bangladesh Limited *

Meghna Energy Limited

**31.12.2018
BDT '000**

-

32,511

32,511

* Due to higher amount of actual advance income tax payment at import stage compared to tax provision, the amount has become receivable.

20.1 Consolidated income tax assets

HeidelbergCement Bangladesh Limited (Note: 20.2)

Meghna Energy Limited

37,502

-

37,502

20.2. Provision for income tax / (Income tax receivable) - HCBL

	31.12.2018 BDT '000	31.12.2017 BDT '000
Opening balance	955	41,008
Addition during the year:		
Current year provision	337,500	352,000
Prior years provision	13,000	7,083
	350,500	359,083
Paid during the year	(388,957)	(399,136)
Closing balance	(37,502)	955

Notes to the consolidated and separate financial statements

As at 31 December 2018

21. Contingent assets, liabilities and commitments

Contingent assets

In accordance with the resolution passed by the BCIC Board of Directors in its meeting held on 8.9.1986, land property owned by the Company measuring 48.09 decimal was transferred to BCIC at a lump sum price of BDT 10,000 thousand. BCIC did not make any payment. The Company raised claim for BDT 35,500 thousand from BCIC including BDT 25,500 thousand as interest.

Contingent liabilities and commitments

i) Law suits are filed both against the company and by the company, lying at different stages of appeal at different courts, decisions of which are still pending. The company has assessed the possible outcomes of the cases against it and is of the opinion that these might not go against the company. Partial provisions against the eligible law suits have already been taken under note 17.3 'Revenue charges'.

	31.12.2018 BDT '000	31.12.2017 BDT '000
ii) Guarantees:		
Guarantees issued by the Company's banker with 100% margin form of FDR for import duty and supplementary duty	16,958	16,958
Guarantees issued by the Company's banker for security deposits and others	86,494	64,540
iii) Financial commitments:		
Confirmed irrevocable letters of credit (limit: BDT 1,250,000 thousand with Standard Chartered Bank & BDT 418,750 thousand, for Citibank NA.)	1,668,124	766,457
iv) Capital expenditure authorized but not contracted for	43,474	1,222,168
v) Capital expenditure authorised and committed for	170,190	86,069
vi) Non cancellable operating leases	48,162	58,012
	1,985,240	2,156,192

**2018
BDT '000**

22. Consolidated sales

HeidelbergCement Bangladesh Limited (Note 22.1)
Meghna Energy Limited

Less: Intercompany transactions

11,151,286
377,202
11,528,488
(377,202)
11,151,286

**2018
BDT '000** **2017
BDT '000**

22.1 Sales - HCBL

	Dhaka	Chittagong		
Domestic	6,460,090	4,606,387	11,066,477	9,765,500
Export	1,847	82,961	84,809	36,006
Total Sales	6,461,937	4,689,349	11,151,286	9,801,506

**2018
BDT '000**

23. Consolidated cost of goods sold

HeidelbergCement Bangladesh Limited (Note 23.1)
Meghna Energy Limited

Less: Intercompany Transactions

9,336,821
260,155
9,596,976
(377,202)
9,219,775

Notes to the consolidated and separate financial statements

As at 31 December 2018

	2018 BDT '000	2017 BDT '000
23.1 Cost of goods sold - HCBL		
Opening stock of raw materials (note 23.2)	592,762	419,634
Raw materials purchased (note 23.2)	8,192,342	6,712,104
Closing stock of raw materials (note 23.2)	(770,180)	(592,762)
Raw materials consumed	8,014,924	6,538,975
Manufacturing labour and overhead (note 23.5)	1,318,755	1,314,046
Cost of production	9,333,679	7,853,022
Opening finished goods	131,645	123,149
Closing finished goods	(128,503)	(131,645)
Cost of goods sold	9,336,821	7,844,526

23.2 Raw materials consumed

Opening inventory:

Clinker	445,189	245,560
Gypsum	36,468	66,944
Iron slag	41,977	27,228
Limestone & other	15,268	35,087
Fly ash	5,796	7,284
Packing materials	48,064	37,531
	592,762	419,634

Purchase:

Clinker	5,436,993	4,496,641
Gypsum	289,036	178,775
Iron slag	1,066,604	765,814
Limestone and others	324,325	237,236
Fly ash	505,087	504,385
Packing materials	570,297	529,251
	8,192,342	6,712,104
	8,785,104	7,131,738

Raw materials available for consumption

Closing inventory:

Clinker	(502,945)	(445,189)
Gypsum	(87,713)	(36,468)
Iron slag	(87,618)	(41,977)
Limestone and other	(23,046)	(15,268)
Fly ash	(5,017)	(5,796)
Packing materials	(63,841)	(48,064)
	(770,180)	(592,762)
	8,014,924	6,538,975

Raw materials consumed

23.3 Particulars in respect of opening stock, sales and closing stocks of finished goods

	Opening stock		Closing stock		Sales-net	
	Qty-M.T	BDT	Qty-M.T	BDT	Qty-M.T	BDT
Year 2018	26	131,645	23	128,503	1,710	11,151,286
Year 2017	26	123,149	26	131,645	1,612	9,801,506

Notes to the consolidated and separate financial statements

As at 31 December 2018

23.4 Analysis of materials consumption

	31 December 2018		31 December 2017	
	Qty-M.T	BDT	Qty-M.T	BDT
Raw materials				
Clinker	1,052	5,379,237	980	4,297,012
Gypsum	72	237,790	64	209,251
Iron slag	285	1,020,962	279	751,065
Limestone and others	86	316,547	67	257,055
Fly ash	214	505,866	226	505,873
Packing materials (000 Pcs)	31,543	554,521	29,934	518,719
		8,014,924		6,538,975

31.12.2018
BDT '000

31.12.2017
BDT '000

23.5 Manufacturing labour and overhead

Personnel Cost:

Salaries, wages and bonus	85,622	69,329
Welfare and other benefits	76,067	74,045
	161,689	143,373
Power and fuel costs	588,067	649,605
Depreciation expense (note 4.3)	237,734	228,324
Stores and spares consumed	81,201	72,230
Cost of consumables	68,425	55,260
Repairs and maintenance	89,455	76,307
Insurance	5,849	5,988
Postage, telephone and telex	1,599	1,490
Traveling and conveyance	17,604	14,007
Rent, rates and taxes	24,860	28,188
Fuel and gas	2,014	1,894
Entertainment	5,940	5,278
Security guard	22,228	20,123
Uniform, liveries and other administrative expenses	12,089	11,979
	1,318,755	1,314,046

2018
BDT '000

24. Consolidated other operating income

HeidelbergCement Bangladesh Limited (Note 24.1)
Meghna Energy Limited

18,169

18,169

31.12.2018
BDT '000

31.12.2017
BDT '000

24.1 Other operating income - HCBL

Berth hire charge
Insurance claim received
Scrap sales and sundry recoveries

7,225

-

10,944

18,169

7,337

20,423

6,866

34,626

2018
BDT '000

25. Consolidated warehousing, distribution and selling expenses

HeidelbergCement Bangladesh Limited (Note 25.1)
Meghna Energy Limited

412,122

-

412,122

Notes to the consolidated and separate financial statements

As at 31 December 2018

	31.12.2018 BDT '000	31.12.2017 BDT '000
25.1 Warehousing, distribution and selling expenses - HCBL		
Personnel Cost:		
Salaries, wages and bonus	51,932	37,850
Welfare and benefits	32,945	28,902
	84,876	66,753
Depreciation expense (note 4.3)	47,547	45,665
Freight, loading, unloading and others	119,668	146,825
Advertisement and business promotion expenses	126,594	173,572
Traveling and conveyance	8,567	8,489
Vehicle running expense	659	627
Rent, rates and taxes	20,227	22,368
Postage, telephone and telex	1,888	1,808
Bad Debt	4,670	-
Bad debt written-off	(4,670)	-
Printing and stationary	1,421	500
Repairs and maintenance	306	398
Entertainment	370	319
Insurance expenses	-	226
	412,122	467,550
	2018	
	BDT 000	
26. Consolidated administrative expenses		
HeidelbergCement Bangladesh Limited (Note 26.01)	496,141	
Meghna Energy Limited	1,261	
	497,402	
	31.12.2018	31.12.2017
	BDT '000	BDT '000
26.1 Administrative expenses - HCBL		
Personnel Cost:		
Salaries, wages and bonus	44,199	40,734
Welfare and benefits	40,989	37,386
	85,187	78,121
Depreciation expense (note 4.3)	31,698	30,443
Depreciation of intangible assets (note 6.1)	493	425
Rent, rates and taxes	25,881	28,157
Traveling and conveyance	3,986	4,928
Postage, telephone and telex	1,451	1,683
Annual General Meeting expense	2,133	2,975
Technical know-how fee (note 17.3)	294,045	318,014
Legal and professional charges	20,981	5,585
Entertainment	3,827	3,784
Repairs and maintenance	3,265	3,842
Printing and stationery	996	969
Bank charges	1,720	1,650
Electronic data processing expense	13,675	13,887
Audit fee	800	700
Advertisement	331	271
Training expense	745	3,300
Electricity	1,360	999

Notes to the consolidated and separate financial statements

As at 31 December 2018

Vehicle running expense	504	519
Newspaper and periodicals	39	35
Subscription on others	995	1,095
Insurance, CDBL and other administrative expenses	2,030	3,171
	496,141	504,553
	2018	
	BDT '000	
27. Consolidated non-operating expenses		
HeidelbergCement Bangladesh Limited (Note 27.1)	12	
Meghna Energy Limited	-	
	12	
	2018	2017
	BDT '000	BDT '000
27.1 Non-operating expenses - HCBL		
Gain on derecognition and sale of fixed assets	12	4,438
	12	4,438
	2018	
	BDT '000	
28. Consolidated net finance income		
HeidelbergCement Bangladesh Limited (Note 28.1)	155,234	
Meghna Energy Limited	35,920	
	191,154	
	2018	2017
	BDT '000	BDT '000
28.1 Net finance income - HCBL		
Interest income on bank deposits	158,022	191,969
Bank guarantee and other charges	(4,036)	(2,590)
	153,987	189,379
Net exchange gain	1,247	2,991
	155,234	192,370
	2018	
	BDT '000	
29. Consolidated income tax expense		
HeidelbergCement Bangladesh Limited (Note 29.1)	337,500	
Meghna Energy Limited	56,597	
	394,097	
	2018	2017
	BDT '000	BDT '000
29.1 Income tax expense - HCBL		
The corporate tax rate is 25% for the year 2018 (2017: 25%) as a "Publicly Traded Company". Current year tax provision has been accounted for at BDT 337,000 (2017: BDT 352,000) thousand on estimated taxable income.		
	2018	2017
	BDT '000	BDT '000
Profit before tax	1,025,635	1,155,495
Income tax @ statutory rate of 25%	256,409	288,874
Inadmissible expenses/permanent differences	81,091	63,126
Current tax charges	337,500	352,000
	2018	
	BDT '000	
30. Consolidated earnings per share		
Profit after tax for the year	809,758	
Weighted average number of shares outstanding at the end of the year	56,504	
Earnings per share (consolidated)	14.33	

Notes to the consolidated and separate financial statements

As at 31 December 2018

	2018 BDT '000	2017 BDT '000
30.1 Earnings per share - HCBL		
Profit after tax for the year	711,149	803,162
Weighted average number of shares outstanding at the end of the year	56,504	56,504
Earnings per share (Basic)	12.59	14.21

The calculation of the basic earnings per share is made in accordance with IAS-33, dividing the profit for the year by weighted average number of the shares issued.

Basic earnings

This represents earnings for the year attributable to the ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

Weighted average number of shares outstanding at the end of the year:

This represents the number of ordinary shares outstanding at the year beginning of the year plus the number of ordinary shares issued during the year.

Earning per share (diluted)

No diluted earnings per share is required to be calculated for these years as there was no scope for dilution these years.

31. Notes to the Statement of Cash Flows:

"The cash flow statement shows the Group and the Company's cash and cash equivalents changed during the year through inflows and outflows. Cash flows statement has been prepared as per IAS-7 using the Direct Method.

Net cash inflow from operating activities arrived after adjusting operating expenses paid, interest and taxes paid during the year.

Net cash used in investing activities includes cash outflow for purchase of property, plant and equipment after adjusting sale proceeds.

Net cash inflow financing activities mainly payment of dividend."

31.1 Collection from customers

Gross cash received from customers arrived at after adjusting accounts receivables with revenue for the year.

31.2 Cash paid to suppliers

Cash paid to various suppliers arrived at after adjusting cost of raw materials and consumption cost of spares parts consumed with creditors for trade supplies.

31.3 Cash paid for operating expenses

Cash paid for operating expenses arrived at after adjusting non-cash items and creditors for revenue expenses.

32. Income tax paid

During the year the Group has paid BDT 433,272 thousand and the Company paid BDT 388,957 thousand (2017: BDT 399,136 thousand) as advance income tax.

33. Acquisition of non-current assets

This relates to outflow of cash and cash equivalents for acquisition of non-current assets.

	2018 BDT '000	2017 BDT '000
34. Proceeds from sale of non-current assets		
Furniture and Equipment	39	4,438
	39	4,438

Notes to the consolidated and separate financial statements

As at 31 December 2018

35. Payment of dividend

In 2018, the Company paid dividend of BDT 831, 296 thousand (2017: BDT 1,654,165 thousand).

36. Acquisition of subsidiary and calculation of Goodwill

The Company has acquired 99.99% ownership of Meghna Energy Limited (MEL) effective on 10 January 2018. As per the terms of agreement, the Company has settled the entire amount of consideration amounting to Tk 910,750k in cash 4,056,457 shares @ Tk 224.52 each) as per the approval of Bangladesh Bank. MEL is a private company, limited by shares and involved in providing electricity supply to the Company's Kancpur plant. The acquisition of MEL by the Company has a strategic objective to secure own power supply

	BDT '000	BDT '000
Total consideration paid by HCBL in cash to acquire MEL		910,750
Net assets acquired at the date of gaining control (10 January 2018)		
Share capital	405,646	
Share money deposit	17	
Revaluation reserve	87,500	
Retained earnings	144,758	
	<u>144,758</u>	
		637,920
Goodwill		<u><u>272,830</u></u>

During 2018, MEL has earned revenue of Tk 377,202k which is fully eliminated on consolidation. At the same period MEL has made net profit of Tk 98,609k which is included in consolidated results of the Group.

The fair value of assets and liabilities acquired by the Company at acquisition date were as follows:

	BDT '000
Property, plant & equipment	181,440
Capital work- in-progress	1,111
Inventories	48,373
Trade and other receivable (fully recoverable)	44,296
Advance, deposits and prepayments	19,110
Cash and bank balances	477,049
	771,379
Trade and other payables	385
Provision for other liabilities and charges	60,345
Provision for income tax	20,229
Deferred tax liability	52,500
	133,459
Net assets acquired	<u><u>637,920</u></u>

Acquisition related costs of Tk 13,661k has been charged to profit or loss under administrative expenses.

Notes to the consolidated and separate financial statements

As at 31 December 2018

37. Reconciliation of operating cash flow to net profit for the year

	2018 Consolidated BDT '000	2018 HCBL BDT '000	2017 HCBL BDT '000
Profit before tax	1,187,342	1,025,635	1,155,495
Depreciation of property, plant and equipment	324,346	316,979	304,432
Amortization of intangible assets	493	493	425
Loss/(Profit) on sale of Fixed Assets	(12)	(12)	(4,438)
(Increase)/Decrease in inventories	(614,783)	(589,810)	324,022
(Increase)/Decrease in Trade and other receivable	289,026	323,536	4,410
(Increase)/Decrease in advance, deposits and prepayments	(9,718)	(7,061)	(28,694)
Increase/(Decrease) in Trade & other payables	(127,867)	(127,826)	(474,317)
Increase/(Decrease) in Provision for other liabilities and charges	23,858	(6,835)	(48,418)
Income tax paid	(433,272)	(388,957)	(436,602)
Net cash flow from operating activities	639,412	546,144	796,315

38. Bank facilities

The Company has got the following loan facilities from Banks:

Standard Chartered Bank		
Short term loan facilities	200,000	200,000
Letter of credit	1,661,000	1,250,000
Bank Guarantee opened ended	75,200	75,200
	1,936,200	1,525,200
Citibank NA		
Letter of credit	418,750	413,200
	418,750	413,200
Grand Total	2,354,950	1,938,400

Securities:

These are secured by:

- Demand promissory note BDT. 1,936,200,000 for Standard Chartered Bank and BDT 418,750,000 for Citibank NA.
- Letter of continuation BDT 1,936,200,000 for Standard Chartered Bank and BDT 418,750,000 for Citibank NA.

39. Expenditure incurred on employees

	2018	2017
	Number of Employees	
Salaries, wages and benefits (Note 23.5, 25 and 26)		
Employment through out the year in receipt of remuneration aggregating BDT 36,000 or more per year		
	267	270
	267	270

Employee remuneration includes all types of benefits paid and provided both in cash and kind other than the re-imbursment of expenses incurred for the Company's business.

Notes to the consolidated and separate financial statements

As at 31 December 2018

		2018 BDT '000	2017 BDT '000
40. 40.1 Expenditure in equivalent foreign currency			
Technical know-how fee payable		294,045	318,014
Foreign travel for Company's business purpose		5,655	4,282
		299,701	322,297

40.2. Remittances of foreign currency:

Particulars	No. of shares	BDT '000 (2018)	No. of shares	BDT '000 (2017)
Dividend:				
HeidelbergCement - Netherlands	22,493,020	303,656	22,493,020	607,312
HC Asia Holding GmbH	11,784,390	150,251	11,784,390	300,502
Total dividend	34,277,410	453,907	34,277,410	907,813
HeidelbergCement Asia Pte	-	254,411	-	252,108
Singtel, Singapore		14,538		
Total remittance	34,277,410	722,856	34,277,410	1,159,921

	2018 BDT '000	2017 BDT '000
40.3. Value of Imports-at CIF basis		
Raw materials	6,015,179	4,667,900
Capital Goods	170,194	48,402
Store & Spares	141,344	239,665
	6,326,717	4,955,967

41. Remuneration of Directors, Managers and Officers

41.1. Managerial Remuneration - Managers and Officers

Salary and bonus	102,291	87,656
Rent	45,795	42,332
Retirement benefits	7,528	9,293
Provident fund	6,434	5,754
Medical	5,249	4,960
Other	7,939	7,240
	175,236	157,235

41.2 Paid to Directors

Board meeting fee	15	17
TA/DA	263	290
	278	308

42. Related party transactions

During the year the company carried out a number of transactions with related parties in the normal courses of business and "on an arms length basis." The name of the related parties, the nature of the transactions and their balance at year end have been set out below:

Notes to the consolidated and separate financial statements

As at 31 December 2018

Sl. No.	Name of the related party	Nature of relationship	Nature of the transaction	Transaction during the year		Receivable/ (payable) at closing date		
				2018 BDT '000	2017 BDT '000	2018 BDT '000	2017 BDT '000	
1	HeidelbergCement Asia Pte. Ltd	Group Entity	Technical Service	294,045	318,014	(294,045)	(318,014)	
2	Heidelberg Asia Holding GmbH	Group Entity	Corporate affairs		(308)	-		
3	HC Trading Ltd	Group Entity	Raw Material Suppliers		(16,447)	-		
4	HeidelbergCement Asia Pte. Ltd	Group Entity	Recovery of expenses	(1,740)	3,204	16,671	18,411	
5	PT Indocement Tunggul Prakarsa Tbk	Group Entity	Payment of expenses	153	-	(3,262)	(3,415)	
6	Butra HeidelbergCement	Group Entity	Recovery of expenses	2,418	346	853		
7	HC Treading Malta Ltd.	Group Entity	Recovery of expenses	12,757	8,352	1,938		
8	HC Trading Malta Ltd.	Group Entity	Clinker	3,028,444	1,724,738	(509,577)	(368,498)	
			Gypsum	122,440	142,584			(37,152)
			Limestone	46,628	-			-
			Slag	35,202	118,008			(29,853)
			3,232,714	1,985,330	(509,577)	(435,504)		

43. Financial instruments - Fair values and financial risk management

The carrying amounts of various financial assets and financial liabilities of the Company as at 31 December 2018 and 2017 approximates their fair value.

43.1 Financial risk management

The Company management has overall responsibility for the establishment and oversight of the Company's risk management framework. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has exposure to the following risks from its use of financial instruments-

- Credit risk
- Liquidity risk
- Market risk

43.1.1 Credit risk

Credit risk is the risk of financial loss if a customer or counterpart to a financial instrument fails to meet its contractual obligation which arises principally from the Company's receivables from customers.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry in which customers operate. Based on the Company's operations there is no concentration of credit risk. The Company's management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Customers that fails to meet the Company's standard credit policy may transact with the company only on a pre-payment basis.

Cash and fixed deposits with banks are maintained with both local branch of International banks and domestic schedules banks having acceptable credit rating.

The carrying amount of financial assets represents the maximum credit exposure as at reporting date.

Notes to the consolidated and separate financial statements

As at 31 December 2018

43.1.2 Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

43.1.3 Market risk

Market risk is the risk that includes changes in market price, such as foreign exchange rate, interest rates and equity prices that may affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Currency risk

The Company is exposed to currency risk on purchases of raw materials that are denominated in a currency other than the functional currency. To manage this exposure normally the Company take assistance from relevant banks and if the exchange rate is expected to be volatile it attempts to upfront agree the exchange rate of retiring LCs at the time of settlement date. At balance sheet date there were no major financial instruments having material foreign exchange risk.

ii) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates. The Company is not exposed to fluctuations in interest rates as it has no floating interest rate bearing financial liability as at the reporting date. The Company has not entered into any agreement involving derivative instrument at the reporting date.

44. Capital management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2018 and 2017.

45. Segment and capacity

The Group's operating segment consists of the Company producing cement and the subsidiary supplying electricity to the Company. Since the results of the Subsidiary is eliminated in consolidation segment analysis has been provided only for the Company.

45.1 The Company essentially provides similar products to customers across the country. Business activities in which it engages and the economic environments in which it operates are of similar nature. Its business is not segmented by products or geographical areas and its operating result is viewed as a whole by its management. Hence, segment information is not relevant for the Company.

45.2 Capacity and production

Line of business	Installed capacity	Actual production	
	Single shift	Multiple shifts as applicable	
	Qty-M.T.	2018	2017
Gray cement - Kanchpur	1,075,000	951,094	967,943
Gray cement - Chittagong	1,303,000	754,557	644,700
	2,378,000	1,705,650	1,612,643

Notes to the consolidated and separate financial statements

As at 31 December 2018

46. Events after the balance sheet date

46.1 Proposed dividend

During the year the Board of Directors in its meeting held on 9th April 2019 proposed 75% cash dividend (2017: 150% cash).

The proposed dividend is not recognised as a liability at the balance sheet date in accordance with IAS/BAS-10 "Events after the reporting period."

IAS 1 "Presentation of Financial Statements" also requires that dividend proposed after the reporting period but before the financial statements are authorised for issue, be disclosed either on the face of balance sheet as a separate component of equity or in the notes to the financial statements. Accordingly the company is disclosing its proposed dividend in notes to the financial statements.

The provision of the Companies Act 1994 require that dividend stated to be in respect of period covered by the financial statements and that are proposed or declared after the balance sheet date but before approval of the financial statements should be either adjusted or disclosed. Considering the requirements of IAS and the Companies Act 1994 dividend proposed have been disclosed in the financial statements and not shown as a liability.

	2018 BDT '000	2017 BDT '000
47. Consolidated net operating cash flows per share (NOCFPS)		
Net operating cash flows	639,412	-
Weighted average number of ordinary shares outstanding	56,504	-
Net operating cash flows per share	<u>11.32</u>	<u>-</u>
47.1 Net operating cash flows per share (NOCFPS) - HCBL		
Net operating cash flows	546,143	796,315
Weighted average number of ordinary shares outstanding	56,504	56,504
Net operating cash flows per share	<u>9.67</u>	<u>14.09</u>
48. Consolidated net assets value (NAV) per share		
Net assets as at 31 December (represented by shareholders' equity)	4,671,867	-
Weighted average number of ordinary shares outstanding	56,504	-
Net assets value per share	<u>82.68</u>	<u>-</u>
48.1 Net assets value (NAV) per share - HCBL		
Net assets as at 31 December (represented by shareholders' equity)	4,563,258	4,699,663
Weighted average number of ordinary shares outstanding	56,504	56,504
Net assets value per share	<u>80.76</u>	<u>83.17</u>

49. General

49.1 Previous year's phrases and figures have been re-arranged, wherever necessary to conform to the presentation of financial statements for the year under review.

49.2 Figures appearing in these financial statements have been rounded-off to the nearest Thousand BDT.


These financial statements should be read in conjunction with annexed notes.
For and on behalf of the Board of Directors of HeidelbergCement Bangladesh Limited



Jose Marcelino Ugarte
Managing Director



Jashim Uddin Chowdhury, FCA
Director & Chief Financial Officer



Md. Emdadul Haque, ACA
Company Secretary

See annexed report of the date

Independent Auditor's Report To the Board of Directors of Meghna Energy Limited Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meghna Energy Limited (the "Company"), which comprise the statement financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statement, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 3.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other regulations in place in Bangladesh. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The statutory reporting period of the Company is from 1 July to 30 June, and accordingly the Company's latest audited statutory financial statements for the year ended 30 June 2018 have been approved by the shareholders at 18th annual general meeting of the Company held on 20 November 2018. However, since the Company is a wholly owned subsidiary of HeidelbergCement Bangladesh Limited (the "Parent Entity") having reporting period ended 31 December 2018, these financial statements have been prepared to facilitate consolidation requirement of the Parent Entity.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as explained in note 3.00, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. The Companies Act, 1994 require the Management to ensure effective internal audit, internal control and risk management functions of the Company.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as

a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statement are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Accordingly, Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

Meghna Energy Limited

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books; and
- c) the statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of accounts and returns.

Hoda Vasi
Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 12 February 2019

Statement of Financial Position (Balance Sheet)

As at 31 December 2018

	Notes	31 Dec 2018 BDT '000	31 Dec 2017 BDT '000
Assets			
Non-current assets			
Property, plant and equipment	4	186,531	41,439
Capital work- in-progress		-	1,111
Total non-current assets		186,531	42,550
Current assets			
Inventories	5	73,347	48,373
Advances, deposits and prepayments	6	21,768	19,110
Receivable from HeidelbergCement Bangladesh Limited		78,806	44,296
Cash and cash equivalents	7	558,971	477,049
Total current assets		732,891	588,828
Total assets		919,422	631,379
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	8	405,646	405,646
Share money deposit		17	17
Revaluation reserve		87,500	-
Retained earnings		253,367	144,758
		746,530	550,420
Non-current liabilities			
Deferred tax liabilities	9	49,000	-
		49,000	-
Current liabilities			
Other payables	10	344	385
Accounts payable	11	91,037	60,345
Provision for income tax	12	32,511	20,229
		123,892	80,959
Total shareholders' equity and liabilities		919,422	631,379

These financial statements should be read in conjunction with the annexed notes.
for and on behalf of the Board of Directors of Meghna Energy Limited

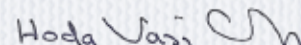


Managing Director



Director

See annexed report of the date



Hoda Vasi Chowdhury & Co
Chartered Accountants

Statement of Profit or Loss and Other Comprehensive Income (Profit and Loss Account)

For the year ended 31 December 2018

	Notes	Jan-Dec 2018 BDT '000	Jan-Dec 2017 BDT '000
Revenue	13	377,202	372,184
Cost of sales	14	(260,155)	(241,711)
Gross profit		117,047	130,473
General and administrative expenses	15	(1,260)	(838)
Profit from operations		115,787	129,635
Financial income	16	35,920	23,853
Profit before tax		151,707	153,488
Income tax expense		(53,098)	(53,721)
Current tax		(56,598)	(53,721)
Deferred tax benefit / (expense)		3,500	-
Profit for the period		98,610	99,767
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of power plant and machineries		150,000	-
Deferred tax relating to revaluation of power plant and machineries		(52,500)	-
Other comprehensive income for the period		97,500	-
Total comprehensive income for the period		196,110	99,767
Earning per share (EPS)		24.31	24.59

These financial statements should be read in conjunction with the annexed notes.
for and on behalf of the Board of Directors of Meghna Energy Limited



Managing Director



Director

See annexed report of the date



Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, Bangladesh
Dhaka, 12 February 2019

Statement of Changes in Equity

For the year ended 31 December 2018

Particulars	Share capital BDT '000	Share money deposit BDT '000	Revaluation surplus BDT '000	Retained earnings BDT '000	Total equity BDT '000
Balance as at 01 January 2017	405,646	17	-	44,990	450,653
Net profit for the period	-	-	-	99,767	99,767
Cash dividend	-	-	-	-	-
Balance at 31 Dec 2017	405,646	17	-	144,758	550,420
Balance as at 01 January 2018	405,646	17	-	144,758	550,420
Net profit for the period	-	-	-	98,610	98,610
Revaluation surplus during the year	-	-	150,000	-	150,000
Deferred tax on revaluation	-	-	(52,500)	-	(52,500)
Realisation of excess depreciation on revalued assets	-	-	(10,000)	10,000	0
Balance at 31 Dec 2018	405,646	17	87,500	253,367	746,530

for and on behalf of the Board of Directors of Meghna Energy Limited



Managing Director



Director

See annexed report of the date

Dhaka, Bangladesh
Dhaka, 12 February 2019

Statement of Cash Flows

For the year ended 31 December 2018

	2018 BDT '000	2017 BDT '000
Cash flows from operating activities		
Cash receipts from customers	342,691	408,677
Cash paid to suppliers	(241,028)	(219,055)
Cash generated in operations	101,663	189,622
Income taxes paid	(44,315)	(48,920)
Other receipts	35,920	23,853
Net cash from operating activities (a)	93,268	164,555
Cash flows from investing activities		
Acquisition of property, plant and equipment	(11,347)	(7,041)
Net cash used in investing activities (b)	(11,347)	(7,041)
Cash flows from financing activities		
Payment of dividend	-	-
Net cash used in financing activities (c)	-	-
Net increase/(decrease) in cash and cash equivalents (a+b+c)	81,921	157,514
Opening cash and cash equivalents	477,049	319,535
Closing cash and cash equivalents	558,971	477,049

for and on behalf of the Board of Directors of Meghna Energy Limited



Managing Director



Director

See annexed report of the date

Dhaka, Bangladesh
Dhaka, 12 February 2019

Notes to the Financial Statements

For the year ended 31 December 2018

1. Company and its objectives

Meghna Energy Limited, a private company, limited by shares, is incorporated in Bangladesh under the Companies Act 1994, vide certificate of incorporation no C-40420(2388)/2000 Dated 05 June 2000.

The principal objective of the company is to build, own and operate a gas burning reciprocating engine power plant at Tatki, Rupganj, Narayanganj, Dhaka to supply electricity to HeidelbergCement Bangladesh Limited.

2. Nature of activities

The principal activities of the company throughout the period continued to be generation and sales of electricity to HeidelbergCement Bangladesh Limited. Operational details of the company are as under:

Name of plant	Plant capacity	Operation commencement
Meghna Energy Limited	10.9 MW	20 July 2001

3. Significant accounting policies

3.1 Basis of preparation

(a) Accounting standards

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) which covers International Accounting Standards (IAS) as adopted by the Institute of Chartered Accountants of Bangladesh; the Companies Act 1994 and other applicable laws and regulations.

(b) Accounting convention

The financial statements have been prepared on a going concern basis under the historical cost convention.

(c) Functional and presentational currency and level of precision

The financial statements are presented in Bangladeshi Taka (BDT), which is the company's functional currency. All financial information presented in BDT have been rounded off to the nearest integer.

(d) Comparative information

As guided in paragraph 36 and 38 of IAS 1: Presentation of Financial Statements, comparative information in respect of the previous period have been presented in all numerical information in the financial statements and the narrative and descriptive information where, it is relevant for understanding of the current period's financial statements.

(e) Critical accounting estimates, assumptions and judgments

The preparation of the financial statements in conformity with IAS requires the use of certain critical accounting judgments, estimates and assumptions. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. It also requires management to exercise its judgment in the process of applying the company's accounting policies.

(f) Application of standards

The following IASs are applicable for the financial statements for the period under review:

- IAS 1 Presentation of financial statements
- IAS 2 Inventories

Notes to the Financial Statements ***For the year ended 31 December 2018***

IAS 7 Statements of cash flows
IAS 10 Events after the reporting period
IAS 16 Property, plant and equipment
IAS 21 The effect of changes in foreign exchange rates
IAS 37 Provision, contingent liabilities and contingent assets
IAS 38 Intangible assets
IAS 33 Earning per share
IFRS15 Revenue from contracts with customers

(g) Reporting period

These financial statements are prepared for the year of 01 January 2018 to 31 December 2018, intended to be used by the management of the company for certain purpose as ascertained by them.

Therefore the amounts of previous period as presented in the financial statements are not entirely comparable with current period.

3.2 Foreign currency translation

Foreign currencies are translated into BDT at the rates prevailing on the last transaction date of the month. However, bank transfer of foreign currencies are translated into BDT at the rates prevailing on the date of transaction. Monetary assets and liabilities are reconverted at the balance sheet date, using the rates existing on that date. All material exchange differences, if any, are charged/credited to the profit and loss account, subject to the requirements of Schedule XI of Companies Act 1994. This Schedule requires exchange differences arising from foreign currency borrowings to finance acquisition/ construction of property, plant and equipment to be added/deducted to/from cost/value of those property, plant and equipment. During 2004, net foreign currency fluctuation loss arising from revaluation of loan amounting to BDT 803,797 has been added to property, plant and equipment.

3.3 Property, plant and equipment

(a) Recognition and measurement

Items of property, plant and equipment (PPE) are initially measured at cost. Cost includes the original purchase price of the asset and the costs incurred attributable to bringing the asset to its working condition for intended use. After initial recognition, an item of PPE is carried at cost less accumulated depreciation and impairment losses.

(b) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its costs can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit on loss and other comprehensive income as incurred.

(c) Depreciation

Property, plant and equipment are stated at cost net of accumulated depreciation. Depreciation is calculated on straight line basis so as to write off the cost of property, plant and equipment over their estimated useful

Notes to the Financial Statements

For the year ended 31 December 2018

lives as follows:

Category of assets	Years
Power plant and machinery	15
Other equipment and machinery	10
Building and civil work	10
Furniture and fixture	5

Depreciation is charged for full year in the year of capitalisation irrespective of the date when put to use.

3.4 Intangible assets

(a) Recognition and measurement

Intangible assets that are acquired by the company and have finite useful lives are measured at cost less accumulated amortisation and impairment losses, if any. Intangible assets are recognised when all the conditions for recognition as per IAS 38: Intangible assets are met. The cost of an intangible asset comprises its purchase price, non-refundable taxes and any directly attributable costs of preparing the asset for its intended use.

3.5 Inventories

Inventories are measured at lower of cost and estimated net realizable value. The cost of inventories is valued at first in first out method and includes expenditure for acquiring the inventories and bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. When inventories are used, the carrying amount of those inventories are recognized in the period in which the related revenue is recognized.

3.6 Receivable from HCBL

Accounts receivables consists of unpaid bills receivable from HeidelbergCement Bangladesh Ltd. (HCBL). Accounts receivables is recognised at original invoice value, which is the fair value of the consideration given for it.

3.7 Advances, deposits and prepayments

Advances are initially measured at cost. After initial recognition advances are carried at cost less deductions, adjustments or charges to other heads such as VAT current account, Titas Gas Transmission and Distribution Co Ltd etc.

Deposits are measured at payment value.

Prepayment is initially measured at cost. After initial recognition prepayment are carried at cost less charge to statement of profit on loss and other comprehensive income.

3.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank deposits and other short term liquid investments with maturity duration of the three months or less which were held and available for use by the company without any restriction, and there was insignificant risk of changes in value of these current assets.

3.9 Provisions

Provisions are recognised when the company has a present obligation (legal of constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be repaid to settle the

Notes to the Financial Statements

For the year ended 31 December 2018

obligation and a reliable estimate can be made of the amount of the obligation. Where the company expects some or all of a provision as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.10 Contingencies

Contingencies arising from claim, litigation, fines, penalties etc are disclosed when it is possible that a liability has been incurred and the amount can reasonably be measured.

3.11 Revenue recognition

Revenue consists of supply of electricity and quantum which is determined by survey of meter reading. Revenue is recognised in the statement of profit on loss and other comprehensive income (profit and loss statement) when the significant risks and rewards of goods and services have been passed to the buyer and it can be measured reliably.

3.12 Taxation

The company was entitled to tax exemption from income tax for a period of 15 years with effect from commencement of commercial production, vide SRO no. 114-Law/99 dated 26 May 1999 issued by Government of Bangladesh, under private sector power generation policy and expired the tax exemption period at July 2016. However in current provision is made at the ruling rate of tax applied on estimated total taxable income.

3.13 Advance income tax

Income tax deducted at source from energy invoice to HCBL, bank interest of STD accounts and FDRs is recognised in the statement of financial position as advance income tax. It will be adjusted with corporate income tax in the future when such tax is subject to assessment.

3.14 Statements of cash flows

Statement of cash flows is prepared in accordance with IAS 7: Statement of cash flows applying indirect method.

Notes to the Financial Statements

For the year ended 31 December 2018

4 Property, plant and equipment

Particulars	Power plant and machinery BDT '000	Other equipment and machinery BDT '000	Building and civil work BDT '000	Furniture and fixture BDT '000	Total BDT '000
Cost					
Balance as at 01 January 2017	431,522	42,338	31,241	4,425	509,506
Additions during the period	5,785	-	-	144	5,929
Disposal/adjustment/reclass during the year	-	-	-	-	-
Balance as at 31 Dec 2017	437,307	42,338	31,241	4,569	515,455
Depreciation					
Balance as at 01 January 2017	399,244	35,742	31,049	2,861	468,896
Depreciation charged during the period	894	3,747	48	430	5,120
Disposal/adjustment/reclass during the period	-	-	-	-	-
Balance as at 31 Dec 2017	400,138	39,489	31,097	3,291	474,016
Cost					
Balance as at 01 January 2018	437,307	42,338	31,241	4,569	515,455
Additions during the period	12,458	-	-	-	12,458
Revaluation during the year (see note 4.1 below)	150,000	-	-	-	150,000
Disposal/adjustment/reclass during the year	-	-	-	-	-
Balance as at 31 December 2018	599,766	42,338	31,241	4,569	677,913
Depreciation					
Balance as at 01 January 2018	400,138	39,489	31,097	3,291	474,016
Depreciation charged during the period	13,995	2,849	48	475	17,367
Disposal/adjustment/reclass during the period	-	-	-	-	-
Balance as at 31 December 2018	414,133	42,338	31,145	3,767	491,383
Carrying amounts					
As at 31 Dec 2017	37,169	2,849	44	1,278	41,439
As at 31 Dec 2018	185,632	0	96	802	186,531

4.1 Upon taking over of the Company by its current shareholder HeidelbergCement Bangladesh Limited, new management has reviewed carrying value of property, plant and equipment including its estimated useful life and basis of subsequent measurement. Based on this review, management has decided to change measurement basis of its power plant and machineries from cost model to revaluation model. Accordingly, management has conducted a valuation of its power plant and machineries and determined the fair value at Tk 150,000,000. The affect of valuation has been given as at 1 January 2018.

Notes to the Financial Statements
For the year ended 31 December 2018

	31 Dec 2018 BDT '000	31 Dec 2017 BDT '000
5. Inventories		
Fuel	-	50
Lubricant	1,990	1,718
Chemicals	466	373
Spares	66,851	43,403
Spare in transit	4,040	2,828
	73,347	48,373
6. Advances, deposits and prepayments		
VAT current account	85	-
Deposits	21,682	19,110
	21,767	19,110
7. Cash and cash equivalents		
Cash in hand	8	13
Cash at bank - Note 7.1	558,963	477,037
	558,971	477,050
7.1 Cash at bank		
Bank balance in current account with:		
Standard Chartered Bank - STD 01-1165674-01	(4,041)	1,296
Standard Chartered Bank - STD 02-1165674-01	901	64
Fixed deposit including interest with banks	562,103	475,676
	558,963	477,036

Notes to the Financial Statements

For the year ended 31 December 2018

	31 Dec 2018 BDT '000	31 Dec 2017 BDT '000
8. Share capital		
8.1 Authorised share capital		
The authorised capital consist of 5 million ordinary shares of BDT 100 each	500,000	500,000
8.2 Issued, subscribed and paid-up capital		
Number of shares' 000	4,056	4,056
Subscribed share capital	405,646	405,646
8.3 Position of shareholding	No. of shares	No. of shares
HeidelbergCement Bangladesh Limited	4,056,457	-
HeidelbergCement Central Europe East Holding B.V	-	4,056,457
HeidelbergCement Asia Pte Ltd. Singapore	1	1
Jean Claude Jamar	2	2
Bart De Leeuw	1	1
	4,056,461	4,056,461
9. Deferred tax		
Deferred tax recognized on revaluation surplus @35%	52,500	-
Less: Deferred tax benefit during the years	(3,500)	-
Closing balance of deferred tax	49,000	-
10. Other payables		
VAT deducted at source	23	87
Tax deducted at source	223	200
Audit fee	96	96
Dividend Payable	2	2
	344	385
11. Accounts Payable		
Bills payable for maintenance	76,573	45,849
Titans Gas Transmission and Distribution Co. Ltd.	11,882	11,882
Other payable	2,582	2,614
	91,037	60,345
12. Provision for income tax		
Opening balance	20,229	15,428
Income tax for the year	56,597	53,721
Tax paid during the year	(44,315)	(48,920)
	32,511	20,229

Notes to the Financial Statements

For the year ended 31 December 2018

	31 Dec 2018 BDT '000	31 Dec 2017 BDT '000
13. Revenue		
HeidelbergCement Bangladesh Limited (HCBL)	377,202	371,073
Rural Electrification Board (REB)	-	1,111
	377,202	372,184
14. Cost of sales		
Fuel consumption	146,664	141,880
Repair and maintenance	53,743	54,093
Operating and maintenance expenses	38,101	34,918
Depreciation	17,367	5,120
Other operating expenses	3,761	5,197
Operational insurance premium	519	503
	260,155	241,710
15. General and administrative expenses		
Fees and other charges	669	482
Bank and other charges	357	257
Audit fee	96	96
Entertainment expenses	121	3
Printing and stationary	17	-
	1,260	838
16. Financial income		
Interest on bank deposit/FDR	35,920	23,853
	35,920	23,853

17. Others

17.1 These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

17.2 Previous year's figures have been regrouped and/or rearranged wherever considered necessary for the purpose of current year's presentation.

for and on behalf of the Board of Directors of Meghna Energy Limited



Managing Director



Director

See annexed report of the date

HEIDELBERGCEMENT BANGLADESH LTD.



SCAN CEMENT
HEIDELBERGCEMENT Group



RUBY CEMENT
HEIDELBERGCEMENT Group

Registered Office: Tatki, Jatramora, Tarabow, Rupgonj, Narayangonj
Corporate Office: "Symphony" (6th & 7th Floor), Plot # SE(F) 9, Road # 142, South Avenue, Gulshan -1, Dhaka -1212.

Form of Proxy

I/we _____ (Name) of _____ (Address) being a shareholder of HeidelbergCement Bangladesh Limited (the "Company") hereby appoint, Mr. /Ms _____ (Name) of _____ (Address) as my/our proxy, to attend on my/our behalf at the 30th Annual General Meeting of the Company to be held on Wednesday, 22 May 2019 and at any adjournment thereof or any poll that may be taken in consequence thereof and to vote on my/our behalf as he/she thinks fit on all resolutions.

As witness my/our hand thisday2019

Signed (shareholder) No. of Shares held:	Folio/BO ID No.	Signed (Proxy) No. of Shares held:	Folio/BO ID No.
---	-----------------	---------------------------------------	-----------------

Affix revenue stamp



Note: The proxy form, duly filled in and stamped, must be submitted at the Corporate Office of the Company not less than 48 hours before the time fixed for the meeting.

HEIDELBERGCEMENT BANGLADESH LTD.



SCAN CEMENT
HEIDELBERGCEMENT Group



RUBY CEMENT
HEIDELBERGCEMENT Group

Registered Office: Tatki, Jatramora, Tarabow, Rupgonj, Narayangonj
Corporate Office: "Symphony" (6th & 7th Floor), Plot # SE(F) 9, Road # 142, South Avenue, Gulshan -1, Dhaka -1212.

Attendance Slip of Proxy-holder

I hereby recorded my presence at the 30th Annual General Meeting of HeidelbergCement Bangladesh Limited on Wednesday, 22 May 2019.

Name-----

B.O. - ID No. /Folio No.																			
-----------------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Signature

Note: Please complete the attendance slip and deposit at the registration counter on the day of the meeting.

পদ্মা সেতুৰ মূল কাঠামো
গড়ে উঠেছে শুধুমাত্র
স্ক্যানসিমেণ্টেৰ শক্তিতে
সেই শক্তিতে গড়ে উঠুক
আপনার স্বপ্নেৰ বাড়ি

আপনার বাড়িৰ ফাউন্ডেশন, প্লাস্টাৰ ও সব ধৰণেৰ
ঢালাইয়েৰ জন্য ব্যবহাৰ কৰুন স্ক্যানসিমেণ্ট।



SCAN CEMENT

HEIDELBERGCEMENT Group

পোর্টলৈ ভবিষ্যৎ

HEIDELBERGCEMENT

HEIDELBERGCEMENT BANGLADESH LTD.

Corporate Office

Symphony (7th Floor), Plot No. SE(F)9, Road No.142, South Avenue
Gulshan -1, Dhaka -1212, Tel: 88-2-58811691, Fax: 88-2-58811691
E-mail: info@heidelbergcementbd.com

Chittagong Factory

South Haliashahar, G.P.O Box No.372, Chittagong-4204
Tel: 88-031-2501152-53, Fax: 88-031-2501154

Registered Office & Kanchpur Factory

Mouza:Tatki, Post Office: Jatramora, Union: Tarabow
Police Station: Ruggonj, Dist: Narayangonj
Tel: 88-02-8815602, Fax: 88-02-8815598

PRINTED BY:
PRISMATIC COLORS ENTERPRISE