





MATERIAL
TO BUILD OUR FUTURE

The big challenge during 2020 was the novel COVID-19 virus and engaging in a call to combat it. COVID-19 hit the world hard to say the least, and unprecedented lockdowns disrupted economies, businesses, and society in a manner that we have never seen in our lives. Bangladesh was no exception, but our country has managed to flatten the COVID-19 curve remarkably better than many other economies. To align with the same pace of the nation's progress, HeidelbergCement Bangladesh Limited (HCBL), being one of the major players in the cement industry, has been played a significant role with its consolidated annual cement production capacity of 3510K tons and holding a considerable portion of the market share through fulfilling customers demand and ensuring smooth supply of cement during 2020.

Change is the inherent feature of every case that happens over a period of time. Similarly, change has been globally adopted in building materials and solutions. Now the time has come to take the next step and lay the foundation for the future. That is why, during 2020, HCBL adopted its corporate purpose: "Material to build our future". With this play on words, the Company emphasizes its intention both to develop and produce innovative (building) materials for the future and to play a material role in the future. Responsibility for the environment is at the heart of HCBL's actions. The Company has set itself the goal of being the industry leader on the path to carbon neutrality. HCBL is known for its long-term profitability, operational excellence, engagement, and openness to change as well as its close partnerships with customers and stakeholders.

**HEIDELBERGCEMENT
BANGLADESH LTD.**





HeidelbergCement Bangladesh Limited is proud of its two very popular and preferred cement brands “**RubyCement**” and “**ScanCement**”. The construction experts recommended these two brands as the best quality cement for every sort of establishment- large and small. The Consistent quality of our cement and strong brand image permits us to charge price premiums in the 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.

HEIDELBERGCEMENT BANGLADESH LTD.

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 (BB) &
All other stakeholders of HCBL

Annual Report-2020 of HeidelbergCement Bangladesh Limited (HCBL) for the year ended 31 December, 2020.

Dear Sir(s),

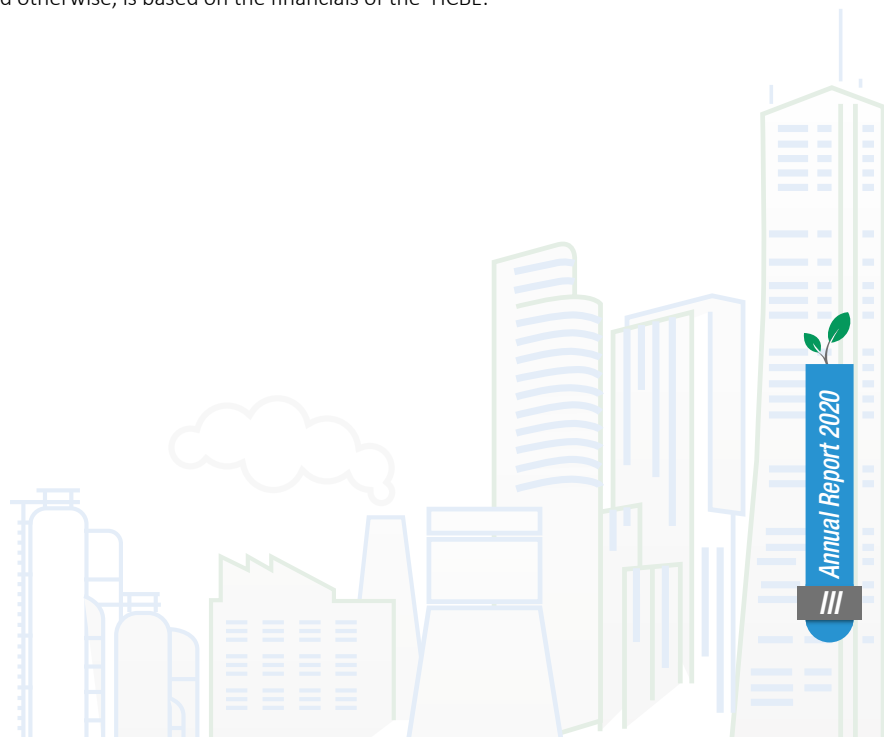
We are pleased to enclose a copy of HCBL's Annual Report-2020 together with the audited consolidated and separate financial statements comprised of statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year ended 31 December 2020 along with notes thereto 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?



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Financial Calendar

32ND ANNUAL GENERAL MEETING

03 June 2021 (Thursday)

Circulation of Notice of 32nd Annual General Meeting

03 June 2021 (Thursday)

Issuance of Annual Report 2020

28 June 2021 (Monday)

Day of 32nd Annual General Meeting

RECORD DATE

28 April 2021 (Wednesday)

Release of price-sensitive information
to regulators and shareholders

25 May 2021 (Tuesday)

Record date instead of the book closure period

DISCLOSURE OF QUARTERLY RESULTS

Q1 on 22 April 2020 (Wednesday)

Unaudited results for the 1st quarter ended 31 March 2020

Q2 on 21 July 2020 (Tuesday)

Unaudited results for the half-year ended 30 June 2020

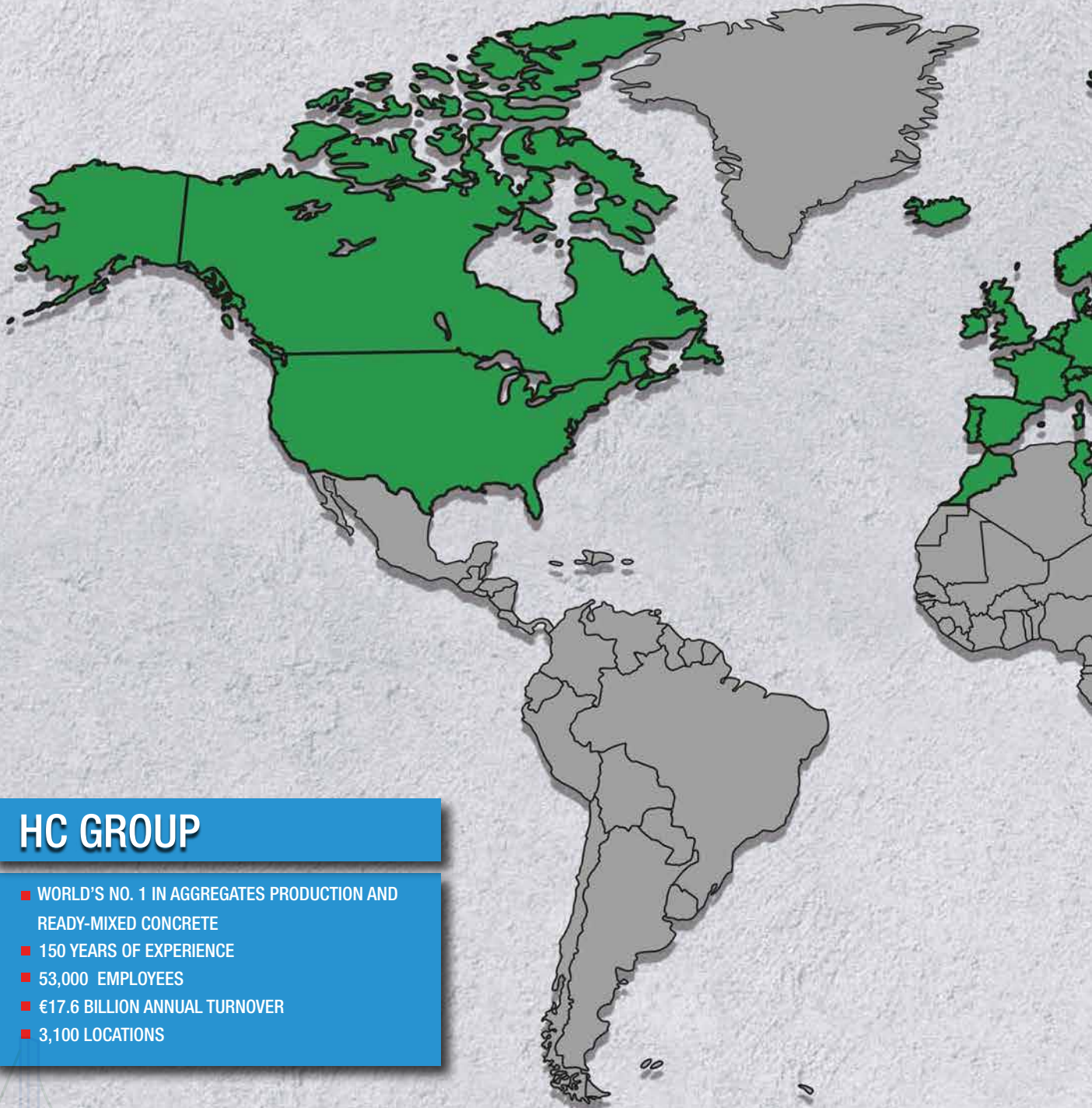
Q3 on 22 October 2020 (Thursday)

Unaudited results for the 3rd quarter ended 30 September 2020

Q4 on 28 April 2021 (Wednesday)

Audited results for the year ended 31 December 2020

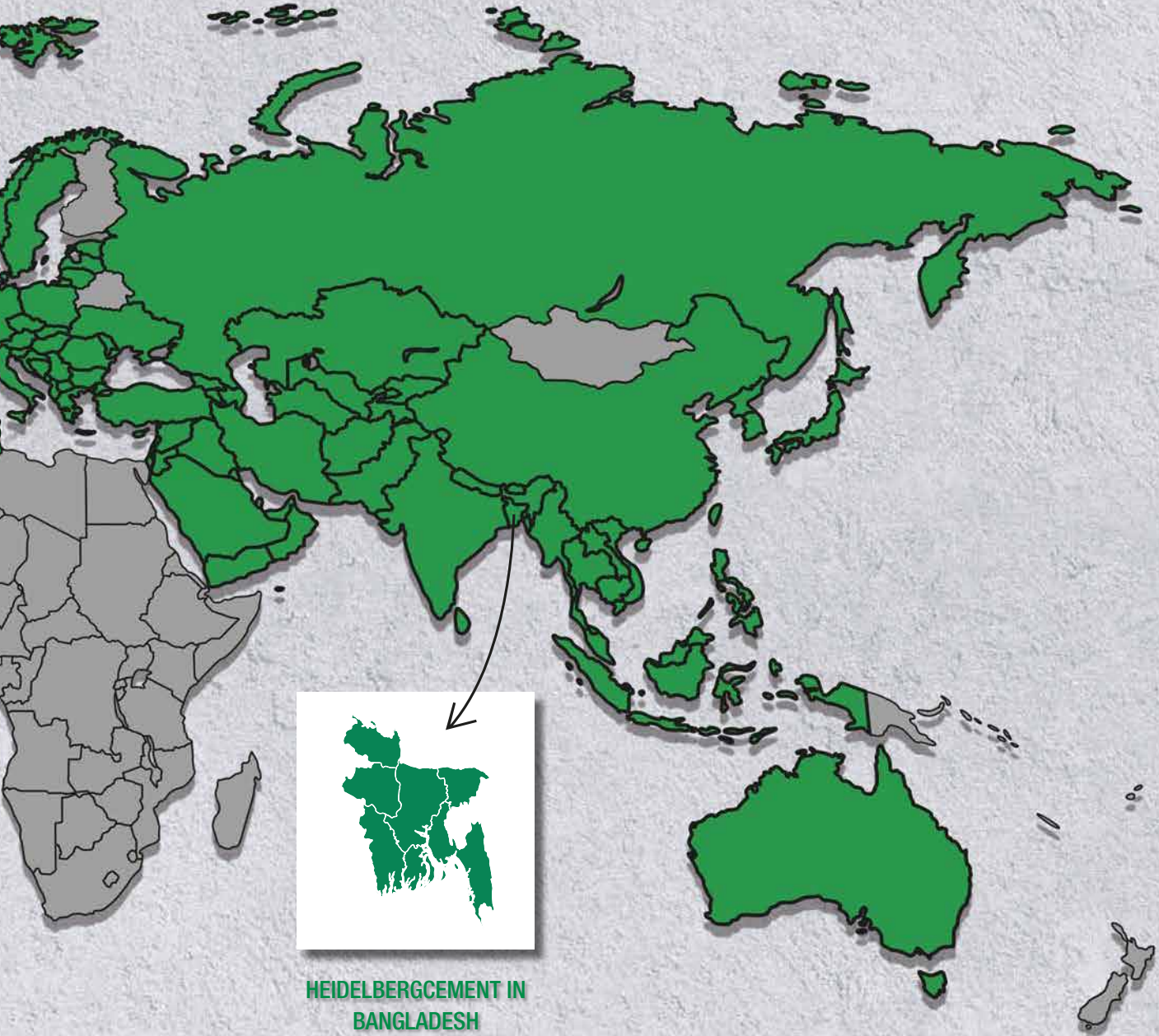
Global Presence



HC GROUP

- WORLD'S NO. 1 IN AGGREGATES PRODUCTION AND READY-MIXED CONCRETE
- 150 YEARS OF EXPERIENCE
- 53,000 EMPLOYEES
- €17.6 BILLION ANNUAL TURNOVER
- 3,100 LOCATIONS

HEIDELBERGCEMENT BANGLADESH LTD.



HEIDELBERGCEMENT IN
BANGLADESH



HCBL is one of the largest producers of quality cement in Bangladesh. HCBL is a member of HeidelbergCement Group, Germany. The group has 150 years of experience in producing cement and is operating in more than 50 countries. Moreover, it has around 53,000 employees who work at more than 3,100 production sites and its reported annual turnover is equivalent to €17.6 billion. 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 tons 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 tons 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 tons 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 tons per year which is in 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. The Company has also increased the capacity of its Kanchpur Plant by installing another grinding unit of 0.472 million tons per year which is on operation from the end of 2019.

The Company has two subsidiary companies namely Emirates Cement Bangladesh Limited and Emirates Power Company Limited.

Our Mission Vision & Values



Our Mission

MARKET STRATEGY:

We deliver long-term financial performance through operational excellence, dedication and openness for change.

CUSTOMER PHILOSOPHY:

Be stronger together and push forward. We deepen partnerships with our customers and other stakeholders.

QUALITY STANDARD:

We want to be leader in the industry on the path to carbon neutrality.



Our Vision

CORPORATE IMAGE:

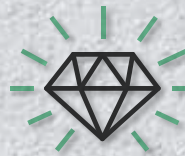
Challenging the status quo and pushing the boundaries of what's possible.

BUSINESS CULTURE:

Our future needs strong players. Let's become even better partners for our customers. Their success is our success. We solve their problems. Even before they arise. Build and maintain strong partnerships with your customers and key stakeholders.

EMPLOYEE POLICY:

Listen and respond to your customers' need in a timely manner. Focus on results and execute tasks efficiently. Set high standards for yourself and your teams. Strive for excellence. Integration of purpose in HR strategy & processes, enhancing employer attractiveness through external communication.



Our Values

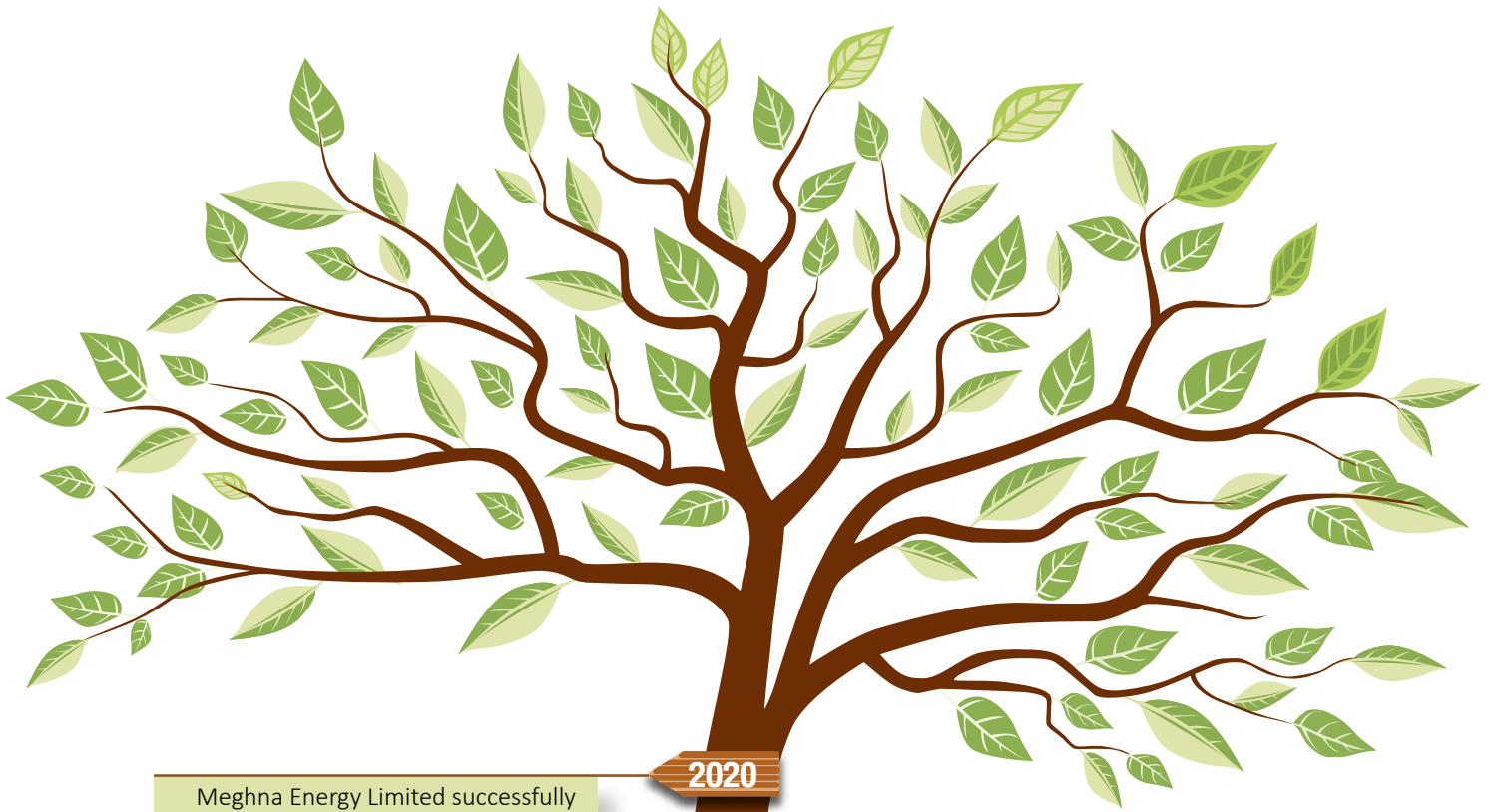
COMMITMENT TO ENVIRONMENTAL PROTECTION:

Our future needs solutions that last. That's what we offer. Reliable and sustainable materials. Let's be the leader that turns our industry CO2-neutral. Once and for all.

COMMITMENT TO INNOVATION:

Our future needs creativity. Let's use our freedom to go in new directions. Inventiveness knows no hierarchy. A great idea can come from anywhere and anyone. Own it and push it.

HCBL's Milestone

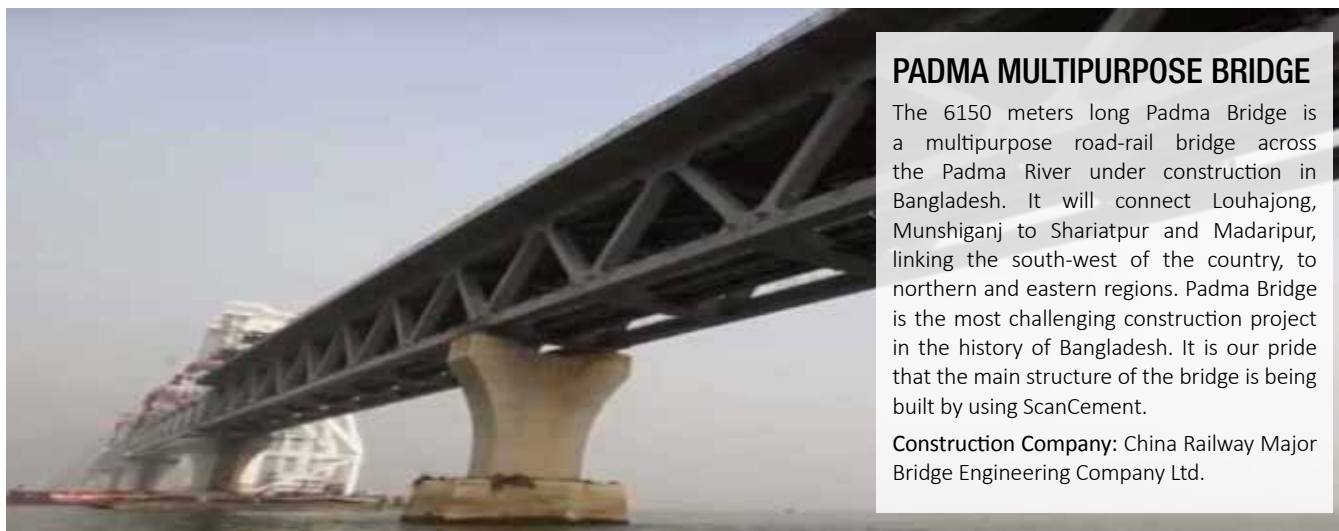


- 2020** - Meghna Energy Limited successfully amalgamated with HeidelbergCement Bangladesh Limited.
- 2019** - HCBL inaugurated another grinding unit of 0.472 million tons per year in its Kanchpur plant which is in operation. The acquisition of 100% shares of Emirates Cement Bangladesh Limited and Emirates Power Company Limited.
- 2017** - The acquisition of 99.99% shares of Meghna Energy Limited was successfully done.
- 2013** - HCBL inaugurated another Silo having capacity of 8,000MT in its Kanchpur plant
- 2012** - HCBL inaugurated another grinding unit of 0.750 million tons per year in its Chittagong plant which is in operation.
- 2008** - HCBL increased the capacity of its Kanchpur plant by setting up another grinding unit of 0.450 million tons per year that was commissioned.
- 2004** - HCBL has diversified its product range by introducing Portland Composite Cement (PCC) into the market.
- 2003** - The SIL & the CCGCL were amalgamated and the Company's name was changed to HeidelbergCement Bangladesh Limited.
- 2000** - The acquisition of "Chittagong Cement Clinker Grinding Co. Limited (CCGCL)" was completed.
- 1999** - A Greenfield manufacturing plant was built near Dhaka namely "ScanCement International Limited (SIL)" with an installed capacity of 0.750 million tons per year.
- 1998** - HeidelbergCement group established its presence in Bangladesh by setting up a floating terminal with onboard packing facilities in the port of Chittagong.



Prestigious Projects

ONGOING PROJECTS OF HEIDELBERGCEMENT BANGLADESH LIMITED:



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: China Railway Major Bridge Engineering Company Ltd.



KARNAPHULI TUNNEL, CHITTAGONG

The Karnafuli Tunnel, located below the Karnafuli river, will connect the two banks of the Karnafuli River. The Dhaka-Chittagong-Cox's Bazar Highway will be connected through this tunnel. The length of Karnafuli tunnel is 3.43 km. If this tunnel is constructed, it will be the first tunnel in Bangladesh.

OTHER ON-GOING PROJECTS:

- Padma Railway Link Project
- CDA Ring Road Project, Chittagong
- Mirershorai Economic Zone Embankment Project, Chittagong
- 150 MW Mirershorai Economic Zone Power Plant
- Dohazari- Cox's Bazar Railway Project, Chittagong
- Kalurghat-Chaktai Road Construction Project
- CDA Elevated Expressway Project from Lalkhanbazar to Chittagong Airport
- Cross Border Network Road and Bridge Construction Project at Dohazari and Chakaria
- Shanta Forum, Tejgaon
- Hilton Hotel, Dhaka
- Chittagong Elevated Expressway

Completed 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



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.

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.



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.

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.



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.

Completed Projects



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.



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.

MAYOR HANIF FLYOVER

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



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.

SUMMIT MEGHNAGHAT POWER PLANT

335/305 MW Dual Fuel Combined Cycle power plant at Meghnaghat, Narayanganj.

Construction Company: China National Electric Engineering Co.



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.

Completed Projects



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.



AKHTARUZZAMAN FLYOVER, CHITTAGONG

The Construction works of 5.2-kilometre-long Muradpur-Lalkhan Bazar flyover, as part of the massive development work for Chittagong. The flyover was opened for traffic movement in the mid of June, 2017.

DHAKA CHITTAGONG FOUR LANE 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 using: RubyCement (Exclusive)



OTHER COMPLETED PROJECTS:

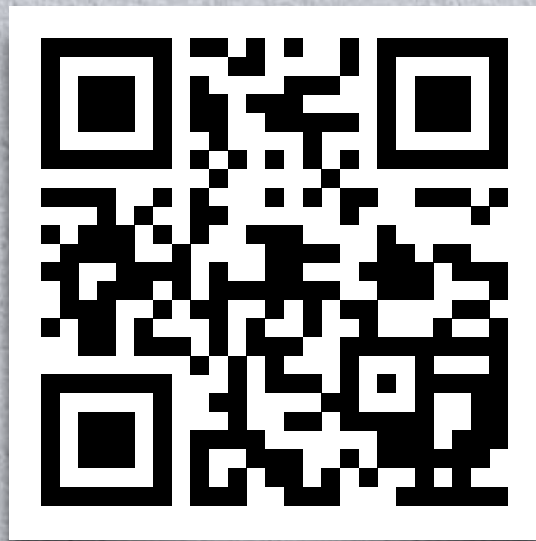
- Modunaghat Water Treatment Plant, Chittagong
- Cox's Bazar Airport Development Project, Cox's Bazar
- Apex Tannery Project, Savar, Dhaka
- Sylhet Railway Station, Sylhet
- Seagull Hotel, Cox's Bazar
- Le Méridien Dhaka, Dhaka
- Tista Bridge, Rangpur
- Nafi Tower, Dhaka
- Japan Garden City, Dhaka
- Banani 11 No. Bridge, Dhaka
- Radisson Blu Chattogram Bay View



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& TO KNOW US WELL

PLEASE VISIT OUR WEBSITE
WWW.HEIDELBERGCEMENTBD.COM

OR USE THIS QR CODE



FINANCIAL HIGHLIGHTS



Comparative Financial Highlights



Comparative Financial Highlights



Year	Consolidated			HeidelbergCement Bangladesh Limited				
	2020	2019	2018	2020	2019	2018	2017	2016
OPERATING RESULTS (TAKA IN MILLION)								
Net Revenues	11,681	11,986	11,151	10,521	11,927	11,151	9,802	10,600
Gross Profit	1,355	1,228	1,932	1,301	1,154	1,814	1,957	2,742
Income From Operations	377	238	1,040	386	172	924	1,020	1,946
EBITDA	898	733	1,514	834	597	1,345	1,460	2,369
EBIT	365	229	986	373	163	870	959	1,837
Net Income/(Loss)	-81	-187	810	-5	-258	711	803	1,508
Contribution to National Exchequer	2,678	3,460	2,780	2,417	3,401	2,717	2,700	3,128
FINANCIAL RESULTS (TAKA IN MILLION)								
Net Cash Provided by Operating Activities	1,499	263	639	998	202	546	796	1,724
Total Assets	9,452	10,891	8,425	9,144	10,085	8,222	8,730	10,189
Total Liabilities	5,604	6,830	3,753	5,210	6,204	3,659	4,031	4,597
Shareholders Equity	3,848	4,061	4,672	3,934	3,881	4,563	4,700	5,592
Net Working Capital	-994	-634	1,404	-967	-925	795	1,962	2,810
Net Borrowings	995	2,138	-1,613	1,007	2,041	-1,054	-2,652	-3,722
Capital Employed	5,419	6,115	5,389	5,484	6,124	5,232	5,404	6,342
SHARE INFORMATION								
Market Capitalization (Million)	8,453	9,419	18,912	8,453	9,419	18,912	24,008	31,207
Issued Ordinary Shares (Million)	56.50	56.50	56.50	56.50	56.50	56.50	56.50	56.50
PER SHARE DATA (TAKA)								
Primary Earnings (loss) Per Share	-1.4	-3.3	14.3	-0.1	-4.6	12.6	14.2	26.7
Dividend Per Share	2.0	-	7.5	2.0	-	7.5	15.0	30.0
Book Value Per Share	167.3	192.7	149.1	161.8	178.5	145.5	154.5	180.3
Net Assets Value Per Share	68.1	71.9	82.7	69.6	68.7	80.8	83.2	99.0
Market Value Per Share	149.6	166.7	334.7	149.6	166.7	334.7	424.9	552.3
FINANCIAL RATIO								
LIQUIDITY RATIOS								
Current Ratio	0.75:1	0.87:1	1.46:1	0.74:1	0.77:1	1.27:1	1.59:1	1.73:1
Quick Ratio	0.41:1	0.43:1	0.86:1	0.41:1	0.31:1	0.68:1	1.24:1	1.34:1

Comparative Financial Highlights



Year	Consolidated			HeidelbergCement Bangladesh Limited				
	2020	2019	2018	2020	2019	2018	2017	2016
OPERATING RATIOS								
Account Receivable Turnover Ratio	14.9	10.9	18.6	11.7	13.2	18.6	8.5	9.5
Inventory Turnover Ratio	8.3	5.7	6.1	8.9	6.7	6.3	8.4	7.1
Asset Turnover Ratio	1.2	1.1	1.3	1.2	1.2	1.4	1.1	1.0
PROFITABILITY RATIOS								
Gross Margin Ratio	11.6%	10.2%	17.3%	12.4%	9.7%	16.3%	20.0%	25.9%
Operating Income Ratio	3.2%	2.0%	9.3%	3.7%	1.4%	8.3%	10.4%	18.4%
Net Income Ratio	-0.7%	-1.6%	7.3%	0.0%	-2.2%	6.4%	8.2%	14.2%
Return on Assets Ratio	-0.9%	-1.7%	9.6%	-0.1%	-2.6%	8.6%	9.2%	14.8%
Return on Equity Ratio	-2.1%	-4.6%	17.3%	-0.1%	-6.7%	15.6%	17.1%	27.0%
Net Operating Cash Flow to Net Profit Ratio	-1,854.2%	-140.7%	79.0%	-20,291.1%	-78.3%	76.8%	99.1%	114.3%
STOCKHOLDER RATIOS								
Earnings-per Share	-1.4	-3.3	14.3	-0.1	-4.6	12.6	14.2	26.7
Price Earnings (P/E) Ratio	-104.6	-50.5	23.4	-1,719.3	-36.4	26.6	29.9	20.7
Dividend Yield Ratio	0.01	0.00	0.02	0.01	0.00	0.02	0.04	0.05
Dividend Payout Ratio	-139.8%	0.0%	52.3%	-2,298.5%	0.0%	59.6%	105.5%	112.4%
SOLVENCY RATIOS								
Times Interest Earned Ratio	1.8	7.0	244.4	2.2	5.0	215.7	370.2	847.6
Debt to Equity Ratio	1.31	1.54	0.68	1.18	1.46	0.69	0.86	0.82
Bad Debt Ratio	0.00	0.00	0.01	0.00	0.00	0.01	0.00	0.00
OTHER RATIOS								
Net Gearing	0.26	0.53	-0.35	0.26	0.53	-0.23	-0.56	-0.67
EBITDA To Net Interest Cover (Times)	4.86	19.59	543.02	6.12	17.24	482.40	-3,639.72	1,215.87
Net Borrowing to Assets	0.11	0.20	-0.19	0.11	0.20	-0.13	-0.30	-0.37
Return on Capital Employed	-0.01	-0.03	0.15	(0.00)	-0.04	0.14	0.15	0.24
Number of Employees	349	374	267	274	273	267	270	276



Consolidated Performance at a Glance in 2020

Revenue
BDT in Thousand

11,681,091

Gross Profit
BDT in Thousand

1,354,582

Operating Profit
BDT in Thousand

377,493

Profit Before Tax
BDT in Thousand

180,096

Net Profit/(Loss) After Tax
BDT in Thousand

(80,839)

NAV
Per Share BDT

68.10

EPS
BDT

(1.43)

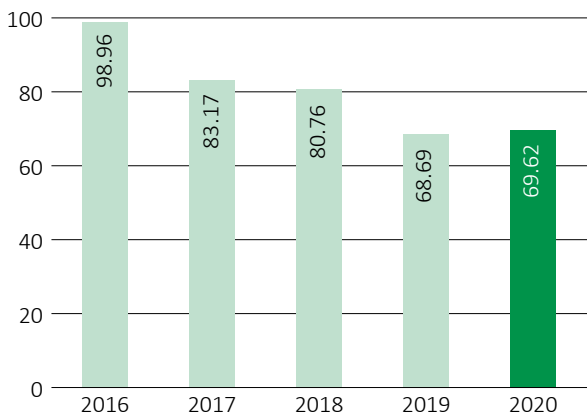
NOCF
Per Share BDT

26.53

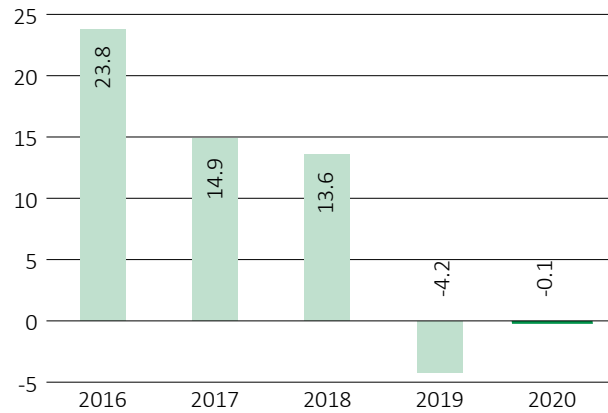


Performance at a Glance in 2020 (Standalone)

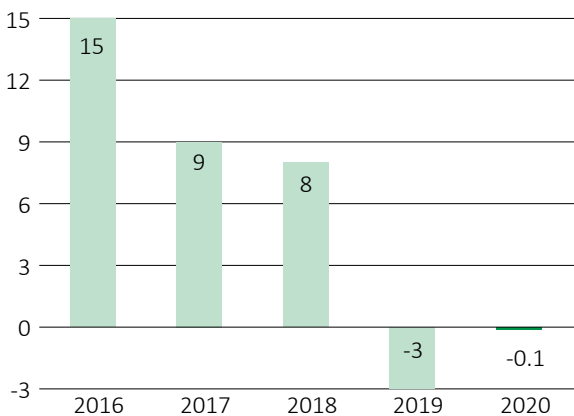
Net asset value per share



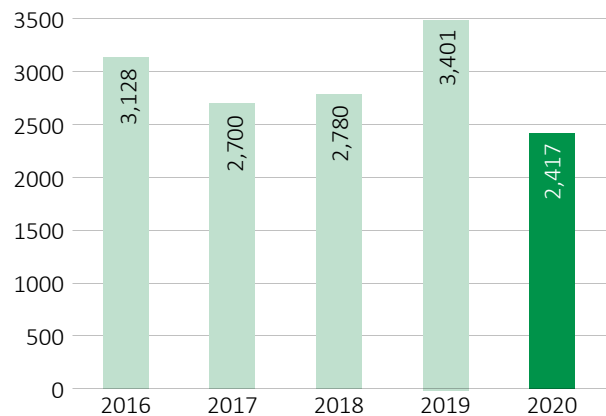
Return on capital employed (%)



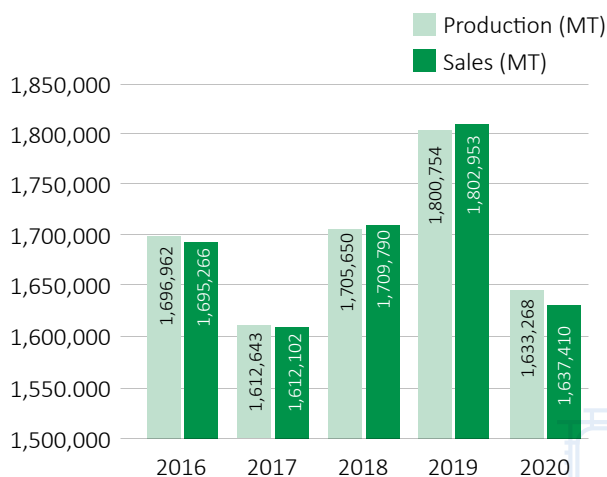
Return on asset (%)



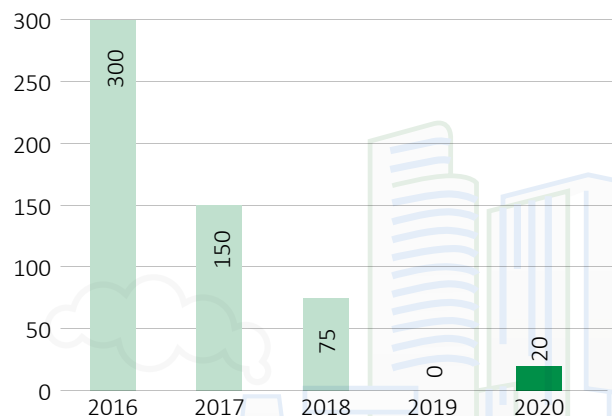
Contribution to national exchequer (Million)



Production and sales (MT)



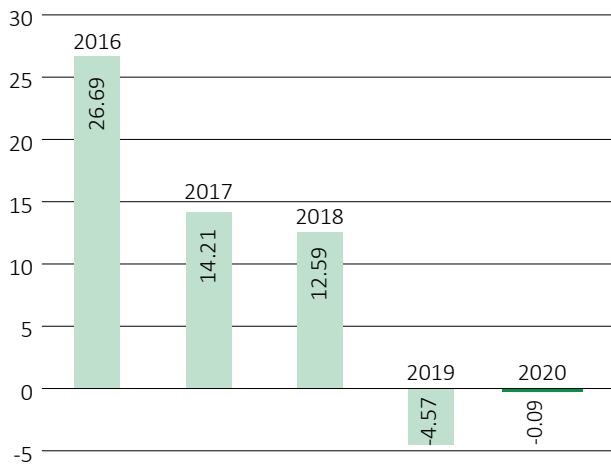
Dividend (%)



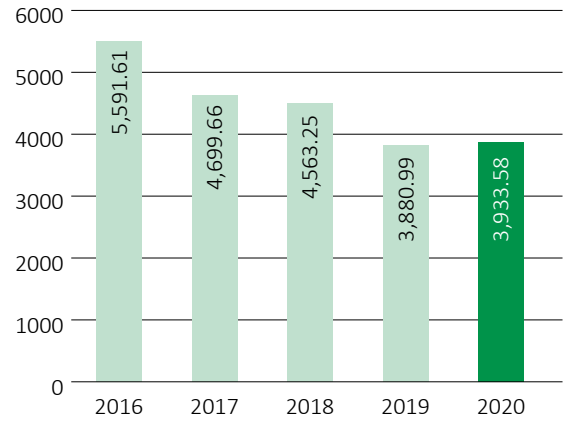
Performance at a Glance in 2020 (Standalone)



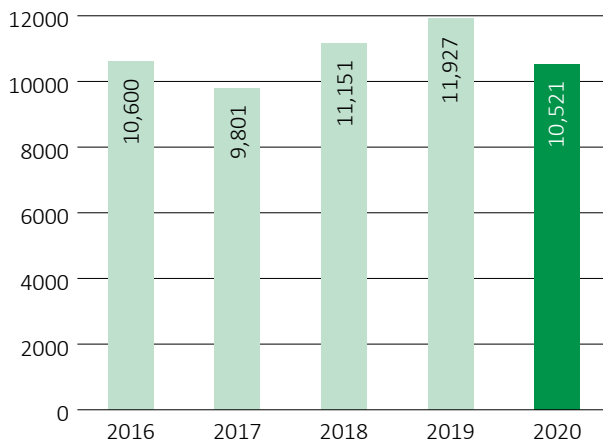
Earnings Per Share



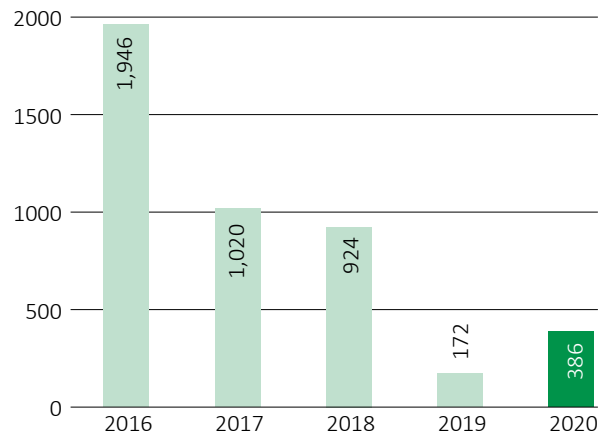
Net Assets (Million)



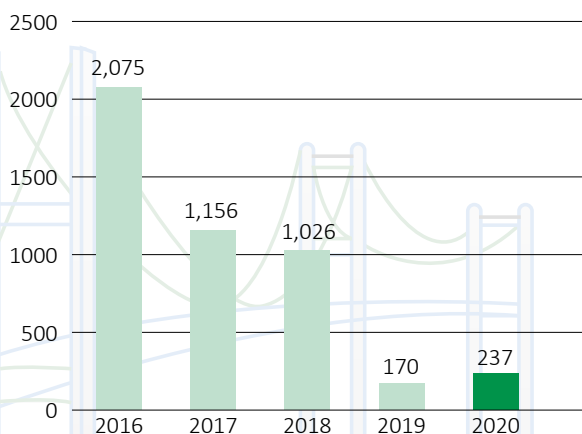
Total Revenue (Million)



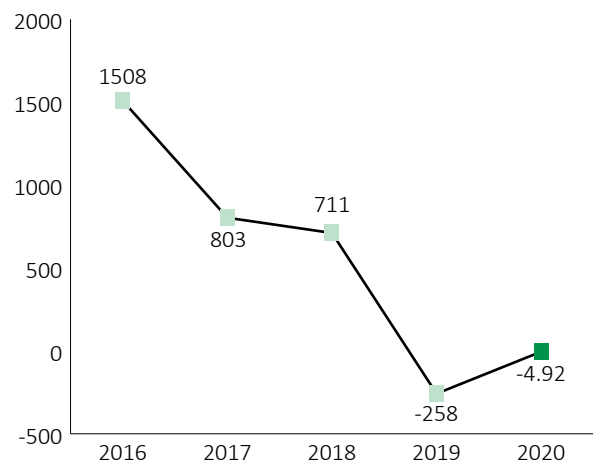
Operating Profit (Million)



Net profit before tax (Million)



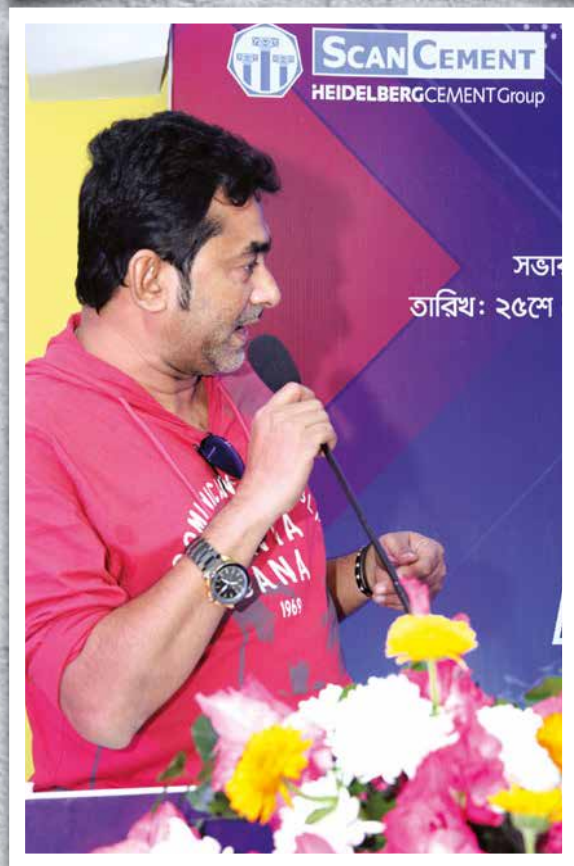
Net profit after tax (Million)





To the Members of HCBL





Note: Photographs without masks were shot during the pre-COVID period.



Note: Photographs without masks were shot during the pre-COVID period

HEIDELBERGCEMENT BANGLADESH LTD.

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 32nd Annual General Meeting (AGM)

A virtual meeting through digital platform

NOTICE is hereby given to all the members of HeidelbergCement Bangladesh Limited that the 32nd Annual General Meeting (AGM) of the Company will be held using Digital Platform on Monday, 28 June 2021 at 10.00 A.M., to transact the following business:

AGENDA

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31 December 2020 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 Mr. Jose Marcelino Ugarte as Managing Director.
4. To appoint Directors in place of Mr. Kevin Gerard Gluskie, Mr. Juan-Francisco Defalque, and Mr. Md. Abul Hossain who are retiring by rotation and being eligible have offered themselves up for re-appointment.
5. To appoint M/s. ACNABIN, Chartered Accountants, as the Statutory Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting and to authorize the Directors to fix their remuneration.
6. To appoint M/s. Hoque Bhattacharjee Das & Co., Chartered Accountants, as the Compliance Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting and to authorize the Directors to fix their remuneration.

SPECIAL BUSINESS:

7. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to paragraph (a) of Notification No. BSEC.CMRRCD/2009193/2/Admin/103 dated 5 February 2020 of the Bangladesh Securities and Exchange Commission, approval is hereby granted to the Company to purchase raw materials namely clinker, slag, gypsum, and limestone from HC Trading Malta Limited, a related party to the Company, amounting to more than one percent (1%) of the Company’s revenue for the immediate preceding financial year.”

EXPLANATORY STATEMENTS:

Agenda No. 7

The Company in its ordinary course of business and/or on arm's length basis sources material from different suppliers of raw materials. To ensure the stability of supplies in terms of quality, price and logistics, the Company proposes to enter into transaction(s) with HC Trading Malta Limited (“HCT”) (a related party of the Company as defined in the International Financial Reporting Standards). Pursuant to paragraph (a) of Notification No. BSEC.CMRRCD/2009193/2/Admin/103 dated 5 February 2020 of the Bangladesh Securities and Exchange Commission, no issuer company

shall, except with the approval of the general body of its shareholders, enter into any contract for the supply of goods and materials amounting to 1% (one percent) or above of the revenue for the immediate preceding financial year with any related party.

The Company envisages that the transaction(s) entered into with HCT whether individually and/or in the aggregate would exceed the stipulated threshold of 1% (one percent) of the annual turnover of the Company as per the latest audited financial statements of the Company during a financial year of the Company. Hence, approval of the shareholders is being sought for the said related party transaction(s) proposed to be entered into by the Company with HCT in the financial year 2021. The Board of Directors recommends the above ordinary resolution for the members' approval.

By Order of the Board



Md. Emdadul Haque ACA

Company Secretary

Dated: 3 June 2021

NOTES:

- The 'Record Date' in lieu of Book Closure was on 25 May 2021. 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 32nd Annual General Meeting and receive Dividends.
- The Shareholders whose names would appear in the Register of Members of the Company or the Depository on the 'Record Date' will be eligible to attend the 32nd AGM through the online live portal to ensure the safety of Shareholders given the ongoing coronavirus pandemic.
- The detailed login process and link of the online live portal to attend the meeting will be communicated to the shareholders in due course. Therefore, the shareholders are requested to update their email addresses through their respective Depository Participant (DP).
- A Shareholder entitled to attend and vote at the AGM 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 of the Company are hereby requested to update their bank account number, mailing address, mobile number especially 12 digit E-TIN etc. through their respective DPs and BO accounts before the Record Date i.e. 25th May 2021. If anyone fails to update their E-TIN in BO account before the Record date, disbursement of respective cash dividend will be subject to deduction of AIT @15% instead of 10% per regulation.
- Shareholders bearing folio numbers are requested to submit their 12 digit e-TIN certificate to the Share Department of the Company latest by 6 June 2021, failing which Income Tax at source will be deducted from cash dividend @15% instead of 10% from the dividend.
- Concerned brokerage houses are also requested to provide statements with the details (members name, BO ID number, client wise shareholding position, gross dividend receivable, applicable tax rate and net dividend receivable) of their margin loan holders, as on record date, to the Company's share office on or before 6 June 2021. The brokerage houses are also requested to provide their bank account name & number and routing number as well.
- The soft copy of the Annual Report-2020 of the Company will be sent to the shareholders' respective e-mail addresses. However, interested shareholders may collect hard copies of the Annual Report-2020 from the Company's share office by submitting a written request. The soft copy of Annual Report-2020 is available on the Company's website at http://www.heidelbergcementbd.com/investors_relation.aspx.





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 DIRECTOR

Dr. Muhammad Abdul Mazid

Abdul Khalek, FCA

DIRECTORS

Juan Francisco Defalque

Fong Wei Kurk

Sim Soek Peng

Jashim Uddin Chowdhury, FCA

Md. Abul Hossain

BOARD COMMITTEE

AUDIT COMMITTEE

Dr. Muhammad Abdul Mazid (Chairman)
Abdul Khalek, FCA (Member)
Sim Soek Peng (Member)

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

MANAGEMENT COMMITTEE

Jose Marcelino Ugarte
Jashim Uddin Chowdhury, FCA
Sayef Uddin Nasir
Ashraful Amin Badal

Mustaque Ahmed
Terence Ong Kian Hock
Saikat Khan

NOMINATION AND 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-Ul-Hoque Chowdhury

COMPANY SECRETARY

Md. Emdadul Haque, ACA

REGISTERED OFFICE

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

CORPORATE OFFICE

Symphony (6th & 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.-Narayanganj

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

Mukterpur Plant:
East Mukterpur, Munshiganj

STATUTORY AUDITORS

M/s. ACNABIN
Chartered Accountants

Address: BDBL Bhaban (Level-13)
12 Kawran Bazar Commercial Area, 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.

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

Dutch-Bangla Bank Ltd.
Southeast 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 Limited
Listing year - 1989
Trading Code – HEIDELBCEM
Scrip Code: 21614

Chittagong Stock Exchange Limited
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

কোম্পানীর নাম: হাইডেলবার্গসিমেন্ট বাংলাদেশ লিমিটেড

অনুমোদিত মূলধন: ১,০০০,০০০,০০০

পরিশোধিত মূলধন: ৫৬৫,০৩৫,৮০০

পরিচালনা পর্ষদ

চেয়ারম্যান
কেভিন জেরার্ড গ্লুক

ব্যবস্থাপনা পরিচালক
জোসে মার্সেলিনো উগার্টে

স্বতন্ত্র পরিচালক
ড. মুহাম্মদ আবদুল মজিদ
আব্দুল খালেক, এফসিএ

পরিচালক
জুয়ান ফ্রান্সিসকো ডিফাঙ্কে
ফং উই কুর্ক
সিম সাক পেং
জসিম উদ্দিন চৌধুরী, এফসিএ
মো. আবুল হোসেন

বোর্ড কমিটি

অডিট কমিটি

ড. মুহাম্মদ আবদুল মজিদ (চেয়ারম্যান)
আব্দুল খালেক, এফসিএ (সদস্য)
সিম সাক পেং (সদস্য)

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

ম্যানেজমেন্ট কমিটি

জোসে মার্সেলিনো উগার্টে
জসিম উদ্দিন চৌধুরী, এফসিএ
সায়ের উদ্দিন নাসির
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, জিলা : 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, জিলা : নারায়ণগঞ্জ

চট্টগ্রাম প্ল্যান্ট : দক্ষিণ হালিশহর
চট্টগ্রাম-৪২০৪

মুজারপুর প্ল্যান্ট :
পূর্ব মুজারপুর, মুন্সিগঞ্জ

স্ট্যাটুটরী অডিটরস

মেসার্স একনাবিন
চার্টার্ড একাউন্ট্যান্টস

ঠিকানা: বিডিবিএল ভবন (লেভেল-১৩)
১২ কারওয়ান বাজার, বাণিজ্যিক এলাকা, ঢাকা-১২১৫

কমপ্লায়েন্স অডিটরস

হক ভট্টাচার্য দাস এন্ড কোং.
চার্টার্ড একাউন্ট্যান্টস

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

ব্যাংকার্স

স্ট্যান্ডার্ড চার্টার্ড ব্যাংক
সিটি ব্যাংক এন.এ.
দি এইচএসবিসি লিঃ

ঢাকা ব্যাংক লিঃ
উত্তরা ব্যাংক লিঃ
ওয়ান ব্যাংক লিঃ

ডাচ বাংলা ব্যাংক লিঃ
সাউথইস্ট ব্যাংক লিঃ

ওয়েবসাইট এন্ড ই-মেইল

ওয়েবসাইট: www.heidelbergcementbd.com

ই-মেইল: info@heidelbergcementbd.com

ইনভেস্টরস রিলেশনস

টেলিফোন: +৮৮-০২-৫৮৮১৫৬০০

ফ্যাক্স: +৮৮-০২-৯৮৪৭০০৩

স্টক এক্সচেঞ্জ লিস্টিং

ঢাকা স্টক এক্সচেঞ্জ লিমিটেড
লিস্টিং বছর - ১৯৮৯
স্টক নাম - HEIDELCEM
ক্রিপ কোড - ২১৬১৪

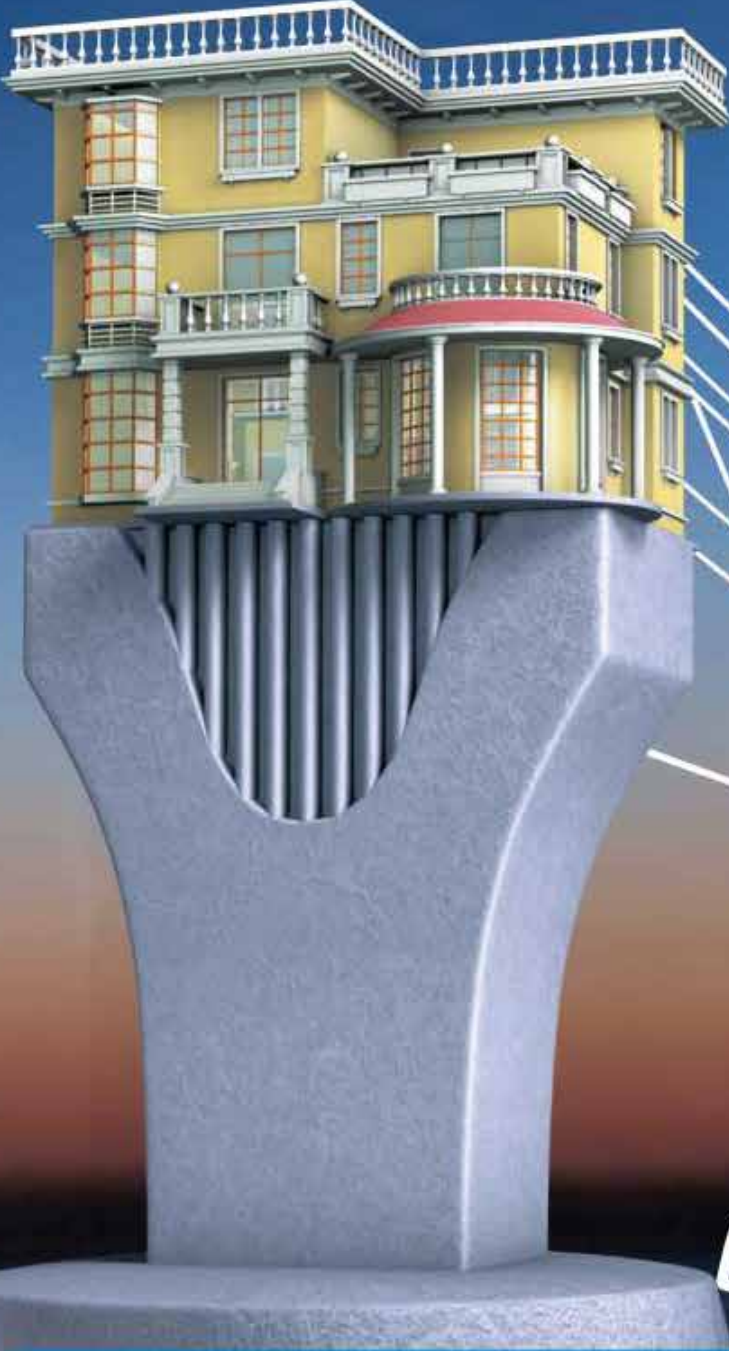
চট্টগ্রাম স্টক এক্সচেঞ্জ লিমিটেড
লিস্টিং বছর - ১৯৯৫
কোড - HEIDELCEM
ক্রিপ আইডি - ১৫০০২

সেন্ট্রাল ডিপোজিটরি সিস্টেম

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

পদ্মা সেতুর মূল কাঠামো গড়ে উঠছে স্ক্যানসিমেন্টের শক্তিতে, সেই শক্তিতে গড়ে উঠুক আপনার স্বপ্নের বাড়ি

আপনার বাড়ির ফাউন্ডেশন, প্লাস্টার ও সব ধরনের
ঢালাইয়ের জন্য ব্যবহার করুন স্ক্যানসিমেন্ট।



HEIDELBERGCEMENT



SCAN CEMENT
HEIDELBERGCEMENT Group

পাল্টাই ভবিষ্যৎ



Board of Directors





Kevin Gerard Gluskie
Chairman

Age **53 years**

Nationality **Australian**

Date of Appointment **25 February 2016**

Length of Service in HC Group **31 years**

Date of Last Re-election **22 May 2019**

Membership in Board Committee **Nil**

Mr. Gluskie studied in Civil Engineering from the University of Tasmania in 1988 and MBA from the Australian Graduate School of Management in 2001. He is currently a Member of the Managing Board of HeidelbergCement AG.

DIRECTORSHIP OF OTHER COMPANIES:

- HeidelbergCement AG
- Cement Australia Holdings Pty Limited
- Cement Australia Pty Limited
- Butra HeidelbergCement Sdn Bhd
- Alliance Construction Materials 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.
- 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
- Guangzhou Heidelberg Yuexiu Enterprise Management Consulting Company Ltd.



Jose Marcelino Ugarte
Managing Director

Mr. Ugarte completed graduation in Business Administration in 1996 from the University of San Francisco, California, USA. He is a member of the Australian Institute of Company Directors.

He joined as Managing Director of HeidelbergCement Bangladesh Limited on August 2011. Under his excellent leadership HC Bangladesh experienced remarkable growth and maximum stakeholders return.

He is such a corporate personality having 23 years working experience in cement industry including CEMEX in different capacities.

DIRECTORSHIP OF OTHER COMPANIES:

- Butra HeidelbergCement (BHC) Sdn Bhd
- Emirates Cement Bangladesh Limited
- Emirates Power Company Limited

Age 50 years

Nationality Filipino

Date of Appointment 21 July 2011

Length of Service in HC Group 10 years

Date of Last Re-election 22 May 2019

Membership in Board Committee Nil



Dr. Muhammad Abdul Mazid
Independent Director

Dr. Mazid completed post-graduation from the University of Dhaka in English Literature & pursued further education on Accountancy and Computerization in Oxford, UK. Moreover, He is a PhD holder in Social Science (the theme of the thesis: Agro Economy in the Coastal Belt of Bangladesh).

He is a retired Secretary to the Government of Bangladesh and former chairman of the National Board of Revenue (NBR), Chittagong Stock Exchange (CSE), South Asian Federation of Exchanges (SAFE). He has over 36 years' experience of working in the private & public finance sector, and international organization. Currently, he is the Adviser of country's largest and ground-breaking conglomerate A K Khan and Company Limited. He is also an independent Director of Runner Automobiles.

Age 68 years

Nationality Bangladeshi

Date of Appointment 17 July 2018

Length of Service in HC Group N/A

Date of Last Re-election N/A

Membership in Board Committee NRC & BAC





Abdul Khalek, FCA
Independent Director

Age 61 years

Nationality Bangladeshi

Date of Appointment 23 July 2019 (First Term)

Length of Service in HC Group N/A

Date of Last Re-election N/A

Membership in Board Committee BAC

Mr. Khalek is a fellow member of the Institute of Chartered Accountants of Bangladesh. He completed post-graduation in Commerce from the University of Dhaka in 1985. He has a high academic career and commendable experience in the field of corporate policy formulation and implementation, mentoring, business diversification, financial management, tax planning and compliance, internal audit, corporate governance and secretarial functions. He served Berger Paints Bangladesh Limited (BPBL) under different capacities (22 years as CFO). On successful completion of all 3 parts of Special Enrollment Examinations, he has been accredited as Enrolled Agent of IRS, USA from February, 2021 and currently serving as Managing Partner and CEO of SME CFO Services.

He does not hold any directorship in any other company.



Md. Abul Hossain
Director

Age 55 years

Nationality Bangladeshi

Date of Appointment 23 October 2019

Length of Service in HC Group N/A

Date of Last Re-election N/A

Membership in Board Committee N/A

Mr. Hossain completed graduation and post-graduation in Statistics from Jahangirnagar University. He has been serving the Investment Corporation of Bangladesh (ICB) as Managing Director since 21 August 2019. Immediately before his joining at ICB, he acted as Managing Director at Karmasangsthan Bank (KB).

During his service life, he served different Banks and Financial Institutions. He has over 31 years of diversified experience in the field of investment banking, specialized and commercial banking, islamic banking, asset management and ICT works.

DIRECTORSHIPS OF OTHER COMPANIES:

- British American Tobacco Bangladesh Co. Ltd. (BATBC)
- Unilever Consumer Care Limited.
- Standard Bank Limited
- National Tea Company Limited (NTC)
- Apex Tannery Limited
- United Power Generation & Distribution Company Limited (UPGDCL)
- Apex Footwear Limited
- The Peninsula Chittagong Limited
- Padma Bank Limited



Juan-Francisco Defalque

Director

Mr. Defalque completed Post Graduation in Mining Engineering from Catholic University of Louvain-la-Neuve, Belgium in 1982-1987. He has worked for about 31 years in the Cement industry in different capacities. He is a highly experienced executive who demonstrates the ability to lead diverse teams of professionals to new levels of success in challenging environments. His core competency includes managing large investment projects, suppliers and contractors selection and commissioning and hand over of the new facilities or plants to operations.

DIRECTORSHIP OF OTHER COMPANIES:

- PT Indocement Tungal Prakarsa Tbk.
- Asia Cement Public Company Limited
- Zuari Cement Limited
- Gulbarga Cement Limited

Age 57 years

Nationality Belgian

Date of Appointment 23 July 2015

Length of Service in HC Group 31 years

Date of Last Re-election 22 May 2019

Membership in Board Committee Nil



Sim Soek Peng

Director

Ms. Sim is a CPA from the Malaysian Association of Certified Public Accountants (MICPA) as well as a Chartered Accountant from the Malaysian Institute of Accounting (MIA). She is skilled at leading diverse teams of accounting professionals to meet the Group requirements. She has 28 years of Accounting & Finance related experience in Property and Construction, FMCG Manufacturing & Building Materials companies. Her core competency includes 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.

DIRECTORSHIPS OF OTHER COMPANIES:

- HeidelbergCement India 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
- HeidelbergCement Asia Pte Ltd.
- Sitapuram Power Limited
- Gulbarga Cement Limited

Age 52 years

Nationality Malaysian

Date of Appointment 29 January 2014

Length of Service in HC Group 17 years

Date of Last Re-election 30 June 2020

Membership in Board Committee NRC & BAC





Fong Wei Kurk
Director

Age 44 years

Nationality Singaporean

Date of Appointment 29 January 2014

Length of Service in HC Group 9 years

Date of Last Re-election 30 June 2020

Membership in Board Committee NRC

Mr. Fong completed graduation in Law 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. He has specialized knowledge and experience in capital markets, merger & acquisition deals, energy-related transactions and outbound deals. He joined the HeidelbergCement Group in 2012 and is currently working as the Legal Director for Asia-Pacific.

DIRECTORSHIPS OF OTHER COMPANIES:

- Butra HeidelbergCement Sdn Bhd, Brunei



Jashim Uddin Chowdhury, FCA
Director & Chief Financial Officer

Age 58 years

Nationality Bangladeshi

Date of Appointment 20 June 2006

Length of Service in HC Group 20 years

Date of Last Re-election 30 June 2020

Membership in Board Committee N/A

Mr. Chowdhury is a fellow member of the Institute of Chartered Accountants of Bangladesh (ICAB). His areas of competency includes analyzing an organization's critical financial requirements, identification of deficiencies and potential opportunities and improvement of shareholders' offerings. Apart from leading finance team as CFO, he is also looking after the IT function of the Company.

DIRECTORSHIPS OF OTHER COMPANIES:

- Emirates Cement Bangladesh Limited
- Emirates Power Company Limited

Management Committee



Jose Marcelino Ugarte
Managing Director



Mustaque Ahmed
Director Human Resources



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



Sayef Uddin Nasir
Director Marketing and Sales



Jashim Uddin Chowdhury, FCA
Chief Financial Officer



Terence Ong Kian Hock
Technical Director



Saikat Khan
Head of Legal & Corporate Affairs



Md. Emdadul Haque, ACA
Company Secretary & SSC Manager

A professional portrait of a middle-aged man with short, light-colored hair, smiling. He is wearing a dark navy blue suit jacket, a white dress shirt, and a blue tie with a white polka-dot pattern. The background is a solid, textured green color.

Message from the Chairman

**Dear Shareholders, Colleagues and
Friends of HeidelbergCement Bangladesh Limited,**

On behalf of the Board of Directors, I am pleased to present to you HeidelbergCement Bangladesh Limited's (The "Company" or "HCBL"), annual report containing, among others, the financial statements together with its subsidiaries for the financial year ended 31 December 2020 ("FY 2020").

HCBL managed through the challenges brought about by the COVID-19 global pandemic with persistence and agility and has had a reasonably good year financially. The revenue of the Company was BDT 10,521 million in 2020, which was decreased by BDT 1,406 million compared to the corresponding period in 2019 due to the COVID-19 outbreak, lockdown, and countrywide restriction. With our foundation of products and effective management of business operation, the Company's net profit before tax was increased by BDT 66.6 million (39%) compared to the corresponding period in 2019. We drove positive operating cash flows in the year under review and Earnings Per Share (EPS) was increased by BDT 4.48 against the same period of 2019.

In the second quarter and third quarter of the year, HCBL's performance was affected by COVID-19 but the fourth quarter showed a marked improvement, with turnover and profit before tax increasing and exceeding the performance of the same period of 2019, providing a positive momentum as we head into 2021. In this environment, HCBL closed the year at slightly lower turnover but with improved net profit with encouraging operating cash flows. The Board of Directors proposed a 20% cash dividend for the year 2020 and the same will be placed before the members for approval at the Annual General Meeting to be held on 28 June 2021.

The Company's businesses are expected to remain challenging for the financial year ending 31 December 2021 mainly due to the global economic uncertainties as a result of the impact of the COVID-19 outbreak. Nevertheless, the first quarter result of 2021 made us confident for positive business development. The market outlook for 2021 shows positive for Bangladesh, where our plants are well-positioned to serve the continuing growth. In 2021, HCBL has strengthened its position in markets in Bangladesh after the acquisition of Emirates Cement Bangladesh Limited and Emirates Power

Company Limited. The rapid scaling of capacity utilization is a testimony to this acquisition and seamless execution.

However, to successfully navigate a challenging, changing worldwide macroeconomic, environmental, and geopolitical environment, we maintain a proactive approach to business aimed at constantly improving our performance, and above all, strengthening our ability to create greater value in the future. With this in mind, we have reinforced our commitment to health and safety, sustainability, and customer-centric innovation to transform our company to build a better world for all of our stakeholders. 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 to grab the advantage of the opportunities in 2021.

HCBL is committed to always respecting the law of the land regarding environmental protection and also to bring change in industrial and construction solutions that are more environmentally friendly. Our dedicated R&D Team are constantly innovating new production methodologies in order to significantly lessen our carbon footprint.

I would like to express appreciation to my colleagues on the Board for their valued guidance, direction, and contribution. I would also like to thank and acknowledge the commitment and contribution of our management team, staff, bankers, and business associates towards the Company. I am also thankful to the Government bodies, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, and other statutory bodies for their support of the various activities of the Company. Last but not least, I would like to express my deep gratitude and warm greetings to all the respected stakeholders for your continuous support and for placing your confidence in us to lead the Company successfully into the future. We will continue to drive ahead in building a more sustainable business for our customers while enhancing our shareholders' value.



Kevin Gerard Gluskie
Chairman
Board of Directors
HeidelbergCement Bangladesh Limited

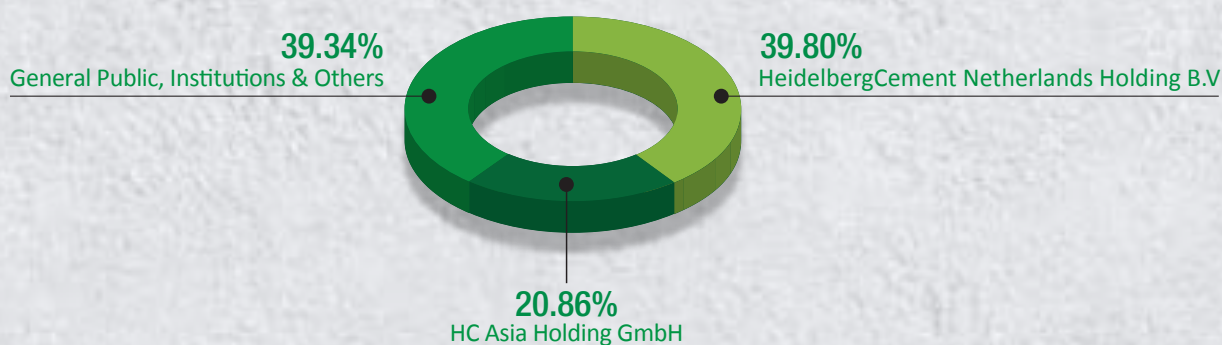
Shareholding Position



Break-up of total shareholding

Shareholders	Year-2020
HeidelbergCement Netherlands Holding B.V.	39.80%
HC Asia Holding GmbH	20.86%
General Public, Institutions & Others	39.34%

Break-up of total shareholding Year-2020



Classification of shareholders by holding

No. of shares held	01 January 2020			31 December 2020		
	No. of shareholders	Total holding	Percentage	No. of shareholders	Total holding	Percentage
0 – 5000	12,745	4,023,055	7.12	12,544	4,002,740	7.08
5,001 – 50,000	285	3,790,339	6.71	261	3,827,697	6.78
50,001 – 200,000	55	4,857,308	8.60	46	4,203,228	7.44
200,001 – 500,000	3	983,162	1.74	5	1,508,867	2.67
500,001 – 10,000,000	4	8,572,306	15.17	4	8,683,638	15.37
10,000,000 – 56,503,580	2	342,774,10	60.66	2	34,277,410	60.66

Top Ten Shareholders of the Company as on 31 December 2020

Name of shareholders	No. of shares held	Percentage
HEIDELBERGCEMENT 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	1,616,137	2.86
BANGLADESH FUND	401,586	.71
PUBALI BANK SECURITIES LIMITED	302,791	.54
ICB AMCL UNIT FUND	285,990	.51
IBSL STOCK DEALER ACCOUNT	263,500	.47
SONALI BANK LTD	255,000	.45

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 analyses, 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 analyses. 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.

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:

- Documentation of the general conditions for a methodical, efficient risk management in a Group guideline. In addition to this Risk Management Policy, the Code of Business Conduct is concerned with the code of conduct and compliance standards to be observed.
- 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 of 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:

- i) The Companies Act, 1994 (CA 1994);
- ii) Stock Exchanges (Listing) Regulations, 2015;
- iii) Corporate Governance Code, 2018 and Financial Reporting & Disclosure Notification, 2018 issued by the Bangladesh Securities and Exchange Commission (BSEC);
- iv) Secretarial Standards issued by the Institute of Chartered Secretaries of Bangladesh &
- v) Other rules, laws, and regulations, enforceable in time to time.

COMPLIANCE WITH BSEC CODE OF CORPORATE GOVERNANCE (BSECCCG), 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 FY20. We have included throughout this governance review all of the main principles and recommendations of BSECCCG 2018 that are applied to the Company. The table to facilitate understanding of HCBL's compliance with the Code 2018 in respect of FY20 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:

- i) Adoption of Audited Financial Statements;
- ii) Declaration of final dividends (if any);
- iii) Election and re-election of Directors;
- iv) Appointment/re-appointment of external auditors;
- v) Appointment/re-appointment of compliance auditors.

1. BOARD OF DIRECTORS:

(1.1) Composition:

The Directors of the Board are appointed by the Shareholders 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. 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. 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 in 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 Balancing, Modernization, Rehabilitation and Expansion (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 the Articles of Association of the Company (AOA), 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 Board of Directors 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 2020, 5 (Five) Board meetings were held and the attendance were recorded as follows:

Name of the Director	Position	Meeting	
		Held	Attended
Mr. Kevin Gerard Gluskie	Chairman	05	04
Mr. Jose Marcelino Ugarte	Managing Director	05	05
Dr. Muhammad Abdul Mazid	Independent Director	05	05
Mr. Jashim Uddin Chowdhury FCA	Director	05	05
Mr. Fong Wei Kurk	Director	05	05
Ms. Sim Soek Peng	Director	05	05
Mr. Juan Francisco Defalque	Director	05	05
Mr. Abdul Khalek, FCA	Independent Director	05	03
Mr. Md. Abul Hossain	Director	05	05

(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 at 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 of the Company 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 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 legislation.

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 adopted the Directors' Code of Ethics since 2012 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, 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 Mr. Kevin Gerard Gluskie, Mr. Juan-Francisco Defalque, and Mr. Md. Abul Hossain 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 direct or indirect interest, the respective Director immediately discloses the nature of his 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 under the supervision of the Managing Director of the Company. He is accountable to the Board of Audit Committee of the Company. The HIAC are also 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 involve consideration of the agenda relating to him.

2. BOARD COMMITTEES:

(2.1) Board Audit Committee (BAC)

In compliance with condition no. 3(4) of the Code 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 Ms. Sim Soek Peng and Mr. Abdul Khalek FCA. 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 the detection of errors, frauds and other deficiencies. The BAC is also responsible for the 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 2020, 4 (Four) BAC meetings were held and the attendance thereof has been stated in the report of the 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 the Board in its meeting, with three members as per Condition 6(1)(b) of the Code. The Committee includes two Independent Directors and One Non-Executive Director. Dr. Muhammad Abdul Mazid, being an independent director 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 cover the areas as contemplated under Section 6(5) of the Code, besides other terms as referred by the Board of Directors. The role includes the 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 2020, one (1) NRC meeting was held. Please find the attendance record in the report of the 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 the preparation of budgetary segment plans/sub-segment plans for every cost/profit center 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. Mohammad 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. Abdul Khalek, FCA 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 30 December 2020 by a Chartered Accountant firm is done by M/s. ACNABIN, 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. ACNABIN, Chartered Accountants whose sincere performance has played a very trustworthy role in the protection of the interest of the investors.

(3.3) Subsidiary Company

HCBL has two subsidiary companies namely i) Emirates Cement Bangladesh Limited and ii) Emirates Power Company Limited. The detail of the subsidiaries is furnished below;

Emirates Cement Bangladesh Limited (ECBL) is a private company limited by shares incorporated under the laws of Bangladesh with an issued and paid-up capital of BDT 1,589,299,720. On 5th December 2019, HCBL has acquired the Company's 100% stake and accordingly took controlled of the Company. ECBL operates a cement grinding plant of 660,000 tons per annum capacity on the outskirts of Dhaka.

Emirates Power Company Limited (EPCL) is a private company limited by shares incorporated under the laws of Bangladesh with an issued and paid-up capital of BDT 269,961,500. On 5 December 2019, HCBL took controlling power by acquiring 100% stake of the company. EPCL operates a power plant to support the cement grinding plant.

Now, ECBL's and EPCL's activities are being controlled since HCBL holds 99.99% shares of the total shareholding of them. The proposal of amalgamation of ECBL and EPCL with HCBL has been approved by the members of all the companies at their respective extra-ordinary general meeting under the chairmanship of Mr. Muhammed Ashraf Ali, Barrister-at-Law, Court Appointed Chairman, held variously on 2 May 2021 and the process is ready to produce before the High Court for Court's approval.

(3.4) Dividend Policy

The 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. 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 Shareholders will declare the amount of dividend to be paid.

(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 also requires 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 is 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 a 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 2020.

(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 maintaining 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 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 the 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 2020, Directors were present virtually due to COVID-19 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 detail of the Company's financial statements for FY20 can be found together with this 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 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 FY20, is disclosed in note no. 45 of the consolidated financial statements.

In closing, HCBL in itself is committed to ensure and demonstrate best compliance practices 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.

GERMAN
ENGINEERING

শাহ আমানত (৩য় কর্ণফুলী) সেতু

BUILT
ONLY
BY
RUBY CEMENT
HEIDELBERGCEMENT Group

পরীক্ষিত শক্তি ও দীর্ঘস্থায়িত্ব
১৯৭৩ সাল থেকে


RUBY CEMENT
HEIDELBERGCEMENT Group

Financial report

Balance sheet

Assets	
Current assets	1,734,826
Non-current assets	80,985
	1,815,811
Liabilities	
Current liabilities	166,830
Non-current liabilities	110,307
	277,137
Equity	
Paid-in capital	74,393
Retained earnings	72,821
	147,214

Equity statement

Current year	
Comprehensive income	1,774,576
Issue of share capital	15,897
Dividends	(28,804)
	23,889
Previous year	
Comprehensive income	166,830
Issue of share capital	115,337
Dividends	(48,300)
	67,874



Income statement

Revenues	
Net sales	12,978,518
Investment	12,975,890
	104,824
Expenses	
Research and Development	8,372,535
Operating expenses	1,305,296
Marketing	4,430,118
	598,822
Net income	6,505,981

Cash flow statement

Operations	
Net income	12,978,518
Change in working capital	12,813,890
	104,528
Investing	
Net income	8,372,535
Change in working capital	1,305,296
	4,430,118
Net income	6,505,981
	8,505,981



Reports of the sub-committees of the Board of Directors

Report of the Audit Committee

Report of the Nomination & Remuneration Committee



REPORT OF THE AUDIT COMMITTEE FOR THE YEAR 2020

The Audit Committee (the “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 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	Status with the Committee	Status with the Company
Dr. Muhammad Abdul Mazid	Chairman	Independent Director
Ms. Sim Soek Peng	Member	Non-executive Director
Mr. Abdul Khalek, FCA	Member	Independent Director
Mr. Md. Emdadul Haque, ACA	Secretary	Company Secretary

A total of four (4) meetings were held during 2020. 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	Status with the Committee	Audit Committee Meeting held			
		25.02.2020	21.04.2020	15.07.2020	19.10.2020
Dr. Muhammad Abdul Mazid	Chairman	√	√	√	√
Ms. Sim Soek Peng	Member	√	√	X	√
Mr. Abdul Khalek, FCA	Member	X	√	√	√
Mr. Jose Marcelino Ugarte	Invitee	√	√	√	√
Mr. Jashim Uddin Chowdhury, FCA	Invitee	√	√	√	√
Mr. Mamun-Ul-Hoque Chowdhury	Invitee	√	√	√	√
Mr. Md. Emdadul Haque, ACA	Secretary	√	√	√	√

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

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

The Committee report has been prepared according 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 Committee briefs the Board of Directors at each Board meeting on the proceedings of the 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 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 Committee to report such findings to the Bangladesh Securities and Exchange Commission.

The Audit Committee considered the scope and methodology of the audits, as well as the independence, objectivity, and qualification of the external auditors. The 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 Committee also reviewed the Company’s 2020 financial statements. The Audit Committee concluded that all reported financial results have been presented following applicable rules.

The Committee also reviewed the Company’s self-assessment of Corporate Governance practices, based on a checklist provided by the Bangladesh Securities and Exchange Commission. The Committee was satisfied that the Company’s Corporate Governance practices as per national standards.

Besides these, the 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.

Due to the prevalence of COVID-19 catastrophes, the Committee faces Challenges to review the Company’s financial reporting and internal control systems in its entirety and report to the Board of Directors on internal audit findings regularly. However, the Committee is aware to maintain the consistent and comprehensive approach of “Risk-Based Audit” for risk management, internal control, and corporate governance within the Company.

ACTIVITIES DURING THE YEAR 2020

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 2020 along with the risk-based auditing system;
- d) Monitoring the internal audit and compliance process and reviewed the internal audit and compliance report;
- 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) Placing of compliance reports/minutes before the Board detailing the decisions are taken/recommendations made by the Committee in various meetings for information/concurrence of the Board quarterly;
- h) Reviewing and examining the annual audited financial statements for the year ended 2020 and recommending the same to the Board for approval;
- i) Overseeing the hiring and determination of audit fees, assessing the time required for the audit, and evaluating the performance of the auditors;
- j) Reviewing the Operating plan 2020;
- k) Reviewing the scheme of amalgamation of two transferor companies, namely, (i) Emirates Cement Bangladesh Limited and (ii) Emirates Power Company Limited, with HeidelbergCement Bangladesh Limited (transferee company);
- l) Reviewing modification of credit facility agreement based on business need;
- m) Reviewing transfer and transmission of shares.



Dr. Muhammad Abdul Mazid

Chairman, Audit Committee



REPORT OF THE NOMINATION & REMUNERATION COMMITTEE (NRC) FOR THE YEAR 2020

Pursuant to condition 6(2) of the 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 Committee is comprised of three (3) non-executive directors to act as member of this Committee. The members and their meeting attendance are recorded as follows:

Name of the Director	Status with the Committee	Meeting held during 2020 (01.09.20)
Dr. Muhammad Abdul Mazid	Chairman	√
Mr. Fong Wei Kurk	Member	√
Ms. Sim Soek Peng	Member	√
Mr. Mustaque Ahmed	Invitee	√
Md. Emdadul Haque	Secretary	√

The Committee held a meeting 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.

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 compliance with Condition 6(1)(c) of the Code. The Terms of Reference for the NRC are as follows:

- 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:
 - 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;
 - the relationship of remuneration to performance should be clear and meets appropriate performance benchmarks; and
 - 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;
- To devise a policy on the Board's diversity taking into consideration age, gender, experience, ethnicity, educational background, and nationality;
- 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;
- To formulate the criteria for evaluation of the performance of independent directors and the Board;
- To identify the Company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
- To develop, recommend and review annually the Company's human resources and training policies.

ACTIVITIES THAT WERE CARRIED OUT DURING 2020:

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

- Recommendation to develop the criteria for evaluation of the performance of independent directors and the Board;
- Development, recommendation, and reviewing the company's training policies;
- Ratification of the appointment of Mr. Sayef Uddin Nasir, newly appointed Director Sales and Marketing of the Company.

On behalf of the Nomination & Remuneration Committee



Dr. Muhammad Abdul Mazid
Chairman



Report of the Board of Directors



Report of the Board of Directors and Management Discussion and Analysis

For the year ended 31 December 2020

INTRODUCTION

The Directors are pleased to present the Annual Report 2020 of the Company together with audited annual financial statements and the independent auditors' report of HeidelbergCement Bangladesh Limited ("HCBL" or the "Company") and its subsidiaries for the financial year ended 31 December 2020. These will be laid before shareholders of the Company at the forthcoming Annual General Meeting (AGM) to be held on 28 June 2021. The consolidated performance of the Company and its subsidiaries has been referred to as applicable. Further, in compliance 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, the Company has made all requisite disclosures in this report.

AMALGAMATION OF EMIRATES CEMENT BANGLADESH LIMITED & EMIRATES POWER COMPANY LIMITED (TRANSFEROR COMPANIES) WITH HEIDELBERGCEMENT BANGLADESH LIMITED (TRANSFeree COMPANY)

You are aware that HCBL holds 100% shares of Emirates Cement Bangladesh Limited ("ECBL") and Emirates Power Company Limited ("EPCL"). In 2020, the Company initiated the process of amalgamation immediately after their acquisition to achieve greater synergy, economies of scale, efficiency, optimization of logistics and distribution network, and other related synergies by consolidating the business operations of the three companies through horizontal integration. The entire amalgamation process is expected to be completed by 2021.



STATEMENT OF THE COMPANY'S AFFAIRS

HCBL delivered a relatively satisfactory full-year financial performance as we continue to navigate through the challenging environment presented by the ongoing Covid-19 pandemic. Total revenue fell 12% to BDT 10,521 million and net profit before tax was BDT 237 million, which is 39% higher than the net profit before tax of BDT 170 million in 2019. The EPS registered relatively well comparing the current year's Earnings per Share (EPS) of BDT-0.09 with the previous year's EPS of BDT-4.57.

CEMENT INDUSTRY

The Covid-19 pandemic has caused worldwide upheaval and no countries or sectors have been spared. Likewise for Bangladesh's economy which was hit hard.

The Bangladesh cement industry is one of the fastest-growing cement markets in the world, with per capita cement consumption in Bangladesh almost doubling from 95kg in 2011 to approximately 200kg in 2020. This industry is mainly driven by residential, engineering, and non-engineering consumption. Increasing urbanization coupled with largescale infrastructure development projects by the government has stimulated the building materials sector and generated considerable demand for cement in the last couple of years. However, due to the Covid-19 pandemic, cement consumption decreased from last year.

Moreover, the existing overcapacity coupled with capacity expansion in anticipation of demand hike has put the whole industry under intense competitive pressure leading to price war undermining the sustainability of the sector. Consequently, the industry had to absorb the increased cost of input (gas) and logistics (transportation) resulting in erosion of profits. Overall, even though the outlook for cement demand growth is robust, profitability remains a concern for cement manufacturers.

OPERATIONS

1. Sales and Production

In 2020, we delivered a total of 1.8 million tons of cement from our three plants located at Kanchpur, Chittagong, and Mukterpur, which is 1.2% higher than the total volume we sold in 2019. Overall production volume of the Company increased by 21.2K tons against the prior year.

2. Price

HCBL's customers are aware of its uncompromising emphasis on product quality, relentless efforts in product innovation, and therefore, they keep solid confidence in us. Such consumer's confidence in the consistent performance of our cement has allowed us to command a price premium. The Company has succeeded in maintaining its price leadership in our products despite intense competition among the market players.

3. Customer Service

Selling and distribution of cement at the customers' doorsteps are not good enough to gain and retain customers' satisfaction. Rather, quick and effective responsiveness to customers during the after-sales period, based on priority, creates high value and raise acceptance of the Company in the industry. HCBL cares about what a customer wants. A skilled, experienced, and dedicated sales team is always ready to provide the best solutions and consultation to our valued customers.

4. Product Innovation

Customers' tastes and preferences change over time. Taking this into account, the Company as part of its continuous pursuit of innovation and constant drive to improve quality introduced Portland Composite Cement (PCC) during 2003 as per Bangladesh Standards for cement of the Bangladesh Standard Testing Institution (BSTI). The Company is 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.

The result of 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 market has been squeezed by existing producers' capacity expansion and entry of new producers make the market even more competitive day by day. To tackle the challenge of gaining more market share, cement industry players are initiating aggressive marketing plans. Our two brands, ScanCement and RubyCement, command top-of-mind recall in the market, particularly in markets where these brands are sold.

We devised many innovative initiatives and deployed them to increase our brand visibility and customers' loyalty. These initiatives helped us to be at the top-of-mind of the consumers as well as to gain market share.

- i) **Outdoor Visibility:** As part of outdoor visibility activities we did among others, installation of shop signs, painting on shop's wall, and installations of mega signs.
- 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.

KEY INITIATIVES IN THE MANUFACTURING PROCESS

HCBL produces top-quality cement in 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. Some of the Company's most significant achievements are as follows:

- Consistently high level of cement quality exceeding BDS EN42.5 complying with all the national statutory requirements and global norms for safe and environmentally-friendly products;
- Low carbon footprint from innovations in production techniques, power-saving initiatives, and use of renewable energy (e.g. solar power); and
- Ensuring safety and hygiene at work to overcome pandemic challenges.

Safety at work:

The year 2020 was marked by a year of survival against the pandemic. More than 2.5 million people have died globally so far from Covid-19. To keep our workforce safe, we have taken vigorous health and hygiene measures to safeguard our employees and the local community.

Renewable energy in use:

Global warming from excessive CO2 emissions has garnered worldwide attention and steps to curb emissions have taken on added urgency. In line with the ambitious targets set by the HeidelbergCement Group towards carbon neutrality, HCBL has taken timely action to introduce a 152 KWp solar power project which generates 220 MWh/year & reduces CO2 by 160 ton/year. This is targeted to scale up to 500 KWp of solar power in the next two years. This green energy will aid in the reduction of greenhouse gas emissions as well as the cost of power.

Mukterpur Plant Remote Operation Implementation:

We have succeeded in implementing a remote operation facility through the Company's business network to manage the Mukterpur plant's operations from the Kanchpur plant's Central Control Room (CCR). By centralizing the automation system, we are now able to run the plant remotely 24/7 with real-time response as well.

The performance and dedication of the whole team contributed hugely to its success. The project was completed ahead of schedule, which was all the more remarkable considering that it was developed and executed under the COVID-19 pandemic.

Packer capacity expansion:

Two new packing delivery lines (lines 5 & 6) are being built with in-house resources and design to increase the packing capacity. These two independent conveying systems would allow us to deliver more than 6000 MT cement per day with less queueing time.

Some other major initiatives associated with the production process:

Navigability at jetty:

Under the new wharf project, the riverbank at the Kanchpur plant was dredged to a suitable level to allow vessels to access the jetty easily for raw material unloading. This will help to enhance the unloading performance.

Amalgamation with Meghna Energy:

During the year, the Company amalgamated Meghna Energy Limited as its own source of power generation for cement production only taking power from the Bangladesh Rural Electrification Board when required.

Jetty extension project

Our Chittagong plant is well located along the banks of the Karnaphuli River. We have our own 161-meter-long private jetty that we use to receive raw materials directly from the mother vessel to the plant silo/shed. During the year, we extended our jetty by 28 meters upon receiving the Chittagong Port Authority's approval to physically construct and extend our existing jetty up to 189 meters. Upon successful project completion, we have successfully berthed a mother vessel with an overall length of 185 meters.

New Conveyor Belt System

With the installation of a conveyor belt, wet slag can now be fed directly into the dryer without the need for a bucket elevator. Previously, wet slag could only be transferred using a chain bucket elevator and this resulted in high maintenance requirements given the nature of the material. The introduction of the new conveyor belt system has produced a cost-effective and easy solution to these maintenance challenges.

Environment-related projects:

HCBL is committed to keeping the environment clean and safe. As generation of fine particulates and dust are inherent in the manufacturing process, the Company has adopted various measures to keep the air dust-free at its plant locations. Such measures to maintain a healthy and safe working environment include:

1. Installation of modern dust collector in the plant area which has automatic Programmable Logic Control (PLC)-based pulse control system
2. Installation of automatic bulk loading with dust collector systems
3. Installation of closed-circuit water pipeline
4. Installation of bag cleaning device at packer
5. Introduction of iron-removal from water for general use

On top of the above efforts, HCBL strives to achieve high production with low power usage. Usage of Variable Frequency Drive (VFD) results in greater power saving in terms of running fans and motors during production.

Continual Improvement Project (CIP):

The Company has implemented CIP for various improvements, including in respect of maintenance, mill optimization, and the environment.

INFORMATION TECHNOLOGY

The Company improved its IT network infrastructure by replacing Multiprotocol Label Switching (MPLS) connectivity with Dynamic Multipoint VPN (DMVPN) technology to speed up network bandwidth performance and reduce cost. Microsoft Office 365 (O365) was also introduced to enable the move to a Cloud-based system, thereby allowing easy access to documents and emails from anywhere and any device. During this pandemic period, the Company has also actively facilitated the deployment of IT services to allow its staff to work safely from home.

DIRECTORS' DECLARATION AS TO FINANCIAL STATEMENTS

As part of the 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 the 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 or 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 2020 as well as for 31 December 2019 presented in this Annual Report comply with International Financial Reporting Standards (IFRSs). 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 the year ended 31 December 2020, the Company produced 1,633K MT of cement compared to 1,801K MT in the year ended 31 December 2019, a decrease of 9.3%. Cement sales for the year were 1,637K MT compared to 1,803K MT in FY19, a decrease of 9.2%. Net sales revenue in FY20

was BDT 10,521 million compared to BDT 11,927 million in FY19, a decrease of 11.8%. The gross profits in FY20 and FY19 were reported at BDT 1,301 million and BDT 1,154 million respectively. Correspondingly, the net profit for FY20 was BDT -4.9 million compared to BDT -258.5 million in FY19. Lower sales volume driven by lockdown and other restrictive measures by the government for Covid-19, lower sales price, and higher tax from minimum tax laws collectively impacted the overall profitability of the Company. A brief overview of the financial performance of HCBL for 2020 compared to 2019 is set out below:-

Particulars	Standalone BDT'000		**Consolidated BDT'000	
	2020	2019	2020	2019
Net Revenue	10,520,732	11,927,153	11,681,091	11,986,319
Gross Profit	1,301,345	1,153,870	1,354,582	1,228,046
Operating Profit	385,784	172,329	377,493	237,524
Net Finance Income	-136,244	7,059	-184,920	55,736
Profit Before Tax	237,063	170,424	180,096	284,296
Income Tax Expenses	241,980	428,916	-260,935	470,952
Profit After Tax	-4,917	-258,492	-80,839	-186,656
Earnings Per Share (EPS)	-0.09	-4.57	-1.43	-3.30

** Consolidated financial statements are the combined/aggregated financial statements of HeidelbergCement Bangladesh Limited and its subsidiary companies, namely (i) Emirates Cement Bangladesh Limited; and (ii) Emirates Power Company Limited.

i) Un-appropriated Profit of HCBL in 2020

Financial Results for the Year 2020:	(BDT '000)
Un-appropriated profit from previous period	2,686,696
Net Profit for the year after Tax	-4,917
Total Funds available for appropriation	2,681,779

Directors Recommended Dividend:

Dividend @ 20%	113,007
Un-appropriated profit carried forward to next year	2,568,772

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

Particulars	2020	2019	+/- in %
Cement Production	1,637,410 MT	1,800,754 MT	-9.07
Cement Sales	1,633,268 MT	1,802,954 MT	-9.41

Particulars	Company	2020 (BDT'000)	2019 (BDT'000)	+/- in %
Net Revenue	HCBL	10,520,732	11,927,153	-11.79
	ECBL	1,160,359	59,166	1861.19
	EPCL	18,495	1,311	1310.76
Consolidated Revenue		11,681,091	11,986,319	-2.55
Operating Profit	HCBL	385,784	172,329	123.86
	ECBL	(5,480)	(8,065)	-32.05
	EPCL	(2,812)	0	0
Consolidated Operating Profit		377,493	237,524	58.93
Net Profit	HCBL	(4,917)	(258,492)	-98.10
	ECBL	(73,111)	(13,254)	451.61
	EPCL	(2,812)	0	0
Consolidated Net Profit		(80,839)	(186,656)	-56.69

HCBL (Cement Business):

- Sales Volume reduced due to lockdown and other restrictive measures by the government for COVID-19.
- The net cement price realizations during the year were not adequate to retain strong gross margin.
- Cost of Goods Sold per ton YTD December 2020 decreased by BDT 331 per ton against the prior year.
- Raw materials cost in the Chittagong plant was affected by an increase in unloading/local transportation costs due to jetty size limitation. The Company extended the jetty 28 meters to accommodate bigger vessels following approval from the appropriate authorities. The reduction in unloading cost would be visible in the financial results for the year 2021.
- It is important to note that the Company's focus on cost rationalization and increased efficiency in input costs has helped to keep the operating costs under control. This focused approach towards costs as well as growth in market share helped the Company to record the net profit before tax of BDT 237 million.

ECBL (Cement Business):

- Net loss stood at BDT 73 million.
- EPS stood at BDT (0.46).

EPCL (Power Business):

- Net loss stood at BDT 2.8 million.
- EPS stood at BDT (0.10).

iii) Brief Summary of Financial Position

Particulars	2020		2019		Growth Rate
	(BDT million)	Proportion	(BDT million)	Proportion	
Non-Current Assets:					
HCBL	4,560	50%	4,233	42%	7.7%
ECBL	1,723	74%	1,775	71%	-2.9%
EPCL	103	71%	117	74%	-12.0%
Current Assets:					
HCBL	2,691	29%	3,034	30%	-11.3%
ECBL	624	27%	735	29%	-15.1%
EPCL	38	29%	41	26%	-7.3%
Investment in Subsidiary	1,893	21%	2,818	28%	-32.8%
Total Assets:					
HCBL	9,144	100%	10,085	100%	-9.3%
ECBL	2,337	100%	2,510	100%	-6.9%
EPCL	141	100%	158	100%	-10.8%

HCBL (CEMENT BUSINESS):

Property, Plant, and Equipment

During the year, there was an addition of BDT 104 million in fixed assets to ensure the operating capability of the Company. The addition includes BDT 52 million in Land & Building, BDT 34 million in Plant and Machinery, and BDT 18 million for other assets.

Capital work-in-progress

Capital work-in-progress balance of BDT 546 million includes BDT 216 million for payment of Land & Building, BDT 302 million for Plant and Machinery, and BDT 28 million for Intangible Assets.

Trade & Other Receivables

Trade and other receivables decreased by BDT 9.4 million (892.5m vs 901.9m).

Cash and Cash equivalents

Cash and cash equivalents include cash in hand of BDT 0.11 million, cash at bank of BDT 287.0 million, and fixed deposit of BDT 16.9 million. Net increase in cash of BDT 316.7 million was mainly due to the effective recovery from accounts receivable and cash sales.

The summarized financial results for five years have been furnished in the "Comparative Financial Results" section at page no 11 which reflects the trend of the 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 2020 were in the ordinary course of business and on an arm's length basis. In note no. 45 of the consolidated financial statements, a brief description of related party transactions is given including the names of the respective related parties, nature of the relationship with them, nature of those transactions, and value in the amount of such transactions.

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 the 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. Whilst the ongoing pandemic caused by COVID-19 has affected businesses worldwide, the Management has assessed that there are at this point 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. The Board of Directors recommends a cash dividend of BDT 2/- (BDT Two only) per share for the year ended 31 December 2020.

CONTRIBUTION TO NATIONAL EXCHEQUER

The Company contributes a substantial amount to the National Exchequer by way of duties and taxes. HeidelbergCement Bangladesh Limited contributed BDT 2,416 million to the National Exchequer in 2020.

POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, the directors recommended a cash dividend of BDT 2/- (BDT Two only) per share.

AUDITORS

M/s. ACNABIN, Chartered Accountants having office at BDBL Bhaban (Level-13), 12 Kawran Bazar Commercial Area, Dhaka-1215, Bangladesh, were appointed at the 31st Annual General Meeting (AGM) of the members of the Company. In the year under review, they have performed their audit work satisfactorily.

Being eligible and per the recommendation of the Board of Directors, M/s. ACNABIN, Chartered Accountants may be re-appointed as the Statutory Auditor at the 32nd AGM of the Company for the year ending 31 December 2021 at a fee of BDT 850,000.00 (BDT Eight Lac Fifty Thousand) only and to hold office until the conclusion of the next i.e. 33rd Annual General Meeting of the Company.

COMPLIANCE AUDITORS

The current Compliance Auditor of the Company, M/s. Hoque Bhattacharjee Das & Co., Chartered Accountants, of Cosmic Tower (9th Floor), 106/ka Naya Paltan, Box Culvert Road, Dhaka-1000, retire at the 32nd Annual General Meeting. Being eligible, they express their willingness and consent to be reappointed. As per the Corporate Governance Code, the appointment of Compliance Auditors is also subject to the approval of the members in the ensuing AGM. The Board recommends their appointment as Compliance Auditor for the year ending 31 December 2021 at a fee of BDT 30,667 (BDT Thirty Thousand Six Hundred Sixty-Seven) only and to hold office until the conclusion of the next i.e. 33rd Annual General Meeting of the Company.

DIRECTORS PROPOSED FOR RE-ELECTION

In accordance with Article 98(a) of the Articles of Association of the Company, one-third (1/3) 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. Juan-Francisco Defalque, and Mr. Md. Abul Hossain 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 are set out in the section on the Board of Directors profile on page 25.

APPOINTMENT OF MANAGING DIRECTOR

Mr. Jose Marcelino Ugarte's tenure as Managing Director (MD) of the Company will expire on 21 August 2021. He was appointed in the Board of Directors Meeting held on 25 February 2016 as MD of HCBL effective from 22 August 2016 for five years as per section 110 of the Companies Act, 1994, and the same was approved by the members at the Company's 27th AGM held on 13 April 2016. He is eligible for re-appointment for a further period of 5 (five) years per the relevant provisions of the Companies Act and Articles of Association of the Company subject to the approval of the Bangladesh Investment Development Authority (BIDA) and the shareholders at the upcoming 32nd Annual General Meeting.

INDEPENDENT DIRECTORS

Dr. Muhammad Abul Mazid and Mr. Abdul Khalek, FCA are acting as Independent Directors of the Company for their first tenure.

BOARD MEETING AND ATTENDANCE

The number of Board of Directors meetings held and attendance thereat for 2020 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 295,000 as Board meeting attendance fees. The remuneration of Directors has been mentioned in note no. 44.2 of the Consolidated 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 2020 has been furnished herewith as ANNEXURE-D.

HUMAN RESOURCES & CORPORATE SOCIAL RESPONSIBILITY

The Company recognises the importance of employee involvement in the operation and development of its business units, which are given autonomy, within a company policy and structure, to enable management to be fully accountable for their own actions and gain maximum benefit from local knowledge.

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. Despite the challenges brought on by COVID-19, we could sustain our impetus with our dedicated and talented team. We harvest talents and use well-planned programs to retain those talents and bring out the best of their competencies. This is supported by the HeidelbergCement competence model, which defines the essential professional and personal capabilities and skills that are critical for the success of our business. We aim to achieve the following three goals:

- to internally fill key positions with top-class candidates within the organization;
- to develop top talent at HeidelbergCement in a targeted way; and
- to prepare employees for management functions in the long-term through individual development planning.

The COVID-19 pandemic has had far-reaching consequences beyond our imagination and made for an extremely challenging operating environment. In spite of this, we stood up to the challenge of keeping our operations running whilst keeping our employees safe and upholding their morale. With the dedication and commitment of the team to maintaining COVID-19 safety protocols, we were able to keep infection levels to a minimum. With the entire world grappling with the effects of the COVID-19 outbreak, we have also learned to be vigilant and be aware of the importance of self-care.

In light of our strategy and the increasingly fast pace of change in the business world, it is important to guide our employees and managers accordingly. With our newly defined corporate purpose “Material to build our future”, we strengthen our common identity and emphasize what we stand for and what we want to stand for as a company. In addition, our cultural principles serve as a guide in the Group for cooperation with each other. Steps have been taken to promote this corporate purpose and culture principles in all the units of our company and communicated within the company to allow employees to understand, follow and embed this same spirit and principles together with the global members of the HeidelbergCement family.

Following the acquisition of ECBL and EPCL, it was necessary to implement a smooth integration of the employees and build a common culture. Having been successful in integration, the next efforts were to transform the culture into a unified one and significant achievements have been made in this regard.

Training is essential to nurturing and developing the capabilities of our employees. Given the difficulties of organizing in-person training during this pandemic, we were able to utilize digital tools such as our Microsoft Teams platform to conduct training for our staff. Several training programs were conducted for our sales team to improve their sales capabilities.

Complying with the labour laws and rules of Bangladesh and maintaining strong and productive employee relations is a mantra that we strive to uphold. We have been successful in this regard through strong and empathetic leadership.

Corporate Social Responsibility (CSR)

In 2020, the Group took further steps to strengthen the processes and improve the management structure of our social commitment in various countries. The aim is to make our social commitment more systematic and transparent, as well as more efficient and targeted. Even though it was a difficult year for carrying out our CSR initiatives, HCBL has maintained its strong commitment by continuing its flagship CSR programs such as innovative construction of building and infrastructure by partnering with non-profit organizations (local and globally renowned NGOs), supporting the Centre for Rehabilitation of the Paralyzed (CRP), Proyash and continuing a regular presence in our local communities through financial assistance for meritorious school students and free food/essentials distribution to our contractor workers and local community around our production sites during the COVID-19 pandemic. We strongly believe that building strong relationships and creating sustainable trust with the local community greatly enhances the ability of the Company to achieve its goals.

Occupational Health & Safety

Safety begins with strong leadership and a zero-tolerance culture. With such a guiding principle, we aspire to keep all people safe at our workplaces.

Occupational health and safety is one of the core values of our Company and therefore it becomes a vital component of every aspect of our work process to ensure that every person returns home as safely as when they entered into our premises.

Being convinced that injuries, occupational illnesses, and diseases are preventable we are continuously striving to minimize risks for our employees, contractors, and third parties by pursuing the goal of zero harm. Our utmost goal is to avoid all accidents leading to death, injuries, or permanent disabilities and to substantially reduce our lost time injury, frequency, and severity rates. In order to continually improve our performance, we manage Health & Safety through appropriate management systems. The key elements are:

- Establishing clear objectives and corresponding action plans
- Providing safe and healthy workplaces, safe equipment, and safe work procedures and practices based on the results of regularly reviewed risk assessments.
- Training employees in Health & Safety issues that affect their work to ensure they have the proper competencies to conduct their tasks safely
- Inspecting and reviewing work areas and practices regularly to ensure compliance with internal and external requirements
- Supervising, monitoring, and analyzing the Health & Safety performance and processes against requirements
- Providing guidance and instructions on the handling of our products following applicable laws

As part of our Group policy on occupational health and safety, we have defined a set of cardinal rules that are mandatory for all employees and contractors. They relate especially to those activities that have been identified as the main risk areas for accidents. These main risk areas for accidents are therefore also addressed in specific Group standards and within our own safety standards and procedures. HeidelbergCement Bangladesh is committed to conducting its business following all applicable local laws including Bangladesh Labour Law and Rules relating to Health & 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.

Every accident major or minor and even near misses across the Company are recorded in our global accident reporting system AID. An accident event cannot be closed in the system until the causes of the accident have been analysed and corrective or preventive actions have been defined.

Despite the challenges posed by COVID-19, we managed to provide more than 1500 manhours of training & orientation in 2020 to our employees, contractors, and visitors on safety measures such as maintaining proper hygiene and distancing rules.

A variety of protective measures have been taken at our different locations across Bangladesh, to prevent the spread of the coronavirus as much as possible. These include training employees on hygiene measures, displaying posters on health measures, providing disinfectants and masks, installing physical partitions, dividing working groups into smaller teams, rostering office attendance, facilitating work from home, switching to virtual meetings, restricted canteen services, daily temperature recording of every entry, ensuring that masks are worn at all times, checking & sanitizing pool vehicles, and disinfecting offices. Oxygen cylinders and oximeters were also made available for use by our employees as needed. Arrangements were made for our employees to get tested for Covid-19. We have also provided doctors' advice, and other medical and mental support to our infected employees. We record all COVID-19 cases in the Group portal AID so that we can respond appropriately.

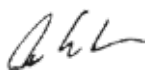
CORPORATE GOVERNANCE COMPLIANCE STATEMENT

The Board strongly believes in good governance and 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 2020 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.

ACKNOWLEDGMENTS

We are deeply grateful to our esteemed shareholders and colleagues for their valued support especially during this difficult time. We take this opportunity to thank the State and Government, stock exchanges, and other statutory bodies for their continuous support for the various activities of the Company. We 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.

On behalf of the Board of Directors



Jose Marcelino Ugarte
Managing Director



Jashim Uddin Chowdhury
Director and CFO



Md. Emdadul Haque
Company Secretary





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.





Annexures



ANNEXURE-A**[As per condition No. 1(5) (xxvi)]****HeidelbergCement Bangladesh Limited
Declaration by Managing Director and CFO**

Date: 28 April 2021

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

Subject: Declaration on Financial Statements for the year ended on 31 December 2020.

Dear Sirs,

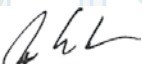
Pursuant to condition no. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 under section 2CC of the Securities and Exchange, 1969, we do hereby declare that:

- (1) The Financial Statements of HeidelbergCement Bangladesh Limited for the year ended on 31 December 2020 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in 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 2020 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 is 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 of the Corporate Governance Code
For the year ended on 31 December 2020

We have examined the compliance status to the Corporate Governance Code by HeidelbergCement Bangladesh Limited for the year ended on December 31, 2020. This Code relates to the Notification No. BSEC/ CMRRCD/2006 -158/207/Admin/80, dated June 3, 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 there of 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 (BSSs) 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:

1. 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;
2. The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSSs) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
3. Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws;
4. The standard of governance in the Company is satisfactory.

Dhaka,
March 31, 2021

Hoque Bhattacharjee Das & Co.
Chartered Accountants
Signed by
Avijit Bhattacharjee, FCA
Partner
Enrollment No. 824

Dhaka Office:

Cosmic Tower (9th Floor), 106/Ka Naya Paltan, Box Culvert Road,
Dhaka 1000, Bangladesh. Tel: +880 (2) 9355401, Fax: + 880 (2) 9355407

Chattogram Office:

Meera Bhaban (3rd Floor), 1670, Sk Mujib Road (In front of BADC Bhaban)
Goshaldanga, Agrabad C/A, Chottagram-4100.

E-mails: info@hbdco.org, Website : www.hbdco.org

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	✓		
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 NBF1	✓		
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	✓		
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	✓		

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

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(5)(xxiii)(c)	Executives	✓		
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	✓		
1(5)(xxiv)(b)	nature of his or her expertise in specific functional areas	✓		
1(5)(xxiv)(c)	names of companies in which the person also holds the directorship and the membership of committees of the Board	✓		
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:	✓		
1(5)(xxv)(a)	accounting policies and estimation for preparation of financial statements	✓		
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	✓		
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	✓		
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario	✓		
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe	✓		
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company	✓		
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	✓		
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	✓		
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	✓		
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	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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	✓		
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	✓		
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	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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	✓		
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	✓		
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(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).	✓		
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 2020 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 Netharlands 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)

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 endeavor 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 IFRS/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 the quarterly and annual financial results of the Company during 2020.
- During the year, the Company has paid a total amount of BDT 295,000 as Board meeting attendance fees. The remuneration of Directors has been mentioned in Note 44.2 of the Financial Statements.
- All significant deviations from the previous year in operating results of the Company have been highlighted and reasons thereof have been explained.
- Key operating and financial data of the last five years have been presented in summarized form on page no 11.
- The Company has declared a 20% cash dividend for the year 2020.

Awards





Auditor's Report and Consolidated & HCBL's Separate 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 subsidiaries ("the Group") and the separate financial statements of HeidelbergCement Bangladesh Limited ("the Company"), which comprise the consolidated and separate statements of financial position as at 31 December 2020 and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows 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 separate financial position of the Company as at 31 December 2020, 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).

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 Group and 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 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 year and include the most significant assessed risk of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the significant effect on the overall audit strategy, allocation of resources in the audit and directing the efforts of the engagement team. 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.

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>Revenue recognition</p> <p><i>Refer note no 3.14 and 24 to the financial statements</i></p> <p>The Group earns revenue from contracts with customers for the sale of products.</p> <p>During the year 2020, the Group has earned revenue of BDT 11,681 million, down from BDT 11,986 million in 2019.</p> <p>Due to the impact of COVID-19 pandemic on the operating environment surrounding the Group, the amount of revenue declined as compared to last year's reported numbers. The amount of decline was significant during the second quarter of the year due to the lockdown situation in the country as containment measure against the pandemic. However, in the following quarters, the revenue started to grow remarkably as the lockdown situation had been gradually phased out.</p> <p>The management uses its judgment for assessing the appropriateness of revenue recognition, especially considering collectability of credit sales to the customers stressed by the pandemic situation.</p>	<p>Our audit procedures for revenue recognition included the following:</p> <ul style="list-style-type: none"> ● Understanding of the key controls related to the contracts with customers, goods delivery and invoicing process, and sanctioning of discount and commissions; ● Review collectability of the credit sales to customers, especially those which are stressed because of the pandemic situation; ● Substantive procedures using sampling techniques to verify relevant supporting documents for the revenue recognized; ● Recalculation of the discounts and commissions granted to customers and agreeing on them with the underlying contracts, policy documents, and past trends which arise valid expectation among customers to be eligible for the discounts and commissions; ● Cut off testing, which involves testing of the revenue recognized shortly before and after the date of the statement of financial position, to determine whether the revenue is recognized in the correct year.

Key Audit Matters	How our audit addressed the Key Audit Matters
Valuation of inventories	
<i>Refer note no 3.5 and 7 to the financial statements</i>	
<p>The Group has reported a total inventory of BDT 1,403,506 thousand as at 31 December 2020. The inventories of the Group are carried at lower of cost and net realizable value. During the year, the risk of cost exceeding net realizable value has increased due to the pandemic situation having adverse impact on market conditions.</p> <p>Measurement of inventories in bulk quantities, e.g. clinker, gypsum, slag, limestone, fly ash and cement requires professional expertise. The management has appointed external professionals to measure the quantity of the inventories at the year end.</p> <p>The determination of the net realizable value of the inventories is judgmental and complex, especially in current uncertain market conditions due to the pandemic.</p>	<p>We evaluated the design and implementation of key inventory controls operating across the Group. We also reviewed management’s process of identifying slow-moving and obsolete inventories and determining net realizable value of the inventories. Apart from that, we conducted the following activities:</p> <ul style="list-style-type: none"> ● attending stock counting and reconciling the count results to the inventory listings to test the completeness of data; ● reviewing the survey reports of inventories prepared by the external experts, considering competence of the experts, adequacy of their work and the methods and judgment used by them; ● evaluating management’s process of determining the impact of COVID pandemic over market conditions, which might in turn impact net realizable value of inventories; ● reviewing the historical accuracy of inventory provisioning.
Credit risk and impairment on trade receivables	
<i>Refer note no 3.7 and 8 to the financial statements</i>	
<p>The amount of total receivable as at 31 December 2020 is BDT 782 million. The COVID-19 pandemic situation has put many businesses of the country under financial stress. So, there is an increased risk of default for the sales to customers being stressed.</p> <p>A significant amount of judgment is to be applied to determine the risk of default over the expected life of trade receivables, which may have material impact on the figures of trade receivable. As a result, there is the risk of error in determining the allowance for impairment for trade receivables.</p>	<p>Our audit procedures included testing the Group’s credit control procedures and judgment on determining the provisions for expected credit losses. The audit procedures involved the following activities:</p> <ul style="list-style-type: none"> ● testing of receivable balances and comparing it with our results from the external confirmations; ● inspecting the arrangements, securities documents, credibility assessments, and related correspondences to assess the recoverability of significant long outstanding receivables; ● reviewing the calculations of the allowance for impairment of trade receivables based on the judgments applied by the management.
Recoverability of goodwill	
<i>Refer note no 38 to the financial statements</i>	
<p>Goodwill amounting to a total of BDT 214 million is reported in consolidated financial statements as at the year end.</p> <p>Goodwill is tested for impairment once a year or when there are indications of impairment. For the purpose of impairment testing, the goodwill is allocated to the relevant cash-generating units (CGU) or group of CGUs. The carrying amount of the CGU is compared with the corresponding recoverable amount for impairment testing. This requires management to estimate future cash flows, involving assumptions regarding future profitability and determination of an appropriate discount rate.</p> <p>Due to the impacts of uncertainty with respect to the outlook created by the pandemic, assessment of the recoverability of goodwill has become more complex.</p>	<p>Our approach to evaluate management’s determination of the recoverability of goodwill includes the following:</p> <ul style="list-style-type: none"> ● Review the key controls implemented by the management in the identification of the impairment indications and testing for impairment; ● Evaluation of management’s forecast of future cash flows, given the uncertainty triggered by the pandemic situation; ● Evaluate key assumptions used by the management, including allocation of goodwill to relevant CGUs, impacts of impairment indicators, and discount rate.

Key Audit Matters	How our audit addressed the Key Audit Matters
Defined benefit obligations	
<i>Refer note no 3.13.2 and 17 to the financial statements</i>	
<p>The Company maintain separate funded gratuity schemes as a post-employment defined benefit plan for the permanent employees and unfunded scheme for its subsidiaries. As of 31 December 2020, gratuity liability of the subsidiaries is BDT 22 million. The company paid the contribution for its gratuity scheme to the fund as planned.</p> <p>The Group uses projected unit credit method to determine the ultimate cost to the entity of the benefits earned by the employees from the scheme. This requires the management to make estimates for various actuarial assumptions about demographic and financial variables.</p> <p>Making these actuarial assumptions are complex and judgmental process. In substance, the Group underwrites the actuarial and investment risks for a defined benefit scheme. Considering these risks, the Group has appointed professional actuaries for detailed valuation of the obligations.</p>	<p>As part of our audit, we evaluated the actuarial expert report and the professional qualification of the actuary appointed by the management.</p> <p>We also examined the reasonableness of the actuarial assumptions, including the demographic and financial variables that will affect the value of the obligations.</p> <p>We reviewed the discount rates used by the management to determine the present value of the defined benefit obligations and the mathematical accuracy of the calculation.</p>
Amalgamation of Meghna Energy Limited	
<i>Refer note no 38.1 to the financial statements</i>	
<p>Effective from 29 July 2020, the Company has amalgamated its fully owned subsidiary Meghna Energy Limited (MEL). As a result, the whole undertaking, properties, and liabilities of MEL are vested in and transferred to the Company. Based on the court order, after the amalgamation, MEL stands dissolved without winding up.</p> <p>Upon amalgamation, the Company has to ensure that it has good title on all the assets, rights, and licenses transferred from MEL. The Company also has to undertake all the liabilities and obligations and continue dealing with the pending suits and proceedings of MEL.</p>	<p>We have examined the amalgamation scheme and court order approving the amalgamation specifying the related terms and conditions.</p> <p>We have checked the appropriateness of the Company's claiming title on the assets, rights, and licenses transferred from MEL and whether any liabilities or obligations remained on account of MEL which are not undertaken by the Company.</p> <p>Further, we have checked the appropriateness of the related accounting entries, presentations and disclosures in the financial statements.</p>
Compliance with regulatory matters	
<i>Refer note no 21 and 39 to the financial statements</i>	
<p>As a listed entity, the Company has to maintain compliance with the requirements of the Bangladesh Securities and Exchange Commission (BSEC) including the rules, listing regulations, corporate governance code and other directives issued from time to time.</p>	<p>We obtained an understanding of the Company's key controls over the legal compliance process. To get more insights we performed following procedures:</p> <ul style="list-style-type: none"> ● enquired the Company's internal legal counsel for all significant litigation and regulatory matters; ● reviewed the controls related to Corporate Governance compliance and reporting compliance as per BSEC guidelines; ● assessed the Company's compliance with the BSEC directive dated 14 January 2021 on unclaimed dividend by checking, among other matters, the list of shareholders with unclaimed dividend, bank statements and procedures taken to pay the unclaimed dividends.

OTHER MATTER

The consolidated financial statements of the Group and separate financial statements of the Company for the prior period were audited by Hoda Vasi Chowdhury & Co., Chartered Accountants. The auditor's report was unmodified and date of auditor's report was 22 April 2020.

Financial Statements of the subsidiary companies, Emirates Cement Bangladesh Limited (ECBL) and Emirates Power Company Limited (EPCL) were not audited by us. The financial statements of ECBL show total asset of BDT 2,337 million as at 31 December 2020 and total revenue of BDT 1,160 million for the year then ended. The financial statements of EPCL show total asset of BDT 141 million as at 31 December 2020 and total revenue of BDT 18 million for the year then ended.

The financial year of the subsidiaries are 01 April to 31 March. The financial statements as at 31 December 2020 are prepared and audited for consolidation purpose of the Group. Financial statements of both of the subsidiaries are audited by Hoda Vasi Chowdhury & Co., Chartered Accountants who expressed unmodified opinion on those financial statements. Date of auditor's report of both of the subsidiaries was 28 April 2021. Our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based on the audited financial statements and auditor's report of the subsidiaries.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's 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 consolidated and separate financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 and take appropriate actions in accordance with ISAs.

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 consolidated and separate financial statements in accordance with IFRSs, 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. The Bangladesh Securities and Exchange Commission rules and regulations together with other applicable regulations require the Management to ensure effective internal audit, internal control, and risk management functions of the Group.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate 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 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, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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 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. 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 to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 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 consolidated and separate financial statements of the current year and are therefore the Key Audit Matters as reported in the respective section of the report above. 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 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 account as required by law have been kept by the Group so far as it appeared from our examination of these books;
- c) the statement of consolidated and separate financial position and statement of consolidated and separate profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- d) the expenditure incurred was for the purposes of the Group's business.

Dhaka, Bangladesh
28 April 2021



ACNABIN

Chartered Accountants

Signed by: Md. Rokonzaman FCA

Partner

Enrollment No.: 0739

DVC: 2105200739AS594605

Consolidated and Separate Statement of Financial Position

As at 31 December 2020

	Notes	2020 Consolidated BDT '000	2019 Consolidated BDT '000	2020 HCBL BDT '000	2019 HCBL BDT '000
Assets					
Non-current assets					
Property, plant and equipment	4	5,175,368	5,728,418	3,777,034	3,766,823
Lease assets-RoU	4.3	379,453	108,483	57,549	108,483
Capital works-in-progress	5	545,823	367,525	545,823	356,410
Intangible assets	6	722	1,215	722	1,215
Term Loan to ECBL-non-current portion		-	-	178,750	-
Deferred tax assets		95,626	94,158	-	-
Goodwill	38	217,295	451,261	-	-
Total non-current assets		6,414,287	6,751,061	4,559,878	4,232,932
Investment in subsidiaries	38 & 38A	-	-	1,893,121	2,817,533
		-	-	1,893,121	2,817,533
Current assets					
Inventories	7	1,403,506	2,108,368	1,187,668	1,788,427
Trade and other receivables	8	781,535	1,103,334	892,527	901,957
Advances, deposits and prepayments	9	378,371	326,480	251,484	196,415
Term Loan to ECBL-current portion		-	-	55,000	-
Current tax assets	22	158,179	188,081	-	29,892
Cash and cash equivalents	10	315,791	413,620	304,075	118,249
Total current assets		3,037,381	4,139,883	2,690,755	3,034,941
Total assets		9,451,668	10,890,944	9,143,753	10,085,405
Equity and liabilities					
Capital and reserves					
Share capital	11	565,036	565,036	565,036	565,036
Capital reserve	12	663,164	605,657	663,164	605,657
General reserve		15,000	15,000	15,000	15,000
Dividend equalization fund		8,600	8,600	8,600	8,600
Retained earnings	Equity	2,596,269	2,867,140	2,681,779	2,686,696
		3,848,069	4,061,433	3,933,580	3,880,989
Non-current liabilities					
Suppliers' credit-blocked	13	2,565	2,565	2,565	2,565
Quasi equity loan	14	122,636	122,636	122,636	122,636
ADP loan	14.1	12,699	12,699	12,699	12,699
Borrowings	15	799,600	1,252,800	799,600	1,512,800
Financial lease liabilities-RoU-Long portion	16	34,767	50,823	32,926	50,823
Net defined benefit liability (gratuity)	17	18,411	25,105	-	-
Deferred tax liability	18	581,581	588,580	581,581	543,080
Total non-current liabilities		1,572,259	2,055,208	1,552,007	2,244,603
Current liabilities					
Trade and other payables	19	3,264,471	3,202,983	2,939,744	3,127,801
Bank overdraft	10	-	299,342	-	130,840
Borrowings	15.1	373,200	861,147	373,200	378,200
Finance lease liability-RoU-Current portion	16	36,619	62,370	31,307	62,370
Provision for other expenses		39,612	56,492	-	-
Net defined benefit liability	17	3,523	3,523	-	-
Provision for workers profit participation fund	20	12,477	8,970	12,477	8,970
Unclaimed dividend	21	250,495	251,633	250,495	251,633
Current tax liabilities	22	50,943	27,844	50,943	-
Total current liabilities		4,031,341	4,774,303	3,658,167	3,959,813
Total liabilities		5,603,599	6,829,511	5,210,174	6,204,416
Total equity and liabilities		9,451,668	10,890,944	9,143,753	10,085,405

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 our annexed report of same date



ACNABIN
Chartered Accountants
Signed by: Md. Rokonuzzaman FCA
Partner
Enrollment No.: 0739
DVC: 2105200739A5594605

Dhaka, Bangladesh
Dated, 28 April 2021

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

For the year ended 31 December 2020

	Notes	2020 Consolidated BDT '000	2019 Consolidated BDT '000	2020 HCBL BDT '000	2019 HCBL BDT '000
Sales	24	11,681,091	11,986,319	10,520,732	11,927,153
Cost of goods sold	25	(10,326,509)	(10,758,273)	(9,219,387)	(10,773,283)
Gross profit		1,354,582	1,228,046	1,301,345	1,153,870
Other operating income	26	13,430	15,994	9,984	15,989
Warehousing, distribution and selling expenses	27	(395,719)	(470,108)	(364,833)	(466,611)
Administrative expenses	28	(594,800)	(536,408)	(560,711)	(530,920)
Operating profit		377,493	237,524	385,784	172,329
Non-operating Income	29	-	6	-	6
Net finance (expenses)/ income	30	(184,920)	55,736	(136,244)	7,059
Contribution to workers' profit participation fund	20	(12,477)	(8,970)	(12,477)	(8,970)
Profit before tax		180,096	284,296	237,063	170,424
Income tax expense		(260,935)	(470,952)	(241,980)	(428,916)
Current tax:					
Current year	31	(305,424)	(425,536)	(285,000)	(380,000)
Prior year		-	(38,000)	-	(38,000)
Deferred tax income/(expenses)	18.3	44,489	(7,416)	43,020	(10,916)
Profit/(loss) for the year		(80,839)	(186,656)	(4,917)	(258,492)
Earnings per share (EPS)	32	-1.43	-3.30	-0.09	-4.57
Profit/(loss) for the year		(80,839)	(186,656)	(4,917)	(258,492)
Other comprehensive income					
Total comprehensive income for the year/period		(80,839)	(186,656)	(4,917)	(258,492)
Profit attributable to:					
Owners of the parent Company		(80,839)	(186,656)		
Non-controlling interests		0	0		
		(80,839)	(186,656)		

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

Dhaka, Bangladesh
Dated, 28 April 2021

See our annexed report of same date



ACNABIN
Chartered Accountants
Signed by: Md. Rokonzaman FCA
Partner
Enrollment No.: 0739
DVC: 2105200739AS594605

Consolidated and Separate Statement of Changes in Equity

For the year ended 31 December 2020

Consolidated

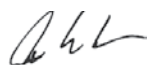
Particulars	Share capital	Capital reserve	General reserve	Dividend equalization fund	Retained earnings	Total
	BDT '000	BDT '000	BDT '000	BDT '000	BDT '000	BDT '000
Year 2019						
Balance as at 01 January 2019	565,036	605,657	15,000	8,600	3,477,574	4,671,867
Net profit for the year	-	-	-	-	(186,656)	(186,656)
Payment of dividend for 2018	-	-	-	-	(423,777)	(423,777)
Balance as at 31 December 2019	565,036	605,657	15,000	8,600	2,867,141	4,061,434
Year 2020						
Balance as at 01 January 2020	565,036	605,657	15,000	8,600	2,867,141	4,061,434
Net Loss for the year	-	-	-	-	(80,839)	(80,839)
Realization of excess depreciation- ECBL revaluation	-	-	-	-	3,667	3,667
Amalgamation gain-Meghna Energy Limited	-	57,507	-	-	-	57,507
Release of opening retained earnings of Meghna amalgamation	-	-	-	-	(193,699)	(193,699)
Balance as at 31 December 2020	565,036	663,164	15,000	8,600	2,596,269	3,848,070

HCBL

Particulars	Share capital	Capital reserve	General reserve	Dividend equalization fund	Retained earnings	Total
	BDT '000	BDT '000	BDT '000	BDT '000	BDT '000	BDT '000
Year 2019						
Balance as at 01 January 2019	565,036	605,657	15,000	8,600	3,368,965	4,563,258
Net loss for the year	-	-	-	-	(258,492)	(258,492)
Payment of dividend for 2018	-	-	-	-	(423,777)	(423,777)
Balance as at 31 December 2019	565,036	605,657	15,000	8,600	2,686,696	3,880,989
Year 2020						
Balance as at 01 January 2020	565,036	605,657	15,000	8,600	2,686,696	3,880,989
Net Loss for the year	-	-	-	-	(4,917)	(4,917)
Amalgamation gain-Meghna Energy Limited	-	57,507	-	-	-	57,507
Balance as at 31 December 2020	565,036	663,164	15,000	8,600	2,681,779	3,933,580

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 our annexed report of same date

Dhaka, Bangladesh
Dated, 28 April 2021



ACNABIN
Chartered Accountants
Signed by: Md. Rokonzaman FCA
Partner
Enrollment No.: 0739
DVC: 2105200739AS594605

Consolidated and Separate Statement of Cash Flows

For the year ended 31 December 2020

	Notes	2020 Consolidated BDT '000	2019 Consolidated BDT '000	2020 HCBL BDT '000	2019 HCBL BDT '000
Cash flows from operating activities					
Collections from customers	33.1	11,972,635	11,688,223	10,755,295	11,633,460
Cash received from other operating income		(255,651)	8,192	(255,211)	8,692
Cash paid to suppliers	33.2	(8,175,748)	(9,109,127)	(7,622,376)	(9,124,313)
Cash paid for operating expenses	33.3	(1,612,196)	(1,916,424)	(1,518,159)	(1,908,966)
(Payment)/adjustment of financial expenses net of exchange gain		(282)	(953)	(282)	(953)
Interest income		30,844	92,423	30,844	38,747
Interest expenses		(215,836)	(38,960)	(167,369)	(33,960)
Income tax paid	34	(244,866)	(460,827)	(225,104)	(410,390)
Net cash flow generated from operating activities (a)		1,498,901	262,547	997,637	202,317
Cash flows from investing activities					
Acquisition of non-current assets		(306,747)	(929,379)	(293,702)	(926,990)
Investment in subsidiaries/Investment back from subsidiaries		-	(2,030,082)	41,250	(1,893,121)
Cash from changes in consolidation scope	38	37,961	-	37,961	-
Proceeds from sale of non-current assets	36	6,501	6	2,420	6
Net cash used in investing activities (b)		(262,284)	(2,959,455)	(212,071)	(2,820,105)
Cash flows from financing activities					
Proceeds from Bank Loan	15.3	60,000	1,566,000	60,000	1,566,000
Proceeds from loans-MEL inter company		-	-	-	325,000
(Decrease)/increase in short term loan		(272,947)	(27,982)	-	-
Repayment of Bank Loan	15.3	(453,200)	-	(453,200)	-
Repayment of lease liabilities		(74,562)	(54,402)	(74,562)	(54,402)
Dividend paid	37	(1,138)	(423,791)	(1,138)	(423,791)
Net cash flow used in financing activities (c)		(741,847)	1,059,825	(468,900)	1,412,806
Net decrease in cash and cash equivalents (a+b+c)		494,770	(1,637,083)	316,666	(1,204,982)
Opening cash and cash equivalents*		(178,979)	1,751,361	(12,591)	1,192,391
Closing cash and cash equivalents**		315,791	114,278	304,075	(12,591)

* Consolidated Opening Cash and Cash Equivalents other than Meghna Energy Ltd.

** Cash and cash equivalents includes bank overdraft that are repayable on demand and form an integral part of cash management.

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

Dhaka, Bangladesh
Dated, 28 April 2021


Jashim Uddin Chowdhury, FCA
Director & Chief Financial Officer

See our annexed report of same date


Md. Emdadul Haque, ACA
Company Secretary


ACNABIN
Chartered Accountants
Signed by: Md. Rokonzaman FCA
Partner
Enrollment No.: 0739
DVC: 2105200739AS594605

HeidelbergCement Bangladesh Limited (HCBL) and its Subsidiaries

Notes to the consolidated and separate financial statements

For the year ended 31 December 2020

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 finalization 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, and on August 2019 Kanchpur Plant installed third mill with capacity of 472,000 MT per annum. The total production capacity of Dhaka and Chittagong plant currently stands at 2,850,000 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 or 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 Company in its 8th Extraordinary General Meeting of shareholders held on 25 February 2020 approved the scheme of Amalgamation of Meghna Energy Limited with HeidelbergCement Bangladesh Limited (HCBL or 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 22 July 2020.

The registered office of the Company is situated in Tatki, P.O.: Jatramora, Union: Tarabaw, P.S.: Rugganj, 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 274 (2019: 273).

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 Emirates Cement Bangladesh Limited (Subsidiary company)

HeidelbergCement Bangladesh Limited (HCBL) has acquired 100% ownership from Ultratech Cement Middle East Investment Limited (a UAE registered company) entity named Emirates Cement Bangladesh Limited (ECBL) on which the Company got control effective on 6th December 2019. ECBL was incorporated as a private limited company on 22 June 2000 under the Companies Act, 1994. ECBL cement plant is situated at East Mukterpur, Munshiganj, Bangladesh with annual production capacity of 660,000 MT cement.

The principle activity of the Company is producing and selling cement in the market of Bangladesh and outside of the country.

1.4 Emirates Power Company Limited (Subsidiary company)

HeidelbergCement Bangladesh Limited (HCBL) has acquired 100% ownership from Ultratech Cement Middle East Investment Limited (a UAE registered company) entity named Emirates Power Company Limited (EPCL) on which the Company got control effective on 6th December 2019. EPCL was incorporated as a private limited company on 2 August 2001 under the Companies Act, 1994. EPCL Power plant is situated at East Mukterpur, Munshiganj, Bangladesh. The Company went into production from June 2005 with production capacity of 10 MW.

The principal activity of the Company is producing and supplying electric power to Emirates Cement Bangladesh Limited

2. Basis of preparation

2.1. Statement of compliance

These consolidated financial statements of HeidelbergCement Bangladesh Limited (the Company) and its subsidiaries Emirates Cement Bangladesh Limited and Emirates Power Company 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 subsidiaries Emirates Cement Bangladesh Limited and Emirates Power Company 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 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 2020.

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.

2.3. Date of approval

The board of directors has approved these financial statements on 28 April 2021.

2.4. Basis of measurement

These financial statements have been prepared under the historical cost convention, except the followings :

1. Some items of PPE of subsidiaries which are shown at fair value.
2. Inventories at lower of cost and net realizable value
3. Lease obligations at present value of minimum lease payments
4. Accounts receivable at net of provision for doubtful debts
5. Loans and borrowings at amortized cost

2.5. Functional and presentational currency

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

2.6. 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.

2.7. 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 categorized 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).

2.8. 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 recognized in the financial statements are described in the following notes:

- Note 4 Property, plant and equipment
- Note 4.3 Rights of Use Assets
- Note 7 Inventories
- Note 8 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

2.9. 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.

2.10. 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 two subsidiaries ECBL and EPCL effective from 6 December 2019.

2.11. 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.

2.12 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
IFRS 3	Business combinations
IFRS 7	Financial instruments: Disclosures
IFRS 8	Segment reporting
IFRS 9	Financial instruments
IFRS 10	Consolidated Financial Statements
IFRS 13	Fair value measurement
IFRS 15	Revenue from contracts with customers
IFRS 16	Leases

2.13 New accounting standards issued but not yet adopted

The Company and the Group 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 2020 have been considered. However, these amendments have no material impact on the financial statements of the Group.

A number of standards and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted. However, the Company has not early applied the following new standards in preparing these financial statements.

(a) IFRS 17 Insurance Contracts

The Group 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:

	2020	2019
1 US Dollar = BDT	84.68	84.89
1 EURO = BDT	103.45	95.19

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

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

The Company derecognizes 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 capitalized 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 recognized 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 when assets is available for use and no depreciation is charged at the date of de-recognition or the assets is fully depreciated.

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

	2020	2019
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 (ECBL & EPCL)		
Leasehold land, Buildings and other construction	1.33%-3.33%	3.33%
Plant, machinery and equipment	3.33%-10%	3.33%-10%
Office equipment	25%	25%
Furniture and fixtures	14%	14%
Port-a-cabin	25%	25%
Motor vehicles	20%	20%
Computer and accessories	33%	33%

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 amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

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

3.5. Inventories

Inventories are measured at lower of cost and net realizable 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 realizable 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.

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 recognized 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 recognizes 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 recognized. 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 capitalized 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.

3.10.1. Trade and other payables

The Group recognizes 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 recognized 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 recognized 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 2020. The applicable income tax rate for the subsidiaries are 32.5%.

3.11.2. Deferred tax

Deferred tax is recognized 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 recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilized. 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 realized.

3.12. Workers' profit participation fund

The Company has provided for WPPF in terms of section 234(1)(b) of Bangladesh Labor (Amendment) Act 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 recognized 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 recognized by the National Board of Revenue (NBR).

The Company recognizes 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. Defined Benefit Plan (Gratuity)

The Company maintains a recognized 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.

The ECBL and EPCL operate an unfunded defined benefit plan (gratuity), provision in respect of which is made covering all its permanent eligible employees. Benefit payable to all eligible employees at the end of each year is determined on the basis of existing rules and regulations. Each employee on completion of the six months of service will be eligible for the scheme. The benefit payable will be computed by considering the following conditions:

- a) Employee working for more than 6 month will be entitled to one month's basic salary for each year of service up to 10 years
- b) Employee working continuously for 10 years or above will be entitled to one and half months basic salary for each 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 HCBL & subsidiary ECBL recognizes sales when products are invoiced and dispatched to the buyers.

The subsidiary EPCL earn revenue by supplying of electricity and quantum which is determined by survey of meter reading. Since EPCL generates its entire revenue through sale of electricity to ECBL, on consolidation inter-company revenue are eliminated through the cost of sales and hence ECBL, on consolidation total revenue of EPCL has been eliminated against corresponding cost of sales of ECBL.

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

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

3.15. Finance expenses

Finance expenses comprise bank interest and other charges. All finance expenses are recognized 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

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 of allocation of depreciation in different overheads are as follows:

Manufacturing, labor 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 capitalized.

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 49.



Notes to the consolidated and separate financial statements

As at 31 December 2020

4 Consolidated property, plant and equipment

HeidelbergCement Bangladesh Limited (Note 4.1)
Meghna Energy Limited
Emirates Cement Bangladesh Limited
Emirates Power Company Limited

31.12.2020	31.12.2019
BDT '000	BDT '000
3,777,034	3,766,823
-	174,304
1,294,839	1,669,943
103,495	117,348
5,175,368	5,728,418

4.1 Property, plant and equipment: HCBL

Particulars	Land and building	Plant and machinery	Furniture and equipment	Transport and vehicles	Total
	BDT '000	BDT '000	BDT '000	BDT '000	BDT '000
Cost					
At 01 January 2019	2,298,657	4,630,547	124,423	82,822	7,136,449
Additions	512,649	491,978	8,499	17,913	1,031,039
Disposal	-	-	(186)	-	(186)
Balance at 31 December 2019	2,811,307	5,122,525	132,735	100,735	8,167,302
Depreciation					
At 01 January 2019	1,000,408	2,946,567	94,674	29,016	4,070,665
Depreciation expense	64,873	241,272	10,930	12,926	330,000
Disposal	-	-	(186)	-	(186)
Balance at 31 December 2019	1,065,281	3,187,839	105,417	41,942	4,400,479
Net book value at 31 December 2019	1,746,025	1,934,686	27,318	58,794	3,766,823
Cost					
At 01 January 2020	2,811,307	5,122,525	132,735	100,735	8,167,302
Assets- Meghna Energy Limited	31,241	751,739	47,379	-	830,360
Additions	51,743	40,795	5,752	6,000	104,289
Disposal	-	-	-	(6,600)	(6,600)
Balance at 31 December 2020	2,894,290	5,915,059	185,867	100,135	9,095,351
Depreciation					
At 01 January 2020	1,065,281	3,187,839	105,417	41,942	4,400,479
Acc.Depr.- Meghna Energy Limited	31,221	459,747	46,853	-	537,821
Depreciation expense	87,473	274,201	9,909	12,614	384,197
Disposal	-	-	-	(4,180)	(4,180)
Balance at 31 December 2020	1,183,975	3,921,787	162,179	50,376	5,318,317
Net book value at 31 December 2020	1,710,315	1,993,272	23,687	49,760	3,777,034

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

	31.12.2020	31.12.2019
	BDT '000	BDT '000
Land and building		
Non-factory building	82,984	135,694
Factory Building	-	376,955
	82,984	512,649
Plant and machinery		
Equipment apparatus and accessories	32,719	368,398
Electrical installation	758,417	122,185
Tools and equipment	1,399	1,395
	792,535	491,978
Furniture and equipment		
Furniture and fixture	860	604
Sundry assets	200	2,185
Computer	2,317	-
Office equipment	49,753	5,710
	53,130	8,499
Transport and vehicles		
Pick up van/vehicle	6,000	17,913
	6,000	17,913
	934,649	1,031,039

Notes to the consolidated and separate financial statements

As at 31 December 2020

		31.12.2020 BDT '000	31.12.2019 BDT '000
4.3	Consolidated Lease Assets-RoU		
	HeidelbergCement Bangladesh Limited (Note 4.3.1)	57,549	108,483
	Emirates Cement Bangladesh Limited	321,905	-
		379,453	108,483
4.3.1	Lease Assets-RoU-HCBL		
	Particulars	RoU Land and Buildings	RoU Transport and vehicles
		BDT '000	BDT '000
	Cost		Total
	At 01 January 2019	-	-
	Additions	75,603	94,854
	Disposal	-	-
	Balance at 31 December 2019	75,603	170,458
	Depreciation		
	At 01 January 2019	-	-
	Depreciation expenses	33,023	28,951
	Disposal	-	-
	Balance at 31 December 2019	33,023	61,974
	Net book value at 31 December 2019	42,580	108,483
	Cost		
	At 01 January 2020	75,603	94,854
	Additions	970	24,633
	Disposal	-	-
	Balance at 31 December 2020	76,574	119,487
	Amortization		
	At 01 January 2020	33,023	28,951
	Amortization expense	33,805	42,733
	Disposal	-	-
	Balance at 31 December 2020	66,829	71,684
	Net book value at 31 December 2020	9,745	57,549

The Company has adopted IFRS 16 with effect from 1st January 2019.

		31.12.2020 BDT '000	31.12.2019 BDT '000
4.4	Allocation of depreciation expense of HCBL to:		
	Manufacturing, labor and overheads (note 25.5)	345,552	293,981
	Warehousing, distribution and selling expenses (note 27.1)	69,110	58,796
	Administrative expense (note 28.1)	46,074	39,197
		460,736	391,974

4.5 Details of disposal of property, plant and equipment

Particulars	Figures in Thousand BDT				Mode of disposal	Particulars of purchaser
	Cost	Accumulated Depreciation	Book Value	Sale Proceeds		
2020						
Transport and vehicles	6,600	4,180	2,420	2,420	Company policy/tender	Employee
Total	6,600	4,180	2,240	2,420		
2019						
Furniture and Equipment	186	186	-	6	Company policy/tender	Third Party

5 Consolidated capital works-in-progress

HeidelbergCement Bangladesh Limited (Note 5.1)
Meghna Energy Limited
Emirates Cement Bangladesh Limited

		31.12.2020 BDT '000	31.12.2019 BDT '000
		545,823	356,410
		-	28
		-	11,086
		545,823	367,524

Notes to the consolidated and separate financial statements

As at 31 December 2020

5.1 Capital works-in-progress - HCBL

Particulars	Intangible Assets	Land and Buildings	Plant and Machinery	Furniture and Equipment	Total
	BDT '000	BDT '000	BDT '000	BDT '000	BDT '000
At 1 January 2019	-	259,955	200,504	-	460,460
Addition	-	440,020	460,558	21,363	921,941
Capitalized during the year	-	(512,649)	(491,978)	(21,363)	(1,025,990)
At 31 December 2019	-	187,326	169,084	-	356,410
At 1 January 2020	-	187,326	169,084	-	356,410
Addition	27,786	80,666	173,499	1,822	283,773
Capitalized during the year	-	(51,743)	(40,795)	(1,822)	(94,360)
At 31 December 2020	27,786	216,249	301,788	-	545,823

6 Consolidated Intangible Assets

HeidelbergCement Bangladesh Limited (Note 6.1)

6.1 Intangible assets - HCBL

Cost

At 01 January 2019

Additions

Balance at 31 December 2019

Amortization

To 01 January 2019

Charge for the year

Total to 31 December 2019

At 31 December 2019

Cost

At 01 January 2020

Assets- Meghna Energy Limited

Balance at 31 December 2020

Amortization

To 01 January 2020

Acc.Depr.- Meghna Energy Limited

Charge for the year

Total to 31 December 2020**At 31 December 2020**

31.12.2020 BDT '000	31.12.2019 BDT '000
722	1,215
722	1,215
Software BDT '000	Total BDT '000
9,922	9,922
-	-
9,922	9,922
8,214	8,214
493	493
8,707	8,707
1,215	1,215
9,922	9,922
963	963
10,885	10,885
8,707	8,707
963	963
493	493
10,163	10,163
722	722
31.12.2020 BDT '000	31.12.2019 BDT '000

7 Consolidated inventories

HeidelbergCement Bangladesh Limited (Note 7.1)

Meghna Energy Limited

Emirates Cement Bangladesh Limited

Emirates Power Company Limited

7.1 Inventories - HCBL

Raw materials

Finished goods

Packing materials

Stores and spares

Provision for slow moving stores and spares

1,187,668	1,788,427
-	61,816
179,406	217,046
36,432	41,079
1,403,506	2,108,368
576,817	1,266,482
114,744	127,906
37,436	36,979
464,579	362,969
1,193,576	1,794,335
(5,908)	(5,908)
1,187,668	1,788,427

Notes to the consolidated and separate financial statements

As at 31 December 2020

	31.12.2020 BDT '000	31.12.2019 BDT '000
8 Consolidated trade and other receivables		
HeidelbergCement Bangladesh Limited (Note 8.1)	892,527	901,957
Meghna Energy Limited	-	62,526
Emirates Cement Bangladesh Limited	149,283	246,163
	1,041,810	1,210,646
Less: Intercompany Transactions	(260,275)	(107,312)
Meghna Energy Limited	-	62,526
Emirates Cement Bangladesh Limited	226,686	500
Emirates Power Company Limited	33,589	44,286
	781,535	1,103,334
8.1 Trade and other receivables - HCBL		
Trade receivables		
Considered good	598,149	858,425
Considered doubtful	69,980	44,267
	668,129	902,691
Other receivables		
Third party	37,842	27,784
Inter-company	256,536	15,748
	294,378	43,532
Provision for doubtful debts	(69,980)	(44,267)
	892,527	901,957
Receivable covered under security	790,534	501,658
Outstanding for a period exceeding six months.	119,394	105,002

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

	31.12.2020 BDT '000	31.12.2019 BDT '000
9 Consolidated advances, deposits and prepayments		
HeidelbergCement Bangladesh Limited (Note 9.1)	251,484	196,415
Meghna Energy Limited	-	18,785
Emirates Cement Bangladesh Limited	126,454	110,999
Emirates Power Company Limited	433	281
	378,371	326,481
9.1 Advances, deposits and prepayments - HCBL		
Advance paid to suppliers and employees	23,196	56,619
Security and other deposits	207,081	129,049
Prepayments	21,207	10,746
	251,484	196,415
9.2 Amount realized/adjusted during the year from the balance sheet date	402,913	398,995
9.3 These include aggregate amount due by, executives, managers, officers and staffs	14,259	23,690
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	14,259	29,206
9.5 Advance recoverable in cash	1,426	2,369
9.6 Advance outstanding for a period exceeding six months	61,051	31,211
10 Consolidated cash and cash equivalents		
HeidelbergCement Bangladesh Limited (Note 10.1.)	304,075	118,249
Meghna Energy Limited	-	293,257
Emirates Cement Bangladesh Limited	11,709	2,106
Emirates Power Company Limited	6	7
	315,791	413,620

Notes to the consolidated and separate financial statements

As at 31 December 2020

	31.12.2020 BDT '000	31.12.2019 BDT '000
10.1 Cash and cash equivalents - HCBL		
Cash in hand	111	114
Cash at bank in current accounts	20,447	10,111
Short term bank deposits (STD)	266,559	87,273
Fixed deposits receipts (FDR)	16,958	20,750
	304,075	118,248
Bank Overdraft		
In current account	-	130,840
Closing cash and cash equivalents as disclosed in cash flow statement	304,075	(12,592)

FDR includes an amount of BDT 16,958 thousand (2019: 16,958) thousand held under lien in favour of Customs Authority.

11 Share capital

11.1 Authorized share capital

The total authorized number of ordinary shares is 100 million with a face value of BDT 10 per share (2019: 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

	31.12.2020	31.12.2019
	1,000,000	1,000,000

11.2 Issued, subscribed and paid-up capital

36,358,880 ordinary shares of BDT 10 each fully paid up

20,144,710 ordinary shares of BDT 10 each issued as fully paid-up bonus shares

	31.12.2020	31.12.2019
	363,588	363,588
	201,448	201,448
	565,036	565,036

11.3 Percentage and value of shareholdings

Foreign shareholders

HeidelbergCement- Netherlands Holding B.V.

HC Asia Holding GmbH

Bangladeshi shareholders

General public

Company's employees

Investment Corporation of Bangladesh (ICB)

Other financial institutions

	%		No. of shares (in thousand)	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	39.80%	39.80%	224,930	224,930
	20.86%	20.86%	117,844	117,844
	60.66%	60.66%	342,774	342,774
	12.49%	13.06%	70,573	73,773
	0.16%	0.24%	904	1,349
	12.50%	12.50%	70,630	70,629
	14.19%	13.54%	80,155	76,511
	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

Less than 5000 shares

5001 to 50,000 shares

50,001 to 200,000 shares

200,001 to 500,000 shares

500,001 to 10,000,000 shares

Over 10,000,000 shares

	No. of shares (in thousand)	
	2020	2019
	12,544	12,745
	261	285
	46	55
	5	3
	4	4
	2	2
	12,862	13,094

11.5 Option on un-issued shares

There is no option on un-issued share capital

12 Capital reserve

Balance as at 1 January 2020

Amalgamation gain-Meghna Energy limited

Balance as at 31 December 2020

Share premium	Amalgamation reserve	Total
BDT '000	BDT '000	BDT '000
193,500	412,157	605,657
-	57,507	57,507
193,500	469,664	663,164

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.

Notes to the consolidated and separate financial statements

As at 31 December 2020

13 Suppliers' credit blocked

Suppliers' credit-blocked BDT 2,565 thousand represents the value of mechanical spares etc. supplied by the contractor M/5 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

Fixed assets revaluation surplus
Government equity contribution

Foreign currency devaluation

	31.12.2020 BDT '000	31.12.2019 BDT '000
	104,122	104,122
	20,000	20,000
	124,122	124,122
	(1,486)	(1,486)
	122,636	122,636

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
	137,900

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 share holders (40%) filed a case with sub-judge court, Dhaka against issue of debentures. The judgment was in favour of minority share holders, 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 share holders. 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.

15 Consolidated Borrowings- Term loan-non-current portion

HeidelbergCement Bangladesh Limited-(Note 15.2)
Emirates Cement Bangladesh Limited

Less: Intercompany transactions
Meghna Energy Limited
Emirates Cement Bangladesh Limited

	31.12.2020 BDT '000	31.12.2019 BDT '000
	799,600	1,512,800
	178,750	-
	978,350	1,512,800
	(178,750)	-
	-	(260,000)
	178,750	-
	799,600	1,252,800
	373,200	378,200
	-	-
	55,000	547,947
	428,200	926,147
	(55,000)	(65,000)
	-	(65,000)
	55,000	-
	373,200	861,147
	799,600	1,252,800
	-	260,000
	799,600	1,512,800
	313,200	313,200
	60,000	-
	-	65,000
	373,200	378,200

15.1 Consolidated Borrowings- Term loan-current portion
HeidelbergCement Bangladesh Limited (Note-15.3)
Meghna Energy Limited
Emirates Cement Bangladesh Limited
Emirates Power Company Limited

Less: Intercompany transactions
Meghna Energy Limited
Emirates Cement Bangladesh Limited

15.2 Borrowings- Term loan-non-current portion
Citibank N.A
Meghna Energy Limited (Inter Company)

15.3 Borrowings- Term loan-current portion
Citibank N.A
Standard Chartered Bank- Government COVID support
Meghna Energy Limited (Inter Company)

Citibank NA Term loan:

HeidelbergCement Bangladesh Limited has obtained 5 years Term Loan of BDT 1,566 million from Citibank N.A. for the acquisition of Emirates Cement Bangladesh Limited and Emirates Power Company Limited in 2019. The loan amount will be repaid in twenty (20) equal quarterly instalments. During the year the company paid scheduled four installments of BDT 313,200 thousands with additional of prepayment of BDT 140,000 thousands. The loan is secured by Corporate Guarantee of HeidelbergCement Group to Citibank N.A.

Covid Bank Loan:

On 16 November 2020, the company received BDT 60,000 thousands from Standard Chartered Bank as part of government assistances for the COVID affected industries. The rate of interest is 4.5% per annum and repayable at 15th November 2021.

Notes to the consolidated and separate financial statements

As at 31 December 2020

16 Consolidated Finance Lease liability (Non-current portion)

Non-current portion

HeidelbergCement Bangladesh Limited- (Note 16.1)
Emirates Cement Bangladesh Limited

31.12.2020 BDT '000	31.12.2019 BDT '000
32,926	50,823
1,841	-
34,767	50,823

Consolidated Finance Lease liability (current portion)

HeidelbergCement Bangladesh Limited-(Note 16.1)
Emirates Cement Bangladesh Limited

31,307	62,370
5,311	-
36,619	62,370

16.1 Finance Lease liability-HCBL

Long-term liabilities from finance lease-(non-current portion)
Long-term liabilities from finance lease (current Portion)

32,926	50,823
31,307	62,370
64,234	113,193

Maturity analysis of Lease liabilities

No later than one month
Later than one month and not later than three months
Later than three months and not later than one year
Later than one year and not later than five years

15,724	18,085
4,991	9,775
10,592	34,510
32,926	50,823
64,233	113,193

Total

The company has adapted IFRS 16 with effect from 1st January 2019.

17 Retirement benefit obligations (gratuity)

The Company

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. In 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 provision to the fund. As per the actuary report the Company is required to contribute 11.50% (2018: 11.70%) of basic salary as its contribution to gratuity fund. Related fund assets and benefit obligations as per the last actuary report were as follows:

Value of benefit obligation for past service costs	140,038,526
Value of the fund assets	146,584,807
Net surplus/deficit	6,546,281

Since the Company has transferred the required contribution to the Gratuity Fund as per the last actuary report, it is expected that as at 31 December 2020 there would be net surplus as well.

Principal actuarial assumption

	2020	2019
Discount rate	7%	7%
Expected return of fund assets	7%	7%
Rate of expected increase in salaries	7%	7%

The Group

This represents gratuity payable to employees of the Group's subsidiaries ECBL and EPCL at the time of their cessation of employment with those respective entities. The subsidiaries operate an unfunded gratuity scheme and as per the policy the total retirement benefit obligations as at 31 December 2020 are as follows:

	ECBL	EPCL	ECBL
Non-current	15,508	2,903	18,411
Current	3,164	358	3,523
	18,672	3,262	21,934

Notes to the consolidated and separate financial statements

As at 31 December 2020

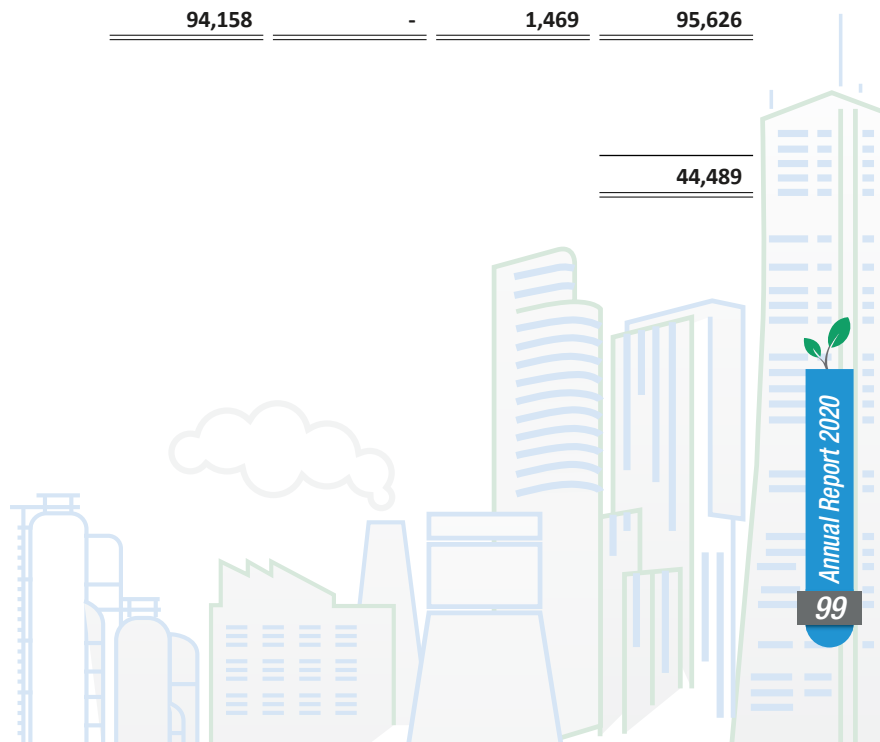
	31.12.2020 BDT '000	31.12.2019 BDT '000
18 Consolidated Deferred tax liability		
HeidelbergCement Bangladesh Limited (Note 18.1)	581,581	543,080
Meghna Energy Limited	-	45,500
	581,581	588,580
18.1 Deferred tax liability - HCBL		
Opening balance	543,080	532,164
Provision/ (reversal) made during the year	(43,020)	10,916
MEL Deferred tax at Amalgamation date	81,521	-
Closing balance	581,581	543,080
18.2 Deferred tax by type of temporary differences that resulted in deferred tax (assets) or liabilities		
Property, plant and equipment	623,134	590,444
Provision for Lease Liability	(16,058)	(28,298)
Provision for inventories	(7,999)	(7,999)
Provision for doubtful debts	(17,495)	(11,067)
	581,581	543,080

18.3 Movement in deferred tax balance	Net balance at 1st Jan. 2020	Adjusted with Amalgamation	Recognized in Profit or loss	Net balance at 31st Dec 2020
Property, plant and equipment	590,444	-	(46,124)	544,320
Provision for Lease Liability	(28,298)	-	12,240	(16,058)
Provision for Inventories	(7,999)	-	-	(7,999)
Provision for doubtful debts	(11,067)	-	(6,428)	(17,495)
Meghna energy assets revaluation	-	81,521	(2,708)	78,813
Deferred Tax Liability-HCBL	543,080	81,521	(43,020)	581,581
Deferred Tax Assets-ECBL	94,158	-	1,469	95,626

Deferred tax income

Deferred tax income relating to reversal of temporary differences

44,489



Notes to the consolidated and separate financial statements

As at 31 December 2020

	31.12.2020 BDT '000	31.12.2019 BDT '000
19 Consolidated trade and other payables		
HeidelbergCement Bangladesh Limited (Note 19.1)	2,939,744	3,127,801
Meghna Energy Limited	-	30,867
Emirates Cement Bangladesh Limited	551,407	107,317
Emirates Power Company Limited	33,597	44,312
	<u>3,524,747</u>	<u>3,310,296</u>
Less; Intercompany Transactions	(260,275)	(107,312)
Meghna Energy Limited	-	62,526
Emirates Cement Bangladesh Limited	226,686	500
Emirates Power Company Limited	33,589	44,286
	<u>3,264,472</u>	<u>3,202,984</u>
19.1 Trade and other payables - HCBL		
Trade payables (*)	1,143,009	1,550,352
Creditors for other finance (note 19.2)	325,852	246,852
Creditors for revenue expenses (note 19.3)	1,171,183	1,028,664
Interest Payable-MEL term loan	-	2,232
Interest accrued	299,700	299,700
	<u>2,939,744</u>	<u>3,127,801</u>

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

19.2 Creditors for other finance		
Security deposits	32,377	32,800
VAT deduction at source	123,289	11,538
Tax deduction at source	20,579	55,155
Payable to employees provident fund	3,234	6,898
Inter company payables	36,575	3,262
Payable for capital expenditure	109,109	136,793
Others	689	406
	<u>325,852</u>	<u>246,852</u>
19.3 Creditors for revenue expenses		
Revenue charges	771,319	643,507
Employees remuneration	42,049	50,619
Technical know-how fee	357,815	334,539
	<u>1,171,183</u>	<u>1,028,664</u>

19.4 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.

20 Provision for workers' profit participation fund

Provision for liabilities and charges includes provision for Workers' Profit Participation Fund (WPPF) of BDT 12,477 thousand (2019:BDT 8,970 thousand). This represents 5% of net profit before charging WPPF (note 3.12).

21 Unclaimed dividend

Opening balance	251,633	251,647
Addition during the year	-	423,777
Paid during the year	(1,138)	(423,791)
Closing balance	<u>250,495</u>	<u>251,633</u>

In compliance with Bangladesh Securities and Exchange Commission (BSEC) Directives No. BSEC/CMRRCD/2021-386/03, There is a separate bank account for the payment of dividend for each year. Detailed information of shareholders relating to unclaimed dividend is properly maintained. Adequate communication made with the shareholders to collect paper dividend warrants. The company will comply with the other formalities upon receiving further guidance from the regulators as indicated in the directives.

Notes to the consolidated and separate financial statements

As at 31 December 2020

22 Consolidated income tax liability

	31.12.2020 BDT '000	31.12.2019 BDT '000
HeidelbergCement Bangladesh Limited	50,943	-
Meghna Energy Limited	-	27,729
Emirates Cement Bangladesh Limited	-	115
	50,943	27,844
22.1 Consolidated income tax assets		
HeidelbergCement Bangladesh Limited (Note-22.2)	-	29,892
Emirates Cement Bangladesh Limited	157,528	158,189
Emirates Power Company Limited	651	-
	158,179	188,081
22.2 Current income tax liability /(Current income tax assets)- HCBL		
Opening balance	(29,892)	(37,502)
Meghna Energy Limited-Tax liability at amalgamation date	20,939	-
Addition during the year:		
Current year provision	285,000	380,000
Prior year provision	-	38,000
	285,000	418,000
Paid during the year	(225,104)	(410,390)
Closing balance	50,943	(29,892)

23 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 17.2 'Revenue charges'.
- ii) Guarantees:
 - Guarantees issued by the Company's banker with 100% margin form of FDR for import duty and supplementary duty
 - Guarantees issued by the Company's banker for security deposits and others
- iii) Financial commitments:
 - Confirmed irrevocable letters of credit (limit: BDT 2,400,000 thousand with Standard Chartered Bank and BDT 418,750 thousand, for Citibank NA.)
- iv) Capital expenditure authorized but not contracted for
- v) Capital expenditure authorized and committed for

	16,958	16,958
	113,521	84,109
	1,450,183	1,500,360
	93,775	5,630
	34,335	97,008
	1,708,772	1,704,065

Notes to the consolidated and separate financial statements

As at 31 December 2020

24 Consolidated sales

HeidelbergCement Bangladesh Limited (Note 24.1)
Meghna Energy Limited
Emirates Cement Bangladesh Limited
Emirates Power Company Limited

Less: Intercompany transactions
Emirates Power Company Limited

2020 BDT '000	2019 BDT '000
10,520,732	11,927,153
-	353,314
1,160,359	59,166
18,495	1,311
11,699,587	12,340,944
(18,495)	(354,625)
(18,495)	(354,625)
11,681,091	11,986,319

24.1 Sales - HCBL

	Dhaka	Chittagong		
Domestic	6,338,231	4,127,696	10,465,927	11,886,204
Export	283	54,522	54,805	40,949
Total Sales	6,338,514	4,182,219	10,520,732	11,927,153

25 Consolidated cost of goods sold

HeidelbergCement Bangladesh Limited (Note 25.1)
Meghna Energy Limited
Emirates Cement Bangladesh Limited
Emirates Power Company Limited

Less: Intercompany Transactions
Meghna Energy Limited
Emirates Power Company Limited

9,219,387	10,773,283
-	278,659
1,104,863	59,684
20,754	1,271
10,345,005	11,112,897
(18,495)	(354,625)
-	(353,314)
(18,495)	(1,311)
10,326,509	10,758,272

25.1 Cost of goods sold - HCBL

Opening stock of raw materials (note 25.2)
Raw materials purchased (note 25.2)
Closing stock of raw materials (note 25.2)
Raw materials consumed
Manufacturing labor and overhead (note 25.5)
Cost of production
Opening finished goods
Closing finished goods
Cost of goods sold

718,723	770,180
7,733,724	9,318,176
(522,453)	(718,723)
7,929,993	9,369,633
1,276,232	1,403,053
9,206,225	10,772,686
127,906	128,503
(114,744)	(127,906)
9,219,387	10,773,283

25.2 Raw materials consumed

Opening inventory:

Clinker	491,792	502,945
Gypsum	43,608	87,713
Iron slag	80,300	87,618
Limestone & other	55,319	23,046
Fly ash	10,725	5,017
Packing materials	36,979	63,841
718,723	770,180	

Purchase:

Clinker	5,425,297	6,608,842
Gypsum	211,130	171,371
Iron slag	598,445	832,915
Limestone and others	363,121	495,475
Fly ash	614,180	653,386
Packing materials	521,552	556,188
7,733,724	9,318,176	
8,452,446	10,088,356	

Raw materials available for consumption

Notes to the consolidated and separate financial statements

As at 31 December 2020

Closing inventory:	31.12.2020	31.12.2019
	BDT '000	BDT '000
Clinker	(349,188)	(491,792)
Gypsum	(22,479)	(43,608)
Iron slag	(22,935)	(80,300)
Limestone and other	(52,379)	(55,319)
Fly ash	(38,036)	(10,725)
Packing materials	(37,436)	(36,979)
	(522,453)	(718,723)
Raw materials consumed	7,929,993	9,369,633

25.3 Particulars in respect of opening stock, sales and closing stocks of finished goods (figures in thousand)

	Opening stock		Closing stock		Sales-net	Sales-net
	Qty-M.T	BDT	Qty-M.T	BDT	Qty-M.T	BDT
Year 2020	21	127,906	19	114,744	1,637	10,520,732
Year 2019	23	128,503	21	127,906	1,803	11,927,153

25.4 Analysis of raw materials consumption (figures in thousand)

Raw materials	2020		2019	
	Qty-M.T	BDT	Qty-M.T	Qty-M.T
Clinker	1,040	5,567,901	1,165	6,619,994
Gypsum	67	232,258	61	215,477
Iron slag	200	655,809	219	840,233
Limestone and others	127	366,061	133	463,203
Fly ash	203	586,868	227	647,678
Packing materials (000 Pcs)	29,978	521,095	32,608	583,050
		7,929,993		9,369,633

25.5 Manufacturing labor and overhead

Personnel Cost:	2020	2019
	BDT '000	BDT '000
Salaries, wages and bonus	83,990	88,014
Welfare and other benefits	78,740	80,915
	162,730	168,929
Power and fuel costs	502,544	612,465
Depreciation expense (note 4.3)	345,552	293,981
Stores and spares consumed	55,990	89,433
Cost of consumables	46,839	57,243
Repairs and maintenance	83,454	95,910
Insurance	7,380	6,564
Postage, telephone and telex	1,136	1,175
Traveling and conveyance	12,690	16,800
Rent, rates and taxes	7,660	10,491
Fuel and gas	2,458	2,121
Entertainment	5,540	6,236
Security guard	33,406	29,187
Uniform, liveries and other administrative expenses	8,852	12,516
	1,276,232	1,403,053

26 Consolidated other operating income

	2020	2019
	BDT '000	BDT '000
HeidelbergCement Bangladesh Limited (Note 26.1)	9,984	15,989
Emirates Cement Bangladesh Limited	3,447	5
	13,430	15,994
Other operating income - HCBL		
Berth hire charge	6,377	9,842
Scrap sales and sundry recoveries	3,606	6,147
	9,984	15,989

Notes to the consolidated and separate financial statements

As at 31 December 2020

27 Consolidated warehousing, distribution and selling expenses

HeidelbergCement Bangladesh Limited (Note 27.1)
Emirates Cement Bangladesh Limited

27.1 Warehousing, distribution and selling expenses - HCBL**Personnel Cost:**

Salaries, wages and bonus
Welfare and benefits

Depreciation expense (note 4.3)
Freight, loading, unloading and others
Advertisement and business promotion expenses
Traveling and conveyance
Vehicle running expense
Rent, rates and taxes
Postage, telephone and telex
Provision for bad and doubtful debts
Bad debt written-off
Printing and stationary
Repairs and maintenance
Entertainment

28 Consolidated administrative expenses

HeidelbergCement Bangladesh Limited (Note 28.1)
Meghna Energy Limited
Emirates Cement Bangladesh Limited
Emirates Power Company Limited

28.1 Administrative expenses - HCBL**Personnel Cost:**

Salaries, wages and bonus
Welfare and benefits

Depreciation expense (note 4.3)
Depreciation of intangible assets (note 6.1)
Rent, rates and taxes
Traveling and conveyance
Postage, telephone and telex
Annual General Meeting expenses
Technical know-how fee (note 19.3)
Legal and professional charges
Entertainment
Repairs and maintenance
Printing and stationery
Bank charges
Electronic data processing expense
Audit fee
Advertisement
Training expense
Electricity
Vehicle running expense
Newspaper and periodicals
Subscription on others
Insurance, CDBL and other administrative expenses

	31.12.2020 BDT '000	31.12.2019 BDT '000
	364,833	466,611
	30,886	3,498
	395,719	470,108
	40,446	46,922
	35,956	35,100
	76,402	82,022
	69,110	58,796
	84,610	158,498
	89,314	132,512
	5,353	8,773
	249	807
	11,021	21,347
	1,710	1,785
	25,714	409
	-	(409)
	518	1,411
	360	210
	473	451
	364,833	466,611
	560,711	530,920
	-	1,394
	33,536	4,055
	553	39
	594,800	536,408
	47,984	45,696
	50,667	48,108
	98,651	93,804
	46,074	39,197
	493	493
	8,473	6,752
	845	5,437
	1,262	1,419
	2,468	2,025
	357,815	334,539
	13,203	12,276
	1,693	4,257
	5,942	5,137
	762	1,042
	2,500	2,000
	14,846	10,955
	900	850
	1,099	201
	326	3,033
	1,089	1,269
	279	601
	33	42
	493	1,233
	1,468	4,358
	560,711	530,920

Notes to the consolidated and separate financial statements

As at 31 December 2020

	31.12.2020 BDT '000	31.12.2019 BDT '000
29 Consolidated non-operating expenses		
Gain on derecognition and sale of fixed assets (HCBL)	-	6
	-	6
30 Consolidated net finance (expenses)/ income		
HeidelbergCement Bangladesh Limited (Note 30.1)	(136,244)	7,059
Meghna Energy Limited	-	53,676
Emirates Cement Bangladesh Limited	(48,677)	(5,000)
	(184,920)	55,736
Less : Intercompany interest		
HCBL Interest income from ECBL	20,608	-
ECBL Interest expenses to HCBL	(20,608)	(5,000)
	(184,920)	55,736
30.1 Net finance (expenses)/ income - HCBL		
Interest income on bank deposits	10,236	38,747
Interest income from ECBL	20,608	-
Interest expenses for Finance lease liability-RoU	(15,797)	(13,779)
Interest expenses for Citi Bank N.A term loan	(126,988)	(12,180)
Bank guarantee and other charges	(24,584)	(6,682)
	(136,525)	6,106
Net exchange gain	282	953
	(136,244)	7,059
31 Consolidated income tax expense		
HeidelbergCement Bangladesh Limited (Note 31.1)	285,000	380,000
Meghna Energy Limited	-	45,346
Emirates Cement Bangladesh Limited	20,424	189
	305,424	425,536

31.1 Income tax expense - HCBL

The corporate tax rate is 25% for the year 2020 (2019: 25%) as a "Publicly Traded Company". Current year tax provision has been accounted for at BDT 285,000 (2019: BDT 380,000) thousand.

Reconciliation of tax expense with accounting profit and applicable tax rate:

	2020(%)	2019(%)	BDT'000	BDT'000
Profit before tax			237,063	170,424
Income tax @ statutory rate	25%	25%	59,266	42,606
Inadmissible expenses & Tax paid u/s 82 (C)	95%	198%	225,734	337,394
Current tax charges	120%	223%	285,000	380,000

As per the applicable tax law, for cement manufacturer HeidelbergCement Bangladesh Limited (HCBL) has to pay the tax at the rate applicable to the company, in case of income from 82C subject to higher of (a) at the rate of 0.60% of total gross receipts, (b) tax deducted at source cement export u/s 53BBBB, tax deducted at source for corporate sales u/s 52, tax paid at import stage U/S 53; U/S 44 (4), SRO 187/2009 and tax deducted at source of bank interest income u/s 53F (as covered by section 82C). (c) at the corporate tax rate 25%.

The company recognized tax expense of BDT 285,000 thousand which is 120% of profit before tax

Notes to the consolidated and separate financial statements

As at 31 December 2020

32 Consolidated earnings per share

	31.12.2020	31.12.2019
	BDT '000	BDT '000
Profit after tax for the year	(80,839)	(186,656)
Weighted average number of shares outstanding at the end of the year	56,504	56,504
Earnings per share (consolidated)	(1.43)	(3.30)
32.1 Earnings per share - HCBL		
Profit /(Loss) after tax for the year	(4,917)	(258,492)
Weighted average number of shares outstanding at the end of the year	56,504	56,504
Earnings per share (Basic)	(0.09)	(4.57)

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.

Notes to the consolidated and separate financial statements

As at 31 December 2020

33 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 Investment in subsidiaries, purchase of property, plant and equipment after adjusting sale proceeds.

Net cash inflow/(outflow) financing activities mainly for proceeds of term and short term bank loan and payment of dividend.

33.1 Collection from customers

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

33.2 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.

33.3 Cash paid for operating expenses

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

34 Income tax paid

During the year the Group has paid BDT 244,866 thousand (2019 : 460,784 thousand) and the Company paid BDT 225,104 thousand (2019: BDT 410,347 thousand) as income tax.

35 Acquisition of non-current assets

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

36 Proceeds from sale of non-current assets

Furniture and equipment

Transport and Vehicles

2020 BDT '000	2019 BDT '000
-	6
2,420	-
2,420	6

37 Payment of dividend

In 2020, the Company paid dividend BDT 1,138 thousand (2019: BDT 423,791 thousand).

38 Acquisition of subsidiary and calculation of Goodwill

HCBL's Investment

Emirates Cement Bangladesh Limited

Emirates power Company Limited

1,792,291

100,830

1,893,121

The Company has acquired 100% ownership of Emirates Cement Bangladesh Limited (ECBL) and Emirates Power Company Limited (EPCL) effective on 5th December 2019 considering amount of BDT 1,792,291k & BDT 100,830k respectively.

Total consideration paid by HCBL in cash to acquire

Net assets acquired at the date of gaining control

Share capital

Revaluation reserve

Retained earnings/(accumulated losses)

Goodwill

Total goodwill

(Figures in thousand)	
ECBL	EPCL
1,792,291	100,830
1,589,300	269,962
992,695	8,902
(1,011,699)	(173,332)
1,570,295	105,531
221,996	(4,701)
	217,295

During the year, purchase price adjustment was made on certain assets and liberalities acquired during acquisition of ECBL and EPCL, as a result, retained earnings as at the date of gaining control was adjusted by BDT 44,086 thousand for ECBL and BDT 4,771 for EPCL the figure of net asset acquired at the date of gaining control and goodwill is changed according by the same amount.

Notes to the consolidated and separate financial statements

As at 31 December 2020

The fair value of assets and liabilities acquired by the Company at acquisition date were as follows: (Figures in thousand)

	ECBL	EPCL
Property, plant & equipment	1,670,055	118,152
Deferred tax assets	94,158	-
Inventories	203,942	36,518
Trade and other receivable (fully recoverable)	201,861	-
Advance, deposits and prepayments	128,017	317
Current tax assets	158,069	(115)
Cash and bank balances	20,895	8
	2,476,997	154,880
Trade and other payables	109,612	45,463
Net defined benefit liability	25,421	2,997
Loans and borrowing	575,928	-
Provision for other liabilities and charges	37,876	890
Bank overdraft	157,864	-
	906,702	49,349
Net assets acquired	1,570,295	105,531

38.1 Meghna Energy Amalgamation

The Hon'ble High Court Division of the Supreme Court of Bangladesh sanctioned the approval of the above Scheme of Amalgamation of Meghna Energy Limited with HeidelbergCement Bangladesh Limited by an order (Company matter no. 308 of 2019) dated 22 July 2020. The audited assets and liabilities of the Meghna Energy Limited is merged with HeidelbergCement Bangladesh Limited as per the approved scheme of amalgamation at their respective fair values w.e.f. from 28 July 2020.

The audited assets and liabilities of Meghna Energy Limited as of 28th July 2020 were as under:

Assets	28.07.2020 BDT '000
Non-current assets	
Property, plant and equipment	292,537
Term Loan-noncurrent portion	447,500
Total non-current assets	740,037
Current assets	
Inventories	67,135
Advances, deposits and prepayments	21,889
Term Loan-current portion	120,000
Receivable from Intercompany	144,852
Cash and cash equivalents	37,961
Total current assets	391,838
Total assets	1,131,875
Shareholders' equity and liabilities	
Shareholders' equity	
Share capital	405,646
Share money deposit	17
Revaluation reserve	169,313
Retained earnings	406,945
	981,921
Non current liabilities	
Deferred tax on revaluation of PP&E	81,521
	81,521

Notes to the consolidated and separate financial statements

As at 31 December 2020

Current liabilities	
Other payables	2,282
Other liabilities and charges	45,213
Provision for income tax	20,939
Total liabilities	68,434
Total Shareholders' equity and liabilities	1,131,875

38.2 Amalgamation gain is calculated as follows:

Total assets take over	1,131,875
Less: external liabilities	149,955
Net assets	981,920
Less: Cost of investment	924,413
Amalgamation gain	57,507

39 Reconciliation of operating cash flow to net profit for the year

Operating activities	2020 Consolidated BDT '000	2020 HCBL BDT '000	2019 HCBL BDT '000
Profit before tax	180,096	237,063	170,424
Depreciation of property, plant and equipment	539,646	460,244	391,974
Amortization of intangible assets	493	493	493
loss/(Profit) on sale of Fixed Assets	(3,387)	-	(6)
(Increase)/Decrease in inventories	701,789	667,894	(27,085)
(Increase)/Decrease in Trade and other receivable	300,973	(16,284)	(301,398)
(Increase)/Decrease in advance, deposits and prepayments	(49,437)	(33,180)	(4,566)
Increase/(Decrease) in Trade & other payables	86,625	(96,995)	427,881
Increase/(Decrease) in Provision for other liabilities and charges	(6,688)	-	(45,011)
Increase/(Decrease) in Net defined benefit liability	(6,341)	3,507	-
Income tax paid	(244,866)	(225,104)	(410,390)
Net cash flow generated from operating activities	1,498,901	997,637	202,316

40 Bank facilities

The Company has got the following loan facilities from Banks:

Standard Chartered Bank	2020 BDT '000	2019 BDT '000
Short term loan facilities	400,000	200,000
Letter of credit	2,400,000	1,661,000
Bank Guarantee opened ended	63,000	63,000
	2,863,000	1,924,000
Citibank NA		
Letter of credit	418,750	418,750
	418,750	418,750
Grand Total	3,281,750	2,342,750

Securities:

These are secured by:

- Demand promissory note BDT 2,863,000,000 for Standard Chartered Bank and BDT 418,750,000 for Citibank N.A.
- Letter of continuation BDT 2,863,000,000 for Standard Chartered Bank and BDT 418,750,000 for Citibank N.A.

Notes to the consolidated and separate financial statements

As at 31 December 2020

41 Expenditure incurred on employees

Employment through out the year in receipt of remuneration aggregating BDT 36,000 or more per year

2020	2019
Number of Employees	
274	273
274	273

Salaries, wages and benefits (Note 25.5, 27.1 and 28.1)

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

42 Expenditure in equivalent foreign currency

Technical know-how fee payable

Foreign travel for Company's business purpose

2020	2019
BDT '000	BDT '000
357,815	334,539
464	7,100
358,279	341,639

42.1 Remittances of foreign currency:

Particulars

Dividend:

HeidelbergCement- Netherlands Holding B.V.

HC Asia Holding GmbH

Total dividend

HeidelbergCement Asia Pte

Singtel, Singapore

Total remittance

Particulars	2020		2019	
	No. of shares	BDT '000	No. of shares	BDT '000
HeidelbergCement- Netherlands Holding B.V.	-	-	22,493,020	151,828
HC Asia Holding GmbH	-	-	11,784,390	75,125
Total dividend	-	-	34,277,410	226,953
HeidelbergCement Asia Pte	-	267,631	-	235,236
Singtel, Singapore	-	6,957	-	7,720
Total remittance	-	274,588	34,277,410	469,910

43 Value of Imports-at CIF basis

Raw materials

Capital Goods

Store & Spares

	2020	2019
	BDT '000	BDT '000
Raw materials	5,123,844	7,203,944
Capital Goods	53,200	412,138
Store & Spares	139,348	163,345
5,316,391	7,779,426	

44 Remuneration of Directors, Managers and Officers

44.1 Managerial Remuneration - Managers and Officers

Salary and bonus

Rent

Retirement benefits

Provident fund

Medical

Other

Salary and bonus	114,696	107,861
Rent	50,893	48,268
Retirement benefits	9,211	8,236
Provident fund	7,738	7,040
Medical	6,051	5,678
Other	10,197	8,847
198,786	185,930	

44.2 Paid to Directors

Board meeting fee

TA/DA

Board meeting fee	16	23
TA/DA	279	432
295	455	

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45 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:

Sl. No.	Name of the related party	Nature of relationship	Nature of the transaction	Transaction during the year		Receivable/ (payable) at closing date	
				2020	2019	2020	2019
				BDT '000	BDT '000	BDT '000	BDT '000
1	HeidelbergCement Asia Pte. Ltd	Group Entity	Technical Service	357,815	334,539	(357,815)	(334,539)
2	HeidelbergCement Asia Pte. Ltd	Group Entity	Recovery of expenses	(2,525)	(2,275)	11,871	14,396
3	PT Indocement Tunggul Prakarsa Tbk	Group Entity	Payment of expenses	-	-	(3,262)	(3,262)
4	Butra HeidelbergCement	Group Entity	Recovery of expenses	683	1,659	(81)	494
5	HC Treading Malta Ltd.	Group Entity	Recovery of expenses	1,882	13,752	84	1,633
6	HC Trading Malta Ltd.	Group Entity	Clinker	1,518,961	2,092,170	(194,571)	(487,296)
			Gypsum	23,605	46,798	-	-
			Limestone	14,379	103,642	-	-
			Slag	11,286	-	-	-
				1,568,231	2,242,610	(194,571)	(487,296)

During 2020, It envisaged that the transaction(s) entered into with HCT, whether individually and/or in the aggregate would exceed the stipulated threshold of 1% (one percent) of the annual turnover of the Company as per the audited financial statements for the period ended 31 December 2019 during the ensuing financial year of the Company i.e. the year ended 31 December 2020. In this connection, the approval of the shareholders was sought for the said related party transaction(s) in the Company's Annual General Meeting (AGM) held on Tuesday, 30 June 2020 and the shareholders approved the same.

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46 Financial instruments – Fair values and risk management-HCBL

A. Accounting classifications and fair values

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

31 December 2020 In Taka'000	Note	Carrying amount			Fair value
		Financial assets at amortized cost	Other financial liabilities	Total	Total
Financial assets not measured at fair value					
Trade and other receivables	8.1	892,527	-	892,527	892,527
Cash and cash equivalents	10.1	304,075	-	304,075	304,075
		1,196,602	-	1,196,602	1,196,602
Financial liabilities not measured at fair value					
Loans and borrowings	15	-	1,172,800	1,172,800	1,172,800
Trade and other payables	19.1	-	2,939,744	2,939,744	2,939,744
		-	4,112,544	4,112,544	4,112,544
31 December 2019					
In Taka'000					
Financial assets not measured at fair value					
Trade and other receivables	8.1	901,957	-	901,957	901,957
Cash and cash equivalents	10.1	118,249	-	118,249	118,249
		1,020,206	-	1,020,206	1,020,206
Financial liabilities not measured at fair value					
Bank overdraft	10.1	-	130,840	130,840	130,840
Loans and borrowings	15	-	1,891,000	1,891,000	1,891,000
Trade and other payables	19.1	-	3,127,801	3,127,801	3,127,801
		-	5,149,641	5,149,641	5,149,641

The Company has not disclosed the fair values for financial instruments such as cash and cash equivalents, short term investment, trade and other receivables, bank overdraft, loans and borrowings, trade and other payables because their carrying amounts are a reasonable approximation of fair values.

Notes to the consolidated and separate financial statements

As at 31 December 2020

B. Financial risk management

ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial asset. 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. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of the financial obligation and accordingly arranging for sufficient liquidity/fund to make the expected payment within due date.

In extreme stressed conditions, the company may get support from the parent company in the form of shareholder's loan/capital contribution.

The followings are the contractual maturities of non derivative financial liabilities:

In Taka '000	Carrying amount	Contractual cash flows							
		Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years		
31 December 2020									
Trade payables- (Note 19.01)	1,143,009	(1,143,009)	(1,142,916)	(93)	-	-	-	-	-
Creditors for other finance (note 19.01)	325,852	(325,852)	(325,852)	-	-	-	-	-	-
Creditors for revenue expenses (note 19.1)	1,171,183	(1,171,183)	(1,164,283)	-	(6,899)	-	-	-	-
Interest accrued (19.01)	299,700	(299,700)	-	-	-	-	-	-	(299,700)
Loans and borrowings	1,172,800	(1,172,800)	(216,600)	(156,600)	(626,400)	(173,200)	-	-	-
	4,112,544	(4,112,544)	(2,849,652)	(156,693)	(633,299)	(173,200)			(299,700)
31 December 2019									
Trade payables- (Note 19.01)	1,550,352	(1,550,352)	(1,550,352)	-	-	-	-	-	-
Creditors for other finance (note 19.01)	246,852	(246,852)	(246,852)	-	-	-	-	-	-
Creditors for revenue expenses (note 19.1)	1,028,664	(1,028,664)	(1,021,405)	-	(7,260)	-	-	-	-
Interest Payable-MEL term loan	2,232	(2,232)	(2,232)	-	-	-	-	-	-
Interest accrued (19.01)	299,700	(299,700)	-	-	-	-	-	-	(299,700)
Bank overdraft	130,840	(130,840)	(130,840)	-	-	-	-	-	-
Loans and borrowings	1,891,000	(1,891,000)	(156,600)	(156,600)	(313,200)	(939,600)	-	-	(325,000)
	5,149,641	(5,149,641)	(3,108,282)	(156,600)	(320,460)	(939,600)			(624,700)

Notes to the consolidated and separate financial statements

As at 31 December 2020

iii. Market risk

Market risk is the risk that changes in market prices, such as changes in foreign exchange rates and interest rates, will 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 optimizing the return.

Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings incurred in foreign currencies. The Company's foreign currency transactions are denominated in USD.

Interest rate risk

The risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rate. At 31 March, the interest rate profile of the Company's interest bearing financial instruments was:

	Note	Carrying amount	
		2020 BDT '000	2019 BDT '000
Fixed rate instrument			
Loans and borrowings	15	1,172,800	1,891,000
Bank overdraft	10.1	-	130,840
Total		1,172,800	2,021,840

47 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 2020 and 2019.

48 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.

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.

49 Capacity and production

Line of business

Gray cement- Kanchpur
Gray cement- Chittagong

Installed capacity Single shift	Actual production	
	Multipleshifts as applicable	
Qty-M.T.	2020	2019
1,547,000	645,853	971,625
1,303,000	987,415	829,129
2,850,000	1,633,268	1,800,754

Notes to the consolidated and separate financial statements

As at 31 December 2020

50 Events after the balance sheet date

50.1 Proposed dividend

During the year the Board of Directors in its meeting held of 28 April 2021 proposed cash dividend of 20% (2019:No dividend).

The proposed dividend is not recognized as a liability at the balance sheet date in accordance with IAS-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 authorized 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 Companies Act 1994 dividend proposed have been disclosed in the financial statements and not shown as a liability.

51 Consolidated net operating cash flows per share (NOCFPS)

	2020 BDT '000	2019 BDT '000
Net operating cash flows	1,498,901	2,62,547
Weighted average number of ordinary shares outstanding	56,504	56,504
Net operating cash flows per share	26.53	4.65
51.1 Net operating cash flows per share (NOCFPS)- HCBL		
Net operating cash flows	997,637	2,02,317
Weighted average number of ordinary shares outstanding	56,504	56,504
Net operating cash flows per share	17.66	3.58
51.2 Consolidated net assets value (NAV) per share		
Net assets as at 31 December (represented by shareholders' equity)	3,848,069	4,061,433
Weighted average number of ordinary shares outstanding	56,504	56,504
Net assets value per share	68.10	71.88
51.3 Net assets value (NAV) per share- HCBL		
Net assets as at 31 December (represented by shareholders' equity)	3,933,580	3,880,989
Weighted average number of ordinary shares outstanding	56,504	56,504
Net assets value per share	69.62	68.69

52 General

52.1 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.

52.2 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

Dhaka, Bangladesh
Dated, 28 April 2021



Jashim Uddin Chowdhury, FCA
Director & Chief Financial Officer

See our Annexed report of same date



Md. Emdadul Haque, ACA
Company Secretary



SINCE 1973

RUBY CEMENT

HEIDELBERGCEMENT Group

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Group



Emirates Cement Bangladesh Limited

Auditors' report and financial statements
For the year ended 31 December 2020



Independent Auditor's Report to the shareholders of Emirates Cement Bangladesh Limited Report on the Audit of the Financial Statements

OPINION

We have audited the financial statements of Emirates Cement Bangladesh Limited (the "Company"), which comprise the statement of financial position as at 31 December 2020 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 statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give true and fair view of the financial position of the Company as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) 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 Auditor's 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) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS AND INTERNAL CONTROLS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as explained in note 3, the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 judgment 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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. 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.

OTHER MATTERS

Effective 5 December 2019, the Company is acquired by HeidelbergCement Bangladesh Limited (the Holding Company) and pursuant to section 186 of the Companies Act 1994, these financial statements of the Company have been prepared to include with the annual report of the Holding Company. The Company's financial year is from 1 April to 31 March and hence as per section 183 of the Companies Act 1994 another set of financial statements of the Company shall be prepared and presented at the annual general meeting covering the year ending on 31 March 2021.

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 those books; and
- c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

Dhaka, Bangladesh
28th April, 2020



Sabbir Ahmed FCA
Enrolment No: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants




Statement of Financial Position

As at 31 December 2020

	Notes	31 December 2020 BDT '000	31 December 2019 BDT '000
Assets			
Non-current assets			
Property, plant and equipment	4	1,294,839	1,669,943
Lessee assets-RoU	4.1	321,905	-
Capital works-in-progress	5	-	11,086
Deferred tax assets	6	95,626	94,158
Total non-current assets		1,712,370	1,775,187
Current assets			
Inventories	7	179,406	217,046
Trade and other receivables	8	149,283	246,163
Advances, deposits and prepayments	9	126,454	110,999
Income tax assets	10	157,528	158,189
Cash and cash equivalents	11	11,709	2,106
Total current assets		624,379	734,505
Total assets		2,336,750	2,509,691
Equity and Liabilities			
Capital and reserves			
Share capital	12	1,589,300	1,589,300
Revaluation reserve	Ch. Equity	992,695	996,362
Accumulated losses	Ch. Equity	(1,094,398)	(980,868)
		1,487,596	1,604,794
Non-current liabilities			
Net defined benefit liability (gratuity)	13	15,508	22,447
Borrowing	15	178,750	-
Finance lease liabilities-RoU-Long portion	16.A	1,841	-
Total non-current liabilities		196,099	22,447
Current liabilities			
Bank overdraft	14	-	168,502
Loans and borrowings	15	55,000	547,947
Trade and other payables	16	551,407	107,317
Finance lease liabilities-RoU-Current portion	16.A	5,311	-
Provision for other expenses	17	38,173	55,520
Net defined benefit liability	13	3,164	3,164
Total current liabilities		653,055	882,450
Total liabilities		849,154	904,898
Total equity and liabilities		2,336,750	2,509,691

These financial statements should be read in conjunction with annexed notes.

For and on behalf of the Board of Directors of Emirates Cement Bangladesh Limited

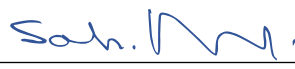


Managing Director



Director

See our annexed report of same date

Dhaka, Bangladesh
28th April, 2020


Sabbir Ahmed FCA
Enrolment No: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

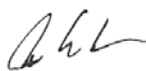
Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	Notes	2020 BDT '000	2019 (Apr to Dec 19) BDT '000
Sales	18	1,160,359	1,170,528
Cost of goods sold	19	(1,104,863)	(1,057,378)
Gross profit		55,496	113,150
Other operating income	20	3,447	225
Warehousing, distribution and selling expenses	21	(30,886)	(83,010)
Administrative expenses	22	(33,536)	(44,558)
Operating Loss		(5,480)	(14,193)
Net finance expenses	23	(48,677)	(55,880)
Profit before contribution to WPPF		(54,156)	(70,073)
Contribution to WPPF	-	-	-
Loss before tax		(54,156)	(70,073)
Income tax expense			
Current tax		(20,424)	(18,394)
Deferred Tax income (expenses)		1,469	-
Current year	24	(18,955)	(18,394)
Net loss for the year/period		(73,111)	(88,467)
Earnings per share (EPS)	25	-0.46	-0.56
Net loss for the year/period		(73,111)	(88,467)
Other Comprehensive income			
Item will not be reclassified to profit or loss			
Revaluation of property, plant and equipment, net of related taxes		3,667	-
Total comprehensive income for the year/period		(69,444)	(88,467)

These financial statements should be read in conjunction with annexed notes.

For and on behalf of the Board of Directors of Emirates Cement Bangladesh Limited



Managing Director



Director

See our annexed report of same date



Sabbir Ahmed FCA
Enrolment No: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, Bangladesh
28th April, 2020

Statement of Changes in Equity

For the year ended 31 December 2020

Particulars	Share capital BDT '000	Revaluation reserve BDT '000	Accumulated losses BDT '000	Total BDT '000
Year 2019				
Balance as at 01 April 2019	1,589,300	996,362	(598,843)	1,986,818
Net profit for the period (April to Dec 2019)	-	-	(88,467)	(88,467)
Adjustment	-	-	(293,557)	(293,557)
Balance as at 31 December 2019	1,589,300	996,362	(980,868)	1,604,794
Year 2020				
Balance as at 01 January 2020	1,589,300	996,362	(980,868)	1,604,794
Net profit for the period (January to Dec 2020)	-	-	(73,111)	(73,111)
Transfer of depreciation an account of revaluation	-	(3,667)	3,667	-
Price adjustment as per IFRS 3	-	-	(44,086)	(44,086)
Balance as at 31 December 2020	1,589,300	992,695	(1,094,398)	1,487,596

For and on behalf of the Board of Directors of Emirates Cement Bangladesh Limited



Managing Director



Director

Dhaka, Bangladesh
Dated, 28th April 2021

Statement of Cash Flows

For the year ended 31 December 2020

	Notes	2020 BDT '000	2019 BDT '000
Cash flows from operating activities			
Collections from customers	26.1	1,217,340	1,378,280
Cash received from other operating income		60	45
Cash paid to suppliers	26.2	(554,627)	(1,067,947)
Cash paid for operating expenses	26.3	(93,280)	(122,164)
Interest paid		(48,467)	(53,528)
Income tax paid	26.4	(19,762)	(20,574)
Net cash flow from operating activities (a)		501,265	114,112
Cash flows from investing activities			
Acquisition of non-current assets	26.5	(13,044)	-
Proceeds from sale on non-current assets		4,081	-
Net cash used in investing activities (b)		(8,963)	-
Cash flows from financing activities			
Decrease in short term loan		(314,197)	(215,634)
Net cash flow used in financing activities (c)		(314,197)	(215,634)
Net decrease in cash and cash equivalents (a+b+c)		178,104	(101,522)
Opening cash and cash equivalents*		(166,395)	(64,873)
Closing cash and cash equivalents*	11	11,709	(166,395)

*Cash and cash equivalents includes bank overdraft that are repayable on demand and form an integral part of cash management.

These financial statements should be read in conjunction with the annexed notes.

For and on behalf of the Board of Directors of Emirates Cement Bangladesh Limited



Managing Director



Director

Dhaka, Bangladesh
Dated, 28th April 2021

Notes to financial statements

For the year ended 31 December 2020

1.1. Company profile

Emirates Cement Bangladesh Limited (the "Company") was incorporated as a private limited company on 22 June 2000 under the Companies Act, 1994. It has authorized capital of Tk 1,600,000,000 divided into 160,000,000 ordinary shares of Tk 10 each. The Company's Cement plant is situated at East Mukterpur, Munshiganj, Bangladesh.

100% share of the Company acquired by HCBL on 5th Dec 2019 as per share purchases agreement (SPA) between those.

The number of employee at the Company at the year end was 67.

1.2. Nature of business

The principle activity of the Company is producing and selling cement in the market of Bangladesh and outside of the country. Total production capacity of the this Company is 660,000 MT per annum.

2. BASIS OF PREPARATION

2.1. Accounting standards

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

Date of approval

The board of directors has approved these financial statements on 28th April 2021.

2.2. Basis of measurement

The financial statements have been prepared on a going concern basis under the historical cost convention, except for property, plant and equipment which are shown at revalued amount.

2.3. Functional and presentational currency

These financial statements are presented in Bangladeshi Taka (BDT), which is both functional and presentational currency of the Company. Unless otherwise indicated all financial information presented in BDT have been rounded off to the nearest thousand.

2.4. Going concern

As at 31 December 2020, the Company has an accumulated losses of Tk. 1,053,979k (PY 980,868k). Notwithstanding this, management has concluded that the Company 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 ability to continue as a going concern. Effective, 5 December 2019, the Company is taken over by HeidelbergCement Bangladesh Limited which also expect to improve profitability of the Company in coming days.

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 categorized 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 recognized in the financial statements are described in the following notes:

Note 4 Property, plant and equipment

Note 7 Inventories

Note 8 Provision for doubtful debts

Note 13 Gratuity

Note 24 Provision for income tax

Notes to financial statements

For the year ended 31 December 2020

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 statements are prepared for the year ended 31st December 2020, intend 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.

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
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
IFRS 16	Leases

2.11. New accounting standards adopted

The Company has applied the following standards and amendments for the first-time commencing 1 April 2019:

In January 2016, the IASB issued a new accounting standard, IFRS 16 'Leases', which changed the accounting for leases. The standard requires lessees to recognize right-of-use ("ROU") assets and lease liabilities for most leases in the statement of financial position. The new standard uses a single model for lessee accounting, eliminating the distinction between operating and finance leases. The standard also made some changes to lessor accounting and generally aligns with revenue recognition guidance under IFRS 15. The standard also requires qualitative and quantitative disclosures to enable users of financial statements to assess the impact from leases on the company's financial position, financial performance and cash flows. The Company adopted the standard effective 1 January 2019 using the simplified retrospective transition method whereby prior comparative periods were not retrospectively presented. In applying IFRS 16 for the first time, the Company elected the practical expedients not to reassess prior conclusions related to contracts containing leases, whether leases are onerous applying IAS 37, and to exclude initial direct costs ("IDC") for any existing leases, and the lessee practical expedient to combine lease and non-lease components for all asset classes. The Company also made a policy election to not recognize ROU assets and lease liabilities for short-term leases for all asset classes. The Company has assessed the impact of new standard and concluded that its existing lease contract would fall under the 'low value items' and practical expedients without having any material impact on the financial statements as of the adoption date.

Notes to financial statements

For the year ended 31 December 2020

2.12. New accounting standards issued but not yet adopted

The standards and interpretation that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below:

(a) IFRS 17 Insurance contract

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The Company has not yet assessed potential impact of IFRS 17 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".

The rate of relevant foreign exchange at year-end:

	2020	2019
1 US Dollar = BDT	84.68	84.89
1 EURO = BDT	103.45	95.19

3.2. Financial instruments

Financial assets and financial liabilities are recognized initially at fair value, plus or minus directly attributable transaction costs, in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. Such assets and liabilities are subsequently measured at amortized cost or fair value, depending on the measurement classification. Financial assets held at fair value through profit and loss are initially recognized at fair value and transaction costs are expensed. Trade receivables are measured at their transaction price. The Company has the following categories of financial assets and liabilities: (i) Financial assets measured at amortized cost and (ii) Financial liabilities at amortized cost. Accounting policies relating to different type of financial instruments are described below:

3.2.1. Financial assets

Financial assets at amortized cost are measured on initial recognition at fair value and are subsequently measured at amortized cost using the effective interest rate method, less an allowance for impairment. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. These assets are measured at amortized cost if the business model is to hold the assets in order to collect contractual cash flows and the related cash flows are solely payments of principal and interest.

Financial assets at amortized cost include cash and cash equivalents and trade and other receivables recognized in the statement of financial position.

3.2.2. Financial liabilities

Financial liabilities are recognized when the Company becomes obliged to make future payments resulting from the purchase of goods or services or on acquisition of financial and other non-current assets. Amounts are unsecured and usually settled on standard commercial trade terms. Financial liabilities recognized at amortized cost include trade and other payables, loans and borrowings. Trade and other payables, and loans and borrowings are initially measured at fair value, net of transaction costs and subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial liabilities include trade and other payables, provisions and accruals, bank loans and borrowings.

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 capitalized by adding it to the related property, plant and equipment.

Notes to financial statements

For the year ended 31 December 2020

3.3.2. Subsequent costs

Subsequent cost are included in the asset's carrying amount or recognized 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 Company'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	2020	2019
Lease hold land as per IFRS 16	1.33%	-
Buildings and other construction	3.33%	3.33%
Plant, machinery and equipment	3.33%- 10%	3.33%- 10%
Office equipment	25%	25%
Furniture and fixtures	14%	14%
Port-a-cabin	25%	25%
Motor vehicles	20%	20%
Computer and accessories	33%	33%

3.5. Inventories

Inventories are measured at lower of cost and net realizable 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 realizable 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.

Category of inventory	Basis of valuation
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

3.6.1. Impairment of tangible assets

On an annual basis, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing fair value less cost to sell, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent of the previously recognized revaluation surplus.

3.6.2. Impairment of financial assets

IFRS 9 requires an assessment of expected credit losses ("ECL") for evaluating whether assets carried at amortized cost are impaired. The first stage of the evaluation requires an assessment of expected credit losses (ECL), which represent the possibility of default over the next 12 months. When a significant increase in credit risk has occurred, the financial asset is transferred to stage 2 and the ECL will be calculated using the possibility of default over the expected life of the financial instrument. When there is objective evidence that a financial asset is impaired, the financial asset will be transferred to stage 3 and lifetime ECL will be calculated. The Company recognizes loss allowances for ECLs on financial assets measured at amortized cost. Loss allowances on trade receivables are measured at an amount equal to lifetime ECLs.

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 recognizes 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 collectability of any amount so recognized.

Notes to financial statements

For the year ended 31 December 2020

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 capitalized 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.

3.10.1. Trade and other payables

The Company recognizes 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 Company.

3.10.2. Provision, contingent liabilities and contingent assets

Provisions

Provisions are recognized when the Company 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 recognized 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 "Private Limited Company" as defined in income tax laws. Therefore, as per the Finance Act 2020, the applicable tax rate for the Company is 32.5%. However, as per Section 82C of the Income Tax Ordinance 1984, every Company shall be liable to pay a minimum income tax at the rate of zero point six zero (0.60%) percent of the amount representing such company's gross receipts from all sources of its operation or withholding income tax it has suffered, whichever is higher. This is a minimum tax which is payable even if the Company's normal assessed tax is nil or below the minimum tax payable amount. Accordingly, provision for taxation has been made on the basis of minimum tax requirement.

3.11.2. Deferred tax

Deferred tax is recognized 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 recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilized. 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 realized.

Notes to financial statements

For the year ended 31 December 2020

3.12. Workers' profit participation fund

The Company has provided for WPPF in terms of section 234(1)(b) of Bangladesh Labor (Amendment) Act 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. The employees' provident fund is 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.

The Company recognizes contribution to defined contribution plan as an expense when an employee has rendered services in exchange for such contribution. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

3.13.2. Retirement benefit obligations (gratuity)

The Company operates an unfunded defined benefit plan (gratuity), provision in respect of which is made covering all its permanent eligible employees. Benefit payable to all eligible employees at the end of each year is determined on the basis of existing rules and regulations. Each employee on completion of the six months of service will be eligible for the scheme. The benefit payable will be computed by considering the following conditions:

- Employee working for more than 6 months will be entitled to one month's basic salary for each year of service up to 10 years.
- Employee working continuously for 10 years or above will be entitled to one and half months basic salary for each 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 recognizes as revenue the amount that reflects the consideration to which the Company expects to be entitled in exchange for goods and services when (or as) it transfers control to the customer. To achieve that core principal, IFRS 15 establishes a five-step model as follows:

- Identify the contract with a customer;
- Identify the performance obligation in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when (or as) the entity satisfies a performance obligation.

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

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

3.15. Finance expenses

Finance expenses comprise bank charges. All finance expenses are recognized 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

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 of allocation of depreciation in different overheads are as follows:

Manufacturing, labor and overhead	95%
Administrative expenses	5%

Notes to financial statements

For the year ended 31 December 2020

3.21. Environmental expenditure

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

3.22. Earnings per Share

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.

4 PROPERTY, PLANT AND EQUIPMENT

Particulars	Land and Buildings	Plant and Machinery	Furniture and Equipment	Transport and Vehicles	Total
	BDT '000	BDT '000	BDT '000	BDT '000	BDT '000
Cost					
At 1st April 2019	1,083,144	663,380	3,189	7,201	1,756,914
Additions	-	-	-	-	-
Disposal	-	-	-	-	-
Balance at 31 December 2019	1,083,144	663,380	3,189	7,201	1,756,914
Cost					
At 1st January 2020	1,083,144	663,380	3,189	7,201	1,756,914
Additions/(transfer) (note 4.1)	(318,760)	-	2,702	-	(316,058)
Disposal	-	-	-	(694)	(694)
Balance at 31 December 2020	764,384	663,380	5,891	6,507	1,440,162
Depreciation					
At 1st April 2019	2,034	38,026	2,142	4,724	46,926
Depreciation expense	2,578	34,201	1,958	1,308	40,045
Disposal	-	-	-	-	-
Balance at 31 December 2019	4,612	72,227	4,100	6,032	86,972
Depreciation					
At 1st January 2020	4,612	72,227	4,100	6,032	86,972
Depreciation expense	2,682	55,384	220	65	58,351
Disposal	-	-	-	-	-
Balance at 31 December 2020	7,294	127,612	4,320	6,097	145,323
Net book value at 31 December 2020	757,090	535,769	1,571	409	1,294,839
Net book value at 31 December 2019	1,078,532	591,153	(912)	1,169	1,669,943

Notes to financial statements

For the year ended 31 December 2020

4.1 Lease Assets -RoU

Particulars	Lease RoU Land	Lease RoU Building	Total
	BDT'000	BDT'000	BDT'000
Cost			
At 1st January 2020	-	-	-
Additions/Transfer	318,760	10,342	329,102
Disposal	-	-	-
Balance at 31 December 2020	318,760	10,342	329,102
Depreciation			
At 1st January 2020	-	-	-
Depreciation expense	3,750	3,447	7,198
Disposal	-	-	-
Balance at 31 December 2020	3,750	3,447	7,198
Net book value at 31 December 2020	315,010	6,895	321,905

The company has adapted IFRS 16 with effect from 1st January 2020.

4.2. Allocation of depreciation expense to:

	31.12.2020 BDT '000	31.12.2019 BDT '000
Manufacturing, labor and overheads (note 19.4)	61,817	38,098
Warehousing, distribution and selling expenses (note 21)	-	-
Administrative expense (note 22)	3,732	1,947
	65,549	40,045

5 CAPITAL WORK-IN-PROGRESS

	Plant and Machinery BDT '000	Plant and Machinery BDT '000
At 1st January 2020	11,086	11,086
Addition	-	-
Purchase Price Adjustment	(11,086)	-
At 31 December 2020	-	11,086

6 DEFERRED TAX ASSETS

Opening balance	94,158	94,158
Provision reversed during the year	1,469	-
Closing balance	95,626	94,158

7 INVENTORIES

Raw materials	106,437	130,105
Finished goods	19,358	18,760
Packing materials	4,085	341
Stores and spares	53,146	67,841
Purchase Price Adjustment	(3,621)	-
	179,406	217,046

Notes to financial statements

As at 31 December 2020

8 TRADE AND OTHER RECEIVABLES

	31.12.2020 BDT '000	31.12.2019 BDT '000
Trade receivables	251,930	298,213
Purchase Price Adjustment	(39,899)	-
Provision for doubtful debt	(96,337)	(96,337)
	115,694	201,877
Other receivables		
Receivable from Emirates Power Company Ltd. (EPCL)	33,589	44,286
	149,283	246,163
	149,283	246,163
Receivable covered under security	33,586	129,600
Outstanding for a period exceeding six months.	54,179	132,971

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.

Receivable from EPCL, a related party is interest-free and without any defined repayment term.

9 ADVANCES, DEPOSITS AND PREPAYMENTS

	31.12.2020 BDT '000	31.12.2019 BDT '000
Advance paid to suppliers and employees	8,428	4,820
Security and other deposits	115,302	103,358
Prepayments	2,724	2,821
	126,454	110,999

10 CURRENT TAX ASSETS

Opening balance	158,189	449,567
Current year tax expenses	(20,424)	(18,394)
	137,765	431,172
Advance income tax	19,762	20,574
	157,528	451,746
Adjusted with Revenue reserve*	-	(293,557)
Closing balance	157,528	158,189

* The amount of BDT 293,557 thousand, which is 65% of initial current tax assets value of BDT 451,625 thousand is considered as irrecoverable and recognized as initial PPA adjustment as of 31st December 2019.

11 CASH AND CASH EQUIVALENTS

	31.12.2020 BDT '000	31.12.2019 BDT '000
Cash in hand	16	127
Cash at bank in current accounts	11,693	1,979
	11,709	2,106

12 SHARE CAPITAL

- 12.1. Authorized share capital**
160,000,000 ordinary shares of BDT 10 each

	31.12.2020 BDT '000	31.12.2019 BDT '000
	1,600,000	1,600,000

Notes to financial statements

Emirates Cement Bangladesh Limited

	31.12.2020	31.12.2019
	BDT '000	BDT '000
12.2. Issued, subscribed and paid-up share capital		
158,929,972 ordinary shares of BDT 10 each	1,589,300	1,589,300
12.3. Position of shareholding		
HeidelbergCement Bangladesh Limited	158,929,962	158,929,962
Jashim Uddin Chowdhury, FCA	10	10
	158,929,972	158,929,972
	31.12.2020	31.12.2019
	BDT '000	BDT '000
13 NET DEFINED BENEFIT LIABILITY		
Non-Current net defined benefit liability	15,508	22,447
Current net defined benefit liability	3,164	3,164
	18,672	25,612
14 BANK OVERDRAFT		
Bank Asia Limited	-	97,425
Standard Chartered Bank	-	71,077
	-	168,502
Bank overdraft with Bank Asia Limited		
Interest: 9.00% p.a for any utilization in Taka, payable quarterly in arrears, interest on accrued from the utilization date to the date of repayment of that utilization.		
Bank overdraft with Standard Chartered Bank		
Interest: 8.00% p.a for any utilization in Taka, payable quarterly in arrears, interest on accrued from the utilization date to the date of repayment of that utilization.		
	31.12.2020	31.12.2019
	BDT '000	BDT '000
15 LOANS AND BORROWINGS		
Bank Asia Limited- Loan against trust receipt (LATR)	-	187,827
Bank Asia Limited- Usance payable at sight (UPAS) loan	-	105,950
Standard Chartered Bank- UPAS loan	-	84,170
Standard Chartered Bank- Short term loan	-	170,000
	-	547,947
Related Party		
Term loan from HeidelbergCement Bangladesh Limited	233,750	-
Less: Non current portion of this loan	178,750	-
Term loan-Current Portion	55,000	-
	55,000	-

Notes to financial statements

As at 31 December 2020

Loan with Bank Asia Limited

Interest : Revolving LATR- 9.00% p.a for any utilization in Taka, payable quarterly in arrears, interest on accrued from the utilization date to the date of repayment of that utilization.

Securities (for all facilities granted by the bank):

- i) Registered mortgage of land measuring 8.91 acres along with building constructed thereon located at Mukterpur, Munshiganj.
- ii) Hypothecation of plant & machinery.
- iii) Hypothecation of book debts & receivables.
- iv) Pari-passu charge with Standard Chartered Bank on all fixed & floating assets both present & future of the company covering the full loan amount.
- v) Post dated cheques favoring the bank covering the LTR & OD limit.
- vi) Registered Irrevocable General power of Attorney empowering the Bank to sell the mortgaged property.
- vii) Notarized Irrevocable General power of Attorney empowering the Bank to sell the hypothecated items.
- viii) First Ranking Pari Passu charge with Standard Chartered Bank on all fixed & floating assets (both present & future) of the company with RJSC covering the full amount.
- ix) Letter of trust receipt.
- x) Documents of title to goods.

Loan with Standard Chartered Bank

Interest:

Short term money market loan

8.00% p.a for any utilization in Taka, payable quarterly in arrears, Interest on accrued from the utilization date to the date of repayment of that utilization.

Import Loan

8.00% p.a for any utilization in Taka, payable quarterly in arrears, Interest on accrued from the utilization date to the date of repayment of that utilization.

Securities (for all facilities granted by the bank):

- i) Demand and promissory note & letter of continuation for BDT 600,000,000 each registered hypothecation over stocks, book debts and machinery of the company on pari-passu basis with other co-lenders where Standard Chartered Bank's share.

16 TRADE AND OTHER PAYABLES

Trade payables (Suppliers)

Other payables (Inter-company)

Other payables

16.1. Other Payables

Salaries and allowances

Accrued interest

VAT deducted at source and other payable

Tax deducted at source

Advance from customers/retention payable

Audit fees

	31.12.2020	31.12.2019
	BDT '000	BDT '000
	247,117	86,947
	226,686	500
	77,604	19,870
	551,407	107,317
	40	113
	14,591	14,381
	129	1,332
	1,904	1,219
	59,575	2,241
	1,365	585
	77,604	19,870

Notes to financial statements

As at 31 December 2020

	31.12.2020	31.12.2019
	BDT '000	BDT '000
16.A Finance Lease Liability		
Long-term liabilities from finance lease (non-current portion)	1,841	-
Long-term liabilities from finance lease (current portion)	5,311	-
	7,152	-
17 PROVISION FOR OTHER EXPENSES		
Retail scheme	8,310	3,727
Accrued expenses	23,589	43,985
Due to employees for unavailed leave	6,274	7,809
	38,173	55,520
18 SALES		
Domestic	1,160,359	1,170,528
Total Sales	1,160,359	1,170,528
19 COST OF GOODS SOLD		
Opening stock of raw materials (note 19.1)	130,446	107,461
Raw materials purchased (note 19.1)	853,121	904,473
Closing stock of raw materials (note 19.1)	(110,522)	(130,446)
Raw materials consumed	873,045	881,488
Manufacturing labor and overhead (note 19.4)	232,417	170,034
Cost of production	1,105,462	1,051,521
Opening finished goods	18,760	24,617
Closing finished goods	(19,358)	(18,760)
Cost of goods sold	1,104,863	1,057,378
19.1. Raw materials consumed		
Opening inventory:		
Clinker	93,673	76,304
Gypsum	5,718	9,070
Iron slag	3,978	10,331
Limestone & other	2,789	6,899
Fly ash	23,947	2,280
Packing materials	341	2,577
	130,446	107,461
Purchase:		
Clinker	590,017	645,104
Gypsum	31,338	17,745
Iron slag	48,796	18,018
Limestone and others	42,283	11,068
Fly ash	74,259	149,972
Packing materials	66,427	62,565
	853,121	904,473
Raw materials available for consumption	983,567	1,011,933
Closing inventory:		
Clinker	(70,303)	(93,673)
Gypsum	(9,161)	(5,718)
Iron slag	(4,843)	(3,978)
Limestone and other	(16,246)	(2,789)
Fly ash	(5,886)	(23,947)
Packing materials	(4,085)	(341)
	(110,522)	(130,446)
Raw materials consumed	873,045	881,488

Notes to financial statements

For the year ended 31 December 2020

19.2. 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 2020	4.00	18,760	3.77	19,358	186.22	1,160,359
Year 2019	4.57	24,617	4.00	18,760	181.12	1,170,528

19.3. Analysis of materials consumption

	31 December 2020		31 December 2019	
	Qty-M.T	BDT	Qty-M.T	BDT
Raw materials				
Clinker	119	613,388	119	627,735
Gypsum	9	27,896	6	21,096
Iron slag	15	47,931	7	24,372
Limestone and others	11	28,827	6	15,179
Fly ash	32	92,320	45	128,305
Packing materials (000 Pcs)	3,750	62,683	3,537	64,801
		873,045		881,488

19.4. Manufacturing labor and overhead

Personnel Cost:

Salaries, wages and bonus
Welfare and other benefits

Power and fuel costs
Depreciation expense (note 4.2)
Stores and spares consumed
Repairs and maintenance
Insurance
Security guard
Material handling charges

	2020 BDT '000	2019 BDT '000
	18,638	19,106
	295	952
	18,934	20,058
	86,766	74,032
	61,817	38,098
	33,584	13,737
	17,073	11,577
	2,015	1,535
	4,133	3,212
	8,095	7,784
	232,417	170,034
	60	45
	3,387	180
	3,447	225

20 OTHER OPERATING INCOME

Lease income
Gain on sale of fixed assets

Notes to financial statements

For the year ended 31 December 2020

	2020 BDT '000	2019 BDT '000
21 WAREHOUSING, DISTRIBUTION AND SELLING EXPENSES		
Salaries, wages and bonus	23,797	24,394
Freight, loading, unloading and others	2,890	19,786
Advertisement and business promotion expenses	3,882	23,228
Commission to distributors and selling agents	-	15,157
Entertainment	317	444
	30,886	83,010
22 ADMINISTRATIVE EXPENSES		
Personnel Cost:		
Salaries, wages and bonus	12,072	12,375
Depreciation expense (note 4.2)	3,732	1,947
Rent, rates and taxes	2,616	4,382
Traveling and conveyance	1,060	10,140
Postage, telephone and telex	1,783	2,478
Legal and professional charges	1,455	2,985
Repairs and maintenance	3,174	1,140
Bank charges	394	710
Audit fee	780	585
Registration expense	2,720	2,040
Electricity	428	519
Vehicle running expense	1,682	2,745
Newspaper and periodicals	29	59
Medical expenses	44	7
Overseas travelling and conveyance	-	20
Insurance, CDBL and other administrative expenses	1,567	2,427
	33,536	44,558
23 NET FINANCE EXPENSES/(GAIN)		
Interest expenses on LATR and import loan	5,984	32,113
Interest expenses on short term money market loan	11,912	10,480
Interest expenses on Inter Company Loan (HCBL)	20,608	-
Interest expenses on Inter Company Loan (MEL)	10,737	-
Interest expenses on bank overdraft	2,047	9,289
Net foreign exchange (gain) loss	(2,612)	3,998
	48,677	55,880
24 INCOME TAX EXPENSE		
As per the applicable tax law, for cement manufacturer HeidelbergCement Bangladesh Limited (HCBL) has to pay the tax at the rate applicable to the company, in case of income from 82C subject to higher of (a) at the rate of 0.60% of total gross receipts, (b) tax deducted at source cement export u/s 53BBBB, tax deducted at source for corporate sales u/s 52, tax paid at import stage u/s 53; u/s 44 (4), SRO 187/2009 and tax deducted at source of bank interest income u/s 53F (as covered by section 82C). (c) at the corporate tax rate 25%.		
Profit before tax	(54,156)	(70,073)
Income tax @ statutory rate of 32.5%/Gross receipts .60%	(17,601)	(24,525)
Inadmissible expenses/permanent differences		
Current tax charges	20,424	18,394

Notes to financial statements

For the year ended 31 December 2020

25 EARNINGS PER SHARE (BASIC)

Profit after tax for the year	(73,111)	(88,467)
Weighted average number of shares outstanding at the end of the year	158,930	158,930
Earnings per share (Basic)	(0.46)	(0.56)

2020 BDT '000	2019 BDT '000
(73,111)	(88,467)
158,930	158,930
(0.46)	(0.56)

The calculation of the basic earnings per share is made in accordance with IAS/BAS-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.

26 NOTES TO THE STATEMENT OF CASH FLOWS

The cash flow statement shows 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.

26.1 Collection from customers

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

26.2 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.

26.3 Cash paid for operating expenses

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

26.4 Income tax paid

During the period the company has paid BDT 19,762 thousand as advance income tax.

26.5 Acquisition of non-current assets

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

Notes to financial statements

For the year ended 31 December 2020

27 RECONCILIATION OF OPERATING CASH FLOW TO NET PROFIT FOR THE YEAR

	Jan 20 to Dec 2020	Apr 19 to Dec 2019
Loss before tax	(54,156)	(70,073)
(Profit)/Loss on sales of Fixed Assets	(3,387)	-
Depreciation of property, plant and equipment	65,549	40,045
(Increase)/Decrease in inventories	34,020	(22,727)
(Increase)/Decrease in Trade and other receivable	56,981	207,752
(Increase)/Decrease in advance, deposits and prepayments	(15,455)	11,722
Increase/(Decrease) in Trade & other payables	454,610	(23,769)
Increase/(Decrease) in Provision for other liabilities and charges	(10,196)	(4,857)
Increase/(Decrease) in Net defined benefit liability	(6,939)	(3,407)
Income tax paid	(19,762)	(20,574)
Net cash flow generated from operating activities	501,265	114,112

28 BANK FACILITIES

The company has got the following loan facilities from Banks:

Standard Chartered Bank

Bank Overdraft

Short term loan facilities

Letter of credit

Bank Asia

Bank Overdraft

Letter of credit

Bank Guarantee opened ended

Grand Total

	2020 BDT '000	2019 BDT '000
	75,000	75,000
	170,000	170,000
	355,000	355,000
	600,000	600,000
	100,000	100,000
	600,000	600,000
	11,000	11,000
	711,000	711,000
	1,311,000	1,311,000

29 EXPENDITURE INCURRED ON EMPLOYEES

Salaries, wages and benefits

Employment through out the year in receipt of remuneration aggregating BDT 36,000 or more per year

	Number of Employees	
	2020	2019
	67	93
	67	93

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

30 MANAGERIAL REMUNERATION - MANAGERS AND OFFICERS

Salary and bonus

Rent

Retirement benefits

Provident fund

Medical

Other

	2020 BDT '000	2019 BDT '000
	20,340	18,509
	6,872	6,995
	1,084	1,358
	1,380	1,398
	1,486	1,399
	16,345	13,537
	47,507	43,196

Notes to the financial statements

For the year ended 31 December 2020

31 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

A. Accounting classifications and fair values

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

Note	Carrying amount			Fair value	
	Financial assets at amortized cost	Other financial liabilities	Total	Total	
31 December 2020					
<i>In Taka'000</i>					
Financial assets not measured at fair value					
Trade and other receivables	8	149,283	-	149,283	149,283
Cash and cash equivalents	11	11,709	-	11,709	11,709
		160,992	-	160,992	160,992
Financial liabilities not measured at fair value					
Loans and borrowings	15	-	233,750	233,750	233,750
Trade and other payables	16	-	551,407	551,407	551,407
		-	785,157	785,157	785,157
31 December 2019					
Financial assets not measured at fair value					
Trade and other receivables	8	246,163	-	246,163	246,163
Cash and cash equivalents	11	2,106	-	2,106	2,106
		248,270	-	248,270	248,270
Financial liabilities not measured at fair value					
Bank overdraft	14	-	168,502	168,502	168,502
Loans and borrowings	15	-	547,947	547,947	547,947
Trade and other payables	16	-	107,317	107,317	107,317
		-	823,766	823,766	823,766

The Company has not disclosed the fair values for financial instruments such as cash and cash equivalents, short term investment, trade and other receivables, bank overdraft, loans and borrowings, trade and other payables because their carrying amounts are a reasonable approximation of fair values.

Notes to the financial statements

For the year ended 31 December 2020

B. Financial risk management

ii. Liquidity risk

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

Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of the financial obligation and accordingly arranging for sufficient liquidity/fund to make the expected payment within due date.

In extreme stressed conditions, the company may get support from the parent company in the form of shareholder's loan/capital contribution.

The followings are the contractual maturities of non derivative financial liabilities:

In Taka'000	Carrying amount	Contractual cash flows					
		Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
31 December 2020							
Trade payables (suppliers)	247,117	(247,117)	(247,117)	-	-	-	-
Other payables	77,604	(77,604)	(77,604)	-	-	-	-
Inter-company payables	226,686	(226,686)	(226,686)	-	-	-	-
Bank overdraft	-	-	-	-	-	-	-
Loans and borrowings	233,750	(233,750)	(55,000)	(178,750)	-	-	-
	785,157	(785,157)	(606,407)	(178,750)	-	-	-
31 December 2019							
Trade payables (suppliers)	86,947	(86,947)	(86,947)	-	-	-	-
Other payables	19,870	(19,870)	(19,870)	-	-	-	-
Inter-company payables	500	(500)	(500)	-	-	-	-
Bank overdraft	168,502	(168,502)	(168,502)	-	-	-	-
Loans and borrowings	547,947	(547,947)	(547,947)	-	-	-	-
	823,766	(823,766)	(823,766)	-	-	-	-

iii. Market risk

Market risk is the risk that changes in market prices, such as changes in foreign exchange rates and interest rates, will 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 optimizing the return.

Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings incurred in foreign currencies. The Company's foreign currency transactions are denominated in USD.

Interest rate risk

The risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rate. At 31 March, the interest rate profile of the Company's interest bearing financial instruments was:

In Taka	Note	Carrying amount	
		2020	2019
Fixed rate instrument			
Loans and borrowings	15	233,750	547,947
Bank overdraft	23	-	168,502
Total		233,750	716,449

Notes to the financial statements

For the year ended 31 December 2020

32 RELATED PARTY TRANSACTIONS

A. Parent and ultimate controlling party

UltraTech Cement Middle East Investments Ltd. has 99.99% shareholding of the company. As a result, the parent and ultimate controlling party of the company is UltraTech Cement Middle East Investments Ltd. However, effective on 5 December 2019, 100% share of the Company has been acquired by HeidelbergCement Bangladesh Limited (HCBL) through a share purchases agreement (SPA).

B. Other related parties transactions

In Taka'000	Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
	2020	2019	2020	2019
Salary of expatriates				
Emirates Power Company Ltd.	-	-	2,514	2,514
Interest charge:				
Meghna Energy Limited	(11,864)	-	(11,864)	-
HeidelbergCement Bangladesh limited	(2,727)	-	(2,727)	-
Power purchase				
Emirates Power Company Ltd.	(18,495)	(16,620)	(819,145)	(800,650)
Lease rent				
Emirates Power Company Ltd.	60	45	1,080	1,020
Term loan				
Meghna Energy Limited	(233,750)	-	(233,750)	-
Current Account				
HeidelbergCement Bangladesh limited	(226,686)	(500)	(226,686)	(500)
Temporary loan				
Emirates Power Company Ltd.	7,738	6,301	849,140	841,403


33

- 33.1 These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
- 33.2 Previous year's figures have been regrouped and/or rearranged wherever considered necessary for the purpose of current year's presentation.

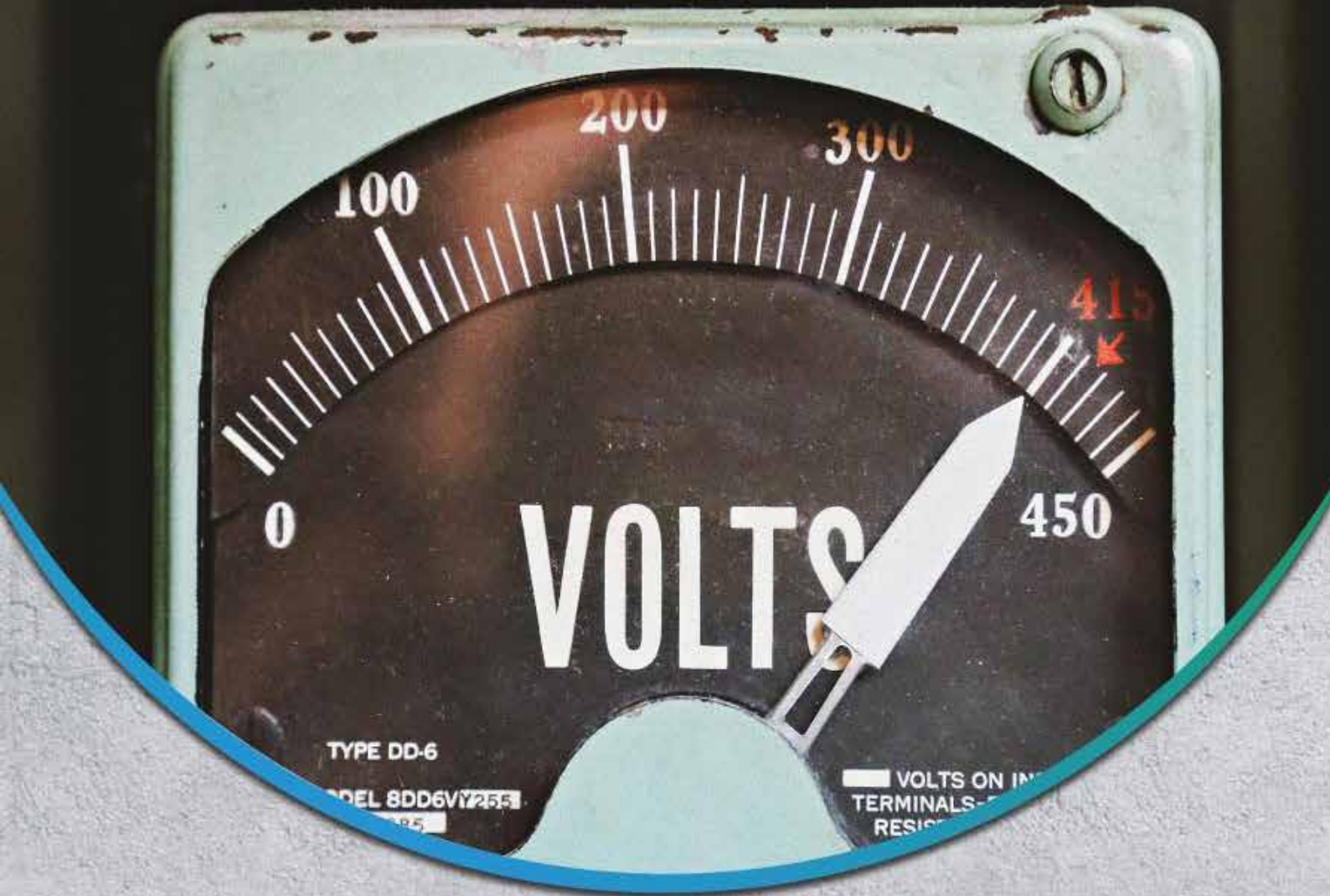
34 SUBSEQUENT EVENT

From March 2021, a surge in the infection rate of COVID-19 is observed in Bangladesh, requiring the government of Bangladesh to announce country-wide lockdown effective from 05 April 2021 to contain spread of the virus. The factories of the Group remained operational being out of the scope of the lockdown. The Group has taken necessary measures to comply with the requirements of the lockdown by limiting its physical movements, following infection prevention guidelines and conducting activities on online platforms.

For and on behalf of the Board of Directors of Emirates Cement Bangladesh Limited


Managing Director


Director



Emirates Power Company Limited

Auditors' report and financial statements

For the year ended 31 December 2020



Independent Auditor's Report

To the shareholders of Emirates Power Company Limited Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Emirates Power Company Limited (the "Company"), which comprise the statement of financial position as at 31 December 2020 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 statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give true and fair view of the financial position of the Company as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) 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 Auditor's 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) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as explained in note 3, the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 judgment 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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. 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.

Other matters

Effective 5 December 2019, the Company is acquired by HeidelbergCement Bangladesh Limited (the Holding Company) and pursuant to section 186 of the Companies Act 1994, these financial statements of the Company have been prepared to include with the annual report of the Holding Company. The Company's financial year is from 1 April to 31 March and hence as per section 183 of the Companies Act 1994 another set of financial statements of the Company shall be prepared and presented at the annual general meeting covering the year ending on 31 March 2021.

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 those books; and
- c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

Dhaka, 28 April 2021



Sabbir Ahmed FCA
Enrolment No: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants



Statement of Financial Position

As at 31 December 2020


	Notes	31 December 2020 BDT '000	31 December 2019 BDT '000
Assets			
Non-current assets			
Property, plant and equipment	4	103,495	117,348
Total non-current assets		103,495	117,348
Current assets			
Inventories	5	36,432	41,079
Advances, deposits and prepayments	6	433	281
Current tax assets	11	651	-
Cash and cash equivalents	7	6	7
Total current assets		37,522	41,367
Total assets		141,018	158,716
Equity and Liabilities			
Capital and reserves			
Share capital	8	269,962	269,962
Revaluation reserve	Ch. Equity	8,902	8,902
Accumulated losses	Ch. Equity	(176,144)	(168,561)
		102,719	110,302
Non-current liabilities			
Net defined benefit liability (gratuity)		2,903	2,658
Total non-current liabilities		2,903	2,658
Current liabilities			
Trade and other payables	9	33,597	44,312
Provision for other expenses	10	1,439	971
Net defined benefit liability		358	358
Provision for income tax	11	-	115
Total current liabilities		35,395	45,756
Total liabilities		38,298	48,414
Total equity and liabilities		141,018	158,716

These financial statements should be read in conjunction with annexed notes.

For and on behalf of the Board of Directors of Emirates Power Company Limited



 Managing Director



 Director

See our annexed report of same date



Sabbir Ahmed FCA
 Enrolment No: 770
 Hoda Vasi Chowdhury & Co
 Chartered Accountants

Dhaka, Bangladesh
 Dated, 28th April 2021

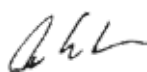
Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st December 2020

	Notes	2020 BDT '000	2019 (April to Dec 2020) BDT '000
Sales	15	18,495	16,620
Cost of goods sold	16	(20,754)	(14,014)
Gross profit/(loss)		(2,259)	2,606
Administrative expenses	17	(553)	(724)
Operating profit/(loss)		(2,812)	1,882
Contribution to workers' profit participation fund		-	-
Profit/(loss) before tax		(2,812)	1,882
Income tax expense		-	(1,882)
Current tax:			
Current year		-	(1,882)
Profit for the year/period		(2,812)	0.00
Earnings per share (EPS)		-0.10	0.00
Profit for the year/period		-	-
Other comprehensive income		-	-
Total comprehensive income		-	-

These financial statements should be read in conjunction with annexed notes.

For and on behalf of the Board of Directors of Emirates Power Company Limited



Managing Director



Director

See our annexed report of same date



Sabbir Ahmed FCA

Enrolment No: 770

Hoda Vasi Chowdhury & Co

Chartered Accountants

Dhaka, Bangladesh
Dated, 28th April 2021

Statement of Changes in Equity

For the year ended 31st December 2020

Particulars	Share capital BDT '000	Revaluation reserve BDT '000	Accumulated losses BDT '000	Total BDT '000
Year 2019				
Balance as at 01 April 2019	269,962	8,902	(168,561)	110,302
Net profit for the period	-	-	-	-
Balance as at 31 December 2019	269,962	8,902	(168,561)	110,302
Year 2020				
Balance as at 01 January 2020	269,962	8,902	(168,561)	110,302
Net profit/loss for the period	-	-	(2,812)	(2,812)
Purchase price adjustment	-	-	(4,771)	(4,771)
Balance as at 31 December 2020	269,962	8,902	(176,144)	102,719

These financial statements should be read in conjunction with annexed notes.

For and on behalf of the Board of Directors of Emirates Power Company Limited



Managing Director



Director

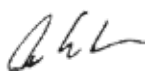
Statement of Cash Flows

For the year ended 31 December 2020

	2020 BDT '000	2019 BDT '000
Cash flows from operating activities		
Collections from customers	18,495	16,620
Cash paid to suppliers	(17,739)	(15,448)
Cash paid for operating expenses	(756)	(586)
Cash generated in operations	(1)	587
Income taxes paid	-	(616)
Net Cash generated in operations (a)	-	(29)
Net Cash used in investing activities (b)	-	-
Net cash used in financing activities (c)	-	-
Net increase/(decrease) in cash and cash equivalents (a+b+c)	(1)	(29)
Opening cash and cash equivalents	7	36
Closing cash and cash equivalents	6	7

These financial statements should be read in conjunction with annexed notes.

For and on behalf of the Board of Directors of Emirates Power Company Limited



Managing Director



Director

Notes to the financial statements

As at 31 December 2020

1. COMPANY AND ITS OBJECTIVES

Emirates Power Company Limited ("the Company") was incorporated as a private limited company on 2 August 2001 under the Companies Act 1994. It has an authorised capital of Tk 300,000,000 divided into 3,000,000 ordinary shares of Tk 100 each. The power plant is situated at East Mukterpur, Munshiganj, Bangladesh.

100% share of the Company acquired by HCBL on 5th December 2019 as per share purchases agreement (SPA) between those.

The number of employee at the year end was 08.

2. NATURE OF ACTIVITIES

The principal activity of the Company is producing and supplying electric power to Emirates Cement Bangladesh Limited. Operational details of the Company are as under:

Name of plant	Plant capacity	Operation commencement
Emirates Power Company Limited	10 MW	June 2005

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), the Companies Act 1994 and other applicable laws and regulations.

Date of approval

The Board of Directors has approved these financial statements on 28 July 2020.

(b) Accounting convention

The financial statements have been prepared on a going concern basis under the historical cost convention, except for property, plant and equipment which is shown on revalued amount.

(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 IFRS 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. Critical accounting estimates and judgments are applied in case of revaluation of property, plant and equipment and related deferred tax calculation.

(f) Reporting period

These financial statements are prepared for the year of 01 January to 31 December 2020.

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 or loss account.

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.

Notes to the financial statements

As at 31 December 2020

(c) Depreciation

The estimated useful lives of property, plant and equipment are as follows:

Classes of assets	2020	2019
Buildings and other construction	3.33%	3.33%
Plant, machinery and equipment	3.33%- 10%	3.33%- 10%
Office equipment	25%	25%
Furniture and fixtures	14%	14%
Computer and accessories	33%	33%

Impairment

The Company tests for impairment of property, plant and equipment when there is an indication that property, plant and equipment might be impaired. However, no such indications that might be suggestive of a heightened risk of impairment of property, plant and equipment existed at the reporting date.

3.4 Intangible assets

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 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.

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.

3.7 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.

3.8 Provisions

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

3.9 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.

3.10 Revenue recognition

The Company recognises as revenue the amount that reflects the consideration to which the Company expects to be entitled in exchange for goods and services when (or as) it transfers control to the customer. To achieve that core principal, IFRS 15 establishes a five-step model as follows:

- Identify the contract with a customer;
- Identify the performance obligation in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Notes to the financial statements

As at 31 December 2020

Revenue consists of supply of electricity and quantum which is determined by survey of meter reading. Revenue is recognised in the statement of profit or loss and other comprehensive income when the related performance obligation is met by supplying of electricity and raising of invoice.

3.11 Taxation

The Company being a private limited company is subject to a normal income tax rate of 32.5% (PY 35%) on its taxable income. However, the Company as private sector electricity producer is entitled to 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. The tax exemption period will expire in May 2020. However in current provision is made at the ruling rate of tax applied on estimated total taxable income.

3.12 Statements of cash flows

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

3.13 Defined contribution plan (provident fund)

Defined contribution plan is a post-employment benefit plan. The employees' provident fund is considered as defined contribution plan (Group Insurance Provident Fund- GIPF) 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.

The Company recognises contribution to defined contribution plan as an expense when an employee has rendered services in exchange for such contribution. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

3.14 Defined benefit plan (gratuity)

The Company operates an unfunded defined benefit plan (gratuity), provision in respect of which is made covering all its permanent eligible employees. Benefit payable to all eligible employees at the end of each year is determined on the basis of existing rules and regulations. Each employee on completion of the six months of service will be eligible for the scheme. The benefit payable will be computed by considering the following conditions:

- a) Employee working for more than 6 months will be entitled to one month's basic salary for each year of service up to 10 years.
- b) Employee working continuously for 10 years or above will be entitled to one and half months basic salary for each year of service.

3.15 New accounting standards adopted

The Company has applied the following standards and amendments for the first-time commencing 1 April 2019:

(a) IFRS 16 Leases

In January 2016, the IASB issued a new accounting standard, IFRS 16 'Leases', which changed the accounting for leases. The standard requires lessees to recognise right-of-use ("ROU") assets and lease liabilities for most leases in the statement of financial position. The new standard uses a single model for lessee accounting, eliminating the distinction between operating and finance leases. The standard also made some changes to lessor accounting and generally aligns with revenue recognition guidance under IFRS 15. The standard also requires qualitative and quantitative disclosures to enable users of financial statements to assess the impact from leases on the company's financial position, financial performance and cash flows. The Company adopted the standard effective 1 January 2019 using the simplified retrospective transition method whereby prior comparative periods were not retrospectively presented. In applying IFRS 16 for the first time, the Company elected the practical expedients not to reassess prior conclusions related to contracts containing leases, whether leases are onerous applying IAS 37, and to exclude initial direct costs ("IDC") for any existing leases, and the lessee practical expedient to combine lease and non-lease components for all asset classes. The Company also made a policy election to not recognise ROU assets and lease liabilities for short-term leases for all asset classes. The Company has assessed the impact of new standard and concluded that its existing lease contract would fall under the 'low value items' and practical expedients without having any material impact on the financial statements as of the adoption date.

3.16 Standards issued but not yet effective

The standards and interpretation that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below:

(a) IFRS 17 Insurance contract

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The Company has not yet assessed potential impact of IFRS 17 on its financial statements.

Notes to the financial statements

As at 31 December 2020

4 PROPERTY, PLANT AND EQUIPMENT

Particulars	Land and Buildings BDT '000	Plant and Machinery BDT '000	Furniture and Equipment BDT '000	Total BDT '000
Cost				
At 1st April 2019	18,040	117,215	30	135,285
Additions	-	-	-	-
Disposal	-	-	-	-
Balance at 31 December 2019	18,040	117,215	30	135,285
At 1st January 2020	18,040	117,215	30	135,285
Additions	-	-	-	-
Disposal	-	-	-	-
Balance at 31 December 2020	18,040	117,215	30	135,285
Depreciation				
At 1st April 2019	676	8,736	29	9,441
Depreciation expense	802	7,694	-	8,496
Disposal	-	-	-	-
Balance at 31 December 2019	1,478	16,430	29	17,937
At 1st January 2020	1,478	16,430	29	17,937
Depreciation expense	941	12,913	-	13,853
Disposal	-	-	-	-
Balance at 31 December 2020	2,419	29,343	29	31,790
Net book value at 31 December 2020	15,621	87,872	2	103,495
Net book value at 31 December 2019	16,562	100,785	2	117,348

5 INVENTORIES

Diesel
Stores and spares
Purchase Price Adjustment

	31.12.2020 BDT '000	31.12.2019 BDT '000
Diesel	691	578
Stores and spares	40,512	40,501
Purchase Price Adjustment	(4,771)	-
	36,432	41,079

Notes to the financial statements

As at 31 December 2020

	31.12.2019 BDT '000	31.12.2019 BDT '000
6 ADVANCES, DEPOSITS AND PREPAYMENTS		
Advance- VAT current account	57	58
Advance to others	30	-
Prepayments - Insurance	346	223
	433	281
7 CASH AND CASH EQUIVALENTS		
Cash in hand	-	-
Cash at bank in current accounts-Bank Asia Limited	6	7
	6	7
8 SHARE CAPITAL		
Authorised:		
The authorised capital consist of 3 million ordinary shares of BDT 100 each	300,000	300,000
Issued, subscribed and paid up:		
Number of shares '000	2,699.62	2,699.62
Subscribed Share Capital	269,962	269,962
Position of Shareholding		
a) HeidelbergCement Bangladesh Limited	2,699,605	2,699,605
b) Jashim Uddin Chowdhury, FCA	10	10
	2,699,615	2,699,615
The company acquired by HeidelbergCement Bangladesh Limited on 5th December 2019.		
9 TRADE AND OTHER PAYABLES		
Trade payables (Inter-company-ECBL)	33,589	44,286
Other payables (note : 9.1)	8	25
	33,597	44,312
9.1 Other Payables		
Tax deducted at source payable	8	19
VAT deducted at source payable	-	6
	8	25
10 PROVISION FOR OTHER EXPENSES		
Provision for Bonus	131	131
Provision for audit fees	441	189
Repair and maintenance of plant and machineries	-	68
Due to employees for unavailed leave	740	444
Accrued expenses	127	140
	1,439	971
11 PROVISION FOR INCOME TAX/ADVANCE INCOME TAX		
Advance income tax	1,291	1,291
Income tax provision	(640)	(1,406)
	651	(115)
12 NET DEFINED BENEFIT LIABILITY		
<i>In Taka,000</i>		
Net defined benefit liability	3,262	3,016
Total employee benefit liabilities	3,262	3,016
Non-Current	2,903	2,658
Current	358	358
	3,262	3,016

Notes to the financial statements

For the year ended 31 December 2020

13 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values, where applicable, of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2020 In Taka '000	Note	Carrying amount						Fair value	
		Fair Value Hedging instruments	Mandatorily at fair value	FVOCI-debt instruments	FVOCI equity instruments	Financial assets at amortized cost	Other financial liabilities	Total	Total
Financial assets not measured at fair value									
Cash and cash equivalents	7	-	-	-	-	6	-	6	6
		-	-	-	-	6	-	6	6
Financial liabilities not measured at fair value									
Trade and other payables	9	-	-	-	-	-	(33,597)	(33,597)	(33,597)
		-	-	-	-	-	(33,597)	(33,597)	(33,597)
31 December 2019									
Financial assets not measured at fair value									
Cash and cash equivalents	7	-	-	-	-	7	-	7	7
		-	-	-	-	7	-	7	7
Financial liabilities not measured at fair value									
Trade and other payables	9	-	-	-	-	-	(44,312)	(44,312)	(44,312)
		-	-	-	-	-	(44,312)	(44,312)	(44,312)

The Company has not disclosed the fair values for financial instrument; such as cash and cash equivalents, trade and other payables because their carrying amounts are a reasonable approximation of fair values.

B. Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- credit risk (see (B)(ii));
- liquidity risk (see (B)(iii)); and
- market risk (see (B)(iv)).

i. Risk Management Framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

ii. Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The carrying amount of financial assets represents the maximum credit exposure. At the year end there was no asset which was exposed to credit risk.

Cash and cash equivalents

The Company held cash at bank of Taka 6,305 at 31 December 2020 (2019: Taka 6,995), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with the bank (Bank Asia Limited).

Notes to the financial statements

For the year ended 31 December 2020

iii. Liquidity risk

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

Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of the financial obligation and accordingly arranging for sufficient liquidity/fund to make the expected payment within due date.

In extreme stressed conditions, the company may get support from the parent company in the form of shareholder's loan/capital contribution.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

<i>In Taka</i>	Carrying amount	Contractual cash flows					
		Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
31 March 2020							
Trade payables	33,589	(33,589)	(33,589)	-	-	-	-
Other payables	8	(8)	(8)	-	-	-	-
	33,597	(33,597)	(33,597)	-	-	-	-
31 March 2019							
Trade payables	44,286	(44,286)	(44,286)	-	-	-	-
Other payables	25	(25)	(25)	-	-	-	-
	44,312	(44,312)	(44,312)	-	-	-	-

Notes to the financial statements

For the year ended 31 December 2020

iv. Market risk

Market risk is the risk that changes in market prices- such as foreign exchange rates and interest rates- will 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 optimizing the return.

Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated and the respective functional currency of Company. Primarily the functional currency of Company is Taka. At the year end there were no assets or liabilities denominated in foreign currency.

Interest rate risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. At the year end there was no interest bearing financial instrument.

14. RELATED PARTY TRANSACTIONS

A. Parent and ultimate controlling party

UltraTech Cement Middle East Investments Ltd. had 99.99% shareholding of the Company. As a result, the parent and ultimate controlling party of the company is UltraTech Cement Middle East Investments Ltd. However, effective on 5 December 2019, 100% share of the Company has been acquired by HeidelbergCement Bangladesh Limited (HCBL) through a share purchases agreement (SPA).

B. Other related parties transactions

	Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
	2020 BDT'000	2019 BDT'000	2020 BDT'000	2019 BDT'000
<i>In Taka</i>				
Sales of power				
Emirates Cement Bangladesh Limited	18,495	16,620	819,145	800,650
Lease rent				
Emirates Cement Bangladesh Limited	(60)	(45)	(1,080)	(1,020)
Temporary loan				
Emirates Cement Bangladesh Limited	(7,738)	(6,301)	(849,140)	(841,403)

Notes to the financial statements

For the year ended 31 December 2020

	2020 BDT '000	2019 BDT '000
15 Sales		
Sale of power	18,495	16,620
Total Sales	18,495	16,620
16 Cost of goods sold		
Raw materials consumed	226	794
Manufacturing labor and overhead	20,528	13,220
	20,754	14,014
16.1 Manufacturing labor and overhead		
Personnel Cost:		
Salaries, wages and bonus	5,183	3,763
Depreciation expense (note 4)	13,853	8,496
Operation and maintenance cost	1,034	598
Insurance	457	363
	20,528	13,220
17 Administrative expenses		
Lease rent	60	45
Audit fee	252	193
Registration expense	240	485
Bank charges	1	1
	553	724
18 Reconciliation of operating cash flow to net profit for the year	Jan 20 to Dec 20	April 19 to Dec 19
Profit before tax	(2,812)	1,882
Depreciation of property, plant and equipment	13,853	8,496
(Increase)/Decrease in inventories	(124)	345
(Increase)/Decrease in advance, deposits and prepayments	(802)	(32)
Increase/(Decrease) in Trade & other payables	(10,715)	(10,276)
Increase/(Decrease) in Net defined benefit liability	599	172
Income tax paid	-	(616)
Net cash flow generated from operating activities	(1)	(29)

19 Others

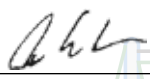
19.1 These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

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

20 Subsequent event

From March 2021, a surge in the infection rate of COVID-19 is observed in Bangladesh, requiring the government of Bangladesh to announce country-wide lockdown effective from 05 April 2021 to contain spread of the virus. The factories of the Group remained operational being out of the scope of the lockdown. The Group has taken necessary measures to comply with the requirements of the lockdown by limiting its physical movements, following infection prevention guidelines and conducting activities on online platforms.

for and on behalf of the Board of Directors of Emirates Power Company Limited


Managing Director

Dhaka, Bangladesh
Dated, 28th April 2021


Director



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Chittagong Factory

South Halishahar, G.P.O Box No. 372, Chittagong-4204, Tel: 88-031-2501170, Fax: 88-031-2501154

Registered Office & Kanchpur Factory

Mouza: Tatki, Post Office: Jatramora, Union: Tarabow, Police Station: Rupgonj, Dist: Narayanganj
Tel: 88-02-58815602, Fax: 88-02-58815598

Mukterpur Factory

East Mukterpur, Munshiganj