

ANNUAL REPORT 2021



**HEIDELBERGCEMENT
BANGLADESH LTD**



MATERIAL TO BUILD OUR FUTURE

Business innovation promotes change what unleashes new ideas and assist to replace the old business techniques and mechanisms to grab customers attraction. All business entities always strive to incorporate new ideas of doing business by fulfilling their customers satisfaction in a even better, faster and more convenient way. Likewise, 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 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.



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 PLC (CSE)
Bangladesh Investment Development Authority (BIDA)
National Board of Revenue (NBR)
Bangladesh Bank (BB) &
All other stakeholders of HCBL

Annual Report-2021 of HeidelbergCement Bangladesh Limited (HCBL) for the year ended 31 December 2021.

Dear Sir(s),

We are pleased to enclose a copy of HCBL's Annual Report-2021 together with the audited 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 2021 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 CMA FCA
Company Secretary



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FINANCIAL CALENDAR

33rd ANNUAL GENERAL MEETING

05 June 2022 (Sunday)
Circulation of Notice of 33rd Annual General Meeting

05 June 2022 (Sunday)
Issuance of Annual Report-2021

27 June 2022 (Monday)
Day of 33rd Annual General Meeting

RECORD DATE

27 April 2022 (Wednesday)
Release of price-sensitive information
to regulators and shareholders

31 May 2022 (Tuesday)
Record date instead of the book closure period

DISCLOSURE OF QUARTERLY RESULTS

Q1 on 28 April 2021 (Wednesday)
Unaudited results for the 1st quarter ended 31 March 2021

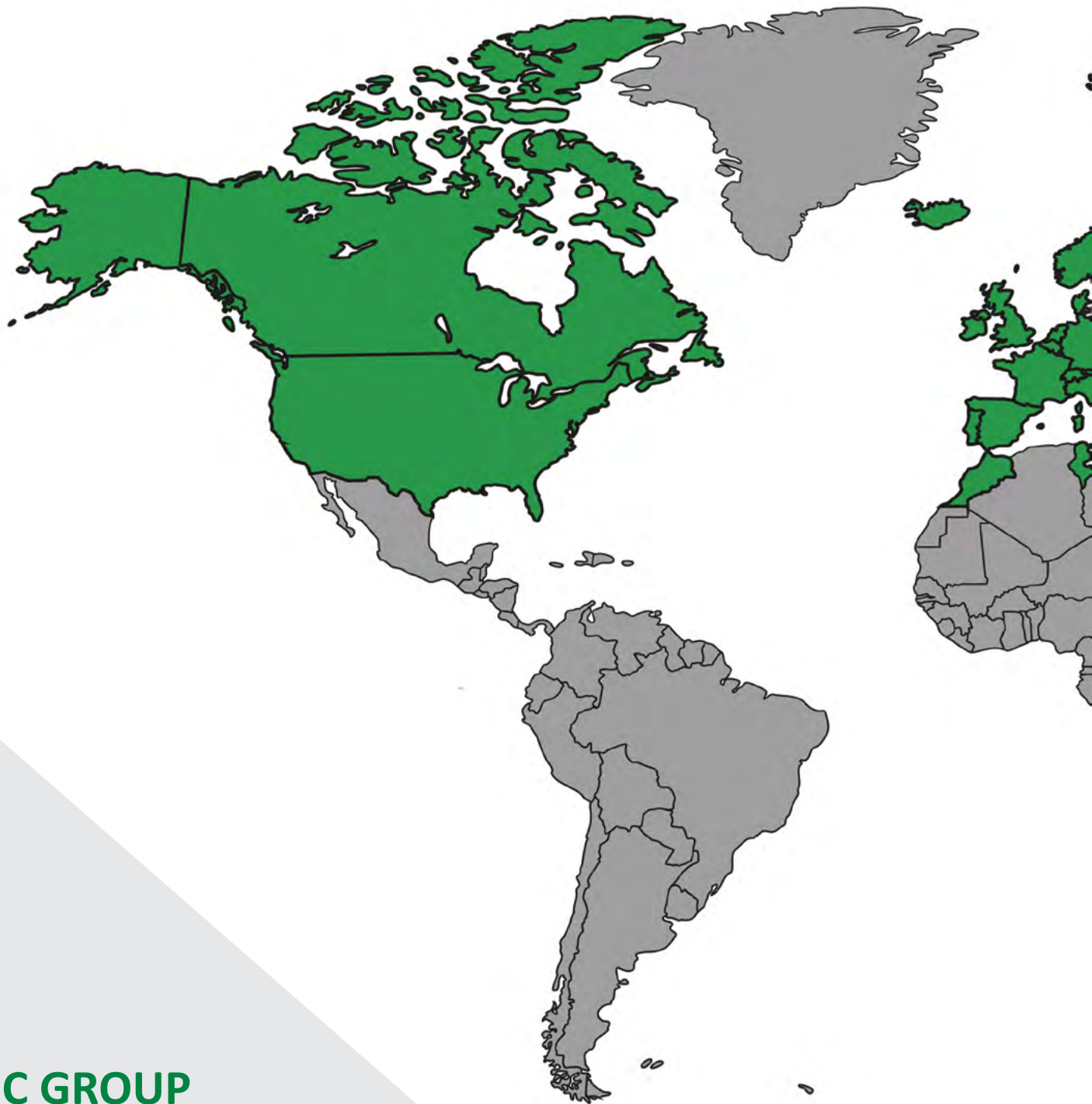
Q2 on 27 July 2021 (Tuesday)
Unaudited results for the half-year ended 30 June 2021

Q3 on 18 October 2021 (Monday)
Unaudited results for the 3rd quarter ended 30 September 2021

Q4 on 27 April 2022 (Wednesday)
Audited results for the year ended 31 December 2021

HEIDELBERGCEMENT BANGLADESH LTD.

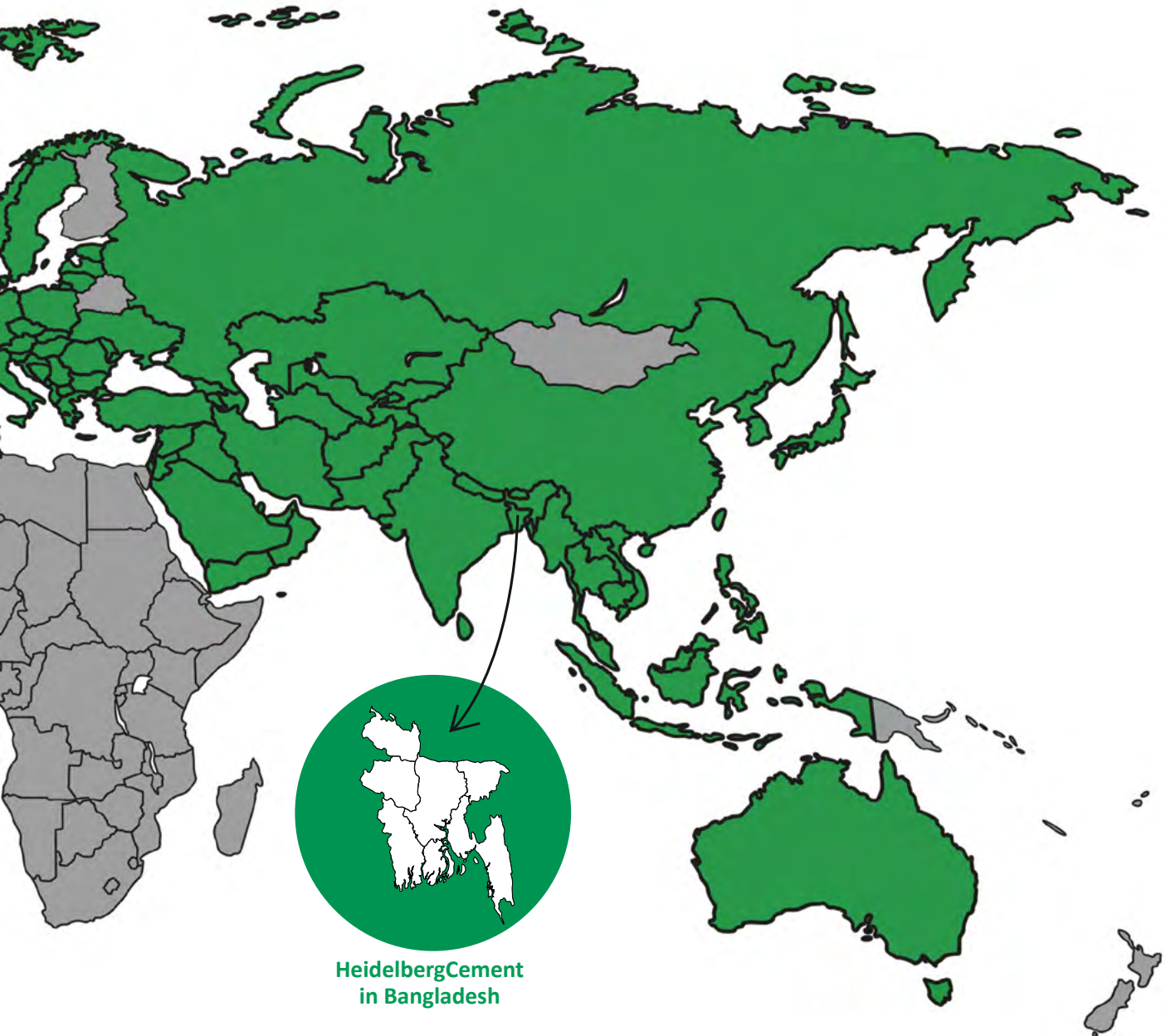
HEIDELBERGCEMENT BANGLADESH LTD.



HC GROUP

- ▲ 150 Years of Experience
- ▲ 51,000 Employees
- ▲ 3,000 Locations in over 50 Countries
- ▲ €18.7 Billion Annual Turnover

GLOBAL PRESENCE



HeidelbergCement
in Bangladesh

HCBL IN BRIEF

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 51,000 employees who work at 3,000 production sites and its reported annual turnover is equivalent to €18.7 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 Chattogram and by distributing the cement to the key markets of Dhaka and Chattogram. 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 Chattogram based company namely “Chittagong Cement Clinker Grinding Co. Limited (CCCGCL)” quickly followed by the acquisition of a controlling stake. The plant in Chattogram 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 Chattogram 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 has increased the productivity of the Company. The Company has also increased the capacity of its Kanchpur Plant by installing another grinding unit 0.472 million tons per year which is in operation from the end of 2019.

In 2021, the two subsidiary companies namely Emirates Cement Bangladesh Limited and Emirates Power Company Limited were amalgamated with HCBL.

OUR VISSION, MISSION & VALUES



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 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 VALUES

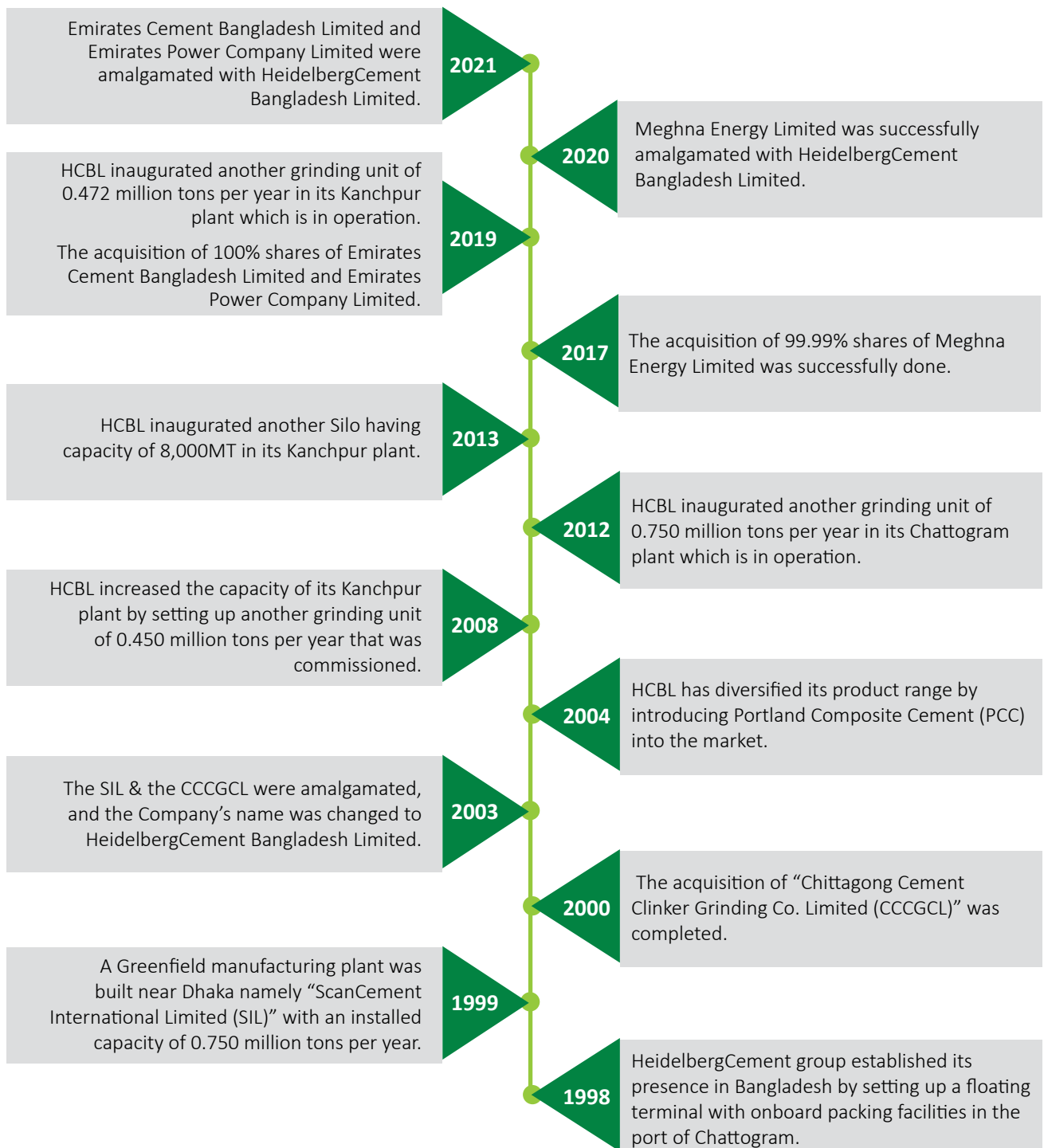
COMMITMENT TO ENVIRONMENTAL PROTECTION:

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



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, CHATTOGRAM

The Karnaphuli Tunnel, located below the Karnaphuli River, will connect the two banks of the Karnaphuli River. The Dhaka-Chattogram-Cox's Bazar Highway will be connected through this tunnel. The length of Karnaphuli 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
- Cox's Bazar Runway Extension
- Chattogram Outer City Ring Road
- Mirershorai Economnic Zone Embankment Project, Chattogram
- 150 MW Mirershorai Economnic Zone Power Plant
- Dohazari-Cox's Bazar Railway Project, Chattogram
- Kalurghat-Chaktai Road Construction Project
- Cross Border Network Road and Bridge Construction Project at Dohazari and Chakaria
- Shanta Forum, Tejgaon
- Hilton Hotel, Dhaka
- Chattogram 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.

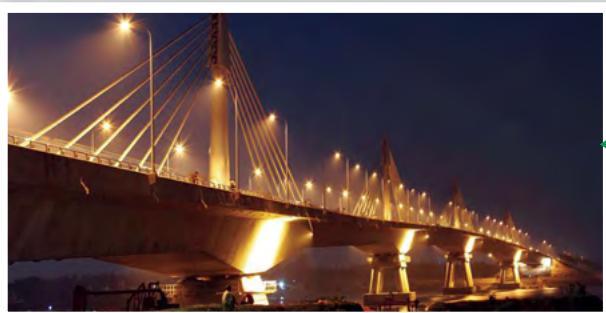


SHAH AMANAT INTERNATIONAL AIRPORT

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 Chattogram 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 Chattogram with the rest of the country was opened for all in September 2010 by the Honorable Prime Minister of Bangladesh.

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.



CHATTOGRAM PORT FLYOVER

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



MAYOR MOHAMMED 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 DOUBLE RAIL TRACK

64 km double-line railway tracks from Tongi to Bhairab on the Dhaka-Chattogram 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, Narayangonj.

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 Chattogram 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, CHATTOGRAM

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

DHAKA CHATTOGRAM FOUR LANE HIGHWAY

200 KM of Dhaka-Chattogram Four Lanes Highway has increased the efficiency of the road transport and optimized the utilization of Chattogram port.

- **Construction company:** Sinohydro Corporation Ltd.
- Brand using: RubyCement (Exclusive)



OTHER COMPLETED PROJECTS:

- Modunaghat Water Treatment Plant, Chattogram
- 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

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

Comparative Financial Highlights



COMPARATIVE FINANCIAL HIGHLIGHTS

Operating Results (Taka in Million)	HeidelbergCement Bangladesh Limited					Consolidated		
	2021	2020	2019	2018	2017	2020	2019	2018
Net Revenues	14,328	10,521	11,927	11,151	9,802	11,681	11,986	11,151
Gross Profit	1,598	1,301	1,154	1,814	1,957	1,355	1,228	1,932
Income From Operations	705	386	172	924	1,020	377	238	1,040
EBITDA	1,136	834	597	1,345	1,460	898	733	1,514
EBIT	670	373	163	870	959	365	229	986
Net Income/(Loss)	475	-5	-258	711	803	-81	-187	810
Contribution to National Exchequer	4,149	2,417	3,401	2,717	2,700	2,678	3,460	2,780
Financial Results (Taka in Million)								
Net Cash Provided by Operating Activities	1,116	998	202	546	796	1,499	263	639
Total Assets	9,234	9,144	10,085	8,222	8,730	9,452	10,891	8,425
Total Liabilities	5,471	5,210	6,204	3,659	4,031	5,604	6,830	3,753
Shareholders Equity	3,763	3,934	3,881	4,563	4,700	3,848	4,061	4,672
Net Working Capital	-981	-967	-925	795	1,962	-994	-634	1,404
Net Borrowings	413	1,007	2,041	-1,054	-2,652	995	2,138	-1,613
Capital Employed	4,878	5,484	6,124	5,232	5,404	5,419	6,115	5,389
Share information								
Market Capitalization (Million)	15,391	8,453	9,419	18,912	24,008	8,453	9,419	18,912
Issued Ordinary Shares (Million)	56,503	56.50	56.50	56.50	56.50	56.50	56.50	56.50
Per Share Data (Taka)								
Primary Earnings (loss) Per Share	8.4	-0.1	-4.6	12.6	14.2	-1.4	-3.3	14.3
Dividend Per Share	2.6	2.0	0	7.5	15.0	2.0	0	7.5
Book Value Per Share	163.4	161.8	178.5	145.5	154.5	167.3	192.7	149.1
Net Assets Value Per Share	66.6	69.6	68.7	80.8	83.2	68.1	71.9	82.7
Market Value Per Share	272.4	149.6	166.7	334.7	424.9	149.6	166.7	334.7
Financial Ratio								
Liquidity Ratios								
Current Ratio	0.77:1	0.74:1	0.77:1	1.27:1	1.59:1	0.75:1	0.87:1	1.46:1
Quick Ratio	0.49:1	0.41:1	0.31:1	0.68:1	1.24:1	0.41:1	0.43:1	0.86:1
Operating Ratios								
Account Receivable Turnover Ratio	35.9	11.7	13.2	18.6	8.5	14.9	10.9	18.6
Inventory Turnover Ratio	7.1	8.9	6.7	6.3	8.4	8.3	5.7	6.1
Asset Turnover Ratio	1.6	1.2	1.2	1.4	1.1	1.2	1.1	1.3
Profitability Ratios								
Gross Margin Ratio	11.2%	12.4%	9.7%	16.3%	20.0%	11.6%	10.2%	17.3%
Operating Income Ratio	4.9%	3.7%	1.4%	8.3%	10.4%	3.2%	2.0%	9.3%

COMPARATIVE FINANCIAL HIGHLIGHTS

	HeidelbergCement Bangladesh Limited					Consolidated		
	2021	2020	2019	2018	2017	2020	2019	2018
Profitability Ratios								
Net Income Ratio	3.3%	0.0%	-2.2%	6.4%	8.2%	-0.7%	-1.6%	7.3%
Return on Assets Ratio	5.1%	-0.1%	-2.6%	8.6%	9.2%	-0.9%	-1.7%	9.6%
Return on Equity Ratio	12.6%	-0.1%	-6.7%	15.6%	17.1%	-2.1%	-4.6%	17.3%
Net Operating Cash Flow to Net Profit Ratio	234.8%	-20,291.1%	-78.3%	76.8%	99.1%	-1,854.2%	-140.7%	79.0%
Stockholder Ratios								
Earnings per Share	8.4	-0.1	-4.6	12.6	14.2	-1.4	-3.3	14.3
Price Earnings (P/E) Ratio	32.4	-1,719.3	-36.4	26.6	29.9	-104.6	-50.5	23.4
Dividend Yield Ratio	0.0	0.01	0.0	0.02	0.04	0.01	0.0	0.02
Dividend Payout Ratio	30.9%	-2,298.5%	0.0%	59.6%	105.5%	-139.8%	0.0%	52.3%
Solvency Ratios								
Times Interest Earned Ratio	10.7	2.2	5.0	215.7	370.2	1.8	7.0	244.4
Debt to Equity Ratio	1.3	1.18	1.46	0.69	0.86	1.31	1.54	0.68
Bad Debt Ratio	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.01
Other Ratios								
Net Gearing	0.1	0.26	0.53	-0.23	-0.56	0.26	0.53	-0.35
EBITDA To Net Interest Cover (Times)	341.9	6.12	17.24	482.4	-3,639.72	4.86	19.59	543.02
Net Borrowing to Assets	0.0	0.11	0.20	-0.13	-0.30	0.11	0.20	-0.19
Return on Capital Employed	0.1	0.00	-0.04	0.14	0.15	-0.01	-0.03	0.15
Number of Employees	343	274	273	267	270	349	374	267

Performance at a Glance in 2021

Revenue

BDT in Thousand

14,328,340

Gross Profit

BDT in Thousand

1,597,736

Operating Profit

BDT in Thousand

705,342

Profit Before Tax

BDT in Thousand

666,918

Net Profit After Tax

BDT in Thousand

475,284

NAV

Per Share BDT

66.60

EPS

BDT

8.41

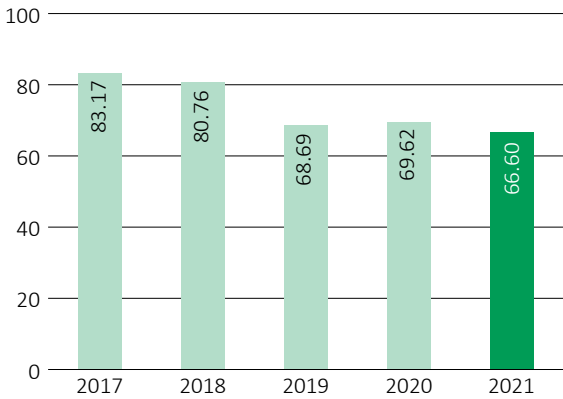
NOCF

Per Share BDT

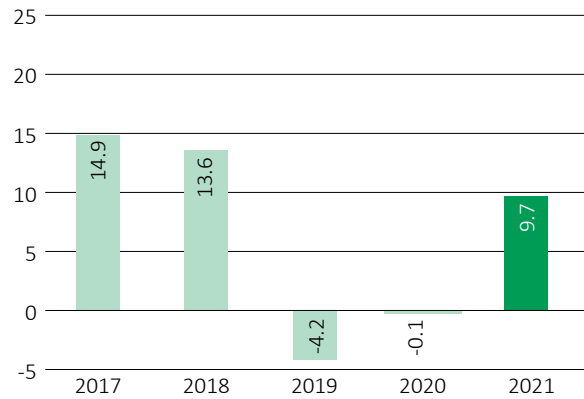
19.75

Performance at a Glance in 2021

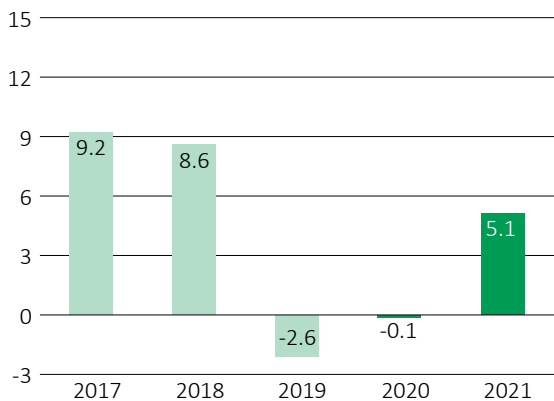
Net asset value per share (BDT)



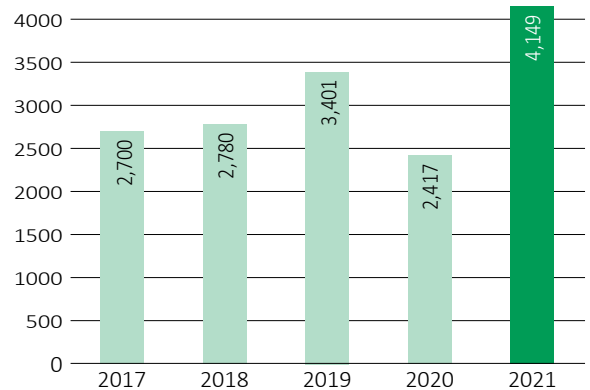
Return on capital employed (%)



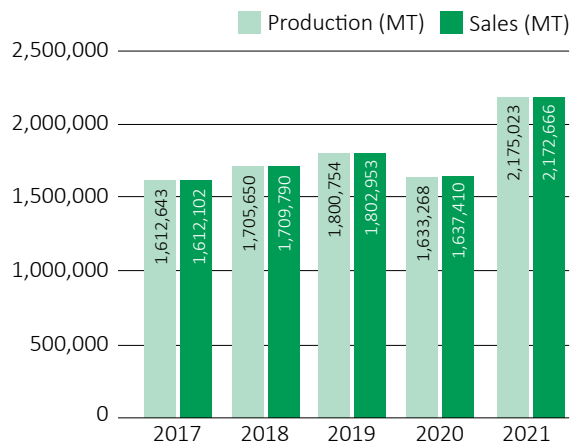
Return on asset (%)



Contribution to national exchequer (Million)

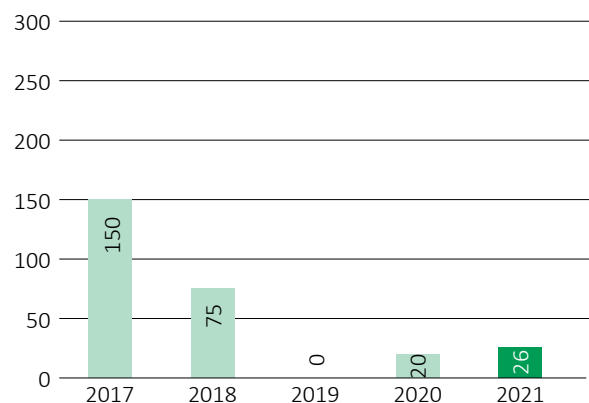


Production and sales (MT)



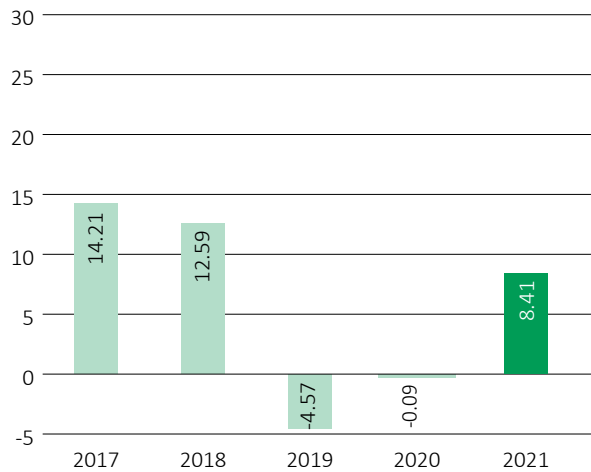
Including Emirates Cement Bangladesh Limited, the production and the sales of 2021 were 2,527,692 MT and 2,525,229 MT respectively.

Dividend (%)

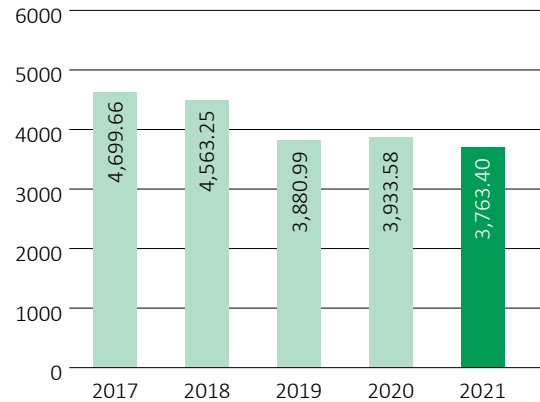


Performance at a Glance in 2021

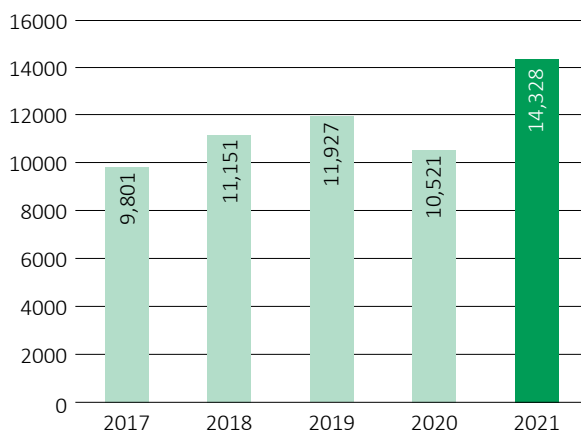
Earnings Per Share



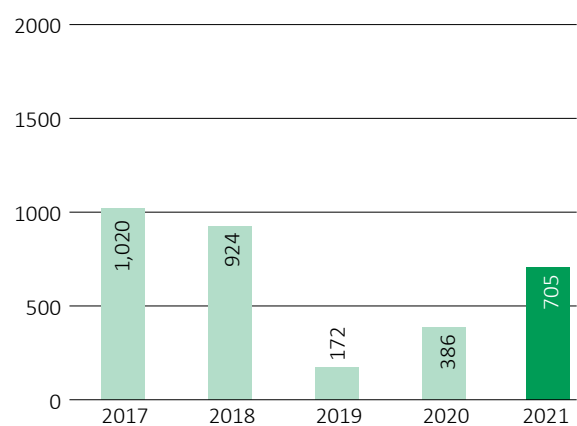
Net Assets (Million)



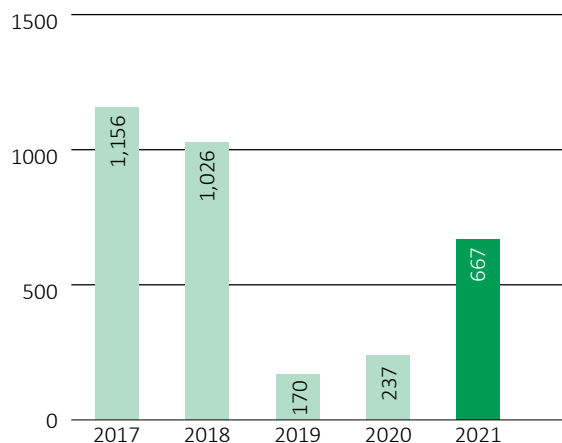
Total Revenue (Million)



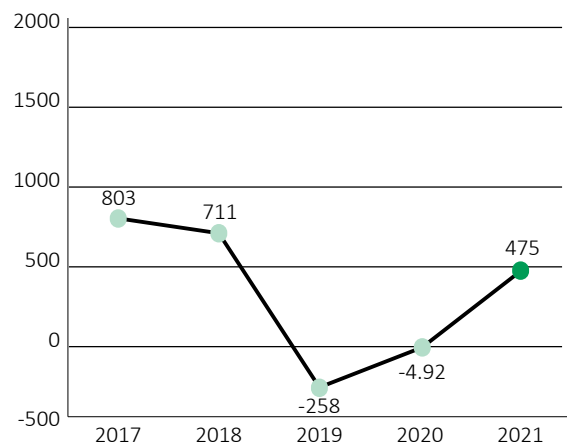
Operating Profit (Million)



Net profit before tax (Million)



Net profit/(loss) after tax (Million)



To the Members of HCBL







Notice of 33rd Annual General Meeting (AGM)

A virtual meeting through digital platform

NOTICE is hereby given to all the members of HeidelbergCement Bangladesh Limited that the 33rd Annual General Meeting (AGM) of the Company will be held using Digital Platform on Monday, 27 June 2022 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 2021 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. N K A Mobin FCS, FCA as an Independent Director.
4. To appoint Directors in place of Ms. Sim Soek Peng, Mr. Fong Wei Kurk, and Mr. Jashim Uddin Chowdhury FCA 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 Corporate Governance 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 1(b) of Notification No. BSEC/CMRRCD/2009-193/10/Admin/118 dated 22 March 2021 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 10% (ten percent) 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 1(b) of Notification No. BSEC/CMRRCD/2009-193/10/Admin/118 dated 22 March 2021 of the Bangladesh Securities and Exchange Commission, no issuer company shall, except with the approval of the general body of its shareholders with majority vote excluding the vote of the concerned or connected shareholders or directors or related party, enter into any contract for the supply of goods and materials amounting to 10% (ten percent) or above of the total revenue or turnover as shown in the statement of profit or loss and comprehensive income 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 10% (ten percent) of the annual turnover of the Company as per the latest audited statement of profit or loss and comprehensive income 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 2022. The Board of Directors recommends the above ordinary resolution for the members’ approval.

By Order of the Board



Md. Emdadul Haque CMA FCA
Company Secretary

Dated: 5 June 2022

NOTES:

- The 'Record Date' in lieu of Book Closure was on 31 May 2022. 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 33rd 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 33rd AGM through the online live portal.
- 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. 31 May 2022. 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 2022, 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 2022. 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-2021 of the Company will be sent to the shareholders' respective e-mail addresses. However, interested shareholders may collect hard copies of the Annual Report-2021 from the Company's share office by submitting a written request. The soft copy of Annual Report-2021 is available on the Company's website at http://www.heidelbergcementbd.com/investors_relation.aspx.

CORPORATE INFORMATION

COMPANY NAME: HeidelbergCement Bangladesh Limited

AUTHORIZED CAPITAL: BDT 1,000,000,000

PAID-UP CAPITAL: BDT 565,035,800

BOARD OF DIRECTORS

CHAIRMAN Kevin Gerard Gluskie MANAGING DIRECTOR Jose Marcelino Ugarte	INDEPENDENT DIRECTOR Abdul Khalek, FCA N K A Mobin FCS, FCA	DIRECTORS Juan-Francisco Defalque Fong Wei Kurk Sim Soek Peng Jashim Uddin Chowdhury, FCA Md. Abul Hossain
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BOARD COMMITTEE

AUDIT COMMITTEE	Abdul Khalek, FCA (Chairman) Sim Soek Peng (Member) N K A Mobin FCS, FCA (Member)	Mamun-Ul-Hoque Chowdhury CMA Md. Emdadul Haque CMA FCA (Secretary)	
MANAGEMENT COMMITTEE	Jose Marcelino Ugarte Ashraful Amin Badal Jashim Uddin Chowdhury, FCA Terence Ong Kian Hock	Sayef Uddin Nasir Mohammad Alamgir Saikat Khan	
NOMINATION AND REMUNERATION COMMITTEE	Abdul Khalek, FCA (Chairman) Fong Wei Kurk (Member)	Sim Soek Peng (Member) Md. Emdadul Haque CMA FCA (Secretary)	
SAFETY HEALTH AND ENVIRONMENT COMMITTEE	Mohammad Alamgir Terence Ong Kian Hock	Mahmud Al Rashid Joarder	
STATUTORY POSITION	CHIEF FINANCIAL OFFICER Jashim Uddin Chowdhury, FCA	HEAD OF INTERNAL AUDIT & COMPLIANCE Mamun-Ul-Hoque Chowdhury CMA	COMPANY SECRETARY Md. Emdadul Haque CMA FCA
REGISTERED OFFICE	Mouza-Tatki, Post Office- Tarabow, Tarabow Pouroshava, P.S.- Rupgonj, Dist.- Narayangonj		
CORPORATE OFFICE	Symphony (6th & 7th Floor), Plot No. SE (F)9, Road No.142, Gulshan Avenue (South), Dhaka -1212		
PLANTS	Dhaka Plant: Tatki, Jatramora, Tarabow P.S.-Rupgonj, Dist.-Narayangonj	Chittagong Plant: South Halishahar 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.	
CORPORATE GOVERNANCE 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.	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 +88-02-58812584
STOCK EXCHANGE LISTING	Dhaka Stock Exchange Limited Listing year - 1989 Trading Code – HEIDELBCEM Scrip Code: 21614	Chittagong Stock Exchange PLC 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 টাকা

পরিশোধিত মূলধন: ৫৬৫,০৩৫,৮০০ টাকা

পরিচালনা পর্ষদ

চেয়ারম্যান কেভিন জেরার্ড গুসকি	স্বতন্ত্র পরিচালক আব্দুল খালেক, এফসিএ এন কে এ মবিন এফসিএস, এফসিএ	পরিচালক জুয়ান-ফ্রান্সিসকো ডিফাল্কে ফং উই কুর্ক সিম সাক পেং জসিম উদ্দিন চৌধুরী, এফসিএ মোঃ আবুল হোসেন
ব্যবস্থাপনা পরিচালক জোসে মার্সেলিনো উগার্টে		

বোর্ড কমিটি

অডিট কমিটি	আব্দুল খালেক, এফসিএ (চেয়ারম্যান) সিম সাক পেং (সদস্য) এন কে এ মবিন এফসিএস, এফসিএ (সদস্য)	মামুন-উল-হক চৌধুরী সিএমএ মোঃ ইমদাদুল হক সিএমএ এফসিএ (সচিব)	
ম্যানেজমেন্ট কমিটি	জোসে মার্সেলিনো উগার্টে আশরাফুল আমিন বাদল জসিম উদ্দিন চৌধুরী, এফসিএ টেরেস অং কিয়ান হক	সায়ফ উদ্দিন নাসির মুহাম্মদ আলমগীর সৈকত খান	
নমিনেশন এন্ড রেমুনারেশন কমিটি	আব্দুল খালেক, এফসিএ (চেয়ারম্যান) ফং উই কুর্ক (সদস্য)	সিম সাক পেং (সদস্য) মোঃ ইমদাদুল হক সিএমএ এফসিএ (সচিব)	
সেফটি, হেলথ এন্ড ইনভাইরনমেন্ট কমিটি	মুহাম্মদ আলমগীর টেরেস অং কিয়ান হক	মাহমুদ আল রশিদ জোয়ার্দার	
স্ট্যাটুটরী পজিশন	প্রধান হিসাবরক্ষণ কর্মকর্তা জসিম উদ্দিন চৌধুরী, এফসিএ	হেড অব ইন্টারনাল অডিট এন্ড কমপ্লায়েন্স মামুন-উল-হক চৌধুরী সিএমএ	কোম্পানী সচিব মোঃ ইমদাদুল হক সিএমএ এফসিএ
রেজিস্টার্ড ঠিকানা	মোজা-টাটকি, ডাকঘর-তারাবো, তারাবো পৌরসভা, থানা-রূপগঞ্জ, জিলা,-নারায়ণগঞ্জ		
কর্পোরেট ঠিকানা	সিফনী (৭ম ও ৮ম তলা), প্লট নং-এসইএফ(৯), রোড নং ১৪২, গুলশান এ্যাভিনিউ (সিউথ), ঢাকা - ১২১২।		
কারখানাসমূহ	ঢাকা প্র্যান্ট & টাটকি, জাতরামোড়া, তারাবো থানা - রূপগঞ্জ, জিলা : নারায়ণগঞ্জ	চট্টগ্রাম প্র্যান্ট & দক্ষিণ হালিশহর চট্টগ্রাম-৪২০৪	মুক্তারপুর প্র্যান্ট & পূর্ব মুক্তারপুর, মুন্সিগঞ্জ
স্ট্যাটুটরী অডিটরস	মেসার্স একনাবিন চার্টার্ড একাউন্ট্যান্টস	ঠিকানা: বিডিবিএল ভবন (লেভেল-১৩) ১২ কারওয়ান বাজার, বাণিজ্যিক এলাকা, ঢাকা-১২১৫	
কর্পোরেট গভর্নেন্স কমপ্লায়েন্স অডিটরস	হক ভট্টাচার্য দাস এন্ড কোং. চার্টার্ড একাউন্ট্যান্টস	ঠিকানাঃ কসমিক টাওয়ার (৯ম ফ্লোর), ১০৬/ক নয়া পল্টন বক্স কালভার্ট রোড, ঢাকা-১০০০।	
ব্যাংকার্স	স্ট্যান্ডার্ড চার্টার্ড ব্যাংক সিটি ব্যাংক এন.এ.	ঢাকা ব্যাংক লিঃ উত্তরা ব্যাংক লিঃ ওয়ান ব্যাংক লিঃ	ডাচ বাংলা ব্যাংক লিঃ সাইথইস্ট ব্যাংক লিঃ
ওয়েবসাইট এন্ড ই-মেইল	ওয়েবসাইট: www.heidelbergcementbd.com		ই-মেইল: info@heidelbergcementbd.com
ইনভেস্টরস রিলেশনস্	টেলিফোন: +৮৮-০২-৫৮৮১৫৬০০; এক্সটেনশন: ৩০৪, ৩০৫		ফ্যাক্স: +৮৮-০২-৫৮৮১২৫৮৪
স্টক এক্সচেঞ্জ লিস্টিং	ঢাকা স্টক এক্সচেঞ্জ লিমিটেড লিস্টিং বছর - ১৯৮৯ স্টক নাম - HEIDELBCEM স্ক্রিপ কোড - ২১৬১৪		চট্টগ্রাম স্টক এক্সচেঞ্জ পিএলসি লিস্টিং বছর - ১৯৯৫ কোড - HEIDELBCEM স্ক্রিপ আইডি - ১৫০০২
সেন্ট্রাল ডিপোজিটরি সিস্টেম	হাইডেলবার্গসিমেন্ট বাংলাদেশ লিমিটেড-এর শেয়ার বিগত ১৮ জুলাই ২০০৪ হইতে সিডিএস এর মাধ্যমে ট্রেড সম্পন্ন হচ্ছে।		

HEIDELBERGCEMENT BANGLADESH LTD

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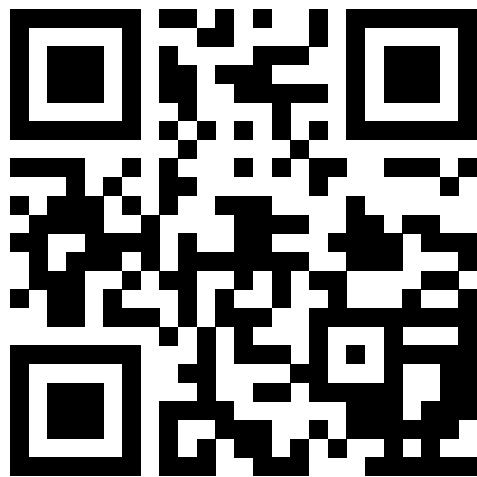
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BOARD OF DIRECTORS





Kevin Gluskie
Chairman

Age 54 years

Nationality Australian

Date of Appointment 25 February 2016

Length of Service in HC Group 32 years

Date of Last Re-election 28 June 2021

Membership in Board Committee Nil

Mr. Gluskie completed his Bachelor of Engineering (Honours) with a major 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 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.
- Gulbarga Cement Limited
- Zuari Cement Limited

Jose Marcelino Ugarte

Managing Director



Age 51 years

Nationality Filipino

Date of Appointment 21 July 2011

Length of Service in HC Group 11 years

Date of Last Appointment 22 August 2021

Membership in Board Committee Nil

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 24 years working experience in cement industry including CEMEX in different capacities.

DIRECTORSHIP OF OTHER COMPANIES:

- Butra HeidelbergCement (BHC) Sdn Bhd



Abdul Khalek, FCA

Independent Director

Age 62 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 & NRC

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 LLC.

He does not hold any directorship in any other company.



N K A Mobin FCS, FCA

Independent Director

Age 62 years

Nationality Bangladeshi

Date of Appointment 16 August 2021

Length of Service in HC Group N/A

Date of Last Re-election N/A

Membership in Board Committee BAC

Mr. N K A Mobin is one of the Sponsor Directors of the Emerging Credit Rating Ltd. ("ECRL") and also the Managing Director and Chief Executive Officer of the company.

Mr. Mobin is a Chartered Accountant by profession and the fellow member of the Institute of Chartered Accountants of Bangladesh (ICAB) and the Institute of Chartered Secretaries of Bangladesh (ICSB). He completed BBA and MBA in Finance from the University of Dhaka during 1977-1982.

Mr. Mobin acquires vast experiences in the field of Finance, Accounting, Taxation, System Design, ERP System and Company Secretarial Practices. He got an International Training and Management Program from Stockholm Business School in Sweden, National University of Singapore, INSEAD in France and also AOTS/HIDA in Japan. Prior to joining ECRL, he worked at Grameenphone Ltd. for 11+ years in his various capacities as Director Finance, Director Administration, Director Projects and Company Secretary. Before joining Grameenphone, he worked in a Swiss Pharmaceuticals Co. named Novartis Bangladesh Ltd. for 3 years as the Director (Finance) and Company Secretary, in a Multinational Fertilizer Company named Karnaphuli Fertilizer Co. Ltd. (KAFCO) for 5 years as Manager (Finance) & IT and in Dhaka Match Industries Co. Ltd. for 5 years as the Chief Accountant.

DIRECTORSHIPS OF OTHER COMPANIES:

- MJL Bangladesh Ltd.
- Bangladesh Submarine Cables Company Limited
- Shasha Denims Ltd.



Fong Wei Kurk

Director

Age 45 years

Nationality Singaporean

Date of Appointment 29 January 2014

Length of Service in HC Group 10 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

Sim Soek Peng

Director



Age 53 years

Nationality Malaysian

Date of Appointment 29 January 2014

Length of Service in HC Group 18 years

Date of Last Re-election 30 June 2020

Membership in Board Committee BAC & NRC

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 29 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 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.
- Gulbarga Cement Limited



Jashim Uddin Chowdhury, FCA

Director & Chief Financial Officer

Age 59 years

Nationality Bangladeshi

Date of Appointment 26 June 2006

Length of Service in HC Group 21 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.

He does not hold directorship in any other company.

Md. Abul Hossain

Director



Age 56 years

Nationality Bangladeshi

Date of Appointment 23 October 2019

Length of Service in HC Group N/A

Date of Last Re-election 28 June 2021

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 32 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



Age 58 years

Nationality Belgian

Date of Appointment 23 July 2015

Length of Service in HC Group 32 years

Date of Last Re-election 28 June 2021

Membership in Board Committee Nil

Mr. Defalque completed Post Graduation in Mining Engineering from Catholic University of Louvain-la-Neuve, Belgium in 1982-1987. He has worked for about 32 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.

DIRECTORSHIPS OF OTHER COMPANIES:

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

Management Committee



Jose Marcelino Ugarte
Managing Director



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



Jashim Uddin Chowdhury, FCA
Chief Financial Officer



Terence Ong Kian Hock
Technical Director



Sayef Uddin Nasir
Director Marketing and Sales



Mohammad Alamgir
Director Human Resources



Saikat Khan
Senior Manager - Legal &
Corporate Affairs



Md. Emdadul Haque CMA FCA
Company Secretary & SSC Manager

Message from the Chairman



Dear Shareholders, Employees, Customers and Friends of HeidelbergCement Bangladesh Limited,

I am pleased to present the Annual Report of HeidelbergCement Bangladesh Limited (the “Company” or “HCBL”), which includes the audited financial statements for the year ended 31 December 2021 (“FY 2021”), on behalf of the Board of Directors.

The global pandemic COVID-19 continued to have an impact on HCBL’s business operations in 2021, but the Company was very successful in limiting the pandemic’s impact on its operations. By overcoming these challenges, we were able to achieve exceptional outcomes in practically every metric for FY 2021. We improved revenue by almost 36% to BDT 14,328 million, and profit before taxes increased by 181% to BDT 697 million. Furthermore, in FY 2021, the EPS increased to BDT 8.95 from BDT -0.09 the previous year. As a result, the statistics were much higher than market estimates.

For the FY 2021, the Board of Directors will propose to the Annual General Meeting on 27 June 2022 a dividend of BDT 2.6 per share. This means that you, our shareholders, will once again participate in our good result.

The Company’s business is likely to remain tough for the financial year ending December 31, 2022. Aside from Covid-19, the Russian attack in Ukraine at the end of February has had an impact on the world economy. Although there is now no direct impact on our Company’s operations, we are already feeling the indirect consequences of the significant increase in energy and fuel prices, which might be reflected in our financial figures. Nevertheless, the last couple of months of 2022 results gives us confidence for positive business development. In the first quarter of 2022, the Company demonstrates excellent flexibility to changing circumstances by reducing costs and adjusting sales pricing. The market outlook for 2022 is positive for Bangladesh, where our mills are well-positioned to serve continued growth.

However, to succeed in a challenging, changing global macroeconomic, environmental, and geopolitical environment, we continue to adopt a proactive business approach aimed at continuously improving our performance and, most importantly, strengthening our ability to

create more value in the future. With this in mind, we have strengthened our commitment to health and safety, sustainability, and customer-centric innovation to transform our business and create a better world for all our stakeholders. With our advantageous geographic positioning in attractive markets in Bangladesh and our high level of operational efficiency, we believe we are well equipped to meet the challenges and seize the opportunities in 2022.

HCBL is a compliance-driven Company that adheres to the country’s legislative norms and regulations to protect the environment. As a result, we’re well on our way to greener industrial and construction solutions. Our devoted research and development team is always looking for new ways to lessen our carbon footprint. We wish to maintain our financial growth while simultaneously enhancing our sustainability and digitization.

I would like to thank my fellow board members for their valued leadership, direction and contribution. I would also like to thank and acknowledge the commitment and contribution of our management team, employees, bankers, and business partners to the Company. It is my great opportunity to thank the government agencies, Dhaka Stock Exchange Limited, Chittagong Stock Exchange PLC, and other statutory bodies for their support of the various activities of the Company. Last but not the least, I would like to express my deep gratitude and warm regards to all the esteemed stakeholders for their continuous support and trust in us to take the Company successfully into the future. We will continue to work towards building a more sustainable business for our customers while increasing value for our shareholders.



Kevin Gluskie

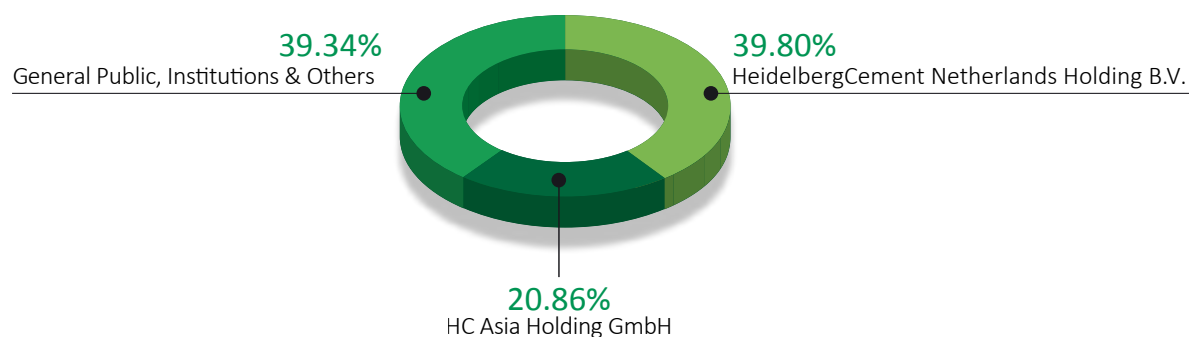
Chairman
Board of Directors
HeidelbergCement Bangladesh Limited

Shareholding Position

Break-up of total shareholding

Shareholders	Year-2021
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-2021



Classification of shareholders by holding

No. of shares held	01 January 2021			31 December 2021		
	No. of shareholders	Total holding	Percentage	No. of shareholders	Total holding	Percentage
0 – 5,000	12,544	4,002,740	7.08	11,764	3,659,469	6.48
5,001 – 50,000	261	3,827,697	6.78	254	3,809,491	6.74
50,001 – 200,000	46	4,203,228	7.44	48	4,311,251	7.63
200,001 – 500,000	5	1,508,867	2.67	6	1,762,121	3.12
500,001 – 10,000,000	4	8,683,638	15.37	4	8,683,838	15.37
10,000,000 – 56,503,580	2	34,277,410	60.66	2	34,277,410	60.66

Top Ten Shareholders of the Company as on 31 December 2021

Name of shareholders	No. of shares held	Percentage
HEIDELBERGCEMENT NETHERLANDS HOLDING B.V.	22,493,020	39.80
HC 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	675,000	1.19
PUBALI BANK SECURITIES LIMITED	302,791	.54
ICB AMCL UNIT FUND	285,990	.51
PRIME BANK SECURITIES LIMITED	280,020	.50
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



Statement on Corporate Governance

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

CORPORATE GOVERNANCE FRAMEWORK

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

- 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 (BSECCG), 2018

HCBL has complied in all respects with the principles and recommendations of the Corporate Governance Code notified by the Bangladesh Securities and Exchange Commission (BSEC) dated 3 June 2018 (the "Code") as and when it becomes enforceable in Financial Year 2021 (FY21). We have included throughout this governance review all of the main principles and recommendations of BSECCG 2018 that are applied to the Company. The table to facilitate understanding of HCBL's compliance with the Code 2018 in respect of FY21 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 corporate governance 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 retires 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 2021, 5 (Five) Board meetings were held and the attendance were recorded as follows:

Name of the Directors	Status with the Company	Eligible to Attend Meeting	Meeting Attended
Mr. Kevin Gerard Gluskie	Chairman	05	04
Mr. Jose Marcelino Ugarte	Managing Director	05	05
Dr. Muhammad Abdul Mazid	Independent Director	02	02
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	05
Mr. Md. Abul Hossain	Director	05	05
Mr. N K A Mobin FCS, FCA	Independent Director	01	01

(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 the 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 the 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.

At this forthcoming AGM, the three Directors who will be retiring by rotation are Ms. Sim Soek Peng, Mr. Fong Wei Kurk, and Mr. Jashim Uddin Chowdhury, FCA 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 an agenda in which a Director has direct or indirect interest, the respective Interested Director immediately discloses the nature of his interest and abstains from participating in any discussion or voting on that particular agenda 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 except those which involve consideration of the agenda relating to him.

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

Mr. Mamun-Ul-Hoque Chowdhury CMA 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 is also allowed to attend the meetings of the Board of Directors as required under condition no. 3(2) of the Code except those which involve consideration of the agenda relating to him.

(1.15) Company Secretary (CS)

Md. Emdadul Haque, a Fellow Chartered Accountant (FCA), 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, Mr. Abdul Khalek, FCA as the Chairman. Other members are Ms. Sim Soek Peng and Mr. N K A Mobin FCS, 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 Board Audit 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 2021, 5 (Five) 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 one Independent Director and Two Non-Executive Directors. Mr. Abdul Khalek, FCA, 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
Mr. Abdul Khalek, FCA	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 2021, Three (3) NRC meetings were 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, 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 Mr. Abdul Khalek, FCA and Mr. N K A Mobin FCS, 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 statements for the year ended 31 December 2021 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 had two subsidiaries, namely (i) Emirates Cement Bangladesh Limited and (ii) Emirates Power Company Limited, which was successfully merged with HCBL in 2021.

(3.4) Dividend Distribution 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. The Dividend Distribution Policy is annexed to this annual report as Annexure-H.

(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 Board of Directors especially cares for education.

(3.7) CEO and 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 2021.

4. RELATIONSHIP WITH OTHER STAKEHOLDERS AND SHAREHOLDERS

(4.1) Communication with Shareholders and Investors

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

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 2021, 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 FY21 can be found together with this Annual Report.

(5.2) Related Party Transactions (RPTs)

The Company has an internal compliance framework to ensure that 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 FY21, is disclosed in note no. 45 of the 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.

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 2021

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	Date of Appointment/ (Cessation)
Dr. Muhammad Abdul Mazid	Chairman	Independent Director	(16 July 2021)
Ms. Sim Soek Peng	Member	Non-executive Director	15 October 2018
Mr. Abdul Khalek, FCA (Chairman from 27 July 2021)	Member & Chairman	Independent Director	23 July 2019
Mr. N K A Mobin FCS, FCA	Member	Independent Director	16 August 2021
Mr. Md. Emdadul Haque CMA FCA	Secretary	Company Secretary	17 July 2018

A total of five (5) meetings were held during 2021. 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 during 2021				
		13.01.2021	27.04.2021	08.06.2021	26.07.2021	14.10.2021
Dr. Muhammad Abdul Mazid	Chairman	√	√	√	N/A	N/A
Ms. Sim Soek Peng	Member	√	√	√	√	√
Mr. Abdul Khalek, FCA (Chairman from 27 July 2021)	Member & Chairman	√	√	√	√	√
Mr. N K A Mobin FCS, FCA	Member	N/A	N/A	N/A	N/A	√
Mr. Jose Marcelino Ugarte	Invitee	√	√	√	√	√
Mr. Jashim Uddin Chowdhury, FCA	Invitee	√	√	X	√	√
Mr. Mamun-Ul-Hoque Chowdhury CMA	Invitee	√	√	√	√	√
Mr. Md. Emdadul Haque CMA FCA	Secretary	√	√	√	√	√

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

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

The Committee report has been prepared according to Condition 5(6)(a) and 5(7) of the Corporate Governance Code notified by the Bangladesh Securities and Exchange Commission dated 3 June 2018 (the “Code”). 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 2021 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.

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

ACTIVITIES DURING THE YEAR 2021

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 2021 along with the risk-based auditing system;
- d) Monitoring the internal audit and compliance process and reviewing 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 2021 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 statutory auditors and the corporate governance auditors for the year ending 31 December 2021;
- j) Reviewing the operating plan 2021;
- k) Reviewing the performance of the Company during the last 10 years;
- l) Reviewing the compliance status of BAC's roles & responsibilities pursuant to the Code;
- m) Reviewing the Dividend Distribution Policy of the Company and recommending the same to the Board for approval;
- n) Reviewing transfer and sale of Company's car;
- o) Reviewing transfer and transmission of shares.



Abdul Khalek, FCA

Chairman, Audit Committee

Report of the Nomination & Remuneration Committee (NRC)

For the year 2021

Pursuant to condition 6(2) of the Corporate Governance Code notified by the Bangladesh Securities and Exchange Commission dated 3 June 2018 (the “Code”), 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 2021		
		22.03.2021	03.06.2021	12.08.2021
Dr. Muhammad Abdul Mazid (Retired on 16 July 2021)	Chairman	√	√	N/A
Mr. Abdul Khalek, FCA (Appointed as Chairman on 19 July 2021)	Chairman	N/A	N/A	√
Mr. Fong Wei Kurk	Member	√	√	√
Ms. Sim Soek Peng	Member	√	√	√
Mr. Mustaque Ahmed	Invitee	√	√	X
Md. Emdadul Haque CMA FCA	Secretary	√	√	√

The Committee held three (3) meetings 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 2021:

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

- a) Development, recommendation, and reviewing the Company's human resources policy;
- b) Recommendation for the reappointment of Mr. Jose Marcelino Ugarte as Managing Director of the Company;
- c) Recommendation for the reappointment of retiring directors of the Company namely Mr. Kevin Gerard Gluskie, Mr. Juan-Francisco Defalque, and Mr. Md. Abul Hossain;
- d) Review the compliance status of NRC's roles & responsibilities pursuant to the Code;
- e) Consideration of the appointment of Mr. N K A Mobin FCS, FCA as an Independent Director of the Company and recommendation of the same to the Board for approval.

On behalf of the Nomination & Remuneration Committee



Abdul Khalek, FCA
Chairman

Report of the Board of Directors

For the year ended 31 December 2021

INTRODUCTION

The Board of Directors of HeidelbergCement Bangladesh Limited (“HCBL” or the “Company”) is happy to publish the Company’s Annual Report 2021, which includes audited annual financial statements and the independent auditors’ report for the financial year ended 31 December 2021. These will be laid before the Company’s shareholders at the forthcoming Annual General Meeting (AGM) to be held on 27 June 2022. 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)

The entities, Emirates Cement Bangladesh Limited (“ECBL”) and Emirates Power Company Limited (“EPCL”), have been merged in November 2021 with HeidelbergCement Bangladesh Limited to achieve greater synergies, cost savings, efficiencies, and optimization of their logistics and distribution networks and other related synergies.

STATEMENT OF THE COMPANY’S AFFAIRS

HCBL maintained good financial performance throughout the year 2021, despite the adverse challenging environment created by the ongoing Covid-19 outbreak. Higher volumes, revenue, gross profit, and reduced financial expenses provided for resilient results for the Company in 2021. Total revenue increased by 36% to BDT 14,328 million, while net profit before tax increased by 181% to BDT 667 million as compared to BDT 237 million in 2020. The current year’s EPS of BDT 8.41 is a significant improvement from the prior year’s EPS of BDT-0.09.

CEMENT INDUSTRY

Bangladesh’s cement industry is one of the world’s fastest-growing, with per capita cement usage nearly doubling from 95kg in 2011 to around 200kg in 2021. Residential, engineering and non-engineering consumption are the key drivers of this industry. Increasing urbanization coupled with large scale infrastructure development projects implemented by the government has stimulated the building materials sector and generated considerable demand for cement in the last couple of years.

Despite the increase in consumption in 2021, the cement industry is still experiencing a pricing war between manufacturers due to existing overcapacity and continued capacity growth. In the second half of 2021, the cement industry suffered another setback as input costs increased exorbitantly. The industry was not able to adjust prices correspondingly to cope with the significant rise in input costs, resulting in margin erosion. The rising trend in input costs has continued unabated. As a result, even while demand for building materials is expected to expand, profitability remains a concern for the cement industry.

OPERATIONS

1. Sales and Production

In 2021, we delivered a total of 2.2 million tons of cement marked as the highest volume in the industry from our three plants of HCBL located at Kanchpur, Chittagong, and Mukterpur, which is 32.7% higher than the total sales volume in 2020. The overall volume of the Company increased by 542K tons against the prior year and was the highest ever yearly production in all three plants.

2. Price

HCBL’s customers are aware of its uncompromising emphasis on product quality, and relentless efforts in product innovation, and therefore, they maintain solid confidence in us. Such consumer 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 in the market.

3. Customer Service

Customers’ satisfaction cannot be gained and maintained merely by selling and delivering cement at their doorsteps. Rather, prioritizing timely and effective responses to clients during the after-sales period produces great value and increases the Company’s acceptance in the industry. HCBL cares about what a customer wants. A skilled, experienced, and dedicated sales team and technical service team are 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, as part of continuous pursuit of innovation

and constant drive to improve quality the Company introduced Portland Composite Cement (PCC) in 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 conducted 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

Existing producers' capacity expansion has pressured the market, and the entry of new producers has made it more competitive day by day. Cement sector players are launching aggressive marketing efforts to address the problem of capturing additional market share. Our two brands, ScanCement and RubyCement, command top-of-mind recall in the market, particularly in markets where these brands are sold.

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

- i) **Outdoor Visibility:** Outdoor visibility activities include installing shop signs, painting on shop walls, and installing 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 masons, homeowners, and engineers.
- iii) **Brand Image Enhancing Activities:** Such activities include press advertisements and running campaigns on social media featuring the country's pride Padma Bridge and Karnaphuli Tunnel, to enhance 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 cement for sustainable and durable construction for various types of customers in Bangladesh. Some of the Company's most significant achievements are as follows:

- Ensuring safety and hygiene at work to overcome pandemic challenges;
- Consistent 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).

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 152KWp solar power project which generates 220 MWh/year & reduces CO₂ by 160ton/year. In 2021, we have added another 235KWp solar power project. This is targeted to scale up to a total of 500KWp of solar power. This green energy will aid in the reduction of greenhouse gas emissions as well as the cost of power.

Online Dealer code printing:

HeidelbergCement Bangladesh Limited, as a market leader, was the first to print a unique Dealer Code label on each cement bag, allowing us to track down a specific dealer and his operating zone. We work hard to establish a strong and long-lasting dealer network to ensure that our high-quality cement reaches our clients' doorsteps while also protecting the interests of our dealers.

Packer capacity expansion:

Two new packing delivery lines (lines 5 & 6) have been designed, built, and commissioned to increase the packing capacity. These two independent conveying systems would allow us to deliver more than 8000 MT of cement per day with less queueing time.

Some other major initiatives associated with the production process:

Environment-related projects:

HCBL is committed to maintaining a healthy and safe environment. As the production of fine particles and dust is an unavoidable component of the manufacturing process, the Company has taken active steps toward ensuring a dust-free environment at its plant locations. Such measures to maintain a healthy and safe working environment include:

- Introduction of busted bag collection system at all truck loading points which assists us to lessen the degree of dust emission during manual loading;
- Installation of a modern dust collector in the plant area which has automatic Programmable Logic Control (PLC)-based pulse control system;
- Installation of automatic bulk loading with dust collector systems;
- Installation of a closed-circuit water pipeline;
- Installation of bag cleaning device at packer;
- 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.

Plant Remote Operation Implementation:

We succeeded to install a remote operation facility to manage the Mukterpur plant's operations from the Kanchpur plant's Central Control Room (CCR) using the Company's business network. Now it is possible to run the plant remotely 24/7 with a real-time response due to centralization of the automation system.

The dedicated efforts of every member of the team contributed greatly to the project's success. Despite the COVID-19 pandemic, the project was completed ahead of schedule, which is even more impressive given that it was developed and executed under such circumstances.

Packer Capacity expansion by two spout packers in Mukterpur Plant:

Previously, the Mukterpur plant's only packaging solution was a single 8-spout (120 tonne-per-hour) rotary packer machine, which hampered cement dispatch during packer maintenance or breakdown. A two-spout packing machine was fitted to tackle this problem.

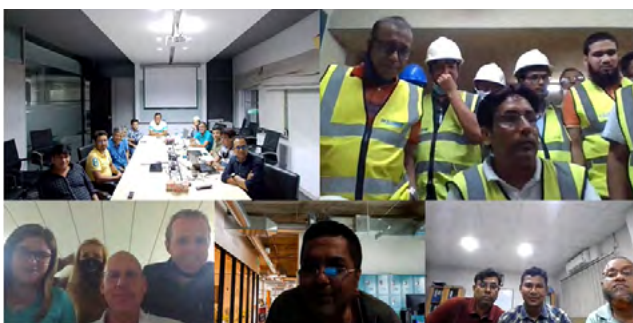
Continual Improvement Project (CIP):

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

INFORMATION TECHNOLOGY

All plants, depots, and offices of the Company have been connected to the HC Singapore HUB to have quick access to all business applications and mail systems. During this pandemic period, the Company has also actively facilitated the deployment of IT services to allow its staff to work safely from home. During the time under review, the Company successfully executed the following projects:

- Carving out Emirates Cement Bangladesh Limited's Systems Applications and Products in Data Processing (SAP) and moving the system to HeidelbergCement Data Center;
- Incorporation of SAP as the main business application for HCBL along with the HC core system;



SAP launching moment on 1st October 2021



- Automating VAT applications using SAP HCBL Core Business Applications.

DIRECTORS' DECLARATION AS TO FINANCIAL STATEMENTS

In addition to preparing and presenting the financial statements, the Directors inform you 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 statements 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 contained in this Annual Report for the financial years ended 31 December 2021 and 31 December 2020 are compliant with International Financial Reporting Standards (IFRS). 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 2021, the Company produced 2,175K MT of cement compared to 1,633 MT in the year ended 31 December 2020, an increase of 33%. Cement sales for the year were 2,173K MT compared to 1,637K MT in FY20, an increase of 32.7%. Net sales revenue in FY21 was BDT 14,328 million compared to BDT 10,521 million in FY20, an increase of 36%. The gross profits in FY21 and FY20 were reported at BDT 1,598 million and BDT 1,301 million respectively. Correspondingly, the net profit for FY21 was BDT 475 million compared to BDT-4.9 million in FY20. The increase in sales volume increased gross profit, and lower financial expenses collectively contributed to the Company's overall profitability. A brief overview of the financial performance of HCBL for 2021 compared to 2020 is set out below:-

Particulars	BDT'000	
	2021	2020
Net Revenue	14,328,340	10,520,732
Gross Profit	1,597,736	1,301,345
Operating Profit	705,342	385,784
Net Finance Expenses	-3,323	-136,244
Profit Before Tax	666,918	237,063
Income Tax Expenses	-191,634	-241,980
Profit After Tax	475,284	-4,917
Earnings Per Share (EPS)	8.41	-0.09

i) Un-appropriated Profit of HCBL in 2021

Financial Results for the Year 2021:	BDT '000
Un-appropriated profit from previous period	2,568,772
Net Profit for the year after Tax	475,284
Other Comprehensive Income/(Loss)	-10,898
Total Funds available for appropriation	3,033,158

Directors Recommended Dividend:

Dividend @26%	146,909
Un-appropriated profit carried forward to next year	2,886,249

ii) A summary of the Company's performance:

Particulars	2021	2020	+/- in %
Cement Production	2,175,023 MT	1,633,268 MT	33.17
Cement Sales	2,172,666 MT	1,637,410 MT	32.69

- The utilization of additional capacity with the new mill (mill-3) in Kanchpur, market share growth in Chittagong, and the merging with Emirates Cement Bangladesh Limited in November 2021 enhanced sales volume.
- The net cement price realizations during the last half of the year were not adequate to retain a strong gross margin.
- Cost of Goods Sold per ton YTD December 2021 increased by BDT 229 per ton against the prior year due to higher raw material costs.

- It is important to note that the Company's focus on cost rationalization and increased efficiency in input costs have 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 a net profit before tax of BDT 667 million.

iii) Brief Summary of Financial Position

Particulars	2021		2020		Growth Rate
	BDT million	Weight in Total Assets	BDT million	Weight in Total Assets	
Non-Current Assets	5,939	64%	4,560	50%	30.24%
Current Assets	3,296	36%	2,691	29%	22.49%
Investment in Subsidiary	-	-	1,893	21%	-
Total Assets	9,235	100%	9,144	100%	0.99%

Property, Plant, and Equipment

During the year, there was an addition of BDT 533 million in fixed assets to ensure the operating capability of the Company. The addition includes BDT 289 million in Land & Building, BDT 227 million in Plant and Machinery, and BDT 17 million for other assets.

Capital work-in-progress

Capital work-in-progress balance of BDT 195 million includes BDT 39 million for payment of Land & Building, BDT 125 million for Plant and Machinery, and BDT 31 million for Intangible Assets.

Trade & Other Receivables

Trade and other receivables decreased by BDT 493.6 million (398.9m vs 892.5m).

Cash and Cash equivalents

Cash and cash equivalents include cash in hand of BDT 0.82 million, cash at the bank of BDT 348.09 million, and fixed deposits of BDT 117.129 million. The net increase in cash of BDT 161.23 million was mainly due to the effective recovery from accounts receivable and cash sales.

The "Comparative Financial Results" section on page number 11 has summarised financial results for the previous five years, which demonstrates the Company's business performance throughout time.

RELATED PARTY TRANSACTIONS

All the transactions entered into between the Company and its related parties during the financial year ended 31 December 2021 were in the ordinary course of business and on an arm's length basis. In note no. 45 of the 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 guidelines, 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 distribution policy of the Company (ANNEXURE-H) allows it to recommend a dividend that is commensurate with its performance and investment requirements as well as meet shareholders' expectations. The Board of Directors recommends a cash dividend of BDT 2.6/- (BDT Two and Sixty Paise only) per share for the year ended 31 December 2021.

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 4,149 million to the National Exchequer in 2021.

POST-BALANCE SHEET EVENTS

Subsequent to the balance sheet date, the directors recommended a cash dividend of BDT 2.6/- (BDT Two and Sixty Paise 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 32nd 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 33rd AGM of the Company for the year ending 31 December 2022 at a fee of BDT 950,000 (BDT Nine Lac Fifty Thousand) only and to hold office until the conclusion of the next i.e. 34th Annual General Meeting of the Company.

CORPORATE GOVERNANCE COMPLIANCE AUDITORS

The current Corporate Governance Compliance Auditors 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, will retire at the 33rd Annual General Meeting. Being eligible, they express their willingness and consent to be reappointed. As per the Corporate Governance Code, the appointment of Corporate Governance Compliance Auditors is also subject to the approval of the members in the 33rd AGM. The Board recommends their appointment as Corporate Governance Compliance Auditor for the year ending 31 December 2022 at a fee of BDT 35,000 (BDT Thirty Five Thousand) only and to hold office until the conclusion of the next i.e. 34th 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 Ms. Sim Soek Peng, Mr. Fong Wei Kurk, and Mr. Jashim Uddin Chowdhury FCA are due for retirement at the upcoming AGM. Per 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.

INDEPENDENT DIRECTORS

Mr. Abdul Khalek, FCA and Mr. N K A Mobin FCS, FCA are acting as Independent Directors of the Company. Mr. Mobin was appointed as an Independent Director by the Board in its meeting held on 16 August 2021 upon the recommendation of the Nomination and Remuneration Committee and his appointment is subject to the approval of the members at the ensuing AGM. There is a brief resume of his in this Annual Report under the Board of Directors profile.

BOARD MEETING AND ATTENDANCE

In the section on "Statement on Corporate Governance," the number of Board meetings and attendance at those meetings for 2021 is reported.

REMUNERATION PAID TO THE DIRECTORS

A total of BDT 371,000 was paid by the Company as Board meeting attendance fees during the year. The remuneration of Directors has been mentioned in note no. 44.2 of the Financial Statements.

PATTERN OF SHAREHOLDING

As per condition No. 1(5)(xxiii) of the Code, the pattern of shareholding (along with details of names) of parent/subsidiary/associate companies and other related parties, Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit & Compliance and their respective spouses and minor children, as well as Executives and Shareholders holding 10% or more voting interest in the Company as at 31 December 2021 has been furnished herewith as ANNEXURE-D.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis regarding the Company's financial statements and operating results for the year ended 31 December 2021 have been provided herewith under ANNEXURE-G following condition No.1(5)(xxv) of the Code.

SUMMARY OF UNCLAIMED DIVIDEND

Pursuant to the BSEC's Directive, a summary of unclaimed dividends has been provided below;

Year	Rate of dividend	Unpaid/unclaimed dividend
2018	75%	5,924,499
2019	0%	0
2020	20%	2,289,969

To remain compliant with the BSEC's (Capital Market Stabilization Fund) Rules, 2021 dated 1 June 2021, the Company's unclaimed cash dividends from 2017 and before have been transferred to the Capital Market Stabilization Fund (CMSF), Account No. SND A/C 0010311521301 maintained with Community Bank Bangladesh Ltd., Gulshan Corporate Branch, Dhaka. Unclaimed stock dividends (bonus shares) and unallocated right shares were also transferred to CMSF's BO Account, which has the BOID number 1201530074571230.

HUMAN RESOURCES & CORPORATE SOCIAL RESPONSIBILITY

Leadership and employee knowledge, skills, and abilities (KSAs) are critical for navigating a company and achieving organizational goals. HCBL acknowledges this requirement and works to develop the necessary leadership, teamwork, and KSA competencies. Our personnel do so with the utmost professionalism, dedication, and direction.

During the COVID-19 pandemic, HCBL maintained connectivity with all employees via various technological solutions while working from home to keep the operations running. Amid all these chaotic and traumatic situations, the Company has been facilitating employees in managing concerns, supporting them, and focusing on the mental and physical well-being of our staff. We promoted and extended our assistance to everyone who works for us or is engaged with our organization, directly or indirectly, in taking full advantage of vaccination programs.

Succession & Talent management is a pivotal part of our business progress. We adopt an effective strategy in identifying potential talents and successors for important positions, focusing on the business's future needs. Given the increasingly fast pace of change, and unpredictable competition in the business world, we evolved our Sales team to follow the Science in Sales philosophy and to fit them in the early era of Artificial intelligence (AI). Numerous training programs concentrating on compliance, employee benefits, employee health and safety, and other topics were conducted in the year 2021.

The merger of personnel from the three separate entities (HCBL, ECBL, and EPCL) has been effected to further realize the goal of one entity, one firm, one culture, and one vision, following regulatory and legal approval.

HCBL values all of its employees equally, regardless of their standing with the Company, when it comes to healthy employee interactions. It also safeguards each employee's legitimate rights while adhering to existing laws.

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is embedded in everything we do. Our partnership with Habitat for Humanity International and Domino International has endured, even during this critical time. Albeit we were unable to support our education institutes as we had done previously due to the pandemic situation and the government's closure of all educational institutes to stop the spread of Covid-19, we continue to focus on tree planting and carbon neutrality as part of our commitment to our society. In addition, as part of raising awareness and social responsibility, we provided free facemasks to passers-by and outsiders. HCBL is committed to the people around us and we aim to be a safe and inclusive space for employees, clients, and partners alike, to have their voices heard, and to make a positive impact together. 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

Occupational health and safety is a core value of our Company and an integral part of all our business activities. In a global

context, health and safety are also an essential part of the movement toward sustainable development and business.

The Company is acutely aware of the need to ensure that all employees get home safely at the end of the day. In pursuit of this, we are:

- Providing a safe and healthy working environment for all stakeholders;
- Complying with group H&S standards, Bangladesh labor law, applicable health & safety legal and other requirements, and endeavoring to go beyond compliance;
- Establishing a proactive culture through sound health & safety objectives and targets, evaluating effectiveness through a robust review process, and comparing with benchmarks as appropriate thereby ensuring continual improvement;
- Promptly reporting incidents, investigating the root causes, and ensuring lessons learned are shared across all plants;
- Providing appropriate training and developing skills by engaging employees through participation and consultation to help them work safely;
- Assessing risks, providing and communicating controls for health and safety hazards in our operations, conducting audits to ensure compliance in all activities we undertake, and measuring health & safety performance.

All management levels at the plant are responsible and accountable and they are committed to demonstrating their leadership to build a safe workplace and good health & safety culture. Following and complying with safe work procedures is everyone's responsibility.

Every year, we organize "Safety Week", a motivational, hands-on, and knowledge-sharing program. This "Safety Week" is a global program and helps us to improve the safety culture in the Company. In 2021, we placed emphasis on wearing a safety helmet with a chin strap and using a handrail to protect from falls while on the staircase. Safety KPI is a metric that helps us ensure our employees' overall safety. We use a variety of safety KPIs to track various aspects of injuries and accidents. Our Safety KPI has been steadily improving over time. HC Protect is a global virtual platform to report, analyze and coordinate safety incidents. It also allows employees globally to share their experiences to prevent future accidents and for making a common action list.

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.

Our employees are our most valuable assets, and both management and employees share responsibility for upholding the Company's commitment to providing a safe, healthy, and compliant workplace.

CORPORATE GOVERNANCE COMPLIANCE STATEMENT

The Board believes firmly in good governance and actively promotes and supports best practices in corporate governance. 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. HCBL fulfills all the regulatory compliance requirements issued by the BSEC. We are pleased to confirm that the Company has complied with all the necessary guidelines under the Corporate Governance Code issued under the BSEC 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 2021 at Annexures A to H. The Certificate of Compliance required under the said Guidelines, as provided by Hoque Bhattacharjee Das & Co., Chartered Accountants, is annexed to this report in Annexure B.

ACKNOWLEDGMENTS

We owe a debt of gratitude to our esteemed shareholders and colleagues for their valued support and guidance. We take this opportunity to express our gratitude to the Government of the People's Republic of Bangladesh, stock exchanges, and other statutory bodies for their continued support of the Company's various activities. We also acknowledge the unstinting support extended by our valued customers, associates, and 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 FCA
Director and Chief Financial Officer



Md. Emdadul Haque, FCA
Company Secretary



HCBL in Capital Market

HeidelbergCement Bangladesh Limited is a listed company on both stock exchanges, i.e. Dhaka Stock Exchange (DSE) Limited as well as Chittagong Stock Exchange (CSE) PLC as “A” category share listed in the capital market. The Company’s capacity, sustainability, profitability and current business growth coupled with its strategic plans demonstrate a clear strategic advantage that will enable the Company to secure market share and maximize shareholders’ wealth.

Annexures



ANNEXURE-A

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

HeidelbergCement Bangladesh Limited Declaration by Managing Director and CFO

Date: 27 April 2022

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 2021.

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 issued 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 2021 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 2021 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 2021

We have examined the compliance status to the Corporate Governance Code by HeidelbergCement Bangladesh Limited for the year ended on December 31, 2021. 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.

Dated, Dhaka
March 31, 2022

Hoque Bhattacharjee Das & Co.
Chartered Accountants
Signed by
Shatadal Das, FCA
Partner
Enrollment No. 914

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)
Goshaidanga, Agrabad C/A, Chattogram-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. BSEC/CMRRCD/2006-158/207/ Admin/80 dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969 (XVII of 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	✓		HCBL has total 9 Directors in its Board.
1(2)	Independent Directors			
1(2) (a)	At least one-fifth (1/5) of the total number of directors	✓		There are two Independent Directors (IDs) in the Board, namely 1. Mr. Abdul Khalek, FCA and 2. Mr. N K A Mobin FCS, FCA
1(2)(b)(i)	Does not hold any share or holds less than 1% shares of the total paid-up shares of the Company	✓		Both IDs are compliant with this as per their respective declaration filed with HCBL.
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	✓		DO
1(2)(b)(iii)	Not an executive of the Company in immediately preceding 2 (two) financial years	✓		DO
1(2)(b)(iv)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated Companies	✓		DO
1(2)(b)(v)	Not a member or TREC holder/director/officer of any stock exchange	✓		DO
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	✓		DO
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	✓		DO
1(2)(b)(viii)	Not an independent director in more than 5 (five) listed companies	✓		DO
1(2)(b)(ix)	Not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a NBF	✓		DO
1(2)(b)(x)	Not been convicted for a criminal offence involving moral turpitude	✓		DO
1(2)(c)	Shall be appointed by the Board and approved by the shareholders in the AGM	✓		The appointment of Mr. N K A Mobin FCS, FCA, is yet to be approved by the members in the ensuing 33rd AGM of HCBL.

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(2)(d)	The post cannot remain vacant for more than 90 (ninety) days	✓		No such vacancy continued for more than 90 days during the year.
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	✓		Mr. Abdul Khalek, FCA and Mr. N K A Mobin FCS, FCA is continuing their first term of office as Independent Director.
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	✓		Both Independent Directors are undoubtedly knowledgeable and posses proven skills and experience to make meaningful contribution to the business of HCBL.
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	✓		Mr. N K A Mobin FCS, FCA is Sr. Vice President of and Board Director of Dhaka Chamber of Commerce & Industry (DCCI) for 2019-21. He is a board member of Bangladesh Philippines Chamber of Commerce and Industry (BPCCI) in Bangladesh for 2021-22 and also a member of MCCI.
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	✓		Mr. Abdul Khalek, FCA was Director and CFO of Berger Paints Bangladesh Limited. Mr. N K A Mobin FCS, FCA was Finance Director & Company Secretary of Grameenphone Ltd. and Novartis Bangladesh Limited
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th grade of the national pay scale having minimum bachelor degree in economics/commerce/business or law	✓		Dr. Muhammad Abdul Mazid is a retired Secretary to the Government of Bangladesh and was the former chairman of National Board of Revenue (NBR). His term as Independent Director was ended on 16 July 2021.
1(3)(b)(iv)	University Teacher having educational background in Economics or Commerce or Business Studies or Law or			Not applicable.
1(3)(b)(v)	Professional including practicing advocate at least in the High Court Division of Bangladesh Supreme Court/CA/CMA/CFA/CCA/CS/equivalent qualification	✓		IDs are fellow member of the Institute of ICAB. Mr. Mobin is also a Chartered Secretary and a Fellow member of ICSB.
1(3)(c)	Minimum 10 years of experience	✓		IDs have more than 10 years of experience.
1(3)(d)	Relaxation in special cases as to qualifications of independent director			Not applicable.

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(4)	Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company			
1(4)(a)	The position of the both shall be filled by different individuals	✓		Mr. Kevin Gerard Gluskie and Mr. Jose Marcelino Ugarte are holding the office of Chairman and Managing Director respectively.
1(4)(b)	MD shall not hold same position in any other listed company	✓		The Managing Director does not hold the same position in any other listed company.
1(4)(c)	Chairperson shall be a non-executive director	✓		Mr. Kevin Gerard Gluskie, Chairman is a non-executive director.
1(4)(d)	Clear defined roles & responsibilities for both of them	✓		HCBL has defined roles & responsibilities for both.
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	✓		Available in the Directors' Report.
1(5)(ii)	The segment-wise or product-wise performance	✓		DO
1(5)(iii)	Risks and concerns	✓		DO
1(5)(iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	✓		DO
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	✓		A statement of all related party transactions are disclosed under Notes to the Financial Statements no. 45.
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments			Not applicable.
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing, etc.			Not applicable.
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	✓		Available in the Directors' Report.
1(5)(xi)	Fairness of financial statements	✓		DO
1(5)(xii)	Maintenance of proper books of accounts	✓		DO
1(5)(xiii)	Adoption of appropriate & consistent accounting policies and estimates	✓		DO
1(5)(xiv)	Follow of IAS, IFRS in preparation of the financial statements and any departure there from has been adequately disclosed	✓		DO

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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	✓		Available in the Directors' Report.
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	✓		DO
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	✓		Available in "Comparative Financial Highlights" section.
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year			Not applicable.
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	✓		Available in "Statement of Corporate Governance" section.
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-	✓		See annexure-D
1(5)(xxiii)(a)	shares held by Parent or Subsidiary or Associated Companies and other related parties (name-wise details)	✓		DO
1(5)(xxiii)(b)	Report on shares held by Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details)	✓		DO
1(5)(xxiii)(c)	Executives and	✓		DO
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details)	✓		DO
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:-	✓		See "Board of Directors" section
1(5)(xxiv)(a)	a brief resume of the director	✓		DO
1(5)(xxiv)(b)	nature of his or her expertise in specific functional areas and	✓		DO
1(5)(xxiv)(c)	names of companies in which the person also holds the directorship and the membership of committees of the Board	✓		DO
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:	✓		See "Management's Discussion and Analysis" section as annexure-G

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(5)(xxv)(a)	accounting policies and estimation for preparation of financial statements	✓		DO
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	✓		DO
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	✓		DO
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario	✓		DO
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe	✓		DO
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company and	✓		DO
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	✓		DO
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	✓		See "Annexure-A"
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.	✓		See "Annexure-B" & "Annexure-C"
1(6)	Meeting of the Board of Directors 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)	The Board shall lay down a code of conduct for the Chairman, other Board members and Chief Executive Officer	✓		The code of conduct as recommended by NRC and approved by the Board is in place
1(7)(b)	Availability of Code of Conduct on the website of the Company	✓		Available at www.heidelbergcementbd.com
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			Not applicable
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			Not applicable
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			Not applicable
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			Not applicable

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			Not applicable
3	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	✓		The Company has duly appointed the MD, CFO, CS and HIAC.
3(1)(b)	Different individuals are in the position of MD or CEO, CFO, HIAC and CS	✓		They are different individuals.
3(1)(c)	The MD or CEO, CS, CFO and HIAC don't hold any executive position in any other company at the same time	✓		
3(1)(d)	Clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS	✓		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓		No such case in found the year under review.
3(2)	Attendance of MD or CEO, CS, CFO and HIAC in the meetings of the Board	✓		All are attendee in each Board of Directors' meeting.
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)	✓		See "Annexure-A"
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	✓		In place
4(ii)	A Nomination & Remuneration Committee	✓		In place
5	Audit Committee			
5(1)	Responsibility to the Board of Directors.			
5(1)(a)	Audit Committee as sub-committee of the Board	✓		
5(1)(b)	Assistance of the Audit Committee to the Board	✓		The Committee duly discharged its responsibilities
5(1)(c)	Responsible to the Board and the duties of the Audit Committee shall be clearly set forth in writing	✓		In practice. The duties are set forth as prescribed.
5(2)	Constitution of the Audit Committee:			
5(2)(a)	Audit Committee composition: at least 3 members	✓		Three members are; 1. Mr. Abdul Khalek, FCA 2. Ms. Sim Soek Peng and 3. Mr. N K A Mobin FCS, FCA
5(2)(b)	All members are to be non-executive directors except chairman of the board and one member shall be an independent director	✓		All are non-executive directors.

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5(2)(c)	Financial literacy & minimum 10 years' experience of members	✓		All have more than 10 years of experience justified by NRC and Board during their appointment.
5(2)(d)	Vacancy of office of audit committee member, in case of his/ her expiry or inability to hold office cause to lower the members number below 3, the Board shall fill up the vacancy within 1 Month.	✓		
5(2)(e)	The company secretary shall act as the secretary of the Committee	✓		Md. Emdadul Haque CMA FCA by virtue of his position with the Company, is acting as the secretary of the Committee.
5(2)(f)	At least 1 (one) independent director in quorum of the committee	✓		In practice
5(3)	Chairperson of the Audit Committee:-			
5(3)(a)	An independent director shall be Chairman of the committee	✓		Mr. Abdul Khalek, FCA is the Chairman of the Committee.
5(3)(b)	Chairman in the absence of regular Chairman of the Committee	✓		No such case in the reporting year.
5(3)(c)	Audit Committee Chairman's presence in Annual General Meeting	✓		In practice
5(4)	Meeting of the Audit Committee:-			
5(4)(a)	At least its four meetings in a financial year	✓		See " Report of the Audit Committee for the year 2021" section.
5(4)(b)	Quorum: two members or 2/3 of total audit committee member	✓		
5(5)	Role of Audit Committee The Audit Committee shall:-			
5(5)(a)	Oversee the financial reporting process	✓		The Committee discharge its duties as the code prescribed.
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;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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	✓		The Committee discharge its duties as the code prescribed.
5(5)(m)	Oversee about the uses/applications of funds raised through IPO or RPO or Rights Share Offer	✓		
5(6)	Reporting of the Audit Committee			
5(6)(a)(i)	Reporting to the Board of Directors	✓		
5(6)(a)(ii)(a)	Report on conflicts of interests			No such cases found
5(6)(a)(ii)(b)	Report on suspected or presumed fraud or irregularity or material defect in internal audit/ financial statements			No such cases found
5(6)(a)(ii)(c)	Report on suspected infringement of laws & regulatory compliances			No such cases found
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	✓		See " Report of the Audit Committee for the year 2021" section.
6	Nomination and Remuneration Committee (NRC)			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	NRC as a sub-committee of the Board	✓		Already in place
6(1)(b)	Assists the Board in formulating NRC policy	✓		See "Annexure-E"
6(1)(c)	Clearly defined terms of reference of NRC	✓		The ToR is in place
6(2)	Constitution of the NRC			See " Report of the Audit Committee for the year 2021" section.
6(2)(a)	At least three members including an independent director	✓		DO
6(2)(b)	All members of the Committee shall be non-executive directors	✓		DO
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board	✓		In practice
6(2)(d)	The Board reserve the authority to remove and appoint any member of the Committee;	✓		In practice
6(2)(e)	The Board shall fill the vacancy within 180 days in case of death, resignation, disqualification, or removal of any member	✓		In practice
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	✓		Md. Emdadul Haque CMA FCA by virtue of his position with the Company, is acting as the secretary of the Committee.
6(2)(h)	Quorum: at least an independent director	✓		In practice
6(2)(i)	No remuneration other than director fees/ honorarium for any member	✓		In practice
6(3)	Chairperson of the NRC			

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6(3)(a)	Chairman: an independent director	✓		The NRC Chairman selected by the Board is an Independent Director
6(3)(b)	In the absence of regular Chairman, Chairman from other members			No such case in the reporting year
6(3)(c)	Chairman's presence in annual general meeting	✓		Chairperson shall attend the 33rd AGM
6(4)	Meeting of the NRC			See " Report of the Nomination and Remuneration Committee for the year 2021" section.
6(4)(a)	At least one meeting in a financial year	✓		DO
6(4)(b)	Any emergency meeting upon request by any member of the NRC	✓		DO
6(4)(c)	Quorum: Higher of two members or 2/3 of total members including at least one independent director	✓		DO
6(4)(d)	Confirmation of minutes in the next meeting of the NRC	✓		In practice
6(5)	Role of the NRC			
6(5)(a)	Shall be independent and responsible or accountable to the Board and to the shareholders	✓		The NRC performs as per the CG Codes
6(5)(b)	shall oversee, among others, the following matters and make report with recommendation to the Board;			
6(5)(b)(i)(a)	Remuneration shall be reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully	✓		DO
6(5)(b)(i)(b)	Clear relationship among remuneration, performance & benchmarks	✓		DO
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	✓		DO
6(5)(b)(ii)	Devising a policy on Board's diversity	✓		See Annexure-E titled as Nomination and Remuneration Policy
6(5)(b)(iii)	Identification of qualification of directors and recommendation for appointment and removal	✓		DO
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board	✓		In place
6(5)(b)(v)	Identifying needs for employees and determine their selection, transfer or replacement and promotion criteria	✓		DO
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies	✓		DO
6(5)(c)	Nomination and remuneration policy, the evaluation criteria and activities of NRC during the year in its annual report.	✓		See Report of the Nomination and Remuneration Committee for the year 2021
7	External or Statutory Auditors			
7(1)(i)	Not involved in appraisal or valuation services or fairness opinions	✓		In place

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
7(1)(ii)	Not involved financial information systems design and implementation	✓		DO
7(1)(iii)	Not involved in book-keeping or other services related to the accounting records or financial statements	✓		DO
7(1)(iv)	Not involved as broker-dealer services	✓		DO
7(1)(v)	Not involved in actuarial services	✓		DO
7(1)(vi)	Not involved in internal audit services or special audit services	✓		DO
7(1)(vii)	Not involved in any service that the Audit Committee determines	✓		DO
7(1)(viii)	Not involved in audit or certification services on compliance of corporate governance	✓		DO
7(1)(ix)	Not involved in any other service that creates conflict of interest	✓		DO
7(2)	No partner or his/ her family or employees of the external audit firms hold any share at least during audit work	✓		DO
7(3)	Auditors' or their representative presence in the AGM	✓		The Auditor duly attended the 32nd AGM of the Company
8	Maintaining a website by the Company			
8(1)	An official website linked with the website of the stock exchange	✓		Company Website is duly linked with those of the stock exchanges
8(2)	A website functional from the date of listing	✓		In place
8(3)	Available detailed disclosures on its website as required under the listing regulations of the stock exchange(s).	✓		In place
9	Reporting and Compliance of Corporate Governance			
9(1)	Compliance certificate on Corporate Governance Code of the Commission in the Annual Report.	✓		The Certificate of Compliance obtained from Hoque Bhattacharjee Das & Co. is duly presented in the Annual Report
9(2)	The compliance auditor shall be appointed by the shareholders in the AGM	✓		Appointment of Hoque Bhattacharjee Das & Co. as compliance auditor was duly approved by the shareholders in the 32nd AGM
9(3)	Compliance status as Annexure-C in the directors' report	✓		Detailed status is given at Annexure- C and published in the Report.

ANNEXURE-D

As per condition no. 1(5)(xxiii)
The pattern on shareholding as on 31 December 2021

a) Parent/Subsidiary companies and other related parties:

NAME	STATUS	NO. OF SHARES HELD	PERCENTAGE
HeidelbergCement Netherlands Holding B.V.	Foreign	22,493,020	39.80
HC Asia Holding GmbH	Foreign	11,784,390	20.86

b) Directors/CFO/CS/HIAC and their spouse and minor children:

NAME	STATUS	NO. OF SHARES HELD		
		SELF	SPOUSE	MINOR CHILDREN
Mr. Kevin Gerard Gluskie (Nominee of HeidelbergCement Netherlands Holding B.V.)	Chairman	Nil	Nil	Nil
Mr. Jose Marcelino Ugarte (Nominee of HeidelbergCement Netherlands Holding B.V.)	Managing Director	Nil	Nil	Nil
Mr. Abdul Khalek, FCA	Independent Director	Nil	Nil	Nil
Mr. N K A Mobin FCS, FCA	Independent Director	Nil	Nil	Nil
Mr. Md. Abul Hossain (Nominee of Investment Corporation of Bangladesh)	Director	Nil	Nil	Nil
Mr. Juan-Francisco Defalque (Nominee of HeidelbergCement Netherlands Holding B.V.)	Director	Nil	Nil	Nil
Mr. Fong Wei Kurk (Nominee of HeidelbergCement Netherlands Holding B.V.)	Director	Nil	Nil	Nil
Ms. Sim Soek Peng (Nominee of HC Asia Holding GmbH)	Director	Nil	Nil	Nil
Mr. Jashim Uddin Chowdhury, FCA (Nominee of HeidelbergCement Netherlands Holding B.V.)	Director & CFO	Nil	2,340	Nil
Md. Emdadul Haque CMA FCA	Company Secretary	Nil	Nil	Nil
Mr. Mamun-Ul-Hoque Chowdhury CMA	Head of Internal Audit and Compliance	Nil	Nil	Nil

c) Shareholding status of top-5 salaried employees other than CFO/CS/HIAC:

NAME	POSITION	NO. OF SHARES HELD
Mr. Ashraful Amin Badal	Director Purchasing & Logistics Project Coordination	Nil
Mr. Terence Ong Kian Hock	Technical Director	Nil
Mr. Mohammad Alamgir	Director Human Resources	Nil
Mr. Saikat Khan	Senior Manager- Legal & Corporate Affairs	Nil
Mr. Sayef Uddin Nasir	Director Sales and Marketing	Nil

d) Shareholders holding 10% or more voting interest in the company:

NAME	STATUS	NO. OF SHARES HELD	PERCENTAGE
HeidelbergCement Netherlands Holding B.V.	Foreign	22,493,020	39.80
HC Asia Holding GmbH	Foreign	11,784,390	20.86

ANNEXURE-E

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

HEIDELBERGCEMENT BANGLADESH LTD.

Nomination and Remuneration Policy (the “Policy”)

1. Preamble

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

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

The terms of reference of the Committee are as follows:

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

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

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

2. Definitions

“Board” means Board of Directors of the Company;

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

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

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

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

3. Scope

This policy is applicable to:

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

4. Criteria for identification of Directors and Top Level Executives

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

such as:

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

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

- b. Positive attributes of Directors (including Independent Directors)
 - Individuals having eminence, standing and knowledge with significant achievements in business, professions and/or public service;
 - Individuals who hold sound financial or business literacy/skills;
 - Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively and the willingness to address issues proactively;
 - Actively update their knowledge and skills with the latest developments in the industry, market conditions and applicable legal provisions;
 - Willingness to devote sufficient time and attention to the Company's business and to effectively carry out duties and responsibilities;
 - To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
 - Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company; and
 - To act within their authority to assist in protecting the legitimate interests of the Company, its shareholders and employees.
- c. Independence of Directors
 - Independent Directors shall meet the requirements set out under the Companies Act, 1994 read with the Rules made thereunder, as amended from time to time, and in particular conditions 1(2) & (3) of the Code.
- d. Appointment of Top Level Executives
Top Level Executives shall:
 - possess the required qualifications, experience, skills & expertise to effectively discharge their respective duties and responsibilities;
 - practice and encourage professionalism and a transparent working environment; and
 - adhere strictly to the Company's Code of Conduct and other compliance policies.

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

5. Board Diversity

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

6. Remuneration

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

i) Fixed Remuneration

The fixed remuneration shall be determined for each grade of employees and Top Level Executives after taking into account the comparative remuneration profile with respect to industry scale of the Company's business, criticality of the position and competencies and experience of the person. It shall be the Company's 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 2021.
- During the year, the Company has paid a total amount of BDT 371,000 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 26% cash dividend for the year 2021.

ANNEXURE-G

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

Management Discussion and Analysis on the Company's position on the operation and financial statements for the year ended December 31, 2021.

In compliance with the Condition No. 1(5)(xxv) of the Corporate Governance Code as issued by the BSEC vide its notification dated June 3, 2018; a brief Management analysis is given on the Company's position on the operations and financial statements focusing, in particular, on the following issues:

- Accounting Policies and estimation for preparation of financial statements: Accounting Policies and estimation for preparation of financial statements have been detailed under Note No. 2 & 3 of the Audited Financial Statements.
- Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flow for current year with immediate preceding five years: See "Comparative Financial Highlights" on page no. 11.
- Compare such financial performance or results and financial position as well as cash flows with peer industry scenario: HCBL adopts calendar year as its financial year i.e. January to December of each year. Except a peer company all other peer companies of the Industry adopts July to June as their financial year. Hence, a good comparison with peer listed companies is impractical. The data provided below has been extracted from their latest annual report. The financial results & Balance Sheet as on June 30, 2021 or December 31, 2021 have been considered.

(BDT in Million)

Sl. No.	Items	31-Dec-21 HCBL	31-Dec-21 LHBL	30-Jun-21 MICFL	30-Jun-21 MCML	30-Jun-21 PCML	30-Jun-21 CCL	30-Jun-21 ACL
1	Revenue	14,328	20,534	16,315	9,647	12,810	4,619	2,017
2	Gross Profit	1,598	6,640	2,256	795	1,925	468	523
3	Net Profit After Tax	475	3,882	859	74	653	1,241*	20
4	Dividend							
	Cash	26%	25%	20%	5%	20%	25%	Nil
	Stock	Nil	Nil	Nil	5%	Nil	Nil	Nil
5	No. of shares outstanding (In Million)	57	1,161	149	27	105	78	34
6	EPS (Taka)	8.41	3.34	5.79	2.73	6.18	15.86	0.60
7	NAVPS (Taka)	66.60	17.04	52.69	70.14	79.83	74.26	29.13
8	NOCFPS (Taka)	19.75	5.23	24.40	42.66	6.31	2.13	3.16

- * Confidence Cement Limited showed BDT 1,072 Million as profit from its associate companies in its total Net Profit After Tax amounting to BDT 1,241 Million.

BDT= Bangladeshi Taka, LHBL= LafargeHolcim Bangladesh Ltd., HCBL= HeidelbergCement Bangladesh Ltd., ACL= Aramit Cement Ltd., CCL= Confidence Cement Limited, MICFL= M. I. Cement Factory Ltd., MCML= Meghna Cement Mills Ltd., PCML= Premier Cement Mills Ltd., EPS = Earnings Per Share, NAVPS = Net Asset Value Per Share, NOCFPS = Net Operating Cash Flows Per Share.

- Briefly explain the financial and economic scenario of the country and the globe: The Directors' Report and the Chairman's Statement have explained the financial and economic scenario of the country and the global impact.
- Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the Company: This issue has been elaborated in the Directors' Report as well as in Note No. 46B of the Financial Statements.
- 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: The shareholders shall be updated of the future plans at the Annual General Meeting and also by communications time to time.



Jose Marcelino Ugarte
Managing Director

Dated Dhaka, 27 April, 2022

ANNEXURE-H

DIVIDEND DISTRIBUTION POLICY

1. PREAMBLE

HeidelbergCement Bangladesh Limited (“HCBL” or the “Company”) is committed to driving superior value creation for all its stakeholders, with a focus on the future growth and long-term interests of the Company as well as its shareholders. With this in mind, the Board aims to pursue a progressive dividend policy.

The Company has developed its Dividend Distribution Policy (hereinafter referred to as the “Policy”) pursuant to the Bangladesh Securities Exchange Commission’s (BSEC) Directive No. BSEC/CMRRCD/2021-386/03 dated January 14, 2021. This Policy is published in the Company’s Annual Report as well as on its Official Website.

In considering any distribution of profits, the Board shall have regard to, inter alia, the Company’s business and growth strategies and plans, the Articles of Association of the Company as well as applicable provisions of the Companies Act, 1994 and Rules framed thereunder, BSEC Regulations, Tax Regulations, and other applicable legislation.

2. DEFINITIONS

“Act” means The Companies Act, 1994;

“AGM” means Annual General Meeting;

“Board” means the Board of Directors of HCBL;

“Record Date” means the cut-off date established in order to determine which shareholders are eligible to receive a dividend or distribution;

“Shareholders” means Members whose names are registered in the Members’ Register of the Company;

“Shares” means Ordinary Equity Shares of the Company.

3. OBJECTIVE

The objective of this Policy is to specify the criteria to be considered by the Board when declaring/recommending dividends for a financial year and to provide clarity to shareholders on the profit distribution of the Company and the circumstances under which shareholders may or may not expect a dividend.

4. DIVIDEND ELIGIBILITY

As at the date of this Policy, the Company has no other classes of shares other than equity shares with value of BDT 10 each. Hence, shareholders will be considered eligible for dividends if their names appear in the members’ register of the Company on the Record Date as declared by the Board for a particular financial year.

5. CONCEPT OF DIVIDEND

Dividend is the share of the profit that the Company decides to distribute amongst its shareholders. The profits earned by the Company can be retained in the business, distributed amongst the shareholders as Dividend, or a combination of the two. The Act allows the Company to declare and pay interim as well as final dividends. Interim dividend, where applicable, is the dividend declared by the Board of Directors between any two Annual General Meetings as and when considered appropriate.

6. PARAMETERS TO BE CONSIDERED WHILE DECLARING DIVIDENDS.

6.1 The following financial parameters may be considered by the Board while recommending/declaring dividend:

- a) Adequacy of profits calculated in accordance with the applicable provisions of the Act and Accounting Standards. The Board of Directors may, in exceptional circumstances, consider utilizing retained earnings for declaration of dividend subject to the provisions of the law.
- b) The Board may consider the following financial parameters while recommending/declaring dividend, namely:
 - Financial Performance for the year for which dividend is recommended;
 - Accumulated Reserves;
 - Earnings stability;
 - Any interim dividend paid;
 - Impact of dividend pay-out on Return on Equity;
 - Future capital expenditure;
 - Internal capital planning framework/policy;
 - Cash flow position;
 - Tax implications if any, on the distribution of dividends;
 - Cost of raising funds from alternate sources of capital;
 - Corporate actions including mergers/demergers, acquisitions, and additional investments including expansion

- plans and investment in subsidiaries/associates;
- Leverage profile and debt repayment schedules and, under exceptional circumstances, the amount of contingent liabilities;
- Such other factors and/or material events which the Board may consider.

6.2 The following non-financial factors may also be considered by the Board while recommending/declaring dividend:

- Shareholder expectations;
- Economic environment;
- Industry outlook;
- Inorganic growth plans;
- Stage of the business cycle;
- Dividend payout history;
- Trend of Interest rate and Monetary Policy;
- Reinvestment opportunities;
- The economic, legal and regulatory framework, government policies, etc.

7. DECLARATION OF DIVIDEND

The Board in each financial year has the absolute discretion to recommend dividends out of the year's profits after setting off carried over losses of the previous year(s) and depreciation not provided in the previous year(s) or out of any undistributed profits or any retained earnings subject to the approval of the shareholders at the Company's AGM. No dividend shall be declared or paid out of the capital reserve account or the revaluation reserve account or any unrealized gain or through reducing paid-up capital.

Before declaration of dividend, the Company may transfer a portion of its profits to reserves of the Company as may be considered appropriate by the Board at its discretion.

Dividend pay-out is an important decision as it determines the share of profit to be distributed amongst the shareholders and share of profit to be retained in the business. A balance needs to be struck between appropriately rewarding shareholders through dividends and retaining profits to maintain a healthy capital adequacy ratio and support the future growth of the business. As such, shareholders may not normally expect to receive dividends under some of the following circumstances (which may not be exhaustive), subject to the discretion of the Board:

- Company needing funds for expansion, diversification, acquisition, deleveraging or capital expenditure;
- Where the Company has incurred losses or inadequacy of profits;
- Alternative forms of distribution such as share buyback;
- Challenging circumstances such as adverse economic cycles and industry projections, pressure on cash flows on account of various factors such as debt repayment, payments due to changes in legislative or tax framework, etc.

The Management shall apprise the Board of the relevant facts and figures to facilitate prudent dividend declaration.

8. UTILIZATION OF RETAINED EARNINGS

Retained earnings may be utilized for declaration of dividend (interim/final), issuance of stock dividend/bonus shares, repayment of debt, capital expenditure, organic and/or inorganic growth plans, general corporate purposes (including contingencies), and such other purposes as may be permitted under the Act and other applicable regulations.

9. PARAMETERS WITH REGARD TO VARIOUS CLASSES OF SHARES

Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per their shareholding. The Policy may be revisited as and when any new classes of shares are issued.

10. INCOME TAX IMPACT ON DIVIDEND DECLARATION

Bangladesh Income Tax law provides for additional tax charges to a listed company that retains more than 70% of its net after-tax profit earned in any year. According to the said provision if the Company retains or transfers more than 70% of its after-tax profit to reserves or any other fund, an additional 10% tax shall be payable on such retained or transferred fund. Moreover, in order to encourage cash dividend, the tax law requires that if in any income year, the stock dividend declared by the company exceeds the cash dividend, an additional 10% tax shall be imposed on the whole amount of stock dividend declared or distributed.

11. MANAGEMENT OF UNCLAIMED DIVIDEND

The management of unclaimed dividends will be governed by the rules and regulations issued by the Bangladesh Securities and Exchange Commission.

12. MODE OF PAYMENT OF DIVIDEND

Dividend payments may be made through the following modes:

- a. Using Bangladesh Electronic Funds Transfer Network (BEFTN) for shareholders holding shares in dematerialized form; and
- b. Issuing Dividend Warrant for shareholders who hold shares in rematerialized/paper form.

13. REVIEW & MODIFICATION OF DIVIDEND DISTRIBUTION POLICY

This Policy may be reviewed and revised periodically when considered necessary by the Board. Where a Dividend is proposed to be declared based on parameters other than those mentioned in this Policy, such changes shall be disclosed along with the accompanying rationale.

14. DISCLAIMER

This Policy may not be construed as either soliciting investments in the Company's securities or assuring guaranteed returns (in any form whatsoever) for investments made in the Company's securities. The Policy serves as a guide for the Board. The decision of the Board concerning the amount of dividend proposed shall be conclusive.

In the event of any conflict between the Policy and the existing statutory regulations, the statutory regulations shall prevail.

15. POLICY APPROVAL AND EFFECTIVE DATE

This Policy was approved by the Company's Board of Directors in its meeting held on 27 July 2021 and became effective from such date.

AWARDS



কবিসিমেন্ট-এর শক্তিতে

কর্ণফুলী নদীর তলদেশে তৈরি হচ্ছে

দক্ষিণ এশিয়ার
সর্বপ্রথম সুড়ঙ্গপথ

বঙ্গবন্ধু শেখ মুজিবুর রহমান টানেল



MATERIAL
TO BUILD OUR FUTURE



RUBY CEMENT
HEIDELBERGCEMENT Group

Auditor's Report and Financial Statements



Independent Auditor's Report

To the Shareholders of HeidelbergCement Bangladesh Limited

Report on the Audit of the Financial Statements

OPINION

We have audited the financial statements of HeidelbergCement Bangladesh Limited ("the Company"), which comprise of statement of financial position as at 31 December 2021 and 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 of the Company give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its 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 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 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 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
Revenue recognition	
Refer note no 3.15 and 24 to the financial statements	
<p>The Company earns revenue from contracts with customers for the sale of products.</p> <p>During the year 2021, the Company has earned revenue of BDT 14,328 million, up from BDT 10,520 million in 2020.</p> <p>The rise of the revenue resulted from significant push to the sales during the year. The amount of increase was significant during the fourth quarter of the year. The rise was however contributed by the partial sales of ECBL too as part of its merger with the company.</p> <p>The management uses its judgment for assessing the appropriateness of revenue recognition, especially considering collectability of credit sales to the customers. The company implemented policy of advance collection from dealer sales which has improved the quality of the revenue.</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; • 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 raise 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.
Valuation of inventories	
Refer note no 3.6 and 7 to the financial statements	

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>The Company has reported a total inventory of BDT 2,022 million as at 31 December 2021. The inventories of the Company 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 and global inflation 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 Company. 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; ● conducting survey of our own expert to evaluate the accuracy of the Company's external expert's survey result. ● 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	
Refer note no 3.7 and 8 to the financial statements	
<p>The amount of total receivable as at 31 December 2021 is BDT 398 million. The improved collection of receivables are the result of new sales and receivable collection policies implemented by the company.</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 Company'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.
Defined benefit obligations	
Refer note no 3.14 and 17 to the financial statements	
<p>The Company maintains separate funded gratuity schemes as a post-employment defined benefit plan for the permanent employees. As of 31 December 2021, gratuity liability of the company is BDT 16 million. The company started contributing to the fund at 13.3% total basic salary as recommended by its actuary.</p> <p>The Company 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 Company underwrites the actuarial and investment risks for a defined benefit scheme. Considering these risks, the Company has appointed professional actuary 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 Emirates Cement Bangladesh Limited and Emirates Power Company Limited	
Refer note no 37 to the financial statements	

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>Effective from 3 November 2021, the Company has amalgamated its fully owned subsidiaries Emirates Cement Bangladesh Limited (ECBL) and Emirates Power Company Limited (EPCL).</p> <p>As a result, the whole undertaking, properties, and liabilities of ECBL and EPCL are vested in and transferred to the Company. Based on the court order, after the amalgamation, ECBL and EPCL 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 ECBL and EPCL. The Company also has to undertake all the liabilities and obligations and continue dealing with the pending suits and proceedings of ECBL and EPCL.</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 ECBL & EPCL whether any liabilities or obligations remained on account of ECBL and EPCL 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>
Implementation of SAP system from ERP system	
<p>On 1 October 2021, the Company went live on SAP system for its financial recording, reporting and operational process management to improve its ERP system and to make ERP harmonious to group ERP system.</p> <p>As a part of transition, company performed migration of data from legacy system to SAP system from instruction and supervision of the Company's parent company. After reviewing of implementation through external expert, the company went live to the new system.</p>	<p>We have examined the data migration project to gather information whether any systematic and proven methodology employed.</p> <p>We have reviewed the quality of migration, opportunity and challenges faced, assessment of existing workflow, reports pertaining to migration readiness, data lineage, data audit etc.</p> <p>We have also, reviewed the general ledger mapping and accuracy of the balances during the migration from old system to confirm the integrity of financial reporting.</p>
Compliance with regulatory matters	
<p>Refer note no 21 and 39 to the financial statements</p>	
<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 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 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 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 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 financial statements in accordance with IFRSs, 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. 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 Company.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial 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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current 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 Company so far as it appeared from our examination of these books;
- 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 and returns; and
- d) the expenditure incurred was for the purposes of the Company's business.

Dhaka, Bangladesh
27 April 2022

ACNABIN

Chartered Accountants



Md. Rokonzaman FCA

Partner

Enrollment No.: 0739

DVC: 2205100739AS551914

Statement of Financial Position

As at 31 December 2021

	Notes	2021 BDT '000	2020 BDT '000
Assets			
Non-current assets			
Property, plant and equipment	4	5,265,233	3,777,034
Lease assets-RoU	4.2	399,547	57,549
Capital works-in-progress	5	194,532	545,823
Intangible assets	6	79,277	722
Term Loan to ECBL-non-current portion		-	178,750
Total non-current assets		5,938,590	4,559,878
Investment in subsidiaries			1,893,121
		-	1,893,121
Current assets			
Inventories	7	2,022,237	1,187,668
Trade and other receivables	8	398,982	892,527
Advances, deposits and prepayments	9	397,864	251,484
Term Loan to ECBL-current portion		-	55,000
Current tax assets	22	11,592	-
Cash and cash equivalents	10	465,302	304,075
Total current assets		3,295,977	2,690,755
Total assets		9,234,567	9,143,753
Equity and liabilities			
Capital and reserves			
Share capital	11	565,036	565,036
Reserve	12	141,607	663,164
General reserve		15,000	15,000
Dividend equalization fund		8,600	8,600
Retained earnings	Equity	3,033,158	2,681,779
		3,763,401	3,933,580
Non-current liabilities			
Suppliers' credit-blocked	13	2,565	2,565
Quasi equity loan	14	122,636	122,636
ADP loan	14.1	12,699	12,699
Borrowings	15	486,400	799,600
Retirement benefit obligations (gratuity)	17	10,742	-
Financial lease liabilities-RoU-Long portion	16	43,202	32,926
Deferred tax liability	18	515,498	581,581
Total non-current liabilities		1,193,742	1,552,007
Current liabilities			
Trade and other payables	19	3,769,351	2,939,744
Bank overdraft	10.1	78,590	-
Borrowings	15	313,200	373,200
Finance lease liability-RoU-Current portion	16	48,899	31,307
Provision for workers profit participation fund	20	35,101	12,477
Unclaimed dividend	21	32,282	250,495
Current tax liabilities	22	-	50,943
Total current liabilities		4,277,424	3,658,167
Total liabilities		5,471,166	5,210,174
Total equity and liabilities		9,234,567	9,143,753

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, FCA
Company Secretary

Dhaka, Bangladesh
Dated, 27 April 2022

See our annexed report of same date

ACNABIN
Chartered Accountants

Md. Rokonzaman FCA
Partner
Enrollment No.: 0739

DVC No: 2205100739AS551914

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Notes	2021 BDT '000	2020 BDT '000
Sales	24	14,328,340	10,520,732
Cost of goods sold	25	(12,730,603)	(9,219,387)
Gross profit		1,597,736	1,301,345
Other operating income	26	8,161	9,984
Warehousing, distribution and selling expenses	27	(388,372)	(364,833)
Administrative expenses	28	(512,183)	(560,711)
Operating profit		705,342	385,784
Net finance expenses	29	(3,323)	(136,244)
Contribution to workers' profit participation fund	20	(35,101)	(12,477)
Profit before tax		666,918	237,063
Income tax expense		(191,634)	(241,980)
Current tax:			
Current year	30	(388,000)	(285,000)
Prior year		(31,771)	-
Deferred tax income	18.2	228,137	43,020
Profit/(loss) for the year		475,284	(4,917)
Earnings per share (EPS)	31	8.41	-0.09
Profit/(loss) for the year		475,284	(4,917)
Other comprehensive income			
Item will not be reclassified to profit or loss			
Remeasurements of defined benefit liability net off related taxes		(10,898)	-
Total comprehensive income for the year		464,386	(4,917)

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, FCA
Company Secretary

Dhaka, Bangladesh
Dated, 27 April 2022

See our annexed report of same date

ACNABIN
Chartered Accountants



Md. Rokonzaman FCA
Partner
Enrollment No.: 0739
DVC No: 2205100739AS551914

Statement of Changes in Equity

For the year ended 31 December 2021

Particulars	Share capital	Reserve	General reserve	Dividend equalization fund	Retained earnings	Total
	BDT '000	BDT '000	BDT '000	BDT '000	BDT '000	BDT '000
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
Year 2021						
Balance as at 01 January 2021	565,036	663,164	15,000	8,600	2,681,779	3,933,580
Payment of dividend for 2020	-	-	-	-	(113,007)	(113,007)
Net Profit for the year	-	-	-	-	475,284	475,284
Other Comprehensive income for the year	-	-	-	-	(10,898)	(10,898)
Amalgamation loss-ECBL	-	(498,545)	-	-	-	(498,545)
Amalgamation loss- EPCL	-	(23,012)	-	-	-	(23,012)
Balance as at 31 December 2021	565,036	141,607	15,000	8,600	3,033,158	3,763,401

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


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Statement of Cash Flows

For the year ended 31 December 2021

	Notes	2021 BDT '000	2020 BDT '000
Cash flows from operating activities			
Collections from customers	32.1	14,547,108	10,755,295
Cash received from other operating income		271,448	(255,211)
Cash paid to suppliers	32.2	(11,517,802)	(7,622,376)
Cash paid for operating expenses	32.3	(1,842,485)	(1,518,159)
(Payment)/adjustment of financial expenses net of exchange gain		1,961	(282)
Interest income		43,143	30,844
Interest expenses		(62,892)	(167,369)
Income tax paid	33	(324,287)	(225,104)
Net cash flow generated from operating activities (a)		1,116,194	997,637
Cash flows from investing activities			
Acquisition of non-current assets		(260,032)	(293,702)
Investment in subsidiaries/investment back from subsidiaries		-	41,250
Cash from changes in consolidation scope	37	25	37,961
Proceeds from sale of non-current assets	35	2,781	2,420
Net cash used in investing activities (b)		(257,226)	(212,071)
Cash flows from financing activities			
Proceeds from Bank Loan	15.3	-	60,000
Repayment of Bank Loan	15.3	(373,200)	(453,200)
Repayment of lease liabilities		(71,911)	(74,562)
Unclaimed dividend transferred to CMSF	36	(189,140)	-
Dividend paid	36	(142,080)	(1,138)
Net cash flow used in financing activities (c)		(776,332)	(468,900)
Net decrease in cash and cash equivalents (a+b+c)		82,637	316,666
Opening cash and cash equivalents		304,075	(12,591)
Closing cash and cash equivalents*		386,712	304,075

* 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 HeidelbergCement Bangladesh Limited


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Managing Director


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Notes to the financial statements

For the year ended 31 December 2021

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. Acquired Muktrpur plant production capacity is 660,000 MT. The total production capacity of HCBL stands at 3,510,000 MT per annum.

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

The 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/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 Company in its 9th Extraordinary General Meeting of shareholders held on 02 May 2021 approved the scheme of Amalgamation of Emirates Cement Bangladesh Limited (ECBL) and Emirates Power Company Limited (EPCL) with HeidelbergCement Bangladesh Limited (HCBL/the Company). The Hon'ble High Court Division of the Supreme Court of Bangladesh sanctioned the approval of the above Scheme of Amalgamation by an order dated 24 October 2021. ECBL cement plant is situated at East Mukterpur, Munshiganj, Bangladesh with annual production capacity of 660,000 MT cement. 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 registered office of the Company is situated in Tatki, P.O.: Jatramora, Union: Tarabaw, P.S.: Rupganj, Narayanganj. The address of the operational headquarters is at Symphony, Plot: SE (F) 9, Road 142, South Avenue Gulshan 1 Dhaka. Its shares are listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

The number of employees at the year end was 343 (2020: 274) including ECBL and EPCL.

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, Ruby and Scan Cement.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These 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 Date of approval

The board of directors of the company has authorised these financial statements for issue on 27 April 2022.

2.3 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

Notes to the financial statements

For the year ended 31 December 2021

2.4 Functional and presentational currency

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

2.5 Going concern

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.

2.6 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).

2.7 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 4.2 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

2.8 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.

2.9 Reporting period

The financial reporting period of the Company covers one year from 01 January to 31 December and consistently applied.

Notes to the financial statements

For the year ended 31 December 2021

2.10 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. The Company is primarily engaged in the manufacturing and selling of similar type of products. Hence, the company is reporting location/plant wise revenue segments in Note#24.

2.11 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

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:

	2021	2020
1 US Dollar = BDT	85.90	84.68
1 EURO = BDT	97.67	103.45

Notes to the financial statements

For the year ended 31 December 2021

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 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 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:

Category of assets	2021	2020
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%

Notes to the financial statements

For the year ended 31 December 2021

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 Leases -IFRS 16

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in notes to the financial statements.

The date of initial application of IFRS 16 for the company is 1 January 2019.

3.6 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.

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

3.7 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.

3.8 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. To calculate provision for impairment on receivables, the company is following 'Simplified Approach' as allowed under IFRS 9.

3.9 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.

3.10 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.

3.11 Liabilities

Liabilities are broadly classified into current and non-current.

Notes to the financial statements

For the year ended 31 December 2021

3.11.1 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.

3.11.2 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.

3.12 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."

3.12.1 Current tax

The Company qualifies as a "Publicly Traded Company" as defined in income tax laws. The applicable tax rate for the company is 22.5% and hence provision for taxation has been made on this basis which is in compliant with the Finance Act 2021.

3.12.2 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.

3.13 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.

Notes to the financial statements

For the year ended 31 December 2021

3.14 Employee benefit

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

3.14.1 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.

3.14.2 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.

On amalgamation of ECBL and EPCL, the unfunded gratuity provision is transferred to trustee of the funded gratuity of the company.

3.14.3 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.

3.15 Revenue recognition (IFRS 15 Revenue from Contracts with Customers)

3.15.1 Revenue will be recognised for the contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As a consequence, for those contracts for which the company is unable to make a reasonable estimate of return, revenue is expected to be recognised sooner than when the return period lapses or a reasonable estimate can be made.

Based on the company's assessment, the timing of revenue recognition from sale of goods are broadly similar. Therefore, the company does not expect the application of IFRS 15 to result in significant differences in the timing of revenue recognition for these sales.

3.16 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.

3.17 Advertising and promotional expenses

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

3.18 Research, development and experiment costs

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

3.19 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.

3.20 Repair, upkeep and maintenance charges

These are usually charged as revenue charges.

3.21 Basis of allocation of depreciation

Basis allocation of depreciation in different overheads are as follows:

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

Notes to the financial statements

For the year ended 31 December 2021

3.22 Environmental expenditure

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

3.23 Earnings per share

The Company presented 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.

3.24 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.

3.25 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 50.

Notes to the financial statements

For the year ended 31 December 2021

4 PROPERTY, PLANT AND EQUIPMENT:

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 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
Cost					
At 01 January 2021	2,894,290	5,915,059	185,867	100,135	9,095,351
Assets- Emirates Cement Bangladesh Ltd	764,614	663,584	10,342	2,971	1,441,511
Assets- Emirates Power Company Ltd	18,040	117,215	30	-	135,285
Additions	288,580	226,952	9,245	8,533	533,310
Disposal	-	-	-	(6,350)	(6,350)
Balance at 31 December 2021	3,965,524	6,922,810	205,484	105,289	11,199,107
Depreciation					
At 01 January 2021	1,183,975	3,921,787	162,179	50,376	5,318,317
Acc.Depr.- Emirates Cement Bangladesh Ltd	9,954	169,051	3,358	2,822	185,186
Acc.Depr.- Emirates Power Company Ltd	3,243	37,595	29	-	40,867
Depreciation expense	88,771	285,515	9,246	12,322	395,854
Disposal	-	-	-	(6,350)	(6,350)
Balance at 31 December 2021	1,285,944	4,413,947	174,812	59,170	5,933,873
Net book value at 31 December 2021	2,679,580	2,508,864	30,672	46,118	5,265,233

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

	31.12.2021	31.12.2020
	BDT '000	BDT '000
Land and building		
Non-factory building	1,005,775	82,984
Factory Building	65,459	-
	1,071,234	82,984
Plant and machinery		
Equipment apparatus and accessories	989,046	32,719
Electrical installation	16,254	758,417
Tools and equipment	2,451	1,399
	1,007,751	792,535
Furniture and equipment		
Furniture and fixture	3,512	860
Sundry assets	1,782	200
Computer	5,378	2,317
Office equipment	8,945	49,753
	19,617	53,130
Transport and vehicles		
Pick up van/vehicle	11,504	6,000
	11,504	6,000
	2,110,106	934,649

Notes to the financial statements

For the year ended 31 December 2021

4.2 Lease Assets-RoU

Particulars	RoU Land and Buildings	RoU Transport and vehicles	Total
	BDT '000	BDT '000	BDT '000
Cost			
At 01 January 2020	75,603	94,854	170,458
Additions	970	24,633	25,603
Disposal	-	-	-
Balance at 31 December 2020	76,574	119,487	196,061
Amortization			
At 01 January 2020	33,023	28,951	61,974
Amortization expense	33,805	42,733	76,538
Disposal	-	-	-
Balance at 31 December 2020	66,829	71,684	138,512
Net book value at 31 December 2020	9,745	47,804	57,549
Cost			
At 01 January 2021	76,574	119,487	196,061
Assets- Emirates Cement Bangladesh Ltd	329,102	-	329,102
Additions	94,407	5,373	99,779
Disposal	(10,342)	-	(10,342)
Balance at 31 December 2021	489,740	124,860	614,600
Amortization			
At 01 January 2021	66,829	71,684	138,512
Amortization- Emirates Cement Bangladesh Ltd	14,752	-	14,752
Amortization expense	39,133	29,567	68,701
Disposal	(6,912)	-	(6,912)
Balance at 31 December 2021	113,802	101,251	215,053
Net book value at 31 December 2021	375,938	23,609	399,547

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

	31.12.2021 BDT '000	31.12.2020 BDT '000
4.3 Allocation of depreciation expense:		
Manufacturing, labor and overheads (note 25.4)	348,416	345,551
Warehousing, distribution and selling expenses (note 27.1)	69,683	69,110
Administrative expense (note 28)	46,455	46,074
	464,555	460,735

4.4 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		
2021					Company policy/tender	Employee
Transport and vehicles	6,350	6,350	-	2,781		
Total	<u>6,350</u>	<u>6,350</u>	<u>-</u>	<u>2,781</u>		
2020	<u>6,600</u>	<u>4,180</u>	<u>2,420</u>	<u>2420</u>		

Notes to the financial statements

For the year ended 31 December 2021

5 CAPITAL WORKS-IN-PROGRESS

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 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
At 1 January 2021	27,786	216,249	301,788	-	545,823
Addition: Emirates Cement Bangladesh Ltd	-	-	1,987	-	1,987
Addition	83,338	111,241	47,675	-	242,254
Capitalized during the year	(80,000)	(288,580)	(226,952)	-	(595,532)
At 31 December 2021	31,124	38,910	124,498	-	194,532

6 INTANGIBLE ASSETS

Cost

	Software BDT '000	Total BDT '000
At 01 January 2020	9,922	9,922
Assets- Meghna Energy Limited	963	963
Balance at 31 December 2020	10,885	10,885

Amortization

To 01 January 2020	8,707	8,707
Acc.Depr.- Meghna Energy Limited	963	963
Charge for the year	493	493
Total to 31 December 2020	10,163	10,163

At 31 December 2020

722	722
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Cost

At 01 January 2021	10,885	10,885
Addition	80,000	80,000
Balance at 31 December 2021	90,885	90,885

Amortization

To 01 January 2021	10,163	10,163
Charge for the year	1,445	1,445
Total to 31 December 2021	11,608	11,608

At 31 December 2021

79,277	79,277
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31.12.2021 BDT '000	31.12.2020 BDT '000
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7 INVENTORIES

Raw materials	1,242,133	576,817
Finished goods	171,771	114,744
Packing materials	101,129	37,436
Stores and spares	513,112	464,579
	2,028,145	1,193,576
Provision for slow moving stores and spares	(5,908)	(5,908)
	2,022,237	1,187,668

Notes to the financial statements

For the year ended 31 December 2021

	31.12.2021 BDT '000	31.12.2020 BDT '000
8 TRADE AND OTHER RECEIVABLES		
Trade receivables		
Considered good	367,891	598,149
Considered doubtful	81,470	69,980
	<u>449,361</u>	<u>668,129</u>
Other receivables		
Third party	20,950	37,842
Inter-company	10,141	256,536
	<u>31,091</u>	<u>294,378</u>
Provision for doubtful debts	(81,470)	(69,980)
	<u>398,982</u>	<u>892,527</u>
Receivable covered under security	<u>276,579</u>	<u>790,534</u>
Outstanding for a period exceeding six months.	<u>88,548</u>	<u>119,394</u>
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.		
9 ADVANCES, DEPOSITS AND PREPAYMENTS		
Advance paid to suppliers and employees	72,328	23,196
Security and other deposits	321,123	207,081
Prepayments	4,413	21,207
	<u>397,864</u>	<u>251,484</u>
9.1 Amount realized/adjusted during the year from the balance sheet date	<u>180,135</u>	<u>212,312</u>
9.2 These include aggregate amount due by, executives, managers, officers and staffs	<u>18,180</u>	<u>14,259</u>
9.3 The maximum aggregated amount due by executives, managers, officers and staffs of the company at the end of any month during the year	<u>18,180</u>	<u>14,259</u>
9.4 Advance recoverable in cash	<u>1,818</u>	<u>1,426</u>
9.5 Advance outstanding for a period exceeding six months	<u>63,225</u>	<u>61,051</u>
10 CASH AND CASH EQUIVALENTS		
Cash in hand	82	111
Cash at bank in current accounts	1,608	20,447
Short term bank deposits (STD)	346,482	266,559
Fixed deposits receipts (FDR)	117,129	16,958
	<u>465,302</u>	<u>304,075</u>
10.1 Bank Overdraft		
In current account	<u>78,590</u>	<u>-</u>
Closing cash and cash equivalents as disclosed in cash flow statement	<u>386,712</u>	<u>304,075</u>

FDR includes an amount of BDT 16,958 thousand (2020: 16,958) thousand held under lien in favour of Customs Authority.

Notes to the financial statements

For the year ended 31 December 2021

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 (2020: 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

2021 BDT '000	2020 BDT '000
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

363,588	363,588
201,448	201,448
565,036	565,036

11.3 Percentage and value of shareholdings

	Percentage (%)			
	31.12.2021	31.12.2020		
Foreign shareholders				
HeidelbergCement- Netherlands Holding B.V.	39.80%	39.80%	224,930	224,930
HC Asia Holding GmbH	20.86%	20.86%	117,844	117,844
	60.66%	60.66%	342,774	342,774
Bangladeshi shareholders				
General public	10.11%	12.49%	57,127	70,573
Company's employees	0.19%	0.16%	1,057	904
Investment Corporation of Bangladesh (ICB)	12.50%	12.50%	70,581	70,630
Other financial institutions	16.54%	14.19%	93,497	80,155
	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 5,000 shares	11,764	12,544
5,001 to 50,000 shares	254	261
50,001 to 200,000 shares	48	46
200,001 to 500,000 shares	6	5
500,001 to 10,000,000 shares	4	4
Over 10,000,000 shares	2	2
	12,078	12,862

11.5 Option on un-issued shares

There is no option on un-issued share capital

12 RESERVE

Balance as at 1 January 2021

Amalgamation loss-ECBL

Amalgamation loss- EPCL

Balance as at 31 December 2021

Total BDT '000
663,164
(498,545)
(23,012)
141,607

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

13 SUPPLIERS' CREDIT BLOCKED

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

Notes to the financial statements

For the year ended 31 December 2021

14 QUASI EQUITY LOAN

	31.12.2021 BDT '000	31.12.2020 BDT '000
Fixed assets revaluation surplus	104,122	104,122
Government equity contribution	20,000	20,000
	124,122	124,122
Foreign currency devaluation	(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 BORROWINGS- TERM LOAN-NON-CURRENT PORTION

Citibank N.A	486,400	799,600
	486,400	799,600

15.1 Borrowings- Term loan-current portion

Citibank N.A	313,200	313,200
Standard Chartered Bank- Government COVID support	-	60,000
	313,200	373,200

Citibank NA Term loan :

HeidelbergCement Bangladesh Limited 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. 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 was 4.5% per annum and fully paid on 17th November 2021.

16 FINANCE LEASE LIABILITY

Long-term liabilities from finance lease-(non-current portion)	43,202	32,926
Long-term liabilities from finance lease (current Portion)	48,899	31,307
	92,101	64,234

Maturity analysis of Lease liabilities

No later than one month	5,458	15,724
Later than one month and not later than three months	11,045	4,991
Later than three months and not later than one year	32,395	10,592
Later than one year and not later than five years	43,203	32,926
Total	92,101	64,233

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

Notes to the financial statements

For the year ended 31 December 2021

17 RETIREMENT BENEFIT OBLIGATIONS (GRATUITY)

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. As per the actuary report of 2018 the Company has contributed 11.50% (2018: 11.70%) of basic salary as its contribution to gratuity fund. The company made latest actuarial valuation of fund as at 31st December 2021.

Principal actuarial assumption	2021	2020
Discount rate	7%	7%
Expected return of fund assets	7%	7%
Rate of expected increase in salaries	7%	7%

18 DEFERRED TAX LIABILITY

	31.12.2021 BDT '000	31.12.2020 BDT '000
Opening balance	581,581	543,080
Provision/ (reversal) made during the year	(228,137)	(43,020)
MEL Deferred tax at Amalgamation date	-	81,521
ECBL & EPCL Deferred tax at Amalgamation date	160,052	-
Net define benefit Gratuity	2,002	-
Closing balance	515,498	581,581

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

Property, plant and equipment	560,601	623,134
Net define benefit Gratuity	2,002	-
Provision for Lease Liability	(17,736)	(16,058)
Provision for inventories	(11,038)	(7,999)
Provision for doubtful debts	(18,331)	(17,495)
	515,498	581,581

18.2 Movement in deferred tax balance

	Net balance at 1st Jan. 2021	Adjusted	Recognized in Profit or loss	Net balance at 31st Dec 2021
Property, plant and equipment	544,320	160,052	(216,085)	488,288
Provision for Lease Liability	(16,058)	-	(1,678)	(17,736)
Net define benefit Gratuity	-	2,002	-	2,002
Provision for Inventories	(7,999)	-	(3,039)	(11,038)
Provision for doubtful debts	(17,495)	-	(836)	(18,331)
Meghna energy assets revaluation	78,813	-	(6,499)	72,314
Deferred Tax Liability	581,581	162,054	(228,137)	515,498
Deferred Tax Assets-ECBL	95,626	-	-	-

* ECBL Deferred tax assets BDT 95,626 thousand adjusted with amalgamation balance.

Deferred tax income

Deferred tax expense/(income) relating to origination and reversal of temporary differences	(228,137)
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Notes to the financial statements

For the year ended 31 December 2021

	31.12.2021 BDT '000	31.12.2020 BDT '000
19 TRADE AND OTHER PAYABLES		
Trade payables (*)	1,784,136	1,143,009
Creditors for other finance (note 19.1)	250,630	325,852
Creditors for revenue expenses (note 19.2)	1,434,885	1,171,183
Interest accrued	299,700	299,700
	3,769,351	2,939,744
<p>* BDT 63,810 thousands provided against import and supplementary duties covered by bank guarantees. * Trade payables included BDT 30,000 thousand for KP Jetty dismantling cost.</p>		
19.1 Creditors for other finance		
Security deposits	22,696	32,377
VAT deduction at source	51,499	123,289
Tax deduction at source	59,496	20,579
Payable to employees provident fund	2,543	3,234
Inter company payables	113,557	36,575
Payable for capital expenditure	-	109,109
Others	839	689
	250,630	325,852
19.2 Creditors for revenue expenses		
Revenue charges	711,169	771,319
Employees remuneration	50,279	42,049
Technical know-how fee	673,437	357,815
	1,434,885	1,171,183
19.3	<p>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.</p>	
20 PROVISION FOR WORKERS' PROFIT PARTICIPATION FUND		
<p>Provision for liabilities and charges includes provision for Workers' Profit Participation Fund (WPPF) of BDT 36,693 thousand (2020:BDT 12,477 thousand). This represents 5% of net profit before charging WPPF (note 3.13).</p>		
21 UNCLAIMED DIVIDEND		
Opening balance	250,495	251,633
Addition during the year	113,007	-
Paid to shareholders	(142,080)	(1,138)
Fund transfer to CMSF	(189,140)	-
Closing balance	32,282	250,495
<p>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. The company transferred BDT 189,104 thousand during the year to Capital Market Stabilization Fund(CMSF).</p>		
22 CURRENT INCOME TAX LIABILITY /(ASSETS)		
Opening balance	50,943	(29,892)
MEL-Tax liability/(assets) at amalgamation date	-	20,939
ECBL & EPCL-Tax liability/(assets) at amalgamation date	(158,019)	-
Addition during the year:		
Current year provision	388,000	285,000
Prior year provision	31,771	-
	419,771	285,000
Paid during the year	(324,287)	(225,104)
Closing balance	(11,592)	50,943

Notes to the financial statements

For the year ended 31 December 2021

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

	31.12.2021 BDT '000	31.12.2020 BDT '000
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 19.2 'Revenue charges'.		
ii) Guarantees:		
Guarantees issued by the Company's banker with 100% margin form of FDR for import duty and supplementary duty	16,958	16,958
Guarantees issued by the Company's banker for security deposits and others	113,521	113,521
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.)	2,190,355	1,450,183
iv) Capital expenditure authorized but not contracted for	6,147	93,775
v) Capital expenditure authorized and committed for	94,651	34,335
	<u>2,421,632</u>	<u>1,708,772</u>

Notes to the financial statements

For the year ended 31 December 2021

				2021 BDT '000	2020 BDT '000
24 SALES					
	Chittagong	Dhaka	Mukhtarapur		
Domestic	5,759,826	7,948,938	502,649	14,210,657	10,465,927
Export	116,927	756	-	117,683	54,805
Total Sales	5,876,753	7,949,693	502,649	14,328,340	10,520,732
25 COST OF GOODS SOLD					
Opening stock of raw materials (note 25.1)				522,453	718,723
Raw materials purchased (note 25.1)				12,112,823	7,733,724
Closing stock of raw materials (note 25.1)				(1,399,290)	(522,453)
Raw materials consumed				11,235,985	7,929,993
Manufacturing labor and overhead (note 25.4)				1,551,645	1,276,232
Cost of production				12,787,630	9,206,225
Opening finished goods				114,744	127,906
Closing finished goods				(171,771)	(114,744)
Cost of goods sold				12,730,603	9,219,387
25.1 Raw materials consumed					
Opening inventory:					
Clinker				349,188	491,792
Gypsum				22,479	43,608
Iron slag				22,935	80,300
Limestone & other				52,379	55,319
Fly ash				38,036	10,725
Packing materials				37,436	36,979
				522,453	718,723
Purchase:					
Clinker				8,164,178	5,425,297
Gypsum				462,072	211,130
Iron slag				1,074,299	598,445
Limestone and others				779,753	363,121
Fly ash				789,596	614,180
Packing materials				842,924	521,552
				12,112,823	7,733,724
Raw materials available for consumption				12,635,276	8,452,446
Closing inventory:					
Clinker				(833,987)	(349,188)
Gypsum				(119,609)	(22,479)
Iron slag				(155,701)	(22,935)
Limestone and other				(130,372)	(52,379)
Fly ash				(58,493)	(38,036)
Packing materials				(101,129)	(37,436)
				(1,399,290)	(522,453)
Raw materials consumed				11,235,985	7,929,993

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

	Opening stock		Closing stock		Sales-net	
	Qty-M.T	BDT	Qty-M.T	BDT	Qty-M.T	BDT
Year 2021	19	114,744	28	171,771	2,173	14,328,340
Year 2020	21	127,906	19	114,744	1,637	10,520,732

Notes to the financial statements

For the year ended 31 December 2021

25.3 Analysis of raw materials consumption (figures in thousand)

	2021		2020	
	Qty-M.T	BDT	Qty-M.T	BDT
Raw materials				
Clinker	1,368	7,679,380	1,040	5,567,901
Gypsum	96	364,942	67	232,258
Iron slag	258	941,534	200	655,809
Limestone and others	184	701,760	127	366,061
Fly ash	268	769,139	203	586,868
Packing materials (000 Pcs)	39,394	779,231	29,978	521,095
		11,235,985		7,929,993

25.4 Manufacturing labor and overhead

Personnel Cost:

	2021 BDT '000	2020 BDT '000
Salaries, wages and bonus	114,787	83,990
Welfare and other benefits	75,698	78,740
	190,485	162,730
Power and fuel costs	584,903	502,544
Depreciation expense (note 4.3)	348,416	345,552
Stores and spares consumed	91,177	55,990
Cost of consumables	101,081	46,839
Repairs and maintenance	112,812	83,454
Insurance	8,346	7,380
Postage, telephone and telex	1,306	1,136
Traveling and conveyance	12,863	12,690
Rent, rates and taxes	16,735	7,660
Fuel and gas	1,195	2,458
Entertainment	6,703	5,540
Security guard	30,248	33,406
KP Jetty dismantling cost	30,000	-
Uniform, liveries and other administrative expenses	15,375	8,852
	1,551,645	1,276,232

26 OTHER OPERATING INCOME

Berth hire charge	8,302	9,842
Scrap sales and sundry recoveries	(141)	6,147
	8,161	15,989

Notes to the financial statements

For the year ended 31 December 2021

27 WAREHOUSING, DISTRIBUTION AND SELLING EXPENSES

Personnel Cost:

	2021 BDT '000	2020 BDT '000
Salaries, wages and bonus	57,649	40,446
Welfare and benefits	38,047	35,956
	95,696	76,402
Depreciation expense (note 4.3)	69,683	69,110
Freight, loading, unloading and others	85,303	84,610
Advertisement and business promotion expenses	110,618	89,314
Traveling and conveyance	10,545	5,353
Vehicle running expense	67	249
Rent, rates and taxes	13,457	11,021
Postage, telephone and telex	1,811	1,710
Provision for bad and doubtful debts	-	25,714
Printing and stationary	111	518
Repairs and maintenance	501	360
Entertainment	580	473
	388,372	364,833

28 ADMINISTRATIVE EXPENSES

Personnel Cost:

Salaries, wages and bonus	61,774	47,984
Welfare and benefits	48,955	50,667
	110,729	98,651
Depreciation expense (note 4.3)	46,455	46,074
Depreciation of intangible assets (note 6)	1,445	493
Rent, rates and taxes	3,976	8,473
Traveling and conveyance	2,376	845
Postage, telephone and telex	1,196	1,262
Annual General Meeting expenses	2,012	2,468
Technical know-how fee (note 19.3)	315,622	357,815
Legal and professional charges	11,117	13,203
Entertainment	1,630	1,693
Repairs and maintenance	5,824	5,942
Printing and stationery	444	762
Bank charges	712	2,500
Electronic data processing expense	2,274	14,846
Audit fee	490	900
Advertisement	651	1,099
Training expense	102	326
Electricity	1,174	1,089
Vehicle running expense	340	279
Newspaper and periodicals	36	33
Subscription on others	135	493
Insurance, CDBL and other administrative expenses	3,443	1,468
	512,183	560,711

Notes to the financial statements

For the year ended 31 December 2021

29 NET FINANCE (EXPENSES)/ INCOME

	2021 BDT '000	2020 BDT '000
Interest income on bank deposits	43,143	10,236
Interest income from ECBL	18,387	20,608
Interest expenses for Finance lease liability-RoU	(8,670)	(15,797)
Interest expenses for Citi Bank N.A term loan	(45,186)	(126,988)
Net interest on defined benefit liability	(1,846)	-
Bank guarantee and other charges	(7,191)	(24,584)
	(1,362)	(136,525)
Net exchange (loss)/gain	(1,961)	282
	(3,323)	(136,244)

30 INCOME TAX EXPENSE

The corporate tax rate is 22.5% for the year 2021 (2020: 25%) as a "Publicly Traded Company". Current year tax provision has been accounted for at BDT 388,000 (2020: BDT 285,000) thousand.

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

	2021(%)	2020(%)	BDT '000	BDT '000
Profit before tax			666,918	237,063
Income tax @ statutory rate	22.5%	25.0%	150,057	59,266
Inadmissible expenses & Tax paid u/s 82 (C)	33.2%	95.2%	237,943	225,734
Current tax charges	55.7%	120%	388,000	285,000

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 22.5% (year 2020 : 25%).

The company recognized current tax expense of BDT 388,000 thousand which is 55.7% of profit before tax.

31 EARNINGS PER SHARE

	2021 BDT '000	2020 BDT '000
Profit /(Loss) after tax for the year	475,284	(4,917)
Weighted average number of shares outstanding at the end of the year	56,504	56,504
Earnings per share (Basic)	8.41	(0.09)

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 financial statements

For the year ended 31 December 2021

32 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 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.

32.1 Collection from customers

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

32.2 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.

32.3 Cash paid for operating expenses

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

33 INCOME TAX PAID

During the year the company has paid BDT 324,287 thousand (2020: BDT 225,104 thousand) as income tax.

34 ACQUISITION OF NON-CURRENT ASSETS

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

35 PROCEEDS FROM SALE OF NON-CURRENT ASSETS

Transport and vehicles

	2021 BDT '000	2020 BDT '000
Transport and vehicles	2,781	2,420
	2,781	2,420

36 PAYMENT OF DIVIDEND

In 2021, the Company paid dividend BDT 142,080 thousand (2020: BDT 1,138 thousand) to shareholders and BDT 189,140 thousands to Capital Market Stabilization Fund(CMSF).

37 ECBL & EPCL AMALGAMATION

The Hon'ble High Court Division of the Supreme Court of Bangladesh sanctioned the approval of the above Scheme of Amalgamation of Emirates Cement Bangladesh Limited (ECBL) & Emirates Power Company Limited (EPCL) with HeidelbergCement Bangladesh Limited by an order (Company matter no. 31 of 2021) dated 24 October 2021. The assets and liabilities of ECBL & EPCL are merged with HeidelbergCement Bangladesh Limited as per the approved scheme of amalgamation at their respective fair values w.e.f. 2nd November 2021.

The audited assets and liabilities of ECBL & EPCL as of 2nd November 2021 were as under:

	02.11.2021		
	BDT '000 ECBL	BDT '000 EPCL	BDT '000 Total
Assets			
Non-current assets			
Property, plant and equipment	1,256,325	94,418	1,350,744
Lease assets-RoU	314,351	-	314,351
Capital works-in-progress	1,987	-	1,987
Total non-current assets	1,572,663	94,418	1,667,082
Current assets			
Inventories	318,902	36,921	355,823
Trade and other receivables	77,121	-	77,121
Advances, deposits and prepayments	183,561	152	183,712
Income tax assets	157,528	491	158,019
Cash and cash equivalents	19	6	25
Total current assets	737,131	37,570	774,701
Total assets	2,309,795	131,989	2,441,783

Notes to the financial statements

For the year ended 31 December 2021

	02.11.2021		
	BDT '000 ECBL	BDT '000 EPCL	BDT '000 Total
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	1,589,300	269,962	1,859,261
Revaluation reserve	692,630	7,052	699,682
Retained earnings/ (accumulated losses)	(988,184)	(199,195)	(1,187,379)
	1,293,746	77,818	1,371,564
Non current liabilities			
Net defined benefit liability (gratuity)	14,348	3,255	17,604
Deferred Tax Liability	135,150	24,901	160,051
Finance lease liabilities-RoU-Long portion	2,871	-	2,871
	152,370	28,156	180,526
Current liabilities			
Trade and other payables	780,638	24,942	805,580
Provision for other expenses	79,876	714	80,590
Net defined benefit liability (gratuity)	3,164	358	3,523
	863,679	26,015	889,693
Total liabilities	863,679	26,015	889,693
Total Shareholders' equity and liabilities	2,309,794	131,989	2,441,783
Amalgamation gain/(loss) is calculated as follows:			
Total assets take over	2,309,795	131,989	2,441,783
Less: external liabilities	1,016,048	54,171	1,070,219
Net assets	1,293,746	77,818	1,371,564
Less: Cost of investment	1,792,291	100,830	1,893,121
Amalgamation loss	(498,545)	(23,012)	(521,557)

37.1 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 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. 28 July 2020.

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

	28.07.2020 BDT '000
Assets	
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
	981,920
Non current liabilities	
Deferred tax on revaluation of PP&E	81,521
	81,521

Notes to the financial statements

For the year ended 31 December 2021

	28.07.2020 BDT '000
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
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

38 SUPPLEMENTARY INFORMATION

Due to the effect of Amalgamation, there is no consolidated financial statements presented for this year. Had there been no amalgamation scenario, the consolidated statements of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2021 would be presented as articulated below:

	2021 Like for Like BDT'000	2020 Consolidated BDT'000
Sales	16,606,525	11,681,091
Cost of goods sold	(14,816,815)	(10,326,509)
Gross profit	1,789,709	1,354,582
Other operating income	9,411	13,430
Warehousing, distribution and selling expenses	(452,674)	(395,719)
Administrative expenses	(539,186)	(594,800)
Operating profit	807,260	377,493
Net finance expenses	(23,490)	(184,920)
Contribution to workers' profit participation fund	(38,994)	(12,477)
Profit before tax	744,776	180,096
Income tax expense	(238,510)	(260,935)
Current tax:		
Current year	(434,876)	(305,424)
Prior year	(31,771)	-
Deferred tax income	228,137	44,489
Profit/(Loss) for the year	506,266	(80,839)
Earnings per share (EPS)	8.96	-1.43

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

Operating activities	2021 HCBL BDT '000	2020 HCBL BDT '000
Profit before tax	666,918	237,063
Depreciation of property, plant and equipment	463,110	460,244
Amortization of intangible assets	1,445	493
(Increase)/Decrease in inventories	(834,570)	667,894
(Increase)/Decrease in Trade and other receivable	493,545	(16,284)
(Increase)/Decrease in advance, deposits and prepayments	(146,380)	(33,180)
Increase/(Decrease) in Trade & other payables	773,787	(96,995)
Increase/(Decrease) in Provision for WPPF	22,624	3,507
Income tax paid	(324,287)	(225,104)
Net cash flow generated from operating activities	1,116,194	997,637

Notes to the financial statements

For the year ended 31 December 2021

40 BANK FACILITIES

The Company has got the following loan facilities from Banks:

Standard Chartered Bank

Short term loan facilities
Letter of credit
Bank Guarantee opened ended

Citibank N.A.

Letter of credit

Grand Total

	2021 BDT '000	2020 BDT '000
Short term loan facilities	400,000	400,000
Letter of credit	2,400,000	2,400,000
Bank Guarantee opened ended	63,000	63,000
	2,863,000	2,863,000
Letter of credit	429,488	418,750
	429,488	418,750
	3,292,488	3,281,750

Securities:

These are secured by:

a) Demand promissory note BDT 2,863,000,000 for Standard Chartered Bank and BDT 429,488,000 for Citibank N.A.

b) Letter of continuation BDT 2,863,000,000 for Standard Chartered Bank and BDT 429,488,000 for Citibank N.A.

41 EXPENDITURE INCURRED ON EMPLOYEES

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

	Number of Employees	
	2021	2020
Employment through out the year in receipt of remuneration aggregating BDT 36,000 or more per year	343	274
	343	274

Salaries, wages and benefits (Note 25.4, 27 and 28)

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

42 EXPENDITURE IN EQUIVALENT FOREIGN CURRENCY

Technical know-how fee payable
Foreign travel for Company's business purpose

	2021 BDT '000	2020 BDT '000
Technical know-how fee payable	-	357,815
Foreign travel for Company's business purpose	-	464
	-	358,279

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	2021		2020	
	No. of shares	BDT '000	No. of shares	BDT '000
HeidelbergCement- Netherlands Holding B.V.	22,493,020	40,487	22,493,020	151,828
HC Asia Holding GmbH	11,784,390	20,033	11,784,390	75,125
Total dividend	34,277,410	60,521	34,277,410	226,953
HeidelbergCement Asia Pte	-	-	-	267,631
Singtel, Singapore	-	-	-	6,957
Total remittance		60,521	34,277,410	501,541

43 VALUE OF IMPORTS-AT CIF BASIS

Raw materials
Capital Goods
Store & Spares

	2021 BDT '000	2020 BDT '000
Raw materials	9,175,218	5,123,844
Capital Goods	28,589	53,200
Store & Spares	141,760	139,348
	9,345,567	5,316,391

Notes to the financial statements

For the year ended 31 December 2021

44 REMUNERATION OF DIRECTORS, MANAGERS AND OFFICERS

44.1 Managerial Remuneration - Managers and Officers

	2021 BDT '000	2020 BDT '000
Salary and bonus	134,732	114,696
Rent	55,579	50,893
Retirement benefits	10,008	9,211
Provident fund	8,366	7,738
Medical	6,632	6,051
Other	10,586	10,197
	225,903	198,786

44.2 Paid to Directors

Board meeting fee	19	16
TA/DA	352	279
	371	295

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	
				2021 BDT '000	2020 BDT '000	2021 BDT '000	2020 BDT '000
1	HeidelbergCement Asia Pte. Ltd	Group Entity	Technical Service	315,622	357,815	(673,437)	(357,815)
2	HeidelbergCement Asia Pte. Ltd	Group Entity	Recovery of expenses	6,754	(2,525)	6,754	11,871
3	PT Indocement Tunggal Prakarsa Tbk	Group Entity	Payment of expenses	-	-	(3,262)	(3,262)
4	Butra HeidelbergCement	Group Entity	Recovery of expenses	26	683	(107)	(81)
5	HC Trading Malta Ltd.	Group Entity	Recovery of expenses	-	1,882	-	84
6	HC Trading Malta Ltd.	Group Entity	Clinker	1,892,661	1,518,961	(474,756)	(194,571)
			Gypsum	39,850	23,605	-	-
			Limestone	38,695	14,379	-	-
			Slag	-	11,286	-	-
7	HC Trading Asia and Pacific PTE. Ltd.	Group Entity	Clinker	496,631	-	(276,050)	-
			Gypsum	27,614	-	-	-

During 2021, It envisaged that the transaction(s) entered into with HCT, whether individually and/or in the aggregate would exceed the stipulated threshold of 10% (ten percent) of the annual turnover of the Company as per the audited financial statements for the period ended 31 December 2020 during the ensuing financial year of the Company i.e. the year ended 31 December 2021. 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 Monday, 28 June 2021 and the shareholders approved the same.

Notes to the financial statements

For the year ended 31 December 2021

46 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 2021					
In Taka'000					
Financial assets not measured at fair value					
Trade and other receivables	8	398,982	-	398,982	398,982
Cash and cash equivalents	10	465,302	-	465,302	465,302
		864,284	-	864,284	864,284
Financial liabilities not measured at fair value					
Bank overdraft	10.1	-	78,590	78,590	78,590
Loans and borrowings	15	-	799,600	799,600	799,600
Trade and other payables	19	-	3,769,351	3,769,351	3,769,351
		-	4,647,541	4,647,541	4,647,541
31 December 2020					
In Taka'000					
Financial assets not measured at fair value					
Trade and other receivables	8	892,527	-	892,527	892,527
Cash and cash equivalents	10	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	-	2,939,744	2,939,744	2,939,744
		-	4,112,544	4,112,544	4,112,544

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 2021

46 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT-(CONTINUED)

B. Financial risk management

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 BDT '000	6 months or less BDT '000	6-12 months BDT '000	1-2 years BDT '000	2-5 years BDT '000	More than 5 years BDT '000	
31 December 2021								
Trade payables (note 19)	1,784,136	(1,784,136)	(1,784,136)	-	-	-	-	-
Creditors for other finance (note 19.1)	250,630	(250,630)	(250,630)	-	-	-	-	-
Creditors for revenue expenses (note 19.2)	1,434,885	(1,434,885)	(1,434,885)	-	-	-	-	-
Interest accrued (note 19)	299,700	(299,700)	-	-	-	-	-	(299,700)
Bank overdraft (note 10.1)	78,590	(78,590)	(78,590)	-	-	-	-	-
Loans and borrowings (note 15)	799,600	(799,600)	(156,600)	(156,600)	(486,400)	-	-	-
	4,647,541	(4,647,541)	(3,704,841)	(156,600)	(486,400)	-	-	(299,700)
31 December 2020								
Trade payables (note 19)	1,143,009	(1,143,009)	(1,142,916)	(93)	-	-	-	-
Creditors for other finance (note 19.1)	325,852	(325,852)	(325,852)	-	-	-	-	-
Creditors for revenue expenses (note 19.2)	1,171,183	(1,171,183)	(1,164,283)	-	(6,899)	-	-	-
Interest accrued (note 19)	299,700	(299,700)	-	-	-	-	-	(299,700)
Loans and borrowings (note 15)	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)

Notes to the financial statements

For the year ended 31 December 2021

46 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT- (CONTINUED)

B. Financial risk management (continued)

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 December, the interest rate profile of the Company's interest bearing financial instruments was:

	Note	Carrying amount	
		2021	2020
		BDT '000	BDT '000
Fixed rate instrument			
Loans and borrowings	15	486,400	799,600
Bank overdraft	10.1	78,590	-
Total		564,990	799,600

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 2021 and 2020.

Notes to the financial statements

For the year ended 31 December 2021

48 SEGMENT AND CAPACITY

The Company provides cement 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
 Gray cement- Muktarpur (3rd Nov to 31st Dec 2021)

Installed capacity	Actual production	
	Single shift	Multiple shifts as applicable
Qty-M.T.	2021	2020
1,547,000	1,185,975	987,415
1,303,000	914,593	645,853
660,000	74,454	-
3,510,000	2,175,023	1,633,268

50 EVENTS AFTER THE BALANCE SHEET DATE

50.1 Proposed dividend

During the year the Board of Directors in its meeting held of 27 April 2022 proposed cash dividend of 26% (2020: 20%). 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.

51 NET OPERATING CASH FLOWS PER SHARE (NOCFPS)

Net operating cash flows
 Weighted average number of ordinary shares outstanding
 Net operating cash flows per share

	2021	2020
	BDT '000	BDT '000
Net operating cash flows	1,116,194	997,637
Weighted average number of ordinary shares outstanding	56,504	56,504
Net operating cash flows per share	19.75	17.66

51.1 Net assets value (NAV) per share

Net assets as at 31 December (represented by shareholders' equity)
 Weighted average number of ordinary shares outstanding
 Net assets value per share

Net assets as at 31 December (represented by shareholders' equity)	3,763,401	3,933,580
Weighted average number of ordinary shares outstanding	56,504	56,504
Net assets value per share	66.60	69.62

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


Jashim Uddin Chowdhury, FCA
 Director & Chief Financial Officer


Md. Emdadul Haque, FCA
 Company Secretary

See our annexed report of same date

Dhaka, Bangladesh
 Dated, 27 April 2022

HEIDELBERGCEMENT BANGLADESH LTD.



SCAN CEMENT®
HEIDELBERGCEMENT Group



RUBY CEMENT®
HEIDELBERGCEMENT Group

Registered Office: Tatki, Jatramora, Tarabow, Rupgonj, Narayangonj

Corporate Office: "Symphony" (6th & 7th Floor), Plot # SE(F) 9, Road # 142, Gulshan Avenue (South), Dhaka-1212

Form of Proxy

I/We.....(Name)
of..... (Address) being a shareholder
of HeidelbergCement Bangladesh Limited (the "Company") hereby appoint, Mr./Ms.
(Name) of..... (Address as my/our
proxy to attend on my/our behalf at the 33rd Annual General Meeting of the Company to be held on Monday, 27 June 2022
and at any adjournment thereof or any poll that may be taken in consequence hereof and to vote on my/our behalf as he/
she thinks fit on all resolutions.

As witness my/our hand this day 2022

Signed (Shareholder)
No. of Shares held:

Folio/BO ID No.

Signed (Proxy)
No. of Shares held:

Folio/BO ID No.

Afix revenue stamp

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

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Attendance Slip of Proxy-holder

I hereby recorded my presence at the 33rd Annual General Meeting of HeidelbergCement Bangladesh Limited on Monday, 27 June 2022.

Name:.....

BO ID No./Folio No.

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.....
Signature

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

HEIDELBERGCEMENT BANGLADESH LTD.

Corporate Office

Symphony (6th & 7th Floor), Plot No. SE(F) 9, Road No. 142, Gulshan Avenue (South), Dhaka-1212
Tel: 88-02-58811691, Fax: 88-02-58812584, E-mail: info@heidelbergcementbd.com

Chittagong Factory

South Haliashahar, 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