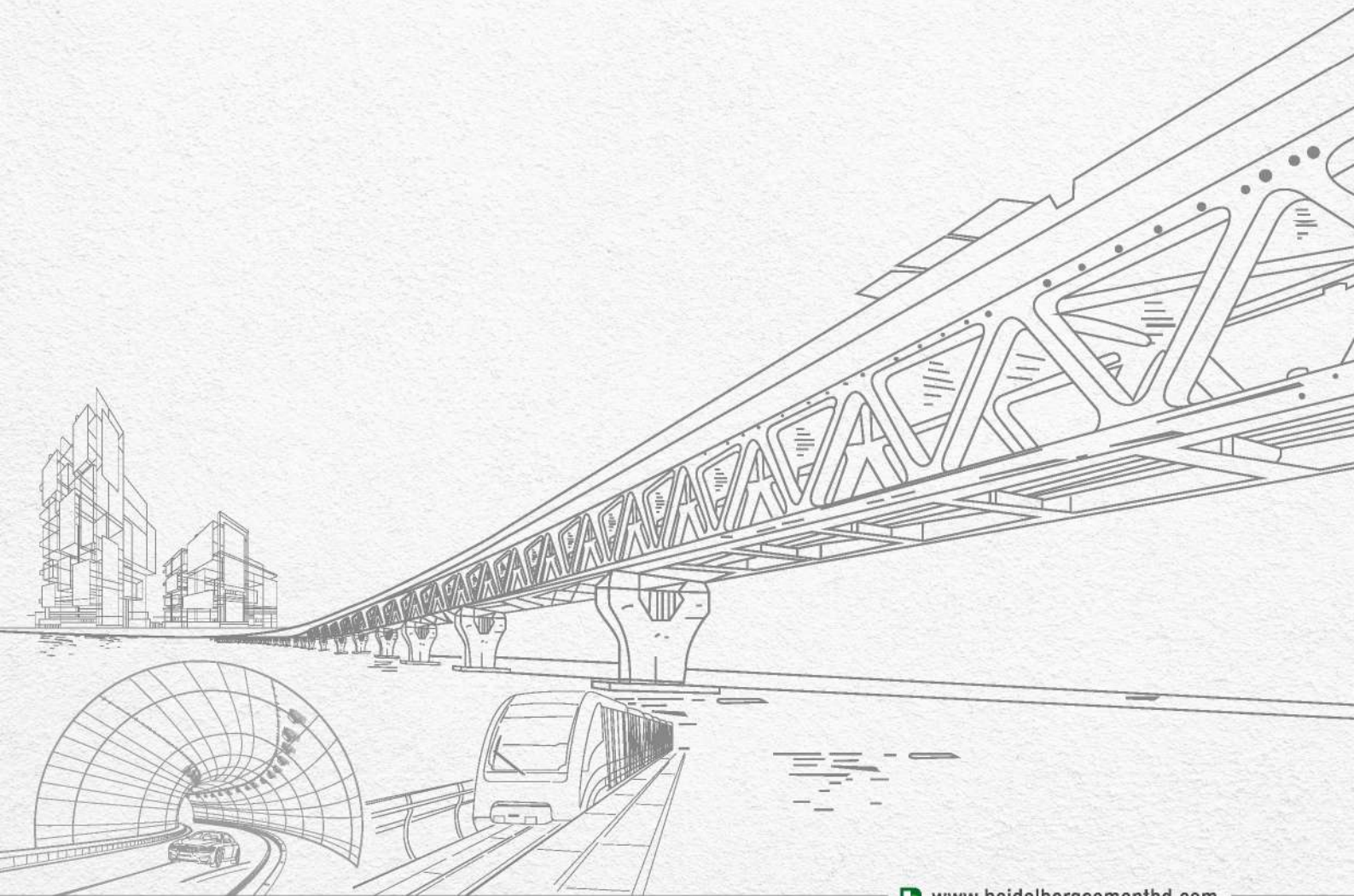


**ANNUAL  
REPORT** | **2022**

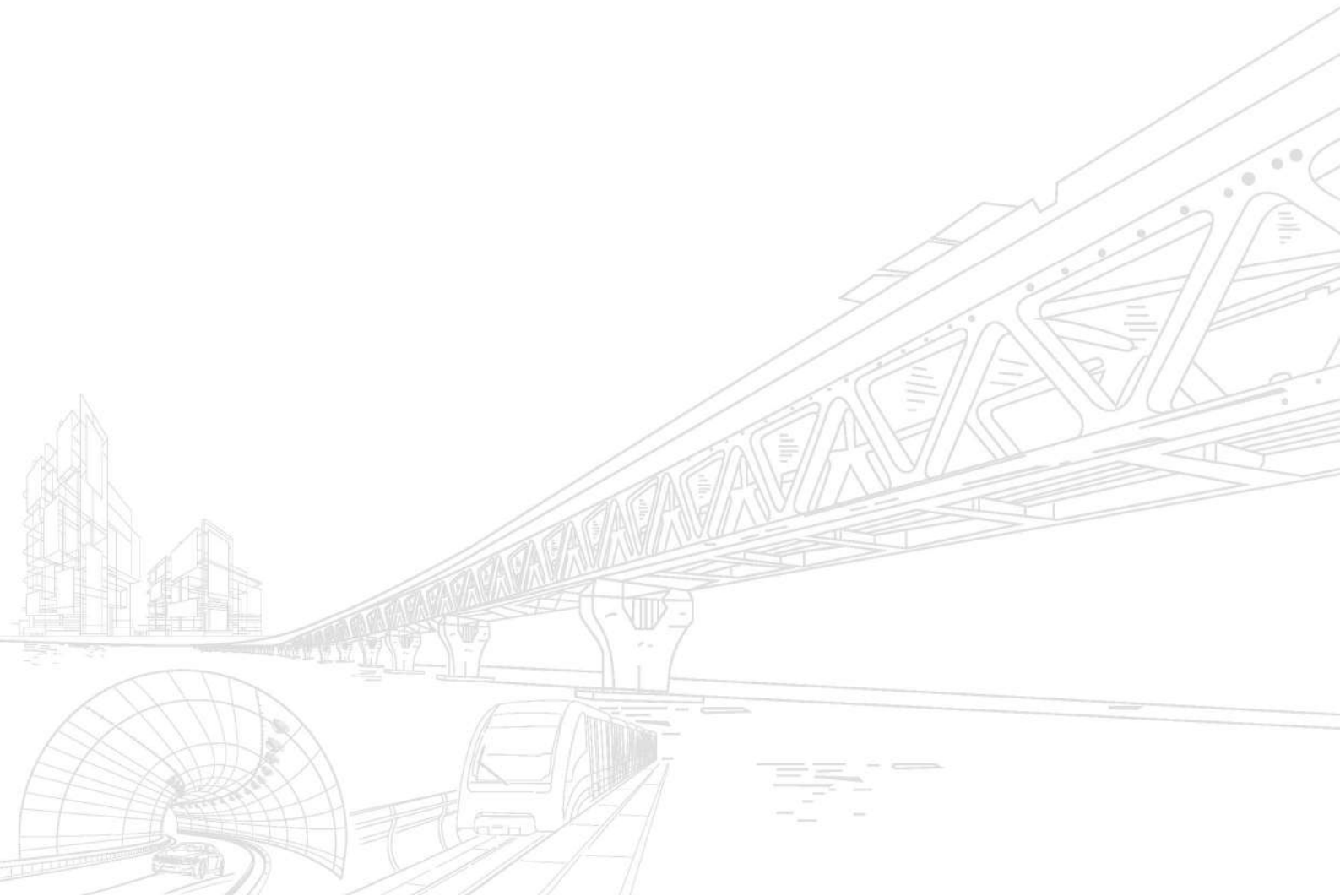




## HeidelbergCement Becomes Heidelberg Materials

**HeidelbergCement** becomes **Heidelberg Materials**. “Heidelberg” remains as a synonym for continuity and market leadership. “Materials” replaces “Cement” and stands for an innovative portfolio of sustainable and intelligent building materials as well as digital solutions.

In the first step, the rebranding will start at Group level, where the new brand identity “Heidelberg Materials” was introduced on 20 September 2022. From 2023 onwards, the rebranding will also be gradually implemented at domestic and international subsidiaries.





HeidelbergCement Bangladesh Limited offers Ordinary Portland Cement (OPC), Portland Composite Cement (PCC) and Blast Furnace Cement (Multi Purpose Cement) under two trusted and very distinguished cement brands namely "RubyCement" and "ScanCement". These two iconic brands command top-of-mind recall in the market and the construction experts recognize and rank us top for our uncompromising emphasis on product quality and suitability for the use in every sort of establishment- large and small. We catered to cement to many flagship projects of the country and became a proud partner of those development projects.



# STABLE CREDIT RATING

# AA

Credit Rating Agency of Bangladesh Ltd. ("CRAB") has affirmed the long term rating of **HeidelbergCement Bangladesh Limited** ("HCBL") at AA<sub>2</sub> (Pronounced as Double A Two) and the short term rating at ST-2 based on the Audited Financial Statements of the Company for the year ended on 31 December 2022, bank liability positions up to 13 March 2023 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

Long Term AA<sub>2</sub> (Lr)

Short Term ST-2

Outlook **Stable**



Chittagong  
Bangladesh  
National Board  
Bangladesh Bank  
All other stakeholders


## Annual Report-2022 of HeidelbergCement Bangladesh Limited

Dear Sir(s),

We are pleased to enclose a copy of HCBL's Annual Report-2022 comprising 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 2022 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

  
Signature



## 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-2022 of HeidelbergCement Bangladesh Limited (HCBL) for the year ended 31 December 2022.

Dear Sir(s),

We are pleased to enclose a copy of HCBL's Annual Report-2022 together with the audited financial statements comprising 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 2022 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

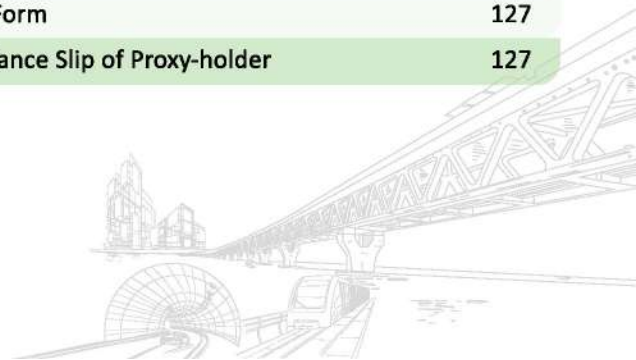




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## Financial Calendar

### 34<sup>th</sup> Annual General Meeting

**23 May 2023 (Tuesday)**

Circulation of Notice of 34<sup>th</sup> Annual General Meeting.

**29 May 2023 (Monday)**

Issuance of Annual Report-2022.

**13 June 2023 (Tuesday)**

Day of 34<sup>th</sup> Annual General Meeting.

### Record Date

**27 April 2023 (Thursday)**

Release of price-sensitive information to regulators and shareholders.

**22 May 2023 (Monday)**

Record date instead of the book closure period.

### Disclosure of Quarterly Results

**Q1 on 27 April 2022 (Wednesday)**

Unaudited results for the 1<sup>st</sup> quarter ended 31 March 2022.

**Q2 on 20 July 2022 (Wednesday)**

Unaudited results for the half-year ended 30 June 2022.

**Q3 on 18 October 2022 (Tuesday)**

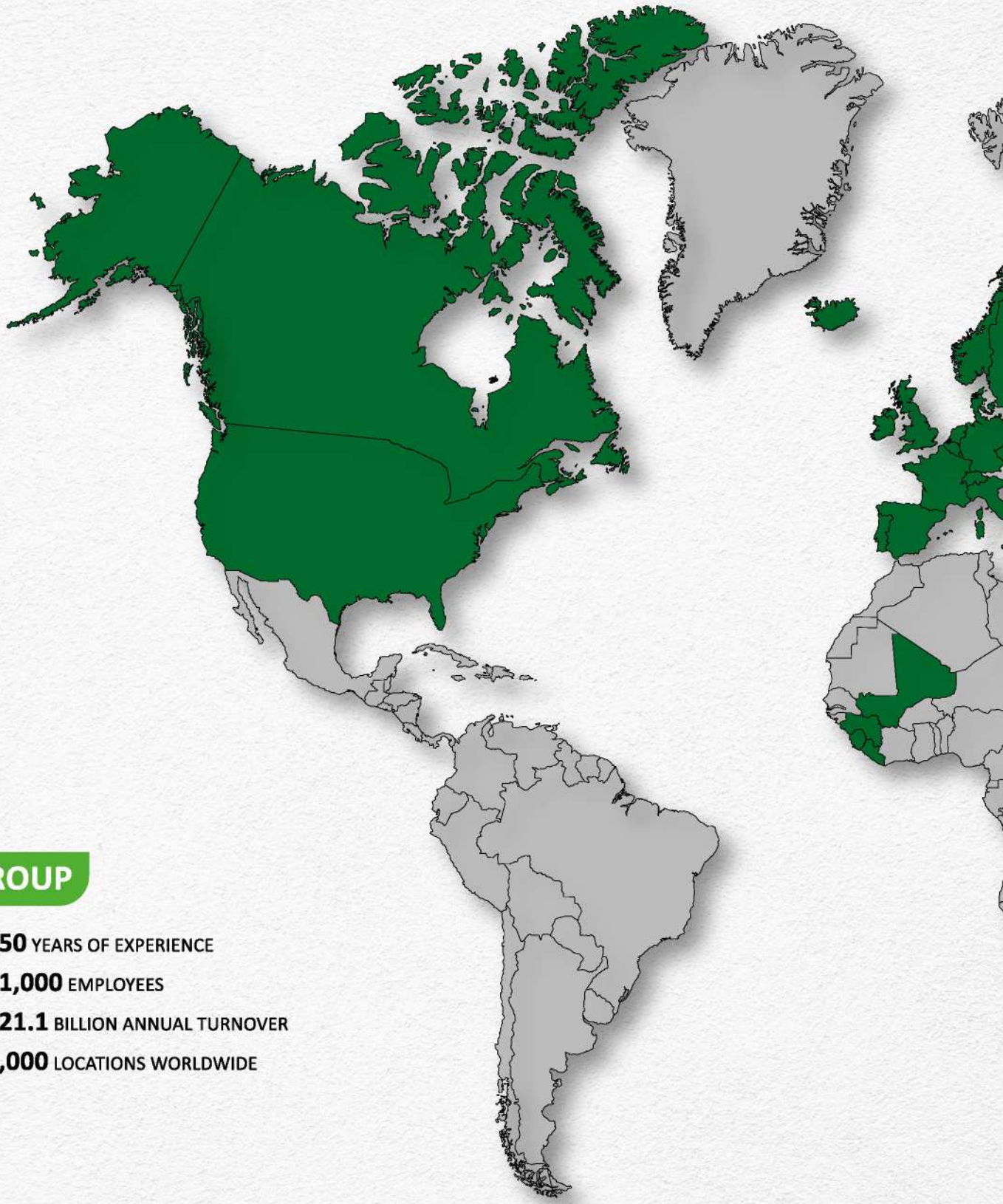
Unaudited results for the 3<sup>rd</sup> quarter ended 30 September 2022.

**Q4 on 27 April 2023 (Thursday)**

Audited results for the year ended 31 December 2022.



# Global Presence



## HM GROUP

- 150** YEARS OF EXPERIENCE
- 51,000** EMPLOYEES
- €21.1** BILLION ANNUAL TURNOVER
- 3,000** LOCATIONS WORLDWIDE



## 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 €21.1 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 will help to increase the productivity of the Company. The Company has also increased the capacity of its Kanchpur Plant by installing another grinding unit 0.472 million tons per year which is on 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 Vision, Mission & Values



### 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 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.



### 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.



### 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 CO<sub>2</sub>-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

**2021**

Emirates Cement Bangladesh Limited and Emirates Power Company Limited were amalgamated with HeidelbergCement Bangladesh Limited.

**2020**

Meghna Energy Limited was successfully amalgamated with HeidelbergCement Bangladesh Limited.

**2019**

HCBL inaugurated another grinding unit of 0.472 million tons per year in its Kanchpur plant which is in operation.

The acquisition of 100% shares of Emirates Cement Bangladesh Limited and Emirates Power Company Limited.

**2017**

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

**2013**

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

**2012**

HCBL inaugurated another grinding unit of 0.750 million tons per year in its Chattogram plant which is in operation.

**2008**

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

**2004**

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

**2003**

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

**2000**

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

**1999**

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

**1998**

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

## 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 has connected 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 has been built by using ScanCement.











**Construction Company:** China Railway Major Bridge Engineering Company Ltd.



#### Karnaphuli Tunnel, Chattogram

The Karnaphuli Tunnel, located below the Karnaphuli River, has connected the two banks of the Karnaphuli River. The Dhaka-Chattogram-Cox's Bazar Highway has been connected through this tunnel. The length of Karnaphuli tunnel is 3.43 km. This tunnel is the first ever tunnel in Bangladesh.

### Other On-going Projects:

- Padma Railway Link Project 
- Cox's Bazar Runway Extension 
- Chattogram Outer City Ring Road 
- Mirershorai Economic Zone Embankment Project, Chattogram 
- 150 MW Mirershorai Economic 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 
- Hilton Hotel, Dhaka 
- Chattogram Elevated Expressway 



## Completed Projects

### Bijoy Sarani-Tejgaon Railway Overpass

The 3<sup>rd</sup> 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.

### 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.

## Completed Projects

### 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 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 used:** RubyCement (Exclusive)

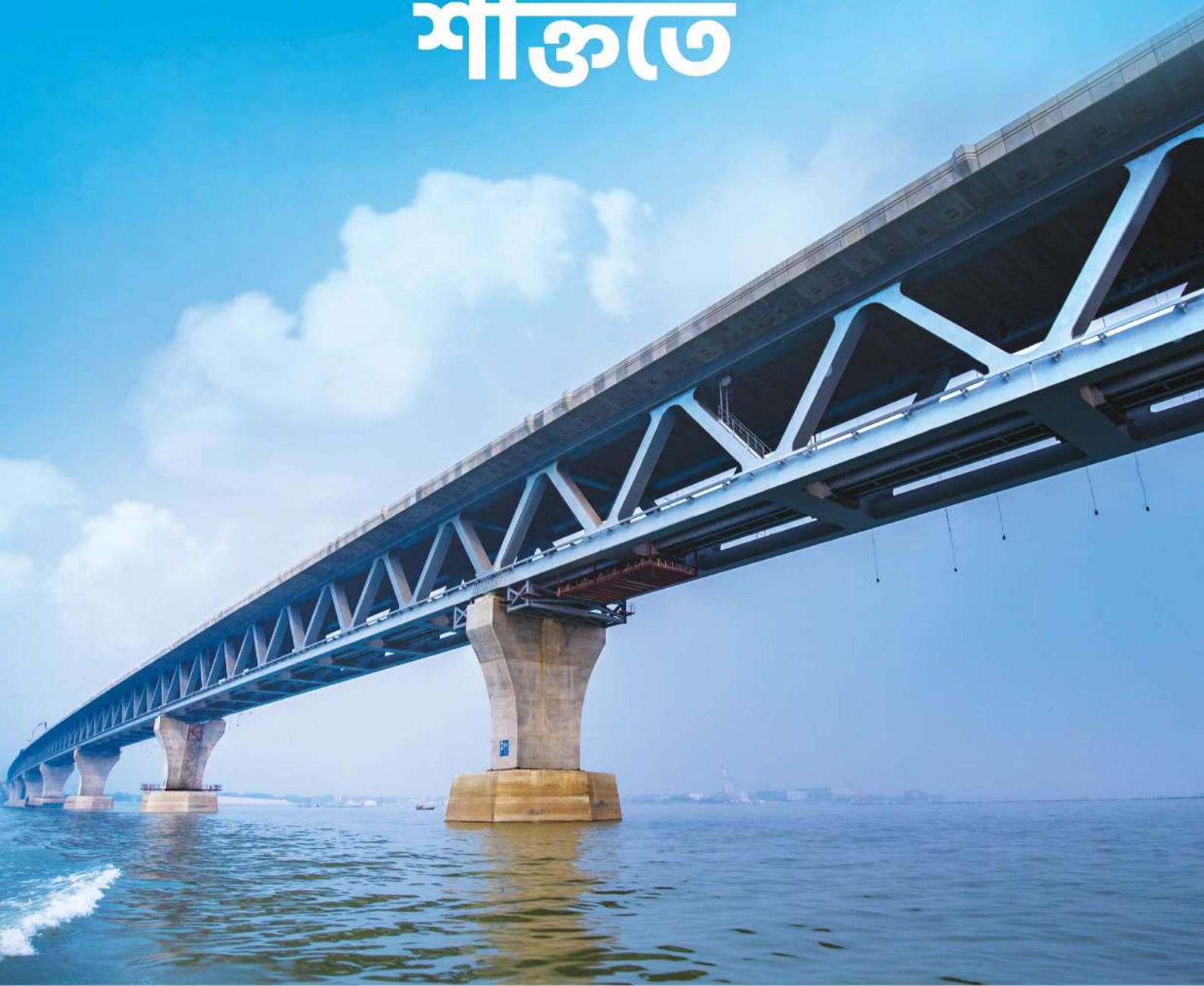


## Other Completed Projects

- ❑ 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
- ❑ Shanta Forum, Dhaka



দেশের সর্ববৃহৎ সেতু  
'পদ্মা সেতু'-র  
মূল কাঠামো গড়ে উঠেছে শুধুমাত্র  
স্ক্যানসিমেন্টের  
শক্তিতে





HEIDELBERGCEMENT  
BANGLADESH LTD.

▲ +9,803,289

▲ +6,768,723

▲ +5,989,834

▼ -2,804,821

▲ +5,372,882

# Comparative Financial Highlights

## Comparative Financial Highlights

## Comparative Financial Highlights

Operating Results (Taka in Million)	HeidelbergCement Bangladesh Limited					Consolidated		
	2022	2021	2020	2019	2018	2020	2019	2018
Net Revenues	16,767	14,328	10,521	11,927	11,151	11,681	11,986	11,151
Gross Profit	1,075	1,598	1,301	1,154	1,814	1,355	1,228	1,932
Income From Operations	-21	705	386	172	924	377	238	1,040
EBITDA	523	1,136	834	597	1,345	898	733	1,514
EBIT	-21	670	373	163	870	365	229	986
Net Income/(loss)	-233	475	-5	-258	711	-81	-187	810
Contribution to National Exchequer	3,110	4,149	2,417	3,401	2,717	2,678	3,460	2,780
<b>Financial Results (Taka in Million)</b>								
Net Cash Provided by Operating Activities	215	1,116	998	202	546	1,499	263	639
Total Assets	8,780	9,235	9,144	10,085	8,222	9,452	10,891	8,425
Total Liabilities	5,386	5,471	5,210	6,204	3,659	5,604	6,830	3,753
Shareholders Equity	3,394	3,763	3,934	3,881	4,563	3,848	4,061	4,672
Net Working Capital	-1,570	-981	-967	-925	795	-994	-634	1,404
Net Borrowings	570	413	1,007	2,041	-1,054	995	2,138	-1,613
Capital Employed	4,230	4,878	5,484	6,124	5,232	5,419	6,115	5,389
<b>Share information</b>								
Market Capitalization (Million)	10,120	15,391	8,453	9,419	18,912	8,453	9,419	18,912
Issued Ordinary Shares (Million)	56.50	56.5	56.50	56.50	56.50	56.50	56.50	56.50
<b>Per Share Data (Taka)</b>								
Primary Earnings (loss) Per Share	-4.1	8.4	-0.1	-4.6	12.6	-1.4	-3.3	14.3
Dividend Per Share	1.0	2.6	2.0	0	7.5	2.0	0	7.5
Book Value Per Share	155.4	163.4	161.8	178.5	145.5	167.3	192.7	149.1
Net Assets Value Per Share	60.1	66.6	69.6	68.7	80.8	68.1	71.9	82.7
Market Value Per Share	179.1	272.4	149.6	166.7	334.7	149.6	166.7	334.7
<b>Financial Ratio</b>								
<b>Liquidity Ratios</b>								
Current Ratio	0.65:1	0.77:1	0.74:1	0.77:1	1.27:1	0.75:1	0.87:1	1.46:1
Quick Ratio	0.20:1	0.49:1	0.41:1	0.31:1	0.68:1	0.41:1	0.43:1	0.86:1
<b>Operating Ratios</b>								
Account Receivable Turnover Ratio	33.4	35.9	11.7	13.2	18.6	14.9	10.9	18.6
Inventory Turnover Ratio	8.4	7.1	8.9	6.7	6.3	8.3	5.7	6.1
Asset Turnover Ratio	1.9	1.6	1.2	1.2	1.4	1.2	1.1	1.3
<b>Profitability Ratios</b>								
Gross Margin Ratio	6.4%	11.2%	12.4%	9.7%	16.3%	11.6%	10.2%	17.3%
Operating Income Ratio	-0.1%	4.9%	3.7%	1.4%	8.3%	3.2%	2.0%	9.3%

## Comparative Financial Highlights

	HeidelbergCement Bangladesh Limited					Consolidated		
	2022	2021	2020	2019	2018	2020	2019	2018
<b>Profitability Ratios</b>								
Net Income Ratio	-1.4%	3.3%	0.0%	-2.2%	6.4%	-0.7%	-1.6%	7.3%
Return on Assets Ratio	-2.7%	5.1%	-0.1%	-2.6%	8.6%	-0.9%	-1.7%	9.6%
Return on Equity Ratio	-6.9%	12.6%	-0.1%	-6.7%	15.6%	-2.1%	-4.6%	17.3%
Net Operating Cash Flow to Net Profit Ratio	-92.0%	234.8%	-20,291.1%	-78.3%	76.8%	-1,854.2%	-140.7%	79.0%
<b>Stockholder Ratios</b>								
Earnings per Share	-4.1	8.4	-0.1	-4.6	12.6	-1.4	-3.3	14.3
Price Earnings (P/E) Ratio	-43.4	32.4	-1,719.3	-36.4	26.6	-104.6	-50.5	23.4
Dividend yield Ratio	0.01	0.0	0.01	0.0	0.02	0.01	0.0	0.02
Dividend Payout Ratio	-24.2%	30.9%	-2,298.5%	0.0%	59.6%	-139.8%	0.0%	52.3%
<b>Solvency Ratios</b>								
Times Interest Earned Ratio	-0.3	10.7	2.2	5.0	215.7	1.8	7.0	244.4
Debt to Equity Ratio	1.50	1.3	1.18	1.46	0.69	1.31	1.54	0.68
Bad Debt Ratio	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.01
<b>Other Ratios</b>								
Net Gearing	0.17	0.1	0.26	0.53	-0.23	0.26	0.53	-0.35
EBITDA To Net Interest Cover (Times)	8.85	341.9	6.12	17.24	482.4	4.86	19.59	543.02
Net Borrowing to Assets	0.06	0.0	0.11	0.20	-0.13	0.11	0.20	-0.19
Return on Capital Employed	-0.1	0.1	0.00	-0.04	0.14	-0.01	-0.03	0.15
Number of Employees	343	343	274	273	267	349	374	267



### Performance at a Glance in 2022

**Revenue**  
BDT in Thousand  
**16,766,939**

**Gross Profit**  
BDT in Thousand  
**1,075,032**

**Operating Profit**  
BDT in Thousand  
**(21,114)**

**Profit Before Tax**  
BDT in Thousand  
**(80,195)**

**Net Profit After Tax**  
BDT in Thousand  
**(233,441)**

**NAV**  
Per Share BDT  
**60.07**

**EPS**  
BDT  
**(4.13)**

**NOCF**  
Per Share BDT  
**3.80**



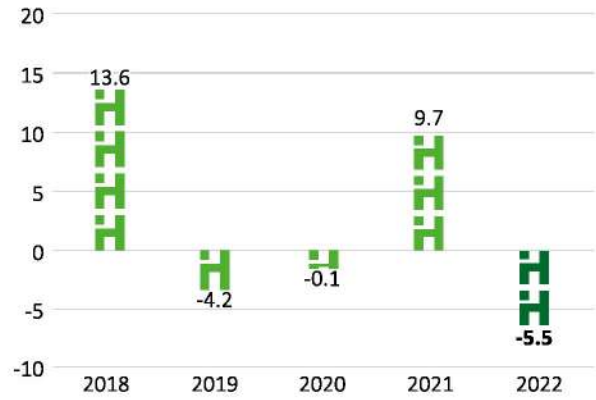


## Performance at a Glance in 2022

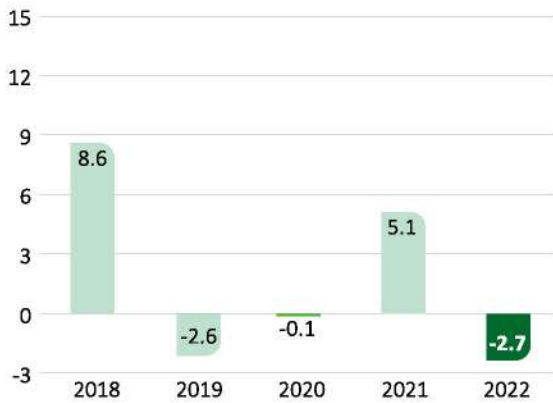
### Net asset value per share (BDT)



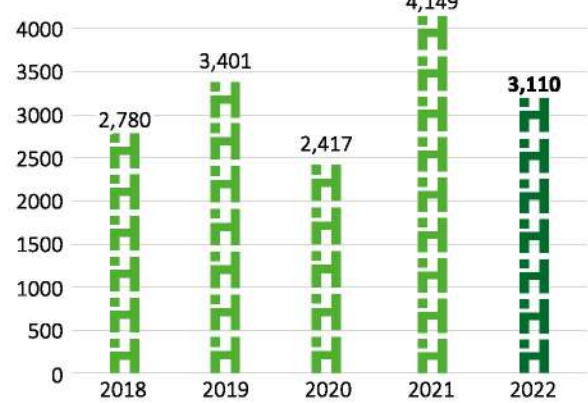
### Return on capital employed (%)



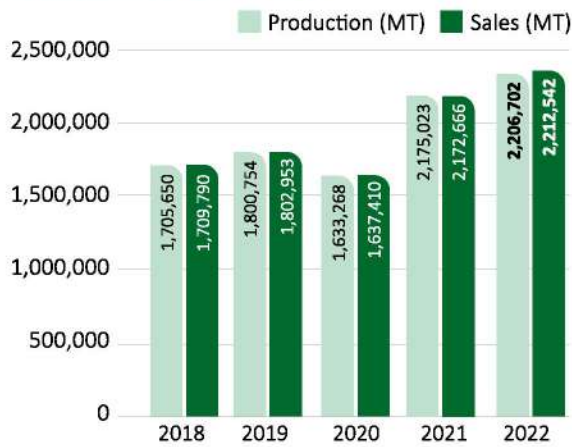
### Return on asset (%)



### Contribution to national exchequer (Million)



### Production and sales (MT)



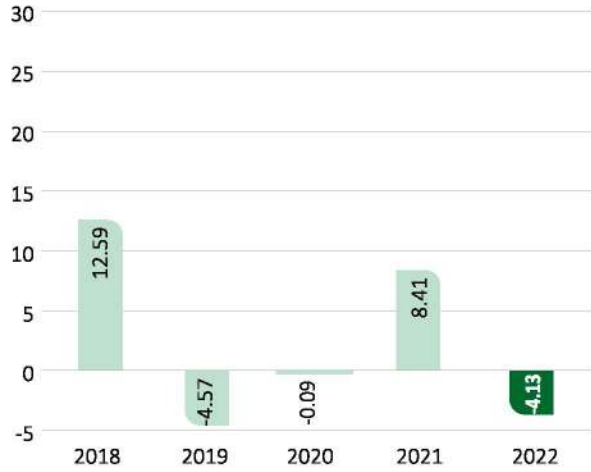
Including Emirates Cement Bangladesh Limited, the production and the sales of 2021 were 2,527,692 MT and 2,525,229 MT respectively.

### Dividend (%)

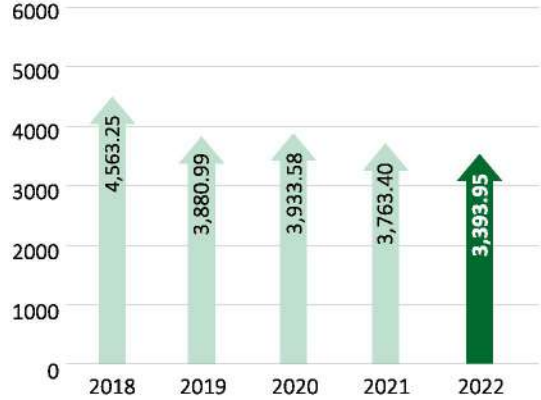


# Performance at a Glance in 2022

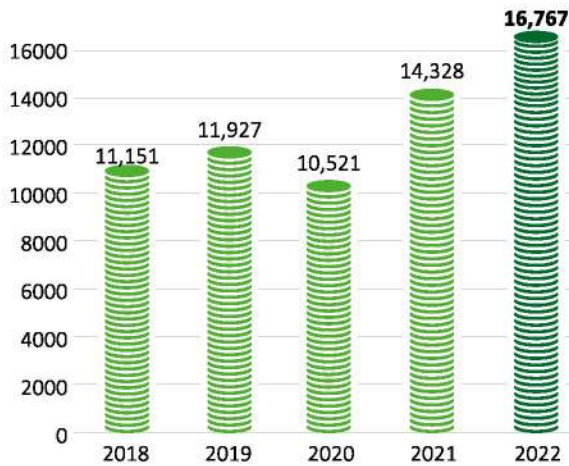
## Earnings Per Share



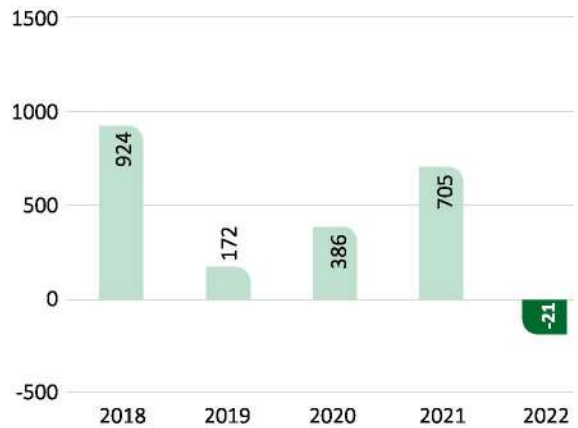
## Net Assets (Million)



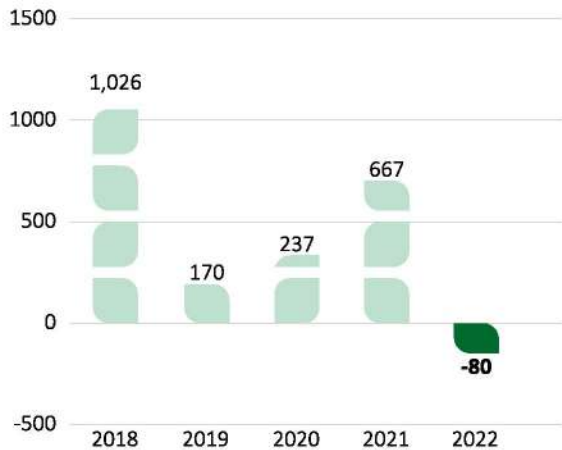
## Total Revenue (Million)



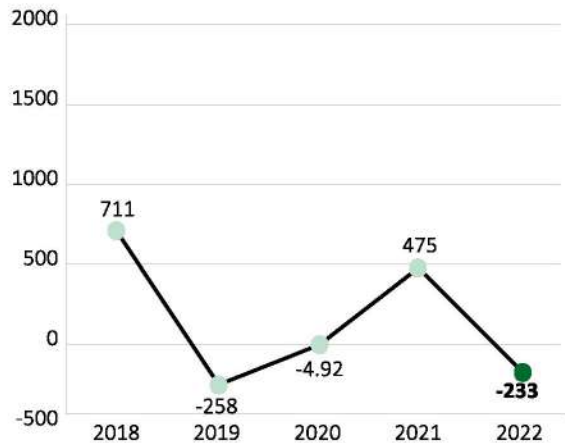
## Operating Profit (Million)



## Net profit before tax (Million)



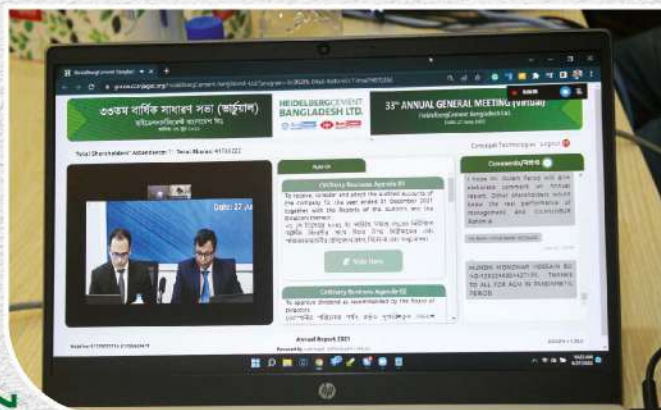
## Net profit/(loss) after tax (Million)





To The Members of HCBL

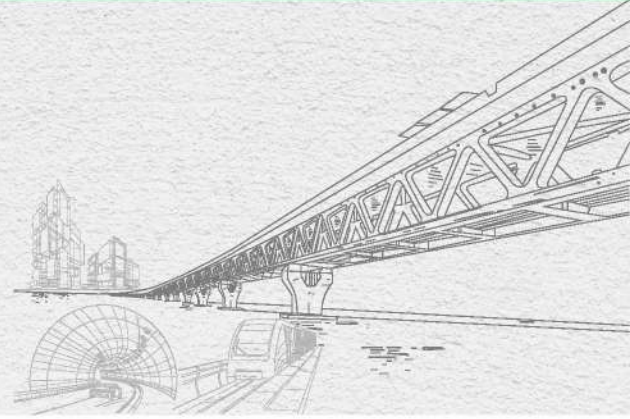








# HEIDELBERGCEMENT BANGLADESH LTD.



**Registered Office:** Mouza: Tatki, P.O.- Jatramora, Union: Tarabow, P.S.- Rupgonj, Dist: Narayanganj  
**Corporate Office:** Symphony (6<sup>th</sup> & 7<sup>th</sup> Floor), Plot No. SE(F) 9, Road No. 142, Gulshan Avenue (South), Dhaka-1212

## Notice of 34<sup>th</sup> Annual General Meeting (AGM)

### A virtual meeting through a digital platform

NOTICE is hereby given to all the members of HeidelbergCement Bangladesh Limited that the 34<sup>th</sup> Annual General Meeting (AGM) of the Company will be held using a Digital Platform on Tuesday, 13 June 2023 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 2022 together with the Reports of the Auditors and the Directors thereon.
2. To approve dividends as recommended by the Board of Directors.
3. To approve the reappointment of Mr. Abdul Khalek, FCA as an Independent Director.
4. To appoint Directors in place of Mr. Kevin Gerard Gluskie, Mr. Juan-Francisco Defalque, and Mr. Md. Abul Hossain who are retiring by rotation and being eligible have offered themselves up for re-appointment.
5. To appoint M/s. Hoda Vasi Chowdhury & Co., 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 i) HC Trading Asia and Pacific Pte. Ltd. and ii) HM Trading Global (APAC) Pte. Ltd., the related parties to the Company, amounting to more than 10% (ten percent) of the Company’s revenue for the immediate preceding financial year.”

##### Explanatory Statements:

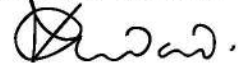
###### Agenda No. 7

The Company in its ordinary course of business and/or on an 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 i) HC Trading Asia and Pacific Pte. Ltd. and ii) HM Trading Global (APAC) Pte. Ltd. (the related parties of

the Company as defined in the International Financial Reporting Standards). According 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 i) HC Trading Asia and Pacific Pte. Ltd. and ii) HM Trading Global (APAC) Pte. Ltd. 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 i) HC Trading Asia and Pacific Pte. Ltd. and ii) HM Trading Global (APAC) Pte. Ltd. in the financial year 2023. 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: 23 May 2023

#### NOTES:

- 1 The **'Record Date'** instead of Book Closure was on **22 May 2023**. 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 34<sup>th</sup> Annual General Meeting and receive Dividends.
- 1 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 34<sup>th</sup> AGM through the online live portal.
- 1 The detailed login process and link to 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 Participants (DP).
- 1 A Shareholder entitled to attend and vote at the AGM may appoint a Proxy in his/her stead. Such a proxy must be a Shareholder of the Company. The Proxy Form must be affixed with the 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.
- 1 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. 22 May 2023. If anyone fails to update their E-TIN in the BO account before the Record date, disbursement of the respective cash dividend will be subject to a deduction of AIT @15% instead of 10% per regulation.
- 1 Shareholders bearing folio numbers are requested to submit their 12-digit E-TIN certificate to the Share Department of the Company latest by 28 May 2023, failing which Income Tax at source will be deducted from the cash dividend @15% instead of 10% from the dividend.
- 1 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 28 May 2023. The brokerage houses are also requested to provide their bank account name & number and routing number as well.
- 1 The soft copy of the Annual Report-2022 of the Company will be sent to the shareholders' respective e-mail addresses. However, interested shareholders may collect hard copies of the Annual Report-2022 from the Company's share office by submitting a written request. The soft copy of the Annual Report-2022 is available on the Company's website at <https://www.heidelbergcementbd.com/financial-statements>.

## Corporate Information

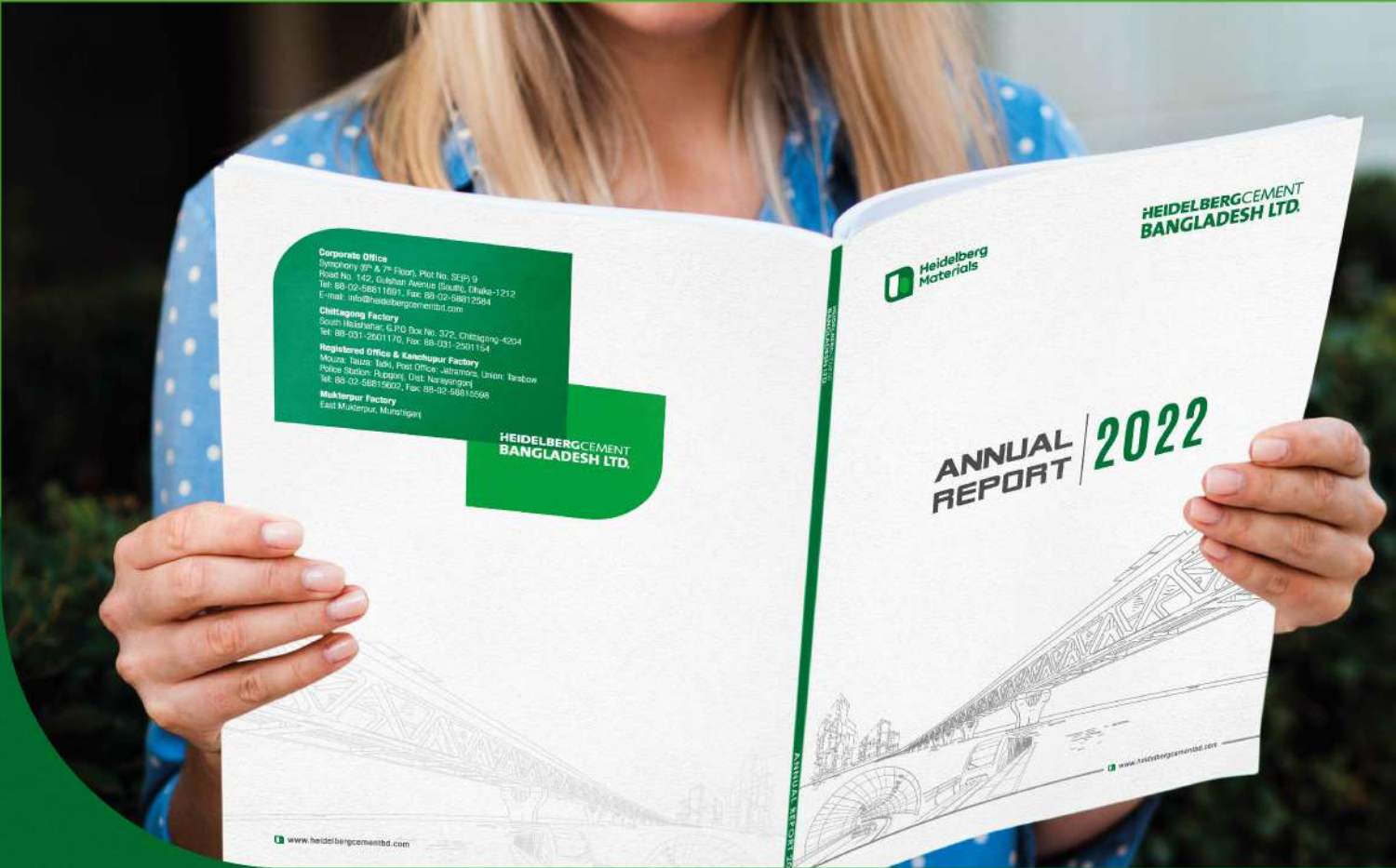
### Company Name : HeidelbergCement Bangladesh Limited

<b>Authorized Capital:</b> BDT 1,000,000,000 (Divided into 100,000,000 ordinary shares having a nominal value of BDT 10 each)		<b>Paid-Up Capital:</b> BDT 565,035,800 (Since June 2007) (Divided into 56,503,580 ordinary shares having a nominal value of BDT 10 each)	
<b>BOARD OF DIRECTORS</b>			
<b>CHAIRMAN</b> Kevin Gerard Gluskie	<b>INDEPENDENT DIRECTORS</b> Abdul Khalek, FCA N K A Mobin FCS, FCA	<b>DIRECTORS</b> Juan-Francisco Defalque Fong Wei Kurk Sim Soek Peng Jashim Uddin Chowdhury, FCA Md. Abul Hossain	
<b>MANAGING DIRECTOR</b> Jose Marcelino Ugarte			
<b>BOARD COMMITTEE</b>			
<b>AUDIT COMMITTEE</b>	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)	
<b>NOMINATION &amp; REMUNERATION COMMITTEE</b>	N K A Mobin FCS, FCA (Chairman) Fong Wei Kurk (Member)	Sim Soek Peng (Member) Md. Emdadul Haque CMA FCA (Secretary)	
<b>MANAGEMENT COMMITTEE</b>	Jose Marcelino Ugarte Ashrafal Amin Badal Jashim Uddin Chowdhury, FCA Terence Ong Kian Hock	Sayef Uddin Nasir Mohammad Alamgir Saikat Khan	
<b>SAFETY, HEALTH AND ENVIRONMENT COMMITTEE</b>	Mohammad Alamgir Terence Ong Kian Hock	Mohammad Mohiuddin Kawsher	
<b>STATUTORY POSITION</b>	<b>CHIEF FINANCIAL OFFICER</b> Jashim Uddin Chowdhury, FCA	<b>HEAD OF INTERNAL AUDIT &amp; COMPLIANCE</b> Mamun-Ul-Hoque Chowdhury CMA	<b>COMPANY SECRETARY</b> Md. Emdadul Haque CMA FCA
<b>REGISTERED OFFICE</b>	Mouza -Tatki, Post Office - Tarabow, Tarabow Pouroushava, P.S.- Rupgonj, Dist.- Narayanganj		
<b>CORPORATE OFFICE</b>	Symphony (6 <sup>th</sup> & 7 <sup>th</sup> Floor), Plot No. SE (F)9, Road No.142, Gulshan Avenue (South), Dhaka - 1212		
<b>PLANTS</b>	Dhaka Plant: Mouza -Tatki, Post Office - Tarabow, Tarabow Pouroushava, P.S.- Rupgonj, Dist.- Narayanganj	Chittagong Plant: South Halishahar, G.P.O. Box No. 372, Chittagong - 4204	Mukterpur Plant: East Mukterpur, Munshiganj
<b>STATUTORY AUDITORS</b>	M/s. ACNABIN Chartered Accountants	Address: BDBL Bhaban (Level - 13), 12 Kawran Bazar Commercial Area, Dhaka - 1215.	
<b>CORPORATE GOVERNANCE AUDITORS</b>	Hoque Bhattacharjee Das & Co. Chartered Accountants	Address: Cosmic Tower (9 <sup>th</sup> Floor), 106/Ka, Naya Paltan, Box Culvert Road, Dhaka - 1000.	
<b>BANKERS</b>	Standard Chartered Bank Citibank N.A. Dhaka Bank Ltd.	Uttara Bank Ltd. One Bank Ltd. Dutch-Bangla Bank Ltd.	Southeast Bank Ltd.
<b>WEBSITE &amp; E-MAIL</b>	Website: www.heidelbergcementbd.com		E-mail: share.bgd@heidelbergcement.com
<b>INVESTOR RELATIONS</b>	Telephone +88-02-58811691; Ext. 304 & 305		Fax +88-02-9847003
<b>STOCK EXCHANGE LISTING</b>	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	
<b>CENTRAL DEPOSITORY SYSTEM</b>	The trading of HeidelbergCement Bangladesh Limited shares was started through CDS on 18 <sup>th</sup> July 2004.		

# কর্পোরেট ইনফরমেশন

## কোম্পানীর নাম : হাইডেলবার্গসিমেন্ট বাংলাদেশ লিমিটেড

<b>অনুমোদিত মূলধন: ১,০০০,০০০,০০০ টাকা</b> (এতি শেষের ১০ টাকা নামিক মূল্য ১০০,০০০,০০০ ইকুইটি পেয়ারে বিভক্ত)		<b>পরিশোধিত মূলধন: ৫৬৫,০৩৫,৮০০ টাকা (জুন ২০০৭ সাল থেকে)</b> (এতি শেষের ১০ টাকা নামিক মূল্য ৫৬,৫০০,৫৮০ ইকুইটি পেয়ারে বিভক্ত)	
<b>পরিচালনা পর্ষদ</b>			
<b>চেয়ারম্যান</b> কেভিন জেরার্ড গুসকি  <b>ব্যবস্থাপনা পরিচালক</b> জোসে মার্সেলিনো উগার্চে	<b>সহ পরিচালকবৃন্দ</b> আব্দুল খালেক, এফসিএ এন কে এ মবিন এফসিএস, এফসিএ	<b>পরিচালকবৃন্দ</b> জুয়ান-ফ্রান্সিসকো ডিফাঙ্কে ফং উই কুর্ক সিম সাক পেং জসিম উদ্দিন চৌধুরী, এফসিএ মোঃ আব্দুল হোসেন	
<b>বোর্ড কমিটি</b>			
<b>অডিট কমিটি</b>	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)	
<b>নমিনেশন এন্ড রেজুমারেশন কমিটি</b>	এন কে এ মবিন এফসিএস, এফসিএ (চেয়ারম্যান) ফং উই কুর্ক (সদস্য)	সিম সাক পেং (সদস্য) মোঃ ইমদাদুল হক সিএমএ এফসিএ (সচিব)	
<b>ম্যানেজমেন্ট কমিটি</b>	জোসে মার্সেলিনো উগার্চে আশরাফুল আমিন বাদল জসিম উদ্দিন চৌধুরী, এফসিএ টেরেশ অং কিয়ান হক	সায়েফ উদ্দিন নাসির মুহাম্মদ আলমগীর সৈকত খান	
<b>সেকটি, হেলথ এন্ড ইনভাইরনমেন্ট কমিটি</b>	টেরেশ অং কিয়ান হক মুহাম্মদ আলমগীর	মুহাম্মদ মুহিউদ্দীন কাউছার	
<b>স্ট্যাটুটরী পজিশন</b>	<b>এখান হিসাবরক্ষণ কর্মকর্তা</b> জসিম উদ্দিন চৌধুরী, এফসিএ	<b>হেড অব ইন্টারনাল অডিট এন্ড কমপ্লায়েন্স</b> মামুন-উল-হক চৌধুরী সিএমএ	<b>কোম্পানী সচিব</b> মোঃ ইমদাদুল হক সিএমএ এফসিএ
<b>রেজিস্টার্ড ঠিকানা</b>	টাটকি, জাতরামোড়া, তারাবো, থানাঃ রূপগঞ্জ, জিলাঃ নারায়ণগঞ্জ।		
<b>কর্পোরেট ঠিকানা</b>	সিফনী (৭ম ও ৮ম তলা), গুট নং-এসইএফ(৯), রোড নং ১৪২, গুলশান এ্যাভিনিউ (সাউথ), ঢাকা - ১২১২।		
<b>করখানাসমূহ</b>	ঢাকা প্ল্যান্টঃ টাটকি, জাতরামোড়া, তারাবো, থানাঃ রূপগঞ্জ, জিলাঃ নারায়ণগঞ্জ।	চট্টগ্রাম প্ল্যান্টঃ জি.পি. ও বঙ্গ নং. ৩৭২, চট্টগ্রাম - ৪২০৪।	মুক্তারপুর প্ল্যান্টঃ পূর্ব মুক্তারপুর, মুন্সিগঞ্জ।
<b>স্ট্যাটুটরী অডিটরস</b>	মেসার্স একনাবিন চার্টার্ড একাউন্ট্যান্টস	ঠিকানা: বিডিবিএল ভবন (লেভেল-১৩), ১২ কারওয়ান বাজার, বাণিজ্যিক এলাকা, ঢাকা - ১২১৫।	
<b>কর্পোরেট গভর্নেন্স কমপ্লায়েন্স অডিটরস</b>	হক ভূট্টাচার্য এন্ড কোং. চার্টার্ড একাউন্ট্যান্টস	ঠিকানাঃ কমিক টাওয়ার (৯ম ফ্লোর), ১০৬/ক নয়া পল্টন, বঙ্গ কালভার্ট রোড, ঢাকা - ১০০০।	
<b>ব্যাংক</b>	স্ট্যান্ডার্ড চার্টার্ড ব্যাংক সিটিব্যাংক এন.এ. ঢাকা ব্যাংক লিমিটেড	উত্তরা ব্যাংক লিমিটেড ওয়ান ব্যাংক লিমিটেড ডাচ বাংলা ব্যাংক লিমিটেড	সাউথইস্ট ব্যাংক লিমিটেড
<b>ওয়েবসাইট এন্ড ই-মেইল</b>	<b>ওয়েবসাইট:</b> www.heidelbergcementbd.com	<b>ই-মেইল:</b> share.bgd@heidelbergcement.com	
<b>ইনভেস্টর রিলেশনশ্ব</b>	<b>টেলিফোন:</b> +৮৮-০২-৫৮৮১১৬৯১; এক্সটেনশন ৩০৪ এবং ৩০৫	<b>ফ্যাক্স:</b> +৮৮-০২-৯৮৪৯০০৩	
<b>স্টক এক্সচেঞ্জ লিস্টিং</b>	ঢাকা স্টক এক্সচেঞ্জ লিমিটেড লিস্টিং বছর - ১৯৮৯ স্টক নাম - HEIDELBCEM স্টক কোড - ২১৬১৪	চট্টগ্রাম স্টক এক্সচেঞ্জ লিমিটেড লিস্টিং বছর - ১৯৯৫ স্টক কোড - HEIDELBCEM স্টক আইডি - ১৫০০২	
<b>সেন্ট্রাল ডিপোজিটরী সিস্টেম</b>	হাইডেলবার্গসিমেন্ট বাংলাদেশ লিমিটেড এর শেয়ার ড্রইডিং সিডিএস এর মাধ্যমে ১৮ জুলাই ২০০৪ তারিখে সম্পন্ন হয়।		



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## Board of Directors



## Kevin Gluskie

Chairman



Age: **55 years**

Nationality: **Australian**

Date of Appointment: **25 February 2016**

Length of Service in the HM Group: **33 years**

Date of Last Re-election: **28 June 2021**

Membership in Board Committee: **Nil**

Eligibility for Retirement by Rotation in the 34<sup>th</sup> AGM: **Yes**

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
- Heidelberg Materials 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: **52 years**

Nationality: **Filipino**

Date of Appointment: **21 July 2011**

Length of Service in the HM Group: **12 years**

Date of Last Re-election: **22 August 2021**

Membership in Board Committee: **Nil**

Eligibility for Retirement by Rotation in the 34<sup>th</sup> AGM: **No**

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 in August 2011. Under his excellent leadership HC Bangladesh experienced remarkable growth and maximum stakeholders return.

He is such a corporate personality having 25 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: **63 years**

Nationality: **Bangladeshi**

Date of Appointment: **23 July 2022 (Second Term)**

Length of Service in the HM Group: **N/A**

Date of Last Re-election: **N/A**

Membership in Board Committee: **BAC**

Eligibility for Retirement by Rotation in the 34<sup>th</sup> AGM: **N/A**

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 the office of directorship in any other company.

## N K A Mobin FCS, FCA

Independent Director



Age: **63 years**

Nationality: **Bangladeshi**

Date of Appointment: **16 August 2021**

Length of Service in the HM Group: **N/A**

Date of Last Re-election: **N/A**

Membership in Board Committee: **BAC & NRC**

Eligibility for Retirement by Rotation in the 34<sup>th</sup> AGM: **N/A**

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 Systems and Company Secretarial Practices. He got an International Training and Management Program from Stockholm Business School in Sweden, the National University of Singapore, INSEAD in France and also AOTS/HIDA in Japan. He worked at Grameenphone Ltd. for 11+ years in various capacities as Director Finance, Director Administration, Director Projects and Company Secretary. Before joining Grameenphone, he worked in a Swiss Pharmaceuticals company 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. Currently he is the Executive President and one of the sponsor Director of Emerging Credit Rating Ltd. He was the MD & CEO of Emerging Credit Rating Ltd. for >10 years.

### DIRECTORSHIP OF OTHER COMPANIES:

- Bangladesh Submarine Cables Company Limited
- Unique Hotel & Resorts Limited
- Citizens Bank PLC

## Fong Wei Kurk

Director



Age: **46 years**

Nationality: **Singaporean**

Date of Appointment: **29 January 2014**

Length of Service in the HM Group: **11 years**

Date of Last Re-election: **27 June 2022**

Membership in Board Committee: **NRC**

Eligibility for Retirement by Rotation in the 34<sup>th</sup> AGM: **No**

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 Heidelberg Materials Group in 2012 and is currently working as the Legal Director for Asia-Pacific.

### DIRECTORSHIP OF OTHER COMPANIES:

- Butra HeidelbergCement Sdn Bhd, Brunei



## Sim Soek Peng

Director



Age: **54 years**

Nationality: **Malaysian**

Date of Appointment: **29 January 2014**

Length of Service in the HM Group: **19 years**

Date of Last Re-election: **27 June 2022**

Membership in Board Committee: **BAC & NRC**

Eligibility for Retirement by Rotation in the 34<sup>th</sup> AGM: **No**

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 30 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.

### DIRECTORSHIP OF OTHER COMPANIES:

- HeidelbergCement India Limited
- Butra HeidelbergCement Sdn Bhd
- Asia Cement Public Company Limited
- Zuari Cement Limited
- Alliance Construction Materials Limited
- Heidelberg Materials Asia Pte. Ltd.
- Gulbarga Cement Limited

## Jashim Uddin Chowdhury, FCA

Director & Chief Financial Officer



Age: **60 years**

Nationality: **Bangladeshi**

Date of Appointment: **26 June 2006**

Length of Service in the HM Group: **22 years**

Date of Last Re-election: **27 June 2022**

Membership in Board Committee: **N/A**

Eligibility for Retirement by Rotation in the 34<sup>th</sup> AGM: **No**

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

He does not hold the office of directorship in any other company.

## Md. Abul Hossain

Director



Age: **57 years**

Nationality: **Bangladeshi**

Date of Appointment: **23 October 2019**

Length of Service in the HM Group: **N/A**

Date of Last Re-election: **28 June 2021**

Membership in Board Committee: **N/A**

Eligibility for Retirement by Rotation in the 34<sup>th</sup> AGM: **Yes**

Mr. Hossain completed graduation and post-graduation in Statistics from Jahangirnagar University. He has been serving as the Managing Director of Investment Corporation of Bangladesh since 21 August 2019, the core public sector investment bank of the country. He has more than 32 years of diversified experience in investment banking, specialized and commercial banking, Islamic banking, asset management and ICT works. He started his career as a System Analyst/Senior Principal Officer of ICB in 1998 and served in different positions in the same organization. Prior to his joining in ICB, he acted as the Managing Director of Karmasangsthan Bank. He also served as the Managing Director (Additional Charge) and Deputy Managing Director of Bangladesh Krishi Bank. In addition to perform his professional duties, Mr. Hossain is actively involved in different philanthropic activities of various national, social, cultural, religious and volunteer organizations.

### DIRECTORSHIP OF OTHER COMPANIES:

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

## Juan-Francisco Defalque

Director



Age: **59 years**

Nationality: **Belgian**

Date of Appointment: **23 July 2015**

Length of Service in the HM Group: **33 years**

Date of Last Re-election: **28 June 2021**

Membership in Board Committee: **Nil**

Eligibility for Retirement by Rotation in the 34<sup>th</sup> AGM: **Yes**

Mr. Defalque completed Post Graduation in Mining Engineering from Catholic University of Louvain-la-Neuve, Belgium in 1982-1987. He has worked for about 33 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 handing over of new facilities or plants to operations.

### DIRECTORSHIP OF OTHER COMPANIES:

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



## Management Committee



**Jose Marcelino Ugarte**  
Managing Director



**Ashrafal 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**  
Director Legal



**Md. Emdadul Haque CMA FCA**  
Company Secretary & SS Manager



## Message from the Chairman



## Dear Stakeholders of HeidelbergCement Bangladesh Limited.

The year 2022 cited inevitable and uncontrollable challenges like higher inflation, commodity price volatility, soaring energy prices, large macroeconomic imbalances, supply chain disruptions, and geopolitical conflicts, which led the global economy to the path of unsettledness following the slowdown of the coronavirus pandemic. In 2022, HCBL's business operations witnessed an obvious impact on the aforementioned challenges and our farsighted management team embraced the challenges, tried to explore the opportunities, and navigated every business activity purposefully to alleviate the adverse economic impacts.

However, It gives me immense pleasure to share HCBL's record revenue during the year under review. The Company's revenue for 2022 was BDT 16,767 million, an increase of BDT 2,439 million or 17% over the same period of the previous year. The Company increased its sales volume by 2% in 2022, selling 2,213k tonnes of cement. The Company's net profit before tax for the financial year was BDT-80.2 million and Earnings Per Share (EPS) was BDT-4.13.

The return on our investment in 2022 fell short of our expectations. In the second half of the year under review, the Company's growth became positive after starting the year with negative growth. Although there was an upward trend in sales revenue, the margin we achieved was negative due to the factors that affected our business, among others, the excessive pressure of raw materials price hikes in the international market, significant BDT devaluation against USD, higher financial expense, and the imposition of minimum tax on import of raw material. Furthermore, existing market competition to grow volumes forced us to adjust our prices significantly.

It appears that the current challenges will persist and intensify the degree of toughness for business for the upcoming financial year 2023. Nevertheless, the financial results from the past few months of 2023 give us hope for successful business development. The Company has exhibited remarkable flexibility to changing circumstances in the first quarter of 2023 through lowering expenses and adjusting sales prices. Irrespective of the negative market outlook in 2023 for Bangladesh, our company is well-positioned to serve continued growth.

Despite of existence of challenges, HCBL prioritizes continual improvement of its performance and strengthening its ability through creating solid value in

the future. Given this, our company has further strengthened its commitment to health and safety, sustainability, and customer-centric innovation to transform its business and thus work for offering a better world for all its stakeholders.

HCBL, being a subsidiary of Heidelberg Materials (HM) Group receives unconditional directions and guidance regarding adherence to the country's legislative norms and regulations to protect the environment. HM Group always emphasizes greener industrial solutions and the best available technologies to reduce associated CO<sub>2</sub> emissions. Our devoted research and development team helped us to introduce a new CEM-III product from the Chattogram plant to lessen our carbon footprint as well as to make resilient concrete. We wish to maintain our financial growth while simultaneously enhancing our sustainability and digitization.

I would like to express my gratitude to 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, Chattogram Stock Exchange PLC, and other statutory bodies for their support of the Company's various activities. 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

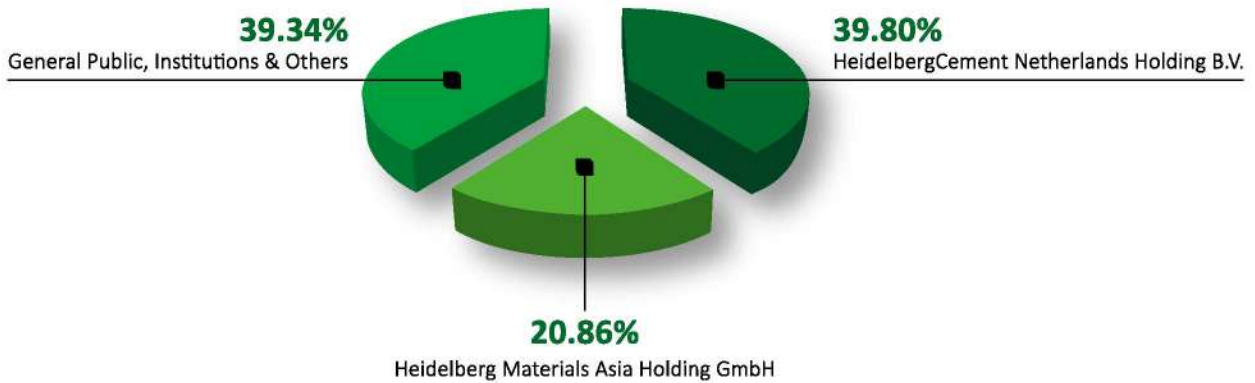


## Shareholding Position

### The break-up of the total shareholding

Shareholders	Year-2022
HeidelbergCement Netherlands Holding B.V.	39.80%
Heidelberg Materials Asia Holding GmbH (Formerly known as HC Asia Holding GmbH)	20.86%
General Public, Institutions & Others	39.34%

### The break-up of the total shareholding Year-2022



### Classification of shareholders by holding

No. of shares held	01 January 2022			31 December 2022		
	No. of shareholders	Total holding	Percentage	No. of shareholders	Total holding	Percentage
0- 5,000	11,764	3,659,469	6.48	8,995	2,928,881	5.18
5,001- 50,000	254	3,809,491	6.74	204	3,247,663	5.75
50,001- 200,000	48	4,311,251	7.63	48	4,068,504	7.20
200,001- 500,000	6	1,762,121	3.12	7	2,463,176	4.36
500,001- 10,000,000	4	8,683,838	15.37	6	9,517,946	16.85
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 2022

Name of shareholders	No. of shares held	Percentage
HeidelbergCement Netherlands Holding B.V.	22,493,020	39.80
Heidelberg Materials 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
Khondoker Monir Uddin	1,250,135	2.21
Bangladesh Fund	675,000	1.19
Capital Market Stabilization Fund	525,610	.93
Saif Khondoker	500,000	.88
ICB AMCL Unit Fund	416,817	.74
IBBL Stock Dealer Account	385,000	.68



## 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, regular Board meetings, and reporting to the Group. Annual planning defines the budget based on 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, selected sales volumes, and production overviews are prepared accordingly. Reports on the results of operations and working capital are prepared also to monitor cash flow as a key management indicator for the Company. Detailed reports on the positions of the assets are submitted at the end of each quarter. Internal quarterly reporting has been including 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

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 based on 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 routinely 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, standardized 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 macroeconomic data, 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, considering the specific circumstances. Based on 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 the damage. The risk statement also includes risks that do not have a direct impact on the financial situation, but that can influence 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 based on 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 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 responsibilities 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 organization of the established systems. The Audit Committee also reviews the effectiveness of the risk management system regularly. HeidelbergCement group has imposed transparent regulations to govern competencies 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 standardized 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 organization.

The essential elements of the risk management system are:

- Documentation of the general conditions for 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 the 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 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 laws and internal guidelines pose direct sanction risks in addition to strategic and operational risks and entail a risk to reputation.

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



## Statement on Corporate Governance

## Statement on Corporate Governance

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

### Corporate Governance Framework

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

- i) The Companies Act, 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 from 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 2022 (FY22). 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 FY22 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 they are supposed to act in such a way that 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. In 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 constitute 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 2022, 4 (Four) Board meetings were held and the attendances were recorded as follows:

Name of the Directors	Status with the Company	Eligible to Attend Meeting	Meeting Attended
Mr. Kevin Gerard Gluskie	Chairman	04	02
Mr. Jose Marcelino Ugarte	Managing Director	04	04
Mr. Abdul Khalek, FCA	Independent Director	04	04
Mr. N K A Mobin FCS, FCA	Independent Director	04	04
Mr. Md. Abul Hossain	Director	04	04
Mr. Juan-Francisco Defalque	Director	04	04
Mr. Fong Wei Kurk	Director	04	04
Ms. Sim Soek Peng	Director	04	03
Mr. Jashim Uddin Chowdhury, FCA	Director	04	04

### (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 the publication of any price-sensitive information as per BSEC regulation. A Fellow Chartered Accountant, Md. Emdadul Haque is in charge of all these responsibilities as Company Secretary.

### (1.5) Relationship with Government:

In its role of 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 with 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 namely Mr. Kevin Gerard Gluskie, Mr. Juan-Francisco Defalque, and Mr. Md. Abul Hossain will retire by rotation. 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 a 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 Company's Finance Team 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 is 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)

Mr. 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 the Company, particularly with regard to ensuring compliance with statutory and regulatory requirements and 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 coordinate 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 2022, 4 (Four) BAC meetings were held and the attendance thereof has been stated in the report of the Audit Committee. A report on the activities carried out by the Audit Committee is enclosed as a part of the Annual Report.

### (2.2) Nomination & Remuneration Committee (NRC)

Nomination & Remuneration Committee has been formed on 15 October 2018 with the approval of the Board in its meeting, with three members as per Condition 6(1)(b) of the Code. The Committee includes 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 on 27 July 2021. As Mr. Khalek's tenure as Independent Director was expired on 22 July 2022, Mr. N K A Mobin FCS, FCA, another Independent Director of the Company, was appointed by the Board as the Chairman of the Committee with effect from 23 July 2022.

Name	Status with the Committee	Status with the Board
Mr. Abdul Khalek, FCA (Retired as Chairman and Member on 22 July 2022)	Chairman	Independent Director
Mr. N K A Mobin FCS, FCA (Appointed as Chairman and Member on 23 July 2022)	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 2022, Two (2) NRC meetings were held. Please see the attendance record in the report of the Nomination & Remuneration Committee furnished in this annual report.

**(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 the effective leadership of Mr. Mohammad Alamgir, the 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 with 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 Directors. It is expected that their expertise would induce the Company to more disclosure and protect the interest of all investors, particularly 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 2022 by a Chartered Accountant firm is done by M/s. ACNABIN, Chartered Accountants in order to comply with the 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) 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.



### (3.4) 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 streams toward 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.

### (3.5) 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.

### (3.6) CEO AND CFO CERTIFICATION

The Managing Director and the Director-Finance/CFO of the Company have certified to the Board of Directors (Annexure-A), 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 2022.

## 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 calendars, and ownership profiles, are posted in the Investor Relations section. In addition, quarterly results are also available for streaming or downloading from the Company's official website at [www.heidelbergcementbd.com](http://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 turnout year-on-year indicating a high level of engagement with shareholders. At the AGM in 2022, 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 commence with a concise but comprehensive presentation by the Chairman of the meeting on the financial performance of the Company for the preceding financial year, the 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 FY22 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 FY22, is disclosed in note no. 44 of the financial statements.

In closing, HCBL itself is committed to ensuring and demonstrating the 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. The Company to maintain the impeccable image of the Group is passionate about establishing an example of a 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 and Remuneration Committee

&

## Report of the Board of Directors

## Report of the Audit Committee

### For The Year 2022

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 help the Board of Directors in ensuring that the financial statements reflect a true and fair view of the Company’s state of affairs 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
Mr. Abdul Khalek, FCA	Chairman	Independent Director
Ms. Sim Soek Peng	Member	Non-executive Director
Mr. N K A Mobin FCS, FCA	Member	Independent Director
Mr. Md. Emdadul Haque CMA FCA	Secretary	Company Secretary

A total of four (4) meetings were held in 2022. The Company Secretary served as the Committee’s secretary pursuant to the regulatory guidelines. The Managing Director, the Chief Financial Officer (CFO), and the Head of Internal Audit & Compliance were regular attendees at the meetings. When the Committee felt it was necessary, the members of the Board and the Management Committee, as well as representatives from the External Auditors, were invited to the meetings.

A record of attendance of the Board Audit Committee is furnished below:

Name	Status with the Committee	Audit Committee Meeting held in 2022			
		24.02.2022	25.04.2022	19.07.2022	18.10.2022
Mr. Abdul Khalek, FCA	Chairman	√	√	√	√
Ms. Sim Soek Peng	Member	√	X	√	X
Mr. N K A Mobin FCS, FCA	Member	√	√	√	√
Mr. Jose Marcelino Ugarte	Invitee	√	X	X	√
Mr. Fong Wei Kurk	Invitee	X	X	X	√
Mr. Jashim Uddin Chowdhury, FCA	Invitee	√	√	√	√
Mr. Mamun-UI-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 by management 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. The Company's commitment to the highest standards of integrity and ethical conduct was upheld by the Committee's work to strengthen non-financial controls and governance structures.

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 2022 financial statements. The Audit Committee concluded that all reported financial results have been presented following applicable standards, laws, and regulations.

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 followed national standards for corporate governance.

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.

Looking ahead to 2023, the Committee's key priorities will include maintaining oversight of the Company's risk management and internal control processes, sustaining a strong culture of risk management across the Company, and continuing to monitor the progress made by the Internal Audit Division for "Risk-Based Audit" and ensuring the clearance of outstanding items from previous years.

## Activities of the Committee in 2022

In 2022, the Committee focused on, inter alia, the following activities:

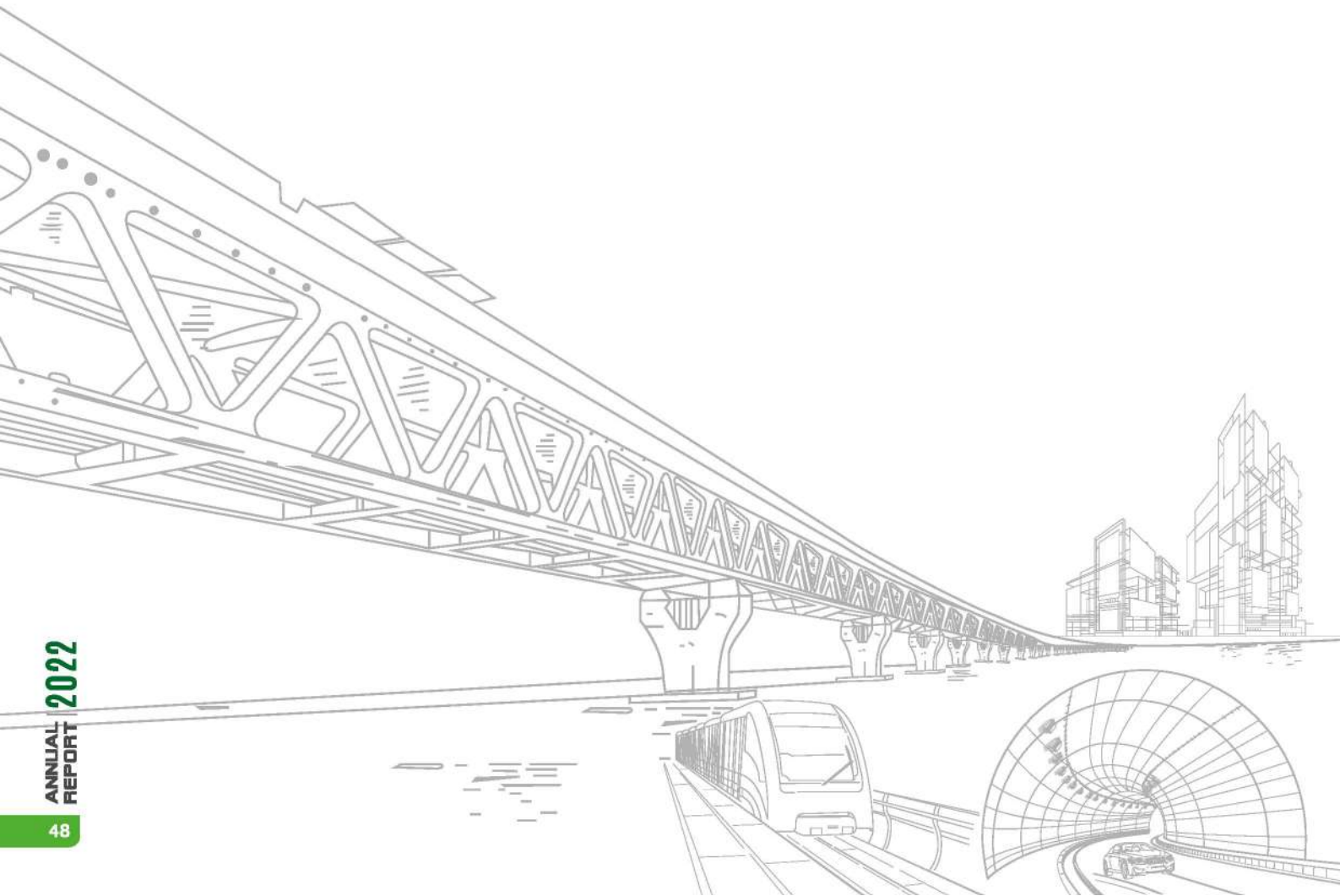
- a) Overseeing the financial reporting process;
- b) Monitoring the choice of accounting policies and principles;
- c) Reviewing the internal audit plan for the year 2022 along with the risk-based auditing system;
- d) Monitoring the internal audit and compliance process and reviewing the internal audit 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 and examining the annual audited financial statements for the year ended 31 December 2021 together with the Director's report thereon and recommending the same to the Board for approval;
- g) Reviewing the Quarterly & Half Yearly Financial Statements of the Company for the year 2022 to evaluate the Company's performance before submission to the Board for approval;
- h) Placing of compliance reports/minutes before the Board detailing the decisions taken/recommendations made by the Committee in various meetings for information/concurrence of the Board quarterly;
- 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 2022;
- j) Reviewing the operating plan for 2022;
- k) Reviewing transfer and sale of the Company's car;
- l) Reviewing the modification of the credit facility agreement between Standard Chartered Bank, Bangladesh (SCB) and HeidelbergCement Bangladesh Limited (HCBL) following the amalgamation of Emirates Cement Bangladesh Limited (ECBL) with HCBL;
- m) Reviewing the replacement of the "Technical Know-How And Technological Transfer Agreement" Dated 1 January 2001 by the "General Services Agreement" and the "Master License Agreement" dated 1 January 2022; and
- n) Reviewing the sale of fixed assets.

**Post-reporting events**

A meeting of the BAC was conducted in 27 April 2023 to review and examine the annual audited financial statements for the year ended 31 December 2022 together with the draft Directors' Report and to learn the observations and opinions of the statutory auditors thereon. BAC was convinced that proper books of accounts as required by law have been maintained by the Company and that the Company's financial statements fairly and appropriately presented the affairs of the Company during the year 2022. BAC was pleased to recommend the audited financial statements for the year ended 31 December 2022 together with the draft Directors' Report to the Board for approval. The Committee also reviewed the Management's Discussion and Analysis before disclosing it in the Annual Report-2022.



**Abdul Khalek, FCA**  
Chairman, Audit Committee



## Report of the Nomination & Remuneration Committee (NRC)

### For The Year 2022

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:

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

### Constitution of the NRC:

The Committee is comprised of three (3) non-executive directors to act as members of this Committee. The members and their meeting attendance are recorded as follows;

Name of the Director	Status with the Committee	Meeting held during 2022	
		18.04.2022	19.07.2022
Mr. Abdul Khalek, FCA (Retired on 20 July 2022)	Chairman	√	√
Mr. N K A Mobin FCS, FCA (Appointed as Chairman on 20 July 2022)	Chairman	N/A	N/A
Mr. Fong Wei Kurk	Member	√	√
Ms. Sim Soek Peng	Member	√	√
Md. Emdadul Haque CMA FCA	Secretary	√	√

The Committee held two (2) 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:

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



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

### **Activities that were carried out during 2022:**

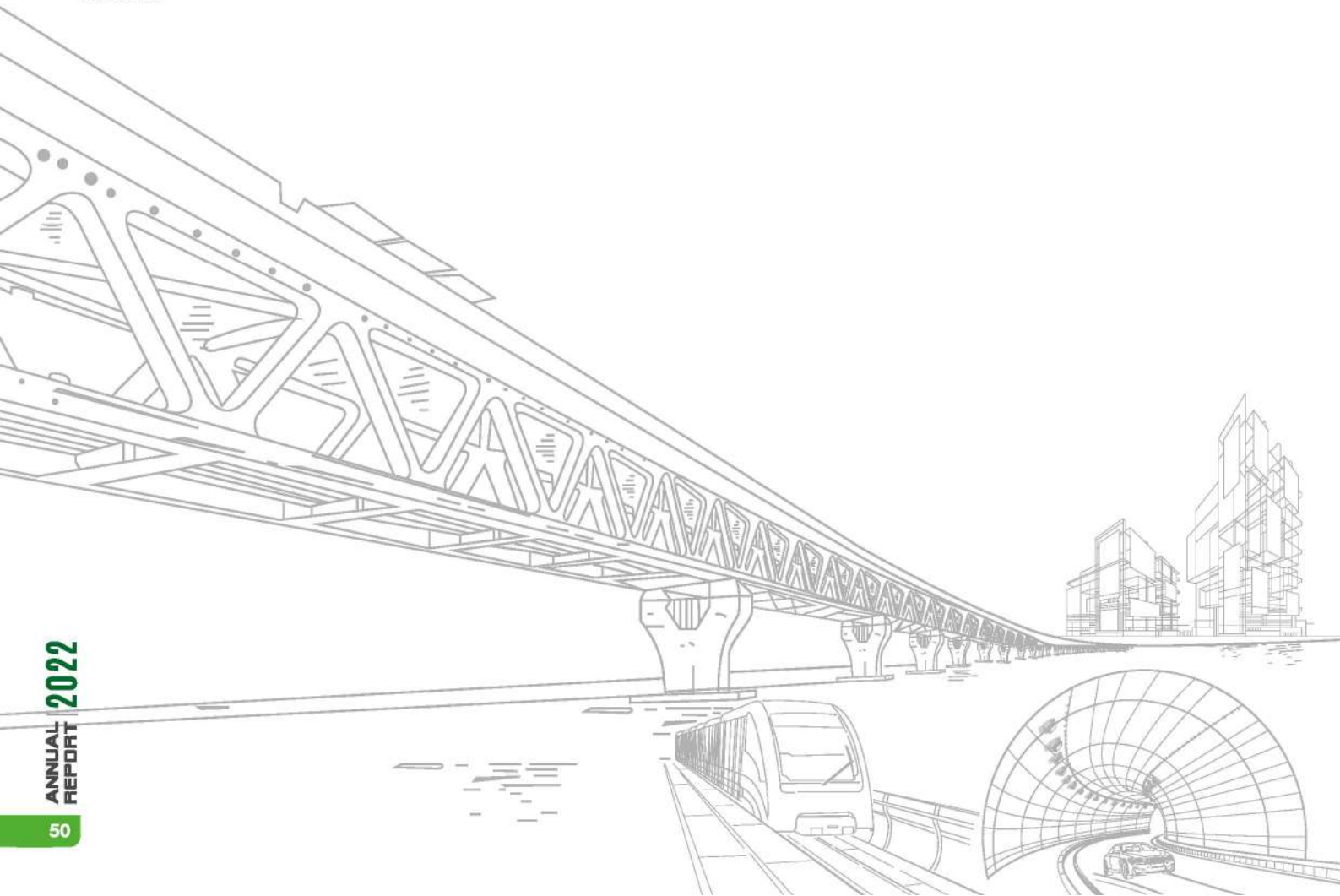
During the year under review, the Committee carried out the following activities:

- a) Recommendation for the extension of the work permit for Mr. Terence Ong Kian Hock, Technical Director of the Company;
- b) Recommendation for the reappointment of retiring directors of the Company namely Ms. Sim Soek Peng, Mr. Fong Wei Kurk, and Mr. Jashim Uddin Chowdhury, FCA; and
- c) Consideration of the reappointment of Mr. Abdul Khalek, FCA as an Independent Director of the Company for another 3 years and recommendation of the same to the Board for approval.

On behalf of the Nomination & Remuneration Committee



**Mr. N K A Mobin FCS, FCA**  
Chairman



# Report of the Board of Directors

For the year ended 31 December 2022

## INTRODUCTION

The Board of Directors of HeidelbergCement Bangladesh Limited ("HCBL" or the "Company") is pleased to publish the Company's Annual Report 2022, which furnishes, inter alia, the independent auditors' report and audited annual financial statements for the financial year ended 31 December 2022 as well as other useful information of the Company. These will be laid before the Company's shareholders at the forthcoming Annual General Meeting (AGM) to be held on 13 June 2023 beforehand. 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 cautious effort to incorporate all requisite disclosures in this report.

## STATEMENT OF THE COMPANY'S AFFAIRS

HCBL found the year 2022 full of challenges that impeded the profitability of the Company. Following the pandemic, the Company's profitability was hampered, as shown by its financial statements, by higher inflation, commodity price volatility, soaring energy costs, major macroeconomic imbalances, supply chain disruptions, and geopolitical conflicts. Nevertheless, the Company managed to achieve its highest-ever revenue on record in the year under review. HCBL's overall sales went up by 17%, but COGS increased by 23%, which led to a 33% drop in gross profit from the previous year. The current year's EPS was BDT-4.13.

## CEMENT INDUSTRY

The cement market in Bangladesh has experienced significant growth over the past decade, with demand fueled by the country's rapid urbanization and infrastructure development. The industry is dominated by a few major players, with local producers accounting for the majority of cement production. Bangladesh's cement industry is one of the world's fastest-growing, with per capita cement usage of around 230kg in 2022. 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 increased demand for cement with a CAGR of 8.2% in the last ten years.

In 2022, the industry was not able to adjust the incremental cost with sales prices, thereby incurring margin erosion in order to retain threshold volume. The rising trend in input costs has continued unabated. In addition, the price hikes for other building materials viz. steel, bricks, etc. went up in even higher magnitude. All of this coupled with a significant inflationary surge led to weaker demand for cement in 2022. To make things worse, the price war to gain market share between manufacturers is still very much prevalent. This volatility in the overall economy is likely to persist through 2023.

## OPERATIONS

### 1. Sales and Production

In 2022, we produced and delivered a total of 2.2 million tons of cement from our three plants located at Kanchpur, Chittagong, and Mukterpur, which is 2% higher than the total sales volume in 2021. The Company's overall volume increased by 40K tons against the prior year.

### 2. Price

HCBL's customers are aware of its uncompromising emphasis on product quality and relentless efforts in product innovation; 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 the challenges and intense competition in the market.

### 3. Customer Service

Merely selling and delivering cement to customers' doorsteps are not enough to win over customers and keep the business growing. Instead, prioritizing prompt and efficient response to customers throughout the post-sales phase creates significant value and raises the Company's standing in the market. HCBL cares about what a customer wants. A skilled, experienced, and dedicated sales team and technical service team visit our valued customers with the best solutions and consultations where it is required.

### 4. Product Innovation

HCBL recently introduced a new cement product named 'Multi Purpose Cement' (MPC) as per Bangladesh Standards for Cement of the Bangladesh Standard Testing Institution (BSTI). HCBL is the pioneer in introducing MPC commercially in Bangladesh. This innovative solution to traditional cement production is making waves in America, Europe, and Asia in

infrastructural, industrial, and residential construction with its eco-friendly properties and commitment to reducing its impact on the environment.

MPC is made using the latest technology and a combination of clinker and blast-furnace slag, which is a byproduct of steel production. The use of this byproduct material helps to reduce greenhouse gases produced during cement production and results in a lower carbon footprint. In addition to these environmental benefits, MPC also offers a range of technical advantages, including improved workability, higher long-age strength, and increased resistance to chemical attack. These features make MPC a versatile and durable solution for a wide range of construction projects.

## 5. Marketing Activities

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 customer 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 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 consistently produces the finest quality cement and upholds a commitment to the environment by using modern state-of-the-art technology at every stage of the manufacturing process. Some of the Company's most significant achievements are given hereunder:

- Ensuring safety and hygiene at work;
- Consistent high level of cement quality 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:

Using the roofs of the plant buildings, Kanchpur Plant and Chattogram Plant installed solar panels. Utility power needs are met by this solar energy. Renewable energy is the best source of power for the environment because it produces less CO<sub>2</sub> than fuel-based power. Due to the utilization of renewable energy in Chattogram and Kanchpur Plant, this effort helped Bangladesh in reducing 132,000 Tonnes of CO<sub>2</sub> emissions. In the following years, more wind and solar energy installations are planned.

### Dust collector installation at clinker silos:

Two dust collectors have been installed at the belt conveyor dropping point with a high-performance auto pulsing system to control the emission during raw material transportation by HCBL to maintain a clean environment and minimize dust emission in raw material handling areas of the clinker transport belt during operation.

### Roto lock installation:

There is a Roto packer in the Chattogram facility with 8 spouts. To eliminate cement spillage and dust from the packaging area, the spout sliding gate type has recently been updated to the Roto lock type. The packing environment has substantially improved, and the packer is now operating with nearly no dust spillage.

### Mill Expert System Implementation in Kanchpur and Mukterpur Plant

Expert System is a software program that continuously improves the cement manufacturing process based on real-time data collected from field sensors and a quality control lab, ensuring the production of cement that is of a high caliber and consistency. The team of software engineers at Heidelberg Materials (HM) Group created this program internally, working with the factories to improve the application.

## Rainwater Recycling

Given that we all share this world, and that water is one of the most valuable resources, HCBL is committed to minimizing its usage of surface and subsurface water. The installation of a rainwater collection system in the Kanchpur facility has significantly decreased the amount of water pulled from the surface and subsurface. All of this water is utilized for flushing the toilet, routine cleaning, and watering plants. Bangladesh receives a lot of rain each year, therefore there is always a plentiful supply of rainwater. In addition, Kanchpur has a rain catchment that can be used when it doesn't rain.

## Power Reduction Initiative in Mukterpur Plant

In order to fulfill its goal of becoming carbon neutral by 2030, HCBL is committed to decreasing the power usage of all of its plants. Converting the pneumatic transport system to a bucket elevator is one effort that was implemented in the Mukterpur Plant, and it will reduce the amount of electricity drawn each year.

## Continual Improvement Project (CIP)

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

## INFORMATION TECHNOLOGY

HM Group has started to shift its data center from Singapore HUB to Microsoft Virtual Azure to obtain more efficient business support and actively facilitate the implementation of IT services to enable employees to work from anywhere over the Internet.

During the time under review, the Company successfully executed the following projects:

- Support Package Stacks (SPS) and security patches of SAP have been upgraded to Version 17 to secure the core business application system.
- The SAP Ariba project for procurement was successfully launched and implemented by HCBL to provide the Company with sourcing and purchasing support.
- The HCBL website has been improved to support the business through increased interaction and digitization.
- "Simple-Help" has been installed on process PCs to receive secure remote support efficiently.

## 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 2022 and 31 December 2021 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 2022, the Company produced 2,206K MT of cement compared to 2,175K MT in the year ended 31 December 2021, an increase of 1.45%. Cement sales for the year were 2,213K MT compared to 2,173K MT in FY21, an increase of 1.8%. Net sales revenue in FY22 was BDT 16,767 million compared to BDT 14,328 million in FY21, an increase of 17%.



The gross profits in FY22 and FY21 were reported at BDT 1,075 million and BDT 1,598 million respectively. Correspondingly, the net profit for FY22 was BDT -233 million compared to BDT 475 million in FY21. The increase in COGS hampered the Company's overall profitability. A brief overview of the financial performance of HCBL for 2022 compared to 2021 is set out below:-

Particulars	BDT'000	
	2022	2021
Net Revenue	16,766,939	14,328,340
Gross Profit	1,075,032	1,597,736
Operating Profit	21,114	705,342
Net Finance Expenses	-59,082	-3,323
Profit Before Tax	-80,195	666,918
Income Tax Expenses	153,245	191,634
Profit After Tax	-233,441	475,284
Earnings Per Share (EPS)	-4.13	8.41

**i) Un-appropriated Profit of HCBL in 2022**
**Financial Results for the Year 2022:**

	BDT '000
Un-appropriated profit from previous period	3,033,158
Net Profit for the year after Tax	-233,441
Payment of dividend	-146,909
Other Comprehensive income reversal	10,898
<b>Total Funds available for appropriation</b>	<b>2,663,706</b>

**Directors Recommended Dividend:**

Dividend @ 10%	-56,504
Un-appropriated profit carried forward to next year	2,607,202

**ii) A summary of the Company's performance:**

Particulars	2022	2021	+/- in %
Cement Production	2,206,702 MT	2,175,023 MT	1.45%
Cement Sales	2,212,542 MT	2,172,666 MT	1.83%

- While there was little difference in sales volume between 2022 and 2021, the Net Sales Price per ton increased by BDT 983 per ton because of the higher cost of goods sold. Total net revenue increased as a result by 17%.
- The net cement price realizations during the first half of the year were not adequate to retain a strong gross margin.
- Cost of Goods Sold per ton YTD December 2022 increased by BDT 1,233 per ton against the prior year due to higher raw material costs and BDT devaluation against USD.
- Net financial expenses were BDT 57 million higher than the corresponding period in 2021 due to the payment of loan interest at an incremental rate for the increase in the rate of treasury bill.

**iii) Brief Summary of Financial Position**

Particulars	2022		2021		Growth Rate
	(BDT million)	Weight in Total Assets	(BDT million)	Weight in Total Assets	
Non-Current Assets	5,878	67%	5,939	64%	-1.03%
Current Assets	2,902	33%	3,296	36%	-11.95%
Total Assets	8,780	100%	9,235	100%	-4.93%

## Property, Plant, and Equipment

During the year, there was an addition of BDT 198 million in fixed assets to ensure the operating capability of the Company. The addition includes BDT 34 million in Land & Building, BDT 124 million in Plant and Machinery, BDT 22 million in Furniture and equipment, and BDT 17 million for Transport and vehicles.

## Capital work-in-progress

Capital work-in-progress balance of BDT 207 million includes BDT 49 million for payment of Land & Building and BDT 158 million for Plant and Machinery.

## Trade & Other Receivables

Trade and other receivables increased by BDT 102.9 million (501.7m vs 398.8m) due to higher NSP/t though Days Sales Outstanding (DSO) reduced significantly to 9.2 days.

## Cash and Cash equivalents

Cash and cash equivalents include cash in hand of BDT 0.45 million, cash at the bank of BDT 213.10 million, and fixed deposits of BDT 16.96 million. Bank Overdraft had a zero balance at the end of the year due to proper cash management.

The "Comparative Financial Results" section on page number 11 has summarized 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 2022 were in the ordinary course of business and on an arm's length basis. In note no. 44 of the financial statements, a brief description of related party transactions is given including the names of the respective related parties, the nature of the relationship with them, the nature of those transactions, and the 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, HCBL is 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;
- Standard 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 a 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 crisis caused by the war between Russia & Ukraine 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 1.00/- (BDT One Taka only) per share for the year ended 31 December 2022.

## 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 3,110 million to the National Exchequer in 2022.

## AUDITORS

The current Statutory Auditor of the Company, M/s. ACNABIN, Chartered Accountants, will retire from the office of auditors as per notification no. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018 issued by the Bangladesh Securities and Exchange Commission, as the auditors have completed three (3) consecutive years of auditing the Company. M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants having an office at BTMC Bhaban (Level- 7 & 8), 7-9, Kawran Bazar, Dhaka-1215, Bangladesh, have already indicated their interest and consent to act as Statutory Auditor of the Company for the year ending 31 December 2023 and to hold office until the conclusion of the next Annual General Meeting, if they are appointed so. Being eligible and per the recommendation of the Board of Directors, M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants may be appointed as the Statutory Auditor at the 34<sup>th</sup> AGM of the Company for the year ending 31 December 2023 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. 35<sup>th</sup> 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 (9<sup>th</sup> Floor), 106/ka Naya Paltan, Box Culvert Road, Dhaka-1000, will retire at the 34<sup>th</sup> 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 34<sup>th</sup> AGM. The Board recommends their appointment as Corporate Governance Compliance Auditor for the year ending 31 December 2023 at a fee of BDT 35,000 (BDT Thirty-Five Thousand) only and to hold office until the conclusion of the next i.e. 35<sup>th</sup> Annual General Meeting of the Company.

## CREDIT RATING

The Company achieved an AA<sub>2</sub> (Lr) rating in the long term and an ST-2 rating in the short term for maintaining stable outlook for the year 2022 from the Credit Rating Agency of Bangladesh Limited (CRAB).

## 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 every year. This year Mr. Kevin Gerard Gluskie, Mr. Juan-Francisco Defalque, and Mr. Md. Abul Hossain are due for retirement at the upcoming AGM. Per Article 98(c) of the Articles of Association of the Company, the retiring directors are eligible for re-election. The brief resumes 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. Abdul Khalek, FCA was reappointed as an Independent Director by the Board in its meeting held on 20 July 2022 upon the recommendation of the Nomination and Remuneration Committee and his reappointment 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 2022 are reported.

## REMUNERATION PAID TO THE DIRECTORS

A total of BDT 291,000 was paid by the Company as Board meeting attendance fees during the year. The remuneration of Directors has been mentioned in note no. 43.2 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 2022 has been furnished here with 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 2022 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%	2,923,269
2019	0%	0
2020	20%	2,245,580
2021	26%	80,540,473

To remain compliant with the BSEC's (Capital Market Stabilization Fund) Rules, 2022 dated 1 June 2022, the Company's unclaimed cash dividends from the years 2017 and before were 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

People Excellence is the center of our business strategy. We have been striving to bring this excellence over the years by hiring talented and competent people, and by developing leadership thinking beyond the myth that leaders are born rather than nurtured. We have designed the criteria to identify the successors for the key positions of the organization as well as the potential talents from the group of Millennials and Gen Z shouldering us to take us to the summit of our mission. Through this exercise pivotal and business-critical positions have been replaced with talent from both within and outside the company.

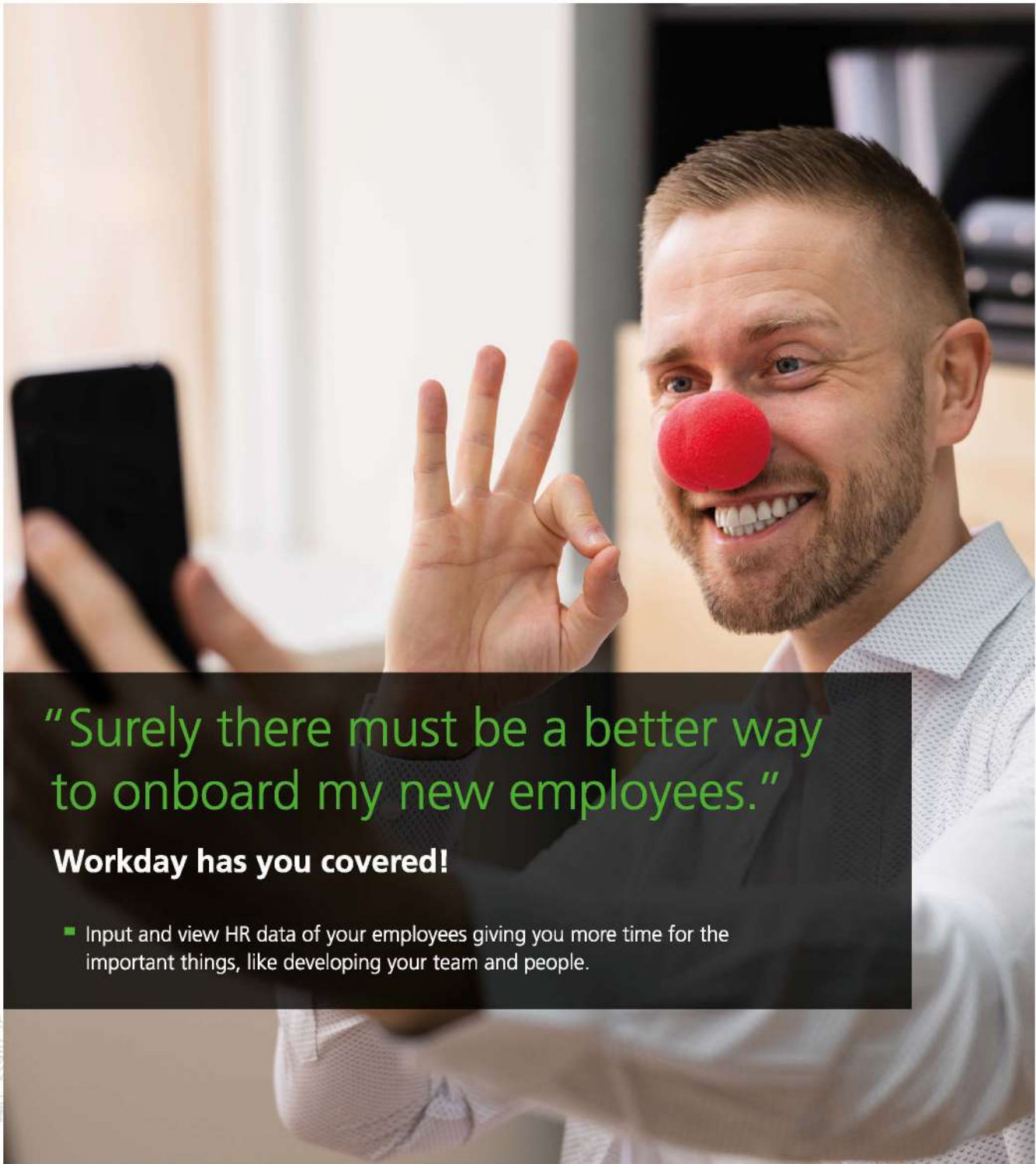


We have undertaken several initiatives over time to nurture a pool of talented leaders. Employing psychometric assessments and cognitive ability tests, we were able to identify within our talent base their respective personality preferences, competencies, and cognitive and technical skills. This allowed us to identify any gaps to be worked on in order to prepare our talent and equip them to be fit and ready to take on the increasing challenges of this highly competitive business. As part of people development and to create an agile, customer-centric sales team we have undertaken a pilot project named Sales Team Development and accomplished several assignments under a professional consultant.



Our employee management system is built to place the right people in the right positions, offer training to equip employees, ensure that objective-based tasks are meaningful to them for the duration of the task, and implement programs to foster employee interpersonal relationships through various welfare activities. Many HCBL employees, whom we refer to as family members, have proven their allegiance and commitment to the Company by working with us for more than 20 years. We recognize their loyalty, devotion, and contributions by giving them a Long Service Award.

For the first time in HM history, a global standard has been set that is allowing our HR organizations to collaborate seamlessly using the same language and engage all our people globally. Under the umbrella of the HM Group initiative and the pledge for digital business and HR support, WORKDAY (HR software) was launched and became a part of our HR operations.



“Surely there must be a better way to onboard my new employees.”

**Workday has you covered!**

- Input and view HR data of your employees giving you more time for the important things, like developing your team and people.



## Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is ingrained in all we do. HCBL is constantly passionate to have a balanced world and strives to maintain sustainable development through social, economic, and environmental benefits. Over the years, our Company has provided subsidized building materials and our employees have volunteered their time with organizations like Habitat for Humanity International and Domino International to build low-cost housing for the disadvantaged in our communities. Correspondingly we reached out to Chaleha Kindergarten and High School and gave scholarships to meritorious and deserving children. We rely on our employees, partners, clients, and the environment to make a difference and uphold our commitment to being more responsible in corporate sustainability.

## Occupational Health & Safety

It is our people who make the difference and makes HCBL a great and safe place to work. Safety is not merely about compliance or a hollow commitment. Rather it is our management's belief that "Every employee and contractor should return home as healthy as they came to work". Here, leaders act as catalysts for safety. We want a cultural shift in people's practices and operational behaviors toward everyone being personally responsible for their safety rather than solely relying on the system.

One of the major sustainability commitments of Heidelberg Materials is the promise to excel in occupational Health and Safety, with the goal of zero fatality and zero Lost-Time Injuries (LTI) by 2030.

We have been taking all the necessary steps to create a safety system and a culture of safety behavioral practice for a long time. We have been undergoing an OHSAS 18001 external auditing process in order to track the progress of this safety goal since 2013. It was a bold attempt to not only obtain certification but also to find the safety gaps in comparison to global standards through third-party channels. We switched to certify with ISO 45001 in 2022, but the goal remained the same.

Every major or minor accident, as well as every near-miss, that occurs throughout the Company, is reported to our global accident reporting system, HC Protect, which provides us with statistics and analytics of event causes and directs us in focusing on areas that require more attention.

Following our 2030 sustainability promise, HCBL completed the year 2022 with zero fatalities, zero LTIs, and zero severe accidents. We hope to ensure the durability of such progress through our leadership's promises and all employees' efforts.

## 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 2022 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 & 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 2023

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 2022.**

Dear Sirs,

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

- (1) The Financial Statements of HeidelbergCement Bangladesh Limited for the year ended on 31 December 2022 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 2022 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

[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 2022**

We have examined the compliance status to the Corporate Governance Code by HeidelbergCement Bangladesh Limited ("HCBL" or the "Company") for the year ended on December 31, 2022. 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 (the "Commission")

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

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (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 or representations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion and subject to the remarks and observations as reported in the associated Compliance Statement:

- 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.
- 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;
- Proper books and records have been kept by the Company as required under the Companies Act, 1994, the securities laws and other relevant laws;
- The standard of governance in the Company is satisfactory.

Dated, Dhaka  
April 09, 2023

**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)  
Goshaldanga, Agrabad C/A, Chattogram-4100.

E-mails: [info@hbdco.org](mailto:info@hbdco.org), Website : [www.hbdco.org](http://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.
<b>1(2)</b>	<b>Independent Directors</b>			
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	✓		Currently Mr. N K A Mobin FCS, FCA is the Executive President and one of the sponsor Directors of Emerging Credit Rating Ltd. He was the MD & CEO of Emerging Credit Rating Ltd. for 10 years
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 NBFIs	✓		DO
1(2)(b)(x)	Not been convicted for a criminal offence involving moral turpitude	✓		DO



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(2)(c)	Shall be appointed by the Board and approved by the shareholders in the AGM	✓		The re-appointment of Mr. Abdul Khalek FCA, is yet to be approved by the members in the ensuing 34 <sup>th</sup> AGM of HCBL
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. N K A Mobin FCS, FCA is continuing his 1 <sup>st</sup> term of office as Independent Director while Mr. Abdul Khalek, FCA is continuing his 2 <sup>nd</sup> term.
<b>1(3)</b>	<b>Qualification of Independent Director</b>			
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 possess 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			Not applicable.
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	
<b>1(4)</b>	<b>Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company</b>			
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			There were two such meetings wherein Mr. Fong Wei Kurk, a non-executive director, chosen to chair those meetings.
<b>1(5)</b>	<b>Directors' Report to Shareholders</b>			
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 in the audited the Financial Statements as well.
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 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	✓		
<b>1(7)</b>	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer</b>			
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 <a href="http://www.heidelbergcementbd.com">www.heidelbergcementbd.com</a>
<b>2</b>	<b>Governance of Board of Directors of Subsidiary Company:</b>			
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.
<b>3</b>	<b>MD or CEO, CFO, Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)-</b>			
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	✓		
<b>4</b>	<b>Board of Directors' Committee</b>			
4(i)	An Audit Committee	✓		In place
4(ii)	A Nomination & Remuneration Committee	✓		In place
<b>5</b>	<b>Audit Committee</b>			
<b>5(1)</b>	<b>Responsibility to the Board of Directors.</b>			
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)	<b>Constitution of the Audit Committee:</b>			
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
<b>5(3)</b>	<b>Chairperson of the Audit Committee:</b>			
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
<b>5(4)</b>	<b>Meeting of the Audit Committee:-</b>			
5(4)(a)	At least its four meetings in a financial year	✓		See " Report of the Audit Committee for the year 2022" section.
5(4)(b)	Quorum: two members or 2/3 of total audit committee member	✓		
<b>5(5)</b>	<b>Role of Audit Committee The Audit Committee shall:-</b>			
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	✓		
<b>5(6)</b>	<b>Reporting of the Audit Committee</b>			
5(6)(a)	Reporting to the Board of Directors	✓		No such cases found
5(6)(a)(i)	Report on its activities	✓		
5(6)(a)(ii)(a)	Report on conflicts of interests			
5(6)(a)(ii)(b)	Report on suspected or presumed fraud or irregularity or material defect in internal audit/ financial statements			
5(6)(a)(ii)(c)	Report on suspected infringement of laws & regulatory compliances			
5(6)(a)(ii)(d)	Any other matter deems necessary to disclose			
5(6)(b)	Report on unreasonably ignored rectification to the Commission			
5(7)	Reporting to the Shareholders and General Investors	✓		See " Report of the Audit Committee for the year 2021" section.
<b>6</b>	<b>Nomination and Remuneration Committee (NRC)</b>			
<b>6(1)</b>	<b>Responsibility to the Board of Directors</b>			
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
<b>6(2)</b>	<b>Constitution of the NRC</b>			
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
<b>6(3)</b>	<b>Chairperson of the NRC</b>			

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6(3)(a)	Chairman: an independent director	✓		Mr. N K A Mobin FCS, FCA is acting as Chairman of the NRC.
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 34 <sup>th</sup> AGM
<b>6(4)</b>	<b>Meeting of the NRC</b>	✓		See " Report of the Nomination and Remuneration Committee for the year 2022" 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
<b>6(5)</b>	<b>Role of the NRC</b>			
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)	<b>Shall oversee, among others, the following matters and make report with recommendation to the Board;</b>			
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 "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 the "Report of the Nomination and Remuneration Committee for the year 2022"
<b>7</b>	<b>External or Statutory Auditors</b>			
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 33 <sup>rd</sup> AGM of the Company
<b>8</b>	<b>Maintaining a website by the Company</b>			
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
<b>9</b>	<b>Reporting and Compliance of Corporate Governance</b>			
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	✓		The appointment of Hoque Bhattacharjee Das & Co. as compliance auditor was duly approved by the shareholders in the 33 <sup>rd</sup> 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 2022

**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
Heidelberg Materials Asia Holding GmbH (Formerly known as 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 Heidelberg Materials 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-UI-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	Director Legal	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
Heidelberg Materials 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**

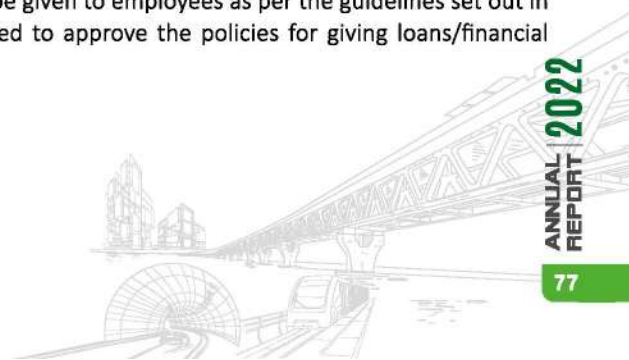
The fixed remuneration shall be determined for each grade of employees and Top Level Executives after taking into account the comparative remuneration profile with respect to industry scale of the Company’s business, criticality of the position and competencies and experience of the person. It shall 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 30<sup>th</sup> 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 2022.
- ▶▶ During the year, the Company has paid a total amount of BDT 291k as Board meeting attendance fees. The remuneration of Directors has been mentioned in Note No. 43.2 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 10% cash dividend for the year 2022.

## ANNEXURE-G

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

**Management Discussion and Analysis of the Company's position and operation along with a brief discussion of changes in the financial statements for the year ended December 31, 2022.**

In compliance with 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 of the Company's position and operations and changes in the financial statements, among others, focusing, on the following issues:

- Accounting Policies and estimation for preparation of financial statements: Accounting Policies and estimation for the 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 the 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 for a peer company all other peer companies of the industry adopt 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 & financial position as on June 30, 2022, and December 31, 2022 have been considered.

(BDT in Million)

Sl. No.	Items	31-Dec-22 HCBL	31-Dec-22 LHBL	30-Jun-22 CROWNCEMNT	30-Jun-22 MEGHNACEM	30-Jun-22 PREMIERCCEM	30-Jun-22 CONFIDCEM	30-Jun-22 ARAMITCEM
1	Revenue	16,767	23,594	19,140	8,295	14,234	4,062	728
2	Gross Profit	1,075	8,334	1,592	935	1,274	(84)	(57)
3	Net Profit After Tax	(233)	4,444	(229)	56	(1,127)	109*	(572)
4	Dividend							
	Cash	10%	48%	10%	5%	10%	5%	5%
	Stock	Nil	Nil	Nil	5%	Nil	5%	Nil
5	EPS (Taka)	(4.13)	3.83	(1.54)	1.95	(10.70)	1.40	(16.88)
6	NAVPS (Taka)	60.07	15.25	49.18	57.90	67.13	72.24	12.58
7	NOCFPS (Taka)	3.80	5.76	21.84	15.14	5.26	-14.44	5.88

\*Confidence Cement Limited showed BDT 741 Million as profit from its associate companies in its total Net Profit After Tax amounting to BDT 109 Million.

BDT= Bangladeshi Taka, HEIDELBCEM = HeidelbergCement Bangladesh Ltd., LHBL = LafargeHolcim Bangladesh Ltd., ARAMIT-CEM = Aramit Cement Ltd., CONFIDCEM= Confidence Cement Limited, CROWNCEMNT= Crown Cement PLC., MEGHNACEM = Meghna Cement Mills Ltd., PREMIERCCEM= Premier Cement Mills PLC, 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. 45B of the Financial Statements.
- Future plan or projection or forecast for the 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 on the future plans at the Annual General Meeting and also by communications time to time.

Dated Dhaka, 27 April 2023

  
Jose Marcelino Ugarte  
Managing Director



## ANNEXURE-H

### HEIDELBERGCEMENT BANGLADESH LTD. 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.

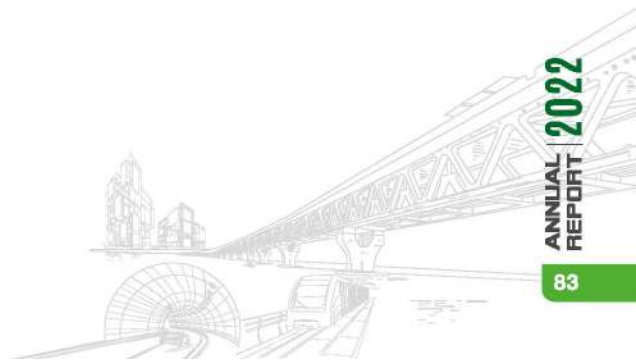
## 14. Disclaimer

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.

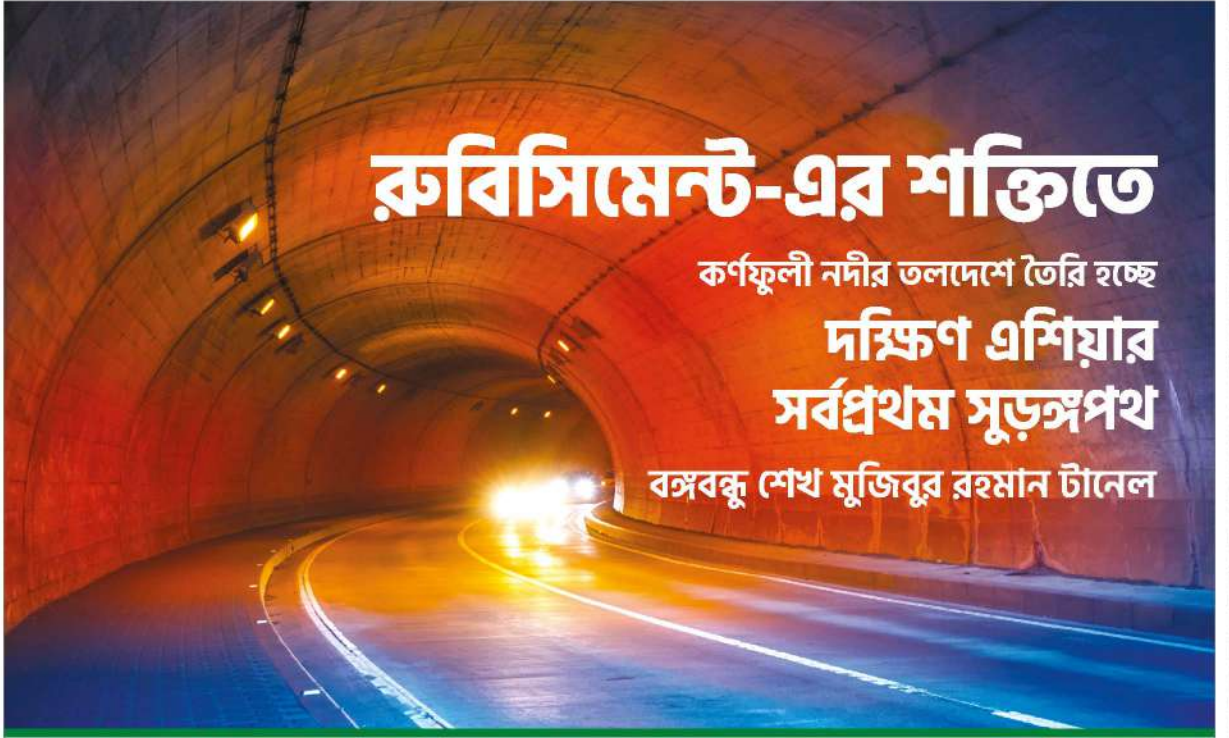
## 15. Policy Approval and Effective Date

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





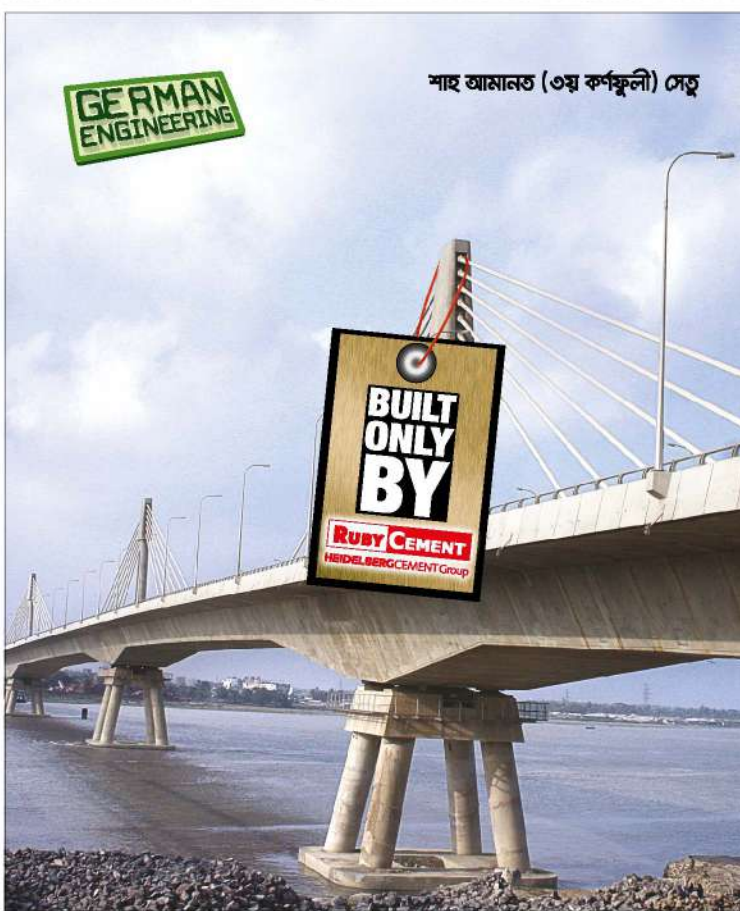
# রুবিসিমেন্ট-এর শক্তিতে

কর্ণফুলী নদীর তলদেশে তৈরি হচ্ছে

দক্ষিণ এশিয়ার

সর্বপ্রথম সুড়ঙ্গপথ

বঙ্গবন্ধু শেখ মুজিবুর রহমান টানেল



শাহ আমানত (৩য় কর্ণফুলী) সেতু

পরীক্ষিত  
শক্তি ও  
দীর্ঘস্থায়িত্ব

১৯৭৩ সাল থেকে



**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 2022 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 2022, 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
<p><b>Revenue recognition</b></p> <p>Refer note no 3.15 and 24 to the financial statements</p> <p>The Company generates revenue by selling cement through both local and deemed exports.</p> <p>In 2022, the Company earned BDT 16,767 million in revenue, which is a 17% increase over the previous year's revenue of BDT 14,328 million. This increase in revenue was primarily driven by higher selling prices and an increase in the quantity of sales.</p> <p>To ensure that revenue recognition is appropriate, the management carefully evaluates the collectability of credit sales to customers. The Company has implemented policy of requiring advance payment from dealer sales, which has helped to improve the realizability of revenue.</p>	<p>Our audit procedures for revenue recognition included the following:</p> <ul style="list-style-type: none"> <li>• understanding of the key controls related to the contracts with customers, goods delivery and invoicing process, and sanctioning of discount and commissions;</li> <li>• review collectability of the credit sales to customers, especially those which are stressed;</li> <li>• substantive procedures using sampling techniques to verify relevant supporting documents for the revenue recognized;</li> <li>• recalculation of the discounts and commissions granted to customers and agreeing on them with the underlying contracts, policy documents, and past trends which raises valid expectation among customers to be eligible for the discounts and commissions;</li> <li>• 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.</li> </ul>

**Recognition and valuation of property, plant and equipment (PPE)**

Refer note no. 3.3 and 4 to the financial statements

PPE is a significant asset category for the Company, and its carrying amount as at the year-end is BDT 5,013 million. The Company's PPE comprises various types of assets, including land, buildings, machinery, and equipment. The Company's financial statements recognize PPE at cost, and subsequent to initial recognition, PPE is carried at cost less accumulated depreciation and impairment losses.

The valuation of PPE requires significant management judgment and estimation, including determining the useful lives of assets, assessing the residual values, and estimating the cost of dismantling/assets retirement obligation. Additionally, there is an inherent risk of misstatement in the valuation of PPE due to the complexity and diversity of the asset category.

Our audit procedures for recognition and valuation of property, plant and equipment (PPE) included:

- obtaining an understanding of the Company's policies and procedures for the recognition and valuation of PPE, including the initial recognition of assets, useful lives and residual values of assets, and the assessment of impairment losses;
- evaluating the design and operating effectiveness of the Company's internal controls over PPE recognition and valuation;
- reviewing and testing the Company's PPE balance to ensure its accuracy and completeness;
- testing the accuracy and completeness of PPE additions, disposals, and impairment charges to ensure that all transactions are properly recorded in the accounting system;
- reviewing the Company's maintenance records to ensure that the repairs and maintenance expenses are correctly classified as operating expenses and that any significant repairs are capitalized as part of the PPE;
- conducting physical verification of fixed assets to verify the existence in line with the fixed asset register and relevant documents;
- making a cross-check between the manual asset register and SAP system-generated register to match up the value of PPE recorded in the system with the actual assets held by the Company.

**Valuation of inventories**

Refer note no 3.6 and 7 to the financial statements

The Company's financial statement as at 31 December 2022 reflects a total inventory of BDT 2,005 million. It is worth noting that the inventories are measured at the lower of cost and net realizable value, as per the relevant accounting standards.

Given the nature of the inventory, which includes bulk quantities such as clinker, gypsum, slag, limestone, fly ash, and cement, the measurement process requires specialized expertise. Therefore, the management has engaged external professionals to accurately measure the quantity of the inventory at year-end.

The determination of the net realizable value of the inventories is judgmental and complex, especially in current uncertain market conditions and socio-economic scenario.

Furthermore, the Company reported raw material consumption of BDT 13,785 million for the current year, representing a 23% increase over the previous year. This rate of increase is 5% higher than the growth rate of sales during the same period.

The increase in price of raw materials was due to several factors, including a substantial increase in the international market prices, foreign currency fluctuations and other economic downturns.

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:

- 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;
- reviewing the historical accuracy of inventory provisioning;
- evaluating the Company's accounting treatment of the changes in the prices of raw materials, including the appropriateness of the related disclosures in the financial statements.



### Legal and regulatory matters

Refer note no. 21 and 23 to the financial statements

The company has several legal proceedings, claims and inquiries pending that expose it to significant litigation and similar risks arising from disputes and regulatory proceedings.

Such matters are subject to many uncertainties and the outcome may be difficult to predict.

These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.

Overall, the legal provision represents the company's best estimate for existing legal matters that have a probable and estimable impact on the Company's financial position.

Furthermore, 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.

We obtained an understanding of the Company's key controls over the legal compliance process. To get more insights we performed following procedures:

- enquired the Company's internal legal counsel for all significant litigation and regulatory matters;
- assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information;
- assessed the company's provisions and contingent liabilities disclosure;
- reviewed the controls related to Corporate Governance compliance and reporting compliance as per BSEC guidelines;
- obtaining legal confirmation from the panel of legal advisors of the Company to assess the risk of uncertainty on disputes.
- 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.

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 2020, 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  
Dated, 27 April 2023

**ACNABIN**  
Chartered Accountants



**Md. Rokonzaman FCA**  
Partner  
Enrollment No.: 0739  
DVC: 2304270739AS385614

## Statement of Financial Position

As at 31 December 2022

	Notes	2022 BDT '000	2021 BDT '000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	5,012,834	5,265,233
Lease assets-RoU	4.2	580,207	399,547
Capital works-in-progress	5	207,175	194,532
Intangible assets	6	78,035	79,277
<b>Total non-current assets</b>		<b>5,878,250</b>	<b>5,938,590</b>
<b>Current assets</b>			
Inventories	7	2,004,964	2,022,237
Trade and other receivables	8	501,732	398,982
Advance, deposits and prepayments	9	164,739	397,864
Current tax assets	22	-	11,592
Cash and cash equivalents	10	230,109	465,302
<b>Total current assets</b>		<b>2,901,545</b>	<b>3,295,977</b>
<b>Total assets</b>		<b>8,779,795</b>	<b>9,234,567</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	11	565,036	565,036
Reserve	12	141,607	141,607
General reserve		15,000	15,000
Dividend equalization fund		8,600	8,600
Retained earnings	Equity	2,663,706	3,033,158
		<b>3,393,949</b>	<b>3,763,401</b>
<b>Non-current liabilities</b>			
Suppliers' credit-blocked	13	2,565	2,565
Quasi equity loan	14	122,636	122,636
ADP loan	14.1	12,699	12,699
Provision for KP Jetty dismantling		110,752	30,000
Borrowings	15	173,200	486,400
Retirement benefit obligations (gratuity)	17	-	10,742
Financial lease liabilities-RoU-Long portion	16	193,934	43,202
Deferred tax liability	18	298,742	515,498
<b>Total non-current liabilities</b>		<b>914,528</b>	<b>1,223,742</b>
<b>Current liabilities</b>			
Trade and other payables	19	3,588,903	3,739,351
Bank overdraft	10.1	-	78,590
Borrowings	15.1	626,761	313,200
Finance lease liabilities-RoU-Current portion	16	85,749	48,899
Provision for workers profit participation fund	20	-	35,101
Unclaimed dividend	21	110,336	32,282
Current tax liabilities	22	59,570	-
<b>Total current liabilities</b>		<b>4,471,318</b>	<b>4,247,424</b>
<b>Total liabilities</b>		<b>5,385,846</b>	<b>5,471,166</b>
<b>Total equity and liabilities</b>		<b>8,779,795</b>	<b>9,234,567</b>

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

**ACNABIN**

Chartered Accountants

**Md. Rokonuzzaman FCA**  
Partner

Enrollment No.: 0739  
DVC: 2304270739AS385614

Dhaka, Bangladesh  
Dated, 27 April 2023



## Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Notes	2022 BDT '000	2021 BDT '000
Sales	24	16,766,939	14,328,340
Cost of goods sold	25	(15,691,907)	(12,730,603)
<b>Gross profit</b>		<b>1,075,032</b>	<b>1,597,736</b>
Other operating (expenses)/ income	26	(3,797)	8,161
Warehousing, distribution and selling expenses	27	(475,770)	(388,372)
Administrative expenses	28	(616,579)	(512,183)
<b>Operating (Loss)/profit</b>		<b>(21,114)</b>	<b>705,342</b>
Net finance expenses	29	(59,082)	(3,323)
Contribution to workers' profit participation fund	20	-	(35,101)
<b>(Loss)/Profit before tax</b>		<b>(80,195)</b>	<b>666,918</b>
<b>Income tax expense</b>		<b>(153,245)</b>	<b>(191,634)</b>
Current year	30	(368,000)	(388,000)
Prior year		-	(31,771)
Deferred tax income	18.2	214,755	228,137
<b>(Loss)/Profit for the year</b>		<b>(233,441)</b>	<b>475,284</b>
<b>Earnings per share (EPS)</b>	31	<b>-4.13</b>	<b>8.41</b>
<b>(Loss)/Profit for the year</b>		<b>(233,441)</b>	<b>475,284</b>
<b>Other comprehensive income</b>			
<b>Item will not be reclassified to profit or loss</b>			
Remeasurements of defined benefit liability net off related taxes		10,898	(10,898)
<b>Total comprehensive income for the year</b>		<b>(222,543)</b>	<b>464,386</b>

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 2023

See our annexed report of same date

**ACNABIN**  
Chartered Accountants

  
**Md. Rokonuzzaman FCA**  
 Partner  
 Enrollment No.: 0739  
 DVC: 2304270739AS385614

## Statement of Changes in Equity

For the year ended 31 December 2022

Particulars	Share capital	Reserve	General reserve	Dividend equalization fund	Retained earnings	Total
	BDT '000	BDT '000	BDT '000	BDT '000	BDT '000	BDT '000
<b>Year 2021</b>						
Balance as at 01 January 2021	565,036	663,164	15,000	8,600	2,681,779	3,933,579
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)
<b>Balance as at 31 December 2021</b>	<b>565,036</b>	<b>141,607</b>	<b>15,000</b>	<b>8,600</b>	<b>3,033,158</b>	<b>3,763,401</b>
<b>Year 2022</b>						
Balance as at 01 January 2022	565,036	141,607	15,000	8,600	3,033,158	3,763,401
Payment of dividend for 2021	-	-	-	-	(146,909)	(146,909)
Net loss for the year	-	-	-	-	(233,441)	(233,441)
Other comprehensive income reversal	-	-	-	-	10,898	10,898
<b>Balance as at 31 December 2022</b>	<b>565,036</b>	<b>141,607</b>	<b>15,000</b>	<b>8,600</b>	<b>2,663,706</b>	<b>3,393,949</b>

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 2023

See our annexed report of same date

**ACNABIN**

Chartered Accountants



**Md. Rokonzaman FCA**

Partner

Enrollment No.: 0739  
DVC: 2304270739AS385614



## Statement of Cash Flows

For the year ended 31 December 2022

Notes	2022 BDT '000	2021 BDT '000	
<b>Cash flows from operating activities</b>			
Collections from customers	32.1	16,663,718	14,547,108
Cash received from other operating income		14,081	271,448
Cash paid to suppliers	32.2	(14,240,352)	(11,517,802)
Cash paid for operating expenses	32.3	(1,859,945)	(1,842,485)
Adjustment/(Payment) of financial expenses net of exchange gain		(2,532)	1,961
Interest income		13,360	43,143
Interest expenses		(76,819)	(62,892)
Income tax paid	33	(296,838)	(324,287)
<b>Net cash flow generated from operating activities (a)</b>		<b>214,671</b>	<b>1,116,194</b>
<b>Cash flows from investing activities</b>			
Acquisition of non-current assets		(223,354)	(260,032)
Cash from changes in consolidation scope	37	-	25
Proceeds from sale of non-current assets	35	4,045	2,781
<b>Net cash used in investing activities (b)</b>		<b>(219,309)</b>	<b>(257,226)</b>
<b>Cash flows from financing activities</b>			
Proceeds from Bank Loan	15.1	313,561	-
Repayment of Bank Loan	15.1	(313,200)	(373,200)
Repayment of lease liabilities		(83,469)	(71,911)
Unclaimed dividend transferred to CMSF	36	-	(189,140)
Dividend paid	36	(68,856)	(142,080)
<b>Net cash flow used in financing activities (c)</b>		<b>(151,964)</b>	<b>(776,332)</b>
<b>Net (decrease)/increase in cash and cash equivalents (a+b+c)</b>		<b>(156,603)</b>	<b>82,637</b>
<b>Opening cash and cash equivalents</b>		<b>386,712</b>	<b>304,075</b>
<b>Closing cash and cash equivalents*</b>		<b>230,109</b>	<b>386,712</b>

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

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

  
**Jose Marcelino Ugarte**  
Managing Director

  
**Jashim Uddin Chowdhury, FCA**  
Director & Chief Financial Officer

  
**Md. Emdadul Haque, FCA**  
Company Secretary

Dhaka, Bangladesh  
Dated, 27 April 2023

See our annexed report of same date

**ACNABIN**  
Chartered Accountants

  
**Md. Rokonzaman FCA**  
Partner  
Enrollment No.: 0739  
DVC: 2304270739AS385614

# Notes to financial statements

For the year ended 31 December 2022

## 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 Mukterpur 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 5<sup>th</sup> 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 8<sup>th</sup> 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 9<sup>th</sup> 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, Gulshan (South Avenue) 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 (2021: 343).

### 1.2 Nature of business

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

## 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, 2020. 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.

# Notes to financial statements

For the year ended 31 December 2022

## 2.2 Date of approval

The board of directors of the company has authorised these financial statements for issue on 27 April 2023.

## 2.3 Basis of measurement

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

1. Inventories at lower of cost and net realizable value
2. Lease obligations at present value of minimum lease payments
3. Accounts receivable at net of provision for doubtful debts
4. Loans and borrowings at amortized cost

## 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



# Notes to financial statements

For the year ended 31 December 2022

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.

## 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 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 7	Financial instruments: Disclosures
IFRS 8	Segment reporting
IFRS 9	Financial instruments
IFRS 13	Fair value measurement
IFRS 15	Revenue from contracts with customers
IFRS 16	Leases

## 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.

# Notes to financial statements

For the year ended 31 December 2022

## 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 profit or loss and 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:

	2022	2021
1 US Dollar = BDT	103.14	85.90
1 EURO = BDT	110.41	97.67
1 Aus Dollar = BDT	70.25	62.42

## 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 instruments

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, trade 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, trade 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

## Notes to financial statements

For the year ended 31 December 2022

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	2022	2021
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%

### 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 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.

### 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.

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



## Notes to financial statements

For the year ended 31 December 2022

### 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.

#### 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

## Notes to financial statements

For the year ended 31 December 2022

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 20% and hence provision for taxation has been made on this basis which is in compliant with the Finance Act 2022.

#### 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 liability is recognised on the basis of temporary differences arising due to difference between the carrying amounts of the assets or liabilities and their tax base. Contrarily, 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 liabilities or assets are reviewed at each reporting date and are increased or decreased accordingly.

### 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.

### 3.14 Employee benefit

The Company maintains a defined contribution plan (approved 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).

## Notes to financial statements

For the year ended 31 December 2022

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.

### 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 or 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 financial statements

For the year ended 31 December 2022

### 3.22 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.

### 3.23 Statement of cash flows

Statement of Cash Flows (Cash Flow Statement) is prepared under direct method in accordance with IAS-7 "Statement of Cash Flows" as required by the Bangladesh Securities and Exchange Rules 2020.

### 3.24 Events after the reporting period

Events after the reporting period that provide additional information about the Company's position at the balance sheet date are reflected in the financial statements. Material events after the balance sheet date that are not adjusting events are disclosed in the note 49.

## Notes to financial statements

For the year ended 31 December 2022

### 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
<b>Cost</b>					
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)
<b>Balance at 31 December 2021</b>	<b>3,965,524</b>	<b>6,922,810</b>	<b>205,484</b>	<b>105,289</b>	<b>11,199,107</b>
<b>Depreciation</b>					
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)
<b>Balance at 31 December 2021</b>	<b>1,285,944</b>	<b>4,413,947</b>	<b>174,812</b>	<b>59,170</b>	<b>5,933,873</b>
<b>Net book value at 31 December 2021</b>	<b>2,679,580</b>	<b>2,508,864</b>	<b>30,672</b>	<b>46,118</b>	<b>5,265,233</b>
<b>Cost</b>					
At 01 January 2022	3,965,524	6,922,810	205,484	105,289	11,199,107
Additions	34,295	124,298	22,912	17,248	198,753
Disposal	(17,530)	(17,027)	(11,857)	(5,333)	(51,747)
<b>Balance at 31 December 2022</b>	<b>3,982,289</b>	<b>7,030,081</b>	<b>216,539</b>	<b>117,203</b>	<b>11,346,112</b>
<b>Depreciation</b>					
At 01 January 2022	1,285,944	4,413,947	174,812	59,170	5,933,873
Depreciation expense	103,282	312,126	11,844	12,127	439,380
Disposal	(8,189)	(17,023)	(10,125)	(4,637)	(39,974)
<b>Balance at 31 December 2022</b>	<b>1,381,037</b>	<b>4,709,051</b>	<b>176,531</b>	<b>66,660</b>	<b>6,333,278</b>
<b>Net book value at 31 December 2022</b>	<b>2,601,252</b>	<b>2,321,030</b>	<b>40,008</b>	<b>50,544</b>	<b>5,012,834</b>

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

##### Land and building

Non-factory building	34,295	1,005,775
Factory Building	-	65,459
	<b>34,295</b>	<b>1,071,234</b>

##### Plant and machinery

Equipment apparatus and accessories	88,226	989,046
Electrical installation	34,809	16,254
Tools and equipment	1,263	2,451
	<b>124,298</b>	<b>1,007,751</b>

##### Furniture and equipment

Furniture and fixture	14,553	3,512
Sundry assets	381	1,782
Computer	3,138	5,378
Office equipment	4,840	8,945
	<b>22,912</b>	<b>19,617</b>

##### Transport and vehicles

Pick up van/vehicle	17,248	11,504
	<b>17,248</b>	<b>11,504</b>
	<b>198,753</b>	<b>2,110,106</b>

31.12.2022  
BDT '000

31.12.2021  
BDT '000



## Notes to financial statements

For the year ended 31 December 2022

### 4.2 Lease Assets-RoU

Particulars	RoU Land and Buildings	RoU Transport and vehicles	Total
	BDT '000	BDT '000	BDT '000
<b>Cost</b>			
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)
<b>Balance at 31 December 2021</b>	<b>489,740</b>	<b>124,860</b>	<b>614,600</b>
<b>Amortization</b>			
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)
<b>Balance at 31 December 2021</b>	<b>113,802</b>	<b>101,251</b>	<b>215,053</b>
<b>Net book value at 31 December 2021</b>	<b>375,938</b>	<b>23,609</b>	<b>399,547</b>
<b>Cost</b>			
At 01 January 2022	489,740	124,860	614,600
Additions	205,142	76,026	281,168
Disposal	(10,117)	-	(10,117)
<b>Balance at 31 December 2022</b>	<b>684,765</b>	<b>200,886</b>	<b>885,651</b>
<b>Amortization</b>			
At 01 January 2022	113,802	101,251	215,053
Amortization expense	55,388	36,156	91,544
Disposal	(1,153)	-	(1,153)
<b>Balance at 31 December 2022</b>	<b>168,037</b>	<b>137,407</b>	<b>305,445</b>
<b>Net book value at 31 December 2022</b>	<b>516,728</b>	<b>63,479</b>	<b>580,207</b>

### 4.3 Allocation of depreciation & amortization expense:

	31.12.2022 BDT '000	31.12.2021 BDT '000
Manufacturing, labor and overheads (note 25.4)	398,193	348,416
Warehousing, distribution and selling expenses (note 27)	79,639	69,683
Administrative expense (note 28)	53,092	46,455
	<b>530,924</b>	<b>464,554</b>

### 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		
2022						
Land and building	17,530	8,189	9,341	2,127	Company policy/ tender	Third parties
Plant and machinery	17,027	17,023	5	-	Company policy/ Retirement	
Furniture and equipments	11,857	10,125	1,731	135	Company policy/ tender	Employee
Transport and vehicles	5,333	4,637	696	1,783	Company policy/ tender	Third parties
<b>Total 2022</b>	<b>51,747</b>	<b>39,974</b>	<b>11,772</b>	<b>4,045</b>		
2021	6,350	6,350	0	2,781	Company policy/ tender	Employee



## Notes to financial statements

For the year ended 31 December 2022

### 5 Capital works-in-progress

Particulars	Intangible Assets BDT '000	Land and Buildings BDT '000	Plant and Machinery BDT '000	Furniture and Equipment BDT '000	Total BDT '000
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	<b>31,124</b>	<b>38,910</b>	<b>124,498</b>	-	<b>194,532</b>
At 1 January 2022	31,124	38,910	124,498	-	194,532
Addition	-	44,519	157,841	-	202,360
Capitalized during the year	(31,124)	(34,295)	(124,298)	-	(189,717)
At 31 December 2022	-	<b>49,134</b>	<b>158,041</b>	-	<b>207,175</b>

### 6 Intangible assets

#### Cost

At 01 January 2021	10,885	10,885
Addition	80,000	80,000
Balance at 31 December 2021	<b>90,885</b>	<b>90,885</b>

#### Amortization

To 01 January 2021	10,163	10,163
Charge for the year	1,445	1,445
Total to 31 December 2021	<b>11,608</b>	<b>11,608</b>
At 31 December 2021	<b>79,277</b>	<b>79,277</b>

#### Cost

At 01 January 2022	90,885	90,885
Addition	11,959	11,959
Balance at 31 December 2022	<b>102,844</b>	<b>102,844</b>

#### Amortization

To 01 January 2022	11,608	11,608
Charge for the year	13,202	13,202
Total to 31 December 2022	<b>24,809</b>	<b>24,809</b>
At 31 December 2022	<b>78,035</b>	<b>78,035</b>

Software  
BDT '000

Total  
BDT '000

At 01 January 2021	10,885	10,885
Addition	80,000	80,000
Balance at 31 December 2021	<b>90,885</b>	<b>90,885</b>

To 01 January 2021	10,163	10,163
Charge for the year	1,445	1,445
Total to 31 December 2021	<b>11,608</b>	<b>11,608</b>
At 31 December 2021	<b>79,277</b>	<b>79,277</b>

At 01 January 2022	90,885	90,885
Addition	11,959	11,959
Balance at 31 December 2022	<b>102,844</b>	<b>102,844</b>

To 01 January 2022	11,608	11,608
Charge for the year	13,202	13,202
Total to 31 December 2022	<b>24,809</b>	<b>24,809</b>
At 31 December 2022	<b>78,035</b>	<b>78,035</b>

31.12.2022  
BDT '000

31.12.2021  
BDT '000

### 7 Inventories

Raw materials	1,027,935	1,242,133
Finished goods	199,733	171,771
Packing materials	148,948	101,129
Stores and spares	642,034	513,112
	2,018,650	2,028,145
Provision for slow moving stores and spares	(13,686)	(5,908)
	<b>2,004,964</b>	<b>2,022,237</b>

## Notes to financial statements

For the year ended 31 December 2022

**8 Trade and other receivables**

	31.12.2022 BDT '000	31.12.2021 BDT '000
Trade receivables		
Considered good	471,112	367,891
Considered doubtful	81,242	81,470
	<u>552,354</u>	<u>449,361</u>
Other receivables		
Third party	17,178	20,950
Inter-company	13,442	10,141
	<u>30,620</u>	<u>31,091</u>
Provision for doubtful debts	<u>(81,242)</u>	<u>(81,470)</u>
	<b><u>501,732</u></b>	<b><u>398,982</u></b>
Receivable covered under security	474,172	276,579
Outstanding for a period exceeding six months.	88,625	88,548

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	16,580	72,328
Security and other deposits	134,024	321,123
Prepayments	14,136	4,413
	<b><u>164,739</u></b>	<b><u>397,864</u></b>

<b>9.1</b>	Amount realized/adjusted during the year from the balance sheet date	169,680	180,135
<b>9.2</b>	These include aggregate amount due by, executives, managers, officers and staffs	107	18,180
<b>9.3</b>	The maximum aggregated amount due by executives, managers, officers and staffs of the Company at the end of any month during the year	579	18,180
<b>9.4</b>	Advance recoverable in cash	-	1,818
<b>9.5</b>	Advance outstanding for a period exceeding six months	-	63,225

**10 Cash and cash equivalents**

Cash in hand	45	82
Cash at bank in current accounts	10,300	1,608
Short term bank deposits (STD)	202,807	346,482
Fixed deposits receipts (FDR)	16,958	117,129
	<b><u>230,109</u></b>	<b><u>465,302</u></b>

<b>10.1 Bank Overdraft</b>			
In current account		-	<b><u>78,590</u></b>
Closing cash and cash equivalents as disclosed in cash flow statement		<b><u>230,109</u></b>	<b><u>386,712</u></b>

FDR includes an amount of BDT 16,958 thousand (2021: 16,958 thousand) held under lien in favour of Customs Authority.



# Notes to financial statements

For the year ended 31 December 2022

## 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 (2021: BDT 10 per share). The face value of shares were changed to BDT 10 from BDT 100 as per the decision taken in 7<sup>th</sup> 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

	2022 BDT '000	2021 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
	<b>565,036</b>	<b>565,036</b>

### 11.3 Percentage and value of shareholdings

	Percentage (%)		2022	2021
	31.12.2022	31.12.2021		
<b>Foreign shareholders</b>				
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
	<b>60.66%</b>	<b>60.66%</b>	<b>342,774</b>	<b>342,774</b>
<b>Bangladeshi shareholders</b>				
General public	12.50%	10.11%	70,678	57,127
Company's employees	0.19%	0.19%	1,051	1,057
Investment Corporation of Bangladesh (ICB)	12.50%	12.50%	70,581	70,581
Other financial institutions	14.15%	16.54%	79,952	93,497
	<b>39.34%</b>	<b>39.34%</b>	<b>222,262</b>	<b>222,262</b>
	<b>100.00%</b>	<b>100.00%</b>	<b>565,036</b>	<b>565,036</b>

### 11.4 Classification of shareholders by holding

Shareholding range	No of Shareholders	
	2022	2021
Less than 5000 shares	8,995	11,764
5001 to 50,000 shares	204	254
50,001 to 200,000 shares	48	48
200,001 to 500,000 shares	7	6
500,001 to 10,000,000 shares	6	4
Over 10,000,000 shares	2	2
	<b>9,262</b>	<b>12,078</b>

### 11.5 Option on un-issued shares

There is no option on un-issued share capital

## 12 Reserve

Balance as at 1 January  
Amalgamation loss - ECBL  
Amalgamation loss - EPCL  
**Balance as at 31 December 2022**

	31.12.2022 BDT '000	31.12.2021 BDT '000
	141,607	663,164
	-	(498,545)
	-	(23,012)
	<b>141,607</b>	<b>141,607</b>

## 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 14.1).

## Notes to financial statements

For the year ended 31 December 2022

### 14 Quasi equity loan

Fixed assets revaluation surplus  
Government equity contribution

Foreign currency devaluation

	31.12.2022 BDT '000	31.12.2021 BDT '000
	104,122	104,122
	20,000	20,000
	<b>124,122</b>	<b>124,122</b>
	(1,486)	(1,486)
	<b>122,636</b>	<b>122,636</b>

- 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
	<b>137,900</b>

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.

	173,200	486,400
	<b>173,200</b>	<b>486,400</b>

#### 15.1 Borrowings- Term loan-current portion

Citibank N.A.  
Short term UPAS loan

	313,200	313,200
	313,561	-
	<b>626,761</b>	<b>313,200</b>

#### Citibank N.A. 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 Company has been repaying the loan amount in twenty (20) equal quarterly installments. During the year the Company paid scheduled four installments of BDT 313,200 thousand. The loan is secured by the Corporate Guarantee of HeidelbergCement Group to Citibank N.A.

### 16 Finance Lease liability

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

	193,934	43,202
	85,749	48,899
	<b>279,683</b>	<b>92,101</b>

#### Maturity analysis of Lease liabilities

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

	28,677	5,458
	10,250	11,045
	46,821	32,395
	193,934	43,203
	<b>279,683</b>	<b>92,101</b>

## Notes to financial statements

For the year ended 31 December 2022

### 17 Retirement benefit obligations (gratuity)

The Company's policy related to employees gratuity is stated in note - 3.14.2. In 2017, the Company has established a separate trust for management of gratuity obligation. As per the actuary report of 2021 the Company has contributed 13.3% (2018: 11.50%) 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

	2022	2021
Discount rate	7%	7%
Expected return of fund assets	7%	7%
Rate of expected increase in salaries	7%	7%

### 18 Deferred tax liability

	31.12.2022 BDT '000	31.12.2021 BDT '000
Opening balance	515,498	581,581
Provision/ (reversal) made during the year	(214,755)	(228,137)
ECBL & EPCL Deferred tax at Amalgamation date	-	160,052
Net defined benefit gratuity	(2,002)	2,002
<b>Closing balance</b>	<b>298,742</b>	<b>515,498</b>

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

Property, plant and equipment	404,444	560,601
Net defined benefit gratuity	-	2,002
Provision for lease liability	(78,087)	(17,736)
Provision for inventories	(11,367)	(11,038)
Provision for doubtful debts	(16,248)	(18,331)
	<b>298,742</b>	<b>515,498</b>

#### 18.2 Movement in deferred tax balance

	Net balance at 1st Jan. 2022	Adjusted	Recognized in Profit or loss	Net balance at 31st Dec 2022
Property, plant and equipment	488,288	-	(152,158)	336,130
Provision for Lease Liability	(17,736)	-	(60,351)	(78,087)
Net defined benefit Gratuity	2,002	(2,002)	-	-
Provision for Inventories	(11,038)	-	(329)	(11,367)
Provision for doubtful debts	(18,331)	-	2,083	(16,248)
Meghna energy assets revaluation	72,314	-	(4,000)	68,314
<b>Deferred Tax Liability</b>	<b>515,498</b>	<b>(2,002)</b>	<b>(214,755)</b>	<b>298,742</b>

# Notes to financial statements

For the year ended 31 December 2022

## 19 Trade and other payables

	31.12.2022 BDT '000	31.12.2021 BDT '000
Trade payables (*)	1,434,828	1,754,136
Creditors for other finance (note 19.1)	121,380	250,630
Creditors for revenue expenses (note 19.2)	1,732,995	1,434,885
Interest accrued	299,700	299,700
	<b>3,588,903</b>	<b>3,739,351</b>

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

### 19.1 Creditors for other finance

Security deposits	24,180	22,696
VAT deduction at source	28,686	51,499
Tax deduction at source	45,173	59,496
Payable to employees provident fund	2,935	2,543
Inter company payables	10,548	113,557
Payable for capital expenditure	8,892	-
Others	967	839
	<b>121,380</b>	<b>250,630</b>

### 19.2 Creditors for revenue expenses

Revenue charges	649,801	711,169
Employees remuneration	50,679	50,279
Group License fee	57,273	-
Technical know-how fee	975,241	673,437
	<b>1,732,995</b>	<b>1,434,885</b>

**19.3** The Technical Know-How and Technological Transfer Agreements are replaced with effect from January 1, 2022 by two new agreements, namely the "General Services Agreement" with HeidelbergCement Asia Pte Ltd. and the "Master License Agreement" with HeidelbergCement AG. According to the replaced agreements, 0.78% of HCBL's net sales less the costs of raw materials, additives, and clinker would be used as licensing fees, and 1.8% of HCBL's net sales will be used as service fees.

## 20 Provision for workers' profit participation fund

Due to loss before taxes, year 2022 Worker's Profit Participation Fund (WPPF) provision balance is nil. Year 2021 was BDT 35,101 thousand. This represents 5% of net profit before charging WPPF (note 3.13).

## 21 Unclaimed dividend

Opening balance	32,282	250,495
Addition during the year	146,909	113,007
Paid to shareholders	(68,856)	(142,080)
Fund transfer to CMSF	-	(189,140)
<b>Closing balance</b>	<b>110,336</b>	<b>32,282</b>

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 outstanding unclaimed dividends of 2022 include BDT 78,677 thousand dividend payable to the majority shareholders of HC Group for 2021.

## 22 Current income tax liability /(assets)

Opening balance	(11,592)	50,943
ECBL & EPCL -Tax liability/(assets) at amalgamation date	-	(158,019)
Addition during the year:		
Current year provision	368,000	388,000
Prior year provision	-	31,771
	368,000	419,771
Paid during the year	(296,838)	(324,287)
<b>Closing balance</b>	<b>59,570</b>	<b>(11,592)</b>



## Notes to financial statements

For the year ended 31 December 2022

31.12.2022  
BDT '000

31.12.2021  
BDT '000

### 23 Contingent assets, liabilities and commitments

#### Contingent assets

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

#### Contingent liabilities and commitments

i)	Law suits are filed both against the Company and by the Company, lying at different stages of appeal at different courts, decisions of which are still pending. The Company has assessed the possible outcomes of the cases against it and is of the opinion that these might not go against the Company. Partial provisions against the eligible law suits have already been taken under note 19.2 'Revenue charges'.		
ii)	According to the purchase deeds, HCBL holds 14.6050 acres and 0.33 acres of land at the Kanchpur Plant. It was properly mutated into a single document with the name of the company's predecessor, Scan Cement International, in 2000. Currently, 0.785 acres of land fall under the proceedings of the record division of land but the management of the Company believes a quick resolution of these proceedings is in the Company's favor.		
iii)	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	115,965	113,521
iv)	Financial commitments:		
	Confirmed irrevocable letters of credit (limit: BDT 3,891,875 thousand with Standard Chartered Bank and BDT 515,715 thousand, for Citibank N.A.)	2,084,392	2,190,355
v)	Capital expenditure authorized but not contracted for	79,056	6,147
vi)	Capital expenditure authorized and committed for	149,369	94,651
		<b>2,445,740</b>	<b>2,421,632</b>



# Notes to financial statements

For the year ended 31 December 2022

## 24 Sales

				2022 BDT '000	2021 BDT '000
	Chittagong	Kanchpur	Muktarpur		
Domestic	5,154,576	8,164,574	3,298,134	16,617,283	14,210,657
Export	149,656	-	-	149,656	117,683
<b>Total Sales</b>	<b>5,304,231</b>	<b>8,164,574</b>	<b>3,298,134</b>	<b>16,766,939</b>	<b>14,328,340</b>

## 25 Cost of goods sold

Opening stock of raw materials (note 25.1)		1,399,290	522,453
Raw materials purchased (note 25.1)		13,655,418	12,112,823
Closing stock of raw materials (note 25.1)		(1,270,220)	(1,399,290)
<b>Raw materials consumed</b>		<b>13,784,488</b>	<b>11,235,985</b>
Manufacturing labor and overhead (note 25.4)		1,935,381	1,551,645
<b>Cost of production</b>		<b>15,719,869</b>	<b>12,787,630</b>
Opening finished goods		171,771	114,744
Closing finished goods		(199,733)	(171,771)
<b>Cost of goods sold</b>		<b>15,691,907</b>	<b>12,730,603</b>

### 25.1 Raw materials consumed

#### Opening inventory:

Clinker	833,987	349,188
Gypsum	119,609	22,479
Iron slag	155,701	22,935
Limestone & other	130,372	52,379
Fly ash	58,493	38,036
Packing materials	101,129	37,436
	<b>1,399,290</b>	<b>522,453</b>

#### Purchase:

Clinker	9,333,671	8,164,178
Gypsum	379,715	462,072
Iron slag	1,275,316	1,074,299
Limestone and others	800,057	779,753
Fly ash	974,973	789,596
Packing materials	891,685	842,924
	<b>13,655,418</b>	<b>12,112,823</b>

#### Raw materials available for consumption

#### Closing inventory:

Clinker	(743,453)	(833,987)
Gypsum	(80,542)	(119,609)
Iron slag	(126,312)	(155,701)
Limestone and other	(74,028)	(130,372)
Fly ash	(51,642)	(58,493)
Packing materials	(194,243)	(101,129)
	<b>(1,270,220)</b>	<b>(1,399,290)</b>

#### Raw materials consumed

	<b>13,784,488</b>	<b>11,235,985</b>
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### 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 2022	28	171,771	28	199,733	2,213	16,766,939
Year 2021	19	114,744	28	171,771	2,173	14,328,340



## Notes to financial statements

For the year ended 31 December 2022

### 25.3 Analysis of raw materials consumption (figures in thousand)

	2022		2021	
	Qty-M.T	BDT	Qty-M.T	BDT
<b>Raw materials</b>				
Clinker	1,316	9,424,205	1,368	7,679,380
Gypsum	97	418,782	96	364,942
Iron slag	313	1,304,704	258	941,534
Limestone and others	205	856,402	184	701,760
Fly ash	322	981,825	268	769,139
Packing materials (000 Pcs)	37,226	798,570	39,394	779,231
		<b>13,784,488</b>		<b>11,235,985</b>

### 25.4 Manufacturing labor and overhead

#### Personnel Cost:

Salaries, wages and bonus  
Welfare and other benefits

Power and fuel costs  
Depreciation expense (note 4.3)  
Stores and spares consumed  
Cost of consumables  
Repairs and maintenance  
Insurance  
Postage, telephone and telex  
Traveling and conveyance  
Rent, rates and taxes  
Fuel and gas  
Entertainment  
Security guard  
KP Jetty dismantling cost  
Uniform, liveries and other administrative expenses

	2022 BDT '000	2021 BDT '000
	200,946	144,787
	22,666	25,698
	<b>223,612</b>	<b>170,485</b>
	620,350	584,903
	398,193	348,416
	176,023	91,177
	149,790	101,081
	128,035	112,812
	10,404	8,346
	1,749	1,306
	7,587	12,863
	41,522	36,735
	-	1,195
	9,346	6,703
	39,146	30,248
	80,752	30,000
	48,871	15,375
	<b>1,935,381</b>	<b>1,551,645</b>
	409	8,302
	13,201	(141)
	(377)	-
	(8,209)	-
	(8,820)	-
	<b>(3,797)</b>	<b>8,161</b>

## 26 Other operating income & expenses

Berth hire charge  
Scrap sales and sundry recoveries  
Lease cancellation  
Foreign exchange losses  
Loss on sale of tangible assets

## Notes to financial statements

For the year ended 31 December 2022

### 27 Warehousing, distribution and selling expenses

**Personnel Cost:**

Salaries, wages and bonus  
Welfare and benefits

Depreciation expense (note 4.3)  
Freight, loading, unloading and others  
Advertisement expenses  
Business promotion expenses  
Traveling and conveyance  
Vehicle running expense  
Rent, rates and taxes  
Postage, telephone and telex  
Bad debt written-off  
Bad debt provision released  
Printing and stationary  
Repairs and maintenance  
Entertainment

2022 BDT '000	2021 BDT '000
82,019	75,649
9,651	12,047
<b>91,670</b>	<b>87,696</b>
79,639	69,683
68,331	85,303
133,653	61,651
51,335	48,967
37,025	10,545
9,995	8,067
-	13,457
1,970	1,811
228	-
(228)	-
442	111
593	501
1,117	580
<b>475,770</b>	<b>388,372</b>

### 28 Administrative expenses

**Personnel Cost:**

Salaries, wages and bonus  
Welfare and benefits

Depreciation expense (note 4.3)  
Depreciation of intangible assets (note 6)  
Rent, rates and taxes  
Traveling and conveyance  
Postage, telephone and telex  
Annual General Meeting expenses  
Technical know-how fee (note 19.3)  
Group License fee (note 19.3)  
Legal and professional charges  
Entertainment  
Repairs and maintenance  
Printing and stationary  
Bank charges  
Electronic data processing expense  
Audit fee  
Advertisement  
Training expense  
Electricity  
Vehicle running expense  
Newspaper and periodicals  
Subscription on others  
Other administrative expenses

87,519	71,774
25,322	28,955
<b>112,841</b>	<b>100,729</b>
53,092	46,455
13,202	1,445
9,731	3,976
2,867	2,376
1,363	1,196
750	2,012
301,805	315,622
57,273	-
23,208	11,117
7,269	1,630
5,586	5,824
768	444
3,705	712
4,689	2,274
1,000	490
55	651
-	102
1,453	1,174
12,703	10,340
59	36
1,137	135
2,022	3,443
<b>616,579</b>	<b>512,183</b>

### 29 Net finance (expenses)/ income

Interest income on bank deposits  
Interest income from ECBL  
Interest expenses for Finance lease liability-RoU  
Interest expenses for Citi Bank N.A. term loan  
Interest expenses for Import loan and others  
Income from change in discount rate  
Net interest on defined benefit liability  
Net exchange gain/(loss)

13,360	43,143
-	18,387
(20,687)	(8,670)
(49,572)	(45,186)
(7,684)	(7,191)
1,123	-
1,846	(1,846)
<b>(61,614)</b>	<b>(1,362)</b>
2,532	(1,961)
<b>(59,082)</b>	<b>(3,323)</b>

## Notes to financial statements

For the year ended 31 December 2022

2022  
BDT '000

2021  
BDT '000

### 30 Income tax expense

The corporate tax rate is 20.0% for the year 2022 (2021: 22.5%) as a "Publicly Traded Company". Current year tax provision has been accounted for at BDT 368,000 (2021: BDT 388,000) thousand.

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

	2022(%)	2021(%)	BDT '000	BDT '000
Profit before tax			(80,195)	666,918
Income tax @ statutory rate	20.0%	22.5%	-	150,057
Inadmissible expenses & Tax paid u/s 82 (C )	-	33.2%	368,000	237,943
<b>Current tax charges</b>	<b>-</b>	<b>55.7%</b>	<b>368,000</b>	<b>388,000</b>

As per the applicable tax law, for cement manufacturer HeidelbergCementBangladesh 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 20% ( year 2021 : 22.5%).

The Company recognized estimated current tax expense of BDT 368,000 thousand.

### 31 Earnings per Share

(Loss)/Profit after tax for the year	(233,441)	475,284
Weighted average number of shares outstanding at the end of the year	56,504	56,504
<b>Earnings per share (Basic)</b>	<b>(4.13)</b>	<b>8.41</b>

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.

### 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.

## Notes to financial statements

For the year ended 31 December 2022

### 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 296,838 thousand (2021: BDT 324,287 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 Proceed from sale of non-current assets

Land and building  
Furniture and equipments  
Transport and vehicles

	2022 BDT '000	2021 BDT '000
	2,127	-
	135	-
	1,783	2,781
	<b>4,045</b>	<b>2,781</b>

## 36 Payment of dividend

In 2022, the Company paid dividend BDT 68,856 thousand (2021: BDT 331,220 thousand including payment 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. from 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
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1,256,325	94,418	1,350,744
Lessee assets -RoU	314,351	-	314,351
Capital works-in-progress	1,987	-	1,987
<b>Total non-current assets</b>	<b>1,572,663</b>	<b>94,418</b>	<b>1,667,082</b>
<b>Current assets</b>			
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
<b>Total current assets</b>	<b>737,131</b>	<b>37,570</b>	<b>774,701</b>
<b>Total assets</b>	<b>2,309,795</b>	<b>131,989</b>	<b>2,441,783</b>



## Notes to financial statements

For the year ended 31 December 2022

### Shareholders' equity and liabilities

#### Shareholders' equity

Share capital	
Revaluation reserve	
Retained earnings/ (accumulated losses)	

#### Non current liabilities

Net defined benefit liability (gratuity)	
Deferred Tax Liability	
Finance lease liabilities-RoU-Long portion	

#### Current liabilities

Trade and other payables	
Provision for other expenses	
Net defined benefit liability (gratuity)	

#### Total liabilities

#### Total Shareholders' equity and liabilities

#### Amalgamation gain/(loss) is calculated as follows:

Total assets take over	
Less: external liabilities	
Net assets	
Less: Cost of investment	
<b>Amalgamation loss</b>	

02.11.2021		
BDT '000 ECBL	BDT '000 EPCL	BDT '000 Total
1,589,300	269,962	1,859,261
692,630	7,052	699,682
(988,184)	(199,195)	(1,187,379)
<b>1,293,746</b>	<b>77,818</b>	<b>1,371,564</b>
14,348	3,255	17,604
135,150	24,901	160,051
2,871	-	2,871
<b>152,370</b>	<b>28,156</b>	<b>180,526</b>
780,638	24,942	805,580
79,876	714	80,590
3,164	358	3,523
<b>863,679</b>	<b>26,015</b>	<b>889,693</b>
<b>2,309,794</b>	<b>131,989</b>	<b>2,441,783</b>
2,309,795	131,989	2,441,783
1,016,048	54,171	1,070,219
1,293,746	77,818	1,371,564
1,792,291	100,830	1,893,121
<b>(498,545)</b>	<b>(23,012)</b>	<b>(521,557)</b>

## 38 Reconciliation of operating cash flow to net profit for the year

Operating activities	2022 HCBL BDT '000	2021 HCBL BDT '000
<b>Profit before tax</b>	<b>(80,195)</b>	<b>666,918</b>
Depreciation of property, plant and equipment	530,924	463,110
Amortization of intangible assets	13,202	1,445
loss/(Profit) on sale of Fixed Assets	8,820	-
(Increase)/Decrease in inventories	17,273	(834,570)
(Increase)/Decrease in Trade and other receivable	(102,750)	493,545
(Increase)/Decrease in advance, deposits and prepayments	233,125	(146,380)
Increase/(Decrease) in Trade & other payables	(152,694)	773,787
Increase/(Decrease) in Provision for WPPF	(35,101)	22,624
Increase/(Decrease) in Jetty Dismantling provision	80,752	-
Interest Expense reversed from last year	(1,846)	-
Income tax paid	(296,838)	(324,287)
<b>Net cash flow generated from operating activities</b>	<b>214,671</b>	<b>1,116,194</b>

## Notes to financial statements

For the year ended 31 December 2022

### 39 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

	2022 BDT '000	2021 BDT '000
	475,000	400,000
	3,353,875	2,400,000
	63,000	63,000
	<b>3,891,875</b>	<b>2,863,000</b>
	515,715	429,488
	<b>515,715</b>	<b>429,488</b>
	<b>4,407,590</b>	<b>3,292,488</b>

#### Securities:

These are secured by:

a) Demand promissory note BDT 3,891,875,000 for Standard Chartered Bank and BDT 515,715,000 for Citibank N.A.

b) Letter of continuation BDT 3,891,875,000 for Standard Chartered Bank and BDT 515,715,500 for Citibank N.A.

### 40 Expenditure incurred on employees

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

	Number of Employees	
	2022	2021
	343	343
	<b>343</b>	<b>343</b>

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.

### 41 Expenditure in equivalent foreign currency

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

	2022 BDT '000	2021 BDT '000
	-	-
	5,298	-
	<b>5,298</b>	-

#### 41.1 Remittances of foreign currency:

##### Particulars

#### Dividend:

HeidelbergCement Netherlands Holding B.V.

HC Asia Holding GmbH

#### Total dividend

HeidelbergCement AG

Total remittance

	2022		2021	
	No. of shares	BDT '000	No. of shares	BDT '000
	-	-	22,493,020	40,487
	-	-	11,784,390	20,033
	-	-	<b>34,277,410</b>	<b>60,521</b>
	-	<b>63,466</b>	-	-
	-	<b>63,466</b>	-	<b>60,521</b>

### 42 Value of Imports-at CIF basis

Raw materials  
Capital Goods  
Store & Spares

	2022 BDT '000	2021 BDT '000
	10,273,313	9,175,218
	66,942	28,589
	292,217	141,760
	<b>10,632,472</b>	<b>9,345,567</b>



## Notes to financial statements

For the year ended 31 December 2022

### 43 Remuneration of Directors, Managers and Officers

#### 43.1 Managerial Remuneration - Managers and Officers

	2022 BDT '000	2021 BDT '000
Salary and bonus	155,411	134,732
Rent	64,462	55,579
Retirement benefits	13,267	10,008
Provident fund	9,807	8,366
Medical	6,326	6,632
Other	4,584	10,586
	<b>253,857</b>	<b>225,903</b>

#### 43.2 Paid to Directors

	2022 BDT '000	2021 BDT '000
Board meeting fee	17	19
TA/DA	275	352
	<b>291</b>	<b>371</b>

### 44 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	
				2022 BDT '000	2021 BDT '000	2022 BDT '000	2021 BDT '000
1	HeidelbergCement Asia Pte. Ltd	Group Entity	Technical Service	301,805	315,622	(975,241)	(673,437)
2	HeidelbergCement HZAG	Group Entity	License fee	57,273	-	(57,273)	-
3	HeidelbergCement Asia Pte. Ltd	Group Entity	Recovery of expenses	(1,252)	6,754	5,502	6,754
4	PT Indocement Tunggal Prakarsa Tbk	Group Entity	Payment of expenses	-	-	(3,262)	(3,262)
5	Butra HeidelbergCement Sdn. Bhd	Group Entity	Recovery of expenses	487	26	380	(107)
6	HC Trading Malta Ltd.	Group Entity	Recovery of expenses	-	-	-	-
7	HC Green Trading Limited	Group Entity	Gypsum	738	-	4,126	-
8	HC Trading Malta Ltd.	Group Entity	Clinker	-	1,892,661	3,430	(474,756)
			Gypsum	-	39,850	-	-
			Limestone	-	38,695	-	-
9	HC Trading Asia and Pacific PTE. Ltd.	Group Entity	Clinker	3,246,956	496,631	6,709	(276,050)
			Limestone	68,106	27,614	(16,353)	-

During 2022, It envisaged that the transaction(s) entered into with the related parties, 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 2021 during the ensuing financial year of the Company i.e. the year ended 31 December 2022. 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, 27 June 2022 and the shareholders approved the same.



## Notes to financial statements

For the year ended 31 December 2022

### 45 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
<b>31 December 2022</b>					
<b>In Taka'000</b>					
<b>Financial assets not measured at fair value</b>					
Trade and other receivables	8	501,732	-	501,732	501,732
Cash and cash equivalents	10	230,109	-	230,109	230,109
		<b>731,841</b>	<b>-</b>	<b>731,841</b>	<b>731,841</b>
<b>Financial liabilities not measured at fair value</b>					
Loans and borrowings	15	-	799,961	799,961	799,961
Trade and other payables	19	-	3,588,903	3,588,903	3,588,903
		<b>-</b>	<b>4,388,863</b>	<b>4,388,863</b>	<b>4,388,863</b>
<b>31 December 2021</b>					
<b>In Taka'000</b>					
<b>Financial assets not measured at fair value</b>					
Trade and other receivables	8	398,982	-	398,982	398,982
Cash and cash equivalents	10	465,302	-	465,302	465,302
		<b>864,284</b>	<b>-</b>	<b>864,284</b>	<b>864,284</b>
<b>Financial liabilities not measured at fair value</b>					
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
		<b>-</b>	<b>4,647,541</b>	<b>4,647,541</b>	<b>4,647,541</b>

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 financial statements

For the year ended 31 December 2022

### 45 Financial instruments – Fair values and risk management (continued)

#### B. Financial risk management (continued)

##### ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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

In extreme stressed conditions, the Company may get support from the parent company in the form of shareholder's loan/capital contribution. The followings are the contractual maturities of non derivative financial liabilities:

	Carrying amount	Contractual cash flows					
		Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	BDT '000	BDT '000	BDT '000	BDT '000	BDT '000	BDT '000	BDT '000
<b>31 December 2022</b>							
Trade payables (Note 19)	1,434,828	(1,434,828)	(1,434,828)	-	-	-	-
Creditors for other finance (note 19.1)	121,380	(121,380)	(121,380)	-	-	-	-
Creditors for revenue expenses (note 19.2)	1,732,995	(1,732,995)	(1,732,995)	-	-	-	-
Interest accrued (note 19)	299,700	299,700	-	-	-	-	299,700
Bank overdraft (note 10.1)	-	-	-	-	-	-	-
Loans and borrowings (note 15)	799,961	(799,961)	(156,600)	(486,761)	-	-	-
	<b>4,388,863</b>	<b>(3,789,463)</b>	<b>(3,445,803)</b>	<b>(156,600)</b>	<b>(486,761)</b>	-	<b>299,700</b>
<b>31 December 2021</b>							
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)	(486,400)	-	-	-
	<b>4,647,541</b>	<b>(4,647,541)</b>	<b>(3,704,841)</b>	<b>(156,600)</b>	<b>(486,400)</b>	-	<b>(299,700)</b>

## Notes to financial statements

For the year ended 31 December 2022

### 45 Financial instruments – Fair values and risk management (continued)

#### B. Financial risk management (continued)

##### iii. Market risk

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

##### Currency risk

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

##### Interest rate risk

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

	Note	Carrying amount	
		2022 BDT '000	2021 BDT '000
<b>Fixed rate instrument</b>			
Loans and borrowings	15	173,200	486,400
Bank overdraft	10.1	-	78,590
		<b>173,200</b>	<b>564,990</b>

### 46 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 2022 and 2021.

### 47 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.

### 48 Capacity and production

Line of business	Installed capacity	Actual production	
	Single shift Qty-M.T.	Multiple shifts as applicable	
		2022	2021
Gray cement - Kanchpur	1,547,000	1,073,822	1,185,975
Gray cement - Chittagong	1,303,000	702,850	914,593
Gray cement - Mukterpur*	660,000	430,030	74,454
	<b>3,510,000</b>	<b>2,206,702</b>	<b>2,175,023</b>

\*Due to the merger date, only the period from 3 November 2021 to 31 December 2021 is taken into consideration for the Mukterpur plant for 2021.



## Notes to financial statements

For the year ended 31 December 2022

### 49 Events after the reporting period

#### 49.1 Proposed dividend

During the year the Board of Directors in its meeting held of 27 April 2023 proposed cash dividend of 10% (2021: 26%).

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

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

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

#### 49.2 Citibank N.A. Term Loan

The Company paid balance loan amount of BDT 486,400 thousand on 22nd March 2023.

### 50 Net operating cash flows per share (NOCFPS)

	2022 BDT '000	2021 BDT '000
Net operating cash flows	214,671	1,116,194
Weighted average number of ordinary shares outstanding	56,504	56,504
Net operating cash flows per share	<b>3.80</b>	<b>19.75</b>

#### 50.1 Net assets value (NAV) per share

Net assets as at 31 December (represented by shareholders' equity)	3,393,949	3,763,401
Weighted average number of ordinary shares outstanding	56,504	56,504
Net assets value per share	<b>60.07</b>	<b>66.60</b>

### 51 General

- 51.1** 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.
- 51.2** 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

Dhaka, Bangladesh  
Dated, 27 April 2023





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BANGLADESH LTD.**

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