

The cover features a collage of images related to infrastructure and construction. At the top left, there's an aerial view of a river and a building complex. To the right, a green field with a road and utility poles is shown. In the center, a large bridge with a blue truss structure spans a body of water. At the bottom left, a tunnel interior is illuminated, and a road with power lines is visible. The background includes a faint architectural grid and a city skyline. The text 'ANNUAL REPORT 2023' is prominently displayed in the center.

**ANNUAL
REPORT**
2023



HEIDELBERGCEMENT BECOMES HEIDELBERG MATERIALS

The rebranding initiative commences with a Group-level transition, marked by the unveiling of the new brand identity "Heidelberg Materials" on 20 September 2022, replacing HeidelbergCement. "Heidelberg" remains synonymous with continuity and market leadership, while "Materials" replaces "Cement" and signifies an innovative portfolio of sustainable and intelligent building materials, along with digital solutions. Two major shareholders of HeidelbergCement Bangladesh Limited have also undergone a name transformation to "Heidelberg Materials Netherlands Holding B.V" and "Heidelberg Materials Asia Holding GmbH".

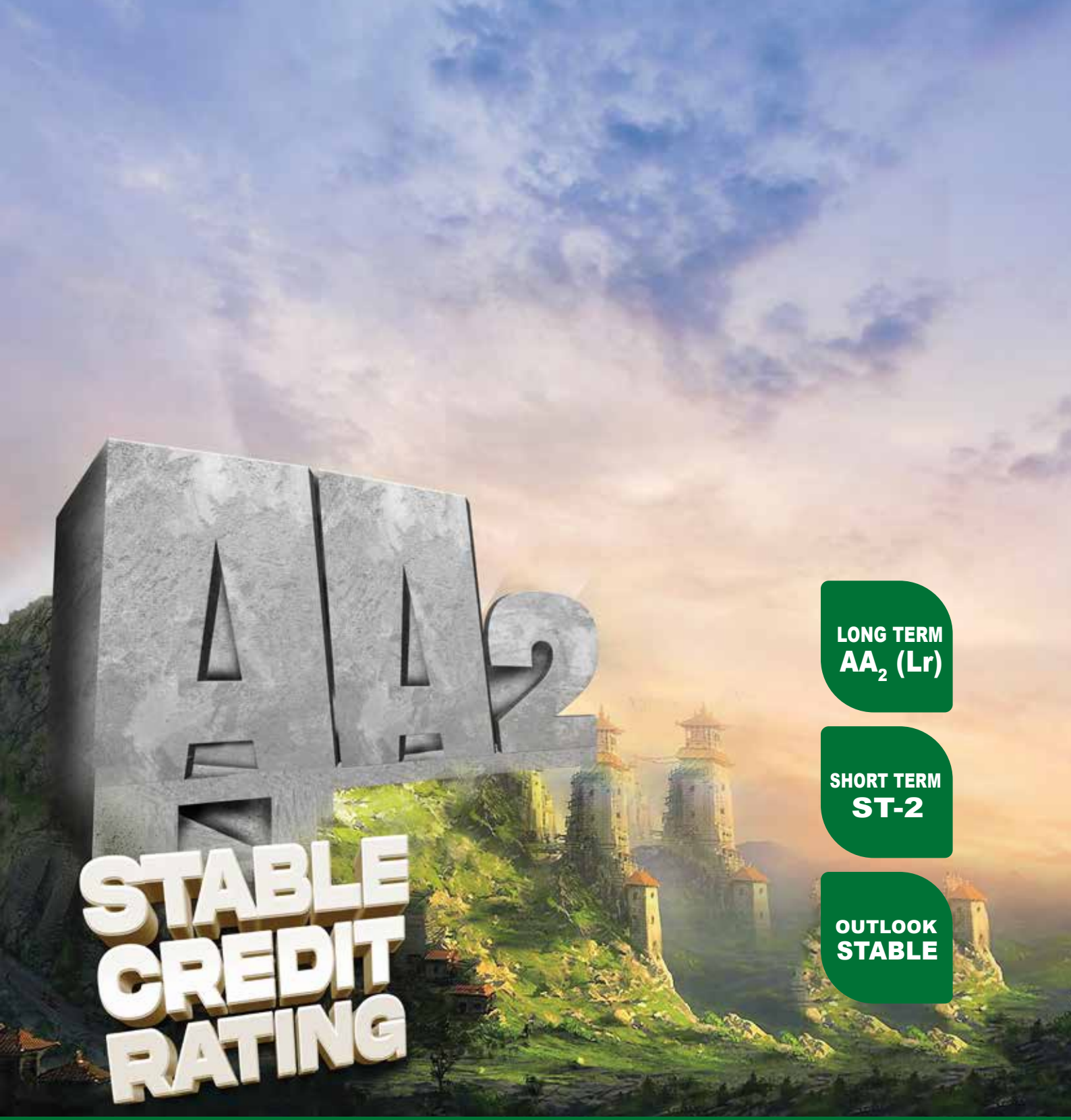
The proposed change of the Company's name from 'HeidelbergCement Bangladesh Limited' to 'Heidelberg Materials Bangladesh PLC' will be presented for members' approval at the Annual General Meeting scheduled for 8 May 2024. This change was approved by the Board during the meeting held on 6 March 2024.



HeidelbergCement Bangladesh Limited offers Ordinary Portland Cement (OPC), Portland Composite Cement (PCC), and the newly introduced Blast Furnace Cement/Composite Cement (MPC) under two trusted and very distinguished cement brands namely **“RubyCement”** and **“ScanCement”**. These two renowned brands hold unparalleled recognition in the market, with construction experts acknowledging and consistently ranking us at the pinnacle for our unwavering commitment to product quality and suitability across various establishments, be they large or small. We have supplied cement to numerous flagship projects in the country, establishing ourselves as a proud partner in the realization of these significant development endeavors. Our Cement is very prevalent because of its:-

- Ensure strong concrete Casting
- Enhanced Long-term Strength
- Minimal Chloride Content
- Resilience Against Sulphate Attack
- Consistent Quality
- Impermeable and Denser Concrete
- Cohesive Mix and Superb Rheology





**LONG TERM
AA₂ (Lr)**

**SHORT TERM
ST-2**

**OUTLOOK
STABLE**

Credit Rating Agency of Bangladesh Ltd. ("CRAB") has affirmed the long term rating of **HeidelbergCement Bangladesh Limited** ("HCBL") at AA₂ (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 2023, bank liability positions up to 31 January 2024 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

**Date of rating : 27 March 2024
Validity : Up to 16 May 2025**

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 PLC (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-2023 of HeidelbergCement Bangladesh Limited (HCBL) for the year ended 31 December 2023.

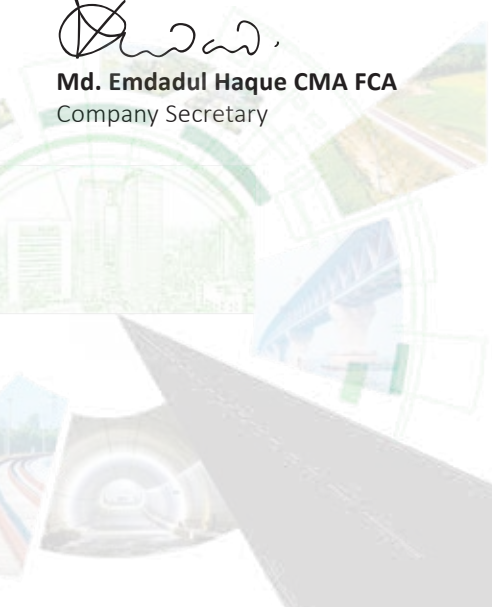
Dear Sir(s),

We are pleased to share HCBL's Annual Report for the year 2023, containing audited financial statements, including the 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 ending 31 December 2023, along with accompanying notes.

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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স্থাপনার অলরাউন্ডার

ঢালাই, গাঁথুনি, প্লাস্টার যাই হোক ব্যবহার করুন নিশ্চিত

রুবিসিমেন্ট নিয়ে এলো সর্বাধুনিক প্রযুক্তির মাল্টি পারপাস সিমেন্ট যা স্থাপনার ফাউন্ডেশন, ঢালাই, বিম, কলাম, প্লাস্টার সহ সব কাজেই ব্যবহারযোগ্য এবং সময়ের সাথে সাথে এটি আপনার স্থাপনাকে করে তোলে আরও শক্তিশালী।



দীর্ঘমেয়াদি শক্তি ও স্থায়িত্বের স্মার্ট সমাধান মাল্টি পারপাস সিমেন্ট

স্ক্যানসিমেন্ট নিয়ে এলো সর্বাধুনিক প্রযুক্তির মাল্টি পারপাস সিমেন্ট যা ফাউন্ডেশন, ঢালাই, গাঁথুনি বা প্লাস্টার যেকোনো কাজে ব্যবহার করা যায় নিশ্চিত



অধিক দীর্ঘমেয়াদি শক্তি ও স্থায়িত্ব



কম্প্রেশন ৪২.৫ থেকে ৬২.৫ এমপিএ পর্যন্ত



পরিবেশ বান্ধব





Financial Calendar



35th Annual General Meeting

06 March 2024 (Wednesday)

Release of price-sensitive information to regulators and Shareholders.

15 April 2024 (Monday)

Circulation of Notice of 35th Annual General Meeting.

22 April 2024 (Monday)

Issuance of Annual Report-2023.

08 May 2024 (Wednesday)

Day of 35th Annual General Meeting.



Record Date

02 April 2024 (Tuesday)

Record date instead of the book closure period.



Disclosure of Quarterly Results

Q1 on 27 April 2023 (Thursday)

Unaudited results for the 1st quarter ended 31 March 2023.

Q2 on 25 July 2023 (Tuesday)

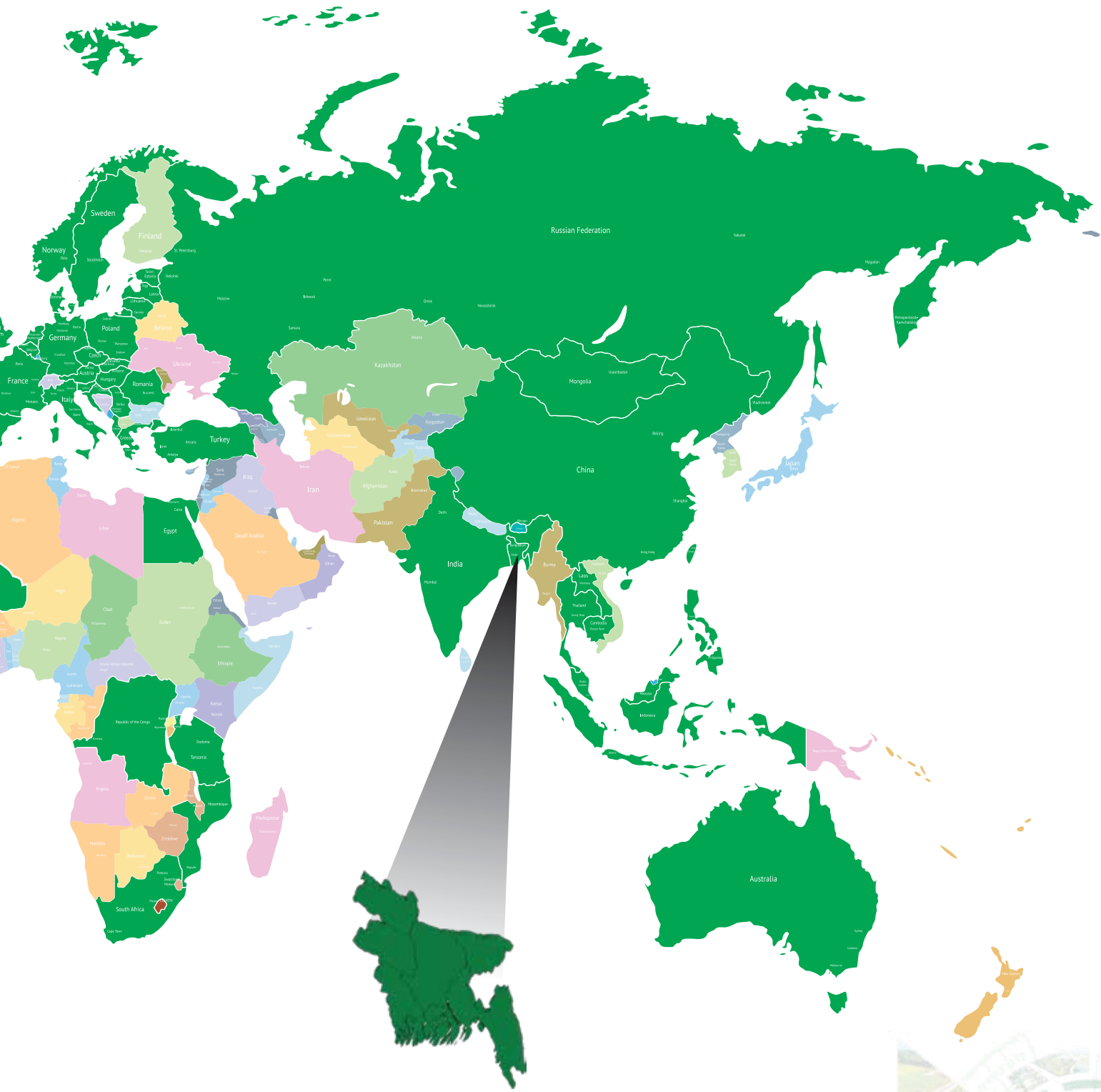
Unaudited results for the half-year ended 30 June 2023.

Q3 on 23 October 2023 (Monday)

Unaudited results for the 3rd quarter ended 30 September 2023.

Annual on 06 March 2024 (Wednesday)

Audited results for the year ended 31 December 2023.



HEIDELBERGCEMENT BANGLADESH LTD. in Brief

HCBL stands as a leading manufacturer of top-notch cement in Bangladesh, proudly affiliated with the **Heidelberg Materials Group**, formerly known as HeidelbergCement Group based in Germany. The group has 151 years of experience producing cement and operates 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 €21.2 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.

Having pioneered Portland Composite Cement (PCC) in 2004, the Company has expanded its product offerings in 2023 by introducing Blast Furnace Cement/Composite Cement (MPC) in the Bangladesh 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 has been in operation since the end of 2011 and the Company inaugurated the cement mill in 2012. Both the plants are certified according to the globally applicable environmental management system standards-14001. In 2013, the Company installed another Cement Silo with a capacity of 8,000MT in its Kanchpur plant as a part of its Silo project which will help to increase the productivity of the Company. The Company has also increased the capacity of its Kanchpur Plant by installing another grinding unit of 0.472 million tons per year which is in operation from the end of 2019.

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

Our 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 CO₂-neutral once and for all.

Commitment to Innovation:

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



HCBL'S MILESTONE

2023 HCBL has diversified its product range by introducing Blast Furnace Cement/Composite Cement (MPC) into the market.

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 Completed Projects



Padma Multipurpose Bridge

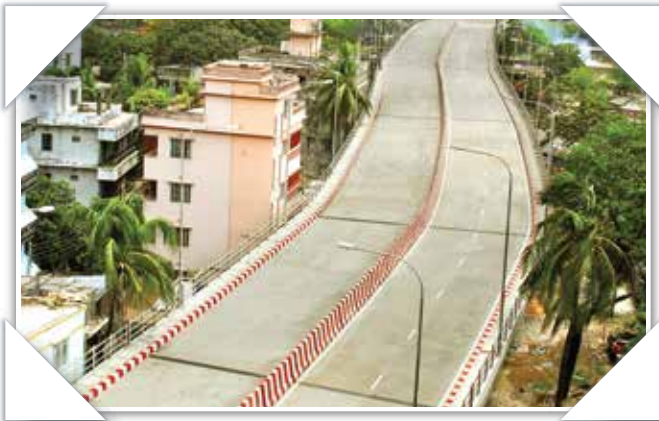
The 6150 meters long Padma Bridge is a multipurpose road-rail bridge across the Padma River in Bangladesh. It connects Louhajong, Munshiganj to Shariatpur and Madaripur, linking the south-west of the country to the northern and eastern regions. Padma Bridge was the most challenging construction project in the history of Bangladesh. It is our pride that the main structure of the bridge was built using ScanCement.

Construction Company: China Railway Major Bridge Engineering Company Ltd.

Construction Company: China Railway Major Bridge Engineering Company Ltd.

Karnaphuli Tunnel, Chattogram

The Karnaphuli Tunnel, also known as the Bangabandhu Sheikh Mujibur Rahman Tunnel, is located below the Karnaphuli River, connecting the two banks of the river. The Dhaka-Chattogram-Cox's Bazar Highway is connected through this tunnel. The length of the Karnaphuli tunnel is 3.43 km. The Karnaphuli Tunnel is the very first tunnel in Bangladesh's landscape and the first-ever under-river tunnel for road communication in South Asia. It is our pride that RubyCement is a part of this milestone project.



Bijoy Sarani-Tejgaon Railway Overpass

The 3rd flyover in Dhaka with a length of 669 Meters was opened by the Honorable Prime Minister of Bangladesh to general public in April 2010.

Construction Company: RP construction

Mohakhali Flyover

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



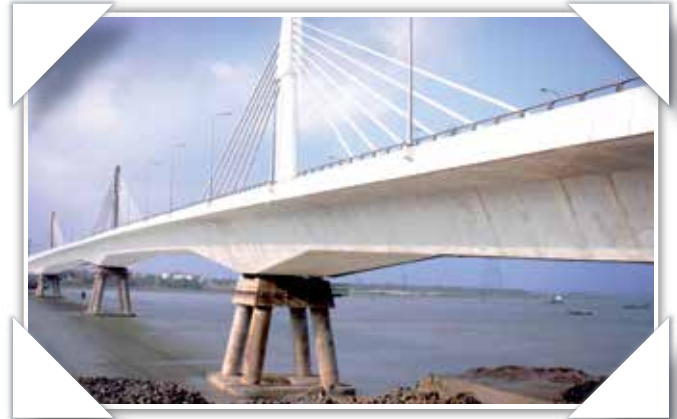
Lalon Shah (Pakshi) Bridge

Lalon Shah (Pakshi) Bridge, one of the country's largest bridges with a length of 1.8 km, spans the river Padma at the Pakshi-Bheramara point and was 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.



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, Narayanganj.

Construction Company: China National Electric Engineering Co.



New Mooring Container Terminal (Phase 2)

The implementation of back up facilities behind berth No. 4 & 5 of New Mooring Container Terminal of Chattogram port started on 40 acres area.

Construction Company: Project Builders Limited.

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 Prestigious Completed Projects:

- » Mirershorai Economic Zone Embankment Project, Chattogram
- » 150 MW Mirershorai Economic Zone Power Plant
- » Cross Border Network Road and Bridge Construction Project at Dohazari and Chakaria
- » 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

Other On-going Projects:

- » Cox's Bazar Runway Extension
- » Chattogram Outer City Ring Road
- » Dohazari-Cox's Bazar Railway Project, Chattogram
- » Kalurghat-Chaktai Road Construction Project
- » Hilton Hotel, Dhaka
- » Chattogram Elevated Expressway



রুবিসিমেন্টে নির্মিত বঙ্গবন্ধু টানেলের মতোই মজবুত হোক আপনার স্বপ্নের বাড়ি



প্রমত্ত কর্ণফুলীর তলদেশে ৯ কিলোমিটার দীর্ঘ 'কর্ণফুলী টানেল' নির্মাণে ব্যবহৃত হয়েছে রুবিসিমেন্ট-এর মজবুত বন্ধন।
সেই একই বন্ধনেই হোক আপনার স্বপ্নের বাড়ির ফাউন্ডেশন, দেয়াল ও ঢালাই।



Comparative Financial Highlights



Comparative Financial Highlights

Operating Results (Taka in Million)	HeidelbergCement Bangladesh Limited					Consolidated	
	2023	2022	2021	2020	2019	2020	2019
Net Revenues	17,956	16,767	14,328	10,521	11,927	11,681	11,986
Gross Profit	2,068	1,075	1,598	1,301	1,154	1,355	1,228
Income From Operations	887	-21	705	386	172	377	238
EBITDA	1,364	523	1,136	834	597	898	733
EBIT	845	-21	670	373	163	365	229
Net Income/(loss)	459	-233	475	-5	-258	-81	-187
Contribution to National Exchequer	3,687	3,110	4,149	2,417	3,401	2,678	3,460
Financial Results (Taka in Million)							
Net Cash Provided by Operating Activities	1,231	215	1,116	998	202	1,499	263
Total Assets	12,622	8,780	9,235	9,144	10,085	9,452	10,891
Total Liabilities	8,825	5,386	5,471	5,210	6,204	5,604	6,830
Shareholders Equity	3,797	3,394	3,763	3,934	3,881	3,848	4,061
Net Working Capital	-1,268	-1,570	-981	-967	-925	-994	-634
Net Borrowings	-203	570	413	1,007	2,041	995	2,138
Capital Employed	4,261	4,230	4,878	5,484	6,124	5,419	6,115
Share information							
Market Capitalization (Million)	13,533	10,120	15,391	8,453	9,419	8,453	9,419
Issued Ordinary Shares (Million)	56.50	56.50	56.50	56.50	56.50	56.50	56.50
Per Share Data (Taka)							
Primary Earnings (loss) Per Share	8.1	-4.1	8.4	-0.1	-4.6	-1.4	-3.3
Dividend Per Share	2.50	1.0	2.6	2.0	0	2.0	0
Book Value Per Share	223.38	155.4	163.4	161.8	178.5	167.3	192.7
Net Assets Value Per Share	67.20	60.1	66.6	69.6	68.7	68.1	71.9
Market Value Per Share	239.50	179.1	272.4	149.6	166.7	149.6	166.7
Financial Ratio							
Liquidity Ratios							
Current Ratio	0.85:1	0.65:1	0.77:1	0.74:1	0.77:1	0.75:1	0.87:1
Quick Ratio	0.66:1	0.20:1	0.49:1	0.41:1	0.31:1	0.41:1	0.43:1
Operating Ratios							
Account Receivable Turnover Ratio	40.0	33.4	35.9	11.7	13.2	14.9	10.9
Inventory Turnover Ratio	11.3	8.4	7.1	8.9	6.7	8.3	5.7
Asset Turnover Ratio	1.4	1.9	1.6	1.2	1.2	1.2	1.1
Profitability Ratios							
Gross Margin Ratio	12%	6.4%	11.2%	12.4%	9.7%	11.6%	10.2%
Operating Income Ratio	4.9%	-0.1%	4.9%	3.7%	1.4%	3.2%	2.0%



Comparative Financial Highlights

	HeidelbergCement Bangladesh Limited					Consolidated	
	2023	2022	2021	2020	2019	2020	2019
Profitability Ratios							
Net Income Ratio	2.6%	-1.4%	3.3%	0.0%	-2.2%	-0.7%	-1.6%
Return on Assets Ratio	3.6%	-2.7%	5.1%	-0.1%	-2.6%	-0.9%	-1.7%
Return on Equity Ratio	12.1%	-6.9%	12.6%	-0.1%	-6.7%	-2.1%	-4.6%
Net Operating Cash Flow to Net Profit Ratio	268%	-92.0%	234.8%	-20,291.1%	-78.3%	-1,854.2%	-140.7%
Stockholder Ratios							
Earnings per Share	8.1	-4.1	8.4	-0.1	-4.6	-1.4	-3.3
Price Earnings (P/E) Ratio	29.5	-43.4	32.4	-1,719.3	-36.4	-104.6	-50.5
Dividend yield Ratio	0.01	0.01	0.0	0.01	0.0	0.01	0.0
Dividend Payout Ratio	31%	-24.2%	30.9%	-2,298.5%	0.0%	-139.8%	0.0%
Solvency Ratios							
Times Interest Earned Ratio	2.93	-0.3	10.7	2.2	5.0	1.8	7.0
Debt to Equity Ratio	2.30	1.50	1.3	1.18	1.46	1.31	1.54
Bad Debt Ratio	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Ratios							
Net Gearing	-0.05	0.17	0.1	0.26	0.53	0.26	0.53
EBITDA To Net Interest Cover (Times)	23.19	8.85	341.9	6.12	17.24	4.86	19.59
Net Borrowing to Assets	-0.02	0.06	0.0	0.11	0.20	0.11	0.20
Return on Capital Employed (In Percentage)	10.8	-5.5	9.7	-0.1	-4.2	0.6	-1.2
Number of Employees	339	343	343	274	273	349	374





Performance at a Glance in 2023

 **Revenue**
BDT in Thousand
17,955,715

 **Operating Profit**
BDT in Thousand
886,830

 **Gross Profit**
BDT in Thousand
2,068,374

 **Net Profit After Tax**
BDT in Thousand
459,410

 **Profit Before Tax**
BDT in Thousand
786,615

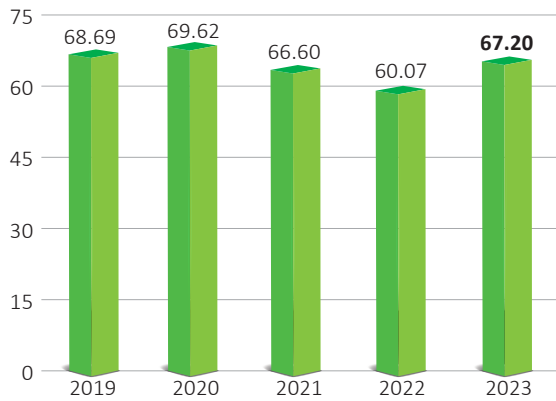
 **EPS**
BDT
8.13

 **NAV**
Per Share BDT
67.20

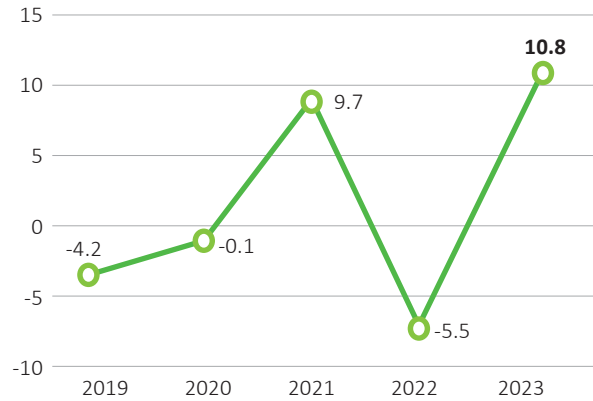
 **NOCF**
Per Share BDT
21.78

Performance at a Glance 2023

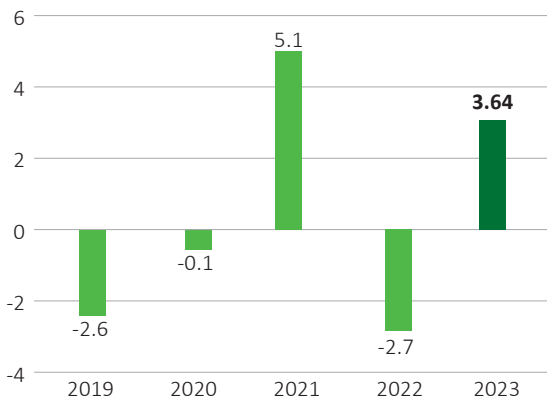
Net asset value per share (BDT)



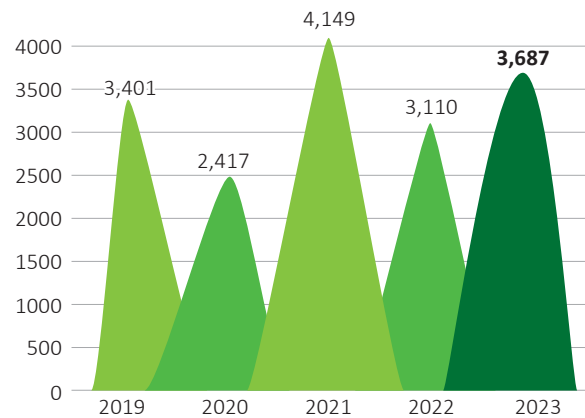
Return on capital employed (%)



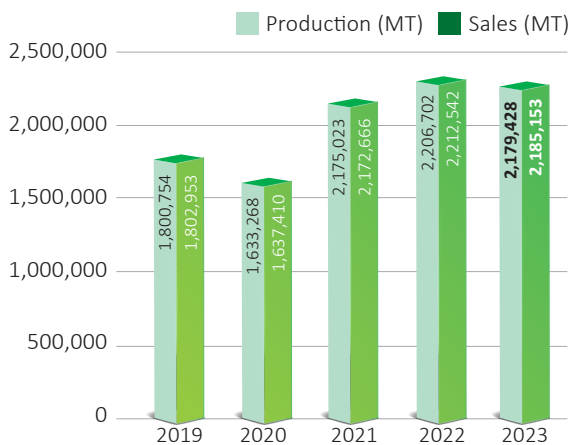
Return on asset (%)



Contribution to national exchequer (Millioan)

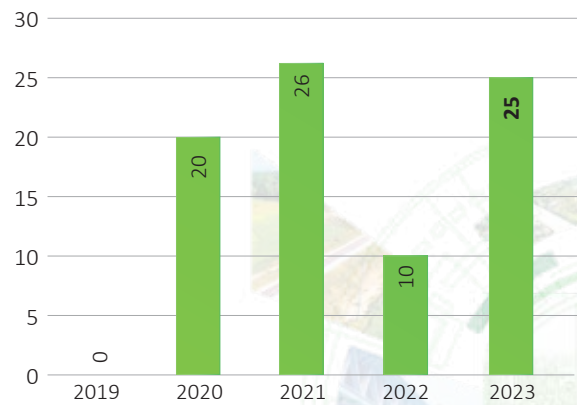


Production and sales (MT)



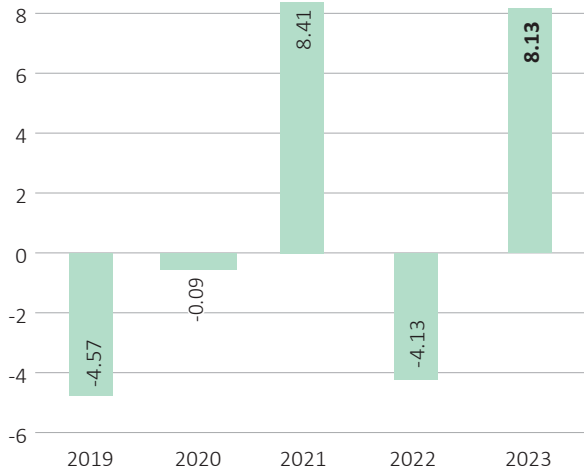
Including Emirates Cement Bangladesh Limited, the production and the sales of 2021 were 2,527,692 MT and 2,525,229 MT respectively.

Dividend (%)

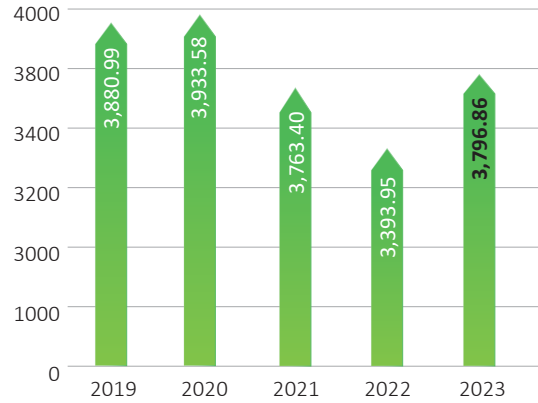


Performance at a Glance 2023

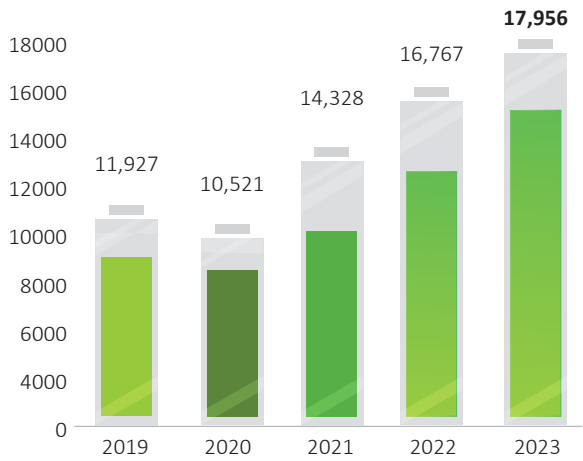
Earnings Per Share



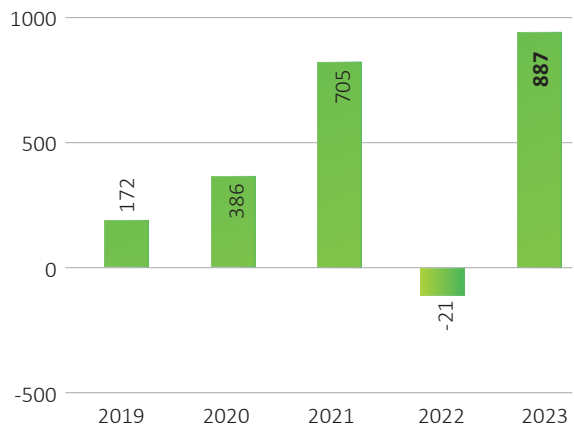
Net Assets (Million)



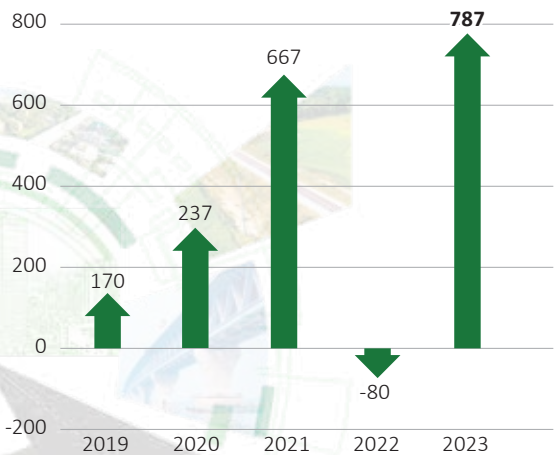
Total Revenue (Million)



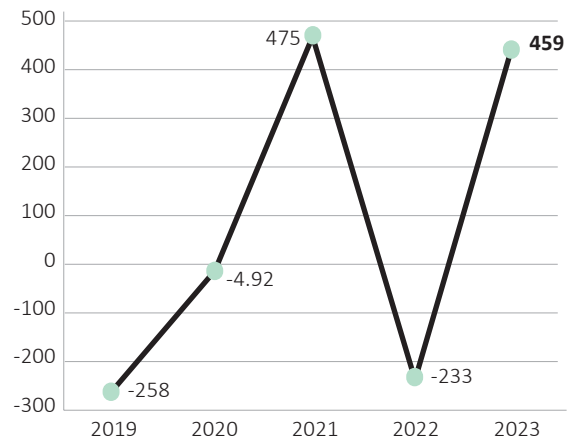
Operating Profit (Million)



Net profit before tax (Million)



Net profit/(loss) after tax (Million)





To The Members of HCBL



হাইডেলবার্গসিমেন্ট বাংলাদেশ লিমিটেড
৩৪তম বার্ষিক সাধারণ সভা (ভার্চুয়াল)

তারিখঃ ১৩ই জুন ২০২৩, মঙ্গলবার। সময়ঃ সকাল ১০ঃ০০ টা

HEIDELBERGCEMENT BANGLADESH LIMITED
34th Annual General Meeting (Virtual)

Date: 13th June 2023, Tuesday. Time: 10:00 A.M.



হাইডেলবার্গসিমেন্ট বাংলাদেশ লিমিটেড
৩৩তম বার্ষিক সাধারণ সভা (ভার্চুয়াল)

তারিখঃ ২৭ জুন ২০২২, সোমবার। সময়ঃ সকাল ১০ঃ০০টা

HEIDELBERGCEMENT BANGLADESH LTD.
33rd Annual General Meeting (Virtual)

Date: 27 June 2022, Monday. Time: 10:00 A.M.





HEIDELBERGCEMENT BANGLADESH LTD.



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

Notice of 35th Annual General Meeting (AGM)

A physical and virtual meeting through Hybrid System

NOTICE is hereby given to all the members of HeidelbergCement Bangladesh Limited that the 35th Annual General Meeting (AGM) of the Company will be held at its registered address i.e. Mouza: Tatki, Post Office: Jatramora, Union: Tarabow, Police Station: Rupgonj, Dist: Narayangonj and also using a Digital Platform on Wednesday, 08 May 2024 at 10.30 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 2023 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 appointment of Mr. Roberto Callieri as Director in replace of Mr. Kevin Gerard Gluskie.
4. To approve the appointment of Mr. Md. Shahjahan Majumder FCA as an Independent Director.
5. To appoint Directors in place of Mr. Fong Wei Kurk, Ms. Sim Soek Peng, and Mr. Jashim Uddin Chowdhury, FCA who are retiring by rotation and being eligible have offered themselves up for re-appointment.
6. 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.
7. 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:

8. 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 HM Trading Global (APAC) Pte. Ltd., a related party to the Company, amounting to more than 10% (ten percent) of the Company’s revenue for the immediate preceding financial year.”

9. To consider and, if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT the registered name of the company be and is hereby changed to “Heidelberg Materials Bangladesh PLC” from “HeidelberCement Bangladesh Limited” and the necessary amendments to the relevant clauses of the Memorandum and Articles of Association of the Company be and are hereby approved.

FURTHER RESOLVED THAT the old name of the company shall be replaced by the new name in all statutory/title documents, licenses, and other relevant documents, for which no further approval from shareholders or directors shall be required.”



Explanatory Statements:

Agenda No. 8

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 HM Trading Global (APAC) Pte. Ltd. (the related party 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 other comprehensive income for the immediate preceding financial year with any related party.

The Company envisages that the transaction(s) entered into with 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 other 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 HM Trading Global (APAC) Pte. Ltd. in the financial year 2024. 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: 15 April 2024

NOTES:

- The 'Record Date' instead of Book Closure was on **02 April 2024**. 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 35th Annual General Meeting and receive Dividends.
- The Shareholders whose names would appear in the Register of Members of the Company or the Depository on the 'Record Date' will be eligible to attend the 35th AGM through the online live portal.
- 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).
- 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.
- 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. 02 April 2024. 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.
- Shareholders bearing folio numbers are requested to submit their 12-digit E-TIN certificate to the Share Department of the Company latest by 25 April 2024, failing which Income Tax at source will be deducted from the cash dividend @15% instead of 10% from the dividend.
- Concerned brokerage houses are also requested to provide statements with the details (members name, BO ID number, client-wise shareholding position, gross dividend receivable, applicable tax rate, and net dividend receivable) of their margin loan holders, as on record date, to the Company's share office on or before 25 April 2024. The brokerage houses are also requested to provide their bank account name & number and routing number as well.
- The soft copy of the Annual Report-2023 of the Company will be sent to the shareholders' respective e-mail addresses. However, interested shareholders may collect hard copies of the Annual Report-2023 from the Company's share office by submitting a written request. The soft copy of the Annual Report-2023 is available on the Company's website at <https://www.heidelbergcementbd.com/financial-statements>



Corporate Information

COMPANY NAME: HeidelbergCement Bangladesh Limited

Authorized Capital: BDT 1,000,000,000 (Divided into 100,000,000 ordinary shares having a nominal value of BDT 10 each)		Paid-Up Capital: BDT 565,035,800 (Since June 2007) (Divided into 56,503,580 ordinary shares having a nominal value of BDT 10 each)	
BOARD OF DIRECTORS			
CHAIRMAN Roberto Callieri	INDEPENDENT DIRECTORS Abdul Khalek, FCA Md. Shahjahan Majumder, FCA	DIRECTORS Juan-Francisco Defalque Fong Wei Kurk Sim Soek Peng Jashim Uddin Chowdhury, FCA Md. Abul Hossain	
MANAGING DIRECTOR Jose Marcelino Ugarte			
BOARD COMMITTEE			
AUDIT COMMITTEE	Abdul Khalek, FCA (Chairman) Sim Soek Peng (Member) Md. Shahjahan Majumder, FCA (Member)	Mamun-UI-Hoque Chowdhury CMA Md. Emdadul Haque CMA FCA (Secretary)	
NOMINATION & REMUNERATION COMMITTEE	Md. Shahjahan Majumder, FCA (Chairman) Fong Wei Kurk (Member)	Sim Soek Peng (Member) Md. Emdadul Haque CMA, FCA (Secretary)	
MANAGEMENT COMMITTEE	Jose Marcelino Ugarte Ashrafal Amin Badal Jashim Uddin Chowdhury, FCA Terence Ong Kian Hock	Kazi Md. Mainuddin Sayem Mohammad Alamgir Saikat Khan	
SAFETY, HEALTH AND ENVIRONMENT COMMITTEE	Mohammad Alamgir Terence Ong Kian Hock	Mohammad Mohiuddin Kawsher	
STATUTORY POSITION	CHIEF FINANCIAL OFFICER Jashim Uddin Chowdhury, FCA	HEAD OF INTERNAL AUDIT & COMPLIANCE Mamun-UI-Hoque Chowdhury CMA	COMPANY SECRETARY Md. Emdadul Haque CMA, FCA
REGISTERED OFFICE	Mouza -Tatki, Post Office - Tarabow, Tarabow Pouroshava, P.S.- Rupgonj, Dist.- Narayanganj		
CORPORATE OFFICE	Symphony (6 th & 7 th Floor), Plot No. SE (F)9, Road No.142, Gulshan Avenue (South), Dhaka - 1212		
PLANTS	Dhaka Plant: Mouza -Tatki, Post Office - Tarabow, Tarabow Pouroshava, P.S.- Rupgonj, Dist.- Narayanganj	Chittagong Plant: South Halishahar, G.P.O. Box No. 372, Chittagong - 4204	Mukterpur Plant: East Mukterpur, Munshiganj
STATUTORY AUDITORS	M/s. Hoda Vasi Chowdhury & Co. Chartered Accountants	Address: BTMC Bhaban (6 th & 7 th Floor), 7-9 Karwan Bazar Commercial Area, Dhaka-1215.	
CORPORATE GOVERNANCE AUDITORS	Hoque Bhattacharjee Das & Co. Chartered Accountants	Address: Jebun Index Trade Centre (8 th Floor), 191 Shaheed Syed Nazrul Islam Sarani, 04 Bijoy Nagar, Dhaka-1000	
BANKERS	Standard Chartered Bank Citibank N.A. Dhaka Bank PLC. National Credit & Commerce Bank PLC.	Uttara Bank PLC. One Bank PLC. Dutch-Bangla Bank PLC. Bank Asia Ltd.	Southeast Bank PLC. Prime Bank PLC. Brac Bank PLC. United Commercial Bank PLC.
WEBSITE & E-MAIL	Website: www.heidelbergcementbd.com		E-mail: share.bgd@heidelbergcement.com
INVESTOR RELATIONS	Telephone +88-02-58811691; Ext. 304 & 305		Fax +88-02-9847003
STOCK EXCHANGE LISTING	Dhaka Stock Exchange PLC. Listing year - 1989 Trading Code - HEIDELBCEM Scrip Code: 21614	Chittagong Stock Exchange PLC. Listing year - 1995 Scrip Code - HEIDELBCEM Scrip ID No. 15002	
CENTRAL DEPOSITORY SYSTEM	The trading of HeidelbergCement Bangladesh Limited shares was started through CDS on 18 th July 2004.		



কর্পোরেট ইনফরমেশন

কোম্পানীর নাম : হাইডেলবার্গসিমেন্ট বাংলাদেশ লিমিটেড

অনুমোদিত মূলধন: ১,০০০,০০০,০০০ টাকা (প্রতি শেয়ার ১০ টাকা নামিক মূল্যে ১০০,০০০,০০০ ইকুইটি শেয়ারে বিভক্ত)		পরিশোধিত মূলধন: ৫৬৫,০৩৫,৮০০ টাকা (জুন ২০০৭ সাল থেকে) (প্রতি শেয়ার ১০ টাকা নামিক মূল্যে ৫৬,৫০৩,৫৮০ ইকুইটি শেয়ারে বিভক্ত)	
পরিচালনা পর্ষদ			
চেয়ারম্যান রবার্তো ক্যালেরি	স্বতন্ত্র পরিচালকবৃন্দ আব্দুল খালেক, এফসিএ মোঃ শাহজাহান মজুমদার, এফসিএ	পরিচালকবৃন্দ জুয়ান-ফ্রান্সিসকো ডিফাঙ্কে ফং উই কুর্ক সিম সাক পেং জসিম উদ্দিন চৌধুরী, এফসিএ মোঃ আবুল হোসেন	
ব্যবস্থাপনা পরিচালক জোসে মার্সেলিনো উগার্টে			
বোর্ড কমিটি			
অডিট কমিটি	আব্দুল খালেক, এফসিএ (চেয়ারম্যান) সিম সাক পেং (সদস্য) মোঃ শাহজাহান মজুমদার, এফসিএ	মামুন-উল-হক চৌধুরী সিএমএ মোঃ ইমদাদুল হক সিএমএ, এফসিএ (সচিব)	
নমিনেশন এন্ড রেমুনেশন কমিটি	মোঃ শাহজাহান মজুমদার, এফসিএ ফং উই কুর্ক (সদস্য)	সিম সাক পেং (সদস্য)	
ম্যানেজমেন্ট কমিটি	জোসে মার্সেলিনো উগার্টে আশরাফুল আমিন বাদল জসিম উদ্দিন চৌধুরী, এফসিএ টেরেস অং কিয়ান হক	কাজী মোঃ মঈনুদ্দীন সায়েম মুহাম্মদ আলমগীর সৈকত খান	
সেফটি, হেলথ এন্ড ইনভাইরনমেন্ট কমিটি	মুহাম্মদ আলমগীর টেরেস অং কিয়ান হক	মুহাম্মদ মুহিউদ্দীন কাউছার	
স্ট্যাটুটরী পজিশন	প্রধান হিসাবরক্ষণ কর্মকর্তা জসিম উদ্দিন চৌধুরী, এফসিএ	হেড অব ইন্টারনাল অডিট এন্ড কম্প্লায়েন্স মামুন-উল-হক চৌধুরী সিএমএ	কোম্পানী সচিব মোঃ ইমদাদুল হক সিএমএ, এফসিএ
রেজিস্টার্ড ঠিকানা	টাটকি, জাতরামোড়া, তারাবো, থানা : রূপগঞ্জ, জিলা : নারায়ণগঞ্জ।		
কর্পোরেট ঠিকানা	সিফনী (৭ম ও ৮ম তলা), প্লট নং - এসই (এফ)৯, রোড নং ১৪২, গুলশান এ্যাভিনিউ (সাউথ), ঢাকা - ১২১২।		
কারখানাসমূহ	ঢাকা প্ল্যান্টঃ টাটকি, জাতরামোড়া, তারাবো, থানা : রূপগঞ্জ, জিলা : নারায়ণগঞ্জ।	চট্টগ্রাম প্ল্যান্টঃ দক্ষিণ হালিশহর, চট্টগ্রাম - ৪২০৪।	মুক্তারপুর প্ল্যান্টঃ পূর্ব মুক্তারপুর, মুন্সিগঞ্জ।
স্ট্যাটুটরী অডিটরস	মোসার্স হুদা ভাসি চৌধুরী এন্ড কোং. চার্টার্ড একাউন্ট্যান্টস	ঠিকানা: বিটিএমসি ভবন (৭-৮তম ফ্লোর), ৭-৯ কারওয়ান বাজার, ঢাকা-১২১৫	
কর্পোরেট গার্ডনেল কমপ্লায়েন্স অডিটরস	হক ভট্টাচার্য এন্ড কোং. চার্টার্ড একাউন্ট্যান্টস	ঠিকানাঃ জেবুন ইনডেস্ট্রি ড্রেড সেন্টার (৮তম ফ্লোর), ১৯১ শহীদ সৈয়দ নজরুল ইসলাম সরণি, ০৪ বিজয় নগর, ঢাকা-১০০০	
ব্যাংকার্স	স্ট্যান্ডার্ড চার্টার্ড ব্যাংক সিটি ব্যাংক এন.এ. ঢাকা ব্যাংক পিএলসি. ন্যাশনাল ক্রেডিট এন্ড কমার্স ব্যাংক পিএলসি.	উত্তরা ব্যাংক পিএলসি. ওয়ান ব্যাংক পিএলসি. ডাচ-বাংলা ব্যাংক পিএলসি. ব্যাংক এশিয়া লিঃ	সাউথইস্ট ব্যাংক পিএলসি. প্রিমিয়ার ব্যাংক পিএলসি. ব্র্যাক ব্যাংক পিএলসি. ইউনাইটেড কমার্শিয়াল ব্যাংক পিএলসি.
ওয়েবসাইট এন্ড ই-মেইল	ওয়েবসাইট: www.heidelbergcementbd.com	ই-মেইল: share.bgd@heidelbergcement.com	
ইনভেস্টর রিলেশনস্	টেলিফোন: +৮৮-০২-৫৮৮১১৬৯১; এক্সটেনশন ৩০৪ এবং ৩০৫	ফ্যাক্স: +৮৮-০২-৯৮৪৭০০৩	
স্টক এক্সচেঞ্জ লিস্টিং	ঢাকা স্টক এক্সচেঞ্জ পিএলসি. লিস্টিং বছর - ১৯৮৯ স্টক নাম - HEIDELBCEM স্টক কোড - ২১৬১৪	চট্টগ্রাম স্টক এক্সচেঞ্জ পিএলসি. লিস্টিং বছর - ১৯৯৫ স্টক কোড - HEIDELBCEM স্টক আইডি - ১৫০০২	
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Board of Directors



Roberto Callieri

Chairman

Age: **60 years**
Nationality: **Italian**
Date of Appointment: **06 March 2024**
Length of Service in the HM Group: **34 years**
Date of Last Re-election: **N/A**
Membership in Board Committee: **Nil**
Eligibility for Retirement by Rotation in the 35th AGM: **No**

Mr. Roberto completed his Bachelor of Engineering with a major in Electrical Engineering from the University of Cagliari, Italy, in 1990. Following this, he earned certificates in Financial Management from Bocconi University, Milan, Italy, and Advanced Management from Harvard Business School, Boston, USA. Mr. Roberto's career with Italcementi began in 1990, where he held various senior management positions in Puerto Rico, the USA, Canada, Turkey, Thailand, Egypt, and Italy. From 2016 until the end of 2023, he served as the General Manager for Italy. As of 1 January 2024, Mr. Roberto has been a member of the Managing Board of Heidelberg Materials, overseeing the Asia region.

DIRECTORSHIP OF OTHER COMPANIES:

- Heidelberg Materials AG
- Heidelberg Materials Butra Sdn Bhd
- Alliance Construction Materials Limited
- HeidelbergCement India Limited
- Heidelberg Materials Asia Pte. Ltd.
- China Century Cement Limited
- Jidong Heidelberg (Fufeng) Cement Company Limited
- Jidong Heidelberg (Jingyang) Cement Company Limited
- Easy Point Industrial Limited
- HeidelbergCement Holding Hong Kong Limited
- Squareal Cement Limited
- 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: **53 years**
 Nationality: **Filipino**
 Date of Appointment: **21 July 2011**
 Length of Service in HM Group: **13 years**
 Date of Last Appointment: **22 August 2021**
 Membership in Board Committee: **Nil**
 Eligibility for retirement by rotation in the 35th 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 leadership HC Bangladesh experienced remarkable growth and maximum stakeholders return.

He has long track record managing various businesses in different countries, also including CEMEX.

DIRECTORSHIP OF OTHER COMPANIES:

Butra HeidelbergCement (BHC) Sdn Bhd



Abdul Khalek, FCA Independent Director

Age: **64 years**
 Nationality: **Bangladeshi**
 Date of Appointment: **23 July 2019 (First Term)**
 Length of Service with HM Group: **N/A**
 Date of Last Re-appointment: **23 July 2022 (Second Term)**
 Membership in Board Committee: **BAC**
 Eligibility for Retirement by Rotation in the 35th 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.

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



Md. Shahjahan Majumder, FCA Independent Director

Age: **65 years**
 Nationality: **Bangladeshi**
 Date of Appointment: **23 October 2023**
 Length of Service in HC Group: **N/A**
 Date of Last Re-election: **N/A**
 Membership in Board Committee: **BAC & NRC**
 Eligibility for Retirement or Re-appointment in the 35th AGM: **N/A**

Mr. Majumder is an accomplished financial professional with an impressive background in finance and accounting. He holds the title of Fellow Member at the Institute of Chartered Accountants of Bangladesh. He is also an Associate Member of the Association of Cost and Executive Accountants (ACEA) in the UK. With expertise in financial strategy, financial modeling, tax, VAT administration, governance, compliance, and performance improvement. He currently serves as the Chief Financial Officer at LG Butterfly Group.

Mr. Majumder has accumulated over 33 years of cross-industrial experience, having held prominent positions at renowned organizations such as Prime Bank Limited, Banglalion Communications Limited, Appollo Hospital Dhaka, P & O Nedlloyd, and Padma Oil Company. He served on the Boards of Harper Power Plant (a subsidiary of Power Development Board), Eastern Lubricant Blenders Limited, and Bangladesh University of Engineering & Technology (BUET).

Notably, he does not hold any Directorship positions in other companies now. His remarkable qualifications, diverse experience, and substantial contributions to the finance and accounting realm have cemented his esteemed status within the community.



Fong Wei Kurk Director

Age: **47 years**
 Nationality: **Singaporean**
 Date of Appointment: **29 January 2014**
 Length of Service in the HM Group: **12 years**
 Date of Last Re-election: **27 June 2022**
 Membership in Board Committee: **NRC**
 Eligibility for Retirement by Rotation in the 35th AGM: **Yes**

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.

DIRECTORSHIP OF OTHER COMPANIES:
 Butra HeidelbergCement Sdn Bhd, Brunei



Sim Soek Peng Director

Age: **55 years**

Nationality: **Malaysian**

Date of Appointment: **29 January 2014**

Length of Service in the HM Group: **20 years**

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

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

Eligibility for Retirement by Rotation in the 35th AGM: **Yes**

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: **61 years**

Nationality: **Bangladeshi**

Date of Appointment: **26 June 2006**

Length of Service in the HM Group: **23 years**

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

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

Eligibility for Retirement by Rotation in the 35th AGM: **Yes**

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: **58 years**
 Nationality: **Bangladeshi**
 Date of Appointment: **23 October 2019**
 Length of Service in the HM Group: **N/A**
 Date of Last Re-election: **13 June 2023**
 Membership in Board Committee: **N/A**
 Eligibility for Retirement by Rotation in the 35th AGM: **No**

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 33 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
- The ACME Laboratories Ltd.



Juan-Francisco Defalque Director

Age: **60 years**
 Nationality: **Belgian**
 Date of Appointment: **23 July 2015**
 Length of Service in HM Group: **34 years**
 Date of Last Re-election: **13 June 2023**
 Membership in Board Committee: **Nil**
 Eligibility for Retirement by Rotation in the 35th AGM: **NO**

Mr. Defalque completed Post Graduation in Mining Engineering from Catholic University of Louvain-la-Neuve, Belgium in 1982-1987. He has worked for about 34 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



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



Kazi Md. Mainuddin Sayem
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.**

I am pleased to present HeidelbergCement Bangladesh Limited's Annual Report for the financial year 2023, highlighting our remarkable achievements and resilience in the face of challenging conditions. Despite navigating through a complex landscape marked by political activities, inflation, commodity price volatility, and supply chain disruptions, we successfully transitioned from losses in 2022 to profitability in 2023.

Our strategic focus on efficient cost management and product innovation has yielded positive results. We achieved our highest-ever revenue with a 7.1% increase in sales and a remarkable 92.4% increase in gross profit. Our EPS improved significantly to BDT 8.13 from BDT -4.13 in 2022, reflecting our commitment to delivering value to our shareholders. The cement industry in Bangladesh continues to show growth, driven by rapid urbanization and infrastructure development. Despite challenges such as price hikes for building materials and economic volatility, we have maintained our position as a price leader, demonstrating the strength of our brand and the trust of our customers.

Innovation remains at the core of our strategy. The launch of our 'Multi-Purpose Cement' (MPC), which has garnered attention globally for its eco-friendly attributes and superior quality, is a testament to our commitment to sustainable practices and excellence in product development. While our financial results for 2023 are encouraging, we recognize that the challenges are far from over. The global economic landscape remains uncertain, with ongoing challenges such as raw material price fluctuations, currency fluxes, and intense market competition. However, we are confident in our ability to navigate these challenges and emerge stronger.

Despite the challenges that are expected to persist and intensify in the upcoming financial year 2024, the financial results from the first few months of 2024 provide us with hope for successful business development. The Company has shown remarkable flexibility in adapting to changing circumstances, as evidenced by our actions in the first quarter of 2024, including lowering expenses and adjusting sales prices. Despite the negative market outlook for Bangladesh in 2024, our company is well-positioned to sustain continued growth. Looking ahead, we remain committed to our core values of health and safety, sustainability, and customer-centric innovation. We will continue to invest in our people, processes, and technologies to drive long-term growth and create value for our stakeholders.

As a subsidiary of Heidelberg Materials (HM) Group, HCBL receives unwavering guidance on adhering to the country's legislative norms and regulations to protect the environment. HM Group prioritizes greener industrial solutions and employs the best available technologies to reduce associated CO2 emissions. We are committed to maintaining our financial growth while simultaneously enhancing our sustainability efforts and embracing digitization. We would like to emphasize our unwavering commitment to transparency and accountability. We understand the importance of maintaining trust with our stakeholders, and we are dedicated to upholding the highest standards of corporate governance. Our Board of Directors remains vigilant in its oversight role, ensuring that our operations are conducted ethically and in compliance with all applicable laws and regulations.

I extend my heartfelt gratitude to my fellow board members for their invaluable leadership, direction, and contribution. I also wish to acknowledge the dedication and contribution of our management team, employees, bankers, and business partners to the Company. I am grateful for the support of government agencies, Dhaka Stock Exchange PLC, Chittagong Stock Exchange PLC, and other statutory bodies in supporting the Company's various activities. Lastly, I express my deep appreciation to all our esteemed stakeholders for their continuous support and trust in us to lead the Company successfully into the future. We remain committed to building a more sustainable business for our customers while increasing value for our shareholders.

Roberto Callieri
Chairman
Board of Directors
HeidelbergCement Bangladesh Limited

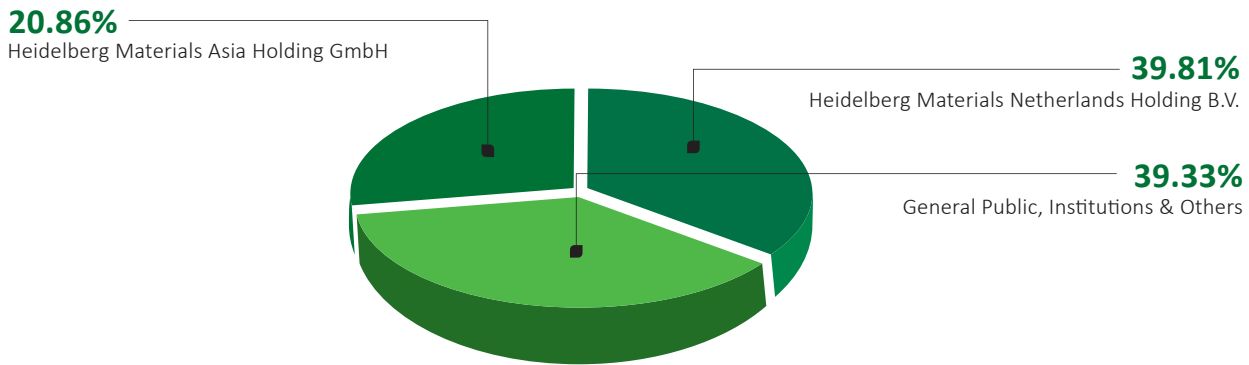


Shareholding Position

The break-up of the total shareholding

Shareholders	Year-2023
Heidelberg Materials Netherlands Holding B.V. (Formerly known as HeidelbergCement Netherlands Holding B.V.)	39.81%
Heidelberg Materials Asia Holding GmbH	20.86%
General Public, Institutions & Others	39.33%

The break-up of the total shareholding Year-2023



Classification of shareholders by holding

No. of shares held	31 December 2022			31 December 2023		
	No. of shareholders	Total holding	Percentage	No. of shareholders	Total holding	Percentage
0- 5,000	8,995	2,928,881	5.18	9917	3,285,622	5.82
5,001- 50,000	204	3,247,663	5.75	226	3,521,897	6.23
50,001- 200,000	48	4,068,504	7.20	38	3,236,485	5.73
200,001- 500,000	7	2,463,176	4.36	8	2,668,890	4.72
500,001- 10,000,000	6	9,517,946	16.85	6	9,513,276	16.84
10,000,001- 56,503,580	2	34,277,410	60.66	2	34,277,410	60.66
Total	9,262	56,503,580	100.00	10,197	56,503,580	100.00

Top Ten Shareholders of the Company as on 31 December 2023

Name of shareholders	No. of shares held	Percentage
Heidelberg Materials Netherlands Holding B.V.	22,493,020	39.81
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
Saif Khondoker	500,000	.88
ICB AMCL Unit Fund	416,817	.74
Rupali Bank Limited	331,083	.59
Sonali Bank Limited	330,000	.58

Internal Control & Risk Management

Internal control

HeidelbergCement Bangladesh Limited (HCBL) maintains a robust internal management control system, which forms the cornerstone of our operational framework. This system is anchored in several key components: annual operational planning, continuous management accounting and control, quarterly management meetings, regular Board meetings, and comprehensive reporting mechanisms to the Group. Annual operational planning constitutes a pivotal element of our control framework, wherein budgets are formulated based on meticulous macroeconomic analyses, market assessments, and cost objectives. These budgets serve as the foundation for delineating specific targets for individual operational units, facilitating detailed planning within respective departments, and goal setting.

To ensure consistency and coherence across the Heidelberg Materials Group, standardized indicators are employed and presented uniformly. Reports encompassing financial performance, pertinent sales volumes, and production summaries are meticulously prepared, alongside analyses of operational results and working capital to meticulously monitor cash flow, a pivotal management metric. Quarterly reporting includes detailed assessments of tax implications, further enhancing our visibility into financial operations. Management meetings provide a forum for the Management Committee to deliberate on business performance vis-à-vis targets, assess the outlook for the fiscal year, and strategize on requisite measures to uphold organizational objectives.

Measures for identifying, assessing, and limiting risks

To identify and assess risks, individual business transactions at HCBL 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. HCBL is aware of the opportunities and risks for its business activity. The measures described above play a significant role in allowing HCBL 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. 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

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. Heidelberg Materials 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 HCBL 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 Framework 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 the Group.

Sustainability and compliance risks

In line with our commitment to sustainable corporate governance, HCBL places special emphasis on environmental protection, resource preservation, biodiversity conservation, and socially responsible conduct. We firmly believe that prioritizing environmental concerns, climate protection, and sustainable resource management serves as the cornerstone for our Company's future development. Adherence to both current legal statutes and internal regulations is ingrained within our corporate culture, constituting a duty for every member of our workforce. Any breaches of our commitments, laws, or internal guidelines not only carry direct sanction risks but also pose threats to our strategic, operational, and reputational integrity.

To ensure adherence to legal and internal standards, we have implemented a robust compliance program aligned with the directives of the Heidelberg Materials Group. This program includes various initiatives such as informative materials, a dedicated compliance hotline, and comprehensive employee training utilizing cutting-edge technologies and platforms, including electronic learning modules. These initiatives are designed to address key risk areas such as antitrust and competition laws, as well as anti-corruption regulations. Additionally, we have devised a plan for the ongoing evaluation and mitigation of corruption risks and potential conflicts of interest, a plan that is progressively being put into action.

In conclusion, HeidelbergCement Bangladesh Limited (HCBL) maintains a strong internal control and risk management system, anchored in meticulous planning, continuous assessment, and standardized procedures. We prioritize sustainability and compliance, viewing them as fundamental to our long-term success. Through proactive measures, including a comprehensive compliance program and ongoing risk evaluation, we strive to safeguard our operations, protect our reputation, and uphold our commitment to environmental stewardship and social responsibility. HCBL remains dedicated to fostering a culture of accountability, transparency, and ethical conduct across all levels of the organization, ensuring sustainable growth and value creation for all stakeholders.



Statement on Corporate Governance

Statement on Corporate Governance

At HeidelbergCement Bangladesh Limited (HCBL), we are committed to upholding the highest standards of corporate governance, believing it to be fundamental to our business practices. Aligned with the ethos of the Heidelberg Materials Group, we strive to achieve our long-term objectives while enhancing shareholder value sustainably. Our Board plays a pivotal role in setting the tone and direction for our strategy and management, with a strong emphasis on governance. We actively administer governance practices and continuously review our framework to ensure its relevance and adaptability to future challenges. Our steadfast commitment to good corporate governance is aimed at earning the trust and confidence of all stakeholders, whether local or global and is intrinsic to our operations.

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 the BSEC Code of Corporate Governance (BSECCG), 2018

HCBL has diligently adhered to all the principles and recommendations outlined in the Corporate Governance Code issued by the Bangladesh Securities and Exchange Commission (BSEC) on 3 June 2018. Our compliance efforts have been consistently applied, with full implementation achieved by the Financial Year 2023 (FY23). Throughout this governance review, we have incorporated all the key principles and recommendations of the BSEC Corporate Governance Code 2018 that apply to our company. To provide a comprehensive overview of our compliance with the Code in FY23, we have included a detailed table in Annexure-C, as per regulatory requirements. This table serves to clarify HCBL's adherence to the Corporate Governance Code 2018, ensuring transparency and accountability in our practices.

Shareholders' Rights

Shareholders hold the ultimate decision-making authority and are entitled to attend every annual general meeting either in person, virtually, through a proxy, or by an authorized representative. Each shareholder can exercise their voting rights based on their total shareholding.

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

- vi) Adoption of Audited Financial Statements;
- vii) Declaration of final dividends (if any);
- viii) Election and re-election of Directors;
- ix) Appointment/re-appointment of external auditors;
- x) 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 as follows:

- Two (2) Independent Directors
- Two (2) Executive Director
- Five (5) Non-executive Director

The Board is re-constituted every year at each Annual General Meeting when one-third of the members retires and seeks re-election. The Managing Director and 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 every three months and at least four such meetings shall be held 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 Board calendar, outlining scheduled dates for Board and committee meetings, as well as the Annual General Meeting (AGM) and major agenda items for each financial year, is set in advance for the entire year. This enables Management to plan effectively and ensures that Board meetings are incorporated into their schedules. Minutes of the meetings are documented in accordance with the provisions of the Bangladesh Secretarial Standards (BSS) of the Institute of Chartered Secretaries of Bangladesh (ICSB).

In 2023, four Board meetings were held, with attendance as follows:

Name of the Directors	Status with the Company	Eligible to Attend Meeting	Meeting Attended	Attendance at the last AGM
Mr. Kevin Gerard Gluskie (Retired as Chairman on 31 January 2024)	Chairman	04	04	No
Mr. Roberto Callieri (Appointed as Chairman on 06 March 2024)	Chairman	-	01	-
Mr. Jose Marcelino Ugarte	Managing Director	04	04	Yes
Mr. Abdul Khalek FCA	Independent Director	04	04	Yes
Mr. N K A Mobin FCS, FCA	Independent Director	04	04	Yes
Mr. Md. Abul Hossain	Director	04	04	Yes
Mr. Juan-Francisco Defalque	Director	04	04	No
Mr. Fong Wei Kurk	Director	04	04	No
Ms. Sim Soek Peng	Director	04	04	No
Mr. Jashim Uddin Chowdhury FCA	Director	04	04	Yes

(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 and Material Information as per BSEC regulation. A Fellow Chartered Accountant, Mr. 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 Managing Director/Chief Executive Officer

Mr. Roberto Callieri is a newly appointed Chairman of the Board of Directors of the Company and Mr. Jose Marcelino Ugarte is playing the role of Managing Director of the Company. The Managing Director of the Company does not hold same position in another listed company in our country. Under their excellent leadership, the Company is marching towards progress and prosperity for the forthcoming years.

The details code of conduct of Chairman and CEO are available on the Company's website.

(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. 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. The details code of conduct of Board of Directors is available on the Company's website.

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

In accordance with the Company's Articles of Association, newly appointed Directors are required to seek re-election at the first AGM after their appointment. Additionally, one-third of the Directors, excluding the Managing Director and Independent Directors, must retire by rotation at every AGM but are eligible for re-election. The Directors to retire each year are those who have been in office the longest since their appointment or re-election.

At the upcoming AGM, Ms. Sim Soek Peng, Mr. Fong Wei Kurk, and Mr. Jashim Uddin Chowdhury, FCA, will retire by rotation. They are all eligible and offer themselves for re-election.

(1.12) Training and Induction of Directors (including Independent Directors)

HCBL has a practice of conducting formal orientation for newly appointed Directors, including Independent Directors, to familiarize them with the company. Directors interact with various committees and employees, including the Audit, Nomination and Remuneration, and Management Committees, as well as the Safety, Health, and Environment Committee. Committee members provide detailed information on the company's culture, strategy, operations, markets, products, and guidelines. This helps Directors understand statutory and regulatory compliance, enabling them to provide unbiased advice for future strategies. If deemed necessary, a training program may be conducted by the Managing Director, CFO, or Senior Management. The Company Secretary provides detailed information about other Board members, the Code of Ethics, the company's history, and the Terms of Reference for Board Committees.

(1.13) Management of Conflicts of Interest

The Board at HCBL strives to prevent conflicts of interest, aligning with the Group Policy. Formal procedures are in place to manage compliance with conflict of interest regulations. If a Director has a direct or indirect interest in an agenda item, they disclose their interest immediately. The Interested Director then abstains from discussing or voting on that agenda item and may excuse themselves from the deliberations, as appropriate. These actions are documented in the meeting minutes to ensure transparency and adherence to governance standards.

(1.14) 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.

(1.15) 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. The HIAC is responsible for reporting to the Audit Committee for his activities and attend the meetings of the Audit Committee and 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.

(1.16) 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. Md. Shahjahan Majumder, FCA. Due to the resignation of Mr. N K A Mobin FCS, FCA the Board of Directors appointed Mr. Md. Shahjahan Majumder FCA, a newly appointed Independent Director as a member of the Committee with effect from 23 October 2023. 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 2023, 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 was 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. NRC was re-constituted on 23 October 2023 by appointing Mr. Md. Shahjahan Majumder, FCA as an Independent Director to fill the vacancy of Mr. N K A Mobin FCS, FCA. The Committee includes one Independent Director and Two Non-Executive Directors. Mr. Md. Shahjahan Majumder, FCA a newly appointed Independent Director of the Company, was appointed by the Board as the Chairman of the Committee with effect from 23 October 2023.

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 2023, One (1) 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, overseen by the Managing Director appointed by the Board of Directors for a renewable 5-year term, is supported by a highly skilled team comprising Executive Directors, Directors, and various Senior Executives. This Committee is responsible for developing budgetary plans for each cost/profit center and is accountable for their performance. The Management Committee's responsibility also extends to strategic planning, policy formulation, and ensuring the effective implementation of the company's objectives. Additionally, the Committee plays a crucial role in advancing a culture of innovation and efficiency within the organization, continuously seeking opportunities for improvement and growth. Through collaboration and effective communication, the Management Committee drives the company's success and ensures alignment with the Board of Directors' vision and goals.

(2.4) Safety Health and Environmental Committee

HCBL is dedicated to adhering to all relevant environmental laws, standards, and regulations, with a proactive and long-term approach to environmental issues to prevent pollution and continually enhance environmental performance. Health and safety are core aspects of all our operations. Under the effective leadership of Mr. Mohammad Alamgir, HCBL's overall health and safety management has made significant strides, fostering a strong safety culture within the company. To promote awareness and encourage adherence to safety rules regardless of the workplace, numerous programs were organized by HCBL for all stakeholders, both within and outside 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. Md. Shahjahan Majumder, 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 financial statements for the year ended 31 December 2023 of the Company were certified by M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants, in compliance with the Financial Reporting and Disclosure notification dated 20 June 2018 of BSEC. This ensures transparency and protection of investor interests, following International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), Financial Reporting Act 2015, and International Standard of Auditing (ISA). The high level of capability and integrity demonstrated by M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants, has been instrumental in safeguarding investor interests.

(3.3) Dividend Distribution Policy:

The Company's dividend distribution policy outlines the amount it pays to shareholders as dividends, shaping investor attitudes and the financial market's perception of the company. The Company adheres to capital repatriation and remittance guidelines set by the Bangladesh Investment Development Authority (BIDA), directing payments to investors. Shareholders receive dividends based on their shareholding in the Company's net profit, as declared by the General Meeting of Shareholders. The Dividend Distribution Policy is attached to this annual report as Annexure-H.

(3.4) Company Secretary

To ensure the 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 with 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 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 2023.

(3.7) Whistleblower Policy

In order to support our commitment to compliance with applicable laws and international ethical standards we offer our employees as well as external persons the possibility to report concerns regarding any kind of unlawful behaviour or violation of internationally acknowledged conventions via our compliance hotline **SpeakUp**.

Examples of incident types to be reported:

- Corruption, bribery, kickbacks
- Child or forced labour
- Discrimination
- Data breach/breach of privacy
- Environmental issues/sustainability
- Health and safety issues etc.
- The description of the incident should be as precise and straightforward as possible.

The report can be made anonymously. The submitted incident reports are handled confidentially and in a way which avoids any retaliation towards the reporting person.

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.

(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 2023, Directors were present virtually in compliance with the BSEC directive no. BSEC/CMRRCD/2009-193/08, dated 10 March 2021 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.

(4.2) Redressal of Investors' Complaints

Our Investor Relations department prioritizes addressing investor queries and complaints, ensuring fair treatment of all shareholders. HCBL is committed to maintaining high standards in timely dissemination of relevant and material information. To ensure fairness and promote transparency, the company employs various effective mechanisms. For queries related to shareholdings, such as transfer, transmission, re-issue in case of loss or damage, payment of dividends including transfer to CMSF, and dividend tax certificates, please contact the following address:

Investor Relations Department

HeidelbergCement Bangladesh Limited

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

Or

Email: share.bgd@heidelbergcement.com

Or

Phone No. +88-02-58811691, Ext. 304 & 305

Other details to communicate with our Investor Relations department are available at our company website.

The Investor Relations department acknowledges complaints and subsequently contacts investors to confirm their identity through Shareholders BOID/Folio ID, Shareholders name, Shareholders NID, Shareholders bank details, etc. After fully verifying the shareholders' details and nature of queries, the Investor Relations Department provides necessary support to the respective shareholders to ensure their satisfaction.

5. ACCOUNTABILITY AND AUDIT

(5.1) Financial Reporting

The Board is committed to ensuring that a clear, balanced, and meaningful assessment of the Company's financial performance and prospects through the audited financial statements and the quarterly announcement of results are provided to shareholders and regulatory bodies. In this respect, the Board through the BAC, oversees the process and the integrity and quality of financial reporting, both annually and quarterly. The BAC, in this respect, assists the Board by reviewing the financial statements and quarterly announcements of results to ensure completeness, accuracy, and adequacy in the presence of external auditors and internal auditors before recommending the same for the Board's approval. The details of the Company's financial statements for FY23 can be found together with this Annual Report.

(5.2) Related Party Transactions (RPTs)

The Company has established an internal compliance framework to ensure compliance with regulations, particularly concerning related party transactions. Processes and procedures are in place to ensure that such transactions are conducted on terms no more favorable to related parties than to the public. This assessment considers factors such as pricing, contract rates, terms and conditions, required level of service and expertise, product and service quality, prevailing market prices and rates, industry norms and standards, and general practices of service providers with similar capacities and capabilities available in the open market. The annual internal audit plan includes a review of all related party transactions to verify that all necessary approvals have been obtained. Details regarding the number of related party transactions entered into during FY23 are disclosed in note no. 43 of the financial statements.

In conclusion, HCBL is dedicated to upholding and exemplifying the best compliance practices in the industry. The core purpose of the Code is to cultivate a culture of good governance and ethical practices across all business domains. The Company is deeply committed to upholding the Group's impeccable reputation and strives to set a benchmark as a leader in good governance practices within the country.

Sustainability Report

As a leading producer of building materials, we are aware of our responsibility to ensure natural resources are used sustainably. We are committed to efficient, environmentally friendly processes and develop innovative products and solutions. We aim to help tackle social, economic, and environmental challenges. Our efforts are concentrated on those issues to which we can make a significant contribution as a company.

We want to play our part in overcoming global challenges. In addition to climate change, these include demographic change, limited resources, and biodiversity loss. Alongside environmental sustainability issues, our strategy also includes occupational health and safety, diversity and inclusion, and local responsibility in the areas surrounding our plants. In this, we consider not only our own business activities but also our supply chain.

At Heidelberg Cement Bangladesh Limited and Group level, sustainability is an integral part of our day-to-day business. We aim to spearhead the decarbonization of our sector and promote the circular economy in our value chain. Closing the loop in the material cycle is of crucial importance to us and constitutes a major lever for reducing carbon emissions. To increase resource efficiency and protect natural raw materials, we are also scaling up our recycling activities.

We are convinced that diversity in our workforce, in harmony with an appreciative corporate culture, has a positive effect on our innovative strength and the commitment of our employees. The construction sector traditionally has a high proportion of men in the workforce. As part of our transformation, it is therefore important to us to ensure that women participate and have equal opportunities when it comes to taking on management roles.



Our products are usually produced and sold in close proximity to the sales markets. As a manufacturing company, occupational health and safety is integral to our corporate culture and work processes – not only at our plants, facilities, and construction sites but also in connection with logistics and transport.

We invest in research and development to reduce process- and energy-related CO₂ emissions in the manufacture of our products. Manufacturing cement is particularly CO₂-intensive. We are front runners in terms of the rapid decarbonization of our production processes and also make use of technologies. Our focus is on expanding our portfolio of sustainable products, rapidly and significantly reducing our CO₂ emissions, proving that the production of net zero products is possible on a large scale, and creating a circular economy by rigorously implementing the principle of circularity. We have set a target of reducing our CO₂ emissions to 400 kg per tonne of cementitious material by 2030 and achieving net-zero emissions by 2050 at the latest.

Responsible land management is an essential element of our sustainability strategy, and we are committed to working towards the global goal of being nature-positive. Our Sustainability Commitments cover topics under four headings: Net Zero, Circular & Resilient, Safe & Inclusive, and Nature Positive

Net-Zero Future

We drive the decarbonization of our sector and provide low-carbon products

Safe & Inclusive Future

We place the health and well-being of employees, communities, and suppliers at the core of our business operations.

Circular & Resilient Future

We drive circularity to recycle and reuse materials and reduce the use of natural resources.

Nature Positive Future

We contribute to a nature-positive world through our industry-leading biodiversity program and sustainable water management.



Our Sustainability Commitments 2030:

The world needs smart, sustainable, and resilient infrastructure, buildings, and public spaces. Challenges like climate change and resource limitations mean that the production and use of heavy building materials must evolve. At HeidelbergCement Bangladesh Limited following Heidelberg Materials, we are transforming our business to address these challenges and placing social considerations at the core of what we do alongside sustainable corporate governance and environmental responsibility. Our Sustainability Commitments 2030 support our vision to build a more sustainable future. They embrace the following topic areas: Net Zero, Circular & Resilient, Safe & Inclusive, and Nature Positive.

- We drive the decarbonization of our sector and provide low-carbon products.
- We drive circularity to reduce and reuse materials and natural resources.
- We place the health and well-being of employees, communities, and suppliers at the core of our business operations.
- We contribute to a nature-positive world through our industry-leading biodiversity program and sustainable water management.

We continuously monitor the achievement of our sustainability commitments.



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 2023

The Audit Committee (the “Committee”) of HeidelbergCement Bangladesh Limited, as a sub-committee of the Board of Directors, plays a crucial role in assisting the Board in fulfilling its oversight responsibilities diligently and with utmost care. The Committee assists the Board in ensuring that the financial statements present a true and fair view of the Company’s state of affairs and in establishing effective monitoring mechanisms within the business. The Committee’s responsibilities include risk management, with a particular focus on ensuring compliance with all applicable legislation and regulations.

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. Md. Shahjahan Majumder, FCA (Appointed as member on 23 October 2023)	Member	Independent Director
Mr. N K A Mobin FCS, FCA (Retired on 23 October 2023)	Member	Independent Director
Mr. Md. Emdadul Haque CMA FCA	Secretary	Company Secretary

A total of four (4) meetings were held in 2023. 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 2023			
		20.02.2023	27.04.2023	19.07.2023	19.10.2023
Mr. Abdul Khalek, FCA	Chairman	√	√	√	√
Ms. Sim Soek Peng	Member	√	√	√	√
Mr. N K A Mobin FCS, FCA	Member	√	√	√	√
Mr. Jose Marcelino Ugarte	Invitee	X	√	X	X
Mr. Jashim Uddin Chowdhury, FCA	Invitee	√	√	√	X
Mr. Mamun-Ul-Hoque Chowdhury CMA	Invitee	√	√	√	√
Mr. Md. Emdadul Haque CMA FCA	Secretary	√	√	√	√

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

- i) Reviewing and recommending to the Board the approval of the financial statements prepared 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's report has been prepared in accordance with Conditions 5(6)(a) and 5(7) of the Corporate Governance Code, as notified by the Bangladesh Securities and Exchange Commission on 3 June 2018 (the "Code"). At each Board meeting, the Committee briefs the Board of Directors on its meeting proceedings and keeps them informed of:

- a) Conflicts of interests;
- b) Suspected or presumed fraud, irregularities, or material defects identified in the internal control system;
- c) Suspected infringements of laws, including securities-related laws, rules, and regulations; and
- d) Any other matters that require immediate disclosure to the Board of Directors.

The Committee also monitors anything that could materially impact the financial condition and operational results. It discusses relevant findings with the Board and Management, seeking corrective actions if necessary. The Committee's work has reinforced the Company's commitment to the highest standards of integrity and ethical conduct by enhancing non-financial controls and governance structures.

The Audit Committee has reviewed the scope and methodology of the audits, along with the independence, objectivity, and qualifications of the external auditors. After reviewing the external auditors' work, the Committee concluded that the financial reporting was satisfactory and in compliance with generally accepted accounting principles as adopted in Bangladesh. The audit was also deemed to have been satisfactorily conducted. Regarding financial reporting, the Committee reviewed the Company's 2023 financial statements and concluded that all reported financial results have been presented in accordance with 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.

Additionally, the Committee reviewed the Company's key enterprise-wide risk identification, assessment, and mitigation methodologies, processes, and management, aligning with the HeidelbergCement Group's risk management framework and local risk issues. The Committee determined that the risk management approach was satisfactory, characterized by highly structured and well-defined risk categories. The Committee also noted the identification and review of major risks impacting the Company's operations and their anticipated effects in the upcoming years.

Moving forward into 2024, the Committee's key priorities will encompass maintaining oversight of the Company's risk management and internal control processes. Additionally, the Committee aims to sustain a strong risk management culture throughout the organization. Furthermore, the Committee will continue to monitor the progress of the Internal Audit Division in implementing "Risk-Based Audit" and ensuring the resolution of outstanding items from previous years.



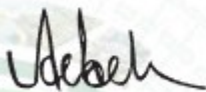
Activities of the Committee in 2023

In 2023, 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 2023 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 2022 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 2023 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 2023;
- j) Reviewing the operating plan for 2023;
- k) Reviewing transfer and sale of the Company's car;
- l) Reviewing the credit facility agreement between HeidelbergCement Bangladesh Limited (HCBL) and banks;
- 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;
- n) Reviewing the disposal and sale of fixed assets;
- o) Reviewing the investment in FDR and Bangladesh Government Treasury Bonds; and
- p) Reviewing the Policy titled "Principles on Disclosure of Material Information and Price Sensitive Information".

Post-reporting events

A meeting of the BAC was held in 5 March 2024 to review and examine the annual audited financial statements for the year ended 31 December 2023, alongside the draft Directors' Report, and to receive the observations and opinions of the statutory auditors on these documents. The BAC was satisfied that the Company had maintained proper books of accounts as required by law and that the financial statements for 2023 fairly and accurately represented the Company's affairs. Consequently, the BAC recommended the audited financial statements for the year ended 31 December 2023, along with the draft Directors' Report, for approval by the Board. The Committee also reviewed the Management's Discussion and Analysis before disclosing it in the Annual Report-2023.



Abdul Khalek, FCA
Chairman

Report of the Nomination and Remuneration Committee

For the year 2023

In compliance with the Corporate Governance Code 2018 (the "Code"), the Company formed a Nomination and Remuneration Committee on 15 October 2018 as a sub-committee of the Board of Directors. The primary responsibilities of the Committee are to assist the Board in the formulation and implementation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top-level executive as well as a policy for formal process of considering remuneration of directors and top-level executive.

Constitution of the NRC:

The Committee comprises of 3 (three) members including 1 (one) independent director and 2 (two) non-executive directors. The Chairman of the committee is an independent director. The Company Secretary acted as the Secretary to the Committee as per the Code. The Committee held 1 (one) meeting in the year under review, satisfying both conditions 6(2)(h) and 6(4) of the Code. The attendance of the members at meeting is documented as follows:

Name of the Director	Status with the Company	Status with the Committee	Meeting held during 2023
			On 10.10.2023
Mr. N K A Mobin FCS, FCA (Retired on 23 October 2023)	Independent Director	Chairman	√
Mr. Md. Shahjahan Majumder, FCA (Appointed as Chairman on 23 October 2023)	Independent Director	Chairman	N/A
Mr. Fong Wei Kurk	Non-Executive Director	Member	√
Ms. Sim Soek Peng	Non-Executive Director	Member	√
Md. Emdadul Haque CMA FCA	Company Secretary	Secretary	√

Role of the NRC:

The Nomination and Remuneration Committee's jurisdiction, responsibilities and duties are well defined in the Terms of Reference (TOR) of 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 the reporting period:

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

- a) Undertaking a comprehensive assessment and making a well-considered recommendation for the appointment of Mr. Md. Shahjahan Majumder, FCA, as an Independent Director, ensuring corporate governance guidelines.
- b) Engaging in thorough deliberations to meticulously review proposed revisions to the Human Resources policy of the Company, with a keen focus on fostering an inclusive, supportive and productive work environment conducive to employee growth and organizational success.
- c) Exercising its oversight responsibilities by rigorously evaluating and subsequently ratifying the appointment of the Director of Sales and Marketing, thereby ensuring that the individual possesses the requisite skills, expertise and vision to drive the Company's sales and marketing strategies forward effectively.

On behalf of the Nomination and Remuneration Committee



Md. Shahjahan Majumder, FCA

Chairman



For the year ended 31 December 2023

1. INTRODUCTION

The Board of Directors of HeidelbergCement Bangladesh Limited ("HCBL" or the "Company") is pleased to publish the Company's Annual Report 2023, which furnishes, *inter alia*, the independent auditors' report and audited annual financial statements for the financial year ended 31 December 2023 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) scheduled for 8 May 2024. 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 taken care to incorporate all requisite disclosures in this report.

2. STATEMENT OF THE COMPANY'S AFFAIRS

In 2023, the Company successfully transitioned from losses in 2022 to profitability, marking a significant milestone in its financial journey. Despite facing numerous challenges such as heightened political activities due to the national election, higher inflation, commodity price volatility, soaring energy costs, major macroeconomic imbalances, supply chain disruptions, and geopolitical conflicts, the Company managed to achieve its highest-ever revenue. HCBL's overall sales increased by 7.1% and gross profit by 92.4% compared to last year, attributed to the proper management of direct costs. The current year's EPS was BDT 8.13, a significant improvement from BDT -4.13 in 2022.

3. 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 2023. 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 compound annual growth rate (CAGR) of 8.2% in the last ten years.

In 2023, the industry adjusted for the incremental cost with sales prices, resulting in margin growth, although there was a reduction in volume. Price hikes for other building materials, such as steel and bricks, were even higher. This, along with significant inflation, depletion of foreign currency reserves, and the devaluation of the taka against the USD, contributed to weaker demand for cement in 2023. Additionally, the ongoing price war among manufacturers to gain market share has intensified. Economic volatility is presumed to persist through 2024.

4. OPERATIONS

4.1. Sales and Production

In the year 2023, HCBL successfully manufactured and distributed a combined total of 2.185 million tons of cement through our three strategically positioned plants in Kanchpur, Chittagong, and Mukterpur. This quantity represents a marginal 1.2% decline compared to the aggregate sales volume achieved in 2022. Notably, the Company's overall sales volume experienced a decrease of 28k tons in comparison to the preceding year.

4.2. Price

HCBL's clientele is well-informed about our unwavering commitment to product quality and relentless pursuit of innovation, factors that have cultivated a robust trust in our brand. The consistent performance of our cement has instilled a high level of confidence among consumers, enabling us to command a premium price. Despite facing challenges and fierce competition in the market, the company has effectively sustained its position as a price leader in our product category.

4.3. Customer Service

Merely completing the transaction of selling and delivering cement to customers' doorsteps is insufficient for fostering lasting customer relationships and ensuring sustained business growth. The key lies in prioritizing swift and efficient responses to customer needs during the post-sales phase, as this not only adds substantial value but also elevates the Company's reputation in the market. At HCBL, we are dedicated to understanding our customers' requirements. Our proficient, seasoned, and committed sales and technical service teams actively engage with our valued customers, providing tailored solutions and insightful consultations wherever needed, further reinforcing our commitment to customer satisfaction.

4.4. Product Innovation

HCBL proudly launched its revolutionary 'Multi-Purpose Cement' (MPC) last year, adhering rigorously to Bangladesh Standards for Cement by the Bangladesh Standard Testing Institution (BSTI). Pioneering MPC's commercial introduction in Bangladesh, HCBL is setting new industry standards. This innovative cement has garnered attention globally, particularly in America, Europe, and Asia, for its eco-friendly attributes and commitment to reducing environmental impact.

MPC embodies cutting-edge technology and a unique blend of premium raw materials, showcasing excellence in cement innovation. This advanced product ensures superior long-term strength for construction while championing environmental sustainability by reducing greenhouse gas emissions during production, resulting in a significantly reduced carbon footprint.

Beyond its eco-friendly credentials, MPC stands out for an array of technical advantages. It not only enhances workability but also ensures higher long-term strength, setting a new standard for structural durability. Additionally, MPC exhibits increased resistance to chemical attacks, further solidifying its status as a versatile and resilient solution suitable for a wide spectrum of construction projects.

4.5. Marketing Activities

In 2023, we strategically focused our marketing efforts on launching our innovative product, "Multi-Purpose Cement," under the renowned brands "ScanCement" and "RubyCement." We used a multifaceted approach to establish and promote this groundbreaking addition to our product portfolio. Additionally, we conducted various marketing activities to maintain a strong and positive presence in the minds of our customers.

- a) **New Product Launch Excellence:** We promoted Multi-Purpose Cement with a comprehensive strategy, including engaging launch events, impactful press releases, full-page press advertisements, informative product leaflets, in-shop festoons, captivating 3D in-shop posters, and an active presence on social media. These efforts aimed to raise awareness and build trust in our new product.
- b) **Outdoor Visibility Amplification:** We ensured brand visibility with distinctive shop signs and attention-grabbing mega signs to enhance brand recall.
- c) **Demand Generation Initiatives:** To boost demand and raise awareness, we conducted personalized, one-to-one communication activities. We organized face-to-face meetings with key influencers like masons, homeowners, and engineers, focusing on explaining the benefits and applications of Multi-Purpose Cement. These sessions aimed to provide comprehensive product knowledge to ensure understanding among stakeholders.
- d) **Elevating Brand Image:** We strategically boosted our brand image by showcasing it alongside national landmarks like the Padma Bridge, Mayor Hanif Flyover, Cox's Bazar Railway, Padma Rail Link Bridge, and Karnaphuli Tunnel in press ads and social media. This aimed to elevate our brand and connect with a broader audience.

5. KEY INITIATIVES IN THE PROCUREMENT & LOGISTICS

2023 was a highly successful year for procurement and logistics operations, highlighted by the following achievements:

5.1. Procurement saving

We achieved significant savings in raw material sourcing compared to the previous year, marking the highest savings within the HM Group among APAC countries.

5.2. Raw Material Supply & Pricing

We maintained uninterrupted raw material inflow throughout the year, overcoming challenges with country L/Cs and foreign currency reserves. Our approach included regular tendering processes, and working closely with HM Group experts to optimize raw material costs.

5.3. Procurement Digitization

The tendering process has been enhanced for transparency and digitized using Ariba sourcing & Ariba auction. Internal users can now directly order from the Ariba buying platform, improving efficiency and saving time.

5.4. Fly Ash local sourcing

In 2023, we sourced a significant amount of fly ash from local sources, particularly the Payra and Rampal power plants. Utilizing local fly ash contributes to environmental cleanliness, reduces our carbon footprint, and conserves the country's foreign currency reserves by decreasing the need for fly ash imports.

5.5. Fixed Cost Reduction

We reduced fixed costs by optimizing our Bulk Carriers and fleet.

6. KEY INITIATIVES IN THE MANUFACTURING PROCESS

HCBL is recognized for its commitment to excellence in cement production and environmental stewardship. The company employs state-of-the-art technology throughout its manufacturing process, ensuring the highest levels of safety, hygiene, and quality.

compliance with national and global standards. Noteworthy achievements include a focus on reducing carbon footprint through innovative production techniques, power-saving initiatives, and the incorporation of renewable energy sources such as solar power.

6.1. Implementation of online date printing machine

To ensure that cement bags are delivered to dealers with their specific identity and manufacturing month, an online date printing machine has been installed.

6.2. Remote Plant Operations

We have implemented a remote operation facility for our plants, enabling us to operate four plants across two countries from a single central location.

6.3. Dust collector installation at clinker transport conveyor belt

To maintain a clean environment and minimize dust emissions in the raw material handling areas of the clinker transport belt, we have installed a dust collector with a capacity of 18,000m³/hr. The bag filter efficiently collects dust from the dump truck dropping point, utilizing a high-performance Auto Pulsing System to control emissions during raw material transportation.

6.4. Removal of Conveyor Belt for boosting efficiency

Sustainability is crucial in power systems to reduce resource reliance and environmental impact. Sustainable maintenance practices ensure efficient resource use, prolong equipment lifespan and minimize waste. Addressing dust emissions is vital for human health and ecosystem well-being. We merged two conveyor belts, reducing power consumption, maintenance, and dust emissions.

6.5. Installation of Safety Nets Beneath Conveyor Belts to Prevent Roller Falls from Height

At the forefront of our business is a commitment to safety. To enhance safety and protect our employees, we developed and implemented an innovative safety net system. This system reliably intercepts and safeguards against roller falls, preventing accidents and maintaining a secure work environment.

6.6. Initiatives are taken to reduce the water consumption

Water is a precious resource, and at HCBL, we are dedicated to minimizing our use of surface and groundwater. To reduce our consumption of underground water, all plants have installed centralized water tanks for utility water and rainwater harvesting systems. These waters are utilized for plant operations. Given Bangladesh's substantial annual rainfall, there is a consistent and ample supply of rainwater.

6.7. Safety Protection of Screw Conveyor

Screw conveyors are extensively used rotating machines in Cement Plants. To improve safety, we have installed fencing to restrict access to unauthorized personnel and added pull-cord switches for emergency stoppage.

6.8. Waste Management

Under the theme 'Our Environment, Our Responsibility,' we have focused on waste management planning. Our plan outlines waste types and quantities, safe storage and disposal procedures, bin types and sizes, collection frequencies, and responsibilities. Our goal is safe and efficient commercial waste management in an environmentally friendly manner.

7. INFORMATION TECHNOLOGY

Heidelberg Materials (HM) Group has initiated the migration of its data center from the Singapore HUB to Microsoft Virtual Azure Cloud. This move aims to enhance business support efficiency and security while enabling flexible work arrangements for employees, allowing them to work from any location and device connected to the Internet.

During the review period, the Company successfully completed the following projects:

- a) Implemented Multi-Factor Authentication (MFA) for accessing the Organization's network and data, enhancing data security.
- b) Upgraded Local Area Network (LAN) and established an optical fiber link connection at the Mukterpur plant, ensuring smooth business operations.
- c) Installed Static Transfer Switch (STS) at the Mukterpur plant for IT equipment, ensuring automatic redundant power supply.
- d) Deployed IT infrastructure and provided support for the Cement Expert System, enabling process automation at the Kanchpur and Mukterpur plants.
- e) Deployed VAT automation for all plant locations using the SAP system.

8. 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.



9. REVIEW OF FINANCIAL PERFORMANCE

The financial statements contained in this Annual Report for the financial years ended 31 December 2023 and 31 December 2022 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 2023, the Company produced 2,179K MT of cement compared to 2,206K MT in the year ended 31 December 2022, a decrease of 1.2%. Cement sales for the year were 2,185K MT compared to 2,213K MT in FY22, a decrease of 1.2%. Net sales revenue in FY23 was BDT 17,956 million compared to BDT 16,767 million in FY22, an increase of 7%. The gross profits in FY23 and FY22 were reported at BDT 2,068 million and BDT 1,075 million respectively. Correspondingly, the net profit for FY23 was BDT 459 million compared to BDT -233 million in FY22. The adjustment of the sales price to align with costs contributed to the Company's overall profitability in 2023 compared to 2022. A brief overview of the financial performance of HCBL for 2023 compared to 2022 is set out below:-

Particulars	BDT'000	
	2023	2022
Net Revenue	17,955,715	16,766,939
Gross Profit	2,068,374	1,075,032
Operating Profit	886,830	-21,114
Net Finance Expenses	-58,814	-59,082
Profit Before Tax	786,615	-80,195
Income Tax Expenses	-327,205	-153,245
Profit After Tax	459,410	-233,441
Earnings Per Share (EPS)	8.13	-4.13

i) Un-appropriated Profit of HCBL in 2023

Financial Results for the Year 2023:	(BDT '000)
Un-appropriated profit from previous period	2,663,706
Net Profit for the year after Tax	459,410
Payment of dividend	- 56,504
Total Funds available for appropriation	<u>3,066,612</u>

Directors Recommended Dividend:

Dividend @ 25%	-141,259
Un-appropriated profit carried forward to next year	2,925,353

ii) A summary of the Company's performance:

Particulars	2023	2022	+/- in %
Cement Production	2,179,428 MT	2,206,702 MT	1.2%
Cement Sales	2,185,153 MT	2,212,542 MT	1.2%

- While there was little difference in sales volume between 2023 and 2022, the Net Sales Price per ton increased by BDT 639 per ton because of the higher cost of goods sold. Total net revenue increased as a result by 7%.
- The Year-to-Date (YTD) Cost of Goods Sold per ton for December 2023 increased by BDT 178 compared to the previous year. This increase was driven by the devaluation of the Bangladeshi Taka (BDT) against the USD, resulting in higher costs for raw materials.
- Net financial expenses remained steady at BDT 58.8 million in 2023 and BDT 59.0 million in 2022, primarily due to the Usance Payable at Sight (UPAS) Loan, reflecting the ongoing challenges with LC opening in Bangladesh.

iii) Brief Summary of Financial Position

Particulars	2023		2022		Growth Rate
	(BDT million)	Weight in Total Assets	(BDT million)	Weight in Total Assets	
Non-Current Assets	5,595	44%	5,878	67%	-4.47%
Current Assets	7,027	56%	2,902	33%	141.45%
Total Assets	12,622	100%	8,780	100%	43.76%

Property, Plant, and Equipment

During the year, there was an addition of BDT 213 million in fixed assets to ensure the operating capability of the Company. The addition includes BDT 16 million in Land & Building, BDT 163 million in Plant and Machinery, BDT 22 million in Furniture and Equipment, and BDT 12 million for Transport and Vehicles.

Capital work-in-progress

Capital work-in-progress balance of BDT 202 million includes BDT 66 million for payment of Land & Building and BDT 136 million for Plant and Machinery.

Trade & Other Receivables

Trade and other receivables decreased by BDT 52.4 million (449.3m vs 501.7m) due to improved collection efforts resulting in faster conversion of receivables into cash.

Cash and Cash equivalents

Cash and cash equivalents consist of BDT 0.48 million in hand, BDT 278.69 million in bank accounts, and fixed deposits totaling BDT 4,016.96 million. The substantial increase in fixed deposits is attributed to incremental borrowings of BDT 3,992.08 million, primarily to meet deferred LC payment obligations.

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.

10. RELATED PARTY TRANSACTIONS

All the transactions entered into between the Company and its related parties during the financial year ended 31 December 2023 were in the ordinary course of business and on an arm's length basis. In note no. 43 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.

11. 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, 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.

12. 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.

13. 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 and changes in the exchange rate 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.

14. DIVIDEND

The dividend distribution policy of the Company (ANNEXURE-H) allows it to recommend a dividend that is commensurate with its performance and investment requirements as well as meet shareholders' expectations. The Board of Directors recommends a cash dividend of BDT 2.50/- (BDT Two Taka & Fifty Paise only) per share for the year ended 31 December 2023.

15. 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 3,687 million to the National Exchequer in 2023.

16. AUDITORS

M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants having office at BDBL Bhaban (Level-13), 12 Kawran Bazar Commercial Area, Dhaka-1215, Bangladesh, were appointed at the 34th Annual General Meeting (AGM) by the members of the Company. In the year under review, they have performed their audit work satisfactorily.

Based on their eligibility and the recommendation of the Board of Directors, it is proposed to re-appoint M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants, as the Statutory Auditor at the 35th AGM of the Company for the year ending 31 December 2024. The proposed fee for their services is BDT 950,000.00 (BDT Nine Lac Fifty Thousand) only, and they will hold office until the conclusion of the forthcoming 36th Annual General Meeting of the Company.

17. CORPORATE GOVERNANCE COMPLIANCE AUDITORS

The current Corporate Governance Compliance Auditors of the Company, M/s. Hoque Bhattacharjee Das & Co., Chartered Accountants, of Jebun Index Trade Centre (8th Floor), 191 Shaheed Syed Nazrul Islam Sarani, 04 Bijoy Nagar, Dhaka-1000, will retire at the 35th 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 35th AGM. The Board recommends their appointment as Corporate Governance Compliance Auditor for the year ending 31 December 2024 at a fee of BDT 35,000 (BDT Thirty-Five Thousand) only and to hold office until the conclusion of the next i.e. 36th Annual General Meeting of the Company.

18. CREDIT RATING:

The Company achieved an AA₂ (Lr) rating in the long term and an ST-2 rating in the short term for maintaining a strong and stable outlook for the year 2023 from the Credit Rating Agency of Bangladesh Limited (CRAB). This rating reflects the Company's strong financial position and its ability to meet its financial obligations effectively, providing investors and stakeholders with confidence in its operations and future prospects.

19. 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 Ms. Sim Soek Peng, Mr. Fong Wei Kurk, and Mr. Jashim Uddin Chowdhury FCA are due for retirement at the upcoming AGM. Per Article 98(c) of the Articles of Association of the Company, the retiring directors are eligible for re-election. The brief resumes of the retiring directors are set out in the section on the Board of Directors profile on page 25.

20. INDEPENDENT DIRECTORS

Mr. Abdul Khalek FCA and Mr. Md. Shahjahan Majumder FCA are acting as Independent Directors of the Company. Md. Shahjahan Majumder FCA was appointed as an Independent Director by the Board in its meeting held on 23 October 2023 upon the recommendation of the Nomination and Remuneration Committee and his appointment is subject to the approval of the members at the ensuing AGM. There is a brief resume of his in this Annual Report under the Board of Directors profile.

21. BOARD MEETING AND ATTENDANCE

In the section on "Statement on Corporate Governance," the number of Board meetings and attendance at those meetings for 2023 are reported.

22. REMUNERATION PAID TO THE DIRECTORS

A total of BDT 402,000 was paid by the Company as Board meeting attendance fees during the year. The remuneration of Directors has been mentioned in note no. 42.2 of the Financial Statements.

23. 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 2023 has been furnished herewith as ANNEXURE-D.

24. MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis regarding the Company's financial statements and operating results for the year ended 31 December 2023 have been provided herewith under ANNEXURE-G following condition No. 1(5)(xxv) of the Code.

25. SUMMARY OF UNCLAIMED DIVIDEND

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 2019 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 right shares were also transferred to CMSF's BO Account, which has the BOID number 1201530074571230.

For the years 2020 to 2022, dividend amounts were transferred to a dedicated dividend bank account, resulting in no unclaimed dividends remaining in our company's account. However, upon scrutinizing the last dividend bank account, we identified the following remaining amounts in the dividend accounts:

(BDT In Thousand)

Year	Rate of dividend	Unpaid/unclaimed dividend
2020	20%	2,150
2021	26%	1,745
2022	10%	715

26. HUMAN RESOURCES & EMPLOYEE ENGAGEMENT

The Human Resources Function of HeidelbergCement Bangladesh Limited (HCBL), supported by ExCom members and all employees, played a pivotal role in fostering a positive work environment, attracting top talent, developing employee skills, and ensuring compliance. Aligned with the company's strategic objectives, our efforts focused on congenial industrial relations, talent management, employee engagement, compliance, and organizational culture development.

HCBL embarked on a transformative journey to cultivate a culture aligned with its strategic vision, emphasizing a positive and forward-thinking mindset. Initiatives included instituting a resilient and adaptive mindset across all organizational levels through targeted communication, leadership engagement, and comprehensive training programs, including specialized sessions on Winning Mindset utilizing Neuro-linguistic programming (NLP) tools and techniques.

Key positions across departments were successfully filled, and innovative recruitment strategies attracted top talent. A revamped onboarding process and innovative practices fostered seamless integration and contributed to a welcoming atmosphere. Employee engagement initiatives, including events like Pitha Utshob & Competition, monthly birthday celebrations, and Long Service Awards, celebrated the unique contributions of the diverse team.



Various training and development programs improved technical and soft skills. A project was initiated to make the sales team agile, responsive, and customer-centric, achieving digitalization of sales processes and development of the team in line with strategic requirements. Compliance with labor laws and company policies was ensured through regular reviews and updates.

Operational excellence was pursued through the successful implementation of Workday Software, enhancing efficiency and streamlining learning and development initiatives. These efforts empower the team to navigate challenges with resilience and innovation, marking a transformative step towards a more integrated and efficient learning experience.

Commitment continues to enhance employee and talent development programs, strengthen diversity and inclusion initiatives, invest in technology and automation, and prioritize employee well-being and mental health through comprehensive wellness initiatives.



26.1. Corporate Social Responsibility (CSR)

We consider corporate social responsibility (CSR) an integral part of our business strategy, guided by our commitment to ethical practices, environmental sustainability, community engagement, and employee well-being. Our CSR initiatives aim to contribute to the sustainable development of communities while minimizing our environmental impact. HCBL focuses on the infrastructure, environment, and education sectors, along with other short- and long-term CSR activities. To improve the world, we collaborated with Habitat for Humanity International and Domino International, subsidizing building materials.

HeidelbergCement Bangladesh Ltd. recently partnered with ASHAR-ALO, a school for special children run by the Bangladesh Navy, providing vocational training and entrepreneurial skills to approximately 150 students facing physical, intellectual, and mental challenges. We proudly supported the construction of a canteen for this noble cause. In terms of environmental initiatives, HCBL participated in tree-planting activities in the coastal areas of the Bay of Bengal.

In conclusion, our efforts aim to enhance community engagement by supporting local communities through various initiatives, including education programs and infrastructure development.



26.2. Occupational Health & Safety

HCBL's mission is to achieve zero Fatalities and zero Lost-Time Injuries (LTI) by 2030, with a commitment to safety starting from day one of every year. This goal guides us to build a strong safety culture across our organization. We prioritize occupational health and safety, with a robust safety system and a culture where safe behavior is second nature. Since 2013, we have been monitoring our progress through internal, external, and group audits.

We report every incident, including near misses, to our global accident reporting system, AID, to understand the causes and prevent future accidents. In 2023, we delivered over 4000 manhours of safety training and conducted extensive meetings across all levels of the organization to reinforce safety practices. Line managers have played a crucial role in promoting an interdependent safety culture through on-site safety conversations and behavior monitoring.

We have expanded our safety focus to include motorbike and driving safety, engaging employees' families through safety weeks and competitions. Our emergency response plan is rigorously implemented and practiced to ensure preparedness. These efforts have resulted in significant milestones in 2023: no fatalities, no lost-time injuries, and no serious accidents, demonstrating our commitment to creating a safe workplace for everyone.



27. 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 2023 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.

28. ACKNOWLEDGMENTS

We are deeply grateful to our esteemed shareholders and colleagues for their invaluable support and guidance. We also extend our gratitude to the Government of the People's Republic of Bangladesh, stock exchanges, and other statutory bodies for their consistent support of our Company's endeavors. Additionally, we appreciate the unwavering support from our valued customers, associates, and bankers. We sincerely thank them for their continued faith and confidence 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 PLC (DSE) 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: 06 March 2024

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 2023.

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 2023 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 2023 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)]



**Report to the Shareholders of HeidelbergCement Bangladesh Limited
On compliance of the Corporate Governance Code
For the year ended on 31 December 2023**

We have examined the compliance status to the Corporate Governance Code by Heidelberg Cement Bangladesh Limited for the year ended on December 31, 2023. This Code relates to the Notification No. BSEC/CMRRCD/2006 158/207/Admin/80, dated June 3, 2018 and Notification No. BSEC/CMRRCD/2009- 193/66/PRD/148 dated 16 October 2023 of the Bangladesh Securities and Exchange Commission.

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

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

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

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

Dated, Dhaka
March 04, 2024



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

Dhaka Office:

Jebun Index Trade Centre (8th Floor), 191 Shaheed Syed Nazrul Islam Sarani, 04 Bijoy Nagar, Dhaka-1000, Bangladesh. M: 01710827485, 01713366656, Tel. +88-02-9355401

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, Website : www.hbdco.org


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 and Notification No. BSEC/CMRRCD/2009-193/66/PRD/148 dated 16 October 2023 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	Board of Directors			
1(1)	Size of the Board of Directors: shall not less than 5 and not more than 20	✓		HCBL has total 9 Directors in its Board.
1(2)	Independent Directors			
1(2) (a)	At least 2(two) directors or one-fifth (1/5) of the total number of directors, whichever is higher	✓		There are two Independent Directors (IDs) in the Board, namely 1. Mr. Abdul Khalek, FCA and 2. Mr. Md. Shahjahan Majumder, FCA.
1(2)(b)(i)	Does not hold any share or holds less than 1% shares of the total paid-up shares of the Company	✓		Both IDs are compliant with this as per their respective declaration filed with HCBL.
1(2)(b)(ii)	Not a sponsor/not connected with any sponsor or director or nominated director or shareholder of the Company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds 1% or more shares of the total paid-up shares of the Company on the basis of family relationship and his or her family members are also not allowed to hold more than 1% shares of the total paid-up shares of the Company	✓		Do
1(2)(b)(iii)	Not an executive of the Company in immediately preceding 2 (two) financial years	✓		Do
1(2)(b)(iv)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated Companies	✓		Do
1(2)(b)(v)	Not a member or TREC holder/director/officer of any stock exchange	✓		Do
1(2)(b)(vi)	Not a shareholder, director excepting independent director or officer of any member or TREC holder of any stock exchange or an intermediary of the capital market	✓		Do
1(2)(b)(vii)	Not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of any concerned statutory audit firm or any firm that is already engaged with the Company	✓		Do
1(2)(b)(viii)	Not an independent director in more than 5 (five) listed companies	✓		Do
1(2)(b)(ix)	who has not been reported as a defaulter in the latest Credit Information Bureau (CIB) report of Bangladesh Bank for non-payment of any loan or advance or obligation to a bank or a financial institution;	✓		Do
1(2)(b)(x)	Not been convicted for a criminal offence involving moral turpitude	✓		Do
1(2)(c)	Shall be appointed by the Board, subject to prior consent of the Commission, after due consideration of recommendation of the Nomination and Remuneration Committee (NRC) and approved by the shareholders in the AGM	✓		The appointment of Mr. Md. Shahjahan Majumder , FCA, is yet to be approved by the members in the ensuing 35th AGM of HCBL.



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(2)(d)	The post cannot remain vacant for more than 90 (ninety) days	✓		No such vacancy continued for more than 90 days during the year.
1(2)(e)	The tenure of office shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only. A former independent director may be reappointed for another tenure after a time gap of 3 years from his/her completion of consecutive two tenures. The independent directors shall not be subject to retirement by rotation	✓		Md. Shahjahan Majumder, FCA is continuing his 1st term of office as Independent Director while Mr. Abdul Khalek, FCA is continuing his 2nd term.
1(3)	Qualification of Independent Director			
1(3)(a)	shall be a knowledgeable individual with integrity and able to ensure compliance with relevant laws as well as able to make meaningful contribution to the business	✓		Both Independent Directors are undoubtedly knowledgeable and 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 or any listed company or a member of any national or international chamber of commerce or registered business association			Not applicable.
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. Md. Shahjahan Majumder, FCA has been serving in various capacities such as Finance Director, Chief Operating Officer (COO), and Chief Financial Officer (CFO) in different renowned companies.
1(3)(b)(iii)	Former or existing official of government or statutory or autonomous or regulatory body in the position not below 5 th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or 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 Chartered Accountants of Bangladesh (ICAB).
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.
1(4)	Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company			
1(4)(a)	The position of the both shall be filled by different individuals	✓		In 2023, Mr. Kevin Gluskie held the position of Chairman, while Mr. Jose Marcelino Ugarte served as Managing Director.
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	✓		Complied.



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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	✓		On 23 February 2023, a meeting was convened during which Mr. Fong Wei Kurk, a non-executive director, was appointed as the chairperson.
1(5)	Directors' Report to Shareholders			
1(5)(i)	An industry outlook and possible future developments in the industry	✓		Available in the Directors' Report.
1(5)(ii)	The segment-wise or product-wise performance	✓		Do
1(5)(iii)		✓		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 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
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
(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.



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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	✓		HCBL has defined roles & responsibilities for both.
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:-			
1(5)(xxiii)(a)	shares held by Parent or Subsidiary or Associated Companies and other related parties (name-wise details)	✓		See annexure-D
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:-			
1(5)(xxiv)(a)	a brief resume of the director	✓		See "Board of Directors" section
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:			
1(5)(xxv)(a)	accounting policies and estimation for preparation of financial statements	✓		See Annexure-G
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	✓		See "Annexure-A"

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C;	✓		See "Annexure-B" & " Annexure-C"
1(6)	Meeting of the Board of Directors: Meeting of the Board of Directors shall conduct Board meetings and record the minutes as per BSS	✓		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct for the Chairman, other Board members and Chief Executive Officer	✓		The code of conduct as recommended by NRC and approved by the Board is in place
1(7)(b)	Availability of Code of Conduct on the website of the Company	✓		Available at www.heidelbergcementbd.com
2	Governance of Board of Directors of Subsidiary Company:			
2(a)	Same provisions shall be applicable for composition of the Board of the holding and the Board of the subsidiary			Not applicable.
2(b)	At least one independent director on the Board of the holding Company shall be a director on the Board of the subsidiary Company			Not applicable.
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company			Not applicable.
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also			Not applicable.
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			Not applicable.
3	MD or CEO, CFO, Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS):-			
3(1)(a)	Appointment of MD or CEO, CFO, HIAC and CS	✓		The Company has duly appointed the MD, CFO, CS and HIAC.
3(1)(b)	Different individuals are in the position of MD or CEO, CFO, HIAC and CS	✓		They are different individuals.
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not 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 was found in the year under review.
3(2)	Requirement to attend Board of Directors' Meetings: 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)			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	✓		See "Annexure-A"



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3(3)(a)(i)	Does not contain materially untrue statement and omit any material fact in the financial statements certified by MD & CFO	✓		See "Annexure-A"
3(3)(a)(ii)	True & fair view of financial statements certified by MD & CFO	✓		
3(3)(b)	Certification of MD and CFO regarding financial statements	✓		
3(3)(c)	Annual Report contains certification of MD & CFO on financial statements	✓		
4	Board of Directors' Committee For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4(i)	An Audit Committee	✓		In place
4(ii)	A Nomination & Remuneration Committee	✓		In place
5	Audit Committee			
5(1)	Responsibility to the Board of Directors.			
5(1)(a)	Audit Committee as sub-committee of the Board	✓		
5(1)(b)	Assistance of the Audit Committee to the Board	✓		The Committee duly discharged its responsibilities
5(1)(c)	Responsible to the Board and the duties of the Audit Committee shall be clearly set forth in writing	✓		In practice. The duties are set forth as prescribed.
5(2)	Constitution of the Audit Committee:			
5(2)(a)	Audit Committee composition: at least 3 members	✓		Three members are; 1. Mr. Abdul Khalek, FCA 2. Ms. Sim Soek Peng and 3. Mr. Md. Shahjahan Majumder, 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.
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 number below 3, the Board shall fill up the vacancy within 1 month	✓		The vacancy was promptly filled on 23 October 2023, with the appointment of Mr. Md. Shahjahan Majumder, FCA, as an Independent Director, meeting the specified deadline.
5(2)(e)	The company secretary shall act as the secretary of the Committee	✓		Md. Emdadul Haque FCA, by virtue of his position with the Company, is acting as the secretary of the Committee.
5(2)(f)	At least 1 (one) independent director in quorum of the committee	✓		In practice
5(3)	Chairperson of the Audit Committee:			
5(3)(a)	An independent director shall be Chairman of the committee	✓		Mr. Abdul Khalek, FCA, Independent Director of the Company is the Chairman of the Committee.
5(3)(b)	Chairman in the absence of regular Chairman of the Committee			No such case in the reporting year.
5(3)(c)	Audit Committee Chairman's presence in Annual General Meeting	✓		In practice
5(4)	Meeting of the Audit Committee:-			
5(4)(a)	At least four meetings in a financial year	✓		See "Report of the Audit Committee for the year 2023" section.
5(4)(b)	Quorum: two members or 2/3 of total audit committee member	✓		
5(5)	Role of Audit Committee The Audit Committee shall:-			
5(5)(a)	Oversee the financial reporting process	✓		The Committee discharge its duties as the code prescribed.
5(5)(b)	Monitor choice of accounting policies and Principles	✓		
5(5)(c)	Monitor Internal Audit & Compliance Process	✓		
5(5)(d)	Oversee hiring and performance of external Auditors	✓		



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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	✓		The Committee discharge its duties as the code prescribed.
5(5)(f)	review along with the management, the annual financial statements before submission to the Board for approval	✓		
5(5)(g)	Review the quarterly and half yearly financial statements before submission to the board for approval	✓		
5(5)(h)	Review the adequacy of internal audit Function	✓		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		
5(5)(j)	Review statement of all related party transactions submitted by the management;	✓		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	✓		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors	✓		
5(5)(m)	Oversee about the uses/applications of funds raised through IPO or RPO or Rights Share Offer	✓		
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors	✓		
5(6)(a)(i)	Report on its activities	✓		
5(6)(a)(ii)(a)	Report on conflicts of interests			No such cases found
5(6)(a)(ii)(b)	Report on suspected or presumed fraud or irregularity or material defect in internal audit/financial statements			
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)	Any other matter deems necessary to disclose			
5(7)	Report on unreasonably ignored rectification to the Commission	✓		See "Report of the Audit Committee for the year 2023" section.
6	Nomination and Remuneration Committee (NRC)			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	NRC as a sub-committee of the Board	✓		In place
6(1)(b)	Assists the Board in formulating NRC policy	✓		See "Annexure-E"
6(1)(c)	Clearly defined terms of reference of NRC	✓		The ToR is in place
6(2)	Constitution of the NRC			
6(2)(a)	At least three members including an independent director	✓		See "Report of the Audit Committee for the year 2023" section.
6(2)(b)	At least 02 (two) members of the Committee shall be non-executive directors.	✓		All are non-executive directors.
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board	✓		In place
6(2)(d)	The Board reserve the authority to remove and appoint any member of the Committee;	✓		In place
6(2)(e)	The Board shall fill the vacancy within 180 days in case of death, resignation, disqualification, or removal of any member	✓		The vacancy was promptly filled on 23 October 2023, with the appointment of Mr. Md. Shahjahan Majumder, FCA, as an Independent Director, meeting the specified deadline.
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 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 place
6(2)(i)	No remuneration other than director fees/honorarium for any member	✓		In place



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6(3)	Chairperson of the NRC			
6(3)(a)	Chairman: an independent director	✓		Mr. Mr. Md. Shahjahan Majumder, FCA, Independent Director of the Company 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 35th AGM
6(4)	Meeting of the NRC			
6(4)(a)	At least one meeting in a financial year	✓		See the "Report of the Nomination and Remuneration Committee for the year 2023" section.
6(4)(b)	Any emergency meeting upon request by any member of the NRC	✓		DO
6(4)(c)	Quorum: Higher of two members or 2/3 of total members including at least one independent director	✓		DO
6(4)(d)	Confirmation of minutes in the next meeting of the NRC	✓		In practice
6(5)	Role of the NRC			
6(5)(a)	Shall be independent and responsible or accountable to the Board and to the shareholders	✓		The NRC performs as per the CG Codes
6(5)(b)	shall oversee, among others, the following matters and make report with recommendation to the Board;	✓		
6(5)(b)(i)(a)	Remuneration shall be reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully	✓		DO
6(5)(b)(i)(b)	Clear relationship among remuneration, performance & benchmarks	✓		DO
6(5)(b)(i)(c)	Balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals	✓		DO
6(5)(b)(ii)	Devising a policy on Board's diversity	✓		See Annexure-E titled "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 practice
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 2023"
7	External or Statutory Auditors			
7(1)(i)	Not involved in appraisal or valuation services or fairness opinions	✓		In practice
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



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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 34th AGM of the Company
8	Maintaining a website by the Company			
8(1)	An official website linked with the website of the stock exchange	✓		Company Website is duly linked with those of the stock exchanges
8(2)	A website functional from the date of listing	✓		In place
8(3)	Available detailed disclosures on its website as required under the listing regulations of the stock exchange(s).	✓		In place
9	Reporting and Compliance of Corporate Governance			
9(1)	Compliance certificate on Corporate Governance Code of the Commission in the Annual Report.	✓		The Certificate of Compliance obtained from Hoque Bhattacharjee Das & Co. is duly presented in the Annual Report
9(2)	The compliance auditor shall be appointed by the shareholders in the AGM	✓		The appointment of Hoque Bhattacharjee Das & Co. as compliance auditor was duly approved by the shareholders in the 34th 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 2023

a) Parent/Subsidiary companies and other related parties:

NAME	STATUS	NO. OF SHARES HELD	PERCENTAGE
Heidelberg Materials Netherlands Holding B.V. Formerly known as HeidelbergCement Netherlands Holding B.V.	Foreign	22,493,020	39.81
Heidelberg Materials 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 Heidelberg Materials Netherlands Holding B.V.)	Chairman	Nil	Nil	Nil
Mr. Jose Marcelino Ugarte (Nominee of Heidelberg Materials Netherlands Holding B.V.)	Managing Director	Nil	Nil	Nil
Mr. Abdul Khalek, FCA	Independent Director	Nil	Nil	Nil
Mr. Md. Shahjahan Majumder, 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 Heidelberg Materials Netherlands Holding B.V.)	Director	Nil	Nil	Nil
Mr. Fong Wei Kurk (Nominee of Heidelberg Materials 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 Heidelberg Materials 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. Kazi Md. Mainuddin Sayem	Director Sales and Marketing	Nil

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

NAME	STATUS	NO. OF SHARES HELD	PERCENTAGE
Heidelberg Materials Netherlands Holding B.V.	Foreign	22,493,020	39.81
Heidelberg Materials Asia Holding GmbH	Foreign	11,784,390	20.86



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

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

1. Preamble

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

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

The terms of reference of the Committee are as follows:

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

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

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

2. Definitions

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

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

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

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

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

3. Scope

This policy is applicable to:

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

4. Criteria for identification of Directors and Top Level Executives

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

a. Qualifications for appointment as Director (Including Independent Directors)

- ▶▶ Personal and professional ethics, integrity and values;
- ▶▶ Educational and professional background;
- ▶▶ Leadership skills, standing in the profession;
- ▶▶ Business knowledge, relevant competencies and skills, and experience;
- ▶▶ Actual or potential conflicts of interest, if any;
- ▶▶ Any applicable provisions of the Companies Act, 1994 and the Rules made thereunder; and
- ▶▶ The requirements under condition 1 & 3(1) of the Code.

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

b. Positive attributes of Directors (including Independent Directors)

- ▶▶ Individuals having eminence, standing and knowledge with significant achievements in business, professions and/or public service;
- ▶▶ Individuals who hold sound financial or business literacy/skills;
- ▶▶ Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively and the willingness to address issues proactively;
- ▶▶ Actively update their knowledge and skills with the latest developments in the industry, market conditions and applicable legal provisions;
- ▶▶ Willingness to devote sufficient time and attention to the Company’s business and to effectively carry out duties and responsibilities;

- ▶ To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- ▶ Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company; and
- ▶ To act within their authority to assist in protecting the legitimate interests of the Company, its shareholders and employees.

c. Independence of Directors

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

d. Appointment of Top Level Executives

Top Level Executives shall:

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

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

5. Board Diversity

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

6. Remuneration

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

i) Fixed Remuneration

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

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

ii) Performance Based Remuneration:

(a) Performance Management System (PMS)

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

(b) Variable Pay

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

The variable pay shall be divided into two parts, of which the first part would be dependent on the Company's performance which shall be measured in financial terms such as achievement of targeted EBIT or Net Profit during the previous calendar year. The other part shall depend upon the individual employee's performance against the targets set in the goal agreement with the Company. The weightage of the Company performance vis-a-vis individual performance in the variable pay may range from 40 to 60 percent depending upon seniority of the concerned employee in the organization structure.

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

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

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

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

7. Retirement Benefits

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

8. Termination Payments

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

9. Review and Amendment

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



ANNEXURE-F

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

Certificate of membership of BAPLC



OTHER REGULATORY DISCLOSURES:

- ▶▶ The Company is aware of its various risks and concerns, mainly from the policy and regulatory fronts, and is prepared to meet those by systematic control.
- ▶▶ The Company’s IPO was made in the Eighties. No further issue of any instrument was made during the year.
- ▶▶ From inception, the financial results of the Company have continued to grow as reflected in the yearly financial statements of the Company.
- ▶▶ As per IFRS/IAS presentation of Financial Statements, no items of income and expense are to be presented as extraordinary gain or loss in the financial statements. Accordingly, no extraordinary gain or loss has been recognized in the financial statements.
- ▶▶ No significant variations have occurred between the quarterly and annual financial results of the Company during 2023.
- ▶▶ During the year, the Company has paid a total amount of BDT 402k as Board meeting attendance fees. The remuneration of Directors has been mentioned in Note No. 42 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 25% cash dividend for the year 2023.


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, 2023.

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, 2023, and December 31, 2023 have been considered.


(BDT in Million)

Sl. No.	Items	31-Dec-23 HCBL	31-Dec-23 LHBL	30-Jun-23 CROWNCEMNT	30-Jun-23 MEGHNACEM	30-Jun-23 PREMIERCEM	30-Jun-23 CONFIDCEM	30-Jun-23 ARAMITCEM	
1	Revenue	17,956	-	24,183	3,524	21,833	4,544	135	
2	Gross Profit	2,068	-	3,765	664	2,020	310	-118	
3	Net Profit After Tax	459	5,942	610	17	-842	264	-581	
4	Dividend	Cash	25%	50%	20%	5%	10%	5%	Nil
		Stock	Nil	Nil	Nil	5%	Nil	5%	Nil
5	EPS (Taka)	8.13	5.12	4.11	0.57	-7.99	3.21	-17.14	
6	NAVPS (Taka)	67.2	19.14	52.22	50.58	59.33	69.8	-4.49	
7	NOCFPS (Taka)	21.78	6.83	11.43	54.43	5.84	-3.03	1.5	

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., PREMIERCEM= 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. 44B 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, 06 March 2024



Jose Marcelino Ugarte
Managing Director

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 of

HEIDELBERGCEMENT BANGLADESH LTD.



SCAN CEMENT
HEIDELBERGCEMENT Group



RUBY CEMENT
HEIDELBERGCEMENT Group





Auditor's Report and Financial Statements

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 the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

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 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 3.

Basis for Opinion

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

Other Matters

The financial statements of the Company for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 27 April 2023.

Key Audit Matters

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

Description of Key Audit Matters	Our Response to the Key Audit Matters
<p>Revenue recognition and valuation of receivables</p> <p>The Company generates revenue by selling cement primarily in domestic market as well as some deemed exports.</p> <p>In 2023, the Company earned BDT 17,956 million in revenue, which is 7% increase over the previous year's revenue of BDT 16,767 million. The increase in revenue primarily driven by higher selling prices and with marginal increase in sales 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, as well as other credit enhancement mechanism which has helped to improve the realizability of revenue.</p> <p>Due to inherent risk associated with determination of revenues and recovery of accounts receivable balance as well as difficulties in forecasting expected credit loss in case of default by debtors this area require significant estimate and judgment.</p> <p>Therefore, we have considered this area as a key audit matter.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Understanding of the key controls related to the contracts with customers, goods delivery and invoicing process, and sanctioning of discount and commissions. • Assessment of the five step model for revenue recognition adopted by the Company in line with IFRS 15: Revenue, including cut-off point to satisfy performance obligation. • Credit approval process and assigning credit limit to a customer including collection of security related documents to mitigate/minimize loss in customer default; • Periodic balance confirmation from debtors; • Monitoring process for overdue receivables; and • Company's policy of creating provision against overdue receivables and periodic write off in line with IFRS 9. <p>Our substantive procedures in relation to the assessing valuation of receivables comprises the following:</p> <ul style="list-style-type: none"> • Reconciliation of debtors ageing to general ledger; • Conducting cut-off testing at the year-end; • Reviewing subsequent receipt of receivables balance; • Comparing current year rebate accruals to the prior year and issuance of credit notes post year-end; and • Recalculation of provision for trade receivables as required by IFRS 9 and compared against actual write off/loss on repossession in prior periods.
<p>See note number 3.15, 8 and 24 for details</p>	



Valuation of inventories

The Company's financial statement as at 31 December 2023 reflects a total inventory of BDT 1,590 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, management has engaged external professionals to accurately measure the quantity of the inventory at year-end.

Inventories are carried at the lower of cost and net realisable value (NRV). As a result, management has applied judgement in determining the appropriate values for inventories which may be slow-moving or obsolete and need to apply impairment provision creating valuation risk.

While excess holding of inventories could impact efficient use of working capital, similarly lower level of inventories can result in stock outs or irregular supply to the market.

Furthermore, the Company reported raw material consumption of BDT 13,745 million for the current year, which is marginally lower than prior year despite some growth in sales revenue during the same period.

Price of raw materials is influenced by international market prices, foreign currency fluctuations and other economic and geopolitical events.

Therefore, this area we have considered as a key audit matter.

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:

- We observed physical inventory counts and reviewed the reconciliation process of the count results to the inventory records maintained in the system.
- 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;
- We reviewed the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year;
- 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.
- We compared the net realizable value on test basis through a review of subsequent period sales and the cost price of a sample of inventories and comparison to the associated provision to assess whether inventory provisions are complete.

We discussed with management about their sales forecasting procedures and ordering of stocks, and inquired about remedial action taken in case of excess or shortage of inventories due to difference in forecast and actual results.

See note number 3,6 and 7 for details

Valuation of property, plant and equipment (PP&E) including impairment assessment of other items of PP&E

PPE is a significant asset category for the Company, and its carrying amount as at the year-end is BDT 4,809 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 proper 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.

See note number 3.3 and 4 for details

Legal, regulatory and other compliance matters	
<p>The Company being a listed entity, the Company has to maintain compliance with the requirements of the Bangladesh Securities and Exchange Commission (BSEC) including the rules, listing regulations, corporate governance code and other directives issued from time to time.</p> <p>The Company also 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.</p> <p>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.</p>	<p>We obtained an understanding of the Company's key controls over the legal and regulatory compliance process. To get more insights we performed following procedures:</p> <ul style="list-style-type: none"> • enquired the Company's internal legal council for all significant litigation and regulatory matters; • 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 and BSEC notification BSEC/CMRRCD/2009-193/10/admin/118 dated 22 March 2021 on related party transactions.

Reporting on other information

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs as explained in note 3, the Companies Act 1994, Bangladesh Securities and Exchange Rules 2020 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the 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 consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

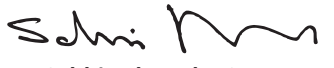
Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994 and the Securities and Exchange Rules 2020, we also report that:

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

The engagement partner on the audit resulting in this independent auditor's report is Sabbir Ahmed, FCA.

Date: 06 March 2024
DVC: 2403060770AS901778



Sabbir Ahmed, FCA, Partner
ICAB Enrolment no 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

Statement of Financial Position

As at 31 December 2023

	Notes	2023 BDT '000	2022 BDT '000
Assets			
Non-current assets			
Property, plant and equipment	4	4,809,929	5,012,834
Lease assets-RoU	4.2	517,250	580,207
Capital works-in-progress	5	201,615	207,175
Intangible assets	6	66,565	78,035
Total non-current assets		5,595,358	5,878,250
Current assets			
Inventories	7	1,590,884	2,004,964
Trade and other receivables	8	449,257	501,732
Advances, deposits and prepayments	9	670,908	164,739
Tax assets	22	19,895	-
Cash and cash equivalents	10	4,295,692	230,109
Total current assets		7,026,637	2,901,545
Total assets		12,621,995	8,779,795
Equity and liabilities			
Capital and reserves			
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		3,066,612	2,663,706
		3,796,856	3,393,949
Non-current liabilities			
Suppliers' credit-blocked	13	2,565	2,565
Quasi equity loan	14	122,636	122,636
ADP loan	14.1	12,699	12,699
Provision for KP Jetty dismantling		115,696	110,752
Borrowings	15	-	173,200
Financial lease liabilities-RoU-Long portion	16	170,240	193,934
Deferred tax liability	18	107,084	298,742
Total non-current liabilities		530,920	914,528
Current liabilities			
Trade and other payables	19	3,885,588	3,588,903
Bank overdraft	10	101,039	-
Borrowings	15.1	3,992,085	626,761
Finance lease liabilities-RoU-Current portion	16	53,268	85,749
Provision for workers profit participation fund	20	41,401	-
Unclaimed dividend	21	-	110,336
Current tax liabilities	22	220,838	59,570
Total current liabilities		8,294,219	4,471,318
Total liabilities		8,825,139	5,385,846
Total equity and liabilities		12,621,995	8,779,795

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

Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, Bangladesh
Dated, 06 March 2024
DVC: 2403060770AS901778



Sabbir Ahmed, FCA
Partner
Enrollment No.: 0770



Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

	Notes	2023 BDT '000	2022 BDT '000
Sales	24	17,955,715	16,766,939
Cost of goods sold	25	(15,887,341)	(15,691,907)
Gross profit		2,068,374	1,075,032
Other operating income / (expenses)	26	13,239	(3,797)
Warehousing, distribution and selling expenses	27	(512,666)	(475,770)
Administrative expenses	28	(682,118)	(616,579)
Operating profit/(loss)		886,830	(21,114)
Net finance expenses	29	(58,814)	(59,082)
Contribution to workers' profit participation fund	20	(41,401)	-
Profit/(loss) before tax		786,615	(80,195)
Income tax expense		(327,205)	(153,245)
Current year	30	(511,815)	(368,000)
Prior year		(7,047)	-
Deferred tax income	18.2	191,657	214,755
Profit/(loss) for the year		459,410	(233,441)
Earnings per share (EPS)	31	8.13	-4.13
Profit/(loss) for the year		459,410	(233,441)
Other comprehensive income			
Item will not be reclassified to profit or loss			
Remeasurements of defined benefit liability net off related taxes		-	10,898
Total comprehensive income for the year		459,410	(222,543)

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



Jose Marcelino Ugarte
Managing Director



Jashim Uddin Chowdhury, FCA
Director & Chief Financial Officer



Md. Emdadul Haque, FCA
Company Secretary

See our annexed report of same date

Dhaka, Bangladesh
Dated, 06 March 2024
DVC: 2403060770AS901778

Hoda Vasi Chowdhury & Co
Chartered Accountants



Sabbir Ahmed FCA
Partner
Enrollment No.: 0770



Statement of Changes in Equity

For the year ended 31 December 2023

Particulars	Share capital	Reserve	General reserve	Dividend equalization fund	Retained earnings	Total
	BDT '000	BDT '000	BDT '000	BDT '000	BDT '000	BDT '000
Year 2022						
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
Balance as at 31 December 2022	565,036	141,607	15,000	8,600	2,663,706	3,393,949
Year 2023						
Balance as at 01 January 2023	565,036	141,607	15,000	8,600	2,663,706	3,393,949
Payment of dividend for 2022	-	-	-	-	(56,504)	(56,504)
Net profit for the year	-	-	-	-	459,410	459,410
Balance as at 31 December 2023	565,036	141,607	15,000	8,600	3,066,612	3,796,856

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



Statement of Cash Flows

For the year ended 31 December 2023

	Notes	2023 BDT '000	2022 BDT '000
Cash flows from operating activities			
Collections from customers	32.1	18,026,208	16,663,718
Cash received from other operating income		(6,040)	14,081
Cash paid to suppliers	32.2	(13,913,607)	(14,240,352)
Cash paid for operating expenses	32.3	(2,440,477)	(1,859,945)
Adjustment/(Payment) of financial expenses net of exchange gain		553	(2,532)
Interest income		234,904	13,360
Interest expenses		(293,165)	(76,819)
Income tax paid	33	(377,489)	(296,838)
Net cash flow generated from operating activities (a)		1,230,888	214,671
Cash flows from investing activities			
Acquisition of non-current assets		(209,082)	(223,354)
Proceeds from sale of non-current assets	35	3,631	4,045
Net cash used in investing activities (b)		(205,452)	(219,309)
Cash flows from financing activities			
Proceeds from Bank Loan_UPAS	15.1	3,992,085	313,561
Repayment of Bank Loan	15.1	(799,961)	(313,200)
Repayment of lease liabilities		(86,177)	(83,469)
Unclaimed dividend transferred to CMSF	36	(31,660)	-
Dividend paid	36	(135,180)	(68,856)
Net cash flow used in financing activities (c)		2,939,108	(151,964)
Net increase/(decrease) in cash and cash equivalents (a+b+c)		3,964,544	(156,603)
Opening cash and cash equivalents		230,109	386,712
Closing cash and cash equivalents*		4,194,654	230,109

* 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



Notes to financial statements

For the year ended 31 December 2023

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

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

The Company in its 8th Extraordinary General Meeting of shareholders held on 25 February 2020 approved the scheme of Amalgamation of Meghna Energy Limited with HeidelbergCement Bangladesh Limited (HCBL/the Company). The Hon'ble High Court Division of the Supreme Court of Bangladesh sanctioned the approval of the above Scheme of Amalgamation by an order dated 22 July 2020.

The Company in its 9th Extraordinary General Meeting of shareholders held on 02 May 2021 approved the scheme of Amalgamation of Emirates Cement Bangladesh Limited (ECBL) and Emirates Power Company Limited (EPCL) with HeidelbergCement Bangladesh Limited (HCBL/the Company). The Hon'ble High Court Division of the Supreme Court of Bangladesh sanctioned the approval of the above Scheme of Amalgamation by an order dated 24 October 2021. ECBL cement plant is situated at East Mukterpur, Munshiganj, Bangladesh with annual production capacity of 660,000 MT cement. EPCL Power plant is situated at East Mukterpur, Munshiganj, Bangladesh. The Company went into production from June 2005 with production capacity of 10 MW.

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

The number of employees at the year end was 339 (2022: 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, Ruby and Scan Cement.

2. Basis of preparation

2.1. Statement of compliance

These financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRSs), applicable sections of the Companies Act 1994 and the Securities and Exchange Rules 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.

2.2. Date of approval

The board of directors of the company has authorised these financial statements for issue on 06 March 2024.

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"



Notes to financial statements

For the year ended 31 December 2023

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 17 Gratuity

Note 18 Deferred tax liability

Note 19 Trade and other payables

Note 30 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 and the Board monitors performance of the Company as a whole. However, for top line monitoring, revenue/sales quantity by plant is monitored. Hence, the Company is only reporting location/plant wise revenue segments in Note # 24.

Notes to financial statements

For the year ended 31 December 2023

2.11 Application of standards

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

- IAS 1 Presentation of financial statements
- IAS 2 Inventories
- IAS 7 Statement of cash flows
- IAS 8 Accounting policies, changes in accounting estimates and errors
- IAS 10 Events after the reporting period
- IAS 12 Income taxes
- IAS 16 Property, plant and equipment
- IAS 19 Employee benefits
- IAS 21 The effects of changes in foreign exchange rates
- IAS 23 Borrowing costs
- IAS 24 Related party disclosures
- IAS 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.

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 account.

The rate of relevant foreign exchange at year-end:

	2023	2022
1 US Dollar = BDT	109.54	103.14
1 EURO = BDT	120.92	110.41
1 Aus Dollar = BDT	74.61	70.25

3.2. Financial instruments

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

3.2.1. Financial assets

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

The Company derecognizes a financial asset when the contractual rights or probabilities of receiving the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

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

3.2.2. Financial liabilities

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

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

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



Notes to financial statements

For the year ended 31 December 2023

3.3. Property, plant and equipment

3.3.1. Recognition and measurement

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

3.3.2. Subsequent costs

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

3.3.3. Depreciation

Depreciation is charged on straight-line method consistent with the Company's depreciation policy. Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives. In respect of acquisition of fixed assets, depreciation is charged when assets is available for use and no depreciation is charged at the date of de-recognition or the assets is fully depreciated.

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

Category of assets	2023	2022
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.

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



Notes to financial statements

For the year ended 31 December 2023

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: Financial Instruments.

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 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."



Notes to financial statements

For the year ended 31 December 2023

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 2023 and newly enacted Income Tax Act 2023.

3.12.2. Deferred tax

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

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

3.13 Workers' profit participation fund

The Company has provided for WPPF in terms of section 234(1)(b) of Bangladesh Labor (Amendment) Act 2013, 5% of the net profit of each year, not later than nine (9) months from the close of that period, is required to be transferred to the Fund, the proportion of the payment to the Participation Fund and the Welfare Fund being 80:10. The remaining 10% of the amount of net profit shall be paid by the Company to the Workers' Welfare Foundation Fund, as formed under Bangladesh Workers' Welfare Foundation Act,

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).

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)

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

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

3.15.1. Revenue is 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.



For the year ended 31 December 2023

3.16 Finance expenses

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

3.17 Advertising and promotional expenses

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

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 charge

3.21 Basis of allocation of depreciation

Basis allocation of depreciation in different overheads are as fol

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

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 4

3.25 Operating environment

The Company's operating environment during the year ended 2023 were impacted by a number of major global geo-political events and conflict, volatile fuel and commodity prices, unpredictable foreign exchange and interest rate etc. Most of these events also had significant impact on the local economic environment affecting the Company's operations. From time to time, the Government of Bangladesh has issued various directives to manage impacts from these events which the Company has followed. Management on regular basis review and monitor the global and country specific macro-economic situation and factor these issues into the decision making process.

3.26 Standard issued but not yet effective

A number of new standards and amendments to standards are effective for annual period beginning on 1 January 2023 which have been duly adopted. However, none of these new and/or amended standards have any significant impact on the Company's financial statement

A number of new standards and amendments to standards are effective for annual periods beginning after 31 December 2023 and earlier application is permitted. However, the Company has not yet assessed possible impact of these new and/or amended standards on the Company's financial statement


Notes to financial statements

For the year ended 31 December 2023

4 Property, plant and equipment:

Particulars	Land and building	Plant and machinery	Furniture and equipment	Transport and vehicles	Total
	BDT '000	BDT '000	BDT '000	BDT '000	BDT '000
Cost					
At 01 January 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)
Balance at 31 December 2022	3,982,289	7,030,081	216,539	117,203	11,346,112
Depreciation					
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)
Balance at 31 December 2022	1,381,037	4,709,051	176,531	66,660	6,333,278
Net book value at 31 December 2022	2,601,252	2,321,030	40,008	50,544	5,012,834
Cost					
At 01 January 2023	3,982,289	7,030,081	216,539	117,203	11,346,112
Additions	15,588	162,831	22,002	12,453	212,874
Disposal	(3,065)	(5,157)	(19,329)	(13,023)	(40,574)
Balance at 31 December 2023	3,994,812	7,187,755	219,212	116,633	11,518,412
Depreciation					
At 01 January 2023	1,381,037	4,709,051	176,531	66,660	6,333,278
Depreciation expense	102,169	283,552	12,597	13,883	412,201
Disposal	(1,515)	(5,157)	(19,298)	(11,026)	(36,996)
Balance at 31 December 2023	1,481,691	4,987,446	169,829	69,517	6,708,483
Net book value at 31 December 2023	2,513,121	2,200,309	49,382	47,116	4,809,929

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

	31.12.2023 BDT '000	31.12.2022 BDT '000
Land and building		
Non-factory building	15,588	34,295
	15,588	34,295
Plant and machinery		
Equipment apparatus and accessories	57,030	88,226
Electrical installation	95,814	34,809
Tools and equipment	9,987	1,263
	162,831	124,298
Furniture and equipment		
Furniture and fixture	2,807	14,553
Sundry assets	-	381
Computer	6,185	3,138
Office equipment	13,010	4,840
	22,002	22,912
Transport And Vehicles		
Pick up van/vehicle	12,453	17,248
	12,453	17,248
	212,874	198,753



4.2 Lease Assets-RoU

Particulars	RoU Land and Buildings	RoU Transport and vehicles	Total
	BDT '000	BDT '000	BDT '000
Cost			
At 01 January 2022	429,260	614,600	
Additions	705,242	281,168	
Disposal	(10,117)	(10,117)	
Balance at 31 December 2022	284,286	885,651	
Amortization			
At 01 January 2022	103,251	215,053	
Amortization expense	55,388	91,544	
Disposal	(1,153)		(1,135)
Balance at 31 December 2022	168,437	305,445	
Net book value at 31 December 2022	516,728	63,479	580,207
Cost			
At 01 January 2023	284,286	885,652	
Additions	42,152		42,152
Disposal		(12,150)	
Balance at 31 December 2023	188,936	915,654	
Amortization			
At 01 January 2023	168,437	305,445	
Amortization expense	55,229	92,960	
Disposal	-	-	
Balance at 31 December 2023	175,278	398,404	
Net book value at 31 December 2023	503,642	13,608	517,250

4.3 Allocation of depreciation & amortization expense:

	31.12.2023 BDT '000	31.12.2022 BDT '000
Manufacturing, labor and overheads (note 25.4)	328,828	
Warehousing, distribution and selling expenses (note 27)	75,629	
Administrative expense (note 28)	53,582	
	505,161	530,924

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		
2023						
Land and building	3,065	1,550	-		Company policy/ tender	Third parties
Plant and machinery	5,157	0	230		Company policy/ Retirement	
Furniture and equipments	19,328	31	401		Company policy/ tender	Employee
Transport and vehicles	13,028	1,997	3,000		Company policy/ tender	Third parties
Total 2023	40,596	3,578	3,631			
2022	251,747	39,974	11,772	4045	Company policy/ tender	Employee/ third parties


Notes to financial statements

For the year ended 31 December 2023

5 Capital works-in-progress

Particulars	Intangible	Land and	Plant and	Furniture and	Total
	Assets	Buildings	Machinery	Equipment	
	BDT '000BDT '000BDT '000BDT '000BDT '000				
At 1 January 2022	38,120	124,498	-	194,532	
Addition	44,519	157,841	-	202,360	
Capitalized during the year	(34,295)	(124,298)	-	(189,717)	
At 31 December 2022	49,134	158,041	-	207,175	
At 1 January 2023	49,134	158,041	-	207,175	
Addition	97,345	86,594	17,348	132,211	
Capitalized during the year	(97,431)	(109,068)	(17,348)	(137,771)	
At 31 December 2023	66,048	135,567	-	201,615	

Software	Total
BDT '000	BDT '000

6 Intangible assets

Cost		
At 01 January 2022	90,885	90,885
Addition	11,959	11,959
Balance at 31 December 2022	102,844	102,844
Amortization		
To 01 January 2022	11,608	
Charge for the year	13,202	
Total to 31 December 2022	24,810	
At 31 December 2022	78,035	78,035
Cost		
At 01 January 2023	102,844	
Addition	1,768	
Balance at 31 December 2023	104,612	
Amortization		
To 01 January 2023	24,810	
Charge for the year	13,238	
Total to 31 December 2023	38,047	
At 31 December 2023	66,565	66,565

31.12.2023	31.12.2022
BDT '000	BDT '000

7 Inventories

Raw materials	570,869	570,869
Finished goods	149,693	149,693
Packing materials	168,518	168,518
Stores and spares	740,594	740,594
	2,008,630	2,008,630
Provision for slow moving stores and spares	(13,786)	(13,786)
	1,590,884	2,004,964


Notes to financial statements

For the year ended 31 December 2023

	31.12.202 BDT '000	31.12.202 BDT '000
8 Trade and other receivables		
Trade receivable		
Considered good	400,610	471,110
Considered doubtful	80,550	81,240
	481,170	552,350
Other receivable		
Third party	45,170	17,170
Inter-compar	3,460	13,440
	48,630	30,620
Provision for doubtful debt	80,550	(81,240)
	449,250	501,730
Receivable covered under security	462,030	474,170
Outstanding for a period exceeding six months	107,360	88,620

Trade and other receivables were stated at their nominal value. Adequate provisions have 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	50,450	16,580
Letter of Credit (LC) margin	387,350	-
Security and other deposits	225,320	134,020
Prepayment	7,770	14,130
	670,900	164,730
9.1 Amount realized/adjusted during the year from the balance sheet date	99,090	169,680
9.2 These include aggregate amount due by, executives, managers, officers and staffs	184	107
9.3 The maximum aggregated amount due by executives, managers, officers and staffs of the company at the end of any month during the year	1,000	-
9.4 Advance outstanding for a period exceeding six months	40,000	-

10 Cash and cash equivalents		
Cash in hand	48	45
Cash at bank in current accounts	14,310	10,300
Short term bank deposits (S)	264,360	202,800
Fixed deposits receipts (F)	4,016,950	16,950
	4,295,690	230,100

FDR includes an amount of BDT 16,958 thousand (2022: 16,958 thousand) held under lien in favour of Customs Authority.

10.1 Bank Overdraft		
In current account with Standard Chartered Bank	101,030	-
Closing cash and cash equivalents as disclosed in cash flow statement	4,194,650	230,100


Notes to financial statements

For the year ended 31 December 2023

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 7th Extra-Ordinary General Meeting (EGM), held on 27 November 2011, to comply with the Bangladesh Securities and Exchange Commission order no. SEC/CMRRCD/2009-193/109 dated 15 September 2011.

100,000,000 ordinary shares of BDT 10	1,000,000	1,000,000
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11.2 Issued, subscribed and paid-up cap

36,358,870 ordinary shares of BDT 10 each fully p	363,580	363,580
20,144,710 ordinary shares of BDT 10 each issued as fully paid-up bonu	201,440	201,440
	565,030	565,030

11.3 Percentage and value of shareholdi

	Percentage (%)		31.12.2023 BDT '000	31.12.2022 BDT '000
	31.12.2023	31.12.2022		
Foreign shareholde				
Heidelberg Materials Netherlands Holding	39.81%	39.81%	224,930	224,930
Heidelberg Materials Asia Holding GmbH	20.86%	20.86%	117,840	117,840
	60.67%	60.67%	342,770	342,770
Bangladeshi shareholders				
General public	13.07%	12.50%	73,870	70,670
Company's employees	0.18%	0.19%	1,030	1,050
Investment Corporation of Bangladesh (ICB)	12.49%	12.49%	70,580	70,580
Other financial institutions	13.59%	14.15%	76,780	79,950
	39.33%	39.33%	222,260	222,260
	100.00%	100.00%	565,030	565,030

11.4 Classification of shareholders by hold

Shareholding rang	Number of shareholde	
	2023	2022
Less than 5000 shar	9,917	8,995
5001 to 50,000 shar	226	204
50,001 to 200,000 sha	38	48
200,001 to 500,000 sha	8	7
500,001 to 10,000,000 sha	6	6
Over 10,000,000 sha	2	2
	10,197	9,262

11.5 Option on un-issued shar

There is no option on un-issued share ca

12 Reserve

	31.12.2023 BDT '000	31.12.2022 BDT '000
Balance as at 1 Janu	141,600	141,600
Balance as at 31 Decemb	141,600	141,600

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 Bebcok, 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 2023

	31.12.202 BDT '000	31.12.202 BDT '000
14 Quasi equity loan		
Fixed assets revaluation surp	104,120	104,120
Government equity contribution	20,000	20,000
	<u>124,120</u>	<u>124,120</u>
Foreign currency devaluation	(1,486)	(1,486)
	<u>122,634</u>	<u>122,634</u>

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

Suppliers' credit (note 13)	2,560
Quasi equity loan (note	122,634
ADP interest-excess provis	12,690
	<u>137,900</u>

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

15 Borrowings- Term loan-non-current portion

Citibank N.A	-	173,200
	<u>-</u>	<u>173,200</u>

15.1 Borrowings- Term loan-current portion

Citibank N.A	-	313,200
Short term UPAS loan	3,992,080	313,560
	<u>3,992,080</u>	<u>626,760</u>

Citibank NA Term loan :

HeidelbergCement Bangladesh Limited obtained 5 years Term Loan of BDT 1,566 million from Citibank N.A. for the acquisition of Emirates Cement Bangladesh Limited and Emirates Power Company Limited in 2019. On 22nd March 2023 the company paid entire loan balance of BDT 486,400 thousand.

16 Finance Lease liability

	31.12.202 BDT '000	31.12.202 BDT '000
Long-term liabilities from finance lease-(non-current p	170,240	193,930
Long-term liabilities from finance lease (current p	53,260	85,740
	<u>223,500</u>	<u>279,670</u>

Maturity analysis of Lease liabilities

No later than one mo	28,580	28,670
Later than one month and not later than three m	9,280	10,250
Later than three months and not later than on	15,390	46,820
Later than one year and not later than five	89,360	193,930
More than five ye	80,870	-
Tota	<u>223,500</u>	<u>279,670</u>



Notes to financial statements

For the year ended 31 December 2023

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 7th Extra-Ordinary General Meeting (EGM), held on 27 November 2011, to comply with the Bangladesh Securities and Exchange Commission order no. SEC/CMRRC/2009-193/109 dated 15 September 2011.

100,000,000 ordinary shares of BDT 10 each 1,000,000 1,000,000

11.2 Issued, subscribed and paid-up capital

36,358,870 ordinary shares of BDT 10 each fully paid up 363,588 363,588
 20,144,710 ordinary shares of BDT 10 each issued as fully paid-up bonus shares 201,448 201,448
565,036 565,036

11.3 Percentage and value of shareholdings

	Percentage (%)		31.12.2023 BDT '000	31.12.2022 BDT '000
	31.12.2023	31.12.2022		
Foreign shareholders				
Heidelberg Materials Netherlands Holding B.V.	39.81%	39.81%	224,930	224,930
Heidelberg Materials Asia Holding GmbH	20.86%	20.86%	117,844	117,844
	60.67%	60.67%	342,774	342,774
Bangladeshi shareholders				
General public	13.07%	12.50%	73,870	70,678
Company's employees	0.18%	0.19%	1,031	1,051
Investment Corporation of Bangladesh (ICB)	12.49%	12.49%	70,581	70,581
Other financial institutions	13.59%	14.15%	76,780	79,952
	39.33%	39.33%	222,262	222,262
	100.00%	100.00%	565,036	565,036

11.4 Classification of shareholders by holding

Shareholding range	Number of shareholders	
	2023	2022
Less than 5000 shares	9,917	8,995
5001 to 50,000 shares	226	204
50,001 to 200,000 shares	38	48
200,001 to 500,000 shares	8	7
500,001 to 10,000,000 shares	6	6
Over 10,000,000 shares	2	2
	10,197	9,262

11.5 Option on un-issued shares

There is no option on un-issued share capital

12 Reserve

	31.12.2023 BDT '000	31.12.2022 BDT '000
Balance as at 1 January	141,607	141,607
Balance as at 31 December	<u>141,607</u>	<u>141,607</u>

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 2023

14 Quasi equity loan

Fixed assets revaluation surplus
Government equity contribution

Foreign currency devaluation

	31.12.2023 BDT '000	31.12.2022 BDT '000
	104,122	104,122
	20,000	20,000
	124,122	124,122
	(1,486)	(1,486)
	122,636	122,636

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

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

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

15 Borrowings- Term loan-non-current portion

Citibank N.A

15.1 Borrowings- Term loan-current portion

Citibank N.A
Short term UPAS loan

	-	173,200
	-	173,200
	-	313,200
	3,992,085	313,561
	3,992,085	626,761

Citibank NA Term loan :

HeidelbergCement Bangladesh Limited obtained 5 years Term Loan of BDT 1,566 million from Citibank N.A. for the acquisition of Emirates Cement Bangladesh Limited and Emirates Power Company Limited in 2019. On 22nd March 2023 the company paid entire loan balance of BDT 486,400 thousand.

16 Finance Lease liability

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

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
More than five years
Total

	31.12.2023 BDT '000	31.12.2022 BDT '000
	170,240	193,934
	53,268	85,749
	223,508	279,683
	28,588	28,677
	9,282	10,250
	15,397	46,821
	89,364	193,934
	80,876	-
	223,508	279,683



Notes to financial statements

For the year ended 31 December 2023

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 2023.

	2023	2022
Principal actuarial assumption		
Discount rate	7%	7%
Expected return of fund assets	7%	7%
Rate of expected increase in salaries	7%	7%

18 Deferred tax liability

	31.12.2023 BDT '000	31.12.2022 BDT '000
Opening balance	298,742	515,498
Provision/ (reversal) made during the year	(191,657)	(214,755)
Net defined benefit gratuity	-	(2,002)
Closing balance	107,084	298,742

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

Property, plant and equipment	202,423	404,444
Provision for lease liability	(67,841)	(78,087)
Provision for inventories	(11,387)	(11,367)
Provision for doubtful debts	(16,111)	(16,248)
	107,084	298,742

18.2 Movement in deferred tax balance

	Net balance at 1st Jan 2023	Recognized in Profit or loss	Net balance at 31st Dec 2023
Property, plant and equipment	336,130	(133,707)	202,423
Provision for Lease Liability	(78,087)	10,246	(67,841)
Provision for Inventories	(11,367)	(20)	(11,387)
Provision for doubtful debts	(16,248)	137	(16,111)
Meghna energy assets revaluation	68,314	(68,314)	-
Deferred Tax Liability	298,742	(191,657)	107,084





Notes to financial statements

For the year ended 31 December 2023

31.12.2023
BDT '000

31.12.2022
BDT '000

19 Trade and other payables

Trade payables (*)	1,094,153	1,434,828
Creditors for other finance (note 19.1)	198,044	121,380
Creditors for revenue expenses (note 19.2)	2,293,691	1,732,995
Interest accrued	299,700	299,700
	3,885,588	3,588,903

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

19.1 Creditors for other finance

Security deposits	24,580	24,180
VAT deduction at source	24,430	28,686
Tax deduction at source	36,213	45,173
Receivable from employees provident fund	(8,103)	2,935
Inter company payables	14,808	10,548
Payable for capital expenditure	23,033	8,892
Others	83,083	967
	198,044	121,380

19.2 Creditors for revenue expenses

Revenue charges	795,241	649,801
Employees remuneration	68,200	50,679
Group License fee	131,805	57,273
Technical know-how fee (Note 19.3)	1,298,444	975,241
	2,293,691	1,732,995

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 Heidelberg Material Asia Pte Ltd. and the "Master License Agreement" with Heidelberg Material AG. According to the replaced agreements, @ 0.85% (year 2022 @ 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

Provision for liabilities and charges includes provision for Worker's Profit Participation Fund (WPPF) of BDT 41,401 thousand. Year 2022 was BDT nil due to PBT loss. This represents 5% of net profit before charging WPPF (note 3.13).

21 Unclaimed dividend

Opening balance	110,336	32,282
Addition during the year	56,504	146,909
Paid to shareholders	(135,180)	(68,856)
Fund transfer to CMSF	(31,660)	-
Closing balance	-	110,336

In compliance with Bangladesh Securities and Exchange Commission (BSEC) Directives No. BSEC/CMRRC/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. Up to 31st December 2023 the company transferred total BDT 220,800 thousand, out of this during year 2023 have transferred BDT 31,660 thousand to CMSF.

22 Current income tax liability

Opening balance		59,570	(11,592)
Addition during the year:			
Current year provision		511,815	368,000
Prior year liability:			
Prior year expenses	7,047		
Prior year tax assets*	19,895	26,942	-
		538,757	368,000
Paid during the year		(377,489)	(296,838)
Closing balance		220,838	59,570

*During the year 2023, Income Year 2018 final assessment has been completed with tax refund of BDT 19,895 thousand, and this tax assets will be adjusted with future tax liability and hence shown separately in balance sheet.



Notes to financial statements

For the year ended 31 December 2023

31.12.2023
BDT '000

31.12.2022
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 08.09.1986, 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	186,802	115,965
iv)	Financial commitments:		
	Confirmed irrevocable letters of credit _Note 38	12,615,467	3,869,590
v)	Capital expenditure authorized but not contracted for	20,375	79,056
vi)	Capital expenditure authorized and committed for	172,956	149,369
		13,012,558	2,445,740



Notes to financial statements

For the year ended 31 December 2023

24 Sales

				2023 BDT '000	2022 BDT '000
	Chittagong	Dhaka	Muktarpur		
Domestic	5,161,804	9,452,467	3,334,714	17,948,985	16,617,283
Export	3,715	3,015	-	6,730	149,656
Total Sales	5,165,519	9,455,482	3,334,714	17,955,715	16,766,939

25 Cost of goods sold

Opening stock of raw materials (note 25.1)	1,224,425	1,399,290
Raw materials purchased (note 25.1)	13,244,923	13,609,622
Closing stock of raw materials (note 25.1)	(723,959)	(1,224,425)
Raw materials consumed	13,745,389	13,784,488
Manufacturing labor and overhead (note 25.4)	2,088,911	1,935,381
Cost of production	15,834,300	15,719,869
Opening finished goods	199,733	171,771
Closing finished goods	(146,692)	(199,733)
Cost of goods sold	15,887,341	15,691,907

25.1 Raw materials consumed

Opening inventory:

Clinker	743,453	833,987
Gypsum	80,542	119,609
Iron slag	126,312	155,701
Limestone & other	74,028	130,372
Fly ash	51,642	58,493
Packing materials	148,448	101,129
	1,224,425	1,399,290

Purchase:

Clinker	8,666,967	9,333,671
Gypsum	433,324	379,715
Iron slag	1,238,398	1,275,316
Limestone and others	891,925	800,057
Fly ash	1,100,244	974,973
Packing materials	914,064	845,889
	13,244,923	13,609,622
	14,469,348	15,008,913

Raw materials available for consumption

Closing inventory:

Clinker	(223,169)	(743,453)
Gypsum	(92,388)	(80,542)
Iron slag	(42,773)	(126,312)
Limestone and other	(118,603)	(74,028)
Fly ash	(84,774)	(51,642)
Packing materials	(162,252)	(148,448)
	(723,959)	(1,224,425)
	13,745,389	13,784,488

Raw materials consumed

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

	Opening stock		Closing stock		Sales-net	Sales-net
	Qty-M.T	BDT	Qty-M.T	BDT	Qty-M.T	BDT
Year 2023	28	199,733	23	146,692	2,185	17,955,715
Year 2022	28	171,771	28	199,733	2,213	16,766,939



Notes to financial statements

For the year ended 31 December 2023

25.3 Analysis of raw materials consumption (figures in thousand)

	2023		2022	
	Qty-M.T	BDT	Qty-M.T	BDT
Raw materials				
Clinker	1,305	9,187,252	1,316	9,424,205
Gypsum	98	421,479	97	418,782
Iron slag	312	1,321,938	313	1,304,704
Limestone and others	174	847,350	205	856,402
Fly ash	291	1,067,111	322	981,825
Packing materials (000 Pcs)	38,879	900,259	37,226	798,570
		13,745,389		13,784,488

25.4 Manufacturing labor and overhead

Personnel Cost:

Salaries, wages and bonus	216,067	200,946
Welfare and other benefits	25,319	22,666
	241,386	223,612
Power and fuel costs	896,053	620,350
Depreciation expense (note 4.3)	378,871	398,193
Stores and spares consumed	165,300	176,023
Cost of consumables	113,102	149,790
Repairs and maintenance	132,837	128,035
Insurance	13,786	10,404
Postage, telephone and telex	1,695	1,749
Traveling and conveyance	3,967	7,587
Rent, rates and taxes	29,354	41,522
Entertainment	10,146	9,346
Security guard	41,054	39,146
KP Jetty dismantling cost	-	80,752
Uniform, liveries and other administrative expenses	61,361	48,871
	2,088,911	1,935,381

26 Other operating income & Expenses

Berth hire charge	3,264	409
Scrap sales and sundry recoveries	10,910	13,201
Lease Cancellation	-	(377)
Foreign exchange losses	(2,195)	(8,209)
Profit/ (Loss) on sale of tangible assets	1,261	(8,820)
	13,239	(3,797)





Notes to financial statements

For the year ended 31 December 2023

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

Office supplies and Printing & stationary

Repairs and maintenance

Entertainment & others

	2023 BDT '000	2022 BDT '000
	94,967	82,019
	10,733	9,651
	105,700	91,670
	75,774	79,639
	72,215	68,331
	141,718	133,653
	64,257	51,335
	11,328	13,822
	12,203	9,995
	25,382	23,203
	1,917	1,970
	685	228
	(685)	(228)
	1,295	442
	421	593
	455	1,117
	512,666	475,770

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

Office supplies and Printing & stationary

Bank charges

Electronic data processing expense

Audit fee

Recruitment costs

Electricity

Vehicle running expense

Newspaper and periodicals

Subscription on others

Other administrative expenses

	102,002	87,519
	25,570	25,322
	127,572	112,841
	50,516	53,092
	13,238	13,202
	10,509	9,731
	8,278	2,867
	1,364	1,363
	870	750
	323,203	301,805
	74,532	57,273
	23,624	23,208
	7,561	7,269
	7,171	5,586
	1,491	768
	5,981	3,705
	5,061	4,689
	1,250	1,000
	993	55
	1,591	1,453
	12,591	12,703
	67	59
	1,220	1,137
	3,437	2,022
	682,118	616,579

29 Net finance (expenses)/ income

Interest income on bank deposits

Other Interest income

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 (loss)/gain

	234,834	13,360
	70	-
	(17,080)	(20,687)
	(7,312)	(49,572)
	(263,829)	(7,684)
	(4,943)	1,123
	-	1,846
	(58,261)	(61,614)
	(553)	2,532
	(58,814)	(59,082)



Notes to financial statements

For the year ended 31 December 2023

2023 BDT '000	2022 BDT '000
------------------	------------------

30 Income tax expense

The corporate tax rate applicable for the Company is 20% for the year 2023 (2022: 20%) as a "Publicly Traded Company". Current year tax provision has been accounted for at BDT 528,535 (2022: BDT 368,000) thousand.

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

	2023 %	2022 %	BDT '000	BDT '000
Profit/(Loss) before tax			786,615	(80,195)
Income tax @ statutory rate	20.0%	20.0%	157,323	-
Inadmissible expenses & Tax paid u/s 163	45.1%	459.9%	354,492	368,000
Current tax charges	65.1%	459.9%	511,815	368,000

As per the new Income Tax ACT 2023, for cement manufacturer HeidelbergCement Bangladesh Limited (HCBL) is to pay the minimum tax u/s 163 subject to the higher of (a) at the rate of 0.6% of total gross receipts u/s 163[5 Ka Sl-5], (b) tax deducted at source for corporate sales u/s 89, tax paid at import stage u/s 120; tax deducted at source of bank interest income u/s 102. (c) at the corporate tax rate is 20% on taxable income.

The company recognized estimated current tax expense of BDT 511,815 thousand.

31 Earnings per share

Profit/(Loss) after tax for the year	459,410	(233,441)
Weighted average number of shares outstanding at the end of the year	56,504	56,504
Earnings per share (Basic)	8.13	(4.13)

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

Basic earnings

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

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

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

Earning per share (diluted)

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



Notes to financial statements

For the year ended 31 December 2023

32 Notes to the Statement of Cash Flows:

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

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

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

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

32.1 Collection from customers

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

32.2 Cash paid to suppliers

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

32.3 Cash paid for operating expenses

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

33 Income tax paid

During the year the company has paid BDT 377,489 thousand (2021: BDT 296,838 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

	2023 BDT '000	2022 BDT '000
	-	2,127
	401	135
	3,000	1,783
	3,631	4,045

36 Payment of dividend

In 2023, the Company paid dividend BDT 166,840 thousand (2022: BDT 68,856 thousand) including payment to Capital Market Stabilization Fund (CMSF) to shareholders BDT 31,660 thousand.

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

Operating activities	2023 HCBL BDT '000	2022 HCBL BDT '000
Profit/(loss) before tax	786,615	(80,195)
Depreciation of property, plant and equipment	505,161	530,924
Amortization of intangible assets	13,238	13,202
loss/(Profit) on sale of Fixed Assets	(1,261)	8,820
(Increase)/Decrease in inventories	414,080	17,273
(Increase)/Decrease in Trade and other receivable	52,475	(102,750)
(Increase)/Decrease in advance, deposits and prepayments	(506,169)	233,125
Increase/(Decrease) in Trade & other payables	297,893	(152,694)
Increase/(Decrease) in Provision for WPPF	41,401	(35,101)
Increase/(Decrease) in Jetty Dismantling provision	4,943	80,752
Interest Expense reversed from last year	-	(1,846)
Income tax paid	(377,489)	(296,838)
Net cash flow generated from operating activities	1,230,888	214,671



Notes to financial statements

For the year ended 31 December 2023

38 Bank facilities

The Company has got the following credit facilities from Banks:

Letter of credit

Standard Chartered Bank
Citibank N.A
Bank Asia Limited
BRAC Bank PLC
Prime Bank PLC
National Credit and Commerce Bank PLC
Southeast Bank PLC
Eastern Bank PLC.
United Commercial Bank PLC

Short term loan facilities

Standard Chartered Bank
Prime Bank PLC
Eastern Bank PLC

Bank Guarantee opened ended

Standard Chartered Bank

Grand Total

Securities:

The above mentioned limits are secured by Letter of Hypothecation, Demand Promissory Note and Letter of Continuation.

	2023 BDT '000	2022 BDT '000
Letter of credit	4,528,875	3,353,875
	1,423,965	515,715
	500,000	-
	700,000	-
	950,000	-
	600,000	-
	1,262,627	-
	950,000	-
	1,700,000	-
Total	12,615,467	3,869,590
Short term loan facilities	300,000	475,000
	50,000	-
	50,000	-
Total	400,000	475,000
Bank Guarantee opened ended	63,000	63,000
	63,000	63,000
Total	13,078,467	4,407,590

39 Expenditure incurred on employees

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

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-imbursement of expenses incurred for the Company's business.

	Number of Employees	
	2023	2022
	339	343
Total	339	343

40 Expenditure in equivalent foreign currency

Foreign travel for Company's business purpose

	2023 BDT '000	2022 BDT '000
	5,901	5,298
Total	5,901	5,298

40.1 Remittances of foreign currency:

Particulars	2023		2022	
	No. of shares	BDT '000	No. of shares	BDT '000
Dividend:				
Heidelberg Materials Netherlands Holding B.V.	22,493,020	72,877,385	-	-
Heidelberg Materials Asia Holding GmbH	11,784,390	36,060,233	-	-
Total dividend	34,277,410	108,937,618	-	-
HeidelbergCement AG	-	-	-	63,466
Total remittance		108,937,618		63,466

41 Value of Imports-at CIF basis

Raw materials
Capital Goods
Store & Spares

	2023 BDT '000	2022 BDT '000
	9,857,798	10,273,313
	39,419	66,942
	274,369	292,217
Total	10,171,585	10,632,472

Notes to financial statements

For the year ended 31 December 2023

42 Remuneration of Directors, Managers and Officers

42.1 Managerial Remuneration - Managers and Officers

	2023 BDT '000	2022 BDT '000
Salary and bonus	176,874	155,411
Rent	70,946	64,462
Retirement benefits	13,479	13,267
Provident fund	9,827	9,807
Medical	5,474	6,326
Other	2,434	4,584
	279,034	253,857

42.2 Paid to Directors

	2023 BDT '000	2022 BDT '000
Board meeting fee	16	17
TA/DA	386	275
	402	291

43 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	
				2023 BDT '000	2022 BDT '000	2023 BDT '000	2022 BDT '000
1	Heidelberg Material Asia Pte. Ltd	Group Entity	Technical Service	323,203	301,805	(1,298,444)	(975,241)
2	Heidelberg Material HZAG	Group Entity	License fee	74,532	57,273	(131,805)	(57,273)
3	Heidelberg Material HZAG	Group Entity	Payment of expenses	1,190	375	(1,565)	(375)
	Heidelberg Material Asia Pte. Ltd	Group Entity	Recovery of expenses	(2,035)	(1,252)	3,467	5,502
4	PT Indocement Tunggal Prakarsa Tbk	Group Entity	Payment of expenses	3,167	-	(6,429)	(3,262)
5	Burta HeidelbergCement Sdn. Bhd	Group Entity	Recovery of expenses	1,792	487	-	380
6	HC Green Trading Limited	Group Entity	Gypsum	(4,126)	738	-	4,126
7	HC Treading Malta Ltd	Group Entity	Clinker	(3,430)	-	-	3,430
8	HM Trading Global (APAC) Pte. Ltd.	Group Entity	Clinker	2,464,350	3,246,956	6,129	6,709
			Limestone	56,697	68,106	(298,695)	(16,353)
			Slag	112,485	-	-	-

During 2023, 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 2022 during the ensuing financial year of the Company i.e. the year ended 31 December 2023. 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, 13 June 2023 and the shareholders approved the same.

The Ultimate parent entity of the company is Heidelberg Materials AG incorporated in Germany.



Notes to financial statements

For the year ended 31 December 2023

44 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
31 December 2023				
In Taka'000				
Financial assets not measured at fair value				
Trade and other receivables	8	449,257	-	449,257
Cash and cash equivalents	10	4,295,692	-	4,295,692
		4,744,949	-	4,744,949
Financial liabilities not measured at fair value				
Bank overdraft	10	-	101,039	101,039
Loans and borrowings	15	-	3,992,085	3,992,085
Trade and other payables	19	-	3,885,588	3,885,588
		-	7,978,712	7,978,712
31 December 2022				
In Taka'000				
Financial assets not measured at fair value				
Trade and other receivables	8	501,732	-	501,732
Cash and cash equivalents	10	230,109	-	230,109
		731,841	-	731,841
Financial liabilities not measured at fair value				
Loans and borrowings	15	-	799,961	799,961
Trade and other payables	19	-	3,588,903	3,588,903
		-	4,388,863	4,388,863

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.

B. Financial risk management

i. Credit risk

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

The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. In monitoring credit risk, debtors are grouped according to their risk profile, i.e. their legal status, financial condition, ageing profile etc. Trade and other debtors are mainly related to the company's customers. The company's exposure to credit risk on accounts receivables is mainly influenced by the customers.

The company establishes an allowance for doubtful debts that represents its estimate of incurred losses in respect of trade and other receivables.

At 31 December, the maximum exposure to credit risk for trade and other receivables are as follows:

	2023	2022
Trade and other receivables	529,813	582,974
Provision for Impairment	(80,556)	(81,242)
Total Trade and other receivables	449,257	501,732

For the year ended 31 December 2023

44 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 BDT '000	6 months or less BDT '000	6-12 months BDT '000	1-2 years BDT '000	2-5 years BDT '000	More than 5 years BDT '000
31 December 2023	7,978,712	(7,978,712)	(6,473,452)	(1,205,560)	-	-	(299,700)
Trade payables -(Note 19)	1,094,153	(1,094,153)	(1,094,153)	-	-	-	-
Creditors for other finance (note 19.1)	198,044	(198,044)	(198,044)	-	-	-	-
Creditors for revenue expenses (note 19.2)	2,293,691	(2,293,691)	(2,293,691)	-	-	-	-
Interest accrued (note19)	299,700	(299,700)	-	-	-	-	(299,700)
Bank overdraft (note:10.1)	101,039	(101,039)	(101,039)	-	-	-	-
Loans and borrowings (note 15)	3,992,085	(3,992,085)	(2,786,525)	(1,205,560)	-	-	-
	7,978,712	(7,978,712)	(6,473,452)	(1,205,560)	-	-	(299,700)
31 December 2022	4,388,864	(4,388,864)	(3,445,803)	(156,600)	(486,401)	-	(299,700)
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 (note19)	299,700	(299,700)	-	-	-	-	(299,700)
Bank overdraft (note:10.1)	799,961	(799,961)	(156,600)	(156,600)	(486,401)	-	-
Loans and borrowings (note 15)	4,388,864	(4,388,864)	(3,445,803)	(156,600)	(486,401)	-	(299,700)



Notes to financial statements

For the year ended 31 December 2023

44 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	
		2023 BDT '000	2022 BDT '000
Fixed rate instrument			
Loans and borrowings	15	-	173,200
Bank overdraft	10	101,039	-
		101,039	173,200

45 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 2023 and 2022.





Notes to financial statements

For the year ended 31 December 2023

46 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 results viewed as a whole by its management. Hence, segment information is not relevant for the Company.

47 Capacity and production

Line of business

Gray cement - Kanchpur
 Gray cement - Chittagong
 Gray cement - Muktarpur

Installed capacity Single shift Qty-M.T.	Actual production Multiple shifts as applicable	
	2023	2022
1,547,000	1,143,204	1,073,822
1,303,000	631,079	702,850
660,000	405,145	430,030
3,510,000	2,179,428	2,206,702

48 Events after the reporting period

48.1 Proposed dividend

During the year the Board of Directors in its meeting held of 06 March 2024 proposed cash dividend of 25% (2022: 10%).

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 requires 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 Net operating cash flows per share (NOCFPS)

	2023 BDT '000	2022 BDT '000
Net operating cash flows	1,230,888	214,671
Weighted average number of ordinary shares outstanding	56,504	56,504
Net operating cash flows per share	21.78	3.80

49.1 Net assets value (NAV) per share

Net assets as at 31 December (represented by shareholders' equity)	3,796,856	3,393,949
Weighted average number of ordinary shares outstanding	56,504	56,504
Net assets value per share	67.20	60.07

50 General

50.1 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.

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

HEIDELBERGCEMENT BANGLADESH LTD.



SCAN CEMENT
HEIDELBERGCEMENT Group



RUBY CEMENT
HEIDELBERGCEMENT Group

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

Form of Proxy

I/We..... (Name)
of..... (Address) being a shareholder
of HeidelbergCement Bangladesh Limited (the "Company") hereby appoint, Mr./Ms.
(Name) of..... (Address as my/our
proxy to attend on my/our behalf at the 35th Annual General Meeting of the Company to be held on Wednesday, 08 May
2024 and at any adjournment thereof or any poll that may be taken in consequence hereof and to vote on my/our behalf as
he/ she thinks fit on all resolutions.

As witness my/our hand this day..... 2024

Signed (Shareholder)
No. of Shares held:

Folio/BO ID No.

Signed (Proxy)
No. of Shares held:

Folio/BO ID No.

Afix revenue stamp

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

HEIDELBERGCEMENT BANGLADESH LTD.



SCAN CEMENT
HEIDELBERGCEMENT Group



RUBY CEMENT
HEIDELBERGCEMENT Group

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

Attendance Slip of Proxy-holder

I hereby recorded my presence at the 35th Annual General Meeting of HeidelbergCement Bangladesh Limited on Wednesday, 08 May 2024.

Name:.....

BO ID No./Folio No.

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.....
Signature

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



HEIDELBERGCEMENT BANGLADESH LTD.

Corporate Office

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

Chittagong Factory

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

Registered Office & Kanchupur Factory

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

Mukterpur Factory

East Mukterpur, Munshiganj