ANNUAL REPORT 2016

HEIDELBERGCEMENT BANGLADESH LTD.



SCAN CEMENT
HEIDELBERGCEMENT Group



RUBY CEMENT
HEIDELBERGCEMENT Group

MARSTOCK

একটি পদক্ষেপ বদলে দেয় অনেক কিছু

যেমন করে পদ্মা সেতুর বন্ধনে পাল্টে যাচ্ছে দুই পাড়
ভবিষ্যৎ পাল্টে দেয়ার এই যুগান্তকারী উদ্যোগের অংশীদার স্ক্যানসিমেন্ট
স্ক্যানসিমেন্ট দিয়েই তৈরি হচ্ছে পদ্মা সেতুর মূল কাঠামো



SCAN CEMENT
HEIDELBERGCEMENT Group
পাল্টাই ভবিষ্যৎ

HEIDELBERGCEMENT

Letter of Transmittal

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

Dear Sir(s),

Annual report of HeidelbergCement Bangladesh Limited (HCBL) for the year ended 31 December 2016

We are pleased to enclose a copy of HCBL's Annual Report together with the audited financial statements as on 31 December 2016, statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows, statement of changes in equity for the year ended 31 December 2016 along with notes thereto of HCBL for your kind information and record.

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

Best regards,

Yours Sincerely,

Mohammad Mostafizur Rahman
Company Secretary

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Financial Calendar

General Meeting

28th Annual General Meeting on 11 May 2017 at 11.00 am

Notice of 28th Annual General Meeting and Issuance of Annual Report

Dividends

28 February 2017 (Tuesday)
Release of Record date in lieu of book closure notice along with price sensitive information to regulators and shareholders.

28 March 2017 (Tuesday)
Record Date in lieu of Book Closure

01 June 2017 (Thursday)
Payment of Dividends to the shareholders whose names would appear in the register of the Company on record date

Disclosure of Quarterly Results

Q1/13 April 2016 (Wednesday)
Unaudited results for the 1st quater ended 31 March 2016

Q2/19 July 2016 (Tuesday)
Unaudited results for half year ended 30 June 2016

Q3/26 October 2016 (Wednesday)
Unaudited results for the 3rd quater ended 30 September 2016

Q4/28 February 2017 (Tuesday)
Audited results for the year ended 31 December 2016

Growing Demand

HeidelbergCement's current and future intended capacity, product quality and sustainability relative to projected market demand are the premeditated advantage that will enable the Company to enhance it's profitability and future growth. The Company will continue to pursue a prudent long-term strategy which appropriately balances mergins with growth.



HeidelbergCement Bangladesh Limited

HeidelbergCement Bangladesh Limited is one of the largest producers of quality cement in Bangladesh. HeidelbergCement Bangladesh Ltd. is a member of HeidelbergCement Group, Germany. The group has 140 years of experience in producing cement and is operating in more than 60 countries. It has around 60,000 employees and an annual turnover of Euro 15.2 billion. In Bangladesh it represents two reputed brands “Ruby Cement” and “Scan Cement”.

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

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

The Company further increased the capacity of its Kanchpur plant by setting up another grinding unit of 0.45 million tones per year that was commissioned in 2008. The company has also increased the capacity of its Chittagong plant by installing another grinding unit of 0.750 million tones per year which is on operation from the end of 2011 and the Company inaugurated the cement mill in 2012. Both the plants are certified according to the globally applicable environmental management system standards-14001.

In 2013, the Company installed another Cement Silo with a capacity of 8,000MT in its Kanchpur plant as a part of its Silo project which will help to increase the productivity of the Company.

Our Vision, Mission & Values



Market Strategy:
Building our growth on a solid base of earnings

Customer Philosophy:
Building customer satisfaction, because their success is our success

Quality Standard:
Building on quality products to build our reputation



Corporate Image:
Building worldwide growth by building a better world

Business Culture:
Building on local responsibility for international success

Employee Policy:
Building our business on the knowledge of our people



Commitment to Environmental Protection:
Building on environmental care also makes economic sense

Commitment to Innovation:
Building on new technologies determines our future success

HCBL's Milestones

2013
HCBL inaugurated another Silo having capacity of 8,000MT in its Kanchpur plant.

2012
HCBL inaugurated another grinding unit of 0.750 million tones per year in its Chittagong plant which is in operation.

2008
HCBL increased the capacity of its Kanchpur plant by setting up another grinding unit of 0.450 million tones per year that was commissioned.

2004
HCBL has diversified its product range by introducing Portland Composite Cement (PCC) into the market.

2003
SIL & CCCGCL were amalgamated and the Company's name was changed to HeidelbergCement Bangladesh Limited.

2000
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 tones per year.

1998
HeidelbergCement group established its presence in Bangladesh by setting up a floating terminal with onboard packing facilities in the port of Chittagong.

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Comparative Financial Highlights

Year	2016	2015	2014	2013	2012
Operational Results (Taka in thousand)					
Net Revenues	10,600,466	10,485,084	10,504,500	9,956,635	10,885,154
Gross Profit	2,741,574	2,536,974	2,012,517	2,307,864	2,083,156
Income From operations	1,946,190	1,702,475	1,307,027	1,664,803	1,556,574
EBITDA	2,368,508	2,178,326	1,911,289	2,274,741	2,042,684
EBIT	1,836,957	1,602,640	1,219,936	1,558,175	1,461,527
Net Income/(Loss)	1,507,871	1,401,982	1,179,555	1,474,077	1,291,094
Contribution to National Exchequer	3,128,320	2,841,054	2,878,870	2,695,915	2,330,370
Financial Results: (Taka in thousand)					
Net Cash Provided by Operating Activities	1,723,572	1,963,234	1,721,837	2,269,060	1,498,791
Total Assets	10,188,507	9,771,707	10,172,859	10,722,048	9,181,511
Total Liabilities	4,596,897	3,992,860	3,648,857	3,230,464	2,881,486
Shareholders' Equity	5,591,610	5,778,847	6,524,002	7,491,584	6,300,025
Net Working Capital	2,810,292	3,032,046	3,678,274	4,619,298	3,506,526
Net Borrowings	(3,722,409)	(3,912,481)	(4,202,608)	(4,864,898)	(3,262,412)
Capital Employed	14,034,894	12,926,743	12,941,832	8,307,600	7,043,685
Share Information:					
Market Capitalization as of 31st December (Tk. in million)	31,207	31,761	28,218	21,547	14,957
Issued Ordinary Shares	56,503,580	56,503,580	56,503,580	56,503,580	56,503,580
Per Share Data (Taka)					
Earnings (loss) Per Share	26.69	24.81	20.88	26.09	22.85
Dividend Per Share	30.00	30.00	38.00	38.00	5.00
Book Value per share	180.32	172.94	180.04	189.76	162.49
Net Asset Value per share	98.96	102.27	115.46	132.59	111.50
Market Value per share	552.30	562.10	499.40	381.34	264.70
Financial Ratios:					
Current Ratio	1.73:1	1.96:1	2.33:1	2.91:1	2.64:1
Net Gearing	(0.6657)	(0.6770)	(0.6442)	(0.6494)	(0.5178)
EBITDA to Net Interest Cover (Times)	1,216	1,120	(9,015.51)	265.59	512.72
Net Borrowing to Assets	(0.37)	(0.40)	(0.41)	(0.45)	(0.36)
Return on Assets	0.15	0.14	0.12	0.14	0.14
Return on Capital Employed	0.11	0.11	0.09	0.18	0.18
Return on Shareholders' Equity (ROE)	0.27	0.24	0.18	.20	0.20
Number of Employees	276	269	272	265	267

Performance at a Glance in 2016

NPAT(Net Profit After Tax) (BDT in Thousand) 1,507,871 - Increased 7.55%

NOCF Per Share (BDT in Thousand) 30.50 - (12.21%)

NAV Per Share (BDT in Thousand) 98.96 - (3.24%)

EPS Per Share (BDT in Thousand) 26.69 - Increased 7.55%

Revenue (BDT in Thousand)10,600,466 - Increased 1.10%

Gross Profit (BDT in Thousand) 2,741,574 - Increased 8.06%

Operating Profit (BDT in Thousand) 1,946,190 - Increased 14.32%

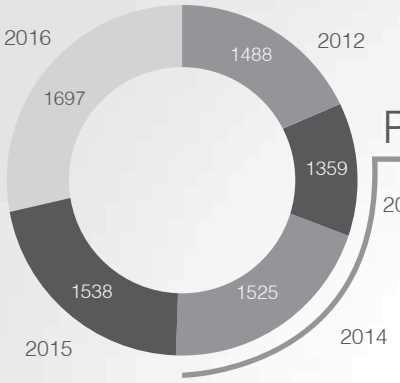
Profit Before Tax (BDT in Thousands) 2,075,443 - Increased 9.41%

National contribution

HCBL makes a direct and indirect contribution to the economies of the country. HCBL's contribution includes new jobs, both directly and indirectly, new investments, training for employees, leadership opportunities across the Group and consequently across the region, access to HC technology, the integration of technology and processes, facilitating the growth of the global cement industry, investments in disaster resilience, education, e-innovation and social inclusion.

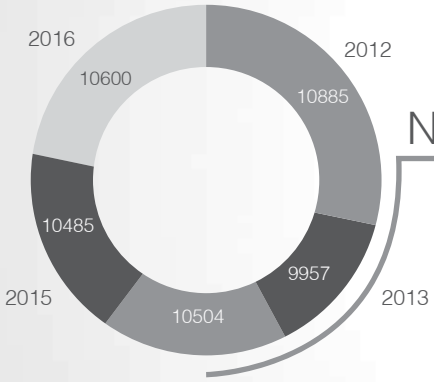


HCBL's Performance



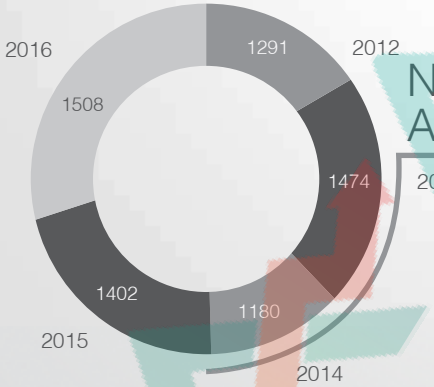
Production

Production (in 000 MT)



Net Revenue

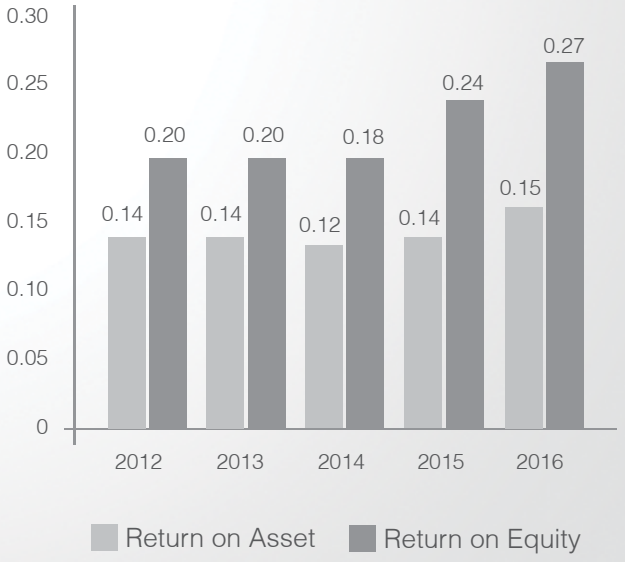
Net Revenue (BDT in Million)



Net Profit After Tax

NPAT (BDT in Million)

ROA & ROE



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Prestigious Projects

Bijoy Sarani-Tejgaon Railway Overpass



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

Mohakhali Flyover



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

Lalon Shah (Pakshi) Bridge



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

Prestigious Projects



Shah Amanat International Airport

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



Bahaddarhat Flyover

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



Third Karnaphuli Bridge

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

Prestigious Projects

North South University

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



Chittagong Port Flyover

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



Gulistan Jatrabary Flyover

The longest flyover of the country. About 11 Kilometers long flyover in Dhaka connecting 30 districts.



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Prestigious Projects



Tongi - Bhairab Railway Double Track Project

64 Km double-line railway tracks from Tongi to Bhairab on the Dhaka –Chittagong and Dhaka – Sylhet route, will make train journey more smooth, speedy & safe.

Construction company: China Major Bridge Engineering Co. Ltd.



Summit Meghnaghat Power Plant

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

Construction Company: China National Electric Engineering Co.



New Mooring Container Terminal (Phase 2)

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

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Prestigious Projects



Some Other Ongoing Prestigious Projects of HeidelbergCement Bangladesh Limited:

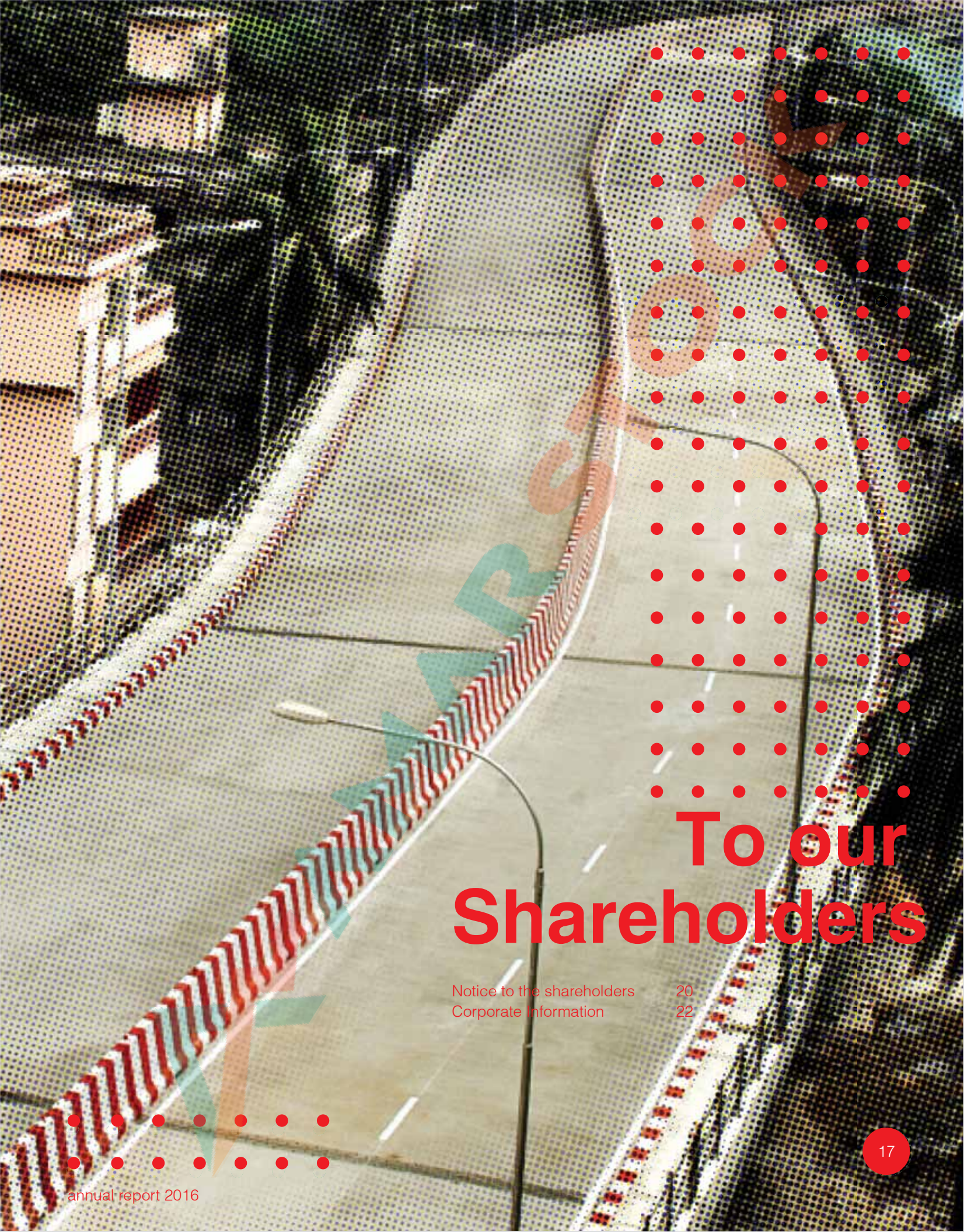
Padma Multipurpose Bridge

- Length: 6150 meters
- Construction Company: Chain Railway Major Bridge Engineering Group
- Brand using: ScanCement

Dhaka Chittagong Four Lanes Highway

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

Muradpur- Lalkhan Bazar Flyover, Chittagong
Cox's Bazar Airport Development Project
Modunaghat Water Treatment Plant, Chittagong
Concord police plaza, dhaka
Apex Tannery Project, Savar.



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To our Shareholders



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To our Shareholders



Notice to the Shareholders

HeidelbergCement Bangladesh Limited

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

NOTICE OF 28th ANNUAL GENERAL MEETING (AGM)

NOTICE is hereby given to all the Shareholders of HeidelbergCement Bangladesh Limited that the 28th Annual General Meeting (AGM) of the Company will be held on Thursday, 11 May 2017 at 11.00 A.M. at the registered office & factory premises at Tatki, Jatramora, Tarabow, Rupgonj, Narayangonj to transact the following businesses:

AGENDAS

01. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31 December 2016 together with the Reports of the Auditors and the Directors thereon.
02. To declare and approve the Dividend.
03. To elect Directors.
04. To appoint Auditors for the year ended 31 December 2017 and to fix their remuneration.

By Order of the Board

(**Mohammad Mostafizur Rahman**)
Company Secretary

Dated: 19 April 2017

NOTES

1. The '**Record Date**' in lieu of Book Closure was on 28 March 2017. The Shareholders whose names would appear in the Register of Members of the Company or in the Depository on the 'Record Date' will be eligible to attend the 28th Annual General Meeting and receive Dividends.
2. A Shareholder entitled to attend and vote at the Annual General Meeting may appoint a Proxy in his/her stead. Such proxy must be a Shareholder of the Company. The Proxy Form must be affixed with requisite revenue stamp and must be deposited at the Corporate Office of the Company at least 48 hours before the time fixed for the Meeting.
3. The Shareholders are requested to notify change of address, if any, to the Company in writing at the Corporate Office.
4. Admission to the meeting venue will be strictly on production of the attendance slip sent with notice.
5. Shareholders bearing BO ID are requested to update their respective BO ID with 12 digit Taxpayer's Identification Number (e-TIN) and address through their Depository Participant (DP)
6. Shareholders bearing folio numbers are requested to submit their 12 digit e-TIN certificate to the Share Department of the Company latest by 5 May 2017, failing which Income Tax at source will be deducted from cash dividend @15% instead of 10%.

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

Notice to the Shareholders

হাইডেলবার্গসিমেন্ট বাংলাদেশ লিমিটেড

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

২৮তম বার্ষিক সাধারণ সভার বিজ্ঞপ্তি

এতদ্বারা জানানো যাচ্ছে যে, হাইডেলবার্গসিমেন্ট বাংলাদেশ লিমিটেড এর শেয়ারহোল্ডারদের ২৮তম বার্ষিক সাধারণসভা নিম্নে বর্ণিত বিষয়াদি সম্পাদনকল্পে আগামী ১১ই মে ২০১৭ইং রোজ বৃহস্পতিবার সকাল ১১.০০ ঘটিকায় টাটকি, তারাবো, রূপগঞ্জ, নারায়ণগঞ্জে অবস্থিত কোম্পানীর রেজিস্টার্ড অফিস ও কারখানা প্রাঙ্গণে অনুষ্ঠিত হবে:

আলোচ্যসূচী

১. ৩১শে ডিসেম্বর ২০১৬ইং তারিখে সমাপ্ত বছরের নিরীক্ষিত লাভ লোকসানের হিসাব ও স্থিতিপত্র এবং সেই সঙ্গে নিরীক্ষক ও পরিচালকমন্ডলীর প্রতিবেদন গ্রহণ, বিবেচনা ও অনুমোদন।
২. লভ্যাংশ ঘোষণা ও অনুমোদন।
৩. পরিচালকবৃন্দের নির্বাচন।
৪. ৩১ শে ডিসেম্বর ২০১৭ সালের সমাপ্য বছরের জন্য নিরীক্ষক নিয়োগ ও তাদের পারিশ্রমিক নির্ধারণ।

পরিচালকমন্ডলীর আদেশক্রমে

(মোহাম্মদ মোস্তাফিজুর রহমান)
কোম্পানী সচিব

তারিখ: ১৯ এপ্রিল ২০১৭

দ্রষ্ঠব্য

১. ২৮শে মার্চ ২০১৭ **রেকর্ড ডেট** (Record Date) হিসেবে নির্ধারণ করা হয়েছে। উক্ত তারিখে যে সকল শেয়ারহোল্ডারগণের নাম কোম্পানীর সদস্যবহি কিংবা ডিপোজিটরি বহিতে বৈধভাবে থাকবে, তারা এই ২৮তম বার্ষিক সাধারণ সভায় যোগদান করতে পারবেন এবং লভ্যাংশ লাভের যোগ্য বলে বিবেচিত হবেন।
২. একজন সদস্য এই সাধারণ সভায় উপস্থিত থাকতে এবং ভোট প্রদান করতে পারেন কিংবা তার স্বপক্ষে উপস্থিত হতে এবং ভোট দিতে কেবলমাত্র একজন সদস্যকে প্রক্সি (Proxy)নিয়োগ করতে পারেন। উপযুক্ত রেভিনিউ স্ট্যাম্প সম্বলিত প্রক্সি (Proxy) ফরম যথাযথভাবে পূরণ করে সভা আরম্ভের ৪৮ (আটচল্লিশ) ঘন্টা পূর্বে কোম্পানীর কর্পোরেট অফিসে অবশ্যই জমা দিতে হবে।
৩. শেয়ারহোল্ডারগণের ঠিকানা পরিবর্তনের তথ্যাদি (যদি থাকে) কোম্পানীর ঢাকাস্থ কর্পোরেট অফিসে জানাতে হবে।
৪. বিজ্ঞপ্তির সাথে প্রেরিত হাজিরা স্লিপ উপস্থাপনের পর সভাকক্ষে প্রবেশের অধিকার দেয়া হবে।
৫. যে সকল শেয়ারহোল্ডারগণের বিও একাউন্ট নম্বর রয়েছে, তারা ডিপোজিটরি পার্টিসিপ্যান্ট এর মাধ্যমে তাদের একাউন্টে ১২ ডিজিট সম্বলিত ই-টিন নম্বর এবং তাদের ঠিকানা হালনাগাদ করবেন।
৬. যে সকল শেয়ারহোল্ডারগণের ফোলিও নম্বর রয়েছে, তাদেরকে আগামী ৫ই মে ২০১৭ইং তারিখের মধ্যে ১২ ডিজিট সম্বলিত ই-টিন নম্বর কোম্পানীর শেয়ার ডিপার্টমেন্টে জমা করার জন্য অনুরোধ করা হলো। অন্যথায় প্রদেয় লভ্যাংশ হতে ১০% এর পরিবর্তে ১৫% অগ্রিম আয়কর কর্তন করা হইবে।

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

Corporate Information

COMPANY NAME	HEIDELBERGCEMENT BANGLADESH LIMITED		
	BOARD OF DIRECTORS		
CHAIRMAN Kevin Gerard Gluskie **MANAGING DIRECTOR** Jose Marcelino Ugarte	**INDEPENDENT DIRECTORS** Abdul Awal Mintoo Golam Farook	**DIRECTORS** Juan Francisco Defalque Fong Wei Kurk Sim Soek Peng Jashim Uddin Chowdhury FCA	
	BOARD COMMITTEE		
Audit Committee	Abdul Awal Mintoo (Chairman) Golam Farook Jashim Uddin Chowdhury FCA	Mamun-ul-Hoque Chowdhury Mohammad Mostafizur Rahman (Secretary)	
Management Committee	Jose Marcelino Ugarte Jashim Uddin Chowdhury FCA Syed Abu Abed Saher Ashraful Amin Badal	Mustaque Ahmed Terence Ong Kian Hock Mohammad Mostafizur Rahman	
Safety Health and Environment Committee	Mustaque Ahmed Terence Ong Kian Hock	Mohammad Alamgir Mahmud Al Rashid Joarder	
Head of Internal Audit	Mamun-ul-Hoque Chowdhury		
Company Secretary	Mohammad Mostafizur Rahman		
Registered Office	Mouza-Tatki, Post Office- Tarabow, Tarabow Pouroshava, P.S.- Rupgonj, Dist.- Narayangonj		
Corporate Office	Symphony (6th and 7th Floor), Plot No. SE(F)9, Road No.142, South Avenue, Gulshan –1, Dhaka –1212		
Plants	Dhaka Plant: Tatki, Jatramora, Tarabow, P.S. -Rupgonj, Dist. – Narayangonj	Chittagong Plant: South Halishahar, Chittagong-4204	
Statutory Auditors	M/s. S F Ahmed & Co. Chartered Accountants	House-51 (3rd floor), Road -9, Block-F, Banani, Dhaka-1213	
Bankers	Standard Chartered Bank Citibank N.A. HSBC Brac Bank Ltd.	Dhaka Bank Ltd Uttara Bank Ltd One Bank Limited Southeast Bank Ltd.	AB Bank Ltd. Dutch-Bangla Bank Ltd Pubali Bank Limited National Credit & Commerce Bank Ltd.
Website	www.heidelbergcementbd.com	Email : info@heidelbergcementbd.com	
Investors Relations	Telephone : +88-02-58815600	Fax : +88-02-9847003	
Stock Exchange Listing	Dhaka Stock Exchange Listing year - 1989 Stock name – HEIDELBCEM Company No. 21614	Chittagong Stock Exchange Listing year - 1989 Stock name – HEIDELBCEM Company No. 21614	
Central Depository System	Through CDS the trading of HeidelbergCement Bangladesh Limited shares have started from 18 July 2004.		

Corporate Information

কোম্পানী নাম	হাইডেলবার্গসিমেন্ট বাংলাদেশ লিমিটেড		
	পরিচালনা পর্ষদ		
চেয়ারম্যান কেভিন জেরার্ড গ্লুসকি **ব্যবস্থাপনা পরিচালক** জোসে মার্সেলিনো উগার্টে	**ইন্ডিপেনডেন্ট পরিচালকবৃন্দ** আবদুল আউয়াল মিন্টু গোলাম ফারুক		**পরিচালকবৃন্দ** জুয়ান ফ্রান্সিসকো ডিফাল্কে ফং উই কুর্ক মিস. সিম সক পেং জসিম উদ্দিন চৌধুরী এফসিএ
	বোর্ড কমিটি		
অডিট কমিটি	আবদুল আউয়াল মিন্টু (চেয়ারম্যান) গোলাম ফারুক জসিম উদ্দিন চৌধুরী এফসিএ		মামুন-উল-হক চৌধুরী মোহাম্মদ মোস্তাফিজুর রহমান (সদস্য সচিব)
ম্যানেজমেন্ট কমিটি	জোসে মার্সেলিনো উগার্টে জসিম উদ্দিন চৌধুরী এফসিএ সৈয়দ আবু আবেদ সাহের আশরাফুল আমিন বাদল		মুসতাক আহমেদ টেরেন্স অং কিয়ান হক মোহাম্মদ মোস্তাফিজুর রহমান
সেফটি হেলথ এন্ড ইনভাইরনমেন্ট কমিটি	মুসতাক আহমেদ টেরেন্স অং কিয়ান হক		মুহাম্মদ আলমগীর মাহমুদ আল রশিদ জোয়ার্দার
হেড অব ইন্টারনাল অডিট	মামুন-উল-হক চৌধুরী		
কোম্পানী সচিব	মোহাম্মদ মোস্তাফিজুর রহমান		
রেজিস্টার্ড অফিস	টাটকি, জাতরামোড়া, তারাবো, থানা - রূপগঞ্জ, জেলা ঃ নারায়ণগঞ্জ		
কর্পোরেট অফিস	সিম্ফনী (৭ম ও ৮ম তলা), প্লট নং-এসই(এফ) ৯, রোড নং-১৪২, সাউথ এ্যাভিনিউ, গুলশান - ১, ঢাকা - ১২১২।		
কারখানা সমূহ	ঢাকা প্ল্যান্টঃ টাটকি, জাতরামোড়া, তারাবো, থানা - রূপগঞ্জ, জেলা ঃ নারায়ণগঞ্জ		চট্টগ্রাম প্ল্যান্টঃ দক্ষিণ হালিশহর, চট্টগ্রাম-৪২০৪
স্ট্যাটুটরী অডিটরস	মেসার্স এস এফ আহমেদ এন্ড কোঃ চাটার্ড একাউন্ট্যান্টস		বাড়ী নং -৫১ (চতুর্থ তলা), সড়ক নং -০৯, ব্লক এফ, বনানী, ঢাকা-১২১৩।
ব্যাংকার্স	স্ট্যান্ডার্ড চার্টার্ড ব্যাংক সিটি ব্যাংক এনএ এইচএসবিসি ব্র্যাক ব্যাংক লিঃ	ঢাকা ব্যাংক লিঃ উত্তরা ব্যাংক লিঃ ওয়ান ব্যাংক লিঃ সাউথইস্ট ব্যাংক লিঃ	এবি ব্যাংক লিঃ ডাচ্ বাংলা ব্যাংক লিঃ পূবালী ব্যাংক লিঃ ন্যাশনাল ক্রেডিট এন্ড কমার্স ব্যাংক লিঃ
ওয়েবসাইট	www.heidelbergcementbd.com		ইমেইল : info@heidelbergcementbd.com
ইনভেস্টরস রিলেশনস্	টেলিফোন : +৮৮-০২-৫৮৮১৫৬০০		ফ্যাক্স : +৮৮-০২-৯৮৪৭০০৩
স্টক এক্সচেঞ্জ লিস্টিং	ঢাকা স্টক এক্সচেঞ্জ লিস্টিং বছর - ১৯৮৯ স্টক নাম - HEIDELBCEM কোম্পানী নং ২১৬১৪		চট্টগ্রাম স্টক এক্সচেঞ্জ লিস্টিং বছর - ১৯৮৯ স্টক নাম - HEIDELBCEM কোম্পানী নং ২১৬১৪
সেন্ট্রাল ডিপোজটরী সিস্টেম	হাইডেলবার্গসিমেন্ট বাংলাদেশ লিমিটেড এর শেয়ার বিগত ১৮ জুলাই ২০০৪ হইতে সিডিএস এর মাধ্যমে ট্রেড সম্পন্ন হচ্ছে ।		

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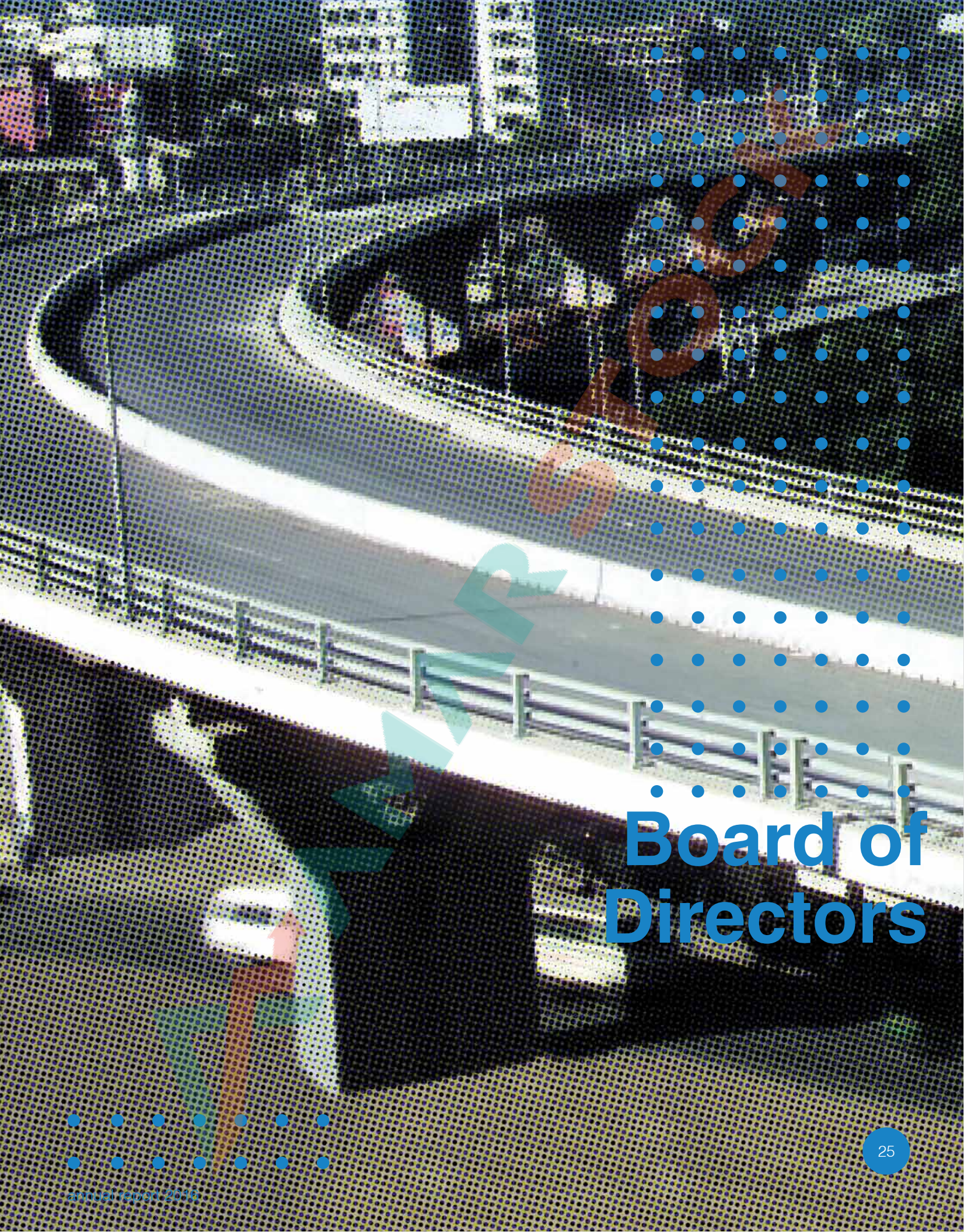


Board of Directors


Mr. Kevin Gerard Gluskie
Chairman
Mr. Jose Marcelino Ugarte
Managing Director
Mr. Abdul Awal Mintoo
Independent Director
Ms. Sim Soek Peng
Director


Mr. Fong Wei Kurk
Director
Mr. Juan-Francisco Defalque
Director
Mr. Golam Farook
Independent Director
Mr. Jashim Uddin Chowdhury FCA
Director & Chief Financial Officer
Mr. Mohammad Mostafizur Rahman
Company Secretary & Head of Legal

Board of Directors



Kevin Gerard Gluskie
Chairman

Age: 49 years
Nationality: Australian
Date of Appointment: 25 February 2016
Length of Service in the HC Group: 27 years
Date of Last Re-election: N/A
Membership in Board Committee: Nil

Qualifications:

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

Working Experience:

Mr. Gluskie joined Pioneer International (subsequently acquired by Hanson PLC) in 1990 and held a number of operational roles throughout Australia in the readymix concrete and aggregates businesses. In 1999, he was appointed Regional General Manager responsible for the company's operations in Victoria and Tasmania. In 2009, Mr. Gluskie was appointed Chief Executive of Hanson Australia.

In February 2016, Mr. Gluskie was appointed to the Managing Board of HeidelbergCement AG and from April 2016 assumes responsibility for HeidelbergCement operations in the Asia Pacific Region.

Directorships of Other Companies:

- HeidelbergCement AG
- Cement Australia Holdings Pty Limited
- Cement Australia Pty Limited
- ButraHeidelbergCementSdnBhd
- Alliance Construction Materials Limited
- Pioneer Concrete (Hong Kong) Limited
- HeidelbergCement India Limited

MARSTOCK

Board of Directors



Jose Marcelino Ugarte
Managing Director

Age: 45 years
Nationality: Filipino
Date of Appointment: 21 July 2011
Length of Service in HC Group: 5.6 years
Date of Last Re-election: 15 April 2015
Membership in Board Committee: Nil

Qualifications:

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

Working Experience:

Mr. Jose Marcelino Ugarte is the Managing Director of HeidelbergCement Bangladesh Limited which he joined in August 2011. He has worked for nearly 19 years in the cement industry in different capacities. Marcelino started his career as a Chief Operating Officer with Cramdells Development Corporation in Cebu, Philippines in 1996.

He then spent 11 years in CEMEX (2000-2011), the first five years as Marketing and Construction Express Manager in Philippines and then in various top level leaderships as Director in Marketing, Sales, Retail and Commercial. In 2007, he was posted as the Managing Director of Pt. CEMEX Indonesia and then in 2008, he was welcomed for playing role as the Managing Director of CEMEX Bangladesh. In 2010, he took responsibility of CEMEX Malaysia.

In 2011, he joined HeidelbergCement Bangladesh Limited as the Managing Director. Under his excellent leadership HC Bangladesh experienced remarkable growth and maximum stakeholders return.

Board of Directors



Juan-Francisco Defalque
Director

Age: 53 years
Nationality: Belgian
Date of Appointment: 23 July 2015
Length of Service in HC Group: 27 years
Date of Last Re-election: N/A
Membership in Board Committee: Nil

Qualifications:

- Masters Degree in Mining Engineering, Catholic University of Louvain-la-Neuve, Belgium in 1982-1987;
- Highly experienced Executives who demonstrated the ability to lead diverse teams of professionals to new levels of success in challenging environments;
- Strong business qualifications with an excellent track record of more than 26 years of hands –on experience in executing and managing large investment projects, suppliers and contractors selection and commissioning and hand over of the new facilities or plants to operations;
- Proven ability to successfully manage Cement business Operations.

Working Experience:

Mr. Juan-Francisco Defalque is Director of HeidelbergCement Bangladesh Limited, which he joined in July 2015. He has worked for about 27 years in the Cement industry in different capacites.

He Joined in 1989 with HeidelbergCement, Belgium and worked for 12 years. The first five years as Packing Plant manager and Production & Dispatch Manager. In 1994 he was posted as the Technical Project Director. In 2002, he was commended as the Managing Director of Cimbenin-HeidelbergCement Group in Benin (West Africa) and served successfully. In 2006, he joined HC Indocement to set up and take the lead of a completely new Heidelberg Technology Centre organization in Indonesia. In 2015, he joined HeidelbergCement Asia Pte. Ltd. as Director HTC Asia-Oceania responsible for managing the Technical Centres in this Area.

Directorships of Other Companies:

Director of HeidelbergCement India Limited

AMARSTOCK

Board of Directors



Sim Soek Peng
Director

Age: 48 years
Nationality: Malaysian
Date of Appointment: 29 January 2014
Length of Service in HC Group: 13 years
Date of Last Re-election: N/A
Membership in Board Committee: Nil

Qualifications:

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

Working Experience:

Ms. Sim Soek Peng is a Director of HeidelbergCement Bangladesh Limited, which she joined in 29 January 2014. She has 24 years of Accounting & Finance related experience in Property and Construction, FMCG Manufacturing & Building Materials companies. Started as a trainee accountant, passed professional examination for CPA, qualified as Chartered Accountant, then moved on to various positions in different companies, mainly large and established organisations including Reckitt Benckiser, Philips and The Lion Group in Malaysia.

She joined Heidelbergcement Group in 2004, based in Malaysia. Since then she has held various management roles and participated in key projects in Malaysia, Singapore, Hong Kong and China. In 2008, Ms. Sim started working in the Asia Pacific area office based in Singapore in her current role as Finance Director for Asia Pacific area.

Directorships of Other Companies:

Ms. Sim is also a Director of HeidelbergCement India, Brunei and Singapore

Board of Directors



Fong Wei Kurk
Director

Age: 40 years
Nationality: Singaporean
Date of Appointment: 29 January 2014
Length of Service in the HC Group: 5 years
Date of Last Re-election: N/A
Membership in Board Committee: Nil

Qualifications:

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

Working Experience:

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

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

Directorships of Other Companies:

- Butra HeidelbergCement Sdn Bhd, Brunei.

ADMARSTOCK

Board of Directors



Abdul Awal Mintoo
Independent Director

Age: 68 years
Nationality: Bangladeshi
Date of Appointment: 23 July 2015
Length of Involvement with the Company: 16 years
Date of Last Re-election: N/A
Membership in Board Committee: Board Audit Committee

Qualifications:

Mr. Mintoo obtained his B.Sc. in Transportation Science in 1973 and M.Sc. in Transportation Management in 1977 from the State University of New York (SUNY). Mr. Mintoo also obtained the M.Sc. degree in Agricultural Economics. Mr. Mintoo started his educational career again with the School of Oriental and African Studies (SOAS) at the University of London and successfully completed his M.Sc. in Agricultural Economics in 2012.

Working Experience:

Mr. Abdul Awal is the founding Chairman and CEO of Multimode Group.

After a successful stint in the merchant marines and a subsequent career in shipping in the United States, Mintoo returned to Bangladesh to contribute to the country's nascent private sector. In 1981, Mr. Mintoo founded Multimode Group and developed Bangladesh's largest fleet of merchant ships. The Group has since diversified into agriculture, banking and insurance, FMCG, automobiles, chemicals and fertilizers, hospitality and entertainment, information technology & telecommunication, textiles, plastics and real estate. Today Multimode Group is one of the largest conglomerates in Bangladesh. Twice President of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), Mintoo ranks amongst the top industrialists and private sector leaders and has been instrumental in the development of several emerging sectors in Bangladesh, including private sector oil and natural gas exploration, banking and insurance and agricultural research.

Recently, Mr. Mintoo has turned his attention to food security in Bangladesh. His company Lal Teer Seed Limited is the leading producer of seeds in the private sector and over 20 million farmers use its seeds. It is the first research-based seed company in the country. Through its R&D bio-laboratory, Lal Teer has made tremendous contributions to seed health and resilience and has mapped the genome of the Bangladeshi buffalo.

He is a prolific writer and the author of three books. Mintoo's interests span business, governance and agricultural innovations. His articles appear in the leading business journals and newspapers in Bangladesh and he is a frequent commentator on radio and television talk shows.

Directorships of Other Companies:

Among others Mr. Mitoo has directorship in Multimode Transport Consultants Limited, M F Consumers Limited, Multimode Limited, NFM Energy Limited, A & A Investment Limited, Pragati Life Insurance Ltd., NFM Limited, Dulamia Cotton Spinning Mills Ltd., Kay &Que (Bangladesh) Ltd. etc.

INVESTOR

Board of Directors



Golam Farook
Independent Director

Age: 59 years
Nationality: Bangladeshi
Date of Appointment: 25 July 2013
Length of Involvement with the Company: 13 years
Date of Last Re-election: 15 April 2015
Membership in Board Committee:
Board Audit Committee

Qualifications:

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

Working Experience:

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

Directorships of Other Companies:

Magura Papers Mills Limited
Niloy Cement Limited
Delta Pharma Limited
Rupali Investment Limited

AMARSTOCK

Board of Directors



Jashim Uddin Chowdhury FCA
Director & Chief Financial Officer

Age: 54 years
Nationality: Bangladeshi
Date of Appointment: 20 June 2006
Length of Service with HC Group: 16 years
Date of Last Re-election: 22 May 2014
Membership in Board Committee: Audit Committee

Qualifications:

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

Working Experience:

Mr. Chowdhury has been serving HeidelbergCement Bangladesh Limited as Chief Financial Officer (CFO) since 2006. He has worked for about 16 years with the Company in different capacities. He has been looking after the IT function of the Company as well. He has demonstrated very sincere service and remarkable loyalty to the Group and thus contributing to the sustainable growth of the Company.


BUILDING YOUR TRUST
SCANCEMENT



Management Committee


Mr. Jose Marcelino Ugarte
Managing Director
Mr. Jashim Uddin Chowdhury FCA
Director & Chief Financial Officer
Mr. Syed Abu Abed Saher
Director Marketing and Sales


Mr. Terence Ong Kian Hock
Technical Director
Mr. Mustaque Ahmed
Director Human Resources
Mr. Ashraful Amin (Badal)
Director Purchasing & Logistics
Project Co-ordination
Mr. Mohammad Mostafizur Rahman
Company Secretary & Head of Legal

Management Committee



Jose Marcelino Ugarte
Managing Director

Filipino citizen. Managing Director of the Company since August 2011. Previously, he worked in the cement industry for about 10 years in various capacities. During his career he was posted as the Managing Director Malaysia, Indonesia and Bangladesh. He holds a Bachelor of Science, Business Administration in 1996 from University of San Francisco, California, USA. He started his career in 1997 with Cramdells Development Corporation in Cebu, Philippines.



Jashim Uddin Chowdhury FCA
Chief Financial Officer

Bangladeshi citizen, born in the district of Chittagong. Serving the Company with utmost sincerity and integrity for about 16 years. Director of the Company since 2006, concurrently he is responsible as the Chief Financial Officer (CFO) of the Company since 2006. Also looking after the IT function of the company. He is qualified Chartered Accountant from ICAB. He has been working for the Company in different roles since November, 2001.

Management Committee



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

His bonding started with the Company since formation of JV Company in 1998. He Studied in the USA. In HCBL, He worked in different roles, including distribution of Imported Bulk Cement and thereby creating the Top Brand Image of "Scancement". He was actively involved in the Kanchpur Green-Field Project and later acquiring of CCCGCL (Ruby cement Plant).

At present, he looks after the Function of Purchasing & Logistics and plays a key role in HCBL Strategy + Future Business Development.



Mustaque Ahmed
Director Human Resources

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

Management Committee



Terence Ong Kian Hock
Technical Director

Terence Ong is a Singaporean citizen, born on 14 December 1966. He joined HeidelbergCement Bangladesh Limited as Plant Manager in May 2004 and in 2013 was made Technical Director/Head of Heidelberg Technical Centre for Bangladesh and Brunei. He was responsible for the successful planning and execution of expansion projects in Dhaka and Chittagong as well as spearheading the optimization initiative for both plants resulting in significant OPEX savings.

He obtained his Engineering Degree with Honours from Nanyang Technological University in Singapore and his MBA from Victoria University in Melbourne Australia. He has been conferred with several professional certifications in Project Management (PMP and Prince 2) and Risk Management (PMI-RMP, MoR- OGC, CPRM-NUS).



Syed Abu Abed Saher
Director Marketing and Sales

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

Management Committee



Mohammad Mostafizur Rahman
Company Secretary & Head of Legal

Bangladeshi Citizen, born in the District of Barguna on 1 June 1979. Company Secretary of HeidelbergCement Bangladesh Limited since 2011. He is working as Head of Legal of the Company. Previously, he worked with Bata Shoe Company (Bangladesh) Limited, Square Pharma and Rangs Properties Limited in various capacities. He is a qualified Chartered Secretary. He completed his LL.B. (hons.), LL.M. from University of Dhaka and Chartered Secretary from the Institute of Chartered Secretaries of Bangladesh in 2010. He earned Post Graduate Diploma in Human Resources Management from Bangladesh Institute of Management (BIM) in 2013.



Sustaining Growth

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

Message from the Chairman



MESSAGE FROM THE CHAIRMAN

Dear Shareholders,
Dear Employees and Friends of HeidelbergCement Bangladesh Limited

On behalf of the Board of Directors, I would like to express my gratitude and greetings to all the respected stakeholders for their continuous support and attention in achieving excellence in the performance of our company. I would also like to take the opportunity to thank you for providing me a unique opportunity to share and exchange our thoughts and views on the performance of the company in the past year and the potentials and possibilities going forward.

Mr. Kevin Gerard Gluskie
Chairman

Message from the Chairman

In 2016, competition to grow volumes forced us to adjust our prices significantly. We demonstrated better performance in all areas of improvement. Despite of tough competition during the year, our revenue increased by 1.10% but higher margins and lower costs boosted the profit before tax for the financial year to BDT 2,075 million.

2016: revenue and operating income

Revenue of the Company was BDT 10,600 million in 2016. The Company's net profit after tax for the financial year increased by 7.55% to BDT 1,508 Million and Earnings Per Share (EPS) came to BDT 26.69.

Shareholder's return

In light of the business performance and cash reserve of the Company, the Board of Directors proposed the same dividend of BDT 30 per ordinary share of BDT 10 each to the Annual General Meeting to be held on 11 May 2017.

Thanks to our employees

Our employees once again had to face many challenges in 2016. Their high level of personal commitment and unconditional loyalty are particular strengths of HeidelbergCement Bangladesh Limited.

On behalf of the Board, I would like to personally thank and express my utmost appreciation to our managers as well as the staff functions. Without you, the good performance in 2016 - also in comparison with our competitors – would not have been possible. HeidelbergCement's success is based on the achievements of a strong management team. Contributing to this are two important factors. Firstly, a strong corporate culture that focuses on the key success factors of HeidelbergCement, namely customer and employee orientation, sustainability, performance and results orientation, comprehensive cost management, and strength of implementation. Secondly, the balanced composition of our management team with its different personalities, competences, levels of experience mirrors our presence in the markets, our customer structure and our business environment. We are thus able to respond quickly and flexibly to global challenges and local market changes.

We are cautiously optimistic about 2017:

The outlook for the global economy is positive, but there are still great macroeconomic risks. However, the business trend in 1st Quarter 2017 makes us cautious that we will be facing tough challenges to reach our objectives in 2017. With our advantageous geographical positioning in attractive markets in Bangladesh and our high degree of operational efficiency, we consider ourselves well-equipped to face the challenges and take advantage of the opportunities in 2017.

My thanks also go to the Government bodies, Dhaka Stock Exchange, Chittagong Stock Exchange and other statutory bodies for their support of the various activities of the company. I also acknowledge the support extended by our valued customers, associates and our bankers.

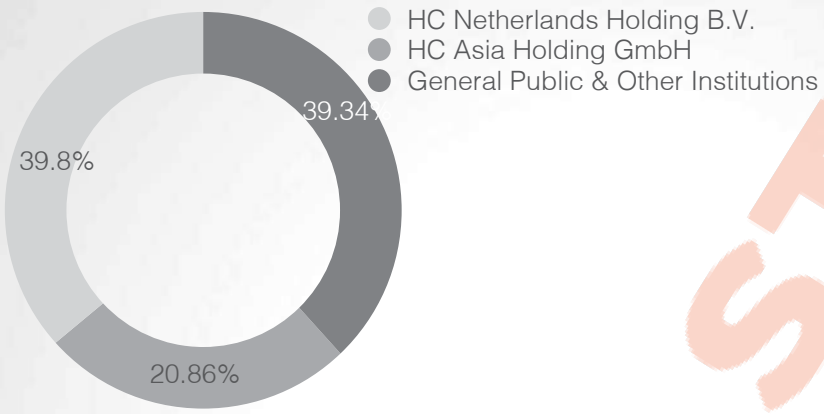
Thank You Once Again



Kevin Gerard Gluskie
Chairman,
Board of Directors
HeidelbergCement Bangladesh Limited

Shareholding Position

Distribution of Shareholdings



No. of Shares held	01 January 2016			31 December 2016		
	No of Shareholders	Total Holding	%	No of Shareholders	Total Holding	%
0 – 5000	13,939	4,340,304	7.68	12,672	3,864,752	6.84
5001 – 50000	283	3,954,745	7.00	285	4,064,146	7.19
50001 – 200000	36	3,160,029	5.59	37	3,462,441	6.13
200001 – 500000	05	1,692,523	3.00	03	1,163,365	2.06
500001–10000000	06	9,078,569	16.07	06	9,671,466	17.12
10000000– 56503580	02	34,277,410	60.66	02	34,277,410	60.66

Top Ten Shareholders of the Company as on 31 December 2016

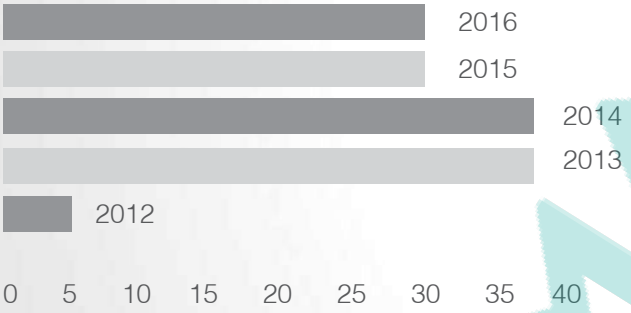
Top Ten Shareholders of the Company as on 31 December 2016	Number of ordinary shares held	Percentage %
HC Netherlands Holding B.V.	22,493,020	39.80
HC Asia Holdings GmbH	11,784,390	20.86
Investment Corporation of Bangladesh (ICB)	4,727,146	8.37
ICB Unit Fund	2,371,766	4.20
Bangladesh Fund	795,975	1.41
ICB Amcl Unit Fund	249,665	0.44
Shanta Holdings Ltd.	1,202,598	2.13
SSBT A/C WA FRN KM SCF	573,981	1.02
Hussain Ismat Reza	446,002	0.79
Rehana Rizvi	467,698	0.83

Information to Shareholders

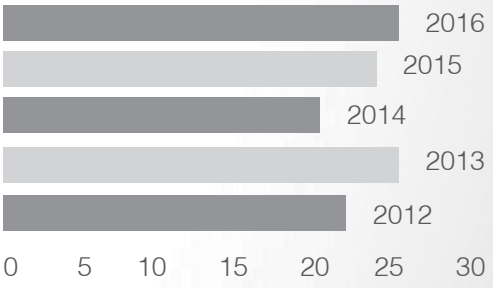
General

Authorised Share Capital	Tk. 1,000,000,000
Issued and Fully Paid-up Capital	Tk. 565,035,800
Class of Shares	Ordinary Share of Tk. 10 each

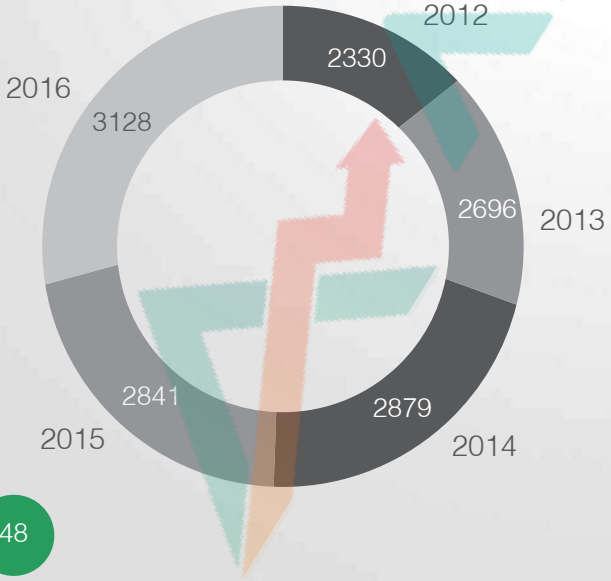
Payment of Dividends for ordinary shares of Tk.10/- each to the Shareholders



Earnings per share



Contribution to the National Exchequer in Min.



Production and Sales information

Fiscal Year	Production (in MT)	Sales (in MT)
2016	1,696,962	1,695,266
2015	1,538,192	1,533,733
2014	1,524,992	1,524,434
2013	1,359,120	1,351,759
2012	1,487,513	1,488,859
2011	1,320,129	1,318,110
2010	1,334,618	1,339,838
2009	1,163,767	1,162,187
2008	1,058,016	1,059,606
2007	1,018,827	1,018,944
2006	1,007,401	1,010,478
2005	818,260	816,470
2004	807,875	807,623

AMAR STOCK



Internal Control & Risk Management

Internal Control & Risk Management

INTERNAL CONTROL

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

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

MEASURES FOR IDENTIFYING, ASSESSING AND LIMITING RISKS

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

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

RISK ASSESSMENT

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

Internal Control & Risk Management

IDENTIFICATION AND ASSESSMENT OF RISKS

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

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

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

RISK MANAGEMENT

HeidelbergCement Bangladesh Limited (HCBL)'s risk policy is based on the business strategy, which focuses on safeguarding the Company's existence and sustainably increasing its value. Entrepreneurial activity is always forward looking and therefore subject to certain risks. Identifying risks, understanding them and reducing them systematically are the responsibility of the Management Committee & the Board and a key task for all managers individually. HCBL is subject to various risks that are not fundamentally avoided, but instead accepted,



provided they are consistent with the legal and ethical principles of entrepreneurial activity and are well balanced by the opportunities they present. Opportunity and risk management at HCBL is closely linked by Group-wide planning and monitoring systems.

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

Internal Control & Risk Management



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

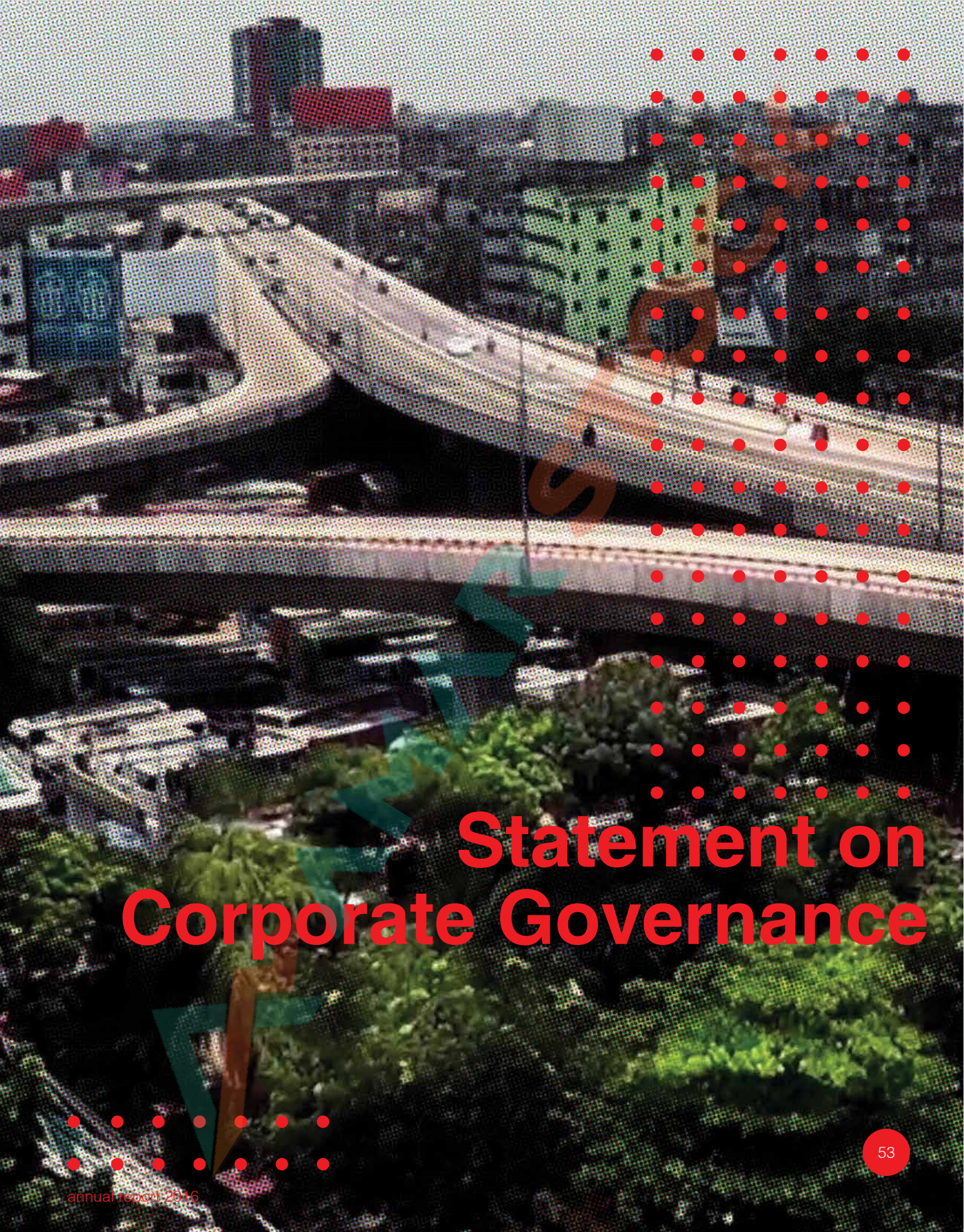
The essential elements of the risk management system are:

- Documentation of the general conditions for a methodical, efficient risk management in a Group guideline. In addition to this Risk Management Policy, the Code of Business Conduct is concerned with the code of conduct and compliance standards to be observed.
- Coordination of risk management in the Group Insurance;
- Managers are responsible for corporate risk at operational level
- Direct information, reporting and open communication of quantified risks between the Management Committee and Group Managing Board;
- Standardized and regular reporting to Group.

SUSTAINABILITY AND COMPLIANCE RISKS

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

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



Statement on Corporate Governance

Statement on Corporate Governance



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

CORPORATE GOVERNANCE FRAMEWORK

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

i) Companies Act 1994 (CA1994);
ii) Stock Exchanges Listing Requirements;
iii) Bangladesh Securities and Exchange Commission (BSEC) Corporate Governance Guidelines of 2012 etc.; &
iv) Other related regulations.

COMPLIANCE WITH BSEC CORPORATE GOVERNANCE GUIDELINES BSECCCG 2012

HCBL has complied in all respects with the principles and recommendations of the BSECCGG 2012 throughout FY16. We have included throughout this governance review all of the main principles and recommendations of BSECCGG 2012 that apply to the Company. The table to facilitate understanding of HCBL's compliance with the BSECCGG 2012 in respect of FY16 is attached as annexures per requirements.

Shareholders' Rights

The shareholders are the ultimate authority on decision making. The shareholders exercise their decision making power at general meetings either by way of attending meetings in person or through proxy or authorised representation. Each share entitles the holder to one vote. Unless polling is requested, in accordance with the Articles of Association of HCBL, voting at general meetings will be carried-out by way of show of hands.

Statement on Corporate Governance

Matters reserved for shareholders' approval at AGM include the following:

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

BOARD OF DIRECTOR

(i) Composition

The Directors of the Boards are appointed by the Shareholders at the Annual General Meeting (AGM) and accountable to the Shareholders. The Board of Directors consists of Eight (8) members including the Independent Directors. The Board is re-constituted every year at each Annual General Meeting when one-third of the members retires and seeks re-election. 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.

(ii) Role & Responsibilities:

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

(iii) Board Meeting

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

The calendar for Board meetings providing scheduled dates for meetings of the Board, Board committees and AGM as well as the Board Annual Calendar providing major items on the agenda for each financial year are fixed for the whole year in advance so as to enable Management to plan ahead and ensure the Board meetings are booked into their respective schedules. In FY16, the Board met five(5) times.

Statement on Corporate Governance

(iv) Relationship with Shareholders & Public

The shareholders as owners 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 matters of transfer of shares, replacement in case of loss or damage of shares, payment of dividends etc. The Board is however responsible to the public for publication of any price sensitive information as per BSEC regulation. A qualified Chartered Secretary is in charge for all these responsibilities as Company Secretary.

(v) Relationship with Government

In its role on accountability to the Government, the Board of Directors ensure payment of all dues to Government in the form of import duty, custom duty and port charges, VAT, Corporate Taxes and other levies as and when they become due on the basis of actual operations and make sure to avoid corruption. This has enabled the Company to enhance its contribution to the National Exchequer on a progressive rate year after year.

(vi) Roles and Responsibilities of the Chairman and Managing Director

There is clear division between the roles and responsibilities of the Chairman and the Managing Director as set out by the HCBL Board. The Chairman is responsible for the operations, leadership and governance of the Board, ensuring its effectiveness and assumes the formal role as the leader in chairing all Board meetings and shareholders' meetings. He leads the Board in overseeing Management and principally ensures that the Board fulfills its obligations outlined by the HCBL Board and as required under the relevant legislations.

The Managing Director is responsible for the management of the Company's business, organisational 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 MC.

(vii) Independence

HCBL measures the independence of its Directors based on the criteria prescribed under the regulations in which a Director should be independent and free from any business or other relationship that could interfere with the exercise of independent judgment or the ability to act in the best interests of the Company. A Director should also be willing to express his opinion at the Board free of concern about his position or the position of any third party.

(viii) Directors' Commitment

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

(ix) Directors' Code of Ethics & Employees' Code of Conduct

The Board had since 2012 adopted the Directors' Code of Ethics as prescribed by the BSE Commission and the same is adhered to at all times.

Statement on Corporate Governance

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 part of its enforcement, employees are required, on annual basis, to submit their declaration to adhere to and observe its provisions.

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

In accordance with the Articles of Association of the Company (Articles), Directors newly appointed during the year must offer themselves to the shareholders for re-election at the first AGM following their appointment and one-third of Directors are subject to retirement by rotation at every AGM but shall be eligible for re-election. The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-election. The managing Director, as Director, is subject to the same retirement by rotation provisions as the other Directors, notwithstanding any contractual terms that may have been entered into with the Company.

At this forthcoming AGM, the three Directors who will be retiring by rotation are the Mr. Jose Marcelino Ugarte, Mr. Jashim Uddin Chowdhury and Mr. Golam Farook.

(xi) Management of Conflicts of Interest

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

(xii) Separate role of the Chairman and Managing Director

The positions of the Chairman and the Managing Director are held by separate persons. The Chairman is responsible for the functions of the Board while the Managing Director serves as the Chief Executive of the Company.

(xiii) Chief Financial Officer, Head of Internal Audit and Company Secretary

The Company appointed Mr. Jashim Uddin Chowdhury FCA as Chief Financial Officer, Mr. Mamun – ul – Hoque Chowdhury as Head of Internal Audit and Mr. Mohammad Mostafizur Rahman, LL.M. & CS as Company Secretary of the company as per requirement of Bangladesh Securities and Exchange Commission.

Statement on Corporate Governance

BOARD COMMITTEES

1. Board Audit Committee (BAC)

The Board of Directors has an Audit Committee consisting of three board members. The Audit Committee is headed by the Independent Director, Mr. Abdul Awal Mintoo as the Chairman. Other members are Mr. Golam Farook, Mr. Jashim Uddin Chowdhury FCA and Mr. Mamun-ul-Hoque Chowdhury and Mr. Mohammad Mostafizur Rahman as the Member Secretary. 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 Audit Committee shall also co-ordinate with the Internal and external Auditors as and when required. The Audit Committee ensures that adequate internal checks & balances supported by adequate MIS are in place for detection of errors, frauds and other deficiencies. BAC is also responsible for prevention of conflict of interest between the company and its Directors officials, customers, suppliers, Government and any other interest groups and detects or removes any scope of insider trading in the company's stock. The Audit Committee also ensures compliance of requirements of SEC and other agencies.

2. Management Committee

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

3. Safety, Health and Environmental Committee

HCBL is committed to comply with all applicable environmental laws, standards and requirements and takes a proactive and long-term view on environmental matters to prevent pollution and continuously improve environmental performance. Health & safety is an integral part of all our business activities. Under his effective leadership of Mr. Alamgir, Country Health & Safety Manager, overall Health and Safety management of HCBL is moving forward even more successfully and is building a healthy safety culture in the Company.

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:

(i) Independent Director

In compliance of the BSEC Regulations on Good Governance, the Board of Directors as empowered by the Regulations, appointed Mr. Abdul Awal Mintoo, former President, FBCCI and Mr. Golam Farook as the

Statement on Corporate Governance

non-shareholder Independent Director. It is expected that their expertise would help contribute to the further disclosure and protect the interest of all investors in general and smaller investors in particular.

(ii) Bankers:

The degree of efficient business operation largely depends on the quality of efficiency of banking services received by the company.

Efficient banking service brings down cost of operations. On the other hand, cost of financial services and interest on the lending by the banks are also required to be the minimum. With this end of view, the company has established long term business relationship with the banks namely Citibank N. A, Standard Chartered Bank, HSBC Ltd., Dhaka Bank Ltd., Dutch Bangla Bank Ltd., Uttara Bank Ltd., AB Bank Ltd., Brac Bank Ltd., Pubali Bank Ltd., South East Bank Ltd., National Credit & Commerce Bank Ltd. and One Bank Ltd. etc. The company has neither ever defaulted in any commitment with its Bankers nor did get entangled in legal dispute at any court premises.

(iii) Insurer

Insurance services cover certain operational risks which are required by law/business practices to be covered by legitimate insurance service providers for protection of the interest of the company and the investors. To this end, the company has to select insurer with the most efficient, reputed and financially sound insurance Company for smooth and prompt settlement of valid claims at a competitive premium. The Company is maintaining insurance with reputed and publicly listed insurance Companies namely Pragati Insurance Ltd. and Reliance Insurance Ltd. The company has not yet faced any dispute over any claims and the company enjoys special premium rates which protects the interest of the investors.

(iv) Statutory Auditor

The present auditors of the Company, M/s. S F Ahmed & Co. (SFACO), Chartered Accountants, will retire at the upcoming Annual General Meeting. They are not eligible for re-appointment until the next AGM as they have already completed 3 (three) consecutive years of auditing the Company. As such, the Company will need to appoint new Auditors per the Corporate Governance Guidelines of the Bangladesh Securities and Exchange Commission (BSEC).

The Board Audit Committee (BAC) has reviewed the various Expression of Interests (EOI) received from different audit firms and the BAC has proposed the appointment of Hoda Vasi Chowdhury & Co., Chartered Accountants having their National Office at BTMC Bhaban (Level 7&8), 7-9, Karwan Bazar, Dhaka-1215 as auditors for the year ended 31 December 2017. The appointment of new auditors in place of retiring auditors will be approved by the shareholders in the ensuing 28th AGM of the Company.

(v) Dividend Policy

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

Statement on Corporate Governance

(vi) Company Secretary

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

- Performs as the bridge among the Board, Management and shareholders on strategic and statutory decisions and directions.
- Acts as a quality assurance agent in all information streams towards the Shareholders/Board.
- Is responsible for ensuring that appropriate Board procedures are followed and advises the Board on corporate Governance matters.

Acts as the Disclosure officer of the Company and monitors the compliance of the Acts, rules, regulations, notifications, guidelines, orders/directives etc. Issued by the BSEC or Stock Exchange(s) applicable to the conduct of the business activities of the Company so as to the interest of the investors.

(vii) Corporate Social Responsibilities (CSR):

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

RELATIONSHIP WITH OTHER STAKEHOLDERS AND SHAREHOLDERS

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 strong emphasis on the importance of timely and equitable dissemination of information. 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-

(i) Annual Report

The Annual Report is a major channel of communication disclosing information not only

Statement on Corporate Governance

on the Group's business, financials and other key activities but also additional information such as strategies, 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 working committee comprising senior management and personnel from various divisions plays an important role to ensure accuracy of information and full compliance with the relevant regulatory requirements. The contents of the Annual Report are continuously enhanced, taking into account developments, amongst others, in corporate governance.

(ii) Announcements to BSEC and Stock Exchanges

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 on HCBL's corporate website.

(iii) 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.

(iv) Company Website

All information on share price, financial reports, stock exchange filings, presentations, financial calendar and ownership profile are posted on the Investor Relations section. In addition, quarterly results are also available for streaming or download from the Company's corporate website at www.heidelbergcementbd.com.

(v) Annual General Meeting

The AGM is undoubtedly the primary engagement platform between the Board and shareholders of the Company and has historically been well attended and has seen an increasing turn out year-on-year indicating a high level of engagement with shareholders.

At the AGM in 2016, Directors were present in person to engage directly with, and be accountable to the shareholders for the stewardship of the Company.

The proceedings of the AGM normally commences with a concise but comprehensive presentation by the Chairman of the meeting on the financial performance of the Company for the preceding financial year, preceding quarter and the Company's vision and initiatives. During the AGM, the shareholders are also at liberty to raise questions on all affairs of the Company. The Chairman, subject to the line of questions and relevance, entertains questions raised at the AGM as long as there is sufficient time and they are not repetitive.

ACCOUNTABILITY AND AUDIT

(i) 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 quarterly announcement of results are provided to shareholders

Statement on Corporate Governance

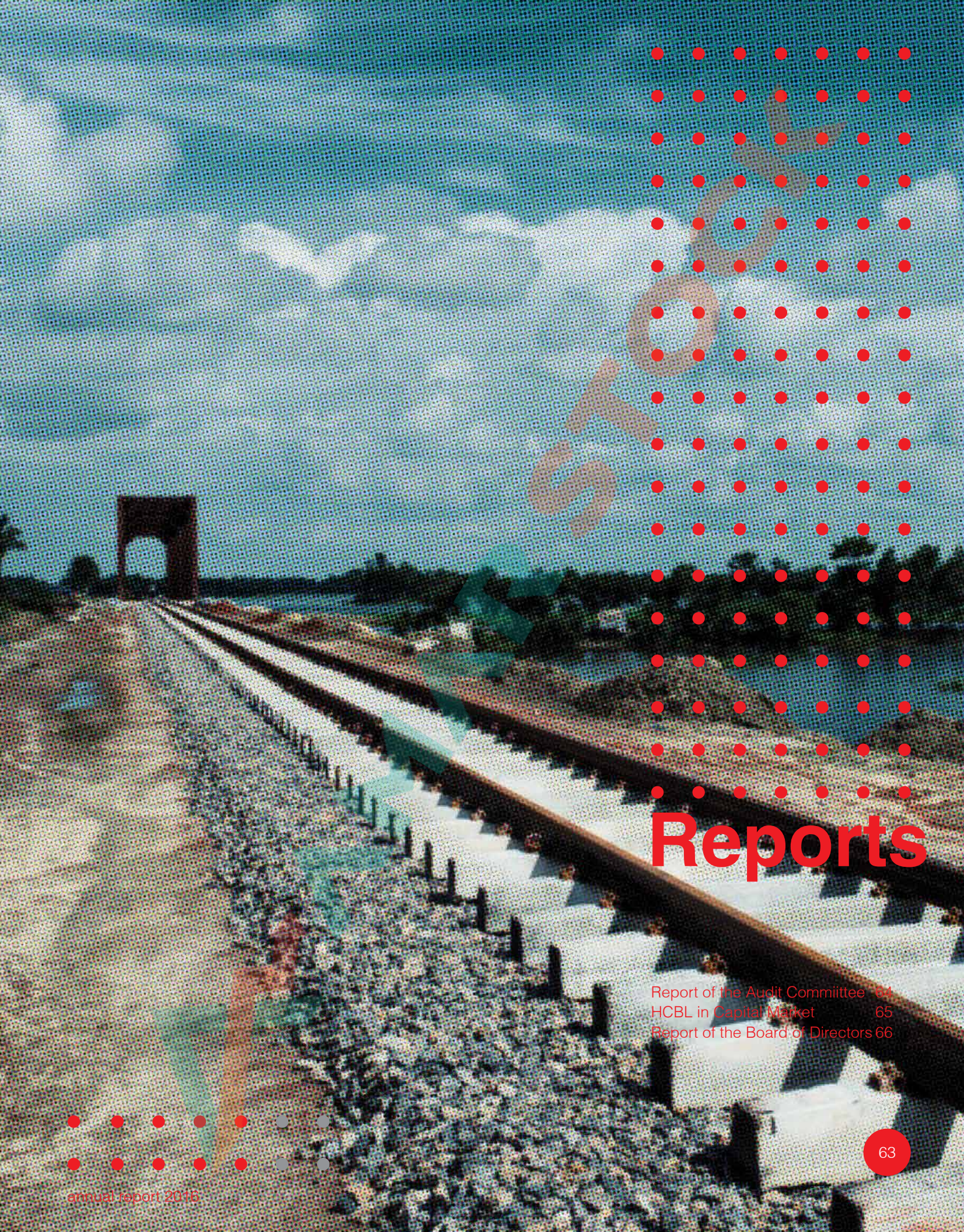
and regulatory bodies. In this respect, the Board through the BAC oversees the process and the integrity and quality of financial reporting, annually and quarterly. The BAC, in this respect, assists the Board by reviewing the financial statements and quarterly announcements of results to ensure completeness, accuracy and adequacy in the presence of external auditors and internal auditors before recommending the same for the Board's approval.

The Directors' Responsibility Statement for the audited financial statements of the Company is set out in page 94 of this Annual Report. The details of the Company's financial statements for FY16 can be found on page 103 to 134 of the Annual Report.

(ii) Related Party Transactions (RPTs)

The Company has an internal compliance framework to ensure it meets its obligations under the regulations including obligations relating to related party transactions. Processes and procedures are in place, to ensure that Related Party Transactions (RPTs) are entered into on terms not more favourable to related parties than to the public. This is achieved after taking into account the pricing and contract rates, terms and conditions, level of service and expertise required, and the quality of products and services provided, as compared to prevailing market prices and rates, industry norms and standards, as well as general practice, adopted by service providers of similar capacities and capabilities generally available in the open market. The annual internal audit plan incorporates a review of all RPTs to ensure that all the relevant approvals for RPTs have been obtained. The amount of RPTs entered into during the FY16, is disclosed in page 133, Note No. 42 of Finincial Statements.

VEHAR STOCK



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Report of the Audit Committee

Audit Committee in HeidelbergCement is a sub-committee of the Board of Directors', assists the board in fulfilling its oversight responsibilities. The Audit Committee assists the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business. The Audit Committee be and is responsible to the Board of Directors. The jurisdiction of the HeidelberCement Audit Committee extends over the Company covering risk management with special emphasis on ensuring compliance with all applicable legislation and regulation.

COMPOSITION AND MEETINGS

Chairman: Mr. Abdul Awal Mintoo, Independent Director
Member: Mr. Golam Farook, Independent Director
Member: Mr. Jashim Uddin Chowdhury FCA, Director
Member: Mr. Mamun-ul-Hoque Chowdhury
Member Secretary: Mr. Mohammad Mostafizur Rahman

A total of 5(Five) meetings were held during 2016. Company Secretary functioned as the Secretary to the Committee as per regulatory guidelines. Head of Internal Audit attended the meetings on invitation. Managing Director & other members of corporate management, representatives of the External Auditors and other officials were invited to attend the meetings as and when the Committee required their presence. The detail responsibilities of Audit committee are well defined in the Terms of Reference (TOR). However, the major responsibilities are as follows:

i) Review and recommend the Board to approve the financial statements prepared for statutory purpose;

ii) Report to the Board of Directors on internal audit findings from time to time considering the significance of the issues;

iii) Reviewing the efficiency and effectiveness of internal audit function;

iv) Reviewing that the findings and recommendations made by external auditors for removing the irregularities detected and also running the affairs of the Company are duly considered by the management

The Audit Committee report has been prepared pursuant to the Clause 3.4 of the Corporate Governace Guidelines of Bangladesh Securities and Exchange Commission issued on 07 August 2012. However, The Audit Committee reports on its activities to the Board of Directors. Audit Committee also immediately reports to the Board of Directors on a) report on conflicts of interests, b) suspected or presumed fraud or irregularity or material defect in the internal control system, c) suspected infringement of laws, including securities related laws, rules and regulations, d) any other matter which shall be disclosed to the Board of Directors

The Committee considered the scope and methodology of the audits as well as the independence, objectivity and qualification of the external auditors. The Audit Committee reviewed the external audit works and concluded that the financial reporting was satisfactory and in compliance with generally accepted accounting principles in Bangladesh and that the audit was satisfactorily conducted. In connection with financial reporting, the Audit Committee also reviewed the Company's 2016 financial statements. The Audit Committee concluded that all reported financial results have been presented in accordance with applicable rules.

MARSTOCK

Report of the Audit Committee

Moreover, The Audit Committee reviewed HCBL's self-assessment of Corporate Governance practices, based on a checklist provided by Bangladesh Securities and Exchange Commission (BSEC).The Committee concluded that Corporate Governance practices within HCBL to a greater extent exceeded the national standards and also found few rooms to improve further.

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

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

ACTIVITIES DURING THE YEAR

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

a) Reviewed the internal audit plan for the year 2016 along with the new risk based auditing system;

b) Adopted a standardized reporting format for the Auditors;

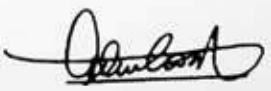
c) Reviewed the draft financial statements and recommended to the Board for consideration after holding meeting with the representatives of the External Auditors;

d) Reviewed the Quarterly & Half Yearly Financial Statements of the Company prepared to evaluate the performance for onward submission to the shareholders as a statutory requirement;

e) Reviewed significant internal audit findings with a view to taking timely corrective actions;

f) Placing of compliance report/minutes before the Board detailing the decisions taken/ recommendations made by the committee in various meetings for information/concurrency of the Board on quarterly basis;

g) The Audit Committee reviewed and examined the annual financial statements 2016, prepared by the management and audited by the external auditors and recommended the same before the Board for consideration



Abdul Awal Mintoo
Chairman, Audit Committee

HCBL in Capital Market



HeidelbergCement Bangladesh Limited is a listed Company in Dhaka Stock exchange (DSE) Limited as well as Chittagong Stock Exchange (CSE) Limited as “A” category share in capital market. The Company’s capacity, sustainability, profitability and current business growth with the strategic plans show a clear strategic advantage that will enable the Company to secure market share as well as to maximize shareholders’ wealth.

Report of the Board of Directors



For the year ended 31 December 2016

REPORT OF THE BOARD OF DIRECTORS

Under section 184 of the Companies Act, 1994 and notification dated 7 August 2012 from Bangladesh Securities and Exchange Commission

On behalf of the Board of Directors and Management, I welcome you all to the 28th Annual General Meeting (AGM) of the HeidelbergCement Bangladesh Limited and present the report on the Company's affairs and the audited financial statements of the Company for the year ended 31 December 2016 thereon for your valued consideration, approval and adoption.

Jose Marcelino Ugarte
Managing Director

Report of the Board of Directors

STATEMENT OF THE COMPANIES AFFAIRS

Another year of Accomplishment - 2016

In 2016, HeidelbergCement Bangladesh Limited (the Company) faced some extraordinary challenges. Despite significant economic challenges over the year, delivering consistent results we could create substantial value for our Shareholders. Furthermore, we continued to raise the performance of the Company, clearly demonstrated by the success of our efficiency improvement initiative. As a result, net profit before tax for the financial year was significantly increased to 2,075 million and the revenue was increased by 1.10% in 2016.

HeidelbergCement Bangladesh Limited continued to be the leader in the industry in Health and Safety, Corporate Sustainable Responsibility and Employee Welfare.

SOCIO ECONOMIC ENVIRONMENT IN BANGLADESH

Robust performance in Bangladesh's economy continues on the back of sustained growth in all-important sectors. Moreover, strong expatriate remittances, solid household income growth and a rise in agricultural output are fueling private consumption. Government expenditure per the 2016–2017 budgets is providing additional fuel to domestic demand. Spending plans are mainly targeted at infrastructure and job training which beyond the short-term boost to growth, will also improve the long-term competitiveness of the economy. On the downside, religious and social tensions persist and the economic environment could take a hit if the risk of renewed violence becomes reality. However, Economic growth will remain robust hopefully in this fiscal year, sustained by strong private and government consumption as well as expanding total investment, although the rise in oil prices will weigh on the external sector. Focus Economics panelists project that GDP will expand 6.8% in both FY 2017 and FY 2018.

In 2016 growth in Bangladesh economy held up well because of brisk domestic demand, worker remittances, private sector wages and public investment. Inflation was moderate in FY 2016 reflecting large public stocks of food grains, normal weather, a supportive monetary policy and lower global food and commodity prices that a steady exchange rate allowed to pass through. The Gross Domestic Product (GDP) in Bangladesh has expanded from the previous year. Having a GDP growth rate of 7.1% is quite an achievement.

In 2016, initial growth in Bangladesh was moderated, inflation declined and the current account returned to a larger surplus. But, these indicators slept again, reflecting slower expansion in exports, falling worker remittances etc. Inflation and a modest current account deficit were experienced by the economy as well.

However, forecasts for FY2017 rest on several assumptions: Political stability if be continued well, consumers' and investors' confidence will improve. Close surveillance of macroeconomic trends, stronger monitoring and supervision of banks and building policy space is all that the government can do to guard against these risks. While Bangladesh's growth is likely to remain healthy, it is yet below potential. The longer-term growth outlook depends on the acceleration of reforms to increase investment rates, improve trade prospects and ensure inclusion.

Report of the Board of Directors

CEMENT INDUSTRY & CONSTRUCTION SECTOR

Bangladesh cement industry is mainly driven by basic infrastructures, housing and industrial establishments. Bangladesh has a high need for basic infrastructure, housing and services, and therefore a robust growth in the demand for cement is expected. The country's increasing urbanization has stimulated the building materials sector and has generated considerable needs for cement. Now Bangladesh's cement industry has become one of the important markets in the world. Last year cement industry experienced 18 - 20% growth.

Bangladesh Cement Industry has been observing stable growth in last couple of years driven by steady pace of urbanization and construction of large infrastructure projects. The construction sector



is poised to emerge as a new growth engine in Bangladesh. The construction sector is set to play an increasingly strong role in the economy amid continued urbanisation and an almost full pipeline of large infrastructure projects. The construction sector in large infrastructure projects. The construction sector in Bangladesh has been booming as cities are growing twice as fast as villages where infrastructures including roads, houses and bridges are being built.

OPERATION

1. Sales and Production

Last year was record year for HCBL in terms of sales volume. We sold 1.695 million tons in 2016 which was highest ever volume in HCBL history. In 2016, we secured a market share of 8%. This was possible because of the strong brand image of ScanCement and RubyCement and the consumer perception about the superior quality of our cement.

2. Price

Our uncompromising product quality, relentless effort to bring innovation in product development and consumer confidence on consistence performance of our cement allowed us to command price premium. Despite of huge market competition the Company succeeded to maintain price leadership just because our customers kept faith on our cement.

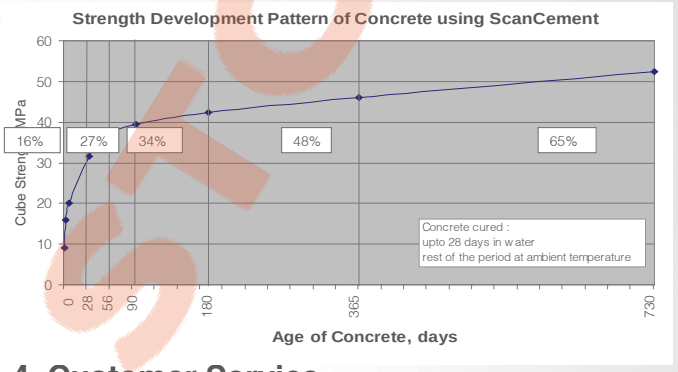
Report of the Board of Directors

3. Production Innovation

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

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

ScanCement two years strength development



4. Customer Service

All employees are expected to maintain impartiality and cordial relationship with the customers and only to act in the best interest of the Company. Quality customer service is our top priority at HCBL. A skilled, experienced and dedicated team of civil engineers is always ready to provide best solutions and consultation to our valued customers.

5. Marketing Activities

Cement industry of Bangladesh is getting competitive day-by-day due to excess capacity. Most of the major players have already extended or are extending their capacity. To gain more share every players are initiating aggressive marketing plan.



Report of the Board of Directors



ScanCement and RubyCement command Top of Mind Share, particularly in markets where these brands are sold.

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

i. Enhancing Channel Partners' Loyalty: Last year we offered several foreign tours like USA tour, Singapore-Malaysia tour, China Tour, Thailand tour and India tour etc. to our key dealers and retailers as a part of promotion. We organized entertainment programs for dealers and key retailers in Dhaka, Chittagong and North Bengal.

ii. Huge Outdoor Visibility: To increase brand visibility we have done huge outdoor branding last year. Outdoor visibility activities include shop sign, shop paint and mega sign installation.

iii. Demand Generation Activities: To increase demand and awareness among customer and influencers we did many demand generation activities through one-to-one communication. Under the demand generation program we arranged meet programs with masons, house owners and engineers.

iv. Brand Image Enhancing Activities: We took many initiatives in 2016 to enhance our brand image like different press ads at different times, TV ads, live sports branding on TV etc.

6. Brands

HeidelbergCement Bangladesh Limited is very proud of its two very popular and preferred cement brands "ScanCement" & "RubyCement".

Construction experts consider these two brands as the best cement for all kind of establishments – large and small. The consistent quality of our cement and strong brand image permit us to charge price premium in highly competitive cement market of Bangladesh.

7. Awards

2016 was another year of pride and recognition. HeidelbergCement Bangladesh has won the first prize of 'National Productivity and Quality Excellence Award -2015 under heavy Industry category which was awarded by honorable Minister, Mr. Amir Hossain Amu, Ministry of Industry.

Report of the Board of Directors





Besides this, ICAB (Institute of Chartered Accountants of Bangladesh), ICSB (Institute of Chartered Secretaries of Bangladesh) and ICMAB (Institute of Cost Accountants and Management of Bangladesh) awarded us in different categories. We earned this awards for best product quality, brand image and best corporate practices.

8. Quality Assurance & Environment

An experienced & enthusiastic Q.A. team member are contributing in inspection, process controlling, testing, environmental monitoring and R & D activities to make sure consistent cement quality production. Our contribution towards Environment is uses of SCMs (Supplementary Cementitious Materials) for the reduction of CO2 emission at ambient.



Moreover, as a global Company HeidelbergCement Bangladesh Ltd. (HCBL) obtained ISO 14001: 2004 Certificate on Environmental Management System (EMS). Very recently, we have also achieved ISO 9001: 2008 on Quality Management System (QMS). Mr. Ashraful Alam- Manager Quality Assurance & Environment is leading the QMS, EMS & Quality issues of HC Bangladesh.

9. Implementing Technologies for a Low Carbon Cement Production

Technology is a key pillar in the cement industry's drive to reduce emissions levels and energy consumption. Research and development investments have enabled us to install modern, energy-efficient technology. New technologies have enabled increased use of clinker substitutes and alternative fuels in

cement production, leading to significant direct (e.g. from limestone decarbonisation) CO2 emissions reductions. Moreover, producing total power from natural gas with lean burning confirms zero carbon emission which helps to maintain our commitment to the society from greener environment.

10. Continuous Quality Control and Assurance Activities

A Quality Assurance dept. at plant site with representatives at each cement manufacturing plant is the backbone of Quality. They are responsible

- To ensure that quality of cement conforms to the laid down standards relating to fineness, strength, expansion, ingredients etc. and only quality product is sent out of the factory.
- To carry out physical & chemical tests over and above the normal tests required for the purpose of production by taking necessary number of samples from each lot.
- To carry out inspection of bags at the time of packing as well as to conduct random sampling tests to ensure that the bags are of good quality and the weight of the loaded bags are correct.
- To not allow the short weight bags from moving out of the factory and checks the details of branding on the bags before packing of cement.
- To monitor adherence to all the stipulations made by the BSTI for various testing. They also monitor the conditions of various equipment and other stipulations.
- To monitor the mode of sampling by Production Department for testing of various input materials at different stages and make comprehensive.
- To innovate the basic method of Quality Control, introduce new concepts relating to total quality management, its implementation through Production Department and percolation of total quality management as well as quality consciousness down the line through Production Department.

11. Dust emission Control and Its Prevention and Collection Enhancement

HeidelbergCement Bangladesh Limited (HCBL) with the foresight and belief in the potential of a building nation. Keeping up to parent Company's impeccable image, HCBL uses state-of-the-art technology at every stage of the manufacturing process, producing the finest quality of cement for sustainable and durable construction.

Regarded as best in its class interms of manufacturing, environmental sustainability and quality that meets the demand for the market of Bangladesh. All cement delivered exceeds the European norms BDS EN. (197-1:2003.)

In the manufacturing of cement HCBL focuses on

i) Electrical Energy Efficiency Enhancement:

Continuous improvements to the production process as well as modernization of older less efficient equipment has allowed HCBL to reduce the amount of electricity used in the production of cement, this greatly helps in better utilization of the country's power.

ii) Continuous Quality Control and Assurance Activities:

A Quality Assurance dept. at each plant site with trained representatives forms the backbone of HCBL

Report of the Board of Directors

Quality Assurance. They are fully responsible to ensure that HCBL delivers cement which not only meets the country requirement but also exceeds it.

Quality Assurance is not limited to testing in the Laboratory but are closely involved in all areas of the operations from ensuring all incoming materials meets our standards, to ensuring that the production process conforms to standards set forth in the operating procedures, upto the delivery of the cement to customer.

iii) Dust Emission Control and Its Prevention and Collection Enhancement:

The manufacturing of cement involves crushing and grinding of raw materials, conveying, storing and bagging the finished cement. The cement manufacturing process generates lot of dust, through improved and upgraded dust collection systems and dust prevention initiatives all nuisance dust generated has been greatly reduced. This has given rise to a better working environment for our workers and a much cleaner environment for our other stakeholders.

iv) Continual Improvement Programme (CIP):

To ensure that HCBL continually improves to be better year on year a CIP programme has been established to create an environment that always looks for improvement. It should be mentioned that several CIPs developed in Bangladesh have been acknowledged as Best Practice and are being adopted by the HeidelbergCement Group World Wide in all 60 countries spanning 5 continents.

12. Information Technology

The Company has successfully completed a global Integration project. As part of group global integration, HCBL is connected with HeidelbergCement global Infrastructure hub using SingTel connectivity and using central e-mail windows exchange server system from HeidelbergCement Group.

By deploying Group Standard Infrastructure, it enables a more efficient approach to support to the Country Operations.

As part of HeidelbergCement group we, HeidelbergCement Bangladesh has successfully moved in HeidelbergCement cloud environment.

13. Directors Declaration as to Financial Statements

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

a. The financial statements prepared by the Management of the Company present a true and fair view of the Company's state of affairs, the result of its operation, cash flows and changes in equity.

b. Proper books of accounts as required by law have been maintained.

c. Appropriate accounting policies have been followed in formulating the Financial Statements and Accounting estimates are reasonable and prudent.

d. The Financial Statements were prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS)

Report of the Board of Directors

e. The CEO and CFO have certified to the Board that they have reviewed the financial statements and believe that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

f. The CEO and 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 CFO have further certified to the Board that there are, to the best of their knowledge and belief, no transaction entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's codes of conduct.

14. Key Financial Result

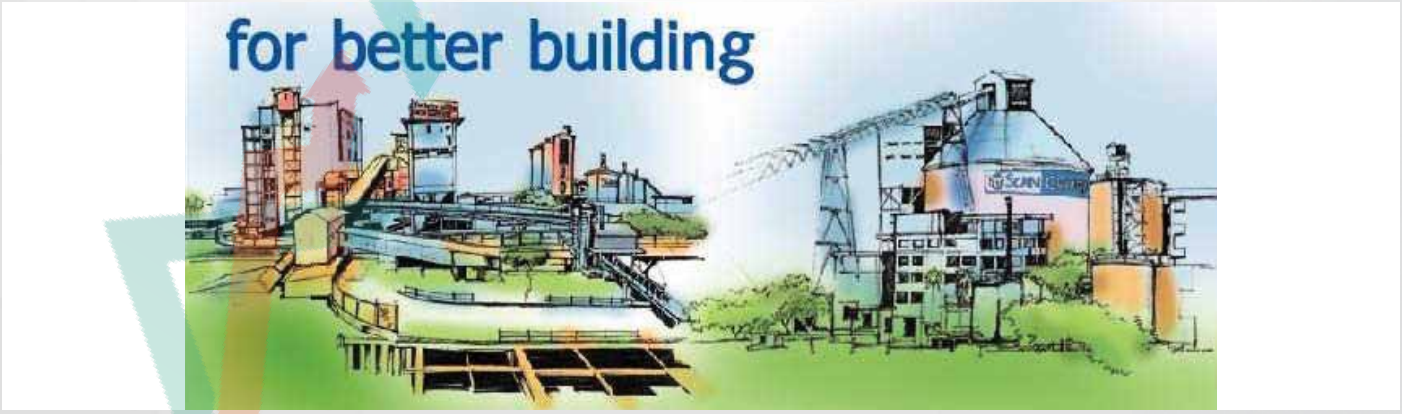
Financial Results for the Year 2016:	**(Taka in '000)**
Un-appropriated profit from previous period	2,889,446
Net Profit for the year after Tax	1,507,871
Total Funds available for appropriation	4,397,317
Directors Recommended Dividend:	
Dividend @300%	1,695,107
Un-appropriated profit carried forward to next year	2,702,210

15. Dividend

The company's dividend policy is to maintain the consistency and to recommend dividend commensurate with performance of the Company. The Board of Directors recommends cash dividend of Tk.30/- (Taka Thirty only) per share for the year ended 31 December 2016.

16. Contribution to National Exchequer

The Company contributes a substantial amount to the National Exchequer by way of duties and taxes. HeidelbergCement Bangladesh Ltd. contributed to the National Exchequer Tk.3,128 million in 2016.



AMARSTOCK

Report of the Board of Directors

17. Post Balance Sheet Events

a) Subsequent to the balance sheet date, the directors recommended a cash dividend of Tk.30/- (Taka Thirty only) per share;

b) Sales from January 2017 to February 2017 are 315,214 MT against –352,629-MT during the same period in 2016;

c) The Management Committee of HeidelbergCement Bangladesh Limited has proposed a potential investment proposal for acquisition of 4,056,457 (Forty lac fifty-six thousand four hundred fifty-seven) ordinary shares of BDT 100 each (99.99% of total shares) presently owned by HeidelbergCement Central Europe East Holding B.V. in the share capital of Meghna Energy Limited, a private limited company engaged in generation and supplying electricity as a Small Power Plant (SPP) for a total price consideration of BDT 910,750,200 only calculated at BDT 224.5186378 per share in order to ensure uninterrupted electricity supply to production units in Kanchpur plant of the Company. The proposal was approved by the Board of Directors in its meeting held on 26 October 2016;

d) There are no circumstances in the Company of which non-disclosure would affect the users of the financial statements to make a proper evaluation and decisions.

18. Auditors

"Hoda Vasi Chowdhury & Co., Chartered Accountants" having their National Office at BTMC Bhaban (Level-7&8)", 7-9, Karwan Bazar, Dhaka-1215 may be appointed as the Statutory Auditor of the Company.

19. Directors Proposed for Re-election

In accordance with Article 98(a) of the Articles of Association of the Company, one-third of the Directors who have been longest in the office are due to retire from the office of Directors by rotation at the ordinary general meeting in every year. Mr. Jose Marcelino Ugarte, Mr. Jashim Uddin Chowdhury and Mr. Golam Farook are due for retirement at the upcoming AGM. In accordance with Article 98(c) of the Articles of Association of the Company, the retiring directors are eligible for re-election.

20. Independent Directors

Mr. Abdul Awal Mintoo, Ex-President of Federation of Bangladesh Chamber of Commerce & Industries (FBCCI) and Mr. Golam Farook are acting as the Independent Director of the Company.

21. Human Resources & Corporate Social Responsibility

The Human Resource plays a vital role in the Company's success, the way to identify leadership talent and what it takes for the human resource for making it to the top. We never stop making the people feel that they are dedicated in giving the best support and high quality service. The human capital strategy really worked for the HCBL over the years.

Our management is strongly committed to have a strong human capital strategy and HR function for the Company to stay in the sustainable business for years. As an example our associates attended trainings on Health & Safety, Soft skills, Technical competences, IT, Personal and functional competencies more than 4,300 working hours during 2016 beside other core HR activities. There is no doubt that this solid human

Report of the Board of Directors

capital strategy since they made it to the successful lead. Out of all the strong competitors in the market, we never surrendered to the rivals and the HR did their best to achieve their goal all throughout these years.

This is the only way we can be sure of the Company's growth and the standing of the Company. The human resource is doing everything to reach out to the employees and the customers so that they will be able to know the right things to do in case things might get worse and to keep the Company in control and solid so that they may be able to reach whatever they are aiming for.



The human capital strategy takes all of the risks and the solutions possible in order for the Company to work well and find the best solution that they can do for the Company. The HCBL HR team is all about being a real talent, business partner, focused on building the culture, capability, supporting our growth and be an effective employee advocate at the same time. We offer extraordinary career development opportuinities to those who have the highest management and leadership potential across the organization either locally or globally.

Corporate responsibility is part of our leadership commitment for our business processes and focuses on to the areas where they have a direct impact. As a corporate citizen, we are a part of society and we benefit from being fully involved at the community level. Our understanding of our role is reflected in the Corporate Citizenship Guidelines which lay down the benchmarks and objectives related to our social commitment. This commitment is focused on areas in which we have specific expertise and can achieve the best results for society – building, architecture and infrastructure: we provide practical help in the construction of buildings and infrastructure by making products, financial means and expertise available.



Report of the Board of Directors

22. Health, Safety & Environment

At HeidelbergCement Bangladesh Ltd. (HCBL), we take our social responsibility seriously and are convinced that a corporate culture based on employee-orientation and partnership will lead to the long-term success of the Company. Occupational health & safety is a core value of our Company and integral part of all our business activities.

Being convinced that injuries, occupational illnesses and diseases are preventable we are continuously striving to minimize risks for our employees, contractors and third parties by pursuing the goal of zero harm.

In order to continually improve our performance we manage Health & Safety through appropriate management systems. The key elements are:

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



HeidelbergCement is committed to conducting its business in accordance with all applicable local laws and within its own standards and procedures related to Health & Safety. We also work together with employees, contractors and third parties to prevent accidents and inform them about our Health & Safety performance.

HCBL has been making a serious effort to ensure that Occupational Health & Safety Management System (OHMS) is implemented, established and maintained. To make that promise more evident, HeidelbergCement Bangladesh earned OHSAS 18001: 2007 Certification in 2013 and re-certified in 2016 for the next three more years.

MARSTOCK

Report of the Board of Directors

In reflection to our commitment towards health, safety and environment last year we injected massive human efforts as well as financial resources and as a result we achieved our target of Zero Fatality and Zero LTI of FTEs (Full Time Equivalents).

We have a program to develop Safety Leadership and hope that such initiative will enhance the HSE performance and help to develop more Safety Leaders in HCBL. We are continuously determined to ensure zero risk of accidents, injuries and occupational illness in our workplaces by putting our maximum commitment in the coming years to uphold the spirit of safe home return after.

HeidelbergCement Group is also candidly pledged towards continued sustainable improvement of Occupational Health & Safety Management System (OHSMS) in its sister concerns and takes it as a top priority mission. Besides the continued step-up of technical and organizational safety standards within the Group, adopted additional measures to reinforce the safety culture in the Company. It strives to continuously improve the safety standards. It has revised the Group HS policy focusing on persistent intensifying the OHSMS. To harmonize and to facilitate the incident reporting and creation of statistical H&S KPI all over world, the HC Group has developed an Accident Information Database (AID) tool which will help employees to report any sorts of accident to AID.

HCBL has been striving to ensure that OHMS is implemented, established and maintained. Improvement of OHSMS continues be a strong and sustainable effort. To make that promise more visible, HCBL embedded OHSAS 18001: 2007 in its OHSMS and earned the certificate and proved the effective improvement through passing Surveillance Audits in successive years.

Our HSE Department together with HR and other departments shall continue to implement, establish and maintain the HCBL commitment towards health, safety and defend our promise to our society and environment.





STAR STOCK

Report of the Board of Directors

23. Corporate Governance Compliance Statement

The Board of Directors is always supporting the practice of good corporate governance. HCBL is adopting high standard of Corporate Governance consistently for the sound operation of the management team and it reflects positively on the overall process of the HCBL.

Corporate Governance is not our obligation; it is one of our responsibilities. Long term growth, sustainability and effective business operation depends on the sound operation of Corporate Governance. We have initiated it all over the business by segregation of duties and responsibilities to ensure transparency and accountability. Our Company fulfills all the regulatory compliance given by the BSEC.

We have the pleasure to confirm herewith that the Company has meanwhile complied with all the necessary guidelines under Bangladesh Securities & Exchange Commission's (BSEC) Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012. The Compliance report along with the necessary remarks/disclosure is appended in the Directors report of the Company for the year 2016 at Annexure I, II & III. Further, a Certificate of Compliance required under the said Guidelines, as provided by Hoque Bhattacharjee Das & Co., Chartered Accountants is also annexed to this report as compliance certificate in certificate and award section.

24. ACKNOWLEDGEMENTS

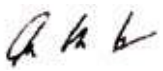
I would like to express my sincere thanks and deep gratitude to our esteemed shareholders and my colleagues on the Bond for their active support and guidance.

My thanks also go to the state and Governments, stock exchange and other statutory bodies for their support to the various activities of the Company.

The employees have been a source of strength and the Company acknowledges their contribution to the progress of the Company.

I also acknowledge the unstinted support extended by our valued customers, Associates, Joint Venture partners and our Bankers and would like to place on record our sincere thanks to them for their continued faith and the confidence reposed on us.

By order & On behalf of the Board of Directors



Jose Marcelino Ugarte
Managing Director

VALUE STOCK



Certificates and Awards

National Productivity & Quality Excellence Award 2015 82
ICSB Award 83
ICMAB Award 84
ICAB Award 84
Compliance Certificate 85
BAPLC Certificate 86

Certificates and Awards

Government of The People's Republic of Bangladesh
National Productivity Organisation (NPO)
Ministry of Industries

Certificate

National Productivity & Quality Excellence Award-2015

This Certificate is presented to
Heidelbergcement Bangladesh Ltd. as **1st Prize** in recogniton of it's contribution to increase productivity and quality in **Large** Industry of Bangladesh.

Director
National Productivity Organisation (NPO)

Senior Secretary
Ministry of Industries

26 October, 2016



AMAR STOCK

Certificates and Awards



ICSB

SL 068

Institute of Chartered Secretaries of Bangladesh

Statutory Body under an Act of Parliament

ICSB National Award for Corporate Governance Excellence 2015

Bronze Award

Manufacturing & Chemicals Companies category

This is to certify

that Heidelberg Cement Bangladesh Ltd.

participated in the ICSB National Award for Corporate Governance 2015 Competition organized by the Institute of Chartered Secretaries of Bangladesh (ICSB). This Company has been awarded the **Bronze Award** in the **Manufacturing & Chemicals Companies category.**

This Certificate of Appreciation has been awarded on the 24th day of Dec. 2016

Institute of Chartered Secretaries of Bangladesh

Chairman, CGA Committee

President



Certificates and Awards

(ICMAB) Award for the best corporate practice - 2015

The Company earned the **Second Position** for its best corporate practices within the cement sector from Institute of Cost & Management Accountant (ICMAB) in the year of 2015.



(ICMAB) Award for the best corporate practice - 2014

As a recognition of best corporate practice within the cement sector, Institute of Cost & Management Accountant (ICMAB) rewarded HeidelbergCement Bangladesh Limited by the **First Position** in 2014.



Certificates and Awards



The Institute of Chartered Accountants of Bangladesh

16TH ICAB NATIONAL AWARD FOR BEST PRESENTED ANNUAL REPORTS-2015

Manufacturing Category

Certificate of Merit

Heidelberg Cement Bangladesh Limited participated in the 16th ICAB National Award for Best Presented Annual Reports-2015 Competition organized by the Institute of Chartered Accountants of Bangladesh and awarded the **Certificate of Merit** in the **Manufacturing Category** as a mark of excellence in corporate reporting.

Parveen Mahmud FCA
Chairman, Review Committee for Published Accounts and Reports

Kamrul Abedin FCA
President

Dhaka, November 29, 2016

Compliance Certificates

Under condition no. 36(2) of DSE Listing Regulation dated 30th June 2015

Hoque Bhattacharjee Das & Co.
Chartered Accountants

CERTIFICATE OF THE COMPLIANCE OF CONDITIONS OF THE CORPORATE GOVERNANCE GUIDELINES TO THE SHAREHOLDERS OF HeidelbergCement Bangladesh Limited

(As required under the BSEC Guidelines)

We have examined the compliance of conditions to the Bangladesh Securities and Exchange Commission (BSEC) guidelines on Corporate Governance by HeidelbergCement Bangladesh Limited (the "Company") for the year ended 31st December 2016. These guidelines relate to the notification no SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 of BSEC on corporate Governance.

The compliance of conditions of Corporate Governance as stated in the aforesaid notification and reporting of the status of compliance is the responsibility of the Company's management.

Our examination for the purpose of issuing this certification was limited to the checking of procedures and implementations thereof as adopted by the Company's management in ensuring the compliance to the conditions of Corporate Governance and corrects reporting of compliance status on the attached statement on the basis of evidence gathered and representation received.

To the best of our information and according to the explanations provided to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Guidelines issued by BSEC and reported on the attached status of compliance statement.

Hoque Bhattacharjee Das & Co.

Dated: Dhaka
February 09, 2017

Hoque Bhattacharjee Das & Co.
Chartered Accountants

Cosmic Tower (9th Floor), 106/Ka Naya Paltan, Box Culvert Road, Dhaka-1000
Tel: +880 (2) 9355401, Fax: +880 (2) 9355407, E-mail: info@hbdco.org, Web: www.hbdco.org

BAPLC Certificates

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



BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2017/034

BAPLC

Date of issue : 9th February 2017

Renewed Certificate

This is to certify that

HEIDELBERGCEMENT BANGLADESH LIMITED

is an Ordinary Member of Bangladesh Association of Publicly Listed Companies *and is entitled to all the rights and privileges appertaining thereto.*

This certificate remains current until 31st December 2017.

BAPLC

Secretary-General
(Acting)



building the nation's pride



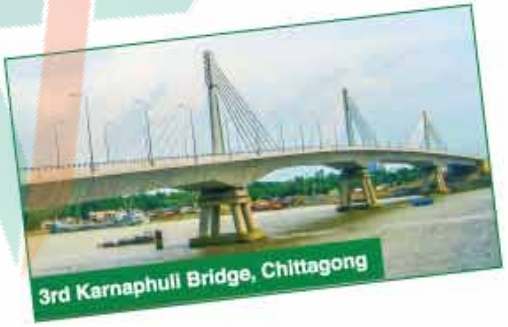
Padma Bridge



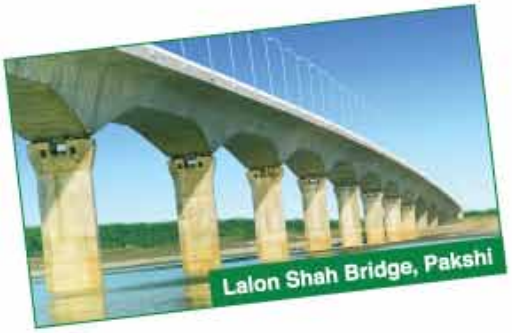
Mayor Hanif Flyover, Dhaka



Mohakhali Flyover, Dhaka



3rd Karnaphuli Bridge, Chittagong



Lalon Shah Bridge, Pakshi



Corporate Social Responsibility

Corporate Social Responsibility

As a global company with strong regional ties, we are dedicated to the principle of “Think globally, act locally”. Our business operations create value for our company and for the communities in which we are based. We do more than simply conduct business in these communities; we also take measures that protect the environment and promote social progress. Apart from doing business and earning profit, we have achieved more headway in the field of creating value for the society. We do believe that Maintenance of Good cooperative relationships with the communities in the areas where we are active is indispensable for our business operations and also one of the keys to our business success.

We aim to create value not only for our company but also for the communities in which we operate. Wherever possible, we therefore make sure that local employees are selected to manage operations at our locations. With local suppliers and service providers, we contribute to creating value at our locations and promote economic development by means of wages, investment, purchases and taxes.

Our corporate responsibility is not limited to our business processes and their direct impact. We are also a part of society and we benefit from the regional networks at our locations. We therefore also plan an active role in addressing social issues. This understanding of our role forms the basis for our corporate citizenship, which lays down the general criteria and objectives relating to our social responsibility. We pay special attention here to corporate citizenship activities within the framework of investment projects; as such activities could be misconstrued as an attempt to exert influence. The reworked guideline therefore expressly requires compliance with the relevant stipulations of our Anti-Corruption Guideline.

Our social responsibility focuses on three areas in which our core competencies enable us to benefit others the most and achieve noticeable improvements:

- Construction, architecture and infrastructure: we offer practical assistance in construction projects by providing materials, time, financial assistance and know-how.
- Environment, climate and biodiversity: we support initiatives that address the most significant environmental impacts associated with our business operations.
- Education, training and culture: here, we tailor our activities to the specific needs of each region.

Corporate Social Responsibilities in FY 2016

The Board of Directors understands that a strong Corporate Social Responsibilities (CSR) is an essential element in achieving good business practice and effective leadership. Our business in attuned to the fact that their impact on the economic, social and environmental sector directly affects their relationship with investors, employees and customers. Corporate Social Responsibilities(CSR) especially in the areas of gender equality, race-religion-regional equality, non-employment of child labour, human rights, environmental pollution, social-marketing, social activities (promotion of sports & culture, health care and population control programs, elimination of corruption programs, participation in charitable activities etc. in non-partisan manner) right to form and participate in Union under ILO convention, employment of disabled etc.

Corporate Social Responsibility



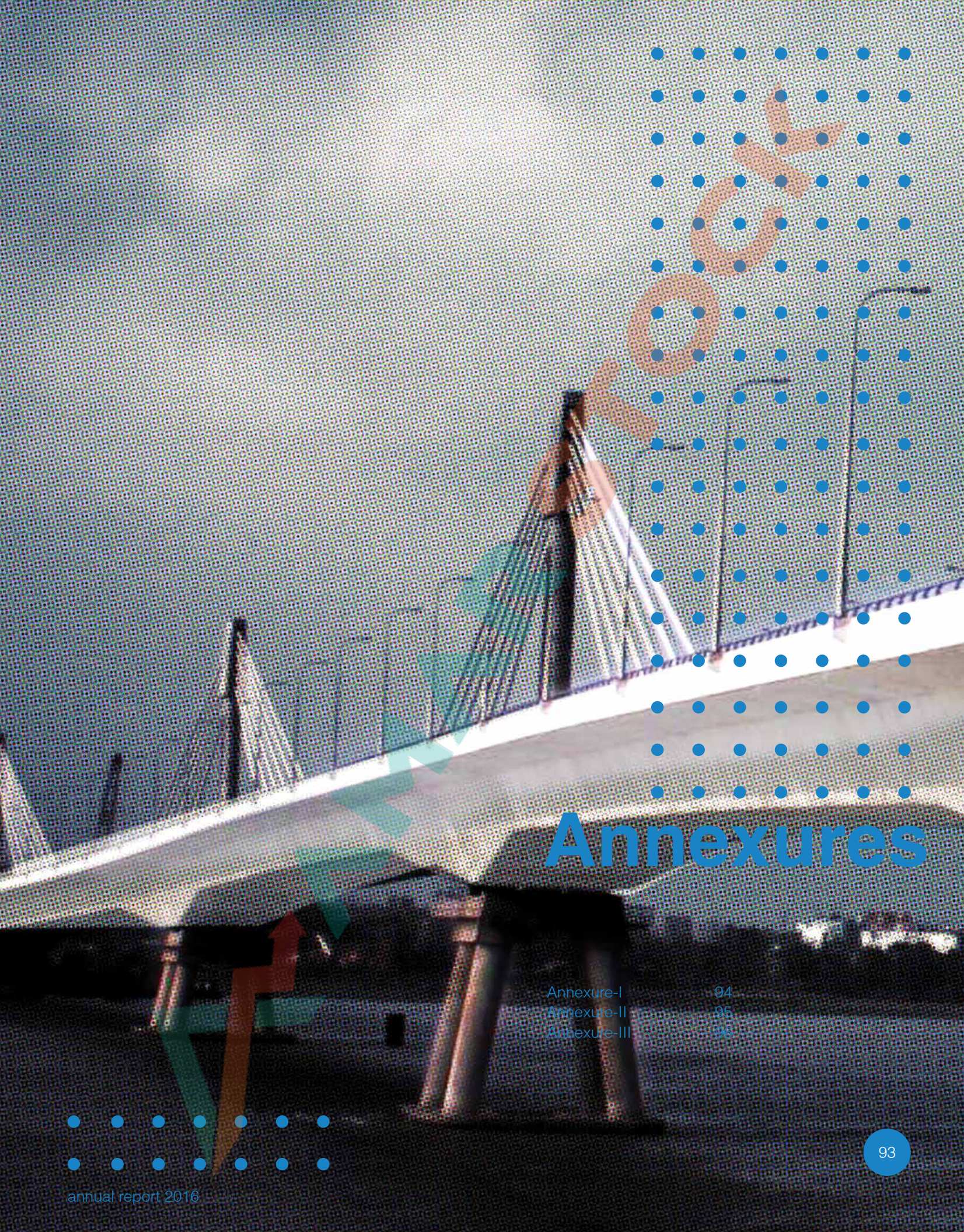


Besides other noble initiatives we have developed a partnership during 2016 with “Centre for the Rehabilitation of the Paralyzed” (CRP) founded by Dr. Valerie Taylor and donated some twenty best quality wheel chairs and also funded the project to support CRP to make some motorized wheel chairs for the rehabilitation with major Spinal Cord Injury (SCI) people using purely the local CRP technology.

Furthermore during 2016, we also donated another twenty wheel chairs to “Proyash”, a specialized organization that values the holistic development of all children with special educational needs through multidimensional programs.

We value our investors and environmentalists for sustainable prosperity hopes and shall continue our best in coming days within possible range.





Annexures

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Annexure-I

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.
- All transactions with related parties have been made on a commercial basis and the basis was the principal of "Arm's Length Transaction". Details of related party and transactions have been disclosed under note 42 of the financial statements as per BFRS.
- The Company's IPO was made in the Eighties. No further issue of any instrument was made during the year.
- From inception, the financial results of the Company have continued to grow as reflected in the yearly financial statements of the Company.
- As per IAS presentation of Financial Statements, no items of income and expense are to be presented as extraordinary gain or loss in the financial statements. Accordingly, no extraordinary gain or loss has been recognized in the financial statements.
- No significant variations have occurred between quarterly and final financial results of the Company during 2016.
- During the year, the Company has paid a total amount of tk 350,000 as Board meeting attendance fees. The remuneration of Directors has been mentioned in Note 41.1 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 last five years have been presented in summarized form in page no 8.
- The Company has declared dividend for the year 2016.
- Shareholdings patterns of the Company as on 31 December 2016 are shown in Annexure-II to this report.
- The Directors& the Management Committee members' profiles have been included in the Annual Report as per BSEC Guidelines and Listing Regulations.
- During 2016, a total of 5 (Five) Board meetings were held, which met the regulatory requirements in this respect. The number of Board Meeting and the Attendance of Directors during the year 2016 were as follows:

Name of the Director	Position	Meeting Held	Attended
Dr. Albert Scheuer	Chairman	05	02
Mr. Kevin Gerard Gluskie	Chairman	05	01
Mr. Jose Marcelino Ugarte	Managing Director	05	05
Mr. Abdul AwalMintoo	Independent Director	05	02
Mr. Golam Farook	Independent Director	05	05
Mr. Jashim Uddin Chowdhury	Director	05	05
Mr. Fong Wei Kurk	Director	05	05
Ms. Sim Soek Peng	Director	05	03
Mr. Juan-Francisco Defalque	Director	05	01

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Annexure-II

The pattern of shareholding (along with detail name) of parent/subsidiary/associate companies and Other Related Parties, Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their Spouse and Minor Children, Executives, shareholders holding 10% or more voting interest in the company as at 31 December 2016 duly stated in the report.

Particulars	Nos. of shareholding	Percentage	Remarks
Directors:			
Chief Executive Officer (CEO) and his spouse and minor children	-	-	
Chief Financial Officer (CFO) and his spouse and minor children	2,340	0.004%	
Company Secretary (CS) and his spouse and minor children	2,000	0.004%	
Head of Internal Audit (HoIA) and his spouse and minor children	-	-	
Executives (Top five salaried person other than CEO, CFO, CS, HoIA):	-	-	-
Shareholders Holding 10% or more voting rights:			
HeidelbergCementNetharlands Holdings B.V.	22,493,020	39.80%	
HC Asia Holding GmbH, Germany	11,784,390	20.86%	

Annexure-III

Status of compliance with the conditions imposed by the Securities and Exchange Commission's notification No. SEC/CMRRCD/2006-158/134/Admin/44: dated 7th August 2012 under section 2CC of the Bangladesh Securities and Exchange Ordinance, 1969:

(Report under Condition No. 7)

Condition no.	Title	Compliance Status (Put tick sign in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.1	Board's Size: The number of the board members shall not be less than 5 (five) and more than 20 (twenty)	Complied		
1.2	Independent Directors:			
1.2 (i)	One fifth (1/5) of the total number of directors	Complied		
1.2 (ii) a)	Does not hold any share or holds less than 1% shares of the total paid-up shares.	Complied		
1.2 (ii) b)	Not connected with any sponsor/director /shareholder who holds 1% or more shares of the total paid-up shares on the basis of family relationship	Complied		
1.2 (ii) c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/ associated Companies	Complied		
1.2 (ii) d)	Not a member, director or officer of any stock exchange	Complied		
1.2 (ii) e)	Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	Complied		
1.2 (ii) f)	Not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of any statutory audit firm.	Complied		
1.2 (ii) g)	Not be an independent director in more than 3 (three) listed companies;	Complied		
1.2 (ii) h)	Not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a NBFI	Complied		
1.2 (ii) i)	Not been convicted for a criminal offence involving moral turpitude	Complied		

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Annexure-III

Condition no.	Title	Compliance Status (Put tick sign in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.2 (iii)	Nominated by the board of directors and approved by the shareholders in the AGM	Complied		
1.2 (iv)	Not remain vacant for more than 90 (ninety) days.	Complied		
1.2 (v)	Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	Complied		
1.2 (vi)	Tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only	Complied		
1.3	Qualification of Independent Director (ID)			
1.3 (i)	Knowledge of Independent Directors	Complied		
1.3 (ii)	Background of Independent Directors	Complied		
1.3 (iii)	Special cases for qualifications	Complied		
1.4	Chairman of the Board and Chif Executive officer shall be filled by two different individuals	Complied		
1.5 (i)	Industry outlook and possible future developments in the industry	Complied		
1.5 (ii)	Segment wise or product wise performance	Complied		
1.5 (iii)	Risks and concerns	Complied		
1.5 (iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	Complied		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss	Complied		
1.5 (vi)	Basis for related party transactions	Complied		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others	Complied		
1.5 (viii)	Explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing.	N/A		
1.5 (ix)	Explanation about significant variance occurs between Quarterly Financial performance and Annual Financial Statements	Complied		
1.5 (x)	Remuneration to directors including independent directors	Complied		

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Annexure-III

Condition no.	Title	Compliance Status (Put tick sign in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.5 (xi)	Fairness of Financial Statement	Complied		
1.5 (xii)	Maintenance of proper books of accounts	Complied		
1.5 (xiii)	Adoption of appropriate accounting policies and estimates	Complied		
1.5 (xiv)	Followed IAS, BAS, IFRS and BFRS in preparation of financial statements	Complied		
1.5 (xv)	Soundness of internal control system	Complied		
1.5 (xvi)	Ability to continue as a going concern	Complied		
1.5 (xvii)	Significant deviations from the last year's	Complied		
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years	Complied		
1.5 (xix)	Reasons for not declared dividend	N/A		
1.5 (xx)	Number of board meetings held during the year and attendance	Complied		
1.5 (xxi)	Pattern of shareholding:			
1.5(xxi) a)	Parent/Subsidiary/Associated Companies and other related parties	Complied		
1.5(xxi) b)	Directors, CEO, CS, CFO, HIA and their spouses and minor children	Complied		
1.5(xxi) c)	Executives	Complied		
1.5(xxi) d)	10% or more voting interest	Complied		
1.5 (xxii)	Appointment/re-appointment of director			
1.5(xxii) a)	Resume of the director	Complied		
1.5(xxii) b)	Expertise in specific functional areas	Complied		
1.5(xxii) c)	Holding of directorship and membership of committees of the board other than this company.	Complied		
2.1	Appointment of CFO, HIA and CS:			
2.2	Attendance of CFO and CS at the meeting of the Board of Directors	Complied		

AMAR STOCK

Annexure-III

Condition no.	Title	Compliance Status (Put tick sign in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
3	Audit Committee :			
3 (i)	Constitution of Audit Committee	Complied		
3 (ii)	Assistance of the Audit Committee to Board of Directors	Complied		
3 (iii)	Responsibility of the Audit Committee.	Complied		
3.1	Constitution of the Audit Committee:			
3.1 (i)	At least 3 (three) members	Complied		
3.1 (ii)	Appointment of members of the Audit Committee	Complied		
3.1 (iii)	Qualification of Audit Committee members	Complied		
3.1 (iv)	Term of Service of Audit Committee Members	Complied		
3.1 (v)	Secretary of the Audit Committee	Complied		
3.1 (vi)	Quorum of the Audit Committee	Complied		
3.2	Chairman of the Audit Committee			
3.2 (i)	Board of Directors shall select the Chairman.	Complied		
3.2 (ii)	Chairman of the audit committee shall remain present in the AGM.	Complied		
3.3	Role of Audit Committee			
3.3 (i)	Oversee the financial reporting process.	Complied		
3.3 (ii)	Monitor choice of accounting policies and Principles.	Complied		
3.3 (iii)	Monitor Internal Control Risk management Process.	Complied		
3.3 (iv)	Oversee hiring and performance of external Auditors.	Complied		
3.3 (v)	Review the annual financial statements before submission to the board for approval.	Complied		
3.3 (vi)	Review the quarterly and half yearly financial statements before submission to the board for approval.	Complied		
3.3 (vii)	Review the adequacy of internal audit Function.	Complied		

Annexure-III

Condition no.	Title	Compliance Status (Put tick sign in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
3.3 (viii)	Review statement of significant related party transactions.	Complied		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	Complied		
3.3 (x)	Disclosure about the uses/applications of funds raised by IPO/RPO/Right issue.	Complied		
3.4	Reporting of the Audit Committee:			
3.4.1	Reporting to the Board of Directors:	Complied		
3.4.1 (i)	Activities of Audit Committee.	Complied		
3.4.1 (ii) a)	Conflicts of interests.	Complied		
3.4.1 (ii) b)	Material defect in the internal control system.	Complied		
3.4.1 (ii) c)	Infringement of laws, rules and regulations.	Complied		
3.4.1 (ii) d)	Any other matter.	Complied		
3.4.2	Reporting to the Authorities.	Complied		
3.5	Reporting to the Shareholders and General Investors.	Complied		
4	Engagement of External/Statutory Auditors:			
4 (i)	Appraisal or valuation services or Fairness Opinions.	Complied		
4 (ii)	Financial information systems design and Implementation.	Complied		
4 (iii)	Book-keeping.	Complied		
4 (iv)	Broker-dealer services.	Complied		
4 (v)	Actuarial services	Complied		
4 (vi)	Internal audit services	Complied		
4 (vii)	Services that the Audit Committee Determines	Complied		
4 (viii)	Audit firms shall not hold any share of the Company they audit.	Complied		

AMAR STOCK

Annexure-III

Condition no.	Title	Compliance Status (Put tick sign in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5	Subsidiary Company :			
5 (i)	Composition of the Board of Directors.	N/A		
5 (ii)	At least 1 (one) independent director to the subsidiary company.	N/A		
5 (iii)	Submission of Minutes to the holding Company.	N/A		
5 (iv)	Review of Minutes by the holding company.	N/A		
5 (v)	Review of Financial Statement by the holding company	N/A		
6.	Duties of Chief Executive Officer and Chief Financial Officer:			
6 (i) a)	Reviewed the materially untrue of the financial statement.	Complied		
6 (i) b)	Reviewed about compliance of the accounting standard.	Complied		
6 (ii)	Reviewed about fraudulent, illegal or violation of the company's code of conduct.	Complied		
7.	Reporting and Compliance of Corporate Governance:			
7 (i)	Obtain certificate about compliance of conditions of Corporate Governance Guidelines.	Complied		
7 (ii)	Engagement of External/Statutory Auditors:	Complied		


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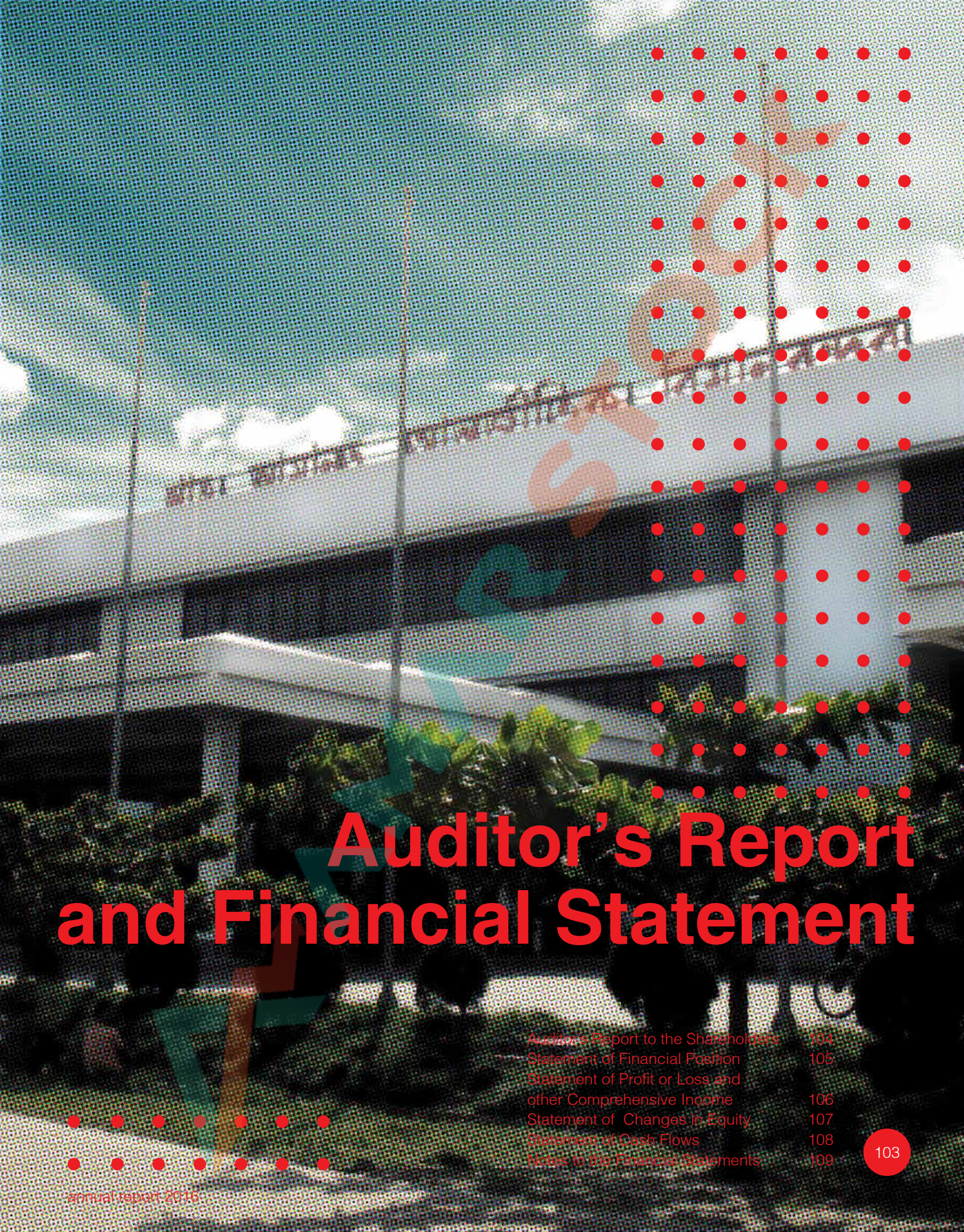
MOTOR FOR LOW PRESSURE
LUBRICATION PUMP 2
CP-04
883104CM03LP1
LOW PRESSURE OIL LUBRICATION
883104CM03LP2
LOW PRESSURE OIL
LUBRICATION PUMP 2 SHOE
BEARING FEED SIDE MILL



Auditor's Report and Financial Statement

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HeidelbergCement Bangladesh Limited
Auditors' Report to the Shareholders
For the year ended 31 December 2016

We have audited the accompanying financial statements of HeidelbergCement Bangladesh Limited (the company), which comprise statement of financial position (balance sheet) as at 31 December 2016, and the statement of profit or loss and other comprehensive income (profit and loss statement), statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards, the Companies Act 1994, Bangladesh Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the company give a true and fair view of the financial position of the company as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with Bangaldesh Financial Reporting Standards and comply with the requirements of Companies Act 1994, Bangladesh Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification there of

(b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;

(c) the statement of financial position (balance sheet) and statement of profit or loss and other comprehensive income (profit and loss statement) dealt with by this report are in agreement with the books of account and returns; and

(d) the expenditure incurred and payments made were for the purpose of the business of the company.

Dhaka, Bangladesh
Dated, 28 February 2017

S. F. AHMED & CO
Chartered Accountants

IAS 1.51(a)
IAS 1.10(a)
IAS 1.51(c)

HeidelbergCement Bangladesh Limited
Statement of Financial Position
As at 31 December 2016

IAS 1.51(d),(e)		Notes	2016	2015
IAS 1.113			BDT '000	BDT '000
	Assets			
IAS 1.60	**Non-current assets**			
IAS 1.54(a)	Property, plant and equipment	4	3,353,326	3,480,204
IAS 1.55	Capital works-in-progress	5	178,174	103,737
IAS 1.54(c)	Intangible assets	6	164	342
	Total non-current assets		**3,531,664**	**3,584,283**
IAS 1.60	**Current assets**			
IAS 1.54(g)	Inventories	7	1,495,556	983,226
IAS 1.54(h)	Trade and other receivables	8	1,144,884	1,024,479
IAS 1.55	Advances, deposits and prepayments	9	156,094	129,338
IAS 1.54(i)	Cash and cash equivalents	10	3,860,309	4,050,381
	Total current assets		**6,656,843**	**6,187,424**
	Total assets		**10,188,507**	**9,771,707**
	Equity and Liabilities			
	Capital and reserves		565,036	565,036
IAS 1.78(e)	Share capital	11	605,657	605,657
IAS 1.78(e)	Capital reserve	12	15,000	15,000
IAS 1.78(e)	General reserve		8,600	8,600
IAS 1.78(e)	Dividend equalization fund		4,397,317	4,584,554
IAS 1.78(e)	Retained earnings		**5,591,610**	**5,778,847**
IAS 1.60	**Non-current liabilities**			
IAS 1.55	Suppliers' credit-blocked	13	2,565	2,565
IAS 1.55	Quasi equity loan	14	122,636	122,636
IAS 1.55	ADP loan	14.1	12,699	12,699
IAS 1.55	Retirement benefit obligations (gratuity)	15	37,466	125,122
IAS 1.54(o)	Deferred tax liability	16	574,980	574,460
	Total non-current liabilities		**750,346**	**837,482**
IAS 1.60	**Current liabilities**			
IAS 1.54(k)	Trade and other payables	17	3,501,862	2,725,727
IAS 1.5(i)	Provision for other liabilities and charges	18	109,234	99,835
IAS 1.55	Unclaimed dividend	19	194,447	171,790
IAS 1.54(l)	Provision for income tax	20	41,008	158,026
	Total current liabilities		**3,846,551**	**3,155,378**
	Total liabilities		**4,596,897**	**3,992,860**
	Total equity and liabilities		**10,188,507**	**9,771,707**

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

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

Jose Marcelino Ugarte
Managing Director

Jashim Uddin Chowdhury, FCA
Director & Chief Financial Officer

Mohammad Mostafizur Rahman
Company Secretary

See annexed report of the date

Dhaka, Bangladesh
Dated, 28 February 2017

S. F. AHMED & CO
Chartered Accountants

FAMAR STOCK

HeidelbergCement Bangladesh Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2016

IAS 1.51(a)
IAS 1.10(b)
IAS 1.51(c)

		Notes	2016 BDT '000	2015 BDT '000
IAS 1.82(a)	Sales	22	10,600,466	10,485,084
IAS 1.99	Cost of goods sold	23	(7,858,892)	(7,948,110)
IAS 1.85	**Gross profit**		**2,741,574**	**2,536,974**
			(795,384)	(834,499)
IAS 1.85	Other operating income	24	130,615	17,110
IAS 1.99,1.103	Warehousing, distribution and selling expenses	25	(426,379)	(373,396)
IAS 1.99,1.103	Administrative expenses	26	(499,620)	(478,213)
IAS 1.85	**Operating profit**		**1,946,190**	**1,702,475**
			129,253	194,388
IAS 1.85	Non-operating expenses	27	(2,514)	(17,939)
IAS 1.85	Net finance income	28	241,001	312,162
IAS 1.99	Contribution to workers' profit participation fund	18	(109,234)	(99,835)
IAS 1.85	**Profit before tax**		**2,075,443**	**1,896,863**
IAS 1.82(d)	**Income tax expense**		(567,572)	(494,881)
	Current tax:			
	Current year	29	(550,000)	(522,000)
	Prior year		(17,052)	(31,897)
	Deferred tax (expense)/income		(520)	59,016
IAS 1.82(f)	**Profit for the year**		**1,507,871**	**1,401,982**
	Other comprehensive income		**-**	**-**
	Total comprehensive income		**1,507,871**	**1,401,982**
IAS 33.66	**Earnings per share (EPS)**	30	**26.69**	**24.81**

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

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

Jose Marcelino Ugarte
Managing Director

Jashim Uddin Chowdhury, FCA
Director & Chief Financial Officer

Mohammad Mostafizur Rahman
Company Secretary

See annexed report of the date

Dhaka, Bangladesh
Dated, 28 February 2017

S. F. AHMED & CO
Chartered Accountants

AMARSTOCK

IAS 1.51(a)
IAS 1.10(c)
IAS 1.51(c)

HeidelbergCement Bangladesh Limited
Statement of Changes in Equity
For the year ended 31 December 2016

IAS 1.106

IAS 1.51(d),(e)

Particulars	Share capital	Capital reserve	General reserve	Dividend equalisation fund	Retained earnings	Total
	BDT '000	BDT '000	BDT '000	BDT '000	BDT '000	BDT '000
Year 2015						
Balance as at 01 January 2015	565,036	605,657	15,000	8,600	5,329,709	6,524,002
Net profit for the year	-	-	-	-	1,401,982	1,401,982
Payment of dividend for 2014	-	-	-	-	(2,147,137)	(2,147,137)
Balance as at 31 December 2015	**565,036**	**605,657**	**15,000**	**8,600**	**4,584,554**	**5,778,847**
Year 2016						
Balance as at 01 January 2016	565,036	605,657	15,000	8,600	4,584,554	5,778,847
Net profit for the year	-	-	-	-	1,507,871	1,507,871
Payment of dividend for 2015	-	-	-	-	(1,695,108)	(1,695,108)
Balance as at 31 December 2016	**565,036**	**605,657**	**15,000**	**8,600**	**4,397,317**	**5,591,610**

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

Jose Marcelino Ugarte
Managing Director

Jashim Uddin Chowdhury, FCA
Director & Chief Financial Officer

Mohammad Mostafizur Rahman
Company Secretary

See annexed report of the date

Dhaka, Bangladesh
Dated, 28 February 2017

S. F. AHMED & CO
Chartered Accountants

HeidelbergCement Bangladesh Limited
Statement of Cash Flows
For the year ended 31 December 2016

IAS 1.51(a)
IAS 1.10(d)
IAS 1.51(d),(c)

		Notes	2016 BDT '000	2015 BDT '000
IAS 7.10	**Cash flows from operating activities**			
IAS 7.18(a)	Collections from customers	31	10,471,518	10,450,140
IAS 7.14(b)	Cash received from other operating income		277,015	351,821
IAS 7.14(c)	Cash paid to suppliers	32	(6,793,877)	(6,973,776)
	Cash paid for operating expenses	33	(1,545,067)	(1,406,963)
IAS 7.31	(Payment)/adjustment of financial expenses		(1,948)	(1,945)
IAS 7.35	Income tax paid	34	(684,069)	(456,043)
	Net cash flow from operating activities (a)		**1,723,572**	**1,963,234**
IAS 7.10, 7.21	**Cash flows from investing activities**			
IAS 7.16(a)	Acquisition of non-current assets	35	(241,348)	(157,041)
IAS 7.16(b)	Proceeds from sale of non-current assets	36	155	4
	Net cash used in investing activities (b)		**(241,193)**	**(157,037)**
IAS 7.10, 7.21	**Cash flows from financing activities**			
IAS 7.31	Payment of dividend	37	(1,672,451)	(2,096,324)
	Net cash flow used in financing activities (c)		**(1,672,451)**	**(2,096,324)**
	Net decrease in cash and cash equivalents (a+b+c)		**(190,072)**	**(290,127)**
	Opening cash and cash equivalents		**4,050,381**	**4,340,508**
	Closing cash and cash equivalents	10	**3,860,309**	**4,050,381**

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

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

Jose Marcelino Ugarte
Managing Director

Jashim Uddin Chowdhury, FCA
Director & Chief Financial Officer

Mohammad Mostafizur Rahman
Company Secretary

See annexed report of the date

S. F. AHMED & CO
Chartered Accountants

Dhaka, Bangladesh
Dated, 28 February 2017

AMARSTOCK

IAS 1.38(a) 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 on 30 June 1979 which was placed under Bangladesh Chemical Industries Corporation (BCIC) with effect from 1 July 1982. This Company was converted into a public limited company in February 1989 after revaluation of assets as well as finalisation of net worth.

The Company commenced commercial production of its second unit with effect from 1 November 1999. The production capacity of the second unit is 600,000 MT. On 10 April 2008, Kanchpur plant installed new mill with capacity of 450,000 MT per annum.

The total production capacity of Dhaka and Chittagong plant currently stands at 2,378,000 MT per annum. The Company in its 5th Extraordinary General Meeting of shareholders held on 3 October 2002 approved the scheme of Amalgamation of Scancement International Limited and Scancement Bangladesh Limited with Chittagong Cement Clinker Grinding Co. Limited, presently HeidelbergCement Bangladesh Limited (HCBL/the Company). The Hon'ble High Court Division of the Supreme Court of Bangladesh sanctioned the approval of the above Scheme of Amalgamation by an order dated 11 January 2003.

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

The number of employees at the year end was 276 (2015: 269).

IAS 1.38(a) 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. **Reporting framework and compliance thereof**

The financial statements have been prepared in compliance with the requirements of the Companies Act 1994 and other relevant local laws and regulations, and in accordance with the Bangladesh Financial Reporting Standards (BFRSs) and Bangladesh Accounting Standards (BASs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

Date of approval

The board of directors has approved these financial statements on 28 February 2017.

IAS 1.51(a)
IAS 1.10(e)
IAS 1.51(c)

IAS 1.117

2.2. **Measurement of the elements of financial statements**

Measurement is the process of determining the monetary amounts at which the elements of the financial statements are to be recognised and carried in the statement of financial position and profit or loss and other comprehensive income. The measurement basis adopted by HCBL is historical cost except for inventories which are stated at lower of cost and net realisable amount. Under the historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation, or in some circumstances (for example, income taxes), at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

IAS 1.51(d)-(e)

2.3. **Functional and presentational currency**

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

2.4. **Going concern**

When preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern. An entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

2.5. **Accrual basis of accounting**

An entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting. When the accrual basis of accounting is used, an entity recognises items as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the Framework.

IAS 1.122

2.6. **Use of estimates and judgments**

IAS 1.125, 129-130

The preparation of financial statements 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. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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

Note 7 Inventories
Note 8 Provision for doubtful debts
Note 16 Deferred tax liability
Note 17 Trade and other payables
Note 29 Provision for income tax

2.7. **Application of standards**

The following International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted by ICAB, as BASs and BFRSs 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 18 Revenue
IAS 19 Employee benefits
IAS 21 The effects of changes in foreign exchange rates
IAS 23 Borrowing costs
IAS 24 Related party disclosures
IAS 26 Accounting and reporting by retirement benefit plans
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 9 Financial instruments
IFRS 7 Financial instruments: Disclosures

2.8. **Materiality and aggregation**

An entity shall present separately each material class of similar items. An entity shall present separately items of a dissimilar nature or function unless they are immaterial.

Financial statements result from processing large numbers of transactions or other events that are aggregated into classes according to their nature or function.

2.9. **Reporting period**

The financial period of the Company covers one year from 1 January to 31 December.

IAS 1.112(a) 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.

IAS 1.51(a)
IAS 1.10(e)
IAS 1.51(c)

IAS 21.23 **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/BAS-21 "The Effects of Changes in Foreign Exchange Rates." Exchange rate difference at the statement of financial position date are charged/credited to statement of comprehensive income, to the extent that this treatment does not contradict with the Schedule XI of Companies Act 1994. This Schedule requires all exchange gains and losses arising from foreign currency borrowings, taken to finance acquisition of construction of fixed assets, to be credited/ charged to the cost/value of such assets.

The rate of relevant foreign exchange at year-end:

	2016	2015
1 US Dollar = BDT	79.05	78.21
1 EURO = BDT	83.12	83.93

3.2. Financial instruments

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

3.2.1. Financial assets

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

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

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

3.2.2. Financial liabilities

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

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

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

IAS 16.21 **3.3. Property, plant and equipment**

IAS 16.73(a) **3.3.1. Recognition and measurement**

Tangible fixed assets are accounted for according to IAS/BAS-16 "Property, Plant and Equipment" at historical cost or revaluation (made in 1988) less accumulated depreciation and the capital work-in-progress is stated at

cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Maintenance, renewals and betterments that enhance the economic useful life of the property, plant and equipment or that improve the capacity, quality or reduce substantially the operating cost or administration expenses are capitalised by adding it to the related property, plant and equipment.

IAS 16.13 3.3.2. **Subsequent costs**

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

IAS 16.73(b) 3.3.3. **Depreciation**

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

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

	2016	2015
Buildings	4% - 5%	4% - 5%
Plant and machinery	5% - 10%	5% - 10%
Furniture and equipment	10% - 20%	10% - 20%
Transport and vehicles	20%	20%

IAS 38.21 3.4. **Intangible assets**

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

IAS 38.118 Intangible assets include acquired computer software capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

IAS 2.36(a) 3.5. **Inventories**

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

IAS 1.51(a)
IAS 1.10(e)
IAS 1.51(c)

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

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

3.6. **Impairment**

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

IAS 1.78(b) 3.7. **Trade and other receivables**

Trade and other receivables consists of unpaid bills receivable from customers carried at their original invoice amount, stated net of provision for doubtful debts.The company initially recognises trade and other receivables at nominal value which is the fair value of the consideration given in return. After initial recognition these are carried at nominal value less impairment losses due to uncollectibility of any amount so recognised.

IAS 7.45 3.8. **Cash and cash equivalents**

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

IAS 1.119 3.9. **Borrowings**

IAS 23.1

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

IAS 1.119 3.10. **Liabilities**

Liabilities are broadly classified into current and non-current.

3.10.1. **Trade and other payables**

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

IAS 37.85 3.10.2. **Provision, contingent liabilities and contingent assets**

Provisions

Provisions are recognised when HCBL 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.

IAS 12.47 3.11. **Income tax**

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

IAS 12.47 3.11.1. **Current tax**

The company qualifies as a "Publicly Traded Company" as defined in income tax laws. The applicable tax rate for the company is 25%. Provision for taxation has been made on this basis which is in compliant with the Finance Act 2016.

IAS 12.47 3.11.2. **Deferred tax**

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

IAS 12.15,12.24

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

3.12. **Workers' profit participation fund**

This is made in terms of section 234(1)(b) of Bangladesh Labour (Amendment) Act 2013, 5% of the net profit of each year, not later than nine (9) months from the close of that period, is required to be transferred to the Fund, the proportion of the payment to the Participation Fund and the Welfare Fund being 80:10. The remaining 10% of the amount of net profit shall be paid by the Company to the Workers' Welfare Foundation Fund, as formed under Bangladesh Workers' Welfare Foundation Act, 2006.

IAS 1.51(a)
IAS 1.10(e)
IAS 1.51(c)

IAS 19.120 3.13. **Employee benefit**

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

3.13.1. **Defined contribution plan (provident fund)**

Defined contribution plan is a post employment benefit plan under which the Company provides benefits for all of its permanent employees. The recognised Employees' Provident Fund is being considered as defined contribution plan as it meets the recognition criteria specified for this purpose. All permanent employees contribute 10% of their basic salary to the provident fund and the Company also makes equal contribution. This fund is recognised by the National Board of Revenue (NBR).

The Company recognises contribution to defined contribution plan as an expense when an employee has rendered required services. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund. Obligations are created when they are due.

3.13.2. **Retirement benefit obligations (gratuity)**

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

3.13.3. **Group insurance benefit**

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

IAS 1.119 3.14. **Revenue recognition**

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

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

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

3.15. **Finance expenses**

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

IAS 1.119 3.16. **Advertising and promotional expenses**

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

IAS 1.119 3.17. **Research, development and experiment costs**

These are usually absorbed as revenue charges as and when incurred, as being not that material in the company's and/or local context.

IAS 1.119 3.18. **Stocks write off/down**

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

IAS 1.119 3.19. **Repair, upkeep and maintenance charges**

These are usually charged as revenue charges.

IAS 1.119 3.20. **Basis of allocation of depreciation**

Basis allocation of depreciation in different overheads are as follows:

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

IAS 1.119 3.21. **Environmental expenditure**

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

IAS 33.66 3.22. **Earnings per share**

The Company presents basic and diluted (when dilution is applicable) earnings per share (EPS) data for its ordinary shares according to IAS/BAS-33 Earnings Per Share.

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.

IAS 1.111 3.23. **Statement of cash flows**

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

IAS 10.12 3.24. **Events after the reporting period**

Events after the balance sheet date 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 44.

IAS 16.73 4. **Property, plant and equipment (note 3.3)**

IAS 1.51(d),(e)

Particulars	Land and Buildings BDT '000	Plant and Machinery BDT '000	Furniture and Equipment BDT '000	Transport and Vehicles BDT '000	Total BDT '000
Cost					
At 01 January 2015	2,164,034	4,305,628	80,511	33,563	6,583,736
Additions (note 4.1)	11,628	93,508	18,815	23,019	146,970
Disposal	-	(22,355)	(230)	-	(22,585)
Balance at 31 December 2015	**2,175,662**	**4,376,781**	**99,096**	**56,582**	**6,708,122**

IAS 1.51(a)
IAS 1.10(e)
IAS 1.51(c)

IAS 1.51(d),(e)

Particulars	Land and Buildings BDT '000	Plant and Machinery BDT '000	Furniture and Equipment BDT '000	Transport and Vehicles BDT '000	Total BDT '000
Depreciation					
At 01 January 2015	769,327	2,119,113	52,314	12,289	2,953,044
Depreciation expense	54,501	208,779	11,278	4,960	279,518
Disposal	-	(4,563)	(79)	-	(4,642)
Balance at 31 December 2015	**823,828**	**2,323,329**	**63,513**	**17,249**	**3,227,919**
Net book value at 31 December 2015	**1,351,834**	**2,053,452**	**35,583**	**39,333**	**3,480,204**
Cost					
At 01 January 2016	2,175,662	4,376,781	99,096	56,582	6,708,121
Additions (note 4.1)	66,073	64,610	12,321	23,907	166,911
Disposal	-	(43,214)	(2,460)	-	(45,674)
Balance at 31 December 2016	**2,241,735**	**4,398,177**	**108,957**	**80,489**	**6,829,358**
Depreciation					
At 01 January 2016	823,828	2,323,329	63,513	17,249	3,227,919
Depreciation expense	56,173	215,388	11,870	7,687	291,118
Disposal	-	(40,583)	(2,422)	-	(43,005)
Balance at 31 December 2016	**880,001**	**2,498,134**	**72,961**	**24,936**	**3,476,032**
Net book value at 31 December 2016	**1,361,734**	**1,900,043**	**35,996**	**55,553**	**3,353,326**

IAS 1.51(d),(e)

	2016 BDT '000	2015 BDT '000
4.1. **Break-up of addition to property, plant and equipment**		
Land and building		
Non-factory building	66,073	11,628
	66,073	**11,628**
Plant and machinery		
Equipment apparatus and accessories	46,493	54,865
Electrical installation	18,117	38,643
	64,610	**93,508**
Furniture and equipment		
Furniture and fixtures	1,599	1,536
Office decoration	1,199	-
Sundry assets	4,025	9,877
Computer	2,104	2,270
Office equipment	3,394	5,132
	12,321	**18,815**

		2016 BDT '000	2015 BDT '000
Transport and vehicles			
Pick-up van/vehicle		23,907	23,019
		23,907	**23,019**
		166,911	**146,970**

IAS 1.104 4.2. **Allocation of depreciation expense to:**

Manufacturing, labour and overheads (note 23.4)	218,338	209,638
Warehousing, distribution and selling expenses (note 25)	43,668	41,928
Administrative expense (note 26)	29,112	27,952
	291,118	**279,518**

4.3 **Details of disposal of property, plant and equipment**

Figures in Thousand BDT

Particulars	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Mode of disposal	Particulars of purchaser
Plant and Machinery	43,214	40,583	2,631	83	Company policywise/ tender	Written-off/ Third party
Furniture and Equipment	2,460	2,422	38	72	Company policywise/ tender	Written-off/ Employees/ Third party
2016	45,674	43,005	2,669	155		
2015	22,585	4,642	17,943	4		

IAS 1.77 5. **Capital works-in-progress (note 3.3)**

IAS 1.51(d),(e)

Particulars	Land and Buildings	Plant and Machinery	Furniture and Equipment	Total
	BDT '000	BDT '000	BDT '000	BDT '000
At 01 January 2015	-	90,923	2,744	93,667
Addition	39,319	58,004	46,933	144,255
Capitalised during the year	(11,628)	(92,609)	(29,948)	(134,185)
At 31 December 2015	**27,691**	**56,318**	**19,728**	**103,737**
At 1 January 2016	27,691	56,318	19,728	103,737
Addition	58,439	149,317	17,273	225,029
Capitalised during the year	(66,073)	(54,737)	(29,782)	(150,592)
At 31 December 2016	**20,057**	**150,898**	**7,219**	**178,174**

IAS 1.51(a)
IAS 1.10(e)
IAS 1.51(c)

IAS 1.51(d),(e)
IAS 38.118

6. **Intangible assets (note 3.4)**

	Software BDT '000	Total BDT '000
Cost		
Balance at 01 January 2015	7,459	7,459
Additions	-	-
Balance at 31 December 2015	**7,459**	**7,459**
Depreciation		
At 01 January 2015	6,833	6,833
Charge for the year	284	284
Total to 31 December 2015	**7,117**	**7,117**
At 31 December 2015	**342**	**342**
At 01 January 2016	7,459	7,459
Additions	-	-
Balance at 31 December 2016	**7,459**	**7,459**
Depreciation		
To 01 January 2016	7,117	7,117
Charge for the year	178	178
Total to 31 December 2016	**7,295**	**7,295**
At 31 December 2016	**164**	**164**

IAS 2.36 (b)
IAS 1.78 (c)

7. **Inventories (note 3.5)**

	2016 BDT '000	2015 BDT '000
Raw materials	1,083,827	626,503
Finished goods	123,150	121,626
Packing materials	37,531	21,435
Stores and spares	256,955	219,570
	1,501,464	989,134
Provision for slow moving stores and spares	(5,908)	(5,908)
	1,495,556	**983,226**

IAS 1.78 (b)

8. **Trade and other receivables (note 3.7)**

Trade receivables		
Considered good	1,066,393	938,952
Considered doubtful	49,346	47,838
	1,115,739	986,790

IAS 1.51(d),(e)

		2016 BDT '000	2015 BDT '000
	Other receivables		
	Third party	40,120	41,651
	Inter-company	38,371	43,876
		78,491	85,527
	Provision for doubtful debt	(49,346)	(47,838)
		1,144,884	**1,024,479**
	Receivable covered under security	780,505	843,063
	Outstanding for a period exceeding six months.	64,841	91,830

Trade and other receivables were stated at their nominal value. Adequate provisions were recorded for all identifiable risks.

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.

IAS 1.77

9.	**Advances, deposits and prepayments**		
	Advance paid to suppliers and employees	76,128	50,283
	Security and other deposits	73,665	55,572
	Prepayments	6,301	23,483
		156,094	**129,338**
9.1.	These include dues realisable/adjustable within one year from the balance sheet date	135,585	98,908
9.2.	These include aggregate amount due by, executives, managers, officers and staffs	26,432	10,412
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	28,371	13,803
9.4.	Advance recoverable in cash	2,643	1,041
9.5.	Advance outstanding for a period exceeding six months	20,509	20,509

IAS 1.77
IAS 7.45

10.	**Cash and cash equivalents (note 3.8)**		
	Cash in hand	124	49
	Cash at bank in current accounts	34,407	38,206
	Short term bank deposits (STD)	260,518	492,623
	Fixed deposits receipts (FDR)	3,565,260	3,519,503
		3,860,309	**4,050,381**

FDR includes an amount of BDT 36,446 thousand held under lien in favour of Customs Authority.

IAS 1.51(a)
IAS 1.10(e)
IAS 1.51(c)

			2016 BDT '000	2015 BDT '000
IAS 1.79	11.	**Share capital**		

As per the disclosure requirements laid down in schedule under the rule 12(2) of the Bangladesh Securities and Exchange Rules 1987, the following are the part and parcel of share capital:

IAS 1.79 (a)(i) 11.1. **Authorised share capital**

The total authorised number of ordinary shares is 100 million with a face value of BDT 10 per share (2015: 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 & Exchange Commission order no. SEC/CMRRCD/2009-193/109 dated 15 September 2011.

IAS 1.51(d),(e)	2016 BDT '000	2015 BDT '000
100,000,000 ordinary shares of BDT 10 each	1,000,000	1,000,000

IAS 1.79 (a)(ii) 11.2. **Issued, subscribed and paid-up capital**

36,358,880 ordinary shares of BDT 10 each fully paid up	363,588	363,588
20,144,710 ordinary shares of BDT 10 each issued as fully paid-up bonus shares	201,448	201,448
	565,036	**565,036**

IAS 1.79 (a)(vi) 11.3. **Percentage and value of shareholdings**

	%		BDT '000	
	2016	2015	2016	2015
Foreign Shareholders				
HeidelbergCement - Netherlands Holding B.V.	39.80%	39.80%	224,930	224,930
HC Asia Holding GmbH	20.86%	20.86%	117,844	117,844
	60.66%	**60.66%**	**342,774**	**342,774**
Bangladeshi Shareholders				
General public	12.06%	14.28%	68,126	80,663
Company's employees	0.25%	0.25%	1,427	1,434
Investment Corporation of Bangladesh (ICB)	11.45%	14.07%	64,697	79,499
Other financial institutions	15.57%	10.73%	87,976	60,630
Director				
Mr. Golam Farook	0.01%	0.01%	36	36
	39.34%	**39.34%**	**222,262**	**222,262**
	100.00%	**100.00%**	**565,036**	**565,036**

		2016 BDT '000	2015 BDT '000

IAS 1.79 11.4. **Classification of shareholders by holding**

Shareholding range	Number of shareholders 2016	2015
Less than 5000 shares	12,672	13,939
5001 to 50,000 shares	285	283
50,001 to 200,000 shares	37	36
200,001 to 500,000 shares	3	5
500,001 to 10,000,000 shares	6	6
Over 10,000,000 shares	2	2
	13,005	**14,271**

IAS 1.79 11.5. **Option on un-issued shares**

There is no option on un-issued share capital

IAS 1.77 12. **Capital reserve**

	Share premium BDT '000	Amalgamation reserve BDT '000	Total BDT '000
Balance as at 1 January 2016	193,500	412,157	605,657
Balance as at 31 December 2016	**193,500**	**412,157**	**605,657**

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

IAS 1.77 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 Bebcock, 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).

IAS 1.77 14. **Quasi equity loan**

Fixed assets revaluation surplus	104,122	104,122
Government equity contribution	20,000	20,000
	124,122	**124,122**
Foreign currency devaluation	(1,486)	(1,486)
	122,636	**122,636**

IAS 1.51(a)
IAS 1.10(e)
IAS 1.51(c)

		2016 BDT '000	2015 BDT '000
14.1	At the time of transfer of 51% shares, held by BCIC, to T.K. 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.

IAS 1.77

15. Retirement benefit obligations (gratuity)

This represents gratuity payable to employees of the company and is payable at the time of their cessation of employment with the company. The company's policy related to employees gratuity is stated in note - 3.13.2. The year end liability was BDT 37,466 thousand (2015: BDT 125,122 thousand). An amount of BDT 102,000 thousand being transferred to gratuity fund account maintained by Board of Trustees of the gratuity fund.

IAS 1.51(d),(e)
IAS 12.81(g)(i)

		2016 BDT '000	2015 BDT '000
16.	**Deferred tax liability**		
	Opening balance	574,460	633,476
	Provision (reversal)/made during the year	520	(59,016)
	Closing balance	**574,980**	**574,460**

IAS 1.77

17	**Trade and other payables**		
	Trade payables (*)	1,071,470	656,127
	Creditors for other finance (note 17.1)	1,011,140	699,416
	Creditors for revenue expenses (note 17.2)	1,119,552	1,070,484
	Interest accrued	299,700	299,700
		3,501,862	**2,725,727**

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

		2016 BDT '000	2015 BDT '000
17.1	**Creditors for other finance**		
	Security deposits	836,585	582,813
	VAT deduction at source	7,147	5,917
	Tax deduction at source	12,865	18,234
	Payable/(receivable) to Employees Provident Fund	3,049	4,778
	Inter company payables	3,415	3,400
	Payable for capital expenditure	147,964	83,731
	Others	115	543
		1,011,140	**699,416**
17.2	**Creditors for revenue expenses**		
	Revenue charges	763,101	715,980
	Employees remuneration	41,898	39,369
	Technical know-how fee (note 17.3)	314,553	315,135
		1,119,552	**1,070,484**

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

18. **Provision for other liabilities and charges**

"IAS 1.78(d)
IAS 37.84 (a)

Provision for liabilities and charges includes provision for Worker's Profit Participation Fund (WPPF) of BDT 109,234 thousand (2015: BDT 99,835 thousand). This represents 5% of net profit before charging WPPF (note 3.12).

IAS 1.77

19. **Unclaimed dividend**

Opening balance	171,790	120,977
Addition during the year	1,695,108	2,147,137
Paid during the year	(1,672,451)	(2,096,324)
Closing balance	**194,447**	**171,790**

IAS 37.34

20 **Provision for income tax**

Opening balance	158,025	60,171
Addition during the year:		
Current year provision	550,000	522,000
Prior years provision	17,052	31,897
	567,052	553,897
Paid during the year	(684,069)	(456,043)
Closing balance	**41,008**	**158,025**

IAS 1.51(a)
IAS 1.10(e)
IAS 1.51(c)

21 Contingent assets, liabilities and commitments

Contingent assets

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

IAS 37.86

Contingent liabilities and commitments

i) Law suits are filed both against the company and by the company, lying at different stages of appeal at different courts, decisions of which are still pending. The company has assessed the possible outcomes of the cases against it and is of the opinion that these might not go against the company. Partial provisions against the eligible law suits have already been taken under note 17.2 'Revenue charges'.

		2016	2015
		BDT '000	BDT '000
ii)	Guarantees:		
	Guarantees issued by the Company's banker with 100% margin form of FDR for import duty and supplementary duty	16,958	16,958
	Guarantees issued by the Company's banker for security deposits and others	58,101	25,809
iii)	Financial commitments:		
	Confirmed irrevocable letters of credit (limit: BDT 1,250,000 thousand with Standard Chartered Bank & BDT 395,225 thousand, for Citibank NA.)	322,846	278,350
iv)	Capital expenditure authorized but not contracted for	29,183	58,375
v)	Capital expenditure authorised and committed for	97,695	41,460
		524,783	**420,952**

IAS 18.14

22. Sales

	Dhaka	Chittagong		
Domestic	5,928,288	4,640,108	10,568,396	10,463,027
Export	-	32,070	32,070	22,057
Total Sales	**5,928,288**	**4,672,178**	**10,600,466**	**10,485,084**

IAS 1.99

23. Cost of goods sold

Opening stock of raw materials (note 23.1)	389,187	441,511
Raw materials purchased (note 23.1)	6,625,427	6,857,578
Closing stock of raw materials (note 23.1)	(419,634)	(389,187)
Raw materials consumed	**6,594,980**	**6,909,902**
Manufacturing labour and overhead (note 23.4)	1,265,435	1,058,617
Cost of production	**7,860,415**	**7,968,518**
Opening finished goods	121,626	101,218

IAS 1.51(d),(e) .
IAS 18.14

		2016 BDT '000	2015 BDT '000
	Closing finished goods	(123,149)	(121,626)
	Cost of goods sold	**7,858,892**	**7,948,110**

IAS 1.104 23.1. **Raw materials consumed**

Opening inventory:		
Clinker	233,118	265,846
Gypsum	30,988	30,371
Iron slag	76,271	79,587
Limestone & other	17,679	31,881
Fly ash	9,696	15,448
Packing materials	21,435	18,378
	389,187	**441,511**
Purchase:		
Clinker	4,354,382	4,800,128
Gypsum	277,338	243,675
Iron slag	628,123	579,745
Limestone and others	299,048	220,755
Fly ash	463,050	460,943
Packing materials	603,486	552,332
	6,625,427	**6,857,578**
Raw materials available for consumption	**7,014,614**	**7,299,089**
Closing inventory:		
Clinker	(245,560)	(233,118)
Gypsum	(66,944)	(30,988)
Iron slag	(27,228)	(76,271)
Limestone and other	(35,087)	(17,679)
Fly ash	(7,284)	(9,696)
Packing materials	(37,531)	(21,435)
	(419,634)	**(389,187)**
Raw materials consumed	**6,594,980**	**6,909,902**

23.2. **Particulars in respect of opening stock, sales and closing stocks of finished goods**

	Opening stock		Closing stock		Sales-net	
	Qty-M.T	BDT	Qty-M.T	BDT	Qty-M.T	BDT
Year 2016	23	121,626	26	123,149	1,695	10,600,466
Year 2015	18	101,218	23	121,626	1,534	10,485,084

IAS 1.51(a)
IAS 1.10(e)
IAS 1.51(c)

23.3. Analysis of materials consumption

	31 December 2016		31 December 2015	
	Qty-M.T	BDT	Qty-M.T	BDT
Raw materials				
Clinker	1,040	4,341,940	968	4,832,856
Gypsum	75	241,382	71	243,057
Iron slag	295	677,166	226	583,061
Limestone and others	79	281,640	66	234,957
Fly ash	212	465,462	211	466,695
Packing materials (000 Pcs)	32,888	587,389	29,706	549,276
		6,594,979		**6,909,902**

IAS 1.51(d),(e)
IAS 1.99

	2016 BDT '000	2015 BDT '000
23.4. Manufacturing labour and overhead		
Personnel Cost:	81,383	74,053
Salaries, wages and bonus	74,635	71,022
Welfare and other benefits	**156,018**	**145,075**
	548,291	405,620
Power and fuel costs	218,338	209,638
Depreciation expense (note 4.2)	99,294	60,740
Stores and spares consumed	-	5,282
Slow moving spares written-off	-	(5,282)
Release of slow moving spares provision	63,438	72,532
Cost of consumables	94,762	81,258
Repairs and maintenance	8,684	7,556
Insurance	1,799	1,520
Postage, telephone and telex	16,479	15,183
Traveling and conveyance	23,133	25,380
Rent, rates and taxes	1,556	1,000
Fuel and gas	4,887	4,502
Entertainment	15,087	16,399
Security guard	13,669	12,212
Uniform, liveries and other administrative expenses	**1,265,435**	**1,058,617**

IAS 1.97

24. Other operating income		
Berth hire charge	14,597	13,396
Insurance claim received	107,276	-
Scrap sales and sundry recoveries	8,742	3,715
	130,615	**17,110**

During the year, the company received BDT 107,276 thousand against property damage and business interruption insurance claim resulting from damage of mill motor in Chittagong plant.

IAS 1.51(d),(e)
IAS 1.99

		2016 BDT '000	2015 BDT '000
25	**Warehousing, distribution and selling expenses**		
	Personnel Cost:		
	Salaries, wages and bonus	31,542	31,518
	Welfare and benefits	27,841	24,981
		59,383	**56,499**
	Depreciation expense (note 4.2)	43,668	41,928
	Freight, loading, unloading and others	75,874	59,616
	Advertisement and business promotion expenses	214,858	195,255
	Traveling and conveyance	7,784	7,533
	Vehicle running expense	688	704
	Rent, rates and taxes	17,385	9,070
	Postage, telephone and telex	1,543	1,430
	Bad debt written-off	1,507	1,519
	Bad debt provision released	-	(1,519)
	Printing and stationary	1,965	268
	Repairs and maintenance	445	196
	Entertainment	999	575
	Insurance expenses	280	322
		426,379	**373,396**
26.	**Administrative expenses**		
	Personnel Cost:		
	Salaries, wages and bonus	37,616	31,479
	Welfare and benefits	39,219	34,585
		76,835	**66,064**
	Depreciation expense (note 4.2)	29,112	27,952
	Depreciation of intangible assets (note 6)	178	284
	Rent, rates and taxes	29,837	20,112
	Traveling and conveyance	5,152	6,426
	Postage, telephone and telex	1,629	1,876
	Annual General Meeting expenses	2,650	2,271
	Technical know-how fee (note 17.3)	314,553	315,135
	Legal and professional charges	14,015	9,562
	Entertainment	3,427	3,743
	Repairs and maintenance	4,379	3,589
	Printing and stationery	834	764
	Bank charges	1,500	1,160
	Electronic data processing expense	2,627	2,046
	Audit fee	700	600
	Advertisement	441	374
	Training expense	3,850	9,216
	Electricity	1,073	1,213
	Vehicle running expense	561	652
	Newspaper and periodicals	33	40
	Subscription on others	1,971	1,405
	Insurance, CDBL and other administrative expenses	4,263	3,729
		499,620	**478,213**

IAS 1.51(a)
IAS 1.10(e)
IAS 1.51(c)

IAS 1.85

		2016 BDT '000	2015 BDT '000
27	**Non-operating expenses**		
	Loss on derecognition and sale of fixed assets	(2,514)	(17,939)
		(2,514)	**(17,939)**

IAS 1.51(d),(e)
IAS 1.85

28.	**Net finance income**		
	Interest income on bank deposits	242,949	314,107
	Bank guarantee and other charges	(2,167)	(1,959)
		240,782	**312,148**
	Net exchange gain	219	14
		241,001	**312,162**

IAS 12.84

29. **Income tax expense**

The corporate tax rate is 25% for the year 2016 (2015: 25%) as a ''Publicly Traded Company''. Current year tax provision has been accounted for at BDT 550,000 thousand on estimated taxable income.

IAS 33.70

30.	**Earnings per share (Basic)**		
	Profit after tax for the year	1,507,870	1,401,982
	Weighted average number of shares outstanding at the end of the year	56,504	56,504
	Earnings per share (Basic)	**26.69**	**24.81**

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

Basic earnings

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

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

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

Earning per share (diluted)

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

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/BAS-7 using the Direct Method.
Net cash inflow from operating activities arrived after adjusting operating expenses paid, interest and taxes paid during the year.
Net cash used in investing activities includes cash outflow for purchase of property, plant and equipment after adjusting sale proceeds.
Net cash inflow financing activities mainly payment of dividend.

IAS 7.18(a)

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

IAS 7.18(a)

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

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

IAS 7.35

34. **Income tax paid**
During the year the company paid BDT 684,069 thousand (2015: BDT 456,043 thousand) as advance income tax.

IAS 7.16(a)

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

IAS 1.51(d),(e)
IAS 7.16(b)

36. **Proceeds from sale of non-current assets**

	2016 BDT '000	2015 BDT '000
Furniture and Equipment	155	4
	155	**4**

IAS 7.31

37. **Payment of dividend**
In 2016, the company paid dividend of BDT 1,672,451 thousand (2015:BDT 2,096,324 thousand) from unpaid dividend.

38. **Bank facilities**
The company has got the following loan facilities from Banks:

Standard Chartered Bank	200,000	200,000
Short term loan facilities	1,250,000	1,250,000
Letter of credit	75,200	75,200
Bank Guarantee opened ended	**1,525,200**	**1,525,200**
Citibank NA		
Letter of credit	395,225	-
	395,225	-
Grand Total	**1,920,425**	**1,525,200**

Securities:
These are secured by:
a) Demand promissory note BDT. 1,525,200,000 for Standard Chartered Bank and BDT 395,225,000 for Citibank NA.
b) Letter of continuation BDT 1,525,200,000 for Standard Chartered Bank and BDT 395,225,000 for Citibank NA.
c) Letter of Comfort from HeidelbergCement AG covering total facilities of Standard Chartered Bank and Citibank NA.

IAS 1.51(a)
IAS 1.10(e)
IAS 1.51(c)

IAS 1.97

		2016 BDT '000	2015 BDT '000
39.	**Expenditure incurred on employees**		
		Number of Employees	
	Salaries, wages and benefits (Note 23.4, 25 and 26) Employment through out the year in receipt of remuneration aggregating BDT 36,000 or more per year	276	269
		276	**269**

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.

IAS 1.51(d),(e)
IAS 1.97

40.			
40.1	**Expenditure in equivalent foreign currency**		
	Technical know-how fee payable	314,553	315,135
	Foreign travel for Company's business purpose	5,351	5,746
		319,904	**320,881**

40.2. **Remitances of foreign curreny:**

Particulars	No. of shares	BDT '000 (2016)	No. of shares	BDT '000 (2015)
Dividend:				
HeidelbergCement - Netherlands Holding B.V.	22,493,020	607,312	22,493,020	769,261
HC Asia Holding GmbH	11,784,390	300,502	11,784,390	380,636
Total dividend	**34,277,410**	**907,814**	**34,277,410**	**1,149,897**
Technical Know how free:				
HeidelbergCement Asia Pte	-	252,108	-	268,829
Total remittance	**34,277,410**	**1,159,922**	**34,277,410**	**1,418,726**

IAS 1.97

41.	**Remuneration of Directors, Managers and Officers**		
41.1.	Managerial Remuneration - Managers and Officers		
	Salary and bonus	80,178	74,202
	Rent	38,755	35,328
	Retirement benefits	15,500	14,041
	Provident fund	5,565	5,079
	Medical	4,560	7,598
	Other	7,000	6,244
		151,558	**142,492**

	2016 BDT '000	2015 BDT '000
41.2 **Paid to Directors**		
Board meeting fee	21	23
TA/DA	329	202
	350	**225**

42. Related party transactions

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

SL	Name of the related party	Nature of relationship	Nature of the transaction	Transaction during the year		Receivable/ (payable) of Closing (BDT'000)	
				2016	2015	2016	2015
				BDT '000	BDT '000	BDT '000	BDT '000
1	HeidelbergCement Asia Pte. Ltd	Group Entity	Technical Service	314,553	315,135	(314,553)	(315,135)
2	Heidelberg Asia Holding GmbH	Group Entity	Corporate affairs	-	-	308	308
3	HC Trading Ltd	Group Entity	Raw Material Suppliers		-	16,447	16,447
4	HeidelbergCement Asia Pte. Ltd	Group Entity	Recovery of expenses	1,655	10,391	21,615	27,120
5	PT Indocement Tunggal Prakarsa Tbk	Group Entity	Payment of expenses	-	-	(3415)	(3400)
6	Butra HeidelbergCement	Group Entity	Recovery of expenses	2,706	-	348	-
7	HC Treading Malta Ltd.	Group Entity	Recovery of expenses	5889	-	436	-
8	HC Trading Malta Ltd.	Group Entity	Clinker Gypsum Limestone	2,014,848 217,680 50,287	2,064,105 180,486 59,347	(428,837) (55,761) -	(287,220) - -
				2,282,815	2,303,938	(484,598)	(287,220)

43. Capacity and production

43.1. Own manufacture

	Installed capacity Single shift	Actual production Multiple shifts as applicable	
	Qty-M.T.	2016	2015
Line of business			
Gray cement - Kanchpur	1,075,000	949,297	913,838
Gray cement - Chittagong	1,303,000	747,665	624,354
	2,378,000	**1,696,962**	**1,538,192**

43.2. Licensed capacity is no more applicable and the regulatory authority does not exercise any direct control over the procurement, production or sale.

IAS 10.12 44. **Events after the balance sheet date**

IAS 10.12 44.1. **Proposed dividend**

During the year the Board of Directors in its meeting held of 28th February 2017 proposed 300% cash dividend (2015: 300% cash).

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

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

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

44.2. **Proposed investment in Meghna Energy Limited**

The Management Committee of HeidelbargCement Bangladesh Limited has proposed a potential investment proposal for acquisition of 4,056,457 (Forty lac fifty six thousand four hundred fifty seven) ordinary shares of BDT 100 each (99.99% of total shares) presently owned by HeidelbergeCement Central Europe East Holding B.V. in the share capital of Meghna Energy Limited, a Private limited company engaged in generation and supplying electricity as a Small Power Plant (SPP) for a total price consideration of BDT 910,750,200 only calculated at BDT 224.5186378 per share in order to ensure uninterrupted electricity supply to production units in Kachpur plant of the Company. The proposal was approved by the Board of Directors in its meeting held on 26 October 2016

45. **General**

45.1 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.

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

Jose Marcelino Ugarte
Managing Director

Jashim Uddin Chowdhury, FCA
Director & Chief Financial Officer

Mohammad Mostafizur Rahman
Company Secretary

Dhaka, Bangladesh
Dated, 28 February 2017

HEIDELBERGCEMENT BANGLADESH LTD

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

Form of Proxy

I/we_____(Name)of _____(Address) being a shareholder of HeidelbergCement Bangladesh Limited (the '' Company'') hereby appoint, Mr. /Ms ---------- (Name) of ----------(Address) as my/our proxy, to attend on my/our behalf at the 28th Annual General Meeting of the company to be held on Thursday, 11 May 2017 and at any adjournment thereof or any poll that may be taken in consequence thereof and to vote on my/our behalf as he/she thinks fit on all resolutions.

As witness my/our hand this .....day 2017

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

Affix revenue stamp

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

HEIDELBERGCEMENT BANGLADESH LTD

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

Attendance Slip of Proxy-holder

I hereby recorded my presence at the 28th Annual General meeting of HeidelbergCement Bangladesh Limited on Thursday, 11 May 2017.

Name----------

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

Signature

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

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

Attendance Slip of Proxy-holder

Being a member of HeidelbergCement Bangladesh Limited, do hereby exercise my/our option to receive dividend in the following manner (please tick (✓) in the applicable box):

a) In the form of dividend Warrant.

b)Through online transfer to my/our bank account recorded with the company.

Information of The Member(s):

BO ID No.															

Mobile Number : ----------

Signature verified by

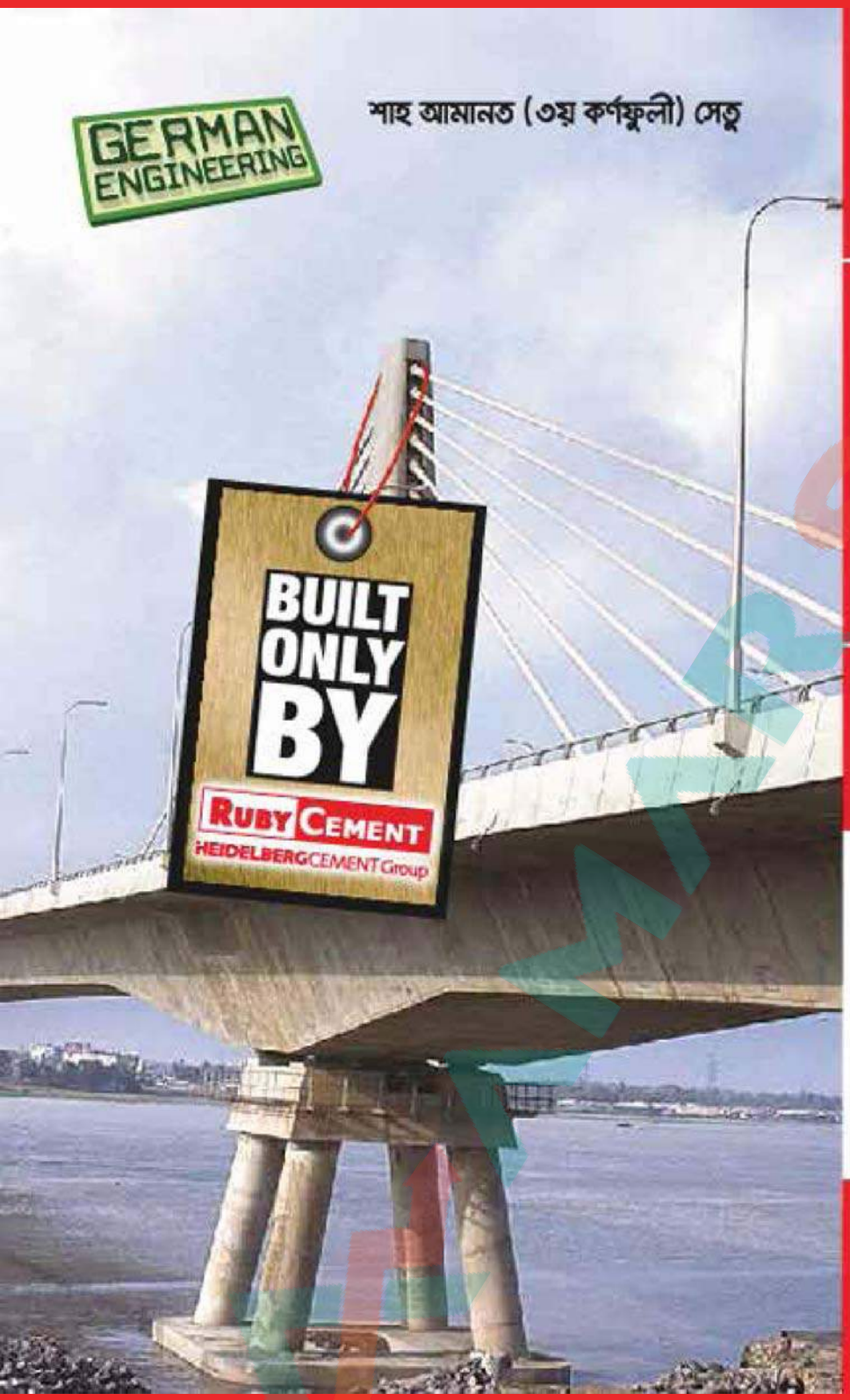
Signature of Member(s)

Authorized Signature of the company

Notes

1. This Form (duly filled up) must be submitted at the Corporate Office of the Company or before 5 April, 2016.
2. Signature of the Member(s) must be same with the Specimen Signature recorded with the Company.
3. Number of shares, Bank Account detail and address shall be considered final as provided by CDBL on Record Date i.e. 28 March 2017.
4. Applicable service change, if any, shall be borne by the Member(s) in case of payment of dividend through online transfer to the Member(s) Bank Account as per BSEC notification.

AMARSTOCK



পরীক্ষিত শক্তি ও দীর্ঘস্থায়ীত্ব

১৯৭৩ সাল থেকে

RUBY CEMENT
HEIDELBERGCEMENT Group

HEIDELBERGCEMENT BANGLADESH LTD.

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Registered Office & Kanchpur Factory
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