ANNUAL REPORT 2017









BUILD TOGETHER

HEIDELBERGCEMENT
BANGLADESH LTD.

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BUILD TOGETHER

Bangladesh, a land full of opportunities, is now experiencing rapid growth of science, technology and modern infrastructure. Average income, living standard and purchase power of our people have also been increased. To be with the same pace of the nation's progress, HeidelbergCement, being one of the major players in the cement industry, is playing a significant role with its annual cement production of 1.5 million tons, employing 270 people and meeting 13% of the total cement demand of Bangladesh.

But in Bangladesh, metropolitan areas are constantly growing in respect of its limited space, presenting big challenges to urban developers. Here, HeidelbergCement, has taken the challenge with a motto of 'Build Together'. It is not only about building megastructures and expanding the horizon of urban dwellers but also maintain sustainable relationships with the stakeholders of the company. Because Heidelberg Cement believes that if we can work together, we can achieve more. By satisfying the needs of its stakeholders in every aspect, the company is able to maintain a strong position as a sustainable cement provider and solidify its position to change the future.

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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.



Letter of Transmittal

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

Annual report of HeidelbergCement Bangladesh Limited (HCBL) for the year ended 31 December 2017.

Dear Sir(s),
We are pleased to enclose a copy of HCBL's Annual Report together with the audited financial statements as on 31 December 2017, statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2017 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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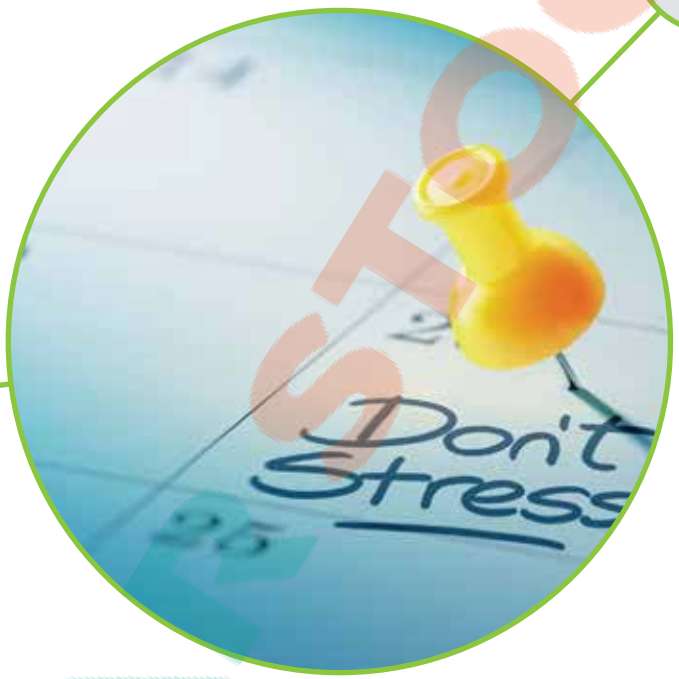
Financial Calendar

29th Annual General Meeting

21 May 2018 (Monday)
(Notice of 29th Annual General Meeting)

23 May 2018 (wednesday)
(Issuance of Annual Report)

07 June 2018 (Thursday)
(29th Annual General Meeting)



Record Date & Dividend

24 April 2018 (Tuesday)
Release of book closure notice along with price Sensitive information to regulators and shareholders.

20 May 2018 (Sunday)
Record Date in lieu of Book Closure.

26 June 2018 (Tuesday)
Payment of Dividend to the shareholders whose name would appear in the register of the Company on record date.

Disclosure of Quarterly Results

Q1 / 26 April 2017 (Wednesday)
Unaudited results for the 1st quarter ended 31 March 2017

Q2 / 25 July 2017 (Tuesday)
Unaudited results for half year ended 30 June 2017

Q3 / 10 October 2017 (Tuesday)
Unaudited results for the 3rd quarter ended 30 September 2017

Q4 / 24 April 2018 (Tuesday)
Audited results for the year ended 31 December 2017

HCBL in Brief



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 141 years of experience in producing cement and is operating in more than 60 countries. It has around 60,000 employees who work at more than 3,000 production sites and its reported annual turnover is equivalent to €15.2 billion. In Bangladesh it represents two reputed brands namely "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

Vision:

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

Mission:

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

Values:

Commitment to Environmental Protection:

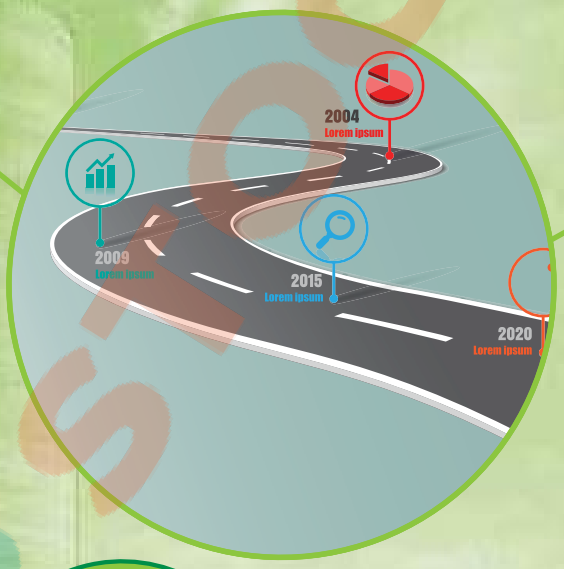
Building on environmental care also makes economic sense

Commitment to Innovation:

Building on new technologies determines our future success



HCBL's Milestones



2017
Acquisition of 99.99% shares of Meghna Energy Limited was successfully done.

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

2012
HCBL inaugurated another grinding unit of 0.750 million 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.

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.

2000
Acquisition of "Chittagong Cement Clinker Grinding Co. Limited (CCCGCL)" was completed.

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

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

Comparative Financial Highlights

Year	2017	2016	2015	2014	2013
Operating Results (Taka in Million)					
Net Revenues	9,802	10,600	10,485	10,504	9,957
Gross Profit	1,957	2,742	2,537	2,013	2,308
Income Form operations	1,020	1,946	1,702	1,307	1,665
EBITDA	1,460	2,369	2,178	1,911	2,275
EBIT	959	1,837	1,603	1,220	1,558
Net Income/(Loss)	803	1,508	1,402	1,180	1,474
Contribution to National Exchequer	2700	3,128	2,841	2,879	2,696
Financial Results: (Taka in Million)					
Net Cash Provided by Operating Activities	796	1,724	1,963	1,722	2,269
Total Assets	8,730	10,189	9,772	10,173	10,722
Total Liabilities	4,031	4,597	3,993	3,649	3,230
Shareholders Equity	4,700	5,592	5,779	6,524	7,492
Net Working Capital	1,962	2,810	3,032	3,678	4,619
Net Borrowings	(2,652)	(3,722)	(3,912)	(4,203)	(4,865)
Capital Employed	12,053	14,035	12,927	12,942	8,308
Share information:					
Market Capitalization (million)	24,008	31,207	31,761	28,218	21,547
Issued Ordinary Shares	56,503,580	56,503,580	56,503,580	56,503,580	56,503,580
Per Share Data (Taka)					
Primary Earnings (loss) Per Share	14.21	26.69	24.81	20.88	26.09
Dividend Per Share	15.00	30.00	30.00	38.00	38.00
Book Value per share	154.51	180.32	172.94	180.04	189.76
Net Assets Value per share	83.17	98.96	102.27	115.46	132.59
Market Value per share	424.90	552.30	562.10	499.40	381.34
Financial Ratio					
Liquidity Ratios:					
Current Ratio	1.59: 1	1.73:1	1.96 : 1	2.33 : 1	2.91 : 1
Quick Ratio	1.24:1	1.34:1	1.65:1	1.96:1	2.46:1
Operating Ratios:					
Account Receivable Turnover Ratio	8.5	9.5	10.6	11.0	12.2
Inventory Turnover Ratio	8.4	7.1	10.7	10.2	9.1

Comparative Financial Highlights

Year	2017	2016	2015	2014	2013
Asset Turnover Ratio	1.1	1.0	1.1	1.0	0.9
Profitability Ratios:					
Gross Margin Ratio	20%	26%	24%	19%	23%
Operating Income Ratio	10%	18%	16%	12%	17%
Net Income Ratio	8%	14%	13%	11%	15%
Return on Assets Ratio	9%	15%	14%	12%	14%
Return on Equity Ratio	17%	27%	24%	18%	20%
Net Operating Cash Flow to Net Profit Ratio	1.0	1.1	1.4	1.5	1.5
Stockholder Ratios:					
Earnings-per Share	14.2	26.7	24.8	20.9	26.1
Price Earnings (P/E) Ratio	29.9	20.7	22.7	23.9	14.6
Dividend Yield Ratio	0.04	0.10	0.10	0.10	0.10
Dividend Payout Ratio	106%	112%	121%	182%	146%
Solvency Ratios					
Times Interest Earned Ratio	370.2	847.6	818.1	260.2	1177.8
Debt to Equity Ratio	0.9	0.8	0.7	0.6	0.4
Bad Debt Ratio	0.0%	0.1%	0.0%	0.0%	0.0%
Other Ratios					
Net Gearing (4)	(0.564)	(0.666)	(0.677)	(0.644)	(0.649)
EBITDA To Net Interest Cover (Times)	(3,640)	1,216	1,120	(9,016)	266
Net Borrwong to Assets	(0.30)	(0.37)	(0.40)	(0.41)	(0.45)
Return on Capital Employed	0.07	0.11	0.11	0.09	0.18
Number of Employees	270	276	269	272	265



Performance at a Glance in 2017

- NPAT (Net Profit After Tax) BDT in Thousand
  ৳ 803,162
- NOCF Per Share BDT
  ৳ 14.09
- NAV Per Share BDT
  ৳ 83.17
- EPS Per Share BDT
  ৳ 14.21
- Revenue BDT in Thousand
  ৳ 9,801,506
- Gross Profit BDT in Thousand
  ৳ 1,956,980
- Operating Profit BDT in Thousand
  ৳ 1,019,502
- Profit Before Tax BDT in Thousand
  ৳ 1,155,495

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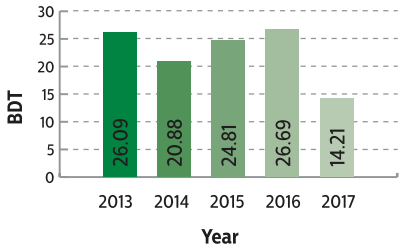
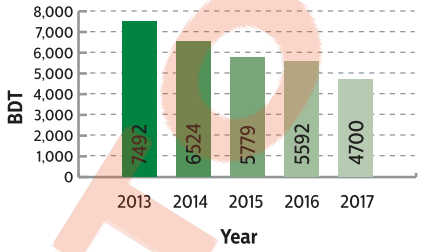
Performance at a Glance in 2017

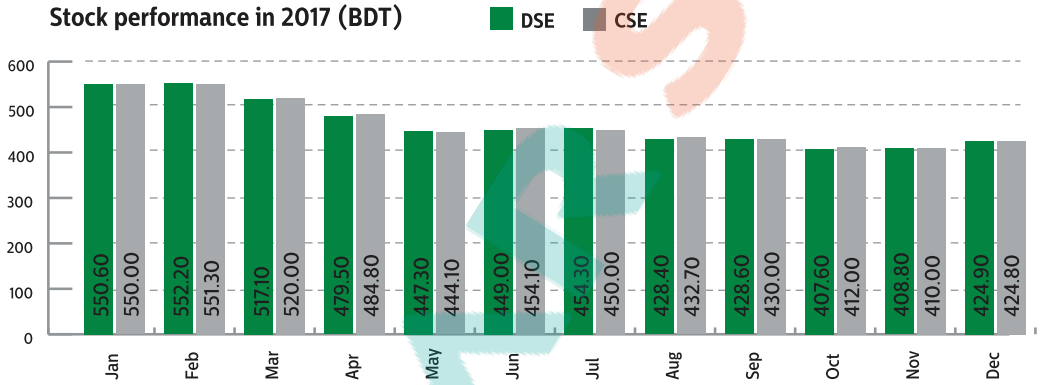
Earnings Per Share (BDT)



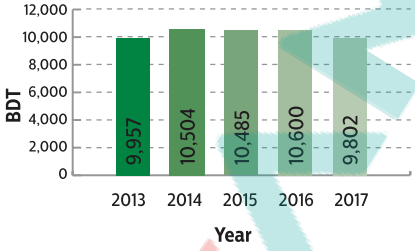
Net Assets (Million)



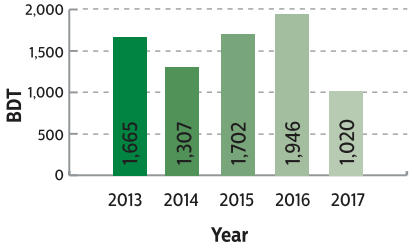
Stock performance in 2017 (BDT)



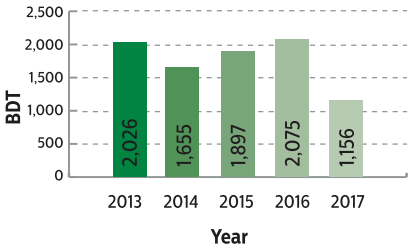
Total Revenue (Million)



Operating Profit (Million)

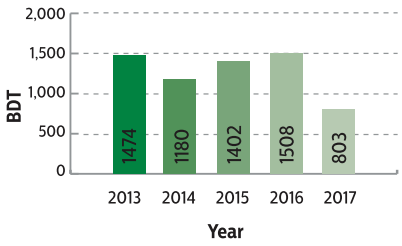


Net profit before tax (Million)

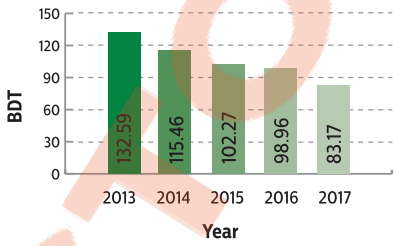


Performance at a Glance in 2017

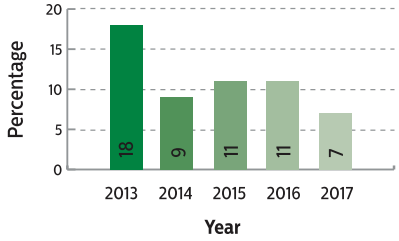
Net profit after tax (Million)



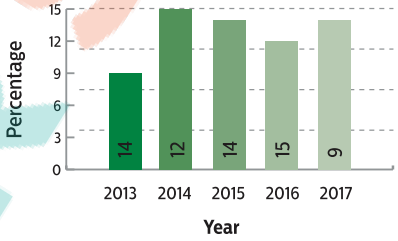
Net asset value per share



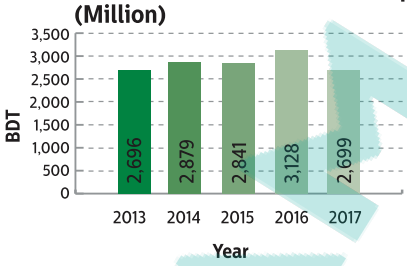
Return on Capital (%)



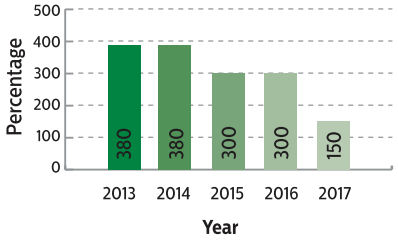
Return on Assets (%)



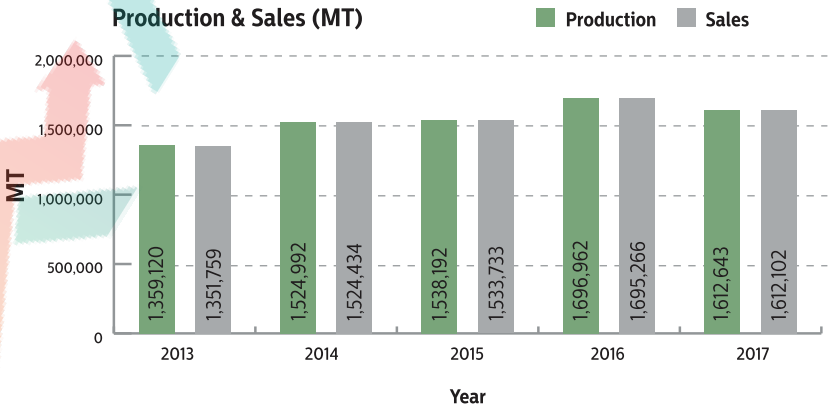
Contribution to National Exchequer (Million)



Dividend (%)



Production & Sales (MT)



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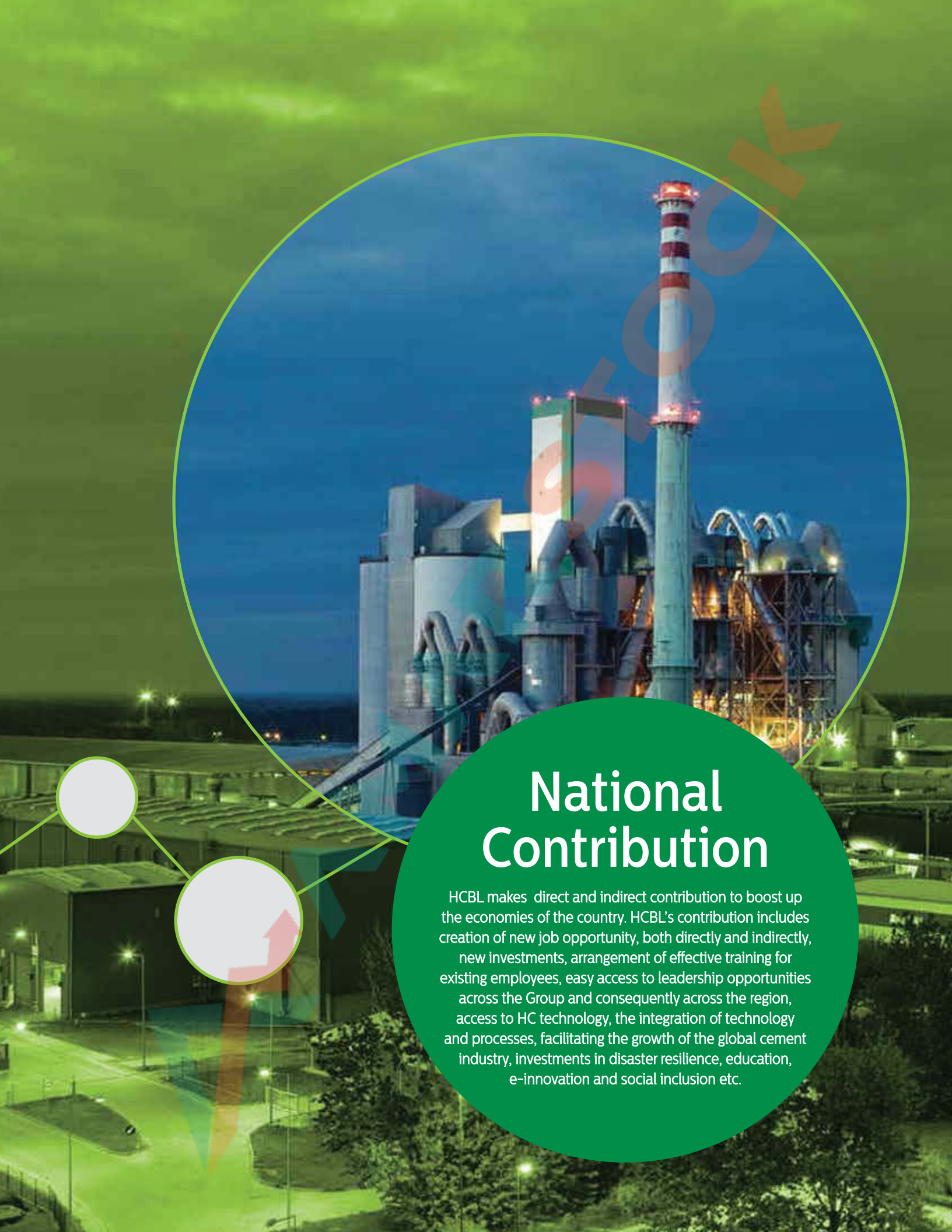

National Contribution

HCBL makes direct and indirect contribution to boost up the economies of the country. HCBL's contribution includes creation of new job opportunity, both directly and indirectly, new investments, arrangement of effective training for existing employees, easy access to 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 etc.

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.



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.

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Prestigious Projects



Bahaddarhat Flyover

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



Third Karnaphuli Bridge

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



North South University

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



Chittagong Port Flyover

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

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Prestigious Projects



Gulistan-Jatrabary Flyover

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



Tongi-Bhairab Railway Double Track Project

64 km double-line railway tracks from Tongi to Bhairab on the Dhaka –Chittagong and Dhaka-Sylhet route, has made train journey more smooth, speedy & safe.
Construction company: China Major Bridge Engineering Co. Ltd.



Summit Meghnaghat Power Plant

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

Prestigious Projects

Police Plaza Concord Shopping Mall, Dhaka

Police Plaza Concord Shopping Mall is the multistoried commercial building is a centrally air-conditioned shopping complex and offices are equipped with modern facilities. This plaza was jointly built by Bangladesh Police Welfare Trust and Concord Group adjacent to Hatirjheel on the way to Gulshan Circle 1. Its basic foundation is 16-storey and at present is 12-storey. It is constructed on an acre of land by the Concord Engineers and Construction Ltd.





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

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

Prestigious Projects



Some other Ongoing Prestigious Projects of HeidelbergCement Bangladesh Limited:

Padma Multipurpose Bridge

The 6150 meters long Padma Bridge is a multipurpose road-rail bridge across the Padma River under construction in Bangladesh. It will connect Louhajong, Munshiganj to Shariatpur and Madaripur, linking the south-west of the country, to northern and eastern regions. Padma Bridge is the most challenging construction project in the history of Bangladesh. It is our pride that the main structure of the bridge is being built by using Scan Cement.
Construction Company: Chain Railway Major Bridge Engineering Group

Besides the mega project there are some other ongoing projects which are

- Cox's Bazar Airport Development Project
- Apex Tannery Project, Savar.
- Mirershorai Economic Zone

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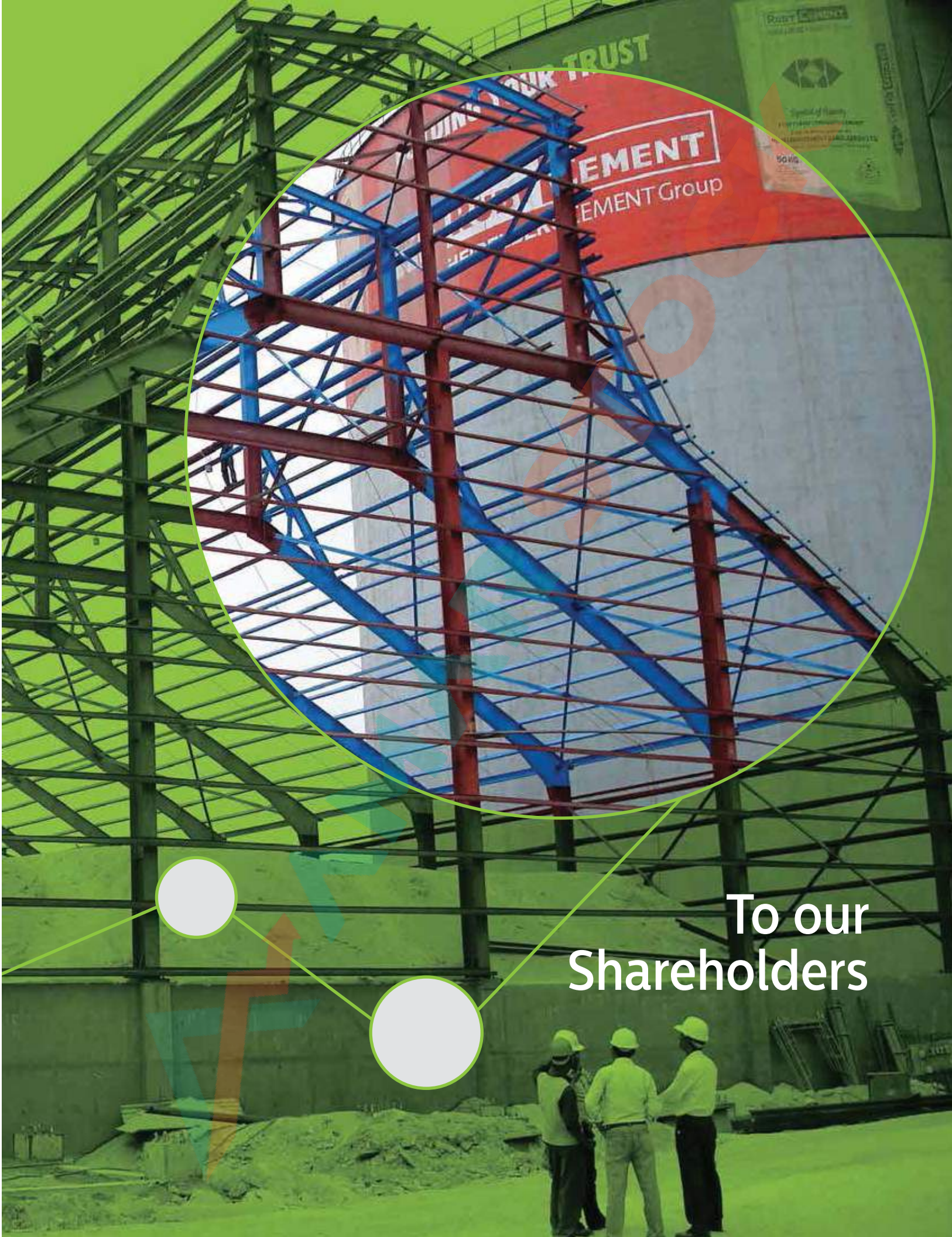
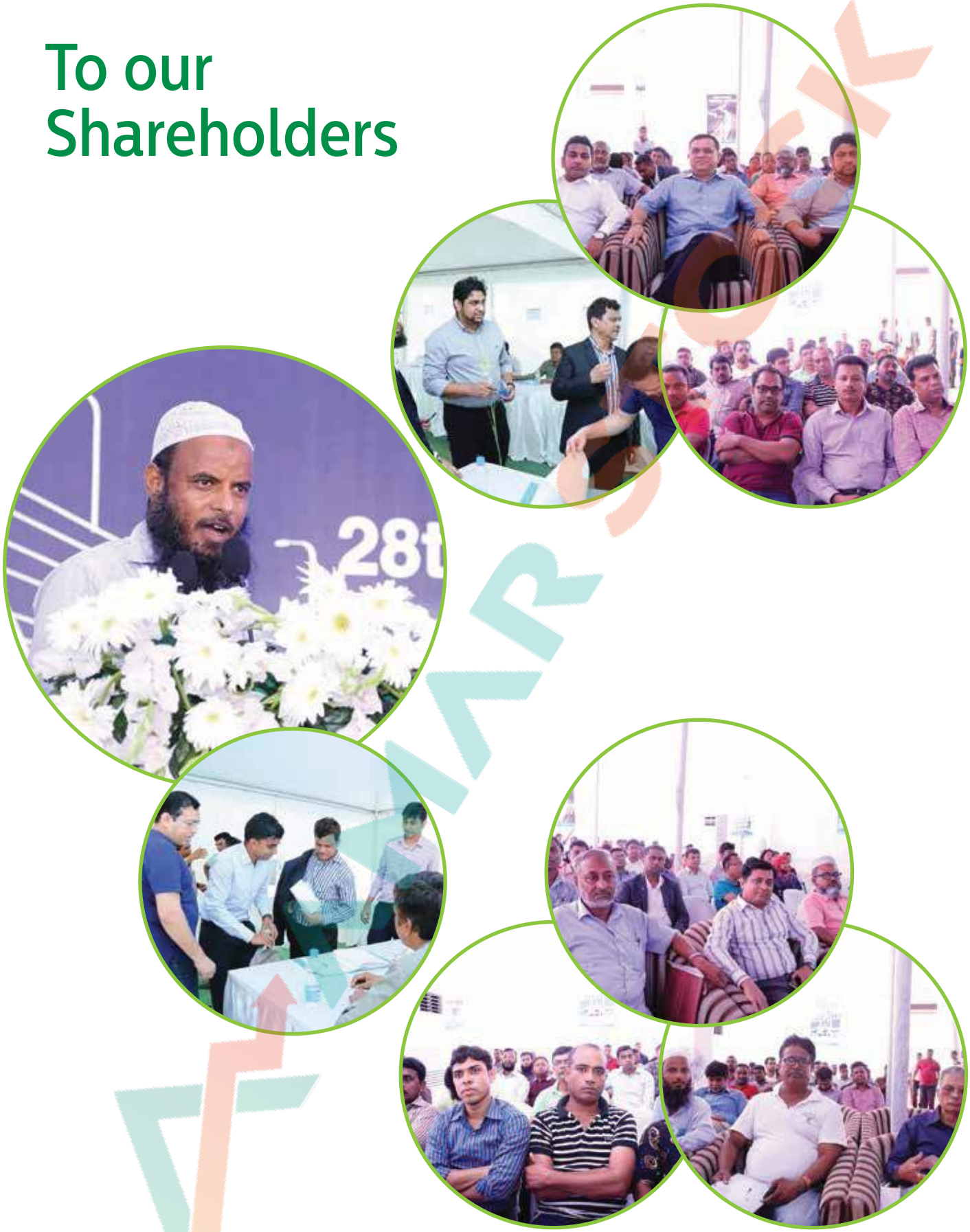


To our Shareholders

To our Shareholders



HEIDELBERGCEMENT
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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 29th ANNUAL GENERAL MEETING (AGM)

NOTICE is hereby given to all the Concerned of HeidelbergCement Bangladesh Limited that the 29th Annual General Meeting (AGM) of the Company will be held on Thursday, 07 June 2018, at 11:00 AM, 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 2017 together with the Reports of the Auditors and the Directors thereon.
02. To declare and approve the Dividend.
03. To elect directors and to approve the appointment of directors.
04. To appoint Auditors for the year ended 31 December 2018 and to fix their remuneration.

By Order of the Board

(Mohammad Mostafizur Rahman)
Company Secretary

Dated: 21 May 2018

NOTES:

- The 'Record Date' in lieu of Book Closure was on 20 May 2018. 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 29th Annual General Meeting and receive Dividends.
- 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.
- The Shareholders are requested to notify change of address, if any, to the Company in writing at the Corporate Office.
- Admission to the meeting venue will be strictly maintained on production of the attendance slip sent with notice.
- Shareholders bearing BO ID are requested to update their respective BO ID with address and 12 digit Taxpayer's Identification Number (e-TIN) through their Depository Participant (DP), failing which Income Tax at source will be deducted from cash dividend @15% instead of @10%.
- Shareholders bearing folio numbers are requested to submit their 12 digit e-TIN certificate to the Share Department of the Company latest by 31 May 2018, failing which Income Tax at source will be deducted from cash dividend @15% instead of @10%.

সম্মানিত শেয়ারহোল্ডারদের সদয় অবগতির জন্য জানানো যাচ্ছে যে, আসন্ন বার্ষিক সাধারণ সভায় বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশনের নির্দেশনা মোতাবেক কোনপ্রকার উপহার/খাবার/কোন ধরনের কুপণ প্রদানের ব্যবস্থা থাকবেনা।

HEIDELBERGCEMENT
BANGLADESH LTD.

AMARSTOCK

Notice to the Shareholders

হাইডেলবার্গ সিমেন্ট 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-১২১২।

২৯তম বার্ষিক সাধারণ সভার বিজ্ঞপ্তি

এতদ্বারা হাইডেলবার্গ সিমেন্ট বাংলাদেশ লিমিটেড এর সাথে সংশ্লিষ্ট সকলকে জানানো যাচ্ছে যে কোম্পানীর ২৯তম বার্ষিক সাধারণ সভা নিম্নে বর্ণিত বিষয়াদি সম্পাদনকল্পে আগামী ০৭ জুন ২০১৮ ইং রোজ বৃহস্পতিবার সকাল ১১:০০ ঘটিকায় টাটকি, তারাবো, রূপগঞ্জ, নারায়ণগঞ্জে অবস্থিত কোম্পানীর রেজিস্টার্ড অফিস ও কারখানা প্রাঙ্গণে অনুষ্ঠিত হবে:

আলোচ্যসূচী

১. ৩১শে ডিসেম্বর ২০১৭ইং 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. পরিচালকগণের নির্বাচন ও নিয়োগ।

৪. ৩১ শে ডিসেম্বর ২০১৮ সালের সমাপ্য বছরের জন্য নিরীক্ষক নিয়োগ ও তাদের পারিশ্রমিক নির্ধারণ।

পরিচালকমন্ডলীর আদেশক্রমে

(মোহাম্মদ মোস্তাফিজুর রহমান)
কোম্পানী সচিব

তারিখ: ২১ মে ২০১৮

দ্রষ্টব্য:

১. ২০ মে ২০১৮ রেকর্ড ডেট (Record Date) হিসেবে নির্ধারণ করা হয়েছে। উক্ত তারিখে যে সকল শেয়ারহোল্ডারগণের নাম কোম্পানীর সদস্য বহি কিংবা ডিপোজিটরি বহিতে বৈধভাবে থাকবে, তারা এই ২৯তম 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 পারবেন কিংবা তার স্বপক্ষে উপস্থিত হতে এবং ভোট দিতে কেবলমাত্র একজন সদস্যকে প্রক্সি (Proxy) হিসেবে নিয়োগ করতে পারবেন। উপযুক্ত রেভিনিউ স্ট্যাম্প সম্বলিত প্রক্সি (Proxy) ফরম যথাযথভাবে পূরণ করে সভা আরম্ভের ৪৮ (আটচলিশ) ঘন্টা পূবে কোম্পানীর কর্পোরেট অফিসে অবশ্যই জমা দিতে হবে।

৩. শেয়ার হোল্ডারগণের ঠিকানার 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 (Depository Participant) এর মাধ্যমে তাদের একাউন্টে ১২ ডিজিট সম্বলিত ই-টিন (E-TIN) নম্বর এবং ঠিকানা হালনাগাদ করবেন । অন্যথায় ১০% এর পরিবর্তে প্রদেয় লভ্যাংশ হইতে ১৫% অগ্রিম আয়কর কর্তন করা হইবে।

৬. যে সকল শেয়ারহোল্ডারগণের ফোলিও নম্বর রয়েছে, তারা আগামী ৩১ মে ২০১৮ ইং তারিখের মধ্যে ১২ ডিজিট সম্বলিত ই-টিন (E-TIN) নম্বরটি কোম্পানীর শেয়ার অফিসে জমা প্রদান করবেন। অন্যথায় ১০% এর পরিবর্তে প্রদেয় লভ্যাংশ হইতে ১৫% অগ্রিম আয়কর কর্তন করা হইবে।

সম্মানিত শেয়ারহোল্ডারদের সদয় অবগতির জন্য জানানো যাচ্ছে যে, আসন্ন বার্ষিক সাধারণ সভায় বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশনের নির্দেশনা মোতাবেক কোনপ্রকার উপহার/খাবার/কোন ধরনের কুপণ প্রদানের ব্যবস্থা থাকবেনা।

VEMARSTOCK

Corporate Information

Company Name: HeidelbergCement Bangladesh Limited

Authorized Capital: BDT 1,000,000,000 **Paid-up Capital:** BDT 565,035,800

BOARD OF DIRECTORS

CHAIRMAN	INDEPENDENT DIRECTOR	DIRECTORS
Kevin Gerard Gluskie	Abdul Awal Mintoo	Juan Francisco Defalque
MANAGING DIRECTOR	Golam Farook	Fong Wei Kurk
Jose Marcelino Ugarte		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

OTHERS

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. Hoda Vasi Chowdhury & Co. Chartered Accountants	BTMC Bhaban (Level- 7 & 8), 7-9, Karwan Bazar, Dhaka-1215.	
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 & E-MAIL	www.heidelbergcementbd.com	Email: info@heidelbergcementbd.com	
INVESTOR RELATIONS	Telephone +88-02-58815600	Fax +88-02-9847003	
STOCK EXCHANGE LISTING	Dhaka Stock Exchange Ltd. Listing year - 1989 Trading Code – HEIDELBCEM Scrip Code: 21614	Chittagong Stock Exchange Ltd. Listing year - 1995 Scrip Code – HEIDELBCEM Scrip ID No. 15002	
CENTRAL DEPOSITORY SYSTEM	Through CDS the trading of HeidelbergCement Bangladesh Limited shares have started from 18th July 2004.		

কর্পোরেট ইনফরমেশন

কোম্পানীর নাম: হাইডেলবার্গ সিমেন্ট বাংলাদেশ লিমিটেড

অনুমোদিত মূলধন: ১,০০০,০০০,০০০ টাকা | **পরিশোধিত মূলধন:** ৫৬৫,০৩৫,৮০০ টাকা

পরিচালনা পর্ষদ

চেয়ারম্যান কেভিন জেরার্ড গ্লুসকি **ব্যবস্থাপনা পরিচালক** জোসে মার্সেলিনো উগার্টে	**ইন্ডিপেনডেন্ট পরিচালক** আবদুল আউয়াল মিন্টু গোলাম ফারুক	**পরিচালক** জুয়ান ফ্রান্সিসকো ডিফাল্কে ফং উই কুর্ক 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

অন্যান্য

হেড অব ইন্টারনাল অডিট	মামুন-উল-হক চৌধুরী	
কোম্পানী সচিব	মোহাম্মদ মোস্তাফিজুর রহমান	
রেজিস্টার্ড অফিস	টাটকি, জাতরামোড়া, তারাবো, থানা - রূপগঞ্জ, জিলা ঃ নারায়ণগঞ্জ	
কর্পোরেট অফিস	সিফনী (৭ম ও ৮ম তলা), প্লট নং-এসইএফ(৯), রোড নং ১৪২, সাউথ এ্যাভিনিউ, গুলশান - ১, ঢাকা - ১২১২।	
কারখানা সমুহ	ঢাকা প্ল্যান্টঃ টাটকি, জাতরামোড়া, তারাবো, থানা - রূপগঞ্জ, জিলা ঃ নারায়ণগঞ্জ	চট্টগ্রাম প্ল্যান্ট ঃ দক্ষিণ হালিশহর, চট্টগ্রাম-৪২০৪
স্ট্যাটুটরী অডিটরস	মেসার্স হুদা ভাসি চৌধুরী এন্ড কোং চার্টার্ড একাউন্ট্যান্টস	ঠিকানা: বিটিএমসি ভবন (লেভেল- ৭,৮), ৭-৯, কারওয়ান বাজার, ঢাকা-১২১৫
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 কর্মাস ব্যাংক লিঃ
ওয়েবসাইট এন্ড ই-মেইল	www.heidelbergcementbd.com	ই-মেইল: info@heidelbergcementbd.com
ইনভেস্টর রিলেশনস্	টেলিফোন: +৮৮-০২-৫৮৮১৫৬০০	ফ্যাক্স:+৮৮-০২-৯৮৪৭০০৩
স্টক এক্সচেঞ্জ লিস্টিং	ঢাকা স্টক একচেঞ্জ লিঃ লিস্টিং বছর - ১৯৮৯ ট্রেডিং কোড - HEIDELBCEM স্ক্রিপ কোড - ২১৬১৪	চট্টগ্রাম স্টক এক্সচেঞ্জ লিঃ লিস্টিং বছর - ১৯৯৫ স্ক্রিপ কোড- HEIDELBCEM স্ক্রিপ আইডি -১৫০০২
সেন্ট্রাল ডিপোজিটরী সিস্টেম	হাইডেলবার্গ সিমেন্ট বাংলাদেশ লিমিটেড এর শেয়ার বিগত ১৮ জুলাই ২০০৪ হইতে সিডিএস এর মাধ্যমে ট্রেড সম্পন্ন হচ্ছে ।	

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Board of Directors

Board of Directors



From Left to Right

Ms. Sim Soek Peng
Director

Mr. Abdul Awal Mintoo
Independent Director

Mr. Kevin Gerard Gluskie
Chairman

Mr. Jose Marcelino Ugarte
Managing Director



Mr. Fong Wei Kurk
Director

Mr. Golam Farook
Independent Director

Mr. Jashim Uddin Chowdhury FCA
Director & Chief Financial Officer

Mr. Juan-Francisco Defalque
Director

Mr. Mohammad Mostafizur Rahman
Company Secretary & Head of Legal

Board of Directors

Kevin Gerard Gluskie
Chairman



Age: 50 years
Nationality: Australian
Date of Appointment: 25 February 2016
Length of Service in the HC Group: 28 years
Date of Last Re-election: 13 April 2016
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.

Directorship of Other Companies:

- HeidelbergCement AG
- Cement Australia Holdings Pty Limited
- Cement Australia Pty Limited
- Butra Heidelberg Cement Sdn Bhd
- Alliance Construction Materials Limited
- Pioneer Concrete (Hong Kong) Limited
- HeidelbergCement India Limited
- Hanson Building Materials (S) Pte Ltd
- Hanson Investment Holdings Pte Ltd
- Hanson Pacific (S) Pte Limited
- HeidelbergCement Asia Pte Ltd
- HeidelbergCement Myanmar Company Limited
- China Century Cement Ltd
- Guangzhou Heidelberg Yuexiu Enterprise Management Consulting Company Ltd
- Jidong Heidelberg (Fufeng) Cement Company Limited
- Jidong Heidelberg (Jingyang) Cement Company Limited
- Easy Point Industrial Ltd
- HeidelbergCement Holding HK Limited
- Squareal Cement Ltd
- Asia Cement Public Company Limited
- Jalaprathan Cement Public Company Limited
- Zuari Cement Limited
- Gulbarga Cement Limited
- Singha Cement (Private) Limited

AMAR STOCK



Board of Directors

Jose Marcelino Ugarte
Managing Director

Age: 46 years
Nationality: Filipino
Date of Appointment: 21 July 2011
Length of Service in HC Group: 6.6 years
Date of Last Re-election: 11 May 2017
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 20 years in the cement industry in different capacities. Mr. 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.

AMARSTOCK

Board of Directors



Juan-Francisco Defalque
Director

Age: 54 years
Nationality: Belgian
Date of Appointment: 23 July 2015
Length of Service in HC Group: 28 years
Date of Last Re-election: 13 April 2016
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 27 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 a Director of HeidelbergCement Bangladesh Limited, which he joined in July 2015. He has worked for about 28 years in the Cement industry in different capacities. 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 a Director of HTC Asia-Oceania responsible for managing the Technical Centres in this Area.

Directorship of Other Companies:

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

AMAR STOCK



Sim Soek Peng
Director

Age: 49 years
Nationality: Malaysian
Date of Appointment: 29 January 2014
Length of Service in HC Group: 14 years
Date of Last Re-election: 13 April 2016
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 25 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.

Directorship of Other Companies:

- HeidelbergCement India Limited
- Cochin Cements Limited
- Hanson Building Materials (S) Pte Ltd
- Hanson Investment Holdings Pte Ltd
- Hanson Pacific (S) Pte Limited
- Butra HeidelbergCement Sdn Bhd
- Asia Cement Public Company Limited
- Zuari Cement Limited
- Alliance Construction Materials Limited
- Pioneer Concrete (Hong Kong) Limited
- HeidelbergCement Asia Pte Ltd

VIEWMAP STOCK

Board of Directors



Fong Wei Kurk
Director

Age: 41 years
Nationality: Singaporean
Date of Appointment: 29 January 2014
Length of Service in the HC Group: 6 years
Date of Last Re-election: 13 April 2016
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 working as the Legal Director for Asia-Oceania. He was appointed as a director of the Company on 29 January 2014.

Directorship of Other Companies:

- Butra HeidelbergCement Sdn Bhd, Brunei.
- Asia Cement Public Company Limited

STOCK



Abdul Awal Mintoo
Independent Director

Age: 69 years
Nationality: Bangladeshi
Date of Appointment: 23 July 2015 (2nd Tenure)
Length of Involvement with the Company: 17 years
Date of Last Re-election: 13 April 2016
Membership in Board Committee: Chairman of 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, Mr. 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. Mr. Mintoo's area of interest includes 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.

Directorship of Other Companies:

- 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.

VMAF STOCK

Board of Directors



Golam Farook
Independent Director

Age: 60 years
Nationality: Bangladeshi
Date of Appointment: 19 July 2016 (2nd Tenure)
Length of Involvement with the Company: 14 years
Date of Last Re-election: 11 May 2017
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 and Dhanmondi Boat Club, Dhaka.

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), HeidelbergCement Bangladesh Limited

Directorship of Other Companies:

- Magura Paper Mills Limited
- Niloy Cement Limited
- Delta Pharma Limited
- Rupali Investment Limited

DMAMSTOCK



Jashim Uddin Chowdhury FCA
Director & Chief Financial Officer

Age: 55 years
Nationality: Bangladeshi
Date of Appointment: 20 June 2006
Length of Service with HC Group: 17 years
Date of Last Re-election: 11 May 2018
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 17 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.

Directorship of Other Companies:

- Meghna Energy Limited

AMARSTOCK

পদ্মা সেতুর মূল কাঠামো গড়ে উঠছে শুধুমাত্র স্ক্যানসিমেন্টের শক্তিতে

সেই শক্তিতে গড়ে উঠুক আপনার স্বপ্নের বাড়ি

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



HEIDELBERGCEMENT
BANGLADESH LTD.

SCAN CEMENT
HEIDELBERGCEMENT Group
পাল্টাই ভবিষ্যৎ



Management Committee

Management Committee



From Left to Right

Mr. Syed Abu Abed Saher
Director Marketing and Sales

Mr. Jashim Uddin Chowdhury FCA
Director & Chief Financial Officer

Mr. Jose Marcelino Ugarte
Managing Director

HEIDELBERGCEMENT
BANGLADESH LTD.



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

Mr. Terence Ong Kian Hock
Technical Director

Mr. Mustaque Ahmed
Director Human Resources

Mr. Mohammad Mostafizur Rahman
Company Secretary & Head of Legal

Management Committee



Jose Marcelino Ugarte
Managing Director

Mr. Marcelino is a Filipino citizen. He has been playing the role of Managing Director of the Company since August 2011. Previously, he worked in the cement industry for about 11 years in various capacities. During his career he was posted as the Managing Director Malaysia, Indonesia and Bangladesh. He obtained Bachelor of Science degree under the department of 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

Mr. Jashim is a Bangladeshi citizen, was born in the district of Chittagong. He has been serving the Company with utmost sincerity and integrity for about 17 years. Director of the Company since 2006, concurrently he is responsible as the Chief Financial Officer (CFO) of the Company since 2006. He is also looking after the IT function of the company. He is a qualified Chartered Accountant from ICAB. He has been working for the Company in different roles since November, 2001.

AMARSTOCK

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 acquisition 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

Mr. 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.



SMARTOCK

Management Committee

Terence Ong Kian Hock
Technical Director



Mr. Terence Ong Kian Hock is a Singaporean citizen, was born on 14 December 1966. He joined HeidelbergCement Bangladesh Limited as Plant Manager in May 2004 and subsequently in 2013 he was appointed as Technical Director/Head of Heidelberg Technical Centre for Bangladesh and Brunei. His major areas of responsibility involves 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



Mr. Syed Abu Abed Saher is a Bangladeshi citizen, was born on 01 November 1970. He joined HeidelbergCement Bangladesh Limited as the Director, Marketing & Sales in February 2012 after 4 years work with Berger Paints Bangladesh Ltd. as 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 prestigious "Outstanding Business Award" by the South Asian Countries SME Forum for enormous contributions towards society and national economy.

AMARSTOCK

Management Committee



Mohammad Mostafizur Rahman
Company Secretary & Head of Legal

Mr. Mostafiz is a Bangladeshi Citizen, was born in the District of Barguna on 1 June 1979. He has been serving the Company as Company Secretary since 2011. He is working as Head of Legal of the Company too. Previously, he worked with Bata Shoe Company (Bangladesh) Limited, Square Pharma and Rangs Properties Limited in various capacities. In the year of 2010 the Institute of Chartered Secretary of Bangladesh recognized him as a qualified Chartered Secretary. He completed both LL.B. (hons.) and LL.M. from University of Dhaka. He earned Post Graduate Diploma in Human Resources Management (PGDHRM) from Bangladesh Institute of Management (BIM) in 2013.

AMARSTOCK



Sustaining Growth

From the early stage of survival and recovery, HeidelbergCement Bangladesh Limited is methodically protecting and promoting diversity and it 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 safety of the employees and workers.


GERMAN ENGINEERING
রুবিসিমেন্ট দিয়ে তৈরি হয়েছে 'তিস্তা সেতু'
BUILT BY USING
RUBY CEMENT
HEIDELBERGCEMENT Group
রংপুর ও কুড়িগ্রাম অঞ্চলের মানুষের বহুল প্রতীক্ষিত ৭৫০ মিটার দীর্ঘ তিস্তা সেতু নির্মাণে রুবিসিমেন্ট ব্যবহার করায় আমরা অনুপ্রাণিত। আমাদের বিশ্বাস এই সেতু রুবিসিমেন্ট-এর পরীক্ষিত শক্তি ও দীর্ঘস্থায়ীত্বের আরেকটি নিদর্শন হয়ে থাকবে।
পরীক্ষিত শক্তি ও দীর্ঘস্থায়ীত্ব
১৯৭৩ সাল থেকে
RUBY CEMENT
HEIDELBERGCEMENT Group

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

In light of the business performance and cash reserve of the Company, the Board of Directors proposed the dividend of BDT 15 (150%) per ordinary share of BDT 10 each to the Annual General Meeting (AGM) to be held on 7 June 2018.



Message from the Chairman

the performance of the company in the past year and the potentials and possibilities going forward.

In 2017, competition to grow volumes forced us to adjust our prices significantly. With tough competition during the year, our revenue decreased by 7.5% and margin reduced by 28.6% for higher raw materials and other direct costs. Lower margin affect profit before tax adversely for the financial year to BDT 1,155 million.

2017: revenue and operating income

Revenue of the Company was BDT 9,802 million in 2017. The Company's net profit after tax for the financial year decreased by 46.7% to BDT 803.1 Million and Earnings per Share (EPS) came to BDT 14.21.

Shareholder's return

In light of the business performance and cash reserve of the Company, the Board of Directors proposed the dividend of BDT 15 (150%) per ordinary share of BDT 10 each to the Annual General Meeting (AGM) to be held on 7 June 2018.

Thanks to our employees

Our employees once again had to face many challenges in 2017. Their high level of personal commitment and unconditional loyalty are particular strengths of HeidelbergCement's 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 Challenging performance in 2017 – also in comparison with our competitors – would not have been possible. Heidelberg Cement'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 2018:

The outlook for the global economy is positive, but there are still great macroeconomic risks. However, the favorable business trend in 1st Quarter 2018 makes us optimistic that we will obtain our objectives and would give you good return in 2018. 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 2018. 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



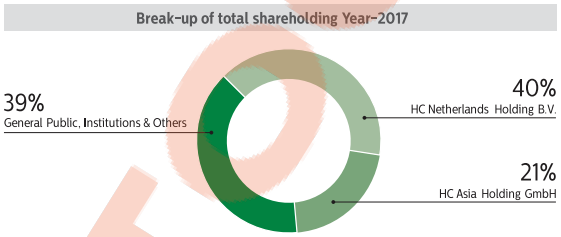
Kevin Gerard Gluskie
Chairman
Board of Directors
HeidelbergCement Bangladesh Limited

AMARSTOCK

Shareholding Position

Break-up of total shareholding

Shareholders	Year-2017
HC Netherlands Holding B.V.	39.80%
HC Asia Holding GmbH	20.86%
General Public, Institutions & Others	39.34%



Classification of shareholders by holding

No. of shares held	01 January 2017			31 December 2017		
	No. of shareholders	Total holding	Percentage	No. of shareholders	Total holding	Percentage
0 – 5000	12,672	3,864,752	6.84	12,176	3,656,439	6.47
5001 – 50000	285	4,064,146	7.19	296	4,358,487	7.71
50001 – 200000	37	3,462,441	6.13	56	5,122,661	9.07
200001 – 500000	03	1,163,365	2.06	06	1,588,700	2.81
500001–10000000	06	9,671,466	17.12	04	7,499,883	13.27
10000000– 56503580	02	34,277,410	60.66	02	34,277,410	60.66

Top Ten Shareholders of the Company as on 31 December 2017

Name of shareholders	No. of shares held	percentage
HEIDELBERGCEMET NETHERLAND HLD BV	22,493,020	39.81
H.C. ASIA HOLDING GMBH	11,784,390	20.86
INVESTMENT CORP. OF BANGLADESH	4,605,505	8.15
ICB UNIT FUND	2,449,577	4.34
SHANTA HOLDINGS LIMITED	1,491,608	2.64
BANGLADESH FUND	400,986	0.71
PUBALI BANK SECURITIES LIMITED	302,791	0.54
ICB AMCL UNIT FUND	280,990	0.50
BNYM AC UPS GROUP TRUST	196,700	0.35
1ST BANGLADESH FIXED INCOME FUND	176,720	0.31

AMARSTOCK

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.

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

Internal Control & Risk Management

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

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

RISK MANAGEMENT

HeidelbergCement Bangladesh Limited (HCBL)'s risk policy is based on the business strategy, which focuses on safeguarding the Company's existence and sustainably increasing its value. Entrepreneurial activity is always forward looking and therefore subject to certain risks. Identifying risks, understanding them, and reducing them systematically are the responsibility of the Management Committee & the Board and a key task for all managers individually. HCBL is subject to various risks that are not fundamentally avoided, but instead accepted, provided they are consistent with the legal and ethical principles of entrepreneurial activity and are well balanced by the opportunities they present. Opportunity and risk management at HCBL is closely linked by Group-wide planning and monitoring systems.

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

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

The essential elements of the risk management system are:

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

SUSTAINABILITY AND COMPLIANCE RISKS

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

We have implemented a compliance program aligned with the HeidelbergCement Group to ensure conduct that is com-pliant 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



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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 (CA 1994);

ii) Stock Exchanges Listing Requirements;

iii) Bangladesh Securities and Exchange Commission (BSEC) Corporate Governance Guidelines of 2012 ; &

iv) Other applicable rules, laws and 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 FY 17. 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 FY 17 is attached as annexures per requirements.

Shareholders' Rights

The shareholders are the ultimate authority on decision

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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.

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 DIRECTORS:

(i) Composition:

The Directors of the Board are appointed by the Shareholders at the Annual General Meeting (AGM) and the appointed Directors are accountable to the Shareholders and who are supposed to act in such a way which ensures best interest of the shareholders as well. 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 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

Statement on Corporate Governance

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 FY 17, the Board met five (5) times.

(iv) Relationship with Shareholders & Public:

The shareholders as owner are required to be provided with material information on the company's operation quarterly, half-yearly and annually, the latter at the AGM. They are also provided routine services by the Company Secretary in 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) Separate Roles and Responsibilities of the Chairman and Managing Director

The positions of the Chairman and the Managing Director are held by separate individuals and their roles and responsibilities are different from each other. The HCBL board has clearly defined their respective roles and responsibilities which help them to discharge their duty effectively and efficiently. The Chairman is responsible for the operations, leadership and governance of the Board, ensuring its effectiveness and assumes the formal role as the leader in chairing all Board meetings and shareholders' meetings. He leads the Board in overseeing Management and principally ensures that the Board fulfills its obligations outlined by the HCBL Board and as required under the relevant legislations.

The Managing Director is responsible for the management of the Company's business, organizational effectiveness and implementation of Board strategies, policies and decisions. By virtue of his position as a Board member, he also acts as the intermediary between the Board and the 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 interest 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.



VISION BLOCK

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(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 BSEC and the same is adhered to at all times.

The corporate culture of uncompromising integrity is applicable across the Group and the Code of Conduct manual applicable to employees provides guidance on high ethical business standards and guidelines. The code serves as a guideline for employees conduct in the workplace, business conduct when dealing with external parties and includes key issues such as bribery, conflicts of interests, insider trading and data integrity and retention. The Code of Conduct is disseminated throughout to employees of HCBL through its intranet and as a part of its enforcement, employees are required, on annual basis, to submit their declaration to adhere to and observe its provisions.

(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 the 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 a 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 two Directors who will be retiring by rotation are Ms. Sim Soek Peng & Mr. Fong Wei Kurk. Both of them, being eligible, offer themselves for re-election.

(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.

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

The Company has 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 the requirement of Bangladesh Securities and Exchange Commission.

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.

Statement on Corporate Governance

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 BSEC 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 the committee is also held accountable for performance thereof.

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

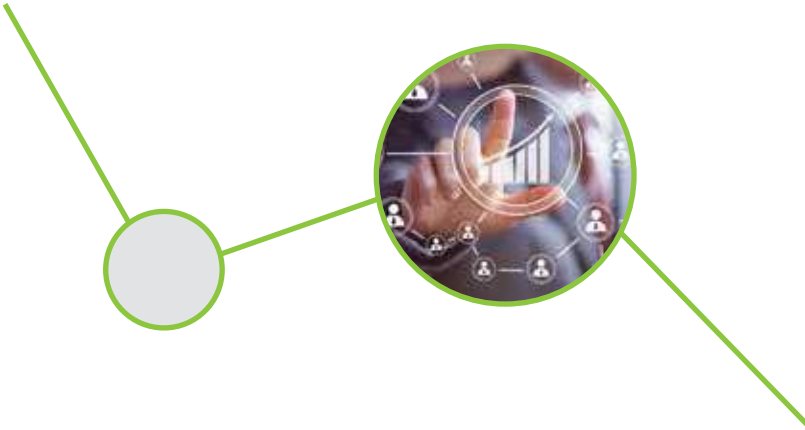
The Company, in its efforts for Corporate Good Governance Practices, uses a series of top ranking professional service providers including Legal experts, Bankers, Insurers and Technical experts who continuously assist the Board of Directors and the Executive Management in properly discharging their duties 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 non-shareholder Independent Director. It is expected that their expertise would induce the company to more 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., Uttara Bank Ltd., Southeast Bank Ltd., AB Bank Ltd., Dutch Bangla Bank Ltd., Pubali Bank Ltd., National



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Credit & Commerce Bank Ltd., BRAC 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, the most significant part of certification of the financial statement for the year ended 31 December 2017 by a Chartered Accountant firm is done by M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants in order to comply with Corporate Governance guideline, maintain transparency and above all protection of interest of investors. In this process, International Accounting Standards (IAS) and International Standard of Auditing (ISA) are maintained strictly. This has been possible due to the high level capability and integrity of M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants whose sincere performance has played a very trustworthy role in the protection of interest of the investors.

(vi) 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 Bangladesh Investment Development Authority (BIDA) which directs payment to be made to the investors. Each shareholder is entitled to a dividend on the net profit of the Company according to shareholding. The General Meeting of Shareholders will declare the amount of dividend to be paid. In this process HCBL follows a consistent dividend policy.

(vii) 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 requires a listed company to appoint a full fledged Company Secretary, as distinct from other managers of the Company. In pursuance of the same, the Board of Directors has appointed a Company Secretary and defined his roles & responsibilities. In HCBL Among other functions, the Company Secretary:

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



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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.

(viii) Corporate Social Responsibilities (CSR):

The Board of Directors are also concern for community development as a part of the Corporate Social Responsibilities (CSR) especially in the areas of gender equality, race-religion-regional equality, non-employment of child labour, human rights, environmental pollution, social-marketing, social activities (promotion of sports & culture, health care and population control programs, elimination of corruption programs, participation in charitable activities etc. in 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 maintain 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 account to shareholders and stakeholders; particularly-

(i) Annual Report

The Annual Report is a major channel of communication disclosing information not only on the company'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

Statement on Corporate Governance

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 2017, 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 and regulatory bodies. In this respect, the Board through the BAC oversees the process and the integrity and quality of financial reporting, both annually and quarterly. The BAC, in this respect, assists the Board by reviewing the financial statements and quarterly announcements of results to ensure completeness, accuracy and adequacy in the presence of external auditors and internal auditors before recommending the same for the Board's approval.

The Directors' Responsibility Statement for the audited financial statements of the Company is set out in page 93 of this Annual Report. The details of the Company's financial statements for FY 17 can be found on page 99 to 129 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, 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 FY 17, is disclosed in page no. 126 note no. 42 of financial statements.



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Report of the Audit Committee



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 CFO & Director
Member	:	Mr. Mamun-ul-Hoque Chowdhury
Member Secretary	:	Mr. Mohammad Mostafizur Rahman

A total of five (5) meetings were held during 2017. Company Secretary of the Company 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

Report of the Audit Committee



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 Governance 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 2017 financial statements. The Audit Committee concluded that all reported financial results have been presented in accordance with applicable rules.

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 2017 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 2017, 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

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Report of the Board of Directors



Report of the Board of Directors





Jose Marcelino Ugarte
Managing Director

REPORT OF THE BOARD OF DIRECTORS

For the year ended 31 December 2017

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 29th 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 2017 thereon for your valued consideration, approval and adoption.

STATEMENT OF THE COMPANIES AFFAIRS

Another year of Accomplishment – 2017

In 2017, HeidelbergCement Bangladesh Limited (the Company) faced some extraordinary challenges. Despite significant economic challenges over the year, providing unswerving results we could create substantial value for our Shareholders. Furthermore, we tried to continue 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 BDT 1,156 million and the revenue was BDT 9,802 million in 2017. HeidelbergCement Bangladesh Limited continued to be the leader in the industry in Health and Safety, Corporate Social Responsibility and Employee Welfare.

SOCIO ECONOMIC ENVIRONMENT IN BANGLADESH

The economy of Bangladesh continued its growth in all important sectors in 2017. Government expenditure per the 2017–2018 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

Report of the Board of Directors

risk of renewed violence becomes reality. Focus Economics panelists' project that GDP will expand 7.6% in both FY 2018 and FY 2019.

Bangladesh economy witnessed 7.28 percent growth in FY 2017. This growth was made possible only due to stability in political arena, healthy foreign exchange reserve, stable foreign exchange rate, declined inflation rate etc. Like the previous years, this growth booster came from the industrial sector, followed by the services sector. Though average inflation was around 5.5%, food inflation witnessed an increasing rate in recent months, mainly because of agricultural losses due to two rounds of flooding. Importantly, the external sector which has been a source of strength for the Bangladeshi economy for several years, changed in the recent past. Export growth in FY 2016-17 was only 1.7% as opposed to the target of 8%. However, a glimmer of hope is visible with both RMG (Readymade Garments) and total exports picking up during July-December of FY 2017-18. Imports growing at a higher rate than exports led to a negative current account balance that continued during July-October of FY 2017-18. In FY 2016-17 remittance earnings growth experienced a negative growth of 15.9% despite increase of manpower exports. In dollar term, the GDP size is $274.5 billion this fiscal year, which was $249 billion last year. The country's per capita income is $1,752 which was $1,610 in fiscal 2016-17. Moreover, the country in comparison to its neighboring countries holds better ranking in some key social indicators as reflected in improved literacy and immunization rate, reduced infant mortality rates, increased women participation in the economy, emergence of highly productive labor force converging into the age bracket of 15-64 and many others. This has resulted in the steady rise in per capita income, emergence of growing middle-class families and improved gender parity and influx of young population into the employment market. These demographic and socioeconomic changes are expected to drive the future of the economy and create enormous opportunities for companies like us.

We feel confident that the people of this country will celebrate more historic transformation in the year of 2018.

CEMENT INDUSTRY & CONSTRUCTION SECTOR IN BANGLADESH

Increasing growth of construction sector and increasing urbanization have driven the demand for cement in Bangladesh. Owing to the urbanization, improved living standard and increasing purchasing power, the construction sector of Bangladesh is passing a shining period. The demand for cement is closely linked with the growth of construction sector as when the construction sector found strong, then demand of cement increased. Construction and real estate activities are the two major drivers of cement consumption.

Mega projects contribute heavily towards the increasing demand for cement and there are some big projects that are ongoing and expected to initiate soon to uplift the demand for cement in Bangladesh. In the recent budget (2017-18) Government has allocated BDT 306 billion which is one-fifth of total ADP for six mega projects.

Fall in inward remittance has posed a threat to the cement industry as individual homebuilders' ability to spend on construction has declined correspondingly. With fall in remittance from the gulf region, concern has been raised. Demand for cement saw a downturn due to low remittance which is a major source of income for individual homebuilders.

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. Now Bangladesh's cement industry has become one of the important markets in the world. Last year cement industry experienced 8-9%



Report of the Board of Directors



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 urbanization and an almost full pipeline of 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 bit slower year for the cement industry and HCBL as well in terms of sales volume. We sold 1.612 million tons in 2017 which was moderately lower than last year by 0.083 million tons. In 2017, we secured a market share of 6.5%. The overall industry performance was not satisfactory due to decreased inflow of remittance, early monsoon and flood.

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.

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 is 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.

Production operating performance is managed by the adjustment of adjustable inputs like energy, raw materials and human resource for the sake of resource optimization. These adjustments are usually of set points for operation control and resource availability. The best possible performance with existing production assets is achieved by the best possible adjustments: altogether, the OPTIMIZATION, which depends on our LESSON LEARNED in all these years on operational activities. CIP activities also adding value in this context. We may have best possible output in per ton of cement for per unit of energy and human resource involved in the process. At present we are in process of establishing another Cement Grinding Mill, 500K MT per year plus a new Jetty with additional unloading facility, 3 M MT per year at our river bank to increase the production and delivery capacity to meet the rising demand of our products.

4. Customer Service

All employees are expected to maintain impartial 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 as and when required

5. Marketing Activities

Cement industry of Bangladesh is getting competitive day-by-day due to excessive production capacity. Most of

Report of the Board of Directors



the major players have already extended or are extending their capacity. To gain more market share, every players are initiating aggressive marketing plan. 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 more 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 2017 to enhance our brand image like different press ads at different times, TV ads, live sports branding on TV etc.

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



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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.

AWARDS

2017 was another year of pride and recognition. ICSB (Institute of Chartered Secretaries of Bangladesh) and ICMAB (Institute of Cost Accountants and Management of Bangladesh) awarded HCBL in different categories. We earned this awards for best product quality, brand image and best corporate practices.



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 the usage of SCMs (Supplementary Cementitious Materials) for the reduction of CO_2 emission at ambient. Moreover, as a global Company HeidelbergCement Bangladesh Ltd. (HCBL) obtained ISO 14001: 2004 Certificate on Environmental Management System (EMS). 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.



HeidelbergCement Bangladesh Limited (HCBL) produces best quality cement in the cement industry of Bangladesh, offers both Ordinary Portland Cement (OPC) and Portland Composite Cement (PCC) uses state-of-the-art technology at every stage of the manufacturing process for producing the finest quality of cement for sustainable and durable construction for all kind of customers in Bangladesh.

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) CO_2 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 for keeping environment green.

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CONTINUOUS QUALITY CONTROL AND ASSURANCE ACTIVITIES

A quality assurance department 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, introduction of 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.

HCBL'S FOCUSES AS TO MANUFACTURING PROCESS

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 in terms 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). The following areas of manufacturing process cover HCBL's focuses which ensures environment friendly production of cement.

i. Electrical Energy Efficiency Enhancement:

Continuous improvements to the production process philosophy are in place for lowering the amount of electricity used. Replacing older plants with more modern and efficient technologies and continually modernizing existing plants resulting in improved electrical efficiency. For example, the application of enhanced grinding techniques and power factor improvement device (PFI), using LED light inside the plant and variable speed drives will reduce the levels of electrical energy required. We may safely assume that HCBL consumes the lowest amount of power for one unit of cement production.

ii. Low Carbon Cement Production:

New and emerging technologies have enabled us to increase use of clinker substitutes and alternative fuels in cement production, leading to a direct (e.g. from limestone decarbonisation) CO_2 emissions reductions. Moreover producing power from natural gas with lean burning engines allows the plant to be close to being carbon emission neutral which helps to maintain our commitment to the society for a greener environment. Our SOx- NOx report shows a remarkable control on this harmful exhaust by-product.

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

The generation of fine particulates and dust are inherent in the process; but most are recovered and recycled by using Automatic PLC controlled Dust collector and doing preventive maintenance on each dust collector and measuring dust a certain frequency to observe dust inside the plant.

By reducing the mass load emitted from the stacks, from

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fugitive emissions and from other sources. We have achieved generation of less than 0.2 kilograms of dust per metric ton (kg /t) of material using dust recovery systems. More than sufficient ventilation systems are in use in conjunction with hoods and enclosures covering transfer points and conveyors. Drop distances are be minimized by the use of adjustable conveyors; and dusty areas such as roads are wetted down to reduce dust generation;

Several mechanical equipment are also used to control / collect dust like dust collector, Cyclone, industrial vacuum cleaner etc.

Old fashioned diverters have been replaced by state of the art motorized diverters for cement transportation system into cement silos thus almost eliminating dust emissions at transfer points.

iv. Continual Improvement Program (CIP):

A CIP programme has been established to implement continual improvements to all activities in the plant to make it more cost effective by improving efficiency and also to improve environmental protection and safety of the employee working for HCBL. We are not limited to standard output of the equipment rather striving for NEW ideas to improve the performance further. For us The SKY is the LIMIT and it will never end as there is always a better way to do things. Our 100 years plus experience and with a global footprint has allowed us to tap into the vast resource of the group to seek solutions or at times provide solutions.

Introduced calibration chute for Slag dryer weigh feeder to ensure accurate measurement of the feed thus optimizing the drying capability of the dryer by which we are able to optimize the consumption of electricity & natural gas.

INFORMATION TECHNOLOGY

The Company has successfully completed a global integration project. As a 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's operations. As a part of HeidelbergCement group we, HCBL has successfully moved in HeidelbergCement cloud environment.

EXPANSION

Our company acquired 99.99% shares of a small power plant namely Meghna Energy Limited (MEL) investing BDT 910.8 million only to ensure uninterrupted electricity supply for production of the Company that will save electricity cost significantly.

The Board of Directors has also decided to build a Wharf/Jetty at its Kanchpur Plant for increasing loading and unloading facilities of the Plant at a cost of BDT 325.2 mn (approx.) which will increase the productivity of Kanchpur Plant.

In addition to these, the management has decided to increase its production capacity by additional 472k tons Portland Composite Cement (PCC) per annum considering potential of the industry.

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.



FINANCIAL STOCK

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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)

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

f. The CEO and the CFO have certified to the Board that they have reviewed the financial statements and believe that these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.

g. The CEO and the CFO have further certified to the Board that there 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.

KEY FINANCIAL RESULT

Financial Results for the Year 2017:	(Taka in '000)
Un-appropriated profit from previous period	2,702,208
Net profit for the year after Tax	803,162
Total funds available for appropriation	3,505,370
Directors Recommended Dividend:	
Dividend @150%	847,554
Un-appropriated profit carried forward to next year	2,657,816

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. 15/- (Taka Fifteen only) per share for the year ended 31 December 2017.

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. 2699.5 million in 2017.

POST BALANCE SHEET EVENTS

a. Subsequent to the balance sheet date, the directors recommended a cash dividend of Tk. 15/- (Taka Fifteen only) per share;

b. Sales from January 2018 to March 2018 are 560,946 MT against 508,151 MT during the same period in 2017;

c. The Company on 26 October 2016 has executed a share purchase agreement with HeidelbergCement Central Europe East Holding B.V to acquire 4,056,457 (Forty Lac Fifty Six Thousand Four Hundred Fifty Seven) ordinary shares of BDT 100 each (99.99% of total shares) in Meghna Energy Limited ("MEL") at a total consideration of BDT 910,750,200 and at BDT 224.5186378 per share. However, since execution of this transaction involved payment of share sale proceeds to non-resident and subject to the central bank (Bangladesh Bank) approval of MEL's share valuation as well as permission for remittance, such approval was considered as 'condition precedent' and pending this approval of Bangladesh Bank, MEL has not been considered as a controlled entity of the Company at 31 December 2017. Subsequently, on 10 January 2018, the Company has received approval from Bangladesh Bank for remittance of BDT 860,739,610.83 based on per share fair value of BDT 212.19 to the non-resident shareholder of MEL and accordingly effective from 10 January 2018, MEL shall be considered as a controlled entity of the Company. As per approval Bangladesh Bank, the Company has already remitted the approved amount after deduction of capital gain tax to the previous shareholder of MEL and as per instruction of Bangladesh Bank, the remaining amount of BDT 50,010,589.17 has been in process of transferring to non-resident blocked taka account. With the acquisition of MEL, a private limited company engaged in generation and supplying electricity as a

Report of the Board of Directors

Small Power Plant (SPP) the Company has ensured uninterrupted electricity supply to its Kanchpur plant.

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.

AUDITORS

"Hoda Vasi Chowdhury & Co., Chartered Accountants" having their National Office at BTMC Bhaban (Level- 7 & 8)", 7-9, Karwan Bazar, Dhaka-1215 were appointed as the Statutory Auditor in the 28th AGM of the Company and in the year under review they performed audit work satisfactorily on the financial statements accordingly.

Being eligible and per the recommendation of the Board of Directors, "Hoda Vasi Chowdhury & Co., Chartered Accountants" may be appointed as the Statutory Auditor in the 29th AGM of the Company for the year 2018 at a fee of Tk. 800,000.00 (Taka Eight Lac) only and request the shareholders to approve the appointment.

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 retirement from the office of Directors by rotation at the ordinary general meeting in every year. Mr. Fong Wei Kurk & Ms. Sim Soek Peng are due for such 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.

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. Both of the independent directors are serving the company for second tenure.

HUMAN RESOURCES & CORPORATE SOCIAL RESPONSIBILITY

Qualified and motivated employees are the strategic pre-requisite for our sustainable success of our Company, Identifying best talents with wide digital exposure, developing them and in competition with other players- retaining those employees is our core policy. The Board and the Management inject utmost efforts to ensure sustainable growth in business and committed to delivering long term value to the shareholders and other stakeholders. Here human resources play the most significant role for such achievements. We have multi-talented and motivated employees who are the key troupers of our organization. This sort of human capital is created through make and buys in process. Our goal is to advance and attract highly qualified digitally focused and committed employees who can bring various social and professional skills to our business and thus contribute to the success of the company.

HeidelbergCement Bangladesh Ltd. (HCBL) has shaped a performance-driven culture with team work where all employees are treated with dignity and recognize as potential. HCBL follows a human capital strategy to ensure a work place for the best people to have synergy benefits for the stakeholders.

Our company believes that qualified and motivated employees are an important pre-requisite for the sustainable success of HeidelbergCement Bangladesh. Identifying our





FMARTSTOCK

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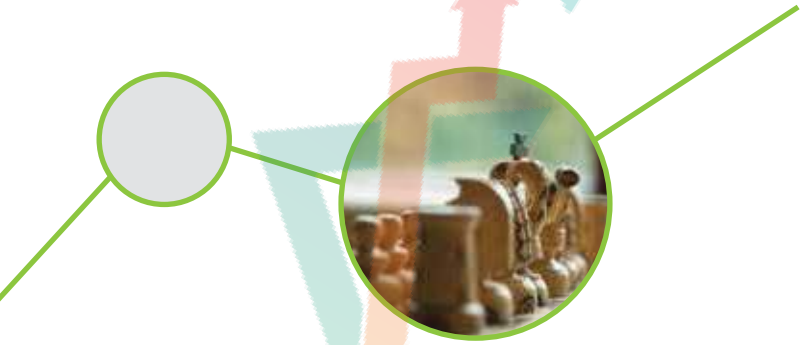
employees' talents, developing them and retaining those employees from the competition of other companies are one of our core people policies. This performance management is supported by the HeidelbergCement Group competence model, which defines the essential professional and personal capabilities and skills that are critical for the sustainable growth of our business. It enables the respective superiors to perform systematic assessments of performance and potential in accordance with standardized regulations and serves as a basis for strategic development of managers and appropriate succession planning.

Training and development of the employees is one of the core jobs of HR. Therefore, sustainable HR management means consistently investing in training to improve the skills and capacities of the employees. Our one of the core functions is operation and mostly technical teams are working there. Therefore, to ensure the functionally sound operational management of process technology and maintenance in our plants, we provide high quality technical trainings to them at home and abroad. At the same time we give emphasis on motivational and other soft skills like leadership, management trainings as we know such skills of our managers can play a crucial role in determining how well HCBL positions itself among its local competitors.



Maintaining congenial employee relations and at the same time complying labour laws are always a big challenge for any multinational company operating in Bangladesh. Here we have massive success story and have been operating our plants smoothly without a single minute break of operation due to industrial dispute in the last almost one decade.

The HCBL's 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 foster good relationships at our locations and contribute to create value locally. We pursue a reputation of good corporate citizenship and support local projects in line with the established themes of building, environment and education. Being the part of the Sustainability principles, Corporate Social Responsibility (CSR) is an integral measure of our business process. HCBL's CSR folder carries few flagship programs like innovative construction of building and infrastructure, partnering with Centre for the Rehabilitation of the Paralyzed (CPR), Proyash & Habitat for Humanity Bangladesh. Maintaining a regular presence in our local communities through helping meritorious school students we believe it helps to personalize relationships with our company and creates sustainable trust.

Thus 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 2017 beside other core HR activities.

HEALTH, SAFETY & ENVIRONMENT

With the slogan of "Safety starts with you" and "No excuses!

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Safety is always our priority", we are going ahead to build a safety culture in your organization. Occupational health and safety is one of the core values of our company and therefore a fundamental element of our work processes. Our utmost priority is to make sure that employees return home with the physical condition they entered into our premises at the end of the work.

At HeidelbergCement Bangladesh, all management levels at plants and corporate are accountable for occupational health and safety. Our occupational safety organization is subordinate to the Chairman of the Managing Committee, to whom the Country H&S Manager, who is responsible for coordinating the measures within the country Health & Safety, reports directly. The line managers at local management level in Bangladesh are supported by Country H&S Manager. Individual occupational health and safety measures designed to tackle any weak points are defined either by Group Health & Safety as well as by us, depending on the nature and impact. Occupational safety measures are part of the personal goal agreements for all Directors, Managers & Officers. We also make blue color employees' responsible for through setting common goal agreement. Last but not least, each individual employee, contractor and visitor is responsible for following the occupational safety rules & regulations.



In accordance with the internationally accepted OHSAS 18001 standard and Group guidelines the occupational health and safety management systems have already been implemented in our company. Through the recertification process of OHSAS 18001, we demonstrated our strong commitments towards establishment of sustainable



occupational health & safety practices.

Furthermore, as a member of the Cement Sustainability Initiative (CSI) within the World Business Council for Sustainable Development (WBCSD), HeidelbergCement Group is bound by the guidelines of the CSI. These have been integrated into our internal standards. As part of our Group policy on occupational health and safety, we have defined a set of "cardinal rules" that are mandatory for all employees and contractors working or visiting our workplaces. We have defined our policy, guidelines, procedures according to local law preferences, Group policy guidelines and OHSAS 18001 standards.

HeidelbergCement provides intensive training measures on occupational health and safety. Like every year in 2017 we had provided more than 2000 man hours training & orientation to our employees, contractors, visitors. To ensure strong planning, coordination, execution of actions, follow up we do vigorous meetings at different levels starting from workers up to Managing Board. Last year a High Level HS Management Committee consists of Managing Director who chairs, Other MC Members, Plant Managers & Country HS Manager, who facilitate was formed.

In addition to different routine programs we have trained and developed Safety Leaders as an initiative of Group with the mission of safety conversations between Safety Leaders and Working people at spot to make the implementation process more resilient.

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We believe that injuries, occupational illnesses and work-related health impairments are avoidable. That's why we continuously strive to minimise the risks for our employees, contractors and third parties and to achieve our goal of "zero harm", which we was recently reiterated in HC Group Sustainability Commitments 2030.

It is very positive to note that we have been able to reduce the number of accidents, especially severe ones and maintain zero fatality over the years. We share every severe accident and fatality happened at other parts of HC Group with our people to aware; train them to avoid any such accident at our areas. Every accident is unacceptable and painful, therefore we will be injecting our more and maximum efforts to achieve the key goal of sustainable "zero harm" in our every next step.

The key elements of safety activities 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

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.

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 2017 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.

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

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.



Family Day

















HEIDELBERGCEMENT
BANGLADESH LTD.

Certificates and Awards





ICSB National Award 2016

The Company was awarded the "Bronze Award" under manufacturing and chemicals company category by the Institute of Chartered Secretaries of Bangladesh (ICSB) in the event of "ICSB National Award 2016 for Corporate Governance Excellence" as a testamentary of good corporate governance.



BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2018/178

BAPLC

Date of issue : April 8, 2018

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 **2018.**

BAPLC

Secretary-General
(Acting)

Certificate of membership of BAPLC

In pursuant to the condition no. 46 of DSE Listing Regulation dated 30th June 2015, the certificate of membership of Bangladesh Association of Publicly Listed Companies (BAPLC) is appended below:



ICMAB Best Corporate Award 2016

The Company was awarded the "Second position" under cement manufacturing category by the Institute of Cost and Management Accountants of Bangladesh (ICMAB) in the event of "ICMAB Best Corporate Award 2016" as a testamentary of best corporate practice in HCBL.

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 2017. These guidelines relate to the notification no SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 issued under Section 2CC of the Securities and Exchange Ordinance 1969 and as amended by the BSEC Notification and published in the gazette on July 21, 2013 and August 20, 2013 respectively.

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.

Dated: Dhaka
April 15, 2018

Hoque Bhattacharjee Das & Co.
Chartered Accountants

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

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 conducting 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 to promote economic development by means of wages, investment, purchases and taxes. Our corporate responsibility is not limited to our business processes. 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:

Corporate Social Responsibility



- 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 2017

In continuity of our Corporate Social Responsibilities(CSR), the Board of Directors understands its essential element in achieving good business practice and business sustainability. During 2017, we build up strategic partnership with two major international bodies M/s Habitat for Humanity, USA and Domino Foundation, Germany to maintain 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. Besides we also have some decent projects within the community of our both Plants, supporting underprivileged children for their proper education. Our main focus on Corporate Social Responsibilities(CSR) to ensure 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.

Besides other noble initiatives in FY 2017 we built home for two poor families under the program named Habitat for Humanity at punshohi village in Kaligonj. Our colleagues willingly participated in the construction work to build these homes as volunteer.

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



VIMAL STOCK



ANNEXURES

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 2017.
- During the year, the Company has paid a total amount of tk. 307,500 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 12 & 13.
- The Company has declared dividend for the year 2017.
- During 2017, a total of 5 (Five) Board meetings were held, which met the regulatory requirements in this respect. The attendance records of the Directors are shown below.
- Shareholdings patterns of the Company as on 31 December 2017 in pursuance to the Corporate Governance Guideline of BSEC 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.
- The number of Board Meeting and the Attendance of Directors during the year 2017 were as follows:

Name of the Director	Position	Meeting Held	Attended
Mr. Kevin Gerard Gluskie	Chairman	05	2
Mr. Jose Marcelino Ugarte	Managing Director	05	5
Mr. Abdul Awal Mintoo	Independent Director	05	2
Mr. Golam Farook	Independent Director	05	5
Mr. Jashim Uddin Chowdhury FCA	Director	05	5
Mr. Fong Wei Kurk	Director	05	5
Ms. Sim Soek Peng	Director	05	3
Mr. Juan Francisco Defalque	Director	05	2

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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 2017 duly stated in the report.

Particulars	Nos. of shareholding	Percentage	Remarks
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	2,238	0.003%	
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%	

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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)

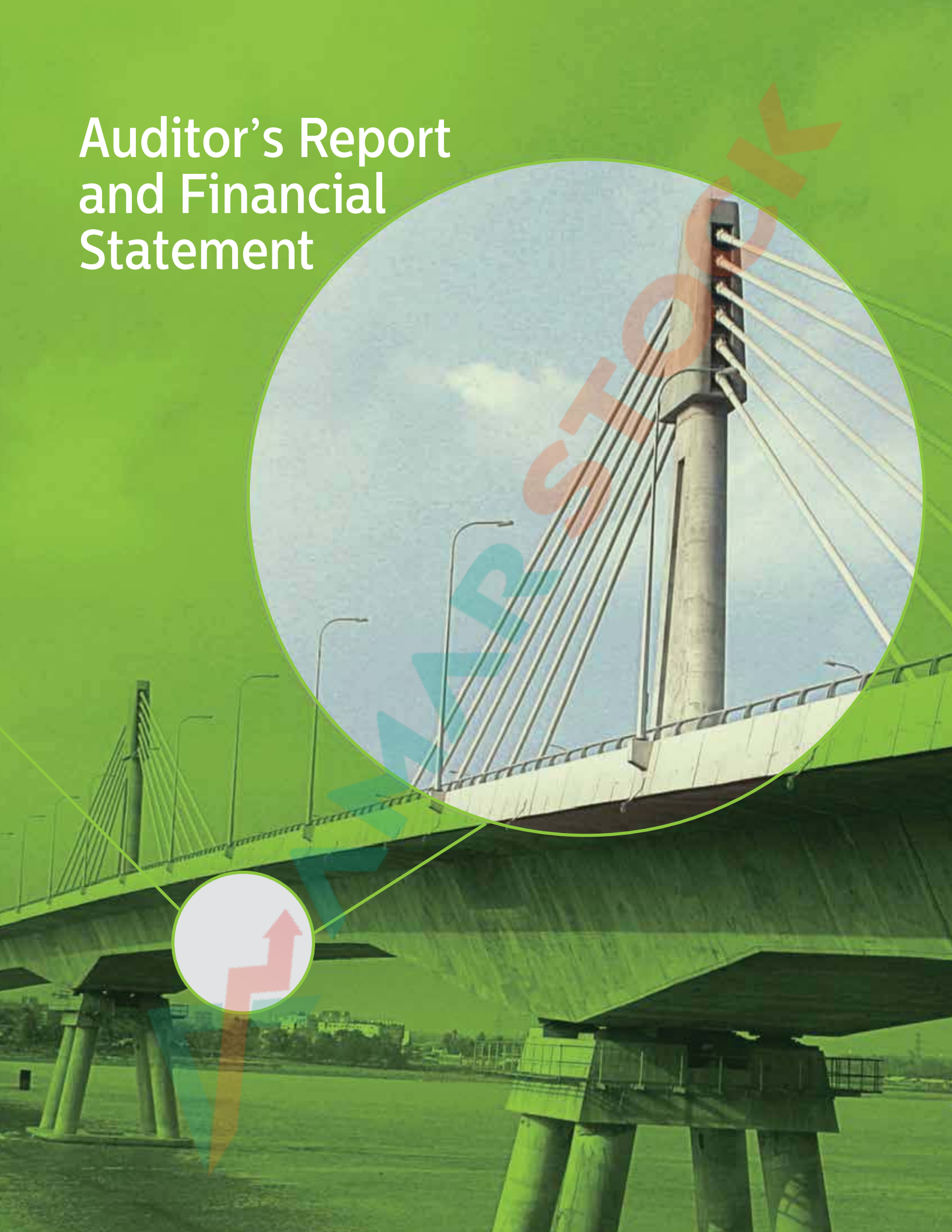
Condition No.	Title	Compliance Status (put √ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
1.1	Board's Size: The number of the board members shall not be less than 5 (five) and more than 20 (twenty)	Complied		
1.2	**Independent Directors:**			
1.2 (i)	One fifth (1/5) of the total 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		
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		

Condition No.	Title	Compliance Status (put √ in the Appropriate Column)		Remarks (if any)
		Complied	Not 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 & Chief 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.	Complied		
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		
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	Complied		
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		

Condition No.	Title	Compliance Status (put √ in the Appropriate Column)		Remarks (if any)
		Complied	Not 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 then 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		
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		
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		

Condition No.	Title	Compliance Status (put √ in the Appropriate Column)		Remarks (if any)
		Complied	Not 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		
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)	Annexure attached in the directors' report	Complied		

Auditor's Report and Financial Statement



HeidelbergCement Bangladesh Limited
Independent Auditors' Report to the Shareholders
For the year ended 31 December 2017

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 2017, 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 our 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 give a true and fair view of the financial position of the Company as at 31 December 2017 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS).

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, 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 thereof;

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

Hoda Vasi Ch

Dhaka, Bangladesh
Dated, 24 April 2018

Hoda Vasi Chowdhury & Co
Chartered Accountants

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HeidelbergCement Bangladesh Limited
Statement of Financial Position
As at 31 December 2017

	Notes	2017 BDT '000	2016 BDT '000
Assets			
Non-current assets			
Property, plant and equipment	4	3,264,835	3,353,328
Capital works-in-progress	5	176,367	178,174
Intangible assets	6	2,201	164
Total non-current assets		**3,443,403**	**3,531,666**
Current assets			
Inventories	7	1,171,532	1,495,555
Trade and other receivables	8	1,140,473	1,144,883
Advances, deposits and prepayments	9	184,788	156,094
Cash and cash equivalents	10	2,790,303	3,860,309
Total current assets		**5,287,096**	**6,656,841**
Total assets		**8,730,499**	**10,188,507**
Equity and Liabilities			
Capital and reserves			
Share capital	11	565,036	565,036
Capital reserve	12	605,657	605,657
General reserve		15,000	15,000
Dividend equalization fund		8,600	8,600
Retained earnings		3,505,370	4,397,316
		4,699,663	**5,591,609**
Non-current liabilities			
Suppliers' credit-blocked	13	2,565	2,565
Quasi equity loan	14	122,636	122,636
ADP loan	14.1	12,699	12,699
Retirement benefit obligations (gratuity)	15	-	37,466
Deferred tax liability	16	568,178	574,928
Total non-current liabilities		**706,078**	**750,294**
Current liabilities			
Trade and other payables	17	3,027,598	3,501,916
Provision for workers profit participation fund	18	60,816	109,234
Unclaimed dividend	19	235,389	194,446
Provision for income tax	20	955	41,008
Total current liabilities		**3,324,758**	**3,846,604**
Total liabilities		**4,030,836**	**4,596,898**
Total equity and liabilities		**8,730,499**	**10,188,507**

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

Jose Marcelino Ugarte
Managing Director

Jashim Uddin Chowdhury, FCA
Director & Chief Financial Officer

Mohammad Mostafizur Rahman
Company Secretary

Dhaka, Bangladesh
Dated, 24 April 2018

See our annexed report of same date

Hoda Vasi Chowdhury & Co
Chartered Accountants

AMARSTOCK

HeidelbergCement Bangladesh Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2017

	Notes	2017	2016
		BDT '000	BDT '000
Sales	22	9,801,506	10,600,466
Cost of goods sold	23	(7,844,526)	(7,858,894)
Gross profit		**1,956,980**	**2,741,572**
Other operating income	24	34,626	130,615
Warehousing, distribution and selling expenses	25	(467,550)	(426,379)
Administrative expenses	26	(504,553)	(499,620)
Operating profit		**1,019,502**	**1,946,188**
Non-operating income /(expenses)	27	4,438	(2,514)
Net finance income	28	192,370	241,001
Contribution to workers' profit participation fund	18	(60,816)	(109,234)
Profit before tax		**1,155,495**	**2,075,442**
Income tax expense		(352,333)	(567,572)
Current tax:			
Current year	29	(352,000)	(550,000)
Prior year		(7,083)	(17,052)
Deferred tax income/(expense)		6,750	(520)
Profit for the year		**803,162**	**1,507,870**
Other comprehensive income		-	-
Total comprehensive income		**803,162**	**1,507,870**
Earnings per share (EPS)	30	**14.21**	**26.69**

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

Jose Marcelino Ugarte
Managing Director

Jashim Uddin Chowdhury, FCA
Director & Chief Financial Officer

Mohammad Mostafizur Rahman
Company Secretary

Dhaka, Bangladesh
Dated, 24 April 2018

See our annexed report of same date

Hoda Vasi Chowdhury & Co
Chartered Accountants

HeidelbergCement Bangladesh Limited
Statement of Changes in Equity
For the year ended 31 December 2017

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 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	-	-	-	-	1,507,870	1,507,870
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**	**4,397,316**	**5,591,609**
Year 2017						
Balance as at 01 January 2017	565,036	605,657	15,000	8,600	4,397,316	5,591,609
Net profit for the year	-	-	-	-	803,162	803,162
Payment of dividend for 2016	-	-	-	-	(1,695,108)	(1,695,108)
Balance as at 31 December 2017	**565,036**	**605,657**	**15,000**	**8,600**	**3,505,370**	**4,699,663**

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

Dhaka, Bangladesh
Dated, 24 April 2018

See our annexed report of same date

AMARSTOCK

HeidelbergCement Bangladesh Limited
Statement of Cash Flows
For the year ended 31 December 2017

	Notes	2017 BDT '000	2016 BDT '000
Cash flows from operating activities			
Collections from customers	31	9,767,310	10,471,519
Cash received from other operating income		73,232	28,210
Cash paid to suppliers	32	(6,509,789)	(6,793,876)
Cash paid for operating expenses	33	(2,321,450)	(1,545,066)
Adjustment/(Payment) of financial expenses net of exchnage gain		401	(1,948)
Interest income		185,694	248,803
Income tax paid	34	(399,136)	(684,069)
Net cash flow from operating activities (a)		**796,261**	**1,723,573**
Cash flows from investing activities			
Acquisition of non-current assets	35	(216,594)	(241,348)
Proceeds from sale of non-current assets	36	4,438	155
Net cash used in investing activities (b)		**(212,156)**	**(241,194)**
Cash flows from financing activities			
Payment of dividend	37	(1,654,165)	(1,672,451)
Net cash flow used in financing activities (c)		**(1,654,165)**	**(1,672,451)**
Net decrease in cash and cash equivalents (a+b+c)		**(1,070,060)**	**(190,072)**
Opening cash and cash equivalents		**3,860,309**	**4,050,381**
Closing cash and cash equivalents	10	**2,790,249**	**3,860,309**

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

Jose Marcelino Ugarte
Managing Director

Jashim Uddin Chowdhury, FCA
Director & Chief Financial Officer

Mohammad Mostafizur Rahman
Company Secretary

Dhaka, Bangladesh
Dated, 24 April 2018

See our annexed report of same date

AMAR STOCK

1. Company and its activities

1.1. Company profile

A project named Chittagong Cement Factory was established under Central Ordinance No. XXXVIII of 1962. The factory started production of Portland cement on 30 June 1974. The installed production capacity was 300,000 MT per annum. The Project was thereafter incorporated as a private limited company named Chittagong Cement Clinker Grinding Co Ltd (CCCGCL) on 30 June 1979 which was placed under Bangladesh Chemical Industries Corporation (BCIC) with effect from 1 July 1982. This Company (CCCGCL) was converted into a public limited company in February 1989 after revaluation of assets as well as 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 known as HeidelbergCement Bangladesh Limited (HCBL/the Company). The Hon'ble High Court Division of the Supreme Court of Bangladesh sanctioned the approval of the above Scheme of Amalgamation by an order dated 11 January 2003.

The 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 270 (2016: 276).

1.2. Nature of business

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

2. Basis of preparation

2.1. Statement of compliance

These financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), applicable sections of the Companies Act 1994 and the Securities and Exchange Rules 1987. The title and format of these financial statements follow the requirements of BFRS which are to some extent different to the requirements of the Companies Act, 1994. However, such differences are not considered material.

Date of approval

The board of directors has approved these financial statements on 24th April 2018.

2.2. Basis of measurement

These financial statements have been prepared on going concern basis under the historical cost convention.

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

The Company has adequate resources to continue its operation for foreseeable future and hence, the financial statements have been prepared on going concern basis. As per management's assessment there are no materials uncertainties related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

2.5. Fair value

As fair value is a market based measurement, when measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible though entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant while measuring fair value. Fair values are categorised into different levels in a fair value hierarchy based on inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable input).

2.6. Use of estimates and judgments

The preparation of financial statements in conformity with BFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and assumptions are reviewed on an ongoing basis.

The estimates and underlying assumptions are based on past experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods

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

Note 4	Property, plant and equipment
Note 7	Inventories
Note 8	Provision for doubtful debts
Note 16	Deferred tax liability
Note 17	Trade and other payables
Note 20	Provision for income tax

2.7. Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

2.8. Reporting period

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

2.9. Segment reporting

A segment is a distinguishable component of the Company that is engaged in providing products or services within a particular economic environment. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company regards its Board of Directors as its chief operating decision maker, as the Board is responsible for allocating resources, assesses performances, and makes strategic decision.

2.10. Application of standards

The following International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted by ICAB, 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 17 Leases

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 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

IAS 39 Financial instruments

IFRS 7 Financial instruments: Disclosures

IFRS 8 Operating Segments

IFRS 13 Fair value measurement

2.11. New accounting standadrs issued but not yet adopted

The Company has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2017 have been considered. However, these amendments have no material impact on the financial statements of the Company.

In December 2017, ICAB has decided to adopt IFRS replacing BFRS effective for annual periods beginning on or after 1 January 2018. However, since currently issued BFRS have been adopted from IFRS without any major modification, such changes would not have any material impact on financial statements.

A number of standards and amendments to standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted. However, the Company has not early applied the following new standards in preparing these financial statements.

(a) BFRS 9 Financial Instruments (to be adopted as IFRS 9)
(b) BFRS 15 Revenue from Contracts with Customers (to be adopted as IFRS 15)
(c) IFRS 16 Leases
(d) IFRS 17 Insurance Contracts

The Company has not yet assessed any potential impact of aforesaid new standards on its financial statements.

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3. Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year. Figures relating to the previous year included in this report have been rearranged, wherever considered necessary, to make them comparable with those of the current year without, however, creating any impact on the value of assets and liabilities as reported.

3.1. Foreign currency translation

Foreign currency transactions are recorded in BDT at applicable rates of exchange ruling at the dates of transactions in accordance with IAS/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:

	2017	2016
1 US Dollar = BDT	82.64	79.05
1 EURO = BDT	99.21	83.12

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.

3.3. Property, plant and equipment

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.

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

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

3.3.3. Depreciation

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

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

	2017	2016
Buildings	3% - 5%	3% - 5%
Plant and machinery	5% - 10%	5% - 10%
Furniture and equipment	10% - 20%	10% - 20%
Transport and vehicles	10% - 20%	10% - 20%

3.4. Intangible assets

Intangible fixed assets are accounted for according to IAS/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.

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.

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

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.

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.

3.8. Cash and cash equivalents

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

3.9. Borrowings

Borrowings are classified into both current and non-current liabilities. In compliance with the requirements of IAS/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.

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.

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.

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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."

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 2017.

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.

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.

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.

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.

3.16. Advertising and promotional expenses

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

3.17. Research, development and experiment costs

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

3.18. Stocks write off/down

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

3.19. Repair, upkeep and maintenance charges

These are usually charged as revenue charges.

3.20. Basis of allocation of depreciation

Basis allocation of depreciation in different overheads are as follows:

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

3.21. Environmental expenditure

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

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."

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares during the period, adjusted for the effect of change in number of shares for bonus issue, share split and reverse split.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no dilutive potential ordinary shares during the relevant periods.

3.23. Statement of cash flows

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

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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.

4. Property, plant and equipment

Particulars	Land and Buildings	Plant and Machinery	Furniture and Equipment	Transport and Vehicles	Total
	BDT '000	BDT '000	BDT '000	BDT '000	BDT '000
Cost					
At 01 January 2016	2,175,662	4,376,782	99,096	56,583	6,708,123
Additions (note 4.1)	66,073	64,610	12,321	23,907	166,911
Disposal	-	(43,214)	(2,460)	-	(45,673)
Balance at 31 December 2016	**2,241,735**	**4,398,179**	**108,957**	**80,489**	**6,829,361**
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**	**1,900,045**	**35,997**	**55,553**	**3,353,328**
Cost					
At 01 January 2017	2,241,735	4,398,179	108,957	80,489	6,829,361
Additions (note 4.1)	25,436	166,272	8,227	16,003	215,939
Disposal	-	(17,875)	(46)	(8,444)	(26,364)
Balance at 31 December 2017	**2,267,171**	**4,546,576**	**117,139**	**88,049**	**7,018,935**
Depreciation					
At 01 January 2017	880,001	2,498,134	72,961	24,936	3,476,032
Depreciation expense	58,991	223,409	11,289	10,744	304,432
Disposal		(17,875)	(46)	(8,444)	(26,364)
Balance at 31 December 2017	**938,992**	**2,703,668**	**84,204**	**27,236**	**3,754,100**
Net book value at 31 December 2017	**1,328,179**	**1,842,908**	**32,935**	**60,813**	**3,264,835**

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

	2017	2016
	BDT '000	BDT '000
Land & Building		
Non-factory Building	25,436	66,073
	25,436	**66,073**
Plant & Machinery		
Equipment Apparatus & Accessories	116,540	46,493
Electrical Installation	49,732	18,117
	166,272	**64,610**
Furniture & Equipment		
Furniture & Fixture	1,644	1,599

	2017	2016
	BDT '000	BDT '000
Ofice Decoration	-	1,199
Sundry Assets	1,955	4,025
Computer	960	2,104
Office Equipment	3,669	3,394
	8,227	**12,321**
Transport and Vehicles		
Pick Up Van/Vehicle	16,003	23,907
	16,003	**23,907**
	215,939	**166,911**

4.2. Allocation of depreciation expense to:

Manufacturing, labour and overheads (note 23.4)	228,324	218,338
Warehousing, distribution and selling expenses (note 25)	45,665	43,668
Administrative expense (note 26)	30,443	29,112
	304,432	**291,118**

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
Transport and Vehicles	18,383	18,383	-	2,762	Company policy/ tender	Third Party
Plant and Machinery	7,936	7,936	-	1,675	Company policy/ tender	Written off/ Third Party
Furniture and Equipment	46	46	-	0	Company policy/ tender	Written off/ Employees/ Third Party
2017	26,364	26,364	-	4,437		
2016	45,673	43,005	2,668	155		

5. Capital works-in-progress

Particulars	Land and Buildings	Plant and Machinery	Furniture and Equipment	Total
	BDT '000	BDT '000	BDT '000	BDT '000
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**	**150,899**	**7,219**	**178,174**
At 1 January 2017	20,057	150,899	7,219	178,174
Addition	30,688	160,192	800	191,680
Capitalised during the year	(25,436)	(160,838)	(7,213)	(193,487)
At 31 December 2017	**25,309**	**150,253**	**806**	**176,367**

		2017	2016
		BDT '000	BDT '000
6.	**Intangible assets**		
	Cost		
	At 01 January 2016	7,459	7,459
	Additions	-	-
	Balance at 31 December 2016	**7,459**	**7,459**
	Amortisation		
	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**
	Cost		
	At 01 January 2017	7,459	7,459
	Additions	2,463	2,463
	Balance at 31 December 2017	**9,922**	**9,922**
	Amortisation		
	To 01 January 2017	7,295	7,295
	Charge for the year	425	425
	Total to 31 December 2017	**7,721**	**7,721**
	At 31 December 2017	**2,201**	**2,201**
7.	**Inventories**		
	Raw materials	681,803	1,083,827
	Finished goods	131,645	123,149
	Packing materials	48,064	37,531
	Stores and spares	315,928	256,955
		1,177,440	1,501,463
	Provision for slow moving stores and spares	(5,908)	(5,908)
		1,171,532	**1,495,555**
8.	**Trade and other receivables**		
	Trade receivables		
	Considered good	1,100,589	1,066,393
	Considered doubtful	49,346	49,346
		1,149,934	1,115,739
	Other receivables		
	Third party	21,473	40,119
	Inter-company	18,411	38,371
		39,884	78,490
	Provision for doubtful debt	(49,346)	(49,346)

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		2017	2016
		BDT '000	BDT '000
		1,140,473	**1,144,883**
	Receivable covered under security	898,294	780,505
	Outstanding for a period exceeding six months.	83,057	64,841

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

Trade and other receivables were accrued in the ordinary course of business and no amount was due by the Directors (including Managing Director), managers and other officers of the company and any of them severally or jointly with any other person.

9. Advances, deposits and prepayments

Advance paid to suppliers and employees	86,664	76,128
Security and other deposits	76,201	73,665
Prepayments	21,923	6,301
	184,788	**156,094**
9.1. These include dues realisable/adjustable within one year from the balance sheet date	162,252	135,585
9.2. These include aggregate amount due by, executives, managers, officers and staffs	32,082	26,432
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	37,777	28,371
9.4. Advance recoverable in cash	3,208	2,643
9.5. Advance outstanding for a period exceeding six months	22,536	20,509

10. Cash and cash equivalents

Cash in hand	139	124
Cash at bank in current accounts	27,161	34,407
Short term bank deposits (STD)	342,672	260,518
Fixed deposits receipts (FDR)	2,420,332	3,565,260
	2,790,303	**3,860,309**

FDR includes an amount of BDT 37,610 (2016: 36,446) thousand held under lien in favour of Customs Authority.

11. Share capital

11.1. Authorised share capital

The total authorised number of ordinary shares is 100 million with a face value of BDT 10 per share (2016: 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.

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

11.2. Issued, subscribed and paid-up capital

36,358,880 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**

11.3. Percentage and value of shareholdings

	2017	2016	2017	2016
Foreign Shareholders	%		BDT '000	
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	11.92%	12.06%	67,376	68,126
Company's employees	0.25%	0.25%	1,398	1,427
Investment Corporation of Bangladesh (ICB)	12.49%	11.45%	70,571	64,697
Other financial institutions	14.67%	15.57%	82,881	87,976
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**

11.4. Classification of shareholders by holding

Shareholding range	Number of shareholders	
	2017	2016
Less than 5000 shares	12,176	12,672
5001 to 50,000 shares	296	285
50,001 to 200,000 shares	56	37
200,001 to 500,000 shares	6	3
500,001 to 10,000,000 shares	4	6
Over 10,000,000 shares	2	2
	12,540	**13,005**

11.5. Option on un-issued shares

There is no option on un-issued share capital

12. Capital reserve

	Share premium	Amalgamation reserve	Total
	BDT '000	BDT '000	BDT '000
Balance as at 1 January 2017	193,500	412,157	605,657
Balance as at 31 December 2017	**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.

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).

	2017 BDT '000	2016 BDT '000
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**

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

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

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

15. Retirement benefit obligations (gratuity)

This represents gratuity payable to employees of the Company at the time of their cessation of employment with the Company. The Company's policy related to employees gratuity is stated in note - 3.13.2. During the year, the Company has established a separate trust for management of gratuity obligation and as per the actuarial valuation done as at 31 December 2017, the Company has transferred the entire gratuity provision to the fund. In prior year the provision for gratuity was BDT 37,466 thousand. As per the actuary report the Company is required to contribute 11.70% of basic salary as its contribution to gratuity fund.

	2017 BDT '000	2016 BDT '000
16. Deferred tax liability		
Opening balance	574,928	574,408
Provision (reversal)/made during the year	(6,750)	520
Closing balance	**568,178**	**574,928**
16.1 Defferend tax by type of temporary differences that resulted in deffered tax (assets) or liabilities		
Property, plant & equipment	588,514	604,566
Provision for gratuity	-	(9,367)

		2017	2016
		BDT '000	BDT '000
	Provision for inventories	(7,999)	(7,935)
	Provision for doubtful debts	(12,337)	(12,337)
		568,178	**574,928**
17.	**Trade and other payables**		
	Trade payables (*)	895,017	1,071,524
	Creditors for other finance (note 17.1)	763,095	1,011,140
	Creditors for revenue expenses (note 17.2)	1,069,787	1,119,552
	Interest accrued	299,700	299,700
		3,027,598	**3,501,916**

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

17.1	**Creditors for other finance**		
	Security deposits	573,449	836,586
	VAT deduction at source	7,143	7,147
	Tax deduction at source	42,939	12,865
	Payable to Employees Provident Fund	1,607	3,049
	Inter company payables	3,415	3,415
	Payable for capital expenditure	134,175	147,964
	Others	367	115
		763,095	**1,011,140**
17.2	**Creditors for revenue expenses**		
	Revenue charges	714,883	763,102
	Employees remuneration	36,889	41,898
	Technical know-how fee (note 17.3)	318,014	314,553
		1,069,787	**1,119,552**

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 workers's profit participation fund

Provision for liabilities and charges includes provision for Worker's Profit Participation Fund (WPPF) of BDT 60,816 thousand (2016: BDT 109,234 thousand). This represents 5% of net profit before charging WPPF (note 3.12).

19.	**Unclaimed dividend**		
	Opening balance	194,446	171,790
	Addition during the year	1,695,108	1,695,108
	Paid during the year	(1,654,165)	(1,672,451)
	Closing balance	**235,389**	**194,446**
20	**Provision for income tax**		
	Opening balance	41,008	158,025
	Addition during the year:		
	Current year provision	352,000	550,000
	Prior years provision	7,083	17,052
		359,083	567,052
	Paid during the year	(399,136)	(684,069)
	Closing balance	**955**	**41,008**

		2017	2016
		BDT '000	BDT '000

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.

Contingent liabilities and commitments

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

ii)	Guarantees:		
	Guarantees issued by the Company's banker with 100% margin form of FDR for import duty and supplementary duty	16,958	16,958
	Guarantees issued by the Company's banker for security deposits and others	64,540	58,101
iii)	Financial commitments:		
	Confirmed irrevocable letters of credit (limit: BDT 1,250,000 thousand with Standard Chartered Bank & BDT 413,200 thousand, for Citibank NA.)	766,457	322,846
iv)	Capital expenditure authorized but not contracted for	1,222,168	29,183
v)	Capital expenditure authorised and committed for	86,069	97,695
vi)	Non cancellable operating leases	58,012	-
		2,156,192	524,783

22. Sales

	Dhaka	Chittagong		
Domestic	5,964,983	3,800,518	9,765,500	10,568,396
Export	5,111	30,894	36,006	32,070
Total Sales	5,970,094	3,831,412	**9,801,506**	**10,600,466**

23. Cost of goods sold

Opening stock of raw materials (note 23.1)	419,634	389,187
Raw materials purchased (note 23.1)	6,712,104	6,625,426
Closing stock of raw materials (note 23.1)	(592,762)	(419,634)
Raw materials consumed	**6,538,975**	**6,594,979**
Manufacturing labour and overhead (note 23.4)	1,314,046	1,265,437
Cost of production	**7,853,022**	**7,860,416**
Opening finished goods	123,149	121,626
Closing finished goods	(131,645)	(123,149)
Cost of goods sold	**7,844,526**	**7,858,894**

23.1. Raw materials consumed

Opening inventory:

Clinker	245,560	233,118
Gypsum	66,944	30,988
Iron slag	27,228	76,271

	2017	2016
	BDT '000	BDT '000
Limestone & other	35,087	17,679
Fly ash	7,284	9,696
Packing materials	37,531	21,435
	419,634	**389,187**
Purchase:		
Clinker	4,496,641	4,354,382
Gypsum	178,775	277,338
Iron slag	765,814	628,123
Limestone and others	237,236	299,048
Fly ash	504,385	463,050
Packing materials	529,251	603,486
	6,712,104	**6,625,426**
Raw materials available for consumption	**7,131,738**	**7,014,613**
Closing inventory:		
Clinker	(445,189)	(245,560)
Gypsum	(36,468)	(66,944)
Iron slag	(41,977)	(27,228)
Limestone and other	(15,268)	(35,087)
Fly ash	(5,796)	(7,284)
Packing materials	(48,064)	(37,531)
	(592,762)	**(419,634)**
Raw materials consumed	**6,538,975**	**6,594,979**

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 2017	26	123,149	26	131,645	1,612	9,801,506
Year 2016	23	121,626	26	123,149	1,695	10,600,466

23.3. **Analysis of materials consumption**

	31 December 2017		31 December 2016	
	Qty-M.T	BDT	Qty-M.T	BDT
Raw materials				
Clinker	980	4,297,012	1,040	4,341,940
Gypsum	64	209,251	75	241,382
Iron slag	279	751,065	295	677,166
Limestone and others	67	257,055	79	281,640
Fly ash	226	505,873	212	465,462
Packing materials (000 Pcs)	29,934	518,719	32,888	587,389
		6,538,975		6,594,979

		2017 BDT '000	2016 BDT '000
23.4.	**Manufacturing labour and overhead**		
	Personnel Cost:		
	Salaries, wages and bonus	69,329	81,383
	Welfare and other benefits	74,045	74,635
		143,373	**156,018**
	Power and fuel costs	649,605	548,291
	Depreciation expense (note 4.2)	228,324	218,338
	Stores and spares consumed	72,230	99,294
	Cost of consumables	55,260	63,438
	Repairs and maintenance	76,307	94,762
	Insurance	5,988	8,684
	Postage, telephone and telex	1,490	1,799
	Traveling and conveyance	14,007	16,479
	Rent, rates and taxes	28,188	23,133
	Fuel and gas	1,894	1,556
	Entertainment	5,278	4,887
	Security guard	20,123	15,087
	Uniform, liveries and other administrative expenses	11,979	13,669
		1,314,046	**1,265,437**
24.	**Other operating income**		
	Berth hire charge	7,337	14,597
	Insurance claim received	20,423	107,276
	Scrap sales and sundry recoveries	6,866	8,742
		34,626	**130,615**
25	**Warehousing, distribution and selling expenses**		
	Personnel Cost:		
	Salaries, wages and bonus	37,850	31,542
	Welfare and benefits	28,902	27,841
		66,753	**59,383**
	Depreciation expense (note 4.2)	45,665	43,668
	Freight, loading, unloading and others	146,825	75,874
	Advertisement and business promotion expenses	173,572	214,858
	Traveling and conveyance	8,489	7,784
	Vehicle running expense	627	688
	Rent, rates and taxes	22,368	17,385
	Postage, telephone and telex	1,808	1,543
	Bad debt written-off	-	1,507
	Printing and stationary	500	1,965
	Repairs and maintenance	398	445
	Entertainment	319	999
	Insurance expenses	226	280
		467,550	**426,379**

		2017	2016
		BDT '000	BDT '000
26.	**Administrative expenses**		
	Personnel Cost:		
	Salaries, wages and bonus	40,734	37,616
	Welfare and benefits	37,386	39,219
		78,121	**76,835**
	Depreciation expense (note 4.2)	30,443	29,112
	Depreciation of intangible assets (note 6)	425	178
	Rent, rates and taxes	28,157	29,837
	Traveling and conveyance	4,928	5,152
	Postage, telephone and telex	1,683	1,629
	Annual General Meeting expenses	2,975	2,650
	Technical know-how fee (note 17.3)	318,014	314,553
	Legal and professional charges	5,585	14,015
	Entertainment	3,784	3,427
	Repairs and maintenance	3,842	4,379
	Printing and stationery	969	834
	Bank charges	1,650	1,500
	Electronic data processing expense	13,887	2,627
	Audit fee	700	700
	Advertisement	271	441
	Training expense	3,300	3,850
	Electricity	999	1,073
	Vehicle running expense	519	561
	Newspaper and periodicals	35	33
	Subscription	1,095	1,971
	Insurance, CDBL and other administrative expenses	3,171	4,263
		504,553	**499,620**
27	**Non-operating expenses**		
	Gain/(loss) on derecognition and sale of fixed assets	4,438	(2,514)
		4,438	**(2,514)**
28.	**Net finance income**		
	Interest income on bank deposits	191,969	242,949
	Bank guarantee and other charges	(2,590)	(2,167)
		189,379	**240,782**
	Net exchange gain	2,991	219
		192,370	**241,001**
29.	**Income tax expense**		

The corporate tax rate is 25% for the year 2017 (2016: 25%) as a ''Publicly Traded Company''. Current year tax provision has been accounted for at BDT 352,000 (2016: BDT 550,000) thousand on estimated taxable income.

Profit before tax	1,155,495	2,075,442
Income tax @ statutory rate of 25%	288,874	518,860

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		2017	2016
		BDT '000	BDT '000
	Inadmissible expenses/premanent differences	63,126	31,140
	Current tax charges	352,000	550,000
30.	**Earnings per share (Basic)**		
	Profit after tax for the year	803,162	1,507,870
	Weighted average number of shares outstanding at the end of the year	56,504	56,504
	Earnings per share (Basic)	14.21	26.69

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.

31. **Collection from customers**

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

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.

34. **Income tax paid**

During the year the Company paid BDT 399,136 thousand (2016: BDT 684,069 thousand) as advance income tax.

35. Acquisition of non-current assets

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

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

Furniture and Equipment	4,438	155
	4,438	155

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	2017	2016
	BDT '000	BDT '000

37. Payment of dividend

In 2017, the Company paid dividend of BDT 1,654,165 thousand (2016: BDT 1,672,451 thousand).

38. Bank facilities

The company has got the following loan facilities from Banks:

Standard Chartered Bank		
Short term loan facilities	200,000	200,000
Letter of credit	1,250,000	1,250,000
Bank Guarantee opened ended	75,200	75,200
	1,525,200	**1,525,200**
Citibank NA		
Letter of credit	413,200	395,225
	413,200	**395,225**
Grand Total	**1,938,400**	**1,920,425**

Securities:

These are secured by:
a) Demand promissory note BDT. 1,525,200,000 for Standard Chartered Bank and BDT 413,200,000 for Citibank NA.
b) Letter of continuation BDT 1,525,200,000 for Standard Chartered Bank and BDT 413,200,000 for Citibank NA.

39. Expenditure incurred on employees

	2017	2016
	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	270	276
	270	**276**

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.

40. 40.1 Expenditure in equivalent foreign currency

Technical know-how fee payable	318,014	314,553
Foreign travel for Company's business purpose	4,282	5,351
	322,297	**319,904**

40.2. Remitances of foreign curreny:

Particulars	No. of shares	BDT '000 (2017)	No. of shares	BDT '000 (2016)
Dividend:				
HeidelbergCement - Netherlands Holding B.V.	22,493,020	607,312	22,493,020	607,312
HC Asia Holding GmbH	11,784,390	300,502	11,784,390	300,502
Total dividend	**34,277,410**	**907,814**	**34,277,410**	**907,814**
HeidelbergCement Asia Pte	-	251,642	-	252,108
Total remittance	**34,277,410**	**1,159,456**	**34,277,410**	**1,159,922**

		2017	2016
		BDT '000	BDT '000
41.	**Value of Imports-at CIF basis**		
	Raw materials	4,667,900	4,665,854
	Capital Goods	48,402	39,061
	Store & Spares	239,665	196,713
		4,955,967	4,901,628
42.	**Remuneration of Directors, Managers and Officers**		
41.1	**Managerial Remuneration - Managers and Officers**		
	Salary and bonus	87,656	80,178
	Rent	42,332	38,755
	Retirement benefits	9,293	15,500
	Provident fund	5,754	5,565
	Medical	4,960	4,560
	Other	7,240	7,000
		157,235	151,558
41.2.	**Paid to Directors**		
	Board meeting fee	17	21
	TA/DA	290	329
		308	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. No.	Name of the related party	Nature of relationship	Nature of the transaction	Transaction during the year		Receivable/ (payable) at closing date	
				2017	2016	2017	2016
				BDT '000	BDT '000	BDT '000	BDT '000
1	HeidelbergCement Asia Pte. Ltd	Group Entity	Technical Service	318,014	314,553	(318,014)	(314,553)
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	(3,204)	1,655	24,819	21,615
5	PT Indocement Tunggal Prakarsa Tbk	Group Entity	Payment of expenses	-	-	(3,415)	3,415
6	Butra HeidelbergCement	Group Entity	Recovery of expenses	346	2,706	-	348
7	HC Treading Malta Ltd.	Group Entity	Recovery of expenses	8,352	5,889	761	436
8	HC Trading Malta Ltd.	Group Entity	Clinker	1,724,738	2,014,848	(368,498)	(428,837)
			Gypsum	142,584	217,680	(37,152)	(55,761)
			Limestone	118,008	50,287	(29,853)	-
				1,985,330	2,282,814	(435,504)	(484,599)

43.1 Financial instruments – Fair values and financial risk management

'The carrying amounts of various financial assets and financial liabilities of the Company as at 31 December 2017 and 2016 approximates thier fair value.

43.2 Financial risk management

The Company management has overall responsibility for the establishment and oversight of the Company's risk management framework. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has exposure to the following risks from its use of financial instruments–

- Credit risk
- Liquidity risk
- Market risk

43.2.1 Credit risk

Credit risk is the risk of financial loss if a customer or counterpart to a financial instrument fails to meet its contractual obligation which arises principally from the Company's receivables from customers.

The Company's exposure to credit risk is influenced mainly by the individual charateristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry in which customers operate. Based on the Company's operations there is no concentration of credit risk. The Company's management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Customers that fails to meet the Company's standard credit policy may transact with the company only on a pre-payment basis.

Cash and fixed deposits with banks are maintained with both local branch of International banks and domestic schedules banks having acceptable credit rating.

The carrying amount of financial assets represents the maximum credit exposure as at reporting date.

43.2.2 Liquidity risk

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

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

43.2.3 Market risk

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

i) Currency risk

The Company is exposed to currency risk on purchases of raw materials that are denominated in a currency other than the functional currency. To manage this exposure normally the Company take assistance from relevant banks and if the exchange rate is expected to be volatile it attempts to upfront agree the exchange rate of retiring LCs at the time of settlement date. At balance sheet date there were no major financial instruments having material foreign exchange risk.

ii) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates. The Company is not exposed to fluctuations in interest rates as it has no floating interest rate bearing financial liability as at the reporting date. The Company has not entered into any agreement involving derivative instrument at the reporting date.

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44 Capital management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2017 and 2016.

45. Segment and capacity

45.1 The Company essentially provides similar products to customers across the country. Business activities in which it engages and the economic environments in which it operates are of similar nature. Its business is not segmented by products or geographical areas and its operating result is viewed as a whole by its management. Hence, segment information is not relevant for the Company.

45.2 Capacity and production

	Installed capacity	Actual production	
	Single shift	Multiple shifts as applicable	
	Qty-M.T.	2017	2016
Line of business			
Gray cement - Kanchpur	1,075,000	967,943	949,297
Gray cement - Chittagong	1,303,000	644,700	747,665
	2,378,000	1,612,643	1,696,962

46. Events after the balance sheet date

46.1 Proposed dividend

During the year the Board of Directors in its meeting held of 24th April 2018 proposed 150% cash dividend (2016: 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.

46.2 Acquisition of Meghna Energy Limited

The Company on 26 October 2016 has executed a share purchase agreement with HeidelbergCement Central Europe East Holding B.V to acquire 4,056,457 (Forty Lac Fifty Six Thousand Four Hundred Fifty Seven) ordinary shares of BDT 100 each (99.99% of total shares) in Meghna Energy Limited ("MEL") at a total consideration of BDT 910,750,200 and at BDT 224.5186378 per share. However, since execution of this transaction involved payment of share sale proceeds to non resident and subject to the central bank (Bangladesh Bank) approval of MEL's share valuation as well as permission for remittance, such approval was considered as 'condition precedent' and pending this approval of Bangladesh Bank, MEL has not been considered as a controlled entity of the Company at 31 December 2017. Subsequently, on 10 January 2018, the Company has received approval from Bangladesh Bank for remittance of BDT 860,739,610.83 based on per share fair value of BDT 212.19 to the non-resident shareholder of MEL and accordingly effective from 10 January 2018, MEL shall be considered as a controlled entity of the Company. As per approval Bangladesh Bank, the Company has already remitted the approved amount aftre dedcution of capital gain tax to the previous shareholder of MEL and as per instruction of Bangladesh Bank, the remaining amount of BDT 50,010,589.17 has been is in process of transferring to non-resident blocked taka account. With the acquisition of MEL, a private limited company engaged in generation and supplying electricity as a Small Power Plant (SPP) the Company has ensured uninterrupted electricity supply to its Kachpur plant.

47. General

47.1 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.

47.2 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, 24 April 2018

HEIDELBERGCEMENT BANGLADESH LTD

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

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 29th Annual General Meeting of the company to be held on Thursday, 07 June 2018 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 ……..2018

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

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

Attendance Slip of Proxy-holder

I hereby recorded my presence at the 29th Annual General meeting of HeidelbergCement Bangladesh Limited on Thursday, 07 June 2018.

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.

AMAR STOCK

HEIDELBERGCEMENT BANGLADESH LTD.

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Registered Office & Kanchpur Factory
Mouza:Tatki, Post Office: Jatramora, Union: Tarabow,
Police Station: Rupgonj, Dist: Narayangonj
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