



**HEIDELBERGCEMENT
BANGLADESH LTD**
**ANNUAL
REPORT 2015**



ভিত্তির শক্তিতে

আমুন ইতিহাস গড়ি



HEIDELBERGCEMENT



SCAN CEMENT
HEIDELBERGCEMENT Group

Letter of Transmittal

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

Dear Sirs,

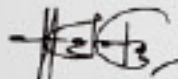
Annual report of HeidelbergCement Bangladesh Limited (HCBL) for the year ended 31 December 2015

We are pleased to enclose a copy of HCBL's Annual Report together with the audited financial statements as on 31 December 2015, statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year ended 31 December 2015 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,

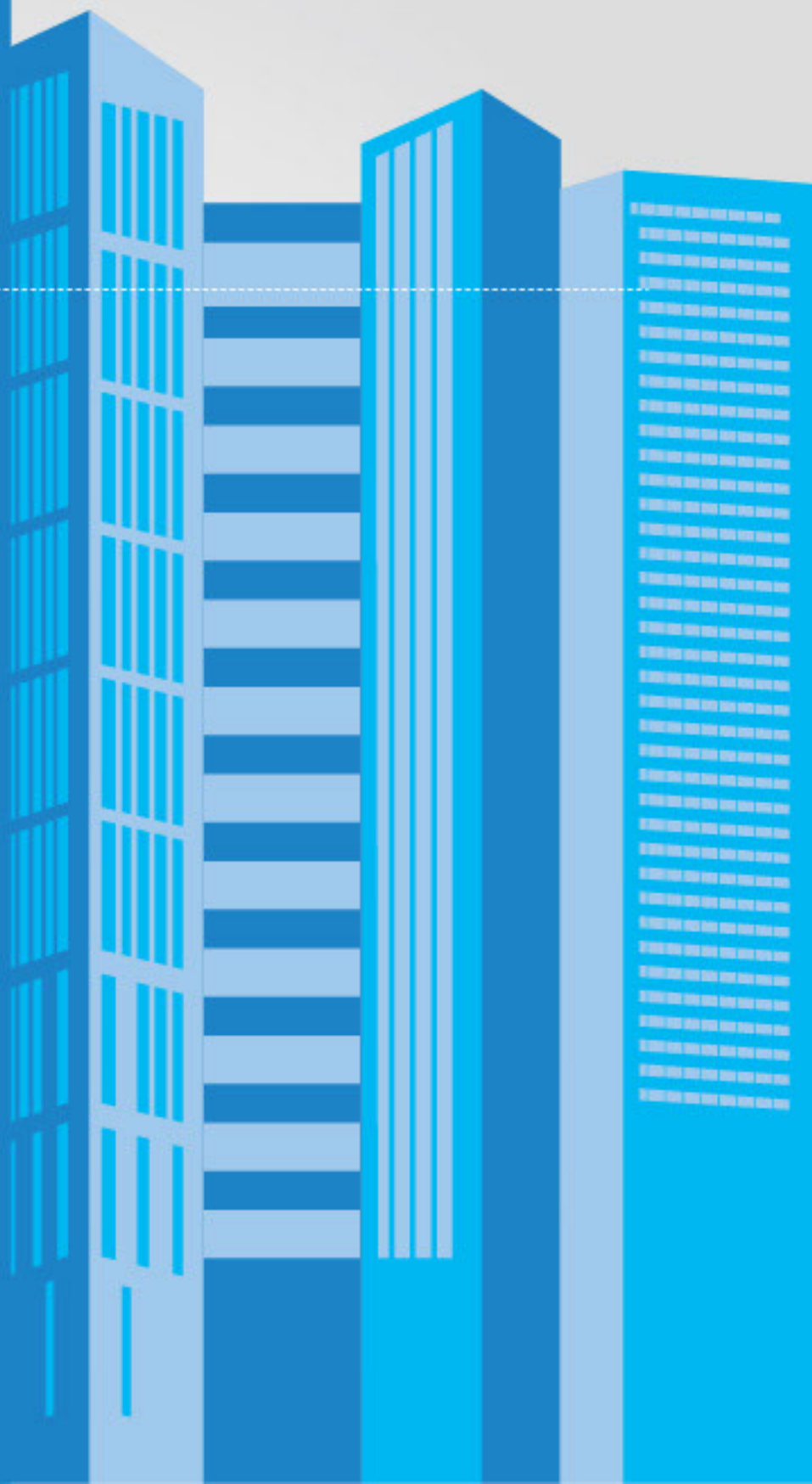


Mohammad Mostafizur Rahman
 Company Secretary

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Financial Calander

Quarterly Results

Q1/15 April 2015 (Wednesday)

Unaudited results for the 1st quarter ended 31 March 2015

Q2/23 July 2015 (Thursday)

Unaudited results for half year ended 30 June 2015

Q3/20 October 2015 (Tuesday)

Unaudited results for the 3rd quarter ended 30 September 2015

Q4/25 February 2016 (Thursday)

Audited results for the year ended 31 December 2015

Dividends

25 February 2016 (Thursday)

Release of Record date in lieu of book closure notice along with price Sensitive information to regulators and shareholders.

21 March 2016 (Monday)

Record Date in lieu of Book Closure.

3 May 2016 (Tuesday)

Payment of Dividend to the shareholders whose name would appear in the register of the Company on record date.

General Meeting

27th Annual General Meeting on 13 April 2016 at 11.00 am

Notice of 27th Annual General Meeting & Issuance of Annual Report

Growing Demand

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



HeidelbergCement Bangladesh Limited

HeidelbergCement Bangladesh Limited is one of the largest producers of quality cement in Bangladesh. HeidelbergCement Bangladesh Ltd. is a member of HeidelbergCement Group, Germany. The group has 136 years of experience in producing cement and is operating in more than 40 countries. It has around 53,000 employees and an annual turnover of Euro 11.1 billion. In Bangladesh it represents two reputed brands "Ruby Cement" and "Scan Cement".

In 1998 HeidelbergCement Group established its presence in Bangladesh by setting up a floating terminal with onboard packing facilities in the port of Chittagong and by distributing the cement to the key markets of Dhaka and Chittagong. In 1999 the Group further strengthened its position in Bangladesh and built a Greenfield manufacturing plant near Dhaka namely "ScanCement International Limited" with an installed capacity of 0.750 million tones per year. In 2000 HeidelbergCement Group bought a minority position at 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 year.

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



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



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



Commitment to Environmental Protection:

Building on environmental care also makes economic sense

Commitment to Innovation:

Building on new technologies determines our future success

B U I L D I N G

Y O U R

T R U S T

HCBL's Milestones

HCBL inaugurated another SILO having capacity of 8000MT in its Kanchpur plant.

2013

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

2008

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

2003

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

1999

2014

HCBL started operation in South bengal opening a warehouse in Nowapara, Jessore.

2012

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

2004

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

2000

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

1998

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

Financial Highlights

Year	2015	2014	2013	2012	2011
Operational Results (Taka in thousand)					
Net Revenues	10,485,084	10,504,500	9,956,635	10,885,154	8,516,206
Gross Profit	2,536,974	2,012,517	2,307,864	2,083,156	1,341,055
Income From operations	1,702,475	1,307,027	1,664,803	1,556,574	866,910
EBITDA	2,178,326	1,911,289	2,274,741	2,042,684	1,327,247
EBIT	1,602,640	1,219,936	1,558,175	1,461,527	809,295
Net Income/(Loss)	1,401,982	1,179,555	1,474,077	1,291,094	749,661
Contribution to National Exchequer	2,841,054	2,878,870	2,695,915	2,330,370	2,246,525
Financial Results: (Taka in thousand)					
Net Cash Provided by Operating Activities	1,963,234	1,721,837	2,238,646	1,498,791	1,147,709
Total Assets	9,771,707	10,172,859	10,722,048	9,181,511	8,010,817
Total Liabilities	3,992,860	3,648,857	3,230,464	2,881,486	2,747,620
Shareholders' Equity	5,778,847	6,524,002	7,491,584	6,300,025	5,263,197
Net Working Capital	3,032,046	3,678,274	4,619,298	3,506,526	2,421,622
Net Borrowings	(3,912,481)	(4,202,608)	(4,864,898)	(3,265,412)	(2,286,272)
Capital Employed	12,926,743	12,941,832	8,307,600	7,044,354	5,892,014
Share Information:					
Market Capitalization as of 31st December (Tk. in million)	31,761	28,218	21,547	14,956.50	14,058
Issued Ordinary Shares	56,503,580	56,503,580	56,503,580	56,503,580	56,503,580
Per Share Data (Taka)					
Earnings (loss) Per Share	24.81	20.88	26.09	22.85	13.27
Dividend Per Share	30.00	38	38	5	4.5
Book Value per share	172.94	180.04	189.76	162.49	142
Net Asset Value per share	102.27	115.46	132.59	111.50	93.15
Market Value per share	562.10	499.40	381.34	264.70	248.8
Financial Ratios:					
Current Ratio	1.96:1	2.33:1	2.91:1	2.64:1	2.14:1
Net Gearing	(0.6770)	(0.6442)	(0.6494)	(0.5183)	(0.4344)
EBITDA to Net Interest Cover (Times)	1120	(9016)	265.59	512.72	(3023.34)
Net Borrowing to Assets	(0.40)	(0.41)	(0.45)	(0.36)	0.29
Return on Assets	0.14	0.12	0.14	0.14	0.09
Return on Capital Employed	0.11	0.09	0.18	0.18	0.13
Return on Shareholders' Equity (ROE)	0.24	0.18	.20	0.20	0.14
Numbers of Employees					
	269	272	265	267	253

Performance at a Glance in 2015



Revenue (BDT in Thousand) 10,485,084 - (0.18%)



Gross Profit (BDT in Thousand) 2,536,974 - (26.06%)



Operating Profit (BDT in Thousand) 1,702,475 - (30.26%)



Profit Before Tax (BDT in Thousand) 1,896,863 - (14.63%)



NPAT(Net Profit After Tax) (BDT in Thousand) 1,401,982 - (18.86%)



NOCF Per Share (BDT) 34.75 - (14.02%)



NAV Per Share (BDT) 102.27 - (11.42%)



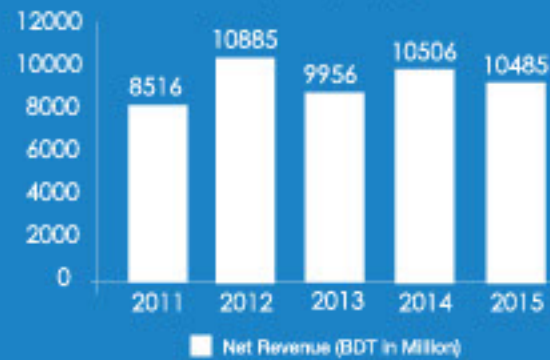
EPS Per Share (BDT) 24.81 - (18.86%)

HCBL Performance

Production



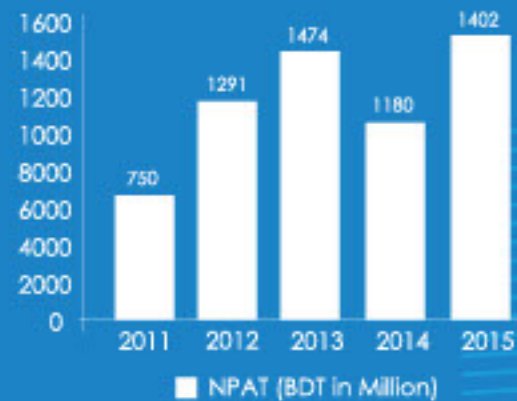
Net Revenue



ROA & ROE



Net Profit After Tax



Prestigious Projects

11



Bijoy Sarani-Tejgaon Railway Overpass

The 3rd Flyover in Dhaka with a length of 669 Meter was opened by The Honorable Prime Minister of Bangladesh to general public in April 2010

Construction Company: RP construction

Brand Used: ScanCement (exclusive)



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.

Construction Company: China First Metallurgical Construction Company

Brand Used: ScanCement (exclusive)



Lalon Shah (Pakshi) Bridge

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

Construction Company: Major Bridge Engineering Bureau

Brand Used: ScanCement (exclusive)

B U I L D I N G

Y O U R

T R U S T

Prestigious Projects



Shah Amanat International Airport

Shah Amanat International Airport is the second largest airport of Bangladesh. It was constructed in early 1940s and has 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.

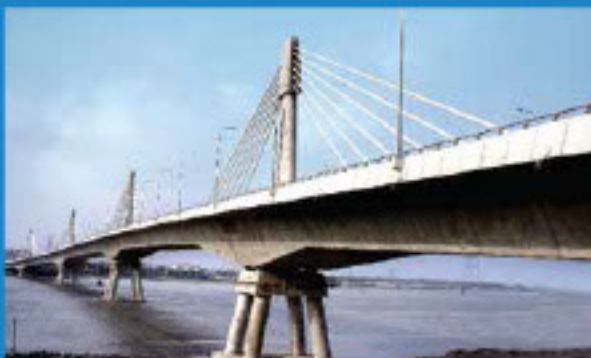
Brand Used: RubyCement (exclusive).



Bahaddarhat Flyover

It's the Government's initiative to build a flyover at Bahaddarhat in Chittagong metro to reduce traffic congestion. The length and width: 1.4KM and 14 meters. Project construction started in April, 2011 and is supposed to be finished by the end of 2012.

Brand Used and Quantity: RubyCement (exclusive) and 16 thousand metric tons.



Third Karnaphuli Bridge

The most beautiful bridge of the country with a length of 950 meter 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.

Construction Company: Major Bridge Engineering Company

Brand Used: RubyCement (exclusive)

Prestigious Projects



North South University

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

Brand Used: ScanCement (exclusive)



Chittagong Port Flyover

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

Brand Used and Quantity: RubyCement (exclusive) and 10 thousand metric tons.



GulistanJatrabary Flyover

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

Brand Used: ScanCement

Prestigious Projects



Tongi- Bhairab Railway Double track Project

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

Construction company: China Major Bridge Engineering Co. Ltd
Brand using: ScanCement



Summit Meghnaghat Power Plant

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

Construction Company: China National Electric Engineering Co.
Brand using: ScanCement

Some Other Ongoing Prestigious Projects of HeidelbergCement Bangladesh Limited:

Padma Multipurpus Bridge

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

4 Laning of Dhaka- Chittagong National Highway

- 200 KM of Dhaka- Chittagong national 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

Karnaphuli Water Supply Project (KWSP C-1) Rangunia, Chittagong

- After Completion of this project Chittagong WASA will be able to supply 136 Million Litre additional water per day with existing capacity 210 MLD in Chittagong.
- Brand using : RubyCement (exclusive)



To our Shareholders

Shareholder's Day



Shareholder's Day



Notice to the Shareholders

HeidelbergCement Bangladesh Limited

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

NOTICE OF ANNUAL GENERAL MEETING (AGM)

NOTICE is hereby given to all the Shareholders of HeidelbergCement Bangladesh Limited that the 27th Annual General Meeting (AGM) of the Company will be held on Wednesday, 13 April 2016 at 11.00 A.M. at the registered office & factory premises at Tatki, Jatramora, Tarabow, Rupgonj, Narayangonj to transact the following business:

AGENDA

01. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31 December 2015 together with the Reports of the Auditors and the Directors thereon.
02. To declare and approve the Dividend.
03. To elect Directors.
04. To appoint Managing Director.
05. To appoint Auditors for the year ended 31 December 2016 and to fix their remuneration.
06. To appoint Independent Director.

By Order of the Board



(Mohammad Mostafizur Rahman)
Company Secretary

Dated: 24 March, 2016

NOTES

- The 'Record Date' in lieu of Book Closure was on 21 March, 2016. 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 27th Annual General Meeting and receive Dividends.
- A Shareholder entitled to attend and vote at the Annual General Meeting may appoint a Proxy in his 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 on production of the attendance slip sent with notice.
- Shareholders bearing BO ID are requested to update their respective BO ID with 12 digit Taxpayer's Identification Number (e-TIN) and address through their Depository Participant (DP). and
- Shareholders bearing folio numbers are requested to submit their 12 digit e-TIN certificate to the Share Department of the Company latest by 5 April 2016, failing which Income Tax at source will be deducted from cash dividend @15% instead of 10% from the dividend.

শেয়ারহোল্ডারদের সদয় অবগতির জন্য জানানো যাচ্ছে যে, আসন্ন বার্ষিক সাধারণসভায় বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশনের নির্দেশনা মোতাবেক কোন প্রকার উপহার/খাবার/কোনধরনের কুপন প্রদানের ব্যবস্থা থাকবে না।

Notice to the Shareholders

হাইডেলবার্গসিমেন্ট বাংলাদেশ লিমিটেড

রেজিস্টার্ড অফিস: মৌজা- টাটকি, ডাক : তারাবো, তারাবো পৌরসভা, থানা : রূপগঞ্জ, জেলা : নারায়নগঞ্জ।
কর্পোরেট অফিস: সিফনী, (৭ম তলা), প্রটিনং (এসইএফ)৯, সড়ক নং-১৪২, সাউথ এ্যাভিনিউ, গুলশান-১, ঢাকা।

২৭তম বার্ষিক সাধারণ সভার বিজ্ঞপ্তি

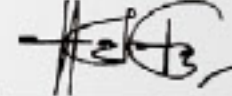
এতদ্বারা জানানো যাচ্ছে যে, হাইডেলবার্গসিমেন্ট বাংলাদেশ লিমিটেড এর শেয়ারহোল্ডারদের ২৭তম বার্ষিক সাধারণসভা নিম্নে বর্ণিত বিষয়াদি সম্পাদনকল্পে আগামী ১৩ ই এপ্রিল, ২০১৬ইং রোজ বুধবার সকাল ১১.০০ ঘটিকায় টাটকি, তারাবো, রূপগঞ্জ, নারায়নগঞ্জে অবস্থিত কোম্পানীর রেজিস্টার্ড অফিস ও কারখানা প্রাঙ্গণে অনুষ্ঠিত হবে:

আলোচ্যসূচী

১. ৩১ শে ডিসেম্বর ২০১৫ইং তারিখে সমাপ্ত বৎসরের নিরীক্ষিত লাভ লোকসানের হিসাব ও স্থিতিপত্র এবং সেই সঙ্গে নিরীক্ষক ও পরিচালকমন্ডলীর প্রতিবেদন গ্রহণ, বিবেচনা ও অনুমোদন।
২. লভ্যাংশ ঘোষণা ও অনুমোদন।
৩. পরিচালকবৃন্দের নির্বাচন।
৪. ব্যবস্থাপনা পরিচালকের নিয়োগ।
৫. ৩১ শে ডিসেম্বর ২০১৬ সালের সমাপ্য বছরের জন্য নিরীক্ষক নিয়োগ ও তাদের পারিশ্রমিক নির্ধারণ।
৬. স্বতন্ত্র পরিচালকের নিয়োগ।

তারিখ: ২৪ মার্চ, ২০১৬

পরিচালকমন্ডলীর আদেশক্রমে



(মোহাম্মদ মোস্তাক্কির রহমান)
কোম্পানী সচিব

দ্রষ্টব্য

১. ২১ মার্চ, ২০১৬ রেকর্ড ডেট (Record Date) হিসেবে নির্ধারণ করা হয়েছে। উক্ত তারিখে যে সকল শেয়ারহোল্ডারগণের নাম কোম্পানীর সদস্যবহি কিংবা ডিপোজিটরি বহিতে বৈধভাবে থাকবে, তারা এই ২৭তম বার্ষিক সাধারণ সভায় যোগদান করতে পারবেন এবং লভ্যাংশ লাভের যোগ্য বলে বিবেচিত হবেন।
২. একজন সদস্য এই সাধারণ সভায় উপস্থিত থাকতে এবং ভোট প্রদান করতে পারেন কিংবা তার স্বপক্ষে উপস্থিত হতে এবং ভোট দিতে কেবলমাত্র একজন সদস্যকে প্রক্সি (Proxi) নিয়োগ করতে পারেন। উপযুক্ত রেজিনিউ স্ট্যাম্প সম্বলিত প্রক্সি (Proxi) ফরম যথাযথভাবে পূরণ করে সভা আরম্ভের ৪৮ (আটচল্লিশ) ঘণ্টা পূর্বে কোম্পানীর কর্পোরেট অফিসে অবশ্যই জমা দিতে হবে।
৩. শেয়ারহোল্ডারগণের ঠিকানা পরিবর্তনের তথ্যাদি (যদি থাকে) কোম্পানীর ঢাকা কর্পোরেট অফিসে জানাতে হবে।
৪. বিজ্ঞপ্তির সাথে প্রেরিত হাজিরা ট্রিপ উপস্থাপনের পর সভাকক্ষে প্রবেশের অধিকার দেয়া হবে।
৫. যে সকল শেয়ারহোল্ডারগণের বিও (BO) একাউন্ট নম্বর রয়েছে, তারা ডিপোজিটরি পার্টিসিপ্যান্ট (Depository Participant) এর মাধ্যমে তাদের একাউন্টে ১২ ডিজিট সম্বলিত (e-TIN) নম্বর এবং তাদের ঠিকানা হালনাগাদ করবেন। অন্যথায় প্রদেয় লভ্যাংশ হইতে ১৫% অগ্রিম আয়কর কর্তন করা হইবে।

শেয়ারহোল্ডারগণের সদয় অবগতির জন্য জানানো যাচ্ছে যে, আসন্ন বার্ষিক সাধারণ সভায় বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশনের নির্দেশনা মোতাবেক কোন প্রকার উপহার/খাবার/কোন ধরনের কুশণ প্রদানের ব্যবস্থা থাকবেনা।

Corporate Information

COMPANY NAME		HEIDELBERGCEMENT BANGLADESH LIMITED	
BOARD OF DIRECTORS			
CHAIRMAN Kevin Gerard Gluskie	INDEPENDENT DIRECTOR Abdul Awal Mintoo Golam Farook	DIRECTORS Juan Francisco Defalque Fong Wei Kurk Sim Soek Peng Jashim Uddin Chowdhury, FCA	
MANAGING DIRECTOR Jose Marcelino Ugarte			
BOARD COMMITTEE			
Audit Committee	Golam Farook (CHAIRMAN) Abdul Awal Mintoo Jashim Uddin Chowdhury, FCA	Mamun-ul-Hoque Chowdhury Mohammad Mostafizur Rahman (SECRETARY)	
Management Committee	Jose Marcelino Ugarte Jashim Uddin Chowdhury, FCA Syed Abu Abed Saheer Ashraful Amin Badal	Mustaque Ahmed Terence Ong Kian Hock Mohammad Mostafizur Rahman	
Safety Health and Environment Committee	Mustaque Ahmed Terence Ong Kian Hock	Mohammad Alamgir Mahmud Al Rashid Joarder	
Head of Internal Audit	Mamun-ul-Hoque Chowdhury		
Company Secretary	Mohammad Mostafizur Rahman		
Registered Office	Mouza-Tatki, Post Office- Tarabow, Tarabow Pouroshava, P.S.- Rupgonj, Dist.- Narayanganj		
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, Tarabo, P.S. -Rupgonj, Dist. – Narayanganj	Chittagong Plant: South Halishahar, Chit-tagong-4204	
Statutory Auditors	M/s. S F Ahmed & Co. Chartered Accountants	House-51 (3rd floor), Road -9, Block-F, Banani, Dhaka-1213	
Bankers	Standard Chartered Bank Citibank N.A. HSBC	Dhaka Bank Ltd Uttara Bank Ltd One Bank Limited	Mercantile Bank Ltd Dutch-Bangla Bank Ltd Pubali Bank Limited
Website	www.heidelbergcementbd.com		Email info@heidelbergcementbd.com
Investors Relations	Telephone +88-02-58815600		Fax +88-02-8812584
Stock Exchange Listing	Dhaka Stock Exchange - Listing year - 1989 Stock name – HEIDELCEM Company No.21614		Chittagong Stock Exchange Listing year - 1989 Stock name – HEIDELCEM Company No.21614
Central Depository System	Through CDS the trading of HeidelbergCement Bangladesh Limited shares have started from 18th July 2004.		

Corporate Information

কোম্পানী নাম		হাইডেলবার্গসিমেন্ট বাংলাদেশ লিমিটেড	
পরিচালনা পর্ষদ			
চেয়ারম্যান কেভিন জেরার্ড গ্রুসকি	ইভিপিএনভেন্ট পরিচালক আবদুল আজিজাল মিল্টু পোলাম ফারুক	পরিচালক জুহান ফারিসকো ডিফাক্তে ফং উই কুর্ক মিস. সিম সাক পেং জসিম উদ্দিন চৌধুরী, এফসিএ	
ব্যবস্থাপনাপরিচালক জোসে মার্সেলিনো উগার্টে			
বোর্ড কমিটি			
অডিট কমিটি	পোলাম ফারুক (চেয়ারম্যান) আবদুল আজিজাল মিল্টু 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	মুস্তাক আহমেদ টেরেল অং কিয়ান হক মোহাম্মদ মোস্তাফিজুর রহমান	
সেকটি হেলথ এন্ড ইনভাইরনমেন্ট কমিটি	মুস্তাক আহমেদ টেরেল অং কিয়ান হক	মুহাম্মদ আলমগীর মাহমুদ আল রাশিদ জোয়ার্দার	
হেড অব ইন্টারনাল অডিট	মামুন-উল-হক চৌধুরী		
কোম্পানী সচিব	মোহাম্মদ মোস্তাফিজুর রহমান		
রেজিস্ট্রার্ড ঠিকানা	টাটকি, জাতরামোড়া, তারাবো, থানা - রূপগঞ্জ, জিলা : নারায়নগঞ্জ		
কর্পোরেট অফিস	কর্পোরেটঅফিস: সিফনী (৭ম ও ৮ম তলা), প্রটিন-এসইএফ(৯), রোডনং ১৪২, সাউথ এডেনিউ, গুলশান - ১, ঢাকা - ১২১২।		
কারখানাসমূহ	ঢাকা প্রাণ্টঃ টাটকি, জাতরামোড়া, তারাবো, থানা - রূপগঞ্জ, জিলা : নারায়নগঞ্জ	চট্টগ্রাম প্রাণ্টঃ দক্ষিণ হালিশহর, চট্টগ্রাম-৪২০৪	
স্ট্যাটুটরী অডিটরস	মেসার্স এস এফ আহমেদ এন্ড কোঃ চার্টার্ড একাউন্ট্যান্টস	বাড়ী নং -৫১ তৃতীয় তলা, সড়ক নং -০১, ব্রকএফ, বনানী, ঢাকা-১২১৩, বাংলাদেশ।	
ব্যাংকার্স	স্ট্যান্ডার্ড চার্টার্ড ব্যাংক সিটি ব্যাংক এনএ এইচএসবিসি	ঢাকা ব্যাংক লিঃ উত্তরা ব্যাংক লিঃ ওয়ান ব্যাংক লিঃ	মার্কেটাইল ব্যাংক লিঃ ভাচ বাংলা ব্যাংক লিঃ পূবানী ব্যাংক লিঃ
ওয়েবসাইট	www.heidelbergcementbd.com		
ইনভেস্টরস রিলেশনস্	টেলিফোন +৮৮-০২-৫৮৮১৫৬০০ ফ্যাক্স +৮৮-০২-৮৮১২৫৮৪	ইমেইল:info@heidelbergcementbd.com	
স্টক এক্সচেঞ্জ লিস্টিং	ঢাকা স্টক এক্সচেঞ্জ লিস্টিংবছর - ১৯৮৯ স্টক নাম - HEIDELBCEM কোম্পানী নং ২১৬১৪	চট্টগ্রাম স্টক এক্সচেঞ্জ লিস্টিংবছর - ১৯৮৯ স্টক নাম - HEIDELBCEM কোম্পানী নং ২১৬১৪	
সেন্ট্রাল ডিপোজিটরী সিস্টেম	হাইডেলবার্গসিমেন্ট বাংলাদেশ লিমিটেড এর শেয়ার বিপত ১৮ জুলাই ২০০৪ হইতে সিডিএস এর মাধ্যমে trade সম্পন্ন হচ্ছে।		

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Board of Directors



Mr. Golam Farook
Independent Director

Mr. Feng Wei Kurk
Director

Mr. Jose Marcelino Ugarte
Managing Director

Mr. Kevin Gerard Gluskie
Chairman

**Board of
Directors**



Mr. Abdul Awal Mintoo
Independent Director

Mr. Juan-Francisco Defalque
Director

Ms. Sim Soek Peng
Director

Mr. Jashim Uddin Chowdhury FCA
Director & Chief Financial Officer

Mr. Mohammad Mostafizur Rahman
Company Secretary & Head of Legal



Kevin Gerard Gluskie Chairman

Age: 48 years
 Nationality: Australian
 Date of Appointment: 25 February 2016
 Length of Service in the HC Group: 26 years
 Date of Last Re-election: N/A
 Membership in Board Committee: Nil

Qualifications:

Mr. Gluskie completed his Bachelor of Engineering (Honours) with a major in Civil Engineering from the University of Tasmania in 1988 and an Executive Master of Business Administration 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.

Work 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.

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Directorships of Other Companies:

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



Jose Marcelino Ugarte Managing Director

Age: 44 years
 Nationality: American (Born in Philippines)
 Date of Appointment: 21 July 2011
 Length of Service in HC Group: 4.6 years
 Date of Last Re-election: 15 April 2015
 Membership in Board Committee: Nil

Qualifications:

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

Working Experience:

Mr. Jose Marcelino Ugarte is the Managing Director of HeidelbergCement Bangladesh Limited, which he joined in August 2011. He has worked for about 18 years in the Cement industry in different capacity. Marcelino started his career as a Chief Operating Officer with Gramdells 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 commended 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 leadership HC Bangladesh experienced remarkable growth and maximum stakeholders return.



Juan-Francisco Defalque Director

Age: 52 years
 Nationality: Belgian
 Date of Appointment: 23 July 2015
 Length of Service in HC Group: 26 years
 Date of Last Re-election: N/A
 Membership in Board Committee: Nil

Qualifications:

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

Working Experience:

Mr. Juan-Francisco Defalque is Director of HeidelbergCement Bangladesh Limited, which he joined in July 2015. He has worked for about 26 years in the Cement industry in different capacity.

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

Directorships of Other Companies:

Director of HeidelbergCement India Limited



Sim Soek Peng Director

Age: 47 years
Nationality: Malaysian
Date of Appointment: 29 January 2014
Length of Service in HC Group: 12 years
Date of Last Re-election: N/A
Membership in Board Committee: Nil

Qualifications:

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

Working Experience:

Ms. Sim Soek Peng is a Director of HeidelbergCement Bangladesh Limited, which she joined in 29 January 2014.

She has 23 years of Accounting & Finance related experience in Property and Construction, FMCG Manufacturing & Building Materials companies. Started as a trainee accountant, passed professional examination for CPA, qualified as Chartered Accountant, then moved on to various positions in different companies, mainly large and established organisations including Reckitt Benckiser, Philips and The Lion Group in Malaysia.

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

Directorships of Other Companies:

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



Fong Wei Kurk Director

Age: 39 years

Nationality: Singaporean

Date of Appointment: 29 January 2014

Length of Service in the HC Group: 4 years

Date of Last Re-election: N/A

Membership in Board Committee: Nil

Qualifications:

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

Work Experience:

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

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

Directorships of Other Companies:

- Butra HeidelbergCement Sdn Bhd, Brunei.



Abdul Awal Mintoo Independent Director

Age: 67 years
 Nationality: Bangladeshi
 Date of Appointment: 23 July 2015
 Length of Involvement with the Company: 15 years
 Date of Last Re-election: N/A
 Membership in Board Committee: Board Audit Committee

Qualifications:

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

Work Experience:

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

After a successful stint in the merchant marines and a subsequent career in shipping in the United States, Mintoo returned to Bangladesh to contribute to the country's nascent private sector. In 1981, Mr. Mintoo founded Multimode Group and developed Bangladesh's largest fleet of merchant ships. The Group has since diversified into agriculture, banking and insurance, FMCG, automobiles, chemicals and fertilizers, hospitality and entertainment, information technology & telecommunication, textiles, plastics and real estate. Today Multimode Group is one of the largest conglomerates in Bangladesh.

Twice President of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), Mintoo ranks amongst the top industrialists and private sector leaders and has been instrumental in the development of several emerging sectors in Bangladesh, including private sector oil and natural gas exploration, banking and insurance, and agricultural research.

Recently, Mr. Mintoo has turned his attention to food security in Bangladesh. His company LalTeerSeed 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, LalTeer has made tremendous contributions to seed health and resilience and has mapped the genome of the Bangladeshi buffalo.

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

Directorships of Other Companies:

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



Golam Farook Independent Director

Age: 58 years
 Nationality: Bangladeshi
 Date of Appointment: 25 July 2013
 Length of Involvement with the Company: 12 years
 Date of Last Re-election: 15 April 2015
 Membership in Board Committee: Board Audit Committee

Qualifications:

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

Working Experience:

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

Directorships of Other Companies:

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



Jashim Uddin Chowdhury FCA Director & Chief Financial Officer

Age: 53 years
 Nationality: Bangladeshi
 Date of Appointment: 20 June 2006
 Length of Service with HC Group: 15 years
 Date of Last Re-election: 22 May 2014
 Membership in Board Committee: Audit Committee

Qualifications:

- Fellow member of the Institute of Chartered Accountants of Bangladesh
- 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 is Chief Financial Officer (CFO) of HeidelbergCement Bangladesh Limited from 2006. He has worked for about 14 years with the Company in different capacity. 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.





Management Committee

A group photograph of four men standing side-by-side against a stylized blue and white city skyline background. The man on the far left is wearing a dark blue suit and a colorful patterned tie. The second man from the left is wearing a black suit and glasses. The third man is wearing a dark blue suit and a light blue patterned tie. The man on the far right is wearing a dark blue suit and a blue and white striped tie. All four men have their hands clasped in front of them.

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

Mr. Jashim Uddin Chowdhury FCA
Chief Financial Officer

Mr. Jose Marcelino Ugarte
Managing Director

Mr. Syed Abu Abed Saheer
Director Marketing and Sales



Mr. Mustaque Ahmed
Director Human Resources



Mr. Terence Ong Kian Hock
Technical Director



Mr. Mohammad Mostafizur Rahman
Company Secretary & Head of Legal

Management Committee



Jose Marcelino Ugarte
Managing Director

American Citizen, born on May 05, 1971 in Philippines. Managing Director of the Company since August 2011. Previously, he worked in the cement industry for about 10 years in various capacities. During his career he was posted as the Managing Director Malaysia, Indonesia and Bangladesh. He holds a Bachelor of Science, Business Administration in 1996 from University of San Francisco, San Francisco, California, USA. He started his career in 1997 with Cramdells Development Corporation in Cebu, Philippines.



Jashim Uddin Chowdhury FCA
Chief Financial Officer

Bangladeshi Citizen, born in the district Chittagong. Serving the Company with utmost sincerity and integrity for about 14 years. Director of the Company since 2006, concurrently he is responsible as the Chief Financial Officer (CFO) of the Company since 2006. Also looking after the IT function of the company. He is qualified Chartered Accountant from ICAB. He is working for the Company in different roles since November, 2001.



Ashraful Amin (Badal)

Director Purchasing & Logistics Project Co-ordination

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

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



Mustaque Ahmed

Director Human Resources

Mustaque Ahmed is 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 Cornell University, USA in HR Management.



Terence Ong Klan Hock Technical Director

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

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



Syed Abu Abed Saher Director Marketing and Sales

Syed Abu Abed Saher is Bangladeshi citizen, born on 01 November 1970. He joined HeidelbergCement Bangladesh Limited as the Director, Marketing & Sales in February 2012 after 4 years in Berger Paints Bangladesh Ltd. as the General Sales Manager. Prior to that Mr. Saher worked with Novartis (Bangladesh) Limited for 8 years in different responsibilities. He started his career with Bata Shoe Company (Bangladesh) limited in 1995 as the Brand Manger 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.



Mohammad Mostafizur Rahman Company Secretary & Head of Legal

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



National contribution

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



Message from the Chairman

Mr. Kevin Gerard Gluskie
Chairman

Message from the Chairman

Dear Shareholders,
Dear Employees and Friends of
HeidelbergCement Bangladesh Limited

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

In 2015, competition to grow volumes forced us to adjust our prices significantly. We demonstrated better performance in all areas of improvement. Due to political instability and tough competition during the dry season. Our revenue was slightly decreased by 0.18% but higher margins and lower cost boosted the profit before tax for the financial year to BDT 1897 million.

2015: revenue and operating income

Revenue of the Company slightly decreased to BDT 1048.5 million despite the political uncertainty plaguing Country especially in the 1st quarter of 2015. The Company's net profit after tax for the financial year increased by 18.86% to BDT 1402 million. Earnings Per Share (EPS) came to BDT 24.81.

Shareholder's return

In light of the business performance and cash reserve of the Company, the Board of Directors proposed the dividend of BDT 30 per ordinary share of BDT 10 each to the Annual General Meeting to be held on 13 April 2016.

The Stock of the company has also demonstrated a very strong performance in the capital market during 2015. During the year, the share price of HCBL increased from BDT 499 to BDT 562, an increase of 12.62% at the end of December 2015.

Thanks to our employees

Our employees once again had to face many challenges in 2015. Their high level of personal commitment and unconditional loyalty are particular strengths of HeidelbergCement Bangladesh Limited.

On behalf of the Board, I would like to personally thank and express my utmost appreciation to our managers as well as the staff functions. Without you, the good performance in 2015 - also in comparison with our competitors - would not have been possible. HeidelbergCement's success is based on the achievements of a strong management team. Contributing to this are two important factors. Firstly, a strong

corporate culture that focuses on the key success factors of HeidelbergCement, namely customer and employee orientation, sustainability, performance and results orientation, comprehensive cost management, and strength of implementation. Secondly, the balanced composition of our management team with its different personalities, competences, and 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 2016:

The outlook for the global economy is positive, but there are still great macroeconomic risks. An escalation of political conflicts in the country could have a negative impact on the business environment. However, the business trend in January and February 2016 makes us confident that we will reach our objectives. 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 2016.

My thanks also go to the Government bodies, The Dhaka 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.

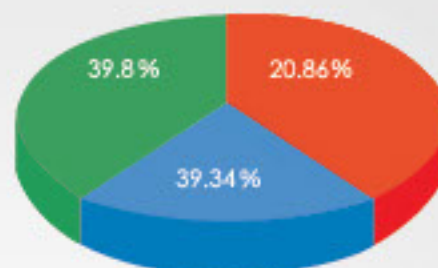
Thank You Once Again

Kalie

Kevin Gerard Gluskie,
Chairman,
Board of Directors
HeidelbergCement Bangladesh Limited

Shareholding Position

Distribution of Shareholdings	39.8	HC Netherlands Holding B.V.
	20.86	HC Asia Holding GmbH
	39.34	General Public and Other Institutions



- HC Netherlands Holding
- HC Asia Holding GmbH
- General Public & Other Institutions

SHAREHOLDERS OF THE COMPANY AS ON 31 DECEMBER 2015

TOP TEN SHAREHOLDERS OF THE COMPANY AS ON 31 DECEMBER 2015

	Number of ordinary shares hold	Percentage %
HC Netherlands Holding B.V.	22493020	39.80
HC Asia Holdings GmbH	11784390	20.86
Investment Corporation of Bangladesh (ICB)	4841400	8.57
ICB Unit Fund	2362356	4.18
Bangladesh Fund	826081	1.46
ICB Amcl Unit Fund	235990	0.42
Shanta Holdings Ltd.	1169193	2.07
BNYM AC UPS Group Trust	196700	0.35
SSBT A/C WA FRN KM SCF	573981	1.02
Hussain Ismat Reza	410578	0.73
Rehana Rizvi	421720	0.75
Lanka Bangla Securites Ltd.	241806	0.43
1st Bangladesh Fixed Income Fund	186210	0.33

Shareholding Position

1. General

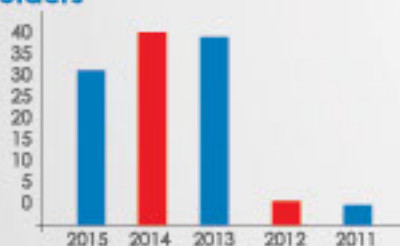
Authorised Share Capital
Issued and Fully Paid-up Capital
Class of Shares

Tk. 1,000,000,000
Tk. 565,035,800
Ordinary Share of Tk. 10 each

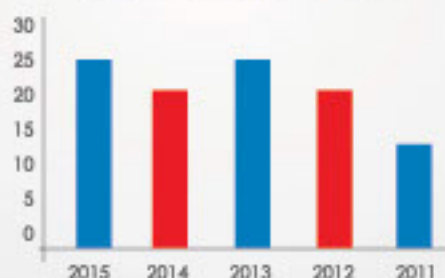
2. Distribution of Shareholding

No. of Shares hold	01 January 2015			31 December 2015		
	No of Shareholders	Total Holding	%	No of Shareholders	Total Holding	%
1 – 5000	14601	4855625	8.60	13939	4340304	7.68
5001 – 50000	341	4750785	8.41	283	3954745	7.00
50001 – 200000	43	4291100	7.59	36	3160029	5.59
200001 – 500000	04	1222840	2.16	05	1692523	3.00
500001 – 1000000	05	7105820	12.58	06	9078569	16.07
Over 1000000	02	34277410	60.66	02	34277410	60.66

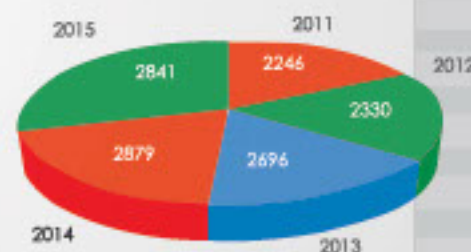
3. Payment of Dividend for ordinary shares of Tk.10/- each to the Share Holders



4. Earning per ordinary share @Tk.10/- each



5. Contribution to the National Exchequer in mn.



6. Production and Sales information

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



HEIDELBERGCEMENT

BANGLADESH LTD.

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. The Stock of the Company has also demonstrated a very strong performance in the capital market during 2015. During the year, the share price of HCBL increased from BDT 499 to BDT 562, an increase of 12.62% at the end of December 2015. The market Capitalisation of the share is BDT 31701 million.



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 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

Internal Control & Risk Management

with reference to a minimum probability of occurrence of 10% and their potential extent of damage. The risk statement also includes risks that do not have a direct impact on the financial situation, but that can have an effect on non-monetary factors such as reputation or strategy. In the case of risks that cannot be directly calculated, the potential extent of damage is assessed on the basis of qualitative criteria such as low risk or risks constituting a threat to the Company's existence.

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

Risk Management

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

The Management Committee of HCBL is obliged to set up and supervise an internal control and risk management system. The Board also has overall responsibility for the scope and organisation of the established systems. The Audit Committee also reviews the effectiveness of the risk management system on a regular basis. HeidelbergCement group has imposed

regulations to govern competences and responsibilities for risk management that are based on the Group's structure.

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

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

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.



Corporate Governance

Statement on Corporate Governance



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

Corporate Governance Framework

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

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

Compliance with BSEC Corporate Governance Guidelines BSECCG 2012

HCBL has complied in all respects with the principles and recommendations of the BSECCG 2012 throughout FY15. We

have included throughout this governance review all of the main principles and recommendations of BSECCG 2012 that apply to the Company. The table to facilitate understanding of HCBL's compliance with the BSECCG 2012 in respect of FY15 is attached as annexures per requirements.

Shareholders' Rights

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

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.

Statement on Corporate Governance

BOARD OF DIRECTOR

(i) Composition

The Directors of the Boards are appointed by the Shareholders at the Annual General Meeting (AGM) and accountable to the Shareholders. The Board of Directors consists of Eight (8) members including the Independent Directors. The Board is re-constituted every year at each Annual General Meeting when one-third of the members retires and seeks re-election. A director is liable to be removed if the conditions of the Articles of Association and the provisions of the Companies Act 1994 are not fulfilled.

(ii) Role & Responsibilities:

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

(iii) Board Meeting

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

The calendar for Board meetings providing scheduled dates for meetings of the Board, Board committees and AGM as well as the Board Annual Calendar providing major items on the agenda for each financial year are fixed for the whole year in advance so as to enable Management to plan ahead and ensure the Board meetings are booked into their respective schedules. In FY15, the Board met Five times.

(iv) Relationship with Shareholders & Public

The shareholders as owners are required to be provided with material information on the company's operation quarterly, half-yearly and annually, the latter at the AGM. They are also provided routine services by the Company Secretary in matters of transfer of shares, replacement in case of loss or damage of shares, payment of dividends etc. The Board is however responsible to the public for publication of any price sensitive information as per BSEC regulation. A qualified Chartered Secretary is in charge for all these responsibilities as Company Secretary.

(v) Relationship with Government

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

Statement on Corporate Governance

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

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

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

(vii) Independence

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

(viii) Directors' Commitment

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

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

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

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

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

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

At this forthcoming AGM, the three Directors who will be retiring by rotation are the Mr. Abdul Awal Minfoo, Mr. Fong Wei Kurk, Ms. Sim Soek Peng. Moreover, Mr. Kevin Gerard Gluskie and Mr. Juan-Francisco Defalque who were appointed after last AGM will also retire at this AGM. All of them, being eligible, offer themselves for re-election. Mr. Minfoo is continuing his 2nd tenure as Independent Director.

Statement on Corporate Governance

(xi) Board Meetings and Attendance

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 FY15, the Board met Five times.

(xii) 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.

(xiii) Separate role of the Chairman and Managing Director

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

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

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

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

2. Management Committee

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

Statement on Corporate Governance

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

(ii) Bankers:

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

Efficient banking service brings down cost of operations. On the other hand, cost of financial services and interest on the lending by the banks are also required to be the minimum. With this end of view, the company has established long term business relationship with the banks namely Citibank N. A, Standard Chartered Bank, HSBC Ltd., Eastern Bank Ltd., Mercantile 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) Auditors

The most significant part of certification of the financial statement by a Chartered Accountant firm is done by M/s S. F. Ahmed & 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 S. F. Ahmed & Co., Chartered Accountants whose sincere performance has played a very trustworthy role in the protection of interest of the investors.

Statement on Corporate Governance

(v) Dividend Policy

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

(vi) Company Secretary

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

- Performs as the bridge 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 corporate Governance matters.

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

(vii) Corporate Social Responsibilities (CSR):

The Board of Directors are also concern for community development as part of the Corporate Social Responsibilities (CSR) especially in the areas of gender equality, race-religion-regional equality, non-employment of child labour, human rights, environmental pollution, social-marketing, social activities (promotion of sports & culture, health care and population control programs, elimination of corruption programs, participation in charitable activities etc. in non-partisan manner) right to form and participate in Union under ILO convention, employment of disabled etc. Besides this the BOD specially cares for the education and as such donates funding of a School of about 800 students at Rayerbazar, Dhanmondi, Dhaka.

RELATIONSHIP WITH OTHER STAKEHOLDERS AND SHAREHOLDERS

Communication with Shareholders and Investors

The Board acknowledges the importance of an effective communication channel between the Board, stakeholders, institutional investors and the investing public at large to provide a clear and complete picture of the Company's performance and position as much as possible. The Company is fully committed to maintaining a high standard in the dissemination of relevant and material information on the development in its commitment to maintain effective, comprehensive, timely and continuing disclosure. There is also strong emphasis on the importance of timely and equitable dissemination of information. Disclosures of corporate proposals and/or financial results are made in compliance with the Regulations. Therefore, information that is price-sensitive or may be regarded as undisclosed material information about the Company is not disclosed to any party until it is already in the public domain through disclosure.

HCBL uses a number of formal channels to account to shareholders and stakeholders; particularly-

Statement on Corporate Governance

(i) Annual Report

The Annual Report is a major channel of communication disclosing information not only on the Group's business, financials and other key activities but also additional information such as strategies, operations performance, challenges and its management. The Board places great importance on the content of the Annual Report to ensure the accuracy of the information as the Annual Report is a vital source of information for investors, shareholders and the general public. The working committee comprising senior management and personnel from various divisions plays an important role to ensure accuracy of information and full compliance with the relevant regulatory requirements. The contents of the Annual Report are continuously enhanced, taking into account developments, amongst others, in corporate governance.

(ii) Announcements to BSEC and Stock Exchanges

Announcement of quarterly financial results, circulars and various announcements are made via Stock Exchanges link in full compliance with regulatory authorities' disclosure requirements. The same is also made available on HCBL's corporate website.

(iii) Media Releases

Media releases are also disseminated to the media on all significant corporate developments and business initiatives to keep the investing community and shareholders updated on the Company's developments. Media releases are subject to approval by the Managing Director.

(iv) Company Website

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

(v) Annual General Meeting

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

At the AGM in 2015, 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, 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.

Statement on Corporate Governance

The Directors' Responsibility Statement for the audited financial statements of the Company is set out in page 77 of this Annual Report. The details of the Company's financial statements for FY15 can be found on page 98 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, and the quality of products and services provided, as compared to prevailing market prices and rates, industry norms and standards, as well as general practice, adopted by service providers of similar capacities and capabilities generally available in the open market. The annual internal audit plan incorporates a review of all RPTs to ensure that all the relevant approvals for RPTs have been obtained. The amount of RPTs entered into during the FY15, is disclosed in page 128, Note No. 42 of Financial Statements.

During the year, the Company has entered into related party transactions with its subsidiaries, which are disclosed in Note 42 of the Financial Statements. The Company has also entered into related party transactions with its directors and key management personnel, which are disclosed in Note 42 of the Financial Statements. The Company has also entered into related party transactions with its associates, which are disclosed in Note 42 of the Financial Statements. The Company has also entered into related party transactions with its joint ventures, which are disclosed in Note 42 of the Financial Statements. The Company has also entered into related party transactions with its other related parties, which are disclosed in Note 42 of the Financial Statements.



88304CM05LP2M01
ROSTER LOW PRESSURE
LUBRICATION PUMP 2

88304CM05LP1
ROSTER LOW PRESSURE
LUBRICATION PUMP 1

88304CM05LP2
LOW PRESSURE MIL
LUBRICATION PUMP 2
BEARING FEED SIDE MILLS

88304CM05LP1
LOW PRESSURE MIL
LUBRICATION PUMP 1
BEARING FEED SIDE MILLS



Reports

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Report of the Audit Committee

Audit Committee in HeidelbergCement is a sub-committee of the Board of Directors', assists the board in fulfilling its oversight responsibilities. The Audit Committee assists the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business. The Audit Committee be and is responsible to the Board of Directors. The jurisdiction of the HeidelbergCement 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. Golam Farook
 Member : Mr. Abdul Awal Minto, Independent Director
 Member : Mr. Jashim Uddin Chowdhury, Director
 Member : Mr. Mamun-ul-Hoque Chowdhury
 Member Secretary: Mr. Mohammad Mostafizur Rahman

A total of 5 (Five) meetings were held during 2015. 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 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 Indonesia and that the audit was satisfactorily conducted. In connection with financial reporting, the Audit Committee also reviewed the Company's 2015 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 framework and local risk issues. The Committee concluded that risk management was satisfactory,

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.

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

- g) The Audit Committee reviewed and examined the annual financial statements 2015, prepared by the management and audited by the external auditors and recommended the same before the Board for consideration.

Gulam Farook
Chairman, Audit Committee



Sustaining Growth

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



Report of the Board of Directors

Jose Marcelino Ugarte
Managing Director

Report of the Board of Directors

For the year ended December 31, 2015

REPORT OF THE BOARD OF DIRECTORS

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

On behalf of the Board of Directors and Management, I welcome you all to the 27th 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 2015 thereon for your valued consideration, approval and adoption.

STATEMENT OF THE COMPANIES AFFAIRS

ANOTHER YEAR OF ACCOMPLISHMENT -2015

In 2015, HeidelbergCement Bangladesh Limited (the Company) faced some extraordinary challenges. Despite significant economic and challenges over the year. We delivered consistent results and created substantial value for our Shareholders. Furthermore, we continued to raise the performance of the company, clearly demonstrated by the success of our efficiency improvement initiative. As a result, net profit before tax for the financial year was significantly increased to 1401.9 million despite a slight decrease in the revenue by 0.18% in 2015.



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

SOCIO ECONOMIC ENVIRONMENT IN BANGLADESH

Despite political agitation early in 2015 that adversely affected transport services, exports, and private investment, growth in Bangladesh held up well because of brisk domestic demand, boosted by higher worker remittances, private sector wages, and public investment. Inflation moderated in FY2015 much as forecast in Asian Development Outlook (ADO) 2015 from 7.4% a year earlier, reflecting large public stocks of food grains, normal weather, a supportive monetary policy, and lower global food and commodity prices that a steady exchange rate allowed to pass through. The Gross Domestic Product (GDP) in Bangladesh has expanded from the previous year. Having a GDP growth rate of 6.55% is quite an achievement. In the outgoing FY2014-15, the economy has registered a 10.42% growth in per capita income - rising to USD 1,314, based on nominal value, from USD 1,190 - putting the economy in the world's 58th. The figure is still lower than the government's revised forecast of 6.8%, but beats other forecasts made by different agencies, including the World Bank and the ADB. Due to the January-March political unrest, the government brought down its own projection from earlier 7.3%.



Report of the Board of Directors

In 2015, initial growth in Bangladesh was moderated. Inflation declined (6.19%), and the current account returned to a larger surplus. But, these indicators slept again, reflecting slower expansion in exports, falling worker remittances, and political unrest during first quarter.

Higher inflation and a modest current account deficit were experienced by the economy. The garment industry faced challenges in adopting tough compliance and safety standards.

However, forecasts for FY2016 rest on several assumptions: Political stability increase consumer and investor confidence will improve. Close surveillance of macroeconomic trends, stronger monitoring and supervision of banks, and building policy space is all that the government can do to guard against these risks. While Bangladesh's growth is likely to remain healthy, it is yet below potential. Stabilization policies will need to hold ground on creating fiscal space and containing government borrowing from the banking system. The longer-term growth outlook depends on the acceleration of reforms to increase investment rates, improve trade prospects, and ensure inclusion. Most critical to growth will be energy policies that will enable better fuel mix, diversify the sources of power, provide a regulatory framework for private participation in power generation and distribution, and further exploit untapped gas reserves while modernizing and expanding the gas distribution channel. There is also an urgent need to improve maintenance and management of Bangladesh's transport system, including ports.

CEMENT INDUSTRY & CONSTRUCTION SECTOR

The 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 demand for cement is expected. The country's increasing urbanization has stimulated the building materials sector and has generated considerable needs for cement. Now Bangladesh's cement industry has become the 40th largest market in the world. But last year the whole industry was slow due to political commotion. Last year the cement industry experienced 8.2% growth. Current effective capacity is around 32 million MT and demand is around 20 million MT per year.

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

Having no source of clinker in the country, Bangladesh has become one of the largest importers of clinker and limestone in the world by importing an estimated 10 million to 15 million tones from India, Thailand, Indonesia, the Philippines and China annually. The world's largest cement companies, including Lafarge (France), HeidelbergCement (Germany), Holcim (Switzerland) and Cemex (Mexico), operate in the country. However, their combined market share is less than one-third of the total market, which is dominated by local companies.



Report of the Board of Directors

OPERATION:

1. Sales and Production

Last year was a record year for HCBL in terms of sales volume. We sold 1,534 million tons in 2015 which was highest ever volume in HCBL history. In 2015, we secured a market share of 8%. This was possible because of the strong brand image of ScanCement and RubyCement and the consumer perception about the superior quality of our cement.

2. Price

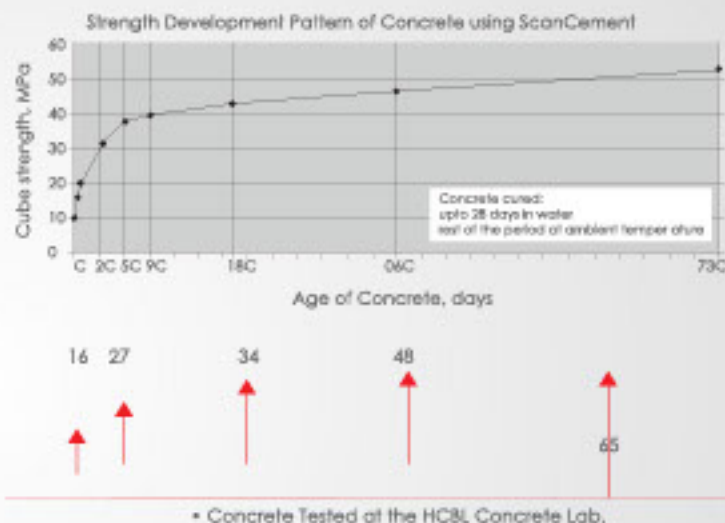
Our uncompromising product quality, relentless effort to bring innovation in product development and consumer confidence on consistence performance of our cement allowed us to command price premium. Despite tough of competition the company succeeded to maintain price leadership just because our customers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

3. Production Innovation

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

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

ScanCement two years strength development



CUSTOMER SERVICE

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

MARKETING ACTIVITIES

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

Report of the Board of Directors



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

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

- 1. Enhancing Channel Partners' Loyalty:** Last year we offered several foreign tours like USA tour, Italy-France-Dubai tour, Thailand tour and Bhutan tour etc. to our key dealers and retailers as a part of promotion. We organized entertainment programs for dealers and key retailers in Dhaka and Chittagong.
- 2. 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.
- 3. 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.

4. Brand Image Enhancing Activities: We took many initiatives in 2015 to enhance our brand image like making Mahmudullah Riyad, national star cricketer, our brand ambassador, press ads etc. To take the brand image to the next level we have associated ScanCement with BPL tournament that resulted in remarkable mileage.

5. Retail Connectivity: More than 3,000 retailers of Dhaka, Chittagong & North Bengal were engaged through different promotional programs in 2015 and their efforts were recognized by awarding them in different phases throughout the year.



BRANDS

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



Report of the Board of Directors

Construction experts of 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.

AWARDS

2015 was another year of pride and recognition. ICSB (Institute of Chartered Secretaries of Bangladesh) awarded us in manufacturing category. We earned this award for best product quality, brand image and best corporate practices. Finance minister Abul Maal Abdul Muhith handed over the award to HCBL representative in an event at Pan Pacific Sonargaon Hotel.

QUALITY ASSURANCE & ENVIRONMENT

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

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

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 the best standard of quality in the cement industry of Bangladesh, HCBL offers both Ordinary Portland Cement (OPC) and Composite Cement (PCC) in two categories suitable for any kind of construction. Here Cement is produced according to the European norms BDS EN. (197-1:2003.)

IMPLEMENTING TECHNOLOGIES FOR A LOW CARBON CEMENT PRODUCTION

Technology is a key pillar in the cement industry's drive to reduce emissions levels and energy consumption. Research and development investments have enabled us to install modern, energy-efficient technology. New technologies have enabled increased use of clinker substitutes and alternative fuels in cement production, leading to significant direct (e.g. from limestone decarbonisation) CO2 emissions reductions. Moreover producing total power from natural gas with lean burning confirms zero carbon emission which helps to maintain our commitment to the society from greener environment.

CONTINUOUS QUALITY CONTROL AND ASSURANCE ACTIVITIES

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

- To ensure that quality of cement conforms to the laid down standards relating to fineness, strength, expansion, ingredients etc, and only quality product is sent out of the factory.
- To carry out physical & chemical tests over and above the normal tests required for the purpose of production by taking necessary number of samples from each lot.
- To carry out inspection of bags at the time of packing as well as to conduct random sampling tests to ensure that the bags are of good quality and the weight of the loaded bags are correct.
- The short weight bags are not allowed to move 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.

Report of the Board of Directors

- To innovate the basic method of Quality Control, introduce new concepts relating to total quality management, its implementation through Production Department and percolation of total quality management as well as quality consciousness down the line through Production Department.

DUST EMISSION CONTROL AND ITS PREVENTION AND COLLECTION ENHANCEMENT:

The manufacturing of cement involves crushing and grinding of raw materials, conveying, storing and bagging the finished cement. The cement manufacturing process generates lot of dust, which is captured and recycled to the process. Certain other solids such as pulverized fly ash from power plants, slag, are used as additives to prepare blended cement.

a. **Dust generation:** Generation of fine particulates and dust are inherent in the process; but most are recovered and recycled by using Automatic PLC controlled Dust collector.

b. **Prevention and control of dust:** The priority is to minimize the increase in ambient particulate levels by reducing the mass load emitted from the stacks, from fugitive emissions, and from other sources. For Collection and recycling of dust to improve the efficiency of the operation and to reduce atmospheric emissions units are well designed, well operated, and well maintained can normally achieve generation of less than 0.2 kilograms of dust per metric tonne (kg /t) of material using dust recovery systems.

- Ventilation systems are be used in conjunction with hoods and enclosures covering transfer points and conveyors;
- Drop distances are be minimized by the use of adjustable conveyors;
- Dusty areas such as roads are wetted down to reduce dust generation;

c. **Mechanical systems for controlling dust:** Several mechanical equipment are used by HCBL cement manufacturing plant to control / collect dust. These are:

- **Dust collector** - A dust collector (bag house) is a typically low strength enclosure that separates dust from a gas stream by passing the gas through a media filter. The dust is collected on either the inside or the outside of the filter. A pulse of air or mechanical vibration removes the layer of dust from the filter.

- **Cyclone** - Dust laden gas enters the chamber from a tangential direction at the outer wall of the device, forming a vortex as it swirls within the chamber. The larger articulates, because of their greater inertia, move outward and are forced against the chamber wall. Slowed by friction with the wall surface, they then slide down the wall into a conical dust hopper at the bottom of the cyclone. The cleaned air swirls upward in a narrower spiral through an inner cylinder and emerges from an outlet at the top. Accumulated particulate dust is deposited into a hopper, dust bin or screw conveyor at the base of the collector.

INFORMATION TECHNOLOGY

HeidelbergCement Bangladesh has successfully completed the integration project. As a part of integration, HeidelbergCement Bangladesh connected with HeidelbergCement global Infrastructure hub using SingTel connectivity and using central e-mail windows exchange server system from HeidelbergCement Group. At present we are using centre patch management for Windows and Anti-Virus for all PC's and Servers, and central Firewall of our Network to Protecting our borders against intrusion and unauthorised access from central hub Singapore. We implement firewall system of our both plant SCADA system Network to protecting our borders against intrusion and unauthorised access block from outbound threat. By deploying Group Standard Infrastructure, it enables a more efficient approach to support to the Country Operations.

Moreover, The Company has successfully completed a global integration project. As part of group global integration, HCBL is connected with HC global Infrastructure hub using SingTel connectivity and using central e-mail windows exchange server system from HC Group. By deploying Group Standard Infrastructure, it enables a more efficient approach to support to the Country Operations. As part of HC Group we, HC Bangladesh has successfully moved in HC cloud environment.

Report of the Board of Directors

DIRECTORS DECLARATION AS TO FINANCIAL STATEMENTS

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

- 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.
- Proper books of accounts as required by law have been maintained.
- Appropriate accounting policies have been followed in formulating the Financial Statements and Accounting estimates are reasonable and prudent.
- The Financial Statements were prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS)
- The CEO and CFO have certified to the Board that they have reviewed the financial statements and believe that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- The CEO and CFO have certified to the Board that they have reviewed the financial statements and believe that these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- The CEO and CFO have further certified to the Board that there are, to the best of their knowledge and belief, no transaction entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's codes of conduct.

KEY FINANCIAL RESULT

Financial Results for the Year 2015:	(Taka in '000)
Un-appropriated profit from previous period	3,182,573
Net Profit for the year after Tax	1,401,982
Total Funds available for appropriation	4,584,555
Directors Recommended Dividend:	
Dividend @300%	1,695,107
Un-appropriated profit carried forward to next year	2,889,448
Un-appropriated profit carried forward to next year	3,182,573

DIVIDEND

The company's dividend policy is to maintain the consistency and to recommend dividend commensurate with performance of the Company. The Board of Directors recommends cash dividend of Tk.30/- (Taka Thirty only) per share for the year ended 31 December 2015.

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.2,841 million in 2015.

POST BALANCE SHEET EVENTS

- Subsequent to the balance sheet date, the directors recommended a cash dividend of Tk.30/- (Taka Thirty only) per share.
- Sales from January 2016 to February 2016 are 352,629 MT against -290,965-MT during the same period in 2015.
- 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.

Report of the Board of Directors



AUDITORS

S. F. Ahmed and Co (SFACO), Chartered Accountants of House -51, 3rd Floor, Road -9, Block F, Banani, Dhaka -1213 may be appointed as the Statutory Auditor of the Company.

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 to retire from the office of Directors by rotation at the ordinary general meeting in every year. Mr. Abdul Awal Mintoo, Mr. Fong Wei Kurk and Ms. Sim Soek Peng are due for retirement at the upcoming AGM.

Mr. Abdul Awal Mintoo has been re-appointed as the Independent Director of the Company for another three years under the Condition No.1.2 (iv) of BSEC notification dated 7 August 2012.

In addition to that Mr. Juan Defalque Francisco and Mr. Kevin Gluskie are also due to retire in this AGM as they were appointed as Director on 23 July 2015 and 25 February 2015 respectively to fill the casual vacancy.

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 is acting as the Independent Director of the Company.

MANAGING DIRECTOR

Mr. Jose Marcelino Ugarte has been re-appointed as the Managing Director of the Company for another five years effective from 21 July 2016 subject to the approval of Shareholders and Board of Investment (BOI).

Report of the Board of Directors

HUMAN RESOURCES & CORPORATE SOCIAL RESPONSIBILITY

One of the key strategic resource is our people and HeidelbergCement Bangladesh give the most importance to its people and as such our Human Resources is successfully carrying out this critical tasks over the years in line with the business growth by building the competencies of our people. To remain best in the class our HR objectives are to attract, develop, incentivise, and retain the right people within the framework of the HeidelbergCement strategy ensuring continued success.

We are trying to be the best managed company in the industry. The right people are doing the right job is key in achieving this. We offer a challenging and stimulating working environment and career development opportunities in one of the fastest growing companies in our industry. We are always keen to attract new talent from outside the Group. Our management culture is characterized by a strong emphasis on performance and results. Therefore, all our managers are subject to an annual evaluation by using a well-designed tools and processes.

We offer extraordinary career development opportunities to those who have the highest management and leadership potential across the organization either locally or globally.

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

we provide practical help in the construction of buildings and infrastructure by making products, financial means, and expertise available.

HEALTH, SAFETY & ENVIRONMENT

At HeidelbergCement Bangladesh, the stakeholders are treated as valuable partners for the sustainability and the growth of the business; therefore, it delivers maintainable value to its partners. It is obvious that Occupational health, safety and wellbeing of its employees and the other stakeholders are very critical for the organization as it committed.

To uphold symphony in safety arrangement, it defines organization; frames different policies, procedures, techniques, systems; provides training, awareness; gets safety equipment; shapes programs; gives persistent efforts in inspecting, auditing, risk assessing; executes actions planned to achieve goals.



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

Report of the Board of Directors

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

In conclusion, it deserves to concede that HeidelbergCement Bangladesh Limited can be reflected as a good paragon of faster achiever of efficient and effective OHSMS in place and in use. Like previous years, we have fixed our goals to achieve zero risk of accidents, injuries and occupational illness by depositing our best efforts to uphold the spirit of safe home return after work. 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 2015 at Annexure I, II & III. Further, a Certificate of Compliance required under the said Guidelines, as provided by HoqueBhattacharjee Das & Co, Chartered Accountants is also annexed to this report as Annexure IV.

ACKNOWLEDGEMENTS

I would like to express my sincere thanks and deep gratitude to our esteemed shareholders and my colleagues on the Board 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

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Certificates & Awards

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Compliance Certificate
BAPLC Certificate
ICS8 Awards

Compliance Certificate

Under Condition No. of BSEC Notification dated 7 August 2012 (Annexure-iv)



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 2015. These guidelines relate to the notification no SEC/CMR/CD/2006-158/134/Admin/44 dated 7 August 2012 of BSEC on corporate Governance.

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

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

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

Hoque Bhattacharjee Das & Co.
Chartered Accountants

Dated: Dhaka
February 14, 2016

BAPLC Certificate

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Under Condition No. of DSE Listing Regulation dated 12 July 2015



বাংলাদেশ এসোসিয়েশন অব পাবলিকলি লিস্টেড কোম্পানিজ
BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES
Block # 3, Road # 1, House # 17 (2nd Floor), Bell-A, Skellan Eastern Housing Complex, Gulshan-1, Dhaka-1212
Phone : 8824925 Fax : 9887245, E-mail : baplc@gbhaka.net

Ref: CM-BAPLC/2015-110

12th March, 2015

TO WHOM IT MAY CONCERN

Certificate of Membership

This is to certify that HEIDELBERGCEMENT BANGLADESH LIMITED is an Ordinary Member of Bangladesh Association of Publicly Listed Companies (BAPLC).

This Certificate remains current until 31st December 2015.


K. M. Abdul Hai

Secretary-General



THE SECRETARY GENERAL, BAPLC
BLOCK # 3, ROAD # 1, HOUSE # 17 (2ND FLOOR), BELL-A, SKELLAN EASTERN HOUSING COMPLEX, GULSHAN-1, DHAKA-1212
PHONE: 8824925 FAX: 9887245 E-MAIL: BAPLC@GBHAKA.NET

ICSB Awards



A stylized, monochromatic illustration of a city skyline. The buildings are represented by various geometric shapes and patterns: some have vertical lines, others have horizontal stripes, and some are solid blocks. The background is a solid light gray, and the buildings are in shades of gray. The overall style is modern and minimalist.

Corporate Social Responsibility

Corporate Social Responsibility

HCBL's Corporate Social Responsibility (CSR)

HeidelbergCement Bangladesh Limited (HCBL) is deeply committed to the people, society and country where it operates. On the way to becoming the top player in our industry we have put a clear focus on customers, employees, social and environmental awareness building, safety and health issues and many more.

Social responsibility is an integral part of our sustainable development policy. We are doing business contributing efforts of developing the economy, under our HR leadership; we are also trying to improve the welfare of its employees and the community around us. Our CSR programs are based mostly philanthropic in nature. We focus on namely education, health, economic, social-cultural-religion-sport, and Health & security of our own associates. Besides our external activities, commonly known as community development, being conducted alongside with the sustainable development programs. Currently we are supporting two external major projects to support poor children in their advantaged education besides other notable initiatives.

HCBL believes that education can make a big change in society. We are supporting schools and a large number of students getting scope of education. Beside our business we are committed to build up a greater society and more loveable place to live. And proper education is the main key of building this.

By associate with school funding, we get closer to the people in society and building great trust to them. HCBL follows the same code of business conduct in line with Group guideline and is quite active when it comes to sustainability and social responsibility. First of all, we analyze the social role and economic impact of HCBL in Bangladesh, just by being present in Bangladesh.

HCBL embraces a culture of continuous involvement to fulfill the Corporate Social Responsibility. The company has deep commitment, loyalty and a high sense of responsibility to the society and environment in which it operates.

As part of the corporate social responsibility, the company contributes greatly to the nourishment of the education, arts, cultures and sports as well as assisting people affected by natural disasters in terms of food and medical support. Some activities on CSR of the Company may be cited as under:

We do not do only business, HeidelbergCementGorup takes its role very seriously and our business model is built on the three pillars of sustainability – economic, social and ecological goals. For us sustainability development means ensuring a good balance between making profits and securing future viability and we believe this can be achieved through good corporate governance. The focus of our sustainability strategy is also embedded in our code of conduct and we are taking consistent steps in 4 focal topics:

- Occupation Health and Safety, our commitment to OHSAS has the highest priority and is integral part of our business. Our objective is to minimize the risk of accidents and injury by means of increasing preventive measures as part of CSR.
- Energy and climate protection, we place climate protection, one of the most important global challenges, and as an energy intensive industry we do whatever we can to reduce our footprints and reduce emission of CO2 as well as other environmental impacts. We have made voluntary commitment to lower specific CO2 consumption of 1990 by 15% in 2010. Actually in 2010 we already achieved 17% reduction, which makes our company a front runner of the industry. We also take responsibility of our own product during and after their lifetime, and we now promote recycling of concrete and aggregates for new concrete in Belgium and Netherlands with an obligation towards our society.
- Biodiversity, we are also committed to the preservation of biodiversity at quarries where we operate and in which we nurture them and create habitats for animals and plants.
- Sustainable construction, we are involved in Green building councils in UK, US, Canada, Germany where we believe huge progress can be made so that building can become zero energy, zero emission.

Corporate Social Responsibility

We are also a member of the WBCSD –World Business Council for Sustainable Development. WBCSD is a cooperation of around 200 international companies who have made a commitment to the idea of sustainable development on the basis of ecological equilibrium and social progress.

We focus our Corporate Programs in the three areas in which we also have expertise.

- Building, architecture and infrastructure: by providing practical help in the construction of infrastructure by making expertise and financial means available. Green building!
- Environment, climate and biodiversity, by promoting initiatives that deal with the most significant environment effects of our economic activity.
- Education, training and culture according to the local needs.

We financed actively one school name ChetonaBikash Kendra located at Rayerbazar There are about 700 students are studying there. A good number of good teachers take care of themselves.



Since mid-2009 HeidelbergCement Bangladesh had supported a slum school in the west of Dhaka. Chetona Bikash Kendra (CBK) established in 1986 for the development of slum dwelling people who never thought to view the light of education. HEKS, a Swiss development Organization had supported the school during the last 14 years, but drew back its financial support end of 2009. CBK were looking for a new sponsor, which is interested in a long-term partnership and which supports their school policy. With HeidelbergCement they found finally a sponsor, which stands behind this special school, its values and visions. In the beginning, in 1986, the school counted only 16 pupils! Today, 700 kids are taught by 11 teachers up to grade five. The students, who finished class five, try to find work in a shop, in the garment industry or in private households. Only the best few students face a further school career. In 2010 year, more than 610 children wanted to join the Chetana Bikash Kendra. Only 220 of them were accepted. As many of the students can't afford to go to other High Schools after completion of class V, Chetana Bikash Kendra has started Class VI from January 2011.

Corporate Social Responsibility

Children from lower class receive the education from our school those have no access or very limited access to continue the education.

Their parents are mainly from garments worker or fruits/vegetable sellers. We get cooperation from them. Despite of obstacles they are enthusiastic to send their children to schools as they know the value of education. Specially we happy to see a good number of girls are receiving education. We are proud to be part of their journey.

Our next school is SHIDDIRGONJ REBOTI MOHAN PILOT HIGHER SECONDARY SCHOOL is one of the best schools in the Narayangonj District. This school was placed 10th in the SSC Education under Dhaka Board. Total Student is about 2,500 including college section. The project is also a running project.

HCBL did finance of 100 students under free education facility as part of the Company's CSR program that includes a) Admission Fees, b) Monthly Tuition Fees c) All Exam fees and books.

The project is "Funding to Shiddirgonj Reboti Mohan Pilot Higher Secondary School (SRMPHSS)I " under free education Project. Theme of Project was to provide financial assistance to poor & talent students of local community near Kanchpur Plant.

Our ultimate goal is to build a better society. Educated people can make a big change and our goal is to provide education who has limited or no opportunity to continue their education. We do believe that Education for All.

We also take part to evaluate the journey of the school regular basis to ensure the quality of education. Schools run by the body and we regulate them in regular basis. The success rate of school is very good. Especially girls receiving education.

We have plan to educate more talented students in coming next few years. We have plan to educate more girls in next coming years. We do believe if we educate mothers, we can get a better society.



As part of the plan to establish a girls' school and a technology center where women can get the training on technology. Girls and women are the main victim of social and IT sector. If they know about IT, they can keep safe and IT knowledge can help them to find a good job and even can run a small business from home. The domestic violence rate will decrease if women get proper IT training.

Besides school funding we also conduct CSR activities on ad-hoc basis like, in 2007 while Bangladesh was seriously affected by flood and tornado, HeidelbergCement opened medical camps in different flood affected areas in collaboration with Shakti Foundation, a local NGO, in addition to supplying food relief. In that year HeidelbergCement also donated to Government Relief Fund. Each year we also provide blankets and clothing to poor and vulnerable people in different locations



Annexures

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← 80	AnnexureIV

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 2015.
- During the year, the Company has paid a total amount of tk 224,000 as Board meeting attendance fees. The remuneration of Directors has been mentioned in Note 41.2 of the Financial Statements.
- All significant deviations from the previous year in operating results of the Company have been highlighted and reasons thereof have been explained.
- Key operating and financial data of last five years have been presented in summarized form in page no 20.
- The Company has declared dividend for the year 2015.
- During 2015, 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 2015 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 2015 were as follows:

Name of the Director	Position	Meeting Held	Attended
Dr. Albert Scheuer	Chairman	05	05
Mr. Jose Marcelino Ugarte	Managing Director	05	05
Mr. Abdul Awal Mintoo	Independent Director	05	04
Mr. Golum Farook	Independent Director	05	04
Mr. Jashim Uddin Chowdhury	Director	05	05
Mr. Fong Wei Kurk	Director	05	05
Ms. Sim Soek Peng	Director	05	04
Mr. Daniel Robert Fritz	Director	05	03
Mr. Juan Defalque Francisco	Director	05	01

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 2015 duly stated in the report.

Particulars	Nos. of shareholding	Percentage	Remarks
Directors:			
Chief Executive Officer (CEO) and his spouse and minor children	-	-	
Chief Financial Officer (CFO) and his spouse and minor children	2,340	0.004%	
Company Secretary (CS) and his spouse and minor children	898	0.001%	
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:			
HeidelbergCementNetherlands Holdings B.V.	22,493,020	39.80%	
HC Asia Holding GmbH, Germany	11,784,390	20.86%	



Annexure-III

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

(Report under Condition No. 7)

Condition no.	Title	Compliance Status (Put 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 NBF	Complied		
1.2 (ii) i)	Not been convicted for a criminal offence involving moral turpitude	Complied		



Annexure-III

Condition no.	Title	Compliance Status (Put in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
1.2 (iii)	Nominated by the board of directors and approved by the shareholders in the AGM	Complied		
1.2 (iv)	Not remain vacant for more than 90 (ninety) days.	Complied		
1.2 (v)	Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	Complied		
1.2 (vi)	Tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only	Complied		
1.3	Qualification of Independent Director (ID)			
1.3 (i)	Knowledge of Independent Directors	Complied		
1.3 (ii)	Background of Independent Directors	Complied		
1.3 (iii)	Special cases for qualifications	Complied		
1.4				
1.5 (i)	Industry outlook and possible future developments in the industry	Complied		
1.5 (ii)		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		

Annexure-III

Condition no.	Title	Compliance Status (Put in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
1.5 (xi)	Fairness of Financial Statement	Complied		
1.5 (xii)	Maintenance of proper books of accounts	Complied		
1.5 (xiii)	Adoption of appropriate accounting policies and estimates	Complied		
1.5 (xiv)	Followed IAS, BAS, IFRS and BFRS in preparation of financial statements	Complied		
1.5 (xv)	Soundness of internal control system	Complied		
1.5 (ii)	Segment-wise or product-wise performance	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		
1.5 (xxi) c)	Executives	Complied		
1.5 (xxi) d)	10% or more voting interest	Complied		
1.5 (xxii)	Appointment/re-appointment of director			
1.5 (xxii) a)	Resume of the director	Complied		
1.5 (xxii) b)	Expertise in specific functional areas	Complied		
1.5 (xxii) c)	Holding of directorship and membership of committees of the board other than this company.	Complied		
2.1	Appointment of CFO, HIA and CS:			
2.2	Attendance of CFO and CS at the meeting of the Board of Directors	Complied		

Annexure-III

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

Annexure-III

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

Annexure-III

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







Financial Statements

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100	Statement of Comprehensive Income
101	Statement of Changes in equity
102	Notes to the Financial Statements

HeidelbergCement Bangladesh Limited

Auditors' Report to the Shareholders

For the year ended 31 December 2015

98

We have audited the accompanying financial statements of HeidelbergCement Bangladesh Limited (the company), which comprise the statement of financial position (balance sheet) as at 31 December 2015, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 a reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, 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, prepared in accordance with Bangladesh Financial Reporting Standards, give a true and fair view of the state of the company's affairs as at 31 December 2015 and of the results of its operations and its cash flows for the year then ended and comply with the requirements of the Companies Act 1994, Bangladesh Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

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

Dhaka, Bangladesh
Dated, 25 February 2016


S. F. AHMED & CO
Chartered Accountants

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

HeidelbergCement Bangladesh Limited

Statement of Financial Position

As at 31 December 2015

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IAS 1.113 IAS 1.51(d),(e)	Notes	2015 BDT '000	2014 BDT '000
Assets			
Non-current assets			
IAS 1.60 IAS 1.54(a) Property, plant and equipment	4	3,480,204	3,630,693
IAS 1.55 IAS 1.54(c) Capital work-in-progress	5	103,737	93,667
Intangible assets	6	342	626
Total non-current assets		3,584,283	3,724,986
Current assets			
IAS 1.60 IAS 1.54(g) Inventories	7	983,226	1,025,789
IAS 1.54(h) Trade and other receivables	8	1,024,479	994,116
IAS 1.55 IAS 1.54(i) Advances, deposits and prepayments	9	129,338	87,460
Cash and cash equivalents	10	4,050,381	4,340,508
Total current assets		6,187,424	6,447,873
Total assets		9,771,707	10,172,859
Equity and Liabilities			
Capital and reserves			
IAS 1.78(e) Share capital	11	565,036	565,036
IAS 1.78(e) Capital reserve	12	605,657	605,657
IAS 1.78(e) General reserve		15,000	15,000
IAS 1.78(e) Dividend equalisation fund		8,600	8,600
IAS 1.78(e) Retained earnings		4,584,554	5,329,709
		5,778,847	6,524,002
Non-current liabilities			
IAS 1.60 IAS 1.55 Suppliers' credit-blocked	13	2,565	2,565
IAS 1.55 Quasi equity loan	14	122,636	122,636
IAS 1.55 ADP loan	14.1	12,699	12,699
IAS 1.55 Retirement benefit obligations (gratuity)	15	125,122	107,882
IAS 1.54(o) Deferred tax liability	16	574,460	633,476
Total non-current liabilities		837,482	879,258
Current liabilities			
IAS 1.60 IAS 1.54(k) Trade and other payables	17	2,725,727	2,501,360
IAS 1.5(i) Provision for other liabilities and charges	18	99,835	87,091
IAS 1.55 Unclaimed dividend	19	171,790	120,977
IAS 1.54(l) Provision for income tax		158,026	60,171
Total current liabilities		3,155,378	2,769,599
Total liabilities		3,992,860	3,648,857
Total equity and liabilities		9,771,707	10,172,859

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
Signed in terms of our report of even date annexed


Mohammad Mostafizur Rahman
Company Secretary

Dhaka, Bangladesh
Dated, 25 February 2016


S. F. AHMED & CO
Chartered Accountants

IAS 1.51 (a)

IAS 1.10(b)

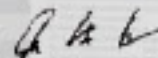
IAS 1.51 (c)

HeidelbergCement Bangladesh Limited Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 December 2015

		Notes	2015 BDT '000	2014 BDT '000
IAS 1.113				
IAS 1.51 (d),(e)				
IAS 1.82(a)	Sales	22	10,485,084	10,504,500
IAS 1.99	Cost of goods sold	23	(7,948,110)	(8,491,983)
IAS 1.85	Gross profit		2,536,974	2,012,517
IAS 1.85	Other operating income	24	17,111	19,418
IAS 1.99, 1.103	Warehousing, distribution and selling expenses	25	(373,396)	(272,698)
IAS 1.99, 1.103	Administrative expenses	26	(478,213)	(452,210)
IAS 1.85	Operating profit		1,702,475	1,307,027
IAS 1.85	Non-operating (expenses)/income	27	(17,939)	171
IAS 1.85	Net finance income	28	312,162	434,613
IAS 1.99	Contribution to workers' profit participation fund	18	(99,835)	(87,091)
IAS 1.85	Profit before tax		1,896,863	1,654,721
IAS 1.82(d)	Income tax expense	29	(494,881)	(475,166)
	Current year		(522,000)	(440,000)
	Prior year		(31,897)	(4,173)
	Deferred tax income/(expenses)		59,016	(30,993)
IAS 1.82(f)	Profit for the year		1,401,982	1,179,555
	Other comprehensive income		-	-
	Total comprehensive income		1,401,982	1,179,555
IAS 33.66	Earnings per share (EPS)	30	24.81	20.88

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

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


Jose Marcelino Ugarte
Managing Director


Jashim Uddin Chowdhury, FCA
Director

Signed in terms of our report of even date annexed


Mohammad Mostafizur Rahman
Company Secretary


S. F. AHMED & CO
Chartered Accountants

Dhaka, Bangladesh
Dated, 25 February 2016

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

HeidelbergCement Bangladesh Limited

Statement of Changes in Equity

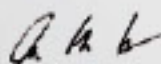
For the year ended 31 December 2015

IAS 1.106

IAS
1.51(d),(e)

Particulars	Share capital	Capital reserve	General reserve	Dividend equalisation fund	Retained earnings	Total
	BDT '000	BDT '000	BDT '000	BDT '000	BDT '000	BDT '000
Year 2014						
Balance as at 1 January 2014	565,036	605,657	15,000	8,600	6,297,291	7,491,584
Net profit for the year	-	-	-	-	1,179,555	1,179,555
Payment of dividend for 2013	-	-	-	-	(2,147,137)	(2,147,137)
Balance as at 31 December 2014	565,036	605,657	15,000	8,600	5,329,709	6,524,002
Year 2015						
Balance as at 1 January 2015	565,036	605,657	15,000	8,600	5,329,709	6,524,002
Net profit for the year	-	-	-	-	1,401,982	1,401,982
Payment of dividend for 2014	-	-	-	-	(2,147,137)	(2,147,137)
Balance as at 31 December 2015	565,036	605,657	15,000	8,600	4,584,554	5,778,847

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

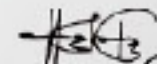


Jose Marcelino Ugarte
Managing Director

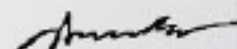


Jashim Uddin Chowdhury, FCA
Director

Signed in terms of our report of even date annexed



Mohammad Mostafizur Rahman
Company Secretary



S. F. AHMED & CO
Chartered Accountants

Dhaka, Bangladesh
Dated, 25 February 2016

IAS 1.51(a)

IAS 1.10(d)

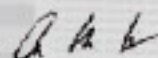
IAS 1.51(c)

HeidelbergCement Bangladesh Limited Statement of Cash Flows For the year ended 31 December 2015

IAS 1.113 IAS 1.51(d),(e)		Notes	2015 BDT '000	2014 BDT '000
IAS 7.10	Cash flows from operating activities			
IAS 7.18(a)	Collections from customers	31	10,450,140	10,368,641
IAS 7.14(b)	Cash received from other operating income		351,821	477,858
IAS 7.14(c)	Cash paid to suppliers	32	(6,973,776)	(7,426,496)
	Cash paid for operating expenses	33	(1,406,963)	(1,228,074)
IAS 7.31	(Payment)/adjustment of financial expenses		(1,945)	212
IAS 7.35	Income tax paid	34	(456,043)	(470,304)
	Net cash flow from operating activities (a)		1,963,234	1,721,837
IAS 7.10, 7.21	Cash flows from investing activities			
IAS 7.16(a)	Acquisition of non-current assets	35	(157,041)	(293,432)
IAS 7.16(b)	Sale proceeds from non-current assets	36	4	231
	Net cash used in investing activities (b)		(157,037)	(293,201)
IAS 7.10, 7.21	Cash flows from financing activities			
IAS 7.1(d)	Payment of dividend	37	(2,096,324)	(2,101,721)
	Net cash used in financing activities (c)		(2,096,324)	(2,101,721)
	Net decrease in cash and cash equivalents (a+b+c)		(290,127)	(673,085)
	Opening cash and cash equivalents		4,340,508	5,013,593
	Closing cash and cash equivalents	10	4,050,381	4,340,508

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

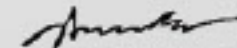
for and on behalf of the Board of Directors of HeidelbergCement Bangladesh Limited


Jose Marcelino Ugarte
Managing Director


Jashim Uddin Chowdhury, FCA
Director

Signed in terms of our report of even date annexed


Mohammad Mostafizur Rahman
Company Secretary


S. F. AHMED & CO
Chartered Accountants

Dhaka, Bangladesh
Dated, 25 February 2016

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

HeidelbergCement Bangladesh Limited

Notes to financial statements

For the year ended 31 December 2015

IAS 1.38(a)

1. **Company and its activities**

1.1. **Company profile**

A project named Chittagong Cement Factory was established under Central Ordinance No. XXXVIII of 1962. The factory started production of Portland cement on 30 June 1974. The installed production capacity was 300,000 MT per annum. The project was thereafter incorporated as a private limited company on 30 June 1979 which was placed under Bangladesh Chemical Industries Corporation (BCIC) with effect from 1 July 1982. The Company was converted into a public limited company in February 1989 after revaluation of assets as well as finalisation of net worth.

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

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

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

The number of employees at the yearend was 269 (2014: 272).

IAS 1.38(a)

1.2. **Nature of business**

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

2. **Basis of preparation**

2.1. **Reporting framework and compliance thereof**

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

HeidelbergCement Bangladesh Limited Notes to financial statements For the year ended 31 December 2015

Date of approval

The board of directors has approved these financial statements on 25 February 2016.

IAS 1.117

2.2.

Measurement of the elements of financial statements

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

IAS 1.51(d)-(e)

2.3.

Functional and presentational currency

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

2.4.

Going concern

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

2.5.

Accrual basis of accounting

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

IAS 1.122

2.6.

Use of estimates and judgments

IAS 1.125, 129-130

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

HeidelbergCement Bangladesh Limited

Notes to financial statements

For the year ended 31 December 2015

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

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

2.7. **Application of standards**

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

IAS 1 Presentation of financial statements
IAS 2 Inventories
IAS 7 Statement of cash flows
IAS 8 Accounting policies, changes in accounting estimates and errors
IAS 10 Events after the reporting period
IAS 12 Income taxes
IAS 16 Property, plant and equipment
IAS 18 Revenue
IAS 19 Employee benefits
IAS 21 The effects of changes in foreign exchange rate
IAS 23 Borrowing costs
IAS 24 Related party disclosures
IAS 26 Accounting and reporting by retirement benefit plans
IAS 32 Financial Instruments: Presentation
IAS 33 Earnings per share
IAS 36 Impairment of assets
IAS 37 Provision, contingent liabilities and contingent assets
IAS 38 Intangible assets
IFRS 9 Financial Instruments
IFRS 7 Financial Instruments: Disclosures

IAS 1 Presentation of financial statements
IAS 2 Inventories
IAS 7 Statement of cash flows
IAS 8 Accounting policies, changes in accounting estimates and errors
IAS 10 Events after the reporting period
IAS 12 Income taxes
IAS 16 Property, plant and equipment
IAS 18 Revenue
IAS 19 Employee benefits
IAS 21 The effects of changes in foreign exchange rate
IAS 23 Borrowing costs
IAS 24 Related party disclosures
IAS 26 Accounting and reporting by retirement benefit plans
IAS 32 Financial Instruments: Presentation
IAS 33 Earnings per share
IAS 36 Impairment of assets
IAS 37 Provision, contingent liabilities and contingent assets
IAS 38 Intangible assets
IFRS 9 Financial Instruments
IFRS 7 Financial Instruments: Disclosures

HeidelbergCement Bangladesh Limited Notes to financial statements For the year ended 31 December 2015

2.8. **Materiality and aggregation**

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

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

2.9. **Reporting period**

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

IAS 1.112(a)

3. Significant accounting policies

The accounting policies set out below have been applied consistently (otherwise as stated) to all periods presented in these financial statements.

IAS 21.23

3.1. **Foreign currency translation**

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

The rate of relevant foreign exchange at year-end:

	2015	2014
1 US Dollar = BDT	78.21	77.93
1 EURO = BDT	84.93	94.28

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.

IAS 1.51(a) HeidelbergCement Bangladesh Limited
 IAS 1.10(e) Notes to financial statements
 IAS 1.51(c) For the year ended 31 December 2015

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

3.2.2. **Financial liabilities**

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

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

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

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

IAS 16.73(a) 3.3.1. Recognition and measurement

Tangible fixed assets are accounted for according to IAS/BAS-16 "Property, Plant and Equipment" at historical cost or revaluation (made in 1988) less accumulated depreciation and the capital work-in-progress is stated at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Maintenance, renewals and betterments that enhance the economic useful life of the property, plant and equipment or that improve the capacity, quality or reduce substantially the operating cost or administration expenses are capitalised by adding it to the related property, plant and equipment.

IAS 16.13 3.3.2. **Subsequent costs**

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

HeidelbergCement Bangladesh Limited Notes to financial statements For the year ended 31 December 2015

IAS 16.73(b)

3.3.3.

Depreciation

"

IAS 16.53, 58, 60"

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:

	2015	2014
Buildings	4% - 5%	4% - 5%
Plant and machinery	5% - 10%	5% - 10%
Furniture and equipment	10% - 20%	10% - 20%
Transport and vehicles	20%	20%

IAS 38.21

3.4.

Intangible assets

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

IAS 38.118

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

IAS 2.36(a)

3.5.

Inventories

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

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

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

HeidelbergCement Bangladesh Limited

Notes to financial statements

For the year ended 31 December 2015

3.6. **Impairment**

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

IAS 1.78(b)

3.7. **Trade and other receivables**

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

IAS 7.45

3.8. **Cash and cash equivalents**

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

IAS 1.119
IAS 23.1

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.

IAS 1.119

3.10. **Liabilities**

Liabilities are broadly classified into current and non-current.

3.10.1. **Trade and other payables**

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

HeidelbergCement Bangladesh Limited Notes to financial statements For the year ended 31 December 2015

IAS 37.85

3.10.2.

Provision, contingent liabilities and contingent assets

Provisions

Provisions are recognised when HCBL has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If a transfer of economic benefit is no longer probable the provision should be reversed. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure required to settle the obligation.

Accruals

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amount due to employees.

Contingent liabilities

A contingent liability arises when a past event may lead to an entity having a liability in the future but the financial impact of the event will only be confirmed by the outcome of some future event not wholly within the entity's control. A contingent liability should be disclosed in the financial statements unless the possible outflow of resources is thought to be remote.

Contingent assets

A contingent asset is a potential asset that arises from past events but whose existence can only be confirmed by the outcome of future events not wholly within an entity's control. A contingent asset should be disclosed in the financial statements only when the expected inflow of economic benefits is probable.

IAS 12.47

3.11.

Income tax

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

IAS 12.47

3.11.1.

Current tax

The company qualifies as a "Publicly Traded Company" as defined in income tax laws. The applicable tax rate for the company is 25%. Provision for taxation has been made on this basis which is in compliant with the Finance Act 2015.

IAS 12.47

3.11.2.

Deferred tax

IAS 12.15,12.24

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

IAS 1.51(a)

IAS 1.10(e)

IAS 1.51(c)

HeidelbergCement Bangladesh Limited

Notes to financial statements

For the year ended 31 December 2015

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 the provision of the Bangladesh Worker's Welfare Foundation Act, 2006.

IAS 19.120

3.13. **Employee benefit**

The Company maintains a defined contribution plan (provident fund) and a retirement benefit obligations (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 gratuity scheme for all its eligible permanent employees. The obligation is two months' last basic salary or wages drawn at the time of their respective cessation of employment for employees joined before amalgamation in their former Chittagong Cement Clinker Grinding Company Ltd, as per terms of contract and one and half month's basic salary for employees joined after amalgamation.

3.13.3. **Group insurance benefit**

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

IAS 1.119

3.14. **Revenue recognition**

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

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Notes to financial statements

For the year ended 31 December 2015

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

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

3.15. **Finance expenses**

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

IAS 1.119

3.16. **Advertising and promotional expenses**

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

IAS 1.119

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

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

IAS 1.119

3.18. **Stocks write off/down**

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

IAS 1.119

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

These are usually charged out as revenue charges.

IAS 1.119

3.20. **Basis of allocation of depreciation**

Basis allocation of depreciation in different overheads are as follows:

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

IAS 1.119

3.21. **Environmental expenditure**

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

IAS 33.66

3.22. **Earnings per share**

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

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.

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

HeidelbergCement Bangladesh Limited Notes to financial statements For the year ended 31 December 2015

IAS 1.111 3.23. **Statement of cash flows**
Statement of Cash Flows (Cash Flow Statement) is prepared under direct method in accordance with IAS/ BAS-7 "Statement of Cash Flows" as required by the Bangladesh Securities and Exchange Rules 1987.

IAS 10.12 3.24. **Events after the reporting period**
Events after the balance sheet date that provide additional information about the Company's position at the balance sheet date are reflected in the financial statements. Material events after the balance sheet date that are not adjusting events are disclosed in the note 44.

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

	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 1 January 2014	2,141,038	4,062,712	95,646	21,722	6,321,119
Additions	22,996	242,916	14,584	11,841	292,337
Disposal	-	-	(29,719)	-	(29,719)
Balance at 31 December 2014	2,164,034	4,305,628	80,511	33,563	6,583,737
Depreciation					
At 1 January 2014	715,811	1,927,803	72,194	10,114	2,725,923
Depreciation expense	53,516	191,310	9,779	2,175	256,780
Disposal	-	-	(29,659)	-	(29,659)
Balance at 31 December 2014	769,327	2,119,113	52,314	12,289	2,953,044
At 31 December 2014	1,394,707	2,186,515	28,197	21,274	3,630,693
Cost					
At 1 January 2015	2,164,034	4,305,628	80,511	33,563	6,583,737
Additions	11,628	93,509	18,815	23,019	146,971
Disposal	-	(22,355)	(230)	-	(22,585)
Balance at 31 December 2015	2,175,662	4,376,782	99,096	56,583	6,708,123
Depreciation					
At 1 January 2015	769,327	2,119,113	52,314	12,289	2,953,044
Depreciation expense	54,501	208,779	11,278	4,960	279,518
Disposal	-	(4,563)	(79)	-	(4,642)
Balance at 31 December 2015	823,828	2,323,329	63,512	17,249	3,227,919
At 31 December 2015	1,351,834	2,053,453	35,584	39,333	3,480,204

HeidelbergCement Bangladesh Limited
Notes to financial statements
For the year ended 31 December 2015

		2015 BDT '000	2014 BDT '000
IAS 1.51(d),(e)			
4.1.	Break-up of addition to property, plant and equipment		
	Land and building		
	Non-factory building	11,628	22,996
		<u>11,628</u>	<u>22,996</u>
	Plant and machinery		
	Equipment apparatus and accessories	54,865	219,627
	Electrical installation	38,643	23,289
		<u>93,508</u>	<u>242,916</u>
	Furniture and equipment		
	Furniture and fixtures	1,536	1,716
	Office decoration	-	12
	Sundry assets	9,877	6,252
	Computer	2,270	787
	Office equipment	5,132	5,817
		<u>18,815</u>	<u>14,584</u>
	Transport and vehicles		
	Pick-up van/vehicle	23,019	11,841
		<u>23,019</u>	<u>11,841</u>
		<u>146,970</u>	<u>292,337</u>
IAS 1.104	4.2. Allocation of depreciation expense to:		
	Manufacturing, labour and overheads (note 23.4)	209,638	192,585
	Warehousing, distribution and selling expenses (note 25)	41,928	38,517
	Administrative expense (note 26)	27,952	25,678
		<u>279,518</u>	<u>256,780</u>

IAS 1.51(a) HeidelbergCement Bangladesh Limited
 IAS 1.10(e) Notes to financial statements
 IAS 1.51(c) For the year ended 31 December 2015

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

	Land and Buildings BDT '000	Plant and Machinery BDT '000	Furniture and Equipment BDT '000	Total BDT '000
IAS 1.51(d),(e)				
At 1 January 2014	2,867	85,394	4,845	93,106
Addition	20,051	248,445	20,091	288,587
Capitalised during the year	(22,918)	(242,916)	(22,192)	(288,026)
At 31 December 2014	(0)	90,923	2,744	93,667
At 1 January 2015	(0)	90,923	2,744	93,667
Addition	39,319	58,004	46,933	144,255
Capitalised during the year	(11,628)	(92,609)	(29,948)	(134,185)
At 31 December 2015	27,691	56,318	19,728	103,737

IAS 1.51(d),(e)
 IAS 38.118

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

	Software BDT '000	Total BDT '000
Balance at 1 January 2014	6,925	6,925
Additions	534	534
Balance at 31 December 2014	7,459	7,459

Depreciation

To 1 January 2014	6,650	6,650
Charge for the year	183	183
Total to 31 December 2014	6,833	6,833
At 31 December 2014	626	626

Cost

At 1 January 2015	7,459	7,459
Additions	-	-
Balance at 31 December 2015	7,459	7,459

Depreciation

To 1 January 2015	6,833	6,833
Charge for the year	284	284
Total to 31 December 2015	7,117	7,117

At 31 December 2015	342	342

HeidelbergCement Bangladesh Limited
Notes to financial statements
For the year ended 31 December 2015

		2015 BDT '000	2014 BDT '000
IAS 1.78 (c)	7. Inventories (note 3.5)		
IAS 2.36 (b)	Raw materials	626,503	687,036
	Finished goods	121,626	101,218
	Packing materials	21,435	18,378
	Stores and spares	219,570	230,347
		989,134	1,036,979
	Provision for slow moving stores and spares	(5,908)	(11,190)
		983,226	1,025,789
IAS 1.78 (b)	8. Trade and other receivables (note 3.7)		
	Trade receivables		
	Considered good	938,952	902,490
	Considered doubtful	47,838	49,357
		986,790	951,847
	Other receivables		
	Third party	41,651	52,731
	Inter-company	43,876	38,896
		85,527	91,627
	Provision for doubtful debt	(47,838)	(49,357)
		1,024,479	994,116
	Receivable covered under security	843,063	823,362
	Outstanding for a period exceeding six months	91,830	94,901
	Trade and other receivables are stated at their nominal values. Adequate provisions are recorded for all identifiable risks.		
	Trade and other receivables are accrued in the ordinary course of business and no amount is due by the Directors (including Managing Director), managers and other officers of the company and any of them severally or jointly with any other persons.		
IAS 1.77	9. Advances, deposits and prepayments		
	Advance paid to suppliers and employees	50,283	32,971
	Security and other deposits	55,572	36,673
	Prepayments	23,483	17,815
		129,338	87,460

IAS 1.51(a) HeidelbergCement Bangladesh Limited
IAS 1.10(e) Notes to financial statements
IAS 1.51(c) For the year ended 31 December 2015

		2015 BDT '000	2014 BDT '000
	9.1. These include dues realisable/adjustable within one year from the balance sheet date	98,908	65,923
	9.2. These include aggregate amount due by executives, managers, officers and staffs	10,412	5,092
	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	13,803	10,103
	9.4. Advance recoverable in cash	1,041	509
	9.5. Advance outstanding for a period exceeding six months	20,509	15,465
IAS 1.77 IAS 7.45	10. Cash and cash equivalents (note 3.8)		
	Cash in hand	49	218
	Cash at bank in current accounts	38,206	25,738
	Short term bank deposits (STD)	492,623	430,397
	Fixed deposit receipts (FDR)	3,519,503	3,884,154
		4,050,382	4,340,508
	FDR includes an amount of BDT 34,852 thousand held under lien in favour of Customs Authority.		
IAS 1.79	11. Share capital		
	As per the disclosure requirements laid down in schedule under rule 12(2) of Bangladesh Securities and Exchange Rules 1987, the following are the part and parcel of share capital:		
IAS 1.79 (a)(i)	11.1. Authorised share capital		
	The total authorised number of ordinary shares is 100 million shares with a face value of BDT 10 per share (2014: BDT 10 per share). The face value of shares were changed to BDT 10 from BDT 100 as per the decision taken on 7th Extra-Ordinary General Meeting (EGM), held on 27 November 2011 to comply with the Bangladesh Securities and Exchange Commission order no. SEC/CMRRCD/2009-193/109 dated 15 September 2011.		
	100,000,000 ordinary shares of BDT 10 each	1,000,000	1,000,000
IAS 1.79 (a)(ii)	11.2. Issued, subscribed and paid-up capital		
	56,503,590 ordinary shares of BDT 10 each fully paid up	565,036	565,036

IAS 1.51(a)

IAS 1.10(e)

IAS 1.51(c)

HeidelbergCement Bangladesh Limited

Notes to financial statements

For the year ended 31 December 2015

IAS 1.79 (a)(vi)

11.3. Percentage and value of shareholdings

	% 2015 2014		2015 BDT '000	2014 BDT '000
Foreign shareholders				
Heidelberg Cement - 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	14.28%	15.63%	80,663	88,321
Company's employees	0.25%	0.27%	1,434	1,524
Investment Corporation of Bangladesh (ICB)	14.07%	11.32%	79,499	63,987
Other financial institutions	10.73%	12.11%	60,630	68,393
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

IAS 1.79

11.4. Classification of shareholders by holding

Shareholding range

	Number of shareholders 2015 2014	
Less than 5000 shares	13,939	14,601
5001 to 50,000 shares	283	341
50,001 to 200,000 shares	36	43
200,001 to 500,000 shares	5	4
500,001 to 10,000,000 shares	6	5
Over 10,000,000 shares	2	2
	14,271	14,996

IAS 1.79

11.5. Option on un-issued shares

There is no option on un-issued share capital

IAS 1.77

12. Capital reserve

IAS 1.51(d),(e)

	Share premium BDT '000	Amalgamation reserve BDT '000	Total BDT '000
Balance as at 1 January 2015	193,500	412,157	605,657
Balance as at 31 December 2015	193,500	412,157	605,657

IAS 1.51(a) HeidelbergCement Bangladesh Limited
 IAS 1.10(e) Notes to financial statements
 IAS 1.51(c) For the year ended 31 December 2015

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

IAS 1.77

13. **Suppliers' credit-blocked**

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

IAS 1.51(d),(e)

IAS 1.77

14. **Quasi equity loan**

Fixed assets revaluation surplus
 Government equity contribution

Foreign currency devalued

2015
BDT '000

2014
BDT '000

104,122	104,122
20,000	20,000
124,122	124,122
(1,486)	(1,486)
<u>122,636</u>	<u>122,636</u>

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

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

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

IAS 1.77

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

This represents gratuity payable to employees of the company as and when they happen to be separated from the company. The company's policy related to employees gratuity is stated in note 3.13.2. The yearend liability was BDT 125,122 thousand (2014: BDT 107,882 thousand).

HeidelbergCement Bangladesh Limited
Notes to financial statements
For the year ended 31 December 2015

		2015	2014
		BDT '000	BDT '000
IAS 1.51(d),(e)			
IAS 12.81(g)(i)	16. Deferred tax liabilities		
	Opening balance	633,476	602,483
	Provision (reversed)/made during the year	(59,016)	30,993
	Closing balance	<u>574,460</u>	<u>633,476</u>
IAS 1.77	17. Trade and other payables		
	Trade payables (*)	656,127	606,374
	Creditors for other finance (note 17.1)	699,416	672,921
	Creditors for revenue expenses (note 17.2)	1,070,484	922,365
	Interest payable	299,700	299,700
		<u>2,725,727</u>	<u>2,501,360</u>

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

17.1. Creditors for other finance

Security deposits	582,813	565,747
VAT deduction at source	5,917	3,704
Tax deduction at source	18,234	17,548
Payable/(receivable) to Employees Provident Fund	4,778	(457)
Inter company payables	3,400	3,400
Payable for capital expenditure	83,731	82,293
Others	543	686
	<u>699,416</u>	<u>672,921</u>

17.2. Creditors for revenue expenses

Revenue charges	715,980	589,439
Employees remuneration	39,369	34,227
Technical know-how fee (note 17.3)	315,135	298,699
	<u>1,070,484</u>	<u>922,365</u>

17.3. Technical know-how fee is payable to HeidelbergCement Asia Pte. @ 3% of net sales of prior year in accordance with "Technical know-how and Technological Transfer Agreement" effective from 1 January 2001.

18. Provision for other liabilities and charges

Provision for liabilities and charges includes provision for workers' profit participation fund (WPPF) of BDT 99,835 thousand (2014: BDT 87,091 thousand). This represents 5% of net profit before charging the contribution provided as per Act (note 3.12).

IAS 1.78(d)
IAS 37.84 (a)

IAS 1.51(a) HeidelbergCement Bangladesh Limited
 IAS 1.10(e) Notes to financial statements
 IAS 1.51(c) For the year ended 31 December 2015

			2015 BDT '000	2014 BDT '000
IAS 1.77	19.	Unclaimed dividend		
		Opening balance	120,977	75,561
		Addition during the year	2,147,137	2,147,137
		Paid during the year	(2,096,324)	(2,101,721)
		Closing Balance	<u>171,790</u>	<u>120,977</u>
IAS 37.34	20.	Contingent assets		
		In accordance with the resolution passed by the BCIC Board of Directors in their meeting held on 8 September 1986, land property owned by the Company, measuring 48.09 decimal, was transferred to BCIC at a lump sum price of BDT 10,000 thousand. BCIC did not make any payment. The Company raised claim for BDT 35,500 thousand from BCIC including BDT 25,500 thousand as interest.		
IAS 1.51(d),(e) IAS 37.86	21.	Contingent liabilities and commitments		
		i) Contingent liabilities:		
		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	25,809	15,274
		ii) Financial commitments:		
		Confirmed irrevocable letters of credit (limit: BDT 1,250,000 thousand 2013: BDT 1,250,000 thousand)	278,350	396,574
		iii) Capital expenditure authorized but not contracted for	58,375	23,366
		iv) Capital expenditure authorized and committed for	41,460	86,440
			<u>420,952</u>	<u>538,612</u>
IAS 18.14	22.	Sales		
		Domestic	10,463,026	10,398,563
		Export	22,057	105,937
			<u>10,485,084</u>	<u>10,504,500</u>
IAS 1.99	23.	Cost of goods sold		
		Opening stock of raw materials	441,511	529,917
		Raw materials purchase	6,857,578	7,318,502
		Closing stock of raw materials	(389,187)	(441,511)
		Raw materials consumption (note 23.1)	<u>6,909,902</u>	<u>7,406,909</u>
		Manufacturing labour and overhead (note 23.4)	1,058,617	1,071,123
			<u>7,968,518</u>	<u>8,478,031</u>

HeidelbergCement Bangladesh Limited Notes to financial statements For the year ended 31 December 2015

	2015 BDT '000	2014 BDT '000
Cost of production		
Opening finished goods	101,218	115,169
Closing finished goods	(121,626)	(101,218)
	7,948,110	8,491,983
Opening inventory:		
Clinker	265,846	389,376
Gypsum	30,371	48,634
Iron slag	79,587	40,001
Limestone and others	31,881	20,815
Fly ash	15,448	18,736
Packing materials	18,378	12,356
	441,511	529,917
Purchase:		
Clinker	4,800,128	5,081,179
Gypsum	243,675	181,594
Iron slag	579,745	859,523
Limestone and others	220,755	238,436
Fly ash	460,943	388,472
Packing materials	552,332	569,299
	6,857,578	7,318,502
Raw materials available for consumption	7,299,089	7,848,419
Closing inventory:		
Clinker	(233,118)	(265,846)
Gypsum	(30,988)	(30,371)
Iron slag	(76,271)	(79,587)
Limestone and others	(17,679)	(31,881)
Fly ash	(9,696)	(15,448)
Packing materials	(21,435)	(18,378)
	(389,187)	(441,510)
Raw materials consumed	6,909,902	7,406,909

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

	Opening stock		Closing stock		Sales-net	
	Qty-MT	BDT	Qty-MT	BDT	Qty-MT	BDT
Year 2015	18	101,218	23	121,626	1,534	10,485,084
Year 2014	20	115,169	18	101,218	1,525	10,504,500

IAS 1.51(a) HeidelbergCement Bangladesh Limited
 IAS 1.10(e) Notes to financial statements
 IAS 1.51(c) For the year ended 31 December 2015

23.3. Analysis of materials consumption

Raw materials

Clinker
Gypsum
Iron slag
Limestone and others
Fly ash
Packing materials - 000 Pcs

31 Dec 2015		31 Dec 2014	
Qty-MT	BDT	Qty-MT	BDT
968	4,832,856	948	5,204,709
71	243,057	61	199,857
226	583,061	277	819,936
66	234,957	72	227,370
211	466,695	176	391,761
29,706	549,276	29,534	563,276
31,248	6,909,902	31,068	7,406,909

IAS 1.51(d),(e)
 IAS 1.99

23.4. Manufacturing labour and overhead

Personnel cost:

Salaries, wages and bonus
Welfare and other benefits

Power and fuel costs
Depreciation expense (note 4.2)
Stores and spares consumed
Slow moving spares written off
Release of slow spares provision
Cost of consumables
Repairs and maintenance
Insurance
Postage, telephone and telex
Traveling and conveyance
Rent, rates and taxes
Fuel and gas
Entertainment
Security guard
Uniform, liveries and other administrative expenses

2015
BDT '000

2014
BDT '000

74,053	68,728
71,022	67,891
145,075	136,619
405,620	482,853
209,638	192,585
60,740	56,403
5,282	-
(5,282)	-
72,532	54,035
81,258	68,081
7,556	7,268
1,520	2,278
15,183	16,334
25,380	23,002
1,000	1,504
4,502	3,998
16,399	13,921
12,213	12,241
1,058,617	1,071,123

IAS 1.51(a)

IAS 1.10(e)

IAS 1.51(c)

HeidelbergCement Bangladesh Limited Notes to financial statements For the year ended 31 December 2015

		2015 BDT '000	2014 BDT '000
IAS 1.97	24. Other operating income		
	Berth hire charge	13,396	12,605
	Scrap sales and sundry recoveries	3,715	6,813
		17,111	19,418
IAS 1.51(d),(e)			
IAS 1.99	25. Warehousing, distribution and selling expenses		
	Personnel cost:		
	Salaries, wages and bonus	31,518	24,264
	Welfare and benefits	24,981	29,255
		56,499	53,520
	Depreciation expense (note 4.2)	41,928	38,517
	Freight, loading, unloading and others	59,616	37,641
	Advertisement and business promotion expenses	195,254	124,749
	Travelling and conveyance	7,533	6,846
	Vehicle running expense	704	766
	Rent, rates and taxes	9,070	7,498
	Postage, telephone and telex	1,430	1,332
	Bad debt written off	1,519	-
	Bad debt provision released	(1,519)	-
	Printing and stationery	268	1,118
	Repairs and maintenance	196	107
	Entertainment	575	479
	Insurance expenses	322	125
		373,396	272,698
IAS 1.99	26. Administrative expenses		
	Personnel cost:		
	Salaries, wages and bonus	31,479	28,066
	Welfare and benefits	34,585	39,513
		66,064	67,579
	Depreciation expense (note 4.2)	27,952	25,678
	Depreciation of intangible assets (note 6)	284	183
	Rent, rates and taxes	20,112	18,455
	Travelling and conveyance	6,426	4,703
	Postage, telephone and telex	1,876	1,548
	Annual General Meeting expenses	2,271	1,705
	Technical know-how fee (note 17.3)	315,135	298,699

IAS 1.51(a)

IAS 1.10(e)

IAS 1.51(c)

HeidelbergCement Bangladesh Limited
Notes to financial statements
For the year ended 31 December 2015

		2015	2014
		BDT '000	BDT '000
	Legal and professional charges	9,562	4,616
	Entertainment	3,743	5,794
	Repairs and maintenance	3,589	3,961
	Printing and stationery	764	1,081
	Bank charges	1,160	1,410
	Electronic data processing expense	2,046	2,776
	Audit fee	600	600
	Advertisement	373	492
	Training expense	9,216	5,016
	Electricity	1,213	1,148
	Vehicle running expense	652	626
	Newspaper and periodicals	40	40
	Subscription on others	1,405	2,546
	Insurance, CDBL and other administrative expenses	3,729	3,553
		478,213	452,210
IAS 1.85	27. Non-operating (expenses)/income		
	(Loss)/gain on derecognition and sale of non-current assets	(17,939)	171
		(17,939)	171
IAS 1.51(d),(e)	28. Net finance income		
IAS 1.85	Interest income on bank deposits	314,106	434,400
	Bank guarantee and other charges	(1,959)	(4,689)
		312,148	429,711
	Net exchange gains	14	4,901
		312,162	434,613
IAS 12.84	29. Income tax expense		
	The corporate tax rate is 25% for the year 2015 (2014: 27.5%) as a "Publicly Traded Company". Current year tax provision has been accounted for at BDT 522,000 thousand on estimated taxable income.		
IAS 33.70	30. Earnings per share (Basic)		
	Profit after tax for the year	1,401,982	1,179,555
	Weighted average number of shares outstanding at the end of the year	56,504	56,504
	Earnings per share (Basic)	24.81	20.88
	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.		

HeidelbergCement Bangladesh Limited Notes to financial statements For the year ended 31 December 2015

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 from financing activities mainly resulted from repayment of long term loan as well as receipt from short term loan.

IAS 7.18(a)

31. Collections from customers

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

IAS 7.14(c)

32. Cash paid to suppliers

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

33. Cash paid for operating expenses

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

IAS 7.35

34. Income tax paid

During the year the company paid BDT 456,043 thousand (2014: BDT 470,304 thousand) as advance income tax.

IAS 7.16(a)

35. Acquisition of non-current assets

Investment relate to outflow of cash and cash equivalents for fixed assets.

IAS 1.51(d),(e)

IAS 7.16(b)

36. Sale proceeds from non-current assets

Furniture and equipment

2015	2014
BDT '000	BDT '000
4	231
4	231

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

HeidelbergCement Bangladesh Limited
Notes to financial statements
For the year ended 31 December 2015

IAS 7.31

37. **Payment of dividend**
In 2015, the company paid dividend of BDT 2,096,324 thousand (2014: BDT 2,101,721 thousand) from unpaid dividend.

38. **Bank facilities**
The company has got the following loan facilities from Standard Chartered Bank.

Short term loan facilities200,000

Letter of credit1,250,000

Bank guarantee open ended75,200

1,525,200

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

IAS 1.97

39. **Expenditure incurred on employees**

Salaries, wages and benefits (notes 23.4, 25 and 26)

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

Number of Employees	
2015	2014
269	272
<u>269</u>	<u>272</u>

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

IAS 1.51(d),(e)

IAS 1.97

40. **Expenditure in equivalent foreign currency**

Technical Know-how fee payable315,135298,699

Foreign travel for Company's business purpose5,7464,750

320,881303,449

IAS 1.97

41. **Remuneration of Directors, Managers and Officers**

41.1. **Managerial Remuneration - Managers and Officers**

Salary and bonus74,20268,336

Rent35,32832,199

Retirement benefits14,04118,840

Provident fund5,0795,519

Medical7,5986,463

Other6,2444,553

142,492135,911

HeidelbergCement Bangladesh Limited Notes to financial statements For the year ended 31 December 2015

	2015 BDT '000	2014 BDT '000
41.2. Paid to Directors		
Fee	23	15
TA/DA	202	165
	225	180

IAS 24.17

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 arm's length basis". The name of the related parties, the nature of the transactions and their balance at year end have been set out below:

IAS 1.51(d),(e)

SL	Name of the related party	Nature of relationship	Nature of the transaction	Transaction during the year		Receivable/ (payable) of Closing (BDT'000)	
				2015 BDT '000	2014 BDT '000	2015 BDT '000	2014 BDT '000
1	HeidelbergCement Asia Pte. Ltd	Group Entity	Technical service	315,135	298,699	(315,135)	(298,699)
2	Heidelberg Asia Holding GmbH	Group Entity	Corporate affairs	-	-	308	308
3	HC Trading Ltd	Group Entity	Raw materials suppliers	-	-	16,447	16,447
4	HeidelbergCement Asia Pte. Ltd	Group Entity	Recovery of expenses	10,391	7,269	27,120	22,140
5	PT Indocement Tunggal Prakarsa Tbk	Group Entity	Recovery of expenses	-	-	(3,400)	(3,400)
6	HC Trading Malta Ltd	Group Entity	Clinker	2,064,105	2,171,903	(287,220)	(99,515)
			Gypsum	180,486	163,648	-	-
			Limstone	59,347	47,443	-	-
				2,303,937	2,382,994	(287,220)	(99,515)

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

HeidelbergCement Bangladesh Limited

Notes to financial statements

For the year ended 31 December 2015

43. Capacity and production

43.1. Own manufacture

Line of business	Installed capacity Single shift	Actual production Multiple shifts as applicable	
	Qty-M.T.	2015	2014
Gray cement-Kanchpur	1,075,000	913,838	802,060
Gray cement-Chittagong	1,303,000	624,354	722,932
	2,378,000	1,538,192	1,524,992

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

IAS 10.12
IAS 10.12

44. Events after the reporting period

44.1. Proposed dividend

During the year the Board of Directors in its meeting held of 25 Feb 2016 proposed 300% cash dividend (2015: 380% cash).

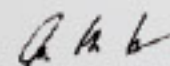
The proposed dividend is not recognised as a liability at the balance sheet date in accordance with IAS/BAS-10 "Events after the reporting period"

IAS 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. General

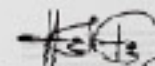
- 46.1. Previous year's phrases and figures have been re-arranged, wherever necessary to conform to the presentation of financial statements for the year under review.
- 46.2. Figures appearing in these financial statements have been rounded to the nearest thousand BDT.



Jose Marcelino Ugarte
Managing Director



Jashim Uddin Chowdhury, FCA
Director



Mohammad Mostafizur Rahman
Company Secretary

Dhaka, Bangladesh
Dated, 25 February 2016

HEIDELBERGCEMENT BANGLADESH LTD



SCAN CEMENT
HEIDELBERGCEMENT Group



RUBY CEMENT
HEIDELBERGCEMENT Group

Registered Office: Mouza: Tatki, Post office: Tarabow, Tarabow Pouroshava, Police Station: Rupgonj, Dist: Narayanganj.
Corporate Office: Symphony, (6th & 7th Floor), Plot No. SE(F) 9, Road No.142, South Avenue, Gulshan -1, Dhaka -1212

1

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 27TH Annual General Meeting of the company to be held on 13 April 2016 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 thisday2016

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

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



SCAN CEMENT
HEIDELBERGCEMENT Group



RUBY CEMENT
HEIDELBERGCEMENT Group

Registered Office: Mouza: Tatki, Post office: Tarabow, Tarabow Pouroshava, Police Station: Rupgonj, Dist: Narayanganj.
Corporate Office: Symphony, (6th & 7th Floor), Plot No. SE(F) 9, Road No.142, South Avenue, Gulshan -1, Dhaka -1212

Attendance Slip of Proxy-holder

I hereby recorded my presence at the 27TH Annual General meeting of HeidelbergCement Bangladesh Limited on 13 April 2016.

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.



1. This Form (duly filled up) must be submitted at the Corporate Office of the Company or before 5 April, 2016.
2. Signature of the Member(s) must be same with the Specimen Signature recorded with the Company.
3. Number of shares, Bank A/c detail and address shall be considered final as provided by CDBL on Record Date i.e. 21 March, 2016.
4. Applicable service charge, if any, shall be borne by the Member(s) in case of payment of dividend through online transfer to the Member(s) Bank Account as per BSEC notification.

GERMAN
ENGINEERING

শাহ আমানত (৩য় কর্ণফুলী) সেতু

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১৯৭৩ সাল থেকে



RUBY CEMENT

HEIDELBERGCEMENT Group

HEIDELBERGCEMENT BANGLADESH LTD.

Corporate Office

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E-mail: info@heidelbergcementbd.com

Chittagong Factory: South Halishahar

G.P.O Box No.372, Chittagong-4204
Tel: 88-031-2501152-53, Fax: 88-031-2501154

Registered Office

Mouza: Talki, Post office: Jatramora, Union: Tarabow,
Police Station: Rupgonj, Narayanganj
Tel: 88-02-8815602, Fax: 88-02-8815598