

Heidelberg Materials Bangladesh PLC.

**Independent Auditor's Report along with Audited
Financial Statements
as at and for the year ended 31 December 2024**

Hoda Vasi Chowdhury & Co

Chartered Accountants

Independent Auditor's Report to the Shareholders of Heidelberg Materials Bangladesh PLC. (previously known as HeidelbergCement Bangladesh Limited)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Heidelberg Materials Bangladesh PLC. (previously known as HeidelbergCement Bangladesh Limited) (the "Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 3.

Basis for Opinion

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

Key Audit Matters

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

Description of key audit matters	Our response to key audit matters
Revenue recognition and valuation of receivables	
<p>The Company generates revenue by selling cement primarily through both local sales and some deemed export.</p> <p>In 2024, the Company earned BDT 14,740 million in revenue, which is 17.91% lower than the previous year's revenue of BDT 17,956 million. The reduction in revenue was primarily driven by the lower quantity of sales and reduction in unit price.</p> <p>To ensure that revenue recognition is appropriate, management carefully evaluates the collectability of credit sales to customers. The Company has implemented</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none">• understanding of the key controls related to the contracts with customers, goods delivery and invoicing process, and sanctioning of discount and commissions;• Assessment of the five step model for revenue recognition adopted by the Company in line with IFRS 15: Revenue, including cut-off point to satisfy performance obligation.• Credit approval process and assigning credit limit to a customer including collection of security related documents to mitigate/minimize loss in customer default;

<p>policy of requiring advance payment from dealer sales, which has helped to improve the realizability of revenue.</p> <p>Due to inherent risk associated with determination of revenues and recovery of accounts receivable balance as well as difficulties in forecasting future loss in case of default by debtors this area require significant estimate and judgment.</p> <p>Therefore, we have considered this area as a key audit matter.</p>	<ul style="list-style-type: none"> • Periodic balance confirmation from debtors; • Monitoring process for overdue receivables; and • The Company's policy of creating provision against overdue receivables and periodic write off in line with IFRS 9. <p>Our substantive procedures in relation to the assessing valuation of receivables comprises the following:</p> <ul style="list-style-type: none"> • Reconciliation of debtors ageing list to the general ledger; • Conducting cut-off testing at the year-end; • Reviewing subsequent receipt of receivables balance; • Comparing current year rebate accruals to the prior year and issuance of credit notes post year-end; and • Recalculation of provision for trade receivables as required by IFRS 9 and compared against actual write off/loss on repossession in prior periods.
See note number 3.15, 8 and 24 for details	

Valuation of inventories	
<p>The Company's financial statements as at 31 December 2024 reflects a total inventory of BDT 2,068 million (2023: BDT 1,591 million). It is worth noting that the inventories are measured at the lower of cost and net realizable value, as per the relevant accounting standards.</p> <p>Given the nature of the inventories, which includes bulk quantities such as clinker, gypsum, slag, limestone, fly ash, and cement, the measurement process requires specialized expertise. Therefore, the management has engaged external professionals to accurately measure the quantity of the inventory at year-end.</p> <p>Inventories are carried at the lower of cost and net realisable value (NRV). As a result, management has applied judgement in determining the appropriate values for inventories which may be slow-moving or obsolete and need to apply impairment provision creating valuation risk.</p> <p>While excess holding of inventories could impact efficient use of working capital similarly lower level of inventories can result in stock outs or irregular supply to the market.</p> <p>Furthermore, the Company reported raw and packing materials consumption of BDT 10,787</p>	<p>We evaluated the design and implementation of key inventory controls operating across the Company. We also reviewed management's process of identifying slow-moving and obsolete inventories and determining net realizable value of the inventories. Apart from that, we conducted the following activities:</p> <ul style="list-style-type: none"> • We attended and observed physical inventory counts and reviewed the reconciliation process of the count results to the inventory records maintained in the system. • reviewing the survey reports of inventories prepared by the external experts, considering competence of the experts, adequacy of their work and the methods and judgment used by them; • We reviewed the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year; • evaluating the Company's accounting treatment of the changes in the prices of raw materials, including the appropriateness of the related disclosures in the financial statements. • We compared the net realizable value on test basis through a review of subsequent period sales and the cost price of a sample of inventories and comparison to the associated

<p>million (2023: BDT 13,745 million) for the current year, representing a 21.51% reduction over the previous year which is consistent with lower sales volume during the same period.</p> <p>Therefore, this area we have considered as a key audit matter.</p>	<p>provision to assess whether inventory provisions are complete.</p> <p>We discussed with management about their sales forecasting procedures and ordering of stocks, and inquired about remedial action taken in case of access or shortage of inventories due to difference in forecast and actual results.</p>
See note number 3.07 and 7 for details	

Valuation of property, plant and equipment (PP&E) including impairment assessment of other items of PP&E	
<p>PPE is a significant asset category for the Company, and its carrying amount as at the year-end is BDT 4,826 million (2023: BDT 4,809 million). The Company's PPE comprises various types of assets, including land, buildings, machinery, and equipment. The Company's financial statements recognize PPE at cost, and subsequent to initial recognition, PPE is carried at cost less accumulated depreciation and impairment losses.</p> <p>The valuation of PPE requires significant management judgment and estimation, including determining the useful lives of assets, assessing the residual values, and estimating the cost of dismantling/assets retirement obligation.</p> <p>Additionally, there is an inherent risk of misstatement in the valuation of PPE due to the complexity and diversity of the asset category.</p> <p>As the Company is profitable and achieved expected capacity utilization, there is no overall impairment at CGU level.</p>	<p>Our audit procedures for recognition and valuation of proper plant and equipment (PPE) included:</p> <ul style="list-style-type: none"> • obtaining an understanding of the Company's policies and procedures for the recognition and valuation of PPE including the initial recognition of assets, useful lives and residual values of assets, and the assessment of impairment losses; • evaluating the design and operating effectiveness of the Company's internal controls over PPE recognition and valuation; • reviewing and testing the Company's PPE balance to ensure its accuracy and completeness; • testing the accuracy and completeness of PPE additions, disposals, and impairment assessment charges to ensure that all transactions are properly recorded in the accounting system; • reviewing the Company's maintenance records to ensure that the repairs and maintenance expenses are correctly classified as operating expenses and that any significant repairs are capitalized as part of the PPE; • conducting physical verification of fixed assets on test basis to verify the existence in line with the fixed asset register and relevant documents; • review capital work in progress and check whether assets are transferred from CWIP to PP&E timely basis upon completion and ready to use.
See note number 3.03 and 5 for details	

Legal, regulatory and other compliance matters	
<p>The Company has several legal proceedings, claims and inquiries pending that expose it to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the Company's best estimate for existing legal matters that have a probable and estimable impact on the Company's financial position.</p> <ul style="list-style-type: none"> Furthermore, as a listed entity, the Company has to maintain compliance with the requirements of the Bangladesh Securities and Exchange Commission (BSEC) including the rules, listing regulations, corporate governance code and other directives issued from time to time. <p>Finally, the income tax department has requested for certain transfer pricing related documents from the Company in relation to the tax assessment year 2023-2024, which the Company has duly submitted to tax authority.</p>	<p>We obtained an understanding of the Company's key controls over the legal compliance process. To get more insights we performed following procedures:</p> <ul style="list-style-type: none"> enquired the Company's internal legal council for all significant litigation and regulatory matters; assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information; assessed the Company's provisions and contingent liabilities disclosure; reviewed the controls related to Corporate Governance compliance and reporting compliance as per BSEC guidelines; obtaining legal confirmation from the panel of legal advisors of the Company to assess the risk of uncertainty on disputes. assessed the Company's compliance with the BSEC directive dated 14 January 2021 on unclaimed dividend by checking, among other matters, the list of shareholders with unclaimed dividend, bank statements and procedures taken to pay the unclaimed dividends. We read the notice of income tax authority and also reviewed the documents/information submitted by the Company. We also checked the approval of certain related party transactions at the AGM as required by BSEC notification no BSEC/CMRRCD/2009-193/10/Admin/118 date 22 March 2021.

Reporting on other information

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

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

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

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

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

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on other Legal and Regulatory Requirements

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

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



Sabbir Ahmed FCA, Partner

ICAB Enrolment No: 770

Hoda Vasi Chowdhury & Co

Chartered Accountants

FRC Enlistment No: CAF-001-057

Dhaka, 24 April 2025

DVC No: **2504240770AS439700**

Heidelberg Materials Bangladesh PLC.

Statement of Financial Position


As at 31 December 2024

(expressed in thousands of Bangladeshi taka, except per share amounts)

	Notes	2024	2023
Assets			
Non-current			
Intangible assets	4	53,258	66,565
Property, plant and equipment	5	4,826,109	4,809,929
Right-of-use assets	5.03	450,396	517,250
Capital works-in-progress	6	51,985	201,615
Total non-current assets		5,381,748	5,595,358
Current			
Inventories	7	2,067,701	1,590,884
Trade and other receivables	8	259,009	449,257
Advances, deposits and prepayments	9	312,935	670,908
Cash and cash equivalents	10	2,979,438	4,295,692
Total current assets		5,619,083	7,006,742
Total assets		11,000,831	12,602,100
Equity and liabilities			
Equity			
Share capital	11	565,036	565,036
Reserve	12	141,607	141,607
General reserve		15,000	15,000
Dividend equalization fund		8,600	8,600
Retained earnings		3,387,143	3,066,612
Total equity		4,117,386	3,796,856
Liabilities			
Non-current			
Suppliers' credit blocked	13	2,565	2,565
Quasi equity loan	14	122,636	122,636
ADP loan	14.01	12,699	12,699
Provision for Jetty dismantling		128,000	115,696
Finance lease liabilities	16	140,471	170,240
Deferred tax liability	18	125,262	107,084
Total non-current liabilities		531,633	530,920
Current			
Trade and other payables	19	4,962,564	3,885,588
Bank overdraft	10.01	-	101,039
Borrowings	15	1,189,703	3,992,085
Finance lease liabilities	16	29,769	53,268
Provision for workers' profit participation fund	20	38,247	41,401
Current income tax liability	22	131,529	200,943
Total current liabilities		6,351,812	8,274,324
Total liabilities		6,883,445	8,805,244
Total equity and liabilities		11,000,831	12,602,100

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

For and on behalf of the Board of Directors of Heidelberg Materials Bangladesh PLC.


Ong Kian Hock Terence
Managing Director


Md. Emdadul Haque, FCA
Director & Chief Financial Officer


Md. Saikat Khan
Company Secretary

See our annexed report of same date

Dhaka, Bangladesh
Dated: 24 April, 2025
DVC No.: 2504240770AS439700

Hoda Vasi Chowdhury & Co
Chartered Accountants

Sabbir Ahmed FCA
Partner
Enrollment No.: 0770

Heidelberg Materials Bangladesh PLC.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

(expressed in thousands of Bangladeshi taka, except per share amounts)


	Notes	2024	2023
Revenue	24	14,740,223	17,955,715
Cost of goods sold	25	(12,936,379)	(15,887,341)
Gross profit		1,803,844	2,068,374
Other operating income and expenses	26	4,683	15,435
Warehousing, distribution and selling expenses	27	(475,491)	(512,666)
Administrative expenses	28	(629,284)	(682,118)
Operating profit/(loss)		703,752	889,025
Net finance income/ (expenses)	29	61,187	(61,010)
Profit before contribution to WPPF		764,939	828,016
Contribution to workers' profit participation fund	20	(38,247)	(41,401)
Profit/(loss) before tax		726,692	786,615
Tax expense:			
Income tax expense	22.01	(246,725)	(518,862)
Deferred tax income/ (expense)	18.02	(18,178)	191,657
Profit/(loss) for the year		461,789	459,410
Other comprehensive income for the year		-	-
Total comprehensive income for the year		461,789	459,410
Earnings per share (EPS)			
Basic and diluted earning per share	31	8.17	8.13

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

For and on behalf of the Board of Directors of Heidelberg Materials Bangladesh PLC.


Ong Kian Hock Terence
Managing Director



Md. Emdadul Haque, FCA
Director & Chief Financial Officer


Md. Saikat Khan
Company Secretary

See our annexed report of same date

Dhaka, Bangladesh
Dated: 24 April, 2025
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Chartered Accountants


Sabbir Ahmed FCA
Partner
Enrollment No.: 0770

Heidelberg Materials Bangladesh PLC.


Statement of Changes In Equity

For the year ended 31 December 2024

(expressed in thousands of Bangladeshi taka, except per share amounts)

Particulars	Share capital	Reserve	General reserve	Dividend equalization fund	Retained earnings	Total
Balance as at 01 Jan 2023	565,036	141,607	15,000	8,600	2,663,706	3,393,949
Payment of dividend for 2022					(56,504)	(56,504)
Net profit for the year	-	-	-	-	459,410	459,410
Balance as at 31 Dec 2023	565,036	141,607	15,000	8,600	3,066,612	3,796,856
Balance as at 01 Jan 2024	565,036	141,607	15,000	8,600	3,066,612	3,796,856
Payment of dividend for 2023					(141,259)	(141,259)
Net profit for the year	-	-	-	-	461,789	461,789
Balance as at 31 Dec 2024	565,036	141,607	15,000	8,600	3,387,143	4,117,386

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


Ong Kian Hock Terence
Managing Director


Md. Emdadul Haque, FCA
Director & Chief Financial Officer


Md. Saikat Khan
Company Secretary

Heidelberg Materials Bangladesh PLC.

Statement of Cash Flows

For the year ended 31 December 2024

(expressed in thousands of Bangladeshi taka, except per share amounts)

	Notes	2024	2023
Cash flows from operating activities			
Collection from customers	32.01	14,931,843	18,026,208
Cash received from other operating income		5,981	(3,844)
Cash paid to suppliers	32.02	(10,094,560)	(13,917,997)
Cash paid for operating expenses	32.03	(2,539,486)	(2,440,477)
Net exchange gain/(loss)		(1,720)	2,749
Interest income		333,449	234,904
Interest expenses		(270,542)	(293,165)
Income tax paid	33	(316,139)	(377,489)
Net cash flow generated from operating activities (a)		2,048,826	1,230,888
Cash flows from investing activities			
Acquisition of non-current assets	34	(267,709)	(209,082)
Proceed from sale of non-current assets	35	578	3,631
Net cash used in investing activities (b)		(267,132)	(205,452)
Cash flows from financing activities			
Proceeds from bank loan UPAS		(2,802,382)	3,992,085
Repayment of bank loan		-	(799,961)
Repayment of lease liabilities		(53,268)	(86,177)
Unclaimed dividend transferred to CMSF		-	(31,660)
Payment of dividend	36	(141,259)	(135,180)
Net cash flow used in financing activities (c)		(2,996,909)	2,939,108
Net increase/(decrease) in cash and cash equivalents (a+b+c)		(1,215,215)	3,964,544
Opening cash and cash equivalents		4,194,654	230,109
Closing cash and cash equivalents*		2,979,438	4,194,654

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

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


Ong Kian Hock Terence
Managing Director


Md. Emdadul Haque, FCA
Director & Chief Financial Officer


Md. Saikat Khan
Company Secretary

Heidelberg Materials Bangladesh PLC.

Notes to the financial statements

For the year ended 31 December 2024

1.00 Company and its activities

1.01 Company profile

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

The Company commenced commercial production of its another unit in Kanchpur with effect from 1 November 1999. The production capacity of this unit is 600,000 MT. On 10 April 2008, Kanchpur plant installed second mill with capacity of 450,000 MT per annum, and on August 2019 Kanchpur Plant installed third mill with capacity of 472,000 MT per annum. Acquired Mukterpur plant production capacity is 660,000 MT. The total production capacity of Heidelberg Materials Bangladesh PLC. (HMBPLC) stands at 3,510,000 MT per annum.

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

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

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

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

The number of employees at the year end was 332 (2023: 339).

1.02 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.

2.00 Basis of preparation

2.01 Statement of compliance

These financial statements of the Company have been prepared in accordance with IFRS accounting standards as issued by International Accounting Standard Board (IASB), applicable sections of the Companies Act 1994, the Financial Reporting Act 2015 and the Securities and Exchange Rules 2020.

2.02 Components of financial statements

The financial statements comprise of the following:

- i. Statement of financial position, as at 31 December 2024
- ii. Statement of profit and loss and other comprehensive income, for the year ended 31 December 2024
- iii. Statement of changes in equity, for the year ended 31 December 2024
- iv. Statement of cash flows, for the year ended 31 December 2024
- v. Notes to the financial statement

2.03 Date of authorisation

The board of directors of the Company has authorised these financial statements for issue on 24 April 2025.

Heidelberg Materials Bangladesh PLC.

Notes to the financial statements

For the year ended 31 December 2024

2.04 Basis of measurement

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

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

2.05 Functional and presentational currency

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

2.06 Going concern

The Company has adequate resources to continue its operation for foreseeable future and hence, the financial statements have been prepared on going concern basis. As per management's assessment there are no materials uncertainties related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, despite as at 31 December 2024 the Company has net current deficit of BDT 732,729k due to borrowings, non- repayments of technical know- how fees for 2023 and 2024 and a reduction in advances, deposits and prepayments management has considered the going concern assumption as appropriate.

2.07 Fair value

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

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable input).

2.08 Use of estimates and judgments

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

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

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

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

Note 4 & 5	useful life of property, plant & equipment and intangible assets
Note 5.03	rights -of- use assets
Note 7	provision for inventory obsolescence
Note 8	Impairment loss/gain on trade receivable
Note 17	measurement of defined benefit obligations: key actuarial assumptions
Note 18	recognition of deferred tax liabilities: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised
Note 19	trade and other payables
Note 22	current income tax liabilities

2.09 Materiality and aggregation

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

2.10 Reporting period

The financial reporting period of the Company covers one year from 01 January to 31 December and consistently applied.

Heidelberg Materials Bangladesh PLC.

Notes to the financial statements

For the year ended 31 December 2024

2.11 Segment reporting

A segment is a distinguishable component of the Company that is engaged in providing products or services within a particular economic environment. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company regards its Board of Directors as its chief operating decision maker, as the Board is responsible for allocating resources, assesses performances, and makes strategic decision. The Company is primarily engaged in the manufacturing and selling of similar type of products and the Board monitors performance of the Company as a whole. However, for top line monitoring, revenue/sales quantity by plant is monitored. Hence, the Company is only reporting location/plant wise revenue segments in Note # 24.

2.12 Application of standards

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

IAS 1 Presentation of financial statements
IAS 2 Inventories
IAS 7 Statement of cash flows
IAS 8 Accounting policies, changes in accounting estimates and errors
IAS 10 Events after the reporting period
IAS 12 Income taxes
IAS 16 Property, plant and equipment
IAS 19 Employee benefits
IAS 21 The effects of changes in foreign exchange rates
IAS 23 Borrowing costs
IAS 24 Related party disclosures
IAS 32 Financial instruments: Presentation
IAS 33 Earnings per share
IAS 36 Impairment of assets
IAS 37 Provisions, contingent liabilities and contingent assets
IAS 38 Intangible assets
IFRS 7 Financial instruments: Disclosures
IFRS 8 Segment reporting
IFRS 9 Financial instruments
IFRS 13 Fair value measurement
IFRS 15 Revenue from contracts with customers
IFRS 16 Leases

3.00 Material accounting policies

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

3.01 Foreign currency translation

Foreign currency transactions are recorded in BDT at applicable rates of exchange ruling at the dates of transactions in accordance with IAS-21 "The Effects of Changes in Foreign Exchange Rates." Exchange rate difference at the statement of financial position date are charged/credited to statement of profit or loss account.

The rate of relevant foreign exchange at year-end:

Currency	2024	2023
1 US Dollar = BDT	109.54	103.14
1 EURO = BDT	120.92	110.41

3.02 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.

3.02.1 Financial assets

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

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

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

Heidelberg Materials Bangladesh PLC.

Notes to the financial statements

For the year ended 31 December 2024

3.02 Financial instruments (continued)

3.02.2 Financial liabilities

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

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

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

3.02.3 Impairment of Financial assets

i) Financial assets

IFRS 9 requires an assessment of expected credit losses ("ECL") for evaluating whether assets carried at amortised cost are impaired.

The first stage of the evaluation requires an assessment of expected credit losses (ECL), which represent the possibility of default over the next 12 months. When a significant increase in credit risk has occurred, the financial asset is transferred to stage 2 and the ECL will be calculated using the possibility of default over the expected life of the financial instrument. When there is objective evidence that a financial asset is impaired, the financial asset will be transferred to stage 3 and lifetime ECL will be calculated.

The Company measures ECL for the following category of financial assets that are not measured at fair value through profit and loss.

Trade and other receivables

Expected credit losses for trade receivables are estimated using the simplified approach of lifetime ECL based on a combination of write-off history, aging analysis and ability to make immediate repayment. These simplifications eliminate the need to calculate the 12-month ECL and to assess when a significant increase in credit risk has occurred, as required under a three-stage approach.

For other receivables, the Company measures ECL using the three-stage approach.

While cash and cash equivalents carried at amortised cost, are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

ii) Non-financial assets

The carrying value of the non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset or its cash generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the statement of profit or loss and other comprehensive income.

3.03 Property, plant and equipment

3.03.1 Recognition and measurement

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

3.03.2 Subsequent costs

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

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Notes to the financial statements

For the year ended 31 December 2024

3.03.3. Depreciation

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

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

Category of assets	2024	2023
Buildings	3% - 5%	3% - 5%
Plant and machinery	5% - 10%	5% - 10%
Furniture and equipment	10% - 20%	10% - 20%
Transport and vehicles	10% - 20%	10% - 20%

3.04 Intangible assets

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

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

3.05 Impairment

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

3.06 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Heidelberg Materials Bangladesh PLC.

Notes to the financial statements

For the year ended 31 December 2024

3.06 Leases (continued)

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

ii. Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.07 Inventories

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

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

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

3.08 Trade and other receivables

Trade and other receivables consists of unpaid bills receivable from customers carried at their original invoice amount, stated net of provision for doubtful debts. The Company initially recognizes trade and other receivables at nominal value which is the fair value of the consideration given in return. After initial recognition these are carried at nominal value less impairment losses due to uncollectible of any amount so recognized. To calculate provision for impairment on receivables, the Company is following 'Simplified Approach' as allowed under IFRS 9: Financial Instruments.

3.09 Cash and cash equivalents

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

3.10 Borrowings

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

3.11 Liabilities

Liabilities are broadly classified into current and non-current.

3.11.1. Trade and other payables

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

Heidelberg Materials Bangladesh PLC.

Notes to the financial statements

For the year ended 31 December 2024

3.11.2. Provision, contingent liabilities and contingent assets

Provisions

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

Accruals

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

Contingent liabilities

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

Contingent assets

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

3.12 Income tax

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

3.12.1 Current tax

The Company qualifies as a "Publicly Traded Company" as defined in income tax laws. The applicable tax rate for the Company is 20% and hence provision for taxation has been made on this basis which is in compliant with the Finance Act 2024 and newly enacted Income Tax Act 2023.

3.12.2 Deferred tax

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

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

3.13 Share capital

Only ordinary shares are classified as equity. Incremental cost directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

Paid up share capital represents total amount contributed by the shareholders and bonus shares issued by the Company to the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings.

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Notes to the financial statements

For the year ended 31 December 2024

3.14 Employee benefit

3.14.1 Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.14.2 Defined contribution plan (provident fund)

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

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

3.14.3 Defined benefit plan (Gratuity)

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

3.14.4 Workers' Profit Participation Fund

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

3.14.5 Group insurance benefit

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

3.15 Revenue recognition (IFRS 15 Revenue from Contracts with Customers)

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

- a. Identify the contract with a customer
- b. Identify the performance obligations in the contract
- c. Determine the transaction price
- d. Allocate the transaction price to the performance obligations in the contract and
- e. Recognize revenue when (or as) the entity satisfies a performance obligation

Revenue is recognized for the contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. As a consequence, for those contracts for which the company is unable to make a reasonable estimate of return, revenue is expected to be recognized sooner than when the return period lapses or a reasonable estimate can be made.

Based on the Company's assessment, the timing of revenue recognition from sale of goods are broadly similar. Therefore, the Company does not expect the application of IFRS 15 to result in significant differences in the timing of revenue recognition for these sales.

3.16 Finance expenses

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

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Notes to the financial statements

For the year ended 31 December 2024

3.17 Related party disclosure

As per International Accounting Standard (IAS) 24: "Related Party Disclosures", parties are considered to be related if one of the party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties. Related disclosures have been provided in note 43.

3.18 Advertising and promotional expenses

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

3.19 Research, development and experiment costs

These are usually absorbed as revenue charges as and when incurred, in line with IAS 38: Intangible Assets.

3.20 Stocks write off/down

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

3.21 Repair, upkeep and maintenance charges

These are usually charged as revenue charges.

3.22 Basis of allocation of depreciation

Basis allocation of depreciation in different overheads are as follows:

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

3.23 Earnings per share

The Company presented diluted (when dilution is applicable) earnings per share (EPS) data for its ordinary shares according to IAS-33 "Earning Per Share."

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

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

3.24 Statement of cash flows

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

3.25 Events after the reporting period

Events after the reporting period that provide additional information about the company's position at the balance sheet date are reflected in the financial statements. Material events after the balance sheet date that are not adjusting events are disclosed in the note 48.

3.26 Operating environment

The Company's operating environment during the year ended 2024 were impacted by a number of major global geo-political events and conflict, volatile fuel and commodity prices, unpredictable foreign exchange and interest rate etc. Most of these events also had significant impact on the local economic environment affecting the Company's operations. From time to time, the Government of Bangladesh has issued various directives to manage impacts from these events which the Company has followed. Management on regular basis review and monitor the global and country specific macro-economic situation and factor these issues into the decision making process.

3.27 Standard issued but not yet effective

A number of new standards and amendments to standards are effective for annual period beginning on 1 January 2024 which have been duly adopted. However, none of these new and/or amended standards have any significant impact on the Company's financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 31 December 2024 and earlier application is permitted. However, the Company has not yet assessed possible impact of these new and/or amended standards on the Company's financial statements.

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(expressed in thousands of Bangladeshi taka, except per share amounts)

4.00 Intangible assets

Particular(s)	Software	Total
Cost		
At 01 January 2023	102,844	102,844
Addition	1,768	1,768
Balance as at 31 December 2023	104,612	104,612
Amortization		
At 01 January 2023	24,809	24,809
Charge during the year	13,238	13,238
Balance as at 31 December 2023	38,047	38,047
Net book value (WDV) at 31 December 2023	66,565	66,565
Cost		
At 01 January 2024	104,612	104,612
Addition	-	-
Balance as at 31 December 2024	104,612	104,612
Amortization		
To 01 January 2024	38,047	38,047
Charge during the year	13,307	13,307
Balance as at 31 December 2024	51,354	51,354
Net book value at 31 December 2024	53,258	53,258

5.00 Property, plant and equipment

Particular(s)	Land and building	Plant and machinery	Furniture and equipment	Transport and vehicle	Total
Cost					
At 01 January 2023	3,982,289	7,030,081	216,539	117,203	11,346,112
Additions	15,588	162,831	22,002	12,453	212,874
Disposal	(3,065)	(5,157)	(19,329)	(13,023)	(40,574)
Balance as at 31 December 2023	3,994,812	7,187,755	219,212	116,633	11,518,412
Depreciation					
At 01 January 2023	1,381,037	4,709,051	176,531	66,660	6,333,278
Charge during the year	102,169	283,552	12,597	13,883	412,201
Disposal	(1,515)	(5,157)	(19,298)	(11,026)	(36,996)
Balance as at 31 December 2023	1,481,691	4,987,446	169,829	69,517	6,708,483
Net book value at 31 December 2023	2,513,121	2,200,309	49,382	47,116	4,809,929
Cost					
At 01 January 2024	3,994,812	7,187,755	219,212	116,633	11,518,412
Additions	85,958	294,743	36,638	-	417,339
Disposal	-	(254)	(7,399)	(8,651)	(16,304)
Balance as at 31 December 2024	4,080,771	7,482,243	248,451	107,982	11,919,447
Depreciation					
At 01 January 2024	1,481,691	4,987,446	169,829	69,517	6,708,483
Charge during the year	103,309	265,284	29,318	-	397,911
Disposal	-	(254)	(6,784)	(6,018)	(13,056)
Balance as at 31 December 2024	1,585,000	5,252,476	192,363	63,499	7,093,338
Net book value at 31 December 2024	2,495,771	2,229,768	56,087	44,483	4,826,109

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Notes to the financial statements

For the year ended 31 December 2024

(expressed in thousands of Bangladeshi taka, except per share amounts)

Particular(s)	2024	2023
5.01 Break-up of addition to property, plant and equipment		
Land and building		
Non-factory building	85,958	15,588
	85,958	15,588
Plant and machinery		
Equipment apparatus and accessories	196,421	57,030
Electrical installation	79,293	95,814
Tools and equipment	19,030	9,987
	294,743	162,831
Furniture and equipment		
Furniture and fixture	1,309	2,807
Sundry assets	1,842	-
Computer	24,503	6,185
Office equipment	8,983	13,010
	36,638	22,002
Transport and vehicles		
Pick up van/vehicle	-	12,453
	-	12,453
	417,339	212,874

5.02 Details of disposal of property, plant and equipment

Particular(s)	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Mode of disposal
Plant and machinery	254	254	-	300	Company policy/ Retirement
Furniture and equipment	7,399	6,784	615	278	Company policy/ tender
Transport and vehicles	8,651	6,018	2,633	-	Company policy/ tender
Total 2024	16,304	13,056	3,248	578	
Total 2023	40,574	36,996	3,578	3,631	Company policy/ tender

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Notes to the financial statements

For the year ended 31 December 2024

(expressed in thousands of Bangladeshi taka, except per share amounts)

5.03 Right-of-use assets

A. Leases as lessee

Particular(s)	RoU land and buildings	RoU transport and vehicles	Total
Cost			
At 01 January 2023	684,766	200,886	885,652
Additions	42,152	-	42,152
Disposal	-	(12,150)	(12,150)
Balance as at 31 December 2023	726,918	188,736	915,654
Depreciation			
At 01 January 2023	168,037	137,407	305,445
Charge during the year	55,239	37,721	92,960
Disposal	-	-	-
Balance as at 31 December 2023	223,276	175,128	398,404
Net book value at 31 December 2023	503,642	13,608	517,250
Cost			
At 01 January 2024	726,918	188,736	915,654
Additions	-	-	-
Disposal	-	-	-
Balance as at 31 December 2024	726,918	188,736	915,654
Depreciation			
At 01 January 2024	223,276	175,128	398,404
Charge during the year	53,246	13,608	66,854
Disposal	-	-	-
Balance as at 31 December 2024	276,522	188,736	465,258
Net book value at 31 December 2024	450,396	-	450,396

B. Leases as lessor

The Company does not provide any lease facility to other entity.

Particular(s)	2024	2023
5.04 Allocation of depreciation expense		
Manufacturing, labor and overheads (note 25.04)	348,574	378,871
Warehousing, distribution and selling expenses (note 27)	69,715	75,774
Administrative expenses (note 28)	46,477	50,516
	464,765	505,161

6.00 Capital works-in-progress

Particulars	Intangible Assets	Land and Buildings	Plant and Machinery	Furniture and Equipment	Total
At 01 January 2023	-	49,134	158,041	-	207,175
Addition	924	27,345	86,594	17,348	132,211
Capitalized during the year	(924)	(10,431)	(109,068)	(17,348)	(137,771)
At 31 December 2023	-	66,048	135,567	-	201,615
At 01 January 2024	-	66,048	135,567	-	201,615
Addition	-	22,030	202,955	42,723	267,709
Capitalized during the year	-	(85,958)	(294,743)	(36,638)	(417,339)
At 31 December 2024	-	2,120	43,779	6,086	51,985

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Notes to the financial statements

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(expressed in thousands of Bangladeshi taka, except per share amounts)

Particular(s)	2024	2023
7.00 Inventories		
Raw materials	1,137,156	579,865
Finished goods	73,553	146,692
Packing materials	122,297	163,516
Stores and spares	780,043	714,599
	2,113,050	1,604,671
Provision for slow moving stores and spares	(45,349)	(13,786)
	2,067,701	1,590,884
8.00 Trade and other receivables		
A. Trade receivables		
Considered good	208,999	400,619
Considered doubtful	80,556	80,556
	289,556	481,176
B. Other receivables		
Third party	35,009	45,171
Inter-company	15,000	3,467
	50,010	48,637
Allowance for expected credit loss	(80,556)	(80,556)
	259,009	449,257
Receivable covered under security	271,375	462,034
Outstanding for a period exceeding six months.	89,409	107,364
Trade and other receivables were stated at their nominal value. Adequate provision has been made for all identifiable doubtful receivables.		
Trade and other receivables were accrued in the ordinary course of business and no amount was due by the Directors (including Managing Director), managers and other officers of the company and any of them severally or jointly with any other person.		
9.00 Advances, deposits and prepayments		
Advance paid to suppliers and employees	26,256	50,453
Letter of Credit (LC) margin	20,895	387,357
Security and other deposits	252,010	225,321
Prepayments	13,774	7,777
	312,935	670,908
10.00 Cash and cash equivalents		
Cash in hand	35	48
Cash at bank in current accounts	60,167	14,319
Short term bank deposits (STD)	359,072	264,368
Fixed deposits receipts (FDR)	1,636,958	4,016,958
Government treasury bill	923,206	-
	2,979,438	4,295,692
FDR includes an amount of BDT 16,958 thousand (2023: 16,958 thousand) held under lien in favor of Customs Authority.		
10.01 Bank Overdraft		
In current account with Standard Chartered Bank	-	101,039
Closing cash and cash equivalents as disclosed in statement of cash flow	2,979,438	4,194,654

Heidelberg Materials Bangladesh PLC.

Notes to the financial statements

For the year ended 31 December 2024

(expressed in thousands of Bangladeshi taka, except per share amounts)

11.00 Share capital

11.01 Authorized share capital

The total authorized number of ordinary shares is 100 million with a face value of BDT 10 per share. The face value of shares were changed to BDT 10 from BDT 100 as per the decision taken in 7th Extra-Ordinary General Meeting (EGM), held on 27 November 2011, to comply with the Bangladesh Securities and Exchange Commission order no. SEC/CMRRCD/2009-193/109 dated 15 September 2011.

	2024	2023
100,000,000 ordinary shares of BDT 10 each	1,000,000	1,000,000

11.02 Issued, subscribed and paid-up capital

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

11.03 Percentage and value of shareholdings

	Percentage (%)			
	2024	2023		
Foreign shareholders				
Heidelberg Materials Netherlands Holding B.V.	39.81%	39.81%	224,930	224,930
Heidelberg Materials Asia Holding GmbH	20.86%	20.86%	117,844	117,844
	60.67%	60.67%	342,774	342,774
Bangladeshi shareholders				
General public	10.79%	13.07%	60,988	73,870
Company's employees	0.18%	0.18%	1,031	1,031
Investment Corporation of Bangladesh (ICB)	16.11%	12.49%	91,030	70,581
Other financial institutions	12.25%	13.59%	69,213	76,780
	39.33%	39.33%	222,262	222,262
	100.00%	100.00%	565,036	565,036

11.04 Classification of shareholders by holding

Shareholding range	Number of shareholders	
	2024	2023
Less than 5000 shares	9,459	9,917
5001 to 50,000 shares	229	226
50,001 to 200,000 shares	34	38
200,001 to 500,000 shares	9	8
500,001 to 10,000,000 shares	6	6
Over 10,000,000 shares	2	2
	9,739	10,197

11.05 Option on un-issued shares

There is no option on un-issued share capital

Particular(s)	2024	2023
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12.00 Reserve

Balance as at 1 January	141,607	141,607
Balance as at 31 December	141,607	141,607

The amalgamation reserve is resulted from amalgamation transactions. It is not available for dividend distribution.

13.00 Suppliers' credit blocked

Balance as at 1 January	2,565	2,565
Balance as at 31 December	2,565	2,565

Suppliers' credit-blocked BDT 2,565 thousand represents the value of mechanical spares etc. supplied by the contractor M/s Five's Coil Bebbcock, France against French grant as replacement of damages caused to the conveyor belt being constructed by it. The value of supplies at FF 499,578 was converted at ruling exchange rate as on 30 June 1988. BCIC had claimed the amount and debentures were issued towards repayment of the amount (note 14.1).

Heidelberg Materials Bangladesh PLC.

Notes to the financial statements

For the year ended 31 December 2024

(expressed in thousands of Bangladeshi taka, except per share amounts)

Particular(s)	2024	2023
14.00 Quasi equity loan		
Fixed assets revaluation surplus	104,122	104,122
Government equity contribution	20,000	20,000
	124,122	124,122
Foreign currency devaluation	(1,486)	(1,486)
	122,636	122,636
14.01 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	2,565
Quasi equity loan (note 14)	122,636	122,636
ADP loan	12,699	12,699
	137,900	137,900

The trust deed was registered on 24 June 1993 but the concerned properties have not been mortgaged and charged have not been created 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 favor 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 favor 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.

Particular(s)	2024	2023
15.00 Borrowings		
Short term UPAS loan	1,189,703	3,992,085
	1,189,703	3,992,085

UPAS loan was created for settlement of inventory import bills. The interest rate of UPAS loan is variable.

16.00 Finance lease liabilities		
Long-term liabilities from finance lease (non-current portion)	140,471	170,240
Long-term liabilities from finance lease (current Portion)	29,769	53,268
	170,240	223,508
<u>Maturity analysis of lease liabilities</u>		
No later than one month	20,212	28,588
Later than one month and not later than three months	4,423	9,282
Later than three months and not later than one year	5,134	15,397
Later than one year and not later than five years	84,561	89,364
More than five years	55,910	80,876
	170,240	223,508

17.00 Retirement benefit obligations (gratuity)

The Company's policy related to employees gratuity is stated in note - 3.14.3. In 2017, the Company has established a separate trust for management of gratuity obligation. As per the actuary report of 2021 the Company has contributed 13.3% (2018: 11.50%) of basic salary as its contribution to gratuity fund. The Company made latest actuarial valuation of fund as at 31st December 2024.

Principal actuarial assumption	2024	2023
Discount rate	7%	7%
Expected return of fund assets	7%	7%
Rate of expected increase in salaries	6%	7%

Heidelberg Materials Bangladesh PLC.

Notes to the financial statements

For the year ended 31 December 2024

(expressed in thousands of Bangladeshi taka, except per share amounts)

Particular(s)	2024	2023
18.00 Deferred tax liability		
Opening balance	107,084	298,742
Provision/ (reversal) made during the year	18,178	(191,657)
	125,262	107,084

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

Property, plant and equipment	221,525	202,423
Provision for lease liability	(68,719)	(67,841)
Provision for inventories	(11,432)	(11,387)
Provision for doubtful debts	(16,111)	(16,111)
	125,262	107,084

18.02 Movement in deferred tax liabilities

	Net balance at 01 Jan 2024	Recognized in Profit or loss	Net balance at 31 Dec 2024
Property, plant and equipment	202,423	19,102	221,525
Provision for Lease Liability	(67,841)	(878)	(68,719)
Provision for Inventories	(11,387)	(45)	(11,432)
Provision for doubtful debts	(16,111)	(0)	(16,111)
	107,084	18,178	125,262

Heidelberg Materials Bangladesh PLC.

Notes to the financial statements

For the year ended 31 December 2024

(expressed in thousands of Bangladeshi taka, except per share amounts)

Particular(s)	2024	2023
19.00 Trade and other payables		
Trade payables (*)	2,530,377	1,094,153
Creditors for other finance (note 19.01)	379,193	198,044
Creditors for revenue expenses (note 19.02)	1,753,294	2,293,691
Interest accrued	299,700	299,700
	4,962,564	3,885,588

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

19.01 Creditors for other finance		
Security deposits	26,700	24,580
VAT deduction at source	26,258	24,430
Tax deduction at source	251,579	36,213
Receivable to employees provident fund	(7,427)	(8,103)
Inter company payables	-	14,808
Payable for capital expenditure	32,525	23,033
Others	49,558	83,083
	379,193	198,044

19.02 Creditors for revenue expenses		
Revenue charges	757,559	795,241
Employees remuneration	86,391	68,200
Group License fee	182,972	131,805
Technical know-how fee (note 19.03)	726,372	1,298,444
	1,753,294	2,293,691

19.03 The Technical Know-How and Technological Transfer Agreements are replaced with effect from January 1, 2022 by two new agreements, namely the "General Services Agreement" with Heidelberg Material Asia Pte Ltd. and the "Master License Agreement" with Heidelberg Material AG. According to the replaced agreements, @ 0.92% (year 2023 @ 0.85%) of HMBPLC's net sales less the costs of raw materials, additives, and clinker would be used as licensing fees, and @ 1.8% of HMBPLC's net sales will be used as service fees.

20.00 Provision for workers' profit participation fund

Provision for liabilities and charges includes provision for Worker's Profit Participation Fund (WPPF) of BDT 38,247 thousand. Year 2023 was BDT 41,401 thousand. This represents 5% of net profit before charging WPPF (note 3.14.4).

Particular(s)	2024	2023
21.00 Unclaimed dividend		
Opening balance	-	110,336
Addition during the year	141,259	56,504
Paid to shareholders	(141,259)	(135,180)
Fund transfer to CMSF	-	(31,660)
	-	-

In compliance with Bangladesh Securities and Exchange Commission (BSEC) Directives No. BSEC/CMRRCD/2021-386/03, there is a separate bank account for the payment of dividend for each year. Detailed information of shareholders relating to unclaimed dividend is properly maintained. Up to 2024 the Company transferred total BDT 222,937 thousand, out of this during year 2024 have transferred BDT 2,137 thousand to CMSF.

Heidelberg Materials Bangladesh PLC.

Notes to the financial statements

For the year ended 31 December 2024

(expressed in thousands of Bangladeshi taka, except per share amounts)

Particular(s)	Note	2024	2023
22.00 Current income tax liability			
A. Income tax liability			
Opening balance		578,432	59,570
Current year tax liability	22.01	246,725	518,862
		825,157	578,432
B. Income tax assets			
Opening balance		377,489	-
Tax refund*		-	19,895
Paid during the year		316,139	357,594
		693,628	377,489
Income tax liability (A-B)		131,529	200,943
22.01 Income tax expense			
Current year income tax expense	30	315,552	511,815
Addition/ (adjustment) from AY 2021-22		(68,827)	7,047
		246,725	518,862

*During the year 2023, final assessment of the Income Year 2018 has been completed with tax refund of BDT 19,895 thousand.

23.00 Contingent assets, liabilities and commitments

Contingent assets

In accordance with the resolution passed by the BCIC Board of Directors in its meeting held on 08 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.

Contingent liabilities and commitments

i)	Law suits are filed both against the Company and by the Company, lying at different stages of appeal at different courts, decisions of which are still pending. The Company has assessed the possible outcomes of the cases against it and is of the opinion that these might not go against the company. Partial provisions against the eligible law suits have already been taken under note 19.02 'Revenue charges'.		
ii)	According to the purchase deeds, HMBPLC holds 14.6050 acres and 0.33 acres of land at the Kanchpur Plant. It was properly mutated into a single document with the name of the Company's predecessor, Scan Cement International, in 2000. Currently, 0.785 acres of land fall under the proceedings of the record division of land but the management of the Company believes a quick resolution of these proceedings is in the Company's favor.		
iii)	Guarantees:		
	Guarantees issued by the Company's banker with 100% margin form of FDR for import duty and supplementary duty	16,958	16,958
	Guarantees issued by the Company's banker for security deposits and others	186,802	186,802
iv)	Financial commitments:		
	Confirmed irrevocable letters of credit _Note 38	14,233,506	12,615,467
v)	Capital expenditure authorized but not contracted for	24,531	20,375
vi)	Capital expenditure authorized and committed for	88,683	172,956
		14,550,479	13,012,558

Heidelberg Materials Bangladesh PLC.

Notes to the financial statements

For the year ended 31 December 2024

(expressed in thousands of Bangladeshi taka, except per share amounts)

Particular(s)				2024	2023
24.00 Revenue					
	Chattogram	Dhaka	Mukterpur		
Domestic	4,577,258	7,368,178	2,794,786	14,735,306	17,948,985
Export				4,917	6,730
	4,577,258	7,368,178	2,794,786	14,740,223	17,955,715

25.00 Cost of goods sold

Opening stock of raw and packing materials (note 25.01)	723,959	1,224,425
Raw and packing materials purchased (note 25.01)	11,322,894	13,244,923
Closing stock of raw and packing materials (note 25.01)	(1,259,454)	(723,959)
Raw and packing materials consumed	10,787,399	13,745,389
Manufacturing, labor and overheads (note 25.04)	2,075,842	2,088,911
Cost of production	12,863,240	15,834,300
Opening stock of finished goods	146,692	199,733
Closing stock of finished goods	(73,553)	(146,692)
	12,936,379	15,887,341

25.01 Raw and packing materials consumed

Opening inventory:

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

Purchase:

Clinker	7,809,057	8,666,967
Gypsum	357,111	433,324
Iron slag	1,035,882	1,238,398
Limestone and others	505,064	891,925
Fly ash	875,007	1,100,244
Packing materials	740,774	914,064
	11,322,894	13,244,923

Raw & packing materials available for consumption

	12,046,853	14,469,348
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Closing inventory:

Clinker	(806,414)	(223,169)
Gypsum	(81,973)	(92,388)
Iron slag	(91,765)	(42,773)
Limestone and other	(62,678)	(118,603)
Fly ash	(94,327)	(84,774)
Packing materials	(122,297)	(162,252)
	(1,259,454)	(723,959)

Raw and packing materials consumed

	10,787,399	13,745,389
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25.02 Particulars in respect of opening stock, sales and closing stocks of finished goods

	Opening stock		Closing stock		Sales-net	Sales-net
	Qty-M.T	BDT	Qty-M.T	BDT	Qty-M.T	BDT
Year 2024	23	146,692	11	73,553	1,816	14,740,223
Year 2023	28	199,733	23	146,692	2,185	17,955,715

Heidelberg Materials Bangladesh PLC.

Notes to the financial statements

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(expressed in thousands of Bangladeshi taka, except per share amounts)

25.03 Analysis of raw materials consumption (figures in thousand)

	2024		2023	
	Qty-M.T	BDT	Qty-M.T	BDT
Raw materials				
Clinker	1,077	7,225,811	1,305	9,187,252
Gypsum	84	367,526	98	421,479
Iron slag	268	986,890	312	1,321,938
Limestone and others	139	560,989	174	847,350
Fly ash	236	865,453	291	1,067,111
Packing materials ('000 Pcs)	33,365	780,729	38,879	900,259
		10,787,399		13,745,389

Particular(s)	2024	2023
25.04 Manufacturing, labor and overheads		
Employee benefits		
Salaries, wages and bonus	222,555	216,067
Welfare and other benefits	24,817	25,319
	247,372	241,386
Power and fuel costs	906,391	896,053
Depreciation expense (note 5.04)	348,574	378,871
Stores and spares consumed	193,430	165,300
Cost of consumables	116,501	113,102
Repairs and maintenance	115,851	132,837
Insurance	15,631	13,786
Telephone and mobile bill	1,436	1,695
Traveling and conveyance	3,328	3,967
Rent, rates and taxes	22,726	29,354
Entertainment	11,152	10,146
Security guard	41,394	41,054
Uniform, liveries and other administrative expenses	52,054	61,361
	2,075,842	2,088,911

26.00 Other operating income and expenses

Berth hire charge	828	3,264
Scrap sales and sundry recoveries	6,525	10,910
Profit/ (loss) on sale of tangible assets	(2,670)	1,261
	4,683	15,435

Heidelberg Materials Bangladesh PLC.

Notes to the financial statements

For the year ended 31 December 2024

(expressed in thousands of Bangladeshi taka, except per share amounts)

Particular(s)	2024	2023
27.00 Warehousing, distribution and selling expenses		
Employee benefits		
Salaries, wages and bonus	107,191	94,967
Welfare and benefits	13,055	10,733
	120,246	105,700
Depreciation expense (note 5.04)	69,715	75,774
Freight, loading, unloading and others	74,274	72,215
Advertisement expenses	74,443	141,718
Business promotion expenses	61,619	64,257
Traveling and conveyance	13,297	11,328
Vehicle running expense	26,207	12,203
Rent, rates and taxes	30,328	25,382
Telephone and mobile bill	2,334	1,917
Bad debt written-off	-	685
Bad debt provision released	-	(685)
Office supplies and Printing & stationary	996	1,295
Repairs and maintenance	1,113	421
Entertainment & others	920	455
	475,491	512,666
28.00 Administrative expenses		
Personnel Cost:		
Salaries, wages and bonus	120,744	102,002
Welfare and benefits	27,668	25,570
	148,412	127,572
Depreciation expense (note 5.04)	46,477	50,516
Amortization of intangible assets (note 4)	13,307	13,238
Rent, rates and taxes	13,744	10,509
Traveling and conveyance	4,314	8,278
Telephone and mobile bill	1,226	1,364
Annual General Meeting expenses	1,426	870
Technical know-how fee (note 19.03)	265,324	323,203
Group license fee (note 19.03)	79,121	74,532
Legal and professional charges	10,313	23,624
Entertainment	8,703	7,561
Repairs and maintenance	7,213	7,171
Office supplies and Printing & stationary	1,603	1,491
Bank charges	3,121	5,981
Electronic data processing expense	4,537	5,061
Audit fee	1,400	1,250
Recruitment costs	39	993
Electricity	1,813	1,591
Vehicle running expense	11,305	12,591
Newspaper and periodicals	46	67
Subscription on others	1,320	1,220
Other administrative expenses	4,519	3,437
	629,284	682,118
29.00 Net finance income/ (expenses)		
Interest income on bank deposits	332,633	234,834
Other Interest income	816	70
Interest expenses for finance lease liability-RoU	(13,527)	(17,080)
Interest expenses for Citi Bank N.A term loan	-	(7,312)
Interest expenses for import loan and others	(244,710)	(263,829)
Finance expense from change in discount rate	(12,304)	(4,943)
	62,907	(58,261)
Net exchange gain/(loss)	(1,720)	(2,749)
	61,187	(61,010)

Heidelberg Materials Bangladesh PLC.

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30.00 Income tax expense

The corporate tax rate applicable for the Company is 20% for the year 2024 (2023: 20%) as a "Publicly Traded Company". Current year tax provision has been accounted for at BDT 315,552 (2023: BDT 511,815) thousand.

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

	2024 %	2023%	2024	2023
Profit/(loss) before tax			726,692	786,615
Income tax @ statutory rate	20.0%	20.0%	145,338	157,323
Inadmissible expenses & minimum tax paid u/s 163	23.4%	45.1%	170,213	354,492
Current tax charges	43.4%	65.1%	315,552	511,815

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

The Company recognized estimated current tax expense of BDT 315,552 thousand.

	2024	2023
31.00 Earnings per share		
Profit/(Loss) after tax for the year	461,789	459,410
Weighted average number of shares outstanding at the end of the year	56,504	56,504
Earnings per share (Basic & Diluted)	8.17	8.13

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

Basic earnings

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

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

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

Earning per share (diluted)

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

Heidelberg Materials Bangladesh PLC.

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32.00 Notes to the Statement of Cash Flows

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

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

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

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

Particular(s)	2024	2023
32.01 Collection from customers		
Revenue	14,740,223	17,955,715
Opening balance of accounts receivable	400,619	471,112
Closing balance of accounts receivables	(208,999)	(400,619)
	14,931,843	18,026,208
32.02 Cash paid to suppliers		
Cost of material and spare parts consumption	11,530,784	13,577,323
Opening balance of trade payables	1,094,153	1,434,828
Closing balance of trade payables	(2,530,377)	(1,094,153)
	10,094,560	13,917,997
32.03 Cash paid for operating expenses		
Paid on labor and overhead less stores and spares consumed	1,522,808	1,408,605
Paid Warehousing distribution and selling	405,776	436,891
Paid on Administrative expense	569,500	594,981
Paid on Contribution to WPPF	41,401	-
	2,539,486	2,440,477
33.00 Income tax paid		
During the year the company has paid BDT 316,139 thousand (2023: BDT 377,489 thousand) as income tax.		
34.00 Acquisition of non-current assets		
This relates to outflow of cash and cash equivalents for acquisition of non-current assets.		
35.00 Proceed from sale of non-current assets		
Plant and machinery	300	230
Furniture and equipment	278	401
Transport and vehicles	-	3,000
	578	3,631

36.00 Payment of dividend

In 2024, the Company paid dividend BDT 141,259 thousand (2023: BDT 166,840 thousand) including payment to Capital Market Stabilization Fund (CMSF) amount of BDT 2,137 thousand.

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

Particular(s)	2024	2023
Operating activities		
Profit/(loss) before tax	726,692	786,615
Depreciation of property, plant and equipment	464,765	505,161
Amortization of intangible assets	13,307	13,238
loss/(Profit) on sale of Fixed Assets	2,668	(1,261)
(Increase)/Decrease in inventories	(476,816)	414,080
(Increase)/Decrease in Trade and other receivable	190,248	52,475
(Increase)/Decrease in advance, deposits and prepayments	357,973	(506,169)
Increase/(Decrease) in Trade & other payables	1,076,976	297,893
Increase/(Decrease) in Provision for WPPF	(3,154)	41,401
Increase/(Decrease) in Jetty Dismantling provision	12,306	4,943
Income tax paid	(316,139)	(377,489)
Net cash flow generated from operating activities	2,048,826	1,230,888

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For the year ended 31 December 2024

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38.00 Bank facilities

Particular(s)	2024	2023
The Company has got the following credit facilities from banks		
Letter of credit		
Standard Chartered Bank	4,528,875	4,528,875
Citibank N.A.	1,554,631	1,423,965
Bank Asia PLC	500,000	500,000
BRAC Bank PLC	1,950,000	700,000
Prime Bank PLC	950,000	950,000
National Credit and Commerce Bank PLC	600,000	600,000
Southeast Bank PLC	1,500,000	1,262,627
Eastern Bank PLC.	950,000	950,000
United Commercial Bank PLC	1,700,000	1,700,000
	14,233,506	12,615,467
Short term loan facilities		
Standard Chartered Bank	300,000	300,000
Prime Bank PLC	50,000	50,000
BRAC Bank PLC	50,000	-
Eastern Bank PLC	50,000	50,000
	450,000	400,000
Bank Guarantee opened ended		
Standard Chartered Bank	63,000	63,000
	63,000	63,000
	14,746,506	13,078,467

Securities:

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

39.00 Expenditure incurred on employees

	Number of Employees	
	2024	2023
Employment through out the year in receipt of remuneration aggregating BDT 36,000 or more per year	332	339
	332	339
Salaries, wages and benefits (Note 25.04, 27 and 28)		
Employee remuneration includes all types of benefits paid and provided both in cash and kind other than the reimbursement of expenses incurred for the Company's business.		

Particular(s)	2024	2023
40.00 Expenditure in equivalent foreign currency		
Foreign travel for Company's business purpose	3,487	5,901
	3,487	5,298

40.01 Remittances of foreign currency

Particulars	2024		2023	
	No. of shares	BDT '000	No. of shares	BDT '000
Dividend				
Heidelberg Materials Netherlands Holding B.V.	22,493,020	50,609	22,493,020	72,877
Heidelberg Materials Asia Holding GmbH	11,784,390	25,042	11,784,390	36,060
Total dividend	34,277,410	75,651	34,277,410	108,938
Total remittance		75,651		108,938

Particular(s)	2024	2023
41.00 Value of Imports-at CIF basis		
Raw materials	7,570,804	9,857,798
Capital Goods	105,609	39,419
Store & Spares	131,881	274,369
	7,808,293	10,171,585

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42.00 Remuneration of Directors, Managers and Officers

42.01 Managerial Remuneration - Managers and Officers

Salary and bonus	265,618	247,820
Retirement benefits	14,248	13,479
Provident fund	10,460	9,827
Medical	10,417	5,474
Other	3,221	2,434
	303,965	279,034

42.02 Paid to Directors

Board meeting fee	17	16
TA/DA	402	386
	418	402

43.00 Related party transactions

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

Sl. No.	Name of the related party	Nature of relationship	Nature of the transaction	Transaction during the year		Receivable/ (payable) at closing date	
				2024	2023	2024	2023
1	Heidelberg Materials Asia Pte. Ltd	Group Entity	Technical Service	212,201	323,203	(719,354)	(1,298,444)
2	Heidelberg Materials AG	Group Entity	License fee	63,297	74,532	(179,136)	(131,805)
		Group Entity	Payment of expenses	2,602	1,190	(3,836)	(1,565)
3	PT Indocement Tunggul Prakarsa Tbk.	Group Entity	Payment of expenses	590	3,167	(7,018)	(6,429)
4	Heidelberg Materials Asia Pte. Ltd	Group Entity	Recovery of expenses	(1,287)	(2,035)	1,287	3,467
5	Heidelberg Materials Butra Sdn Bhd.	Group Entity	Recovery of expenses	(7,585)	1,792	7,585	-
6	HC Green Trading Limited	Group Entity	Gypsum	-	(4,126)	-	-
7	HC Trading Malta Ltd.	Group Entity	Clinker	-	(3,430)	-	-
8	HM Trading Global (APAC) Pte. Ltd.	Group Entity	Clinker	3,809,300	2,464,350	(1,628,214)	6,129
			Limestone	189,999	56,697	(56,599)	(298,695)
			Slag	241,766	112,485	(141,770)	-
			Gypsum	162,733	-	(133,389)	-

During 2024, it envisaged that the transaction(s) entered into with the related parties, whether individually and/or in the aggregate would exceed the stipulated threshold of 10% (ten percent) of the annual turnover of the Company as per the audited financial statements for the period ended 31 December 2024 during the ensuing financial year of the Company i.e. the year ended 31 December 2024. In this connection, the approval of the shareholders was sought for the said related party transaction(s) in the Company's Annual General Meeting (AGM) held on Wednesday, 08 May 2024 and the shareholders approved the same.

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

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44.00 Financial instruments – Fair values and risk management

A. Accounting classifications and fair values

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

		Carrying amount		Fair value	
		Financial assets at amortized cost	Other financial liabilities		
31 December 2024	Note			Total	Total
Financial assets not measured at fair value					
Trade and other receivables	8	259,009	-	259,009	259,009
Cash and cash equivalents	10	2,979,438	-	2,979,438	2,979,438
		3,238,447	-	3,238,447	3,238,447
Financial liabilities not measured at fair value					
Borrowings	15	-	1,189,703	1,189,703	1,189,703
Trade and other payables	19	-	4,962,564	4,962,564	4,962,564
		-	6,152,267	6,152,267	6,152,267
31 December 2023					
Financial assets not measured at fair value					
Trade and other receivables	8	449,257	-	449,257	449,257
Cash and cash equivalents	10	4,295,692	-	4,295,692	4,295,692
		4,744,949	-	4,744,949	4,744,949
Financial liabilities not measured at fair value					
Bank overdraft	10	-	101,039	101,039	101,039
Borrowings	15	-	3,992,085	3,992,085	3,992,085
Trade and other payables	19	-	3,885,588	3,885,588	3,885,588
		-	7,978,712	7,978,712	7,978,712

The Company has not disclosed the fair values for financial instruments such as cash and cash equivalents, short term investment, trade and other receivables, bank overdraft, loans and borrowings, trade and other payables because their carrying amounts are a reasonable approximation of fair values.

B. Financial risk management

i. Credit risk

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

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

Trade and other receivables

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

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

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

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

	2024	2023
Trade and other receivables	339,566	529,813
Provision for Impairment	(80,556)	(80,556)
Total Trade and other receivables	259,009	449,257

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44.00 Financial Instruments – fair values and risk management-(continued)

B. Financial risk management (continued)

ii. Liquidity risk

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

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

In extreme stressed conditions, the company may get support from the parent company in the form of shareholder's loan/capital contribution.

The followings are the contractual maturities of non derivative financial liabilities:

31 December 2024	Carrying amount	Total	Contractual cash flows				
			6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Trade payables -(Note 19)	2,530,377	(2,530,377)	(2,530,377)	-	-	-	-
Creditors for other finance (note 19.01)	379,193	(329,893)	(329,893)	-	-	-	-
Creditors for revenue expenses (note 19.02)	1,753,294	(2,052,898)	(2,052,898)	-	-	-	-
Interest accrued (note19)	299,700	(299,700)	-	-	-	-	(299,700)
Borrowings (note 15)	1,189,703	(1,189,703)	(1,189,703)	-	-	-	-
	6,152,267	(6,402,571)	(6,102,871)	-	-	-	(299,700)
31 December 2023							
Trade payables -(Note 19)	1,094,153	(1,094,153)	(1,094,153)	-	-	-	-
Creditors for other finance (note 19.01)	198,044	(198,044)	(198,044)	-	-	-	-
Creditors for revenue expenses (note 19.02)	2,293,691	(2,293,691)	(2,293,691)	-	-	-	-
Interest accrued (note19)	299,700	(299,700)	-	-	-	-	(299,700)
Bank overdraft (note10.01)	101,039	(101,039)	(101,039)	-	-	-	-
Borrowings (note 15)	3,992,085	(3,992,085)	(2,786,525)	(1,205,560)	-	-	-
	7,978,712	(7,978,712)	(6,473,452)	(1,205,560)	-	-	(299,700)

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(expressed in thousands of Bangladeshi taka, except per share amounts)

44.00 Financial instruments – Fair values and risk management- (continued)

B. Financial risk management (continued)

iii. Market risk

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

Currency risk

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

Interest rate risk

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

	Note	Carrying amount	
		2024	2023
Borrowings (variable rate)	15	1,189,703	3,992,085
Bank overdraft (fixed rate)	10.01	-	101,039
		1,189,703	4,093,124

45.00 Capital management

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

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46.00 Segment and capacity

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

47.00 Capacity and production

Line of business	Installed capacity	Actual production	
	Single shift Qty-M.T.	Multiple shifts as applicable 2024	2023
Gray cement - Kanchpur	1,547,000	895,557	1,143,204
Gray cement - Chattogram	1,303,000	568,106	631,079
Gray cement - Mukterpur	660,000	340,881	405,145
	3,510,000	1,804,544	2,179,428

48.00 Events after the reporting period

48.01 Proposed dividend

During the year the Board of Directors in its meeting held of 24 April 2025 proposed cash dividend of 25% (2023: 25%).

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

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

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

49.00 Net operating cash flows per share (NOCFPS)

Net operating cash flows	2,048,826	1,230,888
Weighted average number of ordinary shares outstanding	56,504	56,504
	36.26	21.78

49.01 Net assets value (NAV) per share

Net assets as at 31 December (represented by shareholders' equity)	4,117,386	3,796,856
Weighted average number of ordinary shares outstanding	56,504	56,504
	72.87	67.20

50.00 General

50.01 Previous year's phrases and figures have been re-arranged, wherever necessary to conform to the presentation of financial statements for the year under review.

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