

**Audited Financial Statements
Of
LafargeHolcim Bangladesh Limited
For the year ended 31 December 2022**

Hoda Vasi Chowdhury & Co

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
LafargeHolcim Bangladesh Limited

Report of the Audit of the Financial Statements

Opinion

We have audited the financial statements of **LafargeHolcim Bangladesh Limited** (hereinafter referred to as "the Company"), which comprise the statement of financial position as at 31 December 2022, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

Basis for Opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's 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)* together with ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 10.1 to the accompanying financial statements stating that the Company has legal issues in relation to the excess gas tariff raised by Jalalabad Gas Transmission and Distribution System Limited (JGTDS).

JGTDS filed an appeal before the Appellate Division, Supreme Court of Bangladesh (the "Appeal") on 08 March 2021. The Appellate Division directed the Company to pay JGTDS the full claimed amount of Taka 903 million in quarterly instalments of Taka 100 million. The Company is since complying with the Court order.

However, the Arbitration Tribunal has been formed. The hearing has been completed on 23 February 2023 and the Company is awaiting for the Arbitration Award from the Tribunal.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of the financial statements. These results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

1) Revenue

Revenue recognition has significant and wide influence on financial statements. The Company reported revenue for the amount of Taka 23,594 million. Revenue is recognized when the amounts and the related costs are reliably measured and the performance obligation is completed through passing of control to the customers. While the risk and rewards are being transferred for the performance obligations at the delivery point and control has passed, there is a risk that the Company might misstate or manipulate sales quantity or price in the financial statements. There is also a risk that revenue may be overstated or understated through various discounts and incentives.

How our audit addressed the key audit matter

- We assessed the reporting environment of the Company as well as other relevant systems supporting the accounting of revenue;
- We examined customer invoice (Mushak 6.3), VAT submission form (Mushak 9.1) and receipts of payment on a test basis;
- We examined ERP system (SAP) which generated sales report (48 report) and compared with dispatch report (701 report);
- We summarized Mushak 9.1, Mushak 6.7, month wise sales and cross checked with financial statements booked as revenue;
- We performed detailed walk through tests for the discounts and trade incentives;
- We obtained and reviewed supporting documents for sales transactions recorded;
- We assessed whether the sufficient disclosure has been given; and
- We tested the timing of revenue recognition as well as cut off checked.

2) Impairment testing of goodwill

Refer to note 6(B) to the financial statements.

Included on the financial statements is an intangible assets balance of Taka 318 million as at 31 December 2022.

The Company is required to, at least annually, perform impairment assessments of intangible assets including goodwill that have an indefinite useful life. For intangible assets with useful lives, the Company is required to review these for impairment whenever events or changes in circumstances indicate that

their carrying amounts may not be recoverable, and at least annually, review whether there is any change in their expected useful lives.

For the purpose of performing impairment assessments, intangible assets including goodwill have been allocated to the Company of cash generating units (CGUs). The recoverable amount of the underlying CGUs is supported by value-in-use calculations which are based on future discounted cash flows.

Management concluded that the intangible assets including goodwill were not impaired for the year ended 31 December 2022.

We focused on this area as the assessments made by management involved significant estimates and judgments, including sales growth rates, gross profit margin, net profit margin and perpetual growth rates used to estimate future cash flows and discount rates applied to these forecasted future cash flows of the underlying CGUs. These estimates and judgments may be affected by unexpected changes in future market or economic conditions or discount rates applied.

How our audit addressed the key audit matter

- We understood, evaluated and validated management's key controls over the impairment assessment process;
- We compared the methodology used (value-in-use calculations based on future discounted cash flows) by the Company with market practice;
- We obtained management's future cash flow forecasts, tested the mathematical accuracy of the underlying value-in-use calculations and agreed them to the approved one-year financial budget and future forecasts. We also compared historical actual results to those budgeted to assess the quality of management's forecasts;
- We also assessed the reasonableness of key assumptions used in the calculations, comprising sales growth rates, operating profit margin, EBITDA margin, perpetual growth rate and discount rates. When assessing these key assumptions, we discussed them with management to understand and evaluate management's basis for determining the assumptions, and compared them to external industry outlook reports and economic growth forecasts from a number of sources. We also engaged our valuation experts to assist us in assessing the reasonableness of the discount rates used by management by comparing the discount rates used to entities with similar risk profiles and market information;
- We obtained and tested management's sensitivity analysis around the key assumptions, to ascertain that selected adverse changes to key assumptions, both individually and in aggregate, would not cause the carrying amount of intangible assets including goodwill to exceed the recoverable amount;
- We evaluated management's assessment on whether any events or change in circumstances indicate there may be a change in the expected useful lives of intangible assets; and
- We found the Company estimates and judgments used in the impairment assessment and review of useful lives of intangible assets to be supported by the available evidence.

3) Deferred tax liabilities

The Company reported net deferred tax liabilities amounting to Taka 1,839 million as at 31 December 2022. Significant judgment is required in relation to deferred tax liabilities as their settlement/recoverability is dependent on forecasts of future profitability over a number of years.

Refer to note 14 to the financial statements for relevant disclosures regarding deferred tax liabilities.

How our audit addressed the key audit matter

- We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company key controls over the recognition and measurement of deferred tax and the assumptions used in estimating the Company future taxable income;
- We also assessed the completeness and accuracy of the data used for the estimations of future taxable income;
- We involved tax specialists to assess key assumptions, controls, recognition and measurement of deferred tax; and
- Finally assessed the appropriateness and presentation of disclosures against IAS 12: Income Taxes.

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 auditor's 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.

If, based on the work we have performed, on the other information obtained prior to the date of this audit report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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 International Standards on Auditing (ISAs), we exercised professional judgment and maintained 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year, 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 International Standards on Auditing (ISAs), we also report the following:

- a. 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;
- b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c. the Company's statement of financial position and the statement of profit or loss and other comprehensive income along with the annexed notes 1 to 40 dealt with by the report are in agreement with the books of account; and
- d. the expenditures incurred and payments made were for the purposes of the Company's affairs.

Dhaka, Bangladesh

Dated: **02 MAR 2023**

DVC: 2303070469AS426880



A F Nesaruddin, FCA

Senior Partner

Enrolment # 469

Hoda Vasi Chowdhury & Co

Chartered Accountants

LafargeHolcim Bangladesh Limited
Statement of financial position
As at 31 December

	Note	2022 Taka'000	2021 Taka'000
Assets			
Non-current assets			
Property, plant and equipment	5	15,882,733	16,408,511
Intangible assets	6	317,776	317,776
Investment in subsidiaries	7	519,893	519,893
Total non-current assets		16,720,402	17,246,180
Current assets			
Inventories	8	2,983,040	2,839,158
Trade receivables	9	525,707	556,658
Other current assets	10	1,759,274	1,149,467
Cash and cash equivalents	11	4,633,586	4,429,276
Total current assets		9,901,607	8,974,559
Total assets		26,622,009	26,220,739
Equity & liabilities			
Capital and reserves			
Share capital	12.4	11,613,735	11,613,735
Retained earnings		3,026,793	5,302,040
Other components of equity	12.7	(206,821)	(236,727)
Total equity		14,433,707	16,679,048
Non-current liabilities			
Lease liabilities	13A	2,844	27,809
Deferred tax liabilities	14	1,838,780	2,075,324
Employee benefits	15	177,521	290,329
Total non-current liabilities		2,019,145	2,393,462
Current liabilities			
Trade payables	16	8,458,243	6,213,486
Other current liabilities	17	1,037,043	806,142
Lease liabilities	13B	27,408	28,353
Current income tax liabilities	18	359,640	81,586
Unclaimed dividend		286,823	18,662
Total current liabilities		10,169,157	7,148,229
Total liabilities		12,188,302	9,541,691
Total equity and liabilities		26,622,009	26,220,739
Net Asset Value (NAV) Per Share	27B	12.43	14.36

The accompanying notes 1 to 40 form an integral part of these financial statements.


Chief Financial Officer


Company Secretary



Director


Chief Executive Officer

As per our annexed report of same date

Dhaka, Bangladesh
Dated: **02 MAR 2023**

DVC: 2303070469AS426880


A F Nesaruddin, FCA
Senior Partner
Enrolment # 469
Hoda Vasi Chowdhury & Co
Chartered Accountants

**LafargeHolcim Bangladesh Limited
Statement of profit or loss
For the year ended 31 December**

	Note	2022 <u>Taka'000</u>	2021 <u>Taka'000</u>
Revenue	20	23,594,038	20,534,442
Cost of sales	21	(16,231,824)	(14,412,397)
Gross profit		<u>7,362,214</u>	<u>6,122,045</u>
Other operating income	24A	758,962	134,615
General and administrative expenses	22	(1,483,885)	(1,240,843)
Sales and marketing expenses	23	(618,781)	(460,908)
Other operating expense	24B	(2,390)	-
Operating profit		<u>6,016,120</u>	<u>4,554,909</u>
Finance cost	25	(359,867)	(59,499)
Finance income	25	42,766	22,995
Net finance cost		<u>(317,101)</u>	<u>(36,504)</u>
Profit before WPPF & tax		<u>5,699,019</u>	<u>4,518,405</u>
Workers' profit participation and welfare fund (WPPF)		(284,951)	(225,920)
Profit before tax		<u>5,414,068</u>	<u>4,292,485</u>
Income tax expense	26	(953,348)	(784,854)
Profit for the year		<u>4,460,720</u>	<u>3,507,631</u>
Earnings Per Share (EPS)			
Basic EPS (Taka)	27A	3.84	3.02
Diluted EPS (Taka)	27A	3.84	3.02

The accompanying notes 1 to 40 form an integral part of these financial statements.



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

As per our annexed report of same date

Dhaka, Bangladesh

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Senior Partner

Enrolment # 469

Hoda Vasi Chowdhury & Co

Chartered Accountants

**LafargeHolcim Bangladesh Limited
Statement of comprehensive income
For the year ended 31 December**

	2022 <u>Taka'000</u>	2021 <u>Taka'000</u>
Profit for the year	4,460,720	3,507,631
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Actuarial (loss)/gain-net off tax	29,609	(129,383)
	<u>29,609</u>	<u>(129,383)</u>
Items that may be reclassified to profit or loss		
Cash flow hedge- net off tax	297	(4,730)
	<u>297</u>	<u>(4,730)</u>
Other comprehensive income for the year, net of tax	<u>29,906</u>	<u>(134,113)</u>
Total comprehensive income for the year	<u>4,490,626</u>	<u>3,373,518</u>

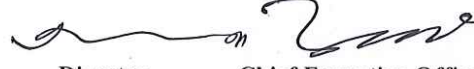
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Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

As per our annexed report of same date

Dhaka, Bangladesh

Dated: **02 MAR 2023**

DVC: 2303070469AS426880



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Senior Partner

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Chartered Accountants

**LafargeHolcim Bangladesh Limited
Statement of changes in equity
For the year ended 31 December**

In thousands of Taka

	Share capital	Retained earnings	Other components of equity	Total equity
Balance as at 01 January 2021	11,613,735	2,955,783	(102,614)	14,466,904
Total comprehensive income for the year	-	3,507,631	(134,113)	3,373,518
Dividend for 2020	-	(1,161,374)	-	(1,161,374)
Balance as at 31 December 2021	11,613,735	5,302,040	(236,727)	16,679,048
Balance as at 01 January 2022	11,613,735	5,302,040	(236,727)	16,679,048
Total comprehensive income for the year	-	4,460,720	29,906	4,490,626
Dividend for 2021	-	(2,903,435)	-	(2,903,435)
Interim dividend	-	(3,832,532)	-	(3,832,532)
Balance as at 31 December 2022	11,613,735	3,026,793	(206,821)	14,433,707

The accompanying notes 1 to 40 form an integral part of these financial statements.


Chief Financial Officer


Company Secretary


Director


Chief Executive Officer

LafargeHolcim Bangladesh Limited
Statement of cash flows
For the year ended 31 December

	Notes	2022 <u>Taka'000</u>	2021 <u>Taka'000</u>
Cash flows from operating activities			
Cash receipts from customers		23,700,457	20,769,723
Cash paid to suppliers and employees		<u>(16,336,801)</u>	<u>(15,342,527)</u>
Cash generated from operations		7,363,656	5,427,196
Income taxes paid		(868,414)	(369,946)
Other receipts		44,344	31,551
Net cash generated from operating activities*	36	<u>6,539,586</u>	<u>5,088,801</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(587,895)	(740,330)
Proceeds from sale of property, plant and equipment		12,358	7,935
Interest income on bank deposits		34,877	22,995
Dividend income from subsidiary company		714,400	-
Net cash used in investing activities		<u>173,740</u>	<u>(709,400)</u>
Cash flows from financing activities			
Repayments of the lease liabilities		(25,910)	(26,918)
Interest paid on lease liabilities		(6,241)	(2,183)
Payment of interest and other finance costs		(9,059)	(11,225)
Dividend paid		(6,467,806)	(1,202,459)
Net cash used in financing activities		<u>(6,509,016)</u>	<u>(1,242,785)</u>
Net Increase in cash and cash equivalents		<u>204,310</u>	<u>3,136,616</u>
Cash and cash equivalents at beginning of the year		4,429,276	1,292,660
Cash and cash equivalents at end of the year	11	<u>4,633,586</u>	<u>4,429,276</u>
Net Operating Cash Flow Per Share (NOCFPS)	27C	<u>5.63</u>	<u>4.38</u>

*Refer to Note 36 for a reconciliation between net profit with cash flows from operating activities.

The accompanying notes 1 to 40 form an integral part of these financial statements.



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

**LafargeHolcim Bangladesh Limited
Notes to the financial statements
For the year ended 31 December**

1 General information

LafargeHolcim Bangladesh Limited (LHBL) - (hereinafter referred to as "the Company") was incorporated on 11 November 1997 as a private limited company in Bangladesh under the Companies Act 1994 having its registered office in Dhaka. At the time of incorporation the name of the Company was "Lafarge Surma Cement Limited". On 07 February 2017 the Registrar of Joint Stock Companies and Firms of Bangladesh (RJSC) approved the name change to "LafargeHolcim Bangladesh Limited" of the Company. The Company has subsequently been converted into a public limited company on 20 January 2003 and went for Initial Public Offering of shares in November 2003 which was fully subscribed and issued. The shares have since been listed and are being traded in Dhaka and Chittagong Stock Exchanges.

The Company operates cement and aggregates manufacturing plants at Chhatak under Sunamganj district, and three (3) grinding plants near Dhaka and Khulna. The Company extracts and processes the basic raw materials of limestone from the quarry in Meghalaya owned by the Company's fully owned subsidiary Lafarge Umiam Mining Private Limited. A 17 kilometres cross-border belt conveyor links the quarry with the cement plant for transportation of raw materials. The Company is engaged in manufacturing and marketing of building materials in the local and international market.

2 Summary of significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in line with the International Financial Reporting Standards (IFRS), the Companies Act 1994 and the Securities and Exchange Rules 1987. More specifically, the financial statements of the Company have been prepared in accordance with the provisions of International Accounting Standard 27 "Separate Financial Statements". They were authorized for issue by the Company's Board of Directors on 02 March 2023.

Pursuant to recent amendment to the Companies Act, 1994 incorporating certain amendments, among others, is to change of the word 'Limited' by the word 'PLC' in case of Public Limited Companies including listed ones. Necessary formalities are in progress in implementing this change.

2.2 Use of estimates and judgments

i) Estimates

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and of revenues and expenses. Such estimates are prepared on the assumption of going concern and are established based on currently available information. Changes in facts and circumstances may result in revised estimates, and actual results could differ from the estimates.

Significant estimates made by management in the preparation of these financial statements include assumptions used for depreciation, deferred taxes, impairment of investment in subsidiary and provisions for employees benefits.

ii) Judgments

The accounting for certain provisions and the disclosure of contingent liabilities and claims at the date of the financial statements is judgmental.

iii) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, 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 inputs).

Further information about the assumptions made in measuring fair values is included in financial instruments (Note 2.8 and 30).

2.3 Functional and presentation currency

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), which is the Company's functional and presentation currency. Figures have been rounded off to the nearest thousand Taka, unless stated otherwise.

2.4 Property, plant and equipment

i) Recognition of property, plant and equipment

These are capitalized at cost of acquisition and subsequently stated at cost less accumulated depreciation and accumulated impairment losses. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its operating condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

ii) Subsequent costs

Subsequent maintenance and normal repairs are expensed as incurred while major renewals and improvements are capitalized.

iii) Construction in progress

These expenditures are capitalized and recognized as operating assets upon completion of the acquisition process or construction, where applicable and physical possession thereof.

iv) Depreciation of property, plant and equipment

Straight line depreciation method is followed and depreciation has been charged on all assets acquired that are put to use except land. Depreciation is charged from the date of acquisition and no depreciation is charged at the date of disposal. The rates of depreciation and category of property, plant and equipment are as follows:

<u>Category</u>	<u>Rate %</u>
Building	2-3.5
Plant & machinery	3.33-20
Vehicles	20
Office equipment	10, 20 & 33.33
Furniture & fixtures	10

v) Impairment of property, plant and equipment

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication that the assets might be impaired. Any provision of impairment is charged to the statement of profit or loss in the period concerned.

vi) Retirement and disposals

An asset is derecognized on disposal or when no further economic benefits are expected from its use. Gains and losses on disposals are determined by comparing proceeds with carrying amounts, and are recognized in the statement of profit or loss in "gain/(loss) on disposals and other non-operating income/(expenses)".

vii) Leases

The Company recognizes 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.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

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. The Company uses its incremental borrowing rate as the discount rate.

The Company presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'borrowings' in the statement of financial position.

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

2.5 Goodwill

In the year 2019, Holcim Cement (Bangladesh) Limited (HBL) was amalgamated with the Company pursuant to a court order. Investment in subsidiary - HBL and net equity of HBL have been eliminated and the excess representing goodwill has been booked into the financial statements of the Company. This goodwill originally arose on the acquisition of HBL as on 07 January 2018.

2.6 Intangible assets

i) Software

Software costs are capitalized where it is expected to provide future economic benefits. Capitalization costs include license fees and cost of implementation/system integration services which are capitalized in the year in which the relevant software is installed for use. Costs of maintenance, up gradation and enhancements are charged off as revenue expenditure unless they bring similar significant additional long term benefits.

ii) Amortization of intangible assets

Software

Software costs are amortized using the straight-line method over their useful lives of three years.

2.7 Inventories

Inventories are stated at the lower of cost and net realizable value while packing materials and spare parts are valued at cost. The cost of inventories is based on the weighted average cost method.

2.8 Financial instruments

i) Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii) Classification and subsequent measurement

Financial assets:

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI and FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL.

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets – Business model assessment:

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objective for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated-e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets-Subsequent measurement and gains and losses:

Financial assets at amortized cost:

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial liabilities- Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. Financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

iii) Derivative instruments

The Company enters into financial derivative contracts only in order to reduce its exposure to changes in interest rates and foreign currency exchange rates.

Forward exchange contracts are used to hedge foreign currency exchange rate exposures.

Pursuant to the guidance in IFRS 9, the Company records in the statement of financial position derivative instruments at their fair values. The accounting of changes in fair value of a derivative depends on the intended use of the derivative and the resulting designation. The Company designates its derivatives based on the criteria established under IFRS 9.

In case of fair value hedge relationship, changes in fair value on the hedging items are recognized in the statement of profit or loss of the year of change.

In case of cash flow hedge relationship, changes in fair value on the hedging items are recognized directly in other comprehensive income for the effective portion and in the statement of profit or loss under the "Finance cost/income" caption for the ineffective portion. The gain and loss recognized in equity is subsequently reclassified to the statement of profit or loss when hedge exposure affects earnings.

iv) Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

2.9 Foreign currency translation/transaction

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate between the functional currency and foreign currency at the date of the transaction.

At each financial position date, monetary assets and liabilities denominated in foreign currencies recorded at historical cost are retranslated at the functional currency closing rate provided by Bangladesh Bank (Central bank). The resultant gain and loss has been reflected in the financial statements.

2.10 Employees' benefit schemes

i) Gratuity plan- funded

The Company had operated an unfunded gratuity plan till 15 January 2014 and thereafter, the scheme has been converted to a funded one. However, the provision has been made in respect of all eligible employees and reflected in these accompanying financial statements. At the time of separation, the liability to each employee is settled in cash. Actuary valuation of the gratuity plan is carried out by a professional actuary.

ii) Gratuity plan- unfunded (Holcim Cement Bangladesh Limited- amalgamation)

The Company operates an unfunded gratuity scheme, provision for which has been made in respect of all eligible employees and reflected in these accompanying financial statements. In the time of separation, the liability to each employee is settled in cash. Actuary valuation of the gratuity fund is carried out by a professional actuary.

iii) Provident fund

The Company also operates a recognized provident fund scheme with equal contributions by the employees and the Company. The fund is administered by a Board of Trustees.

iv) Workers' profit participation and welfare funds

The Company recognizes a provision for Workers' Profit Participation and Welfare Funds @ 5% of income before tax before charging such expenses per Bangladesh Labor Act, 2006 (Amended in 2013).

2.11 Taxation

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in OCI.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37: Provisions, Contingent Liabilities and Contingent Assets.

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount or current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

ii) Deferred tax

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements in accordance with the provisions of IAS 12. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax liabilities are recognized for all temporary taxable differences.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2.12 Revenue recognition

Sale of the products, net of value added tax is recognized when the Company satisfied a performance obligation and raising invoices to customers.

Contract liabilities primarily relate to the advance consideration received from customers for goods for which delivery will occur at a future point in time.

2.13 Provision

The Company recognizes provisions when it has a legal or constructive obligation resulting from past events, the resolution of which would result in outflow of resources embodying economic benefits from the Company.

2.14 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.

2.15 Dividend distribution

Final dividend distributions to the Company's shareholders are recognized as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders at the Annual General Meeting, while interim dividend distributions are recognized in the period in which the dividends are declared and paid.

3 Adoption of new and amended International Financial Reporting Standards

The new and amended standards are not expected to have a material impact on the Company's financial statements.

4 Preparation and presentation of the separate financial statements

The management of the Company is responsible for the preparation and fair presentation of the separate financial statements of LafargeHolcim Bangladesh Limited.

5 Property, plant and equipment

A. Reconciliation of carrying amount

		<i>In thousands of Taka</i>									
		Freehold land	Leasehold land	Building	Right of use of assets	Plant & machinery	Vehicles	Office equipment	Furniture & fixtures	Construction in progress	Total
2022											
Cost											
Balance as at 01 January 2022		1,507,337	1,653,763	2,504,082	130,348	17,712,798	205,921	430,793	79,539	542,143	24,766,724
Additions		-	-	21,423	-	469,296	-	18,059	-	160,854	669,632
Disposals		-	-	-	-	(29,387)	(23,849)	-	-	-	(53,236)
Transfers		-	-	90,865	-	430,736	-	442	-	(522,043)	-
Balance as at 31 December 2022		1,507,337	1,653,763	2,616,370	130,348	18,583,443	182,072	449,294	79,539	180,954	25,383,120
Accumulated depreciation											
Balance as at 01 January 2022		-	32,497	383,426	75,131	7,303,647	158,465	348,891	56,156	-	8,358,213
Disposals		-	-	-	-	(15,053)	(23,435)	-	-	-	(38,488)
Charge for the year		-	72,601	100,081	24,965	934,957	18,439	24,589	5,030	-	1,180,662
Balance as at 31 December 2022		-	105,098	483,507	100,096	8,223,551	153,469	373,480	61,186	-	9,500,387
Carrying amounts											
Balance as at 31 December 2022		1,507,337	1,548,665	2,132,863	30,252	10,359,892	28,603	75,814	18,353	180,954	15,882,733
2021											
Cost											
Balance as at 01 January 2021		1,507,337	1,653,763	2,216,719	130,348	17,179,330	192,392	422,143	75,047	707,283	24,084,362
Additions		-	-	42,827	-	148,278	49,987	8,650	1,230	489,149	740,121
Disposals		-	-	-	-	(21,301)	(36,458)	-	-	-	(57,759)
Transfers		-	-	244,536	-	406,491	-	-	3,262	(654,289)	-
Balance as at 31 December 2021		1,507,337	1,653,763	2,504,082	130,348	17,712,798	205,921	430,793	79,539	542,143	24,766,724
Accumulated depreciation											
Balance as at 01 January 2021		-	600	282,090	48,213	6,512,856	174,004	319,936	49,933	-	7,387,632
Disposals		-	-	-	-	(16,096)	(36,458)	-	-	-	(52,554)
Charge for the year		-	31,897	101,336	26,918	806,887	20,919	28,955	6,223	-	1,023,135
Balance as at 31 December 2021		-	32,497	383,426	75,131	7,303,647	158,465	348,891	56,156	-	8,358,213
Carrying amounts											
Balance as at 31 December 2021		1,507,337	1,621,266	2,120,656	55,217	10,409,151	47,456	81,902	23,383	542,143	16,408,511

	2022	2021
	Taka '000	Taka '000
	1,086,648	925,800
	49,997	51,888
	42,484	43,567
	1,533	1,880
	1,180,662	1,023,135

Depreciation charge for the year allocated to

Production and maintenance costs (Note 21.2)
 Depot operating and transportation costs (Note 21.4)
 General and administrative expenses (Note 22)
 Sales and marketing expenses (Note 23)

B. Details of disposal of property plant and equipment

2022	<i>In thousands of Taka</i>					Total
	Plant & machinery	Vehicles	Office equipment	Furniture & fixtures	Construction in progress	
Cost	29,387	23,849	-	-	-	53,236
Accumulated depreciation	(15,053)	(23,435)	-	-	-	(38,488)
Carrying amount as at 31 December 2022	14,334	414	-	-	-	14,748
Sale proceeds	3,000	9,358	-	-	-	12,358
Mode of disposal	Company policy/tender	Company policy/tender	-	-	-	-
Particulars of purchaser/type of disposal	Third party & written off	Third party & employees	-	-	-	-
2021	Plant & machinery	Vehicles	Office equipment	Furniture & fixtures	Construction in progress	Total
Cost	21,301	36,458	-	-	-	57,759
Accumulated depreciation	(16,096)	(36,458)	-	-	-	(52,554)
Carrying amount as at 31 December 2021	5,205	-	-	-	-	5,205
Sale proceeds	3,270	4,665	-	-	-	7,935
Mode of disposal	Company policy	Company policy/tender	-	-	-	-
Particulars of purchaser/type of disposal	Third party & written off	Third party & employees	-	-	-	-

6 A. Intangible assets

		<i>In thousands of Taka</i>			
Reconciliation of carrying amount		Goodwill	Software	Construction in progress	Total
2022	Cost				
	Balance as at 01 January 2022	317,776	158,847	-	476,623
	Balance as at 31 December 2022	317,776	158,847	-	476,623
	Accumulated depreciation				
	Balance as at 01 January 2022	-	158,847	-	158,847
	Balance as at 31 December 2022	-	158,847	-	158,847
	Carrying amounts				
	Balance as at 31 December 2022	317,776	-	-	317,776
2021	Cost				
	Balance as at 01 January 2021	317,776	158,847	-	476,623
	Balance as at 31 December 2021	317,776	158,847	-	476,623
	Accumulated depreciation				
	Balance as at 01 January 2021	-	158,847	-	158,847
	Balance as at 31 December 2021	-	158,847	-	158,847
	Carrying amounts				
	Balance as at 31 December 2021	317,776	-	-	317,776

B. Impairment testing for goodwill

The recoverable amount was based on the value in use, determined by discounting the future cash flows to be generated from continuing use. Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined based on the inflation rate. Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over past years and the estimated sales volume and price growth for the next five years.

7 Investment in subsidiaries	2022 <u>Taka'000</u>	2021 <u>Taka'000</u>
Details of investment in subsidiaries		
Lafarge Umiam Mining Private Limited (LUMPL) <i>- a fully owned subsidiary incorporated in India</i>	519,356	519,356
Lum Mawshun Minerals Private Limited (LMMPL) <i>- a 74% owned subsidiary incorporated in India</i>	537	537
	<u>519,893</u>	<u>519,893</u>

These represent investments made in the above entities against the shares issued by those companies in the name of LafargeHolcim Bangladesh Limited (formerly known as Lafarge Surma Cement Limited).

Shares held in different entities are as follows:

Name of entities	Face value per share	Number of ordinary shares held by the Company	
		2022	2021
Lafarge Umiam Mining Private Limited	Indian Rupees 10	41,133,099	41,133,099
Lum Mawshun Minerals Private Limited	Indian Rupees 100	4,046	4,046
		<u>2,983,040</u>	<u>2,839,158</u>
8 Inventories			
Raw materials		935,499	951,768
Semi-finished and finished products		1,055,296	933,043
Parts and supplies		992,245	954,347
		<u>2,983,040</u>	<u>2,839,158</u>
9 Trade receivables			
Trade receivables		<u>525,707</u>	<u>556,658</u>

See note 30B(i) for disclosures regarding credit risk, allowance for doubtful debts and ageing analysis of trade receivables.

10 Other current assets*

Advance payment to trade suppliers	132,584	148,155
Prepaid expenses	30,891	36,544
Security and other deposits	84,746	84,446
Other receivables (Note-10.1)	1,448,083	698,943
Advance payment to suppliers of fixed assets	51,880	176,584
Derivative assets	1,339	2,933
Accrued interest on bank deposits	9,751	1,862
	<u>1,759,274</u>	<u>1,149,467</u>

*Other current assets mentioned above are unsecured and considered good.

10.1 Gas sales agreement with JGTDS

On 03 January 2021, Jalalabad Gas Transmission and Distribution System Limited (JGTDS) issued a Final Notice instructing the Company to pay for the gas, since September 2015, at the rate fixed by Bangladesh Energy Regulatory Commission (BERC). The Company's position is that, pursuant to the Gas Sales Agreement (GSA), JGTDS has agreed to limit the price for the supply of gas to a Ceiling Price. On 03 February 2021, the Company issued the Notice of Arbitration on JGTDS to resolve the dispute as per the provisions of the GSA. As per the GSA, the dispute is being resolved by a three (3) members tribunal under the UNCITRAL Rules 1976 ("Arbitration").

To ensure continued supply of gas to the plant during the pendency of the Arbitration, the Company filed an application before the High Court Division, Supreme Court of Bangladesh (the "High Court Division") for an interim injunction restraining JGTDS from terminating the GSA or stopping the supply of gas. On 07 February 2021, the High Court Division issued such interim relief in favor of the Company subject to submission of Bank Guarantee of Taka 860 million. Accordingly, the Company submitted the Bank Guarantee.

However, JGTDS filed an appeal against the interim order before the Appellate Division, Supreme Court of Bangladesh (the "Appellate Division") on 08 March 2021 (the "Appeal"). The Appellate Division maintained the interim relief but directed the Company to pay JGTDS the claimed amount which is Taka 903 million and monthly gas bills at the rate fixed by BERC. The Company has paid Taka 1,392 million as of 31 December 2022 to JGTDS and accounted for the amount as other receivable. The order of the Appellate Division relates to the interim relief and shall have no impact on the merit of the Arbitration pending before the Tribunal. The Company has a good case before the Arbitration Tribunal. If the Tribunal finds in favor of the Company, the Ceiling Price shall be applicable and the amounts paid to JGTDS against the order of the Appellate Division shall be refunded.

The hearing before the Tribunal has been concluded on 23 February 2023. The Company is awaiting for the Arbitration Award.

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	2022 Taka'000	2021 Taka'000
11 Cash and cash equivalents		
Cash in hand	1,717	1,708
Cash at banks		
Current accounts*	2,131,554	1,226,954
Short term deposit accounts	2,500,315	3,200,614
	<u>4,631,869</u>	<u>4,427,568</u>
Cash and cash equivalents in statement of financial position	<u>4,633,586</u>	<u>4,429,276</u>
Cash and cash equivalents for the purpose of the statement of cash flows	<u>4,633,586</u>	<u>4,429,276</u>

*The current accounts balances are included amounting to Taka 286,823 (in thousands) of dividend accounts.

12 Share capital

12.1 Authorized capital

1,400,000,000 ordinary shares of Taka 10 each	<u>14,000,000</u>	<u>14,000,000</u>
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12.2 In the year 2011, authorized capital was increased from Taka 7,000,000,000 to Taka 14,000,000,000. Further 58,068,675 ordinary shares of Taka 100 per share were issued as right shares at par amounting to Taka 5,806,867,500 offered on the basis of 1:1, for which approval of Bangladesh Securities and Exchange Commission (BSEC) was obtained on 08 September 2011. Moreover, face value of each ordinary share has been denominated from Taka 100 to Taka 10 at 04 December 2011.

12.3 Issued and subscribed capital

1,161,373,500 ordinary shares of Taka 10 each	<u>11,613,735</u>	<u>11,613,735</u>
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12.4 Paid up capital

Fully paid up in cash	5,759,888	5,759,888
Fully paid up in other than cash	46,980	46,980
Fully paid up in cash as rights issue	5,806,867	5,806,867
	<u>11,613,735</u>	<u>11,613,735</u>

12.5 Composition of shareholders at 31 December

Name of the shareholders	Nationality/ Incorporated In	Number of Shares		Holding %	
		2022	2021	2022	2021
Surma Holding B.V.	The Netherlands	683,698,700	683,698,700	58.87	58.87
Sinha Fashions Limited	Bangladesh	28,950,000	35,100,000	2.49	3.02
Islam Cement Limited	Bangladesh	31,914,200	31,914,200	2.75	2.75
Other Shareholders	Bangladesh and NRB	416,810,600	410,660,600	35.89	35.36
Total		<u>1,161,373,500</u>	<u>1,161,373,500</u>	<u>100.00</u>	<u>100.00</u>

12.6 Classification of shares by holding at 31 December

Slabs by number of shares	Number of Shares		Holding %	
	2022	2021	2022	2021
Less than 500 Shares	13,547	10,876	0.27	0.22
501 to 5,000 Shares	13,802	11,420	2.26	1.97
5,001 to 10,000 Shares	2,255	2,085	1.48	1.36
10,001 to 20,000 Shares	1,387	1,321	1.77	1.68
20,001 to 30,000 Shares	547	535	1.18	1.16
30,001 to 40,000 Shares	248	258	0.76	0.79
40,001 to 50,000 Shares	239	231	0.96	0.93
50,001 to 100,000 Shares	396	377	2.55	2.37
100,001 to 1,000,000 Shares	400	377	8.99	8.63
Over 1,000,000 Shares	39	40	79.78	80.89
Total	<u>32,860</u>	<u>27,520</u>	<u>100.00</u>	<u>100.00</u>

	2022 <u>Taka'000</u>	2021 <u>Taka'000</u>
12.7 Other components of equity		
Actuarial loss-net of tax	(207,892)	(237,501)
Cash flow hedge-net off tax	1,071	774
	<u>(206,821)</u>	<u>(236,727)</u>
12.8 Dividends		
The final dividend amounts to Taka 1.74 billion which is Taka 1.50 per share of Taka 10 each for the year 2022 proposed by Board of Directors of the Company for approval at the Annual General Meeting of Shareholders. As this dividend is subject to approval by the shareholders in the Annual General Meeting, it has not been included as a liability in these financial statements as of 31 December 2022. Total cash dividend including this final cash dividend stands at 48% of the paid-up capital (i.e. BDT 4.80 per share) for the year 2022.		
13 Lease liabilities		
A. Long term		
Non-current portion	<u>2,844</u>	<u>27,809</u>
B. Short term		
Current portion	<u>27,408</u>	<u>28,353</u>
14 Deferred tax liabilities		
<i>Deferred tax by type of temporary differences that resulted in deferred tax assets and liabilities:</i>		
Property, plant and equipment	1,970,133	2,161,769
Deferred tax liabilities	<u>1,970,133</u>	<u>2,161,769</u>
Provision for gratuity	23,876	1,458
Actuarial loss	30,161	37,563
Provision for doubtful debts	48,845	32,664
Provision for obsolescence of spare parts	28,471	14,760
Deferred tax assets	<u>131,353</u>	<u>86,445</u>
Net deferred tax liabilities	<u>1,838,780</u>	<u>2,075,324</u>
14.1 Change in deferred tax assets and liabilities		
Balance at 01 January- deferred tax liabilities	2,075,324	2,379,700
Deferred tax income for the year (Note 26)	(193,120)	(316,021)
Other component of equity	(43,424)	11,645
Balance at 31 December- deferred tax liabilities	<u>1,838,780</u>	<u>2,075,324</u>
15 Employee benefits		
Funded plan (Note 15.1A)	30,006	140,519
Unfunded plan (Note 15.2C)	147,515	149,810
	<u>177,521</u>	<u>290,329</u>
15.1 Funded plan		
A. Net position of gratuity plan		
Present value of defined benefit obligation	528,475	514,083
Fair value of plan assets	(498,469)	(373,564)
Net funded status	<u>30,006</u>	<u>140,519</u>
B. Actuarial valuation		
The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2022 by a professional actuary using Projected Unit Credit Method.		
C. Assumptions employed for the valuations are as follows:	2022	2021
	%	%
Salary increase rate	8.00	10.00
Discount rate	8.50	7.20

	2022 <u>Taka'000</u>	2021 <u>Taka'000</u>
D. Movement in the present value of the defined benefit obligation are as follows:		
Balance at 01 January	514,083	372,688
Current service cost	48,116	36,070
Interest cost	36,276	24,910
Actuarial (gain)/loss [Note D.1]	(37,724)	111,775
Benefits paid during the year	(32,276)	(31,360)
Balance at 31 December	<u>528,475</u>	<u>514,083</u>
D.1 Actuarial (gain)/loss		
Financial	(76,724)	86,248
Experience	39,000	25,527
	<u>(37,724)</u>	<u>111,775</u>

E. Movement in the fair value of the plan assets are as follows:

Balance at 01 January	373,564	211,551
Expected return on plan assets	31,336	14,809
Employer contribution	150,000	200,000
Actuarial loss	(24,155)	(21,436)
Benefits paid during the year	(32,276)	(31,360)
Balance at 31 December	<u>498,469</u>	<u>373,564</u>

The above has been invested in bond.

F. Sensitivity

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Effect in thousands of Taka	31 December 2022	
	Increase	Decrease
Discount rate	504,411	554,265
Salary increase rate	553,804	504,599

15.2 Unfunded plan

A. Actuarial valuation

The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2022 by a professional actuary using Projected Unit Credit Method.

B. Assumptions employed for the valuations are as follows:	2022	2021
	%	%
Salary increase rate	8.00	10.00
Discount rate	8.50	7.20
	2022	2021
	<u>Taka'000</u>	<u>Taka'000</u>

C. Movement in the present value of the defined benefit obligation are as follows:

Balance as at 1 January	149,810	105,991
Current service cost	12,766	9,646
Interest cost	10,563	7,205
Actuarial (gain)/loss [Note C.1]	(23,442)	33,734
Benefits paid during the year	(2,182)	(6,766)
Balance as at 31 December	<u>147,515</u>	<u>149,810</u>
C.1 Actuarial (gain)/loss		
Financial	(22,683)	26,027
Experience	(759)	7,707
	<u>(23,442)</u>	<u>33,734</u>

D. Sensitivity

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Effect in thousands of Taka	31 December 2022	
	Increase	Decrease
Discount rate	140,417	155,157
Salary increase rate	155,018	140,472
	2022	2021
	Taka'000	Taka'000
16 Trade payables		
Payable for goods and services	8,149,158	5,979,869
Contract liabilities	309,085	233,617
	8,458,243	6,213,486
17 Other current liabilities		
Payables to suppliers of fixed assets	41,548	84,515
Income tax and VAT deducted at source	319,565	271,353
Derivative liabilities*	-	1,935
Others	675,930	448,339
	1,037,043	806,142
*The Company entered into forward contracts with the commercial banks in order to manage its foreign exchange exposure due to change in exchange rates. The amount is the difference between market prices and prices the Company would pay to settle the foreign exchange liabilities at the end of the year.		
18 Current tax liabilities		
Balance at 01 January	81,586	(649,343)
Provision for the year (Note-26)	1,146,468	1,100,875
Advance payment of income tax	(868,414)	(369,946)
Balance at 31 December	359,640	81,586
19 Commitments and contingencies		
19.1 Commitments		
Commitments related to operating activities		
Purchase commitments	3,208,207	1,949,056
Capital expenditure commitments	9,678	239,202
Guarantees given	1,106,942	1,330,322
	4,324,827	3,518,580
19.2 Contingent liabilities		
Tax related cases with the Hon'ble High Court	1,869,132	1,869,132
VAT related cases with the Hon'ble High Court	444,250	444,250
Custom related cases with the Hon'ble High Court	5,000	5,000
	2,318,382	2,318,382
19.3 Claims		
a. Claims against the Company not acknowledged as debt	Nil	Nil
b. Claims by the Company not acknowledged as receivable	Nil	Nil
20 Revenue		
Sale of gray cement*	21,111,262	18,534,653
Sale of cement clinker	187,364	928,553
sale of aggregates	2,295,412	1,071,236
	23,594,038	20,534,442
Products transferred at a point in time	23,594,038	20,534,442
*Sale of gray cement		
Local sales	21,014,193	18,379,898
Export in Export Processing Zones and India	97,069	154,755
	21,111,262	18,534,653

	2022	2021
	Taka'000	Taka'000
21 Cost of sales		
Opening finished goods and work in process (Note-34)	933,043	601,566
Raw materials costs (Note-21.1)	6,858,702	6,216,800
Consumption of purchased clinker	3,381,058	3,202,502
Power and fuel costs	1,859,805	1,759,732
Production and maintenance costs (Note-21.2)	2,534,758	2,028,805
Plant-general and administrative costs (Note-21.3)	274,494	274,159
Freight cost to customers	341,712	338,777
Depot operating and transportation costs (Note-21.4)	1,103,548	923,099
Closing finished goods and work in process (Note-34)	(1,055,296)	(933,043)
	<u>16,231,824</u>	<u>14,412,397</u>
21.1 Raw materials costs		
Fly ash	692,616	522,550
Slag	708,717	655,015
Gypsum	591,651	568,355
Iron ore	92,075	94,779
Sand	29,733	18,476
Clay	136,121	129,356
Limestone	3,481,267	3,200,725
Packing materials	1,126,522	1,027,544
	<u>6,858,702</u>	<u>6,216,800</u>
21.2 Production and maintenance costs		
Salary, allowances and benefits	345,532	297,312
Contributions to employees' benefit schemes	33,998	27,219
Maintenance	73,666	67,446
Other supplies and spares	394,105	305,024
Material handling	191,542	146,740
Other expenses	406,348	257,750
Technical studies	2,919	1,514
Depreciation	1,086,648	925,800
	<u>2,534,758</u>	<u>2,028,805</u>
21.3 Plant-general and administrative costs		
Salary, allowances and benefits	63,552	89,215
Contributions to employees' benefit schemes	3,993	3,800
Staff welfare expenses	54,557	42,602
Training, seminars and meetings	-	506
Travelling	1,322	653
Rent	1,745	1,494
Telephone, fax and postage	1,445	1,560
Office maintenance	35,360	33,867
Security services	31,276	25,794
Printing and stationery	10	11
Other supplies and spares	11,131	8,292
Other office expenses	25,850	19,171
Consultancy	102	283
Vehicles running expenses	3,624	4,304
Corporate social activities	10,118	4,677
Insurance	30,409	37,930
	<u>274,494</u>	<u>274,159</u>
21.4 Depot operating and transportation costs		
Salary, allowances and benefits	107,784	92,552
Contributions to employees' benefit schemes	11,281	8,946
Staff welfare expenses	1,798	888
Training, seminars and meeting	635	464
Depreciation	49,997	51,888
Depot other maintenance costs	187,048	182,814
Transportation costs..	745,005	585,547
	<u>1,103,548</u>	<u>923,099</u>

	2022 <u>Taka'000</u>	2021 <u>Taka'000</u>
22 General and administrative expenses		
Salary, allowances and benefits	288,323	297,830
Contributions to employees' benefit schemes	25,493	21,384
Staff welfare expenses	2,861	3,890
Training, seminars and meeting	9,264	16,793
Travelling	9,720	2,905
Gas, electricity and water	1,052	872
Telephone, fax and postage	1,897	1,653
Entertainment	3,032	1,769
Office maintenance	2,359	1,700
Office security services	288	246
Printing and stationery	1,758	1,395
IT maintenance expenses	96,046	81,536
Other office expenses	47,492	13,051
Registration and other fees	4,575	3,594
Audit and tax advisory fees	1,861	1,780
Legal expenses	108,949	41,776
Vehicles running expenses	19,418	17,587
Publicity and public relation	4,261	5,744
General assistance fee	404,190	339,171
Royalty- trademark license fee	404,190	339,171
Consulting, survey and studies	4,372	3,429
Depreciation	42,484	43,567
	<u>1,483,885</u>	<u>1,240,843</u>
23 Sales and marketing expenses		
Salary, allowances and benefits	171,913	149,913
Contributions to employees' benefit schemes	16,166	13,596
Staff welfare expenses	164	-
Training, seminars and meeting	535	679
Travelling	18,652	15,141
Gas, electricity and water	1,060	667
Telephone, fax and postage	2,040	2,013
Entertainment	260	211
Office maintenance	3,762	2,261
Printing and stationery	142	289
Other office expenses	17,452	8,869
Registration and other fees	7,162	8,141
Vehicles running expenses	30,103	24,722
Advertisement expenses	313,658	208,924
Promotional expenses	23,371	20,025
Bad debts and provision for trade receivables	8,096	2,457
General survey and studies	2,712	1,120
Depreciation	1,533	1,880
	<u>618,781</u>	<u>460,908</u>
24 A. Other operating income		
Sale of miscellaneous scrap items	44,344	31,551
Gain on sale of property, plant and equipment	-	2,730
Dividend income from subsidiary company	714,400	-
Other	218	100,334
	<u>758,962</u>	<u>134,615</u>
B. Other operating expense		
Loss on sale of property, plant and equipment	<u>2,390</u>	<u>-</u>

	2022 Taka'000	2021 Taka'000
25 Finance costs and income		
Net interest expenses (income) on net gratuity liabilities (assets)	15,503	17,306
Other finance expenses	5,138	1,502
Bank charges and commission	3,921	9,723
Interest expenses on lease liabilities	6,241	2,183
Exchange loss	329,064	28,785
Total finance costs	359,867	59,499
Interest income on bank deposits	42,766	22,995
Total finance income	42,766	22,995
Net finance costs	317,101	36,504
26 Income tax		
Current income tax expenses	1,146,468	1,100,875
Deferred tax income	(193,120)	(316,021)
	953,348	784,854
26.1 Reconciliation of effective tax rate (%)		
Statutory tax rate	20.00	22.50
Permanent difference	1.05	2.44
Effect of change in tax rate	(3.44)	(6.66)
Effective tax rate	17.61	18.28

27 A. Earnings Per Share (EPS)

The computation of basic and diluted earnings per share for the years ended 31 December 2022 and 31 December 2021 are as follows:

Numerator	<i>(Thousands of Taka)</i>	
Profit for the year	4,460,720	3,507,631
Denominator	<i>(Thousands of Shares)</i>	
Weighted average number of shares outstanding	1,161,374	1,161,374
Basic Earnings Per Share	<i>Taka</i> 3.84	3.02
Diluted Earnings Per Share	<i>Taka</i> 3.84	3.02

B. Net Asset Value (NAV) Per Share

The computation of net asset value per share for the years ended 31 December 2022 and 31 December 2021 are as follows:

Numerator	<i>(Thousands of Taka)</i>	
Net asset value for the year	14,433,707	16,679,048
Denominator	<i>(Thousands of Shares)</i>	
Weighted average number of shares outstanding	1,161,374	1,161,374
Net Asset Value (NAV) Per Share	<i>Taka</i> 12.43	14.36

C. Net Operating Cash Flow Per Share (NOCFPS)

The computation of net operating cash flow per share for the years ended 31 December 2022 and 31 December 2021 are as follows:

Numerator	<i>(Thousands of Taka)</i>	
Net operating cash flow for the year	6,539,586	5,088,801
Denominator	<i>(Thousands of Shares)</i>	
Weighted average number of shares outstanding	1,161,374	1,161,374
Net Operating Cash Flow Per Share	<i>Taka</i> 5.63	4.38

28 Related party transactions

During the period, the Company carried out a number of transactions with related parties in the normal course of business. The name of these related parties, nature of these transactions and their total value have been set out in accordance with the provisions of IAS 24: Related Party Disclosure.

Name of the party	Relationship	Nature of transaction	In thousands of Taka	
			Transaction value during the year	Receivable/ (payable) at 31 Dec 2022
Lafarge Umiam Mining Private Limited	Subsidiary company	Purchase of limestone/dividend income	3,912,223	(1,967,202)
Surma Holding B.V.	Shareholder	Dividend payment	3,965,455	-
LH Trading Pte Ltd	Group Company	Intercompany purchase	1,028,431	(67,740)
Lafarge S.A.	Group Company	Technical assistance/trademark license	183,907	(554,794)
Cementos Molins	Group Company	Trademark license/travel expenses	101,048	(266,432)
Holcim Limited	Group Company	Trademark license	119,236	(244,083)
Bengal Development Corporation	Shareholder's associated entity	Cement sales	5,608	(42)
Holcim Group Services Ltd.	Group Company	Intercompany services	17,309	(56,236)
Eastern Housing Ltd.	Shareholder's associated entity	Cement sales	2,771	82
Jahurul Islam Medical College	Shareholder's associated entity	Cement sales	8,084	676
Bank Asia Limited	Shareholder's associated entity	Cement sales	168	-
Holcim Services (South Asia) India	Group Company	Intercompany services	49,518	(105,975)
Holcim Technology Holderbank	Group Company	Intercompany services	-	(7,813)
Holcim Technology Ltd.	Group Company	Trademark license	404,190	(1,018,591)
Aftab Bahumukhi Firm Ltd.	Shareholder's associated entity	Cement sales	1,671	30
Opex Group	Shareholder's associated entity	Cement sales	1,426	148
Sinha Peoples Energy Ltd.	Shareholder's associated entity	Cement sales	469	99
MG Properties Ltd.	Shareholder's associated entity	Cement sales	1,056	(126)

Name of the party	Relationship	Nature of transaction	Transaction value during the year		Receivable/ (payable) at 31 Dec	
			2022	2021	2022	2021
Lafarge Umiam Mining Private Limited	Subsidiary company	Purchase of limestone	2,544,527	(409,256)		
Surma Holding B.V.	Shareholder	Dividend payment	683,701	-		
LJH Trading Pte Ltd	Group Company	Intercompany purchase	1,287,088	(108,075.00)		
Lafarge S.A.	Group Company	Technical assistance/trademark license	95,802	(498,591)		
Cementos Molins	Group Company	Trademark license/travel expenses	84,793	(255,496)		
Holcim Limited	Group Company	Trademark license	(111,260)	(124,847)		
Holcim Asean Business Service Centre	Group Company	Technical assistance	-	(47,027)		
Bengal Development Corporation	Shareholder's associated entity	Cement sales	752	(207)		
Holcim Group Services Ltd.	Group Company	Intercompany services	11,566	(62,100)		
Holcim International Services Singapore Pte Ltd.	Group Company	Intercompany services	13,414	(4,862)		
Eastern Housing Ltd.	Shareholder's associated entity	Cement sales	243	64		
Jahurul Islam Medical College	Shareholder's associated entity	Cement sales	552	552		
Bank Asia Limited	Shareholder's associated entity	Cement sales	-	(1)		
Holcim Services (South Asia) India	Group Company	Intercompany services	41,292	(74,442)		
Holcim Technology Holderbank	Group Company	Intercompany services	-	(6,428)		
Holcim Technology Ltd.	Group Company	Trademark license	339,171	(745,078)		
Aftab Bahumukhi Firm Ltd.	Shareholder's associated entity	Cement sales	287	147		
Opex Group	Shareholder's associated entity	Cement sales	86	176		
Sinha Peoples Energy Ltd.	Shareholder's associated entity	Cement sales	-	15		
LafargeHolcim IT EMEA	Shareholder's associated entity	Technical assistance	1,869	(1,812)		
			2022	2021		
			Taka'000	Taka'000		
			458,882	474,065		
			38,306	36,356		
			18,872	11,560		
			516,060	521,981		

29 Directors', managers' and officers' remuneration

Salary, allowances and benefits
Contributions to employees' benefit scheme
Reimbursable expenses

During the year, the Board of Directors of the Company did not receive any remuneration or fees for services rendered by them.

30 Financial Instruments

A. Accounting classifications

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2022

	Carrying amount		Total	Fair value		
	Fair value - Hedging instruments	Financial assets at amortized cost		Other financial liabilities	Level 1	Level 2
In thousands of Taka						
Financial assets measured at fair values						
Forward exchange contracts used for hedging	1,339	-	1,339	-	1,339	-
	1,339	-	1,339	-	1,339	-
Financial assets not measured at fair value						
Trade and other current assets	-	2,202,210	2,202,210	-	-	-
Cash and cash equivalents	-	4,633,586	4,633,586	-	-	-
	-	6,835,796	6,835,796	-	-	-
Financial liabilities measured at fair value						
Forward exchange contracts used for hedging	-	-	-	-	-	-
	-	-	-	-	-	-
Financial liabilities not measured at fair value						
Lease liabilities	-	-	30,252	-	-	-
Trade payables	-	-	8,458,243	-	-	-
Other current liabilities	-	-	1,037,043	-	-	-
	-	-	9,525,538	-	-	-
31 December 2021						
Financial assets measured at fair values						
Forward exchange contracts used for hedging	2,933	-	2,933	-	2,933	-
	2,933	-	2,933	-	2,933	-
Financial assets not measured at fair value						
Trade and other current assets	-	1,492,997	1,492,997	-	-	-
Cash and cash equivalents	-	4,429,276	4,429,276	-	-	-
	-	5,922,273	5,922,273	-	-	-
Financial liabilities measured at fair value						
Forward exchange contracts used for hedging	1,935	-	1,935	-	1,935	-
	1,935	-	1,935	-	1,935	-
Financial liabilities not measured at fair value						
Lease liabilities	-	-	56,162	-	-	-
Trade payables	-	-	6,213,486	-	-	-
Other current liabilities	-	-	806,142	-	-	-
	-	-	7,075,790	-	-	-

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 and other current assets.

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

Expected credit losses on financial assets recognized in profit or loss up to 2022 were as follows:

In thousands of Taka	2022	2021
Expected credit loss on trade receivables from contracts with customers	(143,992)	(145,175)
	(143,992)	(145,175)

Trade receivables and other current assets

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

The management has established a credit policy under which each new customer is analyzed individually for creditworthiness. The Company's review includes financial statements and industry information. Credit limits are established for each customer and reviewed on a regular basis. Any sales exceeding those limits require approval from the credit committee.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one to three months for distributors and corporate customers respectively. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are distributors, corporate customers, industry, trading history with the Company and existence of previous financial difficulties. The Company obtains bank guarantees from customers.

An analysis of the credit quality of gross trade receivables is as follows:

In thousands of Taka	2022	2021
Neither past due	369,731	403,208
Past due		
Past due 1-30 days	72,477	83,561
Past due 31-90 days	35,360	33,710
Past due 91-180 days	14,935	9,815
Over 180 days	177,196	171,539
	669,699	701,833

For trade receivables the Company determined expected credit losses on trade receivables by using a provision policy, estimated based on historical credit loss based on past due status of the debtors. The Company also considered whether the receivables was secured by bank guarantee in determining the amount of expected credit loss.

The change in the valuation allowance for doubtful receivables is as follows:

In thousands of Taka	2022	2021
Balance at 01 January	(145,175)	(145,852)
Decrease in current year	1,183	677
	(143,992)	(145,175)

Maximum exposure to credit risk of the Company at reporting date are as follows:

In thousands of Taka	2022	2021
Trade receivables net of impairment loss	525,707	556,658
Other current assets excluding prepaid expenses	1,728,383	1,112,923
	2,254,090	1,669,581

Cash and cash equivalents

The Company held cash and cash equivalents of Taka 4,634 million at 31 December 2022 (2021: Taka 4,429 million). The cash and cash equivalents are held with bank and financial institution counterparties with satisfactory credit ratings. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

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

The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

31 December 2022

	Carrying amount Taka'000	6 months or less Taka'000	From 6 to 12 months Taka'000	From 1 to 5 years Taka'000
Non-derivative financial liabilities				
Trade payables	8,458,243	4,236,943	4,221,300	-
Other current liabilities	1,037,043	932,992	104,051	-
Lease liabilities	30,252	-	27,408	2,844
	9,525,538	5,169,935	4,352,759	2,844
Derivative financial liabilities				
Forward exchange contracts used for hedging	-	-	-	-
	-	-	-	-

31 December 2021

Non-derivative financial liabilities				
Trade payables	6,213,486	4,575,692	1,637,794	-
Other current liabilities	804,207	730,146	74,061	-
Lease liabilities	56,162	-	28,353	27,809
	7,073,855	5,305,838	1,740,208	27,809
Derivative financial liabilities				
Forward exchange contracts used for hedging	1,935	1,935	-	-
	1,935	1,935	-	-

iii) Market risk

Market risk is the risk that changes in market prices- e.g. foreign exchange rates, interest rates and equity prices-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.

The Company uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the Company in line with the requirements of IFRS 9.

a) Currency risk

The Company is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which purchases and borrowings are denominated. The currencies in which these transactions are primarily denominated are Euro, US dollars and Swiss franc.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

Balance at 31 December 2022	BDT'000	USD'000	EUR'000	CHF'000
<i>Foreign currency denominated assets</i>				
Trade receivables	24,822	235	-	-
Cash and cash equivalents	42,989	407	-	-
Total	67,811	642	-	-
<i>Foreign currency denominated liabilities</i>				
Trade payables	2,194,904	20,294	158	295
Other current liabilities	104,051	580	266	113
Total	2,298,955	20,874	424	408
Balance at 31 December 2021				
	BDT'000	USD'000	EUR'000	CHF'000
<i>Foreign currency denominated assets</i>				
Trade receivables	4,290	50	-	-
Cash and cash equivalents	111,540	1,300	-	-
Total	115,830	1,350	-	-
<i>Foreign currency denominated liabilities</i>				
Trade payables	725,311	7,591	359	417
Other current liabilities	74,061	601	231	-
Total	799,372	8,192	590	417

The following significant exchange rates have been applied.

Currencies	31 December 2022		31 December 2021	
	Closing rate	Average rate	Closing rate	Average rate
BDT/USD	105.6250	93.7823	85.8000	85.0840
BDT/EUR	112.5108	98.8782	97.3830	100.4538
BDT/CHF	113.8078	98.1857	93.6272	93.4035

Exchange rate sensitivity

If the BDT increases in value against a currency, the value in BDT of assets, liabilities, income and expenses originally recorded in the other currencies will decrease. Conversely, if the BDT decreases in value against a currency, the value in BDT of assets, liabilities, income and expenses originally recorded in the other currency will increase. Consequently, increases and decreases in the value of the BDT may affect the value in BDT of non-BDT assets, liabilities, income and expenses, even though the value of these items have not changed in their original currency.

A change of 50 basis points (bp) in foreign currencies would have increased or decreased equity and profit or loss of the Company by the amounts shown below:

Particulars	Estimated impact on profit/loss and equity (+/-)	
	2022	2021
	Taka'000	Taka'000
Assets denominated in USD	339	579
Liabilities denominated in USD	11,024	3,514
Liabilities denominated in EUR	239	287
Liabilities denominated in CHF	232	195

b) Interest rate risk

The risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate sensitivity

A +/- 1% change in short-term interest rates calculated on the financial assets and financial liabilities, would have a maximum impact on the Company's 2022 profit before tax of +/- Taka 25,003 (Taka 32,006 for 2021) in thousands and Taka 303 (Taka 562 for 2021) in thousands respectively.

	<u>2022</u> <u>Taka'000</u>	<u>2021</u> <u>Taka'000</u>
<i>Interest bearing financial instruments of the Company at reporting date are as follows:</i>		
Financial assets		
Short-term deposits	2,500,315	3,200,614
	<u>2,500,315</u>	<u>3,200,614</u>
Financial liabilities		
Long-term lease liabilities	2,844	27,809
Short-term lease liabilities	27,408	28,353
	<u>30,252</u>	<u>56,162</u>

c) Other price risk

The risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk and currency risk. The Company is not exposed to any equity risk, as the Company does not have any investment in equity shares. The Company also does not have any significant exposure to commodity price risk.

31 Number of employees

LafargeHolcim Bangladesh Limited

Nationality:

	<u>2022</u>	<u>2021</u>
Bangladeshi	562	544
Non-Bangladeshi	6	7
	<u>568</u>	<u>551</u>

Salary range:

Monthly Taka 3,000 or above	568	551
Monthly below Taka 3,000	Nil	Nil

32 Expenditure in foreign currencies

	<u>2022</u> <u>Taka'000</u>	<u>2021</u> <u>Taka'000</u>
Technical assistance	62,775	55,209
	<u>62,775</u>	<u>55,209</u>

33 Materials consumption

In terms of value

Imported

Raw materials	5,566,326	5,041,424
Spare parts and other supplies	283,665	219,321
	<u>5,849,991</u>	<u>5,260,745</u>

Indigenous

Raw materials	1,292,376	1,175,376
Spare parts and other supplies	121,571	93,995
	<u>1,413,947</u>	<u>1,269,371</u>
	<u>7,263,938</u>	<u>6,530,116</u>

	<u>2022</u>	<u>2021</u>
<i>In terms of percentage</i>		
Imported		
Raw materials	76.63	77.20
Spare parts and other supplies	3.91	3.36
	<u>80.54</u>	<u>80.56</u>
Indigenous		
Raw materials	17.79	18.00
Spare parts and other supplies	1.67	1.44
	<u>19.46</u>	<u>19.44</u>
	<u>100.00</u>	<u>100.00</u>

34 Opening and closing finished goods and work in process

Items	Unit	2022		2021	
		Quantity'000	Taka'000	Quantity'000	Taka'000
Gray cement	MT	47	204,044	31	128,074
Cement clinker	MT	159	696,665	119	467,465
Aggregates	MT	27	26,540	-	-
Work in process	MT	5	5,794	5	6,027
Balance at 01 January		238	933,043	155	601,566
Gray cement	MT	60	337,804	47	204,044
Cement clinker	MT	172	684,338	159	696,665
Aggregates	MT	25	31,442	27	26,540
Work in process	MT	1	1,712	5	5,794
Balance at 31 December		258	1,055,296	238	933,043

35 Comparative information of the shareholders (Note- 27) In Taka

	<u>2022</u>	<u>2021</u>
Net Asset Value (NAV) Per Share	12.43	14.36
Earning Per Share (EPS)	3.84	3.02
Net Operating Cash Flow Per Share (NOCFPS)	5.63	4.38
Profit for the year (in thousand)	4,460,720	3,507,631

36 Reconciliation of net profit with cash flows from operating activities

	<u>Taka'000</u>	<u>Taka'000</u>
Net profit for the year	4,460,720	3,507,631
Income tax expenses	953,348	784,854
Net profit before tax	5,414,068	4,292,485
Depreciation and amortization	1,180,662	1,023,135
Other non-cash items	60,882	45,716
Non-operating items	317,101	36,504
Contribution to gratuity plan	(152,182)	(206,766)
Income tax paid	(868,414)	(369,946)
Changes in net working capital	587,469	267,673
Cash flows from operating activities	6,539,586	5,088,801

37 Installed capacity and actual production (figures in thousand MT)

Products	Annual installed capacity	Actual production	
		2022	2021
Gray cement	4,191	2,707	2,707
Cement clinker	1,289	1,311	1,321
Aggregates	1,100	757	876

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	2022 <u>Taka'000</u>	2021 <u>Taka'000</u>
38 Value of imports		
Raw materials and others	6,792,978	7,203,405
	<u>6,792,978</u>	<u>7,203,405</u>

39 Remittances of foreign currency

Final dividend

Name of Shareholder	2022		2021	
	Number of Shares	Final for 2021 Taka'000	Number of shares	Final for 2020 Taka'000
Surma Holding B.V. (The Netherlands)*		-	341,849,350	307,664
Jean Hidier (France)	11,560	20	11,560	8
Mohammed Abdul Gaffar (UK)	18,010	32	18,010	13

Name of Shareholder	2022		2021	
	Currency	Amount	Currency	Amount
Surma Holding B.V. (The Netherlands)	EUR	-	EUR	2,971,168
Jean Hidier (France)	EUR	207	EUR	78
Mohammed Abdul Gaffar (UK)	GBP	274	GBP	121

* In addition to the above, an amount of Taka 3,568,910,033 (EUR 34,809,883) representing 683,698,700 shares has been remitted through NITA account.

	2022 <u>Taka'000</u>	2021 <u>Taka'000</u>
40 Lease disclosures		
Short-term lease expenses	(3,150)	(12,828)
Payment for short-term leases	(3,150)	(12,828)
Average lease terms (in years)	2	2



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer