

**Auditor's Report  
and  
Audited Financial Statements  
of  
LafargeHolcim Bangladesh Limited  
For the year ended 31 December 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of LafargeHolcim Bangladesh Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of LafargeHolcim Bangladesh Limited (the "Company") which comprise the statement of financial position as at 31 December 2023, 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 a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### 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 *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 *International Code of Ethics for Professional Accountants (IESBA Code)*, together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 financial statements, which describes significant details regarding the Gas Sales Agreement.

Our opinion is not modified in respect of this matter.

#### Key Audit Matters (KAM)

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.

## 1) Impairment testing of goodwill

See Note 6 to the financial statements for relevant disclosures regarding goodwill.

### ***Underlying rationale for considering impairment testing of goodwill as KAM:***

The Company reported goodwill of Tk317 million as at 31 December 2023 which is material to the financial statements. Under *International Accounting Standard (IAS) 36: Impairment of Assets*, the Company is required to annually test goodwill for impairment. The recoverable amount is based on the higher of the value in use or fair value less costs to sell. The impairment testing of goodwill is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement required in determining several key assumptions, including estimates of future sales volumes and prices, operating costs, terminal value growth rates and discount rate.

### ***How the matter was addressed in our audit:***

Principal audit procedures included the following:

- Performed risk assessment procedures by obtaining an understanding of the Company's nature of business and also evaluated and tested the design and implementation of identified internal controls related to impairment testing process.
- Performed an independent assessment of the goodwill impairment process based on information accessible in the public domain, historical data pertaining to the Company, current year financial and non-financial information and business knowledge.
- Assessed appropriateness of inputs and assumption by evaluating management's historical forecasting accuracy, consistency in estimates, and by comparing the key inputs to externally derived data.
- Evaluated and assessed the reasonableness of discount rate using both Company specific information and information accessible in the public domain.
- Performed sensitivity analysis by using different assumptions and assessed headroom for goodwill impairment.
- Verified that the long-term growth rate employed for extrapolating cash flow projections beyond the period covered by the most recent budgets/forecasts are based on a steady or declining growth rate for subsequent years.

## 2) Revenue recognition

See Note 20 to the financial statements for relevant disclosures regarding revenue.

### ***Underlying rationale for considering revenue as KAM:***

Revenue recognition has significant impact on financial statements and revenue metric is frequently considered an important measure of a company's performance and accordingly, it constitutes a significant matter for users of financial statements and for the audit process. The Company reported revenue totaling Tk28 billion for the year. Revenue from the sale of goods is recognized upon the transfer of control of the goods to the customer. Revenue recognition has been identified as a key audit matter as there exists a risk of revenue being recognized prematurely, leading to an overstatement of revenue before the customer gains control of the good.

***How the matter was addressed in our audit:***

Principal audit procedures included the following:

- Evaluated the design and implementation and tested the operating effectiveness of identified internal controls related to revenue recognition.
- Verified reconciliation of sales revenue between general ledger, financial statements and Value Added Tax return.
- Conducted trend analysis on disaggregated sales revenue, examining both the sales value and sales volume throughout the year.
- Performed substantive testing of revenue transactions recorded during the year on a sample basis by verifying the underlying documents. Tested a selection of revenue recorded closer to the year end and assessed whether revenue is recorded in the appropriate period by checking relevant underlying documents.
- Performed confirmation procedures on selected invoices outstanding as at the year end.
- Performed audit procedure to respond to the risk that manual adjustments could override standard procedures to misstate revenue by critically assessing manual journal entries recorded to identify large debits to revenue and obtained relevant documents.

**3) Management override of control – Journal entries**

***Underlying rationale for considering management override of control – journal entries as KAM:***

Journal entries are posted in the system as per access given to the personnel authorized for it. Management is in a unique position to make improper entries in accounting records through journal entries. There is an underlying risk that management can record improper journal entries and prepare materially misstated financial statements.

Due to the pervasive impact of the journal entries, we have ascertained journal entries posted in financial reporting process as a key audit matter.

***How the matter was addressed in our audit:***

Principal audit procedures included the following:

- Obtained an understanding of the Company's business, financial reporting process and authorization and approval procedures.
- Evaluated the design and implementation and tested the operating effectiveness of identified internal controls related to the recording of journal entries and the underlying purpose.
- Assessed the overall control environment of the Company, including the arrangements to whistle-blow inappropriate actions, interviewed senior management and the internal audit function and reviewed the board meeting minutes.
- Utilized data analytics to assess the completeness of the annual journal entry population by generating a trial balance derived from the journal entry dump itself. Subsequently, compared this derived trial balance with the actual trial balance to ensure completeness of the journal entry population.

- Conducted testing on the journal entries identified by us through application of professional judgment and utilization of data analytics procedure. We scrutinized the journal listing for the year and employed data analytics and professional judgement to establish criteria for identifying journals. The criteria so established involved various parameters such as entries directed towards unusual accounts, large debits to revenue, users with minimal postings, or those deemed noteworthy, along with closing entries, all within the context of our understanding of the business. Subsequently, selected samples from non-standard journal entries based on these parameters.
- Assessed the business rationale, or lack thereof, for the selected journal entries.

## **Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included 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 of the financial statements that give a true and fair view in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 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 judgment 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 omission, 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 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 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 financial statements of the current period and are therefore the key audit matters. We described these matters in our auditors' 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.

## Other matter

The financial statements of the Company for the year ended 31 December 2022, were audited by another auditor who expressed an unmodified opinion on those statements on 2 March 2023.

## Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994 and the Securities and Exchange Rules, 1987 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 purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and
- d) the expenditures incurred were for the purposes of the Company's business.

The engagement partner on the audit resulting in this independent auditor's report is Sk Ashik Iqbal FCA.

## For Nurul Faruk Hasan & Co.

Chartered Accountants

FRC Enlistment Number: CAF-001-139



Sk Ashik Iqbal FCA

Partner

Enrollment Number: 1310

DVC: 2402291310AS961204

Dhaka, Bangladesh

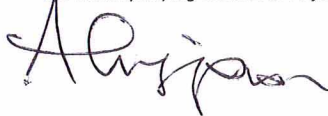
Date: 29 February 2024



LafargeHolcim Bangladesh Limited  
Statement of financial position  
As at 31 December

|  |      | 31 December 2023  | 31 December 2022  |
|--|------|-------------------|-------------------|
|  | Note | Taka'000          | Taka'000          |
| <b>Assets</b>                          |      |                   |                   |
| <b>Non-current assets</b>              |      |                   |                   |
| Property, plant and equipment          | 5    | 15,264,486        | 15,882,733        |
| Intangible assets                      | 6    | 330,033           | 317,776           |
| Investment in subsidiaries             | 7    | 519,893           | 519,893           |
| <b>Total non-current assets</b>        |      | <b>16,114,412</b> | <b>16,720,402</b> |
| <b>Current assets</b>                  |      |                   |                   |
| Inventories                            | 8    | 3,337,325         | 2,983,040         |
| Trade receivables                      | 9    | 504,241           | 525,707           |
| Other current assets                   | 10   | 4,420,394         | 1,759,274         |
| Cash and cash equivalents              | 11   | 9,011,682         | 4,633,586         |
| <b>Total current assets</b>            |      | <b>17,273,642</b> | <b>9,901,607</b>  |
| <b>Total assets</b>                    |      | <b>33,388,054</b> | <b>26,622,009</b> |
| <b>Equity and liabilities</b>          |      |                   |                   |
| <b>Equity</b>                          |      |                   |                   |
| Share capital                          | 12.3 | 11,613,735        | 11,613,735        |
| Retained earnings                      |      | 6,533,418         | 3,026,793         |
| Other components of equity             | 12.6 | (171,175)         | (206,821)         |
| <b>Total equity</b>                    |      | <b>17,975,978</b> | <b>14,433,707</b> |
| <b>Non-current liabilities</b>         |      |                   |                   |
| Lease liabilities                      | 13A  | 112,365           | 2,844             |
| Deferred tax liabilities               | 14   | 1,609,977         | 1,838,780         |
| Employee benefits                      | 15A  | 71,917            | 177,521           |
| <b>Total non-current liabilities</b>   |      | <b>1,794,259</b>  | <b>2,019,145</b>  |
| <b>Current liabilities</b>             |      |                   |                   |
| Trade payables                         | 16   | 11,870,372        | 8,458,243         |
| Other current liabilities              | 17   | 1,132,303         | 1,037,043         |
| Lease liabilities                      | 13B  | 27,144            | 27,408            |
| Current income tax liabilities         | 18   | 561,649           | 359,640           |
| Unclaimed dividend                     |      | 26,349            | 286,823           |
| <b>Total current liabilities</b>       |      | <b>13,617,817</b> | <b>10,169,157</b> |
| <b>Total liabilities</b>               |      | <b>15,412,076</b> | <b>12,188,302</b> |
| <b>Total equity and liabilities</b>    |      | <b>33,388,054</b> | <b>26,622,009</b> |
| <b>Net Asset Value (NAV) per share</b> | 27B  | <b>15.48</b>      | <b>12.43</b>      |


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: 29 February 2024

**For Nurul Faruk Hasan & Co.**  
Chartered Accountants  
FRC Enlistment Number: CAF-001-139



Sk Ashik Iqbal FCA  
Partner  
Enrollment Number: 1310  
DVC: 2402291310AS961204

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

|   |      | <u>31 December 2023</u>        | <u>31 December 2022</u>        |
|---|------|--------------------------------|--------------------------------|
|   | Note | Taka'000                       | Taka'000                       |
| <b>Revenue</b>  | 20   | 28,388,093                     | 23,594,038                     |
| Cost of sales   | 21   | (19,816,513)                   | (16,231,824)                   |
| <b>Gross profit</b>                                   |      | <u><b>8,571,580</b></u>        | <u><b>7,362,214</b></u>        |
| Other operating income                                | 24A  | 620,075                        | 758,962                        |
| General and administrative expenses                   | 22   | (1,653,367)                    | (1,483,885)                    |
| Sales and marketing expenses                          | 23   | (567,239)                      | (618,781)                      |
| Other operating expense                               | 24B  | -                              | (2,390)                        |
| <b>Operating profit</b>                               |      | <u><b>6,971,049</b></u>        | <u><b>6,016,120</b></u>        |
| Finance cost  | 25   | (212,017)                      | (359,867)                      |
| Finance income  | 25   | 163,653                        | 42,766                         |
| <b>Net finance cost</b>                               |      | <u><b>(48,364)</b></u>         | <u><b>(317,101)</b></u>        |
| <b>Profit before WPPF &amp; tax</b>                   |      | <u><b>6,922,685</b></u>        | <u><b>5,699,019</b></u>        |
| Workers' profit participation and welfare fund (WPPF) |      | (346,134)                      | (284,951)                      |
| <b>Profit before tax</b>                              |      | <u><b>6,576,551</b></u>        | <u><b>5,414,068</b></u>        |
| Income tax expense                                    | 26   | (1,327,866)                    | (953,348)                      |
| <b>Profit for the year</b>                            |      | <u><u><b>5,248,685</b></u></u> | <u><u><b>4,460,720</b></u></u> |
| <b>Earnings Per Share (EPS)</b>                       |      |                                |                                |
| Basic EPS (Taka)                                      | 27A  | 4.52                           | 3.84                           |
| Diluted EPS (Taka)                                    | 27A  | 4.52                           | 3.84                           |

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: 29 February 2024

**For Nurul Faruk Hasan & Co.**

Chartered Accountants

FRC Enlistment Number: CAF-001-139



Sk Ashik Iqbal FCA

Partner

Enrollment Number: 1310

DVC: 2402291310AS961204


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

|  | <u>31 December 2023</u> | <u>31 December 2022</u> |
|--|-------------------------|-------------------------|
|  | Taka'000                | Taka'000                |
| <b>Profit for the year</b>                                   | <b>5,248,685</b>        | <b>4,460,720</b>        |
| <b>Other comprehensive income</b>                            |                         |                         |
| <b>Items that will not be reclassified to profit or loss</b> |                         |                         |
| Actuarial gain-net off tax                                   | 55,505                  | 29,609                  |
|  | <u><b>55,505</b></u>    | <u><b>29,609</b></u>    |
| <b>Items that may be reclassified to profit or loss</b>      |                         |                         |
| Cash flow hedge- net off tax                                 | (19,859)                | 297                     |
|  | <u><b>(19,859)</b></u>  | <u><b>297</b></u>       |
| <b>Other comprehensive income for the year, net of tax</b>   | <u><b>35,646</b></u>    | <u><b>29,906</b></u>    |
| <b>Total comprehensive income for the year</b>               | <u><b>5,284,331</b></u> | <u><b>4,490,626</b></u> |

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: 29 February 2024

**For Nurul Faruk Hasan & Co.**  
Chartered Accountants  
FRC Enlistment Number: CAF-001-139



Sk Ashik Iqbal FCA  
Partner  
Enrollment Number: 1310  
DVC: 2402291310AS961204

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

|   | Share capital     | Retained earnings | Other components of equity | Total equity      |
|---|-------------------|-------------------|----------------------------|-------------------|
|   | Taka'000          | Taka'000          | Taka'000                   | Taka'000          |
| <b>Balance at 1 January 2022</b>        | 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)       |
| <b>Balance at 31 December 2022</b>      | <b>11,613,735</b> | <b>3,026,793</b>  | <b>(206,821)</b>           | <b>14,433,707</b> |
| <b>Balance at 1 January 2023</b>        | 11,613,735        | 3,026,793         | (206,821)                  | 14,433,707        |
| Total comprehensive income for the year | -                 | 5,248,685         | 35,646                     | 5,284,331         |
| Dividend for 2022                       | -                 | (1,742,060)       | -                          | (1,742,060)       |
| <b>Balance at 31 December 2023</b>      | <b>11,613,735</b> | <b>6,533,418</b>  | <b>(171,175)</b>           | <b>17,975,978</b> |

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

|   |      | <u>31 December 2023</u> | <u>31 December 2022</u> |
|---|------|-------------------------|-------------------------|
|   | Note | Taka'000                | Taka'000                |
| <b>Cash flows from operating activities</b>               |      |                         |                         |
| Cash receipts from customers                              |      | 29,060,964              | 23,700,457              |
| Cash paid to suppliers and employees                      |      | (20,506,366)            | (16,336,801)            |
| <b>Cash generated from operations</b>                     |      | <b>8,554,598</b>        | <b>7,363,656</b>        |
| Income taxes paid   |      | (1,363,599)             | (868,414)               |
| Other receipts  |      | 19,532                  | 44,344                  |
| <b>Net cash generated from operating activities*</b>      | 36   | <b>7,210,531</b>        | <b>6,539,586</b>        |
| <b>Cash flows from investing activities</b>               |      |                         |                         |
| Payments for property, plant and equipment                |      | (294,620)               | (587,895)               |
| Payment for intangible assets                             |      | (12,915)                | -                       |
| Proceeds from sale of property, plant and equipment       |      | 2,147                   | 12,358                  |
| Interest income on bank deposits                          |      | 150,079                 | 34,877                  |
| Dividend income from subsidiary company                   |      | 524,109                 | 714,400                 |
|   |      | <b>368,800</b>          | <b>173,740</b>          |
| <b>Cash flows from financing activities</b>               |      |                         |                         |
| Repayments of the lease liabilities                       |      | (41,393)                | (25,910)                |
| Interest paid on lease liabilities                        |      | (7,434)                 | (6,241)                 |
| Payment of interest and other finance costs               |      | (71,090)                | (9,059)                 |
| Margin accounts balances with banks                       |      | (1,078,784)             | -                       |
| Dividend paid   |      | (2,002,534)             | (6,467,806)             |
| <b>Net cash used in financing activities</b>              |      | <b>(3,201,235)</b>      | <b>(6,509,016)</b>      |
| <b>Net increase in cash and cash equivalents</b>          |      | <b>4,378,096</b>        | <b>204,310</b>          |
| <b>Cash and cash equivalents at beginning of the year</b> |      | <b>4,633,586</b>        | <b>4,429,276</b>        |
| <b>Cash and cash equivalents at end of the year</b>       | 11   | <b>9,011,682</b>        | <b>4,633,586</b>        |
| <b>Net Operating Cash Flow Per Share (NOCFPS)</b>         | 27C  | <b>6.21</b>             | <b>5.63</b>             |

\*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 kilometers 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. Adoption of new and revised Standards**

**2.1 New and amended IFRS Standards that are effective for the current year**

The following are the amendments that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

|   |  |
|---|--|
| Amendments to IFRS 17                   | <i>Insurance Contracts</i>   |
| Amendments to IAS 1                     | <i>Presentation of Financial Statements</i>                              |
| Amendments to IFRS Practice Statement 2 | <i>Making Materiality Judgements - Disclosure of Accounting Policies</i> |
| Amendments to IAS 12                    | <i>Income Taxes</i>  |
| Amendments to IAS 8                     | <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>   |

**2.2 New and revised IFRS Standards in issue but not yet effective**

At the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and in some cases had not yet been adopted by the Company.

|                                  |  |
|----------------------------------|--|
| Amendments to IFRS 10 and IAS 28 | <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> |
| Amendments to IAS 1              | <i>Classification of Liabilities as Current or Non-current</i>                               |
| Amendments to IAS 1              | <i>Non-current Liabilities with Covenants</i>  |
| Amendments to IAS 7 and IFRS 7   | <i>Supplier Finance Arrangements</i>   |
| Amendments to IFRS 16            | <i>Lease Liability in a Sale and Leaseback</i>   |

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

**3. Significant accounting policies**

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

**3.1 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 29 February 2024.

### 3.2 Use of estimates and judgements

#### 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) Judgements

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 3.8 and 30).

### 3.3 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.

### 3.4 Property, plant & 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:

| Category             | Rate %         |
|----------------------|----------------|
| 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 'non current and current liabilities' 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.

### **3.5 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 were eliminated and the excess representing goodwill was recognized into the financial statements of the Company. This goodwill originally arose on the acquisition of HBL as on 07 January 2018.

Goodwill is measured at cost less accumulated impairment losses. At acquisition of HBL, goodwill was measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree (if any), and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill is not amortized but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to cash-generating unit expected to benefit from the synergies of the initial combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

### **3.6 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.



### 3.7 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.

### 3.8 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.

## 3.9 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.

## 3.10 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).

**3.11 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.

**3.12 Revenue recognition**

Revenue from the sale of the Company's core products is recognized when delivery has taken place and control of the goods has been transferred to the customer. The customer obtains control of the goods when the significant risks and rewards of products sold are transferred according to the specific delivery terms that have been formally agreed with the customer, generally upon delivery when the bill of lading is signed by the customer as evidence that they have obtained physical possession and accepted the products delivered to them.

The core products are often sold with volume discounts. Revenue from these sales is recognized based on the price specified on the invoice, net of variable considerations. No element of financing is deemed present as the sales are made with credit terms largely ranging between 30 days and 45 days depending on the specific terms agreed to with the company concerned, which is consistent with market practice. Generally, cement, aggregates and clinker are not returned as a customer will only accept these products once they have passed a stringent quality check at delivery point.

Contract liabilities, which is the Company's obligation to transfer goods or services to a customer for which the entity has already received consideration, relate mainly to advance payments from customers.

A trade receivable is recognized when the products are delivered to a customer as this is the point in time that the consideration becomes unconditional because only a passage of time is required before the payment is due.

### **3.13 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.

### **3.14 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.

### **3.15 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.

## **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.

### **4.1 Comparatives and rearrangement**

Comparative information has been disclosed for all numerical, narrative and descriptive information where it is relevant for understanding of the current year's financial statements. Comparative figures and account titles in the financial statements have been rearranged/reclassified where necessary, to ensure better comparability with the current year's financial statements and to comply with relevant IFRSs.

5. Property, plant and equipment  
A. Reconciliation of carrying amount

| Cost                            | Freehold land |           | Leasehold land |          | Building   |          | Right of use of assets |          | Plant & machinery |            | Vehicles |          | Office equipment |          | Furniture & fixtures |          | Construction in progress |          | Total    |          |
|---------------------------------|---------------|-----------|----------------|----------|------------|----------|------------------------|----------|-------------------|------------|----------|----------|------------------|----------|----------------------|----------|--------------------------|----------|----------|----------|
|                                 | Taka'000      | Taka'000  | Taka'000       | Taka'000 | Taka'000   | Taka'000 | Taka'000               | Taka'000 | Taka'000          | Taka'000   | Taka'000 | Taka'000 | Taka'000         | Taka'000 | Taka'000             | Taka'000 | Taka'000                 | Taka'000 | Taka'000 | Taka'000 |
| At 1 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)         | -          |          |          |                  |          |                      |          |                          |          |          |          |
| 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 |          |          |                  |          |                      |          |                          |          |          |          |
| At 1 January 2023               | 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 |          |          |                  |          |                      |          |                          |          |          |          |
| Additions                       | 22,214        | -         | -              | 150,650  | 235,025    | -        | 10,964                 | 2,276    | 60,994            | 482,123    |          |          |                  |          |                      |          |                          |          |          |          |
| Disposals                       | -             | -         | -              | -        | (350)      | (5,850)  | (2,024)                | (522)    | -                 | (8,746)    |          |          |                  |          |                      |          |                          |          |          |          |
| Transfers                       | 91,830        | -         | -              | -        | 48,400     | -        | -                      | -        | (140,230)         | -          |          |          |                  |          |                      |          |                          |          |          |          |
| At 31 December 2023             | 1,621,381     | 1,653,763 | 2,616,370      | 280,998  | 18,866,518 | 176,222  | 458,234                | 81,293   | 101,718           | 25,856,497 |          |          |                  |          |                      |          |                          |          |          |          |
| <b>Accumulated depreciation</b> |               |           |                |          |            |          |                        |          |                   |            |          |          |                  |          |                      |          |                          |          |          |          |
| At 1 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  |          |          |                  |          |                      |          |                          |          |          |          |
| At 31 December 2022             | -             | 105,098   | 483,507        | 100,096  | 8,223,551  | 153,469  | 373,480                | 61,186   | -                 | 9,500,387  |          |          |                  |          |                      |          |                          |          |          |          |
| At 1 January 2023               | -             | 105,098   | 483,507        | 100,096  | 8,223,551  | 153,469  | 373,480                | 61,186   | -                 | 9,500,387  |          |          |                  |          |                      |          |                          |          |          |          |
| Disposals                       | -             | -         | -              | -        | (184)      | (5,850)  | (2,024)                | (522)    | -                 | (8,580)    |          |          |                  |          |                      |          |                          |          |          |          |
| Charge for the year             | -             | 35,218    | 104,916        | 41,393   | 868,641    | 14,777   | 30,346                 | 4,913    | -                 | 1,100,204  |          |          |                  |          |                      |          |                          |          |          |          |
| At 31 December 2023             | -             | 140,316   | 588,423        | 141,489  | 9,092,008  | 162,396  | 401,802                | 65,577   | -                 | 10,592,011 |          |          |                  |          |                      |          |                          |          |          |          |
| <b>Carrying amount</b>          |               |           |                |          |            |          |                        |          |                   |            |          |          |                  |          |                      |          |                          |          |          |          |
| At 31 December 2022             | 1,621,381     | 1,513,447 | 2,027,947      | 139,509  | 9,774,510  | 13,826   | 56,432                 | 15,716   | 101,718           | 15,264,486 |          |          |                  |          |                      |          |                          |          |          |          |
| At 31 December 2023             | 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 |          |          |                  |          |                      |          |                          |          |          |          |
| At 1 January 2022               | 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 |          |          |                  |          |                      |          |                          |          |          |          |

Depreciation charge for the year allocated to

|  | 2023             | 2022             |
|--|------------------|------------------|
| Production and maintenance costs (Note 21.2)         | Taka'000         | Taka'000         |
| Depot operating and transportation costs (Note 21.4) | 992,876          | 1,086,648        |
| General and administrative expenses (Note 22)        | 58,458           | 49,997           |
| Sales and marketing expenses (Note 23)               | 46,720           | 42,484           |
|  | 2,150            | 1,533            |
|  | <b>1,100,204</b> | <b>1,180,662</b> |

**B. Details of disposal of property, plant and equipment**

| 2023                                      | Plant & machinery       |              | Vehicles                |            | Office equipment        |          | Furniture & fixtures |               | Total |
|---|-------------------------|--------------|-------------------------|------------|-------------------------|----------|----------------------|---------------|-------|
|   | Taka'000                | Taka'000     | Taka'000                | Taka'000   | Taka'000                | Taka'000 | Taka'000             | Taka'000      |       |
| Cost                                      | 350                     | 5,850        | 5,850                   | 2,024      | 522                     |          |                      | 8,746         |       |
| Accumulated depreciation                  | (184)                   | (5,850)      | (5,850)                 | (2,024)    | (522)                   |          |                      | (8,580)       |       |
| Carrying amount as at 31 December 2023    | 166                     |              |                         |            |                         |          |                      | 166           |       |
| <b>Sale proceeds</b>                      | -                       | <b>1,535</b> |                         | <b>612</b> |                         |          |                      | <b>2,147</b>  |       |
| Mode of disposal                          | Company policy          |              | Company policy/tender   |            | Company policy/tender   |          |                      |               |       |
| Particulars of purchaser/type of disposal | Third party & employees |              | Third party & employees |            | Third party & employees |          |                      |               |       |
| 2022                                      |                         |              |                         |            |                         |          |                      |               |       |
| Cost                                      | 29,387                  | 23,849       | 23,849                  | -          | -                       | -        | -                    | 53,236        |       |
| Accumulated depreciation                  | (15,053)                | (23,435)     | (23,435)                | -          | -                       | -        | -                    | (38,488)      |       |
| Carrying amount as at 31 December 2022    | 14,334                  | 414          | 414                     | -          | -                       | -        | -                    | 14,748        |       |
| <b>Sale proceeds</b>                      | <b>3,000</b>            | <b>9,358</b> |                         |            |                         |          |                      | <b>12,358</b> |       |
| Mode of disposal                          | Company policy          |              | Company policy/tender   |            | Company policy/tender   |          |                      |               |       |
| Particulars of purchaser/type of disposal | Third party & employees |              | Third party & employees |            | Third party & employees |          |                      |               |       |

**6. Intangible assets**

**Reconciliation of carrying amount**

| Cost                       | Goodwill       |                | Software       |                | Total          |
|----------------------------|----------------|----------------|----------------|----------------|----------------|
|                            | Taka'000       | Taka'000       | Taka'000       | Taka'000       |                |
| At 1 January 2022          | 317,776        | 158,847        | 158,847        | 476,623        | 476,623        |
| At 31 December 2022        | 317,776        | 158,847        | 158,847        | 476,623        | 476,623        |
| At 1 January 2023          | 317,776        | 158,847        | 158,847        | 476,623        | 476,623        |
| Additions                  | -              | 12,915         | 12,915         | -              | 12,915         |
| <b>At 31 December 2023</b> | <b>317,776</b> | <b>171,762</b> | <b>171,762</b> | <b>489,538</b> | <b>489,538</b> |
| Accumulated depreciation   |                |                |                |                |                |
| At 1 January 2022          | -              | 158,847        | 158,847        | -              | 158,847        |
| At 31 December 2022        | -              | 158,847        | 158,847        | -              | 158,847        |

**6. Intangible assets (Contd.)**  
**Reconciliation of carrying amount**

|                            | Goodwill<br>Taka'000 | Software<br>Taka'000 | Total<br>Taka'000 |
|----------------------------|----------------------|----------------------|-------------------|
| At 1 January 2023          | -                    | 158,847              | 158,847           |
| Charge for the year        | -                    | 658                  | 658               |
| <b>At 31 December 2023</b> | <b>-</b>             | <b>159,505</b>       | <b>159,505</b>    |

**Carrying amount**

|                     |         |        |         |
|---------------------|---------|--------|---------|
| At 31 December 2023 | 317,776 | 12,257 | 330,033 |
| At 31 December 2022 | 317,776 | -      | 317,776 |
| At 1 January 2022   | 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

|   | <u>31 December 2023</u> | <u>31 December 2022</u> |
|---|-------------------------|-------------------------|
| Cost  | Taka'000                | Taka'000                |
| <b>Details of investment in subsidiaries</b>  |                         |                         |
| Lafarge Umiam Mining Private Limited (LUMPL)<br><i>- a fully owned subsidiary incorporated in India</i> | 519,356                 | 519,356                 |
| Lum Mawshun Minerals Private Limited (LMMPL)<br><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 |             |
|--------------------------------------|----------------------|---|-------------|
|                                      |                      | <u>2023</u>                                   | <u>2022</u> |
| Lafarge Umiam Mining Private Limited | Indian Rupees 10     | 41,133,098                                    | 41,133,098  |
| Lum Mawshun Minerals Private Limited | Indian Rupees 100    | 4,046   | 4,046       |

|                                     | <u>31 December 2023</u> | <u>31 December 2022</u> |
|-------------------------------------|-------------------------|-------------------------|
|                                     | Taka'000                | Taka'000                |
| <b>8. Inventories</b>               |                         |                         |
| Raw materials                       | 756,714                 | 935,499                 |
| Semi finished and finished products | 1,309,281               | 1,055,296               |
| Parts and supplies                  | 1,271,330               | 992,245                 |
|                                     | <u>3,337,325</u>        | <u>2,983,040</u>        |

## 9. Trade receivables

|                   |                |                |
|-------------------|----------------|----------------|
| Trade receivables | <u>504,241</u> | <u>525,707</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           | 8,508            | 132,584          |
| Prepaid expenses                             | 15,133           | 30,891           |
| Security and other deposits                  | 92,526           | 84,746           |
| Other receivables (note 10.1)                | 3,189,949        | 1,448,083        |
| Advance payment to suppliers of fixed assets | 12,169           | 51,880           |
| Derivative assets                            | -                | 1,339            |
| Accrued interest on bank deposits            | 23,325           | 9,751            |
| Margin accounts balances with banks          | 1,078,784        | -                |
|  | <u>4,420,394</u> | <u>1,759,274</u> |

### 10.1 Gas Sales Agreement (GSA) with JGTDSL

The amount of Other Receivables stated above includes an advance amount paid to Jalalabad Gas Transmission and Distribution Systems Limited (JGTDS) of Taka 2,969,755 (in thousands) as of the year ended in December 31, 2023.

The Company had an Arbitration with Jalalabad Gas Transmission and Distribution Systems Limited (JGTDS). On 15 September 2023, the Arbitration Tribunal issued the Final Award in favor of the Company. As per the Award, the Ceiling Price is a valid and enforceable provision of the Gas Sales Agreement (GSA).

The Primary Term of the GSA is for 20 years from the Gas Delivery Commencement Date which is due on 17 January 2026. As per the GSA, the Primary Term shall automatically be extended for a further period of five (5) years unless terminated by either party. Subsequent to the reporting date, JGTDS communicated their intention not to extend beyond the Primary Term. The Company has taken the communication by JGTDS with due importance and is presently working on it.

## 11. Cash and cash equivalents

|  |                  |                  |
|--|------------------|------------------|
| Cash in hand   | <u>1,030</u>     | <u>1,717</u>     |
|  | <u>1,030</u>     | <u>1,717</u>     |
| <b>Cash at banks</b>   |                  |                  |
| Current accounts*  | 2,010,337        | 2,131,554        |
| Short term deposit accounts  | 7,000,315        | 2,500,315        |
| Cash and cash equivalents in statement of financial position             | <u>9,011,682</u> | <u>4,633,586</u> |
| Cash and cash equivalents for the purpose of the statement of cash flows | <u>9,011,682</u> | <u>4,633,586</u> |

\*The current accounts balances are included amounting to Taka 26,349 (in thousands) of dividend accounts (Year 2022: Taka 286,823 in thousands).



|  | <u>31 December 2023</u> | <u>31 December 2022</u> |
|--|-------------------------|-------------------------|
|  | Taka'000                | Taka'000                |

## 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> |
|---|-------------------|-------------------|

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.

### 12.2 Issued and subscribed capital

|   |                   |                   |
|---|-------------------|-------------------|
| 1,161,373,500 ordinary shares of Taka 10 each | <u>11,613,735</u> | <u>11,613,735</u> |
|---|-------------------|-------------------|

### 12.3 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> |

### 12.4 Composition of shareholders at 31 December 2023

| Name of the shareholders | Nationality/<br>Incorporated In | Number of Shares     |                      | Holding %   |             |
|--------------------------|---------------------------------|----------------------|----------------------|-------------|-------------|
|                          |                                 | 2023                 | 2022                 | 2023        | 2022        |
| Surma Holding B.V.       | The Netherlands                 | 683,698,700          | 683,698,700          | 58.87%      | 58.87%      |
| Sinha Fashions Limited   | Bangladesh                      | 28,950,000           | 28,950,000           | 2.49%       | 2.49%       |
| Islam Cement Limited     | Bangladesh                      | 31,914,200           | 31,914,200           | 2.75%       | 2.75%       |
| Other Shareholders       | Bangladesh and NRB              | 416,810,600          | 416,810,600          | 35.89%      | 35.89%      |
| <b>Total</b>             |                                 | <b>1,161,373,500</b> | <b>1,161,373,500</b> | <b>100%</b> | <b>100%</b> |

### 12.5 Classification of shares by holding at 31 December 2023

| Slabs by number of shares   | Number of Shares |               | Holding %  |            |
|-----------------------------|------------------|---------------|------------|------------|
|                             | 2023             | 2022          | 2023       | 2022       |
| Less than 500 Shares        | 13,736           | 13,547        | 0.27       | 0.27       |
| 501 to 5,000 Shares         | 12,870           | 13,802        | 1.99       | 2.26       |
| 5,001 to 10,000 Shares      | 2,045            | 2,255         | 1.33       | 1.48       |
| 10,001 to 20,000 Shares     | 1,225            | 1,387         | 1.57       | 1.77       |
| 20,001 to 30,000 Shares     | 460              | 547           | 0.99       | 1.18       |
| 30,001 to 40,000 Shares     | 237              | 248           | 0.72       | 0.76       |
| 40,001 to 50,000 Shares     | 218              | 239           | 0.87       | 0.96       |
| 50,001 to 100,000 Shares    | 366              | 396           | 2.36       | 2.55       |
| 100,001 to 1,000,000 Shares | 374              | 400           | 8.05       | 8.99       |
| Over 1,000,000 Shares       | 42               | 39            | 81.84      | 79.78      |
| <b>Total</b>                | <b>31,573</b>    | <b>32,860</b> | <b>100</b> | <b>100</b> |

|  | <u>31 December 2023</u> | <u>31 December 2022</u> |
|--|-------------------------|-------------------------|
|  | Taka'000                | Taka'000                |
| <b>12.6 Other components of equity</b> |                         |                         |
| Actuarial loss-net of tax              | (152,387)               | (207,892)               |
| Cash flow hedge-net off tax            | (18,788)                | 1,071                   |
|  | <u>(171,175)</u>        | <u>(206,821)</u>        |

### 12.7 Dividends

The Board of Directors of the Company in its meeting held on 29 February 2024 has proposed a final cash dividend amounts to Taka 5,806,867,500 which is 50% at Taka 5 per equity share with a face value of Tk.10 each for the year 2023 for approval at the Annual General Meeting of the shareholders. As this dividend is subject to approval by the shareholders at the Annual General Meeting, it has not been included as a liability in these financial statements as of 31 December 2023.

## 13. Lease liabilities

### A. Long term

|                            |                |              |
|----------------------------|----------------|--------------|
| Non-current portion        | 112,365        | 2,844        |
| <b>Non-current portion</b> | <u>112,365</u> | <u>2,844</u> |

### B. Short term

|                        |               |               |
|------------------------|---------------|---------------|
| Current portion        | 27,144        | 27,408        |
| <b>Current portion</b> | <u>27,144</u> | <u>27,408</u> |

|  | <u>31 December 2023</u> | <u>31 December 2022</u> |
|--|-------------------------|-------------------------|
|  | Taka'000                | Taka'000                |
| <b>14. Deferred tax liabilities</b>  |                         |                         |
| <i>Deferred tax by type of temporary differences that resulted in deferred tax assets and liabilities:</i> |                         |                         |
| Property, plant and equipment  | 1,669,959               | 1,970,133               |
| Cash flow Hedging  | 4,965                   | -                       |
| <b>Deferred tax liabilities</b>  | <b><u>1,674,924</u></b> | <b><u>1,970,133</u></b> |
| Provision for gratuity   | 16,659                  | 23,876                  |
| Actuarial loss   | 16,257                  | 30,161                  |
| Provision for doubtful debts   | 18,911                  | 48,845                  |
| Provision for obsolescence of spare parts  | 13,120                  | 28,471                  |
| <b>Deferred tax assets</b>   | <b><u>64,947</u></b>    | <b><u>131,353</u></b>   |
| <b>Net deferred tax liabilities</b>  | <b><u>1,609,977</u></b> | <b><u>1,838,780</u></b> |
| <b>14.1 Change in deferred tax assets and liabilities</b>  |                         |                         |
| Balance at 01 January- deferred tax liabilities  | 1,838,780               | 2,075,324               |
| Deferred tax income for the year (Note 26)   | (237,742)               | (193,120)               |
| Other component of equity  | 8,939                   | (43,424)                |
| <b>At 31 December - Deferred tax liabilities</b>   | <b><u>1,609,977</u></b> | <b><u>1,838,780</u></b> |

#### 15. Employee benefits

##### A. Net position of gratuity plan

|   |                      |                       |
|---|----------------------|-----------------------|
| Present value of defined benefit obligation | 665,861              | 675,990               |
| Fair value of plan assets                   | (593,944)            | (498,469)             |
| <b>Net funded status</b>                    | <b><u>71,917</u></b> | <b><u>177,521</u></b> |

##### B. Actuarial valuation

The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2023 by a professional actuary using Projected Unit Credit Method. Present value of obligation includes both the funded and unfunded gratuity plans.

##### C. Assumptions employed for the valuations are as follows:

|                      | <u>2023</u> | <u>2022</u> |
|----------------------|-------------|-------------|
|                      | %           | %           |
| Salary increase rate | 9.00        | 8.00        |
| Discount rate        | 8.50        | 8.50        |

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

|                               | <u>31 December 2023</u> | <u>31 December 2022</u> |
|-------------------------------|-------------------------|-------------------------|
|                               | Taka'000                | Taka'000                |
| At 1 January                  | 675,990                 | 663,893                 |
| Current service cost          | 59,112                  | 60,882                  |
| Interest cost                 | 55,605                  | 46,839                  |
| Actuarial gain [Note D.1]     | (88,403)                | (61,166)                |
| Benefits paid during the year | (36,443)                | (34,458)                |
| <b>At 31 December</b>         | <b><u>665,861</u></b>   | <b><u>675,990</u></b>   |

##### D.1 Actuarial (gain)/loss

|            |                        |                        |
|------------|------------------------|------------------------|
| Financial  | (61,972)               | (99,406)               |
| Experience | (26,431)               | 38,240                 |
|            | <b><u>(88,403)</u></b> | <b><u>(61,166)</u></b> |

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

|                                |                       |                       |
|--------------------------------|-----------------------|-----------------------|
| At 1 January                   | 498,469               | 373,564               |
| Expected return on plan assets | 49,015                | 31,336                |
| Employer contribution          | 101,786               | 150,000               |
| Actuarial loss                 | (18,883)              | (24,155)              |
| Benefits paid during the year  | (36,443)              | (32,276)              |
| <b>At 31 December</b>          | <b><u>593,944</u></b> | <b><u>498,469</u></b> |

The above has been invested in treasury 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 to the amounts shown below:

| Effect in thousands of Taka | 31 December 2023 |          |
|-----------------------------|------------------|----------|
|                             | Increase         | Decrease |
| Discount rate               | 637,453          | 696,236  |
| Salary increase rate        | 695,949          | 637,453  |

Assumptions regarding future longevity have been based on published statistics and mortality tables.

|                                       | 31 December 2023  | 31 December 2022 |
|---------------------------------------|-------------------|------------------|
|                                       | Taka'000          | Taka'000         |
| <b>16. Trade payables</b>             |                   |                  |
| Payable for goods and services        | 10,909,882        | 8,149,158        |
| Contract liabilities                  | 960,490           | 309,085          |
|                                       | <b>11,870,372</b> | <b>8,458,243</b> |
| <b>17. Other current liabilities</b>  |                   |                  |
| Payables to suppliers of fixed assets | 38,690            | 41,548           |
| Income tax and VAT deducted at source | 347,335           | 319,565          |
| Derivative liabilities*               | 23,485            | -                |
| Others                                | 722,793           | 675,930          |
|                                       | <b>1,132,303</b>  | <b>1,037,043</b> |

\*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

|                                  |                |                |
|----------------------------------|----------------|----------------|
| At 1 January                     | 359,640        | 81,586         |
| Provision for the year (Note 26) | 1,565,608      | 1,146,468      |
| Advance payment of income tax    | (1,363,599)    | (868,414)      |
| <b>At 31 December</b>            | <b>561,649</b> | <b>359,640</b> |

## 19. Commitments and contingencies

### 19.1 Commitments

#### Commitments related to operating activities

|  |                  |                  |
|--|------------------|------------------|
| Purchase commitments                         | 3,945,510        | 2,210,599        |
| Commitments against Jalalabad Gas T&D System | 957,409          | 997,608          |
| Capital expenditure commitments              | 245,591          | 9,678            |
| Guarantees given                             | 725,092          | 1,106,942        |
|  | <b>5,873,602</b> | <b>4,324,827</b> |

### 19.2 Contingent liabilities

|  |                  |                  |
|--|------------------|------------------|
| Tax related cases with the Hon'ble High Court    | 1,210,773        | 1,869,132        |
| VAT related cases with the Hon'ble High Court    | 418,887          | 444,250          |
| Custom related cases with the Hon'ble High Court | 5,000            | 5,000            |
|  | <b>1,634,660</b> | <b>2,318,382</b> |

|  | <u>31 December 2023</u>  | <u>31 December 2022</u>  |
|--|--------------------------|--------------------------|
|  | Taka'000                 | Taka'000                 |
| <b>20. Revenue</b>                                   |                          |                          |
| Sale of gray cement*                                 | 24,296,691               | 21,111,262               |
| Sale of cement clinker                               | 51,940                   | 187,364                  |
| Sale of aggregates                                   | 4,039,462                | 2,295,412                |
|  | <u><b>28,388,093</b></u> | <u><b>23,594,038</b></u> |
| Products transferred at a point in time              | <u>28,388,093</u>        | <u>23,594,038</u>        |
| <b>*Sale of gray cement</b>                          |                          |                          |
| Local sales  | 24,226,889               | 21,014,193               |
| Export sales in Export Processing Zones and India    | 69,802                   | 97,069                   |
|  | <u><b>24,296,691</b></u> | <u><b>21,111,262</b></u> |
| <b>21. Cost of sales</b>                             |                          |                          |
| Opening finished goods and semi finished (Note 8)    | 1,055,296                | 933,043                  |
| Raw materials costs (Note 21.1)                      | 9,095,748                | 6,980,955                |
| Consumption of purchased clinker                     | 3,029,008                | 3,036,814                |
| Power and fuel costs                                 | 2,331,023                | 1,859,805                |
| Production and maintenance costs (Note 21.2)         | 2,627,693                | 2,534,758                |
| Plant-general and administrative costs (Note 21.3)   | 296,152                  | 274,494                  |
| Freight cost to customers                            | 777,625                  | 341,712                  |
| Depot operating and transportation costs (Note 21.4) | 1,232,032                | 1,103,548                |
| Inventory movement                                   | 681,217                  | 221,991                  |
| Closing finished goods and semi finished (Note 8)    | (1,309,281)              | (1,055,296)              |
|  | <u><b>19,816,513</b></u> | <u><b>16,231,824</b></u> |
| <b>21.1 Raw materials costs</b>                      |                          |                          |
| Fly ash  | 796,617                  | 707,388                  |
| Slag   | 784,569                  | 723,832                  |
| Gypsum   | 591,125                  | 604,269                  |
| Iron ore   | 51,109                   | 94,039                   |
| Sand   | 42,784                   | 30,367                   |
| Clay   | 140,932                  | 139,024                  |
| Limestone  | 5,431,372                | 3,555,514                |
| Packing materials                                    | 1,257,240                | 1,126,522                |
|  | <u><b>9,095,748</b></u>  | <u><b>6,980,955</b></u>  |
| <b>21.2 Production and maintenance costs</b>         |                          |                          |
| Salary, allowances and benefits                      | 368,522                  | 345,532                  |
| Contributions to employees' benefit schemes          | 32,500                   | 33,998                   |
| Maintenance  | 102,583                  | 73,666                   |
| Other supplies and spares                            | 424,035                  | 394,105                  |
| Material handling                                    | 223,053                  | 191,542                  |
| Other expenses                                       | 481,282                  | 406,348                  |
| Technical studies                                    | 2,184                    | 2,919                    |
| Amortization   | 658                      | -                        |
| Depreciation   | 992,876                  | 1,086,648                |
|  | <u><b>2,627,693</b></u>  | <u><b>2,534,758</b></u>  |

|  | <u>31 December 2023</u> | <u>31 December 2022</u> |
|--|-------------------------|-------------------------|
|  | Taka'000                | Taka'000                |
| <b>21.3 Plant-general and administrative costs</b>   |                         |                         |
| Salary, allowances and benefits                      | 83,723                  | 63,552                  |
| Contributions to employees' benefit schemes          | 4,582                   | 3,993                   |
| Staff welfare expenses                               | 48,904                  | 54,557                  |
| Travelling   | 2,837                   | 1,322                   |
| Rent   | 1,366                   | 1,745                   |
| Telephone, fax and postage                           | 1,581                   | 1,445                   |
| Office maintenance                                   | 35,996                  | 35,360                  |
| Security services                                    | 36,126                  | 31,276                  |
| Other supplies and spares                            | 10,752                  | 11,131                  |
| Other office expenses                                | 25,838                  | 25,860                  |
| Consultancy  | 62                      | 102                     |
| Vehicles running expenses                            | 3,083                   | 3,624                   |
| Corporate social activities                          | 6,926                   | 10,118                  |
| Insurance  | 34,376                  | 30,409                  |
|  | <u><b>296,152</b></u>   | <u><b>274,494</b></u>   |
| <b>21.4 Depot operating and transportation costs</b> |                         |                         |
| Salary, allowances and benefits                      | 110,765                 | 107,784                 |
| Contributions to employees' benefit schemes          | 10,903                  | 11,281                  |
| Staff welfare expenses                               | 1,542                   | 1,798                   |
| Training, seminars and meeting                       | 1,168                   | 635                     |
| Depreciation   | 58,458                  | 49,997                  |
| Depot other maintenance costs                        | 205,684                 | 187,048                 |
| Transportation costs                                 | 843,512                 | 745,005                 |
|  | <u><b>1,232,032</b></u> | <u><b>1,103,548</b></u> |
| <b>22. General and administrative expenses</b>       |                         |                         |
| Salary, allowances and benefits                      | 256,033                 | 288,323                 |
| Contributions to employees' benefit schemes          | 26,783                  | 25,493                  |
| Staff welfare expenses                               | 60,726                  | 2,861                   |
| Training, seminars and meeting                       | 4,048                   | 9,264                   |
| Travelling   | 14,486                  | 9,720                   |
| Gas, electricity and water                           | 1,027                   | 1,052                   |
| Telephone, fax and postage                           | 1,150                   | 1,897                   |
| Entertainment  | 2,302                   | 3,032                   |
| Office maintenance                                   | 3,271                   | 2,359                   |
| Office security services                             | 392                     | 288                     |
| Printing and stationery                              | 1,239                   | 1,758                   |
| IT maintenance expenses                              | 89,245                  | 96,046                  |
| Other office expenses                                | 23,392                  | 47,492                  |
| Registration and other fees                          | 4,643                   | 4,575                   |
| Audit and tax advisory fees                          | 1,234                   | 1,861                   |
| Legal expenses                                       | 94,294                  | 108,949                 |
| Vehicles running expenses                            | 23,249                  | 19,418                  |
| Publicity and public relation                        | 5,871                   | 4,261                   |
| General assistance fee                               | 491,629                 | 404,190                 |
| Royalty- trademark license fee                       | 491,629                 | 404,190                 |
| Consulting, survey and studies                       | 10,004                  | 4,372                   |
| Depreciation   | 46,720                  | 42,484                  |
|  | <u><b>1,653,367</b></u> | <u><b>1,483,885</b></u> |

|  | <u>31 December 2023</u> | <u>31 December 2022</u> |
|--|-------------------------|-------------------------|
|  | Taka'000                | Taka'000                |
| <b>23. Sales and marketing expenses</b>              |                         |                         |
| Salary, allowances and benefits                      | 180,871                 | 171,913                 |
| Contributions to employees' benefit schemes          | 15,764                  | 16,166                  |
| Staff welfare expenses                               | 636                     | 164                     |
| Training, seminars and meeting                       | 30,224                  | 535                     |
| Travelling   | 28,209                  | 18,652                  |
| Gas, electricity and water                           | 878                     | 1,060                   |
| Telephone, fax and postage                           | 2,468                   | 2,040                   |
| Entertainment  | 785                     | 260                     |
| Office maintenance                                   | 3,549                   | 3,762                   |
| Printing and stationery                              | 93                      | 142                     |
| Other office expenses                                | 8,153                   | 17,452                  |
| Registration and other fees                          | 9,192                   | 7,162                   |
| Vehicles running expenses                            | 30,108                  | 30,103                  |
| Advertisement expenses                               | 228,542                 | 313,658                 |
| Promotional expenses                                 | 15,368                  | 23,371                  |
| Bad debts and provision for trade receivables        | 9,525                   | 8,096                   |
| General survey and studies                           | 724                     | 2,712                   |
| Depreciation   | 2,150                   | 1,533                   |
|  | <u><b>567,239</b></u>   | <u><b>618,781</b></u>   |
| <b>24. A. Other operating income</b>                 |                         |                         |
| Sale of miscellaneous scrap items                    | 18,151                  | 44,344                  |
| Gain on sale of property, plant and equipment        | 1,981                   | -                       |
| Dividend income from subsidiary company              | 524,109                 | 714,400                 |
| Other  | 75,834                  | 218                     |
|  | <u><b>620,075</b></u>   | <u><b>758,962</b></u>   |
| <b>B. Other operating expense</b>                    |                         |                         |
| Loss on sale of property, plant and equipment        | -                       | 2,390                   |
|  | <u><b>-</b></u>         | <u><b>2,390</b></u>     |
| <b>25. Finance costs and income</b>                  |                         |                         |
| Other finance expenses                               | 73,592                  | 20,641                  |
| Bank charges and commission                          | 6,435                   | 3,921                   |
| Interest expenses on lease liabilities               | 7,434                   | 6,241                   |
| Exchange loss  | 124,556                 | 329,064                 |
| <b>Total finance costs</b>                           | <u><b>212,017</b></u>   | <u><b>359,867</b></u>   |
| Interest income on bank deposits                     | 163,653                 | 42,766                  |
| <b>Total finance income</b>                          | <u><b>163,653</b></u>   | <u><b>42,766</b></u>    |
| <b>Net finance cost</b>                              | <u><b>48,364</b></u>    | <u><b>317,101</b></u>   |
| <b>26. Income tax</b>                                |                         |                         |
| Current income tax expenses                          | 1,565,608               | 1,146,468               |
| Deferred tax income                                  | (237,742)               | (193,120)               |
|  | <u><b>1,327,866</b></u> | <u><b>953,348</b></u>   |
| <b>26.1 Reconciliation of effective tax rate (%)</b> |                         |                         |
| Statutory tax rate                                   | 20.00                   | 20.00                   |
| Permanent difference                                 | 0.19                    | 1.05                    |
| Effect of change in tax rate                         | -                       | (3.44)                  |
|  | <u><b>20.19</b></u>     | <u><b>17.61</b></u>     |

|  | <b>31 December 2023</b> | <b>31 December 2022</b> |
|--|-------------------------|-------------------------|
|  | Taka'000                | Taka'000                |

**27. A. Earnings Per Share (EPS)**

The computation of basic and diluted earnings per share for the years ended 31 December 2023 and 31 December 2022 are as follows:

|   |                            |             |             |
|---|----------------------------|-------------|-------------|
| <b>Numerator</b>                              | <i>(Thousands of Taka)</i> |             |             |
| Profit for the year                           |                            | 5,248,685   | 4,460,720   |
| <b>Denominator</b>                            | <i>(Thousands of Taka)</i> |             |             |
| Weighted average number of shares outstanding |                            | 1,161,374   | 1,161,374   |
| <b>Basic Earnings Per Share</b>               | Taka                       | <b>4.52</b> | <b>3.84</b> |
| <b>Diluted Earnings Per Share</b>             | Taka                       | <b>4.52</b> | <b>3.84</b> |

**B. Net Asset Value (NAV) Per Share**

The computation of net asset value per share for the years ended 31 December 2023 and 31 December 2022 are as follows:

|   |                            |              |              |
|---|----------------------------|--------------|--------------|
| <b>Numerator</b>                              | <i>(Thousands of Taka)</i> |              |              |
| Net asset value for the year                  |                            | 17,975,978   | 14,433,707   |
| <b>Denominator</b>                            | <i>(Thousands of Taka)</i> |              |              |
| Weighted average number of shares outstanding |                            | 1,161,374    | 1,161,374    |
| <b>Net Asset Value Per Share</b>              | Taka                       | <b>15.48</b> | <b>12.43</b> |

**C. Net Operating Cash Flow Per Share (NOCFPS)**

The computation of net operating cash flow per share for the years ended 31 December 2023 and 31 December 2022 are as follows:

|   |                            |             |             |
|---|----------------------------|-------------|-------------|
| <b>Numerator</b>                              | <i>(Thousands of Taka)</i> |             |             |
| Net operating cash flow for the year          |                            | 7,210,531   | 6,539,586   |
| <b>Denominator</b>                            | <i>(Thousands of Taka)</i> |             |             |
| Weighted average number of shares outstanding |                            | 1,161,374   | 1,161,374   |
| <b>Net Operating Cash Flow Per Share</b>      | Taka                       | <b>6.21</b> | <b>5.63</b> |

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## 28. Related party transactions

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

|                                 | Transaction values for the year ended 31 |           | Balance outstanding as at |             |
|---------------------------------|--|-----------|---------------------------|-------------|
|                                 | December                                 |           | 31 December               |             |
|                                 | 2023                                     | 2022      | 2023                      | 2022        |
| <b>Purchase of goods</b>        |  |           |                           |             |
| Subsidiary company              | 4,224,484                                | 3,197,823 | (2,947,351)               | (1,967,202) |
| <b>Sale of goods</b>            |  |           |                           |             |
| Shareholder's associated entity | 8,745                                    | 21,253    | 314                       | 867         |
| <b>Others</b>                   |  |           |                           |             |
| Group company                   |  |           |                           |             |
| - Intercompany purchase         | 221,887                                  | 1,028,431 | -                         | (67,740)    |
| - Trademark license and others  | 983,258                                  | 808,381   | (2,796,395)               | (2,083,900) |
| - Intercompany services         | 67,285                                   | 66,827    | (167,980)                 | (170,024)   |
| Subsidiary                      |  |           |                           |             |
| - Dividend receipt              | 524,109                                  | 714,400   | -                         | -           |
| Shareholder                     |  |           |                           |             |
| - Dividend payment              | 1,025,548                                | 3,965,455 | -                         | -           |

|   | 31 December 2023 | 31 December 2022 |
|---|------------------|------------------|
|   | Taka'000         | Taka'000         |
| <b>29. Directors', managers' and officers' remuneration</b> |                  |                  |
| Salary, allowances and benefits                             | 434,670          | 458,882          |
| Contributions to employees' benefit scheme                  | 43,739           | 38,306           |
| Reimbursable expenses                                       | 21,869           | 18,872           |
|   | <u>500,278</u>   | <u>516,060</u>   |

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 2023

|  | Carrying amount                  |                                    |                             | Fair value |         |         |         |
|--|----------------------------------|------------------------------------|-----------------------------|------------|---------|---------|---------|
|  | Fair value - Hedging instruments | Financial assets at amortized cost | Other financial liabilities | Total      | Level 1 | Level 2 | Level 3 |
| <i>In thousands of Taka</i>                              |                                  |                                    |                             |            |         |         |         |
| <b>Financial assets measured at fair values</b>          |                                  |                                    |                             |            |         |         |         |
| Forward exchange contracts used for hedging              | -                                | -                                  | -                           | -          | -       | -       | -       |
| <b>Financial assets not measured at fair value</b>       |                                  |                                    |                             |            |         |         |         |
| Trade receivables and other current assets               | -                                | 4,897,333                          | -                           | 4,897,333  | -       | -       | -       |
| Cash and cash equivalents                                | -                                | 9,011,682                          | -                           | 9,011,682  | -       | -       | -       |
|  | -                                | 13,909,015                         | -                           | 13,909,015 | -       | -       | -       |
|  |                                  |                                    |                             |            |         |         |         |
| <b>Financial liabilities measured at fair values</b>     |                                  |                                    |                             |            |         |         |         |
| Forward exchange contracts used for hedging              | 23,485                           | -                                  | -                           | 23,485     | -       | -       | -       |
|  | 23,485                           | -                                  | -                           | 23,485     | -       | -       | 23,485  |
|  |                                  |                                    |                             |            |         |         |         |
| <b>Financial liabilities measured not at fair values</b> |                                  |                                    |                             |            |         |         |         |
| Lease liabilities  | -                                | -                                  | 139,509                     | 139,509    | -       | -       | -       |
| Trade payables   | -                                | -                                  | 11,870,372                  | 11,870,372 | -       | -       | -       |
| Other current liabilities                                | -                                | -                                  | 1,132,303                   | 1,132,303  | -       | -       | -       |
|  | -                                | -                                  | 13,142,184                  | 13,142,184 | -       | -       | -       |

31 December 2022

| In thousands of Taka                                 | Carrying amount                  |                                    |                             |           | Fair value |         |         |
|--|----------------------------------|------------------------------------|-----------------------------|-----------|------------|---------|---------|
|  | Fair value - Hedging instruments | Financial assets at amortized cost | Other financial liabilities | Total     | Level 1    | Level 2 | Level 3 |
| <b>Financial assets measured at fair values</b>      |                                  |                                    |                             |           |            |         |         |
| Forward exchange contracts used for hedging          | 1,339                            | -                                  | -                           | 1,339     | -          | 1,339   | -       |
|  | 1,339                            | -                                  | -                           | 1,339     | -          | 1,339   | -       |
| <b>Financial assets not measured at fair value</b>   |                                  |                                    |                             |           |            |         |         |
| Trade receivables 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 | -          | -       | -       |
| <b>Financial liabilities measured at fair value</b>  |                                  |                                    |                             |           |            |         |         |
| Forward exchange contracts used for hedging          | -                                | -                                  | -                           | -         | -          | -       | -       |
|  | -                                | -                                  | -                           | -         | -          | -       | -       |
| <b>Financial liabilities measured at fair values</b> |                                  |                                    |                             |           |            |         |         |
| Lease liabilities                                    | -                                | -                                  | 30,252                      | 30,252    | -          | -       | -       |
| Trade payables                                       | -                                | -                                  | 8,458,243                   | 8,458,243 | -          | -       | -       |
| Other current liabilities                            | -                                | -                                  | 1,037,043                   | 1,037,043 | -          | -       | -       |
|  | -                                | -                                  | 9,525,538                   | 9,525,538 | -          | -       | -       |

**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.

Provision for trade receivables recognized in profit or loss up to 2023 were as follows:

|   | 2023            | 2022             |
|---|-----------------|------------------|
| <i>In thousands of Taka</i>                                   |                 |                  |
| Provision for trade receivables from contracts with customers | (94,556)        | (143,992)        |
|   | <b>(94,556)</b> | <b>(143,992)</b> |

**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 30 to 45 days 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 selected customers based on their credit characteristics.

An analysis of the ageing of gross trade receivables is as follows:

|                             | 31 December 2023 | 31 December 2022 |
|-----------------------------|------------------|------------------|
| <i>In thousands of Taka</i> |                  |                  |
| <b>Neither past due</b>     | 329,292          | 369,731          |
| <b>Past due</b>             |                  |                  |
| Past due 1-30 days          | 129,380          | 72,477           |
| Past due 31-90 days         | 33,376           | 35,360           |
| Past due 91-180 days        | 7,072            | 14,935           |
| Over 180 days               | 99,677           | 177,196          |
|                             | <b>598,797</b>   | <b>669,699</b>   |

The Company established a provision for trade receivables by employing a policy that relies on historical credit loss data, taking into account the overdue status of debtors. Additionally, the Company assesses whether the receivables were backed by a bank guarantee when determining the provision amount.

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

|                             | 2023            | 2022             |
|-----------------------------|-----------------|------------------|
| <i>In thousands of Taka</i> |                 |                  |
| At 1 January                | (143,992)       | (145,175)        |
| Decrease in current year    | 49,436          | 1,183            |
|                             | <b>(94,556)</b> | <b>(143,992)</b> |

|   | 31 December 2023 | 31 December 2022 |
|---|------------------|------------------|
| Trade receivables net of impairment loss        | 504,241          | 525,707          |
| Other current assets excluding prepaid expenses | 4,405,261        | 1,728,383        |
|   | <b>4,909,502</b> | <b>2,254,090</b> |

#### Cash and cash equivalents

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 2023                            | Carrying amount<br>Taka'000 | Contractual cash flows          |                                    |
|---|-----------------------------|---------------------------------|------------------------------------|
|   |                             | 6 months or<br>less<br>Taka'000 | From 6 to 12<br>months<br>Taka'000 |
| <b>Non-derivative financial liabilities</b> |                             |                                 |                                    |
| Trade payables                              | 11,870,372                  | 5,951,202                       | 5,909,170                          |
| Other current liabilities                   | 1,132,303                   | 1,024,996                       | 107,307                            |
| Lease liabilities                           | 139,509                     | -                               | 27,144                             |
|   | <b>13,142,184</b>           | <b>6,986,198</b>                | <b>6,043,621</b>                   |
| <b>Derivative financial liabilities</b>     |                             |                                 |                                    |
| Forward exchange contracts used for hedging | 23,485                      | 23,485                          | -                                  |
|   | <b>23,485</b>               | <b>23,485</b>                   | -                                  |
| <b>31 December 2022</b>                     |                             |                                 |                                    |
| <b>Non-derivative financial liabilities</b> |                             |                                 |                                    |
| 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                             |
|   | <b>9,525,538</b>            | <b>5,169,935</b>                | <b>4,352,759</b>                   |
| <b>Derivative financial liabilities</b>     |                             |                                 |                                    |
| Forward exchange contracts used for hedging | -                           | -                               | -                                  |
|   | -                           | -                               | -                                  |

### 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:

|   | Taka'000         | USD'000       | EUR'000    | CHF'000    |
|---|------------------|---------------|------------|------------|
| <b>At 31 December 2023</b>                      |                  |               |            |            |
| <i>Foreign currency denominated assets</i>      |                  |               |            |            |
| Trade receivables                               | -                | -             | -          | -          |
| Cash and cash equivalents                       | 24,970           | 227           | -          | -          |
| <b>Total</b>                                    | <b>24,970</b>    | <b>227</b>    | <b>-</b>   | <b>-</b>   |
| <i>Foreign currency denominated liabilities</i> |                  |               |            |            |
| Trade payables                                  | 3,169,352        | 27,994        | 158        | 538        |
| Other current liabilities                       | 107,307          | 544           | 266        | 114        |
| <b>Total</b>                                    | <b>3,276,659</b> | <b>28,538</b> | <b>424</b> | <b>652</b> |
| <b>At 31 December 2022</b>                      |                  |               |            |            |
| <i>Foreign currency denominated assets</i>      |                  |               |            |            |
| Trade receivables                               | 24,822           | 235           | -          | -          |
| Cash and cash equivalents                       | 42,989           | 407           | -          | -          |
| <b>Total</b>                                    | <b>67,811</b>    | <b>642</b>    | <b>-</b>   | <b>-</b>   |
| <i>Foreign currency denominated liabilities</i> |                  |               |            |            |
| Trade payables                                  | 2,194,904        | 20,294        | 158        | 295        |
| Other current liabilities                       | 104,051          | 580           | 266        | 113        |
| <b>Total</b>                                    | <b>2,298,954</b> | <b>20,874</b> | <b>424</b> | <b>408</b> |

The following significant exchange rates have been applied.

| Currencies | 31 December 2023 |              | 31 December 2022 |              |
|------------|------------------|--------------|------------------|--------------|
|            | Closing rate     | Average rate | Closing rate     | Average rate |
| Taka/USD   | 110.00           | 108.43       | 105.63           | 93.78        |
| Taka/EUR   | 122.16           | 116.99       | 112.51           | 98.88        |
| Taka/CHF   | 131.23           | 120.75       | 113.81           | 98.19        |

**Exchange rate sensitivity**

If the Taka increases in value against a currency, the value in Taka of assets, liabilities, income and expenses originally recorded in the other currencies will decrease. Conversely, if the Taka decreases in value against a currency, the value in Taka of assets, liabilities, income and expenses originally recorded in the other currency will increase. Consequently, increases and decreases in the value of the Taka may affect the value in Taka of non-Taka 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:

A reasonably possible strengthening (weakening) of USD/EUR/CHF against Taka at 31 December would have effected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignore any impact of forecast sales and purchases.

|  | Profit or (loss) |           | Equity        |           |
|--|------------------|-----------|---------------|-----------|
|  | Strengthening    | Weakening | Strengthening | Weakening |
| <b>31 December 2023</b>                            |                  |           |               |           |
| <i>Assets denominated in foreign currency</i>      |                  |           |               |           |
| USD (.5% movement)                                 | 125              | (125)     | 125           | (125)     |
| <i>Liabilities denominated in foreign currency</i> |                  |           |               |           |
| USD (.5% movement)                                 | (15,696)         | 15,696    | (15,696)      | 15,696    |
| EURO (.5% movement)                                | (259)            | 259       | (259)         | 259       |
| CHF (.5% movement)                                 | (428)            | 428       | (428)         | 428       |
| <b>31 December 2022</b>                            |                  |           |               |           |
| <i>Assets denominated in foreign currency</i>      |                  |           |               |           |
| USD (.5% movement)                                 | 339              | (339)     | 339           | (339)     |
| <i>Liabilities denominated in foreign currency</i> |                  |           |               |           |
| USD (.5% movement)                                 | (11,024)         | 11,024    | (11,024)      | 11,024    |
| EURO (.5% movement)                                | (239)            | 239       | (239)         | 239       |
| CHF (.5% movement)                                 | (232)            | 232       | (232)         | 232       |

**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 2023 profit before tax of +/- Taka 70,003 (Taka 25,003 for 2022) in thousands and Taka 1,353 (Taka 303 for 2022) in thousands respectively.

|  | 31 December 2023 | 31 December 2022 |
|--|------------------|------------------|
|  | Taka '000        | Taka '000        |
| <b>Interest bearing financial instruments of the Company at reporting date are as follows:</b> |                  |                  |
| <b>Financial assets</b>  |                  |                  |
| Short-term deposits  | 7,000,315        | 2,500,315        |
|  | <b>7,000,315</b> | <b>2,500,315</b> |
| <b>Financial liabilities</b>   |                  |                  |
| Long-term lease liabilities  | 112,365          | 2,844            |
| Short-term lease liabilities   | 27,144           | 27,408           |
|  | <b>139,509</b>   | <b>30,252</b>    |
| <b>c) Other price risk</b>   |                  |                  |

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. Average number of employees**  
**LafargeHolcim Bangladesh Limited**

*Nationality:*

Bangladeshi  
Non-Bangladeshi

**Salary range:**

Monthly Taka 3,000 or above  
Monthly below Taka 3,000

**32. Expenditure in foreign currency**

Technical assistance

|  | 2023          | 2022          |
|--|---------------|---------------|
|  | 548           | 562           |
|  | 4             | 6             |
|  | <b>552</b>    | <b>568</b>    |
|  | 552           | 568           |
|  | Nil           | Nil           |
|  | 60,878        | 62,775        |
|  | <b>60,878</b> | <b>62,775</b> |

|                                 | 31 December 2023 | 31 December 2022 |
|---------------------------------|------------------|------------------|
|                                 | Taka'000         | Taka'000         |
| <b>33. Material consumption</b> |                  |                  |
| <i>In terms of value</i>        |                  |                  |
| <b>Imported</b>                 |                  |                  |
| Raw materials                   | 7,654,792        | 5,685,042        |
| Spare parts and other supplies  | 304,351          | 283,665          |
|                                 | <b>7,959,143</b> | <b>5,968,707</b> |
| <b>Indigenous</b>               |                  |                  |
| Raw materials                   | 1,440,956        | 1,295,913        |
| Spare parts and other supplies  | 130,436          | 121,571          |
|                                 | <b>1,571,392</b> | <b>1,417,484</b> |
|                                 | <b>9,530,535</b> | <b>7,386,191</b> |

Spare parts and other supplies have been allocated to imported and indigenous at the rate of 70% and 30% respectively based on management assumption.

|                                | 2023         |              | 2022         |          |
|--------------------------------|--------------|--------------|--------------|----------|
|                                | Quantity'000 | Taka'000     | Quantity'000 | Taka'000 |
| <b>In terms of percentage</b>  |              |              |              |          |
| <b>Imported</b>                |              |              |              |          |
| Raw materials                  | 80.32        | 76.97        |              |          |
| Spare parts and other supplies | 3.19         | 3.84         |              |          |
|                                | <b>83.51</b> | <b>80.81</b> |              |          |
| <b>Indigenous</b>              |              |              |              |          |
| Raw materials                  | 15.12        | 17.55        |              |          |
| Spare parts and other supplies | 1.37         | 1.65         |              |          |
|                                | <b>16.49</b> | <b>19.19</b> |              |          |
|                                | <b>100</b>   | <b>100</b>   |              |          |

**34. Opening and closing finished and semi finished goods**

| Items                 | Unit | 2023         |                  | 2022         |                  |
|-----------------------|------|--------------|------------------|--------------|------------------|
|                       |      | Quantity'000 | Taka'000         | Quantity'000 | Taka'000         |
| Gray cement           | MT   | 60           | 337,804          | 47           | 204,044          |
| Cement clinker        | MT   | 172          | 684,338          | 159          | 696,665          |
| Aggregates            | MT   | 12           | 15,298           | 9            | 9,149            |
| Others                | MT   | 14           | 17,856           | 23           | 23,185           |
| <b>At 1 January</b>   |      | <b>258</b>   | <b>1,055,296</b> | <b>238</b>   | <b>933,043</b>   |
| Gray cement           | MT   | 67           | 334,519          | 60           | 337,804          |
| Cement clinker        | MT   | 180          | 852,410          | 172          | 684,338          |
| Aggregates            | MT   | 32           | 41,728           | 12           | 15,298           |
| Others                | MT   | 62           | 80,624           | 14           | 17,856           |
| <b>At 31 December</b> |      | <b>341</b>   | <b>1,309,281</b> | <b>258</b>   | <b>1,055,296</b> |



|   | 2023      | 2022      |
|---|-----------|-----------|
| <b>35. Comparative information for the shareholders (Note 27) In Taka</b> |           |           |
| Net Asset Value (NAV) Per Share   | 15.48     | 12.43     |
| Earning Per Share (EPS)   | 4.52      | 3.84      |
| Net Operating Cash Flow Per Share (NOCFPS)                                | 6.21      | 5.63      |
| Profit for the year (in thousand)   | 5,248,685 | 4,460,720 |

|   | 31 December 2023 | 31 December 2022 |
|---|------------------|------------------|
|   | Taka '000        | Taka '000        |
| <b>36. Reconciliation of net profit with cash flows from operating activities</b> |                  |                  |
| <b>Net profit for the year</b>  | 5,248,685        | 4,460,720        |
| Income tax expenses   | 1,327,866        | 953,348          |
| <b>Net profit before tax</b>  | <b>6,576,551</b> | <b>5,414,068</b> |
| Depreciation and amortization   | 1,100,862        | 1,180,662        |
| Other non-cash items  | 59,112           | 60,882           |
| Non-operating items   | 48,364           | 317,101          |
| Contribution to gratuity plan   | (101,786)        | (152,182)        |
| Income tax paid   | (1,363,599)      | (868,414)        |
| Changes in net working capital  | 891,027          | 587,469          |
| <b>Cash flows from operating activities</b>                                       | <b>7,210,531</b> | <b>6,539,586</b> |

| Products       | Annual installed capacity |      | Actual production |       |
|----------------|---------------------------|------|-------------------|-------|
|                | 2023                      | 2022 | 2023              | 2022  |
| Gray cement    | 4,191                     |      | 2,840             | 2,707 |
| Cement clinker | 1,289                     |      | 1,364             | 1,311 |
| Aggregates     | 1,100                     |      | 1,289             | 693   |

|                             | 2023             | 2022             |
|-----------------------------|------------------|------------------|
| <b>38. Value of imports</b> |                  |                  |
| Raw materials and others    | 8,736,106        | 6,792,978        |
|                             | <b>8,736,106</b> | <b>6,792,978</b> |

39. Remittances of dividend

*Final dividend*

| Name of Shareholder                  | 2023             |                            | 2022             |                            |
|--------------------------------------|------------------|----------------------------|------------------|----------------------------|
|                                      | Number of Shares | Final for 2023<br>Taka'000 | Number of Shares | Final for 2021<br>Taka'000 |
| Surma holding B.V. (The Netherlands) | 683,698,700      | 992,993                    | 683,698,700      | -                          |
| Jean Hidier (France)                 | 11,560           | 12                         | 11,560           | 20                         |
| Mohammed Abdul Gaffar (UK)           | 18,010           | 19                         | 18,010           | 32                         |

| Name of Shareholder                  | 2023     |           | 2022     |        |
|--------------------------------------|----------|-----------|----------|--------|
|                                      | Currency | Amount    | Currency | Amount |
| Surma holding B.V. (The Netherlands) | EUR      | 3,780,702 | EUR      | -      |
| Jean Hidier (France)                 | EUR      | 101       | EUR      | 207    |
| Mohammed Abdul Gaffar (UK)*          | GBP      | -         | GBP      | 274    |

\*Dividend of Mohammed Abdul Gaffar (UK) remitted by the Company got returned during the year.

40. Lease disclosures

Short-term lease expenses  
Payment for short-term leases

Average lease terms (in years)

| 31 December 2023 | 31 December 2022 |
|------------------|------------------|
| Taka'000         | Taka'000         |
| (3,435)          | (3,150)          |
| (3,435)          | (3,150)          |
| 3                | 2                |



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

## Nurul Faruk Hasan & Co

Chartered Accountants

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