

**Audited Consolidated Financial  
Statements  
Of  
LafargeHolcim Bangladesh Limited  
For the year ended 31 December 2020**

# Hoda Vasi Chowdhury & Co

## Chartered Accountants

### INDEPENDENT AUDITORS' REPORT

To the Shareholders of  
**LafargeHolcim Bangladesh Limited**

#### Report of the audit of the consolidated financial statements

#### Opinion

We have audited the accompanying consolidated financial statements of **LafargeHolcim Bangladesh Limited** (hereinafter referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give true and fair view of the financial position of the Group as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and other applicable laws and regulations.

#### Basis for opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of matter

We draw attention to note 20.4 of the accompanying financial statements stating that the Group has legal issue in relation to the excess gas tariff raised by Jalalabad Gas Transmission and Distribution System Limited. A dispute has arisen between the parties as on 03 January 2021 and the demand made by Jalalabad Gas Transmission and Distribution System Limited for payment of gas price as per the tariff fixed by Bangladesh Energy Regulatory Commission (BERC). In response to Jalalabad Gas's demand for additional payment, LafargeHolcim Bangladesh Limited has been maintaining the position as opined by the Group's legal advisor that the gas price is governed by the Gas Sales Agreement (GSA) dated 19 January 2003, which provides for a Ceiling Price (USD 2.8 per thousand Standard Cubic Foot). Jalalabad Gas issued a notice to LafargeHolcim Bangladesh Limited threatening to terminate the GSA and discontinue supply of gas to the Plant of LafargeHolcim Bangladesh Limited. The Group has filed an Arbitration Application and the Hon'ble High Court Division Bangladesh passed an order on 07 February 2021 issuing a Rule as prayed for, and pending hearing of the Rule, the Hon'ble Court directed Jalalabad Gas to maintain *status quo* in respect of supply of gas at the Plant and further restrained Jalalabad Gas from terminating the GSA or stopping supply of gas to the Plant, for a period of three (3) months from date.

Our opinion is not modified in respect of this matter.



### **Key audit matters**

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

We have fulfilled the responsibilities described in the auditors' responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters.

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

#### ***1) Revenue***

Revenue recognition has significant and wide influence on consolidated financial statements. The Group reported revenue for the amount of Taka 16,223 million. Revenue is recognized when the amounts and the related costs are reliably measured and the performance obligation is completed through passing of control to the customers. While the risk and rewards are being transferred for the performance obligations at the delivery point and control has passed, there is a risk that the Group might misstate or manipulate sales quantity or price in the consolidated financial statements. There is also a risk that revenue may be overstated or understated through various discounts and incentives.

#### ***How our audit addressed the key audit matter***

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

#### ***2) Impairment testing of goodwill***

Refer to Note 6(B) to the consolidated financial statements

Included on the consolidated financial statements is a goodwill balance of Taka 318 million as at 31 December 2020.

The Group is required to, at least annually, perform impairment assessments of intangible assets including goodwill that have an indefinite useful life. For intangible assets with useful lives, the Group is required

to review these for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable, and at least annually, review whether there is any change in their expected useful lives.

For the purpose of performing impairment assessments, intangible assets including goodwill have been allocated to the Group of cash generating units (“CGUs”). The recoverable amount of the underlying CGUs is supported by value-in-use calculations which are based on future discounted cash flows. Management concluded that the intangible assets including goodwill were not impaired for the year ended 31 December 2020.

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

*How our audit addressed the key audit matter*

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

*3) Deferred tax liabilities*

The Group reported net deferred tax liabilities amounting to Taka 2,588 million as at 31 December 2020. Significant judgment is required in relation to deferred tax liabilities as their recoverability is dependent on forecasts of future profitability over a number of years.

Refer to Note 15 to the consolidated financial statements for relevant disclosures regarding deferred tax liabilities.



***How our audit addressed the key audit matter***

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

**Other matter**

The Group comprises the parent LafargeHolcim Bangladesh Limited and its two subsidiaries namely Lafarge Umiam Mining Private Limited (LUMPL) and Lum Mawshun Minerals Private Limited (LMMPL) located in India. The financial statements of two subsidiaries have been audited locally by RKP Associates, Chartered Accountants, India. The auditors of subsidiaries have expressed an unmodified opinion on those financial statements as of 31 December 2020. The consolidated financial statements for the prior period were audited by Nurul Faruk Hasan & Co, Chartered Accountants, the opinion was unmodified, and the date of their audit report was 04 March 2020.

**Reporting on other information**

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

Our opinion on the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements**

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Groups financial reporting process.

#### **Auditors' responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISAs), we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

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

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



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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe 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.

**Report on other legal and regulatory requirements**

In accordance with the Companies Act, 1994 and International Standards on Auditing (ISAs), we also report the following:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b. in our opinion, proper books of account as required by law have been kept by the Group so far as it appeared from our examination of those books;
- c. the Group's statement of consolidated financial position and the consolidated statement of profit or loss and other comprehensive income along with the annexed notes 1 to 35 dealt with by the report are in agreement with the books of account; and
- d. the expenditures incurred and payments made were for the purposes of the Group's affairs.

Dhaka, 02 MAR 2021

DVC



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

**LafargeHolcim Bangladesh Limited**  
**Consolidated statement of financial position**  
**As at 31 December**

	Note	2020 Taka'000	2019 Taka'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	16,675,338	16,531,389
Goodwill	6	317,776	317,776
Intangible assets	6	2,293,293	2,519,733
Other current assets	9	-	140,993
<b>Total non-current assets</b>		<b>19,286,407</b>	<b>19,509,891</b>
<b>Current assets</b>			
Inventories	7	2,183,534	2,678,147
Trade receivables	8	1,747,990	2,188,054
Other current assets	9	615,819	694,530
Advance income tax	10	998,139	1,547,108
Derivative instruments		14,435	4,903
Cash and cash equivalents	11	1,372,660	301,659
<b>Total current assets</b>		<b>6,932,577</b>	<b>7,414,401</b>
<b>Total assets</b>		<b>26,218,984</b>	<b>26,924,292</b>
<b>Equity &amp; liabilities</b>			
<b>Equity</b>			
Share capital	12.3	11,613,735	11,613,735
Retained earnings		5,442,469	4,242,436
Other components of equity	12.6	(89,671)	(43,172)
Foreign currency translation	3.5	322,712	386,362
<b>Equity attributable to owners of the Company</b>		<b>17,289,245</b>	<b>16,199,361</b>
Non-controlling interests	13	(170)	(134)
<b>Total equity</b>		<b>17,289,075</b>	<b>16,199,227</b>
<b>Non-current liabilities</b>			
Borrowings	14A	65,876	194,160
Deferred tax liability	15	2,587,978	3,066,862
Employee benefits	16	293,689	180,974
Provisions	17	41,865	40,146
<b>Total non-current liabilities</b>		<b>2,989,408</b>	<b>3,482,142</b>
<b>Current liabilities</b>			
Trade payables	18	5,074,955	5,266,170
Other current liabilities	19	768,700	759,437
Borrowings	14B	37,099	1,162,793
Unclaimed dividend		59,747	54,523
<b>Total current liabilities</b>		<b>5,940,501</b>	<b>7,242,923</b>
<b>Total liabilities</b>		<b>8,929,909</b>	<b>10,725,065</b>
<b>Total equity and liabilities</b>		<b>26,218,984</b>	<b>26,924,292</b>
Net Asset Value (NAV) Per Share	33	14.89	13.95

The accompanying Notes 1 to 35 form an integral part of these financial statements.

  
Chief Financial Officer


  
Company Secretary

  
Director

  
Chief Executive Officer

As per our annexed report of same date

Dhaka, Bangladesh  
Dated: 02 MAR 2021  
DVC:

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



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

	Note	2020 Taka '000	2019 Taka '000
<b>Revenue</b>	21	16,222,483	17,839,756
Cost of sales	22	(11,616,410)	(13,307,859)
<b>Gross profit</b>		<b>4,606,073</b>	<b>4,531,897</b>
Other operating income	25A	21,071	65,590
General and administrative expenses	23	(1,264,181)	(1,132,132)
Sales and marketing expenses	24	(408,903)	(504,893)
Other operating expenses	25B	-	(39,605)
<b>Operating profit</b>		<b>2,954,060</b>	<b>2,920,857</b>
Finance cost	26	(123,966)	(261,459)
Finance income	26	18,684	21,363
<b>Profit before tax</b>		<b>2,848,778</b>	<b>2,680,761</b>
Income tax	27	(487,393)	(943,307)
<b>Profit for the year</b>		<b>2,361,385</b>	<b>1,737,454</b>
<b>Profit attributable to:</b>			
Owners of the parent Company		2,361,407	1,737,517
Non-controlling interests		(22)	(63)
		<b>2,361,385</b>	<b>1,737,454</b>
<b>Earnings per share</b>			
Basic (Taka)	28A	2.03	1.50
Diluted (Taka)	28A	2.03	1.50

The accompanying Notes 1 to 35 form an integral part of these financial statements.

  
Chief Financial Officer

  
Company Secretary


  
Director

  
Chief Executive Officer

As per our annexed report of same date

Dhaka, Bangladesh  
Dated: **02 MAR 2021**

DVC:

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

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

	2020 <u>Taka '000</u>	2019 <u>Taka '000</u>
<b>Profit for the year</b>	<u>2,361,385</u>	<u>1,737,454</u>
<b>Items that will not be reclassified to profit or loss</b>		
Actuarial (loss)/gain-net off tax	(38,667)	54,991
<b>Total items that will not be reclassified to profit or loss</b>	<u>(38,667)</u>	<u>54,991</u>
<b>Items that are or may be reclassified subsequently to profit or loss</b>		
Cash flow hedge instruments-net off tax	(7,832)	18,767
Foreign operation-foreign currency translation differences	(63,650)	(28,926)
Non controlling interests-currency translation adjustment	(14)	(5)
<b>Total items that may be reclassified to profit or loss</b>	<u>(71,496)</u>	<u>(10,164)</u>
<b>Other comprehensive (loss)/income for the year</b>	<u>(110,163)</u>	<u>44,827</u>
<b>Total comprehensive income for the year</b>	<u>2,251,222</u>	<u>1,782,281</u>
<b>Profit attributable to:</b>		
Owners of the parent Company	2,251,258	1,782,349
Non-controlling interests	(36)	(68)
	<u>2,251,222</u>	<u>1,782,281</u>

*The accompanying Notes 1 to 35 form an integral part of these financial statements.*

  
Chief Financial Officer

  
Company Secretary

  
Director

  
Chief Executive Officer

As per our annexed report of same date

Dhaka, Bangladesh  
Dated: **02 MAR 2021**

DVC:

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



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

*In thousands of taka*

	Share capital	Retained earnings	Other components of equity	Foreign currency translation	Equity for parent company	Non controlling interests	Total equity
<b>Balance at 1 January 2019</b>	11,613,735	3,666,293	(116,930)	415,288	15,578,386	(66)	15,578,320
Total comprehensive income/(loss) for the year	-	1,737,517	73,758	(28,926)	1,782,349	(68)	1,782,281
Final dividend for 2018	-	(1,161,374)	-	-	(1,161,374)	-	(1,161,374)
<b>Balance at 31 December 2019</b>	<b>11,613,735</b>	<b>4,242,436</b>	<b>(43,172)</b>	<b>386,362</b>	<b>16,199,361</b>	<b>(134)</b>	<b>16,199,227</b>
<b>Balance at 1 January 2020</b>	11,613,735	4,242,436	(43,172)	386,362	16,199,361	(134)	16,199,227
Total comprehensive income/(loss) for the year	-	2,361,407	(46,499)	(63,650)	2,251,258	(36)	2,251,222
Final dividend for 2019	-	(1,161,374)	-	-	(1,161,374)	-	(1,161,374)
<b>Balance at 31 December 2020</b>	<b>11,613,735</b>	<b>5,442,469</b>	<b>(89,671)</b>	<b>322,712</b>	<b>17,289,245</b>	<b>(170)</b>	<b>17,289,075</b>

The accompanying Notes 1 to 35 form an integral part of these financial statements.



**Chief Financial Officer**



**Company Secretary**



**Director**



**Chief Executive Officer**

**LafargeHolcim Bangladesh Limited  
Consolidated statement of cash flows  
For the year ended 31 December**

	Note	2020 Taka '000	2019 Taka '000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		16,673,625	17,948,941
Cash paid to suppliers and employees		(11,655,013)	(13,195,394)
<b>Cash generated from operations</b>		<b>5,018,612</b>	<b>4,753,547</b>
Income taxes paid		(486,251)	(695,544)
Other receipts		8,134	27,415
<b>Net cash generated from operating activities*</b>	34	<b>4,540,495</b>	<b>4,085,418</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(774,714)	(971,814)
Proceeds from sale of property, plant and equipment		6,630	3,649
Interest income		17,517	13,497
<b>Net cash used in investing activities</b>		<b>(750,567)</b>	<b>(954,668)</b>
<b>Cash flows from financing activities</b>			
Repayment of long-term borrowings		(918,562)	(890,230)
Repayments of the lease liabilities		(43,486)	(83,568)
Interest paid on lease liabilities		(15,068)	(15,163)
Decrease in short term debt		(300,689)	(868,133)
Payment of interest and other finance costs		(75,148)	(271,005)
Dividend paid		(1,156,150)	(1,154,661)
<b>Net cash used in financing activities</b>		<b>(2,509,103)</b>	<b>(3,282,760)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,280,825</b>	<b>(152,010)</b>
Net effect of foreign currency translation on cash and cash equivalents		(2,505)	(539)
<b>Cash and cash equivalents at beginning of the year</b>	11	<b>94,340</b>	<b>246,889</b>
<b>Cash and cash equivalents at end of the year</b>	11	<b>1,372,660</b>	<b>94,340</b>
<b>Net Operating Cash Flow Per Share (NOCFPS)</b>	33	<b>3.91</b>	<b>3.52</b>

\*Refer to Note 34 for a reconciliation between net profit with cash flows from operating activities.

The accompanying Notes 1 to 35 form an integral part of these financial statements.

  
Chief Financial Officer

  
Company Secretary

  
Director

  
Chief Executive Officer



**LAFARGEHOLCIM BANGLADESH LIMITED**  
**Notes to the consolidated 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. Presently the Company has two subsidiaries in India. The main objectives of the subsidiaries are to support the holding company. A brief description of each of the subsidiary is given below:

**Lafarge Umiam Mining Private Limited (LUMPL)** - LUMPL is fully owned subsidiary of the Company. LUMPL was incorporated under the Indian Companies Act 1956 on 22 March 1999 as a private limited company with its registered office at Shillong in the State of Meghalaya, India.

**Lum Mawshun Minerals Private Limited (LMMPL)** - LMMPL is a 74% owned subsidiary of the Company. LMMPL was incorporated under the Indian Companies Act 1956 on 17 November 1994 as a private limited company with its registered office at Shillong in the State of Meghalaya, India.

**2 Nature of business**

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

**Lafarge Umiam Mining Private Limited (LUMPL)** - LUMPL owns and operates the limestone and shale mine located at Nongtraai and Shella area of East Khasi Hills District, Meghalaya. The project involves supply of crushed limestone and shale from the mines located in the State of Meghalaya through continuous cross border elevated belt conveyor to the plant at Chhatak in Bangladesh promoted by Lafarge SA France and Cementos Molins of Spain for the manufacture building materials by LHBL.

**Lum Mawshun Minerals Private Limited (LMMPL)** - LMMPL was formed for acquisition of mining and land rights to facilitate the mining operation of limestone and shale. During the earlier years LMMPL transferred the mining and land rights as well as freehold and leasehold lands as was acquired to LUMPL along with the preoperative expenses and related account balances pertaining to such lands transferred, after obtaining necessary approval from the Government of India. Consequently, there has been no business during the year as well as in the previous years. However, LMMPL is exploring new opportunities.

**3 Summary of significant accounting policies**

**3.1 Basis of preparation**

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), the Companies Act 1994 and the Securities and Exchange Rules 1987. They were authorized for issue by the Company's board of directors on 02 March 2021.

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

**3.2 Basis of consolidation**

The accounts of all the subsidiaries of the Company have been fully consolidated as the Company controls these entities. The Company holds majority of voting right in all of the subsidiaries.

The name of subsidiaries, country of incorporation and proportion of ownership interest are as follows:

<b>Name of subsidiary</b>	<b>Country of incorporation</b>	<b>% of ownership interest</b>
Lafarge Umiam Mining Private Limited	India	100
Lum Mawshun Minerals Private Limited	India	74



**i) Subsidiaries**

Subsidiaries are entities controlled by the Company. The Company ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

**ii) Non-controlling interests (NCI)**

NCI are measured initially at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition.

Changes in the Company’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

**iii) Loss of control**

When the Company loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

**iv) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**3.3 Use of estimates and judgements**

**i) Estimates**

The preparation of the consolidated 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 consolidated 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 consolidated financial statements is judgmental.

**3.4 Functional and presentation currency**

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

**3.5 Translation of financial statements denominated in foreign currencies**

The accounts of the Indian subsidiaries have been translated into Bangladesh Taka using the year end closing rate of exchange for all financial position items and the average rate of exchange for revenues, expenses and amounts presented in the statement of cash flows. The resulting translation adjustments are included as a separate component of shareholders’ equity. The exchange rates used for consolidating the Indian entities are as follows:

<b>Taka equivalent of Rs. 1</b>	<b>2020</b>	<b>2019</b>
Average rate	1.1456	1.1993
Closing rate	1.1559	1.1921

**3.6 Property, plant and equipment**

**i) Recognition of property, plant and equipment**

These are capitalised 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 capitalised.

**iii) Construction in progress**

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



**iv) Depreciation of property, plant and equipment**

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

<u>Category</u>	<u>Rate %</u>
Building	2-2.5
Plant & machinery	3.33
Vehicles	20
Computer equipment	33.33
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 year concerned.

**vi) Retirement and disposals**

An asset is derecognised 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 recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

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

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

**3.7 Goodwill**

Goodwill arising on acquisition of subsidiary is measured at cost less accumulated impairment losses.

**3.8 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) Others**

Capitalisation costs of leasedhold land and quarry land include statutory fees, lump sum payment to lessor and subsequent development cost. These are shown as "intangible assets" in line with the Company policy.

**iii) Construction in progress**

These expenditures are capitalised and recognised as operating assets upon completion of the development process.

**iv) Amortization of intangible assets**

**a) Software**

Software costs are amortised using the straight-line method over their useful lives (three years).

**b) Others**

The leased land and quarry land are amortised using the straight-line method over their amortisation year calculated on the basis of different leased years. However, the quarry lands are amortised over a maximum of thirty years. The rate of amortization for lease hold land is 1%- 5%.

### 3.9 Inventories

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

### 3.10 Financial instruments

#### i. Recognition and initial measurement

- Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised 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: amortised 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 amortised 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 realising 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 amortised cost:

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised 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 consolidated 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 recognised in the consolidated 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 recognised directly in other comprehensive income for the effective portion and in the consolidated statement of profit or loss under the "Finance cost/income" caption for the ineffective portion. The gain and loss recognised in equity is subsequently reclassified to the consolidated statement of profit or loss when hedge exposure affects earnings.

#### **iv. Derecognition**

##### **Financial assets**

The Company derecognises 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 recognised 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 derecognised.

##### **Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises 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 recognised 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 recognised 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 realise the asset and settle the liability simultaneously.

### **3.11 Employees' benefit schemes**

#### **i) Gratuity plan- funded**

The Company 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) Gratuity plan- LUMPL**

LUMPL 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.

#### **iv) Provident fund**

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

#### **v) Workers' profit participation and welfare funds- for LHBL**

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

### **3.12 Taxation**

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised 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 of 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 recognised for all temporary taxable differences.

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

**3.13 Revenue recognition**

Sale of the products, net of value added tax and discounts/commissions, is recognised upon raising invoices to customers.

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

**3.14 Provision**

The Company recognises 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.

**3.15 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.

**3.16 Comparatives**

Comparative figures and account titles in the financial statements have been rearranged/reclassified where necessary to conform with changes in presentation in the current year.

**3.17 Dividend distribution**

Final dividend distributions to the Company's shareholders are recognised 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 recognised in the period in which the dividends are declared and paid. During the year under review, the Company has not paid any interim dividend.

**3.18 Operating segment**

In the year 2020, LafargeHolcim Bangladesh Limited did not have any operating segment whose results are regularly reviewed by the entity's Chief Operating Decision Maker to make decision about resource to be allocated to segments and assess its performance and for which discreet financial information is available.

Subsequently, the Company commenced commercial production of clear size graded aggregate from 09 January 2021.

**3.19 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. Information about subsidiaries of LafargeHolcim Bangladesh Limited has been detailed in Note-1.

**3.20 Impact from COVID-19**

The company has considered the possible impacts that may result from COVID-19 in the preparation of these financial results including the recoverability of carrying amount of financial and non- financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of COVID-19, the company has, at the date of approval of these financial results, used internal and external sources of information and expects that the carrying amount of the assets will be recovered.

**4 Adoption of new and amended International Financial Reporting Standards**

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

- i) COVID-19-Related Rent Concessions (Amendments to IFRS 16)
- ii) Property, Plant and Equipment: Proceeds before intended use (Amendments to IAS 16)
- iii) Reference to Conceptual Framework (Amendments to IFRS 3)
- iv) Classification of Liabilities as Current or Non-current (Amendments to IAS 1).



5 Property, plant and equipment

A. Reconciliation of carrying amount

In thousands of taka

Particular	Freehold land		Building		Right of use assets- Building*	Plant & machinery	Right of use assets- Machinery*	Vehicles	Office equipment	Furniture & fixtures	Construction in progress	Total
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Cost</b>												
Balance at 1 January 2020	1,531,763	2,511,436	179,597	19,076,136	59,357	252,066	509,854	65,848	318,101	24,504,158		
Additions	-	3,650	-	234,615	-	-	982	-	850,974	1,090,221		
Disposals	-	-	-	(2,163)	-	(16,661)	(1,289)	(826)	-	(20,939)		
Transfers	-	6,475	-	142,241	-	-	9,441	-	(158,157)	-		
Translation adjustments	(742)	(3,929)	-	(58,376)	-	(1,957)	(1,167)	(284)	1,817	(64,638)		
<b>Balance at 31 December 2020</b>	<b>1,531,021</b>	<b>2,517,632</b>	<b>179,597</b>	<b>19,392,453</b>	<b>59,357</b>	<b>233,448</b>	<b>517,821</b>	<b>64,738</b>	<b>1,012,735</b>	<b>25,508,802</b>		
<b>Accumulated depreciation</b>												
Balance at 1 January 2020	-	397,829	45,998	6,776,265	52,733	198,685	317,075	58,924	-	7,847,509		
Disposals	-	-	-	(1,986)	-	(16,661)	(1,289)	(826)	-	(20,762)		
Charge for the year	-	94,528	46,024	836,908	6,624	13,883	27,809	5,262	-	1,031,038		
Translation adjustments	-	(799)	-	(20,527)	-	(1,132)	(1,102)	(761)	-	(24,321)		
<b>Balance at 31 December 2020</b>	<b>-</b>	<b>491,558</b>	<b>92,022</b>	<b>7,590,660</b>	<b>59,357</b>	<b>194,775</b>	<b>342,493</b>	<b>62,599</b>	<b>-</b>	<b>8,833,464</b>		
<b>Carrying amount</b>	<b>1,531,021</b>	<b>2,026,074</b>	<b>87,575</b>	<b>11,801,793</b>	<b>-</b>	<b>38,673</b>	<b>175,328</b>	<b>2,139</b>	<b>1,012,735</b>	<b>16,675,338</b>		
<b>Particular</b>												
<b>2019</b>												
<b>Cost</b>												
Balance at 1 January 2019	1,406,708	2,382,256	-	18,593,959	-	263,176	440,395	48,377	391,076	23,525,947		
Additions	-	35,731	179,597	283,682	59,357	2,578	47,665	-	350,811	959,421		
Disposals	-	-	-	(69,990)	-	(13,153)	(1,996)	(223)	(2,775)	(88,137)		
Transfers	-	94,482	-	284,475	-	-	24,118	17,768	(420,843)	-		
Translation adjustments	(205)	(1,033)	-	(15,990)	-	(535)	(328)	(74)	(168)	(18,333)		
<b>Balance at 31 December 2019</b>	<b>1,406,503</b>	<b>2,511,436</b>	<b>179,597</b>	<b>19,076,136</b>	<b>59,357</b>	<b>252,066</b>	<b>509,854</b>	<b>65,848</b>	<b>318,101</b>	<b>24,378,898</b>		
<b>Accumulated depreciation</b>												
Balance at 1 January 2019	-	287,210	-	6,034,855	-	195,561	296,025	47,199	-	6,860,850		
Disposals	-	-	-	(31,625)	-	(11,747)	(1,365)	(212)	-	(44,949)		
Charge for the year	-	110,426	45,998	768,185	52,733	14,549	22,099	11,892	-	1,025,882		
Translation adjustments	-	193	-	4,850	-	322	316	45	-	5,726		
<b>Balance at 31 December 2019</b>	<b>-</b>	<b>397,829</b>	<b>45,998</b>	<b>6,776,265</b>	<b>52,733</b>	<b>198,685</b>	<b>317,075</b>	<b>58,924</b>	<b>-</b>	<b>7,847,509</b>		
<b>Carrying amount</b>	<b>1,406,503</b>	<b>2,113,607</b>	<b>133,599</b>	<b>12,299,871</b>	<b>6,624</b>	<b>53,381</b>	<b>192,779</b>	<b>6,924</b>	<b>318,101</b>	<b>16,531,389</b>		

\* The opening balance of right of use- building and machinery as at the initial application date of 1 January 2019 was Tk 179,597 (thousand) and Tk 59,357 (thousand).

5.1 Depreciation charge for the year allocated to  
 Production and maintenance costs (Note 22.2)  
 Depot operating and transportation costs (Note 22.4)  
 General and administrative expenses (Note 23)  
 Sales and marketing (Note 24)

	2020	2019
	Taka'000	Taka'000
	939,700	940,098
	33,112	25,512
	56,346	53,973
	1,880	6,299
	<b>1,031,038</b>	<b>1,025,882</b>

B. Details of disposal of property, plant and equipment

In thousands of taka

Disposal details 2020	Plant & machinery	Vehicles	Office equipment	Furniture & fixtures	Construction in progress	Total
Cost	2,163	16,661	1,289	826	-	20,939
Accumulated depreciation	(1,986)	(16,661)	(1,289)	(826)	-	(20,762)
Carrying amount at December 31, 2020	177	-	-	-	-	177
Sale proceeds	923	5,443	57	207	-	6,630

Mode of disposal	Company policy	Tender	Tender	Tender	Company policy
Particulars of purchaser/ type of disposal	Third party & written off	Third party	Third party	Third party	Written off

Disposal details 2019	Plant & machinery	Vehicles	Office equipment	Furniture & fixtures	Construction in progress	Total
Cost	69,990	13,153	1,996	223	2,775	88,137
Accumulated depreciation	(31,625)	(11,747)	(1,365)	(212)	-	(44,949)
Carrying amount at December 31, 2019	38,365	1,406	631	11	2,775	43,188
Sale proceeds	-	3,572	59	18	-	3,649

Mode of disposal	Company policy	Tender	Tender	Tender	Company policy
Particulars of purchaser/ type of disposal	Written off	Third party	Third party	Third party	Written off



6 A. Goodwill and intangible assets

		In thousands of taka					
2020	Goodwill	Leasehold land	Quarry land	Software	Construction in progress	Total excluding goodwill	Total including goodwill
<b>Cost</b>							
Balance at 1 January 2020	317,776	1,695,953	1,058,702	163,359	12,677	2,930,691	3,248,467
Translation adjustments	-	(503)	(31,611)	(135)	-	(32,249)	(32,249)
Balance at 31 December 2020	317,776	1,695,450	1,027,091	163,224	12,677	2,898,442	3,216,218
<b>Accumulated depreciation</b>							
Balance at 1 January 2020	-	34,328	377,732	124,158	-	536,218	536,218
Charge for the year	-	601	40,525	39,136	-	80,262	80,262
Translation adjustments	-	(254)	(10,944)	(133)	-	(11,331)	(11,331)
Balance at 31 December 2020	-	34,675	407,313	163,161	-	605,149	605,149
<b>Carrying amount</b>							
Balance at 31 December 2020	317,776	1,660,775	619,778	63	12,677	2,293,293	2,611,069
<b>2019</b>							
<b>Cost</b>							
Balance at 1 January 2019	317,776	1,821,070	1,049,708	163,321	12,677	3,046,776	3,364,552
Translation adjustments	-	143	8,994	38	-	9,175	9,175
Balance at 31 December 2019	317,776	1,821,213	1,058,702	163,359	12,677	3,055,951	3,373,727
<b>Accumulated depreciation</b>							
Balance at 1 January 2019	-	21,577	332,087	79,118	-	432,782	432,782
Charge for the year	-	12,679	43,054	45,002	-	100,735	100,735
Translation adjustments	-	72	2,591	38	-	2,701	2,701
Balance at 31 December 2019	-	34,328	377,732	124,158	-	536,218	536,218
<b>Carrying amount</b>							
Balance at 31 December 2019	317,776	1,786,885	680,970	39,201	12,677	2,519,733	2,837,509
<b>Amortization charge for the year allocated to</b>							
Production and maintenance costs (Note 22.2)							
General and administrative expenses (Note 23)							
						2020	2019
						Taka'000	Taka'000
						41,126	60,978
						39,136	39,757
						80,262	100,735

**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.

## Hoda Vasi Chowdhury & Co

	2020 <u>Taka'000</u>	2019 <u>Taka'000</u>
<b>7 Inventories</b>		
Raw materials	584,723	740,944
Semi-finished and finished products	611,756	865,192
Parts and supplies	987,055	1,072,011
	<u>2,183,534</u>	<u>2,678,147</u>
<b>8 Trade receivables</b>		
Trade receivables	846,803	1,147,611
Advance payment to trade suppliers	901,187	1,040,443
	<u>1,747,990</u>	<u>2,188,054</u>
See Note 31B(i) for disclosures regarding credit risk, allowance for doubtful debts and ageing analysis of trade receivables.		
<b>9 Other current assets</b>		
Prepaid expenses	73,537	79,578
Advance to employees	9,172	14,252
Security and other deposits	92,651	236,530
Other receivables	79,937	79,898
Advance payment to suppliers of fixed assets	350,148	418,763
Accrued interest on bank deposits	10,374	6,502
	<u>615,819</u>	<u>835,523</u>
Current portion	615,819	694,530
Non-current portion	-	140,993
	<u>615,819</u>	<u>835,523</u>
Receivables mentioned above are unsecured and considered good. Advances made to employees include advance related to employee matters and for running the day to day operation cost of different departments.		
<b>10 Advance income tax-net of tax provision</b>		
Advance income tax-deducted at source	7,476,229	7,099,041
Current tax liabilities (Note 10.1)	<u>(6,478,090)</u>	<u>(5,551,933)</u>
	<u>998,139</u>	<u>1,547,108</u>
<b>10.1 Current tax liabilities</b>		
Balance at 1 January	5,551,933	4,558,691
Provision for the year	935,923	1,000,133
Translation adjustment	(9,766)	(6,891)
<b>Balance at 31 December</b>	<u>6,478,090</u>	<u>5,551,933</u>
<b>11 Cash and cash equivalents</b>		
Cash in hand	2,516	2,341
	<u>2,516</u>	<u>2,341</u>
<b>Cash at banks</b>		
Current accounts	1,133,054	214,849
Short term deposit accounts	237,090	84,469
	<u>1,370,144</u>	<u>299,318</u>
<b>Cash and cash equivalents in statement of financial position</b>	<u>1,372,660</u>	<u>301,659</u>
Bank overdrafts repayable on demand and used for cash management purposes*	-	(207,319)
<b>Cash and cash equivalents for the purpose of the statement of cash flows</b>	<u>1,372,660</u>	<u>94,340</u>
* Bank overdrafts are included in short-term borrowings.		
<b>12 Share capital</b>		
<b>12.1 Authorized capital</b>		
<b>1,400,000,000 ordinary shares of Taka 10 each</b>	<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.



	2020 Taka'000	2019 Taka'000
<b>12.2 Issued and subscribed capital</b>		
1,161,373,500 ordinary shares of Taka 10 each	11,613,735	11,613,735
<b>12.3 Paid up capital</b>		
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**

Name of the shareholders	Nationality/ Incorporated in	Number of shares		Holding %	
		2020	2019	2020	2019
Surma Holding B.V.	The Netherlands	683,698,700	683,698,700	58.87	58.87
Sinha Fashions Limited	Bangladesh	35,100,000	35,100,000	3.02	3.02
Islam Cement Limited	Bangladesh	31,914,200	31,914,200	2.75	2.75
Other Shareholders	Bangladesh and NRB	410,660,600	410,660,600	35.36	35.36
<b>Total</b>		<b>1,161,373,500</b>	<b>1,161,373,500</b>	<b>100.00</b>	<b>100.00</b>

**12.5 Classification of shares by holding at 31 December**

Slabs by number of shares	Number of shareholders		Holding %	
	2020	2019	2020	2019
Less than 500 Shares	7,767	8,500	0.17	0.19
501 to 5,000 Shares	12,123	13,422	2.14	2.33
5,001 to 10,000 Shares	2,503	2,628	1.64	1.70
10,001 to 20,000 Shares	1,614	1,709	2.06	2.17
20,001 to 30,000 Shares	573	589	1.23	1.27
30,001 to 40,000 Shares	284	278	0.86	0.84
40,001 to 50,000 Shares	241	216	0.96	0.86
50,001 to 100,000 Shares	404	395	2.55	2.49
100,001 to 1,000,000 Shares	359	353	7.94	7.73
Over 1,000,000 Shares	49	43	80.45	80.42
<b>Total</b>	<b>25,917</b>	<b>28,133</b>	<b>100.00</b>	<b>100.00</b>

**12.6 Other components of equity**

Cash flow hedge *	14,289	22,121
Actuarial loss-net of tax	(103,960)	(65,293)
	<u>(89,671)</u>	<u>(43,172)</u>

\*The effective portion of changes in the fair value of derivative instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the head. The loss relating to the ineffective portion is recognised immediately in the statement of profit or loss, and is included in the finance costs line item.

**12.7 Dividends**

The final dividend amounts to Taka 1.16 billion which is Taka 1.00 per share of Taka 10 each for the year 2020 proposed by the Board of Directors of the Company for approval at the Annual General Meeting of Shareholders. As this dividend is subject to approval by shareholders at the Annual General Meeting, it has not been included as a liability in these financial statements as of 31 December 2020.

**13 Non-controlling interests**

Retained earnings	(659)	(638)
Share capital	164	169
Share money deposits	325	335
	<u>(170)</u>	<u>(134)</u>

**14 Borrowings**

**A. Borrowings- long term**

Non-current portion-unsecured	-	94,248
Non-current portion-lease liabilities	65,876	99,912
	<u>65,876</u>	<u>194,160</u>

	2020 Taka'000	2019 Taka'000
<b>B. Borrowings- short term</b>		
Current portion of long term-unsecured	-	800,000
Bank overdraft facilities (Note-14B (i))	-	207,319
Short term credit facilities (Note-14B (ii))	-	100,000
Current portion of lease liabilities	36,862	55,474
Derivative liabilities*	237	-
	<u>37,099</u>	<u>1,162,793</u>
<b>i) Used bank overdrafts facilities</b>		
Used bank overdrafts facilities in Bangladesh Taka	-	37,346
Used bank overdrafts facilities in foreign currency	-	169,973
	<u>-</u>	<u>207,319</u>
<b>ii) Used short term credit facilities</b>		
Used short term credit facilities in Bangladesh Taka	-	100,000
Used short term credit facilities in foreign currency	-	-
	<u>-</u>	<u>100,000</u>
*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.		
<b>15 Deferred tax liability</b>		
<b>Deferred tax by type of temporary differences that resulted in deferred tax assets and liability</b>		
Property, plant and equipment	2,695,818	3,239,266
Actuarial gain	-	7,183
<b>Deferred tax liabilities</b>	<u>2,695,818</u>	<u>3,246,449</u>
Provision for gratuity	45,394	81,795
Actuarial loss	9,583	
Provision for doubtful debts	36,463	48,091
Business loss carry forward	-	26,741
Provision for obsolescence of spare parts	16,400	22,960
<b>Deferred tax assets</b>	<u>107,840</u>	<u>179,587</u>
<b>Net deferred tax liability</b>	<u>2,587,978</u>	<u>3,066,862</u>
<b>15.1 Change in deferred tax assets and liability</b>		
Balance at 1 January- deferred tax liability	3,066,862	3,104,680
Deferred tax income for the year	(448,530)	(56,826)
Other components of equity	(14,882)	(6,201)
Translation adjustments	(15,472)	25,209
<b>Balance at 31 December-deferred tax liability</b>	<u>2,587,978</u>	<u>3,066,862</u>
<b>16 Employee benefits</b>		
Funded plan (Note-16.1)	161,137	72,692
Unfunded plan (Note-16.2)	132,552	108,282
	<u>293,689</u>	<u>180,974</u>
<b>16.1 Funded Plan</b>		
<b>A. Net position of gratuity plan</b>		
Present value of defined benefit obligation	372,688	308,961
Fair value of plan assets	(211,551)	(236,269)
<b>Net funded status</b>	<u>161,137</u>	<u>72,692</u>
<b>B. Actuarial valuation</b>		
The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2020 by a professional actuary using Projected Unit Credit Method.		
<b>C. Assumptions employed for the valuations are as follows:</b>	<b>%</b>	<b>%</b>
Salary increase rate	8	8
Discount rate	7	9



	2020 <u>Taka'000</u>	2019 <u>Taka'000</u>
<b>D. Movement in the present value of the defined benefit obligation are as follows:</b>		
Balance at 1 January	308,961	315,812
Current service cost	32,427	35,215
Interest cost	26,809	21,830
Actuarial loss/(gain) [Note-D.1]	41,347	(45,915)
Benefits paid during the year	(36,856)	(17,981)
<b>Balance at 31 December</b>	<b><u>372,688</u></b>	<b><u>308,961</u></b>
<b>D.1 Actuarial loss/(gain)</b>		
Demographic assumptions	-	86
Financial	65,214	(56,462)
Experience	(23,867)	10,461
	<b><u>41,347</u></b>	<b><u>(45,915)</u></b>
<b>E. Movement in the fair value of the plan assets are as follows:</b>		
Balance at 1 January	236,269	220,254
Expected return on plan assets	21,737	15,968
Actuarial (gain)/ loss	(14,210)	9,622
Benefits paid during the year	(32,245)	(9,575)
<b>Balance at 31 December</b>	<b><u>211,551</u></b>	<b><u>236,269</u></b>

The above has been invested in bond.

**F. Sensitivity**

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

Effect in thousands of taka	31 December 2020	
	Increase	Decrease
Discount rate	356,036	390,601
Salary increase rate	390,344	356,111

**16.2 Unfunded Plan**

**A. Actuarial valuation**

The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2020 by a professional actuary using Projected Unit Credit Method.

B. Assumptions employed for the valuations are as follows:	2020	2019
	%	%
Salary increase rate	8.00	8.00
Discount rate	7.00	7.82

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

Balance at 1 January	108,282	110,065
Adjustment with valuation report	-	(91)
Current service cost	10,863	16,957
Interest cost	8,939	7,727
Actuarial loss/(gain)	12,345	(20,522)
Benefits paid during the year	(7,119)	(5,764)
Translation adjustment	(758)	(90)
<b>Balance at 31 December</b>	<b><u>132,552</u></b>	<b><u>108,282</u></b>

**D. Sensitivity**

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

Effect in thousands of taka	31 December 2020	
	Increase	Decrease
Discount rate	100,595	111,827
Salary increase rate	111,743	100,619

	2020 <u>Taka'000</u>	2019 <u>Taka'000</u>
<b>17 Provisions</b>		
<b>Site restoration provisions</b>		
Balance at 1 January	40,146	37,428
Addition for the year	2,912	3,225
Translation adjustment	(1,193)	(507)
Balance at 31 December	<u>41,865</u>	<u>40,146</u>
The Group is required to restore a quarry site, the estimated costs of site restoration are accrued and recognised to the cost of sales, on the basis of mines closure plan submitted to Indian Bureau of Mines (IBM).		
<b>18 Trade payables</b>		
Payable for goods and services	4,786,474	5,128,023
Contract liabilities	288,481	138,147
	<u>5,074,955</u>	<u>5,266,170</u>
<b>19 Other current liabilities</b>		
Payables to suppliers of fixed assets	118,894	69,338
Income tax and VAT deducted at source	206,971	242,810
Others	442,835	415,145
Accrued interest payable	-	32,144
	<u>768,700</u>	<u>759,437</u>
<b>20 Commitments and Contingencies</b>		
<b>20.1 Commitments</b>		
<b>Commitments related to operating activities</b>		
Purchase commitments	3,524,656	3,223,848
Capital expenditure commitments	248,953	594,633
Guarantees given	521,192	518,268
	<u>4,294,801</u>	<u>4,336,749</u>
<b>20.2 Contingent Liabilities</b>		
Tax related cases with the tax authorities and Hon'ble High Court	1,869,132	1,869,132
VAT related cases with the VAT authorities and Hon'ble High Court	418,183	413,183
Custom related case with the Hon'ble High Court	5,000	5,000
Compulsory afforestation (CA) land	160,867	443,367
	<u>2,453,182</u>	<u>2,730,682</u>
<b>20.3 Claims</b>		
a. Claims against the Company not acknowledged as debt	Nil	Nil
b. Claims by the Company not acknowledged as receivable	Nil	Nil

**20.4 Gas Sales Agreement**

Jalalabad Gas Transmission & Distribution Systems Ltd. ("Jalalabad Gas") and LafargeHolcim Bangladesh Ltd ("LHBL") executed a Gas Sales Agreement (GSA) on 19 January 2003, under which Jalalabad Gas supplies gas to the plant of LHBL located at Chhatak, Sunamganj (the "Plant"). A dispute has arisen between the parties as on 03 January 2021 when Jalalabad Gas issued a notice to LHBL threatening to terminate the GSA and discontinue supply of gas to the Plant of LHBL.

LHBL issued a Notice of Arbitration in accordance with the terms of the GSA. LHBL further filed an Arbitration Application No. 5 of 2021 before the Hon'ble High Court Division of the Supreme Court of Bangladesh seeking interim relief in aid of the arbitration. The Hon'ble High Court Division Bangladesh passed an order on 07 February 2021 (a certified copy of which was issued on 10 February 2021) issuing a Rule as prayed for, and pending hearing of the Rule, the Hon'ble Court directed Jalalabad Gas to maintain *status quo* in respect of supply of gas at the Plant and further restrained Jalalabad Gas from terminating the GSA or stopping supply of gas to the Plant, for a period of three (3) months from date. The Hon'ble Court directed LHBL to furnish a Bank Guarantee for the differential amount accrued Taka 860 million till 07 February 2021 only from a scheduled bank in the name of the Registrar of the High Court Division of the Supreme Court of Bangladesh, within fifteen (15) days from the date of receipt of the Order.



**20.5 Lafarge Umiam Mining Private Limited (LUMPL)**

The Company entered into a Limestone Mining Agreement with a mining contractor (the "Contractor"). The Contractor failed to engage the right mining equipment, many mining equipment were more than 5 years old and in violation of the provisions of the Agreement. The Contractor failed to produce right sizes of Limestone as specified in the Agreement. Company issued notices of Breach, Material Breach to the Contractor in terms of the Agreement. On 28.02.2017 the Agreement was terminated. The Company submitted its 'Request for Arbitration' to the Secretariat of the International Court of Arbitration (ICC), Paris as per the provisions of the Agreement, with a claim of Taka 264.86 million. The Contractor made counter-claim of Taka 733.25 million. By order dated 11.09.2017, the ICC appointed Arbitration Tribunal rejected the counterclaim of the Contractor on procedural ground. On 11.12.2017, the Contractor filed an application before the Calcutta High Court under Section 34 of the Arbitration and Conciliation Act, 1996 seeking to set aside the Order of the Arbitration Tribunal dated 11.09.2017 (the "Application"). The Hearing on the Application is awaited. Arbitration proceedings however continue to proceed on the claim filed by LUMPL. The Contractor has filed an application for stay of the Order dated 11.09.2017 before the Tribunal on the ground that the matter is pending before the High Court. The application is yet to be heard by the Tribunal. The Company is of the opinion that the counter-claim of the Contractor, even if taken on record by the Tribunal at a subsequent stage or under order of the High Court, is not likely to succeed in full on merits of the matter and accordingly counterclaim of the Contractor has not been acknowledged as debt and no provision for the same has been made. The lawyers are of the view that the case of Company is strong on merits.

	<b>2020</b>	<b>2019</b>
	<b>Taka'000</b>	<b>Taka'000</b>
<b>21 Revenue</b>		
Sale of gray cement*	15,926,030	17,529,660
Sale of cement clinker	296,453	310,096
	<b>16,222,483</b>	<b>17,839,756</b>
Products transferred at a point in time	16,222,483	17,839,756
	<b>16,222,483</b>	<b>17,839,756</b>
<b>*Sale of gray cement</b>		
Local sales	15,753,150	17,343,859
Export in Export Processing Zones and India	172,880	185,801
	<b>15,926,030</b>	<b>17,529,660</b>
<b>22 Cost of Sales</b>		
Opening finished goods and work in process (Note-7)	865,192	735,729
Raw materials costs (Note-22.1)	2,845,516	3,817,487
Consumption of purchased clinker	3,099,650	3,343,806
Power and fuel costs	1,800,627	1,905,267
Production and maintenance costs (Note-22.2)	2,148,138	2,377,449
Plant-general and administrative costs (Note-22.3)	439,818	412,207
Freight cost to customers	259,358	548,019
Depot operating and transportation costs (Note-22.4)	766,955	1,029,862
Site restoration costs	2,912	3,225
Closing finished goods and work in process (Note-7)	(611,756)	(865,192)
	<b>11,616,410</b>	<b>13,307,859</b>
<b>22.1 Raw materials costs</b>		
Fly ash	496,718	568,962
Slag	474,616	515,825
Gypsum	431,365	537,377
Iron ore	62,018	23,799
Sand	16,162	15,834
Clay	99,118	103,696
Limestone	501,042	1,161,060
Packing materials	757,281	870,826
Others	7,196	20,108
	<b>2,845,516</b>	<b>3,817,487</b>

## Hoda Vasi Chowdhury & Co

	2020 <u>Taka'000</u>	2019 <u>Taka'000</u>
<b>22.2 Production and maintenance costs</b>		
Salary, allowances and benefits	315,462	393,460
Contributions to employees' benefit schemes	22,147	27,655
Maintenance	220,875	298,431
Other supplies and spares	324,352	386,138
Material handling	89,515	64,090
Other expenses	194,383	205,696
Technical studies	578	903
Depreciation	939,700	940,098
Amortization of intangible assets	41,126	60,978
	<b><u>2,148,138</u></b>	<b><u>2,377,449</u></b>
<b>22.3 Plant-general and administrative costs</b>		
Salary, allowances and benefits	166,057	106,413
Contributions to employees' benefit schemes	12,602	6,794
Staff welfare expenses	38,376	37,435
Training, seminars and meetings	174	644
Travelling	5,230	9,055
Rent	-	1,733
Gas, electricity and water	789	836
Telephone, fax and postage	3,067	2,107
Office maintenance	23,716	64,227
Security services	77,232	71,642
Printing and stationery	850	1,232
Other supplies and spares	2,202	3,075
Other office expenses	21,031	24,912
Legal expenses	836	4,273
Consultancy	15,642	8,909
Vehicles running expenses	10,043	8,239
Corporate social activities	19,019	36,123
Insurance	42,952	24,558
	<b><u>439,818</u></b>	<b><u>412,207</u></b>
<b>22.4 Depot operating and transportation costs</b>		
Salary, allowances and benefits	101,463	125,823
Contributions to employees' benefit schemes	8,599	12,077
Staff welfare expenses	1,100	1,209
Training, seminars and meeting	361	751
Depreciation	33,112	25,512
Depot other operating costs	100,551	194,772
Transportation costs	521,769	669,718
	<b><u>766,955</u></b>	<b><u>1,029,862</u></b>
<b>23 General and administrative expenses</b>		
Salary, allowances and benefits	289,390	287,940
Contributions to employees' benefit schemes	15,612	21,790
Staff welfare expenses	102	1,852
Training, seminars and meeting	8,445	13,852
Travelling	1,738	8,014
Gas, electricity and water	1,001	1,242
Telephone, fax and postage	2,202	7,129
<i>Balance Carried Forward</i>	<b><u>318,490</u></b>	<b><u>341,819</u></b>



	2020 <u>Taka'000</u>	2019 <u>Taka'000</u>
<i>Balance Carried Forward</i>	<b>318,490</b>	<b>341,819</b>
Entertainment	1,866	4,624
Office maintenance	1,799	4,646
Office security services	250	314
Printing and stationery	1,219	2,480
IT maintenance expenses	89,029	105,635
Other office expenses	52,459	79,951
Registration and other fees	6,074	4,488
Audit and tax advisory fees	3,280	4,702
Legal expenses	2,674	17,389
Vehicles running expenses	15,704	15,160
Publicity and public relation	5,153	7,263
General assistance fee	269,837	239,656
Trademark license fee	269,837	108,023
Consulting, survey and studies	7,407	2,678
Depreciation	56,346	53,973
Amortization of intangible assets	39,136	39,757
Contribution to Workers' Profit Participation and Welfare Fund	123,621	99,574
	<b><u>1,264,181</u></b>	<b><u>1,132,132</u></b>
<b>23.1 General assistance fee</b>		
The amount is payable to Lafarge S.A. and LafargeHolcim Limited, for general assistance fee (2 percent of annual net turnover of the Company in accordance with the General Assistance Agreement) for the year 2020. (2019: 1 percent of annual net turnover of the Company, payable to Lafarge S.A. and Cementos Molins).		
<b>23.2 Trademark license fee</b>		
The amount is payable to Lafarge S.A., LafargeHolcim Limited and Cementos Molins for trademark license fee (2 percent of annual net turnover of the Company in accordance with the Trademark License Fee Agreement) for the year 2020. (2019: 1 percent of annual net turnover of the Company, payable to Lafarge S.A. and Cementos Molins).		
<b>24 Sales and marketing expenses</b>		
Salary, allowances and benefits	168,733	172,497
Contributions to employees' benefit schemes	12,648	14,385
Staff welfare expenses	918	10
Travelling	17,215	27,791
Gas, electricity and water	789	887
Telephone, fax and postage	3,549	3,791
Entertainment	401	1,336
Office maintenance	1,635	6,755
Printing and stationery	146	168
Other office expenses	7,541	12,337
Registration and other fees	7,798	8,026
Vehicles running expenses	13,734	15,750
Advertisement expenses	157,766	187,628
Promotional expenses	12,972	13,650
Provision for trade receivables	303	1,469
Bad debt	-	27,465
General survey and studies	875	4,649
Depreciation	1,880	6,299
	<b><u>408,903</u></b>	<b><u>504,893</u></b>
<b>25 Other operating income and expenses</b>		
<b>A. Other operating income</b>		
Sale of miscellaneous scrap items	8,134	27,415
Provision written back for trade receivables	-	22,151
Provident fund forfeited amount*	4,092	-
Gain on sale of property, plant and equipment	6,453	-
Others	2,392	16,024
	<b><u>21,071</u></b>	<b><u>65,590</u></b>

	2020 Taka'000	2019 Taka'000
<b>B. Other operating expenses</b>		
Loss on sale of property, plant and equipment	-	39,605
	-	<u>39,605</u>
* The amount represents from the year 2015 to 2020.		
<b>26 Finance costs and income</b>		
Interest on short & long term borrowings	38,298	216,917
Other finance costs	15,513	13,779
Bank charges and commission	18,103	15,600
Interest expenses on lease liabilities	15,068	15,163
Exchange loss	36,984	-
<b>Finance costs</b>	<u>123,966</u>	<u>261,459</u>
Interest income on bank deposits	18,684	13,986
Exchange gain	-	7,377
<b>Finance income</b>	<u>18,684</u>	<u>21,363</u>
<b>Net finance (cost)/income</b>	<u>(105,282)</u>	<u>(240,096)</u>
<b>27 Income tax</b>		
Current income tax expenses	935,923	932,179
Current income tax expenses for prior years	-	67,954
Deferred income tax	(448,530)	(56,826)
	<u>487,393</u>	<u>943,307</u>
<b>27.1 Reconciliation of effective tax rate (%)</b>		
Average statutory tax rate	27.06	32.87
Prior years adjustment	-	2.53
Permanent differences	4.91	1.61
Change in structure (HBL amalgamation)	(9.47)	-
Effect of foreign tax differentials	(5.39)	(1.83)
<b>Effective tax rate</b>	<u>17.11</u>	<u>35.18</u>

**28 A. Earnings per share**

The computation of basic and diluted earnings per share for the years ended 31 December 2020 and 31 December 2019 are as follows:

<b>Numerator</b>	<i>(Thousands of Taka)</i>		
Profit for the year- attributable to owners of the company		2,361,407	1,737,517
<b>Denominator</b>	<i>(Thousands of Shares)</i>		
Weighted average number of shares outstanding		1,161,374	1,161,374
<b>Basic earnings per share</b>	<i>Taka</i>	<u>2.03</u>	<u>1.50</u>
<b>Diluted earnings per share</b>	<i>Taka</i>	<u>2.03</u>	<u>1.50</u>

**B. Net asset value (NAV) per share**

The computation of net asset value per share for the years ended 31 December 2020 and 31 December 2019 are as follows:

<b>Numerator</b>	<i>(Thousands of Taka)</i>		
Net asset value for the year		17,289,075	16,199,227
<b>Denominator</b>	<i>(Thousands of Shares)</i>		
Weighted average number of shares outstanding		1,161,374	1,161,374
<b>Net asset value per share</b>	<i>Taka</i>	<u>14.89</u>	<u>13.95</u>

**C. Net operating cash flow per share (NOCFPS)**

The computation of net operating cash flow per share for the years ended 31 December 2020 and 31 December 2019 are as follows:

<b>Numerator</b>	<i>(Thousands of Taka)</i>		
Net operating cash flow for the year		4,540,495	4,085,418
<b>Denominator</b>	<i>(Thousands of Shares)</i>		
Weighted average number of shares outstanding		1,161,374	1,161,374
<b>Net operating cash flow per share</b>	<i>Taka</i>	<u>3.91</u>	<u>3.52</u>



## 29 Related Party Transactions

During the year, the Group carried out a number of transactions with related parties in the normal course of business and on arms' length basis. The name of these related parties, nature of these transactions and their total value have been set out in accordance with the provisions of IAS 24.

Name of the Party	Relationship	Nature of transaction	In thousands of taka	
			Transaction value during the year	Receivable/ (Payable) at 31 Dec 2020
			Taka '000	Taka '000
Surma Holding B.V.	Shareholder	Dividend Payment	683,699	-
Holcim Asean Business Service Centre	Group Company	Intercompany services/Technical assistance	-	(40,500.00)
Lafarge S.A.	Group Company	Technical assistance/Trademark license	236,107	(402,293)
Cementos Molins	Group Company	Trademark license/Travel expenses	67,459	(158,198)
LafargeHolcim Limited	Group Company	Trademark license	236,107	(236,107)
LH Trading Ltd	Group Company	Intercompany services	1,112	784
LH Trading Pte Ltd	Group Company	Intercompany purchase	624,102	(167,747)
Holcim Group Services Ltd.	Group Company	Intercompany services	13,494	(36,784)
Holcim Technology Holderbank	Group Company	Intercompany services	-	(5,810)
Lafarge International Services Singapore Pte Ltd.	Group Company	Intercompany services	16,923	(5,438)
Holcim Services (South Asia) India	Group Company	Intercompany services	40,561	(40,327)
Holcim Technology Ltd.	Group Company	Trademark license	-	(263,341)
Eastern Housing Ltd.	Shareholder's associated entity	Cement sales	5,577	618
Aftab Bahumukhi Firm Ltd.	Shareholder's associated entity	Cement sales	-	(15)
Bengal Development Corporation-	Shareholder's associated entity	Cement sales	3,805	(77)
Jahurul Islam Medical College	Shareholder's associated entity	Cement sales	3,234	555
Bank Asia Limited	Shareholder's associated entity	Cement sales	204	(1)
Opex Group	Shareholder's associated entity	Cement sales	246	(84)
Sinha Peoples Energy Ltd.	Shareholder's associated entity	Cement sales	82	(11)

2019

Name of the Party	Relationship	Nature of transaction	Transaction value during the year	Receivable/ (Payable) at 31 Dec 2019
			Taka '000	Taka '000
LH Trading Pte Ltd	Group Company	Intercompany purchase	1,605,289	(11,343)
Surma Holding B.V.	Shareholder	Dividend Payment	687,728	-
Holcim Technology Ltd.	Group Company	Technical assistance/Trademark license	146,127	(374,063)
Lafarge S.A.	Group Company	Technical assistance/Trademark license	125,307	(498,880)
Holcim Asean Business Service Centre	Group Company	Intercompany services/Technical assistance	104,006	(137,342)
Cementos Molins	Group Company	Trademark license/Travel expenses	90,739	(345,693)
Holcim Group Services Ltd.	Group Company	Intercompany services	20,163	(128,851)
Bengal Development Corporation	Shareholder's associated entity	Cement sales	17,469	2,469
LH Trading Ltd	Group Company	Intercompany services	7,017	18,823
Lafarge International Services Singapore Pte Ltd.	Group Company	Intercompany services	6,080	(1,759)
Sinha Peoples Energy Ltd.	Shareholder's associated entity	Cement sales	738	147
Eastern Housing Ltd.	Shareholder's associated entity	Cement sales	5,181	426
Lafarge Industries South Africa (PTY) Ltd.	Group Company	Intercompany services	2,699	7,418
Opex Group	Shareholder's associated entity	Cement sales	1,084	256
Jahurul Islam Medical College	Shareholder's associated entity	Cement sales	1,280	481
Bank Asia Limited	Shareholder's associated entity	Cement sales	1,582	(204)
Holcim Philippines, Inc	Group Company	Intercompany services	-	(128)
Holcim Services (South Asia) India	Group Company	Intercompany services	-	(16,980)
Aftab Bahumukhi Firm Ltd.	Shareholder's associated entity	Cement sales	-	(15)
Holcim Technology Holderbank	Group Company	Intercompany services	-	(5,810)

**30 Directors', Managers' and Officers' Remuneration**

	2020	2019
	Taka '000	Taka '000
Salary, allowances and benefits	456,196	485,285
Contributions to employees' benefit scheme	31,812	35,768
Reimbursable expenses	11,088	17,305
	<u>499,096</u>	<u>538,358</u>

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



31 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.

	Carrying amount				Fair value		
	Fair value - Hedging instruments	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
<b>31 December 2020</b>							
In thousands of Taka							
<b>Financial assets measured at fair value</b>							
Forward exchange contracts used for hedging	14,435	-	-	14,435	-	14,435	-
	<b>14,435</b>			<b>14,435</b>		<b>14,435</b>	
<b>Financial assets not measured at fair value</b>							
Trade and other current assets	-	1,940,124	-	1,940,124	-	-	-
Cash and cash equivalents	-	1,372,660	-	1,372,660	-	-	-
	-	<b>3,312,784</b>	-	<b>3,312,784</b>	-	-	-
<b>Financial liabilities measured at fair value</b>							
Forward exchange contracts used for hedging	237	-	-	237	-	237	-
	<b>237</b>			<b>237</b>		<b>237</b>	
<b>Financial liabilities not measured at fair value</b>							
Borrowings	-	-	102,738	102,738	-	-	-
Trade payables	-	-	5,074,955	5,074,955	-	-	-
Other current liabilities	-	-	768,700	768,700	-	-	-
	-	-	<b>5,946,393</b>	<b>5,946,393</b>	-	-	-
<b>31 December 2019</b>							
<b>Financial assets measured at fair value</b>							
Forward exchange contracts used for hedging	4,903	-	-	4,903	-	4,903	-
	<b>4,903</b>			<b>4,903</b>		<b>4,903</b>	
<b>Financial assets not measured at fair value</b>							
Trade and other current assets	-	2,525,236	-	2,525,236	-	-	-
Cash and cash equivalents	-	301,659	-	301,659	-	-	-
	-	<b>2,826,895</b>	-	<b>2,826,895</b>	-	-	-
<b>Financial liabilities measured at fair value</b>							
Forward exchange contracts used for hedging	-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>							
Borrowings	-	-	1,356,953	1,356,953	-	-	-
Trade payables	-	-	5,266,170	5,266,170	-	-	-
Other current liabilities	-	-	759,437	759,437	-	-	-
	-	-	<b>7,382,560</b>	<b>7,382,560</b>	-	-	-

**B. Financial risk management**

**i) Credit risk**

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

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

Impairment losses on financial assets recognised in profit or loss were as follows.

Figures in Taka'000	2020	2019
Impairment loss on trade receivables from contracts with customers	(145,852)	(145,549)
	<b>(145,852)</b>	<b>(145,549)</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 analysed individually for creditworthiness. The Company's review includes financial statements, 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's limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one to three months for distributions 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 a distributors, corporate customer, industry, trading history with the Company and existence of previous financial difficulties. The Company obtains bank guarantee and cheques from customers.

An analysis of the credit quality of trade receivables is as follows.

Figures in Taka'000	2020	2019
<b>Neither past due</b>	652,681	855,204
<b>Past due</b>		
Past due 1-30 days	144,388	103,525
Past due 31-90 days	30,540	44,480
Past due 91-180 days	24,900	5,184
Over 180 days	140,146	284,767
	<b>992,655</b>	<b>1,293,160</b>

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

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

Figures in Taka'000	2020	2019
Balance at 1 January	(145,549)	(166,231)
Provision written back	-	22,151
Current year addition	(303)	(1,469)
	<b>(145,852)</b>	<b>(145,549)</b>

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

Trade receivables (Note 8)	846,803	1,147,611
Other current assets excluding prepaid expenses (Note 9)	542,282	755,945
	<b>1,389,085</b>	<b>1,903,556</b>

**Cash and cash equivalents**

The Company held cash and cash equivalents of 1,373 million at 31 December 2020 (2019: 302 million). The cash and cash equivalents are held with bank and financial institution counterparties with satisfactory credit ratings. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.



**ii) Liquidity risk**

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

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

**Exposure to liquidity risk**

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

**31 December 2020**

	Carrying amount Taka	6 months or less Taka	From 6 to 12 months Taka	From 1 to 5 years Taka
<b>Non-derivative financial liabilities</b>				
Trade payables	5,074,955	4,111,693	963,262	-
Other current liabilities	768,700	675,011	93,689	-
Lease liabilities	102,738	-	36,862	65,876
	<b>5,946,393</b>	<b>4,786,704</b>	<b>1,093,813</b>	<b>65,876</b>
<b>Derivative financial liabilities</b>				
Forward exchange contracts used for hedging	237	237	-	-
	<b>237</b>	<b>237</b>	<b>-</b>	<b>-</b>

**31 December 2019**

Trade payables	5,266,170	3,814,895	1,451,275	-
Other current liabilities	759,437	626,384	133,053	-
Borrowings	1,201,567	707,319	400,000	94,248
Lease liabilities	155,386	-	8,852	146,534
	<b>7,382,560</b>	<b>5,148,598</b>	<b>1,993,180</b>	<b>240,782</b>
<b>Derivative financial liabilities</b>				
Forward exchange contracts used for hedging	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**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 optimising 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, Swiss franc and Indian rupee.

Exposure to currency risk

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

**Balance at 31 December 2020**

	BDT'000	INR'000	USD'000	EUR'000	CHF'000
<b>Foreign currency denominated assets</b>					
Other current assets	2,338,713	2,015,433	107	-	-
Cash and cash equivalents	80,379	69,212	2	2	-
<b>Total</b>	<b>2,419,092</b>	<b>2,084,645</b>	<b>109</b>	<b>2</b>	<b>-</b>
<b>Foreign currency denominated liabilities</b>					
Trade payables	1,076,059	498,143	5,130	291	364
Other current liabilities	147,324	63,704	586	231	69
<b>Total</b>	<b>1,223,383</b>	<b>561,847</b>	<b>5,716</b>	<b>522</b>	<b>433</b>

**Balance at 31 December 2019**

	BDT'000	INR'000	USD'000	EUR'000	CHF'000
<b>Foreign currency denominated assets</b>					
Other receivables	1,408,269	1,166,592	207	-	-
Cash and cash equivalents	66,256	53,925	21	2	-
<b>Total</b>	<b>1,474,525</b>	<b>1,220,517</b>	<b>228</b>	<b>2</b>	<b>-</b>
<b>Foreign currency denominated liabilities</b>					
Trade payables	820,363	275,272	4,610	271	856
Other current liabilities	202,500	58,256	550	899	12
<b>Total</b>	<b>1,022,863</b>	<b>333,528</b>	<b>5,160</b>	<b>1,170</b>	<b>868</b>

**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. These rates are as follows:

Currencies	31 December 2020		31 December 2019	
	Closing rate	Average rate	Closing rate	Average rate
BDT/INR	1.1559	1.1456	1.1921	1.1993
BDT/USD	84.8020	84.8724	84.9000	84.4486
BDT/EUR	103.8740	96.6986	94.8885	94.5461
BDT/CHF	96.1365	90.4896	87.7429	84.9766

**Exchange rate sensitivity**

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

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

Particulars	Estimated impact on profit/loss and equity(+/-)	
	2020	2019
	Taka'000	Taka'000
Assets denominated in USD	46	96
Assets denominated in EUR	1	1
Assets denominated in INR	12,048	7,336
Other liabilities denominated in USD	2,424	2,165
Other liabilities denominated in EUR	271	557
Other liabilities denominated in INR	3,247	2,005
Other liabilities denominated in CHF	208	367

**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. The Company is exposed to interest rate risk on its debts and short term deposits.

**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 2020 profit before tax of +/- Taka 2,371 (Taka 845 for 2019) in thousands and Taka 1,030 (Taka 13,570 for 2019) in thousands respectively.



*Interest bearing financial instruments of the Company at reporting date are as follows:*

**Financial assets**

Short term deposits	237,090	84,469
	<u>237,090</u>	<u>84,469</u>

**Financial liabilities**

Borrowings	102,975	1,356,953
	<u>102,975</u>	<u>1,356,953</u>

**c) Other price risk**

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

32	<b>Number of Employees</b>	<u>2020</u>	<u>2019</u>
	<b><i>LafargeHolcim Bangladesh Limited</i></b>		
	<i>Nationality:</i>		
	Bangladeshi	551	356
	Non-Bangladeshi	6	7
	<b><i>Holcim Cement (Bangladesh) Limited</i></b>		
	<i>Nationality:</i>		
	Bangladeshi	-	251
	Non-Bangladeshi	-	1
	<b><i>Lafarge Umiam Mining Private limited</i></b>		
	<i>Nationality:</i>		
	Indian	115	118
	Non-Indian	1	1
		<u>673</u>	<u>734</u>
	<b><i>Salary range:</i></b>		
	Monthly Taka 3,000 or above	673	734
	Monthly below Taka 3,000	Nil	Nil
		<u>2020</u>	<u>2019</u>
		<b>Taka '000</b>	<b>Taka '000</b>

**33 Comparative information of the shareholders (Note- 28)**

Net Asset Value (NAV) Per Share	14.89	13.95
Earning Per Share (EPS)	2.03	1.50
Net Operating Cash Flow Per Share (NOCFPS)	3.91	3.52
Profit for the year (in thousand)	2,361,385	1,737,454

**34 Reconciliation of net profit with cash flows from operating activities**

<b>Net profit for the year</b>	<b>2,361,385</b>	<b>1,737,454</b>
Depreciation and amortization	1,111,300	1,126,617
Other non-cash items	303	1,469
Non-operating items	592,675	1,183,403
Changes in net working capital	474,832	36,475
<b>Cash flows from operating activities</b>	<b>4,540,495</b>	<b>4,085,418</b>

**35 Lease disclosures**

Expenses for leases of low value assets		-
Payments for leases of low value assets		-
Short-term lease expenses	(7,410)	(2,392)
Payment for short-term leases	(7,410)	(2,392)
Average lease terms (in years)	2	2

  
Chief Financial Officer

  
Company Secretary

  
Director

  
Chief Executive Officer