

**Audited Consolidated Financial
Statements
Of
LafargeHolcim Bangladesh Limited
For the year ended 31 December 2021**

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 consolidated financial statements of **LafargeHolcim Bangladesh Limited** (hereinafter referred to as "the Company"), which comprise the consolidated statement of financial position as at 31 December 2021, 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 consolidated financial position of the Company as at 31 December 2021, and of its consolidated financial performance and its consolidated 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 Company 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 matters

- 1) We draw attention to note 9.1 to the accompanying consolidated financial statements stating that the Company has legal issues in relation to the excess gas tariff raised by Jalalabad Gas Transmission and Distribution System Limited (JGTDS).

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

However, the Arbitration Tribunal has been formed. The date of the final hearing of the Arbitration has been fixed from 12 December 2022 to 20 December 2022.

- 2) We draw attention to note 21(D) to the consolidated financial statements, wherein the management has explained the status of the aggregate business of the Company. The Ministry of Industries, Government of Bangladesh, has issued a letter on 16 September 2021 to LafargeHolcim Bangladesh Limited (LHBL) to stop selling aggregates in the open market. Accordingly, LHBL stopped selling aggregates. The Company has received favorable order from the High Court Division which is again

challenged by Ministry of Industries in the Appellate Division. The company is waiting for the outcome of the case.

Our opinion is not modified in respect of these matters.

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 year. 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 Company reported revenue for the amount of Taka 20,534 million. Revenue is recognized when the amounts and the related costs are reliably measured and the performance obligation is completed through passing of control to the customers. While the risk and rewards are being transferred for the performance obligations at the delivery point and control has passed, there is a risk that the Company might misstate or manipulate sales quantity or price in the 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 Company as well as other relevant systems supporting the accounting of revenue;
- We examined customer invoice (Mushak 6.3), VAT submission form (Mushak 9.1) and receipts of payment on a test basis;
- We examined ERP system (SAP) which generated sales report (48 report) and compared with dispatch report (701 report);
- We summarized Mushak 9.1, Mushak 6.7, month wise sales and cross checked with consolidated financial statements;
- We performed detailed walk through tests for the discounts and trade incentives;
- We obtained and reviewed supporting documents for sales transactions recorded;
- We assessed whether the sufficient disclosure has been given; and
- We tested the timing of revenue recognition as well as cut off checked.

2) Impairment testing of goodwill

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

Included on the consolidated financial statements is a goodwill balance of Taka 318 million as at 31 December 2021.

The Company is required to, at least annually, perform impairment assessments of intangible assets including goodwill that have an indefinite useful life. For intangible assets with useful lives, the Company is required to review these for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable, and at least annually, review whether there is any change in their expected useful lives.

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

Management concluded that the intangible assets including goodwill were not impaired for the year ended 31 December 2021.

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

How our audit addressed the key audit matter

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

3) *Deferred tax liabilities*

The Company reported net deferred tax liabilities amounting to Taka 2,278 million as at 31 December 2021. Significant judgment is required in relation to deferred tax liabilities as their settlement/recoverability is dependent on forecasts of future profitability over a number of years.

Refer to note 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 Company key controls over the recognition and measurement of deferred tax and the assumptions used in estimating the Company future taxable income;
- We also assessed the completeness and accuracy of the data used for the estimations of future taxable income;
- We involved tax specialists to assess key assumptions, controls, recognition and measurement of deferred tax (DTs); and
- Finally assessed the appropriateness and presentation of disclosures against IAS 12: Income Tax.

Other matter

The Company 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 2021.

Reporting on other information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Company 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 consolidated financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company'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 year, 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 Company so far as it appeared from our examination of those books;
- c. the Company's statement of consolidated financial position and the statement of consolidated 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 Company's affairs.

Dhaka, Bangladesh

Date:

31 JAN 2022



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	2021 Taka'000	2020 Taka'000
Assets			
Non-current assets			
Property, plant and equipment	5	16,384,327	16,675,338
Goodwill	6	317,776	317,776
Intangible assets	6	2,209,540	2,293,293
Total non-current assets		18,911,643	19,286,407
Current assets			
Inventories	7	2,903,883	2,183,534
Trade receivables	8	556,658	846,803
Other current assets	9	1,812,216	1,531,441
Advance income tax	10	160,942	998,139
Cash and cash equivalents	11	5,276,723	1,372,660
Total current assets		10,710,422	6,932,577
Total assets		29,622,065	26,218,984
Equity & liabilities			
Equity			
Share capital	12.3	11,613,735	11,613,735
Retained earnings		8,162,968	5,442,469
Other components of equity	12.6	(231,712)	(89,671)
Foreign currency translation	3.5	249,045	322,712
Equity attributable to owners of the Company		19,794,036	17,289,245
Non-controlling interests	13	(210)	(170)
Total equity		19,793,826	17,289,075
Non-current liabilities			
Borrowings	14A	29,111	65,876
Deferred tax liabilities	15	2,278,353	2,587,978
Employee benefits	16	317,150	293,689
Provisions	17	50,493	41,865
Total non-current liabilities		2,675,107	2,989,408
Current liabilities			
Trade payables	18	6,292,140	5,074,955
Other current liabilities	19	811,115	768,700
Borrowings	14B	31,215	37,099
Unclaimed dividend		18,662	59,747
Total current liabilities		7,153,132	5,940,501
Total liabilities		9,828,239	8,929,909
Total equity and liabilities		29,622,065	26,218,984
Net Asset Value (NAV) Per Share	33	17.04	14.89

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: **31 JAN 2022**


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	2021 <u>Taka '000</u>	2020 <u>Taka '000</u>
Revenue	21A	20,534,442	16,222,483
Cost of sales	22	(13,894,205)	(11,616,410)
Gross profit		<u>6,640,237</u>	<u>4,606,073</u>
Other operating income	25	136,051	21,071
General and administrative expenses	23	(1,475,405)	(1,264,181)
Sales and marketing expenses	24	(460,908)	(408,903)
Operating profit		<u>4,839,975</u>	<u>2,954,060</u>
Finance cost	26	(39,043)	(123,966)
Finance income	26	26,727	18,684
Profit before tax		<u>4,827,659</u>	<u>2,848,778</u>
Income tax	27	(945,816)	(487,393)
Profit for the year		<u>3,881,843</u>	<u>2,361,385</u>
Profit attributable to:			
Owners of the parent Company		3,881,873	2,361,407
Non-controlling interests		(30)	(22)
		<u>3,881,843</u>	<u>2,361,385</u>
Earnings Per Share (EPS)			
Basic EPS (Taka)	28A	3.34	2.03
Diluted EPS (Taka)	28A	3.34	2.03

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: **31 JAN 2022**



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**

	2021 Taka '000	2020 Taka '000
Profit for the year	<u>3,881,843</u>	<u>2,361,385</u>
Items that will not be reclassified to profit or loss		
Actuarial (loss)/gain-net off tax	(132,646)	(38,667)
Total items that will not be reclassified to profit or loss	<u>(132,646)</u>	<u>(38,667)</u>
Items that are or may be reclassified subsequently to profit or loss		
Cash flow hedge instruments-net off tax	(9,395)	(7,832)
Foreign operation-foreign currency translation differences	(73,667)	(63,650)
Non controlling interests-currency translation adjustment	(10)	(14)
Total items that may be reclassified to profit or loss	<u>(83,072)</u>	<u>(71,496)</u>
Other comprehensive (loss)/income for the year	<u>(215,718)</u>	<u>(110,163)</u>
Total comprehensive income for the year	<u><u>3,666,125</u></u>	<u><u>2,251,222</u></u>
Profit attributable to:		
Owners of the parent Company	3,666,165	2,251,258
Non-controlling interests	(40)	(36)
	<u><u>3,666,125</u></u>	<u><u>2,251,222</u></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: 31 JAN 2022


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
Balance at 1 January 2020	11,613,735	4,242,436	(43,172)	386,362	16,199,361	(134)	16,199,227
Total comprehensive income for the year	-	2,361,407	(46,499)	(63,650)	2,251,258	(36)	2,251,222
Dividend for 2019	-	(1,161,374)	-	-	(1,161,374)	-	(1,161,374)
Balance at 31 December 2020	11,613,735	5,442,469	(89,671)	322,712	17,289,245	(170)	17,289,075
Balance at 1 January 2021	11,613,735	5,442,469	(89,671)	322,712	17,289,245	(170)	17,289,075
Total comprehensive income for the year	-	3,881,873	(142,041)	(73,667)	3,666,165	(40)	3,666,125
Dividend for 2020	-	(1,161,374)	-	-	(1,161,374)	-	(1,161,374)
Balance at 31 December 2021	11,613,735	8,162,968	(231,712)	249,045	19,794,036	(210)	19,793,826

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

2

Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

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

	Note	2021 Taka '000	2020 Taka '000
Cash flows from operating activities			
Cash receipts from customers		20,769,723	16,673,625
Cash paid to suppliers and employees		(14,264,135)	(11,655,013)
Cash generated from operations		6,505,588	5,018,612
Income taxes paid		(460,217)	(486,251)
Other receipts		31,551	8,134
Net cash generated from operating activities*	34	6,076,922	4,540,495
Cash flows from investing activities			
Payments for property, plant and equipment		(945,768)	(774,714)
Proceeds from sale of property, plant and equipment		7,935	6,630
Interest income		26,976	17,517
Net cash used in investing activities		(910,857)	(750,567)
Cash flows from financing activities			
Repayment of long-term borrowings		-	(918,562)
Repayments of the lease liabilities		(29,184)	(43,486)
Interest paid on lease liabilities		(2,367)	(15,068)
Decrease in short term debt		-	(300,689)
Payment of interest and other finance costs		(12,386)	(75,148)
Dividend paid		(1,202,459)	(1,156,150)
Net cash used in financing activities		(1,246,396)	(2,509,103)
Net increase in cash and cash equivalents		3,919,669	1,280,825
Net effect of foreign currency translation on cash and cash equivalents		(15,606)	(2,505)
Cash and cash equivalents at beginning of the year	11	1,372,660	94,340
Cash and cash equivalents at end of the year	11	5,276,723	1,372,660
Net Operating Cash Flow Per Share (NOCFPS)	33	5.23	3.91

*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 cement and aggregates manufacturing plants at Chhatak under Sunamganj district, and three (3) grinding plants near Dhaka and Khulna. The Company extracts and processes the basic raw materials of limestone from the quarry in Meghalaya, India, owned by the Company's fully owned subsidiary Lafarge Umiam Mining Private Limited. A 17 kilometres cross-border conveyor belt 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 Nongtraï 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 31 January 2022.

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

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:

Name of subsidiary	Country of incorporation	% of ownership interest
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 unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized 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:

Taka equivalent of Rs. 1	<u>2021</u>	<u>2020</u>
Average rate	1.1509	1.1456
Closing rate	1.1350	1.1559

3.6 Property, plant and equipment

i) Recognition of property, plant and equipment

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

ii) Subsequent costs

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

iii) Construction in progress

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

iv) Depreciation of property, plant and equipment

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

<u>Category</u>	<u>Rate %</u>
Building	2-2.5
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 derecognized on disposal or when no further economic benefits are expected from its use. Gains and losses on disposals are determined by comparing proceeds with carrying amounts, and are recognized in the statement of profit or loss in "gain/(loss) on disposals and other non-operating income/(expenses)".

vii) Leases

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

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

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

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

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

Capitalization costs of leasehold 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 capitalized and recognized as operating assets upon completion of the development process.

iv) Amortization of intangible assets

a) Software

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

b) Others

The leased land and quarry land are amortized using the straight-line method over their amortization year calculated on the basis of different leased years. However, the quarry lands are amortized 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 realizable value while packing materials and spare parts are valued at cost. The cost of inventories is based on the weighted average cost method.

3.10 Financial instruments

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets

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

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

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

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

Financial assets - Business model assessment

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

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

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

Financial assets - Subsequent measurement and gains and losses:

Financial assets at amortized cost:

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

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 recognized 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 recognized 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 recognized in equity is subsequently reclassified to the consolidated statement of profit or loss when hedge exposure affects earnings.

iv. Derecognition

Financial assets

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

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

Financial liabilities

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

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

v. Offsetting

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

3.11 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 recognized 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 recognizes 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 recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in OCI.

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

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount 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 recognized for all temporary taxable differences.

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

3.13 Revenue recognition

Sale of the products, net of value added tax is recognized upon meeting the performance obligation and raising invoices to customers.

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

3.14 Provision

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

3.15 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 recognized as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders at the Annual General Meeting, while interim dividend distributions are recognized in the period in which the dividends are declared and paid. During the year under review, the Company has not paid any interim dividend.

3.18 Operating segment

LafargeHolcim Bangladesh Limited have two operating segments clinker & cement and aggregates whose results are regularly reviewed by the entity's Chief Operating Decision Maker to make decisions about resources to be allocated to segments and assess its performance and for which discrete financial information is available.

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.

4 Adoption of new and amended International Financial Reporting Standards

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

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

Particular	<i>In thousands of Taka</i>									
	Freehold land	Building	Right of use assets-Building	Plant & machinery	Right of use assets-Machinery	Vehicles	Office equipment & fixtures	Furniture & fixtures in progress	Construction in progress	Total
2021										
Cost										
Balance at 1 January 2021	1,531,021	2,517,632	179,597	19,392,453	-	233,448	517,821	64,738	1,012,735	25,449,445
Additions	-	45,068	-	263,837	-	69,106	8,650	4,035	564,557	955,253
Disposals	-	-	-	(21,301)	-	(36,458)	-	-	-	(57,759)
Transfers	-	244,536	-	685,111	-	-	-	3,262	(932,909)	-
Translation adjustments	(428)	(2,283)	-	(39,463)	-	(1,394)	(674)	(203)	(2,729)	(47,174)
Balance at 31 December 2021	1,530,593	2,804,953	179,597	20,280,637	-	264,702	525,797	71,832	641,654	26,299,765
Accumulated depreciation										
Balance at 1 January 2021	-	491,558	92,022	7,590,660	-	194,775	342,493	62,599	-	8,774,107
Disposals	-	-	-	(16,096)	-	(36,458)	-	-	-	(52,554)
Charge for the year	-	104,547	29,184	1,023,314	-	20,919	28,956	6,223	-	1,213,143
Translation adjustments	-	(576)	-	(17,301)	-	(653)	(636)	(92)	-	(19,258)
Balance at 31 December 2021	-	595,529	121,206	8,580,577	-	178,583	370,813	68,730	-	9,915,438
Carrying amount										
At December 31, 2021	1,530,593	2,209,424	58,391	11,700,060	-	86,119	154,984	3,102	641,654	16,384,327
2020										
Cost										
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)
Balance at 31 December 2020	1,531,021	2,517,632	179,597	19,392,453	59,357	233,448	517,821	64,738	1,012,735	25,508,802
Accumulated depreciation										
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)
Balance at 31 December 2020	-	491,558	92,022	7,590,660	59,357	194,775	342,493	62,599	-	8,833,464
Carrying amount										
At December 31, 2020	1,531,021	2,026,074	87,575	11,801,793	-	38,673	175,328	2,139	1,012,735	16,675,338

	2021	2020
	Taka'000	Taka'000
	1,115,808	920,240
	51,888	52,572
	43,567	56,346
	1,880	1,880
	1,213,143	1,031,038

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)

B. Details of disposal of property, plant and equipment

Disposal details 2021	<i>In thousands of Taka</i>					Total
	Plant & machinery	Vehicles	Office equipment & fixtures	Furniture & fixtures in progress	Construction in progress	
Cost	21,301	36,458	-	-	-	57,759
Accumulated depreciation	(16,096)	(36,458)	-	-	-	(52,554)
Carrying amount at December 31, 2021	5,205	-	-	-	-	5,205
Sale proceeds	3,270	4,665	-	-	-	7,935
Mode of disposal	Company					
	Tender	Policy/tender	-	-	-	-
Particulars of purchaser/ type of disposal	Third party					
	Third party	& employees	-	-	-	-

Disposal details 2020	<i>In thousands of Taka</i>					Total
	Plant & machinery	Vehicles	Office equipment & fixtures	Furniture & fixtures in progress	Construction in progress	
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, 2021	177	-	-	-	-	177
Sale proceeds	923	5,443	57	207	-	6,630
Mode of disposal	Company					
	Company policy	Tender	Tender	Tender	-	-
Particulars of purchaser/ type of disposal	Third party					
	Third party & written off	Third party & employees	Third party & written off	Third party	Third party	-

6 A. Goodwill and intangible assets

2021	<i>In thousands of Taka</i>						
	Goodwill	Leasehold land	Quarry land	Software	Construction in progress	Total excluding goodwill	Total including goodwill
Cost							
Balance at 1 January 2021	317,776	1,695,450	1,027,091	163,224	12,677	2,898,442	3,216,218
Translation adjustments	-	(290)	(18,250)	(78)	-	(18,618)	(18,618)
Balance at 31 December 2021	317,776	1,695,160	1,008,841	163,146	12,677	2,879,824	3,197,600
Accumulated depreciation							
Balance at 1 January 2021	-	34,675	407,313	163,161	-	605,149	605,149
Charge for the year	-	31,897	41,315	-	-	73,212	73,212
Translation adjustments	-	(147)	(7,853)	(77)	-	(8,077)	(8,077)
Balance at 31 December 2021	-	66,425	440,775	163,084	-	670,284	670,284
Carrying amount							
Balance at 31 December 2021	317,776	1,628,735	568,066	62	12,677	2,209,540	2,527,316
2020							
Cost							
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
Accumulated depreciation							
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
Carrying amount							
Balance at 31 December 2020	317,776	1,660,775	619,778	63	12,677	2,293,293	2,611,069
Amortization charge for the year allocated to							
Production and maintenance costs (Note 22.2)						2021	2020
General and administrative expenses (Note 23)						Taka '000	Taka '000
						73,212	41,126
						-	39,136
						73,212	80,262

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.

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	2021	2020
	<u>Taka'000</u>	<u>Taka'000</u>
7 Inventories		
Raw materials	907,028	584,723
Semi-finished and finished products	920,122	611,756
Parts and supplies	1,076,733	987,055
	<u>2,903,883</u>	<u>2,183,534</u>
8 Trade receivables		
Trade receivables	<u>556,658</u>	<u>846,803</u>
See Note 31B(i) for disclosures regarding credit risk, allowance for doubtful debts and ageing analysis of trade receivables.		
9 Other current assets		
Advance payment to trade suppliers	184,532	187,540
Prepaid expenses	41,857	73,537
Advance to employees	20,578	9,172
Security and other deposits	86,908	92,651
Other receivables (Note-9.1)	1,152,238	793,584
Advance payment to suppliers of fixed assets	307,360	350,148
Derivative assets	8,618	14,435
Accrued interest on bank deposits	10,125	10,374
	<u>1,812,216</u>	<u>1,531,441</u>

Other current assets mentioned above are unsecured and considered good. Advances made to employees include advance related to employee matters and for running the day to day operating cost of different departments.

9.1 Gas sales agreement with JGTDS

On 03 January 2021, Jalalabad Gas Transmission and Distribution System Limited (JGTDS) issued a Final Notice instructing the Company to pay for the gas, since September 2015, at the rate fixed by Bangladesh Energy Regulatory Commission (BERC). The Company's position is that, pursuant to the Gas Sales Agreement (GSA), JGTDS has contractually agreed to limit the contract price for the supply of gas to a Ceiling Price. Therefore, the BERC rate applies to the supply of gas to the Company under the GSA until the BERC rate reaches the Ceiling Price. If the BERC rate exceeds the Ceiling Price, the Company will only be required to pay the Ceiling Price. However, by its letter dated 03 January 2021, JGTDS threatened to discontinue the supply of gas under the GSA from 04 March 2021 unless the Company pays for the supply of gas at the BERC rate. On 03 February 2021, the Company issued the Notice of Arbitration on JGTDS to resolve the dispute as per the provisions of the GSA. As per the GSA, the dispute is being resolved by a three (3) member tribunal under the UNCITRAL Rules 1976 ("Arbitration"). The seat of the Arbitration is in Singapore.

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

However, JGTDS filed an appeal against the interim order before the Appellate Division, Supreme Court of Bangladesh (the "Appellate Division") on 08 March 2021 (the "Appeal"). The Appeal was heard on 18 March 2021. The Company received the certified copy of the Interim Order on 02 May 2021. The Appellate Division maintained the interim relief but directed the Company to pay JGTDS the claimed amount since September 2015, which is Taka 903 million; out of which Taka 100 million shall be paid within 1 (one) month along with regular bills and the balance amount of Taka 803 million shall have to be paid in quarterly instalments of Taka 100 million. Furthermore, the Appellate Division also directed the Company to pay monthly gas bills at the rate fixed by BERC, as will be invoiced by JGTDS. The Company, in order to preserve the interim relief, is complying with the Appellate Division order, and paid Taka 608 million to JGTDS as on 31 December 2021 against the past claim and differential gas price for the year 2021. The amount reported as other receivable.

The order of the Appellate Division relates to the interim relief as stated above and shall have no impact on the merit of the Arbitration pending before the Tribunal. The Company has a good case before the Arbitration Tribunal. If the Tribunal finds in favour of the Company, the Ceiling Price shall be applicable and the amounts paid to JGTDS against the order of the Appellate Division shall be refunded with interest.

The Arbitration Tribunal has been formed. Arbitration proceedings are progressing as per the agreed timetable. The procedural phase has been completed with the execution of the Terms of Appointment between the Company, JGTDS and the Arbitral Tribunal. Currently, the Arbitration is in the pleading phase. JGTDS has submitted their response to the Company's Notice of Arbitration. The Company has submitted its Statement of Claim to the Arbitral Tribunal on 18 November 2021. After following a few other processes etc. the date of the final hearing of the Arbitration has been fixed from 12 December 2022 to 20 December 2022.

	2021 <u>Taka'000</u>	2020 <u>Taka'000</u>
10 Advance income tax-net of tax provision		
Advance income tax-deducted at source	7,936,446	7,476,229
Current tax liabilities (Note 10.1)	<u>(7,775,504)</u>	<u>(6,478,090)</u>
	<u>160,942</u>	<u>998,139</u>
10.1 Current tax liabilities		
Balance at 1 January	6,478,090	5,551,933
Provision for the year	1,273,435	935,923
Translation adjustment	23,979	(9,766)
Balance at 31 December	<u>7,775,504</u>	<u>6,478,090</u>
11 Cash and cash equivalents		
Cash in hand	1,801	2,516
	<u>1,801</u>	<u>2,516</u>
Cash at banks		
Current accounts	1,560,521	1,133,054
Short term deposit accounts	3,714,401	237,090
	<u>5,274,922</u>	<u>1,370,144</u>
Cash and cash equivalents in statement of financial position	<u>5,276,723</u>	<u>1,372,660</u>
Cash and cash equivalents for the purpose of the statement of cash flows	<u>5,276,723</u>	<u>1,372,660</u>
12 Share capital		
12.1 Authorized capital		
1,400,000,000 ordinary shares of Taka 10 each	<u>14,000,000</u>	<u>14,000,000</u>

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

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		2021 Taka'000	2020 Taka'000		
12.2 Issued and subscribed capital					
1,161,373,500 ordinary shares of Taka 10 each		11,613,735	11,613,735		
12.3 Paid up capital					
Fully paid up in cash		5,759,888	5,759,888		
Fully paid up in other than cash		46,980	46,980		
Fully paid up in cash as rights issue		5,806,867	5,806,867		
		<u>11,613,735</u>	<u>11,613,735</u>		
12.4 Composition of shareholders at 31 December					
Name of the shareholders	Nationality/ Incorporated in	Number of shares		Holding %	
		2021	2020	2021	2020
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
Total		<u>1,161,373,500</u>	<u>1,161,373,500</u>	<u>100.00</u>	<u>100.00</u>
12.5 Classification of shares by holding at 31 December					
Slabs by number of shares	Number of shareholders		Holding %		
	2021	2020	2021	2020	
Less than 500 Shares	10,876	7,767	0.22	0.17	
501 to 5,000 Shares	11,420	12,123	1.97	2.14	
5,001 to 10,000 Shares	2,085	2,503	1.36	1.64	
10,001 to 20,000 Shares	1,321	1,614	1.68	2.06	
20,001 to 30,000 Shares	535	573	1.16	1.23	
30,001 to 40,000 Shares	258	284	0.79	0.86	
40,001 to 50,000 Shares	231	241	0.93	0.96	
50,001 to 100,000 Shares	377	404	2.37	2.55	
100,001 to 1,000,000 Shares	377	359	8.63	7.94	
Over 1,000,000 Shares	40	49	80.89	80.45	
Total	<u>27,520</u>	<u>25,917</u>	<u>100.00</u>	<u>100.00</u>	
12.6 Other components of equity					
Actuarial loss-net of tax		(236,606)	(103,960)		
Cash flow hedge		4,894	14,289		
		<u>(231,712)</u>	<u>(89,671)</u>		
12.7 Dividends					
The final dividend amounts to Taka 2.90 billion which is Taka 2.50 per share of Taka 10 each for the year 2021 proposed by Board of Directors of the Company for approval at the Annual General Meeting of Shareholders. As this dividend is subject to approval by the shareholders in the Annual General Meeting, it has not been included as a liability in these financial statements as of 31 December 2021.					
13 Non-controlling interests					
Retained earnings		(690)	(659)		
Share capital		161	164		
Share money deposits		319	325		
		<u>(210)</u>	<u>(170)</u>		
14 Borrowings					
A. Borrowings- long term					
Non-current portion-lease liabilities		29,111	65,876		
		<u>29,111</u>	<u>65,876</u>		

	2021 <u>Taka'000</u>	2020 <u>Taka'000</u>
B. Borrowings- short term		
Current portion-lease liabilities	29,280	36,862
Derivative liabilities*	1,935	237
	<u>31,215</u>	<u>37,099</u>
<p>*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.</p>		
15 Deferred tax liabilities		
Deferred tax by type of temporary differences that resulted in deferred tax assets and liabilities:		
Property, plant and equipment	2,364,094	2,695,818
Actuarial gain	704	-
Deferred tax liabilities	<u>2,364,798</u>	<u>2,695,818</u>
Provision for gratuity	1,458	45,394
Actuarial loss	37,563	9,583
Provision for doubtful debts	32,664	36,463
Provision for obsolescence of spare parts	14,760	16,400
Deferred tax assets	<u>86,445</u>	<u>107,840</u>
Net deferred tax liabilities	<u>2,278,353</u>	<u>2,587,978</u>
15.1 Change in deferred tax assets and liabilities		
Balance at 1 January- deferred tax liabilities	2,587,978	3,066,862
Deferred tax income for the year	(327,619)	(448,530)
Other components of equity	9,286	(14,882)
Translation adjustments	8,708	(15,472)
Balance at 31 December-deferred tax liabilities	<u>2,278,353</u>	<u>2,587,978</u>
16 Employee benefits		
Funded plan (Note-16.1A)	140,519	161,137
Unfunded plan (Note-16.2C)	176,631	132,552
	<u>317,150</u>	<u>293,689</u>
16.1 Funded plan		
A. Net position of gratuity plan		
Present value of defined benefit obligation	514,083	372,688
Fair value of plan assets	(373,564)	(211,551)
Net funded status	<u>140,519</u>	<u>161,137</u>
B. Actuarial valuation		
<p>The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2021 by a professional actuary using Projected Unit Credit Method.</p>		
C. Assumptions employed for the valuations are as follows:	<u>%</u>	<u>%</u>
Salary increase rate	10.00	8.00
Discount rate	7.20	9.20

	2021 <u>Taka'000</u>	2020 <u>Taka'000</u>
D. Movement in the present value of the defined benefit obligation are as follows:		
Balance at 1 January	372,688	308,961
Current service cost	36,070	32,427
Interest cost	24,910	26,809
Actuarial loss/(gain) [Note-D.1]	111,775	41,347
Benefits paid during the year	(31,360)	(36,856)
Balance at 31 December	<u>514,083</u>	<u>372,688</u>

D.1 Actuarial loss/(gain)

Financial	86,248	65,214
Experience	25,527	(23,867)
	<u>111,775</u>	<u>41,347</u>

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

Balance at 1 January	211,551	236,269
Expected return on plan assets	14,809	21,737
Employer contribution	200,000	-
Actuarial (gain)/loss	(21,436)	(14,210)
Benefits paid during the year	(31,360)	(32,245)
Balance at 31 December	<u>373,564</u>	<u>211,551</u>

The above has been invested in bond.

F. Sensitivity

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

Effect in thousands of Taka	31 December 2021	
	Increase	Decrease
Discount rate	487,569	542,656
Salary increase rate	541,768	488,104

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 2021 by a professional actuary using Projected Unit Credit Method.

B. Assumptions employed for the valuations are as follows:	2021	2020
	%	%
Salary increase rate	10.00	8.00
Discount rate	7.20	7.00

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

Balance at 1 January	132,552	108,282
Current service cost	11,896	10,863
Interest cost	8,950	8,939
Actuarial loss/(gain) [Note-C.1]	31,282	12,345
Benefits paid during the year	(7,558)	(7,119)
Translation adjustment	(491)	(758)
Balance at 31 December	<u>176,631</u>	<u>132,552</u>

C.1 Actuarial loss/(gain)

Financial	24,369	21,782
Experience	6,913	(9,437)
	<u>31,282</u>	<u>12,345</u>

D. Sensitivity

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

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Effect in thousands of Taka *	31 December 2021	
	Increase	Decrease
Discount rate	165,698	188,776
Salary increase rate	187,652	166,301
	2021	2020
	Taka'000	Taka'000
17 Provisions		
Site restoration provisions		
Balance at 1 January	41,865	40,146
Addition for the year	9,516	2,912
Translation adjustment	(888)	(1,193)
Balance at 31 December	<u>50,493</u>	<u>41,865</u>
<p>The Company is required to restore a quarry site, the estimated costs of site restoration are accrued and recognized to the cost of sales, on the basis of mines closure plan submitted to Indian Bureau of Mines (IBM).</p>		
18 Trade payables		
Payable for goods and services	6,058,523	4,786,474
Contract liabilities	233,617	288,481
	<u>6,292,140</u>	<u>5,074,955</u>
19 Other current liabilities		
Payables to suppliers of fixed assets	85,591	118,894
Income tax and VAT deducted at source	277,185	206,971
Others	448,339	442,835
	<u>811,115</u>	<u>768,700</u>
20 Commitments and contingencies		
20.1 Commitments		
Commitments related to operating activities		
Purchase commitments	2,129,543	3,524,656
Capital expenditure commitments	306,664	248,953
Guarantees given	1,330,322	521,192
	<u>3,766,529</u>	<u>4,294,801</u>
20.2 Contingent liabilities		
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	444,250	418,183
Custom related case with the Hon'ble High Court	5,000	5,000
Compulsory afforestation (CA) land	160,867	160,867
	<u>2,479,249</u>	<u>2,453,182</u>
20.3 Claims		
a. Claims against the Company not acknowledged as debt	<u>Nil</u>	<u>Nil</u>
b. Claims by the Company not acknowledged as receivable	<u>Nil</u>	<u>Nil</u>

20.4 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. The Company issued notices of Breach, Material Breach to the Contractor in terms of the Agreement. On 28 February 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 September 2017, the ICC appointed Arbitration Tribunal rejected the counterclaim of the Contractor on procedural ground. On 11 December 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 September 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 September 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.

	2021	2020
	<u>Taka'000</u>	<u>Taka'000</u>
21 A. Revenue		
The Company derives its revenue from the transfer of goods at a point in the time in the following product lines. This is consistent with the segment information that is disclosed for each reportable segment under IFRS 8 (note- 21B).		
Segment revenue		
Sale of cement*	18,534,653	15,926,030
Sale of cement clinker	928,553	296,453
Sale of aggregates	1,071,236	-
	<u>20,534,442</u>	<u>16,222,483</u>
Products transferred at a point in time	<u>20,534,442</u>	<u>16,222,483</u>
	<u>20,534,442</u>	<u>16,222,483</u>
*Sale of cement		
Local sales	18,379,898	15,753,150
Export in Export Processing Zones and India	154,755	172,880
	<u>18,534,653</u>	<u>15,926,030</u>

B. Segment information

2021 Taka'000	Reportable segments		
	Clinker and cement	Aggregates	Total
<i>Statement of profit and loss</i>			
Segment revenue	19,463,206	1,071,236	20,534,442
Operating profit	4,344,609	495,366	4,839,975
<i>Statement of financial position</i>			
Assets			
Segment assets	23,790,534	385,248	24,175,782
Unallocated assets*	-	-	5,446,283
Total assets	23,790,534	385,248	29,622,065
Equity and liabilities			
Segment liabilities	7,461,422	9,476	7,470,898
Unallocated equity and liabilities**	-	-	22,151,167
Total equity and liabilities	7,461,422	9,476	29,622,065
2020			
Taka'000	Reportable segments		
	Clinker and cement	Aggregates	Total
<i>Statement of profit and loss</i>			
Segment revenue	16,222,483	-	16,222,483
Operating profit	2,954,060	-	2,954,060
<i>Statement of financial position</i>			
Assets			
Segment assets	23,833,750	-	23,833,750
Unallocated assets*	-	-	2,385,234
Total assets	23,833,750	-	26,218,984
Equity and liabilities			
Segment liabilities	6,179,209	-	6,179,209
Unallocated equity and liabilities**	-	-	20,039,775
Total equity and liabilities	6,179,209	-	26,218,984

*Advance tax, derivatives instruments and cash and cash equivalents

** Borrowings, deferred tax liabilities and unclaimed dividend.

C. Major customers

The Company has no reliance on any of its customers.

D. Current status of aggregates production

The Ministry of Industries (MOI) issued a letter dated 16 September 2021, directing LafargeHolcim Bangladesh Limited (LHBL) to stop production and selling of aggregates in the open market. The Company filed a Writ Petition challenging the validity of the MOI letter dated 16 September 2021. The chronology of events are as follows:

- i) On 16 September 2021 - Ministry of Industries issued a letter directing LHBL to stop production and selling aggregates in the open market (Impugned Letter).
- ii) On 20 September 2021 - LHBL received the above letter and stopped production and selling aggregates in open market.
- iii) On 23 September 2021 - LHBL filed a Writ Petition challenging the Impugned Letter. The Hon'ble Court did not issue any Interim Relief and listed the Writ Petition for early hearing.
- iv) On 16 November 2021 - Hon'ble High Court issued a stay order on the Impugned Letter. LHBL recommenced its aggregates production.
- v) On 21 November 2021 - Ministry of Industries filed a Civil Miscellaneous Petition (CMP) and the Hon'ble Judge In Chamber of the Appellate Division stayed the order passed by High Court Division dated 16 November 2021. Accordingly, LHBL stopped the aggregates operations again.

vi) On 05 January 2022 - After full hearing of all parties, the High Court Division passed the judgment declaring the Impugned Letter as illegal. LHBL recommenced the aggregate production. The Company is yet to receive the certified copy of the judgment.

vii) On 18 January 2022 - Ministry of Industries filed another CMP and the Hon'ble Judge In Chamber of the Appellate Division stayed the order passed by High Court Division dated 05 January 2022 and has forwarded the CMP for hearing before the Full Bench of Appellate Division for hearing on 24 January 2022. During hearing on 24 January 2022 the date was refixed on 31 January 2022.

viii) No hearing was held on 31 January 2022, although the matter came in the daily cause list of the Hon'ble Appellate Division bearing serial number 461. The Company is waiting for fresh date of hearing in this matter.

ix) Accordingly, LHBL stopped production and selling aggregates in open market until getting favourable order from the court.

	<u>2021</u>	<u>2020</u>
	<u>Taka'000</u>	<u>Taka'000</u>
22 Cost of sales		
Opening finished goods and work in process (Note-7)	611,756	865,192
Raw materials costs (Note-22.1)	4,816,723	2,845,516
Consumption of purchased clinker	3,202,502	3,099,650
Power and fuel costs	1,901,678	1,800,627
Production and maintenance costs (Note-22.2)	2,603,149	2,114,133
Plant-general and administrative costs (Note-22.3)	407,127	399,337
Freight cost to customers	338,777	259,358
Depot operating and transportation costs (Note-22.4)	923,099	841,441
Site restoration costs	9,516	2,912
Closing finished goods and work in process (Note-7)	(920,122)	(611,756)
	<u>13,894,205</u>	<u>11,616,410</u>
22.1 Raw materials costs		
Fly ash	522,550	496,718
Slag	655,015	474,616
Gypsum	568,355	431,365
Iron ore	94,779	62,018
Sand	18,476	16,162
Clay	129,356	99,118
Limestone	1,803,962	501,042
Packing materials	1,024,230	757,281
Others	-	7,196
	<u>4,816,723</u>	<u>2,845,516</u>

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	2021 <u>Taka'000</u>	2020 <u>Taka'000</u>
22.2 Production and maintenance costs		
Salary, allowances and benefits	388,103	351,106
Contributions to employees' benefit schemes	32,839	26,984
Maintenance	232,932	220,875
Other supplies and spares	354,251	324,352
Material handling	146,740	89,515
Other expenses	257,750	139,357
Technical studies	1,514	578
Depreciation	1,115,808	920,240
Amortization of intangible assets	73,212	41,126
	<u>2,603,149</u>	<u>2,114,133</u>
22.3 Plant-general and administrative costs		
Salary, allowances and benefits	131,793	130,413
Contributions to employees' benefit schemes	7,026	7,765
Staff welfare expenses	45,795	38,376
Training, seminars and meetings	513	174
Travelling	5,161	5,230
Rent	1,494	-
Gas, electricity and water	982	789
Telephone, fax and postage	2,079	3,067
Office maintenance	33,867	23,716
Security services	72,267	77,232
Printing and stationery	833	850
Other supplies and spares	8,292	2,202
Other office expenses	20,869	21,031
Legal expenses	1,265	836
Consultancy	11,028	15,642
Vehicles running expenses	4,403	10,043
Corporate social activities	16,470	19,019
Insurance	42,990	42,952
	<u>407,127</u>	<u>399,337</u>
22.4 Depot operating and transportation costs		
Salary, allowances and benefits	92,552	101,463
Contributions to employees' benefit schemes	8,946	8,599
Staff welfare expenses	888	1,100
Training, seminars and meeting	464	361
Depreciation	51,888	52,572
Depot other operating costs	182,814	155,577
Transportation costs	585,547	521,769
	<u>923,099</u>	<u>841,441</u>
23 General and administrative expenses		
Salary, allowances and benefits	297,830	289,390
Contributions to employees' benefit schemes	21,384	15,612
Staff welfare expenses	3,890	102
Training, seminars and meeting	16,793	8,445
Travelling	2,905	1,738
Gas, electricity and water	872	1,001
Telephone, fax and postage	1,653	2,202
<i>Balance carried forwarded</i>	<u>345,327</u>	<u>318,490</u>

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	2021	2020
	<u>Taka'000</u>	<u>Taka'000</u>
<i>Balance brought forward</i>	345,327	318,490
Entertainment	1,769	1,866
Office maintenance	1,700	1,799
Office security services	246	250
Printing and stationery	1,395	1,219
IT maintenance expenses	88,562	89,029
Other office expenses	13,051	52,459
Registration and other fees	3,594	6,074
Audit and tax advisory fees	3,396	3,280
Legal expenses	41,776	2,674
Vehicles running expenses	17,587	15,704
Publicity and public relation	5,744	5,153
General assistance fee	339,171	269,837
Trademark license fee	339,171	269,837
Consulting, survey and studies	3,429	7,407
Depreciation	43,567	56,346
Amortization of intangible assets	-	39,136
Contribution to Workers' Profit Participation and Welfare Fund	225,920	123,621
	<u>1,475,405</u>	<u>1,264,181</u>
23.1 General assistance fee		
The amount is payable to Holcim Technology Limited for general assistance fee (2 percent of annual net turnover of the Company in accordance with the General Assistance Agreement).		
23.2 Trademark license fee		
The amount is payable to Lafarge S.A., Holcim Limited and Cementos Molins for trademark licence fee (2 percent of annual net turnover of the Company in accordance with the Trademark License Fee Agreement).		
24 Sales and marketing expenses		
Salary, allowances and benefits	149,913	168,733
Contributions to employees' benefit schemes	13,596	12,648
Staff welfare expenses	-	918
Training, seminars and meeting	679	-
Travelling	15,141	17,215
Gas, electricity and water	667	789
Telephone, fax and postage	2,013	3,549
Entertainment	211	401
Office maintenance	2,261	1,635
Printing and stationery	289	146
Other office expenses	8,869	7,541
Registration and other fees	8,141	7,798
Vehicles running expenses	24,722	13,734
Advertisement expenses	208,924	157,766
Promotional expenses	20,025	12,972
Bad debts and provision for trade receivables	2,457	303
General survey and studies	1,120	875
Depreciation	1,880	1,880
	<u>460,908</u>	<u>408,903</u>
25 Other operating income		
Sale of miscellaneous scrap items	31,551	8,134
Gain on sale of property, plant and equipment	2,730	6,453
Provident fund forfeited amount*	-	4,092
Others	101,770	2,392
	<u>136,051</u>	<u>21,071</u>

* The amount represents for the period from the year 2015 to 2020.

	2021 <u>Taka'000</u>	2020 <u>Taka'000</u>
26 Finance costs and income		
Interest on borrowings	-	38,298
Net interest expenses/income on net gratuity liabilities/assets	19,051	14,011
Other finance costs	1,502	1,502
Bank charges and commission	10,884	18,103
Interest expenses on lease liabilities	2,367	15,068
Exchange loss	5,239	36,984
Finance costs	<u>39,043</u>	<u>123,966</u>
Interest income on bank deposits	26,727	18,684
Finance income	<u>26,727</u>	<u>18,684</u>
Net finance (cost)/income	<u>(12,316)</u>	<u>(105,282)</u>
27 Income tax		
Current income tax expenses	1,273,435	935,923
Deferred income tax	(327,619)	(448,530)
	<u>945,816</u>	<u>487,393</u>
27.1 Reconciliation of effective tax rate (%)		
Average statutory tax rate	25.81	27.06
Permanent differences	3.87	4.91
Effect of change in tax rate	(6.66)	-
Change in structure (HBL amalgamation)	-	(9.47)
Effect of foreign tax differentials	(3.43)	(5.39)
Effective tax rate	<u>19.59</u>	<u>17.11</u>
28 A. Earnings Per Share (EPS)		
The computation of basic and diluted earnings per share for the years ended 31 December 2021 and 31 December 2020 are as follows:		
Numerator (Thousands of Taka)		
Profit for the year- attributable to owners of the company	3,881,873	2,361,407
Denominator (Thousands of Shares)		
Weighted average number of shares outstanding	1,161,374	1,161,374
Basic earnings per share Taka	<u>3.34</u>	<u>2.03</u>
Diluted earnings per share Taka	<u>3.34</u>	<u>2.03</u>
B. Net Asset Value (NAV) Per Share		
The computation of net asset value per share for the years ended 31 December 2021 and 31 December 2020 are as follows:		
Numerator (Thousands of Taka)		
Net asset value for the year	19,793,826	17,289,075
Denominator (Thousands of Shares)		
Weighted average number of shares outstanding	1,161,374	1,161,374
Net Asset Value (NAV) Per Share Taka	<u>17.04</u>	<u>14.89</u>
C. Net Operating Cash Flow Per Share (NOCFPS)		
The computation of net operating cash flow per share for the years ended 31 December 2021 and 31 December 2020 are as follows:		
Numerator (Thousands of Taka)		
Net operating cash flow for the year	6,076,922	4,540,495
Denominator (Thousands of Shares)		
Weighted average number of shares outstanding	1,161,374	1,161,374
Net Operating Cash Flow Per Share Taka	<u>5.23</u>	<u>3.91</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: Related Party Disclosure.

		<i>In thousands of Taka</i>	
Name of the Party	Relationship	Transaction value during the year	Receivable/ Payable) at 31 Dec 2021
Surma Holding B.V.	Shareholder	683,701	-
LH Trading Pte Ltd	Group Company	1,287,088	(108,075)
Lafarge S.A.	Group Company	95,802	(498,591)
Cementos Molins	Group Company	84,793	(255,496)
Holcim Limited	Group Company	(111,260)	(124,847)
Holcim Asean Business Service Centre	Group Company	-	(47,027)
Bengal Development Corporation	Shareholder's associated entity	752	(207)
Holcim Group Services Ltd.	Group Company	11,566	(66,607)
Lafarge International Services Singapore Pte Ltd.	Group Company	13,414	(4,862)
Eastern Housing Ltd.	Shareholder's associated entity	243	64
Jahurul Islam Medical College	Shareholder's associated entity	552	552
Bank Asia Limited	Shareholder's associated entity	-	(1)
Holcim Services (South Asia) India	Group Company	41,292	(77,796)
Holcim Technology Holderbank	Group Company	-	(6,428)
Holcim Technology Ltd.	Group Company	4,442	(745,078)
Aftab Bahumukhi Firm Ltd.	Shareholder's associated entity	287	147
Opex Group	Shareholder's associated entity	86	176
Sinha Peoples Energy Ltd.	Shareholder's associated entity	-	15
LafargeHolcim IT EMEA	Group Company	1,869	1,812

2020

In thousands of Taka

Name of the Party	Relationship	Nature of transaction	Transaction value during the year	Receivable/ (Payable) at 31 Dec 2020
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	(40,527)
Holcim Technology Ltd.	Group Company	Trademark license	-	(263,541)
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)
			2021	2020
			Taka'000	Taka'000
			524,746	456,196
			40,434	31,812
			11,902	11,088
			<u>577,082</u>	<u>499,096</u>

30 Directors', Managers' and Officers' Remuneration

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

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 amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
31 December 2021							
In thousands of Taka							
Financial assets measured at fair value							
Forward exchange contracts used for hedging	8,618	-	-	8,618	-	8,618	-
	8,618	-	-	8,618	-	8,618	-
Financial assets not measured at fair value							
Trade and other current assets	-	2,019,657	-	2,019,657	-	-	-
Cash and cash equivalents	-	5,276,723	-	5,276,723	-	-	-
	-	7,296,380	-	7,296,380	-	-	-
Financial liabilities measured at fair value							
Forward exchange contracts used for hedging	1,935	-	-	1,935	-	1,935	-
	1,935	-	-	1,935	-	1,935	-
Financial liabilities not measured at fair value							
Borrowings	-	-	58,391	58,391	-	-	-
Trade payables	-	-	6,292,140	6,292,140	-	-	-
Other current liabilities	-	-	811,115	811,115	-	-	-
	-	-	7,161,646	7,161,646	-	-	-
31 December 2020							
Financial assets measured at fair value							
Forward exchange contracts used for hedging	14,435	-	-	14,435	-	14,435	-
	14,435	-	-	14,435	-	14,435	-
Financial assets not measured at fair value							
Trade and other current assets	-	1,954,559	-	1,954,559	-	-	-
Cash and cash equivalents	-	1,372,660	-	1,372,660	-	-	-
	-	3,327,219	-	3,327,219	-	-	-
Financial liabilities measured at fair value							
Forward exchange contracts used for hedging	237	-	-	237	-	237	-
	237	-	-	237	-	237	-
Financial liabilities not measured at fair value							
Borrowings	-	-	102,738	102,738	-	-	-
Trade payables	-	-	5,074,955	5,074,955	-	-	-
Other current liabilities	-	-	768,700	768,700	-	-	-
	-	-	5,946,393	5,946,393	-	-	-

B. Financial risk management

i) Credit risk

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

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

Expected credit losses on financial assets recognized in profit or loss up to 2021 were as follows:

Figures in Taka'000	2021	2020
Expected credit loss on trade receivables from contracts with customers	(145,175)	(145,852)
	(145,175)	(145,852)

Trade receivables and other current assets

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

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

The Company'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 distributors, corporate customer, industry, trading history with the Company and existence of previous financial difficulties. The Company obtains bank guarantee from customers.

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

Figures in Taka'000	2021	2020
Neither past due	403,208	652,681
Past due		
Past due 1-30 days	83,561	144,388
Past due 31-90 days	33,710	30,540
Past due 91-180 days	9,815	24,900
Over 180 days	171,539	140,146
	701,833	992,655

For trade receivables the Company determined expected 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 in determining the amount of expected credit loss.

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

Figures in Taka'000	2021	2020
Balance at 1 January	(145,852)	(145,549)
Decrease/(increase) in current year	677	(303)
	(145,175)	(145,852)

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

Trade receivables (Note 8)	556,658	846,803
Other current assets excluding prepaid expenses (Note 9)	1,770,359	1,457,904
	2,327,017	2,304,707

Cash and cash equivalents

The Company held cash and cash equivalents of 5,277 million at 31 December 2021 (2020: 1,373 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 2021

	Carrying amount Taka	6 months or less Taka	From 6 to 12 months Taka	From 1 to 5 years Taka
Non-derivative financial liabilities				
Trade payables	6,292,140	4,644,376	1,647,764	-
Other current liabilities	811,115	737,054	74,061	-
Lease liabilities	58,391	-	29,280	29,111
	7,161,646	5,381,430	1,751,105	29,111
Derivative financial liabilities				
Forward exchange contracts used for hedging	1,935	1,935	-	-
	1,935	1,935	-	-

31 December 2020

Trade payables	5,074,955	3,623,680	1,451,275	-
Other current liabilities	768,700	635,647	133,053	-
Lease liabilities	102,738	-	36,862	65,876
	5,946,393	4,259,327	1,621,190	65,876
Derivative financial liabilities				
Forward exchange contracts used for hedging	237	237	-	-
	237	237	-	-

iii) Market risk

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

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

a) Currency risk

The Company is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which purchases and borrowings are denominated. The currencies in which these transactions are primarily denominated are Euro, US dollars, 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 2021

	BDT'000	INR'000	USD'000	EUR'000	CHF'000
Foreign currency denominated assets					
Other current assets	2,203,561	1,937,684	50	-	-
Cash and cash equivalents	847,447	746,649	-	-	-
Total	3,051,008	2,684,333	50	-	-
Foreign currency denominated liabilities					
Trade payables	774,953	424,660	2,861	359	466
Other current liabilities	157,207	73,256	601	231	-
Total	932,160	497,916	3,462	590	466

Balance at 31 December 2020

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

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 2021		31 December 2020	
	Closing rate	Average rate	Closing rate	Average rate
BDT/INR	1.1350	1.1509	1.1559	1.1456
BDT/USD	85.8000	85.0840	84.8020	84.8724
BDT/EUR	97.3830	100.4538	103.8740	96.6986
BDT/CHF	93.6272	93.4035	96.1365	90.4896

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:

<u>Particulars</u>	Estimated impact on profit/loss and equity(+/-)	
	2021	2020
	Taka'000	Taka'000
Assets denominated in USD	21	46
Assets denominated in EUR	-	1
Assets denominated in INR	15,234	12,048
Other liabilities denominated in USD	1,485	2,424
Other liabilities denominated in EUR	287	271
Other liabilities denominated in INR	2,826	3,247
Other liabilities denominated in CHF	218	208

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 2021 profit before tax of +/- Taka 37,144 (Taka 2,371 for 2020) in thousands and Taka 603 (Taka 1,030 for 2020) in thousands respectively.

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

Financial assets		
Short term deposits	3,714,401	237,090
	<u>3,714,401</u>	<u>237,090</u>
Financial liabilities		
Borrowings	60,326	102,975
	<u>60,326</u>	<u>102,975</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 Number of employees	2021	2020
<i>LafargeHolcim Bangladesh Limited</i>		
<i>Nationality:</i>		
Bangladeshi	544	551
Non-Bangladeshi	7	6
<i>Lafarge Umiam Mining Private limited</i>		
<i>Nationality:</i>		
Indian	116	115
Non-Indian	1	1
	<u>668</u>	<u>673</u>
<i>Salary range:</i>		
Monthly Taka 3,000 or above	668	673
Monthly below Taka 3,000	Nil	Nil
	<u>2021</u>	<u>2020</u>
	<u>Taka '000</u>	<u>Taka '000</u>
33 Comparative information of the shareholders (Note- 28)		
Net Asset Value (NAV) Per Share	17.04	14.89
Earning Per Share (EPS)	3.34	2.03
Net Operating Cash Flow Per Share (NOCFPS)	5.23	3.91
Profit for the year (in thousand)	3,881,843	2,361,385
34 Reconciliation of net profit with cash flows from operating activities		
Net profit for the period	3,881,843	2,361,385
Income tax expenses	945,816	487,393
Net profit before tax	4,827,659	2,848,778
Depreciation and amortization	1,286,355	1,111,300
Other non-cash items	57,482	46,202
Non-operating items	12,316	105,282
Contribution to gratuity plan	(207,558)	(7,114)
Income tax paid	(460,217)	(486,251)
Changes in net working capital	560,885	922,298
Cash flows from operating activities	6,076,922	4,540,495
35 Lease disclosures		
Expenses for leases of low value assets	-	-
Payments for leases of low value assets	-	-
Short-term lease expenses	(12,828)	(7,410)
Payment for short-term leases	(12,828)	(7,410)
Average lease terms (in years)	2	2


Chief Financial Officer


Company Secretary


Director


Chief Executive Officer