

**Audited 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 financial statements

Opinion

We have audited the financial statements of **LafargeHolcim Bangladesh Limited** (hereinafter referred to as "the Company"), which comprise the statement of financial position as at 31 December 2021, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then from 01 January 2021 to 31 December 2021 and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

Basis for opinion

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

Emphasis of matters

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

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

However, the Arbitration Tribunal has been formed. The 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 20(B) to the 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 financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

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

1) Revenue

Revenue recognition has significant and wide influence on financial statements. The Company reported revenue for the amount of Taka 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 financial statements. There is also a risk that revenue may be overstated or understated through various discounts and incentives.

How our audit addressed the key audit matter

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

- 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 reported net deferred tax liabilities amounting to Taka 2,075 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 financial statements for relevant disclosures regarding deferred tax liabilities.

How our audit addressed the key audit matter

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

Reporting on other information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our 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 financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the 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 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 financial position and the statement of profit or loss and other comprehensive income along with the annexed notes 1 to 40 dealt with by the report are in agreement with the books of account; and
- d. the expenditures incurred and payments made were for the purposes of the Company's affairs.

Dhaka, Bangladesh

Dated: 31 JAN 2022

DVC: 2202160469 AS 578502



A F Nesaruddin, FCA

Senior Partner

Enrolment # 469

Hoda Vasi Chowdhury & Co

Chartered Accountants

**LafargeHolcim Bangladesh Limited
Statement of financial position
As at 31 December**

	Note	2021 Taka'000	2020 Taka'000
Assets			
Non-current assets			
Property, plant and equipment	5	16,408,511	16,696,730
Intangible assets	6	317,776	317,776
Investment in subsidiaries	7	519,893	519,893
Total non-current assets		17,246,180	17,534,399
Current assets			
Inventories	8	2,839,158	2,187,723
Trade receivables	9	556,658	846,803
Other current assets	10	1,149,467	617,334
Advance income tax	11	-	649,343
Cash and cash equivalents	12	4,429,276	1,292,660
Total current assets		8,974,559	5,593,863
Total assets		26,220,739	23,128,262
Equity & liabilities			
Capital and reserves			
Share capital	13.4	11,613,735	11,613,735
Retained earnings		5,302,040	2,955,783
Other components of equity	13.7	(236,727)	(102,614)
Total equity		16,679,048	14,466,904
Non-current liabilities			
Borrowings	14A	27,809	53,227
Deferred tax liabilities	15	2,075,324	2,379,700
Employee benefits	16	290,329	267,128
Total non-current liabilities		2,393,462	2,700,055
Current liabilities			
Trade payables	17	6,213,486	5,130,044
Other current liabilities	18	804,207	741,422
Borrowings	14B	30,288	30,090
Current income tax liabilities	11	81,586	-
Unclaimed dividend		18,662	59,747
Total current liabilities		7,148,229	5,961,303
Total liabilities		9,541,691	8,661,358
Total equity and liabilities		26,220,739	23,128,262
Net Asset Value (NAV) Per Share	35	14.36	12.46

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







Chief Financial Officer **Company Secretary** **Director** **Chief Executive Officer**

As per our annexed report of same date

Dhaka, Bangladesh
Dated: **31 JAN 2022**

DVC: **2202160469 AS 578502**



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

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

	Note	2021 Taka '000	2020 Taka '000
Revenue	20A	20,534,442	16,222,483
Cost of sales	21	(14,412,397)	(12,187,486)
Gross profit		<u>6,122,045</u>	<u>4,034,997</u>
Other operating income	24	134,615	21,071
General and administrative expenses	22	(1,240,843)	(1,088,570)
Sales and marketing expenses	23	(460,908)	(408,903)
Operating profit		<u>4,554,909</u>	<u>2,558,595</u>
Finance cost	25	(59,499)	(99,786)
Finance income	25	22,995	13,616
Net finance cost		<u>(36,504)</u>	<u>(86,170)</u>
Profit before WPPF & tax		<u>4,518,405</u>	<u>2,472,425</u>
Workers' profit participation and welfare fund (WPPF)		(225,920)	(123,621)
Profit before tax		<u>4,292,485</u>	<u>2,348,804</u>
Income tax expense	26	(784,854)	(364,822)
Profit for the year		<u>3,507,631</u>	<u>1,983,982</u>
Earnings Per Share (EPS)			
Basic EPS (Taka)	27A	3.02	1.71
Diluted EPS (Taka)	27A	3.02	1.71

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


Chief Financial Officer


Company Secretary


Director


Chief Executive Officer

As per our annexed report of same date

Dhaka, Bangladesh

Dated:

31 JAN 2022

DVC: 2202160469AS578502


A F Nesaruddin, FCA

Senior Partner

Enrolment # 469

Hoda Vasi Chowdhury & Co

Chartered Accountants

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

	2021 Taka '000	2020 Taka '000
Profit for the year	3,507,631	1,983,982
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Actuarial (loss)/gain-net off tax	(129,383)	(60,146)
	<u>(129,383)</u>	<u>(60,146)</u>
Items that may be reclassified to profit or loss		
Cash flow hedge- net off tax	(4,730)	5,661
	<u>(4,730)</u>	<u>5,661</u>
Other comprehensive income for the year, net of tax	<u>(134,113)</u>	<u>(54,485)</u>
Total comprehensive income for the year	<u>3,373,518</u>	<u>1,929,497</u>

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


Chief Financial Officer


Company Secretary


Director


Chief Executive Officer

As per our annexed report of same date

Dhaka, Bangladesh

Dated:

31 JAN 2022

DVC:

2202160469 AS578502



A F Nesaruddin, FCA

Senior Partner

Enrolment # 469

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Chartered Accountants

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

In thousands of Taka

	Share capital	Retained earnings	Other components of equity	Total equity
Balance as at 1 January 2020	11,613,735	2,133,175	(48,129)	13,698,781
Total comprehensive income for the year	-	1,983,982	(54,485)	1,929,497
Dividend for 2019	-	(1,161,374)	-	(1,161,374)
Balance as at 31 December 2020	11,613,735	2,955,783	(102,614)	14,466,904
Balance as at 1 January 2021	11,613,735	2,955,783	(102,614)	14,466,904
Total comprehensive income for the year	-	3,507,631	(134,113)	3,373,518
Dividend for 2020	-	(1,161,374)	-	(1,161,374)
Balance as at 31 December 2021	11,613,735	5,302,040	(236,727)	16,679,048

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


Chief Financial Officer


Company Secretary


Director


Chief Executive Officer

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

	Notes	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		(15,342,527)	(12,419,671)
Cash generated from operations		5,427,196	4,253,954
Income taxes paid		(369,946)	(280,311)
Other receipts		31,551	8,134
Net cash generated from operating activities*	36	5,088,801	3,981,777
Cash flows from investing activities			
Payments for property, plant and equipment		(740,330)	(642,303)
Proceeds from sale of property, plant and equipment		7,935	6,630
Interest income		22,995	13,616
Net cash used in investing activities		(709,400)	(622,057)
Cash flows from financing activities			
Repayments of long term borrowings		-	(94,248)
Repayments of the lease liabilities		(26,918)	(30,135)
Interest paid on lease liabilities		(2,183)	(7,782)
Repayment of short term debt		-	(951,820)
Payment of interest and other finance costs		(11,225)	(64,299)
Dividend paid		(1,202,459)	(1,156,150)
Net cash used in financing activities		(1,242,785)	(2,304,434)
Net Increase in cash and cash equivalents		3,136,616	1,055,286
Cash and cash equivalents at beginning of the year		1,292,660	237,374
Cash and cash equivalents at end of the year	12	4,429,276	1,292,660
Net Operating Cash Flow Per Share (NOCFPS)	35	4.38	3.43

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

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


Chief Financial Officer


Company Secretary


Director


Chief Executive Officer

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

1 General information

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

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

2 Summary of significant accounting policies

2.1 Basis of preparation

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

2.2 Use of estimates and judgments

i) Estimates

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

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

ii) Judgments

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

iii) Measurement of fair values

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

2.3 Functional and presentation currency

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

2.4 Property, plant and equipment

i) Recognition of property, plant and equipment

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

ii) Subsequent costs

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

iii) Construction in progress

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

iv) Depreciation of property, plant and equipment

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

<u>Category</u>	<u>Rate %</u>
Building	2-2.5
Plant & machinery	3.33
Vehicles	20
Office equipment	10, 20 & 33.33
Furniture & fixtures	10

v) Impairment of property, plant and equipment

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

vi) Retirement and disposals

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

vii) Leases

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. The Company uses its incremental borrowing rate as the discount rate.

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

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

2.5 Goodwill

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

2.6 Intangible assets

i) Software

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

ii) Amortization of intangible assets

Software

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

2.7 Inventories

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

2.8 Financial instruments

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets:

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

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

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

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

Financial assets – Business model assessment:

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

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

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

Financial assets-Subsequent measurement and gains and losses:

Financial assets at amortized cost:

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

Financial liabilities- Classification, subsequent measurement and gains and losses

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

iii. Derivative instruments

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

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

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

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

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

iv. Derecognition

Financial assets

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

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

Financial liabilities

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

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

v. Offsetting

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

2.9 Foreign currency translation/transaction

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

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

2.10 Employees' benefit schemes

i) Gratuity plan- funded

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

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

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

iii) Provident fund

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

iv) Workers' profit participation and welfare funds

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

2.11 Taxation

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

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

if) Current tax

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

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

ii) Deferred tax

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

Deferred tax liabilities are recognized for all temporary taxable differences.

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

2.12 Revenue recognition

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

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

2.13 Provision

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

2.14 Materiality and aggregation

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

2.15 Dividend distribution

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

3 Adoption of new and amended International Financial Reporting Standards

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

4 Preparation and presentation of the separate financial statements

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

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

	<i>In thousands of Taka</i>									
	Freehold land	Leasehold land	Building	Right of use of assets	Plant & machinery	Vehicles	Office equipment	Furniture & fixtures	Construction in progress	Total
2021										
Cost										
Balance as at 1 January 2021	1,507,337	1,653,763	2,216,719	130,348	17,179,330	192,392	422,143	75,047	707,283	24,084,362
Additions	-	-	42,827	-	148,278	49,987	8,650	1,230	489,149	740,121
Disposals	-	-	-	-	(21,301)	(36,458)	-	-	-	(57,759)
Transfers	-	-	244,536	-	406,491	-	-	3,262	(654,289)	-
Balance as at 31 December 2021	1,507,337	1,653,763	2,504,082	130,348	17,712,798	205,921	430,793	79,539	542,143	24,766,724
Accumulated depreciation										
Balance as at 1 January 2021	-	600	282,090	48,213	6,512,856	174,004	319,936	49,933	-	7,387,632
Disposals	-	-	-	-	(16,096)	(36,458)	-	-	-	(52,554)
Charge for the year	-	31,897	101,336	26,918	806,887	20,919	28,955	6,223	-	1,023,135
Balance as at 31 December 2021	-	32,497	383,426	75,131	7,303,647	158,465	348,891	56,156	-	8,358,213
Carrying amounts										
Balance as at 31 December 2021	1,507,337	1,621,266	2,120,656	55,217	10,409,151	47,456	81,902	23,383	542,143	16,408,511
2020										
Cost										
Balance as at 1 January 2020	1,507,337	1,653,763	2,206,594	130,348	16,831,426	209,053	413,009	75,874	306,664	23,334,068
Additions	-	-	3,650	-	207,826	-	982	-	558,776	771,234
Disposals	-	-	-	-	(2,163)	(16,661)	(1,289)	(827)	-	(20,940)
Transfers	-	-	6,475	-	142,241	-	9,441	-	(158,157)	-
Balance as at 31 December 2020	1,507,337	1,653,763	2,216,719	130,348	17,179,330	192,392	422,143	75,047	707,283	24,084,362
Accumulated depreciation										
Balance as at 1 January 2020	-	-	190,758	8,916	5,779,789	165,355	293,415	41,624	-	6,479,857
Disposals	-	-	-	-	(1,986)	(16,661)	(1,289)	(827)	-	(20,763)
Charge for the year	-	600	91,332	39,297	735,053	25,310	27,810	9,136	-	928,538
Balance as at 31 December 2020	-	600	282,090	48,213	6,512,856	174,004	319,936	49,933	-	7,387,632
Carrying amounts										
Balance as at 31 December 2020	1,507,337	1,653,163	1,934,629	82,135	10,666,474	18,388	102,207	25,114	707,283	16,696,730

	2021 Taka'000	2020 Taka'000
	925,800	817,740
	51,888	52,572
	43,567	56,346
	1,880	1,880
	<u>1,023,135</u>	<u>928,538</u>

Depreciation charge for the year allocated to
 Production and maintenance costs (Note 21.2)
 Depot operating and transportation costs (Note 21.4)
 General and administrative expenses (Note 22)
 Sales and Marketing Expenses (Note 23)

B. Details of disposal of property plant and equipment

	<i>In thousands of Taka</i>					
2021	Plant & machinery	Vehicles	Office equipment	Furniture & fixtures	Construction in progress	Total
Cost	21,301	36,458	-	-	-	57,759
Accumulated depreciation	(16,096)	(36,458)	-	-	-	(52,554)
Carrying amount as at 31 December 2021	5,205	-	-	-	-	5,205
Sale proceeds	3,270	4,665	-	-	-	7,935

Mode of disposal					
Particulars of purchaser/ type of disposal	Tender	Company policy/tender	Third party	Third party & employees	

2020	Plant & machinery	Vehicles	Office equipment	Furniture & fixtures	Construction in progress	Total
Cost	2,163	16,661	1,289	827	-	20,940
Accumulated depreciation	(1,986)	(16,661)	(1,289)	(827)	-	(20,763)
Carrying amount as at 31 December 2020	177	-	-	-	-	177
Sale proceeds	923	5,443	57	207	-	6,630

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

6 A. Intangible assets

		<i>In thousands of Taka</i>			
Reconciliation of carrying amount		Goodwill	Software	Construction in progress	Total
2021	Cost				
	Balance as at 1 January 2021	317,776	158,847	-	476,623
	Balance as at 31 December 2021	317,776	158,847	-	476,623
	Accumulated depreciation				
	Balance as at 1 January 2021	-	158,847	-	158,847
	Balance as at 31 December 2021	-	158,847	-	158,847
	Carrying amounts				
	Balance as at 31 December 2021	317,776	-	-	317,776
2020	Cost				
	Balance as at 1 January 2020	317,776	158,847	-	476,623
	Balance as at 31 December 2020	317,776	158,847	-	476,623
	Accumulated depreciation				
	Balance as at 1 January 2020	-	119,711	-	119,711
	Charge for the year	-	39,136	-	39,136
	Balance as at 31 December 2020	-	158,847	-	158,847
	Carrying amounts				
	Balance as at 31 December 2020	317,776	-	-	317,776

Amortization charge for the year allocated to

General and administrative expenses (Note 22)

	2021	2020
	<u>Taka'000</u>	<u>Taka'000</u>
	-	39,136
	-	39,136

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.

	2021 <u>Taka'000</u>	2020 <u>Taka'000</u>
7 Investment in subsidiaries		
Details of investment in subsidiaries		
Lafarge Umiam Mining Private Limited (LUMPL) <i>- a fully owned subsidiary incorporated in India</i>	519,356	519,356
Lum Mawshun Minerals Private Limited (LMMPL) <i>- a 74% owned subsidiary incorporated in India</i>	537	537
	<u>519,893</u>	<u>519,893</u>

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

Shares held in different entities are as follows:

Name of entities	Face value per share	Number of ordinary shares held by the Company	
		2021	2020
Lafarge Umiam Mining Private Limited	Indian Rupees 10	41,133,099	41,133,099
Lum Mawshun Minerals Private Limited	Indian Rupees 100	4,046	4,046
8 Inventories			
Raw materials		951,768	708,465
Semi-finished and finished products		933,043	601,566
Parts and supplies		954,347	877,692
		<u>2,839,158</u>	<u>2,187,723</u>
9 Trade receivables			
Trade receivables		<u>556,658</u>	<u>846,803</u>

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

10 Other current assets

Advance payment to trade suppliers	148,155	236,957
Prepaid expenses	36,544	63,480
Advance to employees	19,326	8,295
Security and other deposits	84,446	90,095
Other receivables (Note-10.1)	679,617	24,609
Advance payment to suppliers of fixed assets	176,584	193,898
Derivative assets	2,933	-
Accrued interest on bank deposits	1,862	-
	<u>1,149,467</u>	<u>617,334</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.

10.1 Gas sales agreement with JGTDS

On 03 January 2021, Jalalabad Gas Transmission and Distribution System Limited (JGTDS) issued a Final Notice instructing the Company to pay for the gas, since September 2015, at the rate fixed by Bangladesh Energy Regulatory Commission (BERC). The Company's position is that, pursuant to the Gas Sales Agreement (GSA), JGTDS has 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 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 of 31 December 2021 and accounted for the amount 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.

11 Advance income tax

Advance income tax	6,530,200	6,160,254
Current tax liabilities (Note-11.1)	(6,611,786)	(5,510,911)
	<u>(81,586)</u>	<u>649,343</u>

11.1 Current Tax Liabilities

Balance at 1 January	5,510,911	4,721,531
Provision for the year (Note-26)	1,100,875	789,380
Balance at 31 December	<u>6,611,786</u>	<u>5,510,911</u>

	2021 Taka'000	2020 Taka'000
12 Cash and cash equivalents		
Cash in hand	1,708	2,422
	<u>1,708</u>	<u>2,422</u>
Cash at banks		
Current accounts	1,226,954	1,090,238
Short term deposit accounts	3,200,614	200,000
	<u>4,427,568</u>	<u>1,290,238</u>
Cash and cash equivalents in statement of financial position	<u>4,429,276</u>	<u>1,292,660</u>
Cash and cash equivalents for the purpose of the statement of cash flows	<u>4,429,276</u>	<u>1,292,660</u>

13 Share capital

13.1 Authorized capital

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

13.3 Issued and subscribed capital

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

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

13.5 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>

13.6 Classification of shares by holding at 31 December

Slabs by number of shares	Number of Shares		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>

	2021 * Taka'000	2020 Taka'000
13.7 Other components of equity		
Actuarial loss-net of tax	(237,501)	(108,118)
Cash flow hedge-net off tax	774	5,504
	<u>(236,727)</u>	<u>(102,614)</u>
13.8 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.		
14 Borrowings		
A. Borrowings- long term		
Non-current portion-lease liabilities	27,809	53,227
	<u>27,809</u>	<u>53,227</u>
B. Borrowings- short term		
Current portion-lease liabilities	28,353	29,853
Derivative liabilities*	1,935	237
	<u>30,288</u>	<u>30,090</u>
*The Company entered into forward contracts with the commercial banks in order to manage its foreign exchange exposure due to change in exchange rates. The amount is the difference between market prices and prices the Company would pay to settle the foreign exchange liabilities at the end of the year.		
15 Deferred tax liabilities		
<i>Deferred tax by type of temporary differences that resulted in deferred tax assets and liabilities:</i>		
Property, plant and equipment	2,161,769	2,479,806
Deferred tax liabilities	<u>2,161,769</u>	<u>2,479,806</u>
Provision for gratuity	1,458	37,660
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>100,106</u>
Net deferred tax liabilities	<u>2,075,324</u>	<u>2,379,700</u>
15.1 Change in deferred tax assets and liabilities		
Balance at 1 January- deferred tax liabilities	2,379,700	2,819,140
Deferred tax income for the year (Note 26)	(316,021)	(424,558)
Other component of equity	11,645	(14,882)
Balance at 31 December- deferred tax liabilities	<u>2,075,324</u>	<u>2,379,700</u>
16 Employee benefits		
Funded plan (Note 16.1A)	140,519	161,137
Unfunded plan (Note 16.2C)	149,810	105,991
	<u>290,329</u>	<u>267,128</u>

	2021 <u>Taka'000</u>	2020 <u>Taka'000</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		
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.		
C. Assumptions employed for the valuations are as follows:	<u>2021</u> %	<u>2020</u> %
Salary increase rate	10.00	8.00
Discount rate	7.20	7.00
D. Movement in the present value of the defined benefit obligation are as follows:	<u>Taka'000</u>	<u>Taka'000</u>
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 (loss)/gain	(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.

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

	2021 Taka'000	2020 Taka'000
C. Movement in the present value of the defined benefit obligation are as follows:		
Balance as at 1 January	105,991	84,855
Current service cost	9,646	8,733
Interest cost	7,205	7,392
Actuarial loss/(gain) [Note C.1]	33,734	11,518
Benefits paid during the year	(6,766)	(6,507)
Balance as at 31 December	149,810	105,991
C.1 Actuarial loss/(gain)		
Financial	26,027	20,955
Experience	7,707	(9,437)
	33,734	11,518
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:		
	31 December 2021	
Effect in thousands of Taka	Increase	Decrease
Discount rate	141,758	158,537
Salary increase rate	158,264	141,919
17 Trade payables		
Payable for goods and services	5,979,869	4,841,563
Contract liabilities	233,617	288,481
	6,213,486	5,130,044
18 Other current liabilities		
Payables to suppliers of fixed assets	84,515	102,038
Income tax and VAT deducted at source	271,353	201,760
Others	448,339	437,624
	804,207	741,422
19 Commitments and contingencies		
19.1 Commitments		
Commitments related to operating activities		
Purchase commitments	1,949,056	3,551,659
Capital expenditure commitments	239,202	139,501
Guarantees given	1,330,322	521,192
	3,518,580	4,212,352
19.2 Contingent liabilities		
Tax related cases with the Hon'ble High Court	1,869,132	1,869,132
VAT related cases with the Hon'ble High Court	444,250	413,183
Custom related cases with the Hon'ble High Court	5,000	5,000
	2,318,382	2,287,315
19.3 Claims		
a. Claims against the Company not acknowledged as debt	Nil	Nil
b. Claims by the Company not acknowledged as receivable	Nil	Nil

	2021 Taka'000 '	2020 Taka'000
20 A. Revenue		
Sale of gray 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>
*Sale of gray 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. 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.

21 Cost of sales

Opening finished goods and work in process (Note-34)	601,566	413,524
Raw materials costs (Note-21.1)	6,216,800	4,499,634
Consumption of purchased clinker	3,202,502	3,078,264
Power and fuel costs	1,759,732	1,692,759
Production and maintenance costs (Note-21.2)	2,028,805	1,751,328
Plant-general and administrative costs (Note-21.3)	274,159	260,847
Freight cost to customers	338,777	259,358
Depot operating and transportation costs (Note-21.4)	923,099	833,338
Closing finished goods and work in process (Note-34)	(933,043)	(601,566)
	<u>14,412,397</u>	<u>12,187,486</u>

21.1 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	3,200,725	2,155,160
Packing materials	1,027,544	757,281
Others	-	7,196
	<u>6,216,800</u>	<u>4,499,634</u>

	2021 <u>Taka'000</u>	2020 <u>Taka'000</u>
21.2 Production and maintenance costs		
Salary, allowances and benefits	297,312	272,058
Contributions to employees' benefit schemes	27,219	21,344
Maintenance	67,446	60,206
Other supplies and spares	305,024	296,170
Material handling	146,740	89,515
Other expenses	257,750	193,717
Technical studies	1,514	578
Depreciation	925,800	817,740
	<u>2,028,805</u>	<u>1,751,328</u>
21.3 Plant-general and administrative costs		
Salary, allowances and benefits	89,215	91,906
Contributions to employees' benefit schemes	3,800	5,304
Staff welfare expenses	42,602	35,439
Training, seminars and meetings	506	7
Travelling	653	482
Rent	1,494	-
Telephone, fax and postage	1,560	2,600
Office maintenance	33,867	23,716
Security services	25,794	29,079
Printing and stationery	11	407
Other supplies and spares	8,292	2,202
Other office expenses	19,171	18,741
Consultancy	283	-
Vehicles running expenses	4,304	9,869
Corporate social activities	4,677	3,525
Insurance	37,930	37,570
	<u>274,159</u>	<u>260,847</u>
21.4 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 maintenance costs	182,814	147,474
Transportation costs	585,547	521,769
	<u>923,099</u>	<u>833,338</u>
22 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
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	81,536	80,702
Balance carried forwarded	<u>431,973</u>	<u>404,326</u>

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	2021 <u>Taka'000</u>	2020 <u>Taka'000</u>
<i>Balance brought forward</i>	431,973	404,326
Other office expenses	13,051	10,917
Registration and other fees	3,594	6,074
Audit and tax advisory fees	1,780	1,775
Legal expenses	41,776	2,674
Vehicles running expenses	17,587	15,704
Publicity and public relation	5,744	4,537
General assistance fee (Note- 22.1)	339,171	269,837
Trademark license fee (Note- 22.2)	339,171	269,837
Consulting, survey and studies	3,429	7,407
Depreciation	43,567	56,346
Amortization of intangible assets	-	39,136
	<u>1,240,843</u>	<u>1,088,570</u>
22.1 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).		
22.2 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).		
23 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	756
Travelling	15,141	16,459
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>
24 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
Other	100,334	2,392
	<u>134,615</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>
25 Finance costs and income		
Interest on borrowings	-	37,508
Net interest expenses/income on net gratuity liabilities/assets	17,306	12,464
Other finance expenses	1,502	1,502
Bank charges and commission	9,723	8,414
Interest expenses on lease liabilities	2,183	7,782
Exchange loss	28,785	32,116
Total finance costs	<u>59,499</u>	<u>99,786</u>
Interest income on bank deposits	22,995	13,616
Total finance income	<u>22,995</u>	<u>13,616</u>
Net finance costs	<u>36,504</u>	<u>86,170</u>
26 Income tax		
Current income tax expenses	1,100,875	789,380
Deferred tax income	(316,021)	(424,558)
	<u>784,854</u>	<u>364,822</u>
26.1 Reconciliation of effective tax rate (%)		
Statutory tax rate	22.50	25.00
Permanent difference	2.44	1.00
Effect of change in tax rate	(6.66)	-
Change in structure (HBL amalgamation)	-	(8.47)
Effective tax rate	<u>18.28</u>	<u>17.53</u>
27 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	3,507,631	1,983,982
Denominator (Thousands of Shares)		
Weighted average number of shares outstanding	1,161,374	1,161,374
Basic earnings per share Taka	3.02	1.71
Diluted earnings per share Taka	3.02	1.71
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	16,679,048	14,466,904
Denominator (Thousands of Shares)		
Weighted average number of shares outstanding	1,161,374	1,161,374
Net Asset Value (NAV) Per Share Taka	<u>14.36</u>	<u>12.46</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	5,088,801	3,981,777
Denominator (Thousands of Shares)		
Weighted average number of shares outstanding	1,161,374	1,161,374
Net Operating Cash Flow Per Share Taka	<u>4.38</u>	<u>3.43</u>

28 Related party transactions

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

Name of the party	Relationship	Nature of transaction	In thousands of Taka	
			Transaction value during the year	Receivable/ (payable) at 31 Dec 2021
Lafarge Umiam Mining Private Limited	Subsidiary company	Purchase of limestone	2,544,527	(409,256)
Surma Holding B. V.	Shareholder	Dividend Payment	683,701	-
LH Trading Pte Ltd	Group Company	Intercompany purchase	1,287,088	(108,075)
Lafarge S.A.	Group Company	Technical assistance/trademark license	95,802	(498,591)
Cementos Molins	Group Company	Trademark license/travel expenses	84,793	(255,496)
LafargeHolcim Limited	Group Company	Trademark license	(111,260)	(124,847)
Holcim Asean Business Service Centre	Group Company	Technical assistance	-	(47,027)
Bengal Development Corporation	Shareholder's associated entity	Cement sales	752	(207)
Holcim Group Services Ltd.	Group Company	Intercompany services	11,566	(62,100)
Lafarge International Services Singapore Pte Ltd.	Group Company	Intercompany services	13,414	(4,862)
Eastern Housing Ltd.	Shareholder's associated entity	Cement sales	243	64
Jahurul Islam Medical College	Shareholder's associated entity	Cement sales	552	552
Bank Asia Limited	Shareholder's associated entity	Cement sales	-	(1)
Holcim Services (South Asia) India	Group Company	Intercompany services	41,292	(41,639)
Holcim Technology Holderbank	Group Company	Intercompany services	-	(74,442)
Holcim Technology Ltd.	Group Company	Trademark license	4,442	(745,078)
Aftab Bahumukhi Firm Ltd.	Shareholder's associated entity	Cement sales	287	147
Opex Group	Shareholder's associated entity	Cement sales	86	176
Sinha Peoples Energy Ltd.	Shareholder's associated entity	Cement sales	-	15
LafargeHolcim IT EMEA	Group Company	Technical assistance	1,869	1,812

2020

In thousands of Taka

Name of the party	Relationship	Nature of transaction	Transaction		Receivable/ (payable) at 31 Dec
			value during the year	2020	
Lafarge Umiam Mining Private Limited	Subsidiary company	Purchase of limestone	2,042,192		(503,874)
Surma Holding B.V.	Shareholder	Dividend Payment	683,699		-
LH Trading Pte Ltd	Group Company	Intercompany purchase	624,102		(167,747.00)
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)
Holcim Asean Business Service Centre	Group Company	Intercompany services/technical assistance	-		(40,500)
Bengal Development Corporation	Shareholder's associated entity	Cement sales	3,805		(77)
Holcim Group Services Ltd.	Group Company	Intercompany services	13,494		(36,784)
LH Trading Ltd	Group Company	Intercompany services	1,112		784
Lafarge International Services Singapore Pte Ltd.	Group Company	Intercompany services	16,923		(5,438)
Eastern Housing Ltd.	Shareholder's associated entity	Cement sales	5,577		618
Jahurul Islam Medical College	Shareholder's associated entity	Cement sales	3,234		555
Bank Asia Limited	Shareholder's associated entity	Cement sales	204		(1)
Holcim Services (South Asia) India	Group Company	Intercompany services	40,561		(40,527)
Holcim Technology Holderbank	Group Company	Intercompany services	-		(5,810)
Holcim Technology Ltd.	Group Company	Trademark license	-		(263,541)
Aftab Bahumukhi Firm Ltd.	Shareholder's associated entity	Cement sales	-		(15)
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

29 Directors', managers' and officers' remuneration				
Salary, allowances and benefits		474,065		413,784
Contributions to employees' benefit scheme		36,356		28,923
Reimbursable expenses		11,560		10,755
		521,981		453,462

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

30 Financial Instruments

A. Accounting classifications

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

31 December 2021

In thousands of Taka	Carrying amount			Fair value			
	Fair value - Hedging instruments	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value							
Forward exchange contracts used for hedging	2,933	-	-	2,933	-	2,933	-
	2,933	-	-	2,933	-	2,933	-
Financial assets not measured at fair value							
Trade and other current assets	-	1,492,997	-	1,492,997	-	-	-
Cash and cash equivalents	-	4,429,276	-	4,429,276	-	-	-
	-	5,922,273	-	5,922,273	-	-	-
Financial liabilities measured at fair value							
Forward exchange contracts used for hedging	1,935	-	-	1,935	-	1,935	-
	1,935	-	-	1,935	-	1,935	-
Financial liabilities not measured at fair value							
Borrowings	-	-	56,162	56,162	-	-	-
Trade payables	-	-	6,213,486	6,213,486	-	-	-
Other current liabilities	-	-	804,207	804,207	-	-	-
	-	-	7,073,855	7,073,855	-	-	-
31 December 2020							
Financial assets measured at fair values							
Forward exchange contracts used for hedging	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Financial assets not measured at fair value							
Trade and other current assets	-	1,206,759	-	1,206,759	-	-	-
Cash and cash equivalents	-	1,292,660	-	1,292,660	-	-	-
	-	2,499,419	-	2,499,419	-	-	-
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	-	-	83,080	83,080	-	-	-
Trade payables	-	-	5,130,044	5,130,044	-	-	-
Other current liabilities	-	-	741,422	741,422	-	-	-
	-	-	5,954,546	5,954,546	-	-	-

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:

In thousands of Taka	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 gross trade receivables is as follows:

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

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

In thousands of Taka	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:

In thousands of Taka	2021	2020
Trade receivables net of impairment loss	556,658	846,803
Other current assets excluding prepaid expenses	1,112,923	553,854
	1,669,581	1,400,657

Cash and cash equivalents

The Company held cash and cash equivalents of Taka 4,429 million at 31 December 2021 (2020: Taka 1,293 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'000	6 months or less Taka'000	From 6 to 12 months Taka'000	From 1 to 5 years Taka'000
Non-derivative financial liabilities				
Trade payables	6,213,486	4,575,692	1,637,794	-
Other current liabilities	804,207	730,146	74,061	-
Lease liabilities	56,162	-	28,353	27,809
	7,073,855	5,305,838	1,740,208	27,809
Derivative financial liabilities				
Forward exchange contracts used for hedging	1,935	1,935	-	-
	1,935	1,935	-	-

31 December 2020

Non-derivative financial liabilities				
Trade payables	5,130,044	4,231,324	898,720	-
Other current liabilities	741,422	667,733	73,689	-
Lease liabilities	83,080	-	29,853	53,227
	5,954,546	4,899,057	1,002,262	53,227
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 and Swiss franc.

Exposure to currency risk

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

Balance at 31 December 2021	BDT'000	USD'000	EUR'000	CHF'000
<i>Foreign currency denominated assets</i>				
Trade receivables	4,290	50	-	-
Cash and cash equivalents	-	-	-	-
Total	4,290	50	-	-
<i>Foreign currency denominated liabilities</i>				
Trade payables	725,311	7,591	359	417
Other current liabilities	74,061	601	231	-
Total	799,372	8,192	590	417
Balance at 31 December 2020				
<i>Foreign currency denominated assets</i>				
Other receivables	9,073	107	-	-
Cash and cash equivalents	377	2	2	-
Total	9,450	109	2	-
<i>Foreign currency denominated liabilities</i>				
Trade payables	1,004,048	11,072	291	364
Other current liabilities	80,322	586	231	69
Total	1,084,370	11,658	522	433

The following significant exchange rates have been applied.

Currencies	31 December 2021		31 December 2020	
	Closing rate	Average rate	Closing rate	Average rate
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:

Particulars	Estimated impact on profit/loss and equity (+/-)	
	2021	2020
	Taka'000	Taka'000
Assets denominated in USD	21	46
Assets denominated in EUR	-	1
Liabilities denominated in USD	3,514	4,943
Liabilities denominated in EUR	287	271
Liabilities denominated in CHF	195	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.

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 32,006 (Taka 2,000 for 2020) in thousands and Taka 581 (Taka 833 for 2020) in thousands respectively.

	2021 <u>Taka'000</u>	2020 <u>Taka'000</u>
<i>Interest bearing financial instruments of the Company at reporting date are as follows:</i>		
Financial assets		
Short-term deposits	3,200,614	200,000
	<u>3,200,614</u>	<u>200,000</u>
Financial liabilities		
Long-term borrowings- including current portion of the long term borrowings	27,809	53,227
Short-term borrowings	30,288	30,090
	<u>58,097</u>	<u>83,317</u>

c) Other price risk

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

31 Number of employees	<u>2021</u>	<u>2020</u>
<i>LafargeHolcim Bangladesh Limited</i>		
<i>Nationality:</i>		
Bangladeshi	544	551
Non-Bangladeshi	7	6
	<u>551</u>	<u>557</u>
<i>Salary range:</i>		
Monthly Taka 3,000 or above	551	557
Monthly below Taka 3,000	Nil	Nil
	<u>551</u>	<u>557</u>
32 Expenditure in foreign currencies		
Technical assistance	55,209	53,154
	<u>55,209</u>	<u>53,154</u>
33 Materials consumption		
<i>In terms of value</i>		
Imported		
Raw materials	4,424,095	3,061,141
Spare parts and other supplies	219,321	208,860
	<u>4,643,416</u>	<u>3,270,001</u>
Indigenous		
Raw materials	1,270,155	934,579
Spare parts and other supplies	93,995	89,512
	<u>1,364,150</u>	<u>1,024,091</u>
	<u>6,007,566</u>	<u>4,294,092</u>

	<u>2021</u>	<u>2020</u>
<i>In terms of percentage*</i>		
Imported		
Raw materials	74	71
Spare parts and other supplies	4	5
	<u>77</u>	<u>76</u>
Indigenous		
Raw materials	21	22
Spare parts and other supplies	2	2
	<u>23</u>	<u>24</u>
	<u>100</u>	<u>100</u>

34 Opening and closing finished goods and work in process

Items	Unit	2021		2020	
		Quantity'000	Taka'000	Quantity'000	Taka'000
Gray cement	MT	31	128,074	46	184,967
Cement clinker	MT	119	467,465	60	225,015
Work in process	MT	5	6,027	3	3,542
Balance at 1 January		155	601,566	109	413,524
Gray cement	MT	47	204,044	31	128,074
Cement clinker	MT	159	696,665	119	467,465
Aggregates	MT	27	26,540	-	-
Work in process	MT	5	5,794	5	6,027
Balance at 31 December		238	933,043	155	601,566

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

	<u>2021</u>	<u>2020</u>
Net Asset Value (NAV) Per Share	14.36	12.46
Earning Per Share (EPS)	3.02	1.71
Net Operating Cash Flow Per Share (NOCFPS)	4.38	3.43
Profit for the year (in thousand)	3,507,631	1,983,982

36 Reconciliation of net profit with cash flows from operating activities

	<u>Taka '000</u>	<u>Taka '000</u>
Net profit for the year	3,507,631	1,983,982
Income tax expenses	784,854	364,822
Net profit before tax	4,292,485	2,348,804
Depreciation and amortization	1,023,135	967,674
Other non-cash items	45,716	41,160
Non-operating items	36,504	86,170
Contribution to gratuity plan	(206,766)	(6,507)
Income tax paid	(369,946)	(280,311)
Changes in net working capital	267,673	824,787
Cash flows from operating activities	5,088,801	3,981,777

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

Products	Annual installed capacity	Actual production	
		2021	2020
Gray cement	4,191	2,707	2,480
Cement clinker	1,289	1,321	1,180
Aggregates	1,100	876	-

	<u>2021</u> <u>Taka'000</u>	<u>2020</u> <u>Taka'000</u>
38 Value of imports		
Raw materials and others	7,203,405	5,048,548
	<u>7,203,405</u>	<u>5,048,548</u>

39 Remittances of foreign currency

Final dividend

<u>Name of Shareholder</u>	<u>2021</u>		<u>2020</u>	
	<u>Number of Shares</u>	<u>Final for 2020 Taka'000</u>	<u>Number of shares</u>	<u>Final for 2019 Taka'000</u>
Surma Holding B.V. (The Netherlands)*	341,849,350	307,664	341,849,350	307,664
Jean Hidier (France)	11,560	8	11,560	8
Mohammed Abdul Gaffar (UK)	18,010	13	18,010	13

<u>Name of Shareholder</u>	<u>2021</u>		<u>2020</u>	
	<u>Currency</u>	<u>Amount</u>	<u>Currency</u>	<u>Amount</u>
Surma Holding B.V. (The Netherlands)	EUR	2,971,168	EUR	3,224,994
Jean Hidier (France)	EUR	78	EUR	84
Mohammed Abdul Gaffar (UK)	GBP	121	GBP	120

* In addition to the above, an amount of Taka 307,664,415 (EUR 2,972,603) representing 341,849,350 shares has been remitted through NITA account.

	<u>2021</u> <u>Taka '000</u>	<u>2020</u> <u>Taka '000</u>
40 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