

ANNUAL REPORT | 2018

www.lafargeholcim.com.bd

LafargeHolcim Bangladesh Limited

A company of  LafargeHolcim and 



**LafargeHolcim Bangladesh Limited
is the leading building materials and
solutions providing company.**

**from small Individual Home Builders to
the biggest and technically challenging
infrastructure, we support customers
across Bangladesh.**

**All photographs used in this Annual Report
have been taken by the employees of the Company.**

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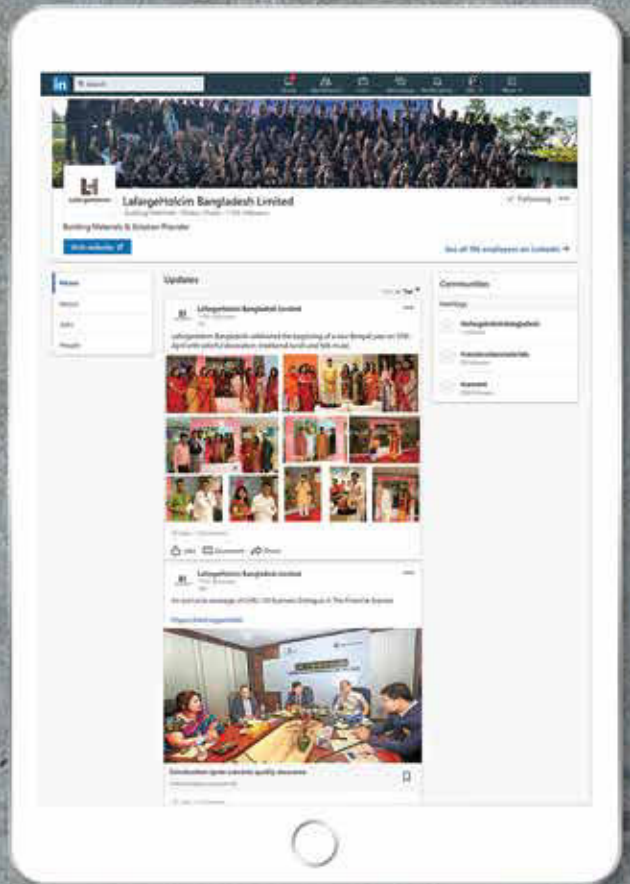
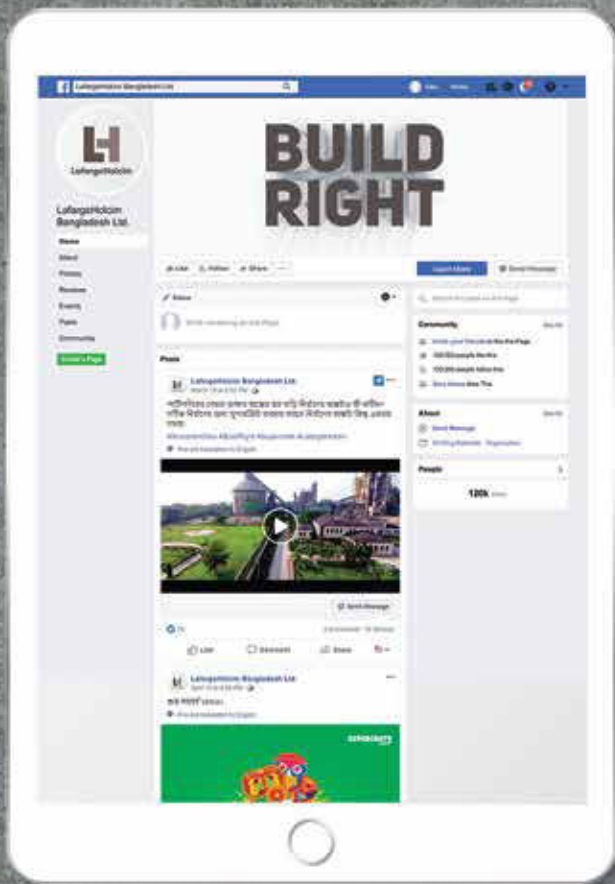
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LafargeHolcim Bangladesh Limited

A company of  LafargeHolcim and  CEMENTOS MOLINS

Registered Office: NinaKabbo, Level-7, 227/A Bir Uttam Mir Shawkat Sarak (Tejgaon Gulshan Link Road), Tejgaon, Dhaka -1208, Bangladesh
Phone: +88 02 9881002-3, Fax: +88 02 9886394, Email: info.cs@lafargeholcim.com, Web: www.lafargeholcim.com.bd

NOTICE OF THE 21st ANNUAL GENERAL MEETING

Notice is hereby given that the 21st Annual General Meeting (the “AGM”) of the Shareholders of LafargeHolcim Bangladesh Limited (the “Company”) will be held on Thursday, May 16, 2019 at 11:00 A.M. at the Jaflong Rangamati (floor 14), Le Meridien Dhaka, 79/A Commercial Area, Airport Road, Nikunja 2, Khilkhet, Dhaka-1229, Bangladesh to transact the following businesses:

AGENDA

Ordinary Business:

1. To receive and adopt the Directors’ and Auditors’ Reports and the Audited Accounts of the Company for the year ended on December 31, 2018.
2. To declare Dividend for the year ended on December 31, 2018.
3. To elect Directors as per the Articles of Association of the Company, and to ratify the appointment of Mr. Syed Mahmudul Huq as Independent Director of the Company.
4. To appoint Auditors and fix their remuneration.
5. To appoint Professional Accountant for issuing certificate regarding Compliance of Corporate Governance Code.

By the order of the Board



Kazi Mizanur Rahman
Company Secretary

Dated: April 22, 2019

NOTES

- ▶ The Record Date of the Company was on **March 24, 2019** (which was intimated earlier). Members, whose names appeared in the Company’s register (certificated and depository) at the close of business on the Record Date, will be entitled to attend the AGM.
- ▶ A Member eligible to attend and vote in the AGM is entitled to appoint a proxy to attend and vote on his/her behalf. The proxy form, duly stamped with a revenue stamp of Tk.20, must be deposited at the Registered Office of the Company not less than 72 hours before the time fixed for the AGM.
- ▶ Admission into the AGM venue will be allowed on production of the Attendance Slip attached with the Proxy Form.
- ▶ The Annual Report for the year ended on December 31, 2018 is available in the Company’s website at www.lafargeholcim.com.bd

In compliance with the Bangladesh Securities and Exchange Commission’s Circular (No.SEC/CMRRCD/2009-193/154 dated October 24, 2013), no food or gift will be arranged at the AGM.

CORPORATE PROFILE

Company Name	: LafargeHolcim Bangladesh Limited
Company Registration No.	: C-34266(1012)/97
Country of Incorporation	: Bangladesh
Legal Form	: Public Limited Company

BOARD OF DIRECTORS

- Mr. Christof Hässig, Chairman
- Mr. Rajesh K Surana, Director & Chief Executive Officer
- Mr. Carlos Martinez Ferrer, Director
- Mr. Julio Rodriguez Izquierdo, Director
- Mr. Manzurul Islam, Director
- Mr. Marcos Cela Rey, Director
- Ms. Naheed Akhter, Director
- Ms. Rajani Kesari, Director
- Mr. Shivesh Kumar Sinha, Director
- Mr. Monzurur Rahman, Independent Director
- Mr. Syed Mahmudul Huq, Independent Director
- Mr. Tufail K Haider, Independent Director

AUDIT COMMITTEE

- Mr. Tufail K Haider, Chairman
- Mr. Carlos Martinez Ferrer, Member
- Ms. Rajani Kesari, Member
- Mr. Kazi Mizanur Rahman, Secretary

NOMINATION AND REMUNERATION COMMITTEE (NRC)

- Mr. Monzurur Rahman, Chairman
- Mr. Christof Hässig, Member
- Mr. Julio Rodriguez Izquierdo, Member
- Mr. Kazi Mizanur Rahman, Secretary

CHIEF EXECUTIVE OFFICER

Mr. Rajesh K Surana

STATUTORY AUDITORS

Nurul Faruk Hasan & Co.

COMPANY SECRETARY

Mr. Kazi Mizanur Rahman

COMPLIANCE AUDITORS

Ahmed Mashuque & Co.

CHIEF FINANCIAL OFFICER

Mr. Mohammad Iqbal Chowdhury

REGISTERED OFFICE

LafargeHolcim Bangladesh Limited
NinaKabbo, Level-7
227/A Bir Uttam Mir Shawkat Sarak
(Tejgaon Gulshan Link Road)
Tejgaon, Dhaka-1208, Bangladesh
Tel: +880 (2) 9881002-3
Fax: +880 (2) 9886394
Email: info.cs@lafargeholcim.com
Web: www.lafargeholcim.com.bd

HEAD OF INTERNAL AUDIT & COMPLIANCE

Mr. Moshorrof Hossain

EXECUTIVE COMMITTEE

- Mr. Rajesh K Surana, Chief Executive Officer
- Mr. Eung Rae Kim, Industrial Director
- Mr. Gazi Mahfuzur Rahman, Sales & Marketing Director
- Mr. Kazi Mizanur Rahman, Legal & Human Resources Director & Company Secretary
- Mr. Mohammad Asif Bhuiyan, Chief Corporate Affairs Officer
- Mr. Mohammed Arif Bhuiyan, Procurement & Logistics Director
- Mr. Mohammad Iqbal Chowdhury, Chief Financial Officer
- Mr. Narayan Prasad Sharma, Operations Director, LUMPL

BOARD OF DIRECTORS



CHRISTOF HÄSSIG

Chairman

In LafargeHolcim, Christof Hässig acts as Senior Vice President, Business Opportunities, reporting directly to the CEO. Before joining ex-Holcim in 1999, Christof Hässig worked for 25 years at UBS in many different functions, including global relationship manager and investment banker for multinational corporates in Switzerland and abroad.

Within ex-Holcim he was reporting to the CFO with direct links to all other Executive Directors including CEO. For the past 15 years he built and led Corporate Financing and Treasury Department. The Function spans across all the geographic regions and includes a matrix organization with the Finance Department of the operating companies in the various countries. Holcim has established a series of Finance Companies in all relevant parts of the world, which are being used to facilitate financing streams and managing risks.

In December 2012, he took over additional responsibilities as head of the newly created Mergers & Acquisitions Function on Group level. In March 2013, the Group Insurance Department was moved and integrated into the Corporate Finance & Treasury Department. Following the completion of the merger between Lafarge and Holcim he headed the Corporate Strategy and Mergers & Acquisitions Function. In March 2018, he was appointed as the Chairman and Director of LafargeHolcim Bangladesh limited.

Born in 1958, Mr. Hässig started his career with 3 years apprenticeship in Banking followed by a Master in Banking and the Advanced Management Program at Harvard Business School in 2006.



RAJESH KUMAR SURANA

Director & Chief Executive Officer

Mr. Rajesh Kumar Surana is the Director and Chief Executive Officer (CEO) of LafargeHolcim Bangladesh Limited. Prior to this, he has handled several management positions for LafargeHolcim Group in Bangladesh, Sri Lanka and India. For more than a decade, Mr. Surana played a vital role in 5 different Operating Companies of LafargeHolcim Group. He held a number of executive and leadership roles in many successful Mergers & Acquisitions and start-ups throughout his career, and has extensive cross industrial experiences in Audit, Consulting, IT, Shared Services, and Manufacturing.

Before being appointed as the CEO of LafargeHolcim Bangladesh Ltd., Mr. Surana was the CEO of Holcim Cement (Bangladesh) Ltd. The integration of the two companies was successfully completed under his leadership.

Born in 1977, Mr. Surana has over 15 years of work experience in leading multinational companies. He is a Fellow Member of the Institute of Chartered Accountants of India, New Delhi and The Institute of Company Secretaries of India. He is also member of the Board of Directors and oversees the strategic & tactical direction of LafargeHolcim Group in Bangladesh. An avid reader and expert critical problems solver, he believes in the power of discipline in all aspects of life.



CARLOS MARTÍNEZ FERRER

Director

Mr. Carlos Martínez Ferrer is the Corporate General Manager of Cementos Molins Group. Previously, he held various managing positions in Cementos Molins Group in Finance, Audit and Organization and Systems. He is member of the Board of Directors in the different subsidiaries of Cementos Molins Group.

Prior to joining Cementos Molins in 1992, he worked in Arthur Andersen for three years.

Born in 1964, Mr. Ferrer is a graduate in Economics from the University of Barcelona, Spain and obtained his PDD from IESE/University of Navarra.



JULIO RODRÍGUEZ IZQUIERDO

Director

Mr. Julio Rodríguez Izquierdo was appointed as the CEO of Cementos Molins in July 2015. With 12 production plants and more than 5.000 employees, Cementos Molins has industrial presence in 8 countries.

Mr. Rodríguez is very active in several institutions of Spanish civil society and in 2012 received the “Executive Director of the year” award from the Spanish Association of Directors. His career has been linked to Schneider Electric between 1984 and 2015. Throughout this period, he has held several senior management responsibilities, the last of them as the Vice-President of Global Operations. He has been a member of Executive Committee of Schneider Electric worldwide from 2003 to 2015 and he is still a member of the Board of Directors of Schneider Electric Spain.

In addition to the above, Mr Rodríguez is member of the Board of Directors of an important Spanish company in the Pharma sector: Laboratorios del Dr Esteve.

Born in 1961, Mr. Izquierdo is a graduate in Industrial Engineering from the University of Barcelona, graduated in Marketing by EADA Business School and PDG by IESE Business School/University of Navarra.



MANZURUL ISLAM

Director

Mr. Manzurul Islam is the Sponsor Director of the Company since its incorporation in 1997. He has been playing a key role for the development of this Company. Mr. Islam has gained over 32 years of experience and knowledge in managing various businesses in Bangladesh.

Mr. Islam is the Chairman of Islam Group - the Group that played an instrumental role in bringing LafargeHolcim Group as a foreign partner in Bangladesh. Islam Group comprises of multi-dimensional business ventures like Islam Cement Limited, Eastern Housing Limited, IG Foods Limited, Aftab Bahumukhi Firms Limited, Aftab Feed Products Limited, Aftab Hatchery Limited, Navana Pharmaceutical Limited, Bengal Development Corporation Limited and Jahurul Islam Medical College & Hospital.

Former Chairman of IFIC Bank Ltd. and Vice Chairman of Bangladesh Association of Banks, Mr. Islam was the President of France-Bangladesh Chamber of Commerce & Industry and currently he is the Executive Committee Member of Bangladesh Association of Publicly Listed Companies.

Born in 1961, Mr. Manzurul Islam is an Economics graduate from the University of London, UK.



MARCOS CELA REY

Director

Mr. Marcos Cela Rey is Country & Business Manager for the operations in India, Bangladesh, Tunisia and Colombia for the Molins Group.

He has more than 15 years' experience in finance management, controlling and risk management with major global organizations. Since 2016 he also started to manage business from the different international operations of Molins Group. His professional experiences include running diversified businesses and complex organizations in a wide range of industries including cement, mechanical and retail. Prior to joining Cementos Molins Group in January 2004, he held different positions like Finance Manager and European Treasury & Credit Manager at European Division of BIC promotional products and at the Spanish subsidiary of Decathlon, one of the biggest manufacturer and retailer of sports apparels and equipment.

Born in 1972, Mr. Rey, a Spanish national, fluent in Spanish, English, French and Italian, is a graduate in Business Administration from University of Barcelona and obtained his MBA from ESADE Business School in Spain.



MONZURUR RAHMAN

Independent Director

Mr. Monzurur Rahman has long 50 years' experiences in banking, insurance and tea business. He was the youngest Director of erstwhile Eastern Mercantile Bank Limited, which eventually was converted into Pubali Bank Limited.

Currently, he is a member of the Board of Directors of Pubali Bank Limited and a member of the Audit Committee and Chairman of Risk Management Committee of the Board Directors of the same Bank. He is involved in many other businesses as well. He is the Director of Delta Life Insurance Company Limited and Chairman of Rema Tea Company Limited. He is the elected member of the Executive Committee of Bangladesh Association of Publicly Listed Companies (BAPLC). He is a Member of Dhaka Club Limited and Kurmitola Golf Club. He is involved with many philanthropic and social activities.

Born in 1945, Mr. Rahman is a business graduate of Kolkata University, India.



NAHEED AKHTER

Director

Ms. Naheed Akhter is a Director of LafargeHolcim Bangladesh Limited since September 26, 2018. She has been involved with different business enterprises and organizations from her early career. She is one of the Sponsor Shareholders of Bank Asia and presently a director of the Board of Directors of the bank. She is one of the promoters and shareholder Director of Enterprise Cluster Pte. Ltd. and Cluster World Pte. Ltd., Singapore.

Born in 1973, Ms. Naheed Akhter completed her MBA with major in Finance from North South University, Dhaka and International Diploma in Fashion Designing and Marketing from Management Development Institute of Singapore. She has also obtained Diploma in Precious Metal Arts and Diploma in Fashion Jewellery Arts from Jewellery Design and Management International School, Singapore.



RAJANI KESARI

Director

Ms. Rajani Kesari is a senior management and finance professional with more than 30 years' experience. She has led multicultural teams at global level. Ms. Rajani has extensive experience in M&A, integration, business partnering and developing strong teams.

During her career she has worked in several leadership roles spanning global and regional scope. Ms. Rajani was with Schneider Electric for 9 years during which she led the Finance teams of East Asia & Japan Zone and greater India Zone. During her tenure she has supported significant growth in India and strong profitability in East Asia & Japan. Ms. Rajani was with Dr. Reddy's for more than 10 years where she held roles of Strategic Planning Head & CFO for European business, CFO of API business, Chief Internal Auditor of the Group reporting to the Audit Committee Chairman and Head of Global Tax. Ms. Rajani worked with KPMG in Dubai handling both manufacturing and banking clients. Prior to this she did her accounting training with PWC in India.

During her career Ms. Rajani worked in several geographies including Germany, HongKong, Singapore and Dubai.

Currently Ms. Rajani is the Region Finance Head – Asia for LafargeHolcim Group managing Finance for India, South-East Asia and Pacific.

Born in 1971, Ms. Rajani is a Chartered Accountant, Cost Accountant and a Certified Public Accountant from the USA.



SHIVESH KUMAR SINHA

Director

Mr. Shivesh Kumar Sinha was appointed as a Director of your Company in 2007. Since then, he has established himself as a key member of the Board of Directors with his widespread knowledge and experience. He is also the Chairman of Lafarge Umiam Mining Pvt Ltd., and Director of Holcim Cement (Bangladesh) Ltd. the subsidiaries of the Company. He joined Lafarge India in 2001 as CFO and held additional responsibilities for IT, Legal, Corporate Affairs & Communication and Corporate Social Responsibility. He moved to Lafarge Asia based in Kuala Lumpur in 2005 responsible for Business Development in Asia.

Prior to joining in legacy Lafarge, Mr. Sinha worked with PriceWater House London and Unilever P.L.C. In Unilever PLC, he has worked in senior capacities in different countries & different functions like Finance, Strategy & Business Development, HR & IR, and Sales & Marketing. He was Director responsible for Edible Fats, Dairy, Animal Feeds & New Business Development in Brooke Bond Liptons Ltd. He has been CFO & Exports Director Liptons India; CFO & HR Director Ponds India & CFO Brooke Bond Kenya Ltd.

He retired in 2012 and now acts as a Business Advisor, Executive Coach & Independent Director – Shwe Taung Cement Co. Ltd. Myanmar.

He has held important position in Industry bodies. He was chairman Vanaspati Manufacturers Association of India, Vice Chairman Compound Feeds Manufacturers Association of India, President of Internal Auditors Inc Bombay Chapter.

Born in 1946, Mr. Sinha is an Alumnus of The Wharton School, University of Pennsylvania and Indian Institute of Management, Ahmedabad. He is also a Fellow of the Institute of Chartered Accountants in England & Wales, Institution of Taxation (UK) and an Economics graduate of Patna University. He is also alumni of Newfield Network, Boulder CO USA as an Ontological Coach.



SYED MAHMUDUL HUQ

Independent Director

Mr. Syed Mahmudul Huq is a widely reputed businessman with significant contributions in the development of small and medium enterprises, particularly, in the shrimp industry. He is the founder Chairman of Bangladesh Shrimp and Fish Foundation, a non-profit research and advocacy organization. Currently, Mr. Huq is the Vice Chairman of the Board of Directors of Premier LP Gas Limited (PLPG), a joint venture with TOTAL Oil, of France. He has also stakes in renewable energy (Japan Solartech Bangladesh Limited) and Information and Communications Technology (ICT) including Software Development (Technology Solutions Limited), Internet Services (ISP: Broad Band Telecom Services), Inter Connection Exchange (ICX: M&H Telecom) and International Gateway (IGW: VENUS Telecom Ltd).

He also made valuable contributions to the development of capital market in the country and was the founder Director of Chittagong Stock Exchange established in 1995. He was instrumental in the formation of the first regional forum of Stock Exchanges of South Asia. He was the Chairman of the organizing Committee of the first Regional Conference of Stock Exchanges held at Chittagong in 1997.

Mr. Huq is also Member of the Board of Trustees of Independent University of Bangladesh and Chittagong Independent University.

Born in December 1951, Mr. Huq completed his B. A. (Hons.) and M. A. (Economics) from University of Dhaka.



TUFAIL K HAIDER

Independent Director

A seasoned career diplomat, Mr. Tufail K Haider is the former Bangladesh Ambassador to Egypt, France, Iran and High Commissioner to India. He held the rank and status of a Secretary to the Government of Bangladesh. During his tenure in Egypt (1993-1996) Ambassador Haider was concurrently accredited as Bangladesh Ambassador to Greece, Cyprus, Ethiopia, and Sudan.

Similarly, while serving in France (1997-1998) he also had concurrent responsibility for Portugal. During his tenure in France as Ambassador Mr. Haider was also the Chief and Permanent Delegate of Bangladesh to Paris-based UNESCO Headquarters. While in Iran (1999-2001) Mr. Haider, likewise, covered Lebanon, Syria and Turkmenistan. His team in India ended in 2004 leading to retirement.

Prior to these Ambassadorial assignments, for 25 years (1968-1992) Mr. Haider had a flourishing career with various diplomatic ranks at seven world capitals namely Bonn, Colombo, Warsaw, Moscow, Belgrade, Tokyo and Dubai. In between those assignments, he also served with distinction and official appreciation at different times as Director, Director General and Chief of Protocol in the Ministry of Foreign Affairs of the Government of Bangladesh.

Mr. Haider participated and represented Bangladesh over three decades in numerous meetings, conferences and forums of International, Regional and Global organizations like the UN, NAM, SAARC, OIC, ICPD, WHO, UNESCO etc.

His last career assignment in the individual capacity was Senior Advisor to the WHO, Regional Director of the SEARO, New Delhi.

Born in 1944, Mr. Haider graduated from Dhaka University in 1965 in Political Science. He completed his masters from the same university in 1966.



Christof Hässig
Chairman

CHAIRMAN'S STATEMENT

Dear Shareholders,

It is my pleasure to welcome you to the 21st Annual General Meeting of the Shareholders of LafargeHolcim Bangladesh Limited (the "Company").

At the outset, I would like to thank all the Shareholders for the overwhelming support received at the Extraordinary General Meeting of the Company held on March 21, 2019, for approving the amalgamation of your Company with Holcim Cement (Bangladesh) Limited. Empowered by your unequivocal support, we expect the legal process of amalgamation shall be completed soon. Your Company is now having 4.2 million tonnes production capacity of per year with around 8% market share in Bangladesh. The amalgamated company is poised to generate improved operational efficiencies, cost savings, optimized work force and efficient tax planning.

The economy of Bangladesh is on the right growing consistently and rapidly. Bangladesh has become a low middle-income country with a vision to transform into a middle-income country by the year 2021; and a developed country by the year 2041. With a sustained economic growth, increased life expectancy, literacy rates and per capita income, the GDP progress is reaching ~7.9%. A sustained period of political stability has channelled growth in the cement sector with construction ventures in both public and private sectors. Your Company is utilizing every opportunity to contribute to this phase of economic progress. Bangladesh is now going through a major development phase with a number of large projects like Padma Bridge, Rooppur Nuclear Power Plant, Rampal Power Plant, Road, rail & port development ventures. The country is one of the most promising cement markets in the world. Average per capita cement consumption per annum in the world is ca. 500kg while that of Bangladesh is only 186 kg. The higher per capita income of the country has resulted in greater demand for better infrastructure and affordable housing while changing lifestyles. These factors have contributed to consistent rise in the demand for construction materials including cement. The sector has been growing 8% to 10% in the last decade and is expected to continue to grow at the same rate in the next 5 years.

Your Company is a proud partner in the developments of Bangladesh, and poised to supply consistent and high quality cement in building the solid foundation to achieve its Vision 2021 and Vision 2041.

Health & Safety is, and shall always remain, a top priority for everyone across the Company. We keep Health & Safety first in everything we do. Your Company is a law abiding corporate citizen. We are committed to zero tolerance to integrity and compliance. We ensure speak up culture, maintaining ethical standards and good governance. We are also devoted to improving the lives of the people in the communities around our operations by facilitating education, health care, women empowerment and supporting rural economy and infrastructure in the remote locations around our plants and quarry. The Company remains committed to be customer centric and is engaged in extending as every possible support to the customers to earn their satisfaction and loyalty. We look forward to transform your Company from a cement producing company to a solution provider.

With the progress achieved so far, I feel convinced that your Company is in the right track and poised to return the confidence of its Shareholders in the best possible way. While I thank you for your unequivocal goodwill, I am sure you also join me in thanking the whole management team and all your employees for their outstanding efforts during the year and I look forward to your continued support in making your Company achieve its goals soon.

Dated: April 5, 2019



Christof Hässig
Chairman

CORPORATE GOVERNANCE STATEMENT

The Directors present the Company's Report on Corporate Governance, pursuant to the new notification dated June 3, 2018 issued by the Bangladesh Securities and Exchange Commission (the "Notification") for the year ended December 31, 2018.

Company's philosophy on corporate governance

Corporate Governance has been the hallmark of your Company's identity before the term became a part of the corporate lexicon. The Governance Philosophy of your Company is based on a robust foundation of ethical values and highest levels of professionalism, which the Company has effectively sustained and nurtured since its inception. The three pillars of good governance viz. ethics, values and professionalism are integrated in your Company's DNA. Integrity, transparency, fairness, accountability and compliance with the law are embedded in the Company's business practices, ensuring ethical and responsible leadership at the Board as well as the Management level.

The Company has rigorously abided by the core principles of Corporate Governance, which have been the bedrock of its two-fold governance, with the Board of Directors and the Committees of the Board at the apex level, and the Management structure at the operational level - the Executive Committee. The Board and its Committees guide, support and complement the Management team, which in turn assumes accountability and endeavours to achieve the set objectives and enhances stakeholder value.



Board of Directors

LafargeHolcim Bangladesh Limited is a professionally managed Company functioning under the overall supervision of the Board of Directors. The Board comprises of twelve (12) Directors in the required proportion of Independent Directors, Non-Executive Directors, including general directors. The Chief Executive Officer (CEO) of the Company is the only Executive Director.

The Board of Directors play fundamental role in upholding and nurturing the principles of good governance. The Board of Directors is the highest body of the governance of the Company, who works within the framework of the Memorandum & Articles of Association of the Company, as approved by the Shareholders.

The Board of Directors is made up of eminent and qualified persons who ensure that the tradition of demonstrating high standards of Corporate Governance is maintained. The Board sets out the overall corporate objectives and provides direction and independence to the Management to achieve these objectives for value creation through sustainable profitable growth. The Board of Directors seeks accountability of the Management in creating long term sustainable growth leading to the fulfilment of stakeholders' aspirations. It also sets out standards of corporate behaviour and ensures compliance with laws and regulations.



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Duties and functions of the Board

The Board of Directors sets the corporate culture and values for the Management, by ensuring high ethical standards. It provides strategic guidance, monitors operational performance and ensures that robust policies and procedures are in place. The Board of Directors, through its various Committees, reviews the identified risks and the mitigation measures undertaken/to be undertaken in respect thereof, ensures integrity in the Company's accounting and financial reporting systems, adequacy of internal controls and compliance with all relevant laws. In particular, the Board of Directors reviews and approves quarterly/half yearly unaudited financial results and the audited annual financial statements, corporate strategies, business plans, annual budgets, sets corporate objectives and monitors its implementation and oversees the major capital expenditure. It monitors overall operating performance, Health & Safety (H&S) performance and reviews such other items which require the Board of Directors attention. It directs and guides the activities of the Management towards achieving set goals and seeks accountability. It also sets standards of corporate behaviour and ensures transparency in corporate dealings. The Agenda for the Board Meetings are supported by relevant information, documents and presentations to enable the Board of Directors to take informed decisions. The Agenda is sent out to the Directors within the prescribed time period.

In compliance with clause 1(5) of the Notification and section 184 of the Companies Act, 1994, the Board of Directors have placed its Report before the Shareholders, which is forming part of the Annual Report 2018.

Directors' profile

The Board of Directors comprises of highly renowned professionals drawn from diverse fields. They collectively bring with them a wide range of skills and rich experiences, which enhances the quality of the Board's decision making process. The profile of the Directors is enclosed to this Annual Report.



Round Table Discussion on Construction Safety

Remuneration of Directors

None of the Independent Directors or the Non Executive Directors receive any sitting fee or remuneration from the Company. The CEO, who is an Executive Director is paid as per the terms and conditions of his employment contract with the Company.

The Company provides for the travel arrangements for the Directors attending the Board meetings of the Company.

Meetings of The Board of Directors

The Company conducts its Board meetings and records the Minutes of the meetings as well as keeps required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.

Independent Directors

In compliance to the Notification, there are three (3) Independent Directors, on the Board of Directors of the Company. The Independent Directors are appointed by the Board of Directors and approved by the Shareholders in the Annual General Meeting (AGM). Independent Directors are appointed for a period of three (3) years, which may be extended for one (1) term only. None of the Independent Directors serve as "Independent Directors" in more than five (5) listed companies. The Independent Directors are not subject to retire by rotation.

All the three (3) Independent Directors qualify with the requirements of clause 1(2)(b) and clause 1(3) of the Notification.



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Committees of Directors

For ensuring good corporate governance, the Board has constituted the following Committees viz. Audit Committee and Nomination & Remuneration Committee.

(i) Audit Committee:

In compliance with Clause 5 of the Notification, the Board of Directors has formed an Audit Committee as a sub-committee of the Board of Directors. The Committee comprises of three (3) Directors including one (1) Independent Director and two (2) Non Executive Directors who are nominated and appointed by the Board of Directors. The Chairman of Audit Committee is an Independent Director. The Company Secretary acts as the Secretary of the Committee. As required, all members of the Audit Committee are 'financially literate' and are able to analyze and interpret financial statements to effectively discharge their duties and responsibilities as members of the Audit Committee. The Chief Executive Officer, the Chief Financial Officer, and the Head of Internal Audit & Compliance are invitees to the Audit Committee meetings.

The Composition of the Audit Committee as of December 31, 2018 and details of the Members participation at the meetings of the Committee, and a report on the activities carried out by the Audit Committee are enclosed to this Annual Report.

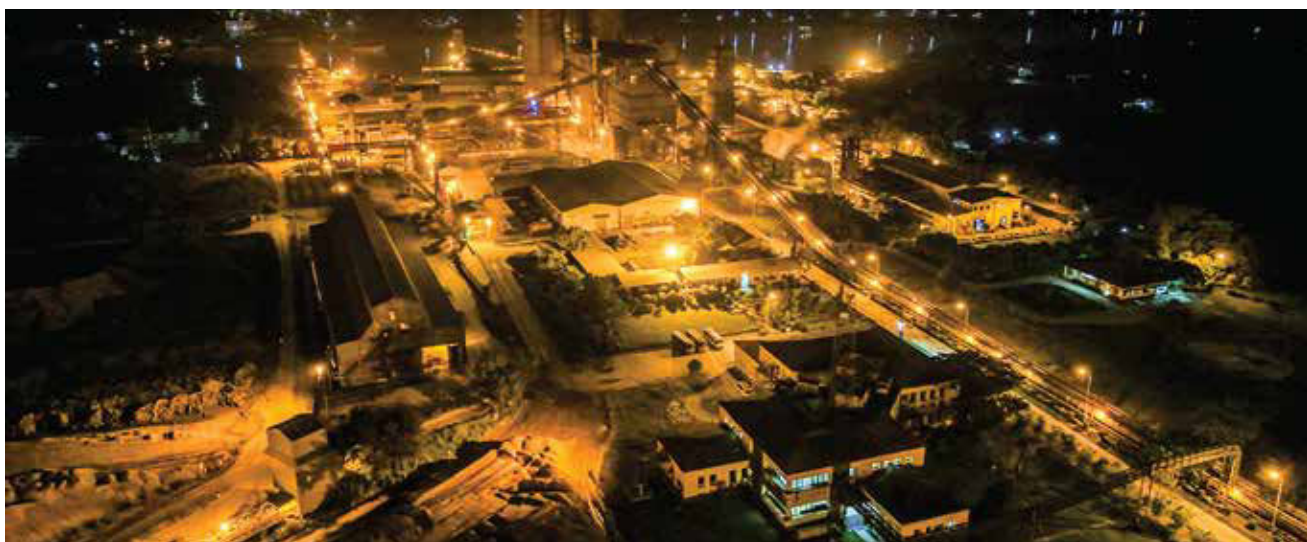
(ii) Nomination & Remuneration Committee:

In compliance with Clause 6 of the Notification, the Company has a Nomination & Remuneration Committee (NRC) as a sub-committee of the Board of Directors. The NRC assists the Board of Directors in formulation of the nomination criteria and policy for determining qualifications, positive attributes, experiences and independence of directors and top level executives as well as a policy for formal process of considering remuneration of directors, top level executives. The NRC comprises of one (1) Independent Director and two (2) Non Executive Directors and who are nominated and appointed by the Board of Directors. The Chairman of NRC Committee is an Independent Director. The Company Secretary acts as the Secretary of the NRC.

As required by clause 6(5)(c) of the Notification, the nomination and remuneration policy and the evaluation criteria and activities of the NRC during the year is enclosed to this Annual Report as **Annexure V**.

Chairperson of the Board of Directors

The Chairman is responsible for the providing leadership and governance of the Board of Directors and ensures that all key and appropriate issues are discussed by the Board of Directors in a timely manner. He promotes effective relationships and open communication, and creates an environment that allows constructive debates and challenges, both inside and outside the Boardroom, between Independent & Non-Executive Directors and the Management. He ensures that the strategies and policies agreed by the Board of Directors are effectively implemented by the Chief Executive Officer. He sets, in consultation with the Chief Executive Officer and Company Secretary, the Board meeting schedule and agenda to take full account of the important issues facing the Company and the concerns of all Directors, and ensures that adequate time is available for thorough discussions on critical and strategic issues. The Chairman establishes good corporate governance practices and procedures and promotes the highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level.



Clicked by: Saikat Anjan Roy

Chief Executive Officer (CEO)

The CEO is an Executive Director of the Company. CEO is in overall operational control and responsible for the day-to-day working of the Company in terms of the Articles of Association of the Company. He provides strategic directions, lays down policy guidelines and ensures implementation of the decisions of the Board of Directors and its various Committees and functions under the superintendence, direction and control of the Board of Directors.

Chief Financial Officer, Head of Internal Audit and Compliance and Company Secretary

In compliance of clause 3 of the Notification, the Board of Directors has appointed a Chief Financial Officer, Company Secretary and a Head of Internal Audit and Compliance. The Board of Directors has clearly defined their respective roles, responsibilities and duties. They attend the meetings of the Board of Directors.

Executive Committee

This committee supports the CEO and comprises of the Chief Financial Officer, Industrial Director, Sales & Marketing Director, Legal & Human Resources Director & Company Secretary, Procurement & Logistics Director, Chief Corporate Affairs Officer and Operations Director, LUMPL. It operates within the framework of the strategic policies laid down by the Board of Directors and is responsible and accountable for overall business deliverables. The Executive Committee meets on a regular basis to review and monitor the performance vis-a-vis the annual plans and budgets, discusses cross functional operational issues and addresses business challenges and issues.

Subsidiary Companies

The Company has 3 (three) subsidiary companies i.e. Holcim Cement (Bangladesh) Limited, Lafarge Umiam Mining Private Limited and Lum Mawshun Minerals Private Limited (collectively the “Subsidiary Companies”).

in compliance with Clause 2 of the Notification.

- (i) The Company reviews the affairs of the Subsidiary Companies and the minutes of the Board Meeting of the Company records the same.

- (ii) Minutes of the Board Meetings of the Subsidiary Companies are placed for review at the following Board meeting of the Company. The Audit Committee of the Company also reviews the Financial Statements of the Subsidiary Companies at the Meetings of the Audit Committee and Board of Directors of the Company.
- (iii) The quarterly financial results of the subsidiaries are also provided to the Audit Committee for an overview prior to their consolidation with the Parent Company
- (iv) There are two (2) Independent Directors who have been appointed on the Board of HBL; the Bangladeshi subsidiary company.
- (v) The quarterly financial results of the subsidiaries are also provided to the Audit Committee for an overview prior to their consolidation with the Parent Company.

Strictures and Penalties

No strictures or penalties have been imposed on the Company by the Stock Exchanges or by the Bangladesh Securities and Exchange Commission or by any statutory authority on any matters related to capital markets during the last three years.

Code of Business Conduct

The Board of Directors has approved a Code of Business Conduct which is applicable to the Members of the Board, the Chairperson, CEO and to all employees. The Company follows a policy of "zero tolerance" to bribery and corruption of any form and the Board has laid down the "Anti Bribery & Corruption Directive" which forms an Appendix to the above Code. The Code has been posted on the Company's website <https://www.lafargeholcim.com.bd/>

The Code lays down the standard of conduct which is expected to be followed by the Directors and by the employees in their business dealings and in particular on matters relating to integrity at the work place, in business practices and in dealing with stakeholders. The Code gives guidance through examples on the expected behaviour from an employee in a given situation. It also provides the reporting structure.

All the Board Members and the employees have confirmed compliance with the Code. All Management Staff were required to complete an e-learning module on the Code in addition to the face-to-face training conducted by the Company from time to time.

Fair Competition

The Company has been carrying out extensive training sessions for creating awareness among relevant employees on fair competitive practices. The training sessions are conducted on an annual basis for the employees of the Company, particularly those in sales and procurement functions, on various aspects of competition law and on behaviour aspects for ensuring fair competition in the market place. E-Learning training is imparted to all such employees in addition to face-to-face training.

In addition to the above, the processes of the Company are subject to periodic reviews and where required have been further strengthened.



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Vigil Mechanism / Whistle Blower Policy

The Company has an ethics advice and reporting system called the Integrity Line to deal with instances of report violations of the LafargeHolcim Code of Business Conduct, policies, or directives or any other breaches of law fraud and mismanagement, if any. The Integrity Line ensures that strict confidentiality is maintained whilst dealing with concerns and also ensures that no discrimination is meted out against any person for a genuinely raised concern. The Integrity Line can be contacted to report any suspected or confirmed incidence of violations of the LafargeHolcim Code of Business Conduct, policies, or directives or any other breaches of law fraud and mismanagement.

Means of Communication

The Company follows a robust process of communicating with its stakeholders and investors. For this purpose, it provides multiple channels of communications viz. through dissemination of information on the online portal of the Stock Exchanges, Press Releases, the Annual Reports and uploading relevant information on its website.

The unaudited quarterly results (both standalone and consolidated) are announced within 45 days of the close of the first quarter and within 30 days of the Second Quarter & Third Quarter. The audited annual results are announced within 120 days from the close of the financial year, as required under Listing Regulations. The aforesaid financial results are disseminated to the Stock Exchanges within thirty minutes from the close of the Board Meeting at which these are considered and approved. The results are published in leading daily newspapers having national circulation and online newspapers.

The audited financial statements form a part of the Annual Report which is sent to the Members within the statutory period and well in advance of the Annual General Meeting.

The Annual Report of the Company, the quarterly / half yearly results and the annual audited financial statements and the press releases of the Company are also placed on the Company's website: <https://www.lafargeholcim.com.bd/> and can be downloaded.

The Company discloses to the Stock Exchanges, information required to be disclosed including material information which have a bearing on the performance / operations of the Company or which is price sensitive in nature. All information is filed electronically on Dhaka and Chittagong exchanges online portal.

The Board of Directors decides on the materiality of information for the purpose of making disclosure to the Stock Exchanges.

All disclosures made to the Stock Exchanges are also made available on the Company's website and can be accessed through weblink <https://www.lafargeholcim.com.bd/>.

Statutory Auditor

The Audit Committee recommends and the Board endorses the appointment of the Statutory Auditor which is approved by the Shareholders at the Annual General Meeting. Along with the appointment, the Shareholders also fix the remuneration of the Statutory Auditor. The Statutory Auditor can continue in office for maximum three (3) consecutive years.

The Audit Committee meets with the Statutory Auditor to ensure that the auditors are acting independently and reviews the financial statements before submission to the Board for approval. Apart from statutory audit, in order to ensure full and complete regulatory discharge, a Compliance Certificate is also obtained from a licensed practicing professional who certifies, on the basis of his audit, that the Company has duly complied with all the regulatory requirements as stipulated by the Notification. The report is presented to the Shareholders and forms part of the Annual Report.

Corporate Governance Compliance Statement

The Company has obtained a certificate from a Practicing Chartered Secretary, Ahmed Mashuque & Co., who has considered the Company's relevant statutory compliance. A copy of the said certificate is appended as **Annexure - IX** to this Report.

The status of compliance with BSEC's Notification no. BSEC/ CMRRCD/2006-158/207/Admin/80 dated June 3, 2018 is captured in the checklist appended as **Annexure - X** to this Report.

The Company proposes that at the next Annual General Meeting the Shareholders appoint M/s. Ahmed Mashuque and Co., Chartered Accountants, to review the Company's compliance with the Corporate Governance Code and issue the necessary certification.



LHBL stands beside Euro Bangla Foundation Model School



SURMA PLANT

BOARD OF DIRECTORS' REPORT

LAFARGEHOLCIM BANGLADESH LIMITED

Dear Shareholders:

The Directors of LafargeHolcim Bangladesh Limited (the "Company") take pleasure in presenting the 21st Annual Report for the year 2018 containing the Directors' Report, Statement of Corporate Governance, Statutory Auditors' Report along with the Audited Financial Statements for the year ended on December 31, 2018.

The Directors' Report has been prepared in compliance with the provisions of Section 184 of the Companies Act, 1994, the Corporate Governance Code issued by Bangladesh Securities and Exchange Commission (BSEC) on 3 June 2018 and the Listing Rules of the Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited.

Financial results of your Company made substantial improvements in 2018 with net profit up by 38%. It demonstrated strong results in 2018 both in revenue and profit growth and has made outstanding achievements. Net operating profit grew by 82% to 2,310 Mn BDT from 1,271 Mn BDT during the previous year whilst net profit jumped by 38% to 1,114 Mn BDT.

Credit goes to good teamwork by all its employees, customers, business partners and shareholders. The Company has now successfully integrated the business in Bangladesh and 2018 marks the first year of good success of the combined operations. This also gives your Company and all its stakeholders a solid confidence that the Company is in the right track and poised to achieve even stronger performance in the coming future.



1. AMALGAMATION WITH HOLCIM CEMENT (BANGLADESH) LIMITED:

On January 31, 2017, the Shareholders of the Company approved the purchase of 100% of the shares of Holcim Cement (Bangladesh) Limited (HBL) from Holderfin B.V. On January 7, 2018, the share purchase was completed in terms of the approval of Bangladesh Bank. Since then, HBL has become a 100% subsidiary of your Company. The consolidated financial statements of your Company for the year 2018 include the financial statements of HBL.

In November 2018, the Board of Directors proposed to amalgamate your Company with HBL, whereby your Company shall be the surviving entity. In December 2018 an application was made to the Honourable High Court Division of the Supreme Court of Bangladesh, for approving the Scheme of Amalgamation. As directed by the Honourable High Court Division, meetings of the Shareholders and Creditors were called for considering and approving the Scheme of Amalgamation. The Shareholders and the Creditors of the Company at the Extraordinary General Meeting and Creditors meetings held on March 21, 2019 have approved the Scheme of Amalgamation. The legal formalities to amalgamate the companies as One Company, One Team, One Spirit are in the process and expected to be completed on due time.

The share capital of the Company has not been increased for the acquisition. Your Company has arranged the considerations from internal resources and loans from banks.

2. INDUSTRY OUTLOOK AND POSSIBLE FUTURE DEVELOPMENT IN THE INDUSTRY:

Bangladesh is one of the fastest developing countries in the world. The country is expected to have a steady GDP growth of 7% to 8% in the next 5 to 10 years. Bangladesh recorded ~7.9% GDP growth in 2018 which is fuelled by increased population, low labour cost, rapid urbanization, fast industrialization and large infrastructure and utility projects.

Despite various internal and external challenges, cement manufacturers posted the highest ever single year sales in 2018, on the back of rising consumption of the key construction materials in rural areas and development projects. Consumption grew by 15% in 2018, way ahead of 8% to 10% average annual growth recorded in the last decade. Driven by the rapid urbanisation and large infrastructure projects which is poised to develop further in the years to come, it is expected that the industry will experience the same level of growth in 2019, if there is a congenial atmosphere in the social, economic and political spheres of the country.

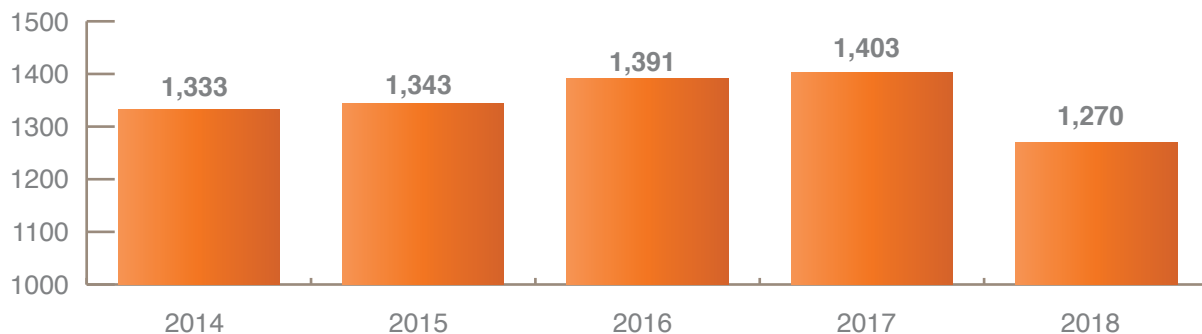
Annual consumption of cement stood at about 31.3 million tons in Bangladesh last year. Despite the huge growth of the industry, Bangladesh is still one of the lowest consumers of cement products in the world. Per capita cement consumption in Bangladesh is about 186 kg, much less than 270kg in Myanmar and 312 kg in India; while it is 1,700 kg in China, 1,250 kg in South Korea, 800 kg in Malaysia, 500 kg in Thailand.

3. SEGMENT WISE PERFORMANCE:

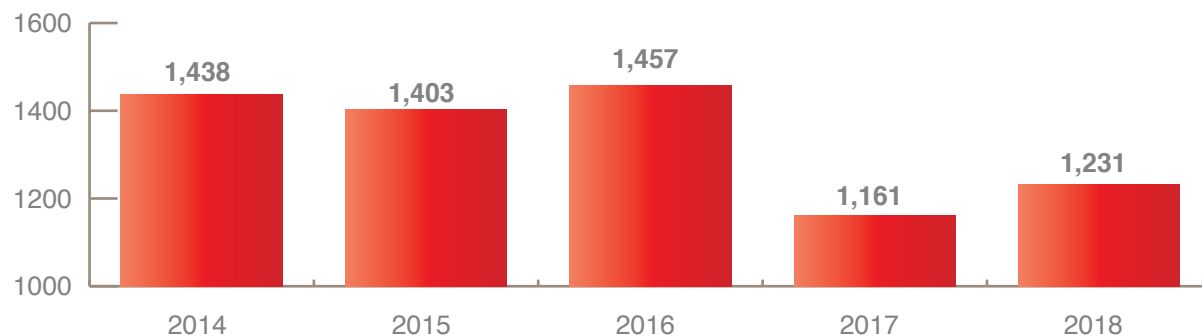
3.1 Production Performance of the Surma Plant:

The year 2018 was another successful year for the Surma Plant. The plant produced 1,270 Kt clinker and 1,231 Kt of cement. The plant team worked consistently for ensuring operational efficiency and energy conservation measures. The team took initiatives to increase the waste burning quantity for active involvement in environmental protection. The belt of the cross border belt conveyor system was successfully replaced with a energy optimized belt. It will help to reduce energy consumption, noise and shall provide required efficiency for transporting limestone from our quarry in Meghalaya to our Plant in Chhatak. For the third year consistently, the plant achieved 100% lab accuracy index (LAI) in the LafargeHolcim Group in the "Round Robin Test". This Round Robin Test was conducted in over 167 laboratories of LH Group across the world, and your laboratory become one of the top five. The plant was also selected in the top ten best performers in LH Group among the 165 participants.

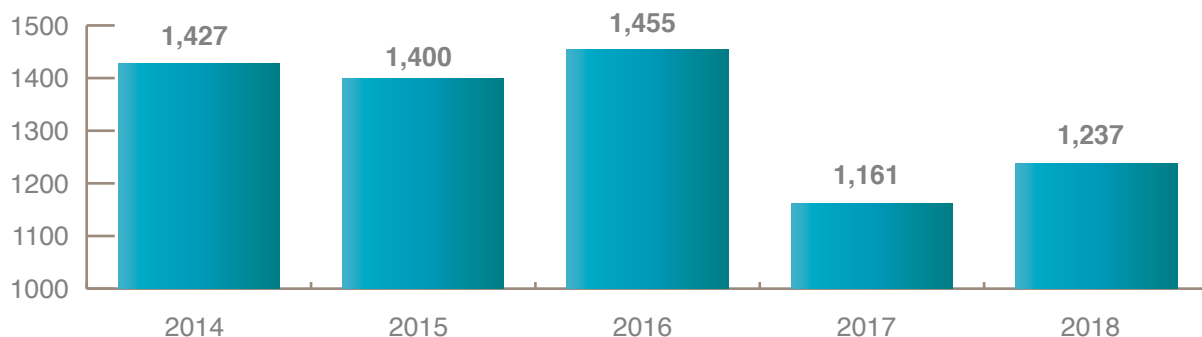
Clinker Production (kt) (2014-2018)



Cement Production (kt) (2014-2018)



Cement Dispatch (kt) (2014-2018)

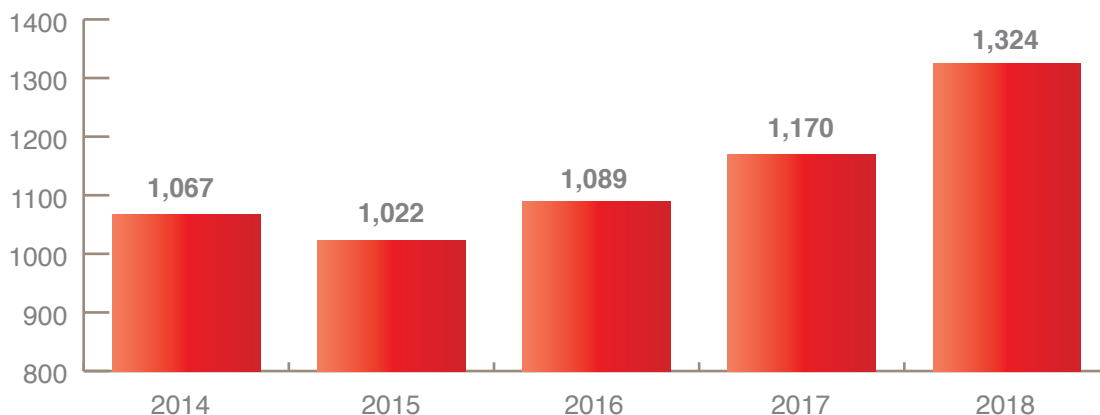


The Company and Jalalabad Gas T&D Systems Ltd. (“Jalalabad Gas”) signed a long term Gas Sales Agreement (GSA) which is valid until end of 2025. In the last few years, Jalalabad Gas was not only supplying Daily Contractual Quantity (DCQ) gas, but also additional gas. In 2018, Jalalabad Gas did not supply the additional gas to the Company anymore. Due to availability of limited quantity gas Surma Plant lost around 10% of its production in 2018. The Company and Jalalabad Gas are presently engaged in dialogue to secure additional gas.

3.2 Production at HBL:

This was the first year of HBL operating as a subsidiary of your Company. Holcim Brand is the synonym of premium quality product in the market. A highly motivated HBL team produced 1,324 kt of cement, a record breaking production. The high quality cement of HBL is made from the clinker sourced from Surma Plant as well as high quality imported clinker. HBL Plant team utilized their innovative ideas, out of the box thinking and hard works.

HBL Cement Production (kt) 2014 to 2018



3.3 Production: Quarry at Meghalaya, India:

In 2018, the quarry in Meghalaya continued to supply the Surma Plant with high quality limestone to match with the production requirement. The quarry team introduced new dumpers to improve efficiency and reduce operational costs. The exemplary performance in health and safety continued. The mine has been awarded with “Guru Dronacharya Award” for the fifth time by the Directorate General of Mines Safety of the Government of India for its continued pristine performance in safety.

3.4 Health & Safety:

Health and Safety is the core value of your Company and continue to get uncompromising highest priority whenever we undertake any business decision. Your Company is committed to ensure that both its employees and contractors can work safely on every sites. This commitment is embedded in the personal objectives of every employee.

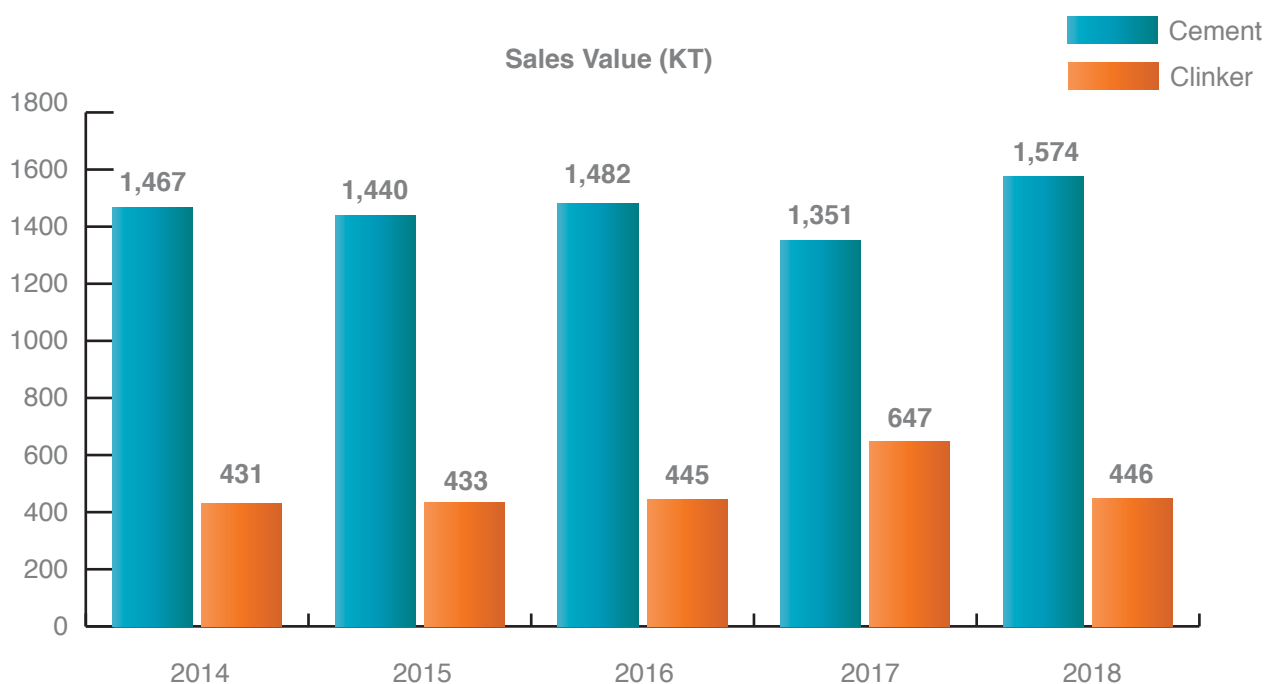
In 2018, we continued our Health & Safety transformational path, which is designed to reduce incidents and move us toward the ambition of zero harm. We had no Loss Time Injury in 2018 and efforts are being made to reduce Medical and First Aid injuries.

In 2019, the focus of Health and Safety shall be on a more disciplined approach and way of working, following the laid policies and work instructions, and with proper risk assessment for each and every task.

3.5 Sales and Marketing:

The overall performance of your Company vis a vis cement market in Bangladesh in last two years is given below:

Particulars	2018	2017
Sales Volume of Cement Industry (Million MT)	31.30	27.10
Sales Growth of Cement Industry	15%	9%
Market Share of LHB	8.11%	8.56%
Sales Volume of LHB (Million MT)	2.54	2.32
Sales Growth of LHB	9%	(-) 9%



In the backdrop of challenges of increased raw materials costs, including scarcity of clinker supply in Bangladesh from overseas, your Company focused on operational efficiency and right strategy. Increasing coverage in white spaces through setting up new distributors, expanding retail coverage, improving sales productivity on constant basis, aggressive implementation of strategy for Sylhet market were some of the key success areas in 2018. In addition, initiatives like increasing number of bulk carriers, clear focus and strategy on Business to business (B2B) business, and continuous efforts to increase share in Large Infrastructure Project (LIP) sectors played crucial role for the Company to ensure around 8% market share in Bangladesh.

The year 2019 is going to be challenging. To face this challenge, the Company is continuously working on the right strategies. One of our major focus is on the capability developments of the sales team. Amid very encouraging Industry growth outlook in 2019 propelled by investments focus in LIP, infrastructure development projects undertaken by the Govt. of Bangladesh, foreign investment and higher remittance flow, the strategy and focus of the dedicated teams for B2B & LIP shall be to gain market share in those sectors.

3.6 Logistics:

For the Logistics and Procurement, 2018 was a year of achieving more efficiency to serve our internal and external customers better with lower cost. On Procurement side, your Company has identified ways to further improve procurement efficiency. There were projects in place to generate values with re-negotiated terms with major suppliers resulting in substantial addition to bottom line. As a result we have been able to deliver our budget amidst many external challenges and inflation. On Logistics side, your Company was focused on increasing its dispatch capacity that enabled the Company to achieve highest ever sales for Supercrete and highest ever dispatch and production from HBL Plants, more importantly, all these were achieved with a higher logistics cost efficiency. In 2018, your Company has added sufficient capacity to its Bulk Cement Carrier Fleet that will enable your Company to capture higher share of this fast growing segment.

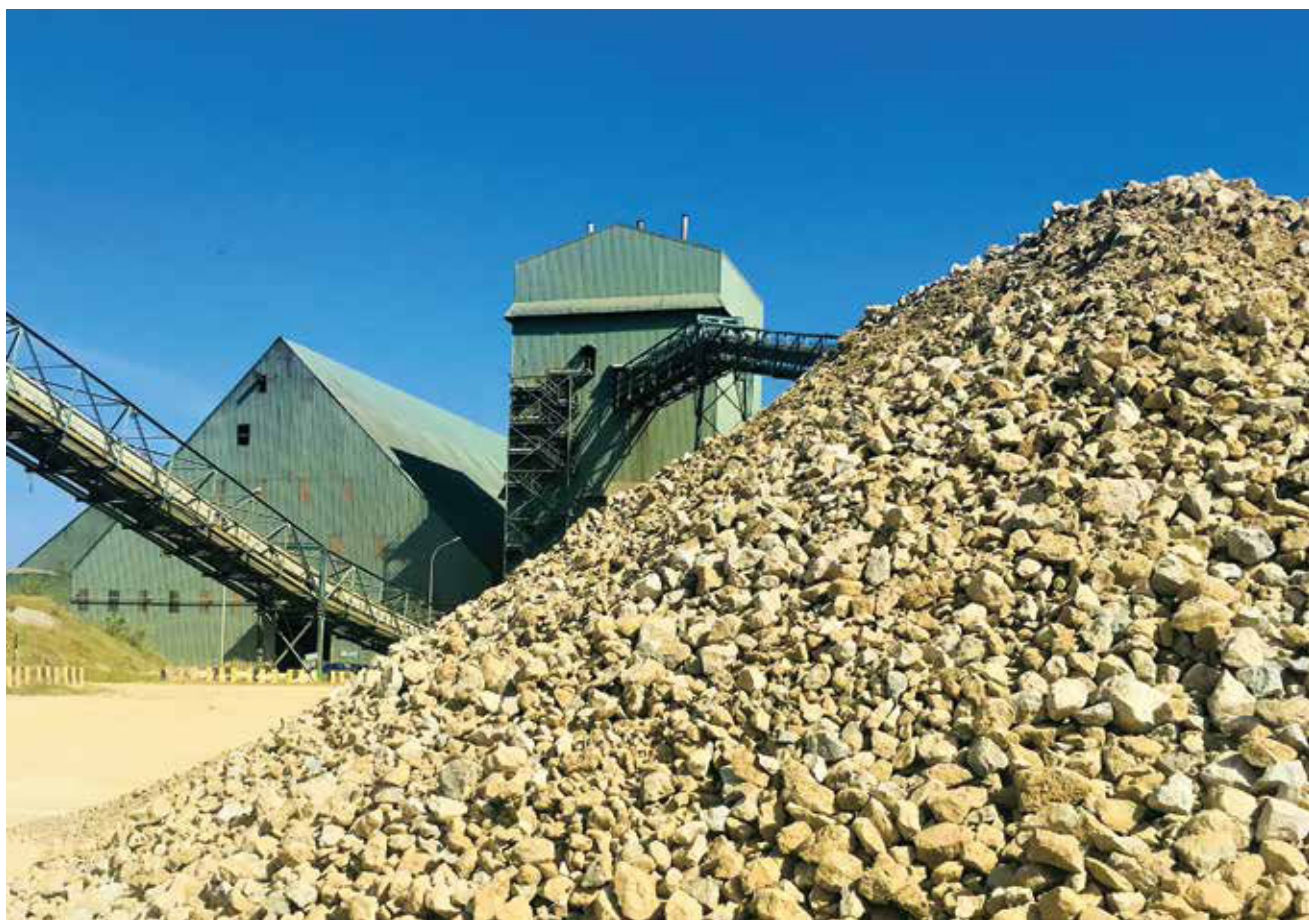
4. OVERVIEW OF THE COMPANY'S FINANCIAL PERFORMANCE:

The Company's consolidated operating and financial results as compared to the previous years:

Particulars	2018 (Taka'000)	2017 (Taka'000)
Revenue	16,631,529	10,819,131
Cost of goods sold	(12,531,583)	(8,220,256)
Gross Profit	4,099,946	2,598,875
Net profit before tax	1,882,736	1,355,822
Net profit after tax	1,114,652	805,291
Total assets	26,888,230	21,550,657
Net asset value	15,578,320	15,273,703
Net operating cash flow	3,112,749	1,354,722
Earning per share	0.96	0.69
NAV per share	13.41	13.15
Net operating cash flow per share	2.68	1.17
Return on equity	7.16%	5.27%
Gross margin	24.65%	24.02%
Net margin before tax	11.32%	12.53%
Net margin after Tax	6.70%	7.44%

The year 2018 was a challenging year. In the international market, raw materials cost including Clinker increased. In addition, cement production in Surma Plant was lower due to limitation of gas. In spite of the challenges, your Company achieved 38% growth in Net Profit. Several cost reduction programs in Administration, Fixed Cost and also commercial projects have helped to achieve such an incredible result.

Your Company has received an award from National Board of Revenue, Government of Bangladesh, as one of the highest taxpayers in its category. This is recognition of your Company's contribution to the national exchequer.

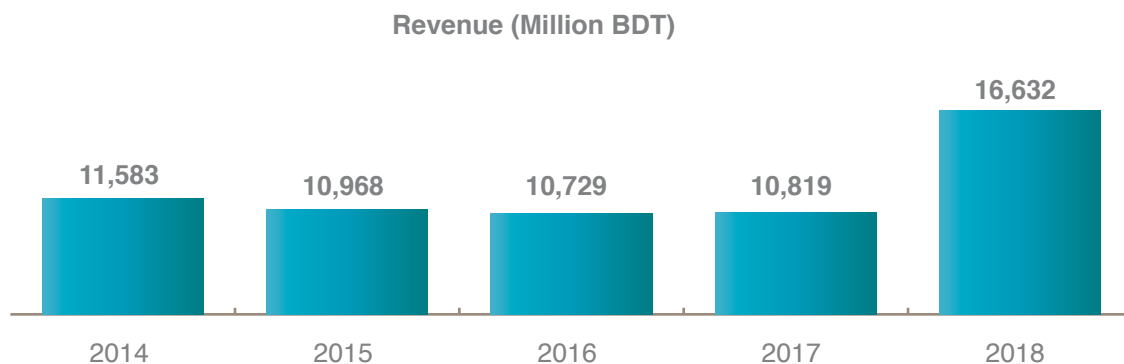


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4.1 Discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin

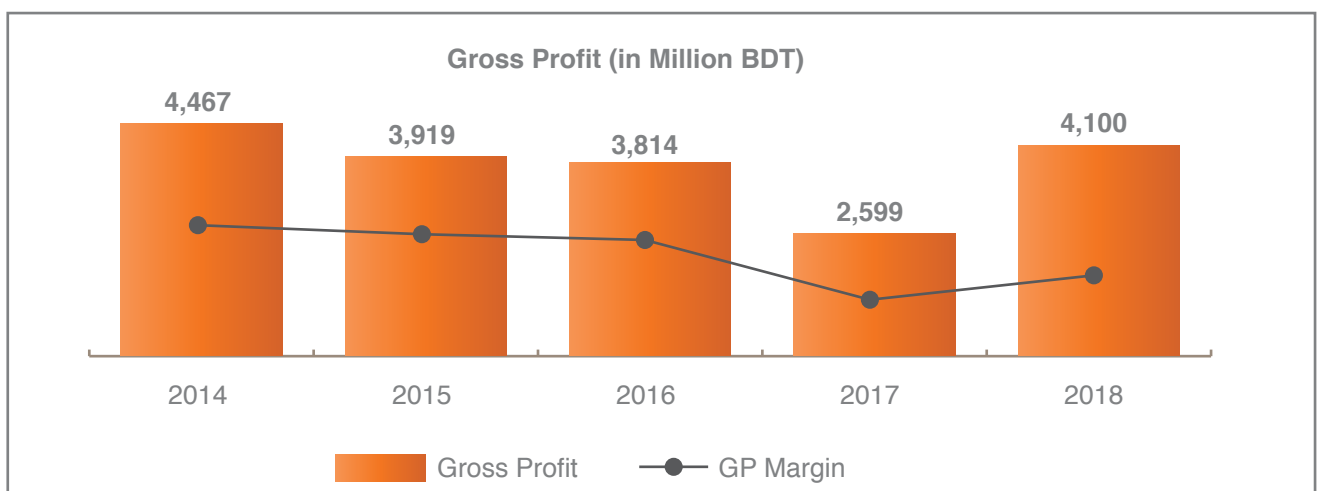
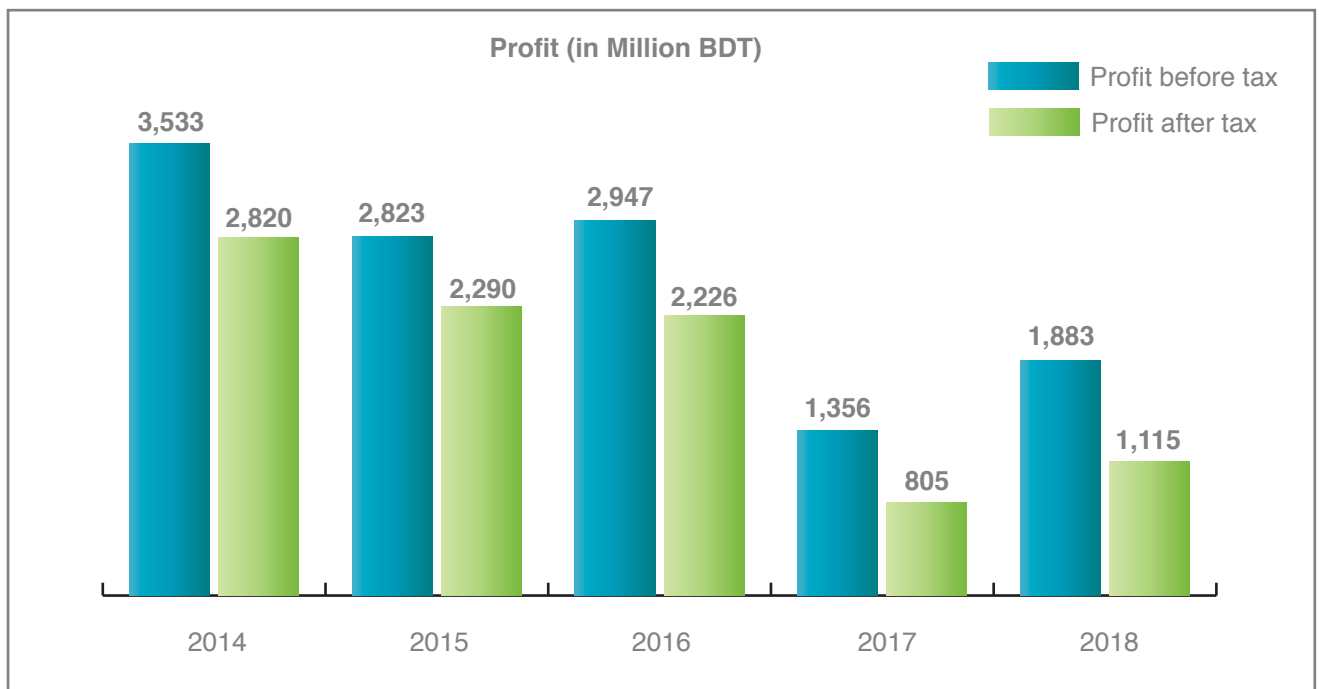
In 2018, your Company focused to increase the sales volume of cement in line with market growth. At the same time, the Company continued its strong focus in reducing costs across all areas. As a result, all major elements of cost related to plant fixed costs, selling and distribution expenses, and administration have been kept well below last year despite the inflation being above 7%. Due to shorter monsoon season and stable economic & political situation, a sound volume growth was registered in 2018. Your Company kept a tight rein in working capital as a result of which net working capital was lower than 2017. Financial cost substantially increased due to new loan taken for the acquisition of 100% shares of HBL.

Total Revenue after the acquisition of HBL reached BDT 16,632 million (2017: BDT 10,819 million), with 53.7% growth over 2017. Please note that revenue of 2017 is excluding HBL whereas 2018 includes HBL. Like for Like Revenue growth was 12% but Operating Profit grew by 82%.



The Sales Volume grew by 9.2% compared to 2017. The Gross Profit Margin was stable though the variable cost has gone up significantly. Cost of Goods Sold was reduced by 0.63% compared to last year (2017) due to efforts in reduction of plant fixed costs and distribution expenses. The Earnings Per Share (EPS) of the Company increased and stood at Tk. 0.96 in 2018 whereas it was Tk. 0.69 in 2017.

Particulars	2018 (Taka'000)	2017 (Taka'000)
Profit before tax	1,882,736	1,355,822
Income tax	(768,084)	(550,531)
Profit after tax for the year	1,114,652	805,291
Earnings per share	0.96	0.69



4.2 Explanation on significant deviation from the last year's operating results:

In January 2018, your Company acquired 100% shares of Holcim Cement (Bangladesh) Limited for a consideration of 5,047 million BDT. Accordingly, the Company's accounts reflect the performance of the Company after consolidation. A statement regarding the standalone performance and the consolidated performance are as under:

Sl.	Item	LHB 2018	Consolidated LHB 2018 with HBL	LHB 2017
A	Revenue			
I	Amount (in Million BDT)	12,115	16,632	10,819
ii	Percentage	12%	54%	1%
B	Gross profit – increase/ decrease			
I	Amount (in Million BDT)	3,395	4,100	2,599
ii	Percentage	31%	58%	-32%
C	Operating Profit			
i	Amount (in Million BDT)	2,139	2,310	1,271
D	Earnings per share	1.07	0.96	0.69

4.3 Dividend and Retained Earnings:

In February 2019 the Board of Directors of your Company recommended a final dividend of ten percent (10%), in cash, on the paid-up capital of the Company out of the profits of 2018 and retained earnings. The total dividend of 10% of the paid-up capital amounting to BDT 1,161,373,500/- which is BDT 1.00 per share of BDT 10.00 each for the year ended on December 31, 2018.

The above dividend recommendation of the Board of Directors shall be forwarded to the Shareholders at the 21st Annual General Meeting for their consideration and approval.

4.4 Retained Earnings:

The total Retained Earnings of your Company as of December 31, 2018, stood at BDT 3,666,293,000 details of which are given in the Statement of Changes in Equity of the Consolidated Financial Statement.



5. RISKS AND CONCERNS INCLUDING INTERNAL AND EXTERNAL RISK FACTORS, THREAT TO SUSTAINABILITY AND NEGATIVE IMPACT ON ENVIRONMENT:

The supply of natural gas is critical for your Company's operations. Increase in price of gas shall have major adverse impact on the Company's financial performance. Your Company is having the Gas Sales Agreement (GSA) with Jalalabad Gas, under which your Company is entitled to get supply of gas until end of 2025 at a price which is capped by a Ceiling Price. Despite the binding terms of the GSA, Jalalabad Gas is contemplating to increase the price of gas supplied to the Company beyond the Ceiling Price. This poses significant financial risks to the Company. Jalalabad Gas has also restricted the quantity of gas being supplied to the project, which has impacted the production of clinker. Your Company is engaged with Jalalabad Gas to resolve the difference of opinions on the terms of the GSA.

Bangladesh is a cement capacity surplus market. Despite this fact new capacity is being added at a higher rate than demand growth. This may further intensify competition in the market resulting in pressure on price. The availability of clinker in Asia impacts the price of clinker imports which has a significant impact on the level of cement prices in the market and hence on your Company's profitability.



Supercrete Bridge inauguration

6. RISK MANAGEMENT:

The management of the Company has the overall responsibility for the establishment and oversight of the Company's risk management framework. Risk management policies require establishing standard procedures to identify and analyze the main risks to which the Company is exposed and continually deploying and managing risk management systems designed to eliminate or reduce the probability that risks will arise and to limit their impact.

The Company is exposed to credit risk, liquidity risk and market risk.

A. 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 management has established a credit policy under which each new customer is analyzed individually for creditworthiness. 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 obtains bank guarantee and security cheques from all trade customers. A large part of non-trade customers are also covered by bank guarantee and security cheques.

B. 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.

C. Market Risk

Market risk is the risk that changes in market prices, e.g. foreign exchange rates and interest rates will impact 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. Market risk comprises three types of risks: foreign currency risk, interest rate risk and commodity risk.

- i. Foreign 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.
- ii. 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.
- iii. Commodity Risk** - Commodity risk arises from fluctuation of value of commodity in terms of price, quantity, and cost of the market from or to which the Company procure or sell product respectively. The Company does not have any significant exposure to commodity price risk.

7. RELATED PARTIES TRANSACTIONS:

All the transactions/contracts/arrangements of the nature as specified under the provisions of IAS 24 entered by the Company during the year under review with related party (ies) are in ordinary course of business. The details of the names of the related parties, nature of the transactions/contracts/arrangements and their total value are contained in Note No. 31 of the Financial Statements.

8. DIRECTORS' DECLARATION TO FINANCIAL STATEMENTS:

The Directors are of the opinion that the Company is a going concern. Accordingly, Financial Statements are prepared on a going concern basis.

The Directors are responsible for the governance of the Company, as part of preparation and presentation of the Financial Statements, the Directors confirm, to the best of their knowledge that:

- The financial statements prepared by the Management of the Company presents fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper Books of Account of the Company have been maintained.
- Appropriate Accounting policies have been consistently applied in preparation of the Financial Statements and that the accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed. The Company has initially applied IFRS 15 and IFRS 9 from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Company's financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- The minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.
- The Board of Directors have made appropriate examinations and analyzed the significant financial, operating as well as other indicators for enabling them to understand the ability of the Company to continue its operations for a foreseeable period. The Board of Directors is satisfied and has a reasonable expectation that the Company has adequate resources to continue its operation consistently for the foreseeable future. Hence, the Company adopted the going concern basis in preparing of the Company's financial statements.
- No interim dividend has been declared by the Company.
- The key operating and financial data for the last five (5) years is disclosed in **Annexure I**.
- Details of the Board Meetings held and attendance, details of appointment and reappointment of Directors with a brief resume are disclosed in **Annexure II**.
- The pattern of shareholding is disclosed in **Annexure VI**.
- A declaration signed by the CEO and CFO to the Board as required under the Corporate Governance Code is disclosed in **Annexure VII**.
- A Management's Discussion and Analysis signed by CEO presenting detailed analysis of the Company's position and operations along with a brief discussion of changes in the financial statements is disclosed in **Annexure VIII**.

9. CORPORATE GOVERNANCE COMPLIANCE STATEMENT:

The Company has complied with all the necessary guidelines under BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018. A separate section on Corporate Governance and the Compliance Report along with the necessary remarks and disclosures is appended in this Annual Report for the year 2018. A Certificate of Compliance required under the said Guidelines, as provided by M/s. Ahmed Mashuque and Co., Chartered Accountants, is annexed to this Directors Report.

M/s. Ahmed Mashuque and Co., Chartered Accountants, have expressed their interest to be appointed as Corporate Governance Compliance Auditors of the Company for the year 2019. The Board of Directors has accepted the willingness of M/s. Ahmed Mashuque and Co., Chartered Accountants, for appointment as Corporate Governance Compliance Auditors for the year ending December 31, 2019, which is being placed in the 21st Annual General Meeting for approval.

10. SUSTAINABLE DEVELOPMENT & CORPORATE SOCIAL RESPONSIBILITY (CSR):

Your Company is committed to be a socially responsible company making positive impacts in the welfare of the people in the communities around its operations. In alignment to this commitment, your Company successfully runs a wide variety of programs which ensure sustainable development. The biggest Corporate Social Responsibility (CSR) activity of the Company is near the plant at Chhatak in Sunamganj. The web of activities includes providing primary education and health care facilities, skill development for women, agricultural support etc. These programs have already brought visible changes in the lifestyle of the local communities where most of the children now pursue studies, where child mortality rate has come down; where several women received training and have become the main earner in the family. These success stories not only give us comfort but render a corridor of good relationship between the Company and the local communities.

Very recently, we have built a bridge over a canal in a remote village which now facilitates easy and safe movement of thousands of villagers. This has been well appreciated by local government officials, foreign diplomats, local leadership and media.



Supercrete Shetu

We also have extensive CSR activities in Meghalaya conducted by our subsidiary company Lafarge Umiam Mining Private Ltd. The tribal communities around the quarry have been immensely benefitted by our CSR activities.

In 2018, a sustainability strategy called “SD 2030 Plan” was drawn up and aligned with LafargeHolcim Group’s SD Plan. The focuses on four significant areas:

- Climate – Reduction of Net specific CO2 emissions;
- Circular Economy – Enhanced utilization of waste-derived resources;
- Water & Nature – Reduction of specific freshwater withdrawal in cement operations enhancing biodiversity in all operating mines; implementation of the Access to Safe Water, Sanitation and Hygiene (WASH) pledge;
- People & Communities – Improving H&S performance, gender diversity, providing low cost shelters / affordable housing and sanitation.

With a view to achieve the “SD 2030 Plan” during the year, after engaging with all relevant stakeholders, annual targets and action plans under each focus area were crystallized and executed.

11. RESEARCH, DEVELOPMENT AND INNOVATION:

As a part of the LafargeHolcim Group, Research & Development (R&D) of your Company is driven by our customers, who face today’s major challenges: achieving energy efficiency, lowering cost of construction, reducing our environmental footprint, and meeting high standards of aesthetics, health, comfort, and well-being. Together with our partners and customers, our best-in-class R&D teams develop the most innovative products, solutions, and services, as well as advanced manufacturing processes.

12. HUMAN RESOURCES (HR):

People are the biggest asset for sustainable development. Your Company is working as business partner to understand the organization ambition and requirements to achieve its vision. This starts with designing the right structure and proper talent management strategy to ensure right resources are in place. The focus continues in the areas of strong and effective performance management, leadership and people development intervention, employee engagement and effective talent sourcing. HR also works closely with senior leadership to ensure organizational efficiency both in-terms of competency and cost. Our vision is to become the employer of choice by 2021 in Bangladesh.



LHBL team Observing World Heart Day

13. INTERNAL CONTROL SYSTEM:

The Company has well-documented Policies, Directives and Work Instructions which are periodically reviewed. Implementation and compliance with the Policies, Directives and Work Instructions are monitored and reported to the Audit Committee. The Audit Committee consists of three (3) members from the Board of Directors. The Chairman of the Audit Committee is an Independent Director and other members are Non-Executive Directors.



Clicked by: Nafeez Karim

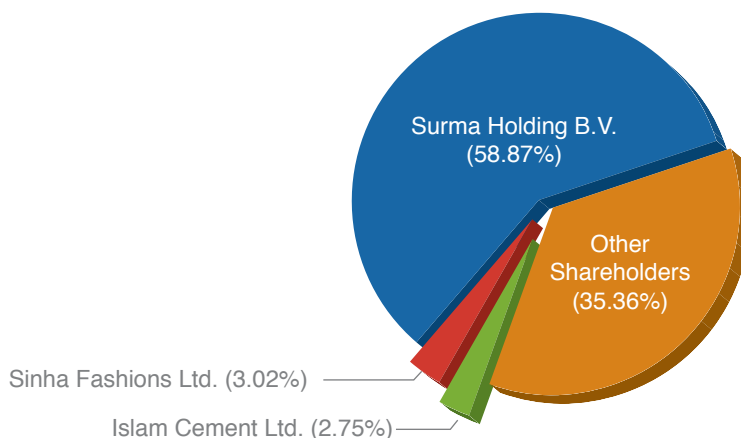
14. CODE OF BUSINESS CONDUCT, GOVERNANCE, ETHICS AND COMPLIANCE:

Your Company is a law abiding corporate citizen of the country. We are committed to run our business in strict adherence with the applicable local and international laws. Compliance with the Code of Business Conduct, Anti-Bribery & Corruption Policy and Fair Trade Practices Directive are part and parcel of our daily business activities and mandatory to follow by each and every employee of the Company.

The Nomination and Remuneration Committee has determined that the Code of Conduct of the Company, as posted on the website of the Company, shall also be applicable to the Chairperson, CEO and other Board Members of the Company.

15. SHARE HOLDING PATTERN:

Your Company is listed at the Dhaka Stock Exchange and Chittagong Stock Exchange. The total Shareholdings of the Company are distributed as follows:



Further information on Shareholding pattern is annexed to this report as **Annexure VI**.

Surma Holding B.V.

Surma Holding B.V., incorporated in The Netherlands, owns 58.87% shares of your Company. Lafarge S.A. (a subsidiary of LafargeHolcim of Switzerland) owns 50% shares of Surma Holding B.V., and the other 50% are owned by Cemolins Internacional S.L.U. of Spain.

About LafargeHolcim

LafargeHolcim operates four businesses segments: Cement, Aggregates, Ready-Mix Concrete and Solutions & Products, which includes precast concrete, asphalt, mortar and building solutions. LafargeHolcim's broad portfolio is focused on solving the toughest challenges that masons, builders, architects and engineers face, from urbanization to population growth and the demand for affordable housing. Molins is one of the most important companies in the sector in Spain, Born as a family business, over the years, it has developed products of recognized prestige in the construction materials industry, keeping intact its traditional values of integrity, continuous improvement, efficiency, passion, sustainability and environmental protection.

Cementos Molins Group operates in Spain, Argentina, Uruguay, Mexico, Bolivia, Colombia, Tunisia and Bangladesh. In addition to cement, it participates in the business of cement, concrete, aggregates, prefabricated concrete, special mortars, adhesive cements and ecomaterials. More information on <https://www.cemolins.es>

Besides Surma Holding B.V., other sponsors of this venture are Islam Cement Limited and Sinha Fashions Limited from Bangladesh.

16. BOARD OF DIRECTORS:**a) Board composition**

The Board of Directors of the Company is having twelve (12) members. Three (3) of them are Independent Directors.

b) Independent Directors

Mr. Syed Shujauddin Ahmed, Independent Director, retired after completing two (2) terms in office during the year. The Board acknowledges the valuable contributions of Mr. Ahmed during his tenure in office. Pursuant to the provisions of the Corporate Governance Code, the Board of Directors appointed Mr. Syed Mahmudul Huq, as Independent Director for one term of three (3) years, effective from September 17, 2018.

It is proposed that the Shareholders approve the appointment of Mr. Syed Mahmudul Huq as an Independent Director of the Company, not liable to retire by rotation at the 21st Annual General Meeting of the Company. The bio-data of Mr. Syed Mahmudul Huq forms a part of this Annual Report.

c) Resignation of Directors

Mr. Anisur Rahman Sinha, Director, nominee of Sinha Fashions Limited, submitted his resignation as a director of the Company, effective from August 13, 2018. The Board accepted his resignation and acknowledged the valuable contribution of Mr. Sinha during his tenure in office.

d) Appointment of Directors

Sinha Fashions Limited has nominated Ms. Naheed Akhter as its nominee in the Board of Directors of the Company. Pursuant to Article 15.1.3 of the Article of Association of the Company, Ms. Naheed Akhter has been appointed as a Director of the Company, effective from September 26, 2018.

Ms. Naheed Akhter, will retire at the 21st Annual General Meeting and shall be eligible for reappointment as Director of the Company, in terms of Section 86 of Schedule I of the Companies Act, 1994. Bio-data of Ms. Naheed Akhter forms a part of this Annual Report.

e) Recommendation for re-elections

Pursuant to Section 79 of Schedule I of the Companies Act 1994 the following Directors of the Board shall retire at the 21st Annual General Meeting and shall be eligible for re-appointment:

- i) Mr. Julio Rodriguez Izquierdo
- ii) Mr. Marcos Cela Rey
- iii) Ms. Naheed Akhter,

Note: Section 79 of Schedule I of the Companies Act 1994 is not applicable for Independent Directors, Chief Executive Officer, and Directors retiring under Section 86 of Schedule I of the Companies Act, 1994. It is applicable on the other members of the Board of Directors.

f) Board and Sub Committee Meetings and Attendance

During the financial year ended on December 31, 2018, four (4) meetings of the Board of Directors of the Company, four (4) meetings of the Audit Committee and one (1) meeting of the Nomination & Remuneration Committee were held. The details including dates of the meetings and attendance records of the Directors are annexed to this report. The Directors who could not attend the meetings were granted leave of absence.

17. AUDITORS:

Pursuant to Section 210 of the Companies Act, 1994, the Company's statutory auditors M/S Nurul Faruk Hasan & Co., Chartered Accountants, retire at the 21st Annual General Meeting. Being eligible, they express their willingness to be re-appointed.

18. AWARD & RECOGNITIONS:

- Award from National Board of Revenue, Government of Bangladesh as one of the highest taxpayers in its category.
- Awarded "Brand Leadership Award" at the 9th edition of the CMO Asia Awards.
- Both your Company and LUMPL have been awarded certification of its Integrated Management System based on the standards ISO 9001:2015, ISO 14001:2015 and BS OHSAS 18001:2007.
- The quality team in your Company's plant in Chattak is performing consistently on "excellent" level in the Laboratory Accuracy competition of the LafargeHolcim Group.
- LUMPL, the subsidiary of your Company in India, has yet again been awarded with "Guru Dronacharya Award" presented by the Directorate General of Mines Safety of the Government of India, in recognition of its consistent and outstanding achievements in the field of health & safety.
- LUMPL was also awarded for the second consecutive time the first prize in the overall performance during the Mines Environment and Mineral Conservation Week held under the aegis of the Indian Bureau of Mines of the Government of India.

19. ACKNOWLEDGEMENTS:

Your Directors are thankful to the various departments and offices of the Government of Bangladesh, the Government of India and the State Government of Meghalaya for their continued guidance and co-operation. The Directors are grateful to all valuable stakeholders of the Company viz. customers, dealers, vendors, banks, suppliers, business partners for their support and services rendered during the year. The Directors are also grateful for the support received from the local communities around the Surma plant in Chattak, Mongla Plant and the Quarry in Meghalaya (India). The Directors would like to recognize all employees of the Company for their dedicated work. Finally, the Directors are grateful to the Shareholders for their continued and valuable support to the Company.

For and on behalf of the Board of Directors



Christof Hässig
Chairman

Dated: April 5, 2019

Annexure I
[As per condition No. 1(5)(xix)]SUMMARY OF KEY OPERATING AND FINANCIAL CONSOLIDATED DATA OF
PRECEDING FIVE (5) YEARS:

Tk. 000s

Particulars	2018	2017	2016	2015	2014
Revenue	16,631,529	10,819,131	10,728,855	10,967,952	11,583,029
Gross Profit	4,099,946	2,598,875	3,814,233	3,919,201	4,466,871
Operating profit	2,310,485	1,270,595	2,884,125	2,891,028	3,778,223
Profit before tax	1,882,736	1,355,822	2,947,462	2,823,371	3,532,862
Profit for the year	1,114,652	805,291	2,226,483	2,289,534	2,819,798
Property, plant and equipment	16,665,097	11,499,747	11,776,095	11,837,497	12,409,080
Goodwill	317,776	-	-	-	-
Intangible assets	2,613,994	974,607	828,230	862,086	935,564
Current assets	7,149,187	8,923,293	8,238,217	7,854,708	6,320,457
Share capital	11,613,735	11,613,735	11,613,735	11,613,735	11,613,735
Retained earnings	3,666,293	3,132,305	3,488,351	2,423,190	1,295,008
Shareholders' equity- Parent company	15,578,386	15,273,707	15,372,461	14,361,460	13,255,558
Non-controlling interests	(66)	(4)	(23)	39	81
EQUITY	15,578,320	15,273,703	15,372,438	14,361,499	13,255,639
Current liabilities	6,977,701	3,981,531	3,236,475	3,938,543	4,382,835

Particulars	2018	2017	2016	2015	2014
Net asset value per share	13.41	13.15	13.24	12.37	11.41
Net operating cash flow per share	2.68	1.17	2.26	2.92	3.07
Earnings per share (Taka)	0.96	0.69	1.92	1.97	2.43

Annexure II
[As per condition No. 1(5)(xxii)]

Details of the Board Meetings held and attendance during the Year

Dates on which the Board Meetings were held	Total Strength of the Board	No. of Directors Present
March 13, 2018	12	8
June 6, 2018	12	6
September 6, 2018	12	9
November 29, 2018	12	7

Attendance of Directors at Board Meetings and Annual General Meeting:

Name of Director	Attendance at the Board Meeting held on				Attendance at AGM held on Jun 7, 2018
	Mar 13, 2018	Jun 6, 2018	Sep 6, 2018	Nov 29, 2018	
Mr. Christof Hässig	N/A	✓	✓	✓	✓
Mr. Rajesh Kumar Surana	✓	✓	✓	✓	✓
Mr. Carlos Martinez Ferrer	✓	✓	✓	Leave of absence	✓
Mr. Julio Rodriguez Izquierdo	✓	Leave of absence	✓	Leave of absence	Not present
Mr. Manzurul Islam	Leave of absence	Leave of absence	✓	Leave of absence	Not present
Mr. Marcos Cela Rey	✓	✓	✓	✓	✓
Mr. Monzurur Rahman	✓	✓	✓	✓	✓
Ms. Naheed Akhter	N/A	N/A	N/A	✓	N/A
Ms. Rajani Kesari	✓	✓	✓	✓	✓
Mr. Shivesh Kumar Sinha	✓	✓	✓	✓	✓
Mr. Syed Mahmudul Huq	N/A	N/A	N/A	Leave of absence	N/A
Mr. Tufail K Haider	✓	Leave of absence	✓	✓	✓

The composition of the Audit Committee as at December 31, 2018 and details of the Members participation at the Meetings of the Committee are as under:

Name of Member	Category	Attendance at the Audit Committee Meeting Held on			
		Feb 26, 2018	Apr 25, 2018	Jul 25, 2018	Oct 24, 2018
Mr. Tufail K Haider	Independent Director	✓	✓	Leave of absence	✓
Mr. Carlos Martinez Ferrer	Director	✓	✓	✓	Leave of absence
Ms. Rajani Kesari	Director	Leave of absence	✓	✓	✓

The Composition of the Nomination and Remuneration Committee (NRC) as of December 31, 2018 and details of the Members participation at the meetings of the Committee are as under:

Name of Member	Category	Attendance at the NRC Meeting
		December 19, 2018
Mr. Monzurur Rahman	Independent Director	✓
Mr. Christof Hässig	Non Executive Director	✓
Mr. Julio Rodriguez Izquierdo	Non Executive Director	✓

Annexure III
[As per condition No. 1(5)(xxiv)]**RESUME OF THE APPOINTED/RE-APPOINTED DIRECTORS****Ms. Naheed Akhter**
Director

Ms. Naheed Akhter is a Director of LafargeHolcim Bangladesh Limited since September 26, 2018. She has been involved with different business enterprises and organizations from her early carrier. She is one of the Sponsor Shareholders of Bank Asia and presently a director of the Board of Directors of the bank. She is one of the promoter and shareholder Director of Enterprise Cluster Pte. Ltd. and Cluster World Pte. Ltd. since 2007 and 2008 respectively in Singapore.

Born in 1973, Ms. Naheed Akhter completed her MBA with major in Finance from North South University, Dhaka and 'International Diploma in Fashion Designing and Marketing' from Management Development Institute of Singapore. She has obtained 'Diploma in Precious Metal Arts' and 'Diploma in Fashion Jewellery Arts' from Jewellery Design and Management International School, Singapore.

Syed Mahmudul Huq
Independent Director

Syed Mahmudul Huq is a widely reputed businessman with significant contributions in the development of small and medium enterprises, particularly, in the shrimp industry. He is the founder Chairman of Bangladesh Shrimp and Fish Foundation, a non-profit research and advocacy organization. Currently, Mr. Huq is the Vice Chairman of the Board of Directors of Premier LP Gas Limited (PLPG), a joint venture with TOTAL oil of France. He has also stakes in renewable energy (Japan Solartech Bangladesh Limited) and Information and Communications Technology (ICT) including Software Development (Technology Solutions Limited), Internet Services (ISP: Broad Band Telecom Services), Inter Connection Exchange (ICX: M&H Telecom) and International Gateway (IGW: VENUS Telecom Ltd).

He also made valuable contributions to the development of capital market in the country and was the founder Director of Chittagong Stock Exchange established in 1995 and was instrumental in the formation of the first regional forum of Stock Exchanges of South Asia as the Chairman of the organizing Committee of the first Regional Conference of Stock Exchanges held at Chittagong in 1997.

Mr. Huq is also Member, Board of Trustees of Independent University of Bangladesh and Chittagong Independent University.

Born in December 1951, Mr. Huq completed his B. A. (Hons.) and M. A. (Economics) from University of Dhaka.

Report of the Audit Committee to the Board for the year ended on 31 December 2018

To: The Board of Directors
LafargeHolcim Bangladesh Limited

February 27, 2019

The Audit Committee Report as per condition 5(6)(a) of the Corporate Governance Code issued by the Bangladesh Securities & Exchange Commission vide its Notification dated June 3, 2018 (the “Corporate Governance Code”). The Report provides an insight on the functions of the Audit Committee during year 2018.

Composition of the Audit Committee

The Board of Directors of LafargeHolcim Bangladesh Limited has formed an Audit Committee, required under the Corporate Governance Code, with some specific assignments under its Terms of Reference.

The Committee currently comprises of three (3) members. All members of the Committee are non-executive Directors and the Chairman of Audit Committee is an Independent Director

Name	Position in the Committee	Representation in the Board	Member since
Mr. Tufail K Haider	Chairman	Independent Director	15-Jun-16
Mr. Carlos Martinez Ferrer	Member	Director	11-Jun-14
Ms. Rajani Kesari	Member	Director	25-Apr-18

The Company Secretary (CS) acts as the Secretary of the Committee. All members of the Committee have the adequate qualifications as defined under the Corporate Governance Code.

Meeting Attendance

A total of four (4) meetings were held during year 2018. The Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit & Compliance (HIAC) and Director Internal Audit of Cementos Molins attend the meetings as invitees.

The Audit Committee met with the statutory auditors on an annual basis to discuss about the Financial Reporting and management letter on internal control weakness.

A record of the Members’ attendance at Audit Committee meetings during the 2018 form part of this Report.

The scope and authority of the Audit Committee

The primary scope of the Audit Committee is to assists the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business. The Audit Committee shall be responsible for the duties clearly set forth by the Board in compliance with the corporate governance guidelines promulgated in Condition No. 5(5) of the Corporate Governance Code.

As per the Audit Terms of References, Audit Committee is authorized by the Board to have free fair access to any information and activities within the business as per its terms of reference. Director, member of the management team and employees are expected to cooperate with any request made by the Committee. The terms of reference of Audit Committee may be amended from time to time as required for the business in line with the Corporate Governance Code subject to approval by the Board.

Responsibilities of the Audit Committee

The authority, composition, duties and responsibilities of the Audit Committee are outlined in Corporate Governance Code and Audit Charter of LHBL. Key responsibilities of the Audit Committee are as follows:

• Financial Reporting

- Review the annual, half-yearly and quarterly Financial Statements and other financial results focusing on:
 - Compliance with applicable Accounting and Reporting Standards and other legal and regulatory requirements;
 - Choice of accounting policies and practices and changes thereon;
 - Explanation on any significant variance that occurs between Quarterly and Annual Financial Performances;
 - Going concern assumption; and
 - Material adjustment arising from Audit.

• Internal Control

- To ensure Business Risks Management framework adopted by the company is working smoothly in identification, assessment and monitoring of risks & opportunities. Risks treatment plans are in place followed by implementation timeline.
- To ensure that the system of internal control is sound in design and has been effectively implemented and monitored. Recommend the Board to step improving the system of internal control derived from the findings of the internal and external auditors, Group auditors;
- To cause reviews to be made of the extent of compliance with established internal policies, standards, plans and procedures including, for example, the Company's Standards of Business Conduct;
- To ensure internal Policies, Directives and Standards are in place and compliance with laws and regulations are well monitored.

• Internal Audit

- To ensure that Internal Audit has full, free and unrestricted access to all activities, records, property and personnel necessary to perform its duties as defined in Audit Terms of Reference;
- To review and approve the Internal Audit and Compliance Plan in line with the Business Risks Management Framework of the company and review of the Internal Audit and Compliance Report and ensure that appropriate actions have been taken to implement the audit recommendations;
- To monitor Internal Audit and Compliance process to ensure that it is adequately resourced and has the competency and qualifications to complete its mandates and approved audit plans.

• Related Party Transactions

To review any related party transactions along with a statement showing amount, nature and basis of related party transactions and conflict of interest situations that may raise questions of management integrity.

• External Audit

- To oversee the hiring and performance of external auditors;
- To oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;
- To hold meeting with external auditors for review of the annual financial statements before submission to the board for approval or adoption.
- To review the management letter on Risk Management and Internal Control weakness of the Company as issued by external auditors;

• Reporting to the Board of Directors

- ▶ The Audit Committee reports on its activities to the Board of Directors. The Audit Committee immediately reports to the Board of Directors on the following findings, if any:
 - Report on conflicts of interests;
 - Suspected or presumed fraud or irregularity or material defect in the internal control system;
 - Suspected infringement of laws, including securities related laws, rules and regulations;
 - Any other matter that it deems necessary.
- ▶ The Audit Committee report on the composition of the Audit Committee, its terms of reference, number of meetings held followed by activities of internal audit services.
- ▶ To review the Board's statements on compliance with the Corporate Governance Code for inclusion in the Annual Report.
- ▶ To review the certificate of compliance by CFO and CEO of LafargeHolcim Bangladesh Limited Condition 1(4), of the Corporate Governance Code before submitting to the Board. The Certificate includes the followings:
 - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading,
 - These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws, and
 - To the best of their knowledge and belief, the Company has not entered into any transaction during the year which are fraudulent, illegal or in violation of the Company's codes of conduct.

• Reporting to the Authorities

If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.

• Reporting to the Shareholders and General Investors

Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.

Activities during the year 2018

The Audit Committee carried out its responsibilities and duties in accordance with the terms of reference and carried out the following activities during the financial year ended on December 31, 2018:

• Financial Reporting

- a. Reviewed the quarterly, half-yearly and annual financial statements of LHBL and its subsidiaries focusing on significant changes to accounting policies and practices, compliance with accounting and reporting standards and other legal requirements.
- b. Concluded that the financial statements presented a true and fair view of the Company's financial performance before recommending them to the Board of Directors for approval.

• Internal Control

- a. The Committee closely monitored the Business Risk Management Framework adopted by the company
- b. The Committee has reviewed the internal control plan, progress of implementation of minimum control standards followed by functional certifications.
- c. The committee reviewed the extent of governance and compliance has been established within the organization and the level of communications to promote the speak-up culture for ethics, integrity and Code of Business Conduct;
- d. Reviewed the report on compliance of conditions of the Corporate Governance Code.
- e. To ensure internal Policies, Directives and Standards are in place and compliance related to laws and regulations are well monitored.

• Internal Audit

- a. The Audit Committee reviewed the adequacy of Internal Audit activities carried out during the year.
- b. The Internal Audit Reports were reviewed by the Audit Committee and monitored the implementation of Audit recommendations to improve Internal Control Environment.
- c. The annual internal audit plan 2019 and resource allocation for the Internal Audit Services was reviewed and approved by the Audit Committee.

• External Audit

- a. The Committee oversaw the hiring and remuneration of statutory auditors Nurul Faruk Hasan & Co, Chartered Accountants, a member firm of BDO for the year 2018 and made recommendation to the Board on the appointment.
- b. The Audit Committee appraised the external auditor's audit plan, nature and scope of the audit plan, audit report and the overall performance of the external auditor for the year 2018.
- c. The Committee also reviewed the comments and responses in Management Letters issued by the statutory auditors for the year 2018.

• Related Party Transactions

Reviewed reports of related party transactions showing amount, nature and basis of related party transactions and conflict of interest situations that may raise questions of management integrity to ensure that all related party transactions are undertaken on an arm's length basis and consistent with the Company's normal course of action.

Recommendations

The recommendations of the Audit Committee are regularly placed before the Executive Committee and Board of Directors for necessary action.

Reporting to the Shareholders and General Investors

Based on the activities throughout the year and after reviewing the effectiveness of the internal controls system, the Committee is of the opinion that adequate controls, procedures and risk management systems are in place to provide reasonable safeguard and that the financial position of the Company is adequately managed.

On behalf of the Audit Committee,



Tufail K Haider
Chairman, Audit Committee

REPORT OF THE NOMINATION & REMUNERATION COMMITTEE

In compliance with Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 and dated June 3, 2018 issued by the Bangladesh Securities & Exchange Commission on Corporate Governance Code (the “BSEC Notification”), LafargeHolcim Bangladesh Limited (the “Company”) established a Nomination and Remuneration Committee (NRC) on September 6, 2018.

The NRC is a sub-committee of the Board of Directors. The NRC is responsible to the Board and they assist the Board of Directors in ensuring that assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive.

COMPOSITION OF THE NRC:

In accordance with the requirements of the BSEC Notification, the NRC of the Company as appointed by the Board of Directors comprises of 3 (three) non-executive directors as members including two (2) independent directors. Following are the members of the NRC:

Name	Designation
Mr. Monzurur Rahman	Chairman
Mr. Christof Häessig	Member
Mr. Julio Rodriguez Izquierdo	Member
Mr. Kazi Mizanur Rahman	Secretary

TERMS OF REFERENCE:

The terms of reference of the NRC have been determined by the Board as per BSEC Notification. The NRC shall oversee, amongst others, the following matters and make report with recommendation to the Board of Directors.

Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:

- devising a policy on Board’s diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;
- identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;
- formulating the criteria for evaluation of performance of independent directors and the Board;
- identifying the Company’s needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;
- developing, recommending and reviewing annually the Company’s human resources and training policies;

MEETING OF NRC:

According to the requirement of BSEC Notification, the NRC is required to sit for at least one (01) meeting in a year. NRC may hold special meeting as and when required. The NRC formally met for the first time on December 19, 2018 after constitution of the NRC on September 6, 2018.

The NRC of the Company ensured/ observed the following activities:

- Adopted the NRC Policy and Terms of Reference as approved by the Board of Directors of the Company.
- Recommended the Code of Conduct for the Chairperson of the Board, other Board members and Chief Executive Officer pursuant to requirements of clause 1(7) of the BSEC Notification.
- Formulating and approving a plan for 2019 for fulling requirements and evaluations specified in Clause 6(5)(b) of the BSEC Notification.

NOMINATION AND REMUNERATION POLICY:

The policy of the NRC is enclosed to this Report as Enclosure A.

The NRC expresses their sincere thanks to the members of the Board of Directors, management of the Company for their outstanding support and co-operation.



Monzurur Rahman
Chairman of the Nomination and Remuneration Committee
Dated: February 27, 2019

NOMINATION AND REMUNERATION COMMITTEE POLICY

1. PURPOSE:

- ▶ Nomination and Remuneration Committee (NRC) is a subcommittee of the Board of Directors (the “Board”) of LafargeHolcim Bangladesh Limited (the “Company”).
- ▶ The purpose of this policy is to specify the authority delegated to the NRC by the Board of the Company and to set out the role, responsibilities, membership and operation of the NRC in terms of the Corporate Governance Code notified by the Bangladesh Securities and Exchange Commission vide notification dated June 3, 2018 (the “CG code”).
- ▶ The NRC shall be independent and responsible or accountable to the Board and to the Shareholders of the Company.

2. RESPONSIBILITY TO THE BOARD OF DIRECTORS:

- a) The Company shall have NRC as a subcommittee of the Board;
- b) The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;
- c) The Terms of Reference (ToR) of the NRC are in terms of the condition No. 6(5)(b) of the CG code.

3. CONSTITUTION OF THE NRC:

- a) The NRC shall comprise of at least three (3) members including an independent director;
- b) All members of the NRC shall be non-executive directors;
- c) Members of the NRC shall be nominated and appointed by the Board;
- d) The Board shall have authority to remove and appoint any member of the NRC;
- e) In case of death, resignation, disqualification, or removal of any member of the NRC or in any other cases of vacancies, the Board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the NRC;
- f) The Chairperson of the NRC may appoint or co-opt any external expert and/or member(s) of staff to the NRC as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the NRC;
- g) The Company Secretary shall act as the secretary of the NRC;
- h) The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;
- i) No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director’s fees or honorarium from the Company.

4. CHAIRPERSON OF THE NRC :

- a) The Board shall select one (1) member of the NRC to be Chairperson of the NRC, who shall be an independent director;
- b) In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;
- c) The Chairperson of the NRC shall attend the Annual General Meeting (AGM) to answer the queries of the shareholders;
- d) Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the AGM for answering the shareholder’s queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.

5. MEETING OF THE NRC:

- a) The NRC shall conduct at least one meeting in a financial year;
- b) The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;
- c) The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the NRC, whichever is higher, where presence of an independent director is must as required under condition 6(2)(h) of the CG code;
- d) The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.

6. TERMS OF REFERENCE :

- a) NRC shall be independent and responsible or accountable to the Board and to the Shareholders;
- b) NRC shall oversee, among others, the following matters and make report with recommendation to the Board:
 - i) formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:
 - a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the Company successfully;
 - b. the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c. remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
 - ii) devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;
 - iii) identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;
 - iv) formulating the criteria for evaluation of performance of independent directors and the Board;
 - v) identifying the Company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and developing, recommending and reviewing annually the Company's human resources and training policies;
- c) The Company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.



Monzurur Rahman
Chairman of the NRC

Annexure VI
[As per condition No. 1(5)(xxiii)]**THE PATTERN OF SHAREHOLDING****(A) Parent/Subsidiary/Associated companies and other related parties (name wise details):**

Name of Shareholders holding ten percent or more voting interest	Status	Share held	Percentage
Surma Holding B.V.	Foreign	683,698,700	58.87%

(B) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and compliance and their spouses and minor children (name wise details):

Sl. No.	Name	Position	No. of shares		
			Self	Spouse	Minor Children
1	Mr. Christof Häessig	Director/Chairman as nominee of Surma Holding BV	Nil	Nil	Nil
2	Mr. Rajesh K Surana	Director as nominee of Surma Holding BV and CEO	Nil	Nil	Nil
3	Mr. Carlos Martinez Ferrer	Director as nominee of Surma Holding BV	Nil	Nil	Nil
4	Mr. Julio Rodriguez Izquierdo	Director as nominee of Surma Holding BV	Nil	Nil	Nil
5	Mr. Manzurul Islam	Director as nominee of Islam Cement Ltd	500,200	Nil	Nil
6	Mr. Marcos Cela Rey	Director as nominee of Surma Holding BV	Nil	Nil	Nil
7	Mr. Monzurur Rahman	Independent Director	2,000	Nil	Nil
8	Ms. Naheed Akhter	Director as nominee of Sinha Fashions Ltd	Nil	Nil	Nil
9	Ms. Rajani Kesari	Director as nominee of Surma Holding BV	Nil	Nil	Nil
10	Mr. Shivesh Kumar Sinha	Director as nominee of Surma Holding BV	Nil	Nil	Nil

Sl. No.	Name	Position	No. of shares		
			Self	Spouse	Minor Children
11	Mr. Syed Mahmudul Huq	Independent Director	Nil	Nil	Nil
12	Mr. Tufail K Haider	Independent Director	Nil	Nil	Nil
13	Mr. Mohammad Iqbal Chowdhury	Chief Financial Officer	Nil	Nil	Nil
14	Mr. Kazi Mizanur Rahman	Company Secretary	Nil	Nil	Nil
15	Mr. Moshorrof Hossain	Head of Internal Audit and compliance	Nil	Nil	Nil

Note: The Directors' shares shown above are as per the holdings in their personal names; but the shareholdings of the companies that they represent are as follows:

- Surma Holding BV: 683,698,700 shares
- Islam Cement Ltd: 31,914,200 shares
- Sinha Fashions Ltd: 35,100,000 shares

(C) Executives (top five salaried employees other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance):

Name	Position	Number of Shares
Mr. Eung-Rae Kim	Industrial Director	Nil
Mr. Mohammad Asif Bhuiyan	Chief Corporate Affairs Officer	Nil
Mr. Kwang Beom Kim	Project Manager	Nil
Mr. Harpal Singh	Head of Operations	Nil
Mr. Mohammed Arif Bhuiyan	Procurement and Logistics Director	Nil

(D) Shareholders holding ten percent (10%) or more voting interest in the Company (name wise details):

Serial No.	Name of Shareholders holding ten percent or more voting interest	Status	Share held	Percentage
1	Surma Holding B.V.	Foreign	683,698,700	58.87%

(E) Composition of Shareholders up to December 31, 2018:

Name of the Shareholders	Nationality or incorporated in	Number of Shares	Holding %
Surma Holding B.V.	The Netherlands	683,698,700	58.87
Sinha Fashions Limited	Bangladesh	35,100,000	3.02
Islam Cement Limited	Bangladesh	31,914,200	2.75
Others Shareholders	Bangladesh & NRB	410,660,600	35.36
Total		1,161,373,500	100.00

(F) Classification of Shares by holding up to December 31, 2018:

Slabs by number of Shares	Number of Shareholders	Number of Shares	Total Holding (%)
Less than 500 Shares	9,003	2,311,748	0.20
501 to 5,000 Shares	14,125	28,274,567	2.43
5,001 to 10,000 Shares	2,627	19,644,132	1.69
10,001 to 20,000 Shares	1,624	23,896,733	2.06
20,001 to 30,000 Shares	546	13,644,874	1.17
30,001 to 40,000 Shares	284	10,050,454	0.87
40,001 to 50,000 Shares	210	9,631,103	0.83
50,001 to 100,000 Shares	360	26,123,432	2.25
100,001 to 1,000,000 Shares	339	91,991,191	7.92
Over 1,000,000 Shares	43	935,805,266	80.58
Total	29,161	1,161,373,500	100.00

Annexure VII
[As per condition No. 1(5)(xxvi)]**LafargeHolcim Bangladesh Limited**A company of  LafargeHolcim and **Declaration by Chief Executive Officer and Chief Financial Officer**

February 28, 2019

The Board of Directors
LafargeHolcim Bangladesh Limited**Subject: Declaration on Financial Statements for the year ended on December 31, 2018.**

Dear Sir's,

In compliance with the Condition No. 1(5)(xxvi), of the Corporate Governance Code as issued by the BSEC vide its notification dated June 3, 2018, we do hereby declare that:

- (1) The Financial Statements of LafargeHolcim Bangladesh Limited for the year ended on December 31, 2018 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended on December 31, 2018 and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the Company's Board of Directors or its members.

Sincerely yours,


Rajesh K Surana
Chief Executive Officer

Mohammad Iqbal Chowdhury
Chief Financial Officer

Annexure VIII
[As per condition No. 1(5)(xxv)]

Management Discussion and Analysis

In compliance with the Condition No. 5(xxv) of the Corporate Governance Code as issued by the BSEC vide its notification dated June 3, 2018; a brief Management analysis is given on the Company's position on the operations and financial statements focusing, in particular, on the following issues:

- Accounting Policies and estimation for preparation of financial statements:** Accounting Policies and estimation for preparation of financial statements have been detailed under Note No 3 of the Consolidated Financial Statements.
- Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof:** The details of the accounting policies and estimation are detailed under Note No 3 of the Consolidated Financial Statements.
- Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flow for current year with immediate preceding five years:** Enclosed in **Annexure I** to the Directors Report.
- Compare such financial performance or results and financial position as well as cash flows with peer industry scenario:** LHBL maintains its financial year from January to December. Peer companies of the Industry are maintaining financial year from July to June. A comparison with peer listed companies based on their previous years published data is given below. The financial results & Balance Sheet as on 30 June 2018 or 31 December 2018) have been considered.

		31 Dec, 2018	31 Dec, 2017	30 Jun, 2018	30 Jun, 2018	30 Jun, 2018	30 Jun, 2018
		<i>(Taka in Million)</i>					
Sl.	Items	LHBL	HCBL	CCL	MICFL	MCML	PCML
1	Revenue	16,632	9,802	3,917	12,559	5,533	10,050
2	Gross Profit	4,100	1,957	329	1,643	569	1,479
3	Net Profit After Tax	1,115	803	374	316	81	410
4	Dividend	10% Cash	150% Cash	15% Cash 20% Bonus	15% Cash	10% Bonus	10% Cash
5	EPS (Taka)	0.96	14.21	6.93	2.13	3.62	4.18
6	NAVPS (Taka)	13.41	83.17	76.00	47.98	38.33	43.00
7	NOCFPS (Taka)	2.68	14.09	-9.41	1.36	(3.33)	4.72

LHBL= LafargeHolcim Bangladesh Ltd., HCBL= Heidelberg Cement Bangladesh Ltd., CCL= Confidence Cement Ltd., MICFL= M. I. Cement Factory Ltd., MCML= Meghna Cement Mills Ltd., PCML= Premier Cement Mills Ltd., EPS = Earnings Per Share, NAVPS = Net Asset Value Per Share, NOCFPS = Net Operating Cash Flows Per Share.

5. **Briefly explain the financial and economic scenario of the country and the globe:** The Directors' Report and the Chairman's Statement have explained the financial and economic scenario of the country and the global impact.
6. **Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the Company:** This issue has been elaborated in the Directors' Report as well as in Note No. 33 of the Consolidated Financial Statements.
7. **Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e. actual position shall be explained to the shareholders in the next AGM:** The shareholders shall be updated of the future plans at the Annual General Meeting and also by communications time to time.

Dated: Dhaka, April 5, 2019



Rajesh K Surana
Chief Executive Officer



Annexure IX
As per condition No.1(5)(xxvii)

**Report to the Shareholders of
LafargeHolcim Bangladesh Limited on
Compliance on the Corporate Governance Code**

[Certificate as per condition No. 1(5) (xxvii) of BSEC Corporate Governance Code]

We have examined the compliance status to the Corporate Governance Code by **LafargeHolcim Bangladesh Limited** for the year ended on December 31, 2018. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The Governance of the company is highly satisfactory.

Date: April 18, 2019
Place: Dhaka, Bangladesh


Ahmed Mashuque & Co.
Chartered Accountants

Annexure-X
As per condition No.1(5)(xxvii)

Status of compliance with the conditions imposed by the Commission's Notification No.SEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 9.00)

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1	Board of Directors			
1(1)	Size of the Board of Directors The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	✓		12 (Twelve) Board members including 3 (Three) Independent Directors
1(2)	Independent Directors			
1(2) (a)	At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	✓		There are 3 (Three) Independent Directors in the Board
1(2)(b)(i)	For the purpose of this clause "independent director" means a director- who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company.	✓		
1(2)(b)(ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;	✓		
1(2)(b)(iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	✓		
1(2)(b)(iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	✓		
1(2)(b)(v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange.	✓		
1(2)(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market.	✓		
1(2)(b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code.	✓		
1(2)(b)(viii)	who is not independent director in more than 5 (five) listed companies.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1(2)(b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); and	✓		
1(2)(b)(x)	who has not been convicted for a criminal offence involving moral turpitude;	✓		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM).	✓		
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	✓		No vacancy occurred
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only:	✓		
1(3)	Qualification of Independent Director:-			
1(3) (a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	✓		
1(3)(b)	Independent director shall have following qualifications:			
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association;	✓		
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company;	✓		
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; or	✓		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	✓		
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	✓		
1(3) (c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	✓		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.	N/A		
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:-			
1(4) (a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓		Chairperson of the Board and CEO are different individuals and Chairperson is elected from amongst the Directors

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1(4) (b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓		
1(4) (c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		
1(4) (d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	✓		
1(4) (e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
1(5)	The Directors' Report to Shareholders			
1(5) (i)	An industry outlook and possible future developments in the industry	✓		
1(5) (ii)	The segment-wise or product-wise performance;	✓		
1(5) (iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓		
1(5) (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓		
1(5) (v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	N/A		
1(5) (vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		
1(5) (vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	✓		
1(5) (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;	N/A		
1(5) (ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	N/A		
1(5) (x)	A statement of remuneration paid to the directors including independent directors;	N/A		No remuneration are to be paid to any director
1(5) (xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		
1(5) (xii)	A statement that proper books of account of the issuer company have been maintained;	✓		
1(5) (xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓		
1(5) (xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1(5) (xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓		
1(5) (xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓		
1(5) (xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓		
1(5) (xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	✓		
1(5) (xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓		
1(5) (xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	N/A		Declared 10% cash dividend for the year ended December 31, 2018
1(5) (xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	✓		
1(5) (xxii)	The total number of Board meetings held during the year and attendance by each director;	✓		
1(5) (xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-	✓		
1(5) (xxiii) (a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	✓		
1(5) (xxiii) (b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	✓		
1(5) (xxiii) (c)	Executives; and	✓		
1(5) (xxiii) (d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	✓		
1(5) (xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:-			
1(5) (xxiv) (a)	a brief resume of the director;	✓		
1(5) (xxiv) (b)	nature of his or her expertise in specific functional areas; and	✓		
1(5) (xxiv) (c)	names of companies in which the person also holds the directorship and the membership of committees of the Board;	✓		
1(5) (xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:	✓		
1(5) (xxv) (a)	accounting policies and estimation for preparation of financial statements;	✓		
1(5) (xxv) (b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	✓		
1(5) (xxv) (c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1(5) (xxv) (d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		
1(5) (xxv) (e)	briefly explain the financial and economic scenario of the country and the globe;	✓		
1(5) (xxv) (f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	✓		
1(5) (xxv) (g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	✓		
1(5) (xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	✓		
1(5) (xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	✓		
	Meetings of the Board of Directors			
1 (6)	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	✓		
1 (7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer	✓		
1 (7) (a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	✓		
1 (7) (b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	✓		
2	Governance of Board of Directors of Subsidiary Company.	✓		
2 (a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	N/A		i) There are 2 (two) Independent Directors in the Board of Holcim Cement (Bangladesh) Ltd. in Bangladesh
2 (b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	N/A		ii) The Subsidiaries are governed by guidelines applicable in India
2 (c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	✓		
2 (d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
2 (e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	✓		
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)			
3 (1) (a)	Appointment The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓		
3 (1) (b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓		
3 (1) (c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓		
3 (i) (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		
3 (1) (e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓		
3 (2)	Requirement to attend Board of Directors' Meetings The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	✓		
3 (3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3 (3) (a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	✓		
3 (3) (a) (i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	✓		
3 (3) (a) (ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	✓		
3 (3) (b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	✓		
3 (3) (c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		
4	Board of Directors' Committee:- For ensuring good governance in the company, the Board shall have at least following subcommittees:			
4 (i)	Audit Committee; and	✓		
4 (ii)	Nomination and Remuneration Committee.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
5	Audit Committee:-			
5 (1)	Responsibility to the Board of Directors:			
5 (1) (a)	The company shall have an Audit Committee as a sub-committee of the Board;	✓		
5 (1) (b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	✓		
5 (1) (c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	✓		
5 (2)	Constitution of the Audit Committee:			
5 (2) (a)	The Audit Committee shall be composed of at least 3 (three) members;	✓		The Audit Committee is comprised of 3 (Three) members
5 (2) (b)	The Board shall appoint members of the Audit Committee who shall be nonexecutive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	✓		The members of the Audit Committee are appointed by the Board who are nonexecutive Directors and which includes 1 (One) Independent Director
5 (2) (c)	All members of the audit committee should be “financially literate” and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	✓		
5 (2) (d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	N/A		
5 (2) (e)	The company secretary shall act as the secretary of the Committee;	✓		
5 (2) (f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
5 (3)	Chairperson of the Audit Committee:	✓		
5 (3) (a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	✓		
5 (3) (b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
5 (3) (c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM).	✓		Mr. Tufail K Haider is Chairperson of the Audit Committee who is an Independent Director
5 (4)	Meeting of the Audit Committee:-			
5 (4) (a)	The Audit Committee shall conduct at least its four meetings in a financial year.	✓		
5 (4) (b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		
5 (5)	Role of Audit Committee The Audit Committee shall:-			
5 (5) (a)	Oversee the financial reporting process;	✓		
5 (5) (b)	monitor choice of accounting policies and principles;	✓		
5 (5) (c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	✓		
5 (5) (d)	oversee hiring and performance of external auditors;	✓		
5 (5) (e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		
5 (5) (f)	review along with the management, the annual financial statements before submission to the Board for approval;	✓		
5 (5) (g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	✓		
5 (5) (h)	review the adequacy of internal audit function;	✓		
5 (5) (i)	review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		
5 (5) (j)	review statement of all related party transactions submitted by the management;	✓		
5 (5) (k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	✓		
5 (5) (l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	✓		
5 (5) (m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission;	N/A		
5 (6)	Reporting of the Audit Committee			
5 (6) (a)	Reporting to the Board of Directors			
5 (6) (a) (i)	The Audit Committee shall report on its activities to the Board.	✓		
5 (6) (a) (ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:-	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
5 (6) (a) (ii) (a)	report on conflicts of interests;	N/A		None
5 (6) (a) (ii) (b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;	N/A		None
5 (6) (a) (ii) (c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	N/A		None
5 (6) (a) (ii) (d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	N/A		None
5 (6) (b)	Reporting to the Authorities If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	N/A		None
5 (7)	Reporting to the Shareholders and General Investors Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	✓		
6	Nomination and Remuneration Committee (NRC):-			
6 (1)	Responsibility to the Board of Directors			
6 (1) (a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	✓		
6 (1) (b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	✓		
6 (1) (c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	✓		
6 (2)	Constitution of the NRC			
6 (2) (a)	The Committee shall comprise of at least three members including an independent director;	✓		
6 (2) (b)	All members of the Committee shall be non-executive directors;	✓		
6 (2) (c)	Members of the Committee shall be nominated and appointed by the Board;	✓		
6 (2) (d)	The Board shall have authority to remove and appoint any member of the Committee;	✓		
6 (2) (e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	✓		
6 (2) (f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
6 (2) (g)	The company secretary shall act as the secretary of the Committee;	✓		
6 (2) (h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	✓		
6 (2) (i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	✓		
6 (3)	Chairperson of the NRC			
6 (3) (a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	✓		
6 (3) (b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	✓		
6 (3) (c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders:			Chairperson shall attend the 21 st AGM on May 16, 2019
6 (4)	Meeting of the NRC			
6 (4) (a)	The NRC shall conduct at least one meeting in a financial year;	✓		
6 (4) (b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	✓		
6 (4) (c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	✓		
6 (4) (d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	✓		
6 (5)	Role of the NRC			
6 (5) (a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	✓		
6 (5) (b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6 (5) (b) (i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			
6 (5) (b) (i) (a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;			To be complied by Q2 of 2019
6 (5) (b) (i) (b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and			
6 (5) (b) (i) (c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;			
6 (5) (b) (ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;			To be complied by Q2 of 2019
6 (5) (b) (iii)	identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;			To be complied by Q2 of 2019

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
6 (5) (b) (iv)	formulating the criteria for evaluation of performance of independent directors and the Board;			To be complied by Q3 of 2019
6 (5) (b) (v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and			To be complied by Q4 of 2019
6 (5) (b) (vi)	developing, recommending and reviewing annually the company's human resources and training policies;			To be complied by Q4 of 2019
6 (5) (c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	✓		
7	External or Statutory Auditors:-			
7 (1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-			
7 (1) (i)	appraisal or valuation services or fairness opinions;	✓		
7 (1) (ii)	financial information systems design and implementation;	✓		
7 (1) (iii)	book-keeping or other services related to the accounting records or financial statements;	✓		
7 (1) (iv)	broker-dealer services;	✓		
7 (1) (v)	actuarial services;	✓		
7 (1) (vi)	internal audit services or special audit services;	✓		
7 (1) (vii)	any service that the Audit Committee determines;	✓		
7 (1) (viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	✓		
7 (1) (ix)	any other service that creates conflict of interest.	✓		
7 (2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company:	✓		
7 (3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓		
8	Maintaining a website by the Company:-			
8 (1)	The company shall have an official website linked with the website of the stock exchange.	✓		
8 (2)	The company shall keep the website functional from the date of listing.	✓		
8 (3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	✓		
9	Reporting and Compliance of Corporate Governance:-			
9 (1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
9 (2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	✓		
9 (3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	✓		

For and on behalf of the Board of Directors



Christof Hässig
 Chairman

Date: Dhaka, April 5, 2019



LAFARGEHOLCIM BANGLADESH LIMITED INNOVATES FOR CUSTOMERS

The demand for energy is upscaling in Bangladesh. Besides establishing several power stations, the government is setting up a 2400 MW Nuclear Power Plant. This type of key installation needs specialized construction materials like cement. LafargeHolcim Bangladesh Limited has come up as a solution provider with its newly innovated customized product CEM IIIA which boosts soil stabilization.





Consolidated financial statements of **Lafargeholcim Bangladesh Limited**

for the year ended December 31, 2018

INDEPENDENT AUDITORS' REPORT To the Shareholders of LafargeHolcim Bangladesh Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of LafargeHolcim Bangladesh Limited, (the "Group") which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Emphasis of Matter

We draw attention to note 36 to the consolidated financial statements which describe the amalgamation of the fully owned subsidiary Holcim Cement (Bangladesh) Limited ("Holcim") with LafargeHolcim Bangladesh Limited ("LafargeHolcim"). The Board of Directors of LafargeHolcim in its meeting held on 29 November 2018, approved the amalgamation of LafargeHolcim with the Holcim whereby Holcim will merge with LafargeHolcim, and LafargeHolcim shall be the surviving entity. The approval is subject to requisite approval of the banks and other creditors to Holcim, approval of the shareholders of the LafargeHolcim, and finally, the sanction of the Hon'ble High Court Division of the Supreme Court of Bangladesh. The amalgamation is currently in process. The consolidated Financial Statements of the current year have not been adjusted due to amalgamation. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Acquisition of Holcim Cement (Bangladesh) Limited

The key audit matter:

The Group acquired 100% of outstanding shares of Holcim Cement (Bangladesh) Limited (“Holcim”) for consideration of Tk5,047 million. The transfer of share for this acquisition was completed on 7 January 2018. The accounting for this transaction is complex due to the judgments and estimates that are required to identify and measure the fair value of the net assets acquired. Due to the size and significance of the event, we considered this to be a key audit matter.

See Note 7 to the consolidated financial statements for relevant disclosures regarding the acquisition of Holcim.

How the matter was addressed in our audit:

Our audit procedures in this area included, among others:

- Challenging the valuation produced by the Group and the methodology used to identify the assets and liabilities acquired; in particular the methodologies adopted and key assumptions used in valuing the freehold and leasehold land, building, vehicle and plant and machinery;
- Verifying the amount of goodwill arising on the acquisition of Holcim; in particular the calculation of goodwill in accordance with the requirement of IFRS 3 *Business Combinations*;
- Verifying the accounting for material acquisition-related costs per IFRS;
- Verifying the completeness of transfer of ownership of the Subsidiary;
- Evaluating the adequacy of the financial statement disclosures.

Information Other than the Financial Statements and Auditors’ Report Thereon

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors’ report thereon. The annual report is expected to be made available to us after the date of the 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we will communicate the matter to those charged with governance of the Group.



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

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs, the Companies Act, 1994, the Securities and Exchange Rules, 1987, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 ISAs, we exercise professional judgment and maintain 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 omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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 consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994 and the Securities and Exchange Rules, 1987, we also report the following:

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

The engagement partner on the audit resulting in this independent auditor's report is Md. Faruk Uddin Ahammed.



Nurul Faruk Hasan & Co
Chartered Accountants

Dhaka, Bangladesh
Date: 27 February 2019

LAFARGEHOLCIM BANGLADESH LIMITED
Consolidated statement of financial position As at 31 December

Note	2018 (Taka'000)	2017* (Taka'000)
ASSETS:		
Non-current assets		
Property, plant and equipment	5 16,665,097	11,499,747
Goodwill	6 317,776	-
Intangible assets	6 2,613,994	974,607
Other assets	10 142,176	153,010
Total non-current assets	19,739,043	12,627,364
Current assets		
Inventories	8 2,378,070	1,344,902
Trade receivables	9 1,887,838	1,938,686
Other assets	10 566,487	448,009
Advance income tax	11 1,854,576	1,543,865
Derivative instruments	18 16,022	15,176
Cash and cash equivalents	12 446,194	3,632,655
Total current assets	7,149,187	8,923,293
Total assets	26,888,230	21,550,657
EQUITY & LIABILITIES		
Equity		
Share capital	13.3 11,613,735	11,613,735
Retained earnings	3,666,293	3,132,305
Other components of equity	13.6 (116,930)	(46,737)
Foreign currency translation	3.5 415,288	574,404
Equity attributable to owners of the Company	15,578,386	15,273,707
Non-controlling interests	14 (66)	(4)
Total equity	15,578,320	15,273,703
Non-current liabilities		
Borrowings	15A 984,478	-
Deferred tax liability	16 3,104,680	2,228,528
Employee benefits	17 205,623	29,903
Provisions	19 37,428	36,992
Total non-current liabilities	4,332,209	2,295,423
Current liabilities		
Trade payables	20 4,316,413	2,899,767
Other current liability	21 668,642	522,925
Borrowings	15B 1,992,646	558,839
Total current liabilities	6,977,701	3,981,531
Total liabilities	11,309,910	6,276,954
Total equity and liabilities	26,888,230	21,550,657

*See Note 3.16

the accompanying Notes 1 to 38 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



Nurul Faruk Hasan & Co
Chartered Accountants

LAFARGEHOLCIM BANGLADESH LIMITED
Consolidated statement of profit or loss
For the year ended 31 December

	Note	2018 (Taka'000)	2017* (Taka'000)
Revenue	23	16,631,529	10,819,131
Cost of sales	24	(12,531,583)	(8,220,256)
Gross profit		4,099,946	2,598,875
Other operating income	27A	176,639	16,324
General and administrative expenses	25	(1,289,385)	(1,078,614)
Sales and marketing expenses	26	(511,569)	(263,627)
Other operating expenses	27B	(165,146)	(2,363)
Operating profit		2,310,485	1,270,595
Finance cost	28	(434,986)	(41,429)
Finance income	28	7,237	126,656
Profit before tax		1,882,736	1,355,822
Income tax	29	(768,084)	(550,531)
Profit for the year		1,114,652	805,291
Profit attributable to:			
Owners of the parent Company		1,114,675	805,328
Non-controlling interests		(23)	(37)
		1,114,652	805,291
Earnings per share			
Basic (Taka)	30	0.96	0.69
Diluted (Taka)	30	0.96	0.69

*See Note 3.16

the accompanying Notes 1 to 38 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
Date: 27 February 2019


Nurul Faruk Hasan & Co
Chartered Accountants

LAFARGEHOLCIM BANGLADESH LIMITED
Consolidated statement of comprehensive income
For the year ended 31 December

	2018 (Taka'000)	2017* (Taka'000)
Profit for the year	1,114,652	805,291
Items that will not be reclassified to profit or loss		
Actuarial gain/(loss)	(59,505)	19,526
Total items that will not be reclassified to profit or loss	(59,505)	19,526
Items that are or may be reclassified subsequently to profit or loss		
Cash flow hedge instruments	(10,688)	16,485
Foreign operation - foreign currency translation differences	(159,116)	221,281
Non controlling interests- currency translation adjustment	(39)	56
Total items that may be reclassified to profit or loss	(169,843)	237,822
Other comprehensive loss for the year	(229,348)	257,348
Total comprehensive income for the year	885,304	1,062,639
Profit attributable to:		
Owners of the parent Company	885,366	1,062,620
Non-controlling interests	(62)	19
	885,304	1,062,639

*See Note 3.16

The accompanying Notes 1 to 38 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


Nurul Faruk Hasan & Co
Chartered Accountants

Dhaka, Bangladesh
Date: 27 February 2019

LAFARGEHOLCIM BANGLADESH LIMITED
Consolidated statement of changes in equity
For the year ended 31 December

Taka'000

	Share capital	Retained earnings	Other components of equity	Foreign currency translation	Equity for parent company	Non controlling interests	Total equity
Balance at 1 January 2017	11,613,735	3,488,351	(82,748)	353,123	15,372,461	(23)	15,372,438
Total comprehensive income for the year	-	805,328	36,011	221,281	1,062,620	19	1,062,639
Final dividend for 2016	-	(580,687)	-	-	(580,687)	-	(580,687)
Interim dividend	-	(580,687)	-	-	(580,687)	-	(580,687)
Balance at 31 December 2017	11,613,735	3,132,305	(46,737)	574,404	15,273,707	(4)	15,273,703
Balance at 1 January 2018	11,613,735	3,132,305	(46,737)	574,404	15,273,707	(4)	15,273,703
Total comprehensive income for the year	-	1,114,675	(70,193)	(159,116)	885,366	(62)	885,304
Final dividend for 2017	-	(580,687)	-	-	(580,687)	-	(580,687)
Balance at 31 December 2018	11,613,735	3,666,293	(116,930)	415,288	15,578,386	(66)	15,578,320



Chief Executive Officer



Director



Company Secretary



Chief Financial Officer

LAFARGEHOLCIM BANGLADESH LIMITED
Consolidated statement of cash flows
For the year ended 31 December

Note	2018 (Taka'000)	2017 (Taka'000)
Cash flows from operating activities		
	18,464,814	10,471,052
	(14,650,566)	(8,345,858)
	3,814,248	2,125,194
	(717,206)	(778,139)
	15,707	7,667
	3,112,749	1,354,722
38		
Cash flows from investing activities		
	(803,334)	(319,471)
	-	(36,237)
	10,499	1,442
	8,655	125,581
	(4,986,476)	-
	(5,770,656)	(228,685)
Cash flows from financing activities		
	1,695,100	-
	(1,473,316)	30,993
	(359,476)	(44,484)
	(576,920)	(1,155,202)
	(714,612)	(1,168,693)
Net decrease in cash and cash equivalents		
	(3,372,519)	(42,656)
	(12,651)	33,087
	3,632,059	3,641,628
	246,889	3,632,059
12		

* Cash and cash equivalents includes bank overdraft that are repayable on demand and form an integral part of cash management.



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

LAFARGEHOLCIM BANGLADESH LIMITED
Notes to the consolidated financial statements
For the year ended 31 December 2018

1. General information

LafargeHolcim Bangladesh Limited (LHBL) - (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. The Company was subsequently 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. 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 change of name of the Company to "LafargeHolcim Bangladesh Limited".

The Company has three subsidiaries. A brief description of each of the subsidiaries is given below:

Holcim Bangladesh Limited (HBL) - HBL is the 100% owned subsidiaries of the Company. HBL was formerly known as Hyundai Cement (Bangladesh) Company Limited, was incorporated in Bangladesh as a private company limited by shares under the Companies Act, 1994. Holcim Bangladesh Limited, United Cement Industries Limited ("UICL") and Saiham Cement Industries Limited ("Saiham") were merged together following an order of the Hon'ble High Court Division of the Supreme Court of Bangladesh in December 2011 and were allowed to carry out its business in the name of United Cement Industries Limited. Subsequently, United Cement Industries Limited was renamed as Holcim Cement (Bangladesh) Limited.

Lafarge Umiam Mining Private Limited (LUMPL) - LUMPL is 100% owned subsidiary of the Company. LUMPL was incorporated under the Indian Companies Act 1956 on 22 March 1999 as a private limited company with its registered office at Shillong in the State of Meghalaya, India.

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

2. Nature of business

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

Holcim Bangladesh Limited (HBL) - HBL is engaged in manufacturing and marketing of cement and clinker in the local market 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 of clinker, cement and 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 27 February 2019.

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
Holcim Cement (Bangladesh) Limited, Bangladesh	Bangladesh	100
Lafarge Umiam Mining Private Limited	India	100
Lum Mawshun Minerals Private Limited	India	74

Acquisition of subsidiary

LafargeHolcim Bangladesh Limited (the "Company") has acquired 100% shares of Holcim Cement (Bangladesh) Limited for a consideration of Tk5,047 million. The transfer of shares of Holcim Cement Bangladesh Limited in the name of the Company completed on 07 January 2018.

i) Business combinations

The Company accounts for business combinations using the acquisition method when control is transferred to the Company. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

ii) 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.

iii) 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.

iv) 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.

v) Transactions eliminated on consolidation

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

3.3 Use of estimates and judgements

i) Estimates

The preparation of 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 and provisions for employees benefits.

ii) Judgements

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

iii) Measurement of fair values

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

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

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

Further information about the assumptions made in measuring fair values is included in Financial instruments (Note 3.10 and 33)

3.4 Functional and presentation currency

These financial statements are presented in Bangladesh Taka 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	2018	2017
Average rate	1.2229	1.2937
Closing rate	1.2021	1.2358

3.6 Property, plant and equipment (PPE)**i) Recognition of property, plant and equipment**

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

ii) Subsequent costs

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

iii) Construction in progress

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

iv) Depreciation of property, plant and equipment

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

Category	Rate %
Building	2-2.5
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 year concerned.

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, upgradation and enhancements are charged off as revenue expenditure unless they bring similar significant additional long term benefits.

ii) Others

Capitalisation costs of leased 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 Company policy.

iii) Construction in progress

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

iv) Amortization of intangible assets**a) Software**

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

b) Others

The leased land and quarry land are amortised using the straight-line method over their amortisation year calculated on the basis of different leased years. However, the quarry lands are amortised over a maximum of thirty years.

3.9 Inventories

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

3.10 Financial instruments

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets – Policy applicable from 1 January 2018

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

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

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

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

Financial assets – Business model assessment: Policy applicable from 1 January 2018

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

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

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

Financial assets-Subsequent measurement and gains and losses; Policy applicable from 1 January 2018.

Financial assets at amortised cost:

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

Financial assets-Policy applicable before 1 January 2018

The Company classified its financial assets into the following category:

- loans and receivables
- at FVTPL, and within this category as derivative hedging instrument

Financial assets- Subsequent measurement and gains and losses: Policy applicable before 1 January 2018

- loans and receivables
- at FVTPL, and within this category as derivative hedging instrument

Financial liabilities- Classification, subsequent measurement and gains and losses

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

iii) Derivative instruments

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

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

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

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

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

iv. Derecognition

Financial assets

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

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

Financial liabilities

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

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

v. Offsetting

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

3.11 Employees' benefit schemes

i) Gratuity plan- LHBL

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- HBL

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

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.

iv) Provident fund

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

v) Workers' profit participation and welfare funds- for LHBL & HBL

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

3.12 Taxation

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

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

i) Current tax

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

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

3.13 Revenue recognition

Sale of the products, net of value added tax is recognised 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 recognises provisions when it has a legal or constructive obligation resulting from past events, the resolution of which would result in outflow of resources embodying economic benefits from the Company.

3.15 Materiality and aggregation

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

3.16 Comparatives

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

Moreover, comparative figures of 2017 consists only of LafargeHolcim Bangladesh Limited (the Company) with its subsidiaries (LUMPL and LMMPL). Holcim Cement (Bangladesh) Limited become a subsidiary of the Company on 7 January 2018. As such, the 2018 figure includes HBL in addition to the Company, LUMPL and LMMPL.

3.17 Dividend distribution

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

3.18 Operating segment

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

3.19 Preparation and presentation of the separate financial statements

The Board of Directors are responsible for the preparation and fair presentation of the consolidated financial statements of LafargeHolcim Bangladesh Limited. LafargeHolcim Bangladesh Limited has three subsidiary companies incorporated in India and Bangladesh as detailed in Note-1.

4. Adoption of new International Financial Reporting Standards

The Company has initially applied IFRS 15 and IFRS 9 from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Company's financial statements.

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards. Except for separately presenting impairment loss on trade receivables and contract liabilities.

A. IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control-at a point in time or over time-requires judgement.

IFRS 15 did not materially impact the Company as the net sales relate to delivery at a point in time of gray cement and cement clinker. The Company has adopted IFRS 15 using the cumulative effect method with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated- i.e. it is presented, as previously reported, under IAS 18 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

B. IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non- financial items. This standard replaces IAS 39 financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. However impairment of trade receivables are presented under selling and marketing expense similar to the presentation under IAS 39, and not presented separately in the statement of profit or loss and OCI due to materiality consideration.

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2018.

Figures in Taka'000	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets				
Trade receivables	Loans and receivables	Amortised cost	1,938,686	1,938,686
Other assets	Loans and receivables	Amortised cost	601,019	601,019
Forward exchange contract used for hedging	Fair value-hedging instrument	Fair value-hedging instrument	15,176	15,176
			2,554,881	2,554,881
Financial liabilities				
Borrowings	Other financial liabilities	Other financial liabilities	558,839	558,839
Trade payables	Other financial liabilities	Other financial liabilities	2,899,767	2,899,767
Other current liabilities	Other financial liabilities	Other financial liabilities	522,925	522,925
			3,981,531	3,981,531

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. The foreign exchange forward contract hedge qualified as cash flow hedges under IAS 39 as at 31 December 2017, also qualified as cash flow hedges under IFRS 9. 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. In case of fair value hedge relationship, changes in fair value on the hedging items are recognised in the consolidated statement of profit or loss of the period of change.

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

C. IFRS 16- Leases

IFRS 16 requires lessees to adopt a uniform approach to the presentation of leases. Correspondingly, assets must be recognised for the right of use received and liabilities must be recognised for payment obligations entered into for all leases. The Company currently expects to transition to IFRS 16 in accordance with the modified retrospective approach. For leases that have to date been classified as operating leases in accordance with IAS 17, the lease liability will be carried at the present value of the remaining lease payments, discounted using the lessees incremental borrowing rate at the time the standard is first applied. The right-of-use asset will generally be measured at the amount of the lease liability. The Company currently plans to make use of relief options available for leases or low value assets and short-term leases (shorter than twelve months).

The Company is currently finalizing its review of the results of the analysis of existing leases and the impact IFRS 16 will have on its financial statements.

D. International Financial Reporting Standards (IFRS)

The Institute of Chartered Accountants of Bangladesh has adopted IFRS effective from annual periods beginning on or after 1 January 2018. IFRS replaced all Bangladesh Financial Reporting Standards. Adoption of IFRS does not have major impact on the Company's financial statements.

5. Property, plant and equipment

A. Reconciliation of carrying amount

Figures in Taka'000	Freehold land	Building	Plant & machinery	Vehicles	Office equipment	Furniture & fixtures	Construction in progress	Total
Cost								
At January 1, 2018	558,585	731,602	15,163,532	222,823	378,831	68,702	558,519	17,682,594
Acquisition of HBL (Note- 7)	850,000	1,632,658	2,964,704	13,301	31,323	-	99,073	5,591,059
Additions	-	10,459	288,271	37,800	37,931	14	359,003	733,478
Disposals	-	(18,654)	(274,365)	(7,710)	(5,293)	(19,772)	-	(325,794)
Transfers	-	34,592	582,701	-	-	-	(617,293)	-
Translation adjustments	(1,877)	(8,401)	(130,884)	(3,038)	(2,397)	(567)	(8,226)	(155,390)
At December 31, 2018	1,406,708	2,382,256	18,593,959	263,176	440,395	48,377	391,076	23,525,947
Accumulated depreciation								
At January 1, 2018	-	184,795	5,487,479	183,499	267,605	59,469	-	6,182,847
Disposals	-	(3,805)	(115,235)	(6,257)	(5,284)	(19,568)	-	(150,149)
Charge for the year	-	107,929	706,685	21,075	35,870	7,677	-	879,236
Translation adjustments	-	(1,709)	(44,074)	(2,756)	(2,166)	(379)	-	(51,084)
At December 31, 2018	-	287,210	6,034,855	195,561	296,025	47,199	-	6,860,850
Carrying amount								
At December 31, 2018	1,406,708	2,095,046	12,559,104	67,615	144,370	1,178	391,076	16,665,097
At December 31, 2017	558,585	546,807	9,676,053	39,324	111,226	9,233	558,519	11,499,747

5.1 Depreciation charge for the year allocated to

	2018 Taka'000	2017 Taka'000
Production and maintenance overhead (Note 24.2)	832,935	552,658
Depot operating and transportation costs (Note 24.4)	8,192	1,870
General and administrative expenses (Note 25)	31,793	32,216
Sales and marketing (Note 26)	6,316	598
	879,236	587,342

B. Details of disposal of property plant and equipment

Figures in Taka'000- Disposal details		Building	Plant & machinery	Vehicles	Office equipment	Furniture & fixtures	Total
Cost		18,654	274,365	7,710	5,293	19,772	325,794
Accumulated depreciation		(3,805)	(115,235)	(6,257)	(5,284)	(19,568)	(150,149)
Carrying amount at December 31, 2018		14,849	159,130	1,453	9	204	175,645
Sale proceeds		300	4,441	3,899	1,391	468	10,499
Mode of disposal			Company policy	Company policy/tender	Company policy	Company policy	
Particulars of purchaser/type of disposal			Third party & Written off	Third party & employees	Third party & Written off	Third party	
6. Goodwill and intangible assets							
Figures in Taka'000		Goodwill	Leasehold land	Quarry land	Software	Construction in progress	Total excluding goodwill
Cost							Total including goodwill
At January 1, 2018	-	17,963	1,129,696	46,253	130,086	1,323,998	1,323,998
Acquisition of HBL (Note- 7)	317,776	1,804,379	-	-	-	1,804,379	2,122,155
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Transfers	-	-	-	117,409	(117,409)	-	-
Translation adjustments	(1,272)	(1,272)	(79,988)	(341)	-	(81,601)	(81,601)
At December 31, 2018	317,776	1,821,070	1,049,708	163,321	12,677	3,046,776	3,364,552
Accumulated depreciation							
At January 1, 2018	-	9,092	311,388	28,911	-	349,391	349,391
Disposals	-	-	-	-	-	-	-
Charge for the year	-	13,129	43,494	50,543	-	107,166	107,166
Translation adjustments	(644)	(644)	(22,795)	(336)	-	(23,775)	(23,775)
At December 31, 2018	-	21,577	332,087	79,118	-	432,782	432,782
Carrying amount							
At December 31, 2018	317,776	1,799,493	717,621	84,203	12,677	2,613,994	2,931,770
At December 31, 2017	-	8,871	818,308	17,342	130,086	974,607	974,607

	2018 (Taka'000)	2017 (Taka'000)
Amortisation charge for the year allocated to		
Production and maintenance costs (Note 24.2)	65,827	68,158
General and administrative expenses (Note 25)	41,339	4,982
	<u>107,166</u>	<u>73,140</u>

7. Acquisition of Holcim Cement (Bangladesh) Limited

Pursuant to the global merger between Lafarge and Holcim, LafargeHolcim Bangladesh Limited ("Lafarge") acquired 100% shares of Holcim Cement (Bangladesh) Limited ("Holcim") for consideration of Tk5,047 million. The transfer of shares of Holcim in the name of the Lafarge was completed on 7 January 2018. Accordingly, Holcim became a 100% owned subsidiary of Lafarge.

For the year ended 31 December 2018, Holcim contributed revenue of Tk6,595 million and profit before tax of Tk31 million to the consolidated results.

A. Effective date

The business combination was accounted for as of 7 January 2018, being the effective date of the acquisition since Lafarge controlled Holcim from that date by owning 100% of the share capital and voting rights.

B. Acquisition method

For accounting purposes, Lafarge has been determined as the acquirer. The acquisition method has been applied. The identifiable assets and liabilities of Holcim have been fair valued at the effective date of the acquisition. The excess of the consideration transferred over the fair value of the Holcim's identifiable net assets is recorded as goodwill.

C. Acquisition-related cost

Acquisition-related costs of Tk76 million (2017: Tk9 million) were incurred for the current year. These have been recognized in general and administration expenses. Acquisition-related costs have been incurred for registering equity instruments, consulting, surveys and studies etc.

The recognised amounts of identifiable assets acquired and liabilities assumed as part of the acquisition are as follows:

	Fair Value Taka'000
Assets	
Non-current assets	
Property, plant and equipment	7,395,438
	7,395,438
Current assets	
Inventories	984,292
Trade receivables	812,824
Other assets	138,514
Advance income tax	453,975
Cash and cash equivalents	159,984
	2,549,589
Total assets (A)	9,945,027
Non-current liabilities	
Deferred tax liability	965,447
Employee benefits	85,504
	1,050,951
Current liabilities	
Trade payables	2,027,464
Other current liability	43,015
Current portion of long-term borrowings	75,000
Short-term borrowings	2,018,553
	4,164,032
Total liabilities (B)	5,214,983
Total identifiable net assets acquired (A-B)	4,730,044
Consideration transferred for the acquisition (A)	5,047,820
Non controlling interest (B)	-
Net assets at acquisition (C)	4,730,044
Goodwill (A+B-C)	317,776

Trade receivables comprise gross contractual amounts due of Tk911 million, of which Tk190 million was expected to be uncollectible as at 1 January 2018.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

	2018 (Taka'000)	2017 (Taka'000)
8 Inventories		
Raw materials	582,972	254,295
Semi-finished and finished products	735,729	210,679
Parts and supplies	1,059,369	879,928
	2,378,070	1,344,902
9 Trade receivables		
Trade receivables	1,331,888	1,546,505
Valuation allowance	(166,231)	(15,202)
Advance payment to trade suppliers	722,181	407,383
	1,887,838	1,938,686
See Note 33B(i) for disclosures regarding credit risk, impairment loss on trade receivables from contracts with customers and ageing analysis of trade receivables.		
10 Other assets		
Prepaid expenses	86,339	78,700
VAT current account	319,175	290,901
Advance to employees	13,795	24,859
Security and other deposits	235,123	167,582
Other receivables	8,736	31,546
Advance payment to suppliers of fixed assets	39,482	-
Accrued interest on bank deposits	6,013	7,431
	708,663	601,019
Current portion	566,487	448,009
Non-current portion	142,176	153,010
Receivables mentioned above are unsecured and considered good. Advances made to employees include advance related to employee matters and for running the day to day operation cost of different departments.		
11 Advance income tax- net of tax provision		
Advance income tax-deducted at source	6,413,267	3,186,666
Current tax liabilities (Note 11.1)	(4,558,691)	(1,642,801)
	1,854,576	1,543,865

	2018 (Taka'000)	2017 (Taka'000)
11.1 Current tax liabilities		
Balance at 1 January	1,642,801	1,051,004
Acquisition of HBL	2,128,537	-
Provision for the year	823,324	620,666
Translation adjustment	(35,971)	(28,869)
Balance at 31 December	4,558,691	1,642,801
12 Cash and cash equivalents		
Cash in hand	2,295	2,322
Cash at banks	443,899	2,124,863
Short-term deposits	-	1,505,470
Cash and cash equivalents in statement of financial position	446,194	3,632,655
Bank overdrafts*	(199,305)	(596)
Cash and cash equivalents for the purpose of the statement of cash flows	246,889	3,632,059
* Bank overdrafts are repayable on demand and form an integral part of cash management. Bank overdrafts are included in short-term borrowings.		
13 Share capital		
13.1 Authorized capital		
1,400,000,000 ordinary shares of Taka 10 each	14,000,000	14,000,000
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 8 September 2011. Moreover, face value of each ordinary share has been denominated from Taka 100 to Taka 10 at 4 December 2011.		
13.2 Issued and subscribed capital		
1,161,373,500 ordinary shares of Taka 10 each	11,613,735	11,613,735
13.3 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
	11,613,735	11,613,735

13.4 Composition of shareholders at 31 December

Name of the shareholders	"Nationality/ Incorporated in "	Number of shares		Holding %	
		2018	2017	2018	2017
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
		1,161,373,500	1,161,373,500	100.00	100.00

13.5 Classification of shares by holding at 31 December

Slabs by number of shares	Number of shareholders		Holding %	
	2018	2017	2018	2017
Less than 500 Shares	9,003	9,167	0.20	0.20
501 to 5,000 Shares	14,125	14,075	2.43	2.44
5,001 to 10,000 Shares	2,627	2,550	1.69	1.65
10,001 to 20,000 Shares	1,624	1,564	2.06	1.97
20,001 to 30,000 Shares	546	560	1.17	1.21
30,001 to 40,000 Shares	284	301	0.87	0.91
40,001 to 50,000 Shares	210	221	0.83	0.88
50,001 to 100,000 Shares	360	375	2.25	2.36
100,001 to 1,000,000 Shares	339	389	7.92	9.15
Over 1,000,000 Shares	43	43	80.58	79.23
	29,161	29,245	100.00	100.00

	2018 (Taka'000)	2017 (Taka'000)
13.6 Other components of equity		
Cash flow hedge *	3,354	14,042
Actuarial loss-net of tax	(120,284)	(60,779)
	(116,930)	(46,737)

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

13.7 Dividends

The final dividend amounts to Tk1.16 billion which is Tk1.00 per share of Tk10 each for the year 2018 was proposed by the Board of Directors of the Company for approval at the Annual General Meeting of Shareholders. As this dividend is subject to approval by shareholders at the Annual General Meeting, it has not been included as a liability in these financial statements for the year ended 31 December 2018.

	2018 (Taka'000)	2017 (Taka'000)
14 Non-controlling interests		
Retained earnings	(575)	(552)
Share capital	171	184
Share money deposits	338	364
	<u>(66)</u>	<u>(4)</u>
15 Borrowings		
A. Borrowings- long term		
Non-current portion -unsecured	984,478	-
	<u>984,478</u>	<u>-</u>
The loans were availed from two commercial banks for the acquisition of Holcim Cement (Bangladesh) Limited. The loans are denominated in Bangladesh Taka with face value of Tk1.2 billion and Tk1.2 billion respectively. Interest rates for both loans are based upon T-Bill rates plus 3.5% margin. The loans are repayable on 2021.		
B. Borrowings- short term		
Current portion of long term -unsecured	800,000	-
Bank overdraft facilities (Note- 15B(i))	199,305	596
Short term credit facilities (Note-15B(ii))	968,133	558,243
Derivative liabilities*	25,208	-
	<u>1,992,646</u>	<u>558,839</u>
i) Used bank overdrafts facilities		
Bank overdrafts in Bangladesh Taka	199,305	-
Bank overdrafts in foreign currency	-	596
	<u>199,305</u>	<u>596</u>
ii) Used short term credit facilities		
Short term credit facilities in Bangladesh Taka	750,000	-
Short term credit facilities in foreign currency	218,133	558,243
	<u>968,133</u>	<u>558,243</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.

	2018 (Taka'000)	2017 (Taka'000)
16 Deferred tax liability		
Deferred tax by type of temporary differences that resulted in deferred tax assets and liability.		
Property, plant and equipment	3,294,328	2,257,340
Deferred tax liabilities	3,294,328	2,257,340
Provision for gratuity	86,129	25,011
Provision for doubtful debts	56,080	3,801
Business loss carry forward	26,741	-
Provision for obsolescence of spare parts	20,698	-
Deferred tax assets	189,648	28,812
Net deferred tax liability	3,104,680	2,228,528
16.1 Change in deferred tax assets and liability		
Balance at 1 January- deferred tax liability	2,228,528	2,276,021
Acquisition of HBL	965,447	-
Deferred tax income for the year	(55,240)	(70,135)
Other components of equity	(22,354)	6,318
Translation adjustments	(11,701)	16,324
Balance at 31 December- deferred tax liability	3,104,680	2,228,528
17 Employee benefits		
Funded plan (Note 17.1)	95,558	14,714
Unfunded plan (Note 17.1)	110,065	15,189
	205,623	29,903
17.1 Funded Plan		
A. Net position of gratuity plan		
Present value of defined benefit obligation	315,812	264,157
Fair value of plan assets	(220,254)	(249,443)
Net funded status	95,558	14,714
B. Actuarial valuation		

The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2018 by a professional actuary using Projected Unit Credit Method.

	2018 (Taka'000)	2017 (Taka'000)
C. Assumptions employed for the valuations are as follows:	%	%
Salary increase rate	8.00	8.00
Discount rate	7.25	8.00
D. Movement in the present value of the defined benefit obligation are as follows:		
Balance at 1 January	264,157	269,679
Current service cost	36,496	36,758
Interest cost	20,297	20,297
Actuarial loss/(gain)	43,802	(23,657)
Benefits paid during the year	(48,940)	(38,920)
Balance at 31 December	315,812	264,157
E. Movement in the fair value of the plan assets are as follows:		
Balance at 1 January	249,443	218,314
Contributions from employer	-	51,365
Expected return on plan assets	19,955	18,684
Actuarial loss	(204)	-
Benefits paid during the year	(48,940)	(38,920)
Balance at 31 December	220,254	249,443
17.2 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 2018 by a professional actuary using Projected Unit Credit Method.		
B. Assumptions employed for the valuations are as follows:	%	%
Salary increase rate	8.00	8.00
Discount rate	7.82	7.82
C. Movement in the present value of the defined benefit obligation are as follows:		
Balance at 1 January	15,189	13,099
Acquisition of HBL	85,504	-
Adjustment with valuation report	97	-
Current service cost	13,970	1,736
Interest cost	7,283	996
Actuarial loss/(gain)	15,539	(1,166)
Benefits paid during the year	(26,383)	(1,026)
Translation adjustment	(1,134)	1,550
Balance at 31 December	110,065	15,189

	2018 (Taka'000)	2017 (Taka'000)
18 Derivative instruments		
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.		
19 Provisions		
Site restoration provisions		
Balance at 1 January	36,992	30,187
Addition for the year	3,108	3,141
Translation adjustment	(2,672)	3,664
Balance at 31 December	37,428	36,992
The Company is legally required to restore a quarry site, the estimated costs of site restoration are accrued and recognised to the cost of sales, on the basis of mines closure plan submitted to Indian Bureau of Mines (IBM).		
20 Trade payables		
Payable for goods and services	3,280,480	2,168,329
General assistance fee	289,919	294,990
Trademark license fee	289,919	294,990
Contract liabilities	456,095	141,458
	4,316,413	2,899,767
21 Other current liabilities		
Payables to suppliers of fixed assets	146,544	176,918
Income tax and VAT deducted at source	154,604	140,338
Others	283,964	157,828
Accrued interest payable	31,922	-
Dividend payable	51,608	47,841
	668,642	522,925
22 Commitments and Contingencies		
22.1 Commitments		
Commitments related to operating activities		
Purchase commitments	2,756,448	1,323,730
Capital expenditure commitments	158,814	167,747
Operating leases	220,350	106,060
Guarantees given	481,978	460,112
	3,617,590	2,057,649

	2018 (Taka'000)	2017 (Taka'000)
22.2 Contingent Liabilities		
LafargeHolcim Bangladesh Limited		
Tax related cases with the Hon'ble High Court	247,515	247,515
VAT related cases with the Hon'ble High Court	109,225	109,225
	356,740	356,740
Holcim Cement (Bangladesh) Limited		
Tax related cases with the tax authorities and Hon'ble High Court	1,621,668	1,977,126
VAT related cases with the VAT authorities and Hon'ble High Court	181,500	181,500
Custom related case with the Hon'ble High Court	5,000	5,000
	1,808,168	2,163,626
22.3 Claims		
a. Claims against the Company not acknowledged as debt	Nil	Nil
b. Claims by the Company not acknowledged as receivable	Nil	Nil

22.4 Clinker production of the Company at the plant stopped from April 2010 due to the suspension of supply of limestone from the quarry and resumed in August 2011. During this period, the gas consumption from Jalalabad Gas Transmission and Distribution System Limited drastically reduced since there was no clinker production. Under the agreement with Jalalabad Gas, the Company needs to take a minimum quantity failing which it needs to pay as advance the shortfall between the minimum quantity and the actual quantity consumed. The Company raised a dispute with Jalalabad Gas that this is a force majeure event and hence, the Company is not liable to pay this advance but this was not accepted by them. Thereafter the matter has been referred to arbitration. The Company has received the arbitration Award in its favour on 30 June 2015. Jalalabad Gas applied to High Court to set aside of the arbitration award. On August 16, 2018, the High Court rejected their application. Accordingly, the award of arbitration remains in full effect. Jalalabad Gas may file appeal in the Appellate Division against the above judgment of the High Court within sixty (60) days of receiving the certified copy of the judgment of the High Court.

22.5 Lafarge Umiam Mining Private Limited

The Company entered into a Limestone Mining Agreement with a mining contractor (the "Contractor"). The Contractor failed to engage the right mining equipment, many mining equipment were more than 5 years old and in violation of the provisions of the Agreement. The Contractor failed to produce right sizes of Limestone as specified in the Agreement. Company issued notices of Breach, Material Breach to the Contractor in terms of the Agreement. On 28.02.2017 the Agreement was terminated. 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 Tk264.86 million. The Contractor made counter-claim of Tk733.25 million. By order dated 11.09.2017, the ICC appointed Arbitration Tribunal rejected the counterclaim of the Contractor on procedural ground. On 11.12.2017, the Contractor filed an application before the Calcutta High Court under Section 34 of the Arbitration and Conciliation Act, 1996 seeking to set aside the Order of the Arbitration Tribunal dated 11.09.2017 (the "Application"). The Hearing on the Application is awaited. Arbitration proceedings however continue to proceed on the claim filed by LUMPL. The Contractor has filed an application for stay of the Order dated 11.09.2017 before the tribunal on the ground that the matter is pending before the High Court. The application is yet to be heard by the Tribunal. The Company is of the opinion that the counter-claim of the Contractor, even if taken on record by the Tribunal at a subsequent stage or under order of the High Court, is not likely to succeed in full on merits of the matter and accordingly counterclaim of the Contractor has not been acknowledged as debt and no provision for the same has been made. The lawyers are of the view that the case of Company is strong on merits.

	2018 (Taka'000)	2017 (Taka'000)
23 Revenue		
Sale of gray cement*	16,272,300	7,748,241
Sale of cement clinker	359,229	2,944,913
Other sales (Limestone and slag sales to Holcim Cement Bangladesh Limited)	-	125,977
	16,631,529	10,819,131
Products transferred at a point in time	16,631,529	10,819,131
Services transferred over time	-	-
	16,631,529	10,819,131
*Sale of gray cement		
Local sales	16,122,396	7,741,722
Export in Export Processing Zones and India	149,904	6,519
	16,272,300	7,748,241
24 Cost of Sales		
Opening finished goods and work in process (Note- 8)	210,679	104,117
Raw materials costs (Note- 24.1)	4,188,580	2,349,213
Purchased clinker*	2,731,817	-
Toll manufacturing costs**	-	1,005,749
Power and fuel costs	1,892,925	1,366,175
Production and maintenance costs (Note- 24.2)	2,185,175	1,678,715
Plant general and administrative costs (Note- 24.3)	429,579	450,530
Freight cost to customers	650,342	650,260
Depot operating and transportation costs (Note- 24.4)	975,107	823,035
Site restoration costs	3,108	3,141
Closing finished goods and work in process (Note- 8)	(735,729)	(210,679)
	12,531,583	8,220,256

* Clinker imported for HBL production.

**In the last year, the Company purchased cement from Holcim Cement (Bangladesh) Limited (HBL) under toll manufacturing agreement as a third party purchase. During the year, LafargeHolcim Bangladesh Limited purchased cement from HBL a wholly owned subsidiary of LafargeHolcim Bangladesh Limited (LHBL), which is reported in the separate financial statements. As HBL has become a subsidiary of LafargeHolcim Bangladesh Limited since January, 2018, this inter-company purchase is eliminated in the consolidated financial statement for the year 2018.

	2018 (Taka'000)	2017 (Taka'000)
24.1 Raw materials costs		
Fly ash	456,040	-
Slag	517,674	192,952
Gypsum	503,303	201,533
Iron ore	22,342	78,348
Sand	22,428	32,261
Clay	91,229	73,653
Limestone	1,691,739	1,397,174
Packing materials	836,328	363,976
Others	47,497	9,316
	4,188,580	2,349,213
24.2 Production and maintenance costs		
Salary, allowances and benefits	403,562	280,709
Contributions to employees' benefit schemes	26,562	20,820
Maintenance	198,027	145,359
Other supplies and spares	344,328	264,937
Material handling	60,959	67,848
Other expenses	249,620	156,569
Technical studies	3,355	649
Impairment of construction in progress*	-	121,008
Depreciation	832,935	552,658
Amortization of intangible assets	65,827	68,158
	2,185,175	1,678,715

*In the year 2007, the management took a project for establishing another clinker production line which is called "2nd line clinker production project". In the year 2017, the management decided to discontinue the project after duly studying the current business environment. Hence, all project costs incurred in the project period, charged in profit and loss.

	2018 (Taka'000)	2017* (Taka'000)
24.3 Plant general and administrative costs		
Salary, allowances and benefits	115,787	117,410
Contributions to employees' benefit schemes	6,762	5,022
Staff welfare expenses	36,554	42,965
Training, seminars and meetings	1,409	1,720
Travelling	12,515	13,689
Rent	8,135	6,961
Gas, electricity and water	1,765	2,282
Telephone, fax and postage	2,358	2,524
Office maintenance	55,588	58,272
Security services	85,404	77,489
Printing and stationery	1,622	976
Other supplies and spares	1,790	16,715
Other office expenses	26,039	24,446
Legal expenses	2,695	4,700
Consultancy	12,620	11,086
Vehicles running expenses	7,962	11,419
Corporate social activities	26,232	27,410
Insurance	24,342	25,444
	429,579	450,530

	2018 (Taka'000)	2017 (Taka'000)
24.4 Depot operating and transportation costs		
Salary, allowances and benefits	131,600	106,754
Contributions to employees' benefit schemes	12,878	9,192
Staff welfare expenses	3,573	2,956
Training, seminars and meeting	835	1,062
Depreciation	8,192	1,870
Depot other operating costs	204,665	155,403
Transportation costs	613,364	545,798
	975,107	823,035
25 General and administrative expenses		
Salary, allowances and benefits	274,204	241,582
Contributions to employees' benefit schemes	21,135	18,603
Staff welfare expenses	4,077	3,892
Training, seminars and meeting	15,559	18,034
Travelling	7,656	12,327
Rent	74,348	46,794
Gas, electricity and water	1,528	3,551
Telephone, fax and postage	6,964	4,748
Entertainment	6,322	8,496
Office maintenance	3,666	10,893
Office security services	784	2,287
Printing and stationery	3,180	2,030
IT maintenance expenses	181,414	98,561
Other office expenses	52,872	14,388
Registration and other fees	5,324	3,710
Audit and tax advisory fees	9,300	3,757
Legal expenses	8,945	668
Vehicles running expenses	15,631	18,672
Publicity and public relation	9,225	15,092
General assistance fee*	229,801	91,631
Trademark license fee**	137,466	91,631
Consulting, survey and studies	79,462	290,914
Depreciation	31,793	32,216
Amortization of intangible assets	41,339	4,982
Contribution to Workers' Profit Participation and Welfare Fund	67,390	39,155
	1,289,385	1,078,614

*General assistance fee includes royalty fee Tk132 million. General assistance fee is payable to Lafarge S.A. and Cementos Molins for general assistance fee (1 percent of annual net turnover of the Company in accordance with the General Assistance Agreement) and royalty fee is payable to Holcim Technology Ltd. (2% of third party sales in accordance with the Royalty agreement dated 15 October 2014 which is effective from 1 January 2013).

**Trademark license fee includes administrative support fee Tk40 million. Trademark license fee is equally payable to Lafarge S.A. and Cementos Molins for trademark license fee (1 percent of annual net turnover of the Company in accordance with the Trademark License Agreement). Administrative support fee is payable to Holcim Group Service Ltd. for the administrative support rendered by virtue of Administrative Support Agreement. The agreement is effective from 1 January 2017.

	2018 (Taka'000)	2017 (Taka'000)
26 Sales and marketing expenses		
Salary, allowances and benefits	218,240	121,325
Contributions to employees' benefit schemes	14,913	12,181
Staff welfare expenses	911	1,459
Training, seminars and meeting	701	129
Travelling	27,670	9,255
Rent	2,759	-
Gas, electricity and water	262	139
Telephone, fax and postage	5,654	1,217
Entertainment	2,352	1,766
Office maintenance	6,248	6,196
Printing and stationery	133	105
Other office expenses	35,290	2,151
Registration and other fees	6,519	2,087
Vehicles running expenses	17,244	23,016
Advertisement and promotion	151,411	78,384
Provision for trade receivables	8,803	3,248
General survey and studies	6,143	371
Depreciation	6,316	598
	511,569	263,627
27 Other operating income and expenses		
A. Other operating income		
Sale of miscellaneous scrap items	15,707	7,667
Provision written back for trade receivables	48,014	-
Others	112,918	8,657
	176,639	16,324
B. Other operating expenses		
Loss on sale of property, plant and equipment	(165,146)	(2,363)
	(165,146)	(2,363)
28 Finance costs and income		
Interest on short & long term borrowings	321,294	22,487
Other finance costs	8,179	3,918
Bank charges and commission	18,451	15,024
Exchange loss	87,062	-
Finance costs	434,986	41,429
Interest income on bank deposits	7,237	111,740
Exchange gain	-	14,916
Finance income	7,237	126,656
Net finance (cost)/income	(427,749)	85,227

		2018 (Taka'000)	2017 (Taka'000)
29	Income tax		
	Current income tax expenses	676,793	620,666
	Current income tax expenses for prior years	146,531	-
	Deferred income tax	(55,240)	(70,135)
		<u>768,084</u>	<u>550,531</u>
29.1	Reconciliation of effective tax rate (%)		
	Average statutory tax rate	31.54	32.03
	Dividend income from subsidiary company	-	(8.43)
	Prior years adjustment	6.28	-
	Permanent differences	4.91	18.42
	Effect of foreign tax differentials	(1.93)	(1.42)
	Effective tax rate	<u>40.80</u>	<u>40.60</u>
30	Earnings per share		
	The computation of basic earnings per share for the years ended 31 December 2018 and 31 December 2017 are as follows:		
	Numerator (Thousands of Taka)		
	Income for the year- attributable to owners of the company	1,114,675	805,328
	Denominator (Thousands of Share)		
	Weighted average number of shares outstanding	1,161,374	1,161,374
	Basic earnings per share	0.96	0.69
	Diluted earnings per share	0.96	0.69

31 Related Party Transactions

During the year, 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.

Name of the Party and relationship	Nature of transaction	Transaction value during the year Taka '000	Receivable/ (Payable) at 31 Dec 2018 Taka '000
Surma Holdings B.V.-Group Company	Dividend payment	333,213	-
Holcim Asean Business Service Centre	Intercompany services/Technical assistance	91,516	(243,124)
Lafarge Asia SDN BHD-Group Company	Intercompany services/Technical assistance	-	(71,251)
Lafarge S.A.-Group Company	Technical assistance/Trademark license	113,557	(373,716)
Cementos Molins-Group Company	Trademark license/Travel expenses	82,230	(254,998)
LH Trading Ltd- Group Company	Intercompany services	-	16,276
LH Trading Pte Ltd- Group Company	Intercompany purchase	3,098,647	(52,890)
PT Lafarge Cement Indonesia Group Company	Intercompany services	-	664
Holcim Group Services Ltd. Group Company	Intercompany services	50,079	(108,440)
Lafarge International Services Group Company	Intercompany services	1,290	(1,297)
Holcim Phillipines, Inc- Group Company	Intercompany services	-	(82)
Holcim Services (South Asia) India Group Company	Intercompany services	6,677	(23,492)
Lafarge Industries South Africa (PTY) Ltd. Group Company	Intercompany services	3,812	4,719
Holcim Technology Ltd. Group Company	Intercompany services	104,859	(497,554)
ACC Ltd.- Group Company	Intercompany services	-	(146)
Holcim Technology Holderbank Group Company	Intercompany services	83,411	(5,810)
Eastern Housing Ltd. Shareholder's associated entity	Cement sales	10,667	1,005
Aftab Group Shareholder's associated entity	Cement sales	878	103
Bengal Development Corporation- Shareholder's associated entity	Cement sales	20,239	3,061
Jahurul Islam Medical College- Shareholder's associated entity	Cement sales	-	3
Opex Group- Shareholder's associated entity	Cement sales	3,793	418
Shikharaa Developments Ltd.- Shareholder's associated entity	Cement sales	713	(13)
Sinha Peoples Energy Ltd.- Shareholder's associated entity	Cement sales	1,105	234
Delta Life Insurance Company Limited Shareholder's associated entity	Insurance service	2,094	(1,009)

	2018 (Taka'000)	2017 (Taka'000)
32 Directors', managers' and officers' remuneration		
Salary, allowances and benefits	412,919	346,999
Contributions to employees' benefit scheme	35,137	28,444
Reimbursable expenses	25,406	13,235
	473,462	388,678

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

33 Financial instruments

The effect of initially applying IFRS 9 on the Company's financial instruments is described in Note 3.10 and 4B.

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 2018

In thousands of Taka	Fair value - Hedging instruments	Financial assets at amortised cost	Other financial liabilities	Total	Fair Value		
					Level 1	Level 2	Level 3
Financial assets measured at fair value							
Forward exchange contracts used for hedging	16,022	-	-	16,022	-	16,022	-
Financial assets not measured at fair value							
Trade and other current assets	-	2,504,149	-	2,504,149	-	-	-
Cash and cash equivalents	-	446,194	-	446,194	-	-	-
	-	2,950,343	-	2,950,343	-	-	-
Financial liabilities measured at fair value							
Forward exchange contracts used for hedging	25,208	-	-	25,208	-	25,208	-
	25,208	-	-	25,208	-	25,208	-
Financial liabilities not measured at fair value							
Borrowings	-	-	2,951,916	2,951,916	-	-	-
Trade payables	-	-	4,316,413	4,316,413	-	-	-
Other current liabilities*	-	-	636,720	636,720	-	-	-
	-	-	7,905,049	7,905,049	-	-	-
31 December 2017							
Financial assets measured at fair value							
Forward exchange contracts used for hedging	15,176	-	-	15,176	-	15,176	-
	15,176	-	-	15,176	-	15,176	-
Financial assets not measured at fair value							
Trade and other assets	-	2,453,574	-	2,453,574	-	-	-
Cash and cash equivalents	-	3,632,655	-	3,632,655	-	-	-
	-	6,086,229	-	6,086,229	-	-	-
Financial liabilities measured at fair value							
Forward exchange contracts used for hedging	-	-	-	-	-	-	-
Financial liabilities not measured at fair value							
Borrowings	-	-	558,839	558,839	-	-	-
Trade payables	-	-	2,899,767	2,899,767	-	-	-
Other current liabilities*	-	-	522,925	522,925	-	-	-
	-	-	3,981,531	3,981,531	-	-	-

* Other payables that are not financial liabilities are not included.

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.

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

Figures in Taka '000	2018	2017
Impairment loss on trade receivables from contracts with customers	(166,231)	(15,202)
	(166,231)	(15,202)

Trade receivables and other current assets

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

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

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

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

Figures in Taka '000	2018	2017
Neither past due	549,441	1,071,414
Past due		
Past due 1-30 days	358,211	275,111
Past due 31-90 days	101,446	129,502
Past due 91-120 days	102,524	55,276
Over 180 days	220,266	15,202
	1,331,888	1,546,505

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

The change in the impairment loss on trade receivables is as follows:

Figures in Taka '000	2018	2017
Balance at 1 January	(15,202)	(11,954)
Acquisition of HBL	(190,240)	-
Provision written back	48,014	-
Current year addition	(8,803)	(3,248)
	(166,231)	(15,202)

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

	2018 (Taka'000)	2017 (Taka'000)
Trade receivables (Note 9)	1,331,888	1,546,505
Other assets	616,311	514,888
	1,948,199	2,061,393

Cash and cash equivalents

The Company held cash and cash equivalents of Tk446 million at 31 December 2018 (2017: Tk3,632 million). 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 2018 In thousand taka	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	4,316,413	2,886,663	1,429,750	-
Other current liabilities	668,642	520,544	148,098	-
Borrowings	2,951,916	1,567,438	400,000	984,478
	7,936,971	4,974,645	1,977,848	984,478
Derivative financial liabilities				
Forward exchange contracts used for hedging	25,208	25,208	-	-
	25,208	25,208	-	-
31 December 2017				
Trade payables	2,899,767	2,169,062	730,705	-
Other current liabilities	522,925	381,555	141,370	-
Borrowings	558,839	558,839	-	-
	3,981,531	3,109,456	872,075	-
Derivative financial liabilities				
Forward exchange contracts used for hedging	-	-	-	-
	-	-	-	-

iii) Market risk

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

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

a) Currency risk

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

Exposure to currency risk

The summary 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 2018	BDT'000	INR'000	USD'000	EUR'000	CHF'000
Foreign currency denominated assets					
Other assets	1,120,573	917,732	207	-	-
Cash and cash equivalents	180,640	138,107	172	2	-
Total	1,301,213	1,055,839	379	2	-
Foreign currency denominated liabilities					
Trade payables	1,069,744	457,707	5,311	248	-
Other current liabilities	393,234	35,402	3,142	899	17
Total	1,462,978	493,109	8,453	1,147	17
Balance at 31 December 2017					
Foreign currency denominated assets					
Other assets	1,295,760	988,360	207	-	-
Cash and cash equivalents	317,831	245,092	2	6	-
Total	1,613,591	1,233,452	209	6	-
Foreign currency denominated liabilities					
Trade payables	897,149	518,253	2,470	228	-
Other current liabilities	700,895	36,537	7,629	231	-
Total	1,598,044	554,790	10,099	459	-

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 2018		31 December 2017	
	Closing rate	Average rate	Closing rate	Average rate
BDT/INR	1.2021	1.2229	1.2937	1.2358
BDT/USD	83.9000	83.4686	82.7000	80.4475
BDT/EUR	95.2517	98.5670	98.3138	90.9579
BDT/CHF	84.6167	85.8055	-	-
BDT/GBP	105.9993	111.4302	110.7932	103.6984

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	2018 Estimated impact on profit/loss and equity (+/-) Taka'000	2017 Estimated impact on profit/loss and equity (+/-) Taka'000
Assets denominated in USD	159	87
Assets denominated in INR	6,346	7,979
Liabilities denominated in USD	3,546	4,176
Liabilities denominated in EUR	546	226
Liabilities denominated in CHF	7	-
Liabilities denominated in INR	2,964	3,589

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 2018 profit before tax of +/- Tk104 (Tk16,199 for 2017) in thousands and Tk29,771 (Tk5,588 for 2017) in thousands respectively.

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

	2018 (Taka'000)	2017 (Taka'000)
Financial assets		
Term deposits	10,422	1,619,896
	10,422	1,619,896
Financial liabilities		
Borrowings	2,977,124	558,839
	2,977,124	558,839

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.

34 Number of Employees

	2018	2017
A. LafargeHolcim Bangladesh Limited		
<i>Nationality:</i>		
Bangladeshi	341	386
Non-Bangladeshi	6	8
B. Holcim Cement (Bangladesh) Limited		
<i>Nationality:</i>		
Bangladeshi	285	-
Non-Bangladeshi	1	-
C. Lafarge Umiam Mining Private Limited		
<i>Nationality:</i>		
Indian	127	127
Non-Indian	1	1
	761	522
Salary range:		
Monthly Taka 3,000 or above	761	522
Monthly below Taka 3,000	Nil	Nil

35 Reconciliation of liabilities from financing activities in foreign currency

	Opening balance 2018	Cash flows	Non-cash currency translation	Closing balance 2018
Borrowings-short term	558,839	(303,403)	(37,303)	218,133

36 Amalgamation of Holcim Cement (Bangladesh) Limited

The Board of Directors of LafargeHolcim Bangladesh Limited in its meeting held on 29 November 2018, approved the amalgamation of its subsidiary Holcim Cement (Bangladesh) Limited with its parent company LafargeHolcim Bangladesh Limited. The approval is subject to requisite approval of the banks and other creditors the subsidiary, approval of the shareholders of the LafargeHolcim Bangladesh Limited, and finally, the sanction of the Hon'ble High Court Division of the Supreme Court of Bangladesh. The amalgamation of the Company is currently in process.

37 Comparative information for the shareholders

	2018 (Taka'000)	2017 (Taka'000)
Net Asset Value (NAV) Per Share	13.41	13.15
Earning Per Share (EPS)	0.96	0.69
Net Operating Cash Flow Per Share (NOCFPS)	2.68	1.17
Profit for the year	1,114,652	805,291

38 Reconciliation of net profit with cash flows from operating activities

Net profit for the year	1,114,652	805,291
Depreciation and amortization	986,402	660,482
Other non-cash items	8,803	3,248
Non-operating items	1,195,833	465,304
Changes in net working capital	(192,941)	(579,603)
Cash flows from operating activities	3,112,749	1,354,722



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

OUR STRIDE BROUGHT US GREAT ACHIEVEMENTS



LHBL received award from National Board of Revenue (NBR) of the Government of Bangladesh for being one of the highest taxpayers in its category.



LUMPL – the subsidiary of LafargeHolcim Bangladesh Limited was awarded the prestigious Guru Dronacharya award for fifth consecutive years for consistent outstanding achievements of the mines in the field of health and safety. LUMPL is the role model among all mines of the North-eastern region of India.



LUMPL – the subsidiary of LafargeHolcim Bangladesh Limited was awarded the prestigious Guru Dronacharya award for four consecutive years for consistent outstanding achievements of the mines in the field of health and safety. LUMPL is the role model among all mines of the North-eastern region of India.



Financial statements of
Lafargeholcim Bangladesh Limited

for the year ended December 31, 2018

INDEPENDENT AUDITORS' REPORT To the Shareholders of LafargeHolcim Bangladesh Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LafargeHolcim Bangladesh Limited, (the "Company") which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 7C to the financial statements which describe the amalgamation of the fully owned subsidiary Holcim Cement (Bangladesh) Limited (the "Subsidiary") with the Company. The Board of Directors of the Company in its meeting held on 29 November 2018, approved the amalgamation of the Company with the Subsidiary whereby the Subsidiary will merge with the Company, and the Company shall be the surviving entity. The approval is subject to requisite approval of the banks and other creditors to the subsidiary, approval of the shareholders of the Company, and finally, the sanction of the Hon'ble High Court Division of the Supreme Court of Bangladesh. The amalgamation is currently in process. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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.

Investment in Subsidiary

The key audit matter:

The Company acquired 100% of outstanding shares of Holcim Cement Bangladesh Limited (the "Subsidiary") for consideration of Tk5,047 million. The transfer of share for this acquisition was completed on 7 January 2018. This has been recognized as an investment in the Subsidiary and disclosed in Note 7 to the financial statements. Due to the size and significance of the event, we considered this to be a key audit matter.



How the matter was addressed in our audit:

Our audit procedures in this area included, among others:

- Assessing the accuracy of the amount recognized as an investment in the Subsidiary and verifying relevant regulatory approval for the investment.
- Verifying the accounting for material acquisition-related costs per IFRS.
- Verifying the completeness of transfer of ownership of the Subsidiary.
- Evaluating the adequacy of the financial statement disclosures for the acquisition of the Subsidiary.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of the 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we will communicate the matter to those charged with governance of the Company.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, the Companies Act, 1994, the Securities and Exchange Rules, 1987, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of financial statements of the current period and are therefore the key audit matters. We described these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994 and the Securities and Exchange Rules, 1987, we also report the following:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b. in our opinion, proper books of 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, statement of profit or loss and statement of comprehensive income dealt with by the report are in agreement with the books of account and return; and
- d. the expenditures incurred were for the purposes of the Company's business.

The engagement partner on the audit resulting in this independent auditors' report is Md. Faruk Uddin Ahammed.



Nurul Faruk Hasan & Co
Chartered Accountants

LAFARGEHOLCIM BANGLADESH LIMITED
Statement of financial position As at 31 December

Note	2018 (Taka'000)	2017 (Taka'000) (Restated)*
Assets		
Non-current assets		
Property, plant and equipment	5 9,830,244	9,994,612
Intangible assets	6 84,139	134,682
Investment in subsidiaries	7 5,567,713	519,893
Total non-current assets	15,482,096	10,649,187
Current assets		
Inventories	8 1,501,367	1,232,948
Trade receivables	9 2,907,068	1,786,699
Other current assets	10 380,641	483,709
Advance income tax	11 849,947	996,757
Cash and cash equivalents	12 201,900	3,315,578
Total current assets	5,840,923	7,815,691
Total assets	21,323,019	18,464,878
Equity & liabilities		
Equity		
Share capital	13.4 11,613,735	11,613,735
Retained earnings	2,298,905	2,034,173
Other components of equity	13.7 (98,942)	(62,756)
Total equity	13,813,698	13,585,152
Non-current liabilities		
Borrowings	14A 984,478	-
Deferred tax liability	15 1,897,124	1,989,150
Employee benefits	16 95,558	14,714
Total non-current liabilities	2,977,160	2,003,864
Current liabilities		
Trade payables	17 2,528,987	2,362,390
Other current liabilities	18 594,008	513,472
Borrowings	14B 1,409,166	-
Total current liabilities	4,532,161	2,875,862
Total equity and liabilities	21,323,019	18,464,878

* See Note 7

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


Nurul Faruk Hasan & Co
Chartered Accountants

LAFARGEHOLCIM BANGLADESH LIMITED
Statement of profit or loss
For the year ended 31 December

	Note	2018 (Taka'000)	2017 (Taka'000)
Revenue	20	12,115,261	10,819,131
Cost of sales	21	(9,352,077)	(9,128,184)
Gross Profit		2,763,184	1,690,947
Other operating income	24A	8,065	314,849
General and administrative expenses	22	(837,987)	(1,029,784)
Sales and marketing expenses	23	(276,654)	(263,627)
Other operating expense	24B	(155,038)	(2,365)
Operating Profit		1,501,570	710,020
Finance cost	25	(234,307)	(35,400)
Finance income	25	2,431	108,477
Net finance (cost)/income		(231,876)	73,077
Profit before WPPF & tax		1,269,694	783,097
Workers' profit participation and welfare fund (WPPF)		(63,485)	(39,155)
Profit before tax		1,206,209	743,942
Income tax expense	26	(360,790)	(239,242)
Profit for the year		845,419	504,700
Earnings Per Share			
Basic	27	0.73	0.43
Diluted	27	0.73	0.43

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



Nurul Faruk Hasan & Co
Chartered Accountants

LAFARGEHOLCIM BANGLADESH LIMITED
statement of comprehensive income
For the year ended 31 December

	2018 Taka'000	2017 taka'000 (Restated)*
Profit for the year	845,419	504,700
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Actuarial gain/(loss)	(37,870)	23,657
Related tax	11,002	(5,914)
	(26,868)	17,743
Items that may be reclassified subsequently to profit or loss		
Cash flow hedge	(9,318)	-
	(9,318)	-
Other comprehensive income for the year net of tax	(36,186)	17,743
Total comprehensive income for the year	809,233	522,443

* See Note 7

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 changes in equity
For the year ended 31 December

<i>(Figures in Taka'000)</i>	Share capital	Retained earnings	Other components of equity	Total equity
Balance at 1 January 2017	11,613,735	2,690,847	(123,314)	14,181,268
Impact of restatement*	-	-	42,815	42,815
Restated balance at 1 January 2017	11,613,735	2,690,847	(80,499)	14,224,083
Total comprehensive income for the year	-	504,700	17,743	522,443
Final dividend for 2016	-	(580,687)	-	(580,687)
Interim dividend	-	(580,687)	-	(580,687)
Restated balance at 31 December 2017	11,613,735	2,034,173	(62,756)	13,585,152
Balance at 1 January 2018	11,613,735	2,034,173	(62,756)	13,585,152
Total comprehensive income for the year	-	845,419	(36,186)	809,233
Final dividend for 2017	-	(580,687)	-	(580,687)
Balance at 31 December 2018	11,613,735	2,298,905	(98,942)	13,813,698

* See Note 7

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

Note	2018 Taka'000	2017 Taka'000
Cash flows from operating activities		
	11,616,966	10,471,052
	(10,465,772)	(9,588,118)
	1,151,194	882,934
	(289,091)	(290,572)
	8,065	7,667
37	870,168	600,029
Cash flows from investing activities		
	(521,488)	(224,997)
	-	(537)
	5,758	1,442
	5,758	123,174
	-	64,222
	-	16,468
	-	307,182
	(5,047,820)	-
	(5,557,792)	286,954
Cash flows from financing activities		
	2,370,100	-
	(219,234)	(14,510)
	(576,920)	(1,155,202)
	1,573,946	(1,169,712)
	(3,113,678)	(282,729)
	3,315,578	3,598,307
	201,900	3,315,578

*Refer to Note 37 for a reconciliation between net profit with cash flows from operating activities.



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 (the "Company" or LHBL) was incorporated on 11 November 1997 as a private limited company in Bangladesh under the Companies Act 1994 having its registered office in Dhaka. The Company was subsequently 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. 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 change of name of the Company to "LafargeHolcim Bangladesh Limited".

The Company operates a cement manufacturing plant at Chhatak under Sunamganj district. The Company extracts and processes the basic raw materials of limestone from the quarry in Meghalaya owned by the Company's fully owned subsidiary Lafarge Umiam Mining Private Limited. A 17 kilometres cross-border belt conveyor links the quarry with the cement plant for transportation of raw materials. The Company is engaged in manufacturing and marketing of cement and clinker in the local 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 27 February 2019.

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 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 categorised 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 2.7 and 30).

2.3 Functional and presentation currency

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

ii) Subsequent costs

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

iii) Construction in progress

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

iv) Depreciation of property, plant and equipment

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

Category	Rate %
Building	2-2.5
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.

2.5 Intangible assets

i) Software

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

Construction in progress

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

ii) Amortization of intangible assets

Software

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

2.6 Inventories

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

2.7 Financial Instruments

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets – Policy applicable from 1 January 2018

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

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

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

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

Financial assets – Business model assessment: Policy applicable from 1 January 2018

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

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

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

Financial assets – Subsequent measurement and gains and losses; Policy applicable from 1 January 2018.**Financial assets at amortised cost:**

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

Financial assets – Policy applicable before 1 January 2018

The Company classified its financial assets into the following category:

- loans and receivables
- at FVTPL, and within this category as derivative hedging instruments

Financial assets – Subsequent measurement and gains and losses: Policy applicable before 1 January 2018

- loans and receivables
- at FVTPL, and within this category as derivative hedging instruments

Financial liabilities – Classification, subsequent measurement and gains and losses

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

iii) Derivative instruments

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

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

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

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

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

iv. Derecognition

Financial assets

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

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

Financial liabilities

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

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

v. Offsetting

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

2.8 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.

2.9 Employees' benefit schemes

i) Gratuity plan

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.

i) Provident fund

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

iii) Workers' profit participation and welfare funds

The Company recognises a provision for Workers' Profit Participation and Welfare Funds @ 5% of income before tax before charging such expenses per Bangladesh Labour Act, 2006.

2.10 Taxation

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

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

i) Current tax

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

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

ii) Deferred tax

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

Deferred tax liabilities are recognised for all temporary taxable differences.

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

2.11 Revenue recognition

Sale of the products, net of value added tax is recognised 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.

2.12 Provision

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

2.13 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.

2.14 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 period.

2.15 Dividend distribution

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

3 Adoption of new International Financial Reporting Standards

The Company has initially applied IFRS 15 and IFRS 9 from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Company's financial statements.

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards. Except for separately presenting impairment loss on trade receivables and contract liabilities.

A. IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control-at a point in time or over time-requires judgment.

IFRS 15 did not materially impact the Company as the net sales relate to delivery at a point in time of gray cement and cement clinker. The Company has adopted IFRS 15 using the cumulative effect method with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated- i.e. it is presented, as previously reported, under IAS 18 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

B. IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non- financial items. This standard replaces IAS 39 financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. However impairment of trade receivables are presented under selling and marketing expense similar to the presentation under IAS 39, and not presented separately in the statement of profit or loss and OCI due to materiality consideration.

Classification and measurement of financial assets and financial liabilities

FRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.

<i>Figures in Taka'000</i>	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets				
Trade receivables	Loans and receivables	Amortised cost	1,786,699	1,786,699
Other current assets	Loans and receivables	Amortised cost	483,709	483,709
			2,270,408	2,270,408
Financial liabilities				
Borrowings	Other financial liabilities	Other financial liabilities	-	-
Trade payables	Other financial liabilities	Other financial liabilities	2,362,390	2,362,390
Other current liabilities	Other financial liabilities	Other financial liabilities	513,472	513,472
Forward exchange contract used for hedging	Fair value-hedging instrument	Fair value-hedging instrument	-	-
			2,875,862	2,875,862

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. The foreign exchange forward contract hedge qualified as cash flow hedges under IAS 39 as at 31 December 2017, also qualified as cash flow hedges under IFRS 9. Pursuant to the guidance in IFRS 9, the Company records in the separate 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. In case of fair value hedge relationship, changes in fair value on the hedging items are recognised in the separate statement of profit or loss of the period of change.

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

C. IFRS 16- Leases

IFRS 16 requires lessees to adopt a uniform approach to the presentation of leases. Correspondingly, assets must be recognised for the right of use received and liabilities must be recognised recognised for payment obligations entered into for all leases. The Company currently expects to transition to IFRS 16 in accordance with the modified retrospective approach. For leases that have to date been classified as operating leases in accordance with IAS 17, the lease liability will be carried at the present value of the remaining lease payments, discounted using the lessees incremental borrowing rate at the time the standard is first applied. The right-of-use asset will generally be measured at the amount of the lease liability. The Company currently plans to make use of relief options available for leases or low value assets and short-term leases (shorter than twelve months).

The Company is currently finalizing its review of the results of the analysis of existing leases and the impact IFRS 16 will have on its financial statements.

D. International Financial Reporting Standards (IFRS)

The Institute of Chartered Accountants of Bangladesh has adopted IFRS effective from annual periods beginning on or after 1 January 2018. IFRS replaced all Bangladesh Financial Reporting Standards. Adoption of IFRS does have major impact on the Company's financial statements.

4 Preparation and presentation of the separate financial statements

The Board of Directors are responsible for the preparation and fair presentation of the separate financial statements of LafargeHolcim Bangladesh Limited. LafargeHolcim Bangladesh Limited has three subsidiary companies incorporated in India and Bangladesh as detailed in Note-7.

5. Property, plant and equipment

A. Reconciliation of carrying amount

<i>Figures in Taka '000</i>	Freehold land	Building	Plant & machinery	Vehicles	Office equipment	Furniture & fixtures	Construction in progress	Total
Cost								
At January 1, 2018	532,077	612,952	13,310,203	187,043	346,994	60,690	424,365	15,474,324
Additions	-	8,308	247,957	8,125	22,912	-	243,275	530,577
Disposals	-	-	(260,914)	(7,710)	(5,293)	(19,772)	-	(293,689)
Transfers	-	17,010	383,865	-	-	-	(400,875)	-
At December 31, 2018	532,077	638,270	13,681,111	187,458	364,613	40,918	266,765	15,711,212
Accumulated depreciation								
At January 1, 2018	-	158,059	4,875,319	152,149	240,269	53,916	-	5,479,712
Disposals	-	-	(101,784)	(6,257)	(5,284)	(19,568)	-	(132,893)
Charge for the year	-	15,642	476,276	15,458	23,763	3,010	-	534,149
At December 31, 2018	-	173,701	5,249,811	161,350	258,748	37,358	-	5,880,968
Carrying amount								
At December 31, 2018	532,077	464,569	8,431,300	26,108	105,865	3,560	266,765	9,830,244
At December 31, 2017	532,077	454,893	8,434,884	34,894	106,725	6,774	424,365	9,994,612

Depreciation charge for the year allocated to

	2018	2017
	Taka '000	Taka '000
Depreciation charge for the year allocated to		
Production and maintenance costs (Note 21.2)	501,920	481,674
Depot operating and transportation costs (Note 21.4)	8,192	1,870
General and administrative expenses (Note 22)	23,350	32,216
Sales and Marketing Expenses (Note 23)	687	598
	534,149	516,358

B. Details of disposal of property plant and equipment**Figures in Taka'000- Disposal details**

	Plant & machinery	Vehicles	Office equipment	Furniture & fixtures	Total
Cost	260,914	7,710	5,293	19,772	293,689
Accumulated depreciation	(101,784)	(6,257)	(5,284)	(19,568)	(132,893)
Carrying amount at December 31, 2018	159,130	1,453	9	204	160,796
Sale proceeds	-	3,899	1,391	468	5,758
	Company policy Written off	Company policy/tender Third party & employees	Company policy Third party & Written off	Company policy	
Mode of disposal					
Particulars of purchaser/type of disposal					

6. Intangible assets**Figures in Taka'000**

	Software	Construction in progress	Total
Cost			
At January 1, 2018	41,439	117,409	158,848
Transfers	117,409	(117,409)	-
At December 31, 2018	158,848	-	158,848
Accumulated depreciation			
At January 1, 2018	24,166	-	24,166
Charge for the year	50,543	-	50,543
At December 31, 2018	74,709	-	74,709
Carrying amount			
At December 31, 2018	84,139	-	84,139
At December 31, 2017	17,273	117,409	134,682

	2018 (Taka'000)	2017 (Taka'000)
Amortization charge for the year allocated to		
Production and maintenance costs (Note 21.2)	9,204	8,165
General and administrative expenses (Note 22)	41,339	4,982
	50,543	13,147
7 Investment in subsidiaries		
A. Details of investment in subsidiary		
Lafarge Umiam Mining Private Limited (LUMPL)* - a fully owned subsidiary incorporated in India	519,356	519,356
Lum Mawshun Minerals Private Limited (LMMPL)* - a 74% owned subsidiary incorporated in India	537	537
Holcim Cement (Bangladesh) Limited - a fully owned subsidiary incorporated in Bangladesh	5,047,820	-
	5,567,713	519,893

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	
		2018	2017
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
Holcim Cement (Bangladesh) Limited	Bangladesh Tk. 100	88,243	-

B. Restatement of prior year balance*

Lafarge Umiam Mining Private Limited	532,139
Lum Mawshun Minerals Private Limited	523

Balance at 31 December 2017 (A)	532,662
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Adjustments

Lafarge Umiam Mining Private Limited	12,783
Lum Mawshun Minerals Private Limited	(14)

Cumulative adjustments (B)	12,769
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Lafarge Umiam Mining Private Limited	519,356
Lum Mawshun Minerals Private Limited	537

Restated balance at 31 December 2017 (A-B)	519,893
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Prior years, the Company translated investment in its Indian subsidiaries at closing exchange rate at reporting periods and recognized the effects of changes in foreign exchange rates in other comprehensive income. This treatment is not in accordance with IAS 27 Separate Financial Statements. The Company decided to recognise these investments at costs. Therefore, these investments have been restated at costs. The restatement does not have a material effect on the information in the statement of financial position as at 1 January 2017. As such a third statement of financial position as at 1 January 2017 has not been presented.

C. Amalgamation of Holcim Cement (Bangladesh) Limited

The Board of Directors of LafargeHolcim Bangladesh Limited in its meeting held on 29 November 2018, approved the amalgamation of the fully owned subsidiary Holcim Cement (Bangladesh) Limited with the Company. The approval is subject to requisite approval of the banks and other creditors to the subsidiary, approval of the shareholders of the Company, and finally, the sanction of the Hon'ble High Court Division of the Supreme Court of Bangladesh. The amalgamation of the Company is currently in process.

	2018 (Taka'000)	2017 (Taka'000)
8 Inventories		
Raw materials	419,481	321,625
Semi-finished and finished products	315,757	179,729
Parts and supplies	766,129	731,594
	1,501,367	1,232,948
9 Trade receivables		
Trade receivables	2,609,708	1,531,303
Advance payment to trade suppliers	297,360	255,396
	2,907,068	1,786,699
See note 30B(i) for disclosures regarding credit risk, allowance for doubtful debts and ageing analysis of trade receivables.		
10 Other Current Assets		
Prepaid expenses	55,970	53,906
VAT current account	264,748	290,901
Advance to employees	10,467	23,688
Security and other deposits	8,393	8,075
Other receivables	6,733	31,546
Advance payment to suppliers of fixed assets	34,330	72,266
Accrued interest on bank deposits	-	3,327
	380,641	483,709

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.

	2018 (Taka'000)	2017 (Taka'000)
11 Advance income tax- net of tax provision		
Advance income tax	2,466,414	2,177,323
Current tax liabilities (Note 11.1)	(1,616,467)	(1,180,566)
	849,947	996,757
11.1 Current Tax Liabilities		
Balance at 1 January	1,180,566	862,672
Provision for the year (Note 26)	435,901	317,894
Balance at 31 December	1,616,467	1,180,566
12 Cash and cash equivalents		
Cash in hand	2,066	2,216
	2,066	2,216
Cash at banks		
Current accounts	189,412	1,787,378
Short term deposit accounts	10,422	20,514
Fixed deposit receipts	-	1,505,470
	199,834	3,313,362
	201,900	3,315,578
13 Share capital		
13.1 Authorized capital		
1,400,000,000 ordinary shares of Taka 10 each	14,000,000	14,000,000
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 8 September 2011. Moreover, face value of each ordinary share has been denominated from Taka 100 to Taka 10 at 4 December 2011.		
13.3 Issued and subscribed capital		
1,161,373,500 ordinary shares of Taka 10 each	11,613,735	11,613,735
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
	11,613,735	11,613,735

13.5 Composition of shareholders at 31 December

Name of the shareholders	Nationality/ Incorporated in	Number of shares		Holding %	
		2018	2017	2018	2017
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
		1,161,373,500	1,161,373,500	100.00	100.00

13.6 Classification of shares by holding at 31 December

Slabs by number of shares	Number of shareholders		Holding %	
	2018	2017	2018	2017
Less than 500 Shares	9,003	9,167	0.20	0.20
501 to 5,000 Shares	14,125	14,075	2.43	2.44
5,001 to 10,000 Shares	2,627	2,550	1.69	1.65
10,001 to 20,000 Shares	1,624	1,564	2.06	1.97
20,001 to 30,000 Shares	546	560	1.17	1.21
30,001 to 40,000 Shares	284	301	0.87	0.91
40,001 to 50,000 Shares	210	221	0.83	0.88
50,001 to 100,000 Shares	360	375	2.25	2.36
100,001 to 1,000,000 Shares	339	389	7.92	9.15
Over 1,000,000 Shares	43	43	80.58	79.23
	29,161	29,245	100.00	100.00

	2018 (Taka'000)	2017 (Taka'000)
13.7 Other components of equity		
Actuarial loss-net of tax	(89,624)	(62,756)
Others	(9,318)	-
	(98,942)	(62,756)

13.8 Dividends

The final dividend amounts to Taka 1,161,373,500 which is Taka 1.00 per share of Taka 10 each for the year 2018 proposed by the Board of Directors of the Company for approval at the Annual General Meeting of Shareholders. As this dividend is subject to approval by shareholders at the Annual General Meeting, it has not been included as a liability in these financial statements as of December 31, 2018.

	2018 (Taka'000)	2017 (Taka'000)
14 Borrowings		
A. Borrowings- long term		
Non-current portion -Unsecured	984,478	-
	984,478	-
<p>The loans were availed from two commercial banks for the acquisition of Holcim Cement (Bangladesh) Limited. The loans are denominated in Bangladesh Taka with face value of Tk1.2 billion and Tk1.2 billion respectively. Interest rates for both loans are based upon T-Bill rates plus 3.5% margin. The loans are repayable on 2021.</p>		
B. Borrowings- short term		
Current portion of long term -Unsecured	800,000	
Short-term credit facilities	600,000	-
Derivative liabilities*	9,166	-
	1,409,166	-
<p>*The Company entered into forward contracts with the commercial bank 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 liability		
Deferred tax by type of temporary differences that resulted in deferred tax assets and liability.		
Property, plant and equipment	1,944,052	2,011,774
Deferred tax liabilities	1,944,052	2,011,774
Provision for gratuity	41,672	18,823
Provision for doubtful debts	5,256	3,801
Deferred tax assets	46,928	22,624
Net deferred tax liability	1,897,124	1,989,150
15.1 Change in deferred tax assets and liability		
Balance at 1 January- deferred tax liability	1,989,150	2,061,888
Deferred tax income for the year (Note 26)	(75,111)	(78,652)
Other component of equity	(16,915)	5,914
Balance at 31 December- deferred tax liability	1,897,124	1,989,150

		2018 (Taka'000)	2017 (Taka'000)
16	Employee benefits		
	A. Net position of gratuity plan		
	Present value of defined benefit obligation	315,812	264,157
	Fair value of plan assets	(220,254)	(249,443)
	Net funded status	95,558	14,714

B. Actuarial valuation

The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2018 by a professional actuary using Projected Unit Credit Method.

		2018 (Taka'000)	2017 (Taka'000)
	C. Assumptions employed for the valuations are as follows:	%	%
	Salary increase rate	8.00	8.00
	Discount rate	7.25	8.00
	D. Movement in the present value of the defined benefit obligation are as follows:		
	Balance at 1 January	264,157	269,679
	Current service cost	36,496	36,758
	Interest cost	20,297	20,297
	Actuarial loss/(gain)	43,802	(23,657)
	Benefits paid during the year	(48,940)	(38,920)
	Balance at 31 December	315,812	264,157
	E. Movement in the fair value of the plan assets are as follows:		
	Balance at 1 January	249,443	218,314
	Contributions from employer	-	51,365
	Expected return on plan assets	19,955	18,684
	Actuarial loss	(204)	-
	Benefits paid during the year	(48,940)	(38,920)
	Balance at 31 December	220,254	249,443

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.

31 December 2018

Effect in thousands of taka	Increase	Decrease
Discount rate	301,986	330,728
Salary increase rate	330,549	302,017

	2018 (Taka'000)	2017 (Taka'000)
17 Trade payables		
Payable for goods and services	1,564,710	1,630,952
General assistance fee (Note- 17.1)	289,919	294,990
Trademark license fee (Note- 17.2)	289,919	294,990
Contract liabilities	384,439	141,458
	2,528,987	2,362,390

17.1 General assistance fee

The amount is payable to Lafarge S.A. and Cementos Molins for general assistance fee (1 percent of annual net turnover of the Company in accordance with the General Assistance Agreement).

17.2 Trademark license fee

The amount is equally payable to Lafarge S.A. and Cementos Molins for trademark license fee (1 percent of annual net turnover of the Company in accordance with the Trademark License Agreement).

	2018 (Taka'000)	2017 (Taka'000)
18 Other current liabilities		
Payables to suppliers of fixed assets	144,263	173,110
Income tax and VAT deducted at source	111,433	134,467
Others	258,120	158,054
Accrued interest payable	28,584	-
Dividend payable	51,608	47,841
	594,008	513,472
19 Commitments and Contingencies		
19.1 Commitments		
Commitments related to operating activities		
Purchase commitments	2,379,251	1,696,897
Capital expenditure commitments	117,059	141,178
Guarantees given	460,417	460,112
	2,956,727	2,298,187
19.2 Contingent Liabilities		
Tax related cases with the Hon'ble High Court	247,515	247,515
VAT related cases with the Hon'ble High Court	109,225	109,225
	356,740	356,740

	2018 (Taka'000)	2017 (Taka'000)
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
19.4		
<p>Clinker production of the Company at the plant stopped from April 2010 due to the suspension of supply of limestone from the quarry and resumed in August 2011. During this period, the gas consumption from Jalalabad Gas Transmission and Distribution System Limited drastically reduced since there was no clinker production. Under the agreement with Jalalabad Gas, the Company needs to take a minimum quantity failing which it needs to pay as advance the shortfall between the minimum quantity and the actual quantity consumed. The Company raised a dispute with Jalalabad Gas that this is a force majeure event and hence, the Company is not liable to pay this advance but this was not accepted by them. Thereafter the matter has been referred to arbitration. The Company has received the arbitration Award in its favour on 30 June 2015. Jalalabad Gas applied to High Court to set aside of the arbitration award. On August 16, 2018, the High Court rejected their application. Accordingly, the award of arbitration remains in full effect. Jalalabad Gas may file appeal in the Appellate Division against the above judgment of the High Court within sixty (60) days of receiving the certified copy of the judgment of the High Court.</p>		
	2018 (Taka'000)	2017 (Taka'000)
20 Revenue		
Sale of gray cement*	9,676,886	7,748,241
Sale of cement clinker	2,194,098	2,944,913
Other sales (Limestone and slag sales to Holcim Cement (Bangladesh) Limited)	244,277	125,977
	12,115,261	10,819,131
Products transferred at a point in time	12,115,261	10,819,131
Services transferred over time	-	-
	12,115,261	10,819,131
*Sale of gray cement		
Local sales	9,664,690	7,741,722
Export in Export Processing Zones	12,196	6,519
	9,676,886	7,748,241
21 Cost of Sales		
Opening finished goods and work in process (Note- 35)	179,729	124,134
Raw materials costs (Note- 21.1)	3,665,489	3,835,499
Toll manufacturing costs	1,740,376	1,005,749
Power and fuel costs	1,196,532	1,241,433
Production and maintenance costs (Note- 21.2)	1,253,791	1,388,742
Plant general and administrative costs (Note- 21.3)	238,001	239,061
Freight cost to customers	570,669	650,260
Depot operating and transportation costs (Note- 21.4)	823,247	823,035
Closing finished goods and work in process (Note- 35)	(315,757)	(179,729)
	9,352,077	9,128,184

	2018 (Taka'000)	2017 (Taka'000)
21.1 Raw materials costs		
Slag	256,741	192,952
Gypsum	271,673	201,533
Iron ore	22,342	78,348
Sand	22,428	32,261
Clay	91,229	73,653
Limestone	2,588,316	2,883,460
Packing materials	387,080	363,976
Others	25,680	9,316
	3,665,489	3,835,499
21.2 Production and maintenance costs		
Salary, allowances and benefits	199,616	205,521
Contributions to employees' benefit schemes	15,737	15,411
Maintenance	84,444	66,960
Other supplies and spares	246,593	264,937
Material handling	60,959	67,848
Other expenses	131,963	156,569
Technical studies	3,355	649
Impairment of construction in progress*	-	121,008
Depreciation	501,920	481,674
Amortization of intangible assets	9,204	8,165
	1,253,791	1,388,742
<p>*In the year 2007, the management took a project for establishing another clinker production line which is called "2nd line clinker production project". In the year 2017, the management decided to discontinue the project after duly studying the current business environment. Hence, all project costs incurred in the project period, charged in profit and loss.</p>		
21.3 Plant general and administrative costs		
Salary, allowances and benefits	78,648	81,749
Contributions to employees' benefit schemes	2,743	2,637
Staff welfare expenses	33,268	36,874
Training, seminars and meetings	1,251	1,035
Travelling	3,765	3,880
Rent	1,343	758
Gas, electricity and water	306	195
Telephone, fax and postage	1,480	1,444
Office maintenance	30,588	27,046
Security services	27,592	27,303
Printing and stationery	438	508
Other supplies and spares	1,790	1,102
Other office expenses	17,731	21,078
Consultancy	186	-
Vehicles running expenses	7,831	7,131
Corporate social activities	10,269	7,355
Insurance	18,772	18,966
	238,001	239,061

	2018 (Taka'000)	2017 (Taka'000)
21.4 Depot operating and transportation costs		
Salary, allowances and benefits	100,137	106,754
Contributions to employees' benefit schemes	10,268	9,192
Staff welfare expenses	2,994	2,956
Training, seminars and meeting	718	1,062
Depreciation	8,192	1,870
Depot other maintenance costs	148,550	155,403
Transportation costs	552,388	545,798
	823,247	823,035
22 General and administrative expenses		
Salary, allowances and benefits	213,879	241,582
Contributions to employees' benefit schemes	17,941	18,603
Staff welfare expenses	3,554	3,892
Training, seminars and meeting	15,237	18,034
Travelling	6,725	12,327
Rent	49,001	46,794
Gas, electricity and water	205	3,551
Telephone, fax and postage	1,380	4,748
Entertainment	6,075	8,496
Office maintenance	3,666	10,893
Office security services	749	2,287
Printing and stationery	1,781	2,030
IT maintenance expenses	114,431	90,480
Other office expenses	24,728	14,388
Registration and other fees	3,949	3,710
Audit and tax advisory fees	3,574	2,163
Legal expenses	6,469	668
Vehicles running expenses	15,631	18,672
Publicity and public relation	9,225	15,092
General assistance fee	97,894	91,631
Trademark license fee	97,894	91,631
Consulting, survey and studies	79,310	290,914
Depreciation	23,350	32,216
Amortization of intangible assets	41,339	4,982
	837,987	1,029,784

	2018 (Taka'000)	2017 (Taka'000)
23 Sales and marketing expenses		
Salary, allowances and benefits	130,503	121,325
Contributions to employees' benefit schemes	11,766	12,181
Staff welfare expenses	35	1,459
Training, seminars and meeting	474	129
Travelling	10,168	9,255
Gas, electricity and water	184	139
Telephone, fax and postage	1,492	1,217
Entertainment	2,235	1,766
Office maintenance	6,248	6,196
Printing and stationery	57	105
Other office expenses	9,017	2,151
Registration and other fees	2,322	2,087
Vehicles running expenses	17,244	23,016
Advertisement and promotion	77,309	78,384
Provision for trade receivables	5,820	3,248
General survey and studies	1,093	371
Depreciation	687	598
	276,654	263,627
24 Other operating income and expenses		
A. Other operating income		
Gain on sale of miscellaneous scrap items	8,065	7,667
Dividend income from subsidiary company	-	307,182
	8,065	314,849
B. Other operating expenses		
Loss on sale of property, plant and equipment	(155,038)	(2,365)
	(155,038)	(2,365)
25 Finance costs and income		
Interest on borrowings	213,955	56
Other finance costs	2,019	2,922
Bank charges and commission	9,378	13,146
Exchange loss	8,955	19,276
Finance costs	234,307	35,400
Interest income on bank deposits	2,431	102,908
Interest on loan to subsidiary company	-	476
Other finance income	-	5,093
Finance income	2,431	108,477
Net finance costs	231,876	(73,077)

		2018 (Taka'000)	2017 (Taka'000)
26	Income tax		
	Current income tax expenses	435,901	317,894
	Deferred tax income	(75,111)	(78,652)
		360,790	239,242
26.1	Reconciliation of tax rate		
	Statutory tax rate	25%	25%
	Dividend income from subsidiary company	-	-2.06%
	Permanent differences	4.91%	9.22%
	Effective tax rate	29.91%	32.16%
27	Earnings per share		
	The computation of basic earnings per share for the years ended 31 December 2018 and 31 December 2017 are as follows:		
	Numerator (Figures in Taka '000)		
	Profit for the year	845,419	504,700
	Denominator (Figures in Taka '000)		
	Weighted average number of shares outstanding	1,161,374	1,161,374
	Basic earnings per share	0.73	0.43
	Diluted earnings per share	0.73	0.43

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.

Name of the Party and relationship	Nature of transaction	Transaction value during the year Taka '000	Receivable/ (Payable) at 31 Dec 2018 Taka '000
Surma Holding B.V.	Dividend Payment	333,213	-
Holcim Asean Business Service Centre	Intercompany services/Technical assistance	55,099	(141,800)
Lafarge Asia SDN BHD	Intercompany services/Technical assistance	-	(71,251)
Lafarge S.A.-Group Company	Technical assistance/Trademark license	113,557	(373,716)
Cementos Molins-Group Company	Trademark license/Travel expenses	82,230	(254,998)
LH Trading Ltd- Group Company	Intercompany services	-	16,276
LH Trading Pte Ltd- Group Company	Intercompany purchase	523,587	(20,843)
PT Lafarge Cement Indonesia Group Company	Intercompany services	-	664
Holcim Group Services Ltd. Group Company	Intercompany services	7,422	(9,441)
Lafarge International Services Singapore Group Company	Intercompany services	1,290	(1,297)
Holcim Phillipines, Inc- Group Company	Intercompany services	-	(82)
Holcim Services (South Asia) India Group Company	Intercompany services	6,677	(23,492)
Lafarge Industries South Africa (PTY) Ltd. Group Company	Intercompany services	3,812	4,719
Holcim Cement (Bangladesh) Ltd. Subsidiary company	Clinker sales and intercompany services	2,042,008	1,711,472
Holcim Cement (Bangladesh) Ltd. Subsidiary company	Cement purchase	1,755,225	-
Eastern Housing Ltd. Shareholder's associated entity	Cement sales	10,667	1,005
Aftab Group Shareholder's associated entity	Cement sales	878	103
Bengal Development Corporation- Shareholder's associated entity	Cement sales	20,239	3,061
Jahurul Islam Medical College- Shareholder's associated entity	Cement sales	-	3
Opex Group- Shareholder's associated entity	Cement sales	3,793	418
Shikharaa Developments Ltd.- Shareholder's associated entity	Cement sales	713	(13)
Sinha Peoples Energy Ltd.- Shareholder's associated entity	Cement sales	1,105	234
Delta Life Insurance Company Limited Shareholder's associated entity	Insurance service	2,094	(1,009)
Lafarge Umiam Mining Private Limited - Subsidiary company	Purchase of limestone	2,537,478	(156,277)

	2018 (Taka'000)	2017 (Taka'000)
29 Directors', managers' and officers' remuneration		
Salary, allowances and benefits	353,830	318,672
Contributions to employees' benefit scheme	31,803	26,509
Reimbursable expenses	16,296	12,694
	401,929	357,875

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

The effect of initially applying IFRS 9 on the Company's financial instruments is described in Note 2.7.

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 2018 In thousands of Taka	Fair value - Hedging instruments	Financial assets at amortised cost	Other financial liabilities	Total	Fair Value		
					Level 1	Level 2	Level 3
Financial assets not measured at fair value							
Trade and other current assets	-	3,287,709	-	3,287,709	-	-	-
Cash and cash equivalents	-	201,900	-	201,900	-	-	-
	-	3,489,609	-	3,489,609	-	-	-
Financial liabilities measured at fair value							
Forward exchange contracts used for hedging	9,166	-	-	9,166	-	9,166	-
	9,166	-	-	9,166	-	9,166	-
Financial liabilities not measured at fair value							
Borrowings	-	-	2,384,478	2,384,478	-	-	-
Trade payables	-	-	2,528,987	2,528,987	-	-	-
Other current liabilities*	-	-	565,424	565,424	-	-	-
	-	-	5,478,889	5,478,889	-	-	-
31 December 2017							
In thousands of Taka							
Financial assets not measured at fair value							
Trade and other current assets	-	2,267,081	-	2,267,081	-	-	-
Cash and cash equivalents	-	3,315,578	-	3,315,578	-	-	-
	-	5,582,659	-	5,582,659	-	-	-
Financial liabilities measured at fair value							
Forward exchange contracts used for hedging	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Financial liabilities not measured at fair value							
Borrowings	-	-	-	-	-	-	-
Trade payables	-	-	2,362,390	2,362,390	-	-	-
Other current liabilities*	-	-	513,472	513,472	-	-	-
	-	-	2,875,862	2,875,862	-	-	-

* Other payables that are not financial liabilities are not included.

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.

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

In thousands of Taka	2018	2017
Impairment loss on trade receivables from contracts with customers	(21,022)	(15,202)
	(21,022)	(15,202)

Trade receivables and other current assets

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

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

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

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

In thousands of Taka	2018	2017
Neither past due	2,245,784	1,071,414
Past due		
Past due 1-30 days	206,880	275,111
Past due 31-90 days	68,960	129,502
Past due 91-120 days	69,280	55,276
Over 180 days	39,826	15,202
	2,630,730	1,546,505

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

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

In thousands of Taka	2018	2017
Balance at 1 January	(15,202)	(11,954)
Current year addition	(5,820)	(3,248)
	(21,022)	(15,202)

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

In thousands of Taka	2018	2017
Trade receivables net of impairment loss	2,609,708	1,531,303
Other current assets excluding prepaid expenses	324,671	429,803
	2,934,379	1,961,106

Cash and cash equivalents

The Company held cash and cash equivalents of Taka 202 million at 31 December 2018 (2017: Taka 3,316 million). 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 2018 In thousand taka	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	2,528,987	1,802,924	726,063	-
Other current liabilities	565,424	417,326	148,098	-
Borrowings	2,384,478	1,009,166	400,000	984,478
	5,478,889	3,229,416	1,274,161	984,478
Derivative financial liabilities				
Forward exchange contracts used for hedging	9,166	9,166	-	-
	9,166	9,166	-	-
31 December 2017				
Trade payables	2,362,390	1,631,685	730,705	-
Other current liabilities	513,472	372,102	141,370	-
Borrowings	-	-	-	-
	2,875,862	2,003,787	872,075	-
Derivative financial liabilities				
Forward exchange contracts used for hedging	-	-	-	-
	-	-	-	-

iii) Market risk

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

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

a) Currency risk

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

Exposure to currency risk

The summary 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 2018	BDT'000	USD'000	EUR'000	CHF'000
Foreign currency denominated assets				
Other current assets	17,367	207	-	-
Cash and cash equivalents	432	3	2	-
Total	17,799	210	2	-
Foreign currency denominated liabilities				
Trade payables	335,103	3,712	248	-
Other current liabilities	132,784	544	899	17
Total	467,887	4,256	1,147	17
Balance at 31 December 2017				
Foreign currency denominated assets				
Other receivables	17,119	207	-	-
Cash and cash equivalents	755	2	6	-
Total	17,874	209	6	-
Foreign currency denominated liabilities				
Trade payables	226,685	2,470	228	-
Other current liabilities	95,403	879	231	-
Total	322,088	3,349	459	-

The following significant exchange rates have been applied.

Currencies	31 December 2018		31 December 2017	
	Closing rate	Average rate	Closing rate	Average rate
BDT/USD	83.9000	83.4686	82.7000	80.4475
BDT/EUR	95.2517	98.5670	98.3138	90.9579
BDT/CHF	84.6167	85.8055	0.0000	0.0000
BDT/INR	1.2021	1.2229	1.2937	1.2358
BDT/GBP	-	-	110.7932	103.6984

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	2018 Estimated impact on profit/loss and equity (+/-) Taka'000	2017 Estimated impact on profit/loss and equity (+/-) Taka'000
Assets denominated in USD	88	86
Assets denominated in EUR	1	3
Liabilities denominated in USD	1,785	1,385
Liabilities denominated in EUR	546	226
Liabilities denominated in CHF	7	-

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 2018 profit before tax of +/- Taka nil (Taka 15,260 for 2017) in thousands and Taka 30,888 (Taka nil for 2017) in thousands respectively.

Interest bearing financial instruments of the Company at reporting date are as follows:	2018 (Taka'000)	2017 (Taka'000)
Financial assets		
Term deposits	10,422	1,525,984
	10,422	1,525,984
Financial liabilities		
Long-term borrowings- including current portion of the long term borrowings	1,784,478	-
Short-term borrowings	609,166	-
	2,393,644	-

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	2018	2017
LafargeHolcim Bangladesh Limited		
<i>Nationality:</i>		
Bangladeshi	341	386
Non-Bangladeshi	6	8
	347	394
Salary range:		
Monthly Taka 3,000 or above	347	394
Monthly below Taka 3,000	Nil	Nil
	2018	2017
	(Taka'000)	(Taka'000)
32 Expenditure in foreign currencies		
Technical assistance	66,466	59,110
	66,466	59,110
33 Earnings in foreign currencies		
Interest on loan to subsidiary company	-	476
Dividend income from subsidiary company	-	307,182
	-	307,658
34 Materials consumption		
<i>In terms of value</i>		
Imported		
Raw materials	3,116,730	3,365,609
Spare parts and other supplies	186,287	223,042
	3,303,017	3,588,651
Indigenous		
Raw materials	523,079	469,890
Spare parts and other supplies	62,096	78,366
	585,175	548,256
	3,888,192	4,136,907
<i>In terms of percentage</i>		
Imported		
Raw materials	80	81
Spare parts and other supplies	5	6
	85	87
Indigenous		
Raw materials	13	11
Spare parts and other supplies	2	2
	15	13
	100	100

35 Opening and closing finished goods and work in process

Items	Unit	2018 Quantity'000	2018 Taka'000	2017 Quantity'000	2017 Taka'000
Gray cement	MT	30	106,676	21	70,004
Cement clinker	MT	20	68,522	16	50,510
Work in process	MT	3	4,531	3	3,620
Balance at 1 January		53	179,729	40	124,134
Gray cement	MT	36	130,404	30	106,676
Cement clinker	MT	51	178,694	20	68,522
Work in process	MT	5	6,659	3	4,531
Balance at 31 December		92	315,757	53	179,729

36 Comparative information of the shareholders

	2018 Taka	2017 Taka
Net Asset Value (NAV) Per Share	11.89	11.70
Earning Per Share (EPS)	0.73	0.43
Net Operating Cash Flow Per Share (NOCFPS)	0.75	0.52
Profit for the year (in thousand)	845,419	504,700

37 Reconciliation of net profit with cash flows from operating activities

	2018 (Taka'000)	2017 (Taka'000)
Net profit for the year	845,419	504,700
Depreciation and amortization	584,692	529,505
Other non-cash items	5,820	3,248
Non-operating items	592,666	166,165
Changes in net working capital	(1,158,429)	(603,589)
Cash flows from operating activities	870,168	600,029

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

Products	Annual installed capacity	Actual Production 2018	Actual Production 2017
Gray cement	1,500	1,231	1,161
Cement clinker	1,400	1,270	1,403

39 Value of imports

	2018 (Taka'000)	2017 (Taka'000)
Raw materials and others	3,476,295	3,283,547
	3,476,295	3,283,547

40 Remittances of foreign currency
Interim and final dividend

Name of Shareholder	2018		2017	
	Number of shares	Final for 2017 Taka'000	Number of shares	Final for 2016 and interim for 2017 Taka'000
Surma Holding B.V. (The Netherlands)*	341,849,350	153,832	341,849,350	307,664
Jean Hidier (France)	11,560	4	11,560	8
Mohammed Abdul Gaffar (UK)	18,010	6	18,010	12

Name of Shareholder	2017		2017	
	Currency	Amount	Currency	Amount
Surma Holding B.V. (The Netherlands)*	EUR	1,604,090	EUR	3,352,548
Jean Hidier (France)	EUR	41	EUR	88
Mohammed Abdul Gaffar (UK)	GBP	58	GBP	118

* In addition to the above, an amount of Taka 153,832,208 (EUR 1,601,070) representing 341,849,350 shares has been remitted through NITA account.



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer



“SUPERCRETE SHETU” A CSR MILESTONE OF LAFARGEHOLCIM BANGLADESH

LafargeHolcim Bangladesh has always been working for sustainable development of the local community. The Company has built a bridge on Gilatoli Canal, Doarabazar in Chhatak, Sunamganj as a part of its corporate social responsibility. The bridge now facilitates thousands of villagers in commuting to Chhatak town and nearby places without the hazard of crossing the canal on foot. LHBL used its own technology and expertise to build the 32 meter long and 5 meter wide Supercrete Shetu (Bridge). Local people confirm that the canal remains full of water round the year. They were bound to cross the canal to fulfill their daily works. In the rainy season the situation gets worse. Local people use small boat to cross the canal in that season which is too risky. Now this bridge has not only brought ease in the lives of the local community but has started to contribute to socio economic development of the villagers.





Report and financial statements of **Holcim Cement (Bangladesh) Limited**

for the year ended December 31, 2018

HOLCIM CEMENT (BANGLADESH) LIMITED

REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS UNDER SECTION 184 OF THE COMPANIES ACT, 1994

Dear Valued Shareholders,

The Board of Directors of Holcim Cement (Bangladesh) Limited (the “Company”) has the pleasure in presenting to the members their report together with audited financial statements of the Company for the year ended on December 31, 2018.

Amalgamation of the Company with LafargeHolcim Bangladesh Limited (LHB):

Your Company has become a 100% subsidiary of LHB on January 07, 2018 after completing all necessary regulatory requirements.

In November 2018, the Board of Directors, proposed to amalgamate your Company with LHB, whereby your Company shall amalgamate and LHB will be the surviving entity. An application was made to the Honorable High Court Division of the Supreme Court of Bangladesh, in December 2018, for approving the Scheme of Amalgamation. As directed by the Honorable High Court, a meeting of the Shareholders and Creditors was called for considering and approving the Scheme of Amalgamation. The Shareholders and the Creditors of the Company at the Extraordinary General Meeting and Creditors meetings held on March 21, 2019 have approved the scheme of amalgamation. The legal formalities to amalgamate the companies are in the process and expected to be completed on due time.



Technical seminar on Sustainable Concrete Solutions organized by LHBL

Financial Performance:

The Directors take pleasure in reporting the Financial Results of the Company for the year ended on 31st December 2018 as follows:

	Figures in BDT Million	
	2018	2017
Net Profit / (loss) before Tax	74	(186)
Income Tax	(202)	(153)
Net Profit / (Loss) after tax for the year	(128)	(339)
Other comprehensive income, net of tax	(10)	6
Total comprehensive income	(138)	(333)
Add: Un-appropriated profit brought forward from previous year (including general reserve and prior year adjustments)	2,898	3,231
Total Amount available for appropriation	2,760	2,898
Appropriation:		
Dividend paid for previous year	-	-
Closing Retained Earnings at year end (before Proposed Final Dividend)	2,760	2,898
Proposed Final Dividend	-	-
Retained Earnings after Proposed Dividend	2,760	2,898

Dividend:

The Directors recommend not declaring any dividend.

Production Performance:

The year 2018 was a successful year for the Company. During the year under review, the Company produced 1,324 kt of cement.

Considering quality as the core value of the business, your plant team continued to give their best effort to deliver the cement with premium quality utilizing Surma Plant Clinker and high quality imported clinker through LH trading. The Plant team utilized their innovative ideas, out of the box thinking & hard working capabilities to reduce the dependencies on OEM (Original Equipment Manufacturer) spares with own fabricated & locally sourced spares which not only increase the profitability of the Company but also helped Company & Country to save significant foreign currency.

Your Company is encouraged and motivated with these achievements of 2018 and will be continuing to give more efforts to bring better results in the coming years.



Clicked by: Md. Mominul Islam

Sales Performance:

In 2018, your Company sales were 962 KT which is (-1%) lower than 2017. Trade channel experienced major drop in volume mainly from Dhaka market. Channel partners' dissatisfaction mainly due to reduced incentive & benefits compared to 2017, profitability issue were some of the key reasons behind negative growth in trade channel. However, in Lafarge Infrastructure Project (LIP) segment, 2018 was the 1st year for your Company to explore which gave your Company 66 KT incremental volume while corporate channel observed 15% growth over 2017.



LHBL Graduate Trainee Graduation ceremony

Health and Safety:

Health and Safety remains the core value of your Company. In 2018, your Company reduced Lost Time Injury through focusing on Working at Height, Energy Isolation, Confined Space and Mobile Equipment & on Site Traffic standard round the year across operations. There was no Lost Time Injury in your Company throughout 2018.

Auditors:

Pursuant to Section 210 of the Companies Act, 1994, the Company's statutory auditors M/S M/S Hoda Vasi Chowdhury & Co, Chartered Accountants, retire at the 20th Annual General Meeting. Being eligible, they express their willingness to be re-appointed.

Board of Directors & Board Meetings:

The Board of Directors comprises of eight (8) Directors including two (2) Independent Directors.

During the year, Mr. Mohammed Shariful Islam, Director and Mr. Syed Shujauddin Ahmed Independent Director resigned from the Board of Directors. Mr. Mohammed Arif Bhuiyan, Director and Mr. Tufail K Haider, Independent Director were elected as Directors of the Company.

During 2018, a total of six (6) Board meetings were held.

In terms of Articles of Association of the Company one third of the Board of Directors are liable to retire by rotation. Accordingly, Mr. Kazi Mizanur Rahman and Mr. Mohammad Iqbal Chowdhury, shall be liable to retire by rotation and shall be eligible to be reappointed at the next Annual General Meeting of the Company. Mr. Mohammed Arif Bhuiyan Director was appointed as a Nominee Director during the year, shall also be liable to retire by rotation and shall be eligible to be reappointed at the next Annual General Meeting of the Company.

The Independent Directors appointed shall not be liable to retire by rotation, as Regulation 79 of Schedule – I of the Companies Act, 1994 shall not be applicable for the Independent Directors.

For and on behalf of the Board of Directors

Rajesh K Surana
Chairman

Dated: March 30, 2019

Hoda Vasi Chowdhury & Co

Chartered Accountants

INDEPENDENT AUDITORS' REPORT To the Shareholders of Holcim Cement (Bangladesh) Limited

Report of the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Holcim Cement (Bangladesh) Limited (here-in-after referred to as "the Company"), which comprise the statement of financial position as at 31 December 2018, 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 ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the period 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 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

We draw attention to note 34 of the financial statements for the year ended 31 December 2018 which describes the proposed amalgamation of the Company with LafargeHolcim Bangladesh Limited. The scheme of amalgamation is currently in process. Once the approval of the Hon'ble High Court Division of the Supreme Court of Bangladesh is received, the amalgamation process will be completed resulting in formal winding up of the Company.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

Other Information

Management is responsible for the other information. 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs) 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.

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 International Standards on Auditing (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 exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional 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.
- 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.

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 period, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We have not come across any key audit issue for the year under audit, and as such nothing is reportable.

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; and
- 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 34 dealt with by the report are in agreement with the books of account.

Dhaka, 27 February 2019



Chartered Accountants

HOLCIM CEMENT (BANGLADESH) LIMITED
Statement of financial position
at 31 December 2018

	Notes	2018 (Taka'000)	2017 (Taka'000)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	6,055,063	6,208,448
		6,055,063	6,208,448
CURRENT ASSETS			
Inventories	6	855,917	984,292
Trade receivables	7	630,085	812,824
Other current assets	8	150,265	138,514
Advance income tax	9	588,210	453,975
Cash and cash equivalents	10	78,274	159,984
		2,302,751	2,549,589
TOTAL ASSETS		8,357,814	8,758,037
EQUITY & LIABILITIES			
Share capital	11.2	8,824	8,824
Share premium	11.4	166,493	166,493
General reserve		659,221	659,221
Revaluation reserve		470,085	470,085
Retained earnings		2,119,013	2,246,992
Other components of equity	11.5	(18,661)	(8,561)
EQUITY		3,404,975	3,543,054
NON-CURRENT LIABILITIES			
Deferred tax liabilities	12	965,373	965,447
Employee benefits	13	92,603	85,504
		1,057,976	1,050,951
CURRENT LIABILITIES			
Trade payables	14	3,476,036	2,027,464
Other current liabilities	15	69,522	43,015
Current portion of long-term borrowings	16	-	75,000
Short-term borrowings	17	349,305	2,018,553
		3,894,863	4,164,032
TOTAL EQUITY AND LIABILITIES		8,357,814	8,758,037

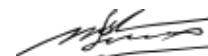
The notes from 1 to 34 are an integral part of these financial statements.



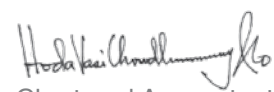
Company Secretary



Director



Chairman



Chartered Accountants

HOLCIM CEMENT (BANGLADESH) LIMITED
Statement of profit or loss
for the year ended 31 December 2018

	Notes	2018 (Taka'000)	2017 (Taka'000)
REVENUE	19	8,373,247	7,148,378
Cost of sales	20	(7,668,797)	(6,308,800)
GROSS PROFIT		704,450	839,578
General and administrative expenses	21	(370,196)	(507,684)
Sales and marketing expenses	22	(234,915)	(334,564)
Other operating income	23	85,706	3,567
Other operating expense	23	(10,108)	-
OPERATING PROFIT		174,937	897
Financial expenses	24	(96,992)	(188,677)
Financial income	24	163	1,417
PROFIT BEFORE WPPF & TAX		78,108	(186,363)
Workers' profit participation and welfare fund (WPPF)		(3,905)	-
PROFIT BEFORE TAX		74,203	(186,363)
Income tax	25	(202,182)	(153,105)
PROFIT FOR THE YEAR		(127,979)	(339,468)

The notes from 1 to 34 are an integral part of these financial statements.



Company Secretary



Director



Chairman

Dhaka, 27 February 2019


Chartered Accountants

HOLCIM CEMENT (BANGLADESH) LIMITED
Statement of Comprehensive Income
for the year ended 31 December 2018

	2018 (Taka'000)	2017 (Taka'000)
PROFIT FOR THE YEAR	(127,979)	(339,468)
Items that will not be reclassified subsequently to profit or loss		
Actuarial (loss)/gain	(15,539)	9,340
Income tax on items that will not be reclassified to profit or loss	5,439	(3,269)
Total items that will not be reclassified to profit or loss	(10,100)	6,071
OTHER COMPREHENSIVE LOSS FOR THE YEAR	(10,100)	6,071
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(138,079)	(333,397)



Company Secretary



Director



Chairman

HOLCIM CEMENT (BANGLADESH) LIMITED
Statement of changes in equity
for the year ended 31 December 2018

All figures are in Taka '000

	Share capital	Share premium	General reserve	Revaluation reserve	Retained earnings	Other components of equity	Total equity
Balance at 1 January 2017	8,824	166,493	659,221	470,085	2,586,460	(14,632)	3,876,451
Total comprehensive (loss)/income for the year	-	-	-	-	(339,468)	6,071	(333,397)
Balance at 31 December 2017	8,824	166,493	659,221	470,085	2,246,992	(8,561)	3,543,054
Balance at 1 January 2018	8,824	166,493	659,221	470,085	2,246,992	(8,561)	3,543,054
Total comprehensive loss for the year	-	-	-	-	(127,979)	(10,100)	(138,079)
Balance at 31 December 2018	8,824	166,493	659,221	470,085	2,119,013	(18,661)	3,404,975



Company Secretary



Director



Chairman

HOLCIM CEMENT (BANGLADESH) LIMITED
Statement of Cash Flows
for the year ended 31 December 2018

Notes	2018 (Taka'000)	2017 (Taka'000)
Cash Flows From Operating Activities		
Cash receipts from customers	8,684,145	7,064,974
Cash paid to suppliers and employees	(6,452,108)	(6,387,685)
Cash generated in operations	2,232,037	677,289
Income taxes paid	(331,052)	(233,882)
Other receipts	7,641	3,567
Net cash generated by operating activities	1,908,626	446,974
Cash Flows From Investing Activities		
Payments for property, plant and equipment	(142,331)	(92,066)
Proceeds from sale of property, plant and equipment	4,741	-
Net cash used in investing activities	(137,590)	(92,066)
Cash Flows From Financing Activities		
Repayment of long-term borrowings	(75,000)	(220,224)
(Decrease)/increase in short-term borrowings	(1,769,913)	176,815
Payment of interest and other finance costs	(108,498)	(123,891)
Net cash used in financing activities	(1,953,411)	(167,300)
Net decrease in cash and cash equivalents	(182,375)	187,608
Cash and Cash Equivalents at Beginning of the Year	61,344	(126,264)
Cash and Cash Equivalents at End of the Year	(121,031)	61,344



Company Secretary



Director



Chairman

HOLCIM CEMENT (BANGLADESH) LIMITED
Notes to the consolidated financial statements
for the year ended 31 December 2018

1 Formation and legal status

Holcim Bangladesh Limited ("HBL"), formerly known as Hyundai Cement (Bangladesh) Company Limited, was incorporated in Bangladesh as a private company limited by shares under the Companies Act, 1994. Holcim Bangladesh Limited, United Cement Industries Limited ("UICL") and Saiham Cement Industries Limited ("Saiham") were merged together following an order of the Hon'ble High Court Division of the Supreme Court of Bangladesh in December 2011 and were allowed to carry out its business in the name of United Cement Industries Limited. Subsequently, United Cement Industries Limited was renamed as Holcim Cement (Bangladesh) Limited.

Effective from 07 January 2018, the Company is a wholly owned subsidiary of LafargeHolcim Bangladesh Limited.

The address of the Company's registered office is NinaKabbo, Tejgaon, Dhaka.

2 Nature of business

The Company is engaged in manufacturing and marketing of cement in the local and international market.

3 Summary of significant accounting policies

3.1 Basis of preparation

These financial statements have been prepared in line with the International Financial Reporting Standards (IFRSs), the Companies Act, 1994 and other applicable laws and regulations. More specifically, the financial statements of the Company have been prepared in accordance with the provisions of International Accounting Standard (IAS) 27: "Separate Financial Statements".

3.2 Use of estimates and judgments

i) Estimates

The preparation of financial statements in conformity with IFRSs recognition and measurement of principles 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 the management in the preparation of these financial statements include assumptions used for depreciation, deferred taxes 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.

3.3 Functional and presentation currency

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

3.4 Property, plant and equipment (PP&E)

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. Full month's depreciation is charged for the month of acquisition and no depreciation is charged for the month of disposal. The rates of depreciation and category of property, plant and equipment (PP&E) are as follows:

Category	Rate %
Leasehold land	1-5
Buildings	3-5
Plant and machinery	3.33-14
Vehicles	20
Office equipment	10-33.33
Furniture and fixtures	10

v) Impairment of property, plant and equipment

The carrying amount 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.

3.5 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.

3.6 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, at 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 – This policy is applicable from 01 January 2018.

On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI – debt investment, FVOCI – equity investment, or FVTOL.

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:

- (a) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- (b) 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: This policy is applicable from 01 January 2018.

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 the management. The information considered includes:

- (a) the stated policies and objectives 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;
- (b) how the performance of the portfolio is evaluated and reported to the Company's management;
- (c) 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;
- (d) 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
- (e) the frequency, volume, and timing of sales of financial assets in prior periods and 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: This policy is applicable from 01 January 2018.

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.

The Company classified its financial assets into the following category:

Loans and receivables: Measured at amortized cost using the effective interest method.

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. Derecognition**Financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expires, 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, 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.

iv. Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when the Company 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.

3.7 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. The resultant gain and loss has been reflected in the financial statements. These rates are as follows:

Currencies	2018 Closing Rate	2017 Closing Rate
BDT/USD	83.9000	82.6400
BDT/EUR	95.2517	84.6400
BDT/CHF	84.6200	82.6400
BDT/THB	-	2.5400
BDT/INR	1.2021	1.2937

3.8 Employees' benefit schemes

i) Gratuity plan

The Company operates an unfunded gratuity plan. 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) 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 of the fund.

iii) Workers' profit participation and welfare funds (WPPF)

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).

3.9 Taxation

Income tax expenses represent the sum of the tax currently payable and deferred tax.

Current tax

Current tax is computed on the taxable income for the year, using the enacted tax rates at the reporting date and any adjustment to tax payable in respect of previous years.

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: "Income Taxes"**. 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.

3.10 Revenue recognition

Sale of the products, net of value added tax and discounts/commissions, 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.

3.11 Provision

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

3.12 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set off the recognized amounts and the Company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

3.13 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.

3.14 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.

3.15 Adoption of new International Financial Reporting Standards (IFRSs)

The Company has initially applied IFRS 15: "Revenue from Contracts with Customers" and IFRS 9: "Financial Instruments" from 01 January 2018. A number of other new standards are also effective from 01 January 2018, but those do not have a material effect on the Company's financial statements.

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements have not been restated to reflect the requirements of the new standards, except for separately presenting impairment loss on trade receivables and contract liabilities.

A. IFRS 15: "Revenue from Contracts with Customers"

IFRS 15 establishes a comprehensive framework for determining how much and when revenue is recognized. It replaced IAS 18: "Revenue" and its related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control at a point in time or over time requires judgments.

IFRS 15 did not materially impact the Company, as the net sales relate to delivery at a point in time for gray cement and cement clinker. The Company has adopted IFRS 15 using the cumulative effect method with the effect of initially applying this standard recognized at the date of initial application i.e. 01 January 2018. Accordingly, the information presented for 2017 has not been restated i.e. it is presented, as previously reported, under IAS 18 and its related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

B. IFRS 9: "Financial Instruments"

IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39: "Financial Instruments - Recognition and Measurement".

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1: "Presentation of Financial Statements", which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. However, impairment of trade receivables are presented under selling and marketing expenses similar to the presentation under IAS 39, and is not presented separately in the statement of profit or loss and other comprehensive income due to materiality consideration.

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principle classification categories for financial assets: measured at amortized cost, FVOCI, and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables, and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 01 January 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets as at 01 January 2018 relates solely to the new impairment requirements.

<i>Figures in Taka'000</i>	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets				
Trade receivables	Loans and receivables	Amortised cost	630,085	630,085
Other current assets	Loans and receivables	Amortised cost	150,265	150,265
			780,350	780,350
Financial liabilities				
Borrowings	Other financial liabilities	Other financial liabilities	349,305	349,305
Trade payables	Other financial liabilities	Other financial liabilities	3,476,036	3,476,036
Other current liabilities	Other financial liabilities	Other financial liabilities	69,522	69,522
			3,894,863	3,894,863

C. IFRS 16: "Leases"

IFRS 16 requires lessees to adopt a uniform approach in the presentation of leases. Correspondingly, assets must be recognized for the right of use received and liabilities must be recognized for payment obligations entered into for all leases. The Company currently expects transition to IFRS 16 in accordance with the modified retrospective approach. For leases that have till date been classified as operating leases in accordance with **IAS 17: "Leases"**, the lease liability will be carried at the present value of the remaining lease payments and discounted using the lessees incremental borrowing rate at the time the standard is first applied. The right-of-use asset will generally be measured at the amount of the lease liability. The Company currently plans to make use of relief options available for leases or low value assets and short term leases (below twelve months).

The Company is currently finalizing its review of the results of the analysis of existing leases and the impact that IFRS 16 will have on its financial statements.

D. International Financial Accounting Standards (IFRSs)

The Institute of Chartered Accountants of Bangladesh (ICAB) has adopted IFRSs effective from annual periods beginning on or after 01 January 2018. IFRSs replaced all Bangladesh Financial Reporting Standards (BFRSs). Adoption of IFRSs is not expected to have major impact on the Company's financial statements.

4 Financial risk management policies

The management of the Company has the overall responsibility for the establishment and oversight of the Company's risk management framework. Financial risk management policies require establishing standard procedures to identify and analyze the main risks to which the Company is exposed and continually deploying and managing risk management systems designed to eliminate or reduce the probability that risks will arise and to limit their impact.

The Company is exposed to credit risk, liquidity risk, market risk and tax risk as explained in succeeding note 27.

5. Property, plant and equipment*

<i>Figures in Taka'000</i>	Freehold land	Leasehold land**	Building	Plant & machinery	Vehicles	Office equipment	Furniture & fixture	Construction in progress	Total
COST									
At January 1, 2018	473,000	1,030,184	2,586,352	3,424,904	38,425	14,654	22,312	99,073	7,688,904
Additions	-	-	2,151	21,467	-	6,592	14	112,671	142,895
Disposals	-	-	(18,654)	(13,451)	-	-	-	-	(32,105)
Transfers	-	-	17,582	57,535	-	-	-	(75,117)	-
At December 31, 2018	473,000	1,030,184	2,587,431	3,490,455	38,425	21,246	22,326	136,627	7,799,694
DEPRECIATION									
At January 1, 2018	-	88,752	465,532	878,826	25,881	8,009	13,456	-	1,480,456
Disposals	-	-	(3,805)	(13,451)	-	-	-	-	(17,256)
Charge for the period	-	12,679	89,570	169,864	3,745	1,339	4,234	-	281,431
At December 31, 2018	-	101,431	551,297	1,035,239	29,626	9,348	17,690	-	1,744,631
CARRYING AMOUNT									
At December 31, 2018	473,000	928,753	2,036,134	2,455,216	8,799	11,898	4,636	136,627	6,055,063
At December 31, 2017	473,000	941,432	2,120,820	2,546,078	12,544	6,645	8,856	99,073	6,208,448

5.1 Depreciation charge for the year allocated to

<i>Figures in Taka'000</i>	2018	2017
Production and maintenance costs	267,359	259,703
General and administrative expenses	8,443	7,801
Sales and marketing expenses	5,629	5,201
	281,431	272,705

*In the event of amalgamation, the Company revalued its buildings and plant & machinery as at 31 December 2010 by creating a surplus of Taka 195,750,724, which was taken up in 2011.

**The rights to the leasehold land of Holcim (Bangladesh) Limited and Saiham Cement Industries Limited have been vested in the Company pursuant to the Scheme of Amalgamation. At the time of amalgamation on 01 January 2011, the "acquisition cost" of the leasehold land of Holcim (Bangladesh) Limited ("Plant 1") was Taka 1,020,000,000 with remaining useful life of 84 years and the acquisition cost of the leasehold land of Saiham Cement Industries Limited ("Plant 3") was Taka 10,183,757 with remaining useful life of 19 years.

	2018 (Taka'000)	2017 (Taka'000)
6 Inventories		
Raw materials	213,508	183,145
Semi-finished and finished products	487,730	634,934
Parts and supplies	154,679	166,213
	<u>855,917</u>	<u>984,292</u>
7 Trade Receivables		
Trade receivables to customers (Note - 7.2)	713,022	911,023
Valuation allowance (Note - 7.1)	(145,209)	(190,240)
Advance payment to trade suppliers	62,272	92,041
	<u>630,085</u>	<u>812,824</u>
7.1 The change in the valuation allowance for doubtful receivables is as follows:		
Balance at 1 January	(190,240)	(112,121)
Current period addition	45,031	(78,119)
Balance at 31 December	<u>(145,209)</u>	<u>(190,240)</u>
7.2 Aging of Trade Receivables		
The aging of gross trade receivables at reporting date are as follows:		
Within the credit period	315,521	436,743
1-30 days	151,331	178,739
31-90 days	32,486	57,011
91-180 days	33,244	30,180
Over 180 days	180,440	208,350
	<u>713,022</u>	<u>911,023</u>
8 Other Current Assets		
Prepaid expenses	12,897	18,546
VAT current account	54,427	29,546
Advance to employees	2,417	2,561
Security and other deposits	78,516	84,355
Other receivables	2,008	3,506
	<u>150,265</u>	<u>138,514</u>
Receivables mentioned above are unsecured and considered good. Advances made to employees include advance related to employee matters and for running day to day operation cost of different departments.		
9 Advance Income Tax - Net of Current Tax Liabilities		
Advance income tax	2,913,564	2,582,512
Current tax liabilities (Note - 9.1)	(2,325,354)	(2,128,537)
	<u>588,210</u>	<u>453,975</u>

	2018 (Taka'000)	2017 (Taka'000)
9.1 Current Tax Liabilities		
Balance at 1 January	2,128,537	2,044,304
Provision for the year	196,817	84,233
Balance at 31 December	2,325,354	2,128,537
10 Cash and Cash Equivalents		
Cash in hand	131	-
Cash at banks	78,143	159,984
Cash and cash equivalents in statement of financial position	78,274	159,984
Bank overdrafts*	(199,305)	(98,640)
Cash and cash equivalents for the purpose of the statement of cash flows	(121,031)	61,344
* Bank overdrafts are included in short term borrowings.		
11 Share Capital		
11.1 Authorized Capital		
4,500,000 ordinary shares of Taka 100 each	450,000	450,000
500,000 redeemable preference shares of Taka 100 each	50,000	50,000
	500,000	500,000
11.2 Issued and Subscribed and Fully Paid-Up Capital		
88,244 ordinary shares of Taka 100 each	8,824	8,824

11.3 Composition of shareholders at 31 December

Name of the shareholders	"Nationality/ Incorporated in "	Number of shares		Holding %	
		2018	2017	2018	2017
LafargeHolcim Bangladesh Limited	Bangladesh	88,243	-	100	-
Rajesh Kumar Surana	India	1	-	-	-
Holderfin B.V.	The Netherlands	-	87,148	-	99
Holchin B.V.	The Netherlands	-	1,096	-	1
		88,244	88,244	100	100

	2018 (Taka'000)	2017 (Taka'000)
11.4 Share Premium		
Share premium on ordinary shares	166,493	166,493

The Company issued 4,412 ordinary shares on 29 December 2011 at a premium of Taka 38,903.44 per share; premium tax at 3% on premium was subsequently deposited with the Government exchequer. The above amount represents share premium net of premium tax.

	2018 (Taka'000)	2017 (Taka'000)
11.5 Other Components of Equity		
Actuarial loss - net of tax	(18,661)	(8,561)
12 Deferred Tax Liability		
Deferred tax by type of temporary differences that resulted in deferred tax assets and liability.		
Property, plant and equipment	1,101,991	1,082,045
Deferred Tax Liabilities	1,101,991	1,082,045
Provision for gratuity	38,355	29,926
Provision for doubtful debts	50,824	66,585
Business loss carry forward	26,741	-
Provision for obsolescence of spare parts	20,698	20,087
Deferred tax assets	136,618	116,598
Net deferred tax liabilities	965,373	965,447
12.1 Change in deferred tax asset and liability		
Balance at 1 January - net deferred tax liability	965,447	893,307
Deferred tax expenses for the year	5,365	68,871
Other component of equity	(5,439)	3,269
Balance at 31 December - net deferred tax liability	965,373	965,447
13 Employee Benefits		
Contribution to gratuity plan		
Present value of defined benefit obligation		
Balance at 1 January	85,504	85,424
Adjustment with valuation report	97	-
Current service cost	9,910	10,570
Interest cost	6,160	5,960
Benefits paid during the year	(24,607)	(7,110)
Actuarial loss/(gain)	15,539	(9,340)
Balance at 31 December	92,603	85,504
Actuarial Valuation		
The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2018 by a professional actuary using Projected Unit Credit Method.		
14 Trade Payables		
Payable for goods and services	3,404,380	1,964,626
Advance payments from customers	71,656	62,838
	3,476,036	2,027,464

	2018 (Taka'000)	2017 (Taka'000)
15 Other Current Liabilities		
Payable to employees	21,926	10,963
Workers' profit participation and welfare fund	3,899	-
Income tax and VAT deducted at source	38,556	15,798
Payable to fixed assets suppliers	1,764	1,200
Other payables	40	48
Accrued interest payable	3,337	15,006
	<u>69,522</u>	<u>43,015</u>
16 Long Term Borrowing		
Current portion of long term borrowing	-	75,000
17 Short Term Borrowing		
Bank overdraft facilities	199,305	98,640
Short term credit facilities	150,000	1,919,913
	<u>349,305</u>	<u>2,018,553</u>

18 Commitments and Contingencies

18.1 Commitments	Less than	1 to 5 years	More than	2018 (Taka'000)	2017 (Taka'000)
	1 year Taka'000	Taka'000	5 years Taka'000		
Commitments related to operating activities					
Purchase commitments	1,249,160	-	-	1,249,160	215,024
Capital expenditure commitments	2,765	-	-	2,765	43,945
Operating leases	37,991	142,466	-	180,457	218,448
Guarantees given	-	-	21,568	21,568	21,976

18.2 Contingent Liabilities	2018 (Taka'000)	2017 (Taka'000)
Tax related cases with the tax authorities and Hon'ble High Court	1,621,668	1,977,126
VAT related cases with the VAT authorities and Hon'ble High Court	181,500	181,500
Custom related case with the Hon'ble High Court	5,000	5,000
	<u>1,808,168</u>	<u>2,163,626</u>

	2018 (Taka'000)	2017 (Taka'000)
18.3 Claims		
a. Claims against the Company not acknowledged as debt	Nil	Nil
b. Claims by the Company not acknowledged as receivable	Nil	Nil

	2018 (Taka'000)	2017 (Taka'000)
19 Revenue		
Sale of cement	8,373,247	7,148,378
<i>of which</i>		
Products transferred at a point in time	8,373,247	7,148,378
20 Cost of Sales		
Opening finished goods	76,377	89,582
Raw materials costs (Note - 20.1)	6,217,834	5,006,328
Power and fuel costs	575,466	467,865
Production and maintenance costs (Note - 20.2)	658,000	625,287
Freight cost to customers	79,673	55,908
Depot operating and transportation costs (Note - 20.3)	151,860	140,207
Closing finished goods	(90,413)	(76,377)
	7,668,797	6,308,800
20.1 Raw Materials Costs		
Clinker	4,566,686	3,652,570
Fly ash	456,040	488,633
Slag	260,933	105,880
Gypsum	231,630	183,300
Limestone	231,480	153,052
Packing materials	449,248	410,238
Others	21,817	12,655
	6,217,834	5,006,328
20.2 Production and Maintenance Costs		
Salary, allowances and benefits	128,655	127,762
Contributions to employees' benefit schemes	3,147	1,695
Maintenance	43,447	40,859
Other supplies and spares	97,735	79,599
Other expenses	117,657	115,669
Depreciation	267,359	259,703
	658,000	625,287
20.3 Depot Operating and Transportation Costs		
Salary, allowances and benefits	31,463	27,365
Contributions to retirement benefit scheme	2,610	2,492
Staff welfare expenses	579	-
Training, seminars and meetings	117	76
Depot operating costs	56,115	41,772
Transportation costs	60,976	68,502
	151,860	140,207

	2018 (Taka'000)	2017 (Taka'000)
21 General and Administrative Expenses		
Salary, allowances and benefits	60,325	75,516
Contributions to retirement benefit scheme	3,194	3,749
Staff welfare expenses	523	576
Training, seminars and meetings	321	653
Travelling	931	1,785
Rent	25,348	61,646
Gas, electricity and water	1,323	978
Telephone, fax and postage	5,584	2,765
Entertainment	246	852
Office security services	35	593
Printing and stationery	1,399	1,851
Computer expenses	54,704	158,287
Other office expenses	27,460	16,099
Registration and other fees	1,376	1,310
Audit and tax advisory fees	4,192	4,090
Legal expenses	2,476	2,896
Royalty fee*	131,907	122,802
Administrative support fee**	39,572	41,524
Insurance	685	972
Consulting, survey and studies	152	939
Administrative depreciation	8,443	7,801
	370,196	507,684

*Royalty fee is payable to Holcim Technology Ltd. at 2% of third party sales in accordance with the Royalty agreement dated 15 October 2014 which is effective from 01 January 2013. Tax at 10% is deducted at the time of payment of royalty fee.

**Administrative Support Fee is payable to Holcim Group Service Ltd. for the administrative support rendered by virtue of Administrative Support Agreement. The agreement is effective from 01 January 2017. Administrative support fee will be calculated as $([\text{Allocated Costs}] \times [1 + \text{Mark-up}]) + 3\text{rd Party Costs} + \text{Pass Through Costs}$.

	2018 (Taka'000)	2017 (Taka'000)
22 Sales and Marketing Expenses		
Salary, allowances and benefits	87,737	55,236
Contributions to retirement benefit scheme	3,147	3,079
Staff welfare expenses	876	765
Training, seminars and meetings	227	304
Travelling	17,502	15,023
Rent	2,759	678
Gas, electricity and water	78	110
Telephone, fax and postage	4,162	3,413
Entertainment	117	394
Printing and stationery	76	142
Other office expenses	26,273	50,999
Registration and other fees	4,197	3,843
Advertisement and promotion	74,102	113,058
Provision for trade receivables	2,983	78,119
General survey and studies	5,050	4,200
Administrative depreciation	5,629	5,201
	234,915	334,564

	2018 (Taka'000)	2017 (Taka'000)
23 Other Operating Income		
Sale of miscellaneous scrap items	7,641	3,567
Provision written back for trade and other receivables	78,065	-
	85,706	3,567
Other Operating Expense		
Loss on disposal of property, plant and equipment	(10,108)	-
24 Finance Expenses and Income		
Interest on short and long term debt	77,499	129,947
Other finance costs	6,160	-
Bank charges and commission	7,170	6,627
Exchange loss	6,163	52,103
Finance expenses	96,992	188,677
Other finance income	163	1,417
Finance income	163	1,417
Net finance costs	96,829	187,260
25 Income Tax		
Current income tax expenses	50,286	43,497
Current income tax expenses for prior years	146,531	40,736
Deferred income tax expenses	5,365	68,872
	202,182	153,105
26 Related Party Transactions		

During the period, the Company 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 Transactions".

Name of the Party and relationship	Nature of transaction	Transaction value during the year Taka '000	Receivable/ (Payable) at 31 Dec 2018 Taka '000
LH Trading Pte Ltd- Group Company	Purchase of raw materials	2,575,060	(32,047)
LafargeHolcim Bangladesh Ltd Group Company	Sales of cement	1,777,833	-
LafargeHolcim Bangladesh Ltd Group Company	Purchase of clinker/inter-company services	2,628,619	(1,707,028)
Holcim Technology Ltd. Group Company	Intercompany services	104,859	(497,554)
ACC Ltd.- Group Company	Intercompany services	-	(146)
Holcim East Asia Business Service Group Company	Intercompany services	36,417	(101,324)
Holcim Group Services Ltd. Group Company	Intercompany services	42,657	(98,999)
Holcim Technology Holderbank Group Company	Intercompany services	83,411	(5,810)

27 Financial Instruments

27.1 Credit Risk

Credit risk represents the financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It mainly comprises trade receivables, advances to suppliers, trade deposits and bank balances. The Company's maximum exposure to credit risk at the reporting date are its trade receivables. To mitigate the credit risk against trade receivables, the Company has a system of specific credit line to the customers. These outstanding amounts are regularly monitored. The Company has obtained bank guarantees from all trade customers. A large part of non-trade customers are also covered by bank guarantees.

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

	2018 (Taka'000)	2017 (Taka'000)
Trade receivables	567,813	720,783
Other current assets excluding prepaid expenses	137,368	119,968
	705,181	840,751

27.2 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company maintains sufficient resources and arrangement of credit lines with various banks for managing its liquidity risk.

Contractual maturity analysis for financial liabilities of the Company at reporting date is as follows:

	Carrying amount Taka'000	6 months or less Taka'000	From 6 to 12 months Taka'000	From 1 to 5 years Taka'000
Trade payables	3,476,036	2,772,349	703,687	-
Other current liabilities	69,522	69,522	-	-
Total borrowings	349,305	349,305	-	-
Balance at 31 December 2018	3,894,863	3,191,176	703,687	-
Trade payables	2,027,464	1,237,583	789,881	-
Other current liabilities	43,015	43,015	-	-
Total borrowings	2,093,553	2,018,553	75,000	-
Balance at 31 December 2017	4,164,032	3,299,151	864,881	-

27.3 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and other price risks. The objective of market risk management is to manage and control market risk exposures within an acceptable range.

a) Foreign Currency Risk

The risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk on its certain purchases that are denominated in foreign currencies. The majority of the Company's foreign currency transactions are denominated in INR, USD, EURO, and GBP. The Company also has exposure in foreign currencies relating to some services.

Exposure to currency risk of the Company at reporting date is as follows:

Balance at 31 December 2018	BDT'000	USD'000	THB'000	CHF'000	INR'000
Foreign currency denominated assets					
Cash and cash equivalents	14,179	169	-	-	-
Total	14,179	169	-	-	-
Foreign currency denominated liabilities					
Trade payables and other current liabilities	184,307	1,597	-	589	397
Total	184,307	1,597	-	589	397
Balance at 31 December 2017					
Foreign currency denominated assets					
Cash and cash equivalents	130,075	1,574	-	-	-
Total	130,075	1,574	-	-	-
Foreign currency denominated liabilities					
Trade payables and other current liabilities	234,628	1,739	6,180	904	397
Total	234,628	1,739	6,180	904	397

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	2018 Estimated impact on profit/loss and equity (+/-) Taka'000	2017 Estimated impact on profit/loss and equity (+/-) Taka'000
Assets denominated in USD	71	787
Liabilities denominated in USD	670	870
Liabilities denominated in THB	-	3,090
Liabilities denominated in CHF	249	452
Liabilities denominated in INR	2	198

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 liabilities, would have a maximum impact on the Company's 2018 profit before tax of +/- Taka 3,493 (Taka 20,935 for 2017) in thousands.

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

Financial Liabilities	2018 (Taka'000)	2017 (Taka'000)
Short term borrowings - including current portion of the long term borrowings	349,305	2,093,553

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.

27.4 Fair Values

The following details the cost and fair values of financial instruments:

Financial Instrument in the Statement of Financial Position

At 31 December Thousand Taka	2018		2017	
	Carrying amount	Total value	Carrying amount	Total value
ASSETS				
Loans and receivables at amortized costs				
Trade receivables	630,085	630,085	812,824	812,824
Other current assets	150,265	150,265	138,514	138,514
Advance income tax	588,210	588,210	453,975	453,975
Cash and cash equivalents	78,274	78,274	159,984	159,984
LIABILITIES				
Financial liabilities at fair value through profit and loss				
Accrued interest	3,337	3,337	15,006	15,006
Financial liabilities at amortized cost				
Trade payables	3,476,036	3,476,036	2,027,464	2,027,464
Other current liabilities	66,185	66,185	28,009	28,009
Total borrowings	349,305	349,305	2,093,553	2,093,553

28 Number of Employees

	2018	2017
<i>Nationality:</i>		
Bangladeshi	285	373
Non-Bangladeshi	1	1
	286	374
Salary range:		
Monthly Taka 3,000 or above	286	374
Monthly below Taka 3,000	Nil	Nil

	2018 (Taka'000)	2017 (Taka'000)
29 Expenditure in Foreign Currencies		
Technical assistance	<u>101,324</u>	<u>392,695</u>
30 Materials consumption		
<i>In terms of value</i>		
Imported		
Raw materials	2,847,532	1,654,505
Spare parts and other supplies	65,417	33,420
	<u>2,912,949</u>	<u>1,687,925</u>
Indigenous		
Raw materials	3,370,302	3,351,823
Spare parts and other supplies	32,318	46,179
	<u>3,402,620</u>	<u>3,398,002</u>
	<u>6,315,569</u>	<u>5,085,927</u>
<i>In terms of percentage</i>		
Imported		
Raw materials	45	32
Spare parts and other supplies	1	1
	<u>46</u>	<u>33</u>
Indigenous		
Raw materials	53	66
Spare parts and other supplies	1	1
	<u>54</u>	<u>67</u>
	<u>100</u>	<u>100</u>

31 Opening and Closing Finished Goods (Note - 20)

Items	Unit	2018 Quantity'000	2018 Taka'000	2017 Quantity'000	2017 Taka'000
Cement	MT	15	76,377	20	89,582
Balance at 1 January		15	76,377	20	89,582
Cement	MT	17	90,413	15	76,377
Balance at 31 December		17	90,413	15	76,377

32 Installed Capacity and Actual Production (Figures in Thousand MT)

Products		Actual Production 2018	Actual Production 2017
Cement	1,900	1,324	1,170

	2018 (Taka'000)	2017 (Taka'000)
33 Value of Imports		
Raw materials and others	<u>2,684,636</u>	<u>1,804,296</u>

34 Amalgamation of the Company with LafargeHolcim Bangladesh Limited

The Board of Directors of LafargeHolcim Bangladesh Limited in its meeting held 29 November 2018, approved the amalgamation of Holcim Cement (Bangladesh) Limited with its parent company LafargeHolcim Bangladesh Limited. The approval is subject to requisite approval of the banks and other creditors to the Company, approval of the shareholders of the LafargeHolcim Bangladesh Limited, and finally, the sanction of the Hon'ble High Court Division of the Supreme Court of Bangladesh. The amalgamation of the Company is currently in process.



Company Secretary



Director



Chairman



COST EFFECTIVE SOLUTION IN LOGISTICS OPERATION

LafargeHolcim Bangladesh Limited is bringing smart solutions for its daily operations. Large bulk cement carriers have been added to the bulk fleet of the Company for improving logistical performance. Newly acquired dumper trucks are also inducted in the quarry operations. This cost effective solution will enhance effectiveness in the logistics and quarry operations.





Report and financial statements of **Lafarge Umiam Mining Private Limited**

for the year ended December 31, 2018

LAFARGE UMIAM MINING PRIVATE LIMITED

DIRECTORS' REPORT

Dear Shareholders:

The Directors of Lafarge Umiam Mining Private Limited (the "Company") take pleasure in presenting their report together with audited financial statements of your Company for the year ended on December 31, 2018.

State of Affairs of the Company:

In 2018, your Company exported 2.19 million tonnes of limestone to the Plant at Chhatak, Bangladesh which is lower as compared to 2.32 million tonnes exported in 2017. The year 2018 witnessed a decrease in demand of limestone which has impacted the Company's Revenue and profitability. Total export sales were INR 1,977 million, 13% lower, as compared to previous year. Net profit of your Company in 2018 was INR 324.93 million, 43% lower.

Your Company being conscious of the scenario has been taking steps to reduce costs in all areas. The Company introduced a series of initiatives to mitigate the impact on profitability. Some examples in these areas were introduction of two (2) new Dumpers in November 2018. The addition of these two (2) new Dumpers in the mining fleet of existing nine (9) Dumpers has enabled the Company to feed both MMD & Skid Mounted Crusher in parallel to run at 750 tph of rated capacity. There have been strict measures implemented for reduction in overheads. The commissioning of the new L&T Skid Mounted Crusher has improved performance of the MMD crusher to 87.63% reliability.

Your Company shall continue to keep close monitoring and strict control over each significant element of cost in order to achieved appreciable savings and increase profitability in 2019.

The amalgamation of Holcim Cement (Bangladesh) Limited by your parent company; LafargeHolcim Bangladesh Limited is expected to open new avenues and demand for the limestone. The limestone exported by your Company shall continue to be utilized by the amalgamated company for its enhanced capacity, to manufacture clinker and cement, in addition to diversifying and entering into other building material sectors.



Extensive tree plantation organised in Nongtraï Village in Meghalaya, by Lafarge Umiam Mining Pvt Ltd

Financial results:

Particulars	In million INR	
	Year ended 31st December 2018	Year ended 31st December 2017
Gross Revenue	2,048.55	2,311.83
Expenditure	1,342.13	1,387.57
EBITDA	706.42	924.26
Interest and finance charges	76.37	20.10
Depreciation	137.40	133.09
Profit / (Loss) before Taxation	492.65	771.07
Provision for tax	167.73	199.75
Profit / (Loss) After Taxation	324.93	571.32
Earnings /(loss) per Share :	7.90	13.89

Production Performance:

In 2018, your Company has successfully exported 2.19 million tonnes of limestone to the Plant at Chhatak, Bangladesh. The MMD crusher performance improved to 87.63% reliability after commissioning of L&T Skid Mounted Crusher. The initiatives of the team have resulted in cost reduction and enhanced productivity.

Sustainable Development:

Sustainable Development forms an integral part of our operations. All our actions are focused towards conservation of resources, environment management, innovation and people motivation to create value for all stakeholders.

As part of our commitment towards Environmental, Health and Safety (EHS) management, your Company has implemented a fully integrated EHS management system which is certified by the internationally recognized ISO-9001, ISO-14001, OHSAS-18001 and SA 8000 standards.

In 2018, keeping with “one citizen one tree” initiative of the Hon’ble Chief Minister of Meghalaya, your Company jointly with Nongtra Village Durbar planted about 300 saplings in Nongtra village. The initiative was undertaken to further reduce the carbon footprint in line with the Company’s 2030 sustainable goals to protect and enhance biodiversity.

Your Company is continuously working towards up-gradation of mining techniques so that the impacts on the surrounding areas are fully mitigated.



Clicked by: Om Prakash

Health and Safety:

Your Company follows the LafargeHolcim's Group policy on Health and Safety. The Policy reiterates the pledge to conduct business in a manner that helps create a healthy and safe environment for all stakeholders' viz. employees, contractors, communities and customers based on the adoption of a true safety culture.

During the year under review, your Company conducted its operations with zero harm. There was no fatality, no Lost Time Injury and no Medical Injury. Beginning May 7 through May 21, 2018, your Company observed the LH Health and Safety days with the theme "I improve health and safety every day in my workplace." As part of the LH Health and Safety days, employees and contractors engaged in various intensive safety programs, initiatives and training on the following top four risks responsible for 50% of on-site fatalities and critical incidents:

- Mobile Equipment and on-site traffic,
- Energy Isolation,
- Working at Height and
- Confined Spaces.

The campaign was successful in as much as it brought to focus to the need to improve health and safety every day in the workplace.

Corporate Social Responsibility (CSR):

The CSR Committee comprises of four (4) members (i) Mr. Shivesh Kumar Sinha, Chairman of the Company as Chairman of the Committee (ii) Mr. Narayan Sharma, Director of the Company as Member (iii) Mr. Kazi Mizanur Rahman, Director of the Company as Member and (iv) Mr. Mohammad Iqbal Chowdhury, Director of the Company as Member. The Company's CSR Policy has been placed on the Company's website.

In compliance with Section 135 & Schedule VII of the Companies Act, 2013, INR 15.30 million was earmarked for CSR activities in 2018. Against this budget, your Company spent INR 13.39 million on CSR activities.

Your Company could not spend the entire funds that were earmarked because various projects are ongoing and the payments to such projects will be made on completion.

The Annual Report on CSR activities of FY 2018 is annexed as Annexure "A" and forms part of this report.

The Company also contributes INR 90/- per tonne of limestone mined to the Special Purpose Vehicle (SPV), a body, set up as per order dated April 22, 2010 of the Hon'ble Supreme Court of India. As of December 31, 2018, your Company has deposited INR 1754.34 million to the SPV.

Internal Control Systems and their Adequacy:

The Company has in place necessary internal financial controls and systems with regard to adherence to Company policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information. The system includes policies and procedures, delegation of authority, internal audit and review framework etc.

The internal financial controls within the Company are commensurate with the size, scale and complexity of its operations. The controls were tested during the year and no reportable material weaknesses either in their design or operations were observed. The Company has robust policies and procedures which, inter alia, ensure integrity in conducting its business, safeguarding of its assets, timely preparation of reliable financial information, accuracy and completeness in maintaining accounting records and prevention and detection of frauds and errors.



Clicked by: Om Prakash

Directors:

The Company has eight (8) Directors on the Board. The Directors are not liable to retire by rotation.

Appointments & Resignations:

No appointments and resignations took place during the year under review.

Directors' Responsibility Statement:

In accordance with Section 134(3)(c) of the Companies Act, 2013, your Directors, to the best of their knowledge and belief and according to the information and explanation obtained by them, confirm that:

- i) in preparation of the annual accounts for the year ending December 31, 2018, the applicable Accounting Standards have been followed along with proper explanations provided for material departures, if any;
- ii) the accounting policies selected have been applied consistently and judgments and estimates are made, that are reasonable and prudent to give a true and fair view of the state of affairs of the Company as on December 31, 2018 and of the profit of your Company for the year ended on that date;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts for the year ended December 31, 2018 have been prepared on a going concern basis;
- v) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
- vi) that the directors have devised proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

Auditors Report:

There are no observations made in the Auditor's Report and the notes to the accounts are self explanatory and hence do not call for any further comments. The Auditors Report is enclosed with the financial statements in this Annual Report.

Statutory Auditors:

M/s RKP Associates, Chartered Accountants (having Firm Registration No 322473E) were appointed as the Statutory Auditor of the Company at the 18th Annual General Meeting held on May 17, 2018 and were assigned to hold office from the conclusion of the said Meeting till the conclusion of the 23rd Annual General Meeting.

As per the provisions of Section 139 of the Companies Act, 2013, the appointment of the Auditors is required to be ratified by the Members of the Company at every intervening Annual General Meeting held after the 18th Annual General Meeting. The Statutory Auditors have confirmed their eligibility for appointment as also their independent status.

The necessary Resolution proposing the ratification of the appointment of M/s RKP Associates as Statutory Auditors of the Company has been included in the Notice of the ensuing 19th Annual General Meeting of the Company and the Resolution is recommended for your approval.

Cost Records:

The Company has maintained cost records in accordance with the provisions of Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014.

Number of Board meetings conducted during the year under review:

During the year ended December 31, 2018, the Board of Directors met four (4) times viz. on February 15, 2018, June 7, 2018, September 6, 2018 and November 29, 2018. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

Particulars of loans, Guarantees and investments:

The particulars of loans, guarantees, and investments have been disclosed in the financial statements.

Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013:

The Company has zero tolerance towards sexual harassment at the workplace. A policy has been adopted in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under. All employees (permanent contractual, temporary, trainees) are covered under the said policy. During the year under review, the Company has not received any complaints of sexual harassment from any of the women employees of the Company.



Extract of Annual Return:

The details forming part of the extract of the annual return in Form MGT – 9 are set out in Annexure “B” in this Report.

Conservation of Energy, Technology Absorption and Foreign Exchange:

Information on conservation of energy, technology absorption and foreign exchange earnings and outgo, required to be disclosed pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed hereto and forms part of this report as Annexure” C”.



Clicked by: Labiba GT

Related party transactions:

All the transactions/contracts/arrangements of the nature as specified in Section 188(1) of the Companies Act, 2013 entered by the Company during the year under review with related party(ies) are in ordinary course of business and on arm’s length. The details of such transactions/contracts/arrangements which are material (i.e., satisfying the criteria provided in first proviso of section 188(1) of the Companies Act, 2013) in nature are contained in Annexure D attached hereto in form AOC-2.

Deposits:

During the year under review, the Company has not accepted any deposit from the public.

Award & Recognitions:

During the year under review, your Company received numerous awards and felicitations conferred by reputable organizations and distinguished bodies for achievements in diverse fields such as Health & Safety, Environment Management and others. A list of the awards received is summarized below:

- “Guru Dronacharya Award” by the Directorate General of Mines Safety, Government of India (5th consecutive occasion).
- “Outstanding Achievement Award” by the Indian Bureau of Mines, Government of India during the IX Mine Environment and Mineral Conservation Week. (3rd consecutive occasion).
- Certification of its Integrated Management System based on the standards ISO 9001: 2015, ISO 14001: 2015, OHSAS 18001: 2007 and SA 8000: 2014.
- Awarded 2nd highest tax payer in the category of corporate assessee for financial year 16-17.

Acknowledgements:

Your Directors wish to place on record their sincere appreciation of the efforts and dedicated service of all employees, which contributed to the continuous growth and consequent performance of the Company. Your Directors wish to place on record their gratitude for the valuable assistance and cooperation extended to the Company by the Central Government, State Government, Government of Bangladesh, the Durbars of Nongtraï and Shella villages, LHB, banks, and project consultants.

For and on Behalf of the Board

Chairman

DIN: 02329565

Place: Shillong
Date: March 20, 2019

ANNUAL REPORT DETAILS OF THE CSR ACTIVITIES

1. A brief outline of the Company’s CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to CSR policy and projects or programs.

The Company’s Corporate Social Responsibility Policy has been formulated as per the policies, strategies and goals in compliance with the provisions of the Companies Act, 2013 and the same has been placed on the company’s website. The web link of the same is as below:

<http://www.lumpl.com/sustainable-development/corporate-social-responsibility-policy/>

2. The Composition of the CSR Committee

- (i). Mr. Shivesh Kumar Sinha – Chairman.
- (ii). Mr. Narayan Sharma – Member.
- (iii). Mr. Kazi Mizanur Rahman – Member.
- (iv). Mr. Mohammad Iqbal Chowdhury – Member.

3. Average net profits of the Company for the last three financial years

The average Net Profit for the last three years is INR 7,650.62 lakhs.

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)

The Company is required to spend INR 153.01 lakhs towards CSR

5. Details of CSR spent during the financial year

- a. Total amount spent for the Financial Year: INR 133.9 lakhs
- b. Amount unspent, if any: INR 19.06 lakhs
- c. Manner in which the amount spent during the financial year:

The manner in which the amount is spent is detailed in **Annexure A1**.

ANNEXURE-“A1”

Serial No.	CSR Project or activity identified	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken.	Sector in which project is covered	Amount outlay (budget) project or programs wise (INR '000)	Amount spent on the projects or programs Sub heads: Direct Expenditure on projects and programs and Overhead (INR '000)	Cumulative expenditure upto the reporting period (INR '000)	Amount spent: Direct or through implementing agency
1.	Mobile Clinic with full time Medical Doctor for community, free medicines, annual health camps and eye camps.		HEALTH	38,79,282	31,41,208	31,41,208	Direct
2.	Sponsored Secondary School, books and tuition fees, Scholarship, Enhanced salary to math and science teachers, sponsorship for higher technical studies.	Nongtrai Village, Mawsynram Block, East Khasi Hills, Meghalaya	EDUCATION	58,12,444	47,39,225	47,39,225	Direct
3.	Livelihood Trainings, Enhancing Livelihoods of women (Women Empowerment), Procuring Weaving materials, Awareness Program.	Shella village, Shella Bholaganj Block, East Khasi Hills, Meghalaya	EMPLOYMENT & SKILLS DEVELOPMENT	13,25,248	11,46,037	11,46,037	Direct
4.	Environmental Sustainability - cleaning drives and plantation, Assistance to Community development activities		ENVIRONMENT	13,50,000	31,40,590	31,40,590	Direct
5.	Rural infrastructure development - Footpaths, enhancing water supply, Drains, Toilets, Railings etc		INFRASTRUCTURE	29,34,274	12,27,743	12,27,743	Direct
Total Direct expense of projects & programs				1,53,01,248	1,33,94,803	1,33,94,803	
TOTAL							

*Prescribed CSR Expenditure budget for the year INR 153.01 lakhs

The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR Policy of the Company.

**Chairman
CSR Committee**

*Shortfall: The CSR spending of LUMPL for the year 2018, has a shortfall of 14.23% amounting to INR 19,06,445 because of various ongoing projects for rural infrastructure development. Since the payout for these ongoing projects can only be made after the completion of the projects. Payments under these various heads could not be captured for the reporting period of 2018 for the mandatory 2% CSR spending as per company's act 2013.

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.12.2018
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:	
1	CIN U14107ML1999PTC005707
2	Registration Date 22/03/1999
3	Name of the Company LAFARGE UMIAM MINING PRIVATE LIMITED
4	Category/Sub-category of the Company Company Limited by shares Indian Non-Government Company
5	Address of the Registered office & contact details HOTEL POLO TOWERS POLO GROUND, OAKLAND ROAD, E K HILLS, MEGHALAYA, SHILLONG- 793001
6	Email manjuree.rai@lafargeholcim.com
7	Whether listed company No
8	Name, Address & contact details of the Registrar & Transfer Agent, if any. NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY	
(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)	
sl. no.	Name and Description of main products / services NIC Code of the Product/service % to total turnover of the company
1	Mining and quarrying 5109 100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES			
sl. no.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate % of shares held Applicable Section
1	LAFARGEHOLCIM BANGLADESH LIMITED	NA	Foreign Holding Company 100% 2(6)

IV. SHARE HOLDING PATTERN	
(Equity share capital breakup as percentage of total equity)	

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-January-2018]				No. of Shares held at the end of the year [As on 31-December-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian				NA				NA	
Sub Total (A) (1)				0.00%				0.00%	0.00%
(2) Foreign									
c) Bodies Corp.		41,133,099	41,133,099	100.00%		41,133,099	41,133,099	100.00%	0.00%
Sub Total (A) (2)		41,133,099	41,133,099	100.00%		41,133,099	41,133,099	100.00%	0.00%
TOTAL (A)		41,133,099	41,133,099	100.00%		41,133,099	41,133,099	100.00%	0.00%
B. Public Shareholding				NA				NA	
1. Institutions				NA				NA	
2. Non-Institutions				NA				NA	
Sub-total (B)(2):-				0.00%				0.00%	0.00%
Total Public (B)				0.00%				0.00%	0.00%
C. Shares held by Custodian for GDRs & ADRs				0.00%				0.00%	0.00%
Grand Total (A+B+C)			41,133,099	100.00%		41,133,099	41,133,099	100.00%	0.00%

(ii) Shareholding of Promoter

Serial No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	LAFARGEHOLCIM BANGLADESH LTD	41,133,098	100.00%		41,133,098	100.00%		0.00%
2.	Surma Holding BV	1	0.00%		1	0.00%		0.00%
	Total	41,133,099	100.00%		41,133,099	100.00%		0.00%

(iii) Change in Promoters' Shareholding: No change

(iv) Shareholding Pattern of top ten Shareholders:

Serial No.	For each of the Top 10 Shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total shares	No. of Shares	% of total shares
1.	LafargeHolcim Bangladesh Limited						
	At the beginning of the year	01.01.2018		4,11,33,098	100.00%	4,11,33,098	100.00%
	Changes during the year			--	0.00%	--	0.00%
	At the end of the year	31.12.2018		4,11,33,098	100.00%	4,11,33,098	100.00%
2.	Surma Holding BV						
	At the beginning of the year	01.01.2018		1	0.00%	1	0.00%
	Changes during the year			--	0.00%	--	0.00%
	At the end of the year	31.12.2018		1	0.00%	1	0.00%

(v) Shareholding of Directors and Key Managerial: NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year				
* Addition	Nil	Nil	Nil	Nil
* Reduction	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL: Not applicable as LUMPL is a Private Company					
VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:					
Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

No Penalties, Punishments or Compounding of Offences

No Penalties, Punishments or Compounding of Offences

No Penalties, Punishments or Compounding of Offences

ANNEXURE "C"

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO UNDER SECTION 134(3)(M) OF THE COMPANIES ACT, 2013, READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014.**A. CONSERVATION OF ENERGY:****(a). The steps taken or impact on conservation of Energy:**

1. Focused drive on improving energy consumption footprint by continual deployment of state –of-art energy equipment.
2. Automation of DG Sets operation, control of parameters, installation of online fuel filtration plant etc.
3. Installed Green Energy, 8180 W solar lights which is being utilizing for haul road illumination.
4. Four (4) new RECON engines have replaced the old DG sets. This will help in reduction of fuel consumption per MWH power generation and reduction of CO2 emission as well.
5. Replaced conventional lights into the power saving CFL lights at operational and residential areas.
6. Power supply optimization, with additional power generated being supplied to heavy equipment maintenance section and the residential colony. This has reduced the installation of separate generator at this location.

(b). The steps taken by the company for utilizing alternate sources of energy:

1. Installation of solar lights for haul road illumination.

(c). The capital investment on energy conservation equipments:

1. INR 20.70 Lakh

B. TECHNOLOGY ABSORPTION**(a). Efforts made towards technology absorption:**

1. As it is new unit, hence no such action taken.

(b). Benefits derived like product improvement, cost reduction, product development or import substitution:

1. NIL

(c). In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

1. the details of technology imported: NA for reasons stated above
2. the year of import: NA for reasons stated above
3. whether the technology been fully absorbed: NA for reasons stated above
4. if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: NA for reasons stated above

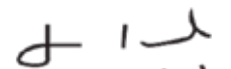
(d). The expenditure incurred on Research and Development

1. NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- (a.) Foreign exchange earnings for the year ended 31.12.2018: INR 22654.71 lakh
- (b.) Foreign exchange outgo for the year ended 31.12.2018: INR 56.66 lakh.

For and on Behalf of the Board



Chairman

DIN: 02329565

Place: Shillong
Date: March 20, 2019

ANNEXURE "D"

FORM NO. AOC – 2

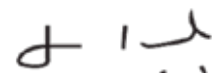
[Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 ('the Act') and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/ arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Act including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil
2. Details of materials contracts or arrangements or transactions at arm's length basis:

Sl.	Particulars	Details
1		
a.	Name (s) of the related party & nature of relationship	LafargeHolcim Bangladesh Limited (Holding Company) registered under the Bangladesh Companies Act 1994
b.	Nature of contracts/arrangements/transaction	Long Term Limestone and Shale purchase Agreement
c.	Duration of the contracts/arrangements/transaction	35 years
d.	Salient terms of the contracts or arrangements or transaction including the value, if any	LUMPL is a company incorporated in India as a 100% subsidiary of LafargeHolcim Bangladesh Limited of Bangladesh, has been operating a limestone & shale mine in Meghalaya, India for the purpose of extraction and export of limestone & shale to a cross-border cement manufacturing plant of LafargeHolcim Bangladesh Limited in Bangladesh. The project were set up under the agreement between the Government of India and the Government of Bangladesh.
e.	Date of approval by the Board	May 2, 2002
f.	Amount paid as advances, if any	NIL
2		
a.	Name (s) of the related party & nature of relationship	Shivesh Kumar Sinha
b.	Nature of contracts/arrangements/transaction	Payment of Remuneration for services to be rendered as a Non-Whole-Time Director
c.	Duration of the contracts/arrangements/transaction	In terms of approval of the Board of Directors
d.	Salient terms of the contracts or arrangements or transaction including the value, if any	INR 26,00,000/- (Rupees Twenty Six Lakh) per annum.
e.	Date of approval by the Board	May 17, 2012
f.	Amount paid as advances, if any	NIL

For and on Behalf of the Board



Chairman

DIN: 02329565

Place: Shillong
Date: March 20, 2019

INDEPENDENT AUDITORS' REPORT

To
The Members
Lafarge Umiam Mining Private Limited
Hotel Polo Tower, Polo Ground
Oakland Road, Shillong-793 001, Meghalaya

We have audited the accompanying standalone financial statements of **LAFARGE UMIAM MINING PRIVATE LIMITED**. ("the Company"), which comprise the Balance Sheet as at 31st December, 2018, the Statement of Profit & Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements :

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility :

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion :

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of the Balance Sheet, of the state of the affairs of the Company as at 31st December, 2018, and
- ii) In the case of the Statement of Profit & Loss, of the profit for the year ended on 31st December,
- iii) In the case of the Cash Flow Statement, of the cash flow for the year ended on 31st December, 2018.

Report on Legal and Regulatory Requirements :

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013. We give in the Annexure a statement on the matters specified in paragraph 3 & 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement referred to in this report are in agreement with the books of account.
 - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standard specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representation received from the directors as on 31st December, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. Our opinion on adequacy of the internal financial control over financial reporting of the company and the operating effectiveness of such control is not required for the Company vide notification dated 13.06.17, and
 - g. With Respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
 - i) The Company has disclosed the impact of pending litigation on its financial position in its standalone financial statements – Refer Note No. 26 to the standalone financial statements.
 - ii) The Company has long-term contracts including forward contracts for which there would have been no material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Dated at Silchar
the 12th day of February' 2019

FOR RKP ASSOCIATES
CHARTERED ACCOUNTANTS



(CA. DEVAJIT BISWAS)
PARTNER
MRN. 304922
FRN. 322473E

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in para (1) of our Independent Auditor's Report of even date on statements of Account of **LAFARGE UMIAM MINING PRIVATE LIMITED**. for the year ended on 31st December'2018

- I)
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) As explained to us, all the Assets of the Company have been physically verified by the management at reasonable intervals during the year and no material discrepancies have been noticed on such verifications.
 - c) According to the information and explanations given by the management, title deeds of immovable properties are held in the name of the Company.
- II)
 - a) As explained to us, the inventory has been physically verified by the management at reasonable intervals during the year.
 - b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate having regard to the size and the nature of its business.
- III) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- IV) In our opinion and according to the information and explanations given to us, the Company had neither given any loan or guarantee nor provide any security to director or any person to whom the directors are interested. Further, the Company had not made any loan, investment, guarantee which are in violation of section 186 of the Companies Act, 2013.
- V) In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from public. Therefore, the provisions of Para. 3(v) of the CARO 2016 are not applicable to the Company.
- VI) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been maintained. However, we have not made a detailed examination of the same.
- VII)
 - a) The Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Goods & Services Tax, Cess and other statutory dues applicable to it.

The unpaid undisputed dues in respect of Income-tax, Duty of Custom, Duty of Excise, Value Added Tax, Goods & Services Tax, Cess and other statutory dues in arrears as at 31st December, 2018 for a period of more than six months from the date they became payable, are:-

Name of the Statute	Nature of Dues	Due Date	Period to which the amount relates	Amount involved (Rupees in lacs)
Meghalaya Stamp Act, 1993	Stamp Duty	January 30, 2002	January 2002	3.39

- b) According to the information and explanations given to us there are no dues of Income-tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Goods & Services Tax which have not been deposited on account of any dispute.
- VIII) According to information and explanations given to us, the Company is regular in repayment of loans or borrowings from any financial institutions, banks, government or debentures holders during the year.
- IX) According to information and explanations given by the management, the Company has not raised any moneys by way of initial public offer or further public offer including debt instruments; however the term loan taken were applied for the purpose for which it was taken during the year. Therefore, the provisions of Para. 3(ix) of the CARO 2016 is not applicable to the Company.
- X) Based upon the audit procedure performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, we report that no fraud by the Company and no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- XI) The Company is a private company. Accordingly, the provisions of section 197 read with Schedule V to the Act do not apply to the Company. Thus paragraph 3(xi) of the Order is not applicable to the Company and hence not commented upon.
- XII) In our opinion and according to information & explanations given to us, the Company is not a Nidhi Company. Therefore, the provisions of Para.3(xii) of the Order are not applicable to the Company and hence not commented upon.
- XIII) According to information & explanations given by the management, transactions with the related parties are in compliance with section 177 and section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.
- XIV) According to information & explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under Para. 3(xiv) is not applicable to the company and, not commented upon.
- XV) According to information & explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- XVI) In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of Para. 3(xvi) of the Order are not applicable to the Company.

Dated at Silchar
the 12th day of February' 2019

FOR RKP ASSOCIATES
CHARTERED ACCOUNTANTS



(CA. DEVAJIT BISWAS)
PARTNER
MRN. 304922
FRN. 322473E

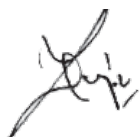
LAFARGE UMIAM MINING PRIVATE LIMITED
Balance Sheet as at 31st December 2018

	Notes	As at 31.12.2018 (Rs. in Lakhs)	As at 31.12.2017 (Rs. in Lakhs)
(I) EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	03	4,113.31	4,113.31
(b) Reserves and Surplus	04	13,994.70	10,745.76
		18,108.01	14,859.07
(2) Non-Current Liabilities			
(a) Long Term Trade Payables	07	-	-
(b) Long-term Provisions	05	5.88	110.58
(c) Deferred Tax Liabilities (Net)	22	2,014.67	1,895.83
		2,020.55	2,006.41
(3) Current Liabilities			
(a) Short-Term Borrowings	06	1,814.60	4,319.70
(b) Trade Payables	07	2,297.14	1,888.88
(c) Other Current Liabilities	08	2,601.27	3,621.89
(d) Short-Term Provisions	05	139.39	6.83
		6,852.40	9,837.30
TOTAL EQUITY AND LIABILITIES		26,980.96	26,702.78
(II) ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	09 A	9,593.59	8,962.65
(ii) Intangible Assets	09 B	4,777.58	5,156.89
(iii) Capital Work-in-Progress	10	51.02	1,181.49
		14,422.19	15,301.03
(b) Long-Term Loans and Advances	11	5,250.99	6,016.16
		19,673.18	21,317.19
(2) Current Assets			
(a) Inventories	12	1,217.66	1,546.25
(b) Trade Receivables	13	1,299.99	1,028.73
(c) Cash and Cash equivalents	14	647.55	1,724.80
(d) Short-Term Loans and Advances	11	4,142.58	1,085.81
		7,307.78	5,385.59
TOTAL ASSETS		26,980.96	26,702.78

See accompanying notes forming part of the financial statements

In terms of our report attached

For R K P Associates
Chartered Accountants



CA. DEVAJIT BISWAS
PARTNER
MRN. 304922
FRN. 322473E

Place : Silchar
Date: 12th February 2019

For and on behalf of the Board of Directors



Mohammad Iqbal Chowdhury
Director
DIN 07977063

Place : Dhaka
Date: 07th February 2019



Manjuree Rai
Company Secretary
ACS 12858



Narayan Sharma
Director
DIN 01579171

LAFARGE UMIAM MINING PRIVATE LIMITED
Statement of Profit and Loss for the year ended 31st December 2018

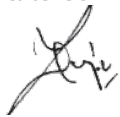
	Notes	Year Ended 31.12.2018 (Rs. in Lakhs)	Year Endend 31.12.2017 (Rs. in Lakhs)
I Revenue from Operations (gross)	15	19,769.87	22,654.71
Less : Goods & Services Tax		-	-
Revenue from Operations (Net)		<u>19,769.87</u>	<u>22,654.71</u>
II Other Income	16	715.61	463.61
III Total Revenue (I + II)		<u>20,485.48</u>	<u>23,118.32</u>
IV EXPENSES			
(a) Cost of Extracted Limestone	17	3,123.32	3,129.01
(b) Employee Benefit Expenses	18	1,036.32	1,001.41
(c) Finance Costs	19	763.71	201.01
(d) Depreciation and Amortisation Expenses	09	1,374.28	1,330.94
(e) Other Expenses	20	9,261.65	9,745.28
Total Expenses		<u>15,559.28</u>	<u>15,407.65</u>
V Profit / (Loss) Before Tax (III-IV)		<u>4,926.20</u>	<u>7,710.67</u>
VI Tax Expense			
(a) Current Tax		1,558.64	1,947.59
(b) Deferred Tax		118.62	49.90
Total Tax Expense		<u>1,677.26</u>	<u>1,997.49</u>
VII Profit/ (Loss) for the year (V - VI)		<u>3,248.94</u>	<u>5,713.18</u>
VIII Earning/ (Loss) per equity share (Rupees):			
Basic and Diluted		<u>7.90</u>	<u>13.89</u>

See accompanying notes forming part of the financial statements

The Notes referred to above form an integral part of the Profit and Loss Account

In terms of our report attached

For R K P Associates
Chartered Accountants



CA. DEVAJIT BISWAS
PARTNER
MRN. 304922
FRN. 322473E

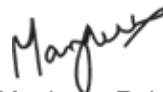
For and on behalf of the Board of Directors



Mohammad Iqbal Chowdhury
Director
DIN 07977063



Narayan Sharma
Director
DIN 01579171



Manjuree Rai
Company Secretary
ACS 12858

Place : Silchar
Date: 12th February 2019

Place : Dhaka
Date: 07th February 2019

LAFARGE UMIAM MINING PRIVATE LIMITED
Cash Flow Statement for the Year ended 31st December 2018

	Year Ended 31.12.2018 (Rs. in Lakhs)	Year Endend 31.12.2017 (Rs. in Lakhs)
A.Cash Flow from Operating Activities:		
Profit / (Loss) before Taxes and Exceptional Item	4,926.20	7,710.67
<i>Adjustments for:</i>		
Depreciation	1,374.28	1,330.94
Unrealised foreign exchange (gain) / loss	100.99	(55.44)
Financial charges	259.57	201.02
Interest income	(37.97)	(30.26)
Operating Profit before Working Capital Changes	6,623.06	9,156.93
<i>Changes in Working Capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>	(2,258.12)	(328.35)
Trade receivables	(313.41)	385.01
Short term and long term loans and advances	(2,273.30)	(672.65)
Inventories	328.59	(40.71)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>	(581.83)	(628.25)
Trade payables and other current and non current liabilities	(609.69)	993.11
Long and short term provisions	27.86	(1,621.36)
Cash from / (used in) Operations	3,783.11	8,200.33
Provision for tax/taxes paid	(1,558.64)	(1,947.59)
Net Cash from/(used in) Operating Activities	2,224.47	6,252.74
B.Cash Flow from Investing Activities:		
Capital expenditure on fixed assets and capital work in progress	(495.44)	(1,069.03)
Interest received	19.67	19.39
Net Cash used in Investing Activities	(475.77)	(1,049.64)
C.Cash Flow from Financing Activities:		
Proceed from short term borrowings	9,961.99	21,373.03
Repayment of short term borrowings	(12,525.70)	(21,514.57)
Repayment of long term borrowings	-	(554.26)
Financial charges paid	(262.24)	(334.40)
Dividend paid	-	(2,467.99)
Dividend distribution tax paid	-	(502.42)
Net Cash from/ (used in) Financing Activities	(2,825.95)	(4,000.61)
Net Increase or (Decrease) in Cash or Cash equivalents	(1,077.24)	1,202.49
Cash and Cash equivalents as at 1st January	1,724.80	522.31
Cash and Cash equivalents as at 31st December	647.56	1,724.80

Notes

1. Include cash and cheques on hand, balance in current and deposit accounts with banks (refer note - 14).
2. Figures in brackets represent outflows.
3. Previous year figures have been regrouped/restated wherever necessary.

In terms of our report attached

For R K P Associates
Chartered Accountants



CA. DEVAJIT BISWAS
PARTNER
MRN. 304922
FRN. 322473E

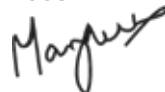
For and on behalf of the Board of Directors



Mohammad Iqbal Chowdhury
Director
DIN 07977063



Narayan Sharma
Director
DIN 01579171



Manjuree Rai
Company Secretary
ACS 12858

Place : Silchar
Date: 12th February 2019

Place : Dhaka
Date: 07th February 2019

LAFARGE UMIAM MINING PRIVATE LIMITED

Notes to the Financial Statements

01. Background

"Lafarge Umiam Mining Private Ltd ("LUMPL"), a private limited company incorporated under the laws of India, having its registered office in Shillong, Meghalaya, is a 100% subsidiary company of LafargeHolcim Bangladesh Ltd. ("LHBL"), (former Lafarge Surma Cement Ltd) a public limited company incorporated under the laws of Bangladesh.

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 a cross border elevated belt conveyor to the plant at Chattak in Bangladesh promoted by Lafarge SA of France and Cementos Molins of Spain for the manufacture of clinker, cement and building materials by LHBL."

02. Significant Accounting Policies

a). Basis of Accounting and Preparation of Financial Statements

The financial statements have been prepared on an accrual basis and under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act") read together with Rule 7 of the Companies (Accounts) Rules, 2014.

b). Use of Estimates

The preparation of the financial statements requires the management to make estimates and assumptions that affect the reporting balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reporting amounts of income and expenses during the year. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes, and useful life of fixed assets and intangible assets. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from such estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

c). Revenue Recognition

Revenue from sale of products is recognized on the basis of dispatch to customers.

Interest on deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

d).Fixed Assets

Fixed Assets are stated at original cost of acquisition less accumulated depreciation. Cost includes inward freight, duties, taxes and incidental expenses related to acquisition and installation of asset.

Software expected to provide future enduring economic benefits is stated at cost less amortization. All up gradation / enhancements are charged off as revenue expenditure unless they bring significant additional benefits.

e). Development of Quarry

Cost as listed below incurred in relation to quarry where the future economic benefits associated with those cost flows are capitalized and amortized over the mining lease rights period.

- a) Cost for development of quarry for commercial exploration.
- b) Cost for obtaining definite extraction permit which includes amongst others environmental clearance as per statutory rules and regulations in force from time to time and as imposed by regulatory authorities.
- c) Cost to expand the capacity of the quarry.

LAFARGE UMIAM MINING PRIVATE LIMITED
Notes to the Financial Statements**f). Inventory**

Extracted Limestone and Shalestone are valued at the lower of cost and net realizable value.

Spare parts, oil & fuel and other supplies are valued at/ under cost.

Cost of inventories is ascertained on the weighted average basis

g). Depreciation/Amortisation

Depreciation is provided on straight line basis over the useful lives of assets, which is as stated in Schedule II of Companies, Act 2013 or based on estimate made by the Company. The details of estimated useful life for each category of asset are as under :

Buildings - 30 to 60 years

Plant and Machinery used in Crushing and Long Belt Conveyor - 21 years *

Capital Spares for above Plant & Machinery - 5 years *

Other Plant & Machinery - 15 years

Furniture and Fixtures - 10 years

Office & Household Equipments - 5 years

Electronic Data Processing Equipment - 3 to 6 years

Computer Softwares - 3 years

Vehicles - 8 years

Leasehold Land is amortised over the remaining tenure of the lease.

Development of property - Tangible and In-Tangible pertaining to Limestone and Shalestone quarry is amortised over the remaining tenure of legal rights or useful period of the mine whichever is less.

* For Crusher and Long Belt Conveyor Plant & Machinery and related capital spare for the same , the Company believes that the useful lives as given above best represent the period over which Company expects to use these assets which is based on the Company's Group Company estimate followed. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of the Schedule II of the Companies Act 2013.

h). Foreign Exchange Transaction

a) Foreign currency transactions entered during the year are recorded at the rate of exchange prevailing on the date of transactions.

b) Monetary items denominated in foreign currencies at the year end are restated at year end rates. Non monetary foreign currency items are carried at cost . Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss

c) In case of forward exchange contracts which are entered into to hedge the foreign exchange risks in respect of existing assets/liabilities, the premium or discount on such contracts is recognized over the life of the contract. In case of forward exchange contracts entered into to hedge the foreign currency risk of a firm commitment or a highly probable future forecast transactions, mark to market loss, if any, arising in respect of such outstanding forward contracts at the balance sheet date is recognized in the Statement of Profit and Loss.

i). Employee Benefits

Defined Contribution Schemes: Company's contribution towards Provident Fund paid / payable during the year to the Provident Fund Authority are charged to Statement of Profit and Loss.

LAFARGE UMIAM MINING PRIVATE LIMITED

Notes to the Financial Statements

Defined Benefit Schemes: Company's liabilities towards Gratuity are defined benefit scheme. All liability of Defined Benefit Schemes is ascertained by independent actuarial valuations as per the requirements of Accounting Standard- 15 on "Employee Benefits".

j). Borrowing Cost

Borrowing costs to the extent / attributed to the acquisition / construction of qualifying assets are capitalized up to the date when such assets are ready for its intended use and all other borrowing costs are recognized as an expense in the period in which they are incurred.

k). Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act 1961.

Deferred tax is recognized subject to the consideration of prudence in respect of deferred tax assets, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been enacted or subsequently enacted by the Balance Sheet date. Deferred tax assets are reviewed at each Balance Sheet date to re-assess realization.

l). Impairment of Fixed Assets

An impairment loss is recognized wherever the carrying amount of fixed assets of cash generating unit exceeds the recoverable amount i.e. net selling price or value in use, whichever is higher.

m). Leases

As lessee Finance leases, which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognised as an expense in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

As lessee, Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

n). Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements

o). Classification of Assets and Liabilities into Current/Non-current

All assets and liabilities are presented as Current or Non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization, the Company has ascertained its operating cycle as 12 months for the purpose of Current / Non-current classification of assets and liabilities.

LAFARGE UMIAM MINING PRIVATE LIMITED
Notes to the Financial Statements

03 Share Capital

	As at 31.12.2018 (Rs. in Lakhs)	As at 31.12.2017 (Rs. in Lakhs)
Authorised: 42,000,000 (as at 31st December, 2017: 42,000,000) equity shares of Rs. 10 each	4,200.00	4,200.00
	<u>4,200.00</u>	<u>4,200.00</u>
Issued, Subscribed and Fully Paid up: 41,133,099 (as at 31st December, 2017: 41,133,099) equity shares of Rs. 10 each	4,113.31	4,113.31
	<u>4,113.31</u>	<u>4,113.31</u>

03.1 Share Capital Reconciliation of Number of Shares

	As at 31.12.2018		As at 31.12.2017	
	No. of Shares	Amount Rs. in Lakhs	No. of Shares	Amount Rs. in Lakhs
Issued, Subscribed and Fully paid				
At the beginning of the year	41,133,099	4,113.31	41,133,099	4,113.31
At the end of the year	<u>41,133,099</u>	<u>4,113.31</u>	<u>41,133,099</u>	<u>4,113.31</u>

03.2 Details of shareholders holding more than 5% of outstanding shares

Shareholder	As at 31.12.2018		As at 31.12.2017	
	No. of Shares	%	No. of Shares	%
LafargeHolcim Bangladesh Ltd, Bangladesh, the holding company	41,133,098	100%	41,133,098	100%
	<u>41,133,098</u>	<u>100%</u>	<u>41,133,098</u>	<u>100%</u>

03.3 Rights, Preferences and Restrictions attached to the Equity Shareholders

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

LAFARGE UMIAM MINING PRIVATE LIMITED
Notes to the Financial Statements

04. Reserves and Surplus

	As at 31.12.2018 (Rs. in Lakhs)	As at 31.12.2017 (Rs. in Lakhs)
Surplus / (Deficit) in Statement of Profit and Loss :		
Opening Balance	10,745.76	8,002.99
Add: Profit / (Loss) for the year	3,248.94	5,713.18
	13,994.70	13,716.17
Less : Appropriations		
Interim equity dividend		
{Amount per share Rs. Nil (Previous Year - Rs 6)}	-	2,467.99
Tax on equity dividend	-	502.42
Closing Balance	13,994.70	10,745.76

05. Provisions

	As at 31st December 2018 (Rs. in Lakhs)		As At 31st December 2017 (Rs. in Lakhs)	
	Long Term	Short Term	Long Term	Short Term
(a) Provision for employee benefits				
Post employment defined benbeifts				
Retiring Gratuity	5.88	139.39	110.58	6.83
Total Provisions	5.88	139.39	110.58	6.83

06. Short-Term Borrowings

	As at 31.12.2018 (Rs. in Lakhs)	As at 31.12.2017 (Rs. in Lakhs)
Loans from banks		
Unsecured		
(1) From Citibank NA, Mumbai :		
Working capital demand loan	1,814.60	2,876.73
Overdraft	-	4.61
(2) From Standard Chartered Bank, Mumbai :		
Working capital demand loan	-	1,438.36
	1,814.60	4,319.70

LAFARGE UMIAM MINING PRIVATE LIMITED
Notes to the Financial Statements

07. Trade Payables

	As at 31st December 2018		As at 31st December 2017	
	Long Term (Rs. in lakhs)	Short Term (Rs. in lakhs)	Long Term (Rs. in lakhs)	Short Term (Rs. in lakhs)
Creditors for supplies / services	-	2,218.29	-	1,826.30
Creditors for accrued wages and salaries	-	78.85	-	62.58
Total Trade Payables	-	2,297.14	-	1,888.88

08. Other Current Liabilities

	As at 31.12.2018 (Rs. in Lakhs)	As at 31.12.2017 (Rs. in Lakhs)
(a) Creditors for capital liability	3.39	29.43
(b) Creditors for other liabilities		
(1) Interest accrued and due on borrowings	9.12	11.79
(2) Statutory Dues	2,277.41	3,294.57
(3) Other credit balances	311.35	286.10
Total Other Current Liabilities	2,601.27	3,621.89

LAFARGE UMIAM MINING PRIVATE LIMITED
Notes to the Financial Statements

09. Fixed Assets

Particulars	Gross Block - At Cost		Depreciation / Amortisation			Net Block	
	As at 1st January, 2018 Rs. in lakhs	Additions during the year Rs. in lakhs	As at 31st December, 2018 Rs. in lakhs	As at 1st January, 2018 Rs. in lakhs	Additions during the year Rs. in lakhs	As at 31st December, 2018 Rs. in lakhs	As at 1st January, 2018 Rs. in lakhs
09 A. Tangible Assets							
Freehold Land	204.90	-	204.90	-	-	204.90	204.90
Leasehold Land	138.85	-	138.85	71.44	6.49	60.92	67.41
Building	890.38	-	890.38	205.16	24.54	660.68	685.22
Plant and Machinery	14,886.03	1,569.25	16,455.28	7,559.56	898.62	7,997.10	7,326.47
Development of property	1,073.62	-	1,073.62	471.33	40.01	562.28	602.29
Furniture and Fixtures	61.93	-	61.93	41.55	3.37	17.01	20.38
Office & Household Equipments	103.66	-	103.66	92.28	3.24	8.14	11.38
Electronic Data Processing Equipment	116.65	-	116.65	105.92	4.55	6.18	10.73
Vehicles	276.72	56.66	333.38	242.85	14.15	76.38	33.87
Total	17,752.74	1,625.91	19,378.65	8,790.09	994.97	9,593.59	8,962.65
Previous year	17,135.34	617.40	17,752.74	7,817.56	972.53	8,962.65	
09 B. Intangible Assets							
Software (acquired)	37.05	-	37.05	37.05	-	-	-
Development of property	7,433.90	-	7,433.90	2,277.01	379.31	4,777.58	5,156.89
Total	7,470.95	-	7,470.95	2,314.06	379.31	4,777.58	5,156.89
Previous year	7,169.19	301.76	7,470.95	1,955.65	358.41	5,156.89	

LAFARGE UMIAM MINING PRIVATE LIMITED
Notes to the Financial Statements

10. Capital Work-in-Progress

	As at 31.12.2018 (Rs. in Lakhs)	As at 31.12.2017 (Rs. in Lakhs)
(a) Plant & Machinery	51.02	1,181.49
Total Capital Work-in-Progress	51.02	1,181.49

Additional information

(1) Development of property includes expenditure incurred on account of development of quarry

11. Loans and Advances

	As at 31st December 2018		As at 31st December 2017	
	Long Term (Rs. in lakhs)	Short Term (Rs. in lakhs)	Long Term (Rs. in lakhs)	Short Term (Rs. in lakhs)
Loans and Advances (Unsecured, considered good)				
(a) Capital advances	-	328.44	-	128.95
(b) Security deposits	1,232.62	-	1,232.62	-
(c) Interest accrued on deposits	41.46	8.55	20.04	11.68
(d) Advance tax (Net of provision for tax)	1,028.85	-	1,357.04	-
(e) MAT credit entitlement	2,403.29	-	2,840.03	-
(f) Other loans and advances				
(1) Prepayments	87.80	57.54	131.70	59.95
(2) Advances to suppliers	29.31	150.86	7.07	122.48
(3) Deposit account 1 & 2	427.66	305.67	427.66	298.26
(4) Others	-	3,291.52	-	464.49
	<u>544.77</u>	<u>3,805.59</u>	<u>566.43</u>	<u>945.18</u>
Total Loans and Advances	<u>5,250.99</u>	<u>4,142.58</u>	<u>6,016.16</u>	<u>1,085.81</u>

Additional information

1. Represents deposit with banks that are restricted from being exchanged or used to settle a liability for more than 12 months.

2. Includes Rs. 34.66 lakhs (as at 31st December, 2017 Rs. 34.66 lakhs) pledged with the Office of Commissioner of Central Excise, Meghalaya; Rs.208.67 lakhs (as at 31st December, 2017 Rs.201.26 lakhs) pledged in respect of Bank Guarantee issued by State Bank of India, Shillong in favour of Indian Bureau of Mines; Rs.280.00 lakhs (as at 31st December 2017 Rs. 280.00 lakhs) pledged in respect of bank overdraft facility availed from State Bank of India, Shillong and Rs. 210.00 lakhs (as at 31st December, 2017 Rs. 210.00 lakhs) earmarked for Environment Management Plan Fund as per the requirements of environmental clearance conditions granted to the Company by Ministry of Environment, Forest and Climate Change, Government of India

LAFARGE UMIAM MINING PRIVATE LIMITED
Notes to the Financial Statements

12. Inventories

	As at 31.12.2018 (Rs. in Lakhs)	As at 31.12.2017 (Rs. in Lakhs)
(a) Extracted Limestone	64.99	399.66
(b) Oil and Fuel	31.88	56.57
(c) Stores, Spares and Explosive	1,120.79	1,090.02
Total Inventories	<u>1,217.66</u>	<u>1,546.25</u>

13. Trade Receivables

	As at 31.12.2018 (Rs. in Lakhs)	As at 31.12.2017 (Rs. in Lakhs)
Current Trade Receivable		
Unsecured, considered good unless otherwise stated		
Outstanding for a period exceeding six months, from the date they were due for payment.	-	-
Others	1,299.99	1,028.73
Total Current Trade Receivable	<u>1,299.99</u>	<u>1,028.73</u>

14. Cash and Cash equivalents

	As at 31.12.2018 (Rs. in Lakhs)	As at 31.12.2017 (Rs. in Lakhs)
(a) Cash on hand	0.77	0.82
(b) Balances with banks		
In Current Accounts	646.78	1,244.53
In Transit	-	479.45
Total Cash and Cash equivalents	647.55	1,724.80
Out of above, the balances that meet the definition of Cash and Cash equivalents as per Accounting Standard 3 Cash Flow Statements	<u>647.55</u>	<u>1,724.80</u>

15. Revenue from Operations

	Year Ended 31.12.2018 (Rs. in Lakhs)	Year Ended 31.12.2017 (Rs. in Lakhs)
Revenue from operations (gross)	19,769.87	22,654.71
Less : Goods & Services Tax on revenue from operations	-	-
Revenue from Operations (net)	<u>19,769.87</u>	<u>22,654.71</u>

LAFARGE UMIAM MINING PRIVATE LIMITED
Notes to the Financial Statements

15.1 Revenue from Operations (net)

	Year Ended 31.12.2018 (Rs. in Lakhs)	Year Ended 31.12.2017 (Rs. in Lakhs)
Sale of crushed limestone (1)	19,769.87	22,654.71
	<u>19,769.87</u>	<u>22,654.71</u>

Additional information

(1) Sales of crushed limestone represent 100% export sales to holding company, LafargeHolcim Bangladesh Ltd, Bangladesh.

16. Other Income

	Year Ended 31.12.2018 (Rs. in Lakhs)	Year Ended 31.12.2017 (Rs. in Lakhs)
(a) Interest Income from bank deposits	37.97	30.26
(b) Excess liability written back	321.24	-
(c) Refund of taxes and duties on input goods and services	187.88	70.05
(d) Gain on foreign exchange fluctuation (Net)	-	363.30
(e) Others	168.52	-
Total Other Income	<u>715.61</u>	<u>463.61</u>

17. Cost of Extracted Limestone

	Year Ended 31.12.2018 (Rs. in Lakhs)	Year Ended 31.12.2017 (Rs. in Lakhs)
Extracted Limestone		
Opening stock	399.66	324.12
Add:- Cost of extraction	2,788.65	3,204.55
Less : Closing stock	64.99	399.66
Extracted Limestone Consumed	<u>3,123.32</u>	<u>3,129.01</u>

18. Employee Benefits Expenses

	Year Ended 31.12.2018 (Rs. in Lakhs)	Year Ended 31.12.2017 (Rs. in Lakhs)
(a) Salaries and wages, including bonus	937.65	937.85
(b) Contribution to provident and other funds	98.67	63.56
Total Employee Benefits Expense	<u>1,036.32</u>	<u>1,001.41</u>

19. Finance Cost

	Year Ended 31.12.2018 (Rs. in Lakhs)	Year Ended 31.12.2017 (Rs. in Lakhs)
(a) Interest expenses		
Interest on External Commercial Borrowings	-	4.30
Interest on working capital demand loan and overdraft	244.01	181.51
(b) Bank charges	15.56	15.20
(c) Net loss on foreign currency transactions and translation (considered as finance cost)	504.14	-
Total Finance Cost	<u>763.71</u>	<u>201.01</u>

LAFARGE UMIAM MINING PRIVATE LIMITED
Notes to the Financial Statements

20. Other Expenses

	Year Ended 31.12.2018 (Rs. in Lakhs)	Year Ended 31.12.2017 (Rs. in Lakhs)
Consumption of stores, spare parts and loose tools	257.85	243.82
Fuel for power generation	806.20	771.50
Cost of operation and maintenance of DG Sets for power generation	182.65	237.90
Rent	55.54	50.20
Repairs to buildings	2.03	7.87
Repairs to machinery	65.03	110.22
Repairs to others	239.90	253.48
Insurance	45.54	52.40
Royalty and Cess for Limestone mining lease	3,502.31	3,863.32
Lease rent for limestone mining surface rights	655.81	356.31
LBC and mining operation support & assistance by local bodies & others	290.78	313.13
Contribution to Special Purpose Vehicle 1	1,903.25	2,099.60
Corporate Social Responsibility Expenditure 2	133.95	162.29
Environmental cost	225.30	257.92
Business Promotion & Public Relations	7.53	36.54
Study, reports and consultancy fees	47.84	79.20
IT Cost	100.41	65.39
Security cost	390.97	406.10
Communication charges	7.18	8.74
Gas, Water & Electricity	16.33	20.97
Legal fees and consultation	22.02	37.04
Travelling and conveyance	129.07	151.58
Safety expense	42.03	31.68
Site restoration cost	25.42	25.42
Deputation of custom officials at site	37.35	31.54
Auditors remuneration and out-of-pocket		
(i) Statutory Auditors	7.50	7.50
(ii) Tax Audit related matter	2.80	2.80
(iii) For Other Services	0.70	0.83
(iv) Reimbursement of Expense	-	0.32
Miscellaneous expenses	58.36	59.67
Total Other Expenses	9,261.65	9,745.28

(1) Represents the contribution payable to Special Purpose Vehicle (SPV) based on Rs. 90/- per tonne of limestone production from the Company's mines. The SPV was set up in terms of the directions of the Ministry of Environment and Forests (MoEF), Government of India vis-à-vis Orders of the Supreme Court of India dated 12th April 2010 and the Order and Judgement dated 6th July, 2011. The amount so deposited by the Company to SPV is meant for various welfare projects mandated upon the SPV including the development of health, education, irrigation and agriculture in the mining project area (i.e 50 kms) of the Company solely for the local community and welfare of Tribals.

(2) Corporate Social Responsibility Expenditure Rs. 133.95 lakhs (Previous year : Rs. 162.29 lakhs) incurred by the Company represents with the requirement of the provision of Section 135 of the Companies Act, 2013.

LAFARGE UMIAM MINING PRIVATE LIMITED
Notes forming part of the Financial Statements

21. Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for Rs. 345.46 lakhs (as at 31st December, 2017 Rs. 205.38 lakhs).

22. **Deferred tax:**

The break up of deferred tax is as under

Deferred Tax Liabilities

Timing difference on account of:-

-Depreciation

Year Ended 31.12.2018 (Rs. in Lakhs)	Year Ended 31.12.2017 (Rs. in Lakhs)
2,065.43	1,936.46
2,065.43	1,936.46
Deferred Tax Assets	
-Unabsorbed Depreciation	
Nil	Nil
-Provision for Gratuity	
50.76	40.63
50.76	40.63
(2,014.67)	(1,895.83)

Gross Deferred Tax Liabilities (A)

Deferred Tax Assets

-Unabsorbed Depreciation

-Provision for Gratuity

Gross Deferred Tax Assets (B)

Deferred Tax Assets/ (Liability) (Net) (A-B)

23. **Micro, Small and Medium Enterprises Development Act, 2006.**

The Company has not received any intimation from “suppliers” regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, and hence disclosures if any, relating to amounts unpaid as at the year end together with interest paid/ payable are required under the said act have not been given.

24. **Expenditure / Earnings in foreign currency:**

a) **Value of imports calculated on CIF basis:**

i) Stores and Spare parts

ii) Capital goods

Total

Year Ended 31.12.2018 (Rs. in Lakhs)	Year Ended 31.12.2017 (Rs. in Lakhs)
Nil	0.76
Nil	422.58
Nil	423.34

b) **Expenditure in foreign currency:**

i) Professional and Consulting fees

ii) Interest and other borrowing cost

Total

Year Ended 31.12.2018 (Rs. in Lakhs)	Year Ended 31.12.2017 (Rs. in Lakhs)
98.47	52.36
Nil	4.30
98.47	56.66

LAFARGE UMIAM MINING PRIVATE LIMITED
Notes forming part of the Financial Statements

c) Earnings in foreign currency:

	Year Ended 31.12.2018 (Rs. in Lakhs)	Year Ended 31.12.2017 (Rs. in Lakhs)
i) FOB Value of Exports	19,769.87	22,654.71
Total	19,769.87	22,654.71

d) Details of consumption of imported and indigenous items :

	Year Ended 31st December 2018		Year Ended 31st December 2017	
	(Rs. in Lakhs)	%	(Rs. in Lakhs)	%
i) Imported				
Raw materials	Nil	Nil	Nil	Nil
Stores and Spares	20.78	8%	90.97	37%
ii) Indigenous				
Raw materials	3,123.33	100%	3,128.09	100%
Stores and Spares	237.07	92%	152.85	63%

25. Contingent Liability not provided for:

Bank Guarantee amounting to Rs. 208.67 lakhs (as at 31st December 2017 Rs. 171.07 lakhs) issued by State Bank of India, Main Branch Shillong on behalf of the Company favoring Indian Bureau of Mines as financial assurance for the progressive mines closure plan.

- 26.** Company entered into a Limestone Mining Agreement with a mining contractor (the "Contractor"). The Contractor failed to engage the right mining equipment, many mining equipment were more than 5 years old and in violation of the provisions of the Agreement. The Contractor failed to produce right sizes of Limestone as specified in the Agreement. Company issued notices of Breach, Material Breach to the Contractor in terms of the Agreement. On 28.02.2015 the Agreement was terminated. 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 Rs. 2,241 lakhs. The Contractor made counter-claim of Rs. 6,204 lakhs. By order dated 11.09.2015, the ICC appointed Arbitration Tribunal rejected the counterclaim of the Contractor on procedural ground. On 11.12.2015, the Contractor filed an application before the Calcutta High Court under Section 34 of the Arbitration and Conciliation Act, 1996 seeking to set aside the Order of the Arbitration Tribunal dated 11.09.2015 (the "Application"). On 18.01.2016, the Contractor filed an application for stay of the Order dated 11.09.2015 before the Arbitration Tribunal on the ground that the matter is pending before the High Court. On 01.02.2016, the Arbitral Tribunal passed an order adjourning hearing before the Tribunal until final disposal of the Application by the Calcutta High Court. The Hearing on the Application is awaited. 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.

LAFARGE UMIAM MINING PRIVATE LIMITED
Notes forming part of the Financial Statements

27. The Company is under a legal obligation to restore the mines in terms of final mines closure plan submitted to Indian Bureau of Mines at the end of mining operations. Based on the tenure of the current mining lease, estimated cost of site restoration has been provided during the year.

The details of provisions for site restoration cost are summarized below:

	Year Ended 31.12.2018 (Rs. in Lakhs)	Year Ended 31.12.2017 (Rs. in Lakhs)
Opening balance	285.96	260.54
Additions	25.42	25.42
Reversals	Nil	Nil
Closing balance	311.38	285.96

28. The Company is recognizing the provision for the employee retirement benefits as per Accounting Standard 15 "Employee Benefits".

Independent Actuarial Valuation of all employee benefit scheme was made on 31st December 2018 which is in the nature of unfunded gratuity benefit.

The following tables set out the details of amount recognised in the financial statements in respect of defined benefit scheme for unfunded gratuity as per the actuarial valuation under the Projected Unit Credit Method.

I. Component of Expenses recognized in the Statement of Profit and Loss

	Year Ended 31.12.2018 (Rs. in Lakhs)	Year Ended 31.12.2017 (Rs. in Lakhs)
Current Service cost	13.70	14.04
Interest cost	9.18	8.06
Expected return on plan assets	-	-
Curtailment cost/(credit)	-	-
Past Service Cost – (vested benefits)	20.32	-
Past Service Cost – (non vested benefits)	-	-
Unrecognized Past Service Cost –(non vested benefits)	-	-
Actuarial Losses/(Gains)	(0.81)	(9.44)
Total expense recognized in the Statement of Profit & Loss	42.39	12.66

The Gratuity expenses have been recognized under "Contribution to provident and other funds" in Note 18.

LAFARGE UMIAM MINING PRIVATE LIMITED
Notes forming part of the Financial Statements

II. Net Asset/(Liabilities)

	Current Year (Rs. in Lakhs)	Previous Years			
		As on 31.12.2017 (Rs. in Lakhs)	As on 31.12.2016 (Rs. in Lakhs)	As on 31.12.2015 (Rs. in Lakhs)	As on 31.12.2014 (Rs. in Lakhs)
Present value of Obligation	145.27	117.41	113.05	97.14	75.47
Fair value of plan assets	-	-	-	-	-
Funded status [Surplus/(Deficit)]	(145.27)	(117.41)	(113.05)	(97.14)	(75.47)
Effect of balance sheet asset limit	-	-	-	-	-
Unrecognized Past Service Costs	-	-	-	-	-
Net asset/(liability) recognized in balance sheet	(145.27)	(117.41)	(113.05)	(97.14)	(75.47)

III. Reconciliation of opening and closing balance of the Present Value of the Defined Benefit Obligation (DBO)

	Year Ended 31.12.2018 (Rs. in Lakhs)	Year Ended 31.12.2017 (Rs. in Lakhs)
Present Value of DBO at beginning of period	117.41	113.05
Current Service cost	13.70	14.04
Interest cost	9.18	8.06
Curtailement cost/(credit)	-	-
Settlement cost/(credit)	-	-
Past Service Cost – (vested benefit)	20.31	-
Past Service Cost – (non vested benefit)	-	-
Employee contribution	-	-
Plan amendments	-	-
Acquisitions	-	-
Actuarial (gains)/ losses	(0.81)	(9.44)
Benefits paid	(14.53)	(8.31)
Present Value of DBO at the end of period	145.27	117.41

IV. Actuarial Assumptions

	Year Ended 31.12.2018 (Rs. in Lakhs)	Year Ended 31.12.2017 (Rs. in Lakhs)
Discount Rate per annum Compound	7.50%	7.82%
Rate of increase in salaries	7.00%	8.00%
Rate of return on Plan Assets	Not Applicable	Not Applicable
Expected Average remaining working lives of employees (years)	20.94	20.96

Note:

- i. The estimate of future salary increase takes into account seniority, promotion and other relevant factors.
- ii. Experience (Gain)/Loss adjustment arising on plan liabilities - Rs 8.08 lakhs [as at 31st December 2017 Rs. 0.98 lakhs].

LAFARGE UMIAM MINING PRIVATE LIMITED
Notes forming part of the Financial Statements

Contribution to Defined Contribution Plan recognized as expense for the year and disclosed under “Contribution to provident and other funds” in Note 18:

	Year Ended 31.12.2018 (Rs. in Lakhs)	Year Ended 31.12.2017 (Rs. in Lakhs)
Employer’s Contribution to recognized Provident Fund	56.28	50.90

29. Related party disclosure as per Accounting Standard -18 :

a. Key Managerial Personnel (KMP):

Name	Nature of relationship	Transactions for the year ended		
		31st December, 2018 Rs. in Lakhs	31st December, 2017 Rs. in Lakhs	Nature of transaction
Mr. Shivesh Kumar Sinha	Chairman	26.00	26.00	Remuneration
Mr. Narayan Sharma	Director	115.63	105.49	Remuneration
Mr. Mohammed Arif Bhuiyan	Director	Nil	Nil	---
Mr. Marcos Cela Rey	Director	Nil	Nil	---
Mr. Kazi Mizanur Rahman	Director	Nil	Nil	---
Mr. Eung Rae Kim	Director	Nil	Nil	---
Mr. Rajesh Surana	Director	Nil	Nil	---
Mr. Mohammed Iqbal Chowdhury	Director	Nil	Nil	---

- b. Holding Company : LafargeHolcim Bangladesh Ltd, Bangladesh**
Ultimate Holding Company : Surma Holdings B.V, Netherland

I. Secured External Commercial Borrowings (ECB):

	Year Ended 31.12.2018 (Rs. in Lakhs)	Year Ended 31.12.2017 (Rs. in Lakhs)
Closing balance	Nil	Nil
Interest accrued and due as on	Nil	Nil
Interest accrued but not due as on	Nil	Nil
Interest charged during the year ended	Nil	4.30
Loan availed during the year	Nil	Nil
Foreign exchange fluctuation [(gain)/ loss] on ECB loan	Nil	(20.88)
Foreign exchange fluctuation [(gain)/ loss] on outstanding interest	Nil	(5.12)
Loan repaid during the year	Nil	533.38
Interest paid during the year including withholding tax	Nil	135.05

II. Interest on External Commercial Borrowing (ECB):

	Year Ended 31.12.2018 (Rs. in Lakhs)	Year Ended 31.12.2017 (Rs. in Lakhs)
Interest charged during the year	Nil	4.30

LAFARGE UMIAM MINING PRIVATE LIMITED
Notes forming part of the Financial Statements

III. Export sales transaction:

	Year Ended 31.12.2018 (Rs. in Lakhs)	Year Ended 31.12.2017 (Rs. in Lakhs)
Closing balance of export sales receivables as at	1,299.99	1,028.73
Total value of export sales transaction during the year ended	19,769.87	22,654.71

c. Fellow Subsidiary Company:

Name of the related party: Lum Mawshun Minerals Pvt Ltd Transactions:

	Year Ended 31.12.2018 (Rs. in Lakhs)	Year Ended 31.12.2017 (Rs. in Lakhs)
Closing balance as at	7.81	7.10
Expense paid by the Company on behalf of the fellow subsidiary company during the year ended	0.71	1.23

30. Earnings per Share (EPS) – The numerators and denominators used to calculate Basic and Diluted EPS:

	Year Ended 31.12.2018 (Rs. in Lakhs)	Year Ended 31.12.2017 (Rs. in Lakhs)
a) Net Profit / (Loss) after Tax available for Equity Shareholders (Rs. in lakhs)	3,248.94	5,714.10
b) Weighted average number of equity shares of nominal value of Rs. 10 /- each (Nos.)	41,133,099	41,133,099
c) Basic and diluted Earnings/(Loss) per Share including exceptional item (a ÷ b) (Rupees)	7.90	13.89

31. None of the Company's fixed assets are considered impaired as on the Balance Sheet Date.

32. During the year the Company had entered into certain forward exchange contracts which are not intended for speculation purpose but only for hedging currency related risks. The Company has provided foreign exchange (gain)/loss of Rs. (47.31) lakhs (as at 31st December 2017 Rs. (92.91) lakhs) due to fluctuation in foreign exchange rates in respect of all outstanding forward contracts at the balance sheet date not backed by any underlying existing assets/liabilities by marking them to the market.

Forward contracts outstanding as on 31st December 2018 are as follows:

As at	No. of Contracts	Amount (USD in lakhs)	Amount (Rs. in lakhs)
31st December 2018	8	52.00	3,789.99
31st December 2017	10	75.00	4,929.04

LAFARGE UMIAM MINING PRIVATE LIMITED
Notes forming part of the Financial Statements

33. The year end foreign currency exposures that are not hedged by a derivative Instrument or otherwise are given below:

Particulars	Currency	Convertible amount as at			
		31st December, 2018		31st December, 2017	
		Foreign Currency in lakhs	Rs. in lakhs	Foreign Currency in lakhs	Rs. in lakhs
Working capital loan	USD	26.00	1,814.60	67.50	4,315.08
Interest on Working capital loan	USD	0.11	7.95	0.12	7.97
Sundry Creditors	USD	2.86	199.52	0.76	48.19
Sundry Creditors	Euro	1.40	111.29	1.40	106.56
Sundry Receivables	USD	18.63	1,299.99	41.58	2,658.21

34. The Company has entered into operating leases arrangement for Heavy Earth Moving Machines and other related machines for its mining operations. The leases are for a period of 5 years with a non-cancellable period of 3 years. There are no contingent rents and subleases. At the end of lease term as per the terms and conditions of the operating leases arrangements, the Company has an option to either renew the lease term or surrender the underlying asset under lease arrangement or purchase the underlying asset under lease arrangement at fair market value. Future minimum lease payments obligation under the operating lease arrangement area as follow:

	Year Ended 31.12.2018 (Rs. in Lakhs)	Year Ended 31.12.2017 (Rs. in Lakhs)
Not later than one year	939.87	984.06
Later than one year but not later than five years	453.76	939.87
Later than five years	453.76	453.76

Rental expenses of Rs 530.30 lakhs excluding taxes (as at 31st December 2017 Rs. 577.99) in respect of obligation under non-cancellable operating leases have been charged to the statement of profit and loss in Note 17.

35. The Company has no reportable segment as the company is primarily engaged in the mining activities and the entire sales are export sales.
36. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Place : Dhaka
Date : 07th February 2019

For and on behalf of the Board


Narayan Sharma
Director
DIN 01579171


Manjuree Rai
Company Secretary
ACS 12858


Mohammed Iqbal Chowdhury
Director
DIN 07977063



OUR FOOTPRINTS ACROSS THE COUNTRY

The only integrated dry process cement plant in the country and three grinding units at different locations enable us to have our footprints all around the country. With these plants we are bringing world class cement, clinker and the best solutions for our valued customers.





Report and financial statements of **Lum Mawshun Minerals Private Limited**

for the year ended December 31, 2018

LUM MAWSHUN MINERALS PRIVATE LIMITED

DIRECTORS' REPORT

Dear Shareholders:

The Board of Directors of Lum Mawshun Minerals Pvt. Ltd. (the "Company") take pleasure in presenting to the members their report together with audited financial statements of the Company for the year ended on December 31, 2018.

Review of the Activities:

Your Company had been set up as a subsidiary of LafargeHolcim Bangladesh Limited ("LHBL") to obtain the land rights and mining leases for the mining project in Meghalaya, India. With due approval of the Government of Meghalaya, the Company transferred all lands acquired for the project to Lafarge Umiam Mining Private Limited ("LUMPL"). LUMPL is the operating company for the Mining project. Your Company is now exploring new opportunities for development of future business.

Financial Highlights:

The net loss for the year 2018 was INR 72,351/-

Auditors Report:

The notes to accounts forming part of the financial statements are self explanatory and need no further explanation.

There are no qualifications in the Auditors' Report which requires any clarification/ explanation.

Directors:

The Company has six (6) Directors on the Board. The Directors are not liable to retire by rotation.

Appointments:

No appointments have taken place during the year under review.

Resignations:

No resignations have taken place during the year under review

Directors' Responsibility Statement:

In accordance with Section 134(3)(c) of the Companies Act, 2013, your Directors, to the best of their knowledge and belief and according to the information and explanation obtained by them, confirm that:

1. in preparation of the annual accounts for the year ending December 31, 2018; the applicable Accounting Standards have been followed along with proper explanations provided for material departures, if any;
2. the accounting policies selected have been applied consistently and judgments and estimates are made, that are reasonable and prudent to give a true and fair view of the state of affairs of the Company as on December 31, 2018 and of the profit of your Company for the year ended on that date;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

4. the annual accounts for the year ended December 31, 2018 have been prepared on a going concern basis;
5. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
6. that the directors have devised proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.



Eye Camp for the local community - Part of CSR activities of LUMPL.

Auditors:

M/s RKP Associates, Chartered Accountants (having Firm Registration No 322473E) were appointed as the Statutory Auditor of the Company at the 23rd Annual General Meeting held on May 17, 2018 and were assigned to hold office from the conclusion of the said Meeting till the conclusion of the 28th Annual General Meeting.

As per the provisions of Section 139 of the Companies Act, 2013, the appointment of the Auditors is required to be ratified by the Members of the Company at every intervening Annual General Meeting held after the 23rd Annual General Meeting. The Statutory Auditors have confirmed their eligibility for appointment as also their independent status.

The necessary Resolution proposing the ratification of the appointment of M/s RKP Associates as Statutory Auditors of the Company has been included in the Notice of the ensuing 24th Annual General Meeting of the Company and the Resolution is recommended for your approval.

Number of Board meetings: conducted during the year under review:

During the year ended December 31, 2018, the Board of Directors met four (4) times viz. on February 15, 2018, June 7, 2018, September 6, 2018 and November 29, 2018. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

Particulars of loans, Guarantees and investments:

The Company has not made any investments or given any loans or guarantee or provided any security during the year under scrutiny.

Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013:

The Board has been taking necessary measures for the protection of women rights.

Related party transactions:

There have been no materially significant related party transactions between the Company and the Directors, the management, the subsidiaries or the relatives except for those disclosed in the financial statements.

Accordingly, particulars of contracts or arrangements with related parties referred to in Section 188(1) along with the justification for entering into such contract or arrangement in Form AOC -2 does not form part of the report.

Extract of Annual Return:

The details forming part of the extract of the annual return in Form MGT – 9 are set out in Annexure “A” in this Report.

Conservation of Energy, Technology Absorption and Foreign Exchange:

Information on conservation of energy, technology absorption and foreign exchange earnings and outgo, required to be disclosed pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed hereto and forms part of this report as **Annexure “B”**.

Deposits:

During the year under review, the Company has not accepted any deposit from the public.

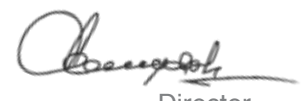
Acknowledgements:

Your Directors wish to express their grateful appreciation for the valuable support and cooperation received from LHBL, LUMPL, project consultants and the Durbars of Nongtraï and Shella for their continued support.

For and on Behalf of the Board



Director
DIN: 01579171



Director
DIN: 01300486

Place: Shillong
Date: March 20, 2019

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
 As on financial year ended on 31.12.2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:	
1	CIN U14107ML1994PTC004299
2	Registration Date 17/11/1994
3	Name of the Company LUM MAWSHUN MINERALS PVT LTD
4	Category/Sub-category of the Company Company Limited by shares Indian Non-Government Company
5	Address of the Registered office & contact details HOTEL POLO TOWERPOLO GROUND, MEGHALAYA, SHILLONG, Meghalaya-793001, INDIA
6	Email manjuree.raj@lafargeholcim.com
7	Whether listed company No
8	Name, Address & contact details of the Registrar & Transfer Agent, if any. NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY		
(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)		
sl. no.	Name and Description of main products / services	NIC Code of the Product/service % to total turnover of the company
1	Mining and quarrying	5109 100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES					
sl. no.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	LAFARGEHOLCIM BANGLADESH LTD	NA	Foreign Holding Company	74.02	2(46)

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-January -2018]			No. of Shares held at the end of the year [As on 31-December-2018]			% Change during the year
	Demat	Physical	Total	Demat	Physical	Total	
A. Promoters							
(1) Indian							
a) Individual/ HUF			1,420			1,420	25.98% 0.00%
Sub Total (A) (1)			1,420			1,420	25.98% 0.00%
(2) Foreign							
c) Bodies Corp.			4,046			4,046	74.02% 0.00%
Sub Total (A) (2)			4,046			4,046	74.02% 0.00%
TOTAL (A)			5,466			5,466	100.00% 0.00%
B. Public							NA
1. Institutions							NA
2. Non-Institutions							NA
Sub-total (B)(2):-							0.00% 0.00%
Total Public (B)							0.00% 0.00%
C. Shares held by Custodian for GDRs & ADRs							0.00% 0.00%
Grand Total (A+B+C)			5,466			5,466	100.00% 0.00%

(ii) Shareholding of Promoter

Serial No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	LAFARGEHOLCIM BANGLADESH LTD	4,046	74.02%		4,046	74.02%		0.00%
2.	KITTY DORIS ROY	710	12.99%		710	12.99%		0.00%
3.	LYNGDOH GALMENDER SINGH	710	12.99%		710	12.99%		0.00%
	Total	5,466	100.00%		5,466	100.00%		0.00%

(iii) Change in Promoters' Shareholding: No change

(iv) Shareholding Pattern of top ten Shareholders:

Serial No.	For each of the Top 10 Shareholders	Date	Reason	Shareholding at the beginning of the year		Shareholding at the end of the year	
				No. of Shares	% of total shares	No. of Shares	% of total shares
1.	LafargeHolcim Bangladesh Limited						
	At the beginning of the year	01.01.2018		4,046	74.02%	4,046	74.02%
	Changes during the year			--	0.00%	--	0.00%
	At the end of the year	31.12.2018		4,046	74.02%	4,046	74.02%
2.	Kitty Doris Roy						
	At the beginning of the year	01.01.2018		710	12.99%	710	12.99%
	Changes during the year			--	0.00%	--	0.00%
	At the end of the year	31.12.2018		710	12.99%	710	12.99%
3.	Lyngdoh Galmender Singh						
	At the beginning of the year	01.01.2018		710	12.99%	710	12.99%
	Changes during the year			--	0.00%	--	0.00%
	At the end of the year	31.12.2018		710	12.99%	710	12.99%

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year				
* Addition	Nil	Nil	Nil	Nil
* Reduction	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL: Not applicable as LMPL is a Private Company					
VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:					
Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

Annexure "B" to the Directors' Report:

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO UNDER SECTION 134(3)(M) OF THE COMPANIES ACT, 2013, READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014

A. CONSERVATION OF ENERGY:

(a). The steps taken or impact on conservation of Energy:

The Company is not a manufacturing Company and hence the details in respect of Conservation of Energy are not applicable.

(b). The steps taken by the company for utilizing alternate sources of energy

NA

(c). The capital investment on energy conservation equipments;

NA

B. TECHNOLOGY ABSORPTION:

NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(a). Total foreign exchange used and earned

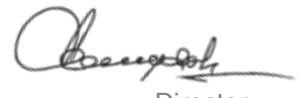
a). Expenditure in foreign currency:
NIL

b). Earnings in foreign currency:
NIL

For and on Behalf of the Board



Director
DIN: 01579171



Director
DIN: 01300486

Place: Shillong
Date: March 20, 2019

INDEPENDENT AUDITORS' REPORT

To
The Members
Lum Mawshun Minerals Private Limited
Hotel Polo Tower, Polo Ground,
Oakland Road, Shillong – 793 001, Meghalaya

We have audited the accompanying financial statements of LUM MAWSHUN MINERALS PRIVATE LIMITED (“the Company”), which comprise the Balance Sheet as at 31st December, 2018 and the Statement of Profit & Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements :

The Company’s Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility :

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company’s preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company’s Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statement.

Opinion :

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- i) In the case of the Balance Sheet, of the state of the affairs of the Company as at 31st December, 2018.
- ii) In case of Statement of Profit & Loss, of the loss for the year ended on 31st December, 2018.

Emphasis of Matter :

Without qualifying our report, we invite attention to Note 11 to the financial statements, regarding financial statements being prepared on a going concern basis, in spite of full erosion of net worth of the Company as at the year end, taking into account the continued financial support from its parent company.

Report on Legal and Regulatory Requirements :

1. This Report does not include a statement on the matter's specified in Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013, since in our opinion and according to the information and explanation given to us, the said Order is not applicable to the company.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet and the Statement of Profit and Loss referred to in this report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet and the Statement of Profit & Loss referred to in this report are in compliance with the Accounting Standard specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representation received from the directors as on December, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on December, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. Our opinion on adequacy of the internal financial control over financial reporting of the company and the operating effectiveness of such control is not required for the Company vide notification dated 13.06.17.
 - g. With Respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
 - i. The Company does not have any pending litigations which would have impact in its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there would have been any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

Dated at Silchar
the 12th day of February' 2019

FOR RKP ASSOCIATES
CHARTERED ACCOUNTANTS



(CA. DEVAJIT BISWAS)
PARTNER
MRN. 304922
FRN. 322473E

LUM MAWSHUN MINERALS PRIVATE LIMITED
Balance Sheet as at 31st December 2018

Notes	As at 31.12.2018 (Rupees)	As at 31.12.2017 (Rupees)
(I) EQUITY AND LIABILITIES		
(1) Shareholders' funds		
(a) Share Capital	03 546,600	546,600
(b) Reserves and surplus	04 (1,626,173)	(1,553,822)
	<u>(1,079,573)</u>	<u>(1,007,222)</u>
(2) Current liabilities		
(a) Trade payables	05 1,135,952	1,064,912
(b) Other current liabilities	06 -	-
	<u>1,135,952</u>	<u>1,064,912</u>
TOTAL EQUITY AND LIABILITIES	<u>56,379</u>	<u>57,690</u>
(II) ASSETS		
(1) Non-current assets		
(a) Long-term loans and advances	07 36,226	33,589
	<u>36,226</u>	<u>33,589</u>
(2) Current assets		
(a) Cash and bank balances	08 20,153	20,801
(b) Short-term loans and advances	07 -	3,300
	<u>20,153</u>	<u>24,101</u>
TOTAL ASSETS	<u>56,379</u>	<u>57,690</u>

See accompanying notes forming part of the financial statements

In terms of our report attached

For R K P Associates
Chartered Accountants



CA. DEVAJIT BISWAS
PARTNER
MRN. 304922
FRN. 322473E

For and on behalf of the Board of Directors



Mohammad Iqbal Chowdhury
Director
DIN 07977063



Narayan Sharma
Director
DIN 01579171

Place : Silchar
Date: 12th February 2019

Place : Dhaka
Date: 07th February 2019

LUM MAWSHUN MINERALS PRIVATE LIMITED
Statement of Profit and Loss for the year ended 31st December 2018

	Notes	As at 31.12.2018 (Rupees)	As at 31.12.2017 (Rupees)
I Other Income (interest on bank deposit)		2,638	2,638
II Total Revenue		<u>2,638</u>	<u>2,638</u>
III EXPENSES			
Other expenses	09	74,989	118,533
Total Expenses		<u>74,989</u>	<u>118,533</u>
IV Profit / (Loss) before tax (II-III)		<u>(72,351)</u>	<u>(115,895)</u>
V Tax Expense		-	-
VI Loss after tax for the year (IV - V)		<u>(72,351)</u>	<u>(115,895)</u>
VII Loss per equity share (Rupees):			
Basic and Diluted	12	<u>(13.24)</u>	<u>(21.20)</u>

See accompanying notes forming part of the financial statements

In terms of our report attached

The notes referred to above form an integral part of the Profit and Loss Account.

For R K P Associates
Chartered Accountants



CA. DEVAJIT BISWAS
PARTNER
MRN. 304922
FRN. 322473E

For and on behalf of the Board of Directors



Mohammad Iqbal Chowdhury
Director
DIN 07977063



Narayan Sharma
Director
DIN 01579171

Place : Silchar
Date: 12th February 2019

Place : Dhaka
Date: 07th February 2019

LUM MAWSHUN MINERALS PRIVATE LIMITED

Notes to the Financial Statements

01. Background

Lum Mawshun Minerals Private Limited (“LMMPL”), a private limited company incorporated under the laws of India, having its registered office in Shillong, Meghalaya, is a 100% subsidiary company of LafargeHolcim Bangladesh Ltd (“LHBL”) (former Lafarge Surma Cement Ltd), a public limited company incorporated under the laws of Bangladesh.

The Company was formed for acquisition of mining and land rights to facilitate the mining operation of limestone & shale by Lafarge Umiam Mining Pvt Ltd (LUMPL), another subsidiary of the parent Company and supply of the same to the cement plant being set up by the parent Company at Bangladesh. During the earlier years the Company had transferred the Mining & Land rights as well as freehold & 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. Consequently there has been no business during the year as well as in the previous years. However, the Company is exploring new opportunities.

02. Significant Accounting Policies

a). Basis of accounting and preparation of financial statements.

The financial statements have been prepared on an accrual basis and under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India (“Indian GAAP”) to comply with Accounting Standards specified under Section 133 of the Companies Act, 2013 (“the Act”) read together with Rule 7 of the Companies (Accounts) Rules, 2014.

b). Use of Estimates

The preparation of the financial statements requires the management to make estimates and assumptions that affect the reporting balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reporting amounts of income and expenses during the year. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes, foreseeable estimated contract losses and useful life of fixed assets and intangible assets. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from such estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

c). Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act 1961.

Deferred tax is recognized subject to the consideration of prudence in respect of deferred tax assets, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been enacted or subsequently enacted by the Balance Sheet date. Deferred tax assets are reviewed at each Balance Sheet date to re-assess realization.

d). Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

LUM MAWSHUN MINERALS PRIVATE LIMITED
Notes to the Financial Statements

03. Share Capital

	As at 31.12.2018 (Rupees)	As at 31.12.2017 (Rupees)
Authorised: 168,000 (Previous year 168,000) equity shares of Rs 100 each	16,800,000	16,800,000
	16,800,000	16,800,000
Issued, Subscribed and Fully Paid up: 5,466 (Previous year 5,466) equity shares of Rs. 100 each	546,600	546,600
	546,600	546,600

03.1 Share Capital
Reconciliation of Number of Shares

	As at 31.12.2018		As at 31.12.2017	
	No. of Shares	Amount (Rupees)	No. of Shares	Amount (Rupees)
Issued, Subscribed and Fully paid				
At the beginning of the year	5,466	546,600	5,466	546,600
Issued during the year	-	-	-	-
At the end of the year	5,466	546,600	5,466	546,600

03.2 Details of shareholders holding more than 5% of outstanding shares

Shareholder	As at 31.12.2018		As at 31.12.2017	
	No. of Shares	%	No. of Shares	%
(1) LafargeHolcim Bangladesh Ltd, Bangladesh, the holding company	4,046	74%	4,046	74%
(1) SG Lyngdoh	710	13%	710	13%
(1) Kitty Doris	710	13%	710	13%
	5,466	100%	5,466	100%

03.3 Rights, Preferences and Restrictions attached to the Equity Shareholders

The Company has one class of equity shares having a par value of Rs. 100 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

LUM MAWSHUN MINERALS PRIVATE LIMITED
Notes to the Financial Statements

04. Reserves and Surplus

	As at 31.12.2018 (Rupees)	As at 31.12.2017 (Rupees)
Surplus / (Deficit) in Statement of Profit and Loss :		
Opening Balance	(1,553,822)	(1,437,927)
Add: Profit / (Loss) for the year	(72,351)	(115,895)
Closing Balance	<u>(1,626,173)</u>	<u>(1,553,822)</u>

05. Trade Payables

	As at 31.12.2018 (Rupees)	As at 31.12.2017 (Rupees)
Creditors for supplies / services	1,135,952	1,064,912
Total Trade Payables	<u>1,135,952</u>	<u>1,064,912</u>

06. Other Current Liabilities

	As at 31.12.2018 (Rupees)	As at 31.12.2017 (Rupees)
Creditors for other liabilities	-	-
Statutory dues	-	-
Total Other Current Liabilities	<u>-</u>	<u>-</u>

07. Loans and Advances

	As at 31.12.2018		As at 31.12.2017	
	Long Term (Rupees)	Short Term (Rupees)	Long Term (Rupees)	Short Term (Rupees)
Loans and Advances				
(a) Interest accrued on deposits	16,226	-	13,589	-
(b) Other loans and advances				
- Deposit account (1)	20,000	-	20,000	-
- TDS	-	-	-	3,300
Total Loans and Advances	<u>36,226</u>	-	<u>33,589</u>	<u>3,300</u>
Classification of Loans and Advances				
Secured, considered good	-	-	-	-
Unsecured, considered good	36,226	-	33,589	3,300
Doubtful	-	-	-	-
Gross Loans and Advances	<u>36,226</u>	-	<u>33,589</u>	<u>3,300</u>

Additional information

1. Pledged with the Director of Mineral Resources, Meghalaya

LUM MAWSHUN MINERALS PRIVATE LIMITED
Notes to the Financial Statements

08. Cash and Bank Balances

	As at 31.12.2018 (Rupees)	As at 31.12.2017 (Rupees)
(a) Cash on hand	274	274
(b) Balances with banks		
- In Current Accounts	19,879	20,527
Total Cash and Bank Balances	<u>20,153</u>	<u>20,801</u>
 Out of above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements	 <u>20,153</u>	 <u>20,801</u>

09. Other Expenses

	As at 31.12.2018 (Rupees)	As at 31.12.2017 (Rupees)
(a) Auditors Remuneration	74,340	73,350
(b) Professional Fees	-	39,550
(c) Filing Fees	-	5,000
(d) Others	649	633
	<u>74,989</u>	<u>118,533</u>

LUM MAWSHUN MINERALS PRIVATE LIMITED
Notes forming part of the Financial Statements

10 Micro, Small and Medium Enterprises Development Act, 2006.

The Company has not received any intimation from “suppliers” regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, and hence disclosures if any, relating to amounts unpaid as at the period end together with interest paid/ payable are required under the said act have not been given.

11 The net worth of the Company as on 31.12.2018 has been fully eroded and the Company has been incurring losses over the years including the current year. However, the Company enjoys continued supports from its parent company. In view of this, going concern assumption has not been vitiated.

12 Earnings per Share (EPS) – The numerators and denominators used to calculate Basic and Diluted EPS

	As at 31.12.2018 (Rupees)	As at 31.12.2017 (Rupees)
1. Net Profit after tax attributable to Equity Shareholders (Rs) {A}	(72,351)	(115,895)
2. Weighted average number of Equity Shares outstanding during the year (Nos.) {B}	5,466	5,466
3. Nominal Value of Equity per share (Rs.)	100	100
4. Basic / Diluted Earnings per share (Rs.) {A÷B}	(13.24)	(21.20)

13 Deferred tax Asset/Liability has not been created during the year, there being no timing difference between the accounting income and taxable income, which is capable of reversing in subsequent periods.

14 Related party disclosure as per Accounting Standard 18.

a. Holding Company:

Name: LafargeHolcim Bangladesh Ltd, Bangladesh
Ultimate Holding Company: Surma Holdings B.V, Netherland

b. Fellow Subsidiary:

Name: Lafarge Umiam Mining Pvt Ltd
Transaction: Expense paid by the fellow subsidiary on behalf of the Company Rs. 71,040/- (Previous Year Rs. 123,600/-); Balance at the year end: Rs.781,309/- (Previous Year Rs. 710,269/-)

15 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Place : Dhaka
Date : 07th February 2019

For and on behalf of the Board


Narayan Sharma
Director
DIN 01579171


Mohammed Iqbal Chowdhury
Director
DIN 07977063

LafargeHolcim Bangladesh Limited

A company of  LafargeHolcim and 

FORM OF PROXY

I/We _____ (name)
of _____ (address)

being a member of LafargeHolcim Bangladesh Limited (the "Company") hereby appoint,

Mr./Ms _____ (name)
of _____ (address)

as my/our proxy, to attend on my/our behalf at the Annual General Meeting of the Company to be held on May 16, 2019 and at any adjournment thereof or any poll that may be taken in consequence thereof and to vote on my/our behalf as he/she thinks fit on all Resolutions.

As witness my/our hand this _____ day of _____ 2019.

Signed (Member)

Folio / BO No.																				
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Member
Phone No.:

--

Signed (Proxy)

Folio / BO No.																				
----------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Affix revenue stamp

Tk. 20.00

Note:

- The proxy form, duly filled in and stamped, must be submitted with the Registered Office of the Company not less than 72 hours before the time fixed for the meeting. Proxy must be a Member of the Company.

LafargeHolcim Bangladesh Limited

A company of  LafargeHolcim and 

ATTENDANCE SLIP

I hereby record my presence at the Annual General Meeting of LafargeHolcim Bangladesh Limited on May 16, 2019 at 11:00 A.M. at the Jaflong Rangamati (floor 14), Le Meridien Dhaka, 79/A Commercial Area, Airport Road, Nikunja 2, Khilkhet, Dhaka-1229, Bangladesh.

Name of Member	
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Folio / BO No. Member																				
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Name of Proxy	
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Folio / BO No. Proxy																				
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Signature of Member

Signature of Proxy

Note: Please complete this Attendance Slip and deposit at the registration counter on the day of the meeting.

LafargeHolcim Bangladesh Limited

A company of  LafargeHolcim and  CEMENTOS MOLINS

NinaKabbo, Level-7, 227/A Bir Uttam Mir Shawkat Sarak
(Gulshan Tejgaon Link Road), Tejgaon, Dhaka -1208, Bangladesh
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Web: www.lafargeholcim.com.bd