



ANNUAL REPORT

2019

LafargeHolcim Bangladesh Limited

A company of  LafargeHolcim and  CEMENTOS MOLINS

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.



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LafargeHolcim Bangladesh Limited

A company of  LafargeHolcim and 

Registered Office: NinaKabbo, Level-7, 227/A Bir Uttam Mir Shawkat Sarak (Tejgaon Gulshan Link Road), Tejgaon, Dhaka -1208, Bangladesh
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NOTICE OF THE 22nd ANNUAL GENERAL MEETING

Notice is hereby given that the 22nd Annual General Meeting of the Shareholders of LafargeHolcim Bangladesh Limited (the "Company") will be on **Tuesday, June 23, 2020** at **02:30 P.M** (the "AGM"). The AGM will be held virtually by using digital platform through the following Registration link https://lafargeholcim.zoom.us/webinar/register/WN_ZrUP73tiRHqpPIcOUPz12Q 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, 2019.
2. To declare dividend for the year ended on December 31, 2019.
3. To elect Directors.
4. To confirm the appointment of Independent Director.
5. To appoint Statutory Auditors and fix their remuneration.
6. To appoint Corporate Governance Compliance Auditors and fix their remuneration.

By order of the Board



Kazi Mizanur Rahman
Company Secretary

Dated: June 7, 2020

NOTES

- ▶ Pursuant to the Bangladesh Securities and Exchange Commission's (BSEC) Order No. SEC/SRMIC/04-231/932 dated March 24, 2020, the AGM will be held using digital platform.
- ▶ Member's name appearing in the Member/ Depository Register as on Record Date **i.e. June 2, 2020** will be eligible to attend the AGM and receive dividend.
- ▶ Pursuant to BSEC Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated June 20, 2018, soft copy of the Annual Report 2019 will be sent to Members respective email addresses as available with the Company. The Annual Report 2019 shall also be available at the Company website: www.lafargeholcim.com.bd
- ▶ A Member entitled to attend and vote at the AGM may appoint a Proxy to attend and vote instead. Duly filled Proxy Form must be sent through email to the Company's Share Office at least 72 hours before commencement of the AGM at info.cs@lafargeholcim.com
- ▶ Pre-registrations for attending the virtual meeting shall open from **June 7, 2020**.
- ▶ Detailed process for registration and participation will be available at: www.lafargeholcim.com.bd
- ▶ Members may submit their questions in advance to info.cs@lafargeholcim.com or to the Company Secretary at mizanur.rahman@lafargeholcim.com
- ▶ We encourage Members to log in to the system thirty (30) minutes before the meeting.

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. Martin Kriegner, Director
- Mr. Shivesh Kumar Sinha, Director
- Mr. Julio Rodriguez Izquierdo, Director
- Mr. Jorge Bonnin Bioslada, Director
- Mr. Manzurul Islam, Director
- Mr. Marcos Cela Rey, Director
- Ms. Naheed Akhter, Director
- Mr. Monzurur Rahman, Independent Director
- Mr. Syed Mahmudul Huq, Independent Director
- Dr. Rubana Huq, Independent Director

CHIEF EXECUTIVE OFFICER

Mr. Rajesh K Surana

COMPANY SECRETARY

Mr. Kazi Mizanur Rahman

CHIEF FINANCIAL OFFICER

Mr. Mohammad Iqbal Chowdhury

HEAD OF INTERNAL AUDIT & COMPLIANCE

Mr. Minhaz Sharifur Rahman

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 and Company Secretary
- Mr. Mohammad Asif Bhuiyan, Chief Corporate Affairs Officer
- Mr. Mohammad Iqbal Chowdhury, Chief Financial Officer
- Mr. Narayan Prasad Sharma, Operations Director, LUMPL
- Mr. Wedage Lakmal Suranjan Fonseka, Director Logistics & Procurement

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

AUDIT COMMITTEE

- Mr. Monzurur Rahman, Chairman
- Mr. Jorge Bonnin Bioslada, Member
- Mr. Shivesh Kumar Sinha, Member
- Mr. Kazi Mizanur Rahman, Secretary

NOMINATION AND REMUNERATION COMMITTEE

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

STATUTORY AUDITORS

Nurul Faruk Hasan & Co.

COMPLIANCE AUDITORS

Ahmed Mashuque & Co.

BOARD OF DIRECTORS



CHRISTOF HÄSSIG

Chairman

In LafargeHolcim Group, 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 20 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.





MARTIN KRIEGNER

Director

Martin Kriegner is an Austrian national and has been a member of the Executive Committee of LafargeHolcim since August 2016 and is also the Region Head of Asia Pacific. He is a graduate of Vienna University with a Doctorate in Law and he obtained an MBA at the University of Economics in Vienna.

Martin Kriegner joined the Group in 1990 and became the CEO of Perlmöser AG, Austria in 1998. He moved to India as CEO of the Lafarge operations in 2002 and later served as Regional President Cement for Asia, based in Kuala Lumpur. In 2012, he was appointed CEO of Lafarge India for Cement, RMX and Aggregates. In July 2015 he became Area Manager Central Europe for LafargeHolcim operations. He is also globally in charge for Cement Manufacturing, Logistics, Commercial and Geocycle.

Mr. Martin Kriegner is a Director of LafargeHolcim Bangladesh Limited since August 22, 2019.

Mr. Kriegner has a long association with the Company. In 2002, he was appointed as a Director of the Company. From April 2007 to August 2013, he was the Chairman of the Board of Directors of the Company. Mr. Martin Kriegner has been instrumental in leading the Company during the financing, construction and commissioning of our unique cross border project.

JORGE BONNIN BIOSLADA

Director

Mr. Jorge Bonnin is the Group Chief Financial Officer of Cementos Molins. He has 25 years of experience in executive and senior leadership positions in Controlling, Finance, IT, Legal and Procurement at leading global technology industrial groups in the cement, paper & packaging, elevator, automotive, heating and power tools markets, managing multifunctional and multicultural teams focused to accelerate the performance and to increase the shareholder's value. Before joining Cementos Molins Group in June 2019, Mr. Bonnin held executive leadership positions at industrial conglomerates like Bosch, ThyssenKrupp, and DS Smith, being Board Member of more than 15 companies. He has sound experience on growth processes, turnaround, reorganization, change management, operational performance, financing optimization and restructuring, M&A, and divestments. Mr. Bonnin managed the transformation and boost the performance of the stocklisted group Europac, leading its sale to DS Smith amounting to EUR 1.9b, acting later as the CFO of DS Smith in South Europe with 65 manufacturing centres. Before, Mr. Bonnin was the CFO of ThyssenKrupp Elevator in South Europe, Africa and Middle East with presence over 36 countries, and previously he held several executive positions at Bosch in Spain, Portugal and Germany.

Born in 1971, Mr. Jorge Bonnin, a Spanish national, has a bachelor degree in Business Administration specialized in Management, at Complutense University (Madrid, Spain) and executive programs at Harvard Business School (USA) and Ashridge Business School (UK).





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 5000 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 over 33 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, The Milnars Tubewells 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 completed his graduation in Economics 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. Mr Cela is member of the Molins Executive Committee at group level, member of the board of Directors of LHBL in Bangladesh and LUMPL in India, Ecocementos and Iacol in Colombia and is Vice president of the board of Directors of the Tunisian Subsidiaries of Cementos Molins

He has more than 20 years' experience in finance management, controlling and risk management with major global organizations. Since 2016 he 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. He also obtained a PADE from IESE Business School.

MONZURUR RAHMAN

Independent Director

Mr. Monzurur Rahman has long 51 years' experience 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 and Chairman of the Executive Committee of Pubali Bank Limited.

Mr. Rahman belongs to a family where members are involved in Banks, Insurances and Financial Institutions. He is one of the Sponsors' of Delta Life Insurance Company Limited from its inception and Chairman of Rema Tea Company Limited. He is a Member of Dhaka Club Limited, Gulshan 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.

DR. RUBANA HUQ

Independent Director

Dr. Rubana Huq is Bangladesh's foremost female business leaders. Currently she is the president of Bangladesh Garment Manufacturers and Export Association (BGMEA). For last twenty one years she has been holding the position of the Managing Director of Mohammadi Group, one of the largest business conglomerates in Bangladesh. Mohammadi Group started its journey in readymade garments sector, and has since diversified into software, digital distribution, real estate, power generation and Nagorik television channel.

Besides her corporate identity, Dr. Huq is also a poet, having won the SAARC Literary Award in 2006. In 2013 and 2014 she has been featured by the BBC as one of the 100 most inspiring and influential women. She sits on the Board of Trustees for the Asian University for Women. She heads Annisul Huq Foundation, named after her late husband, former Mayor of Dhaka City Corporation North.

Born in 1964, Dr. Huq holds Ph.D. in English Literature from Jadavpur University, Kolkata; and M.A. in English from East West University, Dhaka.





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., the subsidiary 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

Syed Mahmudul Huq is a reputed businessman with significant contributions in the development of exports, regional trade and investment in Bangladesh including capital market development of the country.

Mr. Huq is the Vice Chairman of the Board of Directors of Premier LP Gas Limited, a joint venture with TOTAL Oil of France. He also has stakes in renewable energy (Japan Solartech Bangladesh Limited) and Information and Communications Technology including Internet Services (Broad Band Telecom Services), Inter Connection Exchange (M&H Telecom), International Gateway (VENUS Telecom Ltd) and Nationwide Telecommunication Transmission Network (BAHON Limited).

He is currently the Chairman of Bangladesh Myanmar Business Promotion Council, Bangladesh Shrimp and Fish Foundation and the Honorary Consul of Malta in Chittagong, Bangladesh. He is a member of the Board of Trustees of Independent University of Bangladesh and Chittagong Independent University.

Mr. Huq was President of Bangladesh Frozen Foods Exporters' Association (1991-94) and member of the Management Board of Export Promotion Bureau (2002-06). He was founder Director of Chittagong Stock Exchange and played an important role in the formation of South Asian Federation of Exchanges. He pioneered a transit route for Nepal via Chittagong port in 1979.

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





CHAIRMAN'S STATEMENT

Dear Shareholders,

It is my pleasure to welcome you to the 22nd Annual General Meeting of LafargeHolcim Bangladesh Limited (the "Company"). I sincerely hope and pray that all of you, your family members, friends and near ones are safe and in good health. Under the backdrop of COVID 19 pandemic the Annual General meeting is held through live webcast using digital platform in order to ensure physical distancing for the benefit of health and safety of all of us.

I am delighted to inform you that the year 2019 proved to be truly an exceptional year for the Company. Your Company demonstrated cost leadership and commercial excellence across all functions and achieved 56% growth in Net Profit. Our cash position is one of the best in the industry where key focus

was on quick collection from customers. It was difficult to predict at the start of 2019 how the year would turn out considering the prevailing uncertainties in the cement industry of Bangladesh, but as a result of the great efforts of the management team and all employees, the Company continued to grow from strength to strength. The amalgamation of the Company and Holcim Cement (Bangladesh) Ltd. has been completed in November 2019. We thank you for your unequivocal support during the long regulatory and legal processes of the amalgamation.

In spite of higher challenges, we grew faster than many competitors in the industry with greater efficiency and cost discipline. After several years of transition and adjustment we came to a good position to thrive the growth. We hold the best asset in the industry with highly motivated teams. Our encouraging performance also continued into the first quarter of 2020 until the cement market was badly hit by COVID 19 pandemic.

COVID 19 is a severe pandemic situation which has triggered enormous impacts on people's life as well as economic situation. All around the world countries are taking measures to fight further spreads and successful concepts have been found and adopted. Continuous efforts however will be needed and will impact all our daily lives. It will take some time to get back to a more normal situation during which the management of your Company will continue to work relentlessly for the wellbeing of its employees, communities, shareholders and families.

Before the pandemic, Bangladesh's economy was booming with a constant growth rate. However, the COVID 19 pandemic has emerged as a major challenge for the country's economy. The construction sector is being impacted heavily. The crisis is developing fast basically in all our key markets in Bangladesh and led to very abrupt and significant declines in volumes during the months of March, April & May and is expected to continue in the coming weeks and months. Under this backdrop, we are focusing on executing initiatives on HEALTH, COST & CASH. Post the outbreak, the Company was grappling to recover its fixed costs since most of its sites remained closed due to the lockdown.

Over the years we have been emphasising that at LafargeHolcim Bangladesh, Health & Safety is The Priority Number One and at the centre of the core value. In the face of the COVID 19 pandemic we have continued to live up to this priority and core value, by acting quickly and with great solidarity to protect employees, contractors and all our stakeholders. At the same time, we have continued our operations and business activities as much as possible, while minimizing the exposure to COVID 19. Social distancing, minimized strategic allocation of human resources, good hygiene practices and sanitation protocols are in place at all our sites.

The Company is also taking many endeavors as part of the community engagement during this challenging time of COVID 19. These include e.g. donation of masks and food items in collaboration with local administration and public offices for community people. We are providing medicines in coordination with doctors of local public health centre and Company Doctor. The Company is beside the local communities at a time when they need us most.

Looking into the steps taken by your organization during this crisis, including quick formation of Central Business Resilient Team along with the Site Crisis Response Team, who has been working relentlessly in order to ensure that we all are safe and business continuity is ensured, I feel that your Company is on the right track and we are committed to return the reliance of the shareholders in the best possible way. While I thank you for your unambiguous goodwill, I believe you will also join me in thanking the whole management team for doing an outstanding work to help your Company to overcome the challenges during this pandemic.

Throughout its history, your Company has faced numerous challenges and has always been able to overcome them. We are confident that with the collective efforts of our employees and the confidence of the Shareholders on the Board of Directors and Management of the Company, we shall be able to overcome this unprecedented crisis.

In the meantime, please keep safe.



Christof Hässig
Chairman

Dated: June 4, 2020

CORPORATE GOVERNANCE STATEMENT

The Report on the Corporate Governance pursuant to the Bangladesh Securities and Exchange Commission Notification on Corporate Governance dated June 3, 2018 is given below:

Company's philosophy on corporate governance

At LafargeHolcim Bangladesh Limited, Corporate Governance has been an integral part of the way we have been doing our business since inception. The Company is governed by the Board, keeping in view its accountability to the stakeholders. We believe that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics. 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. These main drivers, together with the Company's ongoing contributions to the local communities through meaningful initiatives plays a pivotal role in fulfilling our renewed vision to be the

most sustainable and competitive company in our industry and our mission to create value for all our stakeholders.

The Company throughout its existence spanning over 20 years, has placed a great emphasis on values such as safety of employees, sustainable initiatives aimed at empowering communities, integrity and empowerment of its employees, transparency in decision making process, fair and ethical dealings with all, pollution free clean environment and last but not the least, accountability to all the stakeholders. These practices have contributed to the Company's sustained growth. The Company also believes that its operations ensure conservation and development of economic, social and environmental capital and responsible utilization of precious natural resources.



THE GOVERNANCE STRUCTURE:

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. The Chief Executive Officer (CEO) of the Company is the only Executive Director.

The Board of Directors play a 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.

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 2019.

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.

Remuneration of Directors

In terms of the present Articles of Association of the Company (the "Articles"), none of the Independent Director or the Non Executive receive any sitting fees 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 with 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 3 (three) years, which may be extended for 1 (one) term only. None of the Independent Directors serve as "Independent Directors" in more than 5 (five) 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.

Committees of Directors

For ensuring good corporate governance, the Board has constituted the following Committees change to: 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, 2019 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.

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 & Compliance. The Chief Executive Officer, Chief Financial Officer, Head of Internal Audit and Compliance and Company Secretary of the Company is not holding any executive position in any other company at the same time. 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 2 (two) subsidiary companies i.e. 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 financial results of the Subsidiary Companies 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 the Company has laid down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee for the Chairperson of the Board, other Board Members, Chief Executive Officer and to all employees of the Company. 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.

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/>.

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.

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.

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 Auditors.

In compliance with the BSEC Notification on financial reporting and disclosure dated June 20, 2018, and Dhaka Stock Exchange (Listing) Regulations, 2015 dated June 30, 2015, the statutory auditors are not appointed for a consecutive period exceeding three (3) years.

The Audit Committee meets with the Statutory Auditors to ensure that the auditors are acting independently and reviews the financial statements before submission to the Board for approval.

The Financial Statements included in this Annual Report have been audited by M/s Nurul Faruk Hasan & Co., Chartered Accountants.

Corporate Governance Compliance Statement

Every year, the Company obtains a certificate from a Practising Professional Accountant/ Secretary (Chartered Accountant/ Cost and Management Accountant/ Chartered Secretary) regarding compliance of conditions of the Corporate Governance Guidelines of the Bangladesh Securities and Exchange Commission (BSEC) and send the same to the Shareholders along with the Annual Report.

The compliance certificate issued by Ahmed Mashuque & Co., Chartered Secretary 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.



**SAFETY
COMES
FIRST.**

BOARD OF DIRECTORS' REPORT

Dear Shareholders,

The Directors of LafargeHolcim Bangladesh Limited (the "Company") are pleased to present the 22nd Annual Report of the Company.

The Directors' Report, along with the audited financial statements (Consolidated and Standalone) for the year ended on December 31, 2019, and the Auditors Report thereon have 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's (BSEC) notification dated June 3, 2018 (the "Corporate Governance Code"), and the Listing Rules of the Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited.

The year 2019 will be remembered as a year of great turnaround for your Company. The financial results have been very encouraging with 56% growth in Net Profit After Tax. The employees, customers, business partners and shareholders have been the key contributors for making 2019 a year of great achievements.



1. OVERVIEW OF THE FINANCIAL PERFORMANCE:

The Company's consolidated operating and financial results as compared to previous year are as follows:

Particulars	2019 (Taka'000)	2018 (Taka'000)	Growth
Revenue	1,78,39,756	1,66,31,529	7%
Cost of goods sold	1,33,07,859	1,25,31,583	
Gross Profit	45,31,897	40,99,946	11%
Net profit before tax	26,80,761	18,82,736	42%
Net profit after tax	17,37,454	11,14,652	56%
Total assets	2,69,24,292	2,68,88,230	
Net asset value	1,61,99,227	1,55,78,320	
Net operating cash flow	40,85,418	31,12,749	
Earning per share	1.50	0.96	56%
NAV per share	13.95	13.41	
Net operating cash flow per share	3.52	2.68	
Return on equity	10.73%	7.16%	
Gross margin	25.40%	24.65%	
Net margin before tax	15.03%	11.32%	
Net margin after Tax	9.74%	6.70%	

The year 2019 was challenging for the cement Industry. Most of the raw material prices increased during the first half of the year. During the second half, changes in the Income Tax law regarding minimum tax and introduction of new Value Added Tax law directly impacted profitability of the companies in Bangladesh. The industry could not pass the increased input cost to the market as the price increase did not take place.

In spite of adverse external environment, your Company delivered the best results in the industry both in terms of top line and bottom line. Our volume grew in line with Industry which resulted in a healthy revenue growth of 7%. This is an outcome of combined approach at front end in terms of expansion of outlet, cross selling of products from synergy of integration, disciplined sales and margin based pricing. Our value maximization initiatives have brought significant efficiency in logistics and procurement which helped achieve significant growth in earnings during the year 2019. The Gross Profit Margin was stable though the variable costs were soft. All major elements of cost related to plant fixed costs, selling and distribution expenses, logistics and administration expenses have been kept well below than that of last year despite the inflation being above 5%.

2. DIVIDEND AND RETAINED EARNINGS:

On March 4, 2020, 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 2019 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, 2019.

The above dividend recommendation of the Board of Directors shall be forwarded to the Shareholders at the 22nd Annual General Meeting for their consideration and approval.

Retained Earnings

The total Retained Earnings of your Company as of December 31, 2019, stood at BDT 4,242,436,000, details of which are given in the Statement of Changes in Equity of the Consolidated Financial Statement.

3. AMALGAMATION WITH HOLCIM CEMENT (BANGLADESH) LIMITED:

The amalgamation of the Company and Holcim Cement (Bangladesh) Limited (“HBL”) has been successfully completed on November 26, 2019 with the blessings of the favourable Order passed by the Hon’ble High Court Division of the Supreme Court of Bangladesh. The long journey involved shareholder approvals, regulatory approvals and legal processes. In every step, the Company received unequivocal support of the Shareholders, and it is through this support that the Company was inspired to overcome the challenges along the way.

From a strategic point of view, the amalgamation is a perfect business synergy for your Company. It has made your Company stronger and more efficient having pan Bangladesh presence with cement & clinker production facilities at strategic locations in the country. We thank our Shareholders for their undisputable, unconditional & spontaneous supports during this challenging journey.



4. BUSINESS PERFORMANCE - YEAR 2019:

The operational performance of your Company in 2019 has been excellent, be it production performance, sales volume or logistics performance. In the backdrop of increasing input costs against stagnant selling prices, the Company achieved a commendable result in cost optimization. This has resulted in excellent financial performance of the Company as compared to previous years.

HEALTH & SAFETY:

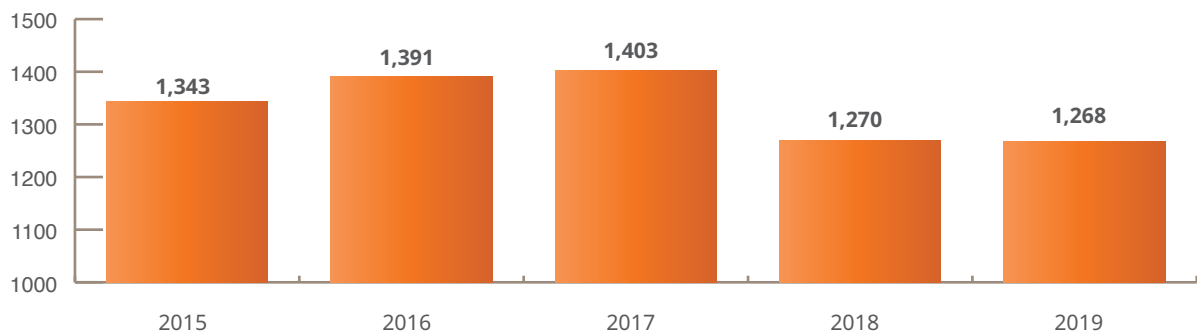
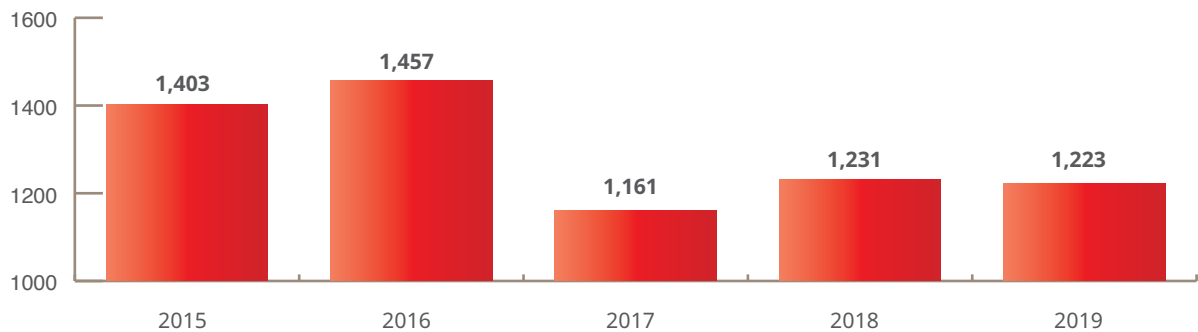
Health and Safety is the core value of your Company. In our corporate culture, Health & Safety gets the highest priority in any business decision. We genuinely believe that all incidents are preventable. Our goal is “ZERO Harm” to people, communities and environment. We continuously work to improve our safety culture and performance across our operations in Bangladesh and in Meghalaya, India. The commitment is rooted in personal objectives of every employee and being monitored periodically by management.

2019 was another year without Lost Time Injury. We are making efforts to reduce Medical and First Aid injuries. Your Company is committed to ensure that both its employees and contractors can work safely on its sites and in the community. We continue on our Health & Safety transformational path which is designed to reduce incidents and move us toward the ambition of ZERO Harm.

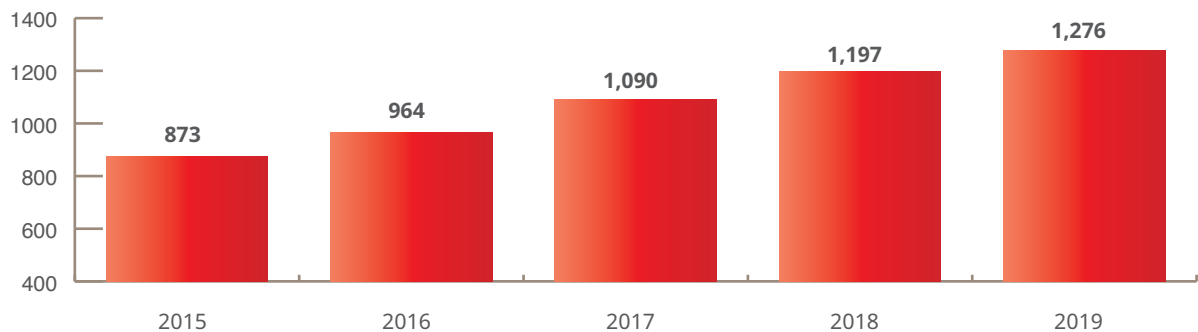
PRODUCTION PERFORMANCE:

Your Company has 4.2 million tons cement production capacity per annum, with fully integrated cement and clinker plant in Chhatak, and three (3) grinding plants near Dhaka and Khulna. The limestone quarry in Meghalaya, India has a production capacity of 5 million tonnes per annum.

In 2019, your Company produced 2292 kt of limestone, 1,268 kt of clinker and 2,703 of kt cement.

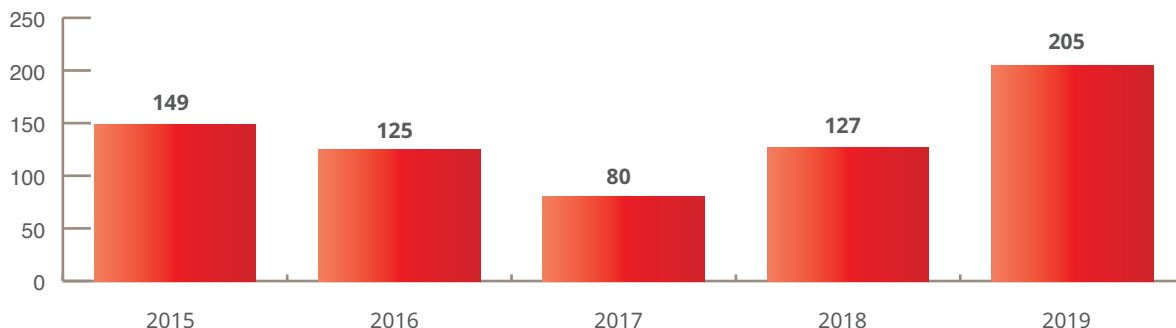
Surma Plant Clinker Production (kt) (2015-2019)**Surma Plant Cement Production (kt) (2015-2019)**

Among 128 cement plants of LafargeHolcim Group, Surma Plant at Chhatak, Sunamganj, proudly secured the top position in terms of industrial performance benchmark in efficiency and costs. Furthermore, for the fourth year in a row, Surma Plant achieved 100% lab accuracy index (LAI), ranking third position globally and first position in Asia, in the Round Robin Test. This test was conducted in over 156 laboratories in LafargeHolcim Group all over the globe. These remarkable achievements have been made possible by the dedication, belief and hard work of Team Surma.

Meghnaghat Plants Cement Production (kt) (2015-2019)

Meghnaght Plants are located in Sonargaon, Narayanganj. During the year, a 500 tonnes multipurpose silo was inaugurated at the Meghnaght Plant. In 2019, these plants recorded highest production since established. Mongla Plant located in south eastern part of the country has operated at full capacity and has achieved record breaking performance in 2019.

Mongla Plant Cement Production (kt) (2015-2019)



In 2019, the limestone Quarry in Meghalaya, India, exported 4.83% higher quantity limestone compared to previous year. The Quarry team demonstrated an exemplarily performance in optimization of mining & crushing costs, thereby ensuring a reduction in operational costs. The Quarry has been awarded with the “Guru Dronacharya” award for the fifth consecutive year by the Directorate General of Mines Safety of the Government of India for continued pristine performance in Safety. The Quarry also received the “Outstanding Performance Award” by the Indian Bureau of Mines of the Government of India for the third consecutive year as recognition of its continued performance in protection of the environment.

SALES AND MARKETING:

During the year, our focus lay on emphasising and highlighting our products, their benefits & differentiation. While the market created huge pressure on price, our brands, Supercrete and Holcim, successfully maintained its price premium, which is a testimony to customer confidence in our brands as well as outstanding product quality.

In a highly competitive and fragmented cement market like Bangladesh, it is challenging to uphold customer confidence, price premium and brand image on a continuous and sustainable basis. Your Company is successfully facing that challenge with right sales and marketing strategy, efficient sales force, continuous engagements and programs for influencers like engineers, architects, masons, individual home builders and industry experts. Your Company is different from others in providing technical services. In 2019, we focused in reaching out to the untapped areas and customers and successfully did channel expansion with over 4000 new retailers, 200 new dealers and 250 new Business-to-Business customers.

The implementation of digital customer portal for efficient distributor management, training programs for learning & development for each member of Sales, Marketing & Technical teams are highlights of the key initiatives taken in 2019.

LOGISTICS & PROCUREMENT:

Procurement and Logistics Function fixed simple but effective targets - improve efficiency and optimize costs!! Business process simplifications were introduced for improved operational efficiency, transparency, and to reduce time taken. Strategic sourcing plan launched by Procurement Department generated substantial amount of net saving.

Efficiency improvement projects for both inbound and outbound logistics and innovation delivered better discipline in logistic costs and reduced variable and fixed costs year on year basis while enhancing the margin. Logistics Department underwent digitalization with successful onboarding of a digital transport service provider. Your Company aims to increase network optimization and introduce further digital platforms in the coming years.

HUMAN RESOURCES:

Your Company value, acknowledge and recognize the importance of human resources behind its every success. Recruiting right people for the right position is not enough. Continuous and sustainable development of workforce, their capability building with regular, periodical and special trainings, and various engagement and motivational programs have been our key focus areas.

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

Your Company continues its commitment in driving CSR activities while ensuring positive impact and sustainable development for the communities around which it operates. A wide variety of CSR programs have been undertaken which are bringing in positive changes in the lifestyle and livelihood of the people of the communities. The CSR activities are conducted around our operations in Chhatak, Meghna & Mongla in Bangladesh and in Meghalaya, India.

Highlights of our CSR activities include, providing primary education to community children, healthcare facilities to the local community through Community Development Centres and sub-centres, vocational trainings. In Meghnaghat, we participated in the reconstruction of the road connecting Meghnaghat Plant to the highway. We also distributed fire fighting equipment. Cement bags were donated to a school situated at Vederganj, Shariatpur which is the only home of education in that far flung area.

Lafarge Umiam Mining Private Limited (LUMPL), as part of its CSR, undertakes a wide range of community development activities in the field of Healthcare, Education, Infrastructure Development, sustainable livelihood development in the villages surrounding its mining site in Meghalaya. LUMPL has been extending education benefits to communities; it has established a Secondary School and gives sponsorships to the students. We run community health services and mobile health clinic, which has positively contributed to health facilities in the area. The weaving centres established at Nongtraï and Shella villages helps sustainable livelihood generation by women. LUMPL has also been creating employment opportunities for local youths by providing free skill development training programs on livestock, agriculture, apiculture and other related sectors for sustainable livelihoods.



SUSTAINABLE DEVELOPMENT: GEOCYCLE:

Geocycle is your Company's contribution towards sustainable development, commitment for protection of environment and efficient waste disposals. Waste management is a major challenge for Bangladesh. Millions of tonnes of wastes are generated each year which is contaminating the rivers, water-bodies, agricultural lands and end up as landfill contaminating the precious lands or reaches the oceans polluting the eco systems.

In 2017, your Company introduced Geocycle in Bangladesh and has been working to find a sustainable and efficient solution for managing industrial, agricultural and municipal wastes. In Geocycle, we apply the proven technology of 'co-processing' and utilize our facilities in our state-of-the-art integrated cement plant at Chhatak, Sunamganj to resolve waste management challenges. This enables us to recover energy and recycle materials from waste.

So far, we have efficiently managed more than 6,500 tons of wastes including sludge, bulky solids and aqueous liquids till date thus making a tangible contribution to bringing society a step closer to a zero-waste future. Moving forward, we plan to manage more volumes and streams of wastes. We are also working with the Ministry of Industries, Department of Environment and different national and international non-government organizations to enhance the scope of Geocycle in Bangladesh.

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

The Auditors of the Company in their Report to the Shareholders have given "Emphasis" relating to excess gas tariff raised by Jalalabad Gas Transmission and Distribution Systems Ltd. ("Jalalabad Gas").

In this regard, the Board of Directors would like to mention that the supply of natural gas is critical for your Company's operations. Your Company entered into a Gas Sales Agreement (GSA) with Jalalabad Gas for supply of gas to Surma Plant. The GSA is valid until the end of 2025. The terms and conditions of the GSA are legally binding on both the parties. The payments to Jalalabad Gas are in full compliance with the terms and conditions of GSA. The Company is engaged with Jalalabad Gas and making its best efforts to resolve the differences of opinion on the terms & conditions of the GSA in an amicable manner.

Another major risk lies in the Company's cross border operation. Any interruption of limestone supply from its Indian subsidiary company causes a business continuity issue. Strict compliance with applicable laws coupled with strong community development programs is key to minimize this risk.

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.

7. 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 analysed 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 from all trade customers. A large part of non-trade customers are also under the coverage of 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.

8. 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. 29 of the Financial Statements.

9. 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, discussion on cost of goods sold, gross profit margin and net profit margin and explanation on significant deviation from the last year's operating results are 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**.

10. RESEARCH, DEVELOPMENT AND INNOVATION

As part of the LafargeHolcim Group Research & Development (R&D) of your Company is driven by customer's needs, 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.

11. 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.

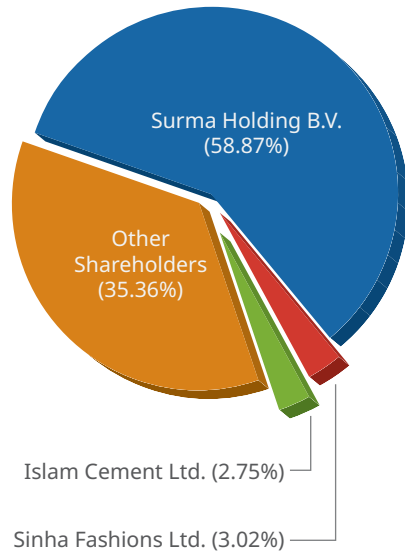
12. CODE OF BUSINESS CONDUCT, GOVERNANCE, ETHICS AND COMPLIANCE:

Your Company is a law abiding corporate citizen committed to running its 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 (NRC) has determined that the Code of Conduct of the Company, as posted on the website of the Company, shall also be applicable to the Chairman, CEO and other Board Members of the Company.

13. 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) owns 50% shares of Surma Holding B.V., and the other 50% are owned by Cemolins Internacional S.L.U. of Spain.

About the Sponsors

LafargeHolcim operates four business 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.

Cementos 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. Molins 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.

14. 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. Tufail K Haider, Independent Director, retired during the year after completing two (2) terms in office. The Board acknowledges the valuable contributions made by Mr. Haider during his tenure in office and expresses his gratitude for his support given to your company with great passion and insight. Pursuant to the provisions of the Corporate Governance Code, the Board of Directors appointed Dr. Rubana Huq, as Independent Director for one term of three (3) years, effective from December 7, 2019.

It is proposed that the Shareholders approve the appointment of Dr. Rubana Huq as an Independent Director of the Company, not liable to retire by rotation at the 22nd Annual General Meeting of the Company. The bio-data of Dr. Rubana Huq forms a part of this Annual Report.

(c) Resignation of Directors:

Ms. Rajani Kesari and Mr. Carlos Martinez Ferrer, Directors of the Company, submitted their resignations as Directors of the Company and members of the Audit Committee of the Company, effective from August 15, 2019 and December 4, 2019, respectively.

The Board accepted the resignations tendered by Ms. Rajani and Mr. Carlos, and acknowledged the valuable contributions during their association with the Company.

(d) Appointment of Directors:

In accordance with article 15.1.2 of Article of Association of the Company, Surma Holding B.V., the holding company of the Company, nominated Mr. Martin Kriegner, on August 9, 2019 and Mr. Jorge Bonnin Bioslada on November 28, 2019 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, Mr. Martin and Mr. Jorge have been appointed as Director of the Company, effective from August 22, 2019 and December 7, 2019 respectively.

(e) Recommendation for re-elections:

Pursuant to Regulation 79 of Schedule I of the Companies Act, 1994, the following Directors of the Board shall retire at the 22nd Annual General Meeting. Being eligible they offer themselves for re-election:

- I. Mr. Jorge Bonnin Bioslada
- II. Mr. Martin Kriegner
- III. Mr. Shivesh Kumar Sinha

A brief profile of the above mentioned three Directors is disclosed in Annexure-III as a part of the Board of Directors' Report.

(f) Sub Committee of the Board:

For ensuring good governance in the Company, the Board of Directors formed two sub Committees of the Board.

(i) The Audit Committee of the Board:

The Board of Directors have constituted an Audit Committee of the Board consisting of three Directors including one Independent Director as Chairman of the Audit Committee. The Audit Committee ensures that adequate internal checks & balances supported by adequate Minimum Control Standards as defined by the Sponsor Groups are in place for detection of errors, frauds and other deficiencies. The Audit Committee also ensures compliance of requirements of BSEC. The Audit Committee reviews the Quarterly and Annual Financial Statements. The Audit Committee also reviews adequacy and effectiveness of financial reporting process, accounting policies, internal control and risk management process.

(ii) Nomination and Remuneration Committee (NRC)

The Board of Directors have constituted a Nomination and Remuneration Committee of the Board consisting of three Directors including one Independent Director as Chairman of the NRC to set the principles, parameters and governance framework for the nomination and remuneration of the Directors, Key Managerial Personnel, Top-Level Executives and other employees comprising the senior management.

(g) Board and Sub Committee Meetings and Attendance:

During the financial year ended on December 31, 2019, four (4) meetings of the Board of Directors of the Company, four (4) meetings of the Audit Committee and two (2) meetings of the Nomination & Remuneration Committee were held. The details including dates of the meetings and attendance records of the Directors are annexed to this Annual Report. The Directors who could not attend the meetings were granted leave of absence.

15. 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 2019. A Certificate of Compliance required under the said Guidelines, as provided by M/s. Ahmed Mashuque and Co., Chartered Accountants, is annexed to this Annual Report.

M/s Al-Muqtadir Associates, Chartered Secretaries & Consultants, have expressed their interest to be appointed as Corporate Governance Compliance Auditors of the Company for the year 2020. The Board of Directors has accepted the willingness of M/s Al-Muqtadir Associates, Chartered Secretaries & Consultants, for appointment as Corporate Governance Compliance Auditors for the year ending December 31, 2020, which is being placed in the 22nd Annual General Meeting for approval.

16. AUDITORS:**(a) Auditors Report:**

The Statutory Auditors of the Company in their Report to the Shareholders on the Standalone Financial Statements have drawn attention to the excess gas tariff raised by Jalalabad Gas Transmission and Distribution System Limited and the Amalgamation of the Company with HBL. The explanations or comments by the Board on "Emphasis of Matters" made by the Statutory Auditors in their Report are dealt in details in point no. 3 and 6 of this Report.

(b) Statutory Auditors:

Pursuant to Section 210 of the Companies Act, 1994, the Company's Statutory Auditors; M/s Nurul Faruk Hasan & Co., Chartered Accountants, shall retire at the ensuing 22nd Annual General Meeting of the Company on completion of consecutive term of three (3) years. They are not eligible for reappointment as per BSEC Notification on financial reporting and disclosure dated June 20, 2018 and Dhaka Stock Exchange (Listing) Regulations, 2015 dated June 30, 2015.

M/s. Hoda Vasi Chowdhury & Co, Chartered Accountants expressed their interest to be appointed as statutory auditors of the Company for the year 2020. The Board of Directors has accepted the willingness of M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants, as per recommendation of Audit Committee, for appointment as statutory auditors for the year ending December 31, 2020 which is being placed in the 22nd Annual General Meeting.

(C) Corporate Governance Compliance Auditors:

Every year, the Company obtains a certificate of compliance from a Practicing Professional Accountant/Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of the Corporate Governance Code.

M/s. Al-Muqtadir Associates, Chartered Secretaries & Consultants expressed their interest to be appointed as Corporate Governance Compliance Auditors of the Company for the year 2020. The Board of Directors has accepted the willingness of M/s. Al-Muqtadir Associates, Chartered Secretaries & Consultants for appointment as Corporate Governance Compliance Auditors for the year ending December 31, 2020, which is being placed in the 22nd Annual General Meeting.

17. FIRST QUARTER OF 2020:

The year 2020 started on a positive note. Your Company achieved 46% growth in Net Profit compared to the same period last year. This reflects that the strategy and initiatives taken by your Company in last few years, including amalgamation with HBL, rigorous cost optimization initiatives, and implementation of new marketing & sales strategy, have started yielding the expected results

The unaudited financial statements for the first quarter were published on May 7, 2020. The financial results as compared to same period of last year are as follows:

Particulars	Q1 2020 (Taka'000)	Q1 2019 (Taka'000)	Growth
Revenue	51,28,269	52,06,544	-2%
Cost of goods sold	39,78,992	42,04,262	
Gross Profit	11,49,277	10,02,282	15%
Net profit before tax	6,31,515	5,29,058	19%
Net profit after tax	5,22,452	3,57,815	46%
Total assets	2,69,89,411	2,69,24,292	
Net asset value	1,65,26,456	1,61,99,361	
Net operating cash flow	13,51,705	6,12,883	
Earning per share	0.45	0.31	46%
NAV per share	14.23	13.95	
Net operating cash flow per share	1.16	0.53	
Return on equity	3.16%	2.21%	
Gross margin	22.41%	19.25%	
Net margin before tax	12.31%	10.16%	
Net margin after Tax	10.19%	6.87%	

18. COVID 19 OUTBREAK: IMPACT ON YOUR COMPANY'S BUSINESS:

The year 2020 started on a very good note with continued positive momentum in the Cement Industry. Unfortunately, the situation developed with COVID 19 globally has impacted Bangladesh. The Construction sector is one of the worst hit sectors. Demand for cement has declined drastically as construction projects have been halted following COVID 19 lockdown.

To overcome the challenges imposed by the COVID 19, the Company is focussing on execution of initiatives on HEALTH, COST & CASH. We have taken specific measures to ensure the Health and Safety of the employees and implemented tighter controls over cash and on expenditure. Some of the production facilities, including our Quarry in India, had to be stopped for brief periods. However, as of the date of this Directors Report, all production facilities of your Company are fully operational.

With withdrawal of general holiday by the Government of Bangladesh, the Construction sector is expected to recover gradually. We remain fully committed to work together with our employees and stakeholders during this challenging period and overcome this crisis.

19. INDUSTRY: OUTLOOK & POSSIBLE FUTURE DEVELOPMENTS:

For the last five years, the economy of Bangladesh grew around 7%. The country was geared to graduate from a least developed country (LDC) to a developing country by 2021. However, the COVID 19 pandemic has emerged as a major challenge. The Economist Intelligence Unit, the world leader in global business intelligence, has projected that the preventive measures taken domestically and globally to stem the spread of the COVID 19 will weigh on economic growth in the short term for Bangladesh. We are very optimistic that the measures being taken by the Government to safeguard the country's economy shall effectively mitigate the impacts of the virus.

Our vision is to transform your Company into a building materials solutions and service provider from a cement manufacturing entity. To achieve this goal, your Company is actively working to enter into the businesses of graded aggregates. Your Company's Geocycle segment shall be scaled further to enhance the contribution towards sustainable development and efficient waste disposal in Bangladesh. Your Company is working in full swing to achieve these goalposts in the near future.

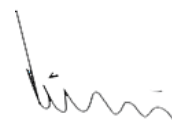
20. AWARD & RECOGNITIONS:

- ▶ Your Company has been judged as the "Best Corporate" among the cement manufacturing companies by the Institute of Cost and Management Accountants of Bangladesh.
- ▶ The quality team in your Company's Plant in Chhatak is performing consistently on "excellent" level in the Laboratory Accuracy competition of the LafargeHolcim Group.
- ▶ LUMPL, the subsidiary of your Company in India, has been awarded with the "Guru Dronacharya Award" by the Directorate General of Mines Safety of the Government of India, for the fifth consecutive occasion in recognition of its consistent and outstanding achievements in the field of health & safety.
- ▶ LUMPL has also been awarded for the third 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.

21. 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 Chhatak, Mongla Plant and the Quarry in Meghalaya. The Directors would like to recognize the management and all employees of the Company for their dedication and commitment. The results achieved are outstanding. 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

Date: June 4, 2020

Annexure I
[As per condition No. 1(5)(xix)]

**SUMMARY OF KEY OPERATING AND
FINANCIAL CONSOLIDATED DATA OF PRECEDING FIVE (5) YEARS:**

Tk. 000s

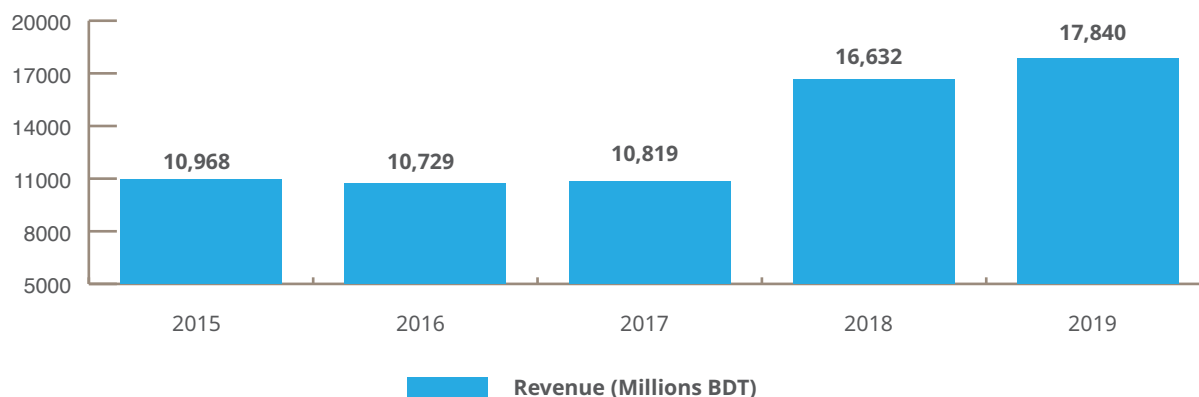
Particulars	2019	2018	2017	2016	2015
Revenue	17,839,756	16,631,529	10,819,131	10,728,855	10,967,952
Gross Profit	4,531,897	4,099,946	2,598,875	3,814,233	3,919,201
Operating profit	2,920,857	2,310,485	1,270,595	2,884,125	2,891,028
Profit before tax	2,680,761	1,882,736	1,355,822	2,947,462	2,823,371
Profit for the year	1,737,454	1,114,652	805,291	2,226,483	2,289,534
Property, plant and equipment	16,531,389	16,665,097	11,499,747	11,776,095	11,837,497
Goodwill	317,776	317,776	-	-	-
Intangible assets	2,519,733	2,613,994	974,607	828,230	862,086
Current assets	7,414,401	7,149,187	8,923,293	8,238,217	7,854,708
Share capital	11,613,735	11,613,735	11,613,735	11,613,735	11,613,735
Retained earnings	4,242,436	3,666,293	3,132,305	3,488,351	2,423,190
Shareholders' equity-Parent company	16,199,361	15,578,386	15,273,707	15,372,461	14,361,460
Non-controlling interests	(134)	(66)	(4)	(23)	39
Equity	1,6199,227	15,578,320	15,273,703	15,372,438	14,361,499
Current liabilities	7,242,923	6,977,701	3,981,531	3,236,475	3,938,543

Particulars	2019	2018	2017	2016	2015
Net asset value per share	13.95	13.41	13.15	13.24	12.37
Net operating cash flow per share	3.52	2.68	1.17	2.26	2.92
Earnings per share (Taka)	1.50	0.96	0.69	1.92	1.97

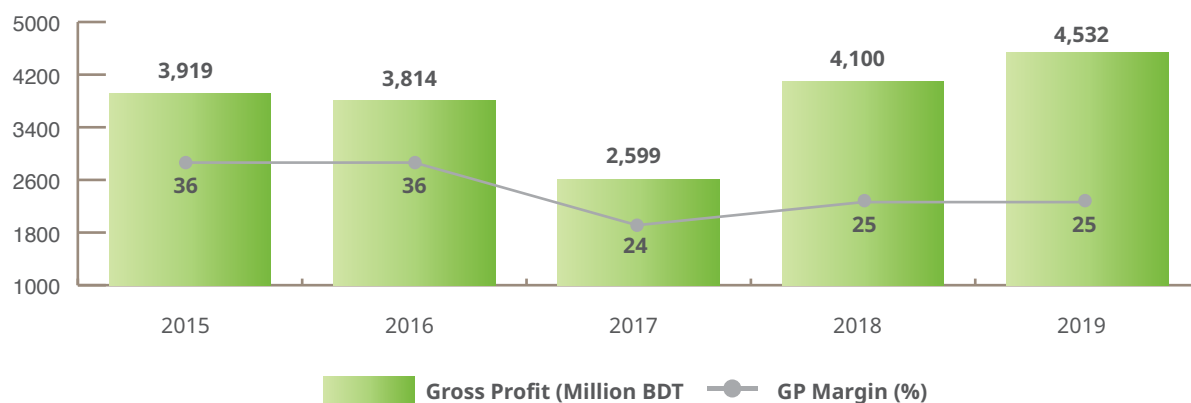
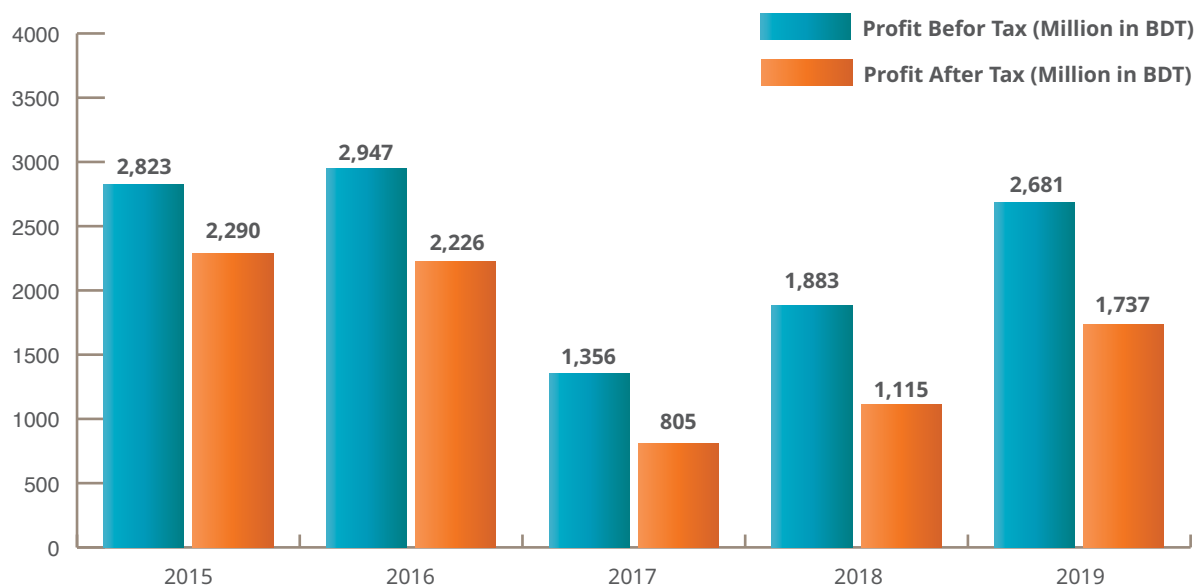
DISCUSSION ON COST OF GOODS SOLD, GROSS PROFIT MARGIN AND NET PROFIT MARGIN:

In 2019, your Company focused on increasing 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 line items. As a result, all major elements of cost related to plant fixed costs, selling and distribution expenses, logistics and administration expenses have been kept well below than that of last year despite the inflation being above 5%. Your Company kept a tight rein on working capital which resulted in a lower net working capital than that of 2018. Financial cost substantially reduced due to lower base of long-term loan and short-term loan.

Total Revenue of 2019 reached BDT 17,840 million (2018: BDT 16,632 million), with 7% growth over 2018. However, Operating Profit grew by 26%.



The Sales Volume also grew by 7% compared to 2018. The Gross Profit Margin was stable though the variable costs were soft. The Earnings Per Share (EPS) of the Company increased and stood at Tk. 1.50 in 2019 whereas it was Tk. 0.96 in 2018.



EXPLANATION ON SIGNIFICANT DEVIATION FROM THE LAST YEAR'S OPERATING RESULTS

Lower Long Term & Short term loan yielded 40% reduction of finance cost. Efficient tax planning resulted reduction of Effective Tax Rate (ETR) by 14% which helped to achieve 56% Earning Per Share (EPS) growth in 2019 over 2018. The Company's accounts reflect the performance of the Company after consolidation. Statements regarding the consolidated performance are as under:

Sl.	Item	LHB 2019	LHB 2018
A	Revenue		
I	Amount (in Million BDT)	17,840	16,632
ii	Percentage	7%	
B	Gross profit - increase/ decrease		
I	Amount (in Million BDT)	4,532	4,100
ii	Percentage	11%	
C	Operating Profit		
i	Amount (in Million BDT)	2,921	2,310
D	Earnings per share	1.50	0.96

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
February 27, 2019	12	7
May 16, 2019	12	8
September 4, 2019	12	11
November 27, 2019	12	10

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 May 16, 2019
	February 27, 2019	May 16, 2019	September 4, 2019	November 27, 2019	
Mr. Christof Hässig	✓	✓	✓	✓	✓
Mr. Rajesh Kumar Surana	✓	✓	✓	✓	✓
Mr. Martin Kriegner	NA	NA	✓	✓	NA
Mr. Carlos Martinez Ferrer	Leave of absence	✓	✓	✓	Not present
Mr. Julio Rodriguez Izquierdo	Leave of absence	✓	✓	✓	Not present
Mr. Manzurul Islam	Leave of absence	Leave of absence	Leave of absence	Leave of absence	Not present
Mr. Marcos Cela Rey	✓	✓	✓	✓	✓
Mr. Monzurur Rahman	✓	✓	✓	✓	✓
Ms. Naheed Akhter	Leave of absence	Leave of absence	✓	✓	Not present
Ms. Rajani Kesari	✓	✓	NA	NA	✓
Mr. Shivesh Kumar Sinha	✓	✓	✓	✓	✓
Mr. Syed Mahmudul Huq	Leave of absence	Leave of absence	✓	✓	Not present
Mr. Tufail K Haider	✓	Leave of absence	✓	NA	✓

The composition of the Audit Committee as at December 31, 2019 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			
		February 27, 2019	May 8, 2019	July 24, 2019	October 24, 2019
Mr. Tufail K Haider	Independent Director	✓	✓	✓	NA
Mr. Carlos Martinez Ferrer	Director	✓	✓	✓	✓
Ms. Rajani Kesari	Director	✓	✓	✓	NA
Mr. Shivesh Kumar Sinha	Director	NA	NA	NA	✓
Mr. Monzurur Rahman	Independent Director	NA	NA	NA	✓

The Composition of the Nomination and Remuneration Committee (NRC) as of December 31, 2019 and details of the Members participation at the meetings of the Committee are as under:

Name of Member	Category	Attendance at the NRC Meeting	
		May 16, 2019	November 27, 2019
Mr. Monzurur Rahman	Independent Director	✓	✓
Mr. Christof Hässig	Non Executive Director	✓	✓
Mr. Julio Rodriguez Izquierdo	Non Executive Director	✓	✓

RESUME OF THE APPOINTED / RE-APPOINTED DIRECTORS

Martin Kriegner **Director**

Martin Kriegner is an Austrian national and has been a member of the Executive Committee of LafargeHolcim since August 2016 and is also the Region Head of Asia Pacific. He is a graduate of Vienna University with a Doctorate in Law and he obtained an MBA at the University of Economics in Vienna.

Martin Kriegner joined the Group in 1990 and became the CEO of Perlmooser AG, Austria in 1998. He moved to India as CEO of the Lafarge operations in 2002 and later served as Regional President Cement for Asia, based in Kuala Lumpur. In 2012, he was appointed CEO of Lafarge India for Cement, RMX and Aggregates. In July 2015 he became Area Manager Central Europe for LafargeHolcim operations. He is also globally in charge for Cement Manufacturing, Logistics, Commercial and Geocycle.

Mr. Martin Kriegner is a Director of LafargeHolcim Bangladesh Limited since August 22, 2019.

Mr. Kriegner has a long association with the Company. In 2002, he was appointed as a Director of the Company. From April 2007 to August 2013, he was the Chairman of the Board of Directors of the Company. Mr. Martin Kriegner has been instrumental in leading the Company during the financing, construction and commissioning of our unique cross border project.

Mr. Jorge Bonnin Bioslada **Director**

Mr. Jorge Bonnin is the Group Chief Financial Officer of Cementos Molins. He has 25 years of experience in executive and senior leadership positions in Controlling, Finance, IT, Legal and Procurement at leading global technology industrial groups in the cement, paper & packaging, elevator, automotive, heating and power tools markets, managing multifunctional and multicultural teams focused to accelerate the performance and to increase the shareholder's value. Before joining Cementos Molins Group in June 2019, Mr. Bonnin held executive leadership positions at industrial conglomerates like Bosch, ThyssenKrupp, and DS Smith, being Board Member of more than 15 companies. He has sound experience on growth processes, turnaround, reorganization, change management, operational performance, financing optimization and restructuring, M&A, and divestments. Mr. Bonnin managed the transformation and boost the performance of the stocklisted group Europac, leading its sale to DS Smith amounting to EUR 1.9b, acting later as the CFO of DS Smith in South Europe with 65 manufacturing centres. Before, Mr. Bonnin was the CFO of ThyssenKrupp Elevator in South Europe, Africa and Middle East with presence over 36 countries, and previously he held several executive positions at Bosch in Spain, Portugal and Germany.

Born in 1971, Mr. Jorge Bonnin, a Spanish national, has a bachelor degree in Business Administration specialized in Management, at Complutense University (Madrid, Spain) and executive programs at Harvard Business School (USA) and Ashridge Business School (UK).

Dr. Rubana Huq **Independent Director**

Dr. Rubana Huq is Bangladesh's foremost female business leaders. Currently she is the president of Bangladesh Garment Manufacturers and Export Association (BGMEA). For last twenty one years she has been holding the position of the Managing Director of Mohammadi Group, one of the largest business conglomerates in Bangladesh. Mohammadi Group started its journey in readymade garments sector, and has since diversified into software, digital distribution, real estate, power generation and Nagorik television channel.

Besides her corporate identity, Dr. Huq is also a poet, having won the SAARC Literary Award in 2006. In 2013 and 2014 she has been featured by the BBC as one of the 100 most inspiring and influential women. She sits on the Board of Trustees for the Asian University for Women. She heads Annisul Huq Foundation, named after her late husband, former Mayor of Dhaka City Corporation North.

Born in 1964, Dr. Huq holds Ph.D. in English Literature from Jadavpur University, Kolkata; and M.A. in English from East West University, Dhaka.

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., the subsidiary 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.

REPORT OF THE AUDIT COMMITTEE

to the Board for the year ended 31 December 2019

**To: The Board of Directors
LafargeHolcim Bangladesh Limited**

The Audit Committee is pleased to present its report to the Board of Directors of LafargeHolcim Bangladesh Limited (“LHBL” or the “Company”) in accordance with Condition No. 5(6)(a) of the Corporate Governance Code issued by the Bangladesh Securities & Exchange Commission (“BSEC”) vide its Notification dated June 3, 2018 (the “Corporate Governance Code”). This report details how the Audit Committee has met its responsibilities under its Terms of Reference and under the Corporate Governance Code in the year 2019.

Composition of the Audit Committee

The Company has in place an Audit Committee which is a sub-committee of the Board of Directors. The Audit Committee is responsible to the Board of Directors of the Company.

The Audit Committee currently comprises of three (3) members. All members of the Audit Committee are Non-Executive Directors and the Chairman of Audit Committee is an Independent Director. The Company Secretary of the Company acts as the Secretary of the Committee.

During the year 2019, Mr. Tufail K Haider, Independent Director and Chairman of Audit Committee, retired after completing his term in office. Ms. Rajani Kesari and Mr. Carlos Martinez Ferrer, Directors of the Company and members of the Audit Committee submitted their resignation, effective from August 15, 2019 and December 4, 2019, respectively. Against these vacancies, the Board of Directors of the Company appointed the following individuals as members of the Audit Committee:

Name	Position in the Committee	Representation in the Board	Member since
Mr. Monzurur Rahman	Chairman	Independent Director	09-Oct-19
Mr. Shivesh Kumar Sinha	Member	Director	15-Aug-19
Mr. Jorge Bonnin Bioslada	Member	Director	07-Dec-19

All members of the Audit Committee have the adequate qualifications as defined under the Corporate Governance Code.

Meeting Attendance

In 2019, the Audit Committee met on four (4) occasions. The Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit & Compliance (HIAC) and Director Internal Audit & Compliance Officer of Cementos Molins attended 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 attendance of each member of the Audit Committee at its meetings held in 2019 form part of this report.

The scope and authority of the Audit Committee

The primary scope of the Audit Committee is to assist the Board of Directors of the Company in ensuring that the financial statements reflect a 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 is also responsible for the duties set forth by the Board of Directors in compliance with the corporate governance guidelines promulgated in Condition No. 5(5) of the Corporate Governance Code.

As per its Terms of Reference, the Audit Committee has been authorized by the Board of Directors of the Company to have free fair access to any information and activities within the business. Directors, members of management team and employees are expected to cooperate with any request made by the Audit Committee. The Terms of Reference of the 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 of Directors of the Company.

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 the Company. The key responsibilities of the Audit Committee are as follows:

• Financial Reporting

- To 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 the audit.

• Internal Control

- To ensure Business Risks Management Framework adopted by the Company is effective in identification, assessing and monitoring of risks & opportunities. Risks treatment plans are in place followed by an implementation timeline.
- To ensure that the system of internal control is sound in design and has been effectively implemented and monitored. Provide recommendations to the Board of Directors to improve 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 compromise management's 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 evaluation of the performance of external auditors;
- To hold meetings with external auditors for review of the annual financial statements before submission to the Board of Directors 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 its activities to the Board of Directors of the Company. The report details member composition, terms of reference, number of meetings held during the preceding year including the activities of internal audit services.
- The Audit Committee is also required to immediately report 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 is also responsible to review the Board's statements on compliance with the Corporate Governance Code for inclusion in the Annual Report.

• Reporting to the Authorities

In the event that the Audit Committee has reported to the Board of Directors 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 ("BSEC"), upon reporting of such matters to the Board of Directors for three (3) times or completion of a period of six (6) months from the date of first reporting to the Board of Directors, whichever is earlier.

• Reporting to the Shareholders and General Investors

Report on activities carried out by the Audit Committee, including the report made to the Board of Directors under Condition No. 5(6)(a)(ii) during the year, is signed by the Chairperson of the Audit Committee and disclosed in the Annual Report of the Company.

Major Activities during the year 2019

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, 2019:

• Financial Reporting

- a. Reviewed the quarterly and annual financial statements of the Company 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 Audit Committee closely monitored the Business Risk Management Framework adopted by the Company.
- b. The Audit Committee has reviewed the internal control plan, progress of implementation of minimum control standards followed by functional certifications.
- c. The Audit 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. Ensured 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 Audit Committee oversaw the hiring and remuneration of statutory auditors; Nurul Faruk Hasan & Co, Chartered Accountants, a member firm of Deloitte for the year 2019 and made recommendation to the Board of Directors for their 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 2019.
- c. The Audit Committee also reviewed the comments and responses in Management Letters issued by the statutory auditors for the year 2019.

• 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 Audit 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,



Monzurur Rahman
Chairman, Audit Committee

Date: March 4, 2020

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 of Director and they assist the Board of Directors 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 three (3) non-executive directors. Chairman of the NRC is an Independent Director. The Company Secretary functions as the Secretary to the NRC. Following are the members of the NRC:

Name	Position in the Committee
Mr. Monzurur Rahman	Chairman
Mr. Christof Hässig	Member
Mr. Julio Rodriguez	Member
Mr. Kazi Mizanur Rahman	Secretary

TERMS OF REFERENCE:

The terms of reference of the NRC have been determined by the Board of Directors as per the 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;
- 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 (1) meeting in a year. NRC may hold special meeting as and when required. The NRC formally met on two (2) occasions in 2019 i.e. on May 16, 2019 and November 27, 2019. Minutes of the NRC meetings are confirmed at the next meeting of the NRC.

During the year under review, the NRC carried out the following activities:

- Formulated the criteria for determining qualifications, positive attributes and independence of a director.
- Recommended a policy to the Board on remuneration of the directors and top level executives.
- Formulated a policy on Board's diversity.
- Identified potential individuals for directorship and top level executive positions and recommend their appointment.
- Formulated criteria for evaluation of performance - Independent Directors and the Board.
- Reviewed the Company's human resources and training policies and identified the Company's need for employees at different levels and determined their selection, transfer or replacement and promotion criteria in line with the Company's policies.

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, March 4, 2020

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 & 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 sub-committee 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

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 their spouses and minor children (name wise details):

Name	Position	No. of shares		
		Self	Spouse	Minor Children
Mr. Christof Hässig	Director/Chairman as nominee of Surma Holding BV	Nil	Nil	Nil
Mr. Rajesh K Surana	Director as nominee of Surma Holding BV and CEO	Nil	Nil	Nil
Mr. Julio Rodriguez Izquierdo	Director as nominee of Surma Holding BV	Nil	Nil	Nil
Mr. Manzurul Islam	Director as nominee of Islam Cement Ltd	500,200	Nil	Nil
Mr. Marcos Cela Rey	Director as nominee of Surma Holding BV	Nil	Nil	Nil
Mr. Jorge Bonnin Bioslada	Director as nominee of Surma Holding BV	Nil	Nil	Nil
Mr. Martin Kriegner	Director as nominee of Surma Holding BV	Nil	Nil	Nil
Mr. Monzurur Rahman	Independent Director	2,000	Nil	Nil
Ms. Naheed Akhter	Director as nominee of Sinha Fashions Ltd	Nil	Nil	Nil
Dr. Rubana Huq	Independent Director	Nil	Nil	Nil
Mr. Shivesh Kumar Sinha	Director as nominee of Surma Holding BV	Nil	Nil	Nil
Mr. Syed Mahmudul Huq	Independent Director	Nil	Nil	Nil
Mr. Mohammad Iqbal Chowdhury	Chief Financial Officer	Nil	Nil	Nil
Mr. Kazi Mizanur Rahman	Company Secretary	Nil	Nil	Nil
Mr. Minhaz Sharifur Rahman	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	No. of shares
Mr. Eung-Rae Kim	Industrial Director	Nil
Mr. Mohammad Asif Bhuiyan	Chief Corporate Affairs Officer	Nil
Mr. Harpal Singh	Plant Manager - Surma Plant	Nil
Mr. Gazi Mahfuzur Rahman	Sales & Marketing Director	Nil
Mr. Wedage Lakmal Suranjan Fonseka	Director Logistics & Procurement	Nil

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

(E) Composition of Shareholders up to December 31, 2019:

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, 2019:

Slabs by number of Shares	Number of Shareholders	Number of Shares	Total Holding (%)
Less than 500 Shares	8,500	2,168,424	0.19
501 to 5,000 Shares	13,422	7,099,219	2.33
5,001 to 10,000 Shares	2,628	9,717,913	1.70
10,001 to 20,000 Shares	1,709	5,218,071	2.17
20,001 to 30,000 Shares	589	4,700,314	1.27
30,001 to 40,000 Shares	278	9,755,530	0.84
40,001 to 50,000 Shares	216	9,968,026	0.86
50,001 to 100,000 Shares	395	8,880,918	2.49
100,001 to 1,000,000 Shares	353	9,797,524	7.73
Over 1,000,000 Shares	43	34,067,561	80.43
Total	28,133	1,161,373,500	100.00

LafargeHolcim Bangladesh Limited
Declaration by Chief Executive Officer and Chief Financial Officer

The Board of Directors
LafargeHolcim Bangladesh Limited

March 4, 2020

Subject: Declaration on Financial Statements for the year ended on December 31, 2019.

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, 2019 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, 2019 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 Kumar Surana
Chief Executive Officer



Mohammad Iqbal Chowdhury
Chief Financial Officer

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

Management Discussion and Analysis on the Company's position on the operation and financial statements for the year ended December 31, 2019

In compliance with the Condition No. 1(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:

1. **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.
2. **Changes in accounting policies and estimation:** The details of changes accounting policies and estimation are detailed under Note No. 3 of the Consolidated Financial Statements.
3. **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.
4. **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 2019 or 31 December 2019) have been considered.

(Taka in Million)

Sl. No.	Items	31-Dec-19	31-Dec-19	30-Jun-19	30-Jun-19	30-Jun-19	30-Jun-19
		LHBL	HCBL	CCL	MICFL	MCML	PCML
1	Revenue	17,840	11,986	4,833	14,628	7,709	11,999
2	Gross Profit	4,532	1,228	358	1,930	782	1,671
3	Net Profit After Tax	1,737	(187)	389	251	72	578
4	Dividend	10% Cash	-	15% Cash 15% Stock	10% Cash	10% Cash 5% Stock	10% Cash
5	No. of shares outstanding (In Mio)	1,161	57	65	149	25	105
6	EPS (Taka)	1.50	(3.30)	6.01	1.69	2.92	5.48
7	NAVPS (Taka)	13.95	71.88	67.24	48.22	33.19	45.30
8	NOCFPS (Taka)	3.52	4.65	-7.32	3.57	39.45	5.72

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 30, 2020


Rajesh Kumar 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

We have examined the compliance status to the Corporate Governance Code by LafargeHolcim Bangladesh Limited for the year ended on December 31, 2019. 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:

1. 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;
2. 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;
3. 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
4. The Governance of the company is highly satisfactory.

Date: March 4, 2020
Place: Dhaka, Bangladesh

Ahmed Mashuque & Co.
Chartered Accountants

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, 2019
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		The Subsidiaries are governed by guidelines applicable in India
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		
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 non-executive 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. Manzurur Rahman 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
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
5 (6) (a) (ii) (c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			N/A
5 (6) (a) (ii) (d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	✓		
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
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 22 nd AGM on June 23, 2020
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;	✓		
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;	✓		
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;	✓		

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;	✓		
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	✓		
6 (5) (b) (vi)	developing, recommending and reviewing annually the company's human resources and training policies;	✓		
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.	✓		





Report and Consolidated Financial Statements of
LafargeHolcim Bangladesh Limited

for the year ended December 31, 2019

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 2019, 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 2019, 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled 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 20.4 to the consolidated financial statements, which describes the excess gas tariff raised by Jalalabad Gas Transmission and Distribution System Limited. 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.

Impairment testing of goodwill

The key audit matter:

The Group has recognized goodwill in the amount of Tk317,776 million as at 31 December 2019. The annual impairment testing of goodwill is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount is based on the higher of the value in use or fair value less costs to sell. The recoverable amount is derived from discounted forecast cash flow model. This model uses several key assumptions, including estimates of future sales volumes and prices, operating costs, terminal value growth rates and discount rate.

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

How the matter was addressed in our audit:

Our audit procedures in this area included, among others:

- Evaluating the appropriateness of the discount rate applied, which included comparing the weighted average cost of capital used by the management with weighted average cost of capital independently developed by the engagement team using various publicly available input parameters relevant to the market in which the Group operates;
- Evaluating the appropriateness of the assumptions applied to key inputs such as sales volumes and prices, operating costs, inflation and long term growth rates, which included comparing these inputs with externally derived data as well as our own assessments based on our knowledge of the business;
- Performing retrospective testing and sensitivity analysis of the key assumptions used in the discounted cash flow model, which included assessing the effect of alterations to the key input parameters used in determining the discount rates and reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact on the estimated headroom;
- Evaluating the adequacy of the financial statement disclosures regarding goodwill.

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 auditors' report is Md. Faruk Uddin Ahammed.

Dhaka, Bangladesh
Date: 04 March, 2020



Nurul Faruk Hasan & Co
Chartered Accountants

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

	Notes	2019 Taka'000	2018 Taka'000
Assets			
Non-current assets			
Property, plant and equipment	5	16,531,389	16,665,097
Goodwill	6	317,776	317,776
Intangible assets	6	2,519,733	2,613,994
Other current assets	9	140,993	142,176
Total non-current assets		19,509,891	19,739,043
Current assets			
Inventories	7	2,678,147	2,378,070
Trade receivables	8	2,188,054	1,887,838
Other current assets	9	694,530	566,487
Advance income tax	10	1,547,108	1,854,576
Derivative instruments		4,903	16,022
Cash and cash equivalents	11	301,659	446,194
Total current assets		7,414,401	7,149,187
Total assets		26,924,292	26,888,230
Equity & liabilities			
Equity			
Share capital	12.3	11,613,735	11,613,735
Retained earnings		4,242,436	3,666,293
Other components of equity	12.6	(43,172)	(116,930)
Foreign currency translation	3.5	386,362	415,288
Equity attributable to owners of the Company		16,199,361	15,578,386
Non-controlling interests	13	(134)	(66)
Total equity		16,199,227	15,578,320
Non-current liabilities			
Borrowings	14A	194,160	984,478
Deferred tax liability	15	3,066,862	3,104,680
Employee benefits	16	180,974	205,623
Provisions	17	40,146	37,428
Total non-current liabilities		3,482,142	4,332,209
Current liabilities			
Trade payables	18	5,107,790	4,316,413
Other current liabilities	19	972,340	668,642
Borrowings	14B	1,162,793	1,992,646
Total current liabilities		7,242,923	6,977,701
Total liabilities		10,725,065	11,309,910
Total equity and liabilities		26,924,292	26,888,230

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


Chief Financial Officer


Company Secretary


Director


Chief Executive Officer

Per our annexed report of same date



Nurul Faruk Hasan & Co
Chartered Accountants

Dhaka, Bangladesh
Date: 04 March, 2020

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

	Notes	2019 Taka '000	2018 Taka '000
Revenue	21	17,839,756	16,631,529
Cost of sales	22	(13,307,859)	(12,531,583)
Gross profit		4,531,897	4,099,946
Other operating income	25A	65,590	176,639
General and administrative expenses	23	(1,108,528)	(1,289,385)
Sales and marketing expenses	24	(528,497)	(511,569)
Other operating expenses	25B	(39,605)	(165,146)
Operating profit		2,920,857	2,310,485
Finance cost	26	(261,459)	(434,986)
Finance income	26	21,363	7,237
Profit before tax		2,680,761	1,882,736
Income tax	27	(943,307)	(768,084)
Profit for the year		1,737,454	1,114,652
Profit attributable to:			
Owners of the parent Company		1,737,517	1,114,675
Non-controlling interests		(63)	(23)
		1,737,454	1,114,652
Earnings per share			
Basic (Taka)	28A	1.50	0.96
Diluted (Taka)	28A	1.50	0.96

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



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

Per our annexed report of same date



Nurul Faruk Hasan & Co
Chartered Accountants

Dhaka, Bangladesh
Date: 04 March, 2020

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

	2019 Taka'000	2018 Taka'000
Profit for the year	1,737,454	1,114,652
Items that will not be reclassified to profit or loss		
Actuarial gain/(loss)	76,058	(75,946)
Related tax	(21,067)	16,441
Total items that will not be reclassified to profit or loss	54,991	(59,505)
Items that are or may be reclassified subsequently to profit or loss		
Cash flow hedge instruments - net off tax	18,767	(10,688)
Foreign operation - foreign currency translation differences	(28,926)	(159,116)
Non controlling interests- currency translation adjustment	(5)	(39)
Total items that may be reclassified to profit or loss	(10,164)	(169,843)
Other comprehensive income/(loss) for the year	44,827	(229,348)
Total comprehensive income for the year	1,782,281	885,304
Profit attributable to:		
Owners of the parent Company	1,782,349	885,366
Non-controlling interests	(68)	(62)
	1,782,281	885,304

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



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

Per our annexed report of same date



Nurul Faruk Hasan & Co
Chartered Accountants

Dhaka, Bangladesh
Date: 04 March, 2020

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

	<i>In thousands of taka</i>						
	Share capital	Retained earnings	Other components of equity	Foreign currency translation	Equity for parent company	Non controlling interests	Total equity
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/(loss) 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
Balance at 1 January 2019	11,613,735	3,666,293	(116,930)	415,288	15,578,386	(66)	15,578,320
Total comprehensive income/(loss) for the year	-	1,737,517	73,758	(28,926)	1,782,349	(68)	1,782,281
Final dividend for 2018	-	(1,161,374)	-	-	(1,161,374)	-	(1,161,374)
Balance at 31 December 2019	11,613,735	4,242,436	(43,172)	386,362	16,199,361	(134)	16,199,227

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



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

Per our annexed report of same date



Nurul Faruk Hasan & Co
Chartered Accountants

Dhaka, Bangladesh
Date: 04 March, 2020

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

Notes	2019 Taka'000	2018 Taka'000
Cash flows from operating activities		
Cash receipts from customers	17,948,941	18,464,814
Cash paid to suppliers and employees	(13,195,394)	(14,650,566)
Cash generated from operations	4,753,547	3,814,248
Income taxes paid	(695,544)	(717,206)
Other receipts	27,415	15,707
Net cash generated from operating activities*	4,085,418	3,112,749
Cash flows from investing activities		
Payments for property, plant and equipment	(971,814)	(803,334)
Proceeds from sale of property, plant and equipment	3,649	10,499
Interest income	13,497	8,655
Acquisition of a subsidiary company	-	(4,986,476)
Net cash used in investing activities	(954,668)	(5,770,656)
Cash flows from financing activities		
(Repayment)/proceeds from borrowings	(890,230)	1,695,100
Repayments of the lease liabilities	(83,568)	-
Interest paid on lease liabilities	(15,163)	-
Decrease in short term debt	(868,133)	(1,473,316)
Payment of interest and other finance costs	(271,005)	(359,476)
Dividend paid	(1,154,661)	(576,920)
Net cash used in financing activities	(3,282,760)	(714,612)
Net decrease in cash and cash equivalents	(152,010)	(3,372,519)
Net effect of foreign currency translation on cash and cash equivalents	(539)	(12,651)
Cash and cash equivalents at beginning of the year	246,889	3,632,059
Cash and cash equivalents at end of the year	94,340	246,889

*Refer to Note 34 for a reconciliation between net profit with cash flows from operating activities.
The accompanying Notes 1 to 35 form an integral part of these financial statements.


Chief Financial Officer


Company Secretary


Director


Chief Executive Officer

Per our annexed report of same date



Dhaka, Bangladesh
Date: 04 March, 2020

Nurul Faruk Hasan & Co
Chartered Accountants

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

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 Cement (Bangladesh) Limited (HBL) - HBL is the fully 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.

Pursuant to a court order Holcim Cement (Bangladesh) Limited was amalgamated with LafargeHolcim Bangladesh Limited as on 26 November 2019.

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

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

2. Nature of business

LafargeHolcim Bangladesh Limited (LHBL) - The Company operates a cement manufacturing plant at Chhatak under Sunamganj district. The Company extracts and processes the basic raw materials of limestone from the quarry in Meghalaya owned by the Company's fully owned subsidiary Lafarge Umiam Mining Private Limited. A 17 kilometres cross-border belt conveyor links the quarry with the cement plant for transportation of raw materials. The Company is engaged in manufacturing and marketing of building materials in the local 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 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 04 March 2020.

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

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

Amalgamation of Holcim Cement (Bangladesh) Limited

Pursuant to a court order Holcim Cement (Bangladesh) Limited was amalgamated with LafargeHolcim Bangladesh Limited as on 26 November 2019.

i) Subsidiaries

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

ii) Non-controlling interests (NCI)

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iii) Loss of control

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

iv) Transactions eliminated on consolidation

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

3.3 Use of estimates and judgements

i) Estimates

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

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

ii) Judgements

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

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

3.4 Functional and presentation currency

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

3.5 Translation of financial statements denominated in foreign currencies

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

Taka equivalent of Rs. 1	2019	2018
Average rate	1.1993	1.2229
Closing rate	1.1921	1.2021

3.6 Property, plant and equipment

i) Recognition of property, plant and equipment

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

ii) Subsequent costs

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

iii) Construction in progress

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

iv) Depreciation of property, plant and equipment

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

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

v) Impairment of property, plant and equipment

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

vi) Retirement and disposals

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

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

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 Group policy.

iii) Construction in progress

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

iv) Amortization of intangible assets

a) Software

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

b) Others

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

3.9 Inventories

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

3.10 Financial instruments

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets

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

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

Financial assets - Business model assessment

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

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

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

Financial assets-Subsequent measurement and gains and losses:

Financial assets at amortised cost:

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

iii) Derivative instruments

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

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

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

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

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

iv. Derecognition

Financial assets

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

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

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

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.

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ii) Deferred tax

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

Deferred tax liabilities are recognised for all temporary taxable differences.

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

3.13 Revenue recognition

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

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

3.14 Provision

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

3.15 Materiality and aggregation

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

3.16 Comparatives

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

3.17 Dividend distribution

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

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 management of the company is responsible for the preparation and fair presentation of the consolidated financial statements of LafargeHolcim Bangladesh Limited. Information about subsidiaries of LafargeHolcim Bangladesh Limited has been detailed in Note-1.

4. Adoption of new and revised International Financial Reporting Standards

"In the current year, the Group has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019. A number of other new standards are also effective from 1 January 2019 but they do not have a material effect on the consolidated financial statements of the Group.

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IFRS 16 Leases

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements and impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

The date of initial application of IFRS 16 for the Company is 1 January 2019.

"The Group has applied IFRS 16 using the cumulative catch-up approach. The Company utilized the option to measure the right-of-use asset at an amount equal to the lease liability in accordance with para C8 of IFRS 16 at the date of initial application. This approach does not require restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet. Applying IFRS 16, for all leases (except as noted below), the Group:

- a) Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii);
- b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
- c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of Cash flows.

"Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented in profit or loss. The Group has used the following practical expedients:

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has elected not to recognize right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- "The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

The weighted average lessees incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 January 2019 is 10.03%.

On transition to IFRS 16, the Group recognized additional right-of-use assets-building of Tk180 million and right-of-use assets- machinery of Tk59 million and additional lease liability of Tk239 million.

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

2019	<i>In thousands of taka</i>									
	Freehold land	Building	Right of use assets- Building	Plant and machinery	Right of use assets- Machinery*	Vehicles	Office equipment	Furniture and fixture	Construction in progress	Total
Cost										
Balance at 1 January 2019	1,406,708	2,382,256	-	18,593,959	-	263,176	440,395	48,377	391,076	23,525,947
Additions	-	35,731	179,597	283,682	59,357	2,578	47,665	-	350,811	959,421
Disposals	-	-	-	(69,990)	-	(13,153)	(1,996)	(223)	(2,775)	(88,137)
Transfers	-	94,482	-	284,475	-	-	24,118	17,768	(420,843)	-
Translation adjustments	(205)	(1,033)	-	(15,990)	-	(535)	(328)	(74)	(168)	(18,333)
Balance at 31 December 2019	1,406,503	2,511,436	179,597	19,076,136	59,357	252,066	509,854	65,848	318,101	24,378,898
Accumulated depreciation										
Balance at 1 January 2019	-	287,210	-	6,034,855	-	195,561	296,025	47,199	-	6,860,850
Disposals	-	-	-	(31,625)	-	(11,747)	(1,365)	(212)	-	(44,949)
Charge for the year	-	110,426	45,998	768,185	52,733	14,549	22,099	11,892	-	1,025,882
Translation adjustments	-	193	-	4,850	-	322	316	45	-	5,726
Balance at 31 December 2019	-	397,829	45,998	6,776,265	52,733	198,685	317,075	58,924	-	7,847,509
Carrying amount										
At December 31, 2019	1,406,503	2,113,607	133,599	12,299,871	6,624	53,381	192,779	6,924	318,101	16,531,389

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2018	<i>In thousands of taka</i>									
	Freehold land	Building	Right of use assets- Building	Plant and machinery	Right of use assets- Machinery*	Vehicles	Office equipment	Furniture and fixture	Construction in progress	Total
Cost										
Balance at 1 January 2018	558,585	731,602	-	15,163,532	-	222,823	378,831	68,702	558,519	17,682,594
Acquisition of HBL	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)
Balance at 31 December 2018	1,406,708	2,382,256	-	18,593,959	-	263,176	440,395	48,377	391,076	23,525,947
Accumulated depreciation										
Balance at 1 January 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)
Balance at 31 December 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

* The opening balance of right of use- building and machinery as at the initial application date of 1 January 2019 was Tk179,597 (thousand) and Tk59,357 (thousand).

5.1 Depreciation charge for the year allocated to

	2019 Taka'000	2018 Taka'000
Production and maintenance overhead (Note 22.2)	940,098	832,935
Depot operating and transportation costs (Note 22.4)	25,512	8,192
General and administrative expenses (Note 23)	53,973	31,793
Sales and marketing (Note 24)	6,299	6,316
	1,025,882	879,236

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B. Details of disposal of property, plant and equipment

		<i>In thousands of taka - Disposal details</i>						
2019		Plant and machinery	Vehicles	Office equipment	Furniture and fixture	Construction in progress	Total	
Cost		69,990	13,153	1,996	223	2,775	88,137	
Accumulated depreciation		(31,625)	(11,747)	(1,365)	(212)	-	(44,949)	
Carrying amount at December 31, 2019		38,365	1,406	631	11	2,775	43,188	
Sale proceeds		-	3,572	59	18	-	3,649	
Mode of disposal		Company policy	Tender	Tender	Tender	Company policy		
Particulars of purchaser/ type of disposal		Third party & Written off	Third party & employees	Third party & Written off	Third party			
2018								
		Building	Plant and machinery	Vehicles	Office equipment	Furniture and fixture	Construction in progress	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	Company policy/tender	Company policy	Company policy		
Particulars of purchaser/ type of disposal		Third party & Written off	Third party & Written off	Third party & employees	Third party & written off	Third party		

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6. A. Goodwill and intangible assets

2019	<i>In thousands of taka</i>						
	Goodwill	Leasehold land	Quarry land	Software	Construction in progress	Total excluding goodwill	Total including goodwill
Cost							
Balance at 1 January 2019	317,776	1,821,070	1,049,708	163,321	12,677	3,046,776	3,364,552
Translation adjustments	-	143	8,994	38	-	9,175	9,175
Balance at 31 December 2019	317,776	1,821,213	1,058,702	163,359	12,677	3,055,951	3,373,727
Accumulated depreciation							
Balance at 1 January 2019	-	21,577	332,087	79,118	-	432,782	432,782
Charge for the year	-	12,679	43,054	45,002	-	100,735	100,735
Translation adjustments	-	72	2,591	38	-	2,701	2,701
Balance at 31 December 2019	-	34,328	377,732	124,158	-	536,218	536,218
Carrying amount							
Balance at 31 December 2019	317,776	1,786,885	680,970	39,201	12,677	2,519,733	2,837,509
2018							
Cost							
Balance at 1 January 2018	-	17,963	1,129,696	46,253	130,086	1,323,998	1,323,998
Acquisition of HBL Transfers	317,776	1,804,379	-	-	-	1,804,379	2,122,155
Translation adjustments	-	-	-	117,409	(117,409)	-	-
Balance at 31 December 2018	317,776	1,821,070	(79,988)	(341)	-	(81,601)	(81,601)
Accumulated depreciation							
Balance at 1 January 2018	-	9,092	311,388	28,911	-	349,391	349,391
Charge for the year	-	13,129	43,494	50,543	-	107,166	107,166
Translation adjustments	-	(644)	(22,795)	(336)	-	(23,775)	(23,775)
Balance at 31 December 2018	-	21,577	332,087	79,118	-	432,782	432,782
Carrying amount							
Balance at 31 December 2018	317,776	1,799,493	717,621	84,203	12,677	2,613,994	2,931,770

Amortization charge for the year allocated to

	2019	2018
	Taka'000	Taka'000
Production and maintenance costs (Note 22.2)	60,978	65,827
General and administrative expenses (Note 23)	39,757	41,339
	<u>100,735</u>	<u>107,166</u>

B. Impairment testing for goodwill

The recoverable amount was based on the value in use, determined by discounting the future cash flows to be generated from continuing use. The key assumptions used in the estimation of the recoverable amount are discount rate of 11.34%, terminal value growth at the rate of 5.5% and average EBITDA growth rate of 10.8%. Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined based on the inflation rate. Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over past years and the estimated sales volume and price growth for the next five years.

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7. Inventories

	2019 Taka'000	2018 Taka'000
Raw materials	740,944	582,972
Semi-finished and finished products	865,192	735,729
Parts and supplies	1,072,011	1,059,369
	2,678,147	2,378,070

8. Trade receivables

Trade receivables	1,198,378	1,165,657
Advance payment to trade suppliers	989,676	722,181
	2,188,054	1,887,838

See Note 31B(i) for disclosures regarding credit risk, allowance for doubtful debts and ageing analysis of trade receivables.

9. Other current assets

Prepaid expenses	79,578	86,339
VAT current account	-	319,175
Advance to employees	14,252	13,795
Security and other deposits	236,530	235,123
Other receivables	79,898	8,736
Advance payment to suppliers of fixed assets	418,763	39,482
Accrued interest on bank deposits	6,502	6,013
	835,523	708,663
Current portion	694,530	566,487
Non-current portion	140,993	142,176
	835,523	708,663

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.

10. Advance income tax- net of tax provision

Advance income tax-deducted at source	7,099,041	6,413,267
Current tax liabilities (Note 10.1)	(5,551,933)	(4,558,691)
	1,547,108	1,854,576

10.1 Current tax liabilities

Balance at 1 January	4,558,691	1,642,801
Acquisition of HBL	-	2,128,537
Provision for the year	1,000,133	823,324
Translation adjustment	(6891)	(35,971)
Balance at 31 December	5,551,933	4,558,691

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	2019 Taka'000	2018 Taka'000
11. Cash and cash equivalents		
Cash in hand	2,341	2,295
	<u>2,341</u>	<u>2,295</u>
Cash at banks		
Current accounts	214,849	433,477
Short term deposit accounts	84,469	10,422
	<u>299,318</u>	<u>443,899</u>
Cash and cash equivalents in statement of financial position	<u>301,659</u>	<u>446,194</u>
Bank overdrafts repayable on demand and used for cash management purposes*	(207,319)	(199,305)
Cash and cash equivalents for the purpose of the statement of cash flows	<u>94,340</u>	<u>246,889</u>
* Bank overdrafts are included in short-term borrowings.		
12. Share capital		
12.1 Authorized capital		
1,400,000,000 ordinary shares of Taka 10 each	<u>14,000,000</u>	<u>14,000,000</u>
In the year 2011, authorized capital was increased from Taka 7,000,000,000 to Taka 14,000,000,000. Further 58,068,675 ordinary shares of Taka 100 per share were issued as right shares at par amounting to Taka 5,806,867,500 offered on the basis of 1:1, for which approval of Bangladesh Securities and Exchange Commission (BSEC) was obtained on 8 September 2011. Moreover, face value of each ordinary share has been denominated from Taka 100 to Taka 10 at 4 December 2011.		
12.2 Issued and subscribed capital		
1,161,373,500 ordinary shares of Taka 10 each	<u>11,613,735</u>	<u>11,613,735</u>
12.3 Paid up capital		
Fully paid up in cash	5,759,888	5,759,888
Fully paid up in other than cash	46,980	46,980
Fully paid up in cash as rights issue	5,806,867	5,806,867
	<u>11,613,735</u>	<u>11,613,735</u>

12.4 Composition of shareholders at 31 December

Name of the shareholders	Nationality/ Incorporated In	Number of shares		Holding %	
		2019	2018	2019	2018
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
		<u>1,161,373,500</u>	<u>1,161,373,500</u>	<u>100.00</u>	<u>100.00</u>

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12.5 Classification of shares by holding at 31 December

Slabs by number of shares	Number of shareholders		Holding %	
	2019	2018	2019	2018
Less than 500 Shares	8,500	9,003	0.19	0.20
501 to 5,000 Shares	13,422	14,125	2.33	2.43
5,001 to 10,000 Shares	2,628	2,627	1.70	1.69
10,001 to 20,000 Shares	1,709	1,624	2.17	2.06
20,001 to 30,000 Shares	589	546	1.27	1.17
30,001 to 40,000 Shares	278	284	0.84	0.87
40,001 to 50,000 Shares	216	210	0.86	0.83
50,001 to 100,000 Shares	395	360	2.49	2.25
100,001 to 1,000,000 Shares	353	339	7.73	7.92
Over 1,000,000 Shares	43	43	80.42	80.58
	28,133	29,161	100.00	100.00

12.6 Other components of equity

	2019 Taka'000	2018 Taka'000
Cash flow hedge *	22,121	3,354
Actuarial loss-net of tax	(65,293)	(120,284)
	(43,172)	(116,930)

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

12.7 Dividends

The final dividend amounts to Taka 1.16 billion which is Taka 1.00 per share of Taka 10 each for the year 2019 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, 2019.

13. Non-controlling interests

Retained earnings	(638)	(575)
Share capital	169	171
Share money deposits	335	338
	(134)	(66)

14. Borrowings

A. Borrowings- long term

Non-current portion -unsecured	94,248	984,478
Non-current portion-lease liabilities*	99,912	-
	194,160	984,478

The loan were availed from Standard Chartered Bank, Dhaka and Hong Kong Shanghai Banking Corporation, Dhaka for the acquisition of Holcim. The loans are denominated in Bangladesh Taka with face value of BDT 1.2 billion and 1.2 billion respectively. Interest rates for both loans are based upon T-Bill rates plus 3.5% margin. The loans are repayable on 2021.

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	2019 Taka'000	2018 Taka'000
B. Borrowings- short term		
Current portion of long term -unsecured	800,000	800,000
Bank overdraft facilities (Note- 14B (i))	207,319	199,305
Short term credit facilities (Note-14B (ii))	100,000	968,133
Current portion of lease liabilities*	55,474	-
Derivative liabilities**	-	25,208
	1,162,793	1,992,646

* The opening balance of lease liability as at 1 January 2019 was Tk238,954 (thousand).

i) Used bank overdrafts facilities

Used bank overdrafts facilities in Bangladesh Taka	37,346	199,305
Used bank overdrafts facilities in foreign currency	169,973	-
	207,319	199,305

ii) Used short term credit facilities

Used short term credit facilities in Bangladesh Taka	100,000	750,000
Used short term credit facilities in foreign currency	-	218,133
	100,000	968,133

**The Company entered into forward contracts with the commercial banks in order to manage its foreign exchange exposure due to change in exchange rates. The amount is the difference between market prices and prices the Company would pay to settle the foreign exchange liabilities at the end of the year.

15. Deferred tax liability

Deferred tax by type of temporary differences that resulted in deferred tax assets and liability

Property, plant and equipment	3,239,266	3,294,328
Actuarial gain	7,183	-
Deferred tax liabilities	3,246,449	3,294,328
Provision for gratuity	81,795	86,129
Provision for doubtful debts	48,091	56,080
Business loss carry forward	26,741	26,741
Provision for obsolescence of spare parts	22,960	20,698
Deferred tax assets	179,587	189,648
Net deferred tax liability	3,066,862	3,104,680

15.1 Change in deferred tax assets and liability

Balance at 1 January- deferred tax liability	3,104,680	2,228,528
Acquisition of HBL	-	965,447
Deferred tax income for the year	(56,826)	(55,240)
Other components of equity	(6,201)	(22,354)
Translation adjustments	(25,209)	(11,701)
Balance at 31 December- deferred tax liability	3,066,862	3,104,680

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	2019 Taka'000	2018 Taka'000
16. Employee benefits		
Funded plan (Note 16.1)	72,692	95,558
Unfunded plan (Note 16.2)	108,282	110,065
	<u>180,974</u>	<u>205,623</u>

16.1 Funded Plan**A. Net position of gratuity plan**

Present value of defined benefit obligation	308,961	315,812
Fair value of plan assets	(236,269)	(220,254)
Net funded status	<u>72,692</u>	<u>95,558</u>

B. Actuarial valuation

The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2019 by a professional actuary using Projected Unit Credit Method.

C. Assumptions employed for the valuations are as follows:

Salary increase rate	%	%
Discount rate	<u>8.00</u>	<u>8.00</u>
	9.20	7.25

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

Balance at 1 January	315,812	264,157
Current service cost	35,215	36,496
Interest cost	21,830	20,297
Actuarial (gain)/loss [Note D.1]	(45,915)	43,802
Benefits paid during the year	(17,981)	(48,940)
Balance at 31 December	<u>308,961</u>	<u>315,812</u>

D.1 Actuarial (gain)/loss

Demographic assumptions	86	(6,489)
Financial	(56,462)	20,363
Experience	10,461	29,928
	<u>(45,915)</u>	<u>43,802</u>

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

Balance at 1 January	220,254	249,443
Expected return on plan assets	15,968	19,955
Actuarial gain/(loss)	9,622	(204)
Benefits paid during the year	(9,575)	(48,940)
Balance at 31 December	<u>236,269</u>	<u>220,254</u>

16.2 Unfunded Plan**A. Actuarial valuation**

The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2019 by a professional actuary using Projected Unit Credit Method.

B. Assumptions employed for the valuations are as follows:

	2019 %	2018 %
Salary increase rate	<u>8.00</u>	<u>8.00</u>
Discount rate	<u>7.82</u>	<u>7.82</u>

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	2019 Taka'000	2018 Taka'000
C. Movement in the present value of the defined benefit obligation are as follows:		
Balance at 1 January	110,065	15,189
Acquisition of HBL	-	85,504
Adjustment with valuation report	(91)	97
Current service cost	16,957	13,970
Interest cost	7,727	7,283
Actuarial (gain)/loss	(20,522)	15,539
Benefits paid during the year	(5,764)	(26,383)
Translation adjustment	(90)	(1,134)
Balance at 31 December	<u>108,282</u>	<u>110,065</u>
17. Provisions		
Site restoration provisions		
Balance at 1 January	37,428	36,992
Addition for the year	3,225	3,108
Translation adjustment	(507)	(2,672)
Balance at 31 December	<u>40,146</u>	<u>37,428</u>
<p>The Group is required to restore a quarry site, the estimated costs of site restoration are accrued and recognised to the cost of sales, on the basis of mines closure plan submitted to Indian Bureau of Mines (IBM).</p>		
18. Trade payables		
Payable for goods and services	4,173,759	3,280,480
General assistance fee (Note- 18.1)	397,942	289,919
Trademark license fee (Note- 18.2)	397,942	289,919
Contract liabilities	138,147	456,095
	<u>5,107,790</u>	<u>4,316,413</u>
18.1 General assistance fee		
<p>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).</p>		
18.2 Trademark license fee		
<p>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).</p>		
19. Other current liabilities		
Payables to suppliers of fixed assets	227,718	146,544
Income tax and VAT deducted at source	242,810	154,604
Others	411,347	283,964
Accrued interest payable	32,144	31,922
Dividend payable	58,321	51,608
	<u>972,340</u>	<u>668,642</u>

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	2019 Taka'000	2018 Taka'000
20. Commitments and Contingencies		
20.1 Commitments		
Commitments related to operating activities		
Purchase commitments	3,223,848	2,756,448
Capital expenditure commitments	594,633	158,814
Guarantees given	518,268	481,978
	<u>4,336,749</u>	<u>3,397,240</u>
20.2 Contingent Liabilities		
Tax related cases with the tax authorities and Hon'ble High Court	1,869,132	1,869,183
VAT related cases with the VAT authorities and Hon'ble High Court	413,183	290,725
Custom related case with the Hon'ble High Court	5,000	5,000
Compulsory afforestation (CA) land	443,367	-
	<u>2,730,682</u>	<u>2,164,908</u>
20.3 Claims		
a. Claims against the Company not acknowledged as debt	<u>Nil</u>	<u>Nil</u>
b. Claims by the Company not acknowledged as receivable	<u>Nil</u>	<u>Nil</u>

20.4 Gas Sales Agreement

Jalalabad Gas Transmission & Distribution Systems Ltd. (JGTDS) and LafargeHolcim Bangladesh Ltd. executed a Gas Sales Agreement (GSA) on 19 January 2003. According to GSA, gas bills are payable by the Company to JGTDS as per tariff fixed by the Government subject to a Ceiling Price. In 2015, the gas price fixed by Bangladesh Energy Regulatory Commission (BERC) crossed the Ceiling Price and JGTDS started invoicing the Company as per BERC rate. The Company submitted written objections and since then the Company have been paying as per Ceiling Price. As per the legal opinion of the independent lawyer engaged by the Company, the Ceiling Price under the GSA is legally binding on JGTDS, and the invoices raised by JGTDS are not tenable under the relevant laws.

20.5 Lafarge Umiam Mining Private Limited (LUMPL)

The Company entered into a Limestone Mining Agreement with a mining contractor (the "Contractor"). The Contractor failed to engage the right mining equipment, many mining equipment were more than 5 years old and in violation of the provisions of the Agreement. The Contractor failed to produce right sizes of Limestone as specified in the Agreement. Company issued notices of Breach, Material Breach to the Contractor in terms of the Agreement. On 28. 02.2017 the Agreement was terminated. The Company submitted its 'Request for Arbitration' to the Secretariat of the International Court of Arbitration (ICC), Paris as per the provisions of the Agreement, with a claim of Taka 264.86 million. The Contractor made counter-claim of Taka 733.25 million. By order dated 11.09.2017, the ICC appointed Arbitration Tribunal rejected the counterclaim of the Contractor on procedural ground. On 11.12.2017, the Contractor filed an application before the Calcutta High Court under Section 34 of the Arbitration and Conciliation Act, 1996 seeking to set aside the Order of the Arbitration Tribunal dated 11.09.2017 (the "Application"). The Hearing on the Application is awaited. Arbitration proceedings however continue to proceed on the claim filed by LUMPL. The Contractor has filed an application for stay of the Order dated 11.09.2017 before the Tribunal on the ground that the matter is pending before the High Court. The application is yet to be heard by the Tribunal. The Company is of the opinion that the counter-claim of the Contractor, even if taken on record by the Tribunal at a subsequent stage or under order of the High Court, is not likely to succeed in full on merits of the matter and accordingly counterclaim of the Contractor has not been acknowledged as debt and no provision for the same has been made. The lawyers are of the view that the case of Company is strong on merits.

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	2019 Taka'000	2018 Taka'000
21. Revenue		
Sale of gray cement*	17,529,660	16,272,300
Sale of cement clinker	310,096	359,229
	<u>17,839,756</u>	<u>16,631,529</u>
Products transferred at a point in time	17,839,756	16,631,529
	<u>17,839,756</u>	<u>16,631,529</u>
*Sale of gray cement		
Local sales	17,343,859	16,122,396
Export in Export Processing Zones and India	185,801	149,904
	<u>17,529,660</u>	<u>16,272,300</u>
22 Cost of Sales		
Opening finished goods and work in process (Note- 7)	735,729	210,679
Raw materials costs (Note- 22.1)	4,700,273	4,188,580
Purchased clinker*	2,461,020	2,731,817
Power and fuel costs	1,905,267	1,892,925
Production and maintenance costs (Note- 22.2)	2,377,449	2,185,175
Plant general and administrative costs (Note- 22.3)	412,207	429,579
Freight cost to customers	548,019	650,342
Depot operating and transportation costs (Note- 22.4)	1,029,862	975,107
Site restoration costs	3,225	3,108
Closing finished goods and work in process (Note- 7)	(865,192)	(735,729)
	<u>13,307,859</u>	<u>12,531,583</u>
* Clinker imported for HBL production.		
22.1 Raw materials costs		
Fly ash	568,962	456,040
Slag	515,825	517,674
Gypsum	537,377	503,303
Iron ore	23,799	22,342
Sand	15,834	22,428
Clay	103,696	91,229
Limestone	2,043,846	1,691,739
Packing materials	870,826	836,328
Others	20,108	47,497
	<u>4,700,273</u>	<u>4,188,580</u>
22.2 Production and maintenance costs		
Salary, allowances and benefits	393,460	403,562
Contributions to employees' benefit schemes	27,655	26,562
Maintenance	298,431	198,027
Other supplies and spares	386,138	344,328
Material handling	64,090	60,959
Other expenses	205,696	249,620
Technical studies	903	3,355
Depreciation	940,098	832,935
Amortization of intangible assets	60,978	65,827
	<u>2,377,449</u>	<u>2,185,175</u>

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	2019 Taka'000	2018 Taka'000
22.3 Plant general and administrative costs		
Salary, allowances and benefits	106,413	115,787
Contributions to employees' benefit schemes	6,794	6,762
Staff welfare expenses	37,435	36,554
Training, seminars and meetings	644	1,409
Travelling	9,055	12,515
Rent	1,733	8,135
Gas, electricity and water	836	1,765
Telephone, fax and postage	2,107	2,358
Office maintenance	64,227	55,588
Security services	71,642	85,404
Printing and stationery	1,232	1,622
Other supplies and spares	3,075	1,790
Other office expenses	24,912	26,039
Legal expenses	4,273	2,695
Consultancy	8,909	12,620
Vehicles running expenses	8,239	7,962
Corporate social activities	36,123	26,232
Insurance	24,558	24,342
	412,207	429,579
22.4 Depot operating and transportation costs		
Salary, allowances and benefits	125,823	131,600
Contributions to employees' benefit schemes	12,077	12,878
Staff welfare expenses	1,209	3,573
Training, seminars and meeting	751	835
Depreciation	25,512	8,192
Depot other operating costs	194,772	204,665
Transportation costs	669,718	613,364
	1,029,862	975,107
23. General and administrative expenses		
Salary, allowances and benefits	287,940	274,204
Contributions to employees' benefit schemes	21,790	21,135
Staff welfare expenses	1,852	4,077
Training, seminars and meeting	13,852	15,559
Travelling	8,014	7,656
Rent	-	74,348
Gas, electricity and water	1,242	1,528
Telephone, fax and postage	7,129	6,964
Entertainment	4,624	6,322
Office maintenance	4,646	3,666
Office security services	314	784
Printing and stationery	2,480	3,180
IT maintenance expenses	105,635	181,414
Other office expenses	56,347	52,872
Registration and other fees	4,488	5,324
Audit and tax advisory fees	4,702	9,300
Legal expenses	17,389	8,945
Vehicles running expenses	15,160	15,631
Publicity and public relation	7,263	9,225
General assistance fee	239,656	229,801
Trademark license fee	108,023	137,466
Consulting, survey and studies	2,678	79,462
Administrative depreciation	53,973	31,793
Amortization of intangible assets	39,757	41,339
Contribution to Workers' Profit Participation and Welfare Fund	99,574	67,390
	1,108,528	1,289,385

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	2019 Taka'000	2018 Taka'000
24. Sales and marketing expenses		
Salary, allowances and benefits	172,497	218,240
Contributions to employees' benefit schemes	14,385	14,913
Staff welfare expenses	10	911
Travelling	27,791	27,670
Rent	659	2,759
Gas, electricity and water	887	262
Telephone, fax and postage	3,791	5,654
Entertainment	1,336	2,352
Office maintenance	6,755	6,248
Printing and stationery	168	834
Other office expenses	35,282	35,290
Registration and other fees	8,026	6,519
Vehicles running expenses	15,750	17,244
Advertisement and promotion	201,278	151,411
Provision for trade receivables	1,469	8,803
Bad debt	27,465	-
General survey and studies	4,649	6,143
Administrative depreciation	6,299	6,316
	528,497	511,569
25. Other operating income and expenses		
A. Other operating income		
Sale of miscellaneous scrap items	27,415	15,707
Provision written back for trade receivables	22,151	48,014
Others	16,024	112,918
	65,590	176,639
B. Other operating expenses		
Loss on sale of property, plant and equipment	(39,605)	(165,146)
	(39,605)	(165,146)
26. Finance costs and income		
Interest on short & long term borrowings	216,917	321,294
Other finance costs	13,779	8,179
Bank charges and commission	15,600	18,451
Interest expenses on lease liabilities	15,163	-
Exchange loss	-	87,062
Finance costs	261,459	434,986
Exchange gain	7,377	-
Interest income on bank deposits	13,986	7,237
Finance income	21,363	7,237
Net finance (cost)/income	(240,096)	(427,749)
27. Income tax		
Current income tax expenses	932,179	676,793
Current income tax expenses for prior years	67,954	146,531
Deferred income tax	(56,826)	(55,240)
	943,307	768,084
27.1 Reconciliation of effective tax rate (%)		
Average statutory tax rate	32.87	31.54
Prior years adjustment	2.53	6.28
Permanent differences	1.61	4.91
Effect of foreign tax differentials	(1.83)	(1.93)
Effective tax rate	35.18	40.80

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28. A. Earnings per share

The computation of basic and diluted earnings per share for the years ended 31 December 2019 and 31 December 2018 are as follows:

Numerator	<i>(Thousands of Taka)</i>		
Profit for the year- attributable to owners of the company		1,737,517	1,114,675
Denominator	<i>(Thousands of Shares)</i>		
Weighted average number of shares outstanding		1,161,374	1,161,374
Basic earnings per share	<i>Taka</i>	1.50	0.96
Diluted earnings per share	<i>Taka</i>	1.50	0.96

B. Net asset value (NAV) per share

The computation of net asset value per share for the years ended 31 December 2019 and 31 December 2018 are as follows:

Numerator	<i>(Thousands of Taka)</i>		
Net asset value for the year		16,199,227	15,578,320
Denominator	<i>(Thousands of Shares)</i>		
Weighted average number of shares outstanding		1,161,374	1,161,374
Net asset value per share	<i>Taka</i>	13.95	13.41

C. Net operating cash flow per share (NOCFPS)

The computation of net operating cash flow per share for the years ended 31 December 2019 and 31 December 2018 are as follows:

Numerator	<i>(Thousands of Taka)</i>		
Net operating cash flow for the year		4,085,418	3,112,749
Denominator	<i>(Thousands of Shares)</i>		
Weighted average number of shares outstanding		1,161,374	1,161,374
Net operating cash flow per share	<i>Taka</i>	3.52	2.68

29. Related Party Transactions

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

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2019

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

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2018

Name of the Party	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	Intercompany purchase	3,098,647	(52,890)
Surma Holding B.V.	Shareholder	Dividend Payment	333,213	-
Bengal Development Corporation	Shareholder's associated entity	Cement sales	203,239	3,061
Lafarge S.A.	Group Company	Technical assistance/Trademark license	113,557	(373,716)
Holcim Technology Ltd.	Group Company	Technical assistance/Trademark license	104,859	(497,554)
Holcim Asean Business Service Centre	Group Company	Intercompany services/Technical assistance	91,516	(243,124)
Holcim Technology Holderbank	Group Company	Intercompany services	83,411	(5,810)
Cementos Molins	Group Company	Trademark license/Travel expenses	82,230	(254,998)
Holcim Group Services Ltd.	Group Company	Intercompany services	50,079	(108,440)
Eastern Housing Ltd.	Shareholder's associated entity	Cement sales	10,667	1,005
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
Opex Group	Group Company	Cement sales	3,793	418
Delta Life Insurance Company Limited	Shareholder's associated entity	Insurance service	2,094	(1,009)
Lafarge International Services Singapore Pte Ltd.	Shareholder's associated entity	Intercompany services	1,290	(1,297)
Sinha Peoples Energy Ltd.	Group Company	Cement sales	1,105	234
Aftab Group	Shareholder's associated entity	Cement sales	878	103
Shikharraa Developments Ltd.	Shareholder's associated entity	Cement sales	713	(13)
Lafarge Asia SDN BHD	Group Company	Intercompany services/Technical assistance	-	(71,251)
LH Trading Ltd	Group Company	Intercompany services	-	16,276
PT Lafarge Cement Indonesia	Group Company	Intercompany services	-	664
Jahurul Islam Medical College-ACC Ltd.	Shareholder's associated entity	Cement sales	-	3
Holcim Philippines, Inc	Group Company	Intercompany services	-	(146)
		Intercompany services	-	(82)

	2019 Taka'000	2018 Taka'000
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30. Directors', Managers' and Officers' Remuneration

Salary, allowances and benefits	485,285
Contributions to employees' benefit scheme	35,137
Reimbursable expenses	17,305
	538,358
	473,462

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

31. Financial instruments

A. Accounting classifications

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

In thousands of taka	Carrying amount				Fair value		
	Fair value - Hedging instruments	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
31 December 2019							
Financial assets measured at fair value							
Forward exchange contracts used for hedging	4,903	-	-	4,903	-	4,903	-
	4,903			4,903		4,903	
Financial assets not measured at fair value							
Trade and other current assets	-	2,525,236	-	2,525,236	-	-	-
Cash and cash equivalents	-	301,659	-	301,659	-	-	-
		2,826,895		2,826,895			
Financial liabilities measured at fair value							
Forward exchange contracts used for hedging	-	-	-	-	-	-	-
Financial liabilities not measured at fair value							
Borrowings	-	-	1,356,953	1,356,953	-	-	-
Trade payables	-	-	5,107,790	5,107,790	-	-	-
Other current liabilities	-	-	972,340	972,340	-	-	-
			7,437,083	7,437,083			
31 December 2018							
Financial assets measured at fair value							
Forward exchange contracts used for hedging	16,022	-	-	16,022	-	16,022	-
	16,022			16,022		16,022	
Financial assets not measured at fair value							
Trade and other current assets	-	2,470,680	-	2,470,680	-	-	-
Cash and cash equivalents	-	446,194	-	446,194	-	-	-
		2,916,874		2,916,874			
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	-	-	668,642	668,642	-	-	-
			7,936,971	7,936,971			

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	2019	2018
	Taka'000	Taka'000
B. Financial risk management		
i) Credit risk		
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and other 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.		
Impairment loss on trade receivables from contracts with customers	(145,549)	(166,231)
	(145,549)	(166,231)

Trade receivables and other current assets

The Group'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 Group'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.

Neither past due	905,971	549,441
Past due		
Past due 1-30 days	103,525	358,211
Past due 31-90 days	44,480	101,446
Past due 91-180 days	5,184	102,524
Over 180 days	139,218	54,035
	1,198,378	1,165,657

For trade receivables the Group 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 Group also considered whether the receivables were secured by bank guarantee or security cheques or both in determining the amount of impairment loss.

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	2019 Taka'000	2018 Taka'000
The change in the valuation allowance for doubtful receivables is as follows:		
Balance at 1 January	(166,231)	(15,202)
Acquisition of HBL	-	(190,240)
Provision written back	22,151	48,014
Current year addition	(1,469)	(8,803)
	<u>(145,549)</u>	<u>(166,231)</u>
Maximum exposure to credit risk of the Group at reporting date are as follows:		
Trade receivables (Note 8)	1,198,378	1,165,657
Other current assets excluding prepaid expenses (Note 9)	755,945	616,311
	<u>1,954,323</u>	<u>1,781,968</u>

Cash and cash equivalents

The Company held cash and cash equivalents of 301,659 thousand at 31 December 2019 (2018: 446,194 thousand). The cash and cash equivalents are held with bank and financial institution counterparties with satisfactory credit ratings. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities. The Group 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.

<i>In thousands of taka</i>	Carrying amount Taka'000	6 months or less Taka'000	From 6 to 12 months Taka'000	From 1 to 5 years Taka'000
31 December 2019				
Non-derivative financial liabilities				
Trade payables	5,107,790	3,656,515	1,451,275	-
Other current liabilities	972,340	839,287	133,053	-
Borrowings	1,201,567	707,319	400,000	94,248
Lease liabilities	155,386	-	8,852	146,534
	<u>7,437,083</u>	<u>5,203,121</u>	<u>1,993,180</u>	<u>240,782</u>
Derivative financial liabilities				
Forward exchange contracts used for hedging	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 December 2018				
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
	<u>7,936,971</u>	<u>4,974,645</u>	<u>1,977,848</u>	<u>984,478</u>
Derivative financial liabilities				
Forward exchange contracts used for hedging	25,208	25,208	-	-
	<u>25,208</u>	<u>25,208</u>	<u>-</u>	<u>-</u>

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

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 Group 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 Group 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 Group's exposure to currency risk as reported to the management of the Company is as follows.

Balance at 31 December 2019	BDT'000	INR'000	USD'000	EUR'000	CHF'000
Foreign currency denominated assets					
Other current assets	1,408,269	1,166,592	207	-	-
Cash and cash equivalents	66,257	53,925	21	2	-
Total	1,474,525	1,220,517	228	2	-
Foreign currency denominated liabilities					
Trade payables	820,363	275,272	4,610	271	856
Other current liabilities	202,500	58,256	550	899	12
Total	1,022,863	333,528	5,160	1,170	868
Balance at 31 December 2018					
Foreign currency denominated assets					
Other current 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

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:

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

Currencies	31 December 2019		31 December 2018	
	Closing rate	Average rate	Closing rate	Average rate
BDT/INR	1.1921	1.1993	1.2021	1.2229
BDT/USD	84.9000	84.4486	83.9000	83.4686
BDT/EUR	94.8885	94.5461	95.2517	98.5670
BDT/CHF	87.7429	84.9766	84.6167	85.8055
BDT/GBP	-	-	105.9993	111.4302

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	2019 Estimated impact on profit/loss and equity (+/-) Taka'000	2018 Estimated impact on profit/loss and equity (+/-) Taka'000
Assets denominated in USD	96	159
Assets denominated in INR	7,336	6,346
Liabilities denominated in USD	2,165	3,546
Liabilities denominated in EUR	557	546
Liabilities denominated in CHF	367	7
Liabilities denominated in INR	<u>2,005</u>	<u>2,964</u>

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 2019 profit before tax of +/- Taka 845 (Taka 104 for 2018) in thousands and Taka 13,418 (Taka 29,771 for 2018) in thousands respectively.

	2019 Taka'000	2018 Taka'000
Interest bearing financial instruments of the Company at reporting date are as follows:		
Financial assets		
Short term deposits	84,469	10,422
	<u>84,469</u>	<u>10,422</u>
Financial liabilities		
Borrowings	1,356,953	2,977,124
	<u>1,356,953</u>	<u>2,977,124</u>

c) Other price risk

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

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

	2019	2018
32. Number of Employees		
LafargeHolcim Bangladesh Limited		
Nationality:		
Bangladeshi	356	341
Non-Bangladeshi	7	6
Holcim Cement (Bangladesh) Limited		
Nationality:		
Bangladeshi	251	285
Non-Bangladeshi	1	1
Lafarge Umiam Mining Private limited		
Nationality:		
Indian	118	127
Non-Indian	1	1
	734	761
Salary range:		
Monthly Taka 3,000 or above	734	761
Monthly below Taka 3,000	Nil	Nil
	2019	2018
	Taka'000	Taka'000
33. Comparative information of the shareholders (Note- 28)		
Net Asset Value (NAV) Per Share	13.95	13.41
Earning Per Share (EPS)	1.50	0.96
Net Operating Cash Flow Per Share (NOCFPS)	3.52	2.68
Profit for the year (in thousand)	1,737,454	1,114,652
34. Reconciliation of net profit with cash flows from operating activities		
Net profit for the year	1,737,454	1,114,652
Depreciation and amortization	1,126,617	986,402
Other non-cash items	1,469	8,803
Non-operating items	1,183,403	1,195,833
Changes in net working capital	36,475	(192,941)
Cash flows from operating activities	4,085,418	3,112,749
35. Lease disclosures		
Expenses for leases of low value assets	-	
Payments for leases of low value assets	-	
Short-term lease expenses	(2,392)	
Payment for short-term leases	(2,392)	
Average lease terms (in years)	2	



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer





Report and Financial Statements of
LafargeHolcim Bangladesh Limited

for the year ended December 31, 2019

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 2019, 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 2019, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with 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 2.2 to the financial statements which describes the basis of accounting for amalgamation of Holcim Cement (Bangladesh) Limited with the Company.

Our opinion is not modified in respect of this matter.

We also draw attention to Note 19.4 to the financial statements, which describes the excess gas tariff raised by Jalalabad Gas Transmission and Distribution System Limited.

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.

Impairment testing of goodwill

The key audit matter:

The Company reported goodwill of Tk317,776 million as at 31 December 2019. The impairment testing of goodwill is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount is based on the higher of the value in use or fair value less costs to sell. The recoverable amount is derived from discounted forecast cash flow model. This model uses several key assumptions, including estimates of future sales volumes and prices, operating costs, terminal value growth rates and discount rate.

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

How the matter was addressed in our audit:

Our audit procedures in this areas included, among others:

- Evaluating the appropriateness of the discount rate applied, which included comparing the weighted average cost of capital used by the management with weighted average cost of capital independently developed by the engagement team using various publicly available input parameters relevant to the market in which the Company operates;
- Evaluating the appropriateness of the assumptions applied to key inputs such as sales volumes and prices, operating costs, inflation, long term growth rates and terminal growth rates, which included comparing these inputs with externally derived data as well as our own assessments based on our knowledge of the business;
- Performing retrospective testing and sensitivity analysis of the key assumptions used in the discounted cash flow model, which included assessing the effect of alterations to the key input parameters used in determining the discount rates and reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact on the estimated headroom;
- Evaluating the adequacy of the financial statement disclosures regarding goodwill.

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.

Dhaka, Bangladesh
Date: 04 March 2020



Nurul Faruk Hasan & Co
Chartered Accountants

LafargeHolcim Bangladesh Limited
Statement of financial position
As at 31 December

	Notes	2019 Taka'000	2018 Taka'000
Assets			
Non-current assets			
Property, plant and equipment	5	16,854,211	9,830,244
Intangible assets	6	356,913	84,139
Investment in subsidiaries	7	519,893	5,567,713
Total non-current assets		17,731,017	15,482,096
Current assets			
Inventories	8	2,722,492	1,501,367
Trade receivables	9	1,581,595	2,907,068
Other current assets	10	440,975	380,641
Advance income tax	11	1,158,412	849,947
Cash and cash equivalents	12	237,374	201,900
Total current assets		6,140,848	5,840,923
Total assets		23,871,865	21,323,019
Equity & liabilities			
Capital and reserves			
Share capital	13.4	11,613,735	11,613,735
Retained earnings		2,133,175	2,298,905
Other components of equity	13.7	(48,129)	(98,942)
Total equity		13,698,781	13,813,698
Non-current liabilities			
Borrowing	14A	178,997	984,478
Deferred tax liability	15	2,819,140	1,897,124
Employee benefits	16	157,547	95,558
Total non-current liabilities		3,155,684	2,977,160
Current liabilities			
Trade payables	17	5,062,866	2,528,987
Other current liabilities	18	979,560	594,008
Borrowings	14B	974,974	1,409,166
Total current liabilities		7,017,400	4,532,161
Total liabilities		10,173,084	7,509,321
Total equity and liabilities		23,871,865	21,323,019

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


Chief Financial Officer


Company Secretary


Director


Chief Executive Officer

Per our annexed report of same date

Dhaka, Bangladesh
Date: 04 March 2020


Nurul Faruk Hasan & Co
Chartered Accountants

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

	Notes	2019 Taka '000	2018 Taka '000
Revenue	20	11,974,133	12,115,261
Cost of sales	21	(8,684,631)	(9,352,077)
Gross Profit		3,289,502	2,763,184
Other operating income	24A	41,608	8,065
General and administrative expenses	22	(817,662)	(837,987)
Sales and marketing expenses	23	(330,634)	(276,654)
Other operating expense	24B	(39,769)	(155,038)
Operating Profit		2,143,045	1,501,570
Finance cost	25	(238,940)	(234,307)
Finance income	25	8,739	2,431
Net finance cost		(230,201)	(231,876)
Profit before WPPF & tax		1,912,844	1,269,694
Workers' profit participation and welfare fund (WPPF)		(95,642)	(63,485)
Profit before tax		1,817,202	1,206,209
Income tax expense	26	(563,853)	(360,790)
Profit for the year		1,253,349	845,419
Earnings per share			
Basic	27A	1.08	0.73
Diluted	27A	1.08	0.73

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



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

Per our annexed report of same date



Nurul Faruk Hasan & Co
Chartered Accountants

Dhaka, Bangladesh
Date: 04 March 2020

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

	2019 Taka'000	2018 Taka'000
Profit for the year	1,253,349	845,419
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Actuarial gain/(loss)	55,536	(37,870)
Related tax	(13,884)	11,002
	41,652	(26,868)
Items that may be reclassified to profit or loss		
Cash flow hedge	12,215	(12,424)
Related tax	(3,054)	3,106
	9,161	(9,318)
Other comprehensive income for the year, net of tax	50,813	(36,186)
Total comprehensive income for the year	1,304,162	809,233

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



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

Per our annexed report of same date



Nurul Faruk Hasan & Co
Chartered Accountants

Dhaka, Bangladesh
Date: 04 March 2020

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

In thousands of taka

	Share capital	Retained earnings	Other components of equity	Total equity
Balance at 1 January 2018	11,613,735	2,034,173	(62,756)	13,585,152
Total comprehensive income/(loss) 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
Balance at 1 January 2019	11,613,735	2,298,905	(98,942)	13,813,698
Total comprehensive income/(loss) for the year	-	1,253,349	50,813	1,304,162
HBL amalgamation (Note- 7B)	-	(257,705)	-	(257,705)
Final dividend for 2018	-	(1,161,374)	-	(1,161,374)
Balance at 31 December 2019	11,613,735	2,133,175	(48,129)	13,698,781

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



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

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

	Notes	2019 Taka'000	2018 Taka'000
Cash flows from operating activities			
Cash receipts from customers		14,895,360	11,616,966
Cash paid to suppliers and employees		(11,306,775)	(10,465,772)
Cash generated from operations		3,588,585	1,151,194
Income taxes paid		(312,489)	(289,091)
Other receipts		41,608	8,065
Net cash generated from operating activities*	36	3,317,704	870,168
Cash flows from investing activities			
Payments for property, plant and equipment		(582,183)	(521,488)
Proceeds from sale of property, plant and equipment		2,002	5,758
Interest income		8,739	5,758
Amalgamation and acquisition of a subsidiary (Note 7B)		102,265	(5,047,820)
Net cash used in investing activities		(469,177)	(5,557,792)
Cash flows from financing activities			
(Repayment)/proceeds from borrowings		(890,230)	2,370,100
Repayments of the lease liabilities		(7,971)	-
Interest paid on lease liabilities		(945)	-
Repayment of short term debt		(561,933)	-
Payment of interest and other finance costs		(235,380)	(219,234)
Dividend paid		(1,154,661)	(576,920)
Net cash (used)/generated in financing activities		(2,851,120)	1,573,946
Net decrease in cash and cash equivalents		(2,593)	(3,113,678)
Cash and cash equivalents at beginning of the year		201,900	3,315,578
Cash and cash equivalents at end of the year	12	199,307	201,900

*Refer to Note 36 for a reconciliation between net profit with cash flows from operating activities.
The accompanying Notes 1 to 40 form an integral part of these financial statements.


Chief Financial Officer


Company Secretary


Director


Chief Executive Officer

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

1. General information

LafargeHolcim Bangladesh Limited (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 building materials in the local and international market.

2. Summary of significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in line with the International Financial Reporting Standards (IFRS), the Companies Act 1994 and the Securities and Exchange Rules 1987. More specifically, the financial statements of the Company have been prepared in accordance with the provisions of International Accounting Standard 27 "Separate Financial Statements". They were authorized for issue by the Company's board of directors on 4 March 2020.

2.2 Basis of amalgamation

Holcim Cement (Bangladesh) Limited (HBL) became a fully owned subsidiary of LafargeHolcim Bangladesh Limited (the "Company") on 7 January 2018. Pursuant to the order of the High Court Division of the Supreme Court of Bangladesh, HBL was amalgamated with the Company effective from 26 November 2019. Per the court order, all the assets and liabilities of HBL have been transferred to and vested in the Company. The Company is controlled by the same parties before and after the amalgamation and the control is not transitory. As such the amalgamation is similar in nature to a common control transaction. In absence of specific guidance in IFRS for common control transaction, management has applied the following policies:

1. Prior period separate financial statements of the Company have not been restated.
2. The carrying amount of assets and liabilities of HBL has been reflected in the statement of financial position of the Company as at 31 December 2019. Where applicable, fair value adjustments have been made to the carrying amounts based on the acquisition date fair values of assets and liabilities of HBL.
3. Investment in subsidiary - HBL and net equity of HBL have been eliminated and the excess representing goodwill has been booked into the financial statements of the Company. This goodwill originally arose on the acquisition of HBL as on 7 January 2018.
4. Intercompany balances and transactions have been eliminated.

2.3 Use of estimates and judgments

i) Estimates

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

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

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

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 2.9 and 30)

2.4 Functional and presentation currency

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

2.5 Property, plant and equipment

i) Recognition of property, plant and equipment

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

ii) Subsequent costs

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

iii) Construction in progress

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

iv) Depreciation of property, plant and equipment

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

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.

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vi) Retirement and disposals

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

2.6 Goodwill

As discussed in Note 2.2 Basis of amalgamation, Holcim Cement (Bangladesh) Limited (HBL) has been amalgamated with the Company pursuant to a court order. Investment in subsidiary - HBL and net equity of HBL have been eliminated and the excess representing goodwill has been booked into the financial statements of the Company. This goodwill originally arose on the acquisition of HBL as on 7 January 2018.

2.7 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.

ii) Amortization of intangible assets

Software

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

2.8 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.

2.9 Financial instruments

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets:

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

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

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

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

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Financial assets – Business model assessment:

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

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

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

Financial assets-Subsequent measurement and gains and losses:

Financial assets at amortised cost:

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

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.

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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.

2.10 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.

2.11 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.

ii) 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.

2.12 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.

LAFARGEHOLCIM BANGLADESH LIMITED
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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.

2.13 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.

2.14 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.

2.15 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.

2.16 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 period.

2.17 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. Adoption of new and revised International Financial Reporting Standards

In the current year, the Company has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019. A number of other new standards are also effective from 1 January 2019 but they do not have a material effect on the separate financial statements of the Company.

IFRS 16 Leases

IFRS 16 introduces new requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements and impact of the adoption of IFRS 16 on the Company's consolidated financial statements is described below.

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The date of initial application of IFRS 16 for the Company is 1 January 2019.

The Company has applied IFRS 16 using the cumulative catch-up approach. The Company utilized the option to measure the right-of-use asset at an amount equal to the lease liability in accordance with para C8 of IFRS 16 at the date of initial application. This approach does not require restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet. Applying IFRS 16, for all leases (except as noted below), the Company:

- a) Recognises right-of-use assets and lease liabilities in the separate statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii);
- b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
- c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of Cash flows.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Company has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented in profit or loss. The Company has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.

- The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
 - The Company has elected not to recognize right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
 - The Company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
 - The Company has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.
4. The incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 January 2019 is 10.03%.

On transition to IFRS 16, the Company recognized additional right-of-use assets-building of Tk16.8 million and additional lease liability of Tk16.8 million.

Preparation and presentation of the separate financial statements

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

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2019	<i>In thousands of taka</i>									
	Freehold land	Leasehold land	Building	Right of use assets- building*	Plant & machinery	Vehicles	Office equipment	Furniture and fixture	Construction in progress	Total
Cost										
Balance at 1 January 2019	532,077	-	638,270	-	13,681,111	187,458	364,613	40,918	266,765	15,711,212
HBL amalgamation (Note- 7B)	850,000	1,779,022	1,529,891	113,525	2,783,786	5,234	27,332	17,201	134,226	7,240,217
Additions	-	-	10,531	16,823	245,571	-	44,351	-	145,054	462,330
Disposals	-	-	-	-	(67,174)	(7,537)	(1,996)	(209)	(2,775)	(79,691)
Transfers	-	-	27,901	-	188,129	-	4,800	15,776	(236,606)	-
Balance at 31 December 2019	1,382,077	1,779,022	2,206,593	130,348	16,831,423	185,155	439,100	73,686	306,664	23,334,068
Accumulated depreciation										
Balance at 1 January 2019	-	-	173,701	-	5,249,811	161,350	258,748	37,358	-	5,880,968
Disposals	-	-	-	-	(28,809)	(7,537)	(1,365)	(209)	-	(37,920)
Charge for the year	-	-	17,057	8,916	558,787	11,542	29,868	10,639	-	636,809
Balance at 31 December 2019	-	-	190,758	8,916	5,779,789	165,355	287,251	47,788	-	6,479,857
Carrying amounts										
At 31 December 2019	1,382,077	1,779,022	2,015,835	121,432	11,051,634	19,800	151,849	25,898	306,664	16,854,211

LAFARGEHOLCIM BANGLADESH LIMITED
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For the year ended 31 December

2018	<i>In thousands of taka</i>									
	Freehold land	Leasehold land	Building	Right of use assets- building*	Plant & machinery	Vehicles	Office equipment	Furniture and fixture	Construction in progress	Total
Cost										
Balance at 1 January 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)	-
Balance at 31 December 2018	532,077	-	638,270	-	13,681,111	187,458	364,613	40,918	266,765	15,711,212
Accumulated depreciation										
Balance at 1 January 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
Balance at 31 December 2018	-	-	173,701	-	5,249,811	161,350	258,748	37,358	-	5,880,968
Carrying amounts										
At 31 December 2018	532,077	-	464,569	-	8,431,300	26,108	105,865	3,560	266,765	9,830,244

* The opening balance of right of use- building as at the initial application date of 1 January 2019 was Tk16,823 (thousand).

Depreciation charge for the year allocated to

	2019 Taka'000	2018 Taka'000
Production and maintenance costs (Note 21.2)	563,856	501,920
Depot operating and transportation costs (Note 21.4)	25,511	8,192
General and administrative expenses (Note 22)	46,275	23,350
Sales and Marketing Expenses (Note 23)	1,167	687
	636,809	534,149

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B. Details of disposal of property plant and equipment

<i>In thousands of taka - Disposal details</i>						
2019	Plant and machinery	Vehicles	Office equipment	Furniture and fixture	Construction in progress	Total
Cost	67,174	7,537	1,996	209	2,775	79,691
Accumulated depreciation	(28,809)	(7,537)	(1,365)	(209)	-	(37,920)
Carrying amount at December 31, 2019	38,365	-	631	-	2,775	41,771
Sale proceeds	-	1,924	59	18	-	2,001
Mode of disposal	Company policy	Tender	Tender	Tender	Company policy	
Particulars of purchaser/type of disposal	Written off	Third party & employees	Third party & Written off	Third party	Written off	
<i>In thousands of taka - Disposal details</i>						
2018	Plant and machinery	Vehicles	Office equipment	Furniture and fixture	Construction in progress	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, 2019	159,130	1,453	9	204	-	160,796
Sale proceeds	-	3,899	1,391	468	-	5,758
Mode of disposal	Company policy	Company policy/ Tender	Company policy	Company policy	Company policy	
Particulars of purchaser/type of disposal	Written off	Third party & employees	Third party & Written off	Third party	Written off	

6. A. Intangible assets Reconciliation of carrying amount	<i>In thousands of taka</i>				
	2019	Goodwill	Software	Construction in progress	Total
Cost					
Balance at 1 January 2019	-	158,848	-	-	158,848
HBL amalgamation (Note- 7B)	317,776	-	-	-	317,776
Balance at 31 December 2019	317,776	158,848	-	-	476,624
Accumulated depreciation					
Balance at 1 January 2019	-	74,709	-	-	74,709
Charge for the year	-	45,002	-	-	45,002
Balance at 31 December 2019	-	119,711	-	-	119,711
Carrying amounts					
At 31 December 2019	317,776	39,137	-	-	356,913
	<i>In thousands of taka</i>				
2018					
Cost					
Balance at 1 January 2018		41,439	117,409		158,848
Transfer		117,409	(117,409)		-
Disposals		158,848	-	-	158,848
Accumulated depreciation					
Balance at 1 January 2018		24,166	-	-	24,166
Charge for the year		50,543	-	-	50,543
Disposals		74,709	-	-	74,709
Carrying amounts					
Balance at 31 December 2018		84,139	-	-	84,139
Amortization charge for the year allocated to					
	2019	2018			
	Taka '000	Taka '000			
Production and maintenance costs (Note 21.2)	5,245	9,204			
General and administrative expenses (Note 22)	39,757	41,339			
	45,002	50,543			

B. Impairment testing for goodwill

The recoverable amount was based on the value in use, determined by discounting the future cash flows to be generated from continuing use. The key assumptions used in the estimation of the recoverable amount are discount rate of 11.34%, terminal value growth at the rate of 5.5% and average EBITDA growth rate of 10.8%. Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined based on the inflation rate. Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over past years and the estimated sales volume and price growth for the next five years.

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	2019 Taka'000	2018 Taka'000
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
	<u>519,893</u>	<u>5,567,713</u>

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

Shares held in different entities are as follows:

Name of entities	Face value per share	Number of ordinary shares held by the Company	
		2019	2018
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. Amalgamation of Holcim Cement (Bangladesh) Limited

The Hon'ble High Court Division of the Supreme Court of Bangladesh approved the scheme of amalgamation of Holcim Cement (Bangladesh) Limited (the "Subsidiary") with the Company. The amalgamation becomes effective after filling of the certified copy of the Judgment and Order of the court with the Registrar of Joint Stock Companies and Firm (RJSC). See Note 2.2 Basis of amalgamation for detail.

	2019 Taka'000	2018 Taka'000
8. Inventories		
Raw materials	846,362	419,481
Semi-finished and finished products	941,597	315,757
Parts and supplies	934,533	766,129
	<u>2,722,492</u>	<u>1,501,367</u>
9. Trade receivables		
Trade receivables	1,147,611	2,609,708
Advance payment to trade suppliers	433,984	297,360
	<u>1,581,595</u>	<u>2,907,068</u>
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	66,824	55,970
VAT current account	-	264,748
Advance to employees	8,505	10,467
Security and other deposits	89,674	8,393
Other receivables	28,065	6,733
Advance payment to suppliers of fixed assets	247,907	34,330
	<u>440,975</u>	<u>380,641</u>

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

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	2019 Taka'000	2018 Taka'000
11. Advance income tax		
Advance income tax	5,879,943	2,466,414
Current tax liabilities (Note 11.1)	(4,721,531)	(1,616,467)
	<u>1,158,412</u>	<u>849,947</u>
11.1 Current Tax Liabilities		
Balance at 1 January	1,616,467	1,180,566
HBL amalgamation (Note- 2.2)	2,459,992	-
Provision for the year (Note 26)	645,072	435,901
Balance at 31 December	<u>4,721,531</u>	<u>1,616,467</u>
12. Cash and cash equivalents		
Cash in hand	2,340	2,066
	<u>2,340</u>	<u>2,066</u>
Cash at banks		
Current accounts	214,849	189,412
Short term deposit accounts	20,185	10,422
	<u>235,034</u>	<u>199,834</u>
Cash and cash equivalents in statement of financial position	237,374	201,900
Bank overdrafts*	(38,067)	-
Cash and cash equivalents for the purpose of the statement of cash flows	<u>199,307</u>	<u>201,900</u>
* 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	<u>14,000,000</u>	<u>14,000,000</u>
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	<u>11,613,735</u>	<u>11,613,735</u>
13.4 Paid up capital		
Fully paid up in cash	5,759,888	5,759,888
Fully paid up in other than cash	46,980	46,980
Fully paid up in cash as rights issue	5,806,867	5,806,867
	<u>11,613,735</u>	<u>11,613,735</u>
13.5 Composition of shareholders at 31 December		

Name of the shareholders	Nationality/ Incorporated In	Number of shares		Holding %	
		2019	2018	2019	2018
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
		<u>1,161,373,500</u>	<u>1,161,373,500</u>	<u>100.00</u>	<u>100.00</u>

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13.6 Classification of shares by holding at 31 December

Slabs by number of shares	Number of shareholders		Holding %	
	2019	2018	2019	2018
Less than 500 Shares	8,500	9,003	0.19	0.20
501 to 5,000 Shares	13,422	14,125	2.33	2.43
5,001 to 10,000 Shares	2,628	2,627	1.70	1.69
10,001 to 20,000 Shares	1,709	1,624	2.17	2.06
20,001 to 30,000 Shares	589	546	1.27	1.17
30,001 to 40,000 Shares	278	284	0.84	0.87
40,001 to 50,000 Shares	216	210	0.86	0.83
50,001 to 100,000 Shares	395	360	2.49	2.25
100,001 to 1,000,000 Shares	353	339	7.73	7.92
Over 1,000,000 Shares	43	43	80.43	80.58
	28,133	29,161	100.00	100.00

13.7 Other components of equity

	2019 Taka'000	2018 Taka'000
Actuarial loss-net of tax	(47,972)	(89,624)
Others	(157)	(9,318)
	(48,129)	(98,942)

13.8 Dividends

The final dividend amounts to Taka 1.16 billion which is Taka 1.00 per share of Taka 10 each for the year 2019 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, 2019.

14. Borrowings

A. Borrowings- long term

Non-current portion -Unsecured	94,248	984,478
Non-current portion-lease liabilities	84,749	-
	178,997	984,478

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 Taka 1.2 billion and Taka 1.2 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	800,000
Short-term credit facilities	138,067	600,000
Current portion of lease liabilities*	37,628	-
Derivative liabilities**	(721)	9,166
	974,974	1,409,166

* The opening balance of lease liability as at 1 January 2019 was Tk16,823 (thousand).

**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.

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	2019 Taka'000	2018 Taka'000
15. Deferred tax liability		
Deferred tax by type of temporary differences that resulted in deferred tax assets and liability.		
Property, plant and equipment	2,983,389	1,944,052
Actuarial gain	7,183	-
Deferred tax liabilities	2,990,572	1,944,052
Provision for gratuity	73,640	41,672
Provision for doubtful debts	48,091	5,256
Business loss carry forward	26,741	-
Provision for obsolescence of spare parts	22,960	-
Deferred tax assets	171,432	46,928
Net deferred tax liability	2,819,140	1,897,124
15.1 Change in deferred tax assets and liability		
Balance at 1 January- deferred tax liability	1,897,124	1,989,150
HBL amalgamation (Note- 7B)	989,351	
Deferred tax income for the year (Note 26)	(81,219)	(75,111)
Other component of equity	13,884	(16,915)
	-	-
Balance at 31 December- deferred tax liability	2,819,140	1,897,124
16. Employee benefits		
Funded plan (Note 16.1)	72,692	95,558
Unfunded plan (Note 16.2)	84,855	-
	157,547	95,558
16.1 Funded Plan		
A. Net position of gratuity plan		
Present value of defined benefit obligation	308,961	315,812
Fair value of plan assets	(236,269)	(220,254)
Net funded status	72,692	95,558
B. Actuarial valuation		
The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2019 by a professional actuary using Projected Unit Credit Method.		
C. Assumptions employed for the valuations are as follows:		
	2019	2018
	%	%
Salary increase rate	8.00	8.00
Discount rate	9.20	7.25
D. Movement in the present value of the defined benefit obligation are as follows:		
Balance at 1 January	315,812	264,157
Current service cost	35,215	36,496
Interest cost	21,830	20,297
Actuarial (gain)/loss [Note D.1]	(45,915)	43,802
Benefits paid during the year	(17,981)	(48,940)
Balance at 31 December	308,961	315,812

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	2019 Taka'000	2018 Taka'000
D.1 Actuarial (gain)/loss		
Demographic assumptions	86	(6,489)
Financial	(56,462)	20,363
Experience	10,461	29,928
	<u>(45,915)</u>	<u>43,802</u>

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

Balance at 1 January	220,254	249,443
Expected return on plan assets	15,968	19,955
Actuarial gain/(loss)	9,622	(204)
Benefits paid during the year	(9,575)	(48,940)
Balance at 31 December	<u>236,269</u>	<u>220,254</u>

The above has been invested in bond.

F. Sensitivity

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

Effect in thousands of taka	31 December 2019	
	Increase	Decrease
Discount rate	296,816	321,978
Salary increase rate	322,064	296,632

16.2 Unfunded Plan

A. Actuarial valuation

The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2019 by a professional actuary using Projected Unit Credit Method.

B. Assumptions employed for the valuations are as follows:

	2019 %	2018 %
Salary increase rate	8.00	-
Discount rate	9.20	-

	2019 Taka'000	2018 Taka'000
--	------------------	------------------

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

Balance at 1 January	92,603	-
Adjustment with valuation report	(91)	-
Current service cost	11,625	-
Interest cost	6,420	-
Actuarial (gain)/loss [Note C.1]	(20,522)	-
Benefits paid during the year	(5,180)	-
Balance at 31 December	<u>84,855</u>	<u>-</u>

C.1 Actuarial (gain)/loss

Demographic assumptions	13	-
Financial	(17,422)	-
Experience	(3,113)	-
	<u>(20,522)</u>	<u>-</u>

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D. Sensitivity

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

Effect in thousands of taka	31 December 2019	
	Increase	Decrease
Discount rate	81,162	88,836
Salary increase rate	88,863	81,106

	2019 Taka'000	2018 Taka'000
17. Trade payables		
Payable for goods and services	4,128,835	1,564,710
General assistance fee (Note- 17.1)	397,942	289,919
Trademark license fee (Note- 17.2)	397,942	289,919
Contract liabilities	138,147	384,439
	5,062,866	2,528,987
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).		
18. Other current liabilities		
Payables to suppliers of fixed assets	226,533	144,263
Income tax and VAT deducted at source	236,845	111,433
Others	425,717	258,120
Accrued interest payable	32,144	28,584
Dividend payable	58,321	51,608
	979,560	594,008
19. Commitments and Contingencies		
19.1 Commitments		
Commitments related to operating activities		
Purchase commitments	3,059,875	2,379,251
Capital expenditure commitments	381,259	117,059
Guarantees given	518,269	460,417
	3,959,403	2,956,727
19.2 Contingent Liabilities		
Tax related cases with the Hon'ble High Court	1,869,132	247,515
VAT related cases with the Hon'ble High Court	413,183	109,225
Custom related cases with the Hon'ble High Court	5,000	-
	2,287,315	356,740
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

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19.4 Jalalabad Gas Transmission & Distribution Systems Ltd. (JGTDS) and LafargeHolcim Bangladesh Ltd. executed a Gas Sales Agreement (GSA) on 19 January 2003. According to the GSA, gas bills are payable by the Company to JGTDS as per tariff fixed by the Government subject to a Ceiling Price. In 2015, the gas price fixed by Bangladesh Energy Regulatory Commission (BERC) crossed the Ceiling Price and JGTDS started invoicing the Company as per BERC rate. The Company submitted written objections and since then the Company have been paying as per Ceiling Price. As per the legal opinion of the independent lawyer engaged by the Company, the Ceiling Price under the GSA is legally binding on JGTDS, and the invoices raised by JGTDS are not tenable under the relevant laws.

	2019 Taka'000	2018 Taka'000
20. Revenue		
Sale of gray cement*	11,664,038	9,676,886
Sale of cement clinker	310,095	2,194,098
Other sales (Limestone, slag and gypsum sales to Holcim Cement (Bangladesh) Limited)	-	244,277
	11,974,133	12,115,261
Products transferred at a point in time	11,974,133	12,115,261
*Sale of gray cement		
Local sales	11,593,553	9,664,690
Export in Export Processing Zones	4,983	12,196
	11,598,536	9,676,886
21. Cost of Sales		
Opening finished goods and work in process (Note- 34)	315,757	179,729
Raw materials costs (Note- 21.1)	3,563,275	3,665,489
Purchased clinker	459,902	-
Toll manufacturing costs	527,266	1,740,376
Power and fuel costs	1,252,972	1,196,532
Production and maintenance costs (Note- 21.2)	1,321,590	1,253,791
Plant general and administrative costs (Note- 21.3)	231,884	238,001
Freight cost to customers	494,992	570,669
Depot operating and transportation costs (Note- 21.4)	930,517	823,247
Closing finished goods and work in process (Note- 34)	(413,524)	(315,757)
	8,684,631	9,352,077
21.1 Raw materials costs		
Slag	292,940	256,741
Fly ash	51,134	-
Gypsum	294,861	271,673
Iron ore	23,799	22,342
Sand	15,834	22,428
Clay	103,696	91,229
Limestone	2,353,524	2,588,316
Packing materials	425,046	387,080
Others	2,441	25,680
	3,563,275	3,665,489
21.2 Production and maintenance costs		
Salary, allowances and benefits	197,194	199,616
Contributions to employees' benefit schemes	16,983	15,737
Maintenance	56,850	84,444
Other supplies and spares	296,788	246,593
Material handling	64,090	60,959
Other expenses	119,681	131,963
Technical studies	903	3,355
Depreciation	563,856	501,920
Amortization of intangible assets	5,245	9,204
	1,321,590	1,253,791

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	2019 Taka'000	2018 Taka'000
21.3 Plant general and administrative costs		
Salary, allowances and benefits	69,776	78,648
Contributions to employees' benefit schemes	2,570	2,743
Staff welfare expenses	34,259	33,268
Training, seminars and meetings	579	1,251
Travelling	2,687	3,765
Rent	1,003	1,343
Gas, electricity and water	331	306
Telephone, fax and postage	1,450	1,480
Office maintenance	27,618	30,588
Security services	22,478	27,592
Printing and stationery	566	438
Other supplies and spares	3,075	1,790
Other office expenses	17,862	17,731
Consultancy	281	186
Vehicles running expenses	7,884	7,831
Corporate social activities	20,394	10,269
Insurance	19,071	18,772
	231,884	238,001
21.4 Depot operating and transportation costs		
Salary, allowances and benefits	99,776	100,137
Contributions to employees' benefit schemes	9,705	10,268
Staff welfare expenses	1,209	2,994
Training, seminars and meeting	710	718
Depreciation	25,511	8,192
Depot other maintenance costs	151,225	148,550
Transportation costs	642,381	552,388
	930,517	823,247
22. General and administrative expenses		
Salary, allowances and benefits	253,952	213,879
Contributions to employees' benefit schemes	18,927	17,941
Staff welfare expenses	1,852	3,554
Training, seminars and meeting	13,812	15,237
Travelling	7,541	6,725
Rent	47,710	49,001
Gas, electricity and water	97	205
Telephone, fax and postage	1,463	1,380
Entertainment	4,573	6,075
Office maintenance	4,646	3,666
Office security services	364	749
Printing and stationery	1,959	1,781
IT maintenance expenses	76,267	114,431
Other office expenses	18,629	24,728
Registration and other fees	4,472	3,949
Audit and tax advisory fees	2,370	3,574
Legal expenses	18,797	6,469
Vehicles running expenses	15,160	15,631
Publicity and public relation	7,263	9,225
General assistance fee	108,023	97,894
Trademark license fee	108,023	97,894
Royalty fee	13,011	-
Consulting, survey and studies	2,719	79,310
Depreciation	46,275	23,350
Amortization of intangible assets	39,757	41,339
	817,662	837,987

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	2019 Taka'000	2018 Taka'000
23. Sales and marketing expenses		
Salary, allowances and benefits	118,772	130,503
Contributions to employees' benefit schemes	9,864	11,766
Staff welfare expenses	135	35
Travelling	14,458	10,168
Gas, electricity and water	829	184
Telephone, fax and postage	1,663	1,492
Entertainment	1,123	2,235
Office maintenance	6,755	6,248
Printing and stationery	160	57
Other office expenses	7,937	9,491
Registration and other fees	1,947	2,322
Vehicles running expenses	10,150	17,244
Advertisement and promotion	126,317	77,309
Provision for trade receivables	1,469	5,820
Bad debt	27,465	-
General survey and studies	423	1,093
Depreciation	1,167	687
	330,634	276,654
24. Other operating income and expenses		
A. Other operating income		
Gain on sale of miscellaneous scrap items	41,608	8,065
	41,608	8,065
B. Other operating expenses		
Loss on sale of property, plant and equipment	(39,769)	(155,038)
	(39,769)	(155,038)
25. Finance costs and income		
Interest on borrowings	205,251	213,955
Other finance costs	7,331	2,019
Bank charges and commission	7,698	9,378
Interest expenses on lease liabilities	945	-
Exchange loss	17,715	8,955
Finance costs	238,940	234,307
Interest income on bank deposits	8,739	2,431
Finance income	8,739	2,431
Net finance costs	230,201	231,876
26. Income tax		
Current income tax expenses	645,072	435,901
Deferred tax income	(81,219)	(75,111)
	563,853	360,790
26.1 Reconciliation of tax rate		
Statutory tax rate	25.00%	25.00%
Permanent differences	1.61%	4.91%
Effective tax rate	26.61%	29.91%

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27. A. Earnings per share

The computation of basic and diluted earnings per share for the years ended 31 December 2019 and 31 December 2018 are as follows:

Numerator	<i>(Thousands of Taka)</i>		
Profit for the year		1,253,349	845,419
Denominator	<i>(Thousands of Shares)</i>		
Weighted average number of shares outstanding		1,161,374	1,161,374
Basic earnings per share	<i>Taka</i>	1.08	0.73
Diluted earnings per share	<i>Taka</i>	1.08	0.73

B. Net asset value (NAV) per share

The computation of net asset value per share for the years ended 31 December 2019 and 31 December 2018 are as follows:

Numerator	<i>(Thousands of Taka)</i>		
Net asset value for the year		13,698,781	13,813,698
Denominator	<i>(Thousands of Shares)</i>		
Weighted average number of shares outstanding		1,161,374	1,161,374
Net asset value per share	<i>Taka</i>	11.80	11.89

C. Net operating cash flow per share (NOCFPS)

The computation of net operating cash flow per share for the years ended 31 December 2019 and 31 December 2018 are as follows:

Numerator	<i>(Thousands of Taka)</i>		
Net operating cash flow for the year		3,317,704	870,168
Denominator	<i>(Thousands of Shares)</i>		
Weighted average number of shares outstanding		1,161,374	1,161,374
Net operating cash flow per share	<i>Taka</i>	2.86	0.75

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.

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2019

Name of the Party	Relationship	Nature of transaction	Transaction value during the year Taka '000	Receivable/ (Payable) at 31 Dec 2019 Taka '000
Lafarge Umiam Mining Private Limited	Subsidiary company	Purchase of limestone	2,649,180	(259,278)
Surma Holding B.V.	Shareholder	Dividend Payment	687,728	-
LH Trading Pte Ltd	Group Company	Intercompany purchase	1,605,289	(11,343)
Lafarge S.A.	Group Company	Technical assistance/Trademark license	125,307	(498,880)
Cementos Molins	Group Company	Trademark license/Travel expenses	90,739	(345,693)
Holcim Asean Business Service Centre	Group Company	Intercompany services/Technical assistance	21,524	(70,508)
Holcim East Asia Business Service	Group Company	Intercompany services	82,482	(66,834)
Bengal Development Corporation	Shareholder's associated entity	Cement sales	17,469	2,469
Holcim Group Services Ltd.	Group Company	Intercompany services	20,163	(128,851)
LH Trading Ltd	Group Company	Intercompany services	7,017	18,823
Lafarge International Services Singapore Pte Ltd.	Group Company	Intercompany services	6,080	(1,759)
Sinha Peoples Energy Ltd.	Shareholder's associated entity	Cement sales	738	147
Eastern Housing Ltd.	Shareholder's associated entity	Cement sales	5,181	426
Lafarge Industries South Africa (PTY) Ltd.	Group Company	Intercompany services	2,699	7,418
Opex Group	Shareholder's associated entity	Cement sales	1,084	256
Jahurul Islam Medical College	Shareholder's associated entity	Cement sales	1,280	481
Bank Asia Limited	Shareholder's associated entity	Cement sales	1,582	(204)
Holcim Services (South Asia) India	Group Company	Intercompany services	-	(16,980)
Holcim Philippines, Inc	Group Company	Intercompany services	-	(128)
Aftab Bahumukhi Firm Ltd.	Shareholder's associated entity	Cement sales	-	(15)

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2018

Name of the Party	Relationship	Nature of transaction	Transaction value during the year Taka '000	Receivable/ (Payable) at 31 Dec 2018 Taka '000
Holcim Cement (Bangladesh) Ltd.	Subsidiary company	Clinker sales	3,797,233	1,711,472
Lafarge Umiam Mining Private Limited	Subsidiary company	Purchase of limestone	2,537,478	(156,277)
LH Trading Pte Ltd	Group Company	Intercompany purchase	523,587	(20,843)
Surma Holding B.V.	Shareholder	Dividend Payment	333,213	-
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)
Holcim Asean Business Service Centre	Group Company	Intercompany services/Technical assistance	55,099	(141,800)
Bengal Development Corporation	Shareholder's associated entity	Cement sales	20,239	3,061
Eastern Housing Ltd.	Shareholder's associated entity	Cement sales	10,667	1,005
Holcim Group Services Ltd.	Group Company	Intercompany services	7,422	(9,441)
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
Opex Group	Group Company	Cement sales	3,793	418
Delta Life Insurance Company Limited	Shareholder's associated entity	Insurance service	2,094	(1,009)
Lafarge International Services Singapore Pte Ltd.	Shareholder's associated entity	Intercompany services	1,290	(1,297)
Sinha Peoples Energy Ltd.	Shareholder's associated entity	Cement sales	1,105	234
Aftab Bahumukhi Firm Ltd.	Shareholder's associated entity	Cement sales	878	103
Shikharraa Developments Ltd.	Shareholder's associated entity	Cement sales	713	(13)
Lafarge Asia SDN BHD	Group Company	Intercompany services/Technical assistance	-	(71,251)
LH Trading Ltd	Group Company	Intercompany services	-	16,276
PT Lafarge Cement Indonesia	Group Company	Intercompany services	-	664
Holcim Philippines, Inc	Group Company	Intercompany services	-	(82)
Jahurul Islam Medical College	Shareholder's associated entity	Cement sales	-	3

	2019 Taka'000	2018 Taka'000
29. Directors', Managers' and Officers' Remuneration		
Salary, allowances and benefits	381,443	353,830
Contributions to employees' benefit scheme	28,981	31,803
Reimbursable expenses	15,740	16,296
	426,164	401,929

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

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30. Financial instruments

A. Accounting classifications

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

<i>In thousands of taka</i>	Carrying amount				Fair value		
	Fair value - Hedging instruments	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
31 December 2019							
Financial assets measured at fair value							
Forward exchange contracts used for hedging	721	-	-	721	-	721	-
	721	-	-	721	-	721	-
Financial assets not measured at fair value							
Trade and other current assets	-	1,707,839	-	1,707,839	-	-	-
Cash and cash equivalents	-	237,374	-	237,374	-	-	-
	-	1,945,213	-	1,945,213	-	-	-
Financial liabilities not measured at fair value							
Borrowings	-	-	1,154,692	1,154,692	-	-	-
Trade payables	-	-	5,062,866	5,062,866	-	-	-
Other current liabilities	-	-	979,560	979,560	-	-	-
	-	-	7,197,118	7,197,118	-	-	-
31 December 2018							
Financial assets not measured at fair value							
Trade and other current assets	-	3,197,409	-	3,197,409	-	-	-
Cash and cash equivalents	-	201,900	-	201,900	-	-	-
	-	3,399,309	-	3,399,309	-	-	-
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	-	-	594,008	594,008	-	-	-
	-	-	5,507,473	5,507,473	-	-	-

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	2019	2018
	Taka'000	Taka'000
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.		
Impairment loss on trade receivables from contracts with customers	(145,549)	(21,022)
	<u>(145,549)</u>	<u>(21,022)</u>

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.

Neither past due	920,100	2,245,784
Past due		
Past due 1-30 days	150,039	206,880
Past due 31-90 days	38,618	68,960
Past due 91-180 days	45,184	69,280
Over 180 days	139,219	39,826
	<u>1,293,160</u>	<u>2,630,730</u>

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.

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

	2019 Taka'000	2018 Taka'000
The change in the valuation allowance for doubtful receivables is as follows:		
Balance at 1 January	(21,022)	(15,202)
HBL amalgamation (Note- 7B)	(123,058)	-
Current year addition	(1,469)	(5,820)
	<u>(145,549)</u>	<u>(21,022)</u>
Maximum exposure to credit risk of the Company at reporting date are as follows:		
Trade receivables net of impairment loss	1,147,611	2,609,708
Other current assets excluding prepaid expenses	374,151	324,671
	<u>1,521,762</u>	<u>2,934,379</u>

Cash and cash equivalents

The Company held cash and cash equivalents of Taka 237 million at 31 December 2019 (2018: Taka 202 million). The cash and cash equivalents are held with bank and financial institution counterparties with satisfactory credit ratings. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

ii) Liquidity risk

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

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

Exposure to liquidity risk

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

	Carrying amount Taka'000	6 months or less Taka'000	From 6 to 12 months Taka'000	From 1 to 5 years Taka'000
31 December 2019				
Non-derivative financial liabilities				
Trade payables	5,062,866	4,174,847	888,019	-
Other current liabilities	947,416	814,363	133,053	-
Borrowings	1,032,315	538,067	400,000	94,248
Lease liabilities	122,377	-	8,852	113,525
	<u>7,164,974</u>	<u>5,527,277</u>	<u>1,429,924</u>	<u>207,773</u>
Derivative financial liabilities				
Forward exchange contracts used for hedging	(721)	(721)	-	-
	<u>(721)</u>	<u>(721)</u>	<u>-</u>	<u>-</u>
31 December 2018				
Trade payables	2,528,987	1,802,924	726,063	-
Other current liabilities	565,424	417,326	148,098	-
Borrowings	2,384,478	1,000,000	400,000	984,478
	<u>5,478,889</u>	<u>3,220,250</u>	<u>1,274,161</u>	<u>984,478</u>
Derivative financial liabilities				
Forward exchange contracts used for hedging	9,166	-	-	-
	<u>9,166</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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 and Swiss franc.

Exposure to currency risk

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

Balance at 31 December 2019	BDT'000	USD'000	EUR'000	CHF'000
Foreign currency denominated assets				
Other receivables	19,102	225	-	-
Cash and cash equivalents	444	3	2	-
Total	19,546	210	2	-
Foreign currency denominated liabilities				
Trade payables	492,212	4,610	271	856
Other current liabilities	133,053	550	899	12
Total	625,265	5,160	1,170	868
Balance at 31 December 2018				
Foreign currency denominated assets				
Other receivables	17,367	207	-	-
Cash and cash equivalents	442	3	2	-
Total	17,809	210	2	-
Foreign currency denominated liabilities				
Trade payables	335,059	3,712	248	-
Other current liabilities	132,711	544	899	17
Total	467,770	4,256	1,147	17

The following significant exchange rates have been applied.

Currencies	31 December 2019		31 December 2018	
	Closing rate	Average rate	Closing rate	Average rate
BDT/USD	84.9000	84.4486	83.9000	83.4686
BDT/EUR	94.8885	94.5461	95.2517	98.5670
BDT/CHF	87.7429	84.9766	84.6167	85.8055

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

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	2019 Estimated impact on profit/loss and equity (+/-) Taka'000	2018 Estimated impact on profit/loss and equity (+/-) Taka'000
Assets denominated in USD	89	88
Assets denominated in EUR	1	1
Liabilities denominated in USD	1,792	1,785
Liabilities denominated in EUR	555	546
Liabilities denominated in CHF	75	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 2019 profit before tax of +/- Taka 202 (Taka 104 for 2018) in thousands and Taka 9,550 (Taka 23,936 for 2018) in thousands respectively.

Interest bearing financial instruments of the Company at reporting date are as follows:	2019 Taka'000	2018 Taka'000
Financial assets		
Short term deposits	20,185	10,422
	20,185	10,422
Financial liabilities		
Long-term borrowings- including current portion of the long term borrowings	978,997	1,784,478
Short-term borrowings	174,974	609,166
	1,153,971	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

LafargeHolcim Bangladesh Limited

Nationality:

Bangladeshi

Non-Bangladeshi

Salary range:

Monthly Taka 3,000 or above

Monthly below Taka 3,000

	2019	2018
Bangladeshi	607	341
Non-Bangladeshi	8	6
	615	347
Monthly Taka 3,000 or above	615	347
Monthly below Taka 3,000	Nil	Nil

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

	2019 Taka'000	2018 Taka'000			
32. Expenditure in foreign currencies					
Technical assistance	30,301	66,466			
	30,301	66,466			
33. Materials consumption					
<i>In terms of value</i>					
Imported					
Raw materials	2,941,325	3,116,730			
Spare parts and other supplies	200,285	186,287			
	3,141,610	3,303,017			
Indigenous					
Raw materials	568,375	523,079			
Spare parts and other supplies	85,836	62,096			
	654,211	585,175			
	3,795,821	3,888,192			
<i>In terms of percentage</i>					
Imported					
Raw materials	77	80			
Spare parts and other supplies	5	5			
	83	85			
Indigenous					
Raw materials	15	13			
Spare parts and other supplies	2	2			
	17	15			
	100	100			
34. Opening and closing finished goods and work in process					
	2019	2018			
Items	Unit	Quantity'000	Taka'000	Quantity'000	Taka'000
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 1 January		92	315,757	53	179,729
Gray cement	MT	46	184,967	36	130,404
Cement clinker	MT	60	225,015	51	178,694
Work in process	MT	3	3,542	5	6,659
Balance at 31 December		109	413,524	92	315,757
		2019	2018		
		Taka'000	Taka'000		
35. Comparative information of the shareholders (Note- 27)					
Net Asset Value (NAV) Per Share		11.80	11.89		
Earning Per Share (EPS)		1.08	0.73		
Net Operating Cash Flow Per Share (NOCFPS)		2.86	0.75		
Profit for the year (in thousand)		1,253,349	845,419		
36. Reconciliation of net profit with cash flows from operating activities					
Net profit for the year		1,253,349	845,419		
Depreciation and amortization		681,811	584,692		
Other non-cash items		1,469	5,820		
Non-operating items		794,054	592,666		
Changes in net working capital		587,021	(1,158,429)		
Cash flows from operating activities		3,317,704	870,168		

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

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

Products	Annual installed capacity	Actual Production	
		2019	2018
Gray cement	1,500	1,223	1,231
Cement clinker	1,400	1,268	1,270
		2019	2018
		Taka'000	Taka'000

38. Value of imports

Raw materials and others	3,514,797	3,476,295
	3,514,797	3,476,295

39. Remittances of foreign currency

Interim and final dividend

Name of Shareholder	2019		2018	
	Number of shares	Final for 2018 Taka'000	Number of shares	Final for 2017 Taka'000
Surma Holding B.V. (The Netherlands)*	341,849,350	307,664	341,849,350	153,832
Jean Hidier (France)	11,560	8	11,560	4
Mohammed Abdul Gaffar (UK)	18,010	13	18,010	6

Name of Shareholder	2019		2018	
	Currency	Amount	Currency	Amount
Surma Holding B.V. (The Netherlands)*	EUR	3,208,180	EUR	1,604,090
Jean Hidier (France)	EUR	83	EUR	41
Mohammed Abdul Gaffar (UK)	GBP	116	GBP	58

* In addition to the above, an amount of Taka 307,664,415 (EUR 3,206,508) representing 341,849,350 shares has been remitted through NITA account.

40. Lease disclosures

	2019
	Taka'000
Expenses for leases of low value assets	-
Payments for leases of low value assets	-
Short-term lease expenses	(65,730)
Payment for short-term leases excluding short term sub-lease	(2,392)
Short term sub lease payment	(63,338)
Average lease terms (in years)	2



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer



Holcim

সুইজারল্যান্ড ডিভিক
বিশ্বজুড়ে সর্বশ্রেষ্ঠ সিমেন্টে ব্র্যান্ড

SAFETY FIRST

SAFETY
FOLLOW FOR THE PROTECTION

Emergency
Assembly
Point
এই স্থানে গিয়ে



Report and Financial Statements of
Holcim Cement (Bangladesh) Limited

for the period ended November 26, 2019

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Holcim Cement (Bangladesh) Limited

Report of the Audit of the Financial Statements

Opinion

We have audited the financial statements of Holcim Cement (Bangladesh) Limited (here-in-after referred to as "the Company"), which comprise the statement of financial position as at 26 November 2019, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 26 November 2019, and of its financial performance and its cash flows for the period ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 3.1(B) to the financial statements related to the amalgamation of the Company with the LafargeHolcim Bangladesh Limited. Our opinion is not modified in respect of this matter.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as 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.

Report on Other Legal and Regulatory Requirements:

In accordance with the Companies Act 1994, we also report the followings:

- 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 31 dealt with by the report are in agreement with the books of account.

Dhaka, Date: March 4, 2020



Chartered Accountants

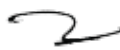
HOLCIM CEMENT (BANGLADESH) LIMITED
Statement of Financial Position
At 26 November 2019

	Notes	Nov 2019 Taka'000	Dec 2018 Taka'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	<u>6,047,297</u>	<u>6,055,063</u>
		6,047,297	6,055,063
CURRENT ASSETS			
Inventories	6	878,813	855,917
Trade receivables	7	2,093,794	630,085
Other current assets	8	147,969	150,265
Advance income tax	9	692,056	588,210
Cash and cash equivalents	10	<u>92,390</u>	<u>78,274</u>
		3,905,022	2,302,751
TOTAL ASSETS		9,952,319	8,357,814
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		2,101,739	2,119,013
Other components of equity	11.5	<u>(5,322)</u>	<u>(18,661)</u>
EQUITY		3,401,040	3,404,975
NON-CURRENT LIABILITIES			
Borrowings	16A	84,749	-
Deferred tax liabilities	12	990,086	965,373
Employee benefits	13	<u>84,855</u>	<u>92,603</u>
		1,159,690	1,057,976
CURRENT LIABILITIES			
Trade payables	14	5,024,470	3,476,036
Other current liabilities	15	124,679	69,522
Short-term borrowings	16B	<u>242,440</u>	<u>349,305</u>
		5,391,589	3,894,863
TOTAL EQUITY AND LIABILITIES		9,952,319	8,357,814

The notes from 1 to 31 are an integral part of these financial statements.



Company Secretary



Director



Chariman

Dhaka, Bangladesh
Date: March 4, 2020



Chartered Accountants

HOLCIM CEMENT (BANGLADESH) LIMITED
Statement of Profit or Loss
For the period ended 26 November 2019

	Notes	Jan-Nov 2019 Taka'000	Jan-Nov 2018 Taka'000
Revenue	18	8,220,942	7,696,904
Cost of sales	19	(7,714,048)	(7,093,207)
Gross profit		506,894	603,697
Other operating income	22	20,915	58,229
General and administrative expenses	20	(233,226)	(338,703)
Sales and marketing expenses	21	(186,443)	(223,321)
Operating profit		108,140	99,902
Financial expenses	23	(29,507)	(94,133)
Financial income	23	-	149
Profit before WPPF & tax		78,633	5,918
Workers' profit participation and welfare fund (WPPF)		(3,932)	(296)
Profit before tax		74,701	5,622
Income tax	24	(91,975)	(142,787)
Loss for the period		(17,274)	(137,165)

The notes from 1 to 31 are an integral part of these financial statements.



Company Secretary



Director



Chariman

Dhaka, Bangladesh
Date: March 4, 2020



Chartered Accountants

HOLCIM CEMENT (BANGLADESH) LIMITED
Statement of Comprehensive Income
For the period ended 26 November 2019

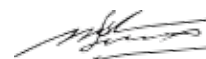
	Jan-Nov 2019 Taka'000	Jan-Nov 2018 Taka'000
Profit/(loss) for the period	(17,274)	(137,165)
Items that will not be reclassified subsequently to profit or loss		
Actuarial gain/(loss)	20,522	(15,539)
Related tax	(7,183)	5,439
	13,339	(10,100)
Other comprehensive income/(loss) for the period	13,339	(10,100)
Total comprehensive loss for the period	(3,935)	(147,265)



Company Secretary



Director



Chariman

HOLCIM CEMENT (BANGLADESH) LIMITED
Statement of Changes in Equity
For the period ended 26 November 2019

(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 2018	8,824	166,493	659,221	470,085	2,246,992	(8,561)	3,543,054
Total comprehensive loss for the year	-	-	-	-	(137,165)	(10,100)	(147,265)
Balance at 26 November 2018	8,824	166,493	659,221	470,085	2,109,827	(18,661)	3,395,789
Balance at 1 January 2019	8,824	166,493	659,221	470,085	2,119,013	(18,661)	3,404,975
Total comprehensive income/(loss) for the year	-	-	-	-	(17,274)	13,339	(3,935)
Balance at 26 November 2019	8,824	166,493	659,221	470,085	2,101,739	(5,322)	3,401,040



Company Secretary



Director




Chairman

HOLCIM CEMENT (BANGLADESH) LIMITED
Statement of Cash Flows
For the period ended 26 November 2019

Notes	Jan-Nov 2019 Taka'000	Jan-Nov 2018 Taka'000
Cash Flows From Operating Activities		
Cash receipts from customers	6,728,516	7,845,364
Cash paid to suppliers and employees	(6,161,562)	(5,841,755)
Cash generated in operations	566,954	2,003,609
Income taxes paid	(183,731)	(313,856)
Other receipts	1,008	7,226
Net cash generated by operating activities	384,231	1,696,979
Cash Flows From Investing Activities		
Payments for property, plant and equipment	(173,112)	(92,253)
Proceeds from sale of property, plant and equipment	1,648	2,951
Net cash used in investing activities	(171,464)	(89,302)
Cash Flows From Financing Activities		
Repayment of long-term borrowings	-	(75,000)
Repayment of long-term lease	(30,355)	-
Decrease in short-term borrowings	50,000	(1,619,913)
Payment of interest and other finance costs	(32,655)	(96,845)
Net cash used in financing activities	(13,010)	(1,791,758)
Net increase/(decrease) in cash and cash equivalents	199,757	(184,081)
Cash and cash equivalents at beginning of the period	10 (121,031)	61,344
Cash and cash equivalents at end of the period	10 78,726	(122,737)



Company Secretary



Director



Chariman

HOLCIM CEMENT (BANGLADESH) LIMITED
Notes to the Financial Statements
For the period ended 26 November 2019

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 A. Basis of preparation

For the year 2019, 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".

B. Amalgamation of the Company with LafargeHolcim Bangladesh Limited

Pursuant to the judgment and order dated October 21, 2019 of the Hon'ble High Court Division of the Supreme Court of Bangladesh, amalgamation of Holcim Cement (Bangladesh) Limited (HBL) with LafargeHolcim Bangladesh Limited (LHBL) has been approved became effective from November 26, 2019. The accompanying financial statements covers the period from 1 January 2019 to 26 November 2019.

Due to the amalgamation of the Company with LafargeHolcim Bangladesh Limited, the Company has no legal existence and will not prepare separate financial statements from 27 November 2019.

As per judgement of the Hon'ble High Court Division of the Supreme Court of Bangladesh, amalgamation of HBL with LHBL, HBL ceased to exist as a legal entity, and all accounts, all assets and affairs belonging to HBL are vested in LHBL on 26 November 2019. Since all the amounts of HBL could not be closed on 26 November 2019 for all practical purposes, LHBL is to carry out necessary housekeeping exercise afterwards, such as, changing stationary, shifting date and software, including the accounting software, changing names of bank accounts, names in licences and permits and other consequential activities related to the HBL as per opinion issued by the external legal advisor of the Company.

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. 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.

HOLCIM CEMENT (BANGLADESH) LIMITED
Notes to the Financial Statements
For the period ended 26 November 2019

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 of PP&E	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

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.

HOLCIM CEMENT (BANGLADESH) LIMITED
Notes to the Financial Statements
For the period ended 26 November 2019

Financial assets – Business model assessment:

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

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.

HOLCIM CEMENT (BANGLADESH) LIMITED
Notes to the Financial Statements
For the period ended 26 November 2019

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	2019 Closing Rate	2018 Closing Rate
BDT/USD	84.9000	83.9000
BDT/EUR	94.8885	95.2517
BDT/CHF	87.7429	84.6200
BDT/INR	1.1921	1.2021

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.

HOLCIM CEMENT (BANGLADESH) LIMITED
Notes to the Financial Statements
For the period ended 26 November 2019

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)

IFRS 16: "Leases"

The company applied IFRS 16 from 1 January 2019. IFRS 16 requires leases to adopt a uniform approach to the presentation of leases. Correspondingly, assets must be recognised for payment obligations entered into for all leases. The right-of-use asset is generally measured at the amount of lease liability.

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 26.

HOLCIM CEMENT (BANGLADESH) LIMITED
Notes to the Financial Statements
For the period ended 26 November 2019

5. Property, Plant and Equipment*

	Freehold land	Leasehold land**	Building	Right of use assets- Building	Plant and machinery	Vehicles	Office equipment	Furniture and fixture	Construction in progress	Total	Figures in Taka'000	
											Jan-Nov 2019 Taka'000	Jan-Nov 2018 Taka'000
COST												
At January 1, 2019	473,000	1,030,184	2,587,431	-	3,490,455	38,425	21,246	22,326	136,627	7,799,694		
Additions	-	-	1,112	143,880	7,310	-	3,314	-	116,712	272,328		
Disposals	-	-	-	-	(2,816)	(5,616)	-	(14)	-	(8,446)		
Transfers	-	-	33,184	-	46,970	-	18,425	-	(98,579)	-		
At November 26, 2019	473,000	1,030,184	2,621,727	143,880	3,541,919	32,809	42,985	22,312	154,760	8,063,576		
DEPRECIATION												
At January 1, 2019	-	101,431	551,297	-	1,035,239	29,626	9,348	17,690	-	1,744,631		
Disposals	-	-	-	-	(2,816)	(4,210)	-	(3)	-	(7,029)		
Charge for the period	-	11,622	82,967	30,355	142,644	2,770	5,375	2,944	-	278,677		
At November 26, 2019	-	113,053	634,264	30,355	1,175,067	28,186	14,723	20,631	-	2,016,279		
CARRYING AMOUNT												
At November 26, 2019	473,000	917,131	1,987,463	113,525	2,366,852	4,623	28,262	1,681	154,760	6,047,297		
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		

5.1 Depreciation charge for the year allocated to

	Jan-Nov 2019 Taka'000	Jan-Nov 2018 Taka'000
Production and maintenance costs	235,492	248,968
General and administrative expenses	38,053	7,862
Sales and marketing expenses	5,132	5,242
	278,677	262,072

*In the event of amalgamation, the Company revalued its buildings and plant and 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.

HOLCIM CEMENT (BANGLADESH) LIMITED
Notes to the Financial Statements
For the period ended 26 November 2019

	Nov 2019 Taka'000	Dec 2018 Taka'000
6. Inventories		
Raw materials	202,867	213,508
Semi-finished and finished products	519,544	487,730
Parts and supplies	156,402	154,679
	<u>878,813</u>	<u>855,917</u>
7. Trade Receivables		
Trade receivables to customers (Note - 7.2)	2,166,989	713,022
Valuation allowance (Note - 7.1)	(125,466)	(145,209)
Advance payment to trade suppliers	52,271	62,272
	<u>2,093,794</u>	<u>630,085</u>
7.1 The change in the valuation allowance for doubtful receivables is as follows:		
Balance at 1 January	(145,209)	(190,240)
Current year movement	19,743	45,031
Balance at 26 November/31 December	<u>(125,466)</u>	<u>(145,209)</u>
7.2 Aging of Trade Receivables		
The aging of gross trade receivables at reporting date are as follows:		
Within the credit period	534,208	315,521
1-30 days	367,636	151,331
31-90 days	406,094	32,486
91-180 days	464,596	33,244
Over 180 days	394,455	180,440
	<u>2,166,989</u>	<u>713,022</u>
8. Other Current Assets		
Prepaid expenses	21,415	12,897
VAT current account	41,242	54,427
Security and other deposits	83,391	78,514
Other receivables	1,921	4,427
	<u>147,969</u>	<u>150,265</u>
Receivables mentioned above are unsecured and considered good.		
9. Advance Income Tax - Net of Current Tax Liabilities		
Advance income tax	3,097,295	2,913,564
Current tax liabilities (Note - 9.1)	(2,405,239)	(2,325,354)
	<u>692,056</u>	<u>588,210</u>
9.1 Current Tax Liabilities		
Balance at 1 January	2,325,354	2,128,537
Provision for the year	79,885	196,817
Balance at 26 November/31 December	<u>2,405,239</u>	<u>2,325,354</u>
10. Cash and Cash Equivalents		
Cash in hand	90	131
Cash at banks	92,300	78,143
Cash and cash equivalents in statement of financial position	<u>92,390</u>	<u>78,274</u>
Bank overdrafts*	(13,664)	(199,305)
Cash and cash equivalents for the purpose of the statement of cash flows	<u>78,726</u>	<u>(121,031)</u>

* Bank overdrafts are included in short term borrowings.

HOLCIM CEMENT (BANGLADESH) LIMITED
Notes to the Financial Statements
For the period ended 26 November 2019

	Nov 2019 Taka'000	Dec 2018 Taka'000																												
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																												
	<u>500,000</u>	<u>500,000</u>																												
11.2 Issued and Subscribed and Fully Paid-Up Capital																														
88,244 ordinary shares of Taka 100 each	<u>8,824</u>	<u>8,824</u>																												
11.3 Composition of Shareholders																														
<table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th rowspan="2" style="width: 35%;">Name of the shareholders</th> <th rowspan="2" style="width: 15%;">Nationality/ Incorporated In</th> <th colspan="2" style="width: 20%;">Number of shares</th> <th colspan="2" style="width: 20%;">Holding %</th> </tr> <tr> <th style="width: 10%;">2019</th> <th style="width: 10%;">2018</th> <th style="width: 10%;">2019</th> <th style="width: 10%;">2018</th> </tr> </thead> <tbody> <tr> <td>LafargeHolcim Bangladesh Limited</td> <td>Bangladesh</td> <td style="text-align: center;">88,243</td> <td style="text-align: center;">88,243</td> <td style="text-align: center;">100</td> <td style="text-align: center;">100</td> </tr> <tr> <td>Rajesh Kumar Surana</td> <td>India</td> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>88,244</u></td> <td style="text-align: right;"><u>88,244</u></td> <td style="text-align: right;"><u>100</u></td> <td style="text-align: right;"><u>100</u></td> </tr> </tbody> </table>	Name of the shareholders	Nationality/ Incorporated In	Number of shares		Holding %		2019	2018	2019	2018	LafargeHolcim Bangladesh Limited	Bangladesh	88,243	88,243	100	100	Rajesh Kumar Surana	India	1	1	-	-			<u>88,244</u>	<u>88,244</u>	<u>100</u>	<u>100</u>		
Name of the shareholders			Nationality/ Incorporated In	Number of shares		Holding %																								
	2019	2018		2019	2018																									
LafargeHolcim Bangladesh Limited	Bangladesh	88,243	88,243	100	100																									
Rajesh Kumar Surana	India	1	1	-	-																									
		<u>88,244</u>	<u>88,244</u>	<u>100</u>	<u>100</u>																									
11.4 Share Premium																														
Share premium on ordinary shares	<u>166,493</u>	<u>166,493</u>																												
<p>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.</p>																														
11.5 Other Components of Equity																														
Actuarial loss - net of tax	<u>(5,322)</u>	<u>(18,661)</u>																												
12. Deferred Tax Liability																														
Deferred tax by type of temporary differences that resulted in deferred tax assets and liability.																														
Property, plant and equipment	1,110,581	1,101,991																												
Actuarial gain	7,183	-																												
Deferred Tax Liabilities	<u>1,117,764</u>	<u>1,101,991</u>																												
Provision for gratuity	34,296	38,355																												
Provision for doubtful debts	43,913	50,824																												
Business loss carry forward	26,741	26,741																												
Provision for obsolescence of spare parts	22,728	20,698																												
Deferred tax assets	<u>127,678</u>	<u>136,618</u>																												
Net deferred tax liabilities	<u>990,086</u>	<u>965,373</u>																												
12.1 Change in deferred tax asset and liability																														
Balance at 1 January - net deferred tax liability	965,373	965,447																												
Deferred tax expenses for the year	12,090	5,365																												
Other component of equity	12,623	(5,439)																												
Balance at 26 November/31 December - net deferred tax liability	<u>990,086</u>	<u>965,373</u>																												

HOLCIM CEMENT (BANGLADESH) LIMITED
Notes to the Financial Statements
For the period ended 26 November 2019

	Nov 2019 Taka'000	Dec 2018 Taka'000
13. Employee Benefits		
Contribution to gratuity plan		
Present value of defined benefit obligation		
Balance at 1 January	92,603	85,504
Adjustment with valuation report	(91)	97
Current service cost	11,625	9,910
Interest cost	6,420	6,160
Benefits paid during the year	(5,180)	(24,607)
Actuarial (gain)/loss	(20,522)	15,539
Balance at 26 November/31 December	84,855	92,603
Actuarial Valuation		
The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2019 by a professional actuary using Projected Unit Credit Method.		
14. Trade Payables		
Payable for goods and services	4,992,376	3,404,380
Advance payments from customers	33,197	71,656
	5,025,573	3,476,036
15. Other Current Liabilities		
Payable to employees	21,981	21,926
Workers' profit participation and welfare fund	5,036	3,899
Income tax and VAT deducted at source	88,656	38,556
Payable to fixed assets suppliers	5,369	1,764
Other payables	464	40
Accrued interest payable	3,173	3,337
	124,679	69,522
16. Borrowings		
A. Borrowings-long term		
Non-current portion- leases liabilities	84,749	-
B. Short Term Borrowing		
Bank overdraft facilities	13,664	199,305
Short term credit facilities	200,000	150,000
Current portion of lease liabilities	28,776	-
	242,440	349,305

17. Commitments and Contingencies

17.1 Commitments

	Less than 1 year Taka'000	1 to 5 years Taka'000	More than 5 years Taka'000	Nov 2019 Taka'000	Dec 2018 Taka'000
Commitments related to operating activities					
Purchase commitments	569,862	28,609	-	598,471	1,249,160
Capital expenditure commitments	-	-	-	-	2,765
Guarantees given	840	-	21,984	22,824	21,568

HOLCIM CEMENT (BANGLADESH) LIMITED
Notes to the Financial Statements
For the period ended 26 November 2019

	Nov 2019 Taka'000	Dec 2018 Taka'000
17.2 Contingent Liabilities		
Tax related cases with the tax authorities and Hon'ble High Court	1,621,617	1,621,668
VAT related cases with the VAT authorities and Hon'ble High Court	243,924	181,500
Custom related case with the Hon'ble High Court	5,000	5,000
	1,870,541	1,808,168
	Jan-Nov 2019 Taka'000	Jan-Nov 2018 Taka'000
18. Revenue		
Sale of cement	8,220,942	7,696,904
of which		
Products transferred at a point in time	8,220,942	7,696,904
19. Cost of Sales		
Opening finished goods	90,413	76,377
Raw materials costs (Note - 19.1)	6,426,409	5,685,676
Power and fuel costs	535,896	526,963
Production and maintenance costs (Note - 19.2)	570,767	607,571
Freight cost to customers	53,027	73,097
Depot operating and transportation costs (Note - 19.3)	108,260	140,473
Closing finished goods	(70,724)	(16,950)
	7,714,048	7,093,207
19.1 Raw Materials Costs		
Clinker	4,714,482	4,184,994
Fly ash	517,828	409,976
Slag	222,885	236,429
Gypsum	242,516	210,404
Limestone	265,251	213,930
Packing materials	445,780	411,778
Others	17,667	18,165
	6,426,409	5,685,676
19.2 Production and Maintenance Costs		
Salary, allowances and benefits	119,311	115,996
Contributions to employees' benefit schemes	1,770	2,856
Maintenance	43,529	42,215
Other supplies and spares	76,026	86,417
Other expenses	94,639	111,119
Depreciation	235,492	248,968
	570,767	607,571
19.3 Depot Operating and Transportation Costs		
Salary, allowances and benefits	26,047	28,379
Contributions to retirement benefit scheme	2,372	2,248
Staff welfare expenses	-	554
Training, seminars and meetings	41	-
Depot operating costs	52,463	36,505
Transportation costs	27,337	72,787
	108,260	140,473

HOLCIM CEMENT (BANGLADESH) LIMITED
Notes to the Financial Statements
For the period ended 26 November 2019

	Jan-Nov 2019 Taka'000	Jan-Nov 2018 Taka'000
20. General and Administrative Expenses		
Salary, allowances and benefits	33,988	56,366
Contributions to retirement benefit scheme	2,863	2,993
Staff welfare expenses	-	506
Training, seminars and meetings	40	126
Travelling	473	769
Rent	-	25,367
Gas, electricity and water	1,145	1,193
Telephone, fax and postage	5,666	3,962
Entertainment	51	243
Office security services	-	35
Printing and stationery	521	977
Computer expenses	20,056	50,520
Other office expenses	10,766	21,417
Registration and other fees	16	1,336
Audit and tax advisory fees	607	3,148
Legal expenses	-	2,612
Royalty fee*	118,622	121,993
Administrative support fee	-	36,598
Insurance	359	581
Consulting, survey and studies	-	99
Administrative depreciation	38,053	7,862
	233,226	338,703

*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. During the period third party sales is Taka 5,931,123 in thousands.

21. Sales and Marketing Expenses

Salary, allowances and benefits	53,725	81,041
Contributions to retirement benefit scheme	4,521	2,950
Staff welfare expenses	-	487
Training, seminars and meetings	-	227
Travelling	13,213	15,206
Rent	-	2,771
Gas, electricity and water	58	76
Telephone, fax and postage	2,128	3,893
Entertainment	213	119
Printing and stationery	8	76
Other office expenses	10,793	21,934
Registration and other fees	6,079	4,097
Advertisement and promotion	74,961	77,148
Provision for trade receivables	-	2,983
Bad debt	12,794	-
General survey and studies	2,818	5,071
Administrative depreciation	5,132	5,242
	186,443	223,321

HOLCIM CEMENT (BANGLADESH) LIMITED
Notes to the Financial Statements
For the period ended 26 November 2019

	Jan-Nov 2019 Taka'000	Jan-Nov 2018 Taka'000
22. Other Operating Income		
Gain on disposal of property, plant and equipment	164	2,951
Sale of miscellaneous scrap items	1,008	7,226
Provision written back for trade and other receivables	19,743	48,052
	20,915	58,229
23. Finance Expenses and Income		
Interest on short and long term debt	9,410	80,427
Bank charges and commission	5,415	6,552
Interest expenses on lease liabilities	10,802	-
Exchange loss	3,880	7,154
Finance expenses	29,507	94,133
Finance income	-	149
Net finance expenses	29,507	93,984
24. Income Tax		
Current income tax expenses	79,885	46,225
Current income tax expenses for prior years	-	84,940
Deferred income tax expenses	12,090	11,622
	91,975	142,787

25. 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 26 Nov 2019 Taka '000
LH Trading Pte Ltd- Group Company LafargeHolcim Bangladesh Ltd	Purchase of raw materials	1,361,214	(11,343)
Group Company LafargeHolcim Bangladesh Ltd	Sales of cement	2,578,653	2,328,895
Group Company Holcim Technology Ltd.	Purchase of clinker/inter-company services	2,138,646	(2,128,646)
Group Company Holcim East Asia Business Service	Intercompany services	146,127	(374,063)
Group Company Holcim Group Services Ltd.	Intercompany services	82,482	(65,034)
Group Company Holcim Technology Holderbank	Intercompany services	9,145	(108,334)
Group Company	Intercompany services	-	(5,810)

HOLCIM CEMENT (BANGLADESH) LIMITED
Notes to the Financial Statements
For the period ended 26 November 2019

26. Financial Instruments

26.1 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:

	Nov 2019 Taka'000	Dec 2018 Taka'000
Trade receivables	2,041,523	567,813
Other current assets excluding prepaid expenses	126,554	137,368
	2,168,077	705,181

26.2 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	5,025,573	4,462,317	563,256	-
Other current liabilities	124,679	124,679	-	-
Total borrowings	327,189	327,189	-	-
Balance at 26 November 2019	5,477,441	4,914,185	563,256	-
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	-

26.3 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 and CHF. 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:

HOLCIM CEMENT (BANGLADESH) LIMITED
Notes to the Financial Statements
For the period ended 26 November 2019

Balance at 26 November 2019	BDT'000	USD'000	CHF'000	INR'000
Foreign currency denominated assets				
Cash and cash equivalents	3,311	39	-	-
Total	3,311	39	-	-
Foreign currency denominated liabilities				
Trade payables and other current liabilities	139,177	920	696	-
Total	139,177	920	696	-
Balance at 31 December 2018				
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

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	26 Nov 2019 Estimated impact on profit/loss and equity (+/-) Taka'000	31 Dec 2018 Estimated impact on profit/loss and equity (+/-) Taka'000
Assets denominated in USD	17	71
Liabilities denominated in USD	391	670
Liabilities denominated in CHF	305	249

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 2019 profit before tax of +/- Taka 2,424 (Taka 3,493 for 2018) in thousands.

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

Financial Liabilities	Nov 2019 Taka'000	Dec 2018 Taka'000
Short term borrowings - including current portion of the long term borrowings	<u>242,440</u>	<u>349,305</u>

HOLCIM CEMENT (BANGLADESH) LIMITED
Notes to the Financial Statements
For the period ended 26 November 2019

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.

26.4 Fair Values

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

Financial Instrument in the Statement of Financial Position

At 26 November Thousand Taka	Nov 2019		Dec 2018	
	Carrying amount	Total value	Carrying amount	Total value
ASSETS				
Loans and receivables at amortized costs				
Trade receivables	2,093,794	2,093,794	630,085	630,085
Other current assets	147,969	147,969	150,265	150,265
Advance income tax	693,159	693,159	588,210	588,210
Cash and cash equivalents	92,390	92,390	78,274	78,274
LIABILITIES				
Financial liabilities at fair value through profit and loss				
Accrued interest	3,173	3,173	3,337	3,337
Financial liabilities at amortized cost				
Trade payables	5,025,573	5,025,573	3,476,036	3,476,036
Other current liabilities	121,506	121,506	66,185	66,185
Total borrowings	327,189	327,189	349,305	349,305

27. Number of Employees

	Nov 2019	Dec 2018
Nationality:		
Bangladeshi	251	285
Non-Bangladeshi	1	1
	<u>252</u>	<u>286</u>
Salary range:		
Monthly Taka 3,000 or above	252	286
Monthly below Taka 3,000	Nil	Nil
	<u>Nil</u>	<u>Nil</u>

28. Expenditure in Foreign Currencies

	Jan-Nov 2019 Taka'000	Jan-Nov 2018 Taka'000
Technical assistance	<u>26,557</u>	<u>58,134</u>

HOLCIM CEMENT (BANGLADESH) LIMITED
Notes to the Financial Statements
For the period ended 26 November 2019

29. Materials Consumption

	Jan-Nov 2019 Taka'000	Jan-Nov 2018 Taka'000
In terms of value		
Imported		
Raw materials	2,328,354	2,374,046
Spare parts and other supplies	44,360	54,099
	<u>2,372,714</u>	<u>2,428,145</u>
Indigenous		
Raw materials	4,098,055	3,311,630
Spare parts and other supplies	31,666	32,318
	<u>4,129,721</u>	<u>3,343,948</u>
	<u>6,502,435</u>	<u>5,772,093</u>
	Jan-Nov 2019	Jan-Nov 2018
In terms of Percentage		
Imported		
Raw materials	36	45
Spare parts and other supplies	1	1
	<u>37</u>	<u>46</u>
Indigenous		
Raw materials	63	53
Spare parts and other supplies	-	1
	<u>63</u>	<u>54</u>
	<u>100</u>	<u>100</u>

30. Installed Capacity and Actual Production (Figures in Thousand MT)

Products		Actual Production	
		Nov 2019	Dec 2018
Cement	1,900	1,343	1,324

31. Lease disclosures

	Nov 2019 Taka '000
Expenses for leases of low value assets	-
Payments for leases of low value assets	-
Short-term lease expenses	-
Payment for short-term leases excluding short term sub-lease	-
Short term sub-lease payment	-
Average lease terms (in years)	3



Company Secretary



Director



Chariman





Report and Financial Statements of
Lafarge Umiam Mining Private Limited

for the year ended December 31, 2019

BOARD OF 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, 2019.

State of Affairs of the Company:

In 2019, your Company exported 2.29 million tonnes of limestone to the Plant at Chhatak, Bangladesh which is higher as compared to 2.19 million tonnes exported in 2018. The year 2019 witnessed a slight increase in demand of limestone which has improved the Company's revenue and profitability. Total export sales were INR 2,097 million, 6% higher, as compared to previous year. Net profit of your Company in 2019 was INR 408.95 million, 26% higher, as compared to previous year.

There has been a continuous improvement to feed both MMD & Skid Mounted Crusher in parallel to run at 750 tph of rated capacity. Strict measures were implemented to reduce overheads costs. The commissioning of the new L&T Skid Mounted Crusher has improved performance of the MMD crusher to 91.28% reliability as compared to 87.63% in 2018. The initiatives of the team have resulted not only in achieving production but also in optimizing Mining & Crushing cost, and reducing operational costs. Your Company shall continue to keep close monitoring and strict control over each significant element of cost in order to achieve appreciable savings and increase profitability in 2020.

Your Company is dependent on the demand of limestone by its parent company; LafargeHolcim Bangladesh Limited (LHB). The completion of the amalgamation of Holcim Cement (Bangladesh) Limited by LHB in November 2019 shall open new avenues and demand for the limestone. The limestone exported by your Company shall continue to be utilized by LHB for its enhanced capacity, to manufacture clinker and cement, in addition to diversifying and entering into other building material sectors.

Financial results:

In million INR

Particulars	Year ended 31st December 2019	Year ended 31st December 2018
Gross Revenue	2,125.79	2,048.55
Expenditure	1,328.61	1,342.13
EBITDA	797.18	706.42
Interest and finance charges	7.52	76.37
Depreciation	140.09	137.40
Profit / (Loss) before Taxation	649.57	492.65
Provision for tax	240.62	167.73
Profit / (Loss) After Taxation	408.95	324.93
Earnings /(loss) per Share :	9.94	7.90

Your Company received approval from the Ministry of Environment, Forests and Climate Change (MoEFCC) in the year 2012 for diversion of 116.589 ha forest land for Limestone mining and other ancillary activities (the "Forest Clearance"). In terms of the conditions of the Forest Clearance, Compensatory Afforestation was mandated to be raised and maintained over degraded forest land. Your Company has deposited 23.9 million INR for the same to the State Government.

In December 2019, the State Forest Department directed your Company to provide details of 307 hectares of non forest land for the purpose of transferring to State Forest Department for Compulsory Afforestation. The requirement of providing land for Compensatory Afforestation by your Company was not part of the conditions based on which Forest Clearance was granted.

The direction of the State Forest Department is subject to review and approval of MoEFCC. Your Company has made representations clarifying its position and the matter is still under that review of MoEFCC. Till the outcome of said review, no provision has been made. However, the likely compensation that could arise for the procurement of land by your Company for Compulsory Afforestation demanded by the State Government could be approximately 370 million INR based on prevailing land rates.

Production Performance:

In 2019, your Company has successfully exported 2.29 million tonnes of limestone to the Plant at Chhatak, Bangladesh. The MMD crusher performance improved to 91.28% 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 Green Energy, your Company has installed 7.5 KW Solar power plant for a sustainable energy- a step to reduce carbon footprint.

In 2019, in continuation with “one citizen one tree” initiative of the Hon’ble Chief Minister of Meghalaya, your Company jointly with Nongtrai Village Durbar planted about 5000 saplings in Nongtrai & Shella 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.

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 April 28 through May 9, 2019, 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 7 Minimum Safe Behavior (MSB) (i) Distracted Driving or Machinery Operation (ii) Lockout/Tagout (iii) Safe Work Permits (iv) Seatbelts (v) Personal Protective Equipment (vi) Drugs and Alcohol (vii) Reporting of Incidents.

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 14.07 million was earmarked for CSR activities in 2019. Against this budget, your Company spent INR 13.15 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 of said projects.

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, 2019, your Company has deposited INR 2003.93 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.

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:

1. in preparation of the annual accounts for the year ending December 31, 2019, 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, 2019 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, 2019 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.

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.

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, 2019, the Board of Directors met five (5) times viz. on February 7, 2019, February 27, 2019, May 16, 2019, September 5, 2019 and November 27, 2019. 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".

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).

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 Nongtrai and Shella villages, LHB, banks, and project consultants.

For and on Behalf of the Board

Place: Shillong
Date: March 5, 2020


Chairman
DIN: 02329565

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 7,037.51 lakhs.

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above)**

The Company is required to spend INR 140.75 lakhs towards CSR.

5. **Details of CSR spent during the financial year.**

- a. Total amount spent for the Financial Year: INR 131.15 lakhs.
- b. Amount unspent, if any: INR 9.6 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	3814000	31,90,065	31,90,065	Direct
2.	Sponsored Secondary School, books and tuition fees, Scholarship, Enhanced salary to math and science teachers, sponsorship for higher technical studies.	Nongtraï Village, Mawsynram Block, East Khasi Hills, Meghalaya	Education	57,95,219	46,66,357	46,66,357	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	9,92,000	12,21,035	12,21,035	Direct
4.	Environmental Sustainability -cleaning drives and plantation, Assistance to Community development activities		Environment	14,00,013	16,86,324	16,86,324	Direct
5.	Rural infrastructure development -Footpaths, enhancing water supply, Drains, Toilets, Railings etc		Infrastructure	20,74,000	23,51,337	23,51,337	Direct
Total Direct expense of projects & programs				1,40,75,232	1,31,15,118	1,31,15,118	
TOTAL							

* Prescribed CSR Expenditure budget for the year INR 140.75 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 2019, has a shortfall of 6.80% amounting to INR 9,60,114 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 2019 for the mandatory 2% CSR spending as per company's act 2013. These payments would be made in 2020.

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.12.2019

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 Foreign Holding Company	% 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)											
Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-January-2019]				No. of Shares held at the end of the year [As on 31-December-2019]				% Change during the year		
	Demat		Physical		Demat		Physical				
	Total	% of Total Shares	Total	% of Total Shares	Total	% of Total Shares	Total	% of Total Shares			
A. Promoters											
(1) Indian											
Sub Total (A) (1)											0.00%
(2) Foreign											
c) Bodies Corp.	41,133,099	100.00%	41,133,099	100.00%			41,133,099	100.00%			0.00%
Sub Total (A) (2)	41,133,099	100.00%	41,133,099	100.00%			41,133,099	100.00%			0.00%
TOTAL (A)	41,133,099	100.00%	41,133,099	100.00%			41,133,099	100.00%			0.00%
B. Public Shareholding											
1. Institutions											
2. Non-Institutions											
Sub-total (B)(2):-											0.00%
Total Public (B)											0.00%
C. Shares held by Custodian for GDRs & ADRs											0.00%
Grand Total (A+B+C)			41,133,099	100.00%			41,133,099	100.00%			0.00%

(ii) Shareholding of Promoter

SN	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	
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:

SN	Shareholder's Name	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No of shares	% of total	No of shares	% of total
1	LafargeHolcim Bangladesh Limited	01.01.2019		4,11,33,098	100.00%	4,11,33,098	100.00%
	At the beginning of the year						
	Changes during the year			--	0.00%	--	0.00%
2	Surma Holding BV	31.12.2019		4,11,33,098	100.00%	4,11,33,098	100.00%
	At the end of the year						
	Changes during the year						
	At the beginning of the year	01.01.2019		1	0.00%	1	0.00%
	Changes during the year			--	0.00%	--	0.00%
	At the end of the year	31.12.2019		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		Nil
ii) Interest due but not paid	Nil	--	Nil	Nil		--
iii) Interest accrued but not due	Nil	Nil	Nil	Nil		Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil		Nil
Change in Indebtedness during the financial year						
* Addition	Nil	--	Nil	Nil		--
* Reduction	Nil	Nil	Nil	Nil		Nil
Net Change	Nil	Nil	Nil	Nil		Nil
Indebtedness at the end of the financial year						
i) Principal Amount	Nil	Nil	Nil	Nil		Nil
ii) Interest due but not paid	Nil	--	Nil	Nil		--
iii) Interest accrued but not due	Nil	Nil	Nil	Nil		Nil
Total (i+ii+iii)	Nil	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			No Penalties, Punishments or Compounding of Offences		
B. DIRECTORS					
Penalty					
Punishment					
Compounding			No Penalties, Punishments or Compounding of Offences		
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding			No Penalties, Punishments or Compounding of Offences		

**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:**

- Focused drive on improving energy consumption footprint by continual deployment of state –of-art energy equipment.
- Installed Green Energy, a total of 7.5 W solar lights which is being utilizing for haul road illumination.
- Replaced conventional lights into the power saving CFL lights at operational and residential areas.

(b) The steps taken by the company for utilizing alternate sources of energy:

- As part of our commitment towards Green Energy, your Company has installed 7.5 KW Solar power plant for a sustainable energy- a step to reduce carbon footprint.

(c) The capital investment on energy conservation equipments:

- INR 20.86 lakh.

B. TECHNOLOGY ABSORPTION:**(a) Efforts made towards technology absorption:**

- As it is new unit, hence no such action taken.

(b) Benefits derived like product improvement, cost reduction, product development or import substitution:

- NIL

(c) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

- (a) the details of technology imported: NA for reasons stated above
 (b) the year of import: NA for reasons stated above
 (c) whether the technology been fully absorbed: NA for reasons stated above
 (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: NA for reasons stated above

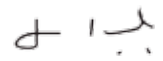
(d) The expenditure incurred on Research and Development:

- NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- Foreign exchange earnings for the year ended 31.12.2019: INR 20,974.56 lakh
- Foreign exchange outgo for the year ended 31.12.2019: INR 94.48 lakh.

For and on Behalf of the Board



Chairman

DIN: 02329565

Place: Shillong
Date: March 5, 2020

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:

SI	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 was 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

Place: Shillong
Date: March 5, 2020


 Chairman
 DIN: 02329565

INDEPENDENT AUDITORS' REPORT

To
The Members of
Lafarge Umiyam Mining Private Limited
Hotel Polo Tower,
Polo Ground,
Oakland Road,
Shillong - 793 001
Meghalaya

I. Report on the Audit of the Standalone Financial Statements:

1. Opinion

- A. We have audited the accompanying standalone financial statements of **LAFARGE UMIAM MINING PRIVATE LIMITED** ("the Company"), which comprises the Balance Sheet as at 31st December, 2019, the Statement of Profit and Loss Account and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.
- B. 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 Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2019, the profit for the year ended on that date.

2. Basis of Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. 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 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 maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting 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 adequate internal financial controls, 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.

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 Board of Directors are also responsible for overseeing the Company's financial reporting process

4. Auditor's Responsibility

- A. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs 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. Our responsibility is to express an opinion on these financial statements based on our audit.
- B. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
1. 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.
 2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 4. 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 5. 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.
- C. Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.
- D. 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.
- E. 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.

5. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 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**, a statement on the matters specified in paragraphs 3 and 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 appears from our examination of those books ;
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account ;
 - d. In our opinion the aforesaid financial statements comply with Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ;
 - e. On the basis of written representations received from the directors as on 31st December, 2019, taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2019, from being appointed as a director in terms of Section 164(2) of the Act ;
 - f. With respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such control, refer to our separate report in '**Annexure - B**' to this report 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 explanations given to us:
 - i. As per the representation made by the management, the Company does not have any pending litigations which would impact its financial position;
 - ii. The Company had not entered into 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 4th day of March' 2020

FOR RKP ASSOCIATES
CHARTERED ACCOUNTANTS



(CA. DEVAJIT BISWAS)
PARTNER
MRN. 304922
FRN. 322473E

ANNEXURE - A 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'2019

- 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, 2019 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 (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.

FOR RKP ASSOCIATES
CHARTERED ACCOUNTANTS



(CA. DEVAJIT BISWAS)
PARTNER
MRN. 304922
FRN. 322473E

Dated at Silchar
the 4th day of March' 2020

ANNEXURE-B TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of **LAFARGE UMIAM MINING PRIVATE LIMITED**. ('the Company') as of 31 December' 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on the date.

Management's Responsibility for Internal Financial Controls:

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility:

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial control systems over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting:

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transaction and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting:

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st December' 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Dated at Silchar
the 4th day of March' 2020

FOR RKP ASSOCIATES
CHARTERED ACCOUNTANTS



(CA. DEVAJIT BISWAS)
PARTNER
MRN. 304922
FRN. 322473E

LAFARGE UMIAM MINING PRIVATE LIMITED
Balance Sheet as at 31st December 2019

	Note	As at 31.12.2019 (Rs. in Lakhs)	As at 31.12.2018 (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	18,084.22	13,994.70
		22,197.53	18,108.01
(2) Non-Current Liabilities			
(a) Long-term Provisions	05	522.83	450.74
(b) Deferred Tax Liabilities (Net)	22	2,078.03	2,014.67
		2,600.86	2,465.41
(3) Current Liabilities			
(a) Short-Term Borrowings	06	1,425.83	1,814.60
(b) Trade Payables	07	2,217.02	2,297.14
(c) Other Current Liabilities	08	553.79	2,289.92
(d) Short-Term Provisions	05	9.70	5.88
		4,206.34	6,407.54
TOTAL EQUITY AND LIABILITIES		29,004.73	26,980.96
(II) ASSETS			
(1) Non-Current Assets			
(a) Property, Plant and Equipment			
(i) Tangible Assets	09 A	9,275.91	9,593.59
(ii) Intangible Assets	09 B	4,401.83	4,777.58
(iii) Capital Work-in-Progress	10	250.49	51.02
		13,928.23	14,422.19
(b) Long-Term Loans and Advances	11	3,311.84	5,250.99
		17,240.07	19,673.18
(2) Current Assets			
(a) Inventories	12	1,215.01	1,217.66
(b) Trade Receivables	13	2,176.65	1,299.99
(c) Cash and Cash equivalents	14	241.56	647.55
(d) Short-Term Loans and Advances	11	8,131.44	4,142.58
		11,764.66	7,307.78
TOTAL ASSETS		29,004.73	26,980.96

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: March 4, 2020

For and on behalf of the Board of Directors



Mohammad Iqbal Chowdhury
Director
DIN 07977063

Manjuree Rai
Company Secretary
ACS 12858



Narayan Sharma
Director
DIN 01579171

Place : Dhaka
Date: February 17, 2020

LAFARGE UMIAM MINING PRIVATE LIMITED
Statement of Profit and Loss for the year ended 31st December 2019

	Note	Year ended 31.12.2019 (Rs. in Lakhs)	Year ended 31.12.2018 (Rs. in Lakhs)
I Revenue from Operations (gross)	15	20,974.56	19,769.87
Less : Goods & Services Tax		-	-
Revenue from Operations (Net)		<u>20,974.56</u>	<u>19,769.87</u>
II Other Income	16	283.37	715.61
III Total Revenue (I + II)		<u>21,257.93</u>	<u>20,485.48</u>
IV EXPENSES			
(a) Cost of Extracted Limestone	17	2,636.07	3,123.32
(b) Employee Benefit Expenses	18	1,077.55	1,036.32
(c) Finance Costs	19	75.20	763.71
(d) Depreciation and Amortisation Expenses	09	1,400.88	1,374.28
(e) Other Expenses	20	9,572.47	9,261.65
Total Expenses		<u>14,762.17</u>	<u>15,559.28</u>
V Profit / (Loss) Before Tax (III-IV)		<u>6,495.76</u>	4,926.20
VI Tax Expense			
(a) Current Tax		2,342.88	1,558.64
(b) Deferred Tax		63.36	118.62
Total Tax Expense		<u>2,406.24</u>	<u>1,677.26</u>
VII Profit/ (Loss) for the year (V - VI)		<u>4,089.52</u>	<u>3,248.94</u>
VIII Earning/ (Loss) per equity share (Rupees):			
Basic and Diluted		<u>9.94</u>	<u>7.90</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: March 4, 2020

Place : Dhaka
Date: February 17, 2020

LAFARGE UMIAM MINING PRIVATE LIMITED
Cash flow statement for the year ended 31st December 2019

	Year ended 31.12.2019 (Rs. in Lakhs)	Year ended 31.12.2018 (Rs. in Lakhs)
A. Cash Flow from Operating Activities:		
Profit / (Loss) before Taxes and Exceptional Item	6,495.76	4,926.20
Adjustments for:		
Depreciation	1,400.88	1,374.28
Unrealised foreign exchange (gain)/ loss	58.52	100.99
Financial charges	75.20	259.57
Property, plant and equipment written off	1.58	-
Interest income	(43.72)	(37.97)
Operating Profit before Working Capital Changes	7,988.22	6,623.06
Changes in Working Capital:		
Adjustments for (increase) / decrease in operating assets:	(2,977.95)	(2,258.12)
Trade receivables	(935.18)	(313.41)
Short term and long term loans and advances	(2,045.42)	(2,273.30)
Inventories	2.65	328.59
Adjustments for increase / (decrease) in operating liabilities:	(1,733.54)	(581.83)
Trade payables and other current and non current liabilities	(1,809.45)	(609.69)
Long and short term provisions	75.91	27.86
Cash from / (used in) Operations	3,276.73	3,783.11
Provision for tax/taxes paid	(2,342.88)	(1,558.64)
Net Cash from/(used in) Operating Activities	933.85	2,224.47
B. Cash Flow from Investing Activities:		
Capital expenditure on property, plant and equipment and capital work in progress	(908.50)	(495.44)
Interest received	39.19	19.67
Net Cash used in Investing Activities	(869.31)	(475.77)
C. Cash Flow from Financing Activities:		
Proceed from short term borrowings	957.84	9,961.99
Repayment of short term borrowings	(1,346.38)	(12,525.70)
Financial charges paid	(82.00)	(262.24)
Dividend paid	-	-
Dividend distribution tax paid	-	-
Net Cash from/ (used in) Financing Activities	(470.54)	(2,825.95)
Net Increase or (Decrease) in Cash or Cash equivalents	(406.00)	(1,077.24)
Cash and Cash equivalents as at 1st January	647.56	1,724.80
Cash and Cash equivalents as at 31st December	241.56	647.56

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: March 4, 2020

Place : Dhaka
Date: February 17, 2020

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). Property, Plant and Equipment

Property, plant and equipment 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.

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.

LAFARGE UMIAM MINING PRIVATE LIMITED

Notes to the Financial Statements

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.

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.

LAFARGE UMIAM MINING PRIVATE LIMITED

Notes to the Financial Statements

l). Impairment of Property, Plant and Equipment

An impairment loss is recognized wherever the carrying amount of property, plant and equipment 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 31.12.2019 (Rs. in Lakhs)	As at 31.12.2018 (Rs. in Lakhs)
Authorised:		
42,000,000 (as at 31st December, 2018: 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, 2018: 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 31.12.2019		As at 31.12.2018	
	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 31.12.2018	
	No. of Shares	%	No. of Shares	%
(1) 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.

04. Reserves and Surplus

	As at 31.12.2019 (Rs. in Lakhs)	As at 31.12.2018 (Rs. in Lakhs)
Surplus / (Deficit) in Statement of Profit and Loss :		
Opening Balance	13,994.70	10,745.76
Add: Profit / (Loss) for the year	4,089.52	3,248.94
Closing Balance	<u>18,084.22</u>	<u>13,994.70</u>

LAFARGE UMIAM MINING PRIVATE LIMITED
Notes to the Financial Statements

05. Provisions

	As at 31.12.2019 (Rs. in Lakhs)		As at 31.12.2018 (Rs. in Lakhs)	
	Long Term	Short Term	Long Term	Short Term
(a) Provision for employee benefits Post-employment Defined Benefits Retiring Gratuity	186.06	9.70	139.39	5.88
(b) Provision for Site Restoration	336.77	-	311.35	-
Total Provisions	522.83	9.70	450.74	5.88

06. Short-Term Borrowings

	As at 31.12.2019 (Rs. in Lakhs)	As at 31.12.2018 (Rs. in Lakhs)
Loans from banks Unsecured		
(1) From Citibank NA, Mumbai : Working capital demand loan Overdraft	- 467.99	1,814.60 -
(2) From State Bank of India, Shillong : Overdraft	957.84	-
	1,425.83	1,814.60

07. Trade Payables

	As at 31.12.2019 (Rs. in Lakhs)		As at 31.12.2018 (Rs. in Lakhs)	
	Long Term	Short Term	Long Term	Short Term
Creditors for supplies / services Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
Total outstanding dues of creditors other than micro and small enterprises	-	2,112.97	-	2,218.29
Creditors for accrued wages and salaries	-	104.05	-	78.85
Total Trade Payables	-	2,217.02	-	2,297.14

08. Other Current Liabilities

	As at 31.12.2019 (Rs. in Lakhs)	As at 31.12.2018 (Rs. in Lakhs)
(a) Creditors for capital liability	9.94	3.39
(b) Creditors for other liabilities		
(1) Interest accrued and due on borrowings	2.32	9.12
(2) Statutory Dues	541.53	2,277.41
Total Other Current Liabilities	553.79	2,289.92

LAFARGE UMIAM MINING PRIVATE LIMITED
Notes to the Financial Statements

09. Property, Plant and Equipment

Particulars	Gross Block - At Cost			Depreciation / Amortisation			Net Block		
	As at 1st Jan, 2019 Rs. in Lakhs	Additions during the year Rs. in Lakhs	Adjustments during the year Rs. in Lakhs	As at 31st Dec, 2019 Rs. in Lakhs	As at 1st Jan, 2019 Rs. in Lakhs	Additions during the year Rs. in Lakhs	Adjustments during the year Rs. in Lakhs	As at 31st Dec, 2019 Rs. in Lakhs	As at 1st Jan, 2019 Rs. in Lakhs
09 A. Tangible Assets									
Freehold Land	204.90	-	-	204.90	-	-	-	204.90	204.90
Leasehold Land	138.85	-	-	138.85	77.93	6.49	-	54.43	60.92
Building	890.38	160.31	-	1,050.69	229.70	24.07	-	796.92	660.68
Plant and Machinery	16,455.28	499.66	(3.26)	16,951.68	8,458.18	926.45	(1.87)	7,568.92	7,997.10
Development of property	1,073.62	-	-	1,073.62	511.34	43.57	-	518.71	562.28
Furniture and Fixtures	61.93	7.45	-	69.38	44.92	3.17	-	21.29	17.01
Office & Household Equipments	103.66	15.34	(1.87)	117.13	95.52	3.17	(1.68)	20.12	8.14
Electronic Data Processing Equipment	116.65	4.77	-	121.42	110.47	2.10	-	8.85	6.18
Vehicles	333.38	21.50	-	354.88	257.00	16.11	-	81.77	76.38
Total	19,378.65	709.03	(5.13)	20,082.55	9,785.06	1,025.13	(3.55)	9,275.91	9,593.59
Previous year	17,752.74	1,625.91	-	19,378.65	8,790.09	994.97	-	9,593.59	-
09 B. Intangible Assets									
Software (acquired)	37.05	-	-	37.05	37.05	-	-	-	-
Development of property	7,433.90	-	-	7,433.90	2,656.32	375.75	-	4,401.83	4,777.58
Total	7,470.95	-	-	7,470.95	2,693.37	375.75	-	4,401.83	4,777.58
Previous year	7,470.95	-	-	7,470.95	2,314.06	379.31	-	4,777.58	-

LAFARGE UMIAM MINING PRIVATE LIMITED
Notes to the Financial Statements

10. Capital Work-in-Progress

	As at 31.12.2019 (Rs. in Lakhs)	As at 31.12.2018 (Rs. in Lakhs)
(a) Plant & Machinery	250.49	51.02
Total Capital Work-in-Progress	250.49	51.02

Additional information

(1) Development of property includes expenditure incurred on account of development of quarry

11. Loans and Advances

	As at 31.12.2019		As at 31.12.2018	
	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	-	1,320.96	-	328.44
(b) Security deposits	19.04	1,212.68	1,232.62	-
(c) Interest accrued on deposits	46.93	7.62	41.46	8.55
(d) Advance tax (Net of provision for tax)	623.80	-	1,028.85	-
(e) MAT credit entitlement	2,096.24	-	2,403.29	-
(f) Other loans and advances				
(1) Prepayments	43.90	63.08	87.80	57.54
(2) Advances to suppliers	9.78	143.93	29.31	150.86
(3) Deposit account (1) & (2)	472.15	297.29	427.66	305.67
(4) Others	-	5,085.88	-	3,291.52
	525.83	5,590.19	544.77	3,805.59
Total Loans and Advances	3,311.84	8,131.44	5,250.99	4,142.58

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. 53.07 lakhs (as at 31st December, 2018 Rs. 34.66 lakhs) pledged with the Office of Commissioner of Central Excise, Meghalaya; Rs.209.07 lakhs (as at 31st December, 2018 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.297.29 lakhs (as at 31st December 2018 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, 2018 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 31.12.2019 (Rs. in Lakhs)	As at 31.12.2018 (Rs. in Lakhs)
(a) Extracted Limestone	61.75	64.99
(b) Oil and Fuel	48.57	31.88
(c) Stores, Spares and Explosive	1,104.69	1,120.79
Total Inventories	1,215.01	1,217.66

13. Trade Receivables

	As at 31.12.2019 (Rs. in Lakhs)	As at 31.12.2018 (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	2,176.65	1,299.99
Total Current Trade Receivable	2,176.65	1,299.99

14. Cash and Cash equivalents

	As at 31.12.2019 (Rs. in Lakhs)	As at 31.12.2018 (Rs. in Lakhs)
(a) Cash on hand	0.82	0.77
(b) Balances with banks In Current Accounts	240.74	646.78
Total Cash and Cash equivalents	241.56	647.55
Out of above, the balances that meet the definition of Cash and Cash equivalents as per Accounting Standard 3 Cash Flow Statements	241.56	647.55

LAFARGE UMIAM MINING PRIVATE LIMITED
Notes to the Financial Statements

15. Revenue from Operations

	Year ended 31.12.2019 (Rs. in lakhs)	Year ended 31.12.2018 (Rs. in lakhs)
Revenue from operations (gross)	20,974.56	19,769.87
Less : Goods & Services Tax on revenue from operations	-	-
Revenue from Operations (net)	20,974.56	19,769.87

15.1 Revenue from Operations (net)

	Year ended 31.12.2019 (Rs. in lakhs)	Year ended 31.12.2018 (Rs. in lakhs)
Sale of crushed limestone (1)	20,974.56	19,769.87
	20,974.56	19,769.87

Additional information

(1) Sales of crushed limestone represent 100% export sales to holding company, LafargeHolcim Bangladesh Ltd, Bangladesh

16. Other Income

	Year ended 31.12.2019 (Rs. in lakhs)	Year ended 31.12.2018 (Rs. in lakhs)
(a) Interest Income from bank deposits	43.72	37.97
(b) Excess liability written back	133.61	321.24
(c) Refund of taxes and duties on input goods and services	-	187.88
(d) Gain on foreign exchange fluctuation (Net)	106.04	-
(e) Others	-	168.52
Total Other Income	283.37	715.61

17. Cost of Extracted Limestone

	Year ended 31.12.2019 (Rs. in lakhs)	Year ended 31.12.2018 (Rs. in lakhs)
Extracted Limestone		
Opening stock	64.99	399.66
Add:- Cost of extraction	2,632.83	2,788.65
Less : Closing stock	61.75	64.99
Extracted Limestone Consumed	2,636.07	3,123.32

18. Employee Benefits Expenses

	Year ended 31.12.2019 (Rs. in lakhs)	Year ended 31.12.2018 (Rs. in lakhs)
(a) Salaries and wages, including bonus	966.07	937.65
(b) Contribution to provident and other funds	111.48	98.67
Total Employee Benefits Expense	1,077.55	1,036.32

LAFARGE UMIAM MINING PRIVATE LIMITED
Notes to the Financial Statements

19. Finance Cost

	Year ended 31.12.2019 (Rs. in lakhs)	Year ended 31.12.2018 (Rs. in lakhs)
(a) Interest expenses		
Interest on working capital demand loan and overdraft	59.42	244.01
(b) Bank charges	15.78	15.56
(c) Net loss on foreign currency transactions and translation (considered as finance cost)	-	504.14
Total Finance Cost	75.20	763.71

20. Other Expenses

	Year ended 31.12.2019 (Rs. in lakhs)	Year ended 31.12.2018 (Rs. in lakhs)
Consumption of stores, spare parts and loose tools	205.66	257.85
Fuel for power generation	803.53	806.20
Cost of operation and maintenance of DG Sets for power generation	167.03	182.65
Rent	62.18	55.54
Repairs to buildings	6.06	2.03
Repairs to machinery	84.95	65.03
Repairs to others	225.65	239.90
Insurance	45.75	45.54
Royalty and Cess for Limestone mining lease	3,795.05	3,502.31
Lease rent for limestone mining surface rights	523.33	655.81
LBC and mining operation support & assistance by local bodies & others	396.83	290.78
Contribution to Special Purpose Vehicle (1)	2,062.47	1,903.25
Corporate Social Responsibility Expenditure (2)	131.15	133.95
Environmental cost	198.24	225.30
Business Promotion & Public Relations	24.10	7.53
Study, reports and consultancy fees	43.63	47.84
IT Cost	77.65	100.41
Security cost	409.94	390.97
Communication charges	5.48	7.18
Gas, Water & Electricity	7.92	16.33
Legal fees and consultation	18.30	22.02
Travelling and conveyance	95.17	129.07
Safety expense	42.28	42.03
Site restoration cost	25.42	25.42
Write off of property, plant and equipment	1.58	-
Deputation of custom officials at site	41.47	37.35
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	0.80	0.70
(iv) Reimbursement of Expense	0.41	-
Miscellaneous expenses	60.14	58.36
Total Other Expenses	9,572.47	9,261.65

(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. 131.15 lakhs (Previous year : Rs. 133.95 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 Financial Statements

21. Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for Rs. 1,865.84 lakhs (as at 31st December, 2018 Rs. 345.46 lakhs).

22. Deferred tax:

The breakup of deferred tax is as under	Year ended 31.12.2019 (Rs. in lakhs)	Year ended 31.12.2018 (Rs. in lakhs)
Deferred Tax Liabilities		
Timing difference on account of:-		
-Depreciation	2,146.44	2,065.43
Gross Deferred Tax Liabilities (A)	2,146.44	2,065.43
Deferred Tax Assets		
-Unabsorbed Depreciation	Nil	Nil
-Provision for Gratuity	68.41	50.76
Gross Deferred Tax Assets (B)	68.41	50.76
Deferred Tax Assets/ (Liability) (Net) (A-B)	(2,078.03)	(2,014.67)

23. Details of dues to Micro, Small and Medium Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006*

No.	Particulars	As on 31.12.2019 (Rs. in lakhs)	As on 31.12.2018 (Rs. in lakhs)
1.	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	--	--
2.	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	--	--
3.	Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year.	--	--
4.	Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year.	--	--
5.	Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year.	--	--
6.	Interest due and payable towards suppliers registered under MSMED Act, for payments already made.	--	--
7.	Further interest remaining due and payable for earlier years.	--	--

*This information has been determined to the extent such parties have been identified on the basis intimation received from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006.

LAFARGE UMIAM MINING PRIVATE LIMITED
Notes forming part of Financial Statements

24. Expenditure / Earnings in foreign currency:

a) Value of imports calculated on CIF basis: :

	Year ended 31.12.2019 (Rs. in lakhs)	Year ended 31.12.2018 (Rs. in lakhs)
i) Stores and Spare parts	10.84	Nil
ii) Capital goods	239.85	Nil
Total	250.69	Nil

b) Expenditure in foreign currency:

	Year ended 31.12.2019 (Rs. in lakhs)	Year ended 31.12.2018 (Rs. in lakhs)
i) Professional and Consulting fees	94.48	98.47
ii) Interest and other borrowing cost	Nil	Nil
Total	94.48	98.47

c) Earnings in foreign currency:

	Year ended 31.12.2019 (Rs. in lakhs)	Year ended 31.12.2018 (Rs. in lakhs)
i) FOB Value of Exports	20,974.56	19,769.87
Total	20,974.56	19,769.87

d) Details of consumption of imported and indigenous items :

	Year Ended 31st December 2019		Year Ended 31st December 2018	
	Rs. in lakhs	%	Rs. in lakhs	%
i) Imported				
Raw materials	Nil	Nil	Nil	Nil
Stores and Spares	7.48	4%	20.78	8%
ii) Indigenous				
Raw materials	2636.07	100%	3,123.33	100%
Stores and Spares	198.18	96%	237.07	92%

LAFARGE UMIAM MINING PRIVATE LIMITED
Notes forming part of Financial Statements

25. Contingent Liability not provided for:

i) Bank Guarantee amounting to Rs. 209.07 lakhs (as at 31st December 2018 Rs. 208.67 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.

ii) The Ministry of Environment, Forests and Climate Change (MoEFCC), vide Letter No. F.No.8-64/2007-FC dated 22nd April 2010 and Letter No. F.No.8-64/2007-FC dated 29th February 2012, has granted permission for diversion of 116.589 ha forest land for limestone mining and other ancillary activities in favour of M/s Lafarge Umiyam Mining Private Limited (LUMPL) in Sohra -Tehsil, Khasi Hills Division of Meghalaya. In terms of conditions of forest clearance it was mandated that Compensatory Afforestation, shall be raised and maintained over 428.483 ha of degraded forest land from the funds realized from LUMPL. Accordingly, LUMPL deposited an amount of Rs. 239 lakhs as cost of raising and maintaining Compensatory Afforestation with the State Government.

In 2018, the Principal Chief Conservator of Forests (PCCF), Government of Meghalaya communicated to MoEF&CC that Compensatory Afforestation could not be raised due to non-availability of degraded forest land. By a letter dated 9th December 2019, PCCF has directed the Company to provide the details of 307 ha of non-forest land for the purpose of transferring to State Forest Department for Compulsory Afforestation.

Since the requirement of provision of land by the Company was not part of the conditions based on which approval of "Forest Clearance" was granted to the Company in the year 2012, the direction of the PCCF is subject to review and approval of MOEF&CC. LUMPL has made representations clarifying its position. The matter is still under the review of MoEF&CC. Till the outcome of said review no provision has been made. However, the likely compensation that could arise for the procurement of land by the Company for Compulsory Afforestation demanded by the State Government could be approximately Rs. 3,700 lakhs based on prevailing land rates.

- 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 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 31.12.2019 (Rs. in lakhs)	Year ended 31.12.2018 (Rs. in lakhs)
Opening balance	311.38	311.38
Additions	25.42	25.42
Reversals	Nil	Nil
Closing balance	336.80	336.80

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 2019 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

Sl. No.		Year ended 31.12.2019 (Rs. in lakhs)	Year ended 31.12.2018 (Rs. in lakhs)
1.	Current Service cost	14.99	14.99
2.	Interest cost	10.90	10.90
3.	Expected return on plan assets	-	-
4.	Curtailement cost/(credit)	-	-
5.	Past Service Cost – (vested benefits)	-	-
6.	Past Service Cost – (non vested benefits)	-	-
7.	Unrecognized Past Service Cost –(non vested benefits)	-	-
8.	Actuarial Losses/(Gains)	29.47	29.48
9.	Total expense recognized in the Statement of Profit & Loss	55.36	55.36

The Gratuity expenses have been recognized under "Contribution to provident and other funds" in Note 18.

II. Net Asset/(Liabilities)

Sl. No.		Current Year	Previous Year			
			As on 31st Dec 2018 Rs. in Lakhs	As on 31st Dec 2017 Rs. in Lakhs	As on 31st Dec 2016 Rs. in Lakhs	As on 31st Dec 2015 Rs. in Lakhs
1.	Present value of Obligation	195.76	145.27	117.41	113.05	97.14
2.	Fair value of plan assets	-	-	-	-	-
3.	Funded status [Surplus/(Deficit)]	(195.76)	(145.27)	(117.41)	(113.05)	(97.14)
4.	Effect of balance sheet asset limit	-	-	-	-	-
5.	Unrecognized Past Service Costs	-	-	-	-	-
6.	Net asset/(liability) recognized in balance sheet	(195.76)	(145.27)	(117.41)	(113.05)	(97.14)

LAFARGE UMIAM MINING PRIVATE LIMITED
Notes forming part of Financial Statements

III. Reconciliation of opening and closing balance of the Present Value of the Defined Benefit Obligation (DBO)

Sl. No.		Year ended 31.12.2019 (Rs. in lakhs)	Year ended 31.12.2018 (Rs. in lakhs)
1.	Present Value of DBO at beginning of period	145.27	117.41
2.	Current Service cost	14.99	13.70
3.	Interest cost	10.90	9.18
4.	Curtailment cost/(credit)	-	-
5.	Settlement cost/(credit)	-	-
6.	Past Service Cost – (vested benefit)	-	20.31
7.	Past Service Cost – (non vested benefit)	-	-
8.	Employee contribution	-	-
9.	Plan amendments	-	-
10.	Acquisitions	-	-
11.	Actuarial (gains)/ losses	29.47	(0.81)
12.	Benefits paid	(4.87)	(14.53)
13.	Present Value of DBO at the end of period	195.76	145.27

IV. Actuarial Assumptions

Sl. No.		Year ended 31.12.2019 (Rs. in lakhs)	Year ended 31.12.2018 (Rs. in lakhs)
1.	Discount Rate per annum Compound	6.90%	7.50%
2.	Rate of increase in salaries	8.00%	7.00%
3.	Rate of return on Plan Assets	Not Applicable	Not Applicable
4.	Expected Average remaining working lives of employees (years)	20.51	20.94

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 (1.97) lakhs [as at 31st December 2018 Rs. 8.08 lakhs].

Contribution to Defined Contribution Plan recognized as expense for the year and disclosed under "Contribution to provident and other funds" in Note 18:

Sl. No.		Year ended 31.12.2019 (Rs. in lakhs)	Year ended 31.12.2018 (Rs. in lakhs)
1.	Employer's Contribution to recognized Provident Fund	56.12	56.28

LAFARGE UMIAM MINING PRIVATE LIMITED
Notes forming part of Financial Statements

29. Related party disclosure as per Accounting Standard -18 :

a) Key Managerial Personnel (KMP):

Name	Nature of relationship	Transactions for the year ended		
		31.12.2019 Rs. in lakhs	31.12.2018 Rs. in lakhs	Nature of transaction
Mr. Shivesh Kumar Sinha	Chairman	26.00	26.00	Remuneration
Mr. Narayan Sharma	Director	122.12	115.63	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

ii) Export sales transaction:

	31.12.2019 (Rs. in lakhs)	31.12.2018 (Rs. in lakhs)
Closing balance of export sales receivables as at	2,176.65	1,299.99
Total value of export sales transaction during the year ended	20,974.56	19,769.87

c) Fellow Subsidiary Company:

Name of the related party: Lum Mawshun Minerals Pvt Ltd

Transactions:

	31.12.2019 (Rs. in lakhs)	31.12.2018 (Rs. in lakhs)
Closing balance as at	9.82	7.81
Expense paid by the Company on behalf of the fellow subsidiary company during the year ended	2.01	0.71

30. Earnings per Share (EPS) – The numerators and denominators used to calculate Basic and Diluted EPS:

	31.12.2019	31.12.2018
a) Net Profit / (Loss) after Tax available for Equity Shareholders (Rs. in lakhs)	4,089.52	3,248.94
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)	9.94	7.90

31. None of the Company's fixed assets are considered impaired as on the Balance Sheet Date.

LAFARGE UMIAM MINING PRIVATE LIMITED
Notes forming part of Financial Statements

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. 119.16 lakhs (as at 31st December 2018 Rs. (47.31) 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 2019 are as follows:

As at	No. of Contracts	Amount (USD in lakhs)	Amount (Rs. in lakhs)
31st December 2019	6	39.00	2,818.66
31st December 2018	8	52.00	3,789.99

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 2019		31st December 2018	
		Foreign Currency in lakhs	Rs. in lakhs	Foreign Currency in lakhs	Rs. in lakhs
Working capital loan	USD	Nil	Nil	26.00	1,814.60
Interest on Working capital loan	USD	Nil	Nil	0.11	7.95
Sundry Creditors	USD	1.62	115.36	2.86	199.52
	Euro	1.40	111.44	1.40	111.29
	CHF	0.22	16.02	Nil	Nil
Sundry Receivables	USD	30.54	2,176.65	18.63	1,299.99

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:

	31.12.2019 (Rs. in lakhs)	31.12.2018 (Rs. in lakhs)
Not later than one year	461.07	939.87
Later than one year but not later than five years	453.76	453.76
Later than five years	453.76	453.76

Rental expenses of Rs. 556.82 lakhs excluding taxes (as at 31st December 2018 Rs. 530.30) 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.

For and on behalf of the Board of Directors



Narayan Sharma
Director
DIN 01579171



Manjuree Rai
Company Secretary
ACS 12858



Mohammad Iqbal Chowdhury
Director
DIN 07977063

Place : Dhaka
Date: February 17, 2020

**We care for our
environment**





Report & Financial Statements of
Lum Mawshun Minerals Private Limited

for the year ended December 31, 2019

BOARD OF DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors of Lum Mawshun Minerals Pvt. Ltd. (the "Company") take pleasure in presenting their report together with audited financial statements of the Company for the year ended on December 31, 2019.

Review of the Activities:

Your Company had been set up as a subsidiary of LafargeHolcim Bangladesh Limited ("LHB") 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 2019 was INR 200,771/-.

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, 2019; 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, 2019 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, 2019 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.

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.

Number of Board meetings: conducted during the year under review:

During the year ended December 31, 2019, the Board of Directors met five (5) times viz. on February 7, 2019, February 27, 2019, May 16, 2019, September 5, 2019 and November 27, 2019. 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 5, 2020

ANNEXURE A

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.12.2019

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	
5	Address of the Registered office & contact details	Indian Non-Government Company HOTEL POLO TOWERPOLO GROUND, MEGHALAYA, SHILLONG, Meghalaya-793001, INDIA	
6	Email	narayan.sharma@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
1	LAFARGEHOLCIM BANGLADESH LIMITED	NA	Foreign Holding Company
			% of shares held
			74.02
			Applicable Section
			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-2019]				No. of Shares held at the end of the year [As on 31-December-2019]				% Change during the year		
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares			
A. Promoters											
(1) Indian											
a) Individual/ HUF			1,420	25.98%			1,420	25.98%			0.00%
Sub Total (A) (1)			1,420	25.98%			1,420	25.98%			0.00%
(2) Foreign											
c) Bodies Corp.			4,046	74.02%			4,046	74.02%			0.00%
Sub Total (A) (2)			4,046	74.02%			4,046	74.02%			0.00%
TOTAL (A)			5,466	100.00%			5,466	100.00%			0.00%
B. Public Shareholding											
1. Institutions											
2. Non-Institutions											
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)			5,466	100.00%			5,466	100.00%			0.00%

(ii) Shareholding of Promoter

SN	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 LIMITED	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:

SN	Shareholder's Name	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No of shares	% of total	No of shares	% of total
1	LafargeHolcim Bangladesh Limited	01.01.2019		4,046	74.02%	4,046	4,046
	At the beginning of the year			--	0.00%	--	--
	Changes during the year			4,046	74.02%	4,046	4,046
	At the end of the year						
2	Kitty Doris Roy	01.01.2019		710	12.99%	710	710
	At the beginning of the year			--	0.00%	--	--
	Changes during the year			710	12.99%	710	710
	At the end of the year						
3	Lyngdoh Galmender Singh	01.01.2019		710	12.99%	710	710
	At the beginning of the year			--	0.00%	--	--
	Changes during the year			710	12.99%	710	710
	At the end of the year						

(v) Shareholding of Directors and Key Managerial

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No of shares	% of total	No of shares	% of total
1	LYNGDOH SEDHON GALMENDERSING	01.01.2019		710	12.99%	710	12.99%
	At the beginning of the year						
	Changes during the year						
	At the end of the year			710	12.99%	710	12.99%
2	KITTY D ROY	01.01.2019		710	12.99%	710	12.99%
	At the beginning of the year			--	0.00%	--	--
	Changes during the year			710	12.99%	710	12.99%
	At the end of the year						

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)	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)	Nil	Nil	Nil	Nil		

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL: Not applicable as LMMPL 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						

**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

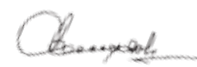
b) Earnings in foreign currency:

NIL

For and on Behalf of the Board



Director
DIN: 01579171



Director
DIN: 01300486

Place: Shillong
Date: March 5, 2020

INDEPENDENT AUDITORS' REPORT

To
The Members of
Lum Mawshun Minerals Private Limited
Hotel Polo Tower, Polo Ground,
Oakland Road, Shillong – 793 001, Meghalaya

I. Report on the Audit of the Standalone Financial Statements:

1. Opinion

- a. We have audited the accompanying standalone financial statements of **LUM MAWSHUN MINERALS PRIVATE LIMITED** ("the Company"), which comprises the Balance Sheet as at 31st December, 2019, and the Statement of Profit and Loss Account for the year then ended, and a summary of significant accounting policies and other explanatory information.
- b. 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 Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2019, and the Loss for the year ended on that date.

2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. 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 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 maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting 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 adequate internal financial controls, 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.

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 Board of Directors are also responsible for overseeing the Company's financial reporting process

4. Auditor's Responsibility:

- A. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs 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. Our responsibility is to express an opinion on these financial statements based on our audit.
- B. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
1. 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.
 2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 4. 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 5. 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.
- C. Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.
- D. 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.
- E. 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.

5. 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

6. Report on Other 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on December, 2019 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.

FOR RKP ASSOCIATES
CHARTERED ACCOUNTANTS



(CA. DEVAJIT BISWAS)
PARTNER
MRN. 304922
FRN. 322473E

Dated at Silchar
the 4th day of March' 2020

LUM MAWSHUN MINERALS PRIVATE LIMITED
Balance Sheet as at 31st December 2019

	Note	As at 31.12.2019 (Rupees)	As at 31.12.2018 (Rupees)
(I) EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	03	546,600	546,600
(b) Reserves and surplus	04	<u>(1,826,944)</u>	<u>(1,626,173)</u>
		<u>(1,280,344)</u>	<u>(1,079,573)</u>
(2) Current liabilities			
(a) Trade payables	05	1,338,712	1,135,952
(b) Other current liabilities	06	-	-
		<u>1,338,712</u>	<u>1,135,952</u>
TOTAL EQUITY AND LIABILITIES		<u>58,368</u>	<u>56,379</u>
(II) ASSETS			
(1) Non-current assets			
(a) Long-term loans and advances	07	38,864	36,226
		<u>38,864</u>	<u>36,226</u>
(2) Current assets			
(a) Cash and bank balances	08	19,504	20,153
(b) Short-term loans and advances	07	-	-
		<u>19,504</u>	<u>20,153</u>
TOTAL ASSETS		<u>58,368</u>	<u>56,379</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: March 4, 2020

Place : Dhaka
Date: February 17, 2020

LUM MAWSHUN MINERALS PRIVATE LIMITED
Statement of Profit and Loss for the year ended 31st December 2019

	Note	As at 31.12.2019 (Rupees)	As at 31.12.2018 (Rupees)
I	Other Income (interest on bank deposit)	2,638	2,638
II	Total Revenue	2,638	2,638
III	EXPENSES		
	Other expenses	203,409	74,989
	Total Expenses	203,409	74,989
IV	Profit / (Loss) before tax (II-III)	(200,771)	(72,351)
V	Tax Expense	-	-
VI	Loss after tax for the year (IV - V)	(200,771)	(72,351)
VII	Loss per equity share (Rupees):		
	Basic and Diluted	(36.73)	(13.24)

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

Place : Silchar
Date: March 4, 2020

Place : Dhaka
Date: February 17, 2020

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 forming part of the Financial Statements

03. Share Capital

	As at 31.12.2019 (Rupees)	As at 31.12.2018 (Rupees)
Authorised:		
168,000 (Previous year 168,000) equity shares of Rs 100 each	16,800,000	16,800,000
	<u>16,800,000</u>	<u>16,800,000</u>
Issued, Subscribed and Fully Paid up:		
5,466 (Previous year 5,466) equity shares of Rs. 100 each	546,600	546,600
	<u>546,600</u>	<u>546,600</u>

03.1 Share Capital**Reconciliation of Number of Shares**

	As at 31.12.2019		As at 31.12.2018	
	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	<u>5,466</u>	<u>546,600</u>	<u>5,466</u>	<u>546,600</u>

03.2 Details of shareholders holding more than 5% of outstanding shares

Shareholder	As at 31.12.2019		As at 31.12.2018	
	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%
	<u>5,466</u>	<u>100%</u>	<u>5,466</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. 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.

04. Reserves and Surplus

	As at 31.12.2019 (Rupees)	As at 31.12.2018 (Rupees)
Surplus / (Deficit) in Statement of Profit and Loss :		
Opening Balance	(1,626,173)	(1,553,822)
Add: Profit / (Loss) for the year	(200,771)	(72,351)
Closing Balance	<u>(1,826,944)</u>	<u>(1,626,173)</u>

LUM MAWSHUN MINERALS PRIVATE LIMITED
Notes to the Financial Statements

05. Trade Payables

	As at 31.12.2019 (Rupees)	As at 31.12.2018 (Rupees)
Creditors for supplies / services	1,338,712	1,135,952
Total Trade Payables	1,338,712	1,135,952

06. Other Current Liabilities

	As at 31.12.2019 (Rupees)	As at 31.12.2018 (Rupees)
Creditors for other liabilities		
Statutory dues	-	-
Total Other Current Liabilities	-	-

07. Loans and Advances

	As at 31.12.2019		As at 31.12.2018	
	Long Term (Rupees)	Short Term (Rupees)	Long Term (Rupees)	Short Term (Rupees)
Loans and Advances				
(a) Interest accrued on deposits	18,864	-	16,226	-
(b) Other loans and advances				
- Deposit account (1)	20,000	-	20,000	-
- TDS	-	-	-	-
Total Loans and Advances	38,864	-	36,226	-
Classification of Loans and Advances				
Secured, considered good	-	-	-	-
Unsecured, considered good	38,864	-	36,226	-
Doubtful	-	-	-	-
Gross Loans and Advances	38,864	-	36,226	-

Additional information

1. Pledged with the Director of Mineral Resources, Meghalaya

08. Cash and Bank Balances

	As at 31.12.2019 (Rupees)	As at 31.12.2018 (Rupees)
(a) Cash on hand	274	274
(b) Balances with banks		
- In Current Accounts	19,230	19,879
Total Cash and Bank Balances	19,504	20,153
Out of above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements	<u>19,504</u>	<u>20,153</u>

LUM MAWSHUN MINERALS PRIVATE LIMITED
Notes forming part of the Financial Statements

09. Other Expenses

	As at 31.12.2019 (Rupees)	As at 31.12.2018 (Rupees)
(a) Auditors Remuneration	74,340	74,340
(b) Professional Fees	43,120	-
(c) Filing Fees	85,300	-
(d) Bank Charges	649	649
	203,409	74,989

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 31.12.2019 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:**

	Year ended 31-Dec-2019 (Rs)	Year ended 31-Dec-2018 (Rs)
Particulars		
1. Net Profit after tax attributable to Equity Shareholders (Rs) {A}	(200,771)	(72,351)
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}	(36.73)	(13.24)

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. 200,360/- (Previous Year Rs. 71,040/-); Balance at the year-end: Rs.981,669/- (Previous Year Rs. 781,309/-)

15. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board



Narayan Sharma
 Director
 DIN 01579171



Mohammed Iqbal Chowdhury
 Director
 DIN 07977063

Place : Dhaka
 Date : February 17, 2020

LafargeHolcim Bangladesh Limited

A company of  LafargeHolcim and 

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