

ANNUAL REPORT 2015



Lafarge Surma Cement Ltd.

A company of  LAFARGE and  CEMENTOS MOLINS

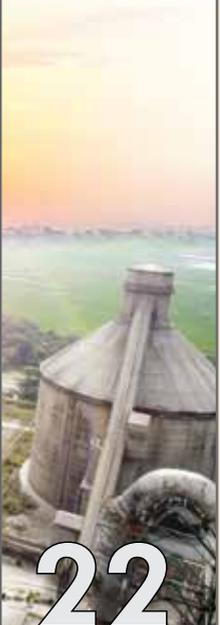


Lafarge Surma Cement Ltd.

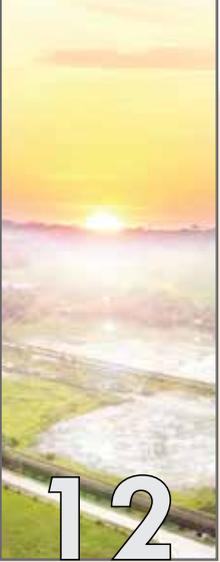
A company of  LAFARGE and  CEMENTOS MOLINS



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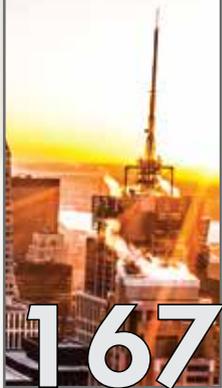


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Lafarge Surma Cement Ltd.

A company of **LAFARGE** and **CEMENTOS MOLINS**

Registered Office: Suvastu Imam Square, 3rd floor, 65 Gulshan Avenue, Gulshan 1, Dhaka 1212, Bangladesh
Tel:880(2)58812026, 8854847 Fax:880(2)9887650, 8825413, Email: info.cs@lafarge.com, Web: www.lafarge-bd.com

NOTICE OF THE 18TH ANNUAL GENERAL MEETING

Notice is hereby given that the 18th Annual General Meeting (the "AGM") of the Shareholders of Lafarge Surma Cement Limited (the "Company") will be held on Wednesday, August 31, 2016 at 11:00 A.M. at the RAOVA Convention Hall no. 1 (HELMET), VIP Road, Mohakhali, Dhaka 1206 to transact the following businesses:

AGENDA

1. To receive and adopt the Directors' and Auditors' Reports and the Audited Accounts of the Company for the year ended on December 31, 2015.
2. To declare Dividend for the year ended on December 31, 2015.
3. To elect Directors.
4. To appoint Auditors and fix their remuneration.
5. To ratify the appointment of the Chief Executive Officer.

By order of the Board



Kazi Mizanur Rahman
Company Secretary

Dated: August 16, 2016

Notes:

- The Record Date of the Company was on April 13, 2016 (which was intimated earlier). Members, whose names appeared in the Company's register (certificated and depository) at the close of business on the Record Date, will be entitled to attend the AGM.
- A Member eligible to attend and vote in the AGM is entitled to appoint a proxy to attend and vote on his/her behalf. No person shall act as proxy unless he/she is entitled to be present and vote in the AGM in his/her own right. The proxy form, duly stamped with a revenue stamp of Tk.20, must be deposited at the Registered Office of the Company not less than 72 hours before the time fixed for the AGM.
- Admission into the AGM venue will be allowed on production of the Attendance Slip attached with the Proxy Form.
- In compliance with the Bangladesh Securities and Exchange Commission's Circular (No.SEC/CMRRCD/2009-193/154 dated October 24, 2013), no food or gift will be arranged at the AGM.



MD. IBRAHIM MOLLAH
Construction site at Uttara

“ THE CONCRETE MADE WITH **SUPERCRETE** HAS HIGH STICKINESS, WHICH MAKES OUR WORKS EASIER. IT BUILDS STRONG **STRUCTURES**. ”



COMPANY PROFILE

WE ARE LAFARGE SURMA CEMENT LIMITED

Lafarge Surma Cement Ltd. (the “Company”) is a joint venture of LafargeHolcim, the new world leader in building materials, and Cementos Molins, a Spanish Company with strong global presence. The Company was incorporated on 11th November 1997 as a private limited company in Bangladesh under the Companies Act 1994. Subsequently, on 20th January 2003, the Company became a public limited company and got listed in Dhaka Stock Exchange and Chittagong Stock Exchange. Presently, the Company is having about 32,000 shareholders.

The cement plant of the Company is located in Chhatak, Sunamganj. This plant is the only fully integrated dry process cement plant in Bangladesh. The plant produces premium and consistent quality clinker and cement utilizing sophisticated state-of-the-art machineries and processes. The Company’s ability to produce its own clinker under strict quality supervision and the presence of an international standard Quality Control and Monitoring Laboratory ensures the consistent and premium quality in each and every delivery.

The primary raw material for producing clinker is limestone. The limestone quarry from which the Company sources limestone is located in Meghalaya, India. This limestone quarry is owned by Lafarge Umiam Mining Private Ltd. (LUMPL), a company registered in India which is 100% owned subsidiary of the Company. LUMPL mines the limestone, crush the same to desired size and transports the crushed limestone to the cement plant in Chhatak, Sunamganj through a 17 kilometer long elevated cross border belt conveyor.

In November 2000, the Government of Bangladesh and the Government of India signed a historic agreement through exchange of letters in order to support this unique cross border commercial venture. Bangladesh does not have proven commercially extractable deposit of limestone yet. This international agreement between two sovereign countries ensures uninterrupted supply of limestone from the quarry in Meghalay, India to the cement plant in Bangladesh.

Through import substitution of clinker, the Company helps the country save USD 65-70 million worth of foreign currency per year. The Company also contributes around BDT 1 (one) billion per annum as government revenue to the national exchequer of Bangladesh. About 5,000 people, directly or indirectly, depend on our business for their livelihood. The Company also contributes to the sustainable development of the local community, economy and environment through its Corporate Social Responsibility initiatives in the area of education, health, employment generation, infrastructure development and environmental management.

This commercial venture is one of the largest foreign investments in Bangladesh. It has been financed by Lafarge, S.A., Cementos Molins, S.A., a number of leading Bangladeshi business houses together with International Finance Corporation (IFC), The World Bank, the Asian Development Bank (ADB), German Development Bank (DEG), European Investment Bank (EIB) and the Netherlands Development Finance Company (FMO).

The will continue to strive to come up with range of products and solutions that will convert architectural dreams into realities and provide the building blocks for a modern and beautiful country.



OUR VISION

To be the undisputed leader in building materials in Bangladesh through

- Excellence in all areas of operations with world class standards
- Sustainable growth that respects the environment and the community

OUR COMMITMENTS

- Offering highest quality of product and services that exceed our customers expectation
- Giving our people an enabling environment that nurtures their talents and opportunity to give the best for the organization
- Contribute to building a better world for our communities
- Delivering the value creation that our shareholders expect



LAFARGE

CEMENTOS MOLINA

Lafarge Cement Ltd

SAFETY + HEALTH

ROADS & HIGHWAYS

LAFARGE SURMA PLANT

Chhatak, Sunamgonj



BOARD OF DIRECTORS

BI YONG CHUNGUNCO
Chairman



NEERAJ AKHOURY
Chief Executive Officer



ANISUR RAHMAN SINHA
Director



CARLOS MARTÍNEZ FERRER
Director



JOHANNA LEFFLER
Director



JULIO RODRÍGUEZ IZQUIERDO
Director



MANZURUL ISLAM
Director



MARCOS CELA REY
Director



MONZURUR RAHMAN
Independent Director



SHIVESH KUMAR SINHA
Director



SYED SHUJAUDDIN AHMED
Independent Director



TUFAIL K HAIDER
Independent Director





CHAIRMAN'S MESSAGE

Dear Shareholders

It is my pleasure to welcome you all to the 18th Annual General Meetings of Lafarge Surma Cement Limited. I am privileged to be nominated as the Chairperson of the Company since September 1, 2015. Lafarge Surma is a proud company with a history of serving the nation through strong efforts to provide our customers with world class products and services, which are contributing to the development of Bangladesh. Our journey is replete with moments of success and we are honored to partner with the people of the country to build a great nation. We have taken this journey with the support of thousands of our shareholders, who have relentlessly stood by our side on our approach to business. I am confident to continue receiving support from our shareholders to develop your Company to greater heights in the coming years.

2015 has been exciting year for the Company. Over the last year, we continued to develop the business strategy, channeling our resources with a long term vision to strengthen our performance. Last year began with turbulence in the first quarter that challenged the economic activities specially transportation and sales, particularly in our core sales zones. We also witnessed unprecedented rainfall, particularly in the North East region which adversely impacted cement demand. This was also followed by cost escalation of input materials, especially gas price in Bangladesh and limestone cess in India. Amidst this environment, the Company made laudable efforts to surmount the challenges through rigorous performance management, particularly in cost side that led to a reduction in variable cost by almost 3.4%. Due to lower demand growth, your Company fell short on total sales in earlier quarters, though in 4th quarter, our sales volumes were higher by 10% over same period 2014.

I am happy to inform that your Company implemented its operational strategy successfully in the year. We introduced innovative distribution schemes in order to continue dispatch and minimize sales loss. Your Company also performed remarkably in containing costs in all areas relating to distribution, raw material costs, fixed costs and SG&A. In particular, the management has shown excellent performance in reducing raw material cost compared to last year in an environment where inflation is exceeding 6%. Moreover, in the last quarter of the year, the sales team with admirable support from logistics, plant and finance has focused on increasing sales volumes that has helped in regaining a significant part of the lost volumes in the first three quarters and allowed your Company to close the year in line with budget. However, the results have declined compared to the previous year mainly due to the price effect.

Despite a drop in profits, your Company has declared dividend in line with previous year helped by the strong cash flows of the Company and the future prospects.

Our business is built on strong foundations and we have been able to take our decisions from a position of financial stability. We are continuously building our brand and improving our service level to our customers. Faced with a highly competitive scenario, we continue to focus in making significant cost savings.

People are our greatest asset. With their commitment and talent, they remain central to the Company's success. On behalf of the Board of Directors, I would like to thank our colleagues for their hard work and dedication to the Company during this challenging year. They have dealt professionally with the fast evolving adverse impacts arising out of the external environment.

We have defined the values of the Company which are the foundation for the Company culture and provide a framework for the way we expect our employees to behave. Our foremost value is our absolute commitment to Health & Safety. We are committed to ensuring that both our employees and contractors can work safely at our sites and in the community. This commitment is embedded in the personal objectives of every employee of the Company.

Looking forward, the year 2016 has started well with a strong growth in cement demand. If the early indications are correct, we expect a robust growth in cement demand, driven by infrastructure construction activities. Moreover, Bangladesh economy is showing strong growth with a reported GDP increase for fiscal year 2015-16 in excess of 7% after many years. At the same time, price scenario continues to be stressed due to surplus capacity. The international clinker prices have further dropped that continues to have an impact on the Company's top line.

The merger between Lafarge Group and Holcim Group has been completed at the global level in July 2015, and the new LafargeHolcim Group was established. With a well balanced presence in 90 countries and a focus on cement, aggregates and concrete, LafargeHolcim is the world leader in the building material industry.

In Bangladesh, LafargeHolcim Group has shareholding interests in two companies, namely Lafarge Surma Cement Ltd. (together with Cementos Molins Group) and Holcim Bangladesh Ltd. These two companies are operating in Bangladesh as two independent companies, under two separate managements, and remain competitors in the market. In the event there is a change in the corporate structure, we shall keep the applicable regulatory authorities of Bangladesh and the shareholders of the Company updated in conformity with the applicable laws.

Dear Valued Shareholders

Your Company continues to grow from strength to strength on the back of a high performance culture. Your Company's fundamentals are solid being the only modern integrated cement plant in the country that clearly differentiates us from competitors. Your Company is the only company that can offer high and consistent quality of cement, producing own clinker from a quarry that has a very high limestone quality. The state of the art laboratory in the plant of your Company is unparalleled in the country. Your Company has all the elements of becoming the undisputed leader in the cement industry in Bangladesh. I am confident that given such strong fundamentals backed by highly supportive shareholders and professional management team with a will to succeed, the day is not far off when our ambitions are turned to reality.



BI YONG CHUNGUNCO

Chairman

Dated: Dhaka
July 28, 2016



BI YONG CHUNGUNCO

Chairman

Ms. Bi Yong Chungunco is currently the Head of Divestments of LafargeHolcim Group covering mainly the Asia Pacific region.

From July 2015 to March 2016, she was the Area Manager, South East Asia (West) of LafargeHolcim Group, overseeing the operations in Malaysia, Singapore, Bangladesh, Sri Lanka, and Myanmar and also the Corporate Secretary of Lafarge SA. Prior to this, she was the Senior Vice President, Group General Counsel of Lafarge S.A. based in Paris, France. She joined the Lafarge Group in 2002 as Senior Vice President for Legal, Corporate Governance & External Relations of the Lafarge affiliated company in the Philippines. From 2004 to 2007, she was Group Regional Counsel and then Deputy General Counsel of Lafarge, overseeing from Paris the merger and acquisition transactions of the group and coordinating the worldwide legal network. From 2008 to 2012, she was Chief Executive Officer and Director of Lafarge Malayan Cement Berhad, one of the largest industrial companies listed on the Malaysian Stock Exchange (a 51% owned subsidiary of Lafarge, with operations in Malaysia and Singapore). Before joining Lafarge Group, she was a Director, Treasurer and Senior Vice President-Legal of Jardine Davies Inc., a subsidiary of Jardine Matheson Group listed in the Philippines. During this period, she was President of the Tax Management Association of the Philippines, a national organisation of tax practitioners in the Philippines. A lawyer by training, she worked in various law firms prior to joining Lafarge Group.

NEERAJ AKHOURY

Director & Chief Executive Officer

Mr. Neeraj Akhoury is the CEO of Lafarge Surma Cement Ltd. He joined the company in September, 2015. Mr. Akhoury was the Project Director for Middle East & Africa Development at Lafarge SA in Paris and responsible for leading the Strategy and Business development in Middle East & Africa. He started his career in India working for Tata Steel where he held various positions in Sales & Marketing followed by Logistics. Since 2005, he was a member of Executive Committee in Lafarge India as Vice President Corporate Affairs, followed by Sr. Vice President Sales. In January 2011 he moved to Nigeria as CEO & Managing Director of Lafarge Ashaka Cem Plc.

Born in 1968, Mr. Akhoury studied Economics followed by management from XLRI, India. He is an alumni of Harvard Business School (GMP).



JULIO RODRÍGUEZ IZQUIERDO

Director

Born in 1961, Mr. Rodríguez is a graduate in Engineering from the University of Barcelona, graduated in Marketing by EADA Business School and PDG by IESE Business School/University of Navarra; his career has been linked to Schneider Electric between 1984 and 2015.

Throughout this period, he has held various senior management responsibilities, the last of them Vice-President of Global Operations. He has been a member of the Executive Committee of Schneider Electric worldwide over the past 13 years and he is still a member of the Board of Directors of Schneider Electric Spain.

He was appointed CEO of Cementos Molins in July 2015. With 10 production plants and 4,500 employees, Cementos Molins has industrial presence in 9 countries.

Mr. Julio Rodriguez is very active in various institutions of civil society and in 2012 received the "Director of the year" award from the Spanish Association of Directors.



MARCOS CELA REY

Director

Mr. Marcos Cela Rey is the Finance Director of Cementos Molins Group. He has more than 15 years experience in financial controlling and risk management with major global organizations. His professional experience includes 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. Cela, 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.





JOHANNA LEFFLER

Director

Ms. Johanna Leffler is currently Finance Head of Asia Pacific at LafargeHolcim and is a skilled international corporate finance professional with more than 17 years of experience. She joined Holcim in 2005, first in the capital markets team where she focused on arranging international and local capital market transactions, acquisition financings, as well as management of bank and debt investor relationships. She thereafter became regional controller for Australia, New Zealand, China and Holcim Trading and provided assessment and professional financial expertise on critical business decisions to the executive committee, board and senior local management. Prior to joining Holcim, she worked for one of the leading private equity fund of funds in Europe, as well as for the investment bank of ABB.

Born in 1971, Ms. Leffler is a Chartered Financial Analyst from CFA Institute, and has a Master of Science in Business Administration, major in corporate finance, from the Swedish School of Economics & Business Administration in Helsinki, Finland.

ANISUR RAHMAN SINHA

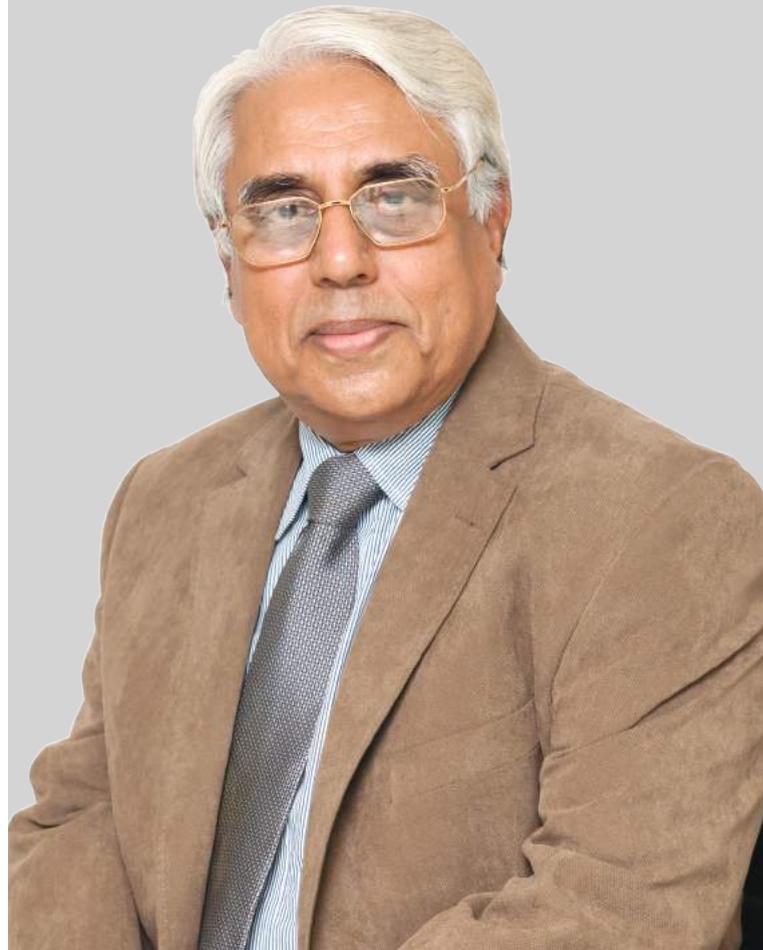
Director

Mr. Anisur Rahman Sinha has been serving as a Director of the Company since May 22, 2003. Over the years, the Company has greatly benefitted from the wisdom and experience of Mr. Sinha – a renowned industrialist of Bangladesh.

Mr. Anisur Rahman Sinha is the Chairman and Chief Executive Officer of Opex Group and Sinha Textile Group. He is also the Chairman of Venture Energy Resources Ltd, a Power Generation Company implementing a 50 MW GE Frame-6 Gas Turbine Power Plant. He has also left his mark in the agro industry with his Agro and Agro processing business, which has its own specialized cold storage facilities and an integrated Poultry project. He is also the former Chairman of Bank Asia, a leading commercial Bank in Bangladesh.

Mr. Anisur Rahman Sinha was appointed as the President of Bangladesh Garments Manufacturers and Exporters Association two times.

Born in 1947, Mr. Sinha received the National Export Trophy (Gold) eight times as recognition of his immense contribution to export. He was also awarded the Business Person of the year 2002 by DHL and The Daily Star.





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 is the Chairman of Islam Group - the Group that played an instrumental role in bringing Lafarge Group (presently LafargeHolcim Group) as a foreign partner in Bangladesh. The Islam Group comprises of multi-dimensional business ventures like Islam Cement Limited, Eastern Housing Limited, Aftab Bahumukhi Firm Limited, Navana Pharmaceutical Limited, Bengal Development Corporation Limited and Jahurul Islam Medical College & Hospital. Mr. Islam is also the President of France-Bangladesh Chamber of Commerce & Industry.

Mr. Islam has gained over 29 years of experience and knowledge in managing various businesses in Bangladesh.

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

SHIVESH KUMAR SINHA

Director

Mr. Shivesh Kumar Sinha was appointed as a Director of the 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 Indian subsidiary company of Lafarge Surma Cement Ltd.

Prior to joining in Lafarge Mr. Sinha worked with Price-Water House London and Unilever P.L.C. He has worked in senior capacities in different functions like Finance, Strategy & Business Development, HRD.

He joined Lafarge India in 2001 as CFO and held additional responsibilities for 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. He retired in 2012 and now acts as a Consultant.

Born in 1946, he 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 and a Economics graduate of Patna University. He is also alumni of Newfield Network, Boulder CO USA as an Ontological Coach.





CARLOS MARTÍNEZ FERRER

Director

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

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

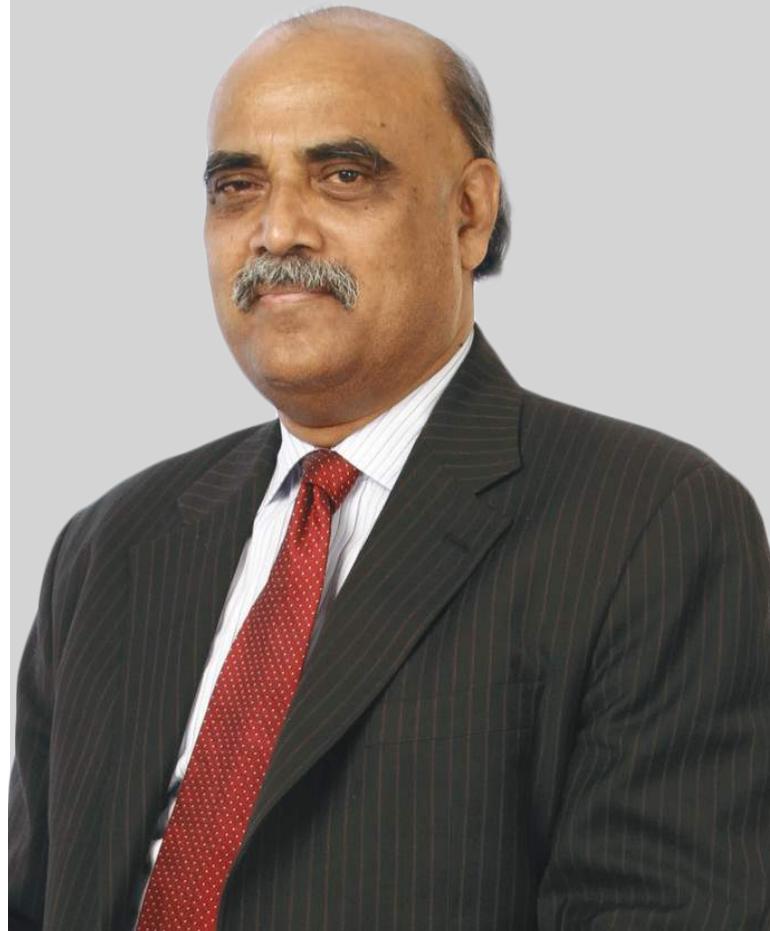
Born in 1964, Mr. Martínez is a graduate in Economics from the University of Barcelona, Spain and obtained his PDD from IESE/University of Navarra.

SYED SHUJAUDDIN AHMED

Independent Director

Mr. Syed Shujauddin Ahmed was the Principle Information Officer of the Government of Bangladesh, Chairman of Tariff Commission, Acting Chairman of Board of Investment, the Secretary of Ministry of Labor and Employment, and Ministry of Youth & Sports. He was also the Director General of Mass Communications for the Bangladesh Government, and also served the Bangladesh Film Development Corporation as an Administration & Finance Director.

Born in 1948, Mr. Ahmed graduated from Pakistan Army Academy.





TUFAIL K HAIDER

Independent Director

A former diplomat, Mr. Haider has a long standing and flourishing career with the Ministry of Foreign Affairs of the Government of Bangladesh and is a valuable addition to the Board of Directors of the Company.

Mr. Haider has been a diplomat for thirty-five years and has participated and represented Bangladesh at many international meetings and conferences. He has held several positions as the Senior Adviser to Regional Director, WHO/South East Asia Regional office (SEARO), New Delhi. Prior to that, he worked as the High Commissioner of Bangladesh to the Republic of India, Iran and several other countries. He has also played a key role for the Government of Bangladesh as the Chief of Protocol, Director General, Americas and Pacific Division of the Ministry of Foreign Affairs, Consul General of Bangladesh to Dubai and Northern Emirates, United Arab Emirates and Counselor of Tokyo, Belgrade, Moscow and Warsaw.

Mr. Tufail K Haider was born in 1944.

MONZURUR RAHMAN

Independent Director

Mr. Monzurur Rahman's exceptional entrepreneurial skills and experience in business leadership has added to the overall strength of the Board of Directors of the Company.

He has extensive experience serving in key positions in diversified industries. He is currently the Chairman of Rema Tea Company Limited and Delta Life Insurance Company Limited.

Born in 1945, Mr. Monzurur Rahman graduated with Bachelor of Arts degree from Kolkata University, India.



CORPORATE MANAGEMENT

BOARD OF DIRECTORS

Ms. Bi Yong Chungunco, Chairman
 Mr. Neeraj Akhoury, Director & Chief Executive Officer
 Mr. Anisur Rahman Sinha, Director
 Mr. Carlos Martinez Ferrer, Director
 Ms. Johanna Leffler, Director
 Mr. Julio Rodriguez Izquierdo, Director
 Mr. Manzurul Islam, Director
 Mr. Marcos Cela Rey, Director
 Mr. Monzurur Rahman, Independent Director
 Mr. Shivesh Kumar Sinha, Director
 Mr. Syed Shujauddin Ahmed, Independent Director
 Mr. Tufail K Haider, Independent Director

EXECUTIVE COMMITTEE

Mr. Neeraj Akhoury, Director & Chief Executive Officer
 Mr. Eung Rae Kim, Industrial Director
 Mr. Kazi Mizanur Rahman, Legal Director & Company Secretary
 Mr. Masud Khan, Chief Financial Officer
 Mr. Mohammed Arif Bhuiyan, Procurement & Logistics Director
 Mr. Naimul Baset, Human Resources, Strategy & IT Director
 Mr. Narayan Prasad Sharma, Operations Director, LUMPL
 Mr. Navin Malhotra, Sales Director

AUDIT COMMITTEE

Chairman : Mr. Syed Shujauddin Ahmed, Independent Director
 Member : Mr. Carlos Martinez Ferrer, Director
 Member : Mr. Neeraj Akhoury, Director & Chief Executive Officer
 Member : Mr. Tufail K Haider, Independent Director
 Secretary : Mr. Kazi Mizanur Rahman, Legal Director & Company Secretary

COMPANY SECRETARY

Mr. Kazi Mizanur Rahman

AUDITORS

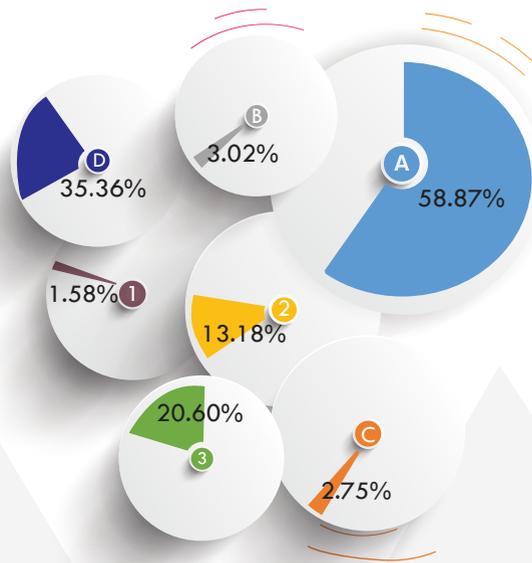
Hoda Vasi Chowdhury & Co
 Chartered Accountants
 BTMC Building (8th Level)
 7-9 Karwan Bazar C/A
 Dhaka 1209, Bangladesh
 Telephone: +880 2 9120090, 9140094, 812114
 Fax: +880 2 8119298
 Email: hvc@hodavasi.com
 Web: www.hodavasi.com

REGISTERED OFFICE

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 9854773, 9854831, 9888372
 Fax: +880 2 8825413, 8815167, 9887650
 E-mail: info.cs@lafarge.com
 Web: www.lafarge-bd.com

COMPOSITION OF SHAREHOLDERS

- A** Surma Holding B.V., 58.87%,
- B** Sinha Fashions Ltd, 3.02%
- C** Islam Cement Ltd, 2.75%
- D** Other Shareholders 35.36%
 - 1** Foreign, 1.58%
 - 2** Institutes, 13.18%
 - 3** General Public, 20.60%



The International shareholders of Lafarge Surma Cement Ltd. bring in technological and management expertise whereas the local partners provide deep insights of the economy of Bangladesh. The shareholders believe that growth and innovation must add value, not only for the Company, but also for customers, whom the Company serves through modern and well-located production facilities as well as innovative and reliable products.

Surma Holdings B.V.

Surma Holding B.V. was incorporated in the Netherlands, which owns 58.87% of Lafarge Surma Cement Ltd. Lafarge S.A. of France and Cemolins Internacional S.L.U. of Spain hold 50%-50% shares of Surma Holding B.V.

LafargeHolcim Group

With a well-balanced presence in 90 countries and a focus on cement, aggregates and concrete, LafargeHolcim is the new world leader in the building materials industry. The Group has 115,000 employees around the world and combined net sales of CHF 29.5 billion in 2015. LafargeHolcim is the industry benchmark in R&D and serves from the individual homebuilder to the largest and most complex project with the widest range of value-adding products, innovative services and comprehensive building solutions. With a commitment to drive sustainable solutions for better building and infrastructure and to contribute to a higher quality of life, the Group is best positioned to meet the challenges of increasing urbanization.

Cementos Molins

Cementos Molins, based in Barcelona, Spain, is a renowned cement company founded in 1928. With over 88 years of experience in manufacturing cement, Cementos Molins is a company listed in the Spanish Stock Exchange. Apart from India and Bangladesh, the company has industrial operations in Spain, Mexico, Argentina, Uruguay, Bolivia, Tunisia, and has reached an agreement with a local partner to set up new plant in Colombia. The Group has 4,439 employees around the world and combined net sales of 0.75 Billion EUR in 2015 with a 22% combined EBITDA Margin (proportional method). Cementos Molins business is built, amongst others, on the basis of Technological knowledge, obsession with costs, quality of products, culture of work & effort, respect for the environment, integration of sustainability in all the processes and appropriate care for people.

Besides LafargeHolcim and Cemolins Internacional S.L.U., the other sponsors of this venture are Islam Cement Limited and Sinha Fashions Limited of Bangladesh.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Lafarge Surma Cement Limited (the “Company”) is 100% committed to operate business with trust, confidence, integrity, transparency through high degree of corporate governance standards. The Company believes that high standards of corporate governance are keys to success and best serve the shareholders interests.

The Company is a law abiding responsible corporate citizen of the country. The Company gives highest priority to absolute transparency in conducting business and in its dealings and communications with its suppliers, customers, service providers, business partners, as well as with the local communities wherever it operates. At the same time the Company expects that its shareholders, Board of Directors, employees and suppliers would act in compliance with applicable laws and with honesty, integrity and openness.

The Company also ensures compliance with the accounting and reporting standards in consonance with the requirements of Bangladesh Securities and Exchange Commission and applicable laws of the countries in which the Company operates.

CODE OF BUSINESS CONDUCT

For your Company, compliance with applicable laws, set policies and directives, and adherence to highest standards of integrity is the core values in conducting business. As far as integrity is concerned, we believe in uncompromising zero tolerance. For this purpose the Company has adopted clearly defined Code of Business Conduct. The Company’s values of integrity trust and openness reflects in all aspects of the Company’s activities. The Code of Business Conduct provides clear direction for the Company and its employees on how it shall conduct business, giving highest importance to Health & Safety, respecting diversity and fairness, protection of Company assets, protection of environment, avoiding conflict of interest, ensure avoidance of abuse of information systems and social media, anti-corruption, gifts and hospitality policies and fairly dealing with the competitors, suppliers and customers.

The Codes of Business Conduct is communicated to all the employees including the members of the Board of Directors and others acting on behalf, who are strictly required to abide by it. They are expected to read and understand this Code of Business Conduct, uphold these standards in day-to-day activities, comply with all applicable laws, and Company policies and directives, and ensure that all our business partners are aware of, understand and adhere to these standards as well.

ROLES OF THE BOARD

The present Board of the Company consists of 12 Directors headed by the Chairman of the Company. The Chief Executive Officer leads the management of the Company. He is also a member of the Board of Directors. He works as the bridge between the Board and the management of the Company. Three (3) Independent Directors are members of the Board of Directors as per the requirements of Bangladesh Securities and Exchange Commission notification dated August 07, 2012. The business of the Company is managed by the Board of Directors. The Board of Directors is responsible to ensure that the business activities are soundly administrated and effectively controlled. At the same time the Board of Directors provides the management of the Company necessary guidance and directors ensure and uphold the highest interest of the shareholders.

The Board of Directors meets at least once in a quarter. Apart from that the Board of Directors passes necessary resolution through Resolutions by Correspondence as per the provisions of the Articles of Association of the Company.

AUDIT COMMITTEE

In compliance with the Notification of the Bangladesh Securities and Exchange Commission dated August 07, 2012, the Board of Directors of the Company has formed an Audit Committee as the sub-committee of the Board of Directors. The present Audit Committee of the Company is comprised of four (4) members of the Board of Directors. Out of them, two (2) members are the Independent Directors. The Chairman of the Audit Committee is an Independent Director.

With an aim to ensure a true and fair view of the financial statements and good monitoring system within the business, Audit Committee assists the Board of Directors to discharge its responsibilities by reviewing and/or overseeing the financial reporting, internal control, risk management process, auditing activities and compliances with applicable laws and regulations and the Code of Business Conduct.

The members of the Audit Committee attended in four (4) meetings held during the year 2015. The Company Secretary acts as the secretary of the Committee and the Chief Financial Officer, the Head of Internal Audit and the representatives of the Statutory Auditors, when applicable, attend the meetings as invitees.

INTERNAL AUDIT

Internal Audit assures the existence and pertinence of process controls and the integrity of information. Internal Audit operates under the direct supervision of the Audit Committee. Having unrestricted access all over the Company, Internal Audit plays independent roles to evaluate the effectiveness and efficiency of the Company's overall performances in terms of internal control structure, governance and risk management processes.

In conformity with the risk-based audit plan approved by the Audit Committee, Internal Audit performs operational audits on the business processes, IT controls and reliability of financial reporting and acts as the management consultant and strategic partner in designing and improving the reporting & control systems, policies and procedures and business processes where necessary.

It also works in partnership with the Group Internal Audit sharing its knowledge and resources in order to ensure global parameters of internal auditing practices in the Company.

STATUTORY AUDIT

Statutory audit of the Company is governed by the Companies Act 1994 of Bangladesh and Bangladesh Securities and Exchange Commission dated August 07, 2012, which explicitly provide guidelines for the appointment, scope of work, and retirement of auditors. Shareholders appoint auditors in the Annual General Meeting (AGM). In addition to the annual audit, they carry out the interim audit and review the quarterly financial reports.

LEGAL AND COMPLIANCE

Compliance is the key to build stakeholders trust. The Company has adopted clearly defined Compliance Policy. Following the national law is core to the business. The regulatory bodies like National Board of Revenue, Bangladesh Securities and Exchange Commission, Registrar of Joint Stock Companies & Firms and the Board of Investment (BOI) maintain a close monitoring process on the Company. In addition, for routine approval from regulatory bodies, we provide information to Bangladesh Bank, Customs Authority and other relevant organizations.

Throughout the years of operations, we have been fully compliant with national laws and have paid all applicable taxes and duties. We methodically check and review the legal papers and presence of necessary permission to perform business in Bangladesh. Our robust internal processes have ensured that all activity is reviewed and necessary changes are acknowledged to bring us in line with conformity, wherever required.

REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS

UNDER SECTION 184 OF THE COMPANIES ACT, 1994 AND NOTIFICATION DATED AUGUST 7, 2012 OF THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION.

DEAR VALUED SHAREHOLDERS

The Board of Directors of Lafarge Surma Cement Ltd. (the “Company”) has the pleasure in presenting to the members their report together with audited financial statements of the Company for the year ended on December 31, 2015.

STATE OF THE COMPANY’S AFFAIRS

In 2015, your Company consistently delivered diverse and sustained growth, while investing to underpin future momentum and building balance sheet resilience. We have no doubt that the clarity and consistency of our strategy, our discipline to remain focused, and a firm commitment to our culture and values have been crucial to your Company’s performance growth. More than anything else, your Company has developed agility to change and transform; to respond to challenges and tackle the twin objective of improving value creation from current assets and paving the path to grow and become more efficient. Today Lafarge Surma is a strong company. Your Company continues to be obsessed with the basics of management – balancing the pursuit of growth with disciplined management of costs and risks, keeping a firm grip on liquidity and capital and leveraging on the global strength of our parents, the LafargeHolcim Group and Cementos Mollins Group, with deep local knowledge. Your Company remains committed to develop partnership with the customers and end-users that remain our sources of strength and pillars of support. These fundamentals underscore everything your Company does and everything we as a company stand for.

Your Company’s achievements in 2015 were noteworthy, especially considering the overwhelming external downsides, which include transportation and sales challenges caused by turbulence in the first quarter, unprecedented rainfall, significant fall of price of clinker in the international market, overall slowdown in the construction sector, increase of gas price in Bangladesh (100% increase for captive power plant and 15% increase for industrial use), and increase of mineral cess (32%) by the Government of India. Amidst these challenges that led to revenue decline, your Company focused on rigorous performance management, particularly in reducing costs in all fronts. The Company adopted meticulous cost saving initiatives in raw materials, production and logistics costs which led to a reduction in variable cost by almost 3.4%. Due to lower demand growth, your Company fell short on total sales in earlier quarters, though in the last quarter sales volume was higher by 10% over same period in 2014.

The production performance of the Quarry, owned by Lafarge Umiam Mining Pvt. Ltd. (LUMPL), the Indian subsidiary of your Company, was remarkable. Quarry operations costs saw a reduction compared to 2014 with introduction of self mining using world class equipment. Self mining initiatives resulted into enhancement of efficiency in limestone production. The performance of Surma Plant was also praiseworthy with a record performance surpassing its own record set in the last year. Dispatch performance has also been laudable reaching to an all time high of 1,430 K tons. All these have been possible through the sustained efforts of all working as a team in a high performing culture.

The majority shareholder of your Company is Surma Holding B.V., a company registered in The Netherlands. Lafarge Group of France and Cementos Molins of Spain are 50%-50% shareholders of Surma Holding B.V. On July 10 2015 the merger between Lafarge Group and Holcim Group at the global level was completed and the new group called LafargeHolcim was established. With a well-balanced presence in 90 countries and a focus on cement, aggregates and concrete, LafargeHolcim is the world leader in the building materials industry. The Group has 115,000 employees around the world and combined net sales of CHF 29.5 billion (EUR 27.6 billion) in 2015.

In Bangladesh, LafargeHolcim Group has shareholding interests in two companies; namely Lafarge Surma Cement Ltd. (together with Cementos Molins) and Holcim Bangladesh Ltd. These two companies are operating in Bangladesh as two independent companies, under two separate managements, and remain competitors in the market. In the event there is a change in the corporate structure, we shall keep the applicable regulatory authorities of Bangladesh and the shareholders of the Company updated in conformity with the applicable laws.

HEALTH AND SAFETY

Health and Safety remains your Company's Number One priority. It is your Company's overarching value. Your Company demonstrates zero tolerance to health and safety violations. As a result, the health and safety culture continues to improve as shown in leading KPIs. One of the best practices followed by your Company is the Visible Felt Leadership (VFL) at all levels led by the top management of the Company. VFL is a process of frontline employees' engagement on "Behavioral Safety".

Your Company has been measuring H&S lagging KPI as Lost Time Injury Frequency Rate (LTIFR). It is being measured as the number of Lost Time Injury in a million hours worked. In 2015, your Company's LTIFR has been 0.00 (employee + Contractor) versus 0.23 in 2014. In May 2015, Health & Safety Month 2015 was observed throughout your Company. During this month, intensive safety programs, initiatives and training were organized for the entire workforce to re-emphasize the importance of Health & Safety in the Company. Your Company participated in H&S Passport Challenge competition arranged by Group. In this competition, globally 5 participants were awarded by the Group; and one of them was from your Company.

We are saddened that there were few off site road transport fatal incidents involving vehicles transporting our cement from Plant to the customers. Your Company conducted in-depth investigations in all the above third party incidents and is working on the learning from these incidents, drawing up action plans and implementing the same to avoid any such unfortunate incidents in future and to ensure adherence to Company's goal to have zero fatality. Your Company is regularly training the drivers of the transporters on defensive driving to avoid any unfortunate incident.

LafargeHolcim group has launched new Health & Safety Policy and Rules. Your Company has implemented those new Policy and Rules.

Your Company has taken initiatives not only to ensure safety but also to create awareness on Occupational Health. Industrial Hygiene Sampling was conducted at all the operational sites and Health Assessment Standard Operation Procedure (HASOP) has been developed and being implemented in line with the Sponsor Groups Guideline.

The goal of your Company is to set an example and establish itself as the “best-in-class” performance in Health and Safety.

PRODUCTION PERFORMANCE At Surma Plant in Chhatak, Sunamganj, Bangladesh:

The year 2015 was another successful year for the Surma Plant. Besides achieving the record breaking clinker production, your Plant was consistent in ensuring the highest product quality.

Considering quality as the core value of the business, your Plant team continued to give their best efforts to deliver the cement with premium and consistent quality utilizing integrated Plant, limestone sourced from own Quarry in Meghalaya, India and world class quality assurance laboratory as the key levers.

Surma Plant team utilized their innovative ideas, out of the box thinking and hard work to reduce the dependencies on OEM (Original Equipment Manufacturer) spares with self fabricated and locally sourced spares. This initiative and successful implementation not only increased the profitability of your Company but also helped the country to save significant amount of foreign currency.

The record breaking clinker production is another significant milestone in the history of your Company. This achievement was possible because of major operational initiatives, strong commitment of production team, robust inspection, maintenance plan and execution. Plant team delivered a remarkable performance in the area of kiln and cement grinding section. Your Company saved 4.83 days during kiln shutdown, improved kiln filling ratio, optimized VRM and Cooler performance. In 2015 there was no failure in the 17 km Long Belt Conveyor (LBC). Replacement of VRM Rotary Feeder with new design, green house implementation for clay storage during monsoon, two (2) MV motor slip ring replacement using in-house resources etc. contributed to increase in outputs and to reduce costs.

These exemplary achievements were also combined with the uninterrupted supply of 2.0 million tons of limestone from your Quarry in Meghalaya, India.

Your Company is encouraged and motivated with the achievements of 2015 and will be continuing to give more efforts to bring better results in the coming years.

PRODUCTION PERFORMANCE At Limestone Quarry in Meghalaya, India:

Lafarge Umiam Mining Private Limited (LUMPL), the 100% Indian subsidiary of your Company, for the fourth consecutive year in a row, has successfully exported two (2) million tonnes of limestone from the Quarry in Meghalaya to the Surma Plant in Chhatak, Bangladesh.

Your Quarry recorded Zero Accident in 2015 in the mining operations. Your Company is continuously renewing its pledge to be more vigilant in safety. All necessary actions are being taken in all industrial and residential sites of the Company to prevent any safety related incidents.

The limestone mining activities in your Quarry were conducted through a mining contractor. Your Company took initiatives to procure mining equipment and commence self mining in order to improve safe working environment, excellence in production, and to reduce mining costs.

Your Company procured and deployed best-in-class, energy efficient, high reliability mining equipment and commenced self mining from March 01, 2015. This timely initiative by your Company resulted in lower mining cost compared to the previous years. In 2015, the overall equipment reliability achievement was 95%, against 70% in 2014. Significant improvements were achieved in the performance of MMD Crusher, Diesel Generators and Long Belt Conveyor (LBC) as a result of execution of planned maintenance, implementation of innovative ideas and strong team commitment. Operational modifications and technical improvements were carried out in the Crusher which increased crushing rate (480 TPH in 2015, as against 380 TPH in 2014). This contributed in reduction of power consumption (1.80 MW per ton in 2015 against 2.20 MW per ton in 2014).

In 2015, LUMPL recorded a net profit of 676.55 million INR before tax.

MARKETING PERFORMANCE

Cement market in Bangladesh is highly competitive. Consistently ensuring high quality and delivering the product to the door steps of the customers and brand visibility are key levers for success. In 2015 your Company had several marketing activities at different levels to ensure sustainable performance in this very competitive market.

Your Company started its digital presence through Face book page. Reasonable visibility was ensured throughout the country with proper outdoor branding in the strategic locations and emerging markets. Retail visibility was increased by branded merchandises. There were TV advertisements in the beginning of the year during the International Cricket Games held in Bangladesh enabling your brand to reach to the customers all over the country.

As an efficient solution to customer complaints, your Company launched customer complaint software, which is integrated with a retail mapping software. Your Company continued to give preference to build relationship with the influencers' groups like engineers and masons and organized various events across the country throughout the year. Various loyalty programs were initiated for the channel partners by offering different reward programs for building sustainable business relationship. Your Company also launched IHB loyalty campaign through retail.

SALES PERFORMANCE

As mentioned at the outset, 2015 began with turbulence which made the business environment challenging in the first quarter. Faced by a major slowdown in the cement demand, grinders pushed cement volumes into a market already facing from excess grinding capacity fuelled by higher margins due to record drop in clinker prices. All this led to pressure in cement prices that saw a decline compared to previous year.

Due to external challenges stated above, both sales volume and prices declined compared to previous year. Your Company however, recovered part of lost volumes through sustained efforts in the last quarter. Overall, the performance of the sales team has been praiseworthy given the enormous pressures from the adverse external environment.

Your Company expanded its distribution and retail network through adding more distributors and retailers all over the country. This year, your Company expanded its distribution facility through addition of bulk cement carrier. As part of capability enhancement, Sales Force Effectiveness (SFE) project was launched to enhance agility, value development and more customer satisfaction.

2015 posed serious challenges in the sales growth of your Company which was not within the control of your Company. For 2016, your Company is working on the right strategy and is confident to overcome all the odds through appropriate action plan.

LOGISTICS PERFORMANCE

External environment of the year 2015 was eventful which had direct impact on distribution and logistics activities of the Company. Turbulence in first quarter impacted cement distribution business. The logistics were affected by the prolonged rainfall during 2015 as well. The year experienced highest rainfall in recent years. Amidst these adverse external situations, efficient logistic planning has persistently added value by safely delivering Company's products to customers, successfully managing business volumes from Plant to Depots and to the end customers.

The highly motivated team was able to drive on various cost reduction levers which helped to keep the distribution cost in control. The logistics team worked relentlessly to find creative ways to maximize dispatch. In 2015 the dispatch by river was highest in your Company. This helped to reduce the cost since transportation by river is cheaper than by road and maximize dispatch.

On the cost side on external spent, your Company achieved very good results in formulating and driving cost saving activities thus adding valuable contribution to EBIDTA.

Your Company will continue the good work across logistics function to continue delivering the Company's objectives and meeting customers' expectation in a cost effective manner.

FINANCIAL PERFORMANCE

The Directors take pleasure in reporting the Financial Results of your Company for the year ended on 31st December 2015 as follows:

	Tk. 000s	
	2015	2014
Profit before tax	1,949,730	2,445,736
Income tax	(346,652)	(713,064)
Profit after tax for the year	1,603,078	1,732,672
Earnings per share	1.38	1.49

The Consolidated Financial Result of your Company for the year ended on 31st December 2015 is as follows:

	Tk. 000s	
	2015	2014
Profit before tax	2,823,371	3,532,862
Income tax	(533,837)	(713,064)
Profit after tax for the year	2,289,534	2,819,798
Earnings per share	1.97	2.43

2015 has been yet another challenging year for your Company especially due to the difficult conditions prevailing in the cement industry arising out of adverse political climate at the beginning of the year and the unprecedented rains. In the backdrop of excess grinding capacity and sharp drop in clinker prices the cement prices have declined compared to 2014 that has had a major impact in your Company's bottom line. Faced with this adverse scenario, your Company concentrated to sustain the sales volume of cement and clinker. At the same time, the Company continued its strong focus in savings costs in all the areas. As a result, all major elements of cost relating to plant fixed costs, general, selling and distribution expenses and finance costs have been kept well below the budget. Your Company has been successful in reducing its variable cost per ton of cement compared to previous year in a scenario where the inflation is around 6.2%. In India, Lafarge Umiam Mining Pvt. Ltd., the subsidiary of your Company, has successfully implemented its self mining operations from March 2015 by replacing the mining contractor. As a result, there has been a further reduction in mining costs. Finance costs have reduced by 40% compared to last year. This was possible through innovative financing schemes, as well as through reduction in working capital and short term debt.

DIVIDEND

The Board of Directors of the Company at its meeting held on June 10, 2015 recommended an interim dividend of five percent (5%), in cash, on the paid-up capital of the Company out of five (5) months' profits of 2015 (from January 1, 2015 to May 31, 2015). The said interim dividend amounted to BDT 580,686,750 which was BDT 0.50 per share of BDT 10.00 each.

Further, the Board of Directors of the Company at its meeting held on March 3, 2015 recommended a final dividend of five percent (5%), in cash, on the paid-up capital of the Company out of seven (7) months' profits of 2015 (from June 1, 2015 to December 31, 2015). The said final dividend amounts to BDT 580,686,750 which is BDT 0.50 per share of BDT 10.00 each. As per the provisions of the Directive of Bangladesh Securities & Exchange Commission (BSEC) dated April 27, 2016, and minutes of the meeting between BSEC and Stock Exchanges dated April 28, 2016, the Board of Directors of the Company, by resolution dated June 9, 2016, recommended the above stated final dividend, in cash, as interim cash dividend. The same was distributed among the shareholders whose name appeared in the Register of Members as on April 13, 2016. Further, the Finance Act 2016 approved that a company, which is a subsidiary or holding company of a parent company incorporated outside Bangladesh, may maintain January to December as their Financial Year, subject to the approval of Deputy Commissioner of Taxes. Accordingly, the Board of Directors of the Company, by resolution dated July 28, 2016, recommended the said five percent (5%) interim dividend, in cash, disbursed among the shareholders by the Company by July 13, 2016, as Final Dividend, in cash.

The cumulative total dividend for the year 2015 recommended by the Company is 10% of the paid-up capital amounting to BDT 1,161,373,500 which is BDT 1:00 per share for the year ended at December 31, 2015, which have already been disbursed by the Company among the shareholders. This recommendation of the Board of Directors regarding the dividend for the year 2015 shall be forwarded to the shareholders at the 18th Annual General Meeting for their consideration and approval.

RETAINED EARNINGS

The total Retained Earnings of your Company stood at BDT 2,423,190,000.00, details of which are given in the Statement of Changes in Equity of the Consolidated Financial Statements.

HUMAN RESOURCE

Success in business largely depends on the quality of the employees. Employees are the assets, who drive the Company to its goal to better serve the shareholders interests. Recognizing the differences that the efficient employees can contribute into the business, your Company's focus is to recruit the right talent for the right job, identifying the successors for the key positions and most importantly, improve the efficiency of employees with right Learning & Development initiatives. Developing the leaders within the organization is the other major focus area for the Human Resource Department of your Company.

COMMUNITY DEVELOPMENT PROGRAM

Your Company is committed to its surrounding community. A business is successful only when the community grows along with the growth of the business.

Engaging and serving the local community through education program, primary healthcare, skill development remains one of the key priorities. Whether it is Chhatak or Meghalaya, your Company's CSR activities are carefully designed to serve the most pressing needs of the people and ensure their well being. The Community Development Center, which is the hub of all the CSR activities located at Chhatak, Sunamganj, continues to provide its services for the betterment of the community people by providing them education and healthcare facilities. Besides, the center along with six (6) sub- centers, are relentlessly working on training the members of the local community that will gradually increase their job skill and employment opportunities. Through these centers, your Company provides its community development services to more than 26,000 people. In Meghalaya, Indian subsidiary of your Company provided community development services in the field of education, primary healthcare, skill and infrastructure development to more than 5,000 residents of the local areas.

Your Company continues its focus on ensuring availability of better health care services for the local communities. With the help of the qualified physicians and nurses, the Centers established by your Company are providing free medical assistance to the local community. Members from the local community now have the access to health consultation, medical support, vaccination etc. A full-time paramedic is also based in the six (6) "Lafarge Surma Sub-Centers" taking health-care to the doorsteps of villagers residing in remote locations. More than 208,034 free health services and counseling sessions have been provided from the medical centre located in CDC and from the six (6) sub-centers. In Meghalaya, in 2015 alone, over 9,000 free health services counseling sessions have been provided around the Quarry at the permanent Healthcare Centre and the Mobile Clinic. The Center has a registered medical doctor. Free medical services including medicines are being provided to the surrounding villagers. LUMPL arranges Eye Camps with free eye checkups, medicines and glasses.

As a part of your Company's focus on education, a total number of 2,106 students have benefitted from the Company's education programs. Students also received free education from six (6) "Lafarge Surma sub centers" established in the remote locations of Chhatak. As a part of developing the lives of the entire community, the Company also provided education to 550 adults to meet the needs of their daily lives. Your Company also provides scholarships to students every year to help them continue their high school education. In 2015, more than 450 children benefitted from your Company's education program. In addition to that, 100 high school students were also given scholarships to support continuation of their education. Teachers of your Company's schools are provided trainings. In Meghalaya, LUMPL continues to provide educational assistance. 167 students have been provided with scholarship. LUMPL sponsors a school in Nongtraï village with 31 students. This school recorded 100% pass percentage in the Meghalaya Education Board examinations.

One of the focus areas of your Company's CSR program is to develop the livelihood skills of the local people, especially for the youths of the community. This enables the local youths to become self employed and creates better employment opportunity for them in the job market. The Company is providing Small Enterprise Development Training in tailoring, embroidery, candle making and the necessary start-up capital to the women of the community as part of the Company's effort to drive women empowerment. Women from the local community now have sufficient opportunities for empowerment through these income generating activities. Through an NGO, your Company has created market linkages for these women with key sellers in affluent towns, thus ensuring a ready and good market for their products. Till date, 797 women have benefitted from this program. After conducting a study on local employment opportunities, the Company introduced training on solar panel installation, mobile servicing, plumbing and pipe fitting along with the necessary startup capital for the youths of the local communities. Till date, 66 youths have availed these trainings. New employment opportunities for them have opened up. Your Company has also engaged youth from the villages of Nongtraï and Shella in Meghalaya for Self Help Groups income generation activities, to develop sustainable development. In 2015 LUMPL supported the local community to develop their livelihood skills, like training of women in weaving, bee keeping etc.

Your Company is committed to serve the community and people to develop their potential and contribute to improve their livelihood for a better future. Thus it continues to make its mark in the fields of social and economic sustainability.

AUDITORS

Pursuant to Section 210 of the Companies Act, 1994, the Company's statutory auditors M/S Hoda Vasi Chowdhury & Co, Chartered Accountants, retire at the 18th Annual General Meeting. Being eligible, they express their willingness to be appointed.

DIRECTORS

The Company has twelve (12) Directors in the Board including the Chief Executive Officer. Pursuant to the provisions of the Companies Act, 1994, one third of the Directors, except the Chief Executive Officer, shall retire by rotation in every ordinary general meeting. The Companies Act 1994 also provides that any Director appointed by the Board of Directors shall retire from office at the next ordinary general meeting but shall be eligible for election by the Company. Accordingly, four (4) Directors of the Company will retire at the 18th Annual General Meeting. The retiring Directors are:

1. Ms. Bi Yong Chungunco, Chairman
2. Ms. Johanna Leffler, Director
3. Mr. Julio Rodriguez Izquierdo, Director
4. Mr. Anisur Rahman Sinha, Director

Being eligible they offer themselves for re-election.

As per notification dated August 07, 2012 from the Bangladesh Securities Exchange Commission, the Directors made additional statements and furnish compliance report in Annexure 1 attached herewith.

For and on behalf of the Board of Directors



Bi Yong Chungunco
Chairman

Date: Dhaka, July 28, 2016

ANNEXURE

ADDITIONAL STATEMENTS BY THE BOARD OF DIRECTORS AS NOTIFICATION DATED AUGUST 07, 2012 FROM THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION:

(i) Industry outlook and possible future developments in the industry.

The future potential of Bangladesh cement market remains strong. The outlook for cement in 2016-2020 remains promising with a CAGR of 9-10% mainly driven by the residential sector. Growing housing up-gradation among IHBs drives the major contribution in cement consumption. Industrial construction taking place in economic zones are also accelerating the growth. At the same time major infrastructure projects are in the pipeline to support economic growth agenda. Per capita cement consumption in Bangladesh is around 130 kgs, which is low compared to the neighbouring countries and world average. Going forward, we expect that cement market will continue to grow steadily.

(ii) Segment-wise or product-wise performance.

The Company produces clinker and cement. It mainly sells cement, but also sells limited quantity of clinker that remains in excess after catering to the cement demand. In 2015, cement sales are 2% lower and clinker sales are 0.4% higher than last year.

(iii) Risk and concerns.

The Company's major risk lies in its cross border operation. Any interruption of limestone supply from its Indian subsidiary company causes a business continuity issue. Uninterrupted running of the long belt conveyor also remains a critical issue. Dispatch of cement from the plant also carries limitations and challenges.

(iv) A discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin.

Cost of Goods Sold has reduced slightly compared to the last year due to lower sales volume. Gross Profit Margin in 2015 reduced to 35.73% (38.56% in 2014) due to lower cement price. Net Profit Margin has also decreased as a result of decrease of Gross Profit Margin as well as increase of other operating expenses.

(v) Discussion on continuity of any Extra-ordinary gain or loss.

No Extra-ordinary gain or loss during the year.

(vi) Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report.

Related party transactions disclosed in the page 81 (Note- 31) of the Annual Report.

(vii) Utilization proceeds from public issues, rights issues and/or through any others instruments.

No public issues, rights issue and/or any other instruments issued during the year.

(viii) An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.

Not applicable.

(ix) If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.

No significant variance occurred between Quarterly Financial performance and Annual Financial Statements.

(x) Remuneration to directors including independent directors.

As per the Articles of Association of the Company (Article 17: Remuneration of Directors), the Directors shall not be entitled to any remuneration except for extra services rendered to the Company and as decided by the Board. The Company may bear all such reasonable expenses as the Director may incur for the purpose of attending meetings of the Directors or general meeting.

(xi) That, the Financial Statements prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

(xii) That, proper books of account of the company have been maintained.

(xiii) 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.

(xiv) That, the International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the Financial Statements and any departure there from has been adequately disclosed.

(xv) That, the system of internal control is sound in design and has been effectively implemented and monitored.

(xvi) That, there are no significant doubts upon the company's ability to continue as a going concern.

(xvii) Significant deviations from last year's operating results of the company shall be highlighted and the reasons thereof should be explained.

Gross profit has decreased in 2015 compared to last year, mainly due to lower cement price. Operating profit has also decreased as a result of decrease in gross profit margin as well as other operating expense is increased.

(xviii) Summary of key operating and financial data of preceding five years:

INCOME AND EXPENSES:

	Tk. 000s				
	2015	2014	2013	2012	2011
REVENUE	10,967,952	11,583,029	11,330,374	10,640,061	6,098,478
Cost of sales	(7,048,751)	(7,116,158)	(6,627,036)	(6,450,942)	(5,538,142)
GROSS PROFIT	3,919,201	4,466,871	4,703,338	4,189,119	560,336
General and administrative expenses	(722,315)	(741,457)	(738,674)	(678,765)	(374,702)
Selling and distribution expenses	(207,577)	(188,298)	(152,429)	(153,284)	(68,340)
Other operating (expenses) / income	(98,281)	241,107	173,472	(20,982)	89,590
OPERATING PROFIT	2,891,028	3,778,223	3,985,707	3,336,088	206,884
Finance expenses	(182,928)	(303,195)	(772,054)	(829,278)	(2,495,364)
Finance income	115,271	57,834	2,154	764	496
PROFIT (LOSS) BEFORE TAX	2,823,371	3,532,862	3,215,807	2,507,574	(2,287,984)
Income tax	(533,837)	(713,064)	(669,708)	(654,140)	100,300
PROFIT (LOSS) FOR THE YEAR	2,289,534	2,819,798	2,546,099	1,853,434	(2,187,684)
Earnings per share (Taka)	1.97	2.43	2.19	1.60	(1.88)

ASSETS AND LIABILITIES:

	Tk. 000s				
	2015	2014	2013	2012	2011
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	11,837,497	12,409,080	12,763,354	13,370,193	13,815,909
Intangible assets	862,086	935,564	987,293	1,185,810	1,293,051
Other Receivables	140,745	145,571	86,457	55,359	-
Current assets	7,854,708	6,320,457	5,190,219	3,912,006	3,450,421
TOTAL ASSETS	20,695,036	19,810,672	19,027,323	18,523,368	18,559,381

	Tk. 000s				
LIABILITIES	2015	2014	2013	2012	2011
Share capital	11,613,735	11,613,735	11,613,735	11,613,735	11,575,806
Retained earnings	2,423,190	1,295,008	(944,130)	(3,490,257)	(5,343,728)
Other component of equity	(52,995)	(61,519)	(52,603)	(11,894)	(16,113)
Share money deposits	-	-	-	-	37,929
Foreign currency translation	377,530	408,334	427,423	268,932	197,787
Shareholders' equity -					
Parent company	14,361,460	13,255,558	11,044,425	8,380,516	6,451,681
Non-controlling interests	39	81	118	231	302
EQUITY	14,361,499	13,255,639	11,044,543	8,380,747	6,451,983
NON-CURRENT LIABILITIES					
Long-term debt	-	132,925	497,027	948,895	3,904,616
Deferred income tax liabilities	2,318,292	1,906,543	1,224,510	612,200	9,267
Contribution to employee benefit	48,915	106,922	137,817	113,924	78,457
Derivative instruments	-	-	-	-	6,746
Provisions	27,787	25,808	23,146	23,125	-
Current liabilities	3,938,543	4,382,835	6,100,280	8,443,980	8,108,312
TOTAL EQUITY A ND LIABILITIES	20,695,036	19,810,672	19,027,323	18,523,368	18,559,381

(xix) Reasons for non-declaration of dividend.

Not applicable.

(xx) The number of Board meetings held during the year and attendance by each Director.

Four (4) meetings of the Board of Directors of the Company were held during the year 2015, and the dates are March 5, 2015, June 10, 2015, September 9, 2015, and December 15, 2015. The attendance by each Director is stated below:

1. Board meeting and attendance during the year ended 31st December 2015

S/L	Name of Directors	Number of meetings held whilst a board member	Meetings attended	Remarks
1	Mr. Thomas Gerard Farrell	4	2	Resigned on 1 September 2015
2	Mr. Fabrizio Angelo Olivares	4	1	Leave granted for the meeting on 5 th March 2015. Resigned on 1 st September 2015
3	Mr. Tarek Samir Ahmed Elba	4	2	Resigned on 1 st September 2015
4	Mr. Carlos Martinez Ferrer	4	3	Leave granted
5	Mr. Marcos Cela Rey	4	4	
6	Mr. Shivesh Kumar Sinha	4	4	
7	Mr. Salvador Fernandez Capo	4	3	Leave granted
8	Mr. Manzurul Islam	4	3	Leave granted
9	Mr. Anisur Rahman Sinha	4	3	Leave granted
10	Mr. Monzurur Rahman	4	4	
11	Mr. Zakir Ahmed Khan	4	2	Leave granted
12	Mr. Md. Wahiduzzaman Khandaker	4	1	Resigned on 1 st April 2015
13	Mr. Syed Shujauddin Ahmed	4	4	
14	Mr. Tufail K Haider	4	4	
15	Ms. Bi Yong Chungunco	4	2	Appointed on 1 st September 2015
16	Mr. Neeraj Akhoury	4	2	Appointed on 1 st September 2015
17	Ms. Johanna Leffler	4	1	Appointed on 1 st September 2015. Leave granted for the meeting on 9 th September 2015

2. Audit Committee meetings and attendance during the year ended 31st December 2015

S/L	Name of Directors	Number of meetings	Meetings attended	Remarks
1	Mr. Zakir Ahmed Khan	4	4	
2	Mr. Carlos Martinez Ferrer	4	3	Leave granted
3	Mr. Tarek Samir Ahmed Elba	4	2	Resigned on 1 st September 2015. Leave granted for the meeting on 13 th July 2015
4	Mr. Syed Shujauddin Ahmed	4	4	
5	Mr. Neeraj Akhoury	4	1	Appointed as member of Audit committee on 1 st September 2015

(xxi) **The pattern of shareholding:**

a) Parent/Subsidiary/Associated companies and other related parties (name wise details):

Name of Parent/Subsidiary/Associate Companies	Status	Share held	Share held
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
Ms. Bi Yong Chungunco	Director/Chairman as nominee of Surma Holding B.V.	Nil	Nil	Nil
Mr. Neeraj Akhoury	Director/CEO as nominee of Surma Holding B.V.	Nil	Nil	Nil
Ms. Johanna Leffler	Director as nominee of Surma Holding B.V.	Nil	Nil	Nil
Mr. Carlos Martinez Ferrer	Director as nominee of Surma Holding B.V.	Nil	Nil	Nil
Mr. Marcos Cela Rey	Director as nominee of Surma Holding B.V.	Nil	Nil	Nil
Mr. Shivesh Kumar Sinha	Director as nominee of Surma Holding B.V.	Nil	Nil	Nil
Mr. Julio Rodriguez Izquierdo	Director as nominee of Surma Holding B.V.	Nil	Nil	Nil
Mr. Manzurul Islam	Director as nominee of Islam Cement Ltd .	200	Nil	Nil
Mr. Anisur Rahman Sinha	Director as nominee of Sinha Fashions Ltd .	Nil	Nil	Nil
Mr. Monzurur Rahman	Independent Director	2,000	Nil	Nil
Mr. Syed Shujauddin Ahmed	Independent Director	Nil	Nil	Nil
Mr. Tufail K Haider	Independent Director	Nil	Nil	Nil
Mr. Masud Khan	Chief Financial Officer	Nil	Nil	Nil
Mr. Kazi Mizanur Rahman	Company Secretary	Nil	Nil	Nil
Mr. Moshorrof Hossain	Head of Internal Audit	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 B.V. : 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):

Name	Position	No. of shares
Mr. Eung Rae Kim	Industrial Director	Nil
Mr. Mohammed Arif Bhuiyan	Procurement & Logistics Director	Nil
Mr. Sang Soo Bae	Optimization Manager	Nil
Mr. Harpal Singh	Head of Maintenance	Nil
Mr. Navin Malhotra	Sales Director	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	Share held
Surma Holding B.V.	Foreign	683,698,700	58.87%

(xxii) Appointment/re-appointment of a director of the company.

With regard to the appointment, retirement and re-appointment of Directors, the Company is governed by its Articles of Association, the Company Act, 1994 and other related legislations. Accordingly, the following Directors of the Board will retire at the 18th Annual General Meeting and will be eligible for re-appointment.

The name of the Directors are as follows:

- Ms. Bi Yong Chungunco, Chairman
- Ms. Johanna Leffler, Director
- Mr. Julio Rodriguez Izquierdo, Director
- Mr. Anisur Rahman Sinha, Director

Brief resume of the Directors, nature of their expertise in specific functional areas and names of companies in which they also hold the directorship and membership of committees of the board are given at page 16 to 21 of the Annual Report, which fulfill the condition 1.5 (xxii) of the corporate governance guidelines of BSEC.

STATUS OF COMPLIANCE WITH CONDITIONS IMPOSED BY THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION:

Status of compliance with conditions imposed by the Commission's Notification No.SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 and amendment thereon issued under section 2CC of the Bangladesh Securities and Exchange Ordinance, 1969 is presented below:

(REPORT UNDER CONDITION NO. 7.00)

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1	Board of Directors			
1.1	Board's Size The number of Board Directors should not be less than 5 (five) and more than 20 (twenty).	✓		
1.2	Independent Directors			
(i)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	✓		
(ii) a)	Who either does not hold any share or holds less than 1% shares to the total paid-up shares of the company;	✓		
(ii) b)	Who is not a sponsor of the company and is not connected with the companies any sponsor or director or shareholder who holds one percent (1%) or more share of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company.	✓		
(ii) c)	Who does not have any other relationship whether pecuniary or otherwise, with the company or its subsidiary/ associated companies.	✓		
(ii) d)	Who is not a member, director or officer of any stock exchange .	✓		
(ii) e)	Who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market.	✓		
(ii) f)	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.	✓		

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
(ii)g)	Who shall not be an independent director in more than 3 (three) listed companies.	✓		
(ii) h)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI).	✓		
(ii) i)	Who has not been convicted for a criminal offence involving moral turpitude.	✓		
(iii)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	✓		
(iv)	The post of independent director(s) can not remain vacant for more than 90 (ninety) days.	✓		
(v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	✓		
(vi)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	✓		
1.3	Qualification of Independent Director (ID)			
(i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓		
(ii)	The person should be a Business Leader / Corporate Leader / Bureaucrat / University Teacher with Economics or Business Studies or Law background / Professionals like Chartered Accountants, Cost & Management Accountants, and Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management / professional experience.	✓		
(iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	N/A		
1.4	Chairman of the Board and Chief Executive Officer			
	The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals with defined different roles and responsibilities. The Chairman of the company shall be elected from among the directors of the company.	✓		
1.5	The Directors' Report to Shareholders			
(i)	Industry outlook and possible future development in the industry.	✓		
(ii)	Segment-wise or product-wise performance.	✓		
(iii)	Risks and concerns.	✓		
(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	✓		
(v)	Discussion on continuity of any Extra -Ordinary gain or loss.	N/A		
(vi)	Basis for related party transactions - a statement of all related party transactions should be disclosed in the annual report.	✓		
(vii)	Utilization of proceeds from public issues, rights issues and / or through any others instruments.	✓		
(viii)	An explanation if the financial result deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	N/A		

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	N/A		
(x)	Remuneration to directors including independent directors.	N/A		No remuneration paid to any director
(xi)	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.	✓		
(xii)	Proper books of account of the issuer company have been maintained.	✓		
(xiii)	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.	✓		
(xiv)	International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	✓		
(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	✓		
(xvi)	There are no significant doubts 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 thereof should be disclosed.	✓		
(xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	✓		
(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	✓		
(xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	N/A		10% Cash Dividend for the year 2015 inclusive of 5% interim Cash Dividend
(xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	✓		
(xxi)	The pattern of shareholdings and name wise details disclosing the aggregate number of shares.			
(xxi)a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details).	✓		
(xxi)b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details).	✓		

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
(xxi) c)	Executives (top five salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit).	✓		
(xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	✓		
(xxii)	Appointment/Reappointment of Directors:			
(xxii) a)	A brief resume of the director.	✓		
(xxii) b)	Nature of his/her expertise in specific functional areas.	✓		
(xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		
2	Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS)			
2.1	The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	✓		
2.2	The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors. Provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	✓		
3	Audit Committee			
(i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	✓		
(ii)	The Audit Committee shall assist the Board of Directors 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.	✓		
(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		
3.1	Constitution of the Audit Committee			
(i)	The Audit Committee shall be composed of at least 3 (three) members.	✓		
(ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	✓		
(iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	✓		
(iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until 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 of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	N/A		No vacancy occurred
(v)	The company secretary shall act as the secretary of the Committee.	✓		
(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
3.2	Chairman of the Audit Committee			
(i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	✓		
(ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	✓		
3.3	Role of Audit Committee			
(i)	Oversee the financial reporting process.	✓		
(ii)	Monitor choice of accounting policies and principles.	✓		
(iii)	Monitor Internal Control Riskmanagement process.	✓		
(iv)	Oversee hiring and performance of external auditors	✓		
(v)	Review along with the management, the annual financial statements before submission to the board for approval.	✓		
(vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	✓		
(vii)	Review the adequacy of internal audit function.	✓		
(viii)	Review statement of significant related party transactions submitted by the management.	✓		
(ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	✓		
(x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.	N/A		
3.4	Reporting of the Audit Committee			
3.4.1	Reporting to the Board of Directors			
(i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		
(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:			
(ii) a)	Report on conflicts of interests.	N/A		None
(ii) b)	Suspected or presumed fraud or irregularity or material defect in the internal control system.	N/A		None
(ii) c)	Suspected infringement of laws, including securities related laws, rules and regulations.	N/A		None
(ii) d)	Any other matter which shall be disclosed to the Board of Directors immediately.	N/A		None

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
3.4.2	Reporting to the Authorities: If 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 of Directors 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 of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.	N/A		None
3.5	Reporting to the Shareholders and General Investors: Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	✓		
4	External /Statutory Auditors			
(i)	Appraisal or valuation services or fairness opinions.	✓		
(ii)	Financial information systems design and implementation.	✓		
(iii)	Book-keeping or other services related to the accounting records or financial statements.	✓		
(iv)	Broker-dealer services.	✓		
(v)	Actuarial services.	✓		
(vi)	Internal audit services.	✓		
(vii)	Any other service that the Audit Committee determines.	✓		
(viii)	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.	✓		
(ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	✓		
5	Subsidiary Company			
(i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	N/A		The Subsidiaries are governed by guidelines applicable in India.
(ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	N/A		
(iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	✓		
(iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	✓		
(v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	✓		

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
6	Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
	The CEO and CFO shall certify to the Board that: -			
(i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief:	✓		
(i) a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		
(i) b)	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;	✓		
(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 violation of the company's code of conduct.	✓		
7	Reporting and Compliance of Corporate Governance			
(i)	The company shall obtain a certificate from a practicing Professional Accountant/ Secretary (Chartered Accountant/ Cost and Management Accountant/ Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	✓		
(ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	✓		

For and on behalf of the Board of Directors



Bi Yong Chungunco
Chairman

Date: Dhaka, July 28, 2016



AHMED MASHUQUE & CO.

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**CERTIFICATE TO THE SHAREHOLDERS OF
LAFARGE SURMA CEMENT LIMITED
ON
COMPLIANCE STATUS OF THE CONDITIONS OF CORPORATE GOVERNANCE GUIDE-
LINES OF BANGLADESH SECURITIES AND EXCHANGE COMMISSION (BSEC)**

We have examined the compliance status to the BSEC guidelines on corporate governance by Lafarge Surma Cement Limited for the year ended 31st December 2015. These Guidelines relate to the Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 and amendment thereon of Bangladesh Securities and Exchange Commission (BSEC) on Corporate Governance.

It is the responsibility of the management to ensure compliance with the conditions of Corporate Governance guidelines and proper reporting thereof as stated in the aforesaid notification. Our examination for the purpose of issuing this certification was limited to the verification of procedures and implementations thereof, adopted by the company for ensuring the compliance of conditions of Corporate Governance guidelines and proper reporting thereof in the annexure attached herewith on the basis of evidence obtained and representation received from the management of the company.

To the best of our knowledge, information and according to the explanations given to us, we certify that the company has fully complied with the conditions of Corporate Governance guidelines as stipulated in the above mentioned BSEC Notification. It is also certified that the compliance status has been properly reported in the annexure attached herewith.

We also state that such compliance is neither an assurance as to the future viability of the Company nor a certification on the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Date: 10th April 2016
Place: Dhaka, Bangladesh

Ahmed Mashuque & Co.
Chartered Accountants

AUDIT COMMITTEE REPORT

For the year 2015

February 25, 2016

To: The Board of Directors
Lafarge Surma Cement Ltd.

The Audit Committee

The Audit Committee consists of the following members:

Chairman: Mr. Zakir Ahmed Khan, Independent Director
Member: Mr. Syed Shujauddin Ahmed, Independent Director
Member: Mr. Carlos Martinez Ferrer, Director
Member: Mr. Neeraj Akhoury, Director and Chief Executive Officer

The scope of Audit Committee:

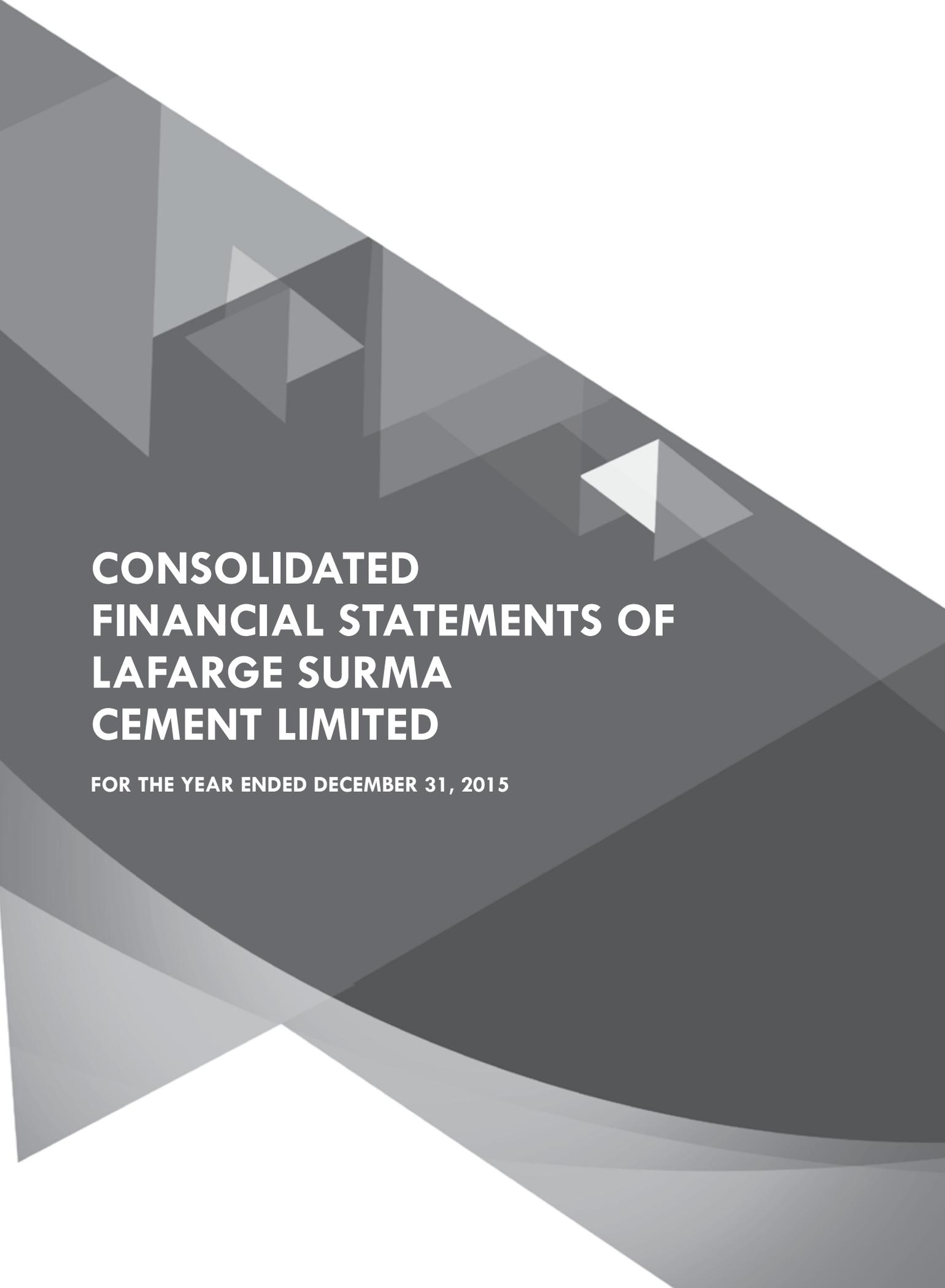
As provided in clause 3.3 of the Bangladesh Securities and Exchange Commission Notification dated August 07, 2012.

Activities during the year 2015:

- a. Oversee the financial reporting process.
- b. Reviewed the annual, half-yearly and quarterly Financial Statements of the Company and its subsidiaries before submission to the Board of Directors for approval.
- c. Monitored Internal Control Risk Management process. A separate Internal Control Team is in place to ensure effective performance of Internal Control activities.
- d. Oversee the hiring and performance of external auditors.
- e. Reviewed the Management Letters issued by the statutory auditors for the year 2015 together with management response to the findings.
- f. Where appropriate, reported the findings on the following:
 - i. Conflict of interests;
 - ii. Suspected or presumed fraud or irregularity or material defect in the internal control system;
 - iii. Suspected infringement of laws, including securities related laws, rules and regulations; and
 - iv. Any other matters which should be disclosed to the Board of Directors immediately.
- g. Approved audit plan and resource allocation for the Internal Audit Services.
- h. Reviewed the adequacy of Internal Audit activities carried out during the year.
- i. Reviewed the Internal Audit Reports and monitored implementation of Audit recommendations to improve Internal Control Systems.

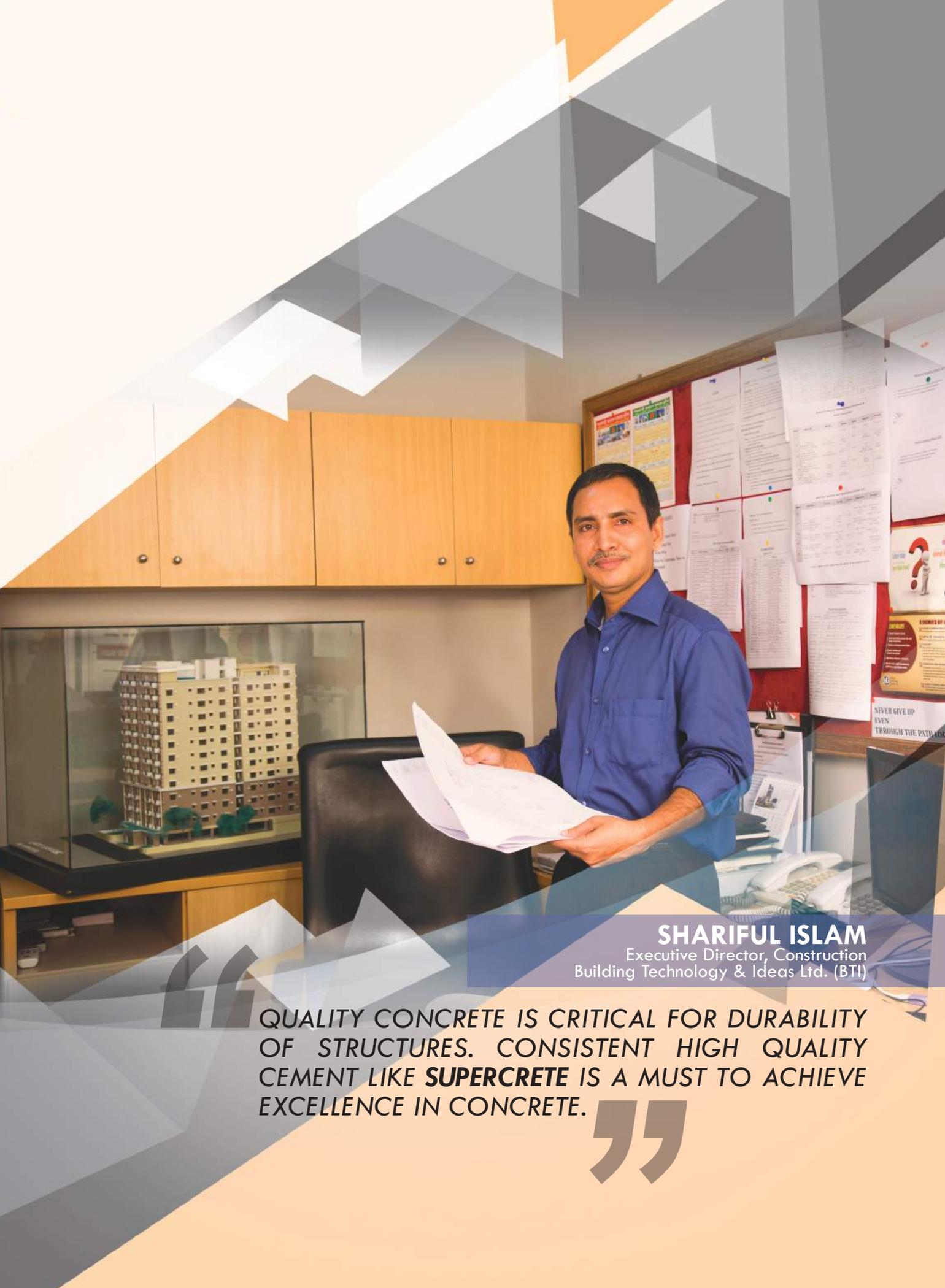


Zakir Ahmed Khan
Chairman, Audit Committee



**CONSOLIDATED
FINANCIAL STATEMENTS OF
LAFARGE SURMA
CEMENT LIMITED**

FOR THE YEAR ENDED DECEMBER 31, 2015



SHARIFUL ISLAM

Executive Director, Construction
Building Technology & Ideas Ltd. (BTI)

“QUALITY CONCRETE IS CRITICAL FOR DURABILITY OF STRUCTURES. CONSISTENT HIGH QUALITY CEMENT LIKE **SUPERCRETE** IS A MUST TO ACHIEVE EXCELLENCE IN CONCRETE.”

Hoda Vasi Chowdhury & Co

Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LAFARGE SURMA CEMENT LIMITED

We have audited the accompanying consolidated financial statements of Lafarge Surma Cement Limited (the Company) which comprise the consolidated statement of financial position as at 31 December 2015 and the related 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 a summary of significant accounting policies and other relevant explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), and for such internal control as management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud and error.

Auditors' Responsibility

Our responsibility is to express an independent opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements prepared in accordance with the Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of the financial position of Lafarge Surma Cement Limited as at 31 December 2015 and the results of its financial performance and its cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

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

Dhaka, 15 March 2016


Chartered Accountants

LAFARGE SURMA CEMENT LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2015

ASSETS	NOTES	2015 (Taka'000)	2014 (Taka'000)
NON-CURRENT ASSETS			
Property, plant and equipment	5	11,837,497	12,409,080
Intangible assets	6	862,086	935,564
Other receivables	9	140,745	145,571
		12,840,328	13,490,215
CURRENT ASSETS			
Inventories	7	1,429,587	1,564,285
Trade receivables	8	908,260	865,268
Other receivables	9	2,265,908	2,008,998
Derivative instruments	16	1,109	-
Cash and cash equivalents	10	3,249,844	1,881,906
		7,854,708	6,320,457
TOTAL ASSETS		20,695,036	19,810,672
EQUITY & LIABILITIES			
Share capital	11.3	11,613,735	11,613,735
Retained earnings		2,423,190	1,295,008
Other components of equity	11.6	(52,995)	(61,519)
Foreign currency translation	3.6	377,530	408,334
SHAREHOLDERS' EQUITY- PARENT COMPANY		14,361,460	13,255,558
Non-controlling interests	12	39	81
EQUITY		14,361,499	13,255,639
NON-CURRENT LIABILITIES			
Long-term debt	13.1	-	132,925
Deferred tax liability	14	2,318,292	1,906,543
Employee benefits	15	48,915	106,922
Provisions	17	27,787	25,808
		2,394,994	2,172,198
CURRENT LIABILITIES			
Trade payables	18	2,473,604	2,292,362
Other payables	19	376,640	495,649
Derivative instruments	16	2,493	13,003
Current portion of long term debt	13.2	-	406,158
Short-term debt	20	1,085,806	1,175,663
		3,938,543	4,382,835
TOTAL EQUITY AND LIABILITIES		20,695,036	19,810,672

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


Chief Financial Officer


Company Secretary


Director


Chief Executive Officer

As per our annexed report of same date

Dhaka, 15 March 2016


Chartered Accountants

LAFARGE SURMA CEMENT LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year ended 31 December 2015

	NOTES	2015 (Taka'000)	2014 (Taka'000)
REVENUE	23	10,967,952	11,583,029
Cost of sales	24	(7,048,751)	(7,116,158)
GROSS PROFIT		3,919,201	4,466,871
General and administrative expenses	25	(722,315)	(741,457)
Sales and marketing expenses	26	(207,577)	(188,298)
Other operating (expenses)/income	27	(98,281)	241,107
OPERATING PROFIT		2,891,028	3,778,223
Finance cost	28	(182,928)	(303,195)
Finance income	28	115,271	57,834
PROFIT BEFORE TAX		2,823,371	3,532,862
Income tax	29	(533,837)	(713,064)
PROFIT FOR THE YEAR		2,289,534	2,819,798
Attributable to:			
Owners of the parent Company		2,289,556	2,819,825
Non-controlling interests		(22)	(27)
		2,289,534	2,819,798
Basic earnings per share (Taka)	30	1.97	2.43
Diluted earnings per share (Taka)	30	1.97	2.43

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


Chief Financial Officer


Company Secretary


Director


Chief Executive Officer
As per our annexed report of same date

Dhaka, 15 March 2016


Chartered Accountants

LAFARGE SURMA CEMENT LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2015

	2015 (Taka'000)	2014 (Taka'000)
PROFIT FOR THE YEAR	2,289,534	2,819,798
Items that will not be reclassified subsequently to profit or loss		
Actuarial loss	2,989	(69,039)
Income tax on items that will not be reclassified to profit or loss	(2,473)	18,986
Total items that will not be reclassified to profit or loss	516	(50,053)
Items that may be reclassified subsequently to profit or loss		
Cash flow hedge instruments	8,008	41,137
Exchange differences on translating foreign operations	(30,804)	(19,089)
Non controlling interests- currency translation adjustment	(20)	(10)
Total items that may be reclassified to profit or loss	(22,816)	22,038
OTHER COMPREHENSIVE LOSS FOR THE YEAR	(22,300)	(28,015)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		
Attributable to:		
Owners of the parent Company	2,267,276	2,791,820
Non-controlling interests	(42)	(37)
	2,267,234	2,791,783

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


Chief Financial Officer


Company Secretary


Director


Chief Executive Officer
As per our annexed report of same date


Chartered Accountants

Dhaka, 15 March 2016

LAFARGE SURMA CEMENT LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015

(All figures are in Taka '000)

	Share capital	Retained earnings	Other components of equity	Foreign currency translation	Equity for parent company	Non controlling interests	Total equity
Balance at 1 January 2014	11,613,735	(944,130)	(52,603)	427,423	11,044,425	118	11,044,543
Total comprehensive income/(loss) for the year	-	2,819,825	(8,916)	(19,089)	2,791,820	(37)	2,791,783
Interim dividend	-	(580,687)	-	-	(580,687)	-	(580,687)
Balance at 31 December 2014	11,613,735	1,295,008	(61,519)	408,334	13,255,558	81	13,255,639
Balance at 1 January 2015	11,613,735	1,295,008	(61,519)	408,334	13,255,558	81	13,255,639
Total comprehensive income/(loss) for the year	-	2,289,556	8,524	(30,804)	2,267,276	(42)	2,267,234
Interim dividend	-	(580,687)	-	-	(580,687)	-	(580,687)
Final dividend	-	(580,687)	-	-	(580,687)	-	(580,687)
Balance at 31 December 2015	11,613,735	2,423,190	(52,995)	377,530	14,361,460	39	14,361,499



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

LAFARGE SURMA CEMENT LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2015

	2015 Taka'000	2014 Taka'000
Cash Flows From Operating Activities		
Cash receipts from customers	10,967,065	11,471,739
Cash paid to suppliers and employees	(7,091,035)	(7,566,507)
Cash generated in operations	3,876,030	3,905,232
Income taxes paid	(487,637)	(538,032)
Other receipts	6,951	201,258
Net cash generated by operating activities	3,395,344	3,568,458
Cash Flows From Investing Activities		
Payments for property, plant and equipment	(229,249)	(216,435)
Payments for intangible assets	(9,309)	(14,891)
Proceeds from sale of property, plant and equipment	9,014	1,343
Interest income on bank deposits	90,278	49,867
Net cash used in investing activities	(139,266)	(180,116)
Cash Flows From Financing Activities		
Repayment of long term debt	(537,873)	(363,740)
Decrease in short term debt	(92,903)	(1,577,048)
Payment of interest	(112,699)	(194,539)
Dividend paid	(1,143,013)	(573,226)
Net cash used in financing activities	(1,886,488)	(2,708,553)
Net effect of foreign currency translation on cash and cash equivalents	(1,652)	(2,282)
Net increase in cash and cash equivalents	1,367,938	677,507
Cash and Cash Equivalents at Beginning of the Year	1,881,906	1,204,399
Cash and Cash Equivalents at End of the Year	3,249,844	1,881,906



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

LAFARGE SURMA CEMENT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2015

1 BACKGROUND AND INTRODUCTION

Formation and legal status

Lafarge Surma Cement Limited (LSCL) - (hereinafter referred to as "Lafarge Surma or 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 has subsequently been converted into a public limited company on 20 January 2003 and went for Initial Public Offering of shares in November 2003 which was fully subscribed and issued. The shares have since been listed and are being traded in Dhaka and Chittagong Stock Exchanges. Presently the Company has two subsidiaries in India. The main objectives of the subsidiaries are to support the holding company. A brief description of each of the subsidiary is given below:

Lum Mawshun Minerals Private Limited (LMMPL) - 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.

Lafarge Umiam Mining Private Limited (LUMPL) - 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.

2 NATURE OF BUSINESS

The Company has established the country's only modern, integrated and state-of-the-art cement manufacturing plant at Chhatak under Sunamganj district. The Company extracts and processes the basic raw materials of limestone from its own quarry in Meghalaya. A 17 kilometres cross-border belt conveyor links the quarry with the cement plant for transportation of raw materials.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

These financial statements have been prepared in line with LafargeHolcim Group accounting policies following Generally Accepted Accounting Principles (GAAP) after due compliance with the Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. More specifically, the consolidated financial statements of the Company have been prepared in accordance with the provisions of Bangladesh Financial Reporting Standard 10 "Consolidated Financial Statements".

The financial statements have been prepared under the historical cost convention, except for the following:

- i) derivative financial instruments, measured at fair value; and
- ii) financial instruments at fair value through profit and loss, measured at fair value.

3.2 Principles of consolidation

The accounts of all the subsidiaries of the Company have been fully consolidated as the Company directly controls more than 50% of the voting shares of these entities.

The Company has made following investments in its subsidiaries which have been eliminated during consolidation:

Name of subsidiary	2015 (Taka'000)	2014 (Taka'000)
Lafarge Umiam Mining Private Limited, India	486,152	506,266
Lum Mawshun Minerals Private Limited, India	478	498
	<u>486,630</u>	<u>506,764</u>

All inter-company balances between the Company and its subsidiaries are eliminated on consolidation.

3.3 Scope of consolidation

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

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

3.4 Use of Estimates and Judgments

i) Estimates

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

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

ii) Judgements

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

3.5 Functional and presentation currency

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

3.6 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 on 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	2015	2014
Average rate	1.2161	1.2718
Closing rate	1.1819	1.2308

3.7 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) Capitalisation of strategic spare parts

Pursuant to the LafargeHolcim Group policy, strategic spare parts over Euro 30K for individual items having more than 1 year life time are required to be capitalised.

iv) Construction in progress

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

v) 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 improvement	20
Building	2
Plant building	2.5
Technical facilities	3.33
Plant & machinery	3.33
Other plant equipment	10
Vehicles	20
Computer equipment	33.33
Office equipment	20 & 50
Furniture & fixtures	10

vi) 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 period concerned.

There is no impairment in 2015 and 2014.

3.8 Intangible assets

i) Software

Software costs are capitalised where it is expected to provide future enduring 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) 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 will be capitalised and recognised as operating assets upon completion of the development process.

iv) Amortization of intangible assets

a) Software

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

b) Others

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

3.9 Inventories

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

3.10 Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Non-derivative financial assets

Non-derivative financial assets consist of trade receivables, other receivables (except prepayments), cash and cash equivalents that are available for use by the Company without any restriction. All non-derivative financial assets are accounted for at trade date. The carrying amount of all non-derivative financial assets are reviewed for impairment on an annual basis to assess if there is any indication that the assets may be impaired. The Company derecognises a non-derivative financial asset when no further cash flow is expected to flow to the Company from the asset and if substantially all risks and rewards attached to the asset has been transferred.

a) Trade receivables

Trade receivables represent the amounts due from customers for delivering goods. Trade and other receivables are initially measured at cost which is the fair value of the consideration given in return. After initial measurement, these are carried at cost less impairment losses due to uncollectibility of any amount so measured. Impairment loss is recognised in the consolidated statement of profit or loss.

b) Cash and cash equivalents

Cash and cash equivalents consist of bank balances, cash, highly liquid investments and cash equivalents which are not subject to significant changes in value with an original maturity date of generally less than three months from the time of purchase.

ii) Non-derivative financial liabilities

Non-derivative financial liabilities consist of trade payables, other payables, short term debts and long term debts. The Company initially accounted for all non-derivative financial liabilities on the transaction date. The Company derecognises a non-derivative financial liability when its contractual obligations are discharged, cancelled or expired.

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 BAS 39 and BAS 32, 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 BAS 39.

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.

3.11 Foreign currency translation/ transaction

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

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

Currencies	2015		2014	
	Closing rate	Average rate	Closing rate	Average rate
BDT/USD	78.5100	77.9525	77.9475	77.6146
BDT/EUR	85.8300	86.5552	94.7140	103.1679
BDT/GBP	116.3000	119.1324	120.9200	127.9054
BDT/INR	1.1819	1.2161	1.2308	1.2718

3.12 Employees' benefit schemes

i) Gratuity plan- LSCL

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

ii) Gratuity plan- 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.

iii) 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.

iv) Workers' profit participation and welfare funds

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

3.13 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 BAS 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.

3.14 Revenue recognition

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

3.15 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.

3.16 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 recognised amounts and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

3.17 Materiality and aggregation

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

3.18 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.

3.19 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.

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 analyse 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.

5. PROPERTY, PLANT AND EQUIPMENT

Figures in Taka'000

	Freehold land improvement	Leasehold improvement	Building	Plant building	Technical facilities	Plant & machinery	Other plant equipment	Vehicles	Computer equipment	Office equipment	Furniture & fixtures	Construction in progress	Total
COST													
At January 1, 2015	557,297	367	172,644	546,380	55,872	14,735,369	106,473	209,324	103,346	83,892	64,887	242,809	16,878,660
Additions	-	-	1,056	-	-	60,412	5,561	23,439	9,402	6,333	2,823	40,800	149,826
Disposals	-	-	-	-	-	(120,035)	-	(15,448)	(249)	(2,242)	-	(904)	(138,878)
Transfers	-	-	1,406	-	-	98,820	6,703	-	4,618	1,330	406	(113,283)	-
Translation adjustments	(1,003)	-	(4,454)	(1)	(39)	(64,075)	-	(1,205)	(556)	(599)	(291)	(221)	(72,444)
At December 31, 2015	556,294	367	170,652	546,379	55,833	14,710,491	118,737	216,110	116,561	88,714	67,825	169,201	16,817,164
DEPRECIATION													
At January 1, 2015	-	367	25,303	101,415	13,909	3,965,052	40,097	129,093	86,608	65,424	42,312	-	4,469,580
Disposals	-	-	-	-	-	(34,855)	-	(15,359)	(133)	(2,195)	-	-	(52,542)
Charge for the year	-	-	3,896	13,660	1,830	503,138	10,935	25,146	10,796	7,591	5,838	-	582,830
Translation adjustments	-	-	(638)	1	(9)	(17,442)	1	(1,082)	(472)	(393)	(167)	-	(20,201)
At December 31, 2015	-	367	28,561	115,076	15,730	4,415,893	51,033	137,798	96,799	70,427	47,983	-	4,979,667
CARRYING AMOUNT													
At December 31, 2015	556,294	-	142,091	431,303	40,103	10,294,598	67,704	78,312	19,762	18,287	19,842	169,201	11,837,497
At December 31, 2014	557,297	-	147,341	444,965	41,963	10,770,317	66,376	80,231	16,738	18,468	22,575	242,809	12,409,080

5.1 Construction in progress

General survey and studies
Other equipment
Other improvement works

	2015 (Taka'000)	2014 (Taka'000)
General survey and studies	125,931	126,835
Other equipment	25,674	103,762
Other improvement works	17,596	12,212
	<u>169,201</u>	<u>242,809</u>
Production and maintenance overhead (Note- 24.2)	552,286	545,975
Depot operating and transportation costs (Note- 24.4)	1,491	984
General and administrative expenses (Note- 25)	29,053	25,688
	<u>582,830</u>	<u>572,647</u>

5.2 Depreciation charge for the year allocated to

Production and maintenance overhead (Note- 24.2)
Depot operating and transportation costs (Note- 24.4)
General and administrative expenses (Note- 25)

5.3 Disposal of property, plant and equipment

Figures in Taka'000	Plant & machinery	Vehicles	Computer equipment	Office equipment	Construction in progress	Total
Cost	120,035	15,448	249	2,242	904	138,878
Accumulated depreciation	(34,855)	(15,359)	(133)	(2,195)	-	(52,542)
Carrying amount at December 31, 2014	85,180	89	116	47	904	86,336
Sale proceeds	-	8,742	122	150	-	9,014
Mode of disposal	Company policy	Tender	Company policy	Company policy/tender	Company policy	
Particulars of purchaser	Written off	Third party & Employees	Employees	Third party & Employees	Written off	

6. INTANGIBLE ASSETS

Figures in Taka'000	Leasehold land	Quarry land	Software	Construction in progress	Total
COST					
At January 1, 2015	17,090	1,037,630	73,456	35,901	1,164,077
Additions	-	-	1,004	8,305	9,309
Disposals	-	-	-	(419)	(419)
Transfers	-	-	5,118	(5,118)	-
Translation adjustments	(679)	(41,226)	(179)	(1,261)	(43,345)
At December 31, 2015	16,411	996,404	79,399	37,408	1,129,622
AMORTIZATION					
At January 1, 2015	6,587	156,547	65,379	-	228,513
Disposals	-	-	-	-	-
Charge for the year	789	39,741	6,291	-	46,821
Translation adjustments	(284)	(7,338)	(176)	-	(7,798)
At December 31, 2015	7,092	188,950	71,494	-	267,536

CARRYING AMOUNT

At December 31, 2015	9,319	807,454	7,905	37,408	862,086
At December 31, 2014	10,503	881,083	8,077	35,901	935,564

	2015 (Taka '000)	2014 (Taka '000)
7 INVENTORIES		
Raw materials	303,011	500,815
Spare parts	864,146	825,394
Packing materials	10,164	5,400
Other materials	103,469	88,903
Finished goods and work in process	148,797	143,773
	1,429,587	1,564,285
8 TRADE RECEIVABLES		
Trade receivables (Note- 8.2)	918,869	874,887
Valuation allowance (Note- 8.1)	(10,609)	(9,619)
	908,260	865,268
8.1 The change in the valuation allowance for doubtful receivables is as follows:		
Balance at 1 January	(9,619)	(8,810)
Current year addition	(1,690)	(2,709)
Cancellation	700	1,900
Balance at 31 December	(10,609)	(9,619)
8.2 Ageing of trade receivables		
The ageing of gross trade receivables at reporting date are as follows:		
Within the credit period	669,503	608,984
0-30 days	133,542	132,420
31-60 days	24,585	26,025
61-180 days	80,630	97,839
Over 180 days	10,609	9,619
	918,869	874,887
9 OTHER RECEIVABLES		
Contractors, consultants, suppliers and others (Note- 9.1)	178,935	175,268
Office and house rent	28,872	41,035
VAT current account	135,582	96,659
Advance to employees	16,630	17,602
Advance to employees for SAR plan (Note- 15.2)	4,953	24,457
Security and other deposits (Note- 9.2)	149,639	151,916
Prepaid expenses	62,492	90,781
Other receivables	47,548	135,608
Advance income tax (Note- 9.3)	1,761,214	1,410,645
Accrued interest on bank deposits	20,788	10,598
	2,406,653	2,154,569
<i>Current portion</i>	2,265,908	2,008,998
<i>Non-current portion</i>	140,745	145,571

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.

	2015 (Taka'000)	2014 (Taka'000)
9.1 Advance to contractors, consultants, suppliers and others		
Advance paid to suppliers	135,163	109,902
Letter of Credit-spare parts	17,505	29,909
Letter of Credit-raw materials	6,937	10,770
Custom duties	19,330	24,687
	178,935	175,268
9.2 Security and other deposits		
House rental	520	520
Telecommunications	527	527
Central Depository System	500	500
Paid to Leasing Company	140,745	145,571
Other services	7,347	4,798
	149,639	151,916
9.3 Advance income tax- net of tax provision		
Advance income tax-deducted at source	2,065,838	1,595,972
Current tax liabilities (Note- 21)	(304,624)	(185,327)
	1,761,214	1,410,645
10 CASH AND CASH EQUIVALENTS		
<i>Cash in hand</i>		
Lafarge Surma Cement Limited	554	600
Lafarge Umiam Mining Private Limited	114	76
	668	676
<i>Cash at banks</i>		
<i>Lafarge Surma Cement Limited</i>		
In current accounts	758,051	1,080,151
In short term deposit accounts	73,716	159,517
In fixed deposit receipts	2,011,019	530,638
in treasury bills	366,550	-
	3,209,336	1,770,306
<i>Cash at banks</i>		
<i>Lafarge Umiam Mining Private Limited</i>		
In current accounts	524	763
In term deposit accounts	39,290	43,878
Bank-in-transit	-	66,256
	39,814	110,897
<i>Cash at banks</i>		
<i>Lum Mawshun Minerals Private Limited</i>		
In current account	26	27
	26	27
	3,249,844	1,881,906
11 SHARE CAPITAL		
11.1 Authorized capital		
1,400,000,000 ordinary shares of Taka 10 each	14,000,000	14,000,000

In the year 2011, authorized capital has been increased from Taka 7,000,000,000 to Taka 14,000,000,000. Further, steps have been taken to issue right shares of 58,068,675 ordinary shares of Taka 100 per share at par value amounting to Taka 5,806,867,500 offered on the basis of 1:1, for which approval of Bangladesh Securities and Exchange Commission (BSEC) has been received on 8 September 2011. Moreover, face value of each ordinary share has been denominated from Taka 100 to Taka 10 at 4 December 2011.

	2015 (Taka'000)	2014 (Taka'000)
11.2 Issued and subscribed capital		
1,161,373,500 ordinary shares of Taka 10 each	11,613,735	11,613,735
11.3 Paid up capital		
Fully paid up in cash	5,759,888	5,759,888
Fully paid up in other than cash	46,980	46,980
Fully paid up in cash as rights issue	5,806,867	5,806,867
	11,613,735	11,613,735

11.4 Composition of shareholders at 31 December

Name of the shareholders	Nationality	Number of shares		Holding %	
		2015	2014	2015	2014
Surma Holding B.V.	The Netherlands	683,698,700	683,698,700	58.87	58.87
Sinha Fashions Limited	Bangladesh	35,100,000	35,100,000	3.02	3.02
Islam Cement Limited	Bangladesh	31,914,200	31,914,200	2.75	2.75
Other Shareholders	Bangladesh and NRB	410,660,600	410,660,600	35.36	35.36
		1,161,373,500	1,161,373,500	100.00	100.00

11.5 Classification of shares by holding at 31 December

Slabs by number of shares	Number of shareholders		Holding %	
	2015	2014	2015	2014
Less than 500 Shares	11,938	5,066	0.26	0.20
501 to 5,000 Shares	16,364	13,146	2.79	2.41
5,001 to 10,000 Shares	2,717	2,542	1.75	1.69
10,001 to 20,000 Shares	1,615	1,633	2.03	2.09
20,001 to 30,000 Shares	583	618	1.25	1.34
30,001 to 40,000 Shares	319	344	0.97	1.05
40,001 to 50,000 Shares	213	239	0.84	0.95
50,001 to 100,000 Shares	389	432	2.39	2.67
100,001 to 1,000,000 Shares	375	436	8.76	10.24
Over 1,000,000 Shares	41	40	78.96	77.36
	34,554	24,496	100.00	100.00

11.6 Other Components of Equity

Cash flow hedge *

Actuarial loss-net of tax

	2015 (Taka'000)	2014 (Taka'000)
Cash flow hedge *	(3,458)	(11,466)
Actuarial loss-net of tax	(49,537)	(50,053)
	(52,995)	(61,519)

*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.

11.7 Dividends

The final dividend amounts to Taka 580,686,750 which is Taka 0.50 per share of Taka 10 each for 2015 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, 2015.

12 NON-CONTROLLING INTERESTS

Retained earnings

Share capital

Share money deposits

(462)

168

333

39

(440)

175

346

81

Amount '000

13 LONG TERM DEBT

Currency Foreign Currency

13.1 Long portion*Name of lenders*

Citibank N.A.- Mumbai

USD

600

-

46,769

Standard Chartered Bank- Mumbai

INR

70,000

-

86,156

Total**-****132,925****13.2 Current portion***Name of lenders*

Citibank N.A.- Mumbai

USD

3,000

-

233,846

Standard Chartered Bank- Mumbai

INR

140,000

-

172,312

Total**-****406,158****14 DEFERRED TAXES***Deferred tax by type of temporary differences that resulted in deferred tax assets and liability.*

Property, plant and equipment

2,327,920

2,414,983

Deferred tax liabilities**2,327,920****2,414,983**

Provision for gratuity

6,976

29,948

Provision for doubtful debts

2,652

2,645

Business loss

-

475,847

Deferred tax assets**9,628****508,440****Net deferred tax liability****2,318,292****1,906,543**

14.1 Change in deferred tax assets and liability

Balance at 1 January- deferred tax liability
Deferred tax expenses for the year (Note- 29)
Actuarial loss
Translation adjustments
Balance at 31 December- deferred tax liability

2015 (Taka'000)	2014 (Taka'000)
1,906,543	1,224,510
414,540	701,019
2,473	(18,986)
(5,264)	-
2,318,292	1,906,543

15 EMPLOYEE BENEFITS

Gratuity plan (Note- 15.1)
Stock Appreciation Rights (Note- 15.2)

39,381	92,580
9,534	14,342
48,915	106,922

15.1 Contribution to gratuity plan**Lafarge Surma Cement Limited (Funded Plan)****Net position of gratuity plan**

Present value of defined benefit obligation
Fair value of plan assets

249,656	213,637
(221,755)	(130,345)

Net funded status

27,901	83,292
---------------	---------------

Actuarial valuation

The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2015 by a professional actuary using Projected Unit Credit Method.

Assumptions employed for the valuations are as follows:

Expected rate of salary increase
Expected return on plan assets

2015 %	2014 %
8.00	8.00
8.00	8.00

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

Balance at 1 January
Current service cost
Interest cost
Actuarial (gain)/loss
Benefits paid during the year

213,637	118,989
33,333	20,456
17,091	9,519
(4,883)	69,039
(9,522)	(4,366)
249,656	213,637

Balance at 31 December

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

	2015 (Taka'000)	2014 (Taka'000)
Balance at 1 January	130,345	-
Adjustment	(4,366)	-
Contributions from employer	96,764	123,355
Expected return on plan assets	10,428	11,356
Actuarial loss	(1,894)	-
Benefits paid during the year	(9,522)	(4,366)
Balance at 31 December	221,755	130,345

Lafarge Umiam Mining Private Limited (Unfunded Plan)**Actuarial valuation**

The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2015 by a professional actuary using Projected Unit Credit Method.

Assumptions employed for the valuations are as follows:

	2015 %	2014 %
Discount rate	8.00	7.95
Expected rate of salary increase	8.00	8.00

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

Balance at 1 January	9,288	6,532
Current service cost	1,915	1,759
Interest cost	730	526
Actuarial loss	86	792
Benefits paid during the year	(95)	(93)
Translation adjustment	(444)	(228)
Balance at 31 December	11,480	9,288

15.2 Provision for stock appreciation rights (SAR)**LEA 2009**

Balance at 1 January	6,263	6,139
Current year addition	-	124
Paid during the year	(6,263)	-
Balance at 31 December	-	6,263

LEA 2011

Balance at 1 January	8,079	6,157
Current year addition	1,455	1,922
Balance at 31 December	9,534	8,079
	9,534	14,342

These are the global programs of LafargeHolcim Group under which the employees of Lafarge Surma have subscribed for shares of Lafarge at the price prevailing on the date of subscription after deduction of a discount on the shares. The employees have been given interest free loans repayable over 24 months to finance the share subscription. At the end of a five years vesting period, the gain, if any, on sale of shares will be given to the employees. Provision made on the account relates to the amount of discount on subscription.

16 DERIVATIVE INSTRUMENTS

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

17 PROVISIONS

Site restoration provisions

	2015 (Taka'000)	2014 (Taka'000)
Balance at 1 January	25,808	23,146
Addition for the year	3,091	3,232
Translation adjustment	(1,112)	(570)
Balance at 31 December	27,787	25,808

The Company is legally required to restore a quarry site, the estimated costs of site restoration are accrued and recognised to the cost of sales, on the basis of mines closure plan submitted to Indian Bureau of Mines (IBM).

18 TRADE PAYABLES

Raw materials	185,093	172,980
Packing bags	113,681	145,500
Marketing expenses	33,592	57,633
Distribution cost	170,787	151,460
Computer expenses	63,554	69,088
Audit and other fees	3,042	2,848
Maintenance	50,908	105,975
Administrative office expenses	65,284	53,390
Royalty	260,293	182,739
Consultancy	7,764	6,199
Security	33,149	26,219
General assistance fee (Note- 18.1)	211,865	216,633
Trademark license fee (Note- 18.2)	211,865	216,633
Gas bill	248,802	229,523
Operation and maintenance bill- Power Plant	16,387	30,660
Discount on sales	300,186	282,705
Advances paid by customers	317,606	275,501
Others	179,746	66,676
	2,473,604	2,292,362

18.1 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).

18.2 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).

		2015 (Taka'000)	2014 (Taka'000)			
19 OTHER PAYABLES						
	Payables to suppliers of property, plant and equipment	66,102	129,408			
	Other finance costs payable	2,416	26,959			
	Payable to employees	63,931	94,030			
	Workers' Profit Participation and Welfare Fund	102,617	128,723			
	Income tax and VAT deducted at source	115,883	109,068			
	Dividend payable	25,691	7,461			
		376,640	495,649			
20 SHORT TERM DEBT						
	Bank overdraft facilities (Note- 20.1)	47,129	34,537			
	Short term credit facilities (Note-20.2)	1,038,677	1,141,126			
		1,085,806	1,175,663			
20.1 Used bank overdrafts facilities						
	<i>Lafarge Umiam Mining Private Limited</i>					
	Standard Chartered Bank, Mumbai	-	4,020			
	Citibank N.A., Mumbai	-	7,789			
	State Bank of India	47,129	22,728			
		47,129	34,537			
20.2 Used short term credit facilities						
	Standard Chartered Bank, Mumbai	1,038,677	809,845			
	Citibank N.A., Mumbai	-	331,281			
		1,038,677	1,141,126			
		1,038,677	1,141,126			
21 CURRENT TAX LIABILITIES						
	Balance at 1 January	185,327	173,282			
	Adjustment to previous years provision	-	(23,076)			
	Provision for the year	119,297	35,121			
	Balance at 31 December	304,624	185,327			
22 COMMITMENTS AND CONTINGENCIES						
22.1 Commitments				2015	2014	
	Less than 1 year	1 to 5 years	More than 5 years	Taka'000	Taka'000	
	Taka'000	Taka'000	Taka'000			
	Commitments given					
	Commitments related to operating activities					
	Purchase commitments	1,444,694	-	-	1,444,694	1,648,074
	Capital expenditure commitments	473,691	-	-	473,691	73,524
	Operating leases	101,691	220,564	-	322,255	119,029
	Guarantees given	297,476	13,906	7,301	318,683	319,637
	Commitments received					
	Guarantees received	635,650	-	-	635,650	459,850

22.2 Contingent Liability and Claims

Lafarge Surma Cement Limited

Clinker production of the Company at the plant stopped from April 2010 due to the suspension of supply of limestone from the quarry and resumed in August 2011. During this period, the gas consumption from Jalalabad Gas Transmission and Distribution System Limited drastically reduced since there was no clinker production. Under the agreement with Jalalabad Gas, the Company needs to take a minimum quantity failing which it needs to pay as advance the shortfall between the minimum quantity and the actual quantity consumed. The Company raised a dispute with Jalalabad Gas that this is a force majeure event and hence, the Company is not liable to pay this advance but this was not accepted by them. Thereafter the matter has been referred to arbitration. The Company has received the arbitration Award in its favour on 30 June 2015. Jalalabad Gas has applied for set aside of the arbitration award which, in all probability, will not change the position, except delaying the closing of the issue.

2015
(Taka'000)

2014
(Taka'000)

-

568,515

Claim of VAT Authority for cancellation of VAT rebate relating to 2008-2009, 2009-2010 and 2010-2011 for which Writ Petitions 6074/2011, 6493/2012 and 11839/2014 respectively have been filed by the Company before the Hon'ble High Court of Dhaka, the outcomes of which are yet to be received. However, the Company is in the opinion that the claim by the VAT authority is unjustified and has no merit as well.

35,066

35,066

Claim of VAT Authority for cancellation of VAT rebate relating to 2006-2008 for which a Writ Petition No. 6492/2012 has been filed and the Company has already received a favourable decision from VAT Appellate Tribunal but the VAT authority has preferred a writ petition before the Hon'ble High Court of Dhaka, and the matter is awaiting disposal. However, the Company expects a favourable decision since there is no strong ground in support of the claim raised by the VAT authority.

74,157

74,157

During the assessment year 2008-2009 the rate of Gross Profit (GP) of the Company was 11.51% as per the audited financial statements. At that time of tax assessment, the Deputy Commissioner of Taxes (DCT) unilaterally raised the GP rate to 29.68% with reference to past records. The Company filed an appeal against the Order of DCT and at the first appeal the rate was reduced to 25%. Thereafter, the Company went for the second appeal with the Taxes Appellate Tribunal, Division Bench-1, Dhaka. The Tribunal, after hearing, reduced the GP to 24%. This resulted in an additional amount of Gross Profit of Taka 299,745 (in thousands) as per the tax assessment. However, the Company's management feels that the claim by the Tax authority is unjustified and has no merit. The Company has filed reference case No. 80 of 2015 before the Hon'ble High Court against the Order of the Tribunal.

112,404

112,404

During the assessment year 2009-2010 following the Taxes Appellate Tribunal's order a tax demand has been created. This was due mainly to the fact that Company's contribution to Workers' Profit Participation and Welfare Fund was disallowed unlawfully and the receipts of insurance claim were considered twice. Moreover, treatment of exchange loss and cost of goods were also unjust and not maintainable in the eye of law. However, the Company's management feels that the claim by the Tax authority is unjustified and has no merit. The Company has filed reference case No. 81 of 2015 before the Hon'ble High Court against the Order of the Tribunal.

2015
(Taka'000)

2014
(Taka'000)

135,111

135,111

22.3 Claims

a. Claims against the Company not acknowledged as debt

Nil

Nil

b. Claims by the Company not acknowledged as receivable

Nil

Nil

Lafarge Umiam Mining Private Limited

22.4

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 28.02.2015 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 Taka 264.86 million. The Contractor made counter-claim of Taka 733.25 million. 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"). 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 11.09.2015 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.

	2015 (Taka'000)	2014 (Taka'000)
23 REVENUE		
Sale of gray cement*	8,988,694	9,342,843
Sale of cement clinker	1,979,258	2,240,186
	10,967,952	11,583,029
*Sale of gray cement		
Local sales	8,975,627	9,333,245
Export in Export Processing Zones	13,067	9,598
	8,988,694	9,342,843
24 COST OF SALES		
Opening finished goods and work in process (Note- 7)	143,773	136,405
Raw materials costs (Note- 24.1)	2,492,664	2,616,906
Toll manufacturing costs	170,790	231,887
Power and fuel costs	1,159,831	1,165,279
Production and maintenance costs (Note- 24.2)	1,427,894	1,388,365
Plant general and administrative costs (Note- 24.3)	557,634	548,422
Freight cost to customers	500,607	461,220
Depot operating and transportation costs (Note- 24.4)	741,264	708,215
Site restoration costs	3,091	3,232
Closing finished goods and work in process (Note- 7)	(148,797)	(143,773)
	7,048,751	7,116,158
24.1 Raw materials costs		
Limestone	1,151,018	1,101,934
Clay	137,460	140,376
Gypsum	253,814	274,943
Iron Ore	61,048	108,885
Sand	22,995	24,749
Slag	249,575	290,695
Packing Bags	449,122	488,925
Others	167,632	186,399
	2,492,664	2,616,906
24.2 Production and maintenance costs		
Salary, allowances and benefits	283,420	264,692
Contributions to employees' benefit schemes	20,963	16,558
Maintenance	123,663	124,944
Other supplies and spares	285,946	272,715
Material handling	111,983	113,265
Other expenses	2,071	3,707
Technical studies	6,950	3,942
Depreciation	552,286	545,975
Amortization of intangible assets	40,612	42,567
	1,427,894	1,388,365

24.3 PLANT GENERAL AND ADMINISTRATIVE COSTS

	2015 (Taka'000)	2014 (Taka'000)
Salary, allowances and benefits	115,184	109,151
Contributions to employees' benefit schemes	7,605	5,803
Staff welfare expenses	24,440	29,122
Training, seminars and meetings	2,795	4,156
Travelling	18,640	17,527
Rent	5,462	5,428
Gas, electricity and water	6,233	12,350
Telephone, fax and postage	2,763	3,056
Entertainment	1,863	1,518
Office maintenance	64,596	52,569
Security services	73,217	76,459
Printing and stationery	1,808	1,430
Computer expenses	51,549	32,212
Other supplies and spares	15,418	30,218
Other office expenses	12,953	11,333
Registration and other fees	224	456
Legal expenses	24,552	10,778
Audit and tax advisory fees (Note- 25.1)	1,520	1,598
Consultancy	15,109	29,386
Vehicles running expenses	20,134	18,995
Corporate social activities	20,605	20,752
Insurance	70,964	74,125
	557,634	548,422

24.4 DEPOT OPERATING AND TRANSPORTATION COSTS

Salary, allowances and benefits	59,818	59,970
Contributions to retirement benefit scheme	6,700	6,353
Staff welfare expenses	1,548	1,618
Training, seminars and meeting	274	831
Depreciation (Note- 5.2)	1,491	984
Depot other maintenance costs	63,366	68,007
Transportation costs	608,067	570,452
	741,264	708,215

25 GENERAL AND ADMINISTRATIVE EXPENSES

Salary, allowances and benefits	171,268	179,824
Contributions to retirement benefit scheme	14,070	10,483
Staff welfare expenses	1,845	3,151
Training, seminars and meeting	16,362	12,953
Travelling	9,287	6,964
Rent	37,453	38,809
Gas, electricity and water	3,240	3,095
Telephone, fax and postage	6,050	5,074
Entertainment	4,262	5,873
Office maintenance	6,228	5,995
Office security services	1,873	1,726

	2015 (Taka'000)	2014 (Taka'000)
Printing and stationery	1,375	1,851
Computer expenses	53,017	33,471
Other office expenses	6,234	7,121
Registration and other fees	2,323	2,312
Audit and tax advisory fees (Note- 25.1)	2,994	2,555
Legal expenses	7,920	4,760
Vehicles running expenses	15,715	18,196
Publicity and public relation	12,079	13,352
General assistance fee	102,966	108,899
Trademark license fee	102,966	108,899
Insurance	4,353	4,139
General survey and studies	556	2,341
Administrative depreciation	29,053	25,688
Amortization of intangible assets	6,209	5,203
Contribution to Workers' Profit Participation and Welfare Fund	102,617	128,723
	722,315	741,457
25.1 Audit And Tax Advisory Fees		
Statutory audit fee	200	200
Group audit fee	700	700
Certification fees	104	55
Annual consolidation audit	320	320
Interim audit fee	230	230
Pocket expenses	70	65
Tax and VAT advisory services	1,370	985
Total for Lafarge Surma Cement Limited (Note- 25)	2,994	2,555
Statutory audit fee	1,044	1,072
Tax advisory services	388	436
Total for Lafarge Umiam Mining Private Limited (Note- 24.3)	1,432	1,508
Statutory audit fee	42	43
Tax advisory services	46	47
Total for Lum Mawshun Minerals Private Limited (Note- 24.3)	88	90
	4,514	4,153
26 SALES AND MARKETING EXPENSES		
Salary, allowances and benefits	75,164	59,445
Contributions to retirement benefit scheme	7,783	6,110
Training, seminars and meeting	6,887	1,067
Travelling	25,094	13,467
Gas, electricity and water	195	158
Telephone, fax and postage	1,075	1,218
Entertainment	1,230	1,483
Office maintenance	1,195	1,055
Printing and stationery	59	161
Other office expenses	253	269
Registration and other fees	1,600	1,607
Vehicles running expenses	3,823	6,497

	2015 (Taka'000)	2014 (Taka'000)
Advertisement and promotion	79,953	90,533
Insurance	127	201
Bad debts	-	-
Provision for trade receivables	1,690	2,709
General survey and studies	1,449	2,318
	<u>207,577</u>	<u>188,298</u>
27 OTHER OPERATING (EXPENSES)/ INCOME		
Loss on sale of property, plant and equipment	(76,416)	(894)
Sale of miscellaneous scrap items	6,951	7,332
Cancellation of provisions	1,963	1,900
Agency commission	-	38,843
Tax refund	-	193,926
Others	(30,779)	-
	<u>(98,281)</u>	<u>241,107</u>
28 FINANCE COSTS AND INCOME		
Interest on long term debt	16,687	55,823
Interest on short term debt	48,239	85,724
Exchange loss	65,495	90,715
Other finance costs	36,500	50,228
Bank charges and commission	16,007	20,705
Finance costs	<u>182,928</u>	<u>303,195</u>
Interest income on bank deposits	115,271	57,834
Finance income	<u>115,271</u>	<u>57,834</u>
Net finance costs	<u>67,657</u>	<u>245,361</u>
29 INCOME TAX		
Current income tax expenses	119,297	35,121
Adjustment to previous years provision	-	(23,076)
Deferred income tax	414,540	701,019
	<u>533,837</u>	<u>713,064</u>
29.1 RECONCILIATION OF EFFECTIVE TAX RATE (%)		
Statutory tax rate	25.00	27.50
Permanent differences	1.58	1.16
Minimum tax rate	-	0.50
Tax rate changes	(8.80)	-
Effect of foreign tax differentials	1.13	(8.98)
Effective tax rate	<u>18.91</u>	<u>20.18</u>

Statutory tax rate has been changed 25.00% compared to 27.5% in the previous year as per Finance Act, 2016.

30 EARNINGS PER SHARE

The computation of basic earnings per share for the years ended 31 December 2015 and 31 December 2014 are as follows:

NUMERATOR (Thousands of Taka)	2015 (Taka'000)	2014 (Taka'000)
INCOME FOR THE YEAR- ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	2,289,556	2,819,825
DENOMINATOR (Thousands of Shares)		
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	1,161,374	1,161,374
BASIC EARNINGS PER SHARE	Taka 1.97	2.43
DILUTED EARNINGS PER SHARE	Taka 1.97	2.43

31 RELATED PARTY TRANSACTIONS

During the year, 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 BAS 24.

Name of the Party and relationship	Nature of transaction	Transaction value during the year Taka '000	Receivable/ (Payable) at 31 Dec 2015 Taka '000
Surma Holdings B.V.-Group Company	Dividend payment	683,699	-
Lafarge Asia SDN BHD-Group Company	Intercompany services/ Technical assistance	36,373	(74,391)
Lafarge Halla Cement Limited-Group Company	Intercompany services	2,040	(802)
Lafarge S.A.-Group Company	Technical assistance/ Trademark license	128,135	(290,693)
Cementos Molins-Group Company	Trademark license/Travel expenses	88,672	(188,298)
Bulk Materials International AG-Group Company	Intercompany services	-	4,764
Cementia Trading AG-Group Company	Intercompany services Intercompany purchases	- 179,146	7,103 -
Eastern Housing Ltd. Shareholder's associated entity	Cement sales	4,695	784
Sinha Textile Ltd. Shareholder's associated entity	Cement sales	445	-

Name of the Party and relationship	Nature of transaction	Transaction value during the year Taka '000	Receivable/ (Payable) at 31 Dec 2015 Taka '000
Aftab Bahumukhi Farms Ltd- Shareholder's associated entity	Cement sales	2,057	768
Bengal Development Corporation- Shareholder's associated entity	Cement sales	3,138	(54)
Jahurul Islam Medical College- Shareholder's associated entity	Cement sales	2,423	- 648
Opex Group- Shareholder's associated entity	Cement sales	-	(5)
Shikharaa Developments Ltd.- Shareholder's associated entity	Cement sales	2,386	480
Sinha Peoples Energy Ltd- Shareholder's associated entity	Cement sales	1,748	78

32 DIRECTORS', MANAGERS' AND OFFICERS' REMUNERATION

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

	2015 Taka'000	2014 Taka'000
	341,942	306,054
	26,603	22,897
	10,711	13,017
	379,256	341,968

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

33 FINANCIAL INSTRUMENTS

33.1 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 customer. 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:

Trade receivables (Note- 8)	908,260	865,268
Other receivables excluding prepaid expenses (Note- 9)	2,344,161	2,063,788
	3,252,421	2,929,056

33.2 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 the various banks for managing its liquidity risk.

Contractual maturity analysis for financial liabilities of the Company at reporting date are 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	2,473,604	2,003,874	469,730	-
Other payables	376,640	340,255	36,385	-
Short-term debt	1,085,806	1,085,806	-	-
Derivative instruments	2,493	2,493	-	-
Balance at 31 December 2015	3,938,543	3,432,428	506,115	-

	Carrying amount Taka'000	6 months or less Taka'000	From 6 to 12 months Taka'000	From 1 to 5 years Taka'000
Long-term debt	132,925	-	-	132,925
Trade payables	2,292,362	1,799,195	493,167	-
Other payables	495,649	369,252	126,397	-
Current portion of long term debt	406,158	226,464	179,694	-
Short-term debt	1,175,663	1,175,663	-	-
Derivative instruments	13,003	13,003	-	-
Balance at 31 December 2014	4,515,760	3,583,577	799,258	132,925

33.3 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. The Company uses derivative instruments to hedge exposures to exchange rate and interest rate risks.

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 short and long term debts and purchases that are denominated in foreign currencies. The majority of the Company's foreign currency transactions are denominated in INR, USD, EURO, and GBP. The Company also has exposure in foreign currencies relating to some services.

The Company, as part of its currency risk management, enters into forward contracts with the commercial banks to ensure its net exposure is kept to an acceptable low level.

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

Balance at 31 December 2015	BDT'000	INR'000	USD'000	EUR'000	GBP'000
Foreign currency denominated assets					
Cash and cash equivalents	400	33,805	4	1	-
Other receivables	747,863	624,328	127	-	-
Total	748,263	658,133	131	1	-

Foreign currency denominated liabilities

Trade payables	759,014	444,408	2,406	180	253
Other payables	86,647	42,478	5	420	-
Short-term debt	1,073,422	28,060	13,250	-	-
Total	1,919,083	514,946	15,661	600	253

Balance at 31 December 2014	BDT'000	INR'000	USD'000	EUR'000	GBP'000
Foreign currency denominated assets					
Cash and cash equivalents	111,457	36,354	851	4	-
Other receivables	653,155	530,675	-	-	-
Total	764,612	567,029	851	4	-

Foreign currency denominated liabilities

Long-term debt	132,925	70,000	600	-	-
Trade payables	481,800	317,954	318	370	253
Other payables	136,717	33,241	373	705	-
Current portion of long term debt	406,158	140,000	3,000	-	-
Short-term debt	1,175,663	78,060	13,850	-	-
Total	2,333,263	639,255	18,141	1,075	253

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 our 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	2015	2014
	Estimated impact on profit/loss and equity (+/-) Taka'000	Estimated impact on profit/loss and equity (+/-) Taka'000
Assets denominated in INR	3,889	3,490
Assets denominated in USD	51	332
Liabilities denominated in USD	6,148	7,070
Liabilities denominated in EUR	258	509
Liabilities denominated in GBP	147	153
Liabilities denominated in INR	3,043	3,934

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 2015 profit before tax of -/+ Taka 24,906 (Taka 7,340 for 2014) in thousands and Taka 10,858 (Taka 17,147 for 2014) in thousands respectively.

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

	2015 (Taka'000)	2014 (Taka'000)
Financial assets		
Term deposits	2,490,575	734,033
	2,490,575	734,033
Financial liabilities		
Debt- floating rate portion	-	539,083
Short-term bank borrowings	1,085,806	1,175,663
	1,085,806	1,714,746

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.

33.4 Fair values

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

FINANCIAL INSTRUMENTS IN THE STATEMENT OF FINANCIAL POSITION

At 31 December Thousand Taka	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
ASSETS				
Loans and Receivables at amortized costs				
Trade receivables	908,260	908,260	865,268	865,268
Other receivables	2,406,653	2,406,653	2,154,569	2,154,569
Cash and cash equivalents	3,249,844	3,249,844	1,881,906	1,881,906
Derivative instruments	1,109	1,109	-	-
LIABILITIES				
Financial liabilities at amortized cost				
Long term debt (including current portion)	-	-	539,083	539,083
Trade payables	2,473,604	2,473,604	2,292,362	2,292,362
Other payables	376,640	376,640	495,649	495,649
Short-term debt	1,085,806	1,085,806	1,175,663	1,175,663
Derivative instruments	2,493	2,493	13,003	13,003

34 Number of Employees

Lafarge Surma Cement Limited

Nationality:

Bangladeshi

Non-Bangladeshi

Lafarge Umiam Mining Private limited

Nationality:

Indian

Non-Indian

Salary range:

Monthly Taka 3,000 or above

Monthly below Taka 3,000

	2015	2014
Bangladeshi	381	395
Non-Bangladeshi	4	5
Indian	119	118
Non-Indian	1	1
	505	519
Monthly Taka 3,000 or above	505	519
Monthly below Taka 3,000	Nil	Nil

35 Subsequent Events

There are no subsequent events to report.



Chief Financial Officer



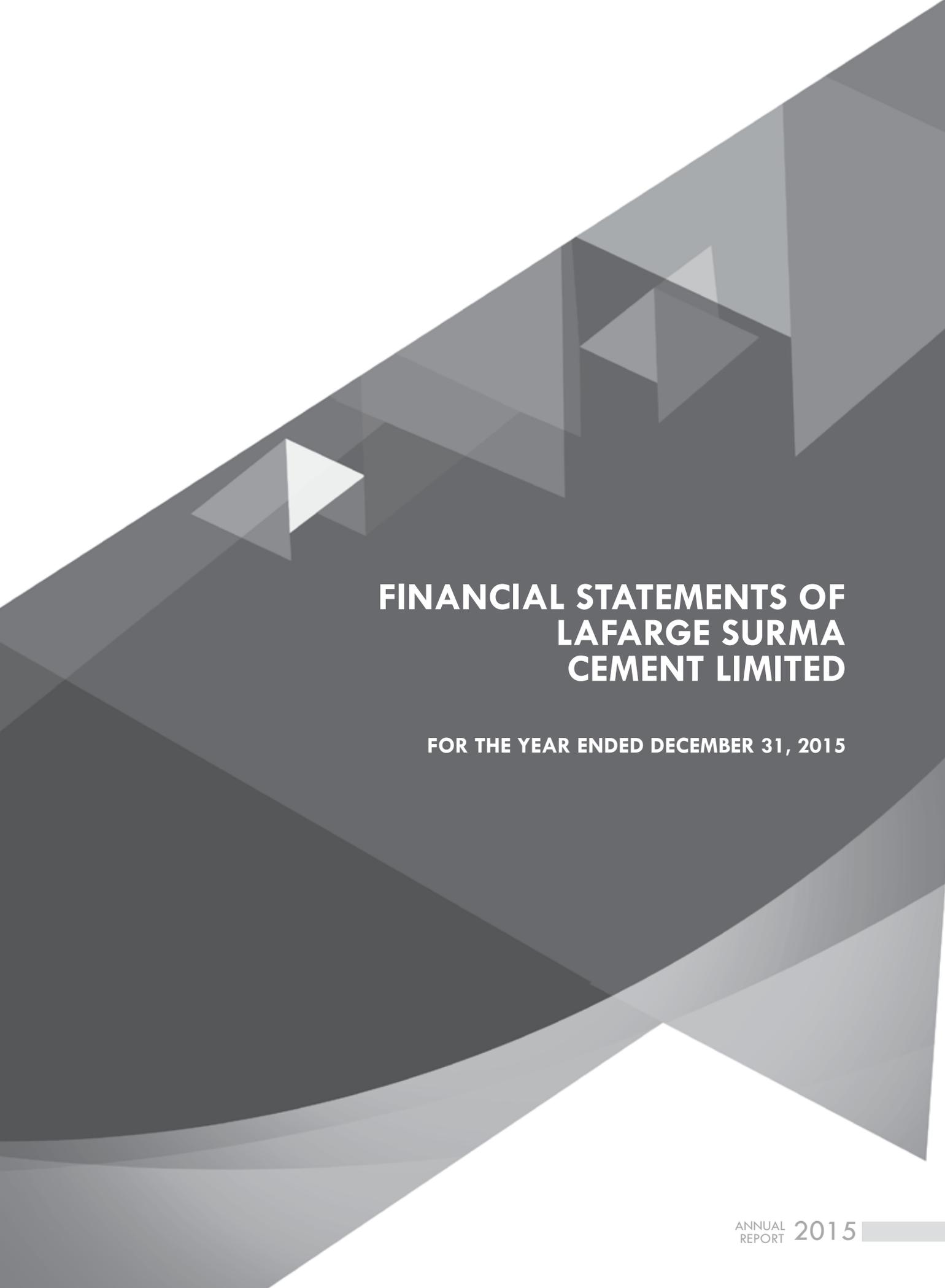
Company Secretary



Director



Chief Executive Officer



**FINANCIAL STATEMENTS OF
LAFARGE SURMA
CEMENT LIMITED**

FOR THE YEAR ENDED DECEMBER 31, 2015



ENAMUL KARIM NIRJHAR
Architect

I PREFER **SUPERCRETE** BECAUSE OF ITS QUALITY AND THE LIGHT COLOUR SHADE. STRUCTURES MADE WITH **SUPERCRETE** HAVE THE AESTHETIC APPEAL JUST AS I DESIGN AND PLAN.

”

Hoda Vasi Chowdhury & Co

Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LAFARGE SURMA CEMENT LIMITED

We have audited the accompanying financial statements of Lafarge Surma Cement Limited (the Company) which comprise the statement of financial position as at 31 December 2015 and the related 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 a summary of significant accounting policies and other relevant explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud and error.

Auditors' Responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements prepared in accordance with the Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of the financial position of Lafarge Surma Cement Limited as at 31 December 2015 and the results of its financial performance and its cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c) the Company's statement of financial position and statement of comprehensive income along with the annexed notes 1 to 40 dealt with by the report are in agreement with the books of account and returns; and
- d) the expenditures incurred and payments made were for the purposes of the Company's business.

Dhaka, 15 March 2016


Chartered Accountants

LAFARGE SURMA CEMENT LIMITED

STATEMENT OF FINANCIAL POSITION

At 31 December 2015

ASSETS		2015	2014
NON-CURRENT ASSETS	NOTES	(Taka'000)	(Taka'000)
Property, plant and equipment	6	10,580,042	11,081,402
Intangible assets	7	12,887	17,151
Investment in subsidiaries	8	486,630	506,764
Loan to subsidiary company	9	320,173	572,183
		11,399,732	12,177,500
CURRENT ASSETS			
Inventories	10	1,297,900	1,514,543
Trade receivables	11	908,260	865,268
Other receivables	12	1,754,420	1,653,362
Cash and cash equivalents	13	3,209,890	1,770,906
		7,170,470	5,804,079
TOTAL ASSETS		18,570,202	17,981,579
EQUITY & LIABILITIES			
Share capital	14.3	11,613,735	11,613,735
Retained earnings		2,442,798	2,001,094
Other components of equity	14.6	(82,799)	(63,182)
EQUITY		13,973,734	13,551,647
NON-CURRENT LIABILITIES			
Deferred tax liability	15	2,136,371	1,906,543
Employee benefits	16	34,456	93,902
		2,170,827	2,000,445
CURRENT LIABILITIES			
Trade payables	17	2,068,926	1,960,429
Other payables	18	356,715	469,058
		2,425,641	2,429,487
TOTAL EQUITY AND LIABILITIES		18,570,202	17,981,579

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


Chief Financial Officer


Company Secretary


Director


Chief Executive Officer

As per our annexed report of same date

Dhaka, 15 March 2016


Chartered Accountants

LAFARGE SURMA CEMENT LIMITED

STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2015

	NOTES	2015 (Taka'000)	2014 (Taka'000)
REVENUE	21	10,967,952	11,583,029
Cost of sales	22	(8,079,008)	(8,252,192)
GROSS PROFIT		2,888,944	3,330,837
General and administrative expenses	23	(722,315)	(741,457)
Sales and marketing expenses	24	(207,577)	(188,298)
Other operating income	25	(98,281)	47,181
OPERATING PROFIT		1,860,771	2,448,263
Finance cost	26	(49,258)	(84,474)
Finance income	26	138,217	81,947
PROFIT BEFORE TAX		1,949,730	2,445,736
Income tax	27	(346,652)	(713,064)
PROFIT FOR THE YEAR		1,603,078	1,732,672
Basic earnings per share (Taka)	28	1.38	1.49
Diluted earnings per share (Taka)	28	1.38	1.49

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


Chief Financial Officer


Company Secretary


Director


Chief Executive Officer
As per our annexed report of same date

Dhaka, 15 March 2016


Chartered Accountants

LAFARGE SURMA CEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2015

	2015 (Taka'000)	2014 (Taka'000)
PROFIT FOR THE YEAR	1,603,078	1,732,672
Items that will not be reclassified subsequently to profit or loss		
Actuarial loss	2,989	(69,039)
Income tax on items that will not be reclassified to profit or loss	(2,473)	18,986
Total items that will not be reclassified to profit or loss	516	(50,053)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(20,133)	(10,417)
Total items that may be reclassified to profit or loss	(20,133)	(10,417)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	(19,617)	(60,470)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,583,461	1,672,202

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



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

As per our annexed report of same date



Chartered Accountants

Dhaka, 15 March 2016

LAFARGE SURMA CEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

(All figures are in Taka '000)

	Share capital	Retained earnings	Other components of equity	Total equity
Balance at 1 January 2014	11,613,735	849,109	(2,712)	12,460,132
Total comprehensive income/(loss) for the year	-	1,732,672	(60,470)	1,672,202
Interim dividend	-	(580,687)	-	(580,687)
Balance at 31 December 2014	11,613,735	2,001,094	(63,182)	13,551,647
Balance at 1 January 2015	11,613,735	2,001,094	(63,182)	13,551,647
Total comprehensive income/(loss) for the year	-	1,603,078	(19,617)	1,583,461
Interim dividend	-	(580,687)	-	(580,687)
Final dividend	-	(580,687)	-	(580,687)
Balance at 31 December 2015	11,613,735	2,442,798	(82,799)	13,973,734



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

LAFARGE SURMA CEMENT LIMITED

STATEMENT OF CASH FLOWS

for the year ended 31 December 2015

	2015 (Taka'000)	2014 (Taka'000)
Cash Flows From Operating Activities		
Cash receipts from customers	10,967,065	11,471,739
Cash paid to suppliers and employees	<u>(8,301,182)</u>	<u>(8,702,689)</u>
Cash generated in operations	2,665,883	2,769,050
Income taxes paid	(306,103)	(329,405)
Other receipts	6,951	7,332
Net cash generated by operating activities	<u>2,366,731</u>	<u>2,446,977</u>
Cash Flows From Investing Activities		
Payments for property, plant and equipment	(169,136)	(142,063)
Payments for intangible assets	(2,184)	(9,050)
Proceeds from sale of property, plant and equipment	9,014	1,343
Interest income on bank deposits	89,673	45,305
Received against loan to subsidiary company	253,374	253,660
Interest received from subsidiary company	81,609	88,790
Net cash generated by investing activities	<u>262,350</u>	<u>237,985</u>
Cash Flows From Financing Activities		
Decrease in short term debt	-	(1,422,628)
Payment of interest	(47,084)	(80,376)
Dividend paid	(1,143,013)	(573,226)
Net cash used in financing activities	<u>(1,190,097)</u>	<u>(2,076,230)</u>
Net increase in cash and cash equivalents	<u>1,438,984</u>	<u>608,732</u>
Cash and Cash Equivalents at Beginning of the Year	<u>1,770,906</u>	<u>1,162,174</u>
Cash and Cash Equivalents at End of the Year	<u>3,209,890</u>	<u>1,770,906</u>



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

LAFARGE SURMA CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2015

1 BACKGROUND AND INTRODUCTION

Formation and legal status

Lafarge Surma Cement Limited (LSCL) - (hereinafter referred to as "Lafarge Surma or 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 has subsequently been converted into a public limited company on 20 January 2003 and went for Initial Public Offering of shares in November 2003 which was fully subscribed and issued. The shares have since been listed and are being traded in Dhaka and Chittagong Stock Exchanges.

2 NATURE OF BUSINESS

The Company has established the country's only modern, integrated and state-of-the-art cement manufacturing plant at Chhatak under Sunamganj district. The Company extracts and processes the basic raw materials of limestone from its own quarry in Meghalaya. A 17 kilometres cross-border belt conveyor links the quarry with the cement plant for transportation of raw materials.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

These financial statements have been prepared in line with LafargeHolcim Group accounting policies following Generally Accepted Accounting Principles (GAAP) after due compliance with the Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. More specifically, the consolidated financial statements of the Company have been prepared in accordance with the provisions of Bangladesh Accounting Standard 27 "Separate Financial Statements".

The financial statements have been prepared under the historical cost convention, except for the following:

- i) derivative financial instruments, measured at fair value; and
- ii) financial instruments at fair value through profit and loss, measured at fair value.

3.2 Use of Estimates and Judgments

i) Estimates

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

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

ii) Judgements

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

3.3 Functional And Presentation Currency

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

3.4 Property, Plant And Equipment**i) Recognition of property, plant and equipment**

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

ii) Subsequent costs

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

iii) Capitalisation of strategic spare parts

Pursuant to the LafargeHolcim Group policy, strategic spare parts over Euro 30K for individual items having more than 1 year life time are required to be capitalised.

iv) Construction in progress

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

v) 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 improvement	20
Building	2
Plant building	2.5
Technical facilities	3.33
Plant & machinery	3.33
Other plant equipment	10
Vehicles	20
Computer equipment	33.33
Office equipment	20 & 50
Furniture & fixtures	10

vi) 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 period concerned.

There is no impairment in 2015 and 2014.

3.5 Intangible assets

i) Software

Software costs are capitalised where it is expected to provide future enduring 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) 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 will be capitalised and recognised as operating assets upon completion of the development process.

iv) Amortization of intangible assets

a) Software

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

b) Others

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

3.6 Inventories

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

3.7 Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Non-derivative financial assets

Non-derivative financial assets consist of trade receivables, other receivables (except prepayments), cash and cash equivalents that are available for use by the Company without any restriction. All non-derivative financial assets are accounted for at trade date. The carrying amount of all non-derivative financial assets are reviewed for impairment on an annual basis to assess if there is any indication that the assets may be impaired. The Company derecognises a non-derivative financial asset when no further cash flow is expected to flow to the Company from the asset and if substantially all risks and rewards attached to the asset has been transferred.

a) Trade receivables

Trade receivables represent the amounts due from customers for delivering goods. Trade and other receivables are initially measured at cost which is the fair value of the consideration given in return. After initial measurement, these are carried at cost less impairment losses due to uncollectibility of any amount so measured. Impairment loss is recognised in the statement of profit or loss.

b) Cash and cash equivalents

Cash and cash equivalents consist of bank balances, cash, highly liquid investments and cash equivalents which are not subject to significant changes in value with an original maturity date of generally less than three months from the time of purchase.

ii) Non-derivative financial liabilities

Non-derivative financial liabilities consist of trade payables, other payables, short term debts and long term debts. The Company initially accounted for all non-derivative financial liabilities on the transaction date. The Company derecognises a non-derivative financial liability when its contractual obligations are discharged, cancelled or expired.

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 BAS 39 and BAS 32, 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 BAS 39.

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.

3.8 Foreign Currency Translation/ Transaction

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

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

Currencies	2015		2014	
	Closing rate	Average rate	Closing rate	Average rate
BDT/USD	78.5100	77.9525	77.9475	77.6146
BDT/EUR	85.8300	86.5552	94.7140	103.1679
BDT/GBP	116.3000	119.1324	120.9200	127.9054
BDT/INR	1.1819	1.2161	1.2308	1.2718

3.9 Employees' Benefit Schemes

i) Gratuity plan

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

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 the 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 as per Bangladesh Labour Act, 2006.

3.10 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 BAS 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.

3.11 Revenue recognition

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

3.12 Provision

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

3.13 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 recognised amounts and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

3.14 Materiality and aggregation

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

3.15 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.

3.16 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.

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 analyse 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.

5. PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES

The Board of Directors of respective companies are responsible for the preparation and presentation of financial statements of Lafarge Surma Cement Limited and its subsidiaries. Lafarge Surma Cement Limited has two subsidiary companies incorporated in India as detailed in Note-8.

6. PROPERTY, PLANT AND EQUIPMENT

Figures in Taka'000	Freehold land	Leasehold improvement	Building	Plant building	Technical facilities	Plant & Other plant machinery equipment	Vehicles	Computer equipment	Office equipment	Furniture & fixtures	Construction in progress	Total
COST												
At January 1, 2015	532,077	367	62,254	546,380	54,890	13,156,131	178,958	90,115	69,423	58,231	234,660	15,089,959
Additions	-	-	-	-	-	18,274	23,439	8,321	5,447	1,868	37,845	100,756
Disposals	-	-	-	-	-	(120,035)	(15,448)	(249)	(2,242)	-	(904)	(138,878)
Transfers	-	-	-	-	-	93,630	6,703	4,618	1,330	406	(106,687)	-
At December 31, 2015	532,077	367	62,254	546,380	54,890	13,148,000	186,949	102,805	73,958	60,505	164,914	15,051,837
DEPRECIATION												
At January 1, 2015	-	367	11,124	101,415	13,635	3,567,789	103,291	75,948	56,523	38,368	-	4,008,557
Disposals	-	-	-	-	-	(34,855)	(15,359)	(133)	(2,195)	-	-	(52,542)
Charge for the year	-	-	1,245	13,660	1,830	444,212	23,131	9,090	6,233	5,444	-	515,780
At December 31, 2015	-	367	12,369	115,075	15,465	3,977,146	111,063	84,905	60,561	43,812	-	4,471,795
CARRYING AMOUNT												
At December 31, 2015	532,077	-	49,885	431,305	39,425	9,170,854	75,886	17,900	13,397	16,693	164,914	10,580,042
At December 31, 2014	532,077	-	51,130	444,965	41,255	9,588,342	75,667	14,167	12,900	19,863	234,660	11,081,402

6.1 Construction in progress

General survey and studies
Other equipment
Other improvement works

6.2 Depreciation charge for the year allocated to

Production and maintenance overhead (Note- 22.2)
Depot operating and transportation costs (Note- 22.4)
General and administrative expenses (Note- 23)

	2015 (Taka'000)	2014 (Taka'000)
	125,931	126,835
	23,377	95,613
	15,606	12,212
	164,914	234,660
	485,235	478,287
	1,491	984
	29,053	25,688
	515,779	504,959

6.3 Disposal of property, plant and equipment

<i>Figures in Taka'000</i>	Plant & machinery	Vehicles	Computer equipment	Office equipment	Construction in progress	Total
Cost	120,035	15,448	249	2,242	904	138,878
Accumulated depreciation	(34,855)	(15,359)	(133)	(2,195)	-	(52,542)
Carrying amount at December 31, 2015	85,180	89	116	47	904	86,336
Sale proceeds	-	8,742	122	150	-	9,014
Mode of disposal	Company policy	Tender	Company policy	Company policy/tender	Company policy	
Particulars of purchaser	Written off	Third party	Employees	Third party & Employees	Written off	

7. INTANGIBLE ASSETS

<i>Figures in Taka'000</i>	Software	Construction in progress	Total
COST			
At January 1, 2015	69,020	9,149	78,169
Additions	864	1,320	2,184
Disposals	-	(239)	(239)
Transfers	-	-	-
At December 31, 2015	69,884	10,230	80,114
AMORTIZATION			
At January 1, 2015	61,018	-	61,018
Disposals	-	-	-
Charge for the year	6,209	-	6,209
At December 31, 2015	67,227	-	67,227
CARRYING AMOUNT			
At December 31, 2015	2,657	10,230	12,887
At December 31, 2014	8,002	9,149	17,151

8. INVESTMENT IN SUBSIDIARIES

Lafarge Umiam Mining Private Limited (LUMPL)
- a fully owned subsidiary incorporated in India
 Lum Mawshun Minerals Private Limited (LMMPL)
- a 74% owned subsidiary incorporated in India

Balance at 31 December

	2015 (Taka'000)	2014 (Taka'000)
Lafarge Umiam Mining Private Limited (LUMPL)	486,152	506,266
Lum Mawshun Minerals Private Limited (LMMPL)	478	498
Balance at 31 December	486,630	506,764

These represent investments made in the above entities against the shares issued by those Companies in the name of 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	
		2015	2014
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

9. LOAN TO SUBSIDIARY COMPANY (LUMPL)

Balance at 1 January
 Received during the year
 Exchange gain
Balance at 31 December

	2015 (Taka'000)	2014 (Taka'000)
Balance at 1 January	572,183	824,393
Received during the year	(254,308)	(253,660)
Exchange gain	2,298	1,450
Balance at 31 December	320,173	572,183

An amount of USD 18 million loan has been allowed and disbursed to Lafarge Umiam Mining Private Limited (a fully owned subsidiary) which is a private limited company incorporated on 22 March 1999 under the Indian Companies Act 1956 with its registered office in Shillong in the State of Meghalaya, India. Loan outstanding at 31 December 2015 is USD 4,078 (in thousands).

Terms and conditions of the loan are as follows:

Date of loan agreement: April 20, 2004 and subsequent amendments thereto.
 Loan amount: US Dollar 18 million.
 Rate of interest: LIBOR + 3% per annum on outstanding principal amount.

Repayment of principal: Starting from 15 June 2009, repayment was to be made in USD by 32 equal installments on 15 March, 15 June, 15 September and 15 December each year. After the payment of 3rd installment in December 2009, no repayment was made between January 2011 and May 2012 due to the stringent cash condition in the subsidiary (LUMPL) for the forest clearance issue. However, repayment of the loan resumed from June 2012 and will end on 15 March 2017 by 20 equal installments.

Payment of interest:

Arrear interest of first four years up to 16 March 2008 was to be paid in 32 equal installments starting from 15 June 2009 on every repayment date along with the principal repayment. Current interest is to be paid on every repayment date (15 March, 15 June, 15 September and 15 December). No interest payment, arrear or current, was made in the period January 2011 and up to May 2012 due to the stringent cash condition in the subsidiary. However, payment of interest resumed from June 2012 and will end on 15 March 2017.

10 . INVENTORIES

Raw materials
Spare parts
Packing materials
Other materials
Finished goods and work in process

	2015 (Taka'000)	2014 (Taka'000)
Raw materials	265,563	494,347
Spare parts	746,392	759,136
Packing materials	10,164	5,400
Other materials	99,636	86,004
Finished goods and work in process	176,145	169,656
	1,297,900	1,514,543

11. TRADE RECEIVABLES

Trade receivables (Note- 11.2)
Valuation allowance (Note- 11.1)

Trade receivables (Note- 11.2)	918,869	874,887
Valuation allowance (Note- 11.1)	(10,609)	(9,619)
	908,260	865,268

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

Balance at 1 January	(9,619)	(8,810)
Current year addition	(1,690)	(2,709)
Cancellation	700	1,900
Balance at 31 December	(10,609)	(9,619)

11.2 Ageing of trade receivables

The ageing of gross trade receivables at reporting date are as follows:

Within the credit period	669,503	608,984
0-30 days	133,542	132,420
31-60 days	24,585	26,025
61-180 days	80,630	97,839
Over 180 days	10,609	9,619
	918,869	874,887

12. OTHER RECEIVABLES

Contractors, consultants, suppliers and others (Note- 12.1)	
Office and house rent	
VAT current account	
Advance to employees	
Advance to employees for SAR plan (Note- 16.2)	
Security and other deposits (Note- 12.2)	
Prepaid expenses	
Other receivables	
Advance income tax (Note- 12.3)	
Accrued interest on bank deposits	
Accrued interest on loan to subsidiary company (Note- 9)	

	2015 (Taka'000)	2014 (Taka'000)
	122,937	141,395
	28,872	41,035
	135,582	96,659
	16,130	16,641
	4,953	24,457
	3,922	3,737
	27,345	47,025
	32,891	29,905
	1,278,664	1,091,858
	18,577	8,701
	84,547	151,949
	1,754,420	1,653,362

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.

12.1 Advance to contractors, consultants, suppliers and others

Advance paid to suppliers	
Letter of Credit-spare parts	
Letter of Credit-raw materials	
Custom duties	

79,165	76,029
17,505	29,909
6,937	10,770
19,330	24,687

122,937	141,395
----------------	----------------

12.2 Security and other deposits

House rental	
Telecommunications	
Central Depository System	
Other services	

520	520
527	527
500	500
2,375	2,190

3,922	3,737
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12.3 Advance income tax- net of tax provision

Advance income tax-deducted at source	
Current tax liabilities (Note- 19)	

1,583,288	1,277,185
(304,624)	(185,327)

1,278,664	1,091,858
------------------	------------------

13. CASH AND CASH EQUIVALENTS

Cash in hand

554	600
-----	-----

554	600
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Cash at banks

In current accounts	
In short term deposit accounts	
In fixed deposit receipts	
in treasury bills	

758,051	1,080,151
73,716	159,517
2,011,019	530,638
366,550	-

3,209,336	1,770,306
------------------	------------------

3,209,890	1,770,906
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14. SHARE CAPITAL

14.1 Authorized capital

1,400,000,000 ordinary shares of Taka 10 each

	2015 (Taka'000)	2014 (Taka'000)
	14,000,000	14,000,000

In the year 2011, authorized capital has been 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.

14.2 Issued and subscribed capital

1,161,373,500 ordinary shares of Taka 10 each

	11,613,735	11,613,735
	5,759,888	5,759,888
	46,980	46,980
	5,806,867	5,806,867
	11,613,735	11,613,735

14.3 Paid up capital

Fully paid up in cash

Fully paid up in other than cash

Fully paid up in cash as rights issue

	5,759,888	5,759,888
	46,980	46,980
	5,806,867	5,806,867
	11,613,735	11,613,735

14.4 Composition of shareholders at 31 December

Name of the shareholders	Nationality	Number of shares		Holding %	
		2015	2014	2015	2014
Surma Holding B.V.	The Netherlands	683,698,700	683,698,700	58.87	58.87
Sinha Fashions Limited	Bangladesh	35,100,000	35,100,000	3.02	3.02
Islam Cement Limited	Bangladesh	31,914,200	31,914,200	2.75	2.75
Other Shareholders	Bangladesh and NRB	410,660,600	410,660,600	35.36	35.36
		1,161,373,500	1,161,373,500	100.00	100.00

14.5 Classification of shares by holding at 31 December

Slabs by number of shares	Number of shareholders		Holding %	
	2015	2014	2015	2014
Less than 500 Shares	11,938	5,066	0.26	0.20
501 to 5,000 Shares	16,364	13,146	2.79	2.41
5,001 to 10,000 Shares	2,717	2,542	1.75	1.69
10,001 to 20,000 Shares	1,615	1,633	2.03	2.09
20,001 to 30,000 Shares	583	618	1.25	1.34
30,001 to 40,000 Shares	319	344	0.97	1.05
40,001 to 50,000 Shares	213	239	0.84	0.95
50,001 to 100,000 Shares	389	432	2.39	2.67
100,001 to 1,000,000 Shares	375	436	8.76	10.24
Over 1,000,000 Shares	41	40	78.96	77.36
	34,554	24,496	100.00	100.00

	2015 (Taka'000)	2014 (Taka'000)
14.6 Other Components of Equity		
Exchange differences on translating foreign operations	(33,262)	(13,129)
Actuarial loss-net of tax	(49,537)	(50,053)
	(82,799)	(63,182)

14.7 Dividends

The final dividend amounts to Taka 580,686,750 which is Taka 0.50 per share of Taka 10 each for 2015 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, 2015.

15. DEFERRED TAX LIABILITY

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

Property, plant and equipment	2,145,999	2,414,983
Deferred tax liabilities	2,145,999	2,414,983
Provision for gratuity	6,976	29,948
Provision for doubtful debts	2,652	2,645
Business loss	-	475,847
Deferred tax assets	9,628	508,440
Net deferred tax liability	2,136,371	1,906,543
15.1 Change in deferred tax assets and liability		
Balance at 1 January- deferred tax liability	1,906,543	1,224,510
Deferred tax expenses for the year (Note- 27)	227,355	701,019
Actuarial loss	2,473	(18,986)
Balance at 31 December- deferred tax liability	2,136,371	1,906,543
16. EMPLOYEE BENEFITS		
Gratuity plan (Note- 16.1)	27,901	83,292
Stock Appreciation Rights (Note- 16.2)	6,555	10,610
	34,456	93,902
16.1 Contribution to gratuity plan		
<i>Lafarge Surma Cement Limited (Funded Plan)</i>		
Net position of gratuity plan		
Present value of defined benefit obligation	249,656	213,637
Fair value of plan assets	(221,755)	(130,345)
Net funded status	27,901	83,292

Actuarial valuation

The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2015 by a professional actuary using Projected Unit Credit Method.

Assumptions employed for the valuations are as follows:	2015	2014
	%	%
Expected rate of salary increase	8.00	8.00
Expected return on plan assets	8.00	8.00

Movement in the present value of the defined benefit obligation are as follows:	2015	2014
	(Taka'000)	(Taka'000)
Balance at 1 January	213,637	118,989
Current service cost	33,333	20,456
Interest cost	17,091	9,519
Actuarial (gain)/loss	(4,883)	69,039
Benefits paid during the year	(9,522)	(4,366)
Balance at 31 December	249,656	213,637

Movement in the fair value of the plan assets are as follows:	2015	2014
	(Taka'000)	(Taka'000)
Balance at 1 January	130,345	-
Adjustment	(4,366)	-
Contributions from employer	96,764	123,355
Expected return on plan assets	10,428	11,356
Actuarial loss	(1,894)	-
Benefits paid during the year	(9,522)	(4,366)
Balance at 31 December	221,755	130,345

16.2 Provision for stock appreciation rights (SAR)

LEA 2009

Balance at 1 January	4,979	4,979
Paid during the year	(4,979)	-
Balance at 31 December	-	4,979

LEA 2011

Balance at 1 January	5,631	4,390
Current year addition	924	1,241
Balance at 31 December	6,555	5,631
	6,555	10,610

These are the global programs of LafargeHolcim Group under which the employees of Lafarge Surma have subscribed for shares of Lafarge at the price prevailing on the date of subscription after deduction of a discount on the shares. The employees have been given interest free loans repayable over 24 months to finance the share subscription. At the end of a five years vesting period, the gain, if any, on sale of shares will be given to the employees. Provision made on the account relates to the amount of discount on subscription.

17. TRADE PAYABLES

	2015 (Taka'000)	2014 (Taka'000)
Raw materials	167,586	87,133
Packing bags	113,681	145,500
Marketing expenses	33,592	57,633
Distribution cost	170,787	151,460
Computer expenses	60,291	67,456
Audit fee	1,564	1,340
Maintenance	35,401	93,135
Administrative office expenses	35,585	25,597
General assistance fee (Note- 17.1)	211,865	216,633
Trademark license fee (Note- 17.2)	211,865	216,633
Gas bill	243,796	206,007
Operation and maintenance bill-Power Plant	16,387	30,660
Discount on sales	300,186	282,705
Advances paid by customers	317,606	275,501
Others	148,734	103,036
	2,068,926	1,960,429

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 PAYABLES

Payables to suppliers of property, plant and equipment	58,100	126,480
Other finance costs payable	2,416	11,740
Payable to employees	61,035	91,663
Workers' Profit Participation and Welfare Fund	102,617	128,723
Income tax and VAT deducted at source	106,856	102,991
Interim dividend payable	25,691	7,461
	356,715	469,058

19. CURRENT TAX LIABILITIES

Balance at 1 January	185,327	173,282
Adjustment to previous years provision	-	(23,076)
Provision for the year	119,297	35,121
Balance at 31 December	304,624	185,327

20. COMMITMENTS AND CONTINGENCIES

20.1 Commitments

Commitments given	Less than 1 year Taka'000	1 to 5 years Taka'000	More than 5 years Taka'000	2015 Taka'000	2014 (Taka'000)
Commitments related to operating activities					
Purchase commitments	1,289,946	-	-	1,289,946	1,396,087
Capital expenditure commitments	348,554	-	-	348,554	25,787
Operating leases	35,737	25,631	-	61,368	119,029
Guarantees given	297,476	12,000	7,301	316,777	317,652
Commitments received	-	-	-	-	-
Guarantees received	635,650	-	-	635,650	459,850

20.2 Contingent Liability and Claims

Lafarge Surma Cement Limited

2015 (Taka'000)	2014 (Taka'000)
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Clinker production of the Company at the plant stopped from April 2010 due to the suspension of supply of limestone from the quarry and resumed in August 2011. During this period, the gas consumption from Jalalabad Gas Transmission and Distribution System Limited drastically reduced since there was no clinker production. Under the agreement with Jalalabad Gas, the Company needs to take a minimum quantity failing which it needs to pay as advance the shortfall between the minimum quantity and the actual quantity consumed. The Company raised a dispute with Jalalabad Gas that this is a force majeure event and hence, the Company is not liable to pay this advance but this was not accepted by them. Thereafter the matter has been referred to arbitration. The Company has received the arbitration Award in its favour on 30 June 2015. Jalalabad Gas has applied for set aside of the arbitration award which, in all probability, will not change the position, except delaying the closing of the issue.

-

568,515

Claim of VAT Authority for cancellation of VAT rebate relating to 2008-2009, 2009-2010 and 2010-2011 for which Writ Petitions 6074/2011, 6493/2012 and 11839/2014 respectively have been filed by the Company before the Hon'ble High Court of Dhaka, the outcomes of which are yet to be received. However, the Company is in the opinion that the claim by the VAT authority is unjustified and has no merit as well.

35,066

35,066

2015
(Taka'000)

2014
(Taka'000)

Claim of VAT Authority for cancellation of VAT rebate relating to 2006-2008 for which a Writ Petition No. 6492/2012 has been filed and the Company has already received a favourable decision from VAT Appellate Tribunal but the VAT authority has preferred a writ petition before the Hon'ble High Court of Dhaka, and the matter is awaiting disposal. However, the Company expects a favourable decision since there is no strong ground in support of the claim raised by the VAT authority.

74,157

74,157

During the assessment year 2008-2009 the rate of Gross Profit (GP) of the Company was 11.51% as per the audited financial statements. At that time of tax assessment, the Deputy Commissioner of Taxes (DCT) unilaterally raised the GP rate to 29.68% with reference to past records. The Company filed an appeal against the Order of DCT and at the first appeal the rate was reduced to 25%. Thereafter, the Company went for the second appeal with the Taxes Appellate Tribunal, Division Bench-1, Dhaka. The Tribunal, after hearing, reduced the GP to 24%. This resulted in an additional amount of Gross Profit of Taka 299,745 (in thousands) as per the tax assessment. However, the Company's management feels that the claim by the Tax authority is unjustified and has no merit. The Company has filed reference case No. 80 of 2015 before the Hon'ble High Court against the Order of the Tribunal.

112,404

112,404

During the assessment year 2009-2010 following the Taxes Appellate Tribunal's order a tax demand has been created. This was due mainly to the fact that Company's contribution to Workers' Profit Participation and Welfare Fund was disallowed unlawfully and the receipts of insurance claim were considered twice. Moreover, treatment of exchange loss and cost of goods were also unjust and not maintainable in the eye of law. However, the Company's management feels that the claim by the Tax authority is unjustified and has no merit. The Company has filed reference case No. 81 of 2015 before the Hon'ble High Court against the Order of the Tribunal.

135,111

135,111

20.3 Claims

a. Claims against the Company not acknowledged as debt

Nil

Nil

b. Claims by the Company not acknowledged as receivable

Nil

Nil

21 Revenue

Sale of gray cement*

8,988,694

9,342,843

Sale of cement clinker

1,979,258

2,240,186

10,967,952

11,583,029

***Sale of gray cement**

Local sales

8,975,627

9,333,245

Export in Export Processing Zones

13,067

9,598

8,988,694

9,342,843

22 COST OF SALES

Opening finished goods and work in process (Note- 37)	
Raw materials costs (Note- 22.1)	
Toll manufacturing costs	
Power and fuel costs	
Production and maintenance costs (Note- 22.2)	
Plant general and administrative costs (Note- 22.3)	
Freight cost to customers	
Depot operating and transportation costs (Note- 22.4)	
Closing finished goods and work in process (Note- 37)	

	2015 (Taka'000)	2014 (Taka'000)
	169,656	159,585
	4,096,803	4,351,152
	170,790	231,887
	1,062,223	1,035,298
	1,168,202	1,124,726
	345,608	349,765
	500,607	461,220
	741,264	708,215
	(176,145)	(169,656)
	8,079,008	8,252,192
22.1 Raw materials costs		
Limestone	2,755,157	2,836,180
Clay	137,460	140,376
Gypsum	253,814	274,943
Iron Ore	61,048	108,885
Sand	22,995	24,749
Slag	249,575	290,695
Packing Bags	449,122	488,925
Others	167,632	186,399
	4,096,803	4,351,152
22.2 Production and maintenance costs		
Salary, allowances and benefits	216,431	205,242
Contributions to employees' benefit schemes	17,365	11,074
Maintenance	91,873	80,233
Other supplies and spares	236,660	229,345
Material handling	111,983	113,265
Other expenses	1,705	3,338
Technical studies	6,950	3,942
Depreciation	485,235	478,287
	1,168,202	1,124,726
22.3 Plant general and administrative costs		
Salary, allowances and benefits	83,473	82,302
Contributions to employees' benefit schemes	5,264	4,857
Staff welfare expenses	17,896	22,640
Training, seminars and meetings	2,277	3,637
Travelling	3,002	3,736
Rent	1,943	1,773
Gas, electricity and water	88	25
Telephone, fax and postage	1,695	1,948
Office maintenance	47,913	48,122
Security services	25,239	24,359
Printing and stationery	825	746
Computer expenses	45,180	26,771
Other supplies and spares	11,441	12,169

	2015 (Taka'000)	2014 (Taka'000)
Other office expenses	10,138	8,001
Consultancy	1,589	20,543
Vehicles running expenses	13,987	12,310
Corporate social activities	7,608	7,128
Insurance	66,050	68,698
	345,608	349,765

22.4 Depot operating and transportation costs

Salary, allowances and benefits	59,818	59,970
Contributions to retirement benefit scheme	6,700	6,353
Staff welfare expenses	1,548	1,618
Training, seminars and meeting	274	831
Depreciation (Note- 6.2)	1,491	984
Depot other maintenance costs	63,366	68,007
Transportation costs	608,067	570,452
	741,264	708,215

23 GENERAL AND ADMINISTRATIVE EXPENSES

Salary, allowances and benefits	171,268	179,824
Contributions to retirement benefit scheme	14,070	10,483
Staff welfare expenses	1,845	3,151
Training, seminars and meeting	16,362	12,953
Travelling	9,287	6,964
Rent	37,453	38,809
Gas, electricity and water	3,240	3,095
Telephone, fax and postage	6,050	5,074
Entertainment	4,262	5,873
Office maintenance	6,228	5,995
Office security services	1,873	1,726
Printing and stationery	1,375	1,851
Computer expenses	53,017	33,471
Other office expenses	6,234	7,121
Registration and other fees	2,323	2,312
Audit and tax advisory fees (Note- 23.1)	2,994	2,555
Legal expenses	7,920	4,760
Vehicles running expenses	15,715	18,196
Publicity and public relation	12,079	13,352
General assistance fee	102,966	108,899
Trademark license fee	102,966	108,899
Insurance	4,353	4,139
General survey and studies	556	2,341
Administrative depreciation	29,053	25,688
Amortization of intangible assets	6,209	5,203
Contribution to Workers' Profit Participation and Welfare Fund	102,617	128,723
	722,315	741,457

	2015 (Taka'000)	2014 (Taka'000)
23.1 Audit and Tax Advisory Fees		
Statutory audit fee	200	200
Group audit fee	700	700
Certification fees	104	55
Annual consolidation audit	320	320
Interim audit fee	230	230
Pocket expenses	70	65
Tax and VAT advisory services	1,370	985
	2,994	2,555
24 SALES AND MARKETING EXPENSES		
Salary, allowances and benefits	75,164	59,445
Contributions to retirement benefit scheme	7,783	6,110
Training, seminars and meeting	6,887	1,067
Travelling	25,094	13,467
Gas, electricity and water	195	158
Telephone, fax and postage	1,075	1,218
Entertainment	1,230	1,483
Office maintenance	1,195	1,055
Printing and stationery	59	161
Other office expenses	253	269
Registration and other fees	1,600	1,607
Vehicles running expenses	3,823	6,497
Advertisement and promotion	79,953	90,533
Insurance	127	201
Provision for trade receivables	1,690	2,709
General survey and studies	1,449	2,318
	207,577	188,298
25 OTHER OPERATING (EXPENSES)/INCOME		
Loss on sale of property, plant and equipment	(76,416)	(894)
Sale of miscellaneous scrap items	6,951	7,332
Cancellation of provisions	1,963	1,900
Agency commission	-	38,843
Others	(30,779)	-
	(98,281)	47,181
26 FINANCE COSTS AND INCOME		
Interest on short term debt	679	31,192
Other finance costs	34,187	34,503
Bank charges and commission	14,392	18,779
Finance costs	49,258	84,474
Interest income on bank deposits	99,546	54,006
Interest on loan to subsidiary company (note- 9)	15,532	23,620
Other finance income	12,351	-
Exchange gain	10,788	4,321
Finance income	138,217	81,947
Net finance costs	(88,959)	2,527

	2015 (Taka'000)	2014 (Taka'000)
27 INCOME TAX		
Current income tax expenses	119,297	35,121
Cancellation of provisions	-	(23,076)
Deferred income tax	227,355	701,019
	346,652	713,064
27.1 Reconciliation of effective tax rate (%)		
Statutory tax rate	25.00	27.50
Permanent differences	1.58	1.16
Minimum tax rate	-	0.50
Tax rate changes	(8.80)	-
Effective tax rate	17.78	29.16

Statutory tax rate has been changed 25.00% compared to 27.5% in the previous year as per Finance Act, 2016.

28 EARNINGS PER SHARE

The computation of basic earnings per share for the years ended 31 December 2015 and 31 December 2014 are as follows:

NUMERATOR (Thousands of Taka)			
INCOME FOR THE YEAR- ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY		1,603,078	1,732,672
DENOMINATOR (Thousands of Shares)			
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		1,161,374	1,161,374
BASIC EARNINGS PER SHARE	<i>Taka</i>	1.38	1.49
DILUTED EARNINGS PER SHARE	<i>Taka</i>	1.38	1.49

29 RELATED PARTY TRANSACTIONS

During the year, 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 BAS 24.

Name of the Party and relationship	Nature of transaction	Transaction value during the year Taka '000	Receivable/ (Payable) at 31 Dec 2015 Taka '000
Surma Holdings B.V.-Group Company	Dividend payment	683,699	-
Lafarge Asia SDN BHD-Group Company	Intercompany services/ Technical assistance	36,373	(74,391)
Lafarge Halla Cement Limited-Group Company	Intercompany services	2,040	(802)

Name of the Party and relationship	Nature of transaction	Transaction value during the year Taka '000	Receivable/ (Payable) at 31 Dec 2015 Taka '000
Lafarge S.A.-Group Company	Technical assistance/ Trademark license	128,135	(290,693)
Cementos Molins-Group Company	Trademark license/ Travel expenses	88,672	(188,298)
Bulk Materials International AG- Group Company	Intercompany services	-	4,764
Cementia Trading AG- Group Company	Intercompany services Intercompany purchases	- 179,146	7,103 -
Eastern Housing Ltd. Shareholder's associated entity	Cement sales	4,695	784
Sinha Textile Ltd. Shareholder's associated entity	Cement sales	445	-
Aftab Bahumukhi Farms Ltd- Shareholder's associated entity	Cement sales	2,057	768
Bengal Development Corporation- Shareholder's associated entity	Cement sales	3,138	(54)
Jahurul Islam Medical College- Shareholder's associated entity	Cement sales	2,423	648
Opex Group- Shareholder's associated entity	Cement sales	-	(5)
Shikharaa Developments Ltd.- Shareholder's associated entity	Cement sales	2,386	480
Sinha Peoples Energy Ltd- Shareholder's associated entity	Cement sales	1,748	78
Lafarge Umiam Mining Private Limited - Subsidiary company	Purchase of limestone	2,636,541	(44,185)

30 DIRECTORS', MANAGERS' AND OFFICERS' REMUNERATION

	2015 (Taka'000)	2014 (Taka'000)
Salary, allowances and benefits	318,015	283,852
Contributions to employees' benefit scheme	23,772	20,739
Reimbursable expenses	10,255	12,549
	352,042	317,140

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

31 FINANCIAL INSTRUMENTS

31.1 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 customer. 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.

2015 (Taka'000)	2014 (Taka'000)
--------------------	--------------------

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

	2015 (Taka'000)	2014 (Taka'000)
Trade receivables (Note- 11)	908,260	865,268
Other receivables excluding prepaid expenses (Note- 12)	1,727,075	1,606,337
	2,635,335	2,471,605

31.2 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 the various banks for managing its liquidity risk.

Contractual maturity analysis for financial liabilities of the Company at reporting date are 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	2,068,926	1,599,196	469,730	-
Other payables	356,715	320,330	36,385	-
Balance at 31 December 2015	2,425,641	1,919,526	506,115	-

	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	1,960,429	1,467,262	493,167	-
Other payables	469,058	342,661	126,397	-
Balance at 31 December 2014	2,429,487	1,809,923	619,564	-

31.3 Market risk

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

a) Foreign currency risk

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

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

Balance at 31 December 2015	BDT'000	INR'000	USD'000	EUR'000	GBP'000
Foreign currency denominated assets					
Investment in subsidiaries	486,630	411,736	-	-	-
Loan to subsidiary company	320,173	-	4,078	-	-
Other receivables	94,526	-	1,204	-	-
Cash and cash equivalents	400	-	4	1	-
Total	901,729	411,736	5,286	1	-
Foreign currency denominated liabilities					
Trade payables	233,768	-	2,406	180	253
Other payables	36,442	-	5	420	-
Total	270,210	-	2,411	600	253
Balance at 31 December 2014					
Foreign currency denominated assets					
Investment in subsidiaries	506,764	411,736	-	-	-
Loan to subsidiary company	572,183	-	7,341	-	-
Other receivables	151,949	-	1,949	-	-
Cash and cash equivalents	457	-	1	4	-
Total	1,231,353	411,736	9,291	4	-
Foreign currency denominated liabilities					
Trade payables	134,659	-	885	370	253
Other payables	95,804	-	373	705	-
Total	230,463	-	1,258	1,075	253

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 our 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	2015	2014
	Estimated impact on profit/loss and equity (+/-) Taka'000	Estimated impact on profit/loss and equity (+/-) Taka'000
Assets denominated in USD	2,075	3,621
Assets denominated in INR	2,433	2,534
Other liabilities denominated in USD	946	490
Other liabilities denominated in EUR	258	509
Other liabilities denominated in GBP	147	153

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 loan to subsidiary company (LUMPL) and short term deposits.

Interest rate sensitivity

A +/- 1% change in short-term interest rates calculated on the financial assets, would have a maximum impact on the Company's 2015 profit before tax of +/- Taka 27,715 (Taka 12,623 for 2014) in thousands.

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

Financial assets	2015	2014
	(Taka'000)	(Taka'000)
Loan to subsidiary company	320,173	572,183
Term deposits	2,451,285	690,155
	2,771,458	1,262,338

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.

31.4 Fair values

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

FINANCIAL INSTRUMENTS IN THE STATEMENT OF FINANCIAL POSITION

At 31 December Thousand Taka	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
ASSETS				
<i>Financial assets at fair value through profit and loss</i>				
Accrued interest	103,124	103,124	160,650	160,650
<i>Loans and Receivables at amortized costs</i>				
Investment in subsidiaries	486,630	486,630	506,764	506,764
Loan to subsidiary company	320,173	320,173	572,183	572,183
Trade receivables	908,260	908,260	865,268	865,268
Other receivables	1,651,296	1,651,296	1,492,712	1,492,712
Cash and cash equivalents	3,209,890	3,209,890	1,770,906	1,770,906
LIABILITIES				
<i>Financial liabilities at amortized cost</i>				
Trade payables	2,068,926	2,068,926	1,960,429	1,960,429
Other payables	356,715	356,715	469,058	469,058

32 NUMBER OF EMPLOYEES

Lafarge Surma Cement Limited

Nationality:

Bangladeshi

Non-Bangladeshi

Salary range:

Monthly Taka 3,000 or above

Monthly below Taka 3,000

	2015 (Taka'000)	2014 (Taka'000)
	381	395
	4	5
	385	400
	385	400
	Nil	Nil
33 SUBSEQUENT EVENTS		
There are no subsequent events to report.		
34 EXPENDITURE IN FOREIGN CURRENCIES		
Technical assistance	48,631	47,438
Interest and fees on debts	-	31,192
	48,631	78,630
35 EARNINGS IN FOREIGN CURRENCIES		
Interest on loan to subsidiary company	15,532	23,620
Agency commission	-	38,843
	15,532	62,463

36 MATERIALS CONSUMPTION

In terms of value

Imported

Raw materials
Spare parts and other supplies

Indigenous

Raw materials
Spare parts and other supplies

In terms of Percentage

Imported

Raw materials
Spare parts and other supplies

Indigenous

Raw materials
Spare parts and other supplies

	2015 (Taka'000)	2014 (Taka'000)
Imported		
Raw materials	3,487,226	3,697,102
Spare parts and other supplies	252,156	95,976
	3,739,382	3,793,078
Indigenous		
Raw materials	609,577	654,050
Spare parts and other supplies	88,595	143,838
	698,172	797,888
	4,437,554	4,590,966
Imported		
Raw materials	79	81
Spare parts and other supplies	5	2
	84	83
Indigenous		
Raw materials	14	14
Spare parts and other supplies	2	3
	16	17
	100	100

37 OPENING AND CLOSING FINISHED GOODS AND WORK IN PROCESS (NOTE- 22)

Items	Unit	2015		2014	
		Quantity'000	Taka'000	Quantity'000	Taka'000
Gray cement	MT	37	152,657	29	130,541
Cement clinker	MT	4	12,589	6	22,035
Work in process	MT	3	4,410	5	7,009
Balance at 1 January		44	169,656	40	159,585
Gray cement	MT	31	117,750	37	152,657
Cement clinker	MT	17	54,518	4	12,589
Work in process	MT	3	3,877	3	4,410
Balance at 31 December		51	176,145	44	169,656

38 INSTALLED CAPACITY AND ACTUAL PRODUCTION (FIGURES IN THOUSAND MT)

Products	Annual Installed Capacity	Actual Production	
		2015	2014
Gray cement	1,200	1,403	1,438
Cement clinker	1,150	1,343	1,333

39 VALUE OF IMPORTS

Raw materials
Spare parts and other supplies
Capital goods

	2015 (Taka'000)	2014 (Taka'000)
	2,772,995	3,534,681
	111,252	187,647
	11,165	65,294
	2,895,412	3,787,622

40 REMITTANCES OF FOREIGN CURRENCY

Interim and final dividend

Name of Shareholder	Number of shares	2015 Final for 2014 and interim for 2015 Taka'000	Number of shares	2014 Interim for 2014 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	12	18,010	8
Nadia Begh (UK)	27,060	18	27,060	12

Name of Shareholder	Currency	2015 Amount	Currency	2014 Amount
Surma Holding B.V. (The Netherlands)	EUR	3,530,123	EUR	1,469,267
Jean Hidier (France)	EUR	91	EUR	39
Mohammed Abdul Gaffar (UK)	GBP	97	GBP	62
Nadia Begh (UK)	GBP	145	GBP	93

* In addition to the above, an amount of Taka 307,664,415 (EUR 3,570,050) representing 341,849,350 shares has been remitted through NITA account.



Chief Financial Officer



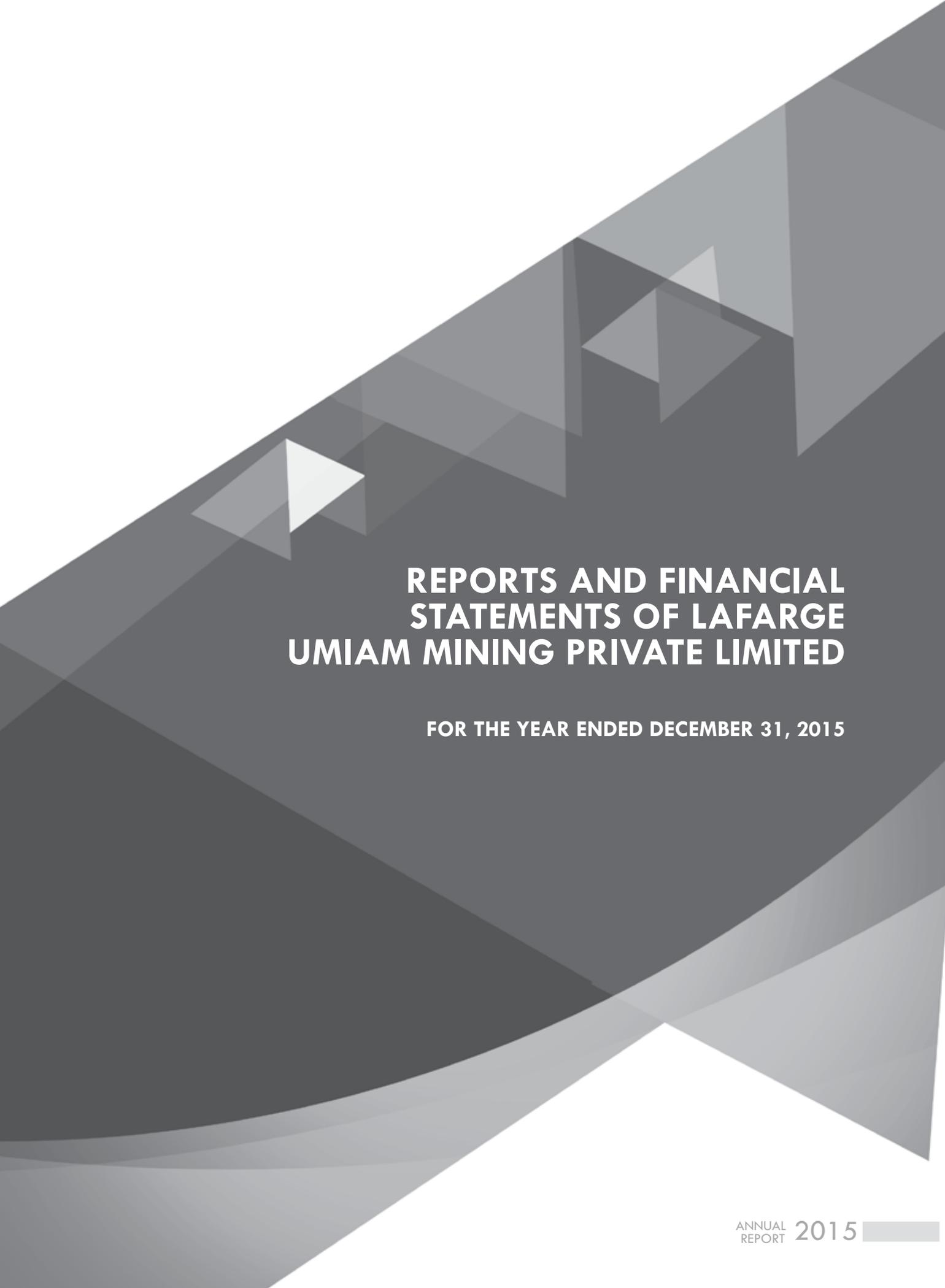
Company Secretary



Director



Chief Executive Officer



**REPORTS AND FINANCIAL
STATEMENTS OF LAFARGE
UMIAM MINING PRIVATE LIMITED**

FOR THE YEAR ENDED DECEMBER 31, 2015



MD. ARIFUR RAHMAN, CEO
Assurance Development

“ SUPERCRETE ENSURES THE STRENGTH OF THE CONCRETE. THE CEMENT SETS EARLY AND MAKES THE CONSTRUCTION COST EFFECTIVE. SUPERCRETE HAS BECOME SYMBOL OF STRENGTH, QUALITY AND RELIABILITY TO THE CUSTOMERS. ”

DIRECTORS' REPORT

Dear Shareholders:

The Board of Directors of Lafarge Umiam Mining Pvt. Ltd. (the "Company") has the pleasure in presenting to the members their report together with audited financial statements of the Company for the year ended on December 31, 2015.

State of the Company's Affairs:

For the fourth consecutive year in a row, your Company has successfully exported two (2) million tones of limestone from Nongtraï Limestone Mine (the "Mine") to the cement plant at Chhatak, Bangladesh (the "Plant") of Lafarge Surma Cement Ltd. (LSC), the parent company of your Company. The uninterrupted supply of limestone from the Mine ensured the production at Plant, for both clinker and cement, was at maximum capacity.

The Year 2015 witnessed a major change in the mining sector with the introduction of a new legislation; namely the Mines and Minerals (Development and Regulation) Amendment Act, 2015 (the "Act"). The Act has introduced a system of auction of mines for mineral allocation and creation of a District Mineral Foundation (DMF) and National Mineral Exploration Trust (NMET). The DMF is established by the State Governments to work towards improving the lives of people from the areas affected by mining operations and the NMET has been established by the Central Government for regional and detailed mine exploration.

The changes in the regulatory framework have had an impact on your Company. The levy DMF & NMET by the Government of India and the increase of the Mineral Cess by State Government of Meghalaya has enhanced the mineral access by 32% as compared to the previous years.

The production performance of the Mines has made remarkable improvements. It is largely due to introduction of "own mining" using world class equipment owned by the Company. The mining cost reduced significantly in 2015 as compared to 2014. Own mining initiatives resulted into enhancing safety standards, high reliability of equipment and performance level as well as smooth and efficient limestone production.

On July 10, 2015, the merger between Lafarge Group and Holcim Group in the global level was complete and the new group called LafargeHolcim emerged. With a well-balanced presence in 90 countries and a focus on cement, aggregates and concrete, LafargeHolcim is the world leader in the building materials industry. The Group has 100,000 employees around the world and combined net sales of CHF 29.5 billion in 2015.

Your Company is a 100% subsidiary of LSC. LafargeHolcim Group is having shareholding interests LSC. The Group is also having shareholding interest in Holcim Bangladesh Ltd. (HBL). Possible combination in Bangladesh between LSC and HBL has been delayed mainly arising out of the complex shareholding structures in LSC and HBL. Works are ongoing at Group level to sort out these issues.

Health and Safety:

LafargeHolcim Group launched new Health & Safety Policy and Rules. Your Company has implemented the new Policy and Rules with an overall ambition of zero harm. The Rules reiterates that we conduct our business in a manner that leads to creating a healthy and safe environment for all stakeholders (employees, contractors, communities and customers) built on a true safety culture.

Health and Safety is our overarching value. The health and safety culture continues to improve as shown in leading KPIs. One of the best practices followed by your Company is the Visible Felt Leadership (VFL) at all levels led by the top management of the Company. VFL is a process of frontline employees' engagement on "Behavioral Safety".

Your Company has been measuring H&S lagging KPI as Lost Time Injury Frequency Rate (LTIFR). It is being measured as the number of Lost Time Injury in a million hours worked. In 2015, your Company's LTIFR has been 1.07 (employee + contractor) versus 0.49 in 2014. In May 2015, Health & Safety Month 2015 was observed throughout your Company. During this month, intensive safety programs, initiatives and training were organized for the entire workforce to re-emphasize the importance of Health & Safety in the Company.

Your Mines recorded Zero Accident in 2015 in mining operations. The Company's safety performance has also been appreciated and recognized at the 13th North East Metalliferous Mines Safety week, 2015-2016 organized by Directorate General of Mines Safety, Government of India, wherein for the second consecutive year in a row your Company was awarded the prestigious "Guru Dronacharya Award". The Company was also awarded with the first prize in the overall performance among the mines owned by various cement companies in the entire north east region at the Mines Environment and Mineral Conservation Week held under the aegis of Indian Bureau of Mines, Guwahati sub-region. Besides, your Company was also awarded with the top prize for afforestation/plantation, reclamation/rehabilitation of top soil, installation and use of mechanical beneficiations, air pollution control measures, sedimentation, noise-vibration survey and publicity and propaganda.

Production Performance:

In 2015, your Company produced 2 million tons of limestone from the Mines and dispatched the same to the Plant. Since inception, the limestone mining activities in your Quarry were conducted through a mining contractor. Your Company terminated the Limestone Mining Agreement with the contractor and deployed the best-in-class, energy efficient, high reliability mining equipment and commenced own mining from March 01, 2015. This timely initiative by your Company which was done with right strategy and initiatives has shown positive results in terms of lower mining cost compared to the previous years.

In 2015, the overall equipment reliability was 95%, as against 70% in 2014. Significant improvements were achieved in the performance of MMD Crusher, Diesel Generators and Long Belt Conveyor (LBC) as a result of execution of planned maintenance, implementation of innovative ideas and strong team commitment. Operational modifications and technical improvements were carried out in the Crusher which increased crushing rate (TPH) by 100 TPH, i.e. 480 TPH in 2015 as against 380 TPH in 2014. This has contributed in reduction of power consumption from 2.20 MW per tonne to 1.80 MW per tonne in 2015.

Financial Performance:

The financial results of the Company are as follows:

Particulars	Rupees in Lakhs	
	Year ended 31 st December 2015	Year ended 31 st December 2014
Gross Revenue	21,252.11	22,285.68
Expenditure	12,064.40	11,163.29
EBITDA	9,187.71	11,122.39
Interest and finance charges	1,257.83	1,605.29
Depreciation	1,164.33	1,340.86
Profit / (Loss) before Taxation	6,765.55	8,176.24
Provision for tax	1,539.23	-
Profit / (Loss) After Taxation	5,226.32	8,176.24
Earnings /(loss) per Share :	12.71	19.88

The Total Export sale was INR 21,224.39 lakhs during the year. Your Company recorded a net profit of INR 5,226.32 lakhs after tax. This resulted in positive reserve and surplus for the first time. The reserve and surplus as on December 31, 2015 stood at INR 1,459.43 lakhs. The new levy includes DMF at the rate of INR 24 per tonne, NMET at the rate of INR 1.60 per tonne by the Government of India and the increase of the Mineral Cess by State Government of Meghalaya by INR 20 per tonne. These have increased the mineral access by 32% as compared to the previous years. The levy has had a major impact in your Company's bottom line. However, the commencement of own mining operations from March 01, 2015 has significantly reduced the mining costs by about 21%.

Environment:

The LafargeHolcim Group is committed to conducting business consistent with sustainable development principles. The Environmental Policies of your Company and LafargeHolcim Group relate environmental directives to support this commitment. Your Company continues to implement the Environment Management Plans and follow the recommendations made by the environment specialists and as per the guidelines issued by regulators from time to time. To ensure full compliance of all the environmental standards applicable for mining, your Company is continuously working towards up-gradation of mining techniques so that the impact to the surrounding areas is fully mitigated. Your Company has also been regularly following the conditions laid down in the Environment and Forest clearance granted by the Ministry of Forest, Environment and Climate Change, Government of India (MoEFCC). The half yearly/ annual monitoring reports are being submitted to the regulators for their review and consideration.

Your Company has made an application to MoEFCC for the proposed expansion of the existing Mine from two (2) to five (5) million tonnes per annum. The proposed expansion of limestone mining shall be taken up within the existing mine lease (no additional land is involved). The MoEFCC approved Terms of Reference on April 30, 2013. The Public Hearing was organized by Meghalaya State Pollution Control Board on January 22, 2016. The final Environment Impact Assessment Report has been prepared and is pending for submission to MoEFCC.

Corporate Social Responsibility:

The Indian Companies Act, 2013 has made "Corporate Social Responsibility" (CSR), mandatory for certain corporate entities, this has been done to integrate social, environmental and human development concerns in the value chain of the corporate business. It reiterates the commitment of the corporates to include those sections of society in the growth process, which had till now, remained excluded from the main stream development.

Your Company has from the outset given considerable importance to human and environmental development as it creates goodwill and creates an atmosphere in which business can succeed in a greater measure and plays a vital part in business continuity.

Further, as part of the initiatives under CSR, your Company has undertaken projects in the areas of health, education, infrastructure improvement, income generation programs like development of skill sets, training and awareness programs etc. and sponsoring social and cultural events. These projects are largely in accordance with provisions of Section 135 & Schedule VII of the Companies Act, 2013.

A CSR Committee reviews and monitors the CSR Policy and activities being undertaken by the Company. The details of the CSR Policy and initiatives taken by the Company which have touched the lives of almost 5,000 people in the 12 villages/hamlets of Nongtraï & Shella during the year are available at Company's website www.lumpl.com. The Company has spent INR 82.68 lakhs out of INR 89.79 lakhs earmarked for CSR activities as per the statutory limits under Section 135 of the Companies Act, 2013. Your Company is working to identify the new projects for the benefits of the communities surrounding the Mine. The Annual Report on CSR activities is annexed to this report as Annexure "A".

The Company also contributes to a Special Purpose Vehicle (SPV) which is mandated to undertake welfare projects including the development of health, education, economy, irrigation and agriculture in the project area of 50 kms solely for the local community and welfare of Tribal people.

Your Company has deposited with SPV a sum of INR 11,752.76 lakhs upto December 31, 2015. This SPV was set up as per an order of the Hon'ble Supreme Court of India, under the Chairmanship of the Chief Secretary, Meghalaya and the SPV follows the principles and procedure presently applied for utilization of CAMPA money.

Human Resources:

Your Company gives the highest importance to the human resources, as they are the key assets for sustainable future of the business. The Company gives continuous efforts to improve the skills and competency of all employees with main focus to the mining and maintenance team by arranging specialized trainings and learning sessions. LUMPL team is highly encouraged and motivated with the achievements of 2015 and shall strive to outperform in the coming years to increase shareholders value. In 2015, your Company took over the challenge to implement own mining. Credit goes to the highly skilled and motivated human resource of your Company, who successfully took the challenge and smoothly implemented the same.

Your Company continues to create benchmarks in the market with its compensation and benefits. It also offers competitive packages in order to attract new talent and keep the internal resources motivated.

Internal Control Systems and their Adequacy:

The Company has in place adequate internal control system to commensurate with the size, scale and complexity of its operation. To maintain its independence, the Internal Auditor reports to the Board.

The Internal Audit Department of the parent company LSC, monitors and evaluates the efficacy and adequacy of the internal control system in the Company, its compliances with operating systems, accounting procedures and Group policies at all locations. Based on the report of internal audit, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Board.

The LafargeHolcim Group has a Business Risk Management framework which is implemented at all locations to identify, evaluate business risks and opportunities, the policies of the Group create transparency, minimize adverse impact on the business objectives.

Auditors Report: Statutory Auditor

M/s RKP Associates, Chartered Accountants, having Firm Registration No. 322473E, has been appointed as Statutory Auditors of your Company to hold office from the conclusion of the 15th Annual General Meeting held on June 5, 2015 until the conclusion of the 16th Annual General Meeting.

There are no observations made in the Auditor's Report and in the notes to the accounts are self explanatory and hence do not call for any further comments.

Cost Auditors

In terms of the provision of Section 148 of the Companies Act, 2013, the Board of Directors of your Company have appointed M/s Manash R & Associates, Cost Accountants, Guwahati, for conducting Cost Audit of your Company for the Financial Year ending December 31, 2015.

Cost Records:

As required under the Companies (Cost Accounting Records) Rules, 2011, the cost compliance report for the year ended December 31, 2015 duly certified by the Cost Auditor has been filed with the Ministry of Corporate Affairs within the stipulated time.

Directors:

The Company has seven (7) Directors on the Board. The Directors are not liable to retire by rotation.

Appointments:

LSC, nominated Mr. Neeraj Akhoury and Mr. Kazi Mizanur Rahman as Directors on the Board of the Company.

Mr. Akhoury has been appointed as an Additional Director on the Board of the Company on January 30, 2016. Mr. Akhoury is the Chief Executive Officer of LSC. His presence on the Board would be beneficial for the Company.

Mr. Rahman has been appointed as an Additional Director on the Board of the Company on October 7, 2015. Mr. Rahman is the Legal Director and Company Secretary of LSC. His presence on the Board would be beneficial for the Company.

Resignations:

Mr. Asim Chattopadhyay had been appointed as a Director on the Board of the Company on March 29, 2010. Mr. Asim Chattopadhyay (nominee of LSC) resigned from the Board with effect from March 31, 2015.

Mr. Tarek Elba had been appointed as a Director on the Board of the Company on April 27, 2012. Mr. Elba (nominee of LSC) resigned from the Board with effect from September 1, 2015.

Dr. Ashim Kumar Chattopadhyay had been appointed as a Director on the Board of the Company on June 24, 2009. Dr. Chattopadhyay (nominee of LSC) resigned from the Board with effect from March 31, 2016.

Your Board thank Mr. Tarek Elba, Mr. Asim Chattopadhyay and Dr. Ashim Kumar Chattopadhyay for their contributions, leadership and guidance provided during their tenure as Directors of the Company.

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, 2015, 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, 2015 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, 2015 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:

The Statutory Auditors M/s RKP Associates, Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. Your Company has received confirmation from the Auditors to the effect that (i) their reappointment,

if made would be within the limits prescribed under Section 141(3) (g) the Companies Act, 2013; (ii) that they are not disqualified for re-appointment within the meaning of Section 139 of the said Act.

M/s. RKP Associates, Chartered Accountants who are the statutory auditors of the Company, hold office, in accordance with the provisions of the Companies Act, 2013 till the conclusion of the forthcoming annual general meeting and are eligible for re-appointment.

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

A calendar of meetings is prepared and circulated in advance to the Directors. The Board met seven (7) times during the year. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Particulars of employees:

The particulars as required under Rule 5 (2) and (3) of the Companies (Appointment and Remuneration of Management Personnel) Rules, 2014 are set out in Annexure "B" included in this report.

Particulars of loans, Guarantees and investments:

Loans, Guarantees and Investments covered under section 186 of the Companies Act, 2013 form part of the notes to the financial statement provided in this Annual Report.

Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013:

The Company continues to have high respect for women since the days of its incorporation. 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 "C" 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 "D".

Deposits:

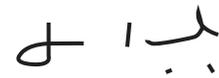
During the year under review, the Company has not accepted any deposit from the public.

Acknowledgements:

Your Directors wish to express their grateful appreciation for the valuable support and co-operation received from the Government of India, Government of Bangladesh, State Government of Meghalaya, the Durbars of Nongtraï and Shella villages, LSC, banks and project consultants.

We very warmly thank all the employees for their valuable service and commitment. We applaud them for their superior levels of performance, dedication and commitment to your Company. Our resilience to meet challenges was made possible by their hard work, solidarity, co-operation and support.

For and on Behalf of the Board



Chairman

Place: Shillong

Date: April 18, 2016

ANNEXURE A

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 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-responsibilities/lumplcsr policy
2	The Composition of the CSR Committee	Mr. Masud Khan (Chairman) Mr. Narayan Prasad Sharma (Member) Mr. Arif Bhuiyan (Member)
3	Average net profits of the Company for the last three financial years	Rs. 4,486.48 lakhs
4	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	Rs. 89.73 lakhs
5	Details of CSR spent during the financial year (a) Total amount to be spent for the year 2015 (b) Amount unspent, if any (c) Manner in which the amount spent during the financial year	Rs. 82.68 Lakhs Rs. 7.05 lakhs The manner in which the amount is spent is detailed in Annexure A1 .

ANNEXURE-“A1”

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
SI	CSR Project or activity identified	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs were 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	2,971	2,586	2,586	Direct
2	Sponsored Secondary School, books and tuition fees, Scholarship, Enhanced salary to math and science teachers, sponsorship for higher technical studies.	Nongitrai Village, Mawsynram Block, East Khasi Hills, Meghalaya.	Education	2,457	2,636	2,636	Direct
3	Livelihood Trainings, Stipend to trainees, Weaving materials, Awareness Program, Volunteering	Shella village, Shella Bholaganj Block, East Khasi Hills, Meghalaya	Employment & Skills Development	713	576	576	Direct
4	Community environment and cleaning drive and plantation, assistance to social activities		Environment	1,000	970	970	Direct
5	Village development Footpath, water supply, drains, bathing enclosure, railings		Infra-Structure	0	1,499	1,499	Direct
	Total			7,141*	8,267	8,267	

* Prescribed CSR Expenditure budget for the year Rs. 89.73 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

ANNEXURE “B”

Information under Rule 5 (2) and (3) of the Companies (Appointment and Remuneration of Management Personnel) Rules, 2014.

The information forms part of the Directors Report for the year ended December 31, 2015. Employed throughout the year and was in receipt of remuneration aggregating not less than Rs. 60 lakhs per annum.

Name & Age	Designation & nature	Remuneration Received (Rs. In Lakhs)	Qualification & Experience	Date of Joining	Particulars of last employment
Narayan Prasad Sharma 52 years	Operations Director	94.00	B.E (Mech) & MBA	1.10.1999	Engineer, Lafarge Asia Pacific, PTE. Ltd.

Note: 1. Mr. Sharma is not related to any of the Directors of the Company and does not hold any shares in the Company.

2. The appointment is contractual and the conditions of employment are governed by individual terms and conditions of service.

ANNEXURE "C"

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
 As on financial year ended on 31.03.2015

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, K HILLS, MEGHALAYA, SHILLONG - 793001			
6	Email	manjuree.rai@lafarge.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)					
S. 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					
S. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	LAFARGE SURMA CEMENT LTD	NA	Foreign Holding Company	100%	2(6)

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-December-2014]			No. of Shares held at the end of the year [As on 31-December-2015]			% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical		Total
A. Promoters								
(1) Indian				NA			NA	
Sub Total (A) (1)				0.00%			0.00%	0.00%
(2) Foreign								
c) Bodies Corp.	41,133,099	41,133,099	41,133,099	100.00%		41,133,099	100.00%	0.00%
Sub Total (A) (2)	41,133,099	41,133,099	41,133,099	100.00%		41,133,099	100.00%	0.00%
TOTAL (A)	41,133,099	41,133,099	41,133,099	100.00%		41,133,099	100.00%	0.00%
B. Public Shareholding								
1. Institutions				NA			NA	
2. Non-Institutions				NA			NA	
Sub-total (B)(2):-				0.00%			0.00%	0.00%
Total Public (B)				0.00%			0.00%	0.00%
C. Shares held by Custodian for GDRs & ADRs				0.00%			0.00%	0.00%
Grand Total (A+B+C)			41,133,099	100.00%		41,133,099	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

IV. SHARE HOLDING PATTERN

	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	LAFARGE SURMA CEMENT LTD	41,133,098	100.00%	41,133,098	100.00%	0.00%
2	Surma Holding BV	1	0.00%	1	0.00%	0.00%
	Total	41,133,099	100.00%	41,133,099	100.00%	0.00%

(iii) Change in Promoters' Shareholding: NIL

(iv) Shareholding Pattern of top ten Shareholders : NIL

(v) Shareholding of Directors and Key Managerial Personnel: 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 (Amt. Rs./Lacs)
Indebtedness at the beginning of the financial year							
i) Principal Amount	Nil		9,028.86		Nil		9,028.86
ii) Interest due but not paid	Nil		6.34		Nil		6.34
iii) Interest accrued but not due	Nil		1,233.49		Nil		1,233.49
Total (i+ii+iii)	Nil		10,268.69		Nil		10,268.69
Change in Indebtedness during the financial year							
* Addition	Nil		-		Nil		-
* Reduction	Nil		6,851.36		Nil		6,851.36
Net Change	Nil		(6,851.36)		Nil		(6,851.36)

Indebtedness at the end of the financial year				
i) Principal Amount	Nil	2,704.86	Nil	2,704.86
ii) Interest due but not paid	Nil	-	Nil	-
iii) Interest accrued but not due	Nil	712.47	Nil	712.47
Total (i+ii+iii)	Nil	3,417.33	Nil	3,417.33

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL: Not applicable as LUMPL is a Private Company

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE BOARD OF DIRECTOR'S REPORT) RULES, 1988.

A. CONSERVATION OF ENERGY:

(a) Energy conservation measures taken:

Your Company has selected the equipment and conducted operations and maintenance of the crushing plant and Diesel Generator sets based on the best engineering practices which are energy efficient and environment friendly. Today your Company is proud to state that since the beginning of the operations, there has been no compromise on this basic philosophy along with the commitment to adhere to it in the future.

The Mining team is continuously updating its knowledge and skill to increase output and bring down energy consumption and to keep pace with the developments taking place, international arena. This has not only drastically improved the knowledge, skills and analytical ability of our company team but also helped in bringing in new ideas which paves the way for modifications, adoption of latest developments in engineering and technology for overall improvement in efficiency of the quarry team and improvement in work culture.

(b) Additional Investment and proposals for energy conservation:

1. Automation of DG Sets operation, control of parameters, installation of online fuel filtration plant etc.
2. One (1) new RECON engine has been replaced for an old DG set. This will help in reduction of fuel consumption per MWH power generation.
3. Utilization of power saving light i.e. CFL, solar light etc.
4. Power supply optimization, with additional power generated being supplied to heavy equipment maintenance section and the residential colony. This has reduced the installation of separate generator at this location.

(c) Impact of the measure of (a) and (b) above for reduction of Energy consumption and consequent impact on the cost of production of goods:

The measures have been implemented in the last few years of operations and the positive effects shall be reflected in the coming days.

(d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure to the Rules in respect of industries specified in the schedule thereto:

B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form – B as annexed herewith.

FOREIGN EXCHANGE EARNINGS AND OUTGO

- (a)** Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and service and export plans

The Company is a 100% Export Oriented Unit.

(b) Total foreign exchange used and earned

a) Expenditure in foreign currency:

	Year Ended	
	31st December 2015	31st December 2014
	Rs. in lakhs	Rs. in lakhs
i) Professional and Consulting fees	43.50	28.73
ii) Interest and other borrowing cost	148.19	308.55
Total	191.69	337.28

b) Earnings in foreign currency:

	Year Ended	
	31st December 2015	31st December 2014
	Rs. in lakhs	Rs. in lakhs
i) FOB Value of Exports	21,224.39	20,730.79
Total	21,224.39	20,730.79

FORM A

[See Rule -2]

Form of disclosure of particulars with respect to conservation of energy

A. Power and Fuel Consumption	Current year	Previous Year
	2015	2014
1. Electricity		
(a) Purchased		
Unit (KWH)	167,811	268,045
Total Amount (Rs)	746,761	1,192,800
Rate/unit (Rs)	4.45	4.45
(b) Own Generation :		
(i) Through diesel Generator		
Units (KWH)	3,537,228	4,339,613
(ii) Units/litre of diesel oil	2.40	2.51
Cost /Unit (INR/Unit)	17.67	20.40
(iii) Through steam turbine/generator		
Units	N.A	N.A
Units per litre of fuel oil/gas	N.A	N.A
Cost/Units	N.A	N.A

2.	Coal (specify quality and where used)		
	Quantity (tonnes)	N.A	N.A
	Total cost	N.A	N.A
	Average rate	N.A	N.A
3.	Furnace oil		
	Quantity (k. ltrs.)	N.A	N.A
	Total amount	N.A	N.A
	Average rate	N.A	N.A
4.	Others/internal generation (please give details)		
	Quantity	N.A	N.A
	Total cost	N.A	N.A
	Rate/unit	N.A	N.A
B. Consumption per unit of production			
	2013- 1.74 KWH /MT		
	2014- 2.17 KWH /MT		
	2015- 1.77 KWH /MT		

FORM B
[See Rule 2]

Form for disclosure of particulars with respect to Technology Absorption

RESEARCH AND DEVELOPMENT:

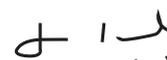
- (i) Specific Areas in which R&D was carried out by the Company: As it is new unit, hence no such action taken
- (ii) Benefits derived: NIL
- (iii) Future Plan of Action: NIL
- (iv) Expenditure on R&D: NIL

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Efforts, in brief made towards technology absorption, adoption and innovation: As it is new unit, hence no such action taken.

Information regarding technology imported during the last five years: NIL

For and on Behalf of the Board



Chairman

Place: Shillong

Date: April 18, 2016

INDEPENDENT AUDITOR’S REPORT

To
The Members
Lafarge Umiam Mining Private Limited
Hotel Polo Tower
Polo Ground
Oakland Road
Shillong – 793 001
Meghalaya

We have audited the accompanying financial statements of **LAFARGE UMIAM MINING PRIVATE LIMITED**. (“the Company”), which comprise the Balance Sheet as at 31st December, 2015, the Statement of Profit & Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Managements Responsibility for the Financial Statements :

The Company’s Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility :

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company’s preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company’s Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statement.

Opinion :

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of the Balance Sheet, of the state of the affairs of the Company as at 31st December, 2015, and
- ii) In the case of the Statement of Profit & Loss, of the profit for the year ended on 31st December, 2015.
- iii) In the case of the Cash Flow Statement, of the cash flow for the year ended on 31st December, 2015.

Report on Legal and Regulatory Requirements :

1. As required by the Companies (Auditor's Report) Order, 2015 (“the Order”) issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013. We give in the Annexure a statement on the matters specified in paragraph 3 & 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement referred to in this report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, the Statement of Profit & Loss and Cash Flow Statement 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 31st December, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With Respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
 - i. The company has disclosed the impact of pending litigation on its financial position in its financial statement – Refer Note No. 27 to the financial statement.
 - ii. The Company has long-term contracts including forward contracts for which there would have been no material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Dated at Silchar
the 06th of February' 2016

FOR RKP ASSOCIATES
CHARTERED ACCOUNTANTS



(CA. RAVI KUMAR PATWA)
PARTNER
MRN. 056409
FRN. 322473E

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in paragraph (1) of the Independent Auditors' Report of even date to the member of **LAFARGE UMIAM MINING PRIVATE LIMITED** on the financial statements of the Company for the year ended 31st December, 2015.

In Respect of Its Fixed Assets :-

- 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 fixed assets of the Company have been physically verified during the year by the management at reasonable intervals and no material discrepancies have been noticed on such verification.
- c) In our opinion, and according to the information and explanation given to us, the Company has not disposed off substantial part of its Fixed Assets during the year.

In Respect of Its Inventory :-

- II) a) As explained to us, the inventory has been physically verified during the year by the management at reasonable intervals.
- b) In our opinion, and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to stock records.
- III) The Company has not granted any loans, secured or unsecured, to/from companies, firms or other parties listed 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, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory, fixed assets and payment for expenses & for the sale of goods. During the course of our audit, we did not come across any major instance of continuing failure to correct major weaknesses in the internal control system. The Company does not have any sale of services.
- 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 clause (v) of Para. 3 of the CARO 2015 is not applicable to the Company.
- VI) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and are of the opinion that prima facie the Qprescribed cost records have been maintained. However, we have not made a detailed examination of the same.
- VII) According to the information and explanations given to us in respect of statutory dues:-
 - a) The Company has generally been regular in depositing undisputed dues of Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
The unpaid undisputed dues in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st December, 2015 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 (Rs. 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, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st December 2015 on account of disputes.
- c) The Company does not have any amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provision of the Companies Act, 1956 (1 of 1956) and rules made there under.
- (VIII) The Company does not have any accumulated losses at the end of calendar year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (IX) Based on our audit procedures and according to the information and explanations given to us, by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to any financial institution or banks.
- X) According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from banks and other financial institutions.
- XI) In our opinion and according to the information and explanation given to us, the term loans have been applied for the purpose for which they were obtained
- XII) Based upon the audit procedures performed and according to the information and explanations given to us we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

IN TERMS OF OUR REPORT OF EVEN DATE

FOR RKP ASSOCIATES
 CHARTERED ACCOUNTANTS



(CA. RAVI KUMAR PATWA)
 PARTNER
 MRN. 056409
 FRN. 322473E

Dated at Silchar
 the 06th of February' 2016

LAFARGE UMIAM MINING PRIVATE LIMITED
Balance Sheet as at 31st December 2015

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	NOTES	As at 31.12.2015 (Rs. in Lakhs)	As at 31.12.2014 (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	1,459.43	(3,766.90)
		<u>5,572.74</u>	<u>346.41</u>
(2) Non-current liabilities			
(a) Long-term borrowings	05	540.97	3,662.72
(b) Long term trade payables	08	-	34.00
(c) Long-term provisions	06	119.27	103.88
(d) Deferred tax liabilities (net)	23	1,539.23	-
		<u>2,199.47</u>	<u>3,800.60</u>
(3) Current liabilities			
(a) Short-term borrowings	07	9,186.95	9,552.01
(b) Trade payables	08	2,308.02	1,545.72
(c) Other current liabilities	09	5,361.73	8,560.56
(d) Short-term provisions	06	2.71	2.24
		<u>16,859.41</u>	<u>19,660.53</u>
TOTAL EQUITY AND LIABILITIES		<u>24,631.62</u>	<u>23,807.54</u>
(II) ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10 A	9,715.33	10,090.20
(ii) Intangible assets	10 B	5,569.36	5,924.26
(iii) Capital work-in-progress	11	336.58	310.30
		<u>15,621.28</u>	<u>16,324.76</u>
(b) Long-term loans and advances	12	5,564.62	4,217.58
		<u>21,185.90</u>	<u>20,542.34</u>
(2) Current assets			
(a) Inventories	13	1,475.62	946.68
(b) Trade receivables	14	994.89	358.99
(c) Cash and cash equivalents	15	5.40	545.14
(d) Short-term loans and advances	12	969.81	1,414.38
		<u>3,445.72</u>	<u>3,265.19</u>
TOTAL ASSETS		<u>24,631.62</u>	<u>23,807.54</u>

See accompanying notes forming part of the financial statements
In terms of our report attached

For R K P Associates
Chartered Accountants



CA. RAVI KUMAR PATWA
PARTNER
MRN. 056409
FRN. 322473E

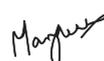
Place : Silchar
Date: 06th Feb, 2016

For and on behalf of the Board of Directors



Narayan Sharma
Director

Place : Dhaka
Date : 28th Jan, 2016



Manjuree Rai
Company Secretary



Kazi Mizanur Rahman
Director

LAFARGE UMIAM MINING PRIVATE LIMITED
Statement of Profit and Loss for the year ended 31st December 2015

	Note	Year ended 31.12.2015 (Rs. in Lakhs)	Year ended 31.12.2014 (Rs. in Lakhs)
I Revenue from operations (gross)	16	21,224.39	20,730.79
Less : Excise duty		-	-
Revenue from operations (net)		21,224.39	20,730.79
II Other Income	17	27.72	1,554.89
III Total Revenue (I + II)		21,252.11	22,285.68
IV EXPENSES			
(a) Cost of extracted limestone	18	3,083.82	3,229.22
(b) Employee benefits expense	19	897.30	779.81
(c) Finance costs	20	1,257.83	1,605.29
(d) Depreciation and amortisation expense	10	1,164.33	1,340.86
(e) Other expenses	21	8,083.28	7,154.26
Total Expenses		14,486.56	14,109.44
V Profit / (Loss) before tax (III-IV)		6,765.55	8,176.24
VI Tax Expense			
(a) Current tax		-	-
(b) Deferred tax		1,539.23	-
Total tax expense		1,539.23	-
VII Profit/ (Loss) for the year (V - VI)		5,226.32	8,176.24
VIII Earning/ (Loss) per equity share (Rupees):			
Basic and Diluted		12.71	19.88

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

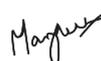


CA. RAVI KUMAR PATWA
PARTNER
MRN. 056409
FRN. 322473E

For and on behalf of the Board of Directors



Narayan Sharma
Director



Manjuree Rai
Company Secretary



Kazi Mizanur Rahman
Director

Place : Silchar
Date: 06th Feb, 2016

Place : Dhaka
Date : 28th Jan, 2016

LAFARGE UMIAM MINING PRIVATE LIMITED
Cash Flow Statement for the year ended 31st December 2015

	Year ended 31.12.2015 (Rs. in Lakhs)	Year ended 31.12.2014 (Rs. in Lakhs)
A. Cash Flow from Operating activities:		
Profit / (Loss) before taxes and exceptional item	6,765.55	8,176.24
<i>Adjustments for:</i>		
Depreciation	1,164.33	1,340.86
Unrealised foreign exchange (gain)/ loss	221.55	514.44
Financial Charges	689.78	1,191.40
Interest Income	(27.72)	(30.07)
Operating profit before working capital changes	8,813.49	11,192.87
<i>Changes in Working Capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>	(2,069.87)	(2,120.15)
Trade receivables	(641.82)	518.03
Short term and long term loans and advances	(899.11)	(2,749.31)
Inventories	(528.94)	111.13
<i>Adjustments for increase / (decrease) in operating liabilities:</i>	1,290.30	(186.55)
Trade payables and other current and non current liabilities	1,274.44	(217.32)
Long and short term Provisions	15.86	30.77
Cash from / (used in) operations	8,033.92	8,886.18
Net cash from/(used in) operating activities	8,033.92	8,886.18
B. Cash Flow from Investing activities:		
Capital Expenditure on fixed assets and capital work in progress	(460.83)	(410.16)
Interest received	24.37	35.88
Net cash used in investing activities	(436.46)	(374.28)
C. Cash Flow from Financing activities:		
Proceed from Short term borrowings	27,446.99	39,772.57
Repayment of short term borrowings	(27,884.57)	(41,105.89)
Repayment of long term borrowings	(6,446.12)	(4,905.97)
Financial charges paid	(1,253.49)	(1,742.44)
Net cash from/ (used in) financing activities	(8,137.20)	(7,981.73)
Net increase or (decrease) in cash or cash equivalents	(539.74)	530.16
Cash and cash equivalents as at 1st January	545.14	14.98
Cash and cash equivalents as at 31st December	5.40	545.14

Notes:

1. Include cash and Cheques on hand, balance in current and deposit accounts with banks (refer note - 15) .
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. RAVI KUMAR PATWA

PARTNER

MRN. 056409

FRN. 322473E

Place : Silchar

Date: 06th Feb, 2016

For and on behalf of the Board of Directors



Narayan Sharma
Director



Manjuree Rai
Company Secretary



Kazi Mizanur Rahman
Director

Place : Dhaka

Date : 28th Jan, 2016

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 Lafarge Surma Cement Ltd. ("LSC"), 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 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 and cement by LSC.

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 read together with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 / the Companies Act, 1956, as applicable.

b) Change in Accounting Policy

Effective from 1st April, 2014, the company has changed its method of charging depreciation on Fixed Assets from SLM method on pro rata basis at the rates prescribed in Schedule XIV of the Companies Act, 1956 to SLM method on pro rata basis over the useful life prescribed in Schedule II of the Companies Act, 2013. The Management believes that the useful life as prescribed under the Companies Act, 2013 are appropriate and will give a systematic basis for charging depreciation and at the same time for those assets for which useful life is not appropriate as per management related disclosures had been given.

c) 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.

d) 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."

e) Fixed Assets

Fixed Assets are stated at original cost of acquisition less accumulated depreciation. Cost includes inward freight, duties, taxes and incidental expenses related to acquisition and installation of asset.

Software expected to provide future enduring economic benefits is stated at cost less amortization. All up gradation/enhancements are charged off as revenue expenditure unless they bring significant additional benefits.

f) 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.

g) 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

02 SIGNIFICANT ACCOUNTING POLICIES

h) 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.

i) 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.

j) 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"

k) 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

l) 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.

m) Impairment of Fixed Assets

An impairment loss is recognized wherever the carrying amount of fixed assets of cash generating unit exceeds the recoverable amount i.e. net selling price or value in use, whichever is higher.

n) 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."

o) 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.

03 SHARE CAPITAL

Authorised:

42,000,000 (as at 31st December, 2014: 42,000,000) equity shares of Rs. 10 each

Issued, Subscribed and Fully Paid up:

41,133,099 (as at 31st December, 2014: 41,133,099) equity shares of Rs. 10 each

	As at 31.12.2015 (Rs. in Lakhs)	As at 31.12.2014 (Rs. in Lakhs)
	4,200.00	4,200.00
	4,200.00	4,200.00
	4,113.31	4,113.31
	4,113.31	4,113.31

03.1 Share Capital

Reconciliation of Number of shares

	As at 31.12.2015		As at 31.12.2014	
	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	41,133,099	4,113.31	41,133,099	4,113.31

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

Shareholder	As at 31.12.2015		As at 31.12.2014	
	No. of Shares	%	Nos. shares	%
(1) Lafarge Surma Cement Ltd, Bangladesh, the holding company	41,133,098	100%	41,133,098	100%
	41,133,098	100%	41,133,098	100%

03.3 Rights, preferences and restrictions attached to the equity shareholders

The Company has one class of equity shares having a par value of Rs. 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

Surplus / (Deficit) in Statement of Profit and Loss :

Opening Balance

Add: Profit / (Loss) for the year

Less : Adjustment on account of Schedule II of the Companies Act, 2013⁽¹⁾

Closing Balance

	As at 31.12.2015 (Rs. in Lakhs)	As at 31.12.2014 (Rs. in Lakhs)
	(3,766.90)	(11,943.14)
	5,226.32	8,176.24
	(0.02)	
	1,459.43	(3,766.90)

Additional information

(1) During the year, the Company has revised depreciation rate on certain fixed assets pursuant to the applicability of Schedule II of Companies, Act 2013 with effect from 01st April 2014 as per the useful life specified in the Schedule II. Accordingly, depreciation of Rs. 0.02 lakh has been adjusted to retained earnings pursuant to compliance of Schedule II of Companies, Act 2013.

LAFARGE UMIAM MINING PRIVATE LIMITED

Notes to the Financial Statements

05 LONG-TERM BORROWINGS

	As at 31.12.2015		As at 31.12.2014	
	(Rs. in Lakhs)	(Rs. in Lakhs)	(Rs. in Lakhs)	(Rs. in Lakhs)
	Current Maturities	Long Term	Current Maturities	Long Term
(a) Term loans from related parties (Unsecured) External commercial borrowing from Lafarge Surma Cement Ltd, Bangladesh ⁽¹⁾	2,163.89	540.97	2,066.19	2,582.74
(b) Loans from banks (Unsecured)	-	-	3,299.95	1,079.98
	2,163.89	540.97	5,366.14	3,662.72
		2,704.86		4,648.93
				4,379.93
				9,028.86

Additional information

(1) The Company has availed an "offshore loan" from Lafarge Surma Cement Limited (LSC), Bangladesh, holding 41,133,098 shares of the Company (as at 31st December 2014: 41,133,098 shares) to fund its limestone and shale mining project development and operation. As per the terms of the offshore loan under the Composite Security Agreement dated 5th April, 2005, Lafarge Surma Cement Ltd and all its associates are required to create security of their respective assets in favour of the offshore lenders. The same was classified as secured loan as at 31st December, 2014, having charge against the over all present and future movable and intangible assets, contracts, investments and insurance policies of the Company except for stock in trade and receivable under a composite security agreement in favour of secured offshore lenders. Pursuant to release of charge by the security agent of the offshore lenders on 29th December, 2015 the offshore loan is classified as unsecured loan as at 31st December, 2015.

(2) Terms of repayment of borrowings as at 31st December 2015 are as follows :

Particulars	Currency	INR Equivalent ('lakhs)	Installment amount in lakhs	No. of Installment paid	No. of Installment due	Start date of loan repayment	Maturity date	Remarks
External commercial borrowing (ECB)	USD	INR 2,704.86	USD 8.16	15 (quarterly)	5	June 15, 2012	March 15, 2017	Refer note A
Term loan from Citi Bank, NA	USD	INR 0.00	USD 6.00	17 (quarterly) 3 installment pre-payment	-	June 30, 2011	March 31, 2016	Refer note B
Term loan from Standard Chartered Bank	INR	INR 0.00	INR 350.00	16 (quarterly) 4 installment pre-payment	-	September 30, 2011	June 30, 2016	Refer note C

(3) Terms of repayment of borrowings as at 31st December 2014 are as follows :

Particulars	Currency	INR Equivalent ('lakhs)	Installment amount in lakhs	No. of Installment paid	No. of Installment due	Start date of loan repayment	Maturity date	Remarks
External commercial borrowing (ECB)	USD	INR 4,648.93	USD 8.16	11 (quarterly)	9	June 15, 2012	March 15, 2017	Refer note A
Term loan from Citi Bank, NA	USD	INR 2,279.93	USD 6.00	14 (quarterly)	6	June 30, 2011	March 31, 2016	
Term loan from Standard Chartered Bank	INR	INR 2,100.00	INR 350.00	14 (quarterly)	6	September 30, 2011	June 30, 2016	

06 PROVISIONS

	As at 31.12.2015 (Rs. in Lakhs)		As at 31.12.2014 (Rs. in Lakhs)	
	Long Term	Short Term	Long Term	Short Term
(a) Provision for employee benefits Post-employment Defined Benefits Retiring Gratuity	94.77	2.37	73.95	1.52
(b) Provision for stock appreciation right	24.50	-	29.93	-
(c) Provision for Wealth Tax ⁽¹⁾	-	0.34	-	0.72
Total Provisions	119.27	2.71	103.88	2.24

Additional information

(1) Net of Advance Taxes Rs.3.35 lakhs (as at 31st December, 2014 Rs. 2.98 lakhs)

07 SHORT-TERM BORROWINGS

	As at 31.12.2015 (Rs. in Lakhs)	As at 31.12.2014 (Rs. in Lakhs)
	Loans from banks Unsecured	
(1) From Citibank NA, Mumbai : Working capital demand loan Overdraft	6,300.97 171.10	6,579.82 63.28
(2) From Standard Chartered Bank, Mumbai : Working capital demand loan Overdraft	994.89 12.00	2,691.59 32.66
(3) From HSBC, Mumbai : Working capital demand loan	1,492.34	-
(4) From State Bank of India, Shillong : Overdraft	215.65	184.66
	9,186.95	9,552.01

08 TRADE PAYABLES

	As at 31.12.2015 (Rs. in Lakhs)		As at 31.12.2014 (Rs. in Lakhs)	
	Long Term	Short term	Long Term	Short term
Creditors for supplies / services	-	2,243.29	34.00	1,466.37
Creditors for accrued wages and salaries	-	64.73	-	79.35
Total Trade Payables	-	2,308.02	34.00	1,545.72

09 OTHER CURRENT LIABILITIES

	As at 31.12.2015 (Rs. in Lakhs)	As at 31.12.2014 (Rs. in Lakhs)
	(a) Current maturities of long-term debt (Refer Note 5)	2,163.89
(b) Creditors for capital liability	67.70	23.79
(c) Creditors for other liabilities		
(1) Interest accrued but not due on borrowings	727.16	1,256.01
(2) Interest accrued and due on borrowings	-	2.90
(3) Statutory Dues	2,160.90	1,587.63
(4) Other credit balances	242.08	324.09
Total Other current liabilities	5,361.73	8,560.56

Note A: As per the fourth amendment of the loan agreement dated March 20, 2012, the borrower and the lender have agreed to a revised repayment schedule for repayment of outstanding principal loan amount along with interest thereon in 20 equal quarterly installments starting from June 15, 2012.

Note B: The term loan from Citibank NA was fully prepaid on the 30th September, 2015 with prepayment of 3 numbers of installment

Note C: The term loan from Standard Chartered Bank was fully prepaid on the 05th June, 2015 with prepayment of 4 numbers of installment

10. FIXED ASSETS

Particulars	Gross Block - At Cost		Depreciation / Amortisation		Net Block	
	As at 1st January, 2015	Additions during the year	As at 31st December, 2015	Impact of adoption of Schedule II	As at 31st December, 2015	As at 1st January, 2015
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
10 A. Tangible Assets						
Freehold Land	204.90	-	204.90	-	204.90	204.90
Leasehold Land	138.85	-	138.85	-	80.41	86.91
Building	870.14	20.24	890.38	1.91	736.14	749.56
Plant and Machinery	13,395.18	389.18	13,784.36	0.45	7,890.07	8,211.80
Development of property	1,073.62	-	1,073.62	-	689.53	733.22
Furniture and Fixtures	54.08	7.85	61.93	-	28.86	24.63
Office & Household Equipments	91.51	7.28	98.79	-	24.83	25.17
Electronic Data Processing Equipment	107.65	9.00	116.65	-	24.09	18.32
Vehicles	246.72	-	246.72	(2.38)	36.49	35.69
Total	16,182.65	433.55	16,616.20	(0.02)	9,715.33	10,090.20

Particulars	Gross Block - At Cost		Depreciation / Amortisation		Net Block	
	As at 1st January, 2015	Rs. in lakhs	As at 31st December, 2015	Rs. in lakhs	As at 31st December, 2015	Rs. in lakhs
Previous year	15,639.17	543.48	16,182.65	5,107.13	-	10,090.20
10 B. Intangible Assets						
Software (acquired)	36.05	1.00	37.05	35.82	-	0.77
Development of property	7,132.14	-	7,132.14	1,208.11	-	5,568.59
Total	7,168.19	1.00	7,169.19	1,243.93	-	5,569.36
Previous year	7,168.19	-	7,168.19	888.37	-	5,924.26

Additional information

(1) During the year, the Company has revised depreciation rate on certain fixed assets pursuant to the applicability of Schedule II of Companies, Act 2013 with effect from 01st April 2014 as per the useful life specified in the Schedule II. Accordingly, depreciation of Rs. 0.02 lakh has been adjusted to retained earnings pursuant to compliance of Schedule II of Companies, Act 2013.

Had there been no change in useful life of assets, depreciation for the year ended 31st December, 2015 would have been higher by Rs. 184.03 lakhs.

11 CAPITAL WORK-IN-PROGRESS

- (a) Development of property⁽¹⁾
 (b) Building
 (c) Plant & Machinery
 (d) Others
Total capital work-in-progress

	As at 31.12.2015 (Rs. in lakhs)	As at 31.12.2014 (Rs. in lakhs)
(a) Development of property ⁽¹⁾	273.53	217.31
(b) Building	-	11.56
(c) Plant & Machinery	38.75	81.43
(d) Others	24.30	-
Total capital work-in-progress	336.58	310.30

Additional information

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

12 LOANS AND ADVANCES**Loans and advances (Unsecured, considered good)**

- (a) Capital advances
 (b) Security deposits
 (c) Interest accrued on deposits
 (d) Advance income tax⁽¹⁾
 (e) Other loans and advances
 (1) Prepayments
 (2) Advances to suppliers
 (3) Deposit account^{(2) & (3)}
 (4) Others

	As at 31.12.2015		As at 31.12.2014	
	Long Term (Rs. in lakhs)	Short Term (Rs. in lakhs)	Long Term (Rs. in lakhs)	Short Term (Rs. in lakhs)
(a) Capital advances	-	162.50	11.20	-
(b) Security deposits	1,232.62	-	1,203.72	-
(c) Interest accrued on deposits	8.30	10.40	3.66	11.70
(d) Advance income tax ⁽¹⁾	4,051.22	-	2,559.06	-
(e) Other loans and advances				
(1) Prepayments	219.50	77.88	273.40	82.11
(2) Advances to suppliers	4.19	307.10	14.34	687.81
(3) Deposit account ^{(2) & (3)}	48.79	283.64	48.79	307.71
(4) Others	-	128.29	103.42	325.06
	272.48	796.91	439.95	1,402.69
Total Loans and advances	5,564.62	969.81	4,217.58	1,414.38

Additional information

- Represents Income tax on Minimum Alternate Tax which is available as MAT Credit and eligible for carried forward and set-off against income tax liability in the year in which the company is liable to pay tax under the general provision of Income Tax Act, 1961.
- Represents deposit with banks that are restricted from being exchanged or used to settle a liability for more than 12 months.
- Includes Rs. 34.66 lakhs (as at 31st December, 2014 Rs. 34.66 lakhs) pledged with the Office of Commissioner of Central Excise, Meghalaya; Rs. 17.32 lakhs (as at 31st December, 2014 Rs. 17.32 lakhs) pledged in respect of Bank Guarantee issued by State Bank of India, Shillong in favour of Indian Bureau of Mines; Rs 280.00 lakhs (as at 31st December 2014 Rs 280.00 lakhs) pledged in respect of Bank overdraft facility availed from State Bank of India, Shillong.

13 INVENTORIES

	As at 31.12.2015 (Rs. in Lakhs)	As at 31.12.2014 (Rs. in Lakhs)
(a) Extracted Limestone	446.88	384.80
(b) Extracted Shalestone	-	12.12
Less : Provision for Obsolescence	-	(12.12)
(c) Oil and Fuel	32.43	23.55
(d) Stores, Spares and Explosive	996.31	538.33
Total Inventories	1,475.62	946.68

14 TRADE RECEIVABLES

	As at 31.12.2015 (Rs. in Lakhs)	As at 31.12.2014 (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	994.89	358.99
Total current trade receivable	994.89	358.99

15 CASH AND CASH EQUIVALENTS

	As at 31.12.2015 (Rs. in Lakhs)	As at 31.12.2014 (Rs. in Lakhs)
(a) Cash on hand	0.97	0.62
(b) Balances with banks		
In Current Accounts	4.43	6.20
In Transit	-	538.32
Total cash and cash equivalents	5.40	545.14
Out of above, the balances that meet the definition of Cash and cash equivalents as per Accounting Standard 3 Cash Flow Statements	5.40	545.14

16 REVENUE FROM OPERATIONS

	Year ended 31.12.2015 (Rs. in lakhs)	Year ended 31.12.2014 (Rs. in lakhs)
Revenue from operations (gross)	21,224.39	20,730.79
Less : Excise duty on revenue from operations	-	-
Revenue from operations (net)	21,224.39	20,730.79

16.1 Revenue from operations (net)**Particulars**

Sale of lime stone ⁽¹⁾	21,224.39	20,730.79
	21,224.39	20,730.79

Additional information

(1) Sales of limestone represent 100% export sales to holding company, Lafarge Surma Cement Ltd, Bangladesh

17 OTHER INCOME

(a) Interest Income from bank deposits	27.72	30.07
(b) Others ⁽¹⁾	-	1,524.82
Total Other Income	27.72	1,554.89

Additional information

(1) Represents refund of Cenvat Credit on Service Tax and Central Excise Duty

18 COST OF EXTRACTED LIMESTONE

Extracted Limestone		
Opening stock	384.80	398.94
Add:- Cost of extraction	3,145.90	3,215.08
Less : Closing stock	446.88	384.80
Extracted Limestone Consumed	3,083.82	3,229.22

19 EMPLOYEE BENEFITS EXPENSES

(a) Salaries and wages, including bonus	832.80	718.44
(b) Contribution to provident and other funds	64.50	61.37
Total Employee Benefits Expense	897.30	779.81

20 FINANCE COST

(a) Interest expenses		
Interest on External Commercial Borrowings	129.17	184.90
Interest on working capital demand loan and overdraft	391.09	429.04
Interest on term loan from banks	137.22	438.67
(b) Bank charges	13.28	15.14
(c) Other borrowing costs	19.02	123.65
(d) Net loss on foreign currency transactions and translation (considered as finance cost)	568.05	413.89
Total Finance Cost	1,257.83	1,605.29

21 OTHER EXPENSES

	Year ended 31.12.2015 (Rs. in lakhs)	Year ended 31.12.2014 (Rs. in lakhs)
Consumption of stores, spare parts and loose tools	428.54	365.33
Fuel for power generation	624.94	885.23
Cost of operation and maintenance of DG Sets for power generation	177.69	136.79
Rent	28.94	28.74
Repairs to buildings	12.55	15.14
Repairs to machinery	50.88	81.53
Repairs to others	99.12	177.44
Insurance	40.41	42.67
Rates & taxes [Wealth tax - Rs Nil (Previous year: Rs.0.36 lakhs)]	-	0.36
Royalty and Cess for Limestone mining lease	2,823.25	1,783.52
Welfare Cess	20.00	20.00
Lease rent for limestone mining surface rights	305.00	305.00
LBC and mining operation support & assistance by local bodies & others	211.40	199.64
Contribution to Special Purpose Vehicle ⁽¹⁾	1,799.96	1,800.00
Expenditure on Community Welfare ⁽²⁾	104.51	107.12
Environmental cost	184.10	154.85
Business Promotion & Public Relations	51.62	42.97
Study, reports and consultancy fees	97.19	67.01
IT Cost	52.37	42.78
Security cost	394.52	398.76
Communication charges	8.79	8.72
Gas, Water & Electricity	50.53	96.91
Legal fees and consultation	198.13	83.61
Travelling and conveyance	155.46	145.65
Safety expense	33.29	42.23
Site restoration cost	25.42	25.42
Deputation of custom officials at site	29.14	28.00
Auditors remuneration and out-of-pocket expenses (including service tax)		
(i) Statutory Auditors	8.59	8.43
(ii) Tax Audit related matter	3.19	3.15
(iii) For other services	1.71	2.81
(iv) Reimbursement of Expense	0.30	0.41
Miscellaneous expenses	61.74	54.04
Total Other Expenses	8,083.28	7,154.26

(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 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) Out of which Rs. 82.68 lakhs (Previous year : Rs.85.28 lakhs) represents part of the Corporate Social Responsibility expenditure incurred by the Company in line with the requirement of the provision of Section 135 of the Companies Act, 2013.

22. ESTIMATED AMOUNT OF CONTRACTS (NET OF ADVANCES) REMAINING TO BE EXECUTED ON CAPITAL ACCOUNT AND NOT PROVIDED FOR RS. 1,058.78 LAKHS (AS AT 31ST DECEMBER, 2014 RS. 341.73 LAKHS).

23. DEFERRED TAX:

The break up of deferred tax is as under	Year Ended	
	31st December 2015	31st December 2014
	(Rs. In lakhs)	(Rs. In lakhs)
Deferred Tax Liabilities		
Timing difference on account of:		
-Depreciation	1,850.37	928.64
Gross Deferred Tax Liabilities (A)	1,850.37	928.64
Deferred Tax Assets		
-Unabsorbed depreciation	277.52	928.64
-Provision for Gratuity	33.62	-
Gross Deferred Tax Assets (B)	311.14	928.64
Deferred Tax Assets/ (Liability) (Net) (A - B)	(1539.23)	NIL

During the year ended 31st December 2014 the Company has recognised deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax.

24. MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006.

The Company has not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, and hence disclosures if any, relating to amounts unpaid as at the year end together with interest paid/ payable are required under the said act have not been given.

25. EXPENDITURE / EARNINGS IN FOREIGN CURRENCY:

a) Value of imports calculated on CIF basis:

	Year Ended	
	31st December 2015	31 st December 2014
	Rs. in lakhs	Rs. in lakhs
i) Stores and Spare parts	424.50	98.34
ii) Capital goods	284.95	290.56
Total	709.45	388.90

b) Expenditure in foreign currency:

	Year Ended	
	31st December 2015	31st December 2014
	Rs. in lakhs	Rs. in lakhs
i) Professional and Consulting fees	43.50	28.73
ii) Interest and other borrowing cost	148.19	308.55
Total	191.69	337.28

c) Earnings in foreign currency:

	Year Ended	
	31st December 2015	31st December 2014
	Rs. in lakhs	Rs. in lakhs
i) FOB Value of Exports	21,224.39	20,730.79
Total	21,224.39	20,730.79

d) Details of consumption of imported and indigenous items :

	Year Ended			
	31st December 2015		31st December 2014	
	Rs. in lakhs	%	Rs. in lakhs	%
i) Imported				
Raw materials	Nil	Nil	Nil	Nil
Stores and Spares	292.51	68%	219.71	60%
ii) Indigenous				
Raw materials	3,083.82	100%	3,229.22	100%
Stores and Spares	135.99	32%	145.62	40%

26. CONTINGENT LIABILITY NOT PROVIDED FOR:

Bank Guarantee amounting to Rs. 16.13 lakhs (as at 31st December 2014 Rs. 16.13 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.

27. 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"). 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 11.09.2015 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.

28. LEA (Lafarge 2011 international employee) share ownership plan

The Company pursuant to Lafarge S.A.'s global human resource policy has established the Lafarge Group stock bonus rights plan ("LEA 2011" or "the Plans") whereby the employees have been granted Stock Appreciation Rights on 28th July, 2011. On account of the Plan the Company has created a provision of Rs. 24.50 lakhs (as at 31st December 2014 Rs. 29.93 lakhs) towards Stock Appreciation Rights.

29. 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	
	31st December 2015	31st December 2014
	Rs. in lakhs	Rs. in lakhs
Opening balance	209.70	184.28
Additions	25.42	25.42
Reversals	Nil	Nil
Closing balance	235.12	209.70

30. 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 2015 which is in the nature of unfunded gratuity benefit.

The following tables set out the details of amount recognised in the financial statements in respect of defined benefit scheme for unfunded gratuity as per the actuarial valuation under the Projected Unit Credit Method.

I. Component of Expenses recognized in the Statement of Profit and Loss

		Year Ended	
		31st December 2015	31st December 2014
		Rs. in lakhs	Rs. in lakhs
1	Current Service cost	15.75	13.83
2	Interest cost	6.00	4.13
3	Expected return on plan assets	-	-
4	Curtailement cost/(credit)	-	-
5	Settlement cost/(credit)	-	-
6	Amortization of Past Service Cost	-	-
7	Actuarial Losses/(Gains)	0.70	6.23
8	Total expense recognized in the Statement of Profit & Loss	22.45	24.20

The Gratuity expenses have been recognized under "Contribution to provident and other funds" in Note 19.

II. Net Asset/(Liabilities)

Sl. No.		Current Year	Previous Year			
			As on 31 st Dec 14	As on 31 st Dec 13	As on 31 st Dec 12	As on 31 st Dec 11
		Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
1	Present value of Defined Benefit Obligation	97.14	75.47	52.00	45.56	31.03
2	Fair value of plan assets	-	-	-	-	-
3	Funded status [Surplus/(Deficit)]	(97.14)	(75.47)	(52.00)	(45.56)	(31.03)
4	Effect of balance sheet asset limit	-	-	-	-	-
5	Unrecognized Past Service Costs	-	-	-	-	-
6	Net asset/(liability) recognized in balance sheet	(97.14)	(75.47)	(52.00)	(45.56)	(31.03)
7	Experience (Gain)/Loss adjustments on plan liabilities	1.40	(2.29)	(1.87)	1.26	4.84

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

Sl. No.		Year ended 31 st December 2015	Year ended 31 st December 2014
		Rs. in lakhs	Rs. in lakhs
1	Present Value of DBO at beginning of period	75.47	52.00
2	Current Service cost	15.75	13.84
3	Interest cost	6.00	4.13
4	Curtailement cost/(credit)	-	-
5	Settlement cost/(credit)	-	-
6	Employee contribution	-	-
7	Plan amendments	-	-
8	Acquisitions	-	-
9	Actuarial (gains)/ losses	0.70	6.23
10	Benefits paid	(0.78)	(0.73)
11	Present Value of DBO at the end of period	97.14	75.47

IV. Actuarial Assumptions

Sl. No.		Year ended 31 st December 2015	Year ended 31 st December 2014
1	Discount Rate per annum Compound	8.00%	7.95%
2	Rate of increase in salaries	8.00%	8.00%
3	Rate of return on Plan Assets	Not Applicable	Not Applicable
4	Expected Average remaining working lives of employees (years)	21.91	22.91

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 1.40 lakhs [as at 31st December 2014 Rs. (2.29) lakhs].

Contribution to Defined Contribution Plan recognized as expense for the year and disclosed under "Contribution to provident and other funds" in Note 19:

Sl. No.		Year ended 31 st December 2015	Year ended 31 st December 2014
		Rs. in lakhs	Rs. in lakhs
1	Employer's Contribution to recognized Provident Fund	42.05	37.17

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

a) Key Managerial Personnel (KMP):

Name	Nature of relationship	Transactions for the year ended		
		31 st December, 2015 Rs. in lakhs	31 st December, 2014 Rs. in lakhs	Nature of transaction
Mr. Shivesh Kumar Sinha	Chairman	20.00	20.00	Remuneration
Mr. Tarek Samir Ahmed Elba (Ceased to be KMP w.e.f 01.09.2015)	Director	Nil	Nil	---
Mr. Masud Khan	Director	Nil	Nil	---
Mr. Asim Chattopadhyay (Ceased to be KMP w.e.f 14.05.2015)	Director	Nil	Nil	---
Mr. Narayan Prasad Sharma	Director	94.00	81.80	Remuneration
Mr. Mohammed Arif Bhuiyan	Director	Nil	Nil	---
Dr. Ashim Kr. Chattopadhyay	Director	8.83	8.00	Remuneration
Mr. Marcos Cela Rey	Director	Nil	Nil	---
Mr. Kazi Mizanur Rahman (Appointed as KMP w.e.f 30.06.2015)	Director	Nil	Nil	---

b) Holding Company : Lafarge Surma Cement Ltd, Bangladesh
Ultimate Holding Company: Surma Holdings B.V, Netherland

i) Secured External Commercial Borrowings (ECB):

	31 st December 2015 Rs. in lakhs	31 st December 2014 Rs. in lakhs
Closing balance	2,704.86	4,648.93
Interest accrued and due as on	Nil	Nil
Interest accrued but not due as on	712.47	1,233.49
Interest charged during the year ended	129.17	184.90
Loan availed during the year	Nil	Nil
Foreign exchange fluctuation [(gain)/ loss] on ECB loan	171.74	90.39
Foreign exchange fluctuation [(gain)/ loss] on outstanding interest	38.61	24.79
Loan repaid during the year	2,115.81	2,004.48
Interest paid during the year including withholding tax	688.80	722.15

ii) Interest on External Commercial Borrowing (ECB):

	31 st December 2015 Rs. in lakhs	31 st December 2014 Rs. in lakhs
Interest charged during the year	129.17	184.90

iii) Export sales transaction:

	31 st December 2015	31 st December 2014
	Rs. in lakhs	Rs. in lakhs
Closing balance of export sales receivables as at	994.89	358.99
Total value of export sales transaction during the year ended	21,224.39	20,730.79

c) Fellow Subsidiary Company:

Name of the related party: Lum Mawshun Minerals Pvt Ltd Transactions:

	31 st December 2015	31 st December 2014
	Rs. in lakhs	Rs. in lakhs
Closing balance as at	4.19	3.48
Expense paid by the Company on behalf of the fellow subsidiary company during the year ended	0.71	0.82

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

	31 st December 2015	31 st December 2014
a) Net Profit / (Loss) after Tax available for Equity Shareholders (Rs. in lakhs)	5,226.32	8,176.24
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)	12.71	19.88

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

34. 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 loss of Rs. 6.82 lakhs (as at 31st December 2014 Rs. 94.62 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 2015 are as follows:

As at	No. of Contracts	Amount (USD in lakhs)	Amount (Rs. in lakhs)
31 st December 2015	7	48.75	3,262.98
31 st December 2014	9	68.00	4,366.03

35. 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			
		31 st December 2015		31 st December 2014	
		Foreign Currency in lakhs	Rs. in lakhs	Foreign Currency in lakhs	Rs. in lakhs
Secured Loan	USD	-	-	73.41	4,648.93
Interest on Secured loan	USD	-	-	19.48	1,233.49
Un Secured Loan	USD	40.78	2,704.86	36.00	2,279.93
Interest on Unsecured loan	USD	10.74	712.47	0.10	6.34
Working capital loan	USD	132.50	8,788.20	138.50	8,771.41
Interest on Working capital loan	USD	0.19	12.19	0.26	16.32
Sundry Creditors	USD	0.38	25.15	0.23	14.58
	Euro	1.40	101.14	1.47	113.45
Sundry Receivables	USD	15.00	994.89	5.67	358.99
	GBP	-	-	0.38	37.16

36. 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 st December 2015	31 st December 2014
	Rs. in lakhs	Rs. in lakhs
Not later than one year	984.06	Nil
Later than one year but not later than five years	2,000.48	Nil
Later than five years	453.76	Nil

Rental expenses of Rs 472.12 lakhs including taxes (as at 31st December 2014 Rs. Nil) in respect of obligation under non-cancellable operating leases have been charged to the statement of profit and loss in Note 18

37. The Company has no reportable segment as the company is primarily engaged in the mining activities and the entire sales are export sales.

38. 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

Place : Dhaka
Date : 28th Jan, 2016


Narayan Sharma
Director

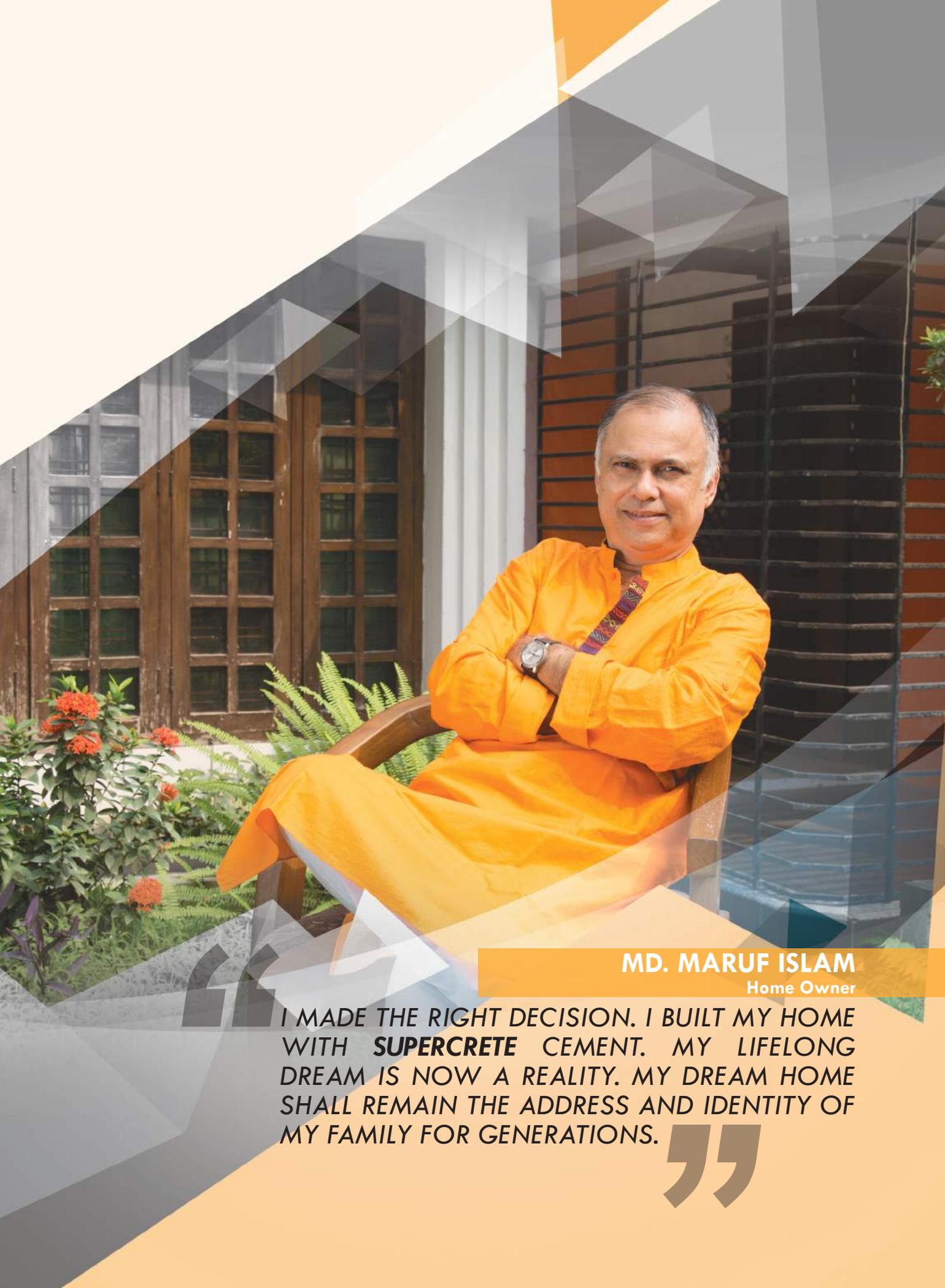

Manjuree Rai
Company Secretary


Kazi Mizanur Rahman
Director



**REPORT &
FINANCIAL STATEMENTS OF
LUM MAWSHUN
MINERALS PRIVATE LIMITED**

FOR THE YEAR ENDED DECEMBER 31, 2015



MD. MARUF ISLAM

Home Owner

I MADE THE RIGHT DECISION. I BUILT MY HOME WITH **SUPERCRETE** CEMENT. MY LIFELONG DREAM IS NOW A REALITY. MY DREAM HOME SHALL REMAIN THE ADDRESS AND IDENTITY OF MY FAMILY FOR GENERATIONS.

”

DIRECTORS' REPORT

Dear Shareholders:

Your Directors have the pleasure in presenting the Annual Report of Lum Mawshun Minerals Private Limited (the "Company"), together with the audited balance sheet and the profit and loss account for the year ended December 31, 2015.

Review of the Activities:

Your Company had been set up as a subsidiary of Lafarge Surma Cement Limited ("LSC") 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 2015 was INR 69,555/-

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:

LSC, nominated Mr. Neeraj Akhoury as Director on the Board of the Company.

Mr. Akhoury has been appointed as an Additional Director on the Board of the Company on January 30, 2016. Mr. Akhoury is the Chief Executive Officer of LSC. His presence on the Board would be beneficial for the Company.

Resignations:

Mr. Tarek Elba had been appointed as a Director on the Board of the Company on April 27, 2012. Mr. Elba (nominee of LSC) resigned from the Board with effect from September 1, 2015.

Your Board thank Mr. Tarek Elba for his contributions, leadership and guidance provided during his tenure as Director of the Company.

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, 2015; 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, 2015 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; and
4. the annual accounts for the year ended December 31, 2015 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.
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:

The Statutory Auditors M/s RKP Associates, Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. Your Company has received confirmation from the Auditors to the effect that (i) their reappointment, if made would be within the limits prescribed under Section 141(3) (g) the Companies Act, 2013; (ii) that they are not disqualified for reappointment within the meaning of Section 139 of the said Act.

M/s. RKP Associates, Chartered Accountants who are the statutory auditors of the Company, hold office, in accordance with the provisions of the Companies Act, 2013 till the conclusion of the forthcoming annual general meeting and are eligible for re-appointment.

Number of Board meetings conducted during the year under review:

A calendar of Meetings is prepared and circulated in advance to the Directors. The Board met six (6) times during the year. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Particulars of employees:

The Company did not employ any such person whose particulars are required to be given under Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Management Personnel) Rules, 2014.

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 Company continues to have high respect for women since the days of its incorporation. 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”.

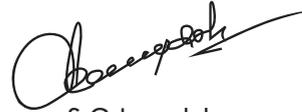
Fixed deposits:

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 LSC, LUMPL, project consultants and the Durbars of Nongtraï and Shella for their continued support.

For and on Behalf of the Board



S G Lyngdoh
Director

Place : Shillong
Date: 18th April, 2016

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.12.2015

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1	CIN	U14107ML1994PTC004299
2	Registration Date	17/11/1994
3	Name of the Company	LUM MAWSHUN MINERALS PVT LTD
4	Category/Sub -category of the Company	Company Limited by shares Indian Non -Government Company
5	Address of the Registered office & contact details	HOTEL POLO TOWERPOLO GROUND, MEGHALAYA, SHILLONG, Meghalaya -793001, INDIA
6	Email	manjuree.raj@lafarge.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)

S. 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

S.NO.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/Associate	% of shares held	Applicable Section
1	LAFARGE SURMA CEMENT LTD	NA	Foreign Holding Company	74.02	2(46)

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]			No. of Shares held at the end of the year [As on 31-March-2015]			% Change during the year
	Demat	Physical	Total	Demat	Physical	Total	
A. Promoters							
(1) Indian							
a) Individual/ HUF			1,420			1,420	25.98% 0.00%
Sub Total (A) (1)			1,420			1,420	25.98% 0.00%
(2) Foreign							
c) Bodies Corp.			4,046			4,046	74.02% 0.00%
Sub Total (A) (2)			4,046			4,046	74.02% 0.00%
TOTAL (A)			5,466			5,466	100.00% 0.00%
B. Public							NA
1. Institutions							NA
2. Non-Institutions							NA
Sub-total (B)(2):-							0.00% 0.00%
Total Public (B)							0.00% 0.00%
C. Shares held by Custodian for GDRs & ADRs							0.00% 0.00%
Grand Total (A+B+C)			5,466			5,466	100.00% 0.00%

(ii) Shareholding of Promoter

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	LAFARGE SURMA CEMENT LTD	4,046	74.02%	4,046	74.02%	0.00%
2	KITTY DORIS ROY	710	12.99%	710	12.99%	0.00%
3	LYNGDOH GALMENDER SINGH	710	12.99%	710	12.99%	0.00%
	Total	5,466	100.00%	5,466	100.00%	0.00%

(iii) Change in Promoters' Shareholding: NIL

(iv) Shareholding Pattern of top ten Shareholders : NIL

(v) Shareholding of Directors and Key Managerial Personnel: NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil

Change in Indebtedness during the financial year

* Addition	Nil	Nil	Nil	Nil
* Reduction	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil

Indebtedness at the end of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL: Not applicable as LUMPL is a Private Company

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

Annexure "B" to the Directors' Report:

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE BOARD OF DIRECTOR'S REPORT) RULES, 1988.

A. CONSERVATION OF ENERGY:

(a) **Energy conservation measures taken:**

The Company is not a manufacturing Company and hence the details in respect of Conservation of Energy are not applicable.

(b) **Additional Investment and proposals for energy conservation:**

N/A

(c) **Impact of the measure of (a) and (b) above for reduction of Energy consumption and consequent impact on the cost of production of goods:**

N/A

(d) **Total energy consumption and energy consumption per unit of production as per Form A of the Annexure to the Rules in respect of industries specified in the schedule thereto:**

B. TECHNOLOGY ABSORPTION

NIL

FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) **Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and service and export plans:**

NIL

(b) **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



S G Lyngdoh
Director

Place : Shillong
Date: 18th April, 2016

INDEPENDENT AUDITOR’S REPORT

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

We have audited the accompanying financial statements of **LUM MAWSHUN MINERALS PRIVATE LIMITED** (“the Company”), which comprise the Balance Sheet as at 31st December, 2015 and the Statement of Profit & Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Managements Responsibility for the Financial Statements :

The Company’s Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility :

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company’s preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company’s Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statement.

Opinion :

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- i) In the case of the Balance Sheet, of the state of the affairs of the Company as at 31st December, 2015.
- ii) In case of Statement of Profit & Loss, of the loss for the year ended on 31st December, 2015.

Emphasis of Matter :

Without qualifying our report, we invite attention to Note 11 to the financial statements, regarding financial statements being prepared on a going concern basis, in spite of full erosion of net worth of the Company as at the year end, taking into account the continued financial support from its parent company.

Report on Legal and Regulatory Requirements :

1. As required by the Companies (Auditor's Report) Order, 2015 (“the Order”) issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013. We give in the Annexure a statement on the matters specified in paragraph 3 & 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the company so far as it appears from our examination of those books.
 - c. The Balance Sheet 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, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on December, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With Respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
 - i. The Company does not have any pending litigations which would have impact in its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there would have been any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

Dated at Silchar
the 06th of February' 2016

FOR RKP ASSOCIATES
CHARTERED ACCOUNTANTS



(CA. RAVI KUMAR PATWA)
PARTNER
MRN. 056409
FRN. 322473E

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Referred to in para (1) of the Auditors' Report of even date on the financial statements of **LUM MAWSHUN MINERALS PRIVATE LIMITED** for the year ended 31st December, 2015.

- I) Having regard to the nature of the Company's business/activities/result, clauses (i), (ii), (iv), (v), (vi), (x), (xi), of Companies (Auditor's Report) Order, 2015 (“the Order”) are not applicable.
- II) The Company has not granted any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 189 of the Companies Act, 2013.
- III) According to the information and explanations given to us in respect of statutory dues:
 - a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
There were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st December, 2015 for a period of more than six months from the date they became payable applicable to it with the appropriate authorities.
 - b) There are no dues of Income Tax, Sale Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st December 2015 on account of disputes.
 - c) The Company does not have any amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provision of the Companies Act, 1956 (1 of 1956) and rules made there under.
- IV) The accumulated losses of the company have exceeds fifty percent of its net worth as at the end of this year. The company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- V) Based on our audit procedures and according to the information and explanations given to us, by the management, we are of the opinion that, the company has not defaulted in repayment of dues to any financial institution or banks.
- VI) Based upon the audit procedures performed and according to the information and explanations given to us we report that no fraud on or by the company has been noticed or reported during the year, nor have we been informed of such case by the management.

IN TERMS OF OUR REPORT OF EVEN DATE

FOR RKP ASSOCIATES
CHARTERED ACCOUNTANTS



(CA. RAVI KUMAR PATWA)
PARTNER
MRN. 056409
FRN. 322473E

Dated at Silchar
the 06th of February' 2016

LUM MAWSHUN MINERALS PRIVATE LIMITED
Balance Sheet as at 31 December 2015

	Notes	As at 31.12.2015 (Rupees)	As at 31.12.2014 (Rupees)
(I) EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	03	546,600	546,600
(b) Reserves and surplus	04	<u>(1,268,505)</u>	<u>(1,198,950)</u>
		<u>(721,905)</u>	<u>(652,350)</u>
(2) Current liabilities			
(a) Trade payables	05	765,982	700,312
(b) Other current liabilities	06	<u>6,300</u>	<u>-</u>
		<u>772,282</u>	<u>700,312</u>
TOTAL EQUITY AND LIABILITIES		<u>50,377</u>	<u>47,962</u>
(II) ASSETS			
(1) Non-current assets			
(a) Long-term loans and advances	07	<u>28,313</u>	<u>25,675</u>
		<u>28,313</u>	<u>25,675</u>
(2) Current assets			
(a) Cash and bank balances	08	22,064	22,287
(b) Short-term loans and advances	07	<u>-</u>	<u>-</u>
		<u>22,064</u>	<u>22,287</u>
TOTAL ASSETS		<u>50,377</u>	<u>47,962</u>

See accompanying notes forming part of the financial statements

In terms of our report attached

For R K P Associates
Chartered Accountants



CA. RAVI KUMAR PATWA
PARTNER
MRN. 056409
FRN. 322473E

For and on behalf of the Board of Directors



Narayan Sharma
Director



S G Lyngdoh
Director

Place : Silchar
Date: 06th Feb, 2016

Place : Dhaka
Date: 28th Jan, 2016

LUM MAWSHUN MINERALS PRIVATE LIMITED
Statement of Profit and Loss for the year ended 31 December 2015

	Note	Year ended 31.12.2015 (Rupees)	Year ended 31.12.2014 (Rupees)
I Other Income (interest on bank deposit)		<u>2,638</u>	<u>2,638</u>
II Total Revenue		<u>2,638</u>	<u>2,638</u>
III EXPENSES			
Other expenses	09	<u>72,193</u>	<u>83,505</u>
Total Expenses		<u>72,193</u>	<u>83,505</u>
IV Profit / (Loss) before tax (II-III)		<u>(69,555)</u>	<u>(80,867)</u>
V Tax Expense		<u>-</u>	<u>-</u>
VI Loss after tax for the year (IV - V)		<u>(69,555)</u>	<u>(80,867)</u>
VII Loss per equity share (Rupees):			
Basic and Diluted	12	<u>(12.73)</u>	<u>(14.79)</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. RAVI KUMAR PATWA
PARTNER
MRN. 056409
FRN. 322473E

For and on behalf of the Board of Directors



Narayan Sharma
Director



S G Lyngdoh
Director

Place : Silchar
Date: 06th Feb, 2016

Place : Dhaka
Date: 28th Jan, 2016

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 Lafarge Surma Cement Ltd. ("LSC"), 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 read together with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 / the Companies Act, 1956, as applicable

b). Use of Estimates

The preparation of the financial statements requires the management to make estimates and assumptions that affect the reporting balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reporting amounts of income and expenses during the year. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes, foreseeable estimated contract losses and useful life of fixed assets and intangible assets. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from such estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

c). Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act 1961.

Deferred tax is recognized subject to the consideration of prudence in respect of deferred tax assets, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been enacted or subsequently enacted by the Balance Sheet date. Deferred tax assets are reviewed at each Balance Sheet date to re-assess realization.

d). Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements

LUM MAWSHUN MINERALS PRIVATE LIMITED

Notes to the Financial Statements

03 Share Capital

	As at 31.12.2015 (Rupees)	As at 31.12.2014 (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 31.12.2015		As at 31.12.2014	
	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 31.12.2015		As at 31.12.2014	
	No. of Shares	%	Nos. shares	%
(1) Lafarge Surma Cement 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 31.12.2015 (Rupees)	As at 31.12.2014 (Rupees)
Surplus / (Deficit) in Statement of Profit and Loss :		
Opening Balance	(1,198,950)	(1,118,083)
Add: Profit / (Loss) for the year	(69,555)	(80,867)
Closing Balance	(1,268,505)	(1,198,950)

05 Trade Payables

	As at 31.12.2015 (Rupees)	As at 31.12.2014 (Rupees)
Creditors for supplies / services	765,982	700,312
Total Trade Payables	765,982	700,312

06 Other current liabilities

	As at 31.12.2015 (Rupees)	As at 31.12.2014 (Rupees)
Creditors for other liabilities		
Statutory dues	6,300	-
Total Other current liabilities	6,300	-

07 Loans and advances

	As at 31.12.2015		As at 31.12.2014	
	Long Term (Rupees)	Short Term	Long Term (Rupees)	Short Term
Loans and advances				
(a) Interest accrued on deposits	8,313	-	5,675	-
(b) Other loans and advances				
- Deposit account ⁽¹⁾	20,000	-	20,000	-
Total Loans and advances	28,313	-	25,675	-
Classification of loans and advances				
Secured, considered good	-	-	-	-
Unsecured, considered good	28,313	-	25,675	-
Doubtful	-	-	-	-
Gross Loans and advances	28,313	-	25,675	-

Additional information

1. Pledged with the Director of Mineral Resources, Meghalaya

08 Cash and bank balances

	As at 31.12.2015 (Rupees)	As at 31.12.2014 (Rupees)
(a) Cash on hand	274	274
(b) Balances with banks		
- In Current Accounts	21,790	22,013
Total cash and bank balances	22,064	22,287
Out of above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements	22,064	22,287

09 Other Expenses

	As at 31.12.2015 (Rupees)	As at 31.12.2014 (Rupees)
(a) Auditors Remuneration	71,970	70,787
(b) Filing fees	-	11,618
(c) Others	223	1,100
	72,193	83,505

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 31.12.2015 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:

Particulars		Year ended 31-Dec-2015 (Rs)	Year ended 31-Dec-2014 (Rs)
1	Net Profit after tax attributable to Equity Shareholders (Rs) {A}	(69,555)	(80,867)
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}	(12.73)	(14.79)

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: Lafarge Surma Cement 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. 70,787/- (Previous Year Rs. 82,405/-); Balance at the year end: Rs.419,019/- (Previous Year Rs. 348,232/-)

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



CA. RAVI KUMAR PATWA
PARTNER
MRN. 056409
FRN. 322473E



Narayan Sharma
Director



S G Lyngdoh
Director

Place : Silchar
Date: 06th Feb, 2016

Place : Dhaka
Date: 28th Jan, 2016

Lafarge Surma Cement Ltd.

A company of  LAFARGE and  CEMENTOS MOLINS

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