

ANNUAL REPORT 2014

towards a better future



Lafarge Surma Cement Ltd.

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



TOWARDS A BETTER FUTURE

A company that establishes a foundation with strong values and commitment, key strength and competencies, performance driven culture, dedication towards quality, innovative mindset and above all sustainability at its core is bound to attain success and profitable growth. It is our core values and competencies that have helped us to grow over the past years and ensure a sustainable future road map.

At Lafarge, sustainability is an integral part of our foundation. This has been nurtured by the Company from the very beginning and continues to benefit our customers, stakeholders, shareholders and society today.

This foundation is the basis for the company's strategy that is now enabling more than 390 Lafarge Surma employees across Bangladesh to channel their knowledge and skills in meeting the challenges that lie ahead and ensure a brighter and better future for the Company.

Lafarge Surma Cement Ltd.

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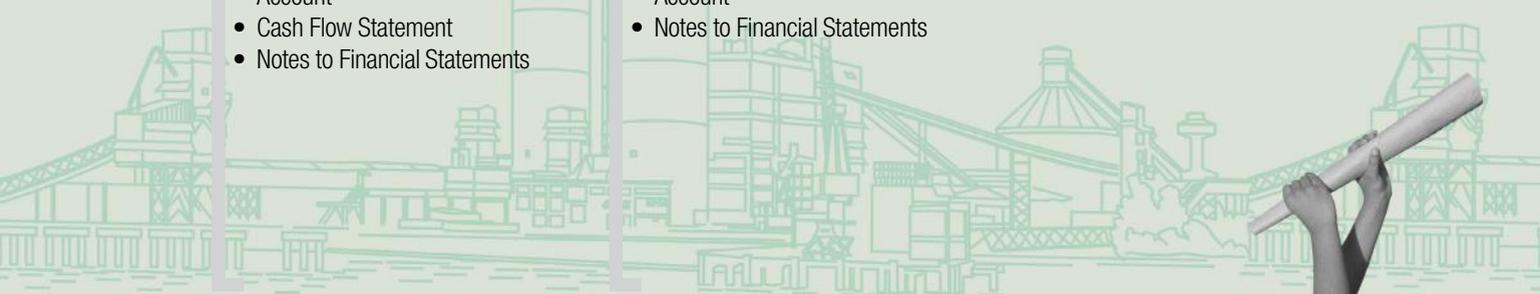
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Lafarge Surma Cement Ltd.

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)8812026, 8854847 Fax:880(2)9887650, 8825413, Email: info.cs@lafarge.com, Web: www.lafarge-bd.com

NOTICE OF THE 17TH ANNUAL GENERAL MEETING

Notice is hereby given that the 17th Annual General Meeting (the "AGM") of the Shareholders of Lafarge Surma Cement Limited (the "Company") will be held on Thursday, June 11, 2015 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, 2014.
2. To declare Dividend for the year ended on December 31, 2014.
3. To elect Directors.
4. To appoint Auditors and fix their remuneration.

By order of the Board

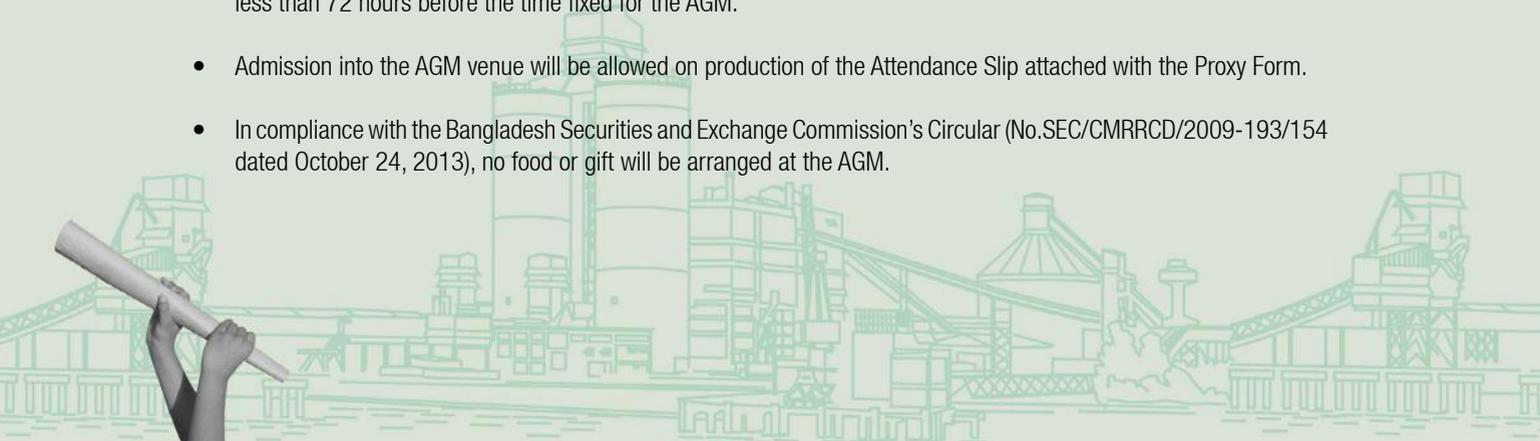


Kazi Mizanur Rahman
Company Secretary

Dated: May 17, 2015

NOTES:

- The Record Date of the Company was on April 07, 2015 (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, shall 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.



COMPANY PROFILE



COMPANY PROFILE



We are Lafarge Surma Cement Ltd.

Lafarge Surma Cement Ltd. is a joint venture of Lafarge, a world leader in building materials and Cementos Molins, Spanish Company with strong global presence. Lafarge Surma Cement Ltd. was incorporated on 11th November 1997 as a private limited company in Bangladesh under the Companies Act 1994. Subsequently, on 20th January 2003, Lafarge Surma Cement was made into a public limited company. The Company is listed in Dhaka and Chittagong Stock Exchanges and has more than 30,000 shareholders.

The plant of Lafarge Surma Cement, which is located in Chhatak Sunamganj is the only fully integrated dry process cement plant in Bangladesh where high premium quality clinker (a semi finished product needed to produce cement) and cement are produced utilizing sophisticated and state-of-the-art machineries and processes. The Company's ability to produce its own clinker under its strict quality supervision and the presence of an international standard Quality Control and Monitoring Lab ensures the same consistent premium quality in each and every bag.

Lafarge Surma Cement sources its primary raw material limestone from its own quarry in Meghalaya, India, which has one of the best quality limestone deposits in the world. This limestone is brought to the Plant using a 17 km long conveyer belt. In November 2000, the two Governments of India and Bangladesh signed a historic agreement through exchange of letters in order to support this unique cross border commercial venture, and till date it is the only cross border industrial venture between the two countries. As Bangladesh does not have any commercial deposit of limestone (the main raw materials for producing clinker), the agreement provides for uninterrupted supply of limestone to the cement plant from the quarry. Lafarge Surma Cement Ltd. wholly owns a subsidiary company Lafarge Umiam Mining Private Ltd. (LUMPL), which is registered in India and operates the quarry in Meghalaya.

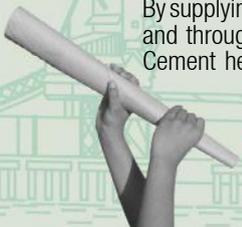
By supplying clinker to other cement producers in the market and through import substitution of clinker, Lafarge Surma Cement helps the country save USD 65-70 million worth

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 depend on our business directly or indirectly for their livelihood. Apart from these, the Company also contributes to the sustainable development of the society, 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, with an investment of USD 280 million 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).

Lafarge is a world leader in building materials, employing 64,000 people in 62 countries. As a top-ranking player in its Cement, Aggregates and Concrete businesses, it contributes to the construction of cities around the world, through its innovative solutions providing them with more housing and making them more compact, more durable, more beautiful, and better connected. With the world's leading building materials research facility, Lafarge places innovation at the heart of its priorities in order to contribute to more sustainable construction and to better serve architectural creativity. Cementos Molins is a family owned Spanish Company with more than 80 years of experience. Apart from its operation in Spain, it has operations in Bangladesh, Argentina, Uruguay, Mexico, and Tunisia, controlling 16 million tons of cement.

Lafarge Surma Cement 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
- Harnessing our strengths as the only cement producer in Bangladesh and
- Sustainable growth that respects the environment and the community

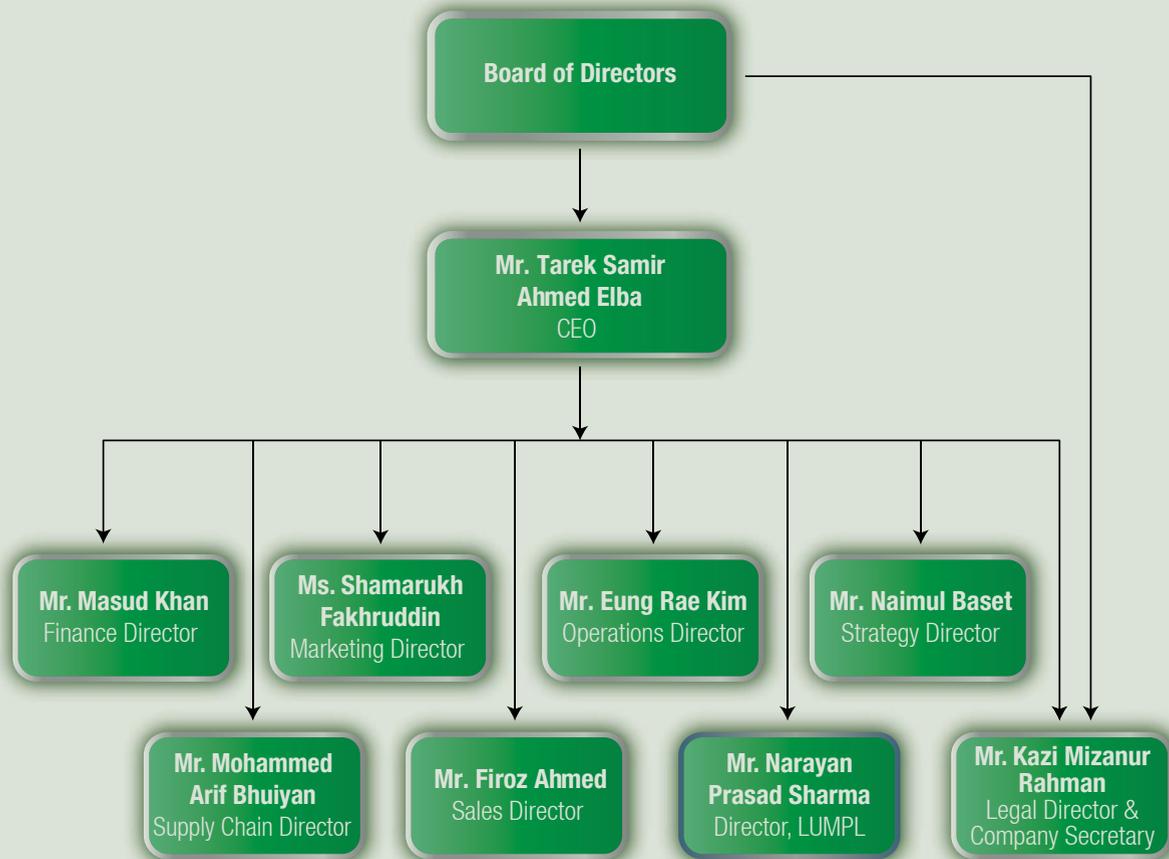




OUR COMMITMENTS

- 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.

ORGANISATION STRUCTURE



BOARD OF DIRECTORS





01 ZAKIR AHMED KHAN 02 MARCOS CELA REY 03 ANISUR RAHMAN SINHA 04 CARLOS MARTINEZ FERRER
05 FABRIZIO ANGELO OLIVARES 06 THOMAS GERERD FARRELL 07 MONZURUR RAHMAN 08 MANZURUL ISLAM
09 SALVADOR FERNANDEZ CAPO 10 TAREK SAMIR AHMED ELBA 11 SHIVESH KUMAR SINHA
12 SYED SHUJAUDDIN AHMED 13 TUFAIL K HAIDER





THOMAS GERARD FARRELL
CHAIRMAN

Mr. Thomas Gerard Farrell was appointed as Chairman of Lafarge Surma Cement Limited on August 12, 2013. He brings with him a wealth of experience, which he gained from his various leadership roles during his over 21 years in Lafarge Group, as well as in his earlier career as a Corporate Attorney.

Mr. Farrell is the Group Executive Vice President (EVP), Operations, of Lafarge Group since January 2012. He entered the world of Lafarge in 1990 as the Vice-President of Strategy, being stationed at the Paris Headquarters. From 1992 to 2002, he managed various Lafarge operating units in France, Canada and India. In 2002, he was appointed as the EVP of Lafarge North America. In 2007, Mr. Farrell became a member of the Lafarge Group Executive Committee as EVP, Co-President of the Aggregates & Concrete Division.

Mr. Farrell also led a successful career prior to joining Lafarge. Earlier, he had been a Corporate Attorney with Shearman & Sterling and worked at both their New York (U.S.A.) and Paris (France) offices.

Born in 1956, Mr. Farrell is an American. He is a graduate of Brown University (BA 1978) and of Georgetown University Law School (JD 1981), U.S.A.



TAREK SAMIR AHMED ELBA
CHIEF EXECUTIVE OFFICER

Mr. Tarek Samir Ahmed Elba joined Lafarge in 2001. Since then, he has held various important positions in sales and marketing including the position of Commercial Director at Lafarge Cement Egypt.

Since 2012, he has been serving as the Chief Executive Officer and a member of the Board of Directors of Lafarge Surma Cement Ltd. With more than 21 years of experience in the fields of sales, marketing, trade and business development, he has successfully served the steel and cement industries in Egypt and Saudi Arabia.

Born in 1967, Mr. Elba holds a B.Sc. in Production Mechanics from Alexandria University and obtained his MBA from Arab Academy for Science and Technology.





CARLOS MARTÍNEZ FERRER
DIRECTOR

Mr. Carlos Martínez Ferrer was the Director of the Company in from June 2007 to June 2008. He was again appointed Director of the Company in 2014.

Presently, he 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.



SALVADOR FERNÁNDEZ CAPO
DIRECTOR

Mr. Salvador Fernández Capo was appointed as a Director of the Company in 2008. As the Chief Operating Officer of the Cementos Molin Group, he has been able to successfully integrate the learning from other cement operations around the world into the Company's operations.

Mr. Capo joined Cementos Molins Group in 1988. From 1995 to 2007 he was the General Manager of concrete and aggregates operations in Spain, following which he was appointed as the Chief Operating Officer of the Cementos Molins Group.

Born in 1962, Mr. Capo is a graduate in Economics from the University of Barcelona, Spain and obtained his PDG from IESE/University of Navarra.





MARCOS CELA REY DIRECTOR

Mr. Marcos Cela Rey was appointed as a Director of the Company in 2014.

Mr. Cela is the Finance Director of Cementos Molins Group. He has more than 15 years experience in financial management, 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.

As the member of the Board of Directors of the Spanish Financial Association, Mr. Cela has been active in various financial organizations during various periods of mandate.

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.



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 PriceWater House London and Unilever P.L.C. He has worked in senior capacities in different functions like Finance, Strategy & Business Development, HRD. He was Head of the Unilever Overseas Audit based in London, Commercial Director for Brooke Bond Kenya & Tanzania and Headed the Unilever business in India for Edible Fats, Dairy & Animal Feeds. 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 is now acts as a Consultant.

He has held various positions in industry organizations like Chairman of Vanaspati Manufacturers Association of India, Vice Chairman of Compound Livestock, Feedstock Manufacturers Association of India, and President of Institute of Internal Auditors, Bombay.

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.





FABRIZIO ANGELO OLIVARES
DIRECTOR

Mr. Fabrizio Angelo Olivares was appointed as a Director of the Company on 2013.

Mr. Olivares is currently the VP Finance of Lafarge Group. He has more than 21 years of experience in financial management and international controlling with major US and European Companies running diversified businesses and complex organizations. Prior to joining Lafarge May 2008, he worked in various roles, which include the Director of Controlling for Inergy Automotive Systems, Head of Investor Relations for Rhodia, EMEA Controller for Ingersoll-Rand's Industrial Equipment Division and Distribution Controller South Europe for the Radio Division of Motorola.

Born in 1961, Mr. Olivares, an Italian national, is a graduate of Business Administration from the Bocconi University in Milan.



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 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 30 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.





ANISUR RAHMAN SINHA
DIRECTOR

Mr. Anisur Rahman Sinha has been serving as a Director of Lafarge Surma Cement Limited since May 22, 2003. Over the years, the Company has greatly benefited 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.



MONZURUR RAHMAN
INDEPENDENT DIRECTOR

Mr. Monzurur Rahman was appointed as a Director of the Company in 2012. His 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.



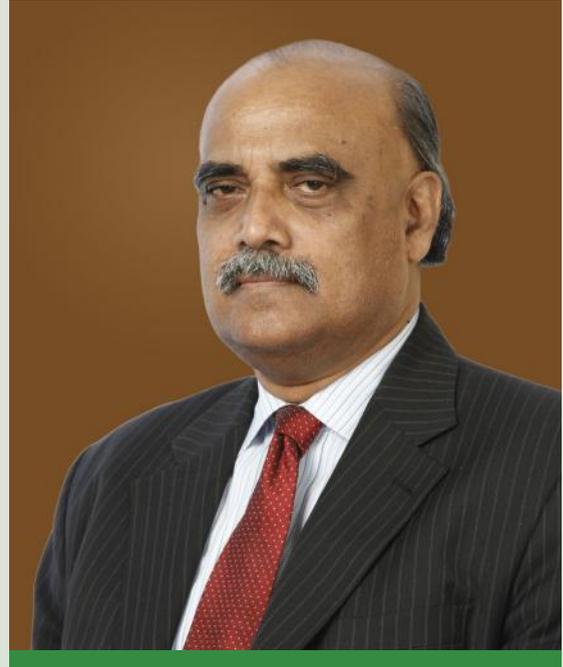


ZAKIR AHMED KHAN
INDEPENDENT DIRECTOR

Mr. Zakir Ahmed Khan was appointed as an Independent Director of the Company in 2010. He is adding a unique dimension to the Board with his experience in working for the Government of Bangladesh and major International Organizations. Mr. Khan is also the Chairman of the Audit Committee of the Company.

Mr. Khan made solid contributions to the Government of Bangladesh as he served in key positions in various ministries of the Government of Bangladesh between 1970 and 2005. He was the Secretary of Ministry of Finance and the Chairman of National Board of Revenue of Bangladesh. He has also worked for the United Nations for an extensive period and was an Alternate Executive Director of the World Bank representing Bangladesh, Bhutan, India and Sri Lanka. He is an Advisor to South East Bank Limited.

Mr. Khan was born in 1945. He completed his BA (Hons) and MA in Economics from the University of Dhaka and obtained his MBA from Vrije Universiteit, Belgium. Alongside, he also studied development economics and development administration in Colorado State University as a Hubert Humphrey fellow of the USA.



SYED SHUJAUDDIN AHMED
INDEPENDENT DIRECTOR

Mr. Syed Shujauddin Ahmed was appointed as an Independent Director of the Company in 2012.

He had the opportunity to hold many top positions in the Government of Bangladesh, and his presence has thus added a special dimension to the Board.

He 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.

His passion for contributing to the business houses in Bangladesh has led him to become an Advisor to the Silkways Group.

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





TUFAIL K HAIDER
INDEPENDENT DIRECTOR

Mr. Tufail K Haider joined the Company as an Independent Director on 2013. 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 and Iran (with concurrent accreditation to Lebanon, Syria, Turkmenistan), High Commissioner of France and Portugal, Permanent Delegate of Bangladesh to the UNESCO, Paris and Ambassador of Bangladesh to the Arab Republic of Egypt (with concurrent accreditation to Sudan, Ethiopia, Greece and Cyprus). 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.



CORPORATE MANAGEMENT

Board of Directors

Mr. Thomas Gererd Farrell, Chairman
Mr. Tarek Samir Ahmed Elba, Chief Executive Officer
Mr. Carlos Martinez Ferrer, Director
Mr. Salvador Fernandez Capo, Director
Mr. Marcos Cela Rey, Director
Mr. Shivesh Kumar Sinha, Director
Mr. Fabrizio Angelo Olivares, Director
Mr. Manzurul Islam, Director
Mr. Anisur Rahman Sinha, Director
Mr. Monzurur Rahman, Independent Director
Mr. Zakir Ahmed Khan, Independent Director
Mr. Syed Shujauddin Ahmed, Independent Director
Mr. Tufail K Haider, Independent Director

Executive Committee

Mr. Tarek Samir Ahmed Elba, Chief Executive Officer
Mr. Masud Khan, Finance Director
Mr. Eung Rae Kim, Operations Director
Mr. Firoz Ahmed, Sales Director
Mr. Mohammed Arif Bhuiyan, Supply Chain Director
Ms. Shamarukh Fakhruddin, Marketing Director
Mr. Narayan Prasad Sharma, Director, LUMPL
Mr. Naimul Baset, Strategy Director
Mr. Kazi Mizanur Rahman, Legal Director & Company Secretary

Audit Committee

Chairman	Mr. Zakir Ahmed Khan Independent Director
Member	Mr. Tarek Samir Ahmed Elba Chief Executive Officer
Member	Mr. Carlos Martinez Ferrer Director
Member	Mr. Syed Shujauddin Ahmed Independent Director
Secretary	Mr. Kazi Mizanur Rahman Legal Director & Company Secretary

Company Secretary

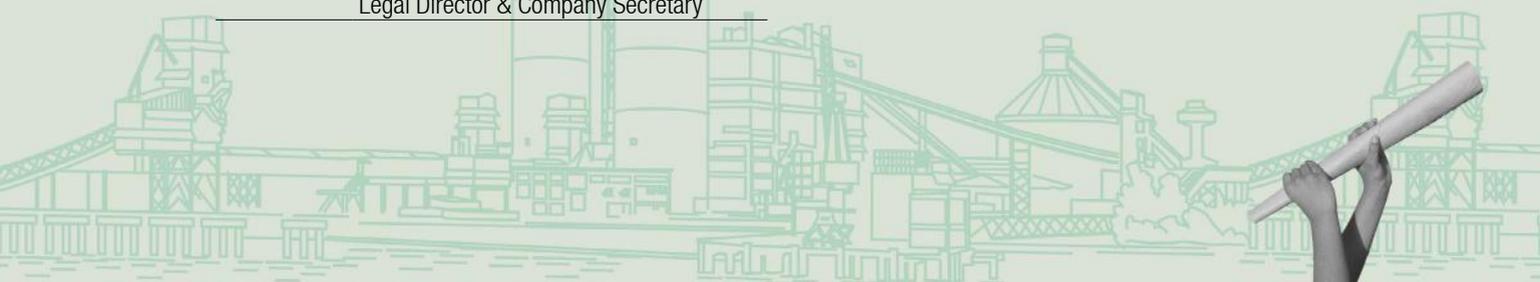
Mr. Kazi Mizanur Rahman

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

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9854831
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E-mail: info.cs@lafarge.com
Web: www.lafarge-bd.com



CHAIRMAN'S MESSAGE



“Born in 1956, Mr. Farrell is an American. He is a graduate of Brown University (BA 1978) and of Georgetown University Law School (JD 1981), U.S.A.”

Mr. Farrell is the Group Executive Vice President (EVP), Operations, of Lafarge Group since January 2012. He entered the world of Lafarge in 1990 as the Vice-President of Strategy, being stationed at the Paris Headquarters. From 1992 to 2002, he managed various Lafarge operating units in France, Canada and India. In 2002, he was appointed as the EVP of Lafarge North America. In 2007, Mr. Farrell became a member of the Lafarge Group Executive Committee as EVP, Co-President of the Aggregates & Concrete Division.

Thomas Gerard Farrell
Chairman

CHAIRMAN'S MESSAGE

It is my pleasure to welcome the shareholders to the 17th Annual General Meetings of Lafarge Surma Cement Limited (the "Company").

Back in 2003, the Company set a historical milestone in the capital market in Bangladesh by being the first Green Field Project to be listed in the stock exchanges of the country. Since then, with unequivocal support of our shareholders, the Company has crossed its journey through turbulent periods that has witnessed both tide and ebb flows. The ultimate goal of the management and the Board of Directors of a company is to serve its myriad stakeholders that include its shareholders, employees, contractors, business partners and communities. Among the stakeholders, shareholders rank the highest, whose objective to invest in a company is to earn long term sustainable returns.

For the first time during our short history, the Company has declared a dividend for the year 2014. As the Chairman of the Company, I take pride in being a part of history and humbly acknowledge the immense contribution and support of shareholders and employees, especially during the difficult periods of the Company.

Lafarge Group is one of the Sponsors of the Company. Globally, Lafarge Group and Holcim Group are going through a merger. Presently, the activities of merger are limited to Lafarge and Holcim Group level, which is expected to be completed in July 2015. The merger at Group level has already achieved some significant developments in obtaining regulatory approvals. The effect of the merger in Bangladesh will commence at an appropriate time in coordination with Group merger: we will keep the regulatory authorities in Bangladesh and Company shareholders updated in conformity with applicable laws.

The business of the Company was encouraged by favorable political conditions in Bangladesh in 2014. However, the oversupply of cement in the market created pressure on prices. The Company's management faced this challenge by increasing sales volume, controlling cost and finding innovative ways in enhancing dispatch from plant thus efficiently delivering stocks to customers.

In addition, the business has faced challenges due to political turmoil during the first quarter of 2015. The Company is coping with this challenge by focusing on all areas of business such as cement sales, cost control and new ways to deliver stocks to customers.

Since its inception, Lafarge Umiam Mining Pvt. Ltd. (LUMPL), the Indian subsidiary of the Company, was running its quarry operations using a mining contractor. A significant milestone has been achieved in the mining operations with the decision to perform our own mining with the introduction of new and efficient mining equipment owned by LUMPL. This will set the foundation to enhance limestone production in a cost effective and efficient manner.

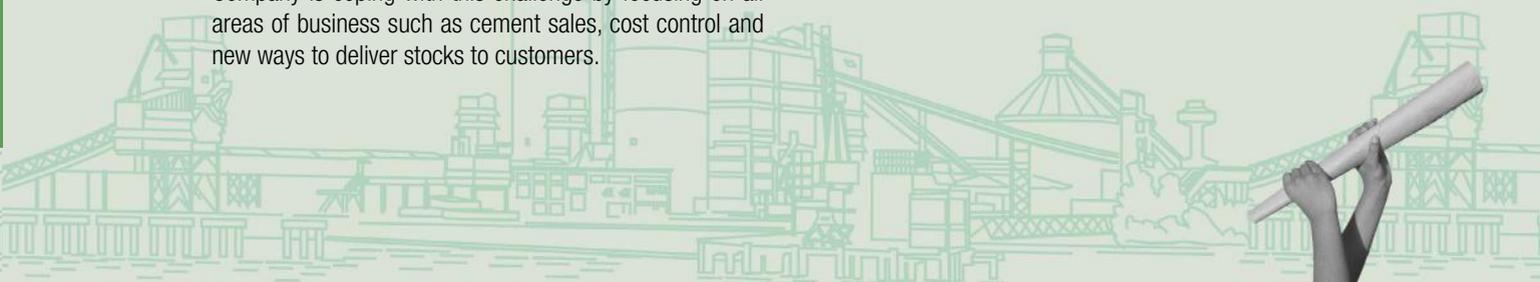
Dear Valued Shareholders:

Your Company has continued to grow over the years by embedding a high performance culture. The credit goes to Company Management, Board of Directors, shareholders and all employees of the Company. I would like to take this opportunity to thank all the stakeholders of the Company, with special thanks to the shareholders for their unstinted support and cooperation.

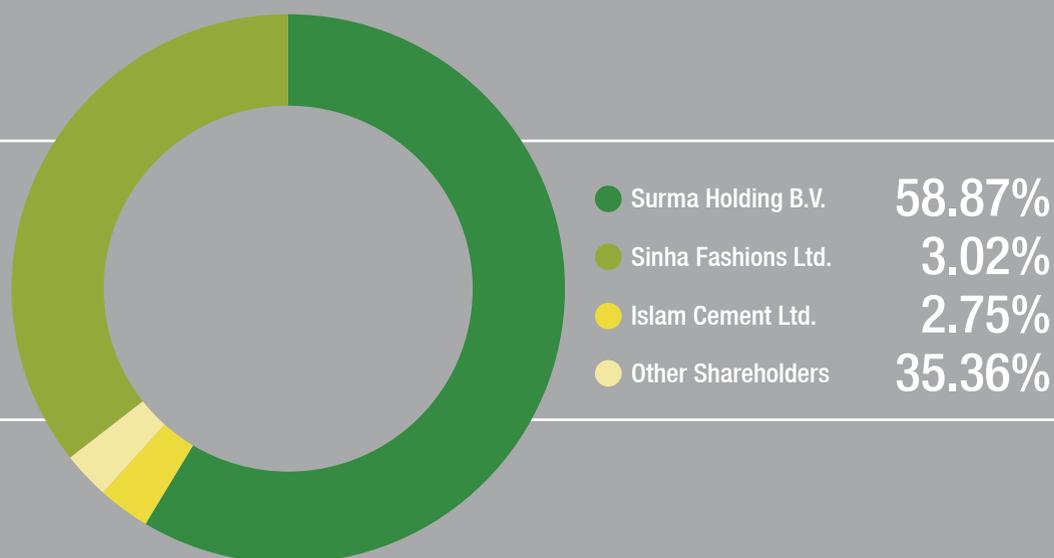


Thomas Gerard Farrell
Chairman

Dated: Dhaka
April 05, 2015



COMPOSITION OF THE SHAREHOLDERS



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 each owns 50% share of Surma Holding B.V.

Lafarge Group

One of the major sponsors, Lafarge S.A. holds world's top-ranking position in Cement, Aggregates & Concrete and Gypsum. Lafarge was founded in France in 1833. Through the years since its inception, it has been growing steadily to take lead in the production of different kinds of construction materials and has established itself as the world leader in construction material business.

Cementos Molins

Another major sponsor, Cementos Molins, based in Barcelona, Spain, is a renowned cement company founded in 1928. With over 76 years of experience in manufacturing cement, Cementos Molins has industrial operations also in Mexico, Argentina, Uruguay, and Tunisia.

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

CORPORATE GOVERNANCE



CORPORATE GOVERNANCE

Lafarge Surma Cement Limited maintains a high standard of corporate governance that stems right from the Board of Directors and Executive Committee down to all employees. This translates into interacting with all our stakeholders with trust, confidence and transparency.

We provide highest level of disclosures to our shareholders with due diligence and transparency. The Company's corporate governance is based on full compliance to the laws of the land in which it operates, adhering to the principles of honesty, integrity and openness towards the community stakeholders, partners and employees.

The Company also ensures that it works in strict compliance with the accounting and reporting standards of Bangladesh Securities and Exchange Commission and other regulatory bodies of the government.

Code of Business Conduct

The ethical practices of the Company have been derived from a clearly defined Code of Conduct that has been adopted and approved by the Board of Directors. All policies and procedures of the Company are guided by such Codes of Conduct based on the values of integrity, trust and openness. The Code of Conduct forms an integral part of the Company's operations and how it conducts its business. The employees are expected to understand and instill in their daily activities, the Codes the Company operates by, and disseminate to business partners, suppliers, contractors and other stakeholders so that parity of understanding is maintained in operations both internally and externally.

Roles of the Board of Directors

The Board of Directors is currently comprised of 13 members. While the Board is responsible for overall management and business of the Company, it has entrusted the Chief Executive Officer of the Company, also a Director of the Board, to run the Management Team. The Chief Executive Officer provides the link between the Board of Directors and the Management Team of the Company. It is the responsibility of the Board of Directors to see that prudent administration of business activities and effective control is maintained. The Board also ensures that an efficient and accountable Executive Committee is in place with unambiguous internal segregation of responsibility and work. It guides the Executive Committee to ensure and uphold the highest interest of the shareholders.

The Board of Directors meets at least once a quarter. Four meetings of the Board were held during 2014.

Accountability and Audit

In compliance with the Order of the Bangladesh Securities and Exchange Commission, the Board of Directors formed an Audit Committee. The Audit Committee consists of four Directors of the Company, including two Independent Directors, one of whom, is the Chairman of the Audit

Committee.

As part of its core job, the Audit Committee ensures the assessment of the relevance and consistency of accounting methods adopted to prepare the financial statements and also meticulously reviews the financial position once, every quarter, according to the highest international standards and practices. The report of the Audit Committee is also published in the Annual Report of the Company. The Audit Committee held four meetings in 2014.

Internal Audit

The Company has an Internal Audit Team which provides the mechanism that supports the Company in achieving its objectives by implementing a systematic, disciplined approach to evaluate and improve the effectiveness of its risk management control and governance processes.

The internal Audit department performs its duties on a risk-based audit plan that covers the strategic imperatives and major risks surrounding the Company, while taking into consideration the relentless audit needs. To achieve the global parameters of internal audit deliverables, the Internal Audit team works closely with the Group Internal Audit and constantly shares its knowledge and resources.

Statutory Audit

Statutory audit of the Company is governed by the Companies Act, 1994 of Bangladesh. It provides clear guidelines for the appointment, scope of work, and retirement of auditors. The auditors are appointed in the Annual General Meeting (AGM) by the shareholders. In addition to the annual audit, the auditors perform interim audit and review the quarterly financial reports.

Legal and Compliance

We strongly believe that compliance is the key to building stakeholders' trust. The Company strictly adheres to the applicable laws of the country in which it operates, and this belief is core to its 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) closely monitor the Company. In addition, for routine approval from regulatory bodies, we provide information to Bangladesh Bank, Customs Authority and other relevant organizations.

Throughout its years of operations, the Company has been fully compliant with national laws and disbursed all applicable taxes and duties. We methodically scrutinize and review the legal papers and required legal permissions to conduct business in Bangladesh. Our robust internal processes have ensured that all activities are reviewed and if required, necessary changes are incorporated, to be in conformity with any changes that may take place.



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, 2014.

State of the Company's Affairs

In 2014 there was a stable political climate. GDP for the fiscal year ending 2014 was marginally more than 6% in line with the growth sustained in the previous years. Despite the high competitive market of Bangladesh and the sharp increase of the market oversupply of cement in 2014, your Company managed to achieve 16% growth in cement sales volume, which has been the highest since the inception of your Company. This was achieved through innovation in our distribution systems and different programs of sales and marketing.

In 2014, the cement market grew strongly. However, the oversupply grew at an even faster pace due to capacity increases from competition. The presence of excess capacity compared to demand created pressure in overall market prices.

Faced with declining prices, your Company concentrated in increasing volumes by improving its dispatch from the plant, improving its sales force effectiveness and distribution network, and concentrating in expanding its numeric outlets at retail points. Emphasis was also paid in working with key influencers, like engineers, masons etc., to establish the brand quality with special emphasis on consistent quality cement, being the only producer of clinker in the country from a state-of-the-art cement plant.

Your Company has also concentrated its efforts on reducing costs in all areas relating to freight, variable cost of cement, plant fixed cost, and selling and administrative costs. This has been achieved through relentless pursuit of establishing a cost optimization culture at all levels.

Your Company also continuously endeavours to control its working capital levels through strict control over accounts receivable, inventory, and accounts payable. This is helping in generating a healthy cash flow from operations that is financing capital expenditure, meeting financial obligations in terms of debt repayment and interest, and payment of dividends.

Finance cost was also drastically reduced in 2014 compared to previous year through innovative financing schemes and reduction in debt brought about by strict control over working capital as explained above.

The Board of Directors of the Company would like to express its appreciation to the management of the Company in recording yet another year of growth in net profit under extremely challenging circumstances. This has been made possible through stellar performances by quarry, plant, dispatch, sales and marketing teams, which were ably supported by other functions such as Finance, Legal, Human Resources etc. Your Company's health and safety culture continues to improve as is evident from the improvement in leading and lagging indicators.

The Board of Directors of your Company would also like to thank the shareholders of the Company for their invaluable support over the years as a result of which your Company continues to be on a strong growth curve.

Health and Safety

Your Company attaches top most priority in ensuring a safe workplace for its employees, contractors, contractor's employees and visitors.

Your Company integrates health and safety objectives into the management systems at all levels. Everyone working for your Company expects a safe and healthy work environment and, in turn, everyone is expected to contribute towards that expectation through responsible behaviour. Everyone in your Company is also expected to demonstrate that Health & Safety is a core value of our business through visible commitment and active engagement.

In your Company the emphasis on safety comes from top. Everybody engaged in your Company is working together with utmost focus to ensure that the Company does not have any accident. Your Company encourages employees



to pay attention to all basics of safety; for example, wearing PPE, making production processes and operations by design safe, and not taking shortcuts while doing a job. Your Company is working to ensure that every employee, including every contractor's employee, returns to their family safely at the end of each workday.

In 2014 your Company achieved its Leading Safety Indicators and managed Lagging Indicators except one major incident – LTI (Loss Time Injury) at the Surma Plant at Chhatak. Your Company identified the root causes of the LTI and derived an action plan to avoid the recurrences in future. This is one area where there is no scope for complacency or to rest on its laurels.

Like every year, your Company observed "Health and Safety Month" in 2014, where all employees of the Company, including the contractor's employees, actively participated. The theme was "My actions, My impact: Our progress". Various activities emphasizing the importance of Health and Safety in life and knowledge sharing on efficient ways to ensure safety were taken up during the month. The Health and Safety month ended with developing a culture to become committed, open and uncompromising regarding Health and Safety. During the safety month, a Sponsor Group organized a video competition. With great pleasure we would like to inform you that the video made by the employees of your Company was awarded as one the top ten in the Lafarge Group.

During the year under review, more than twelve thousand training hours on Health and Safety were organized to build awareness on safety rules at all levels of your Company. Sessions with the contractors were arranged to engage them in the safety policy. We also shared your Company's safety practices during customer engagements. Improving Behavioral Safety at workplace remains a challenge in your organization, although it has been improving year on year. All managers, including senior managers of your Company, are personally engaging as a role model with floor level employees to improve the safety culture through Visible Felt Leadership (VFL).

Your Company has taken initiatives not only to ensure safety but also to create awareness on Occupational Health. Health Assessment Standard Operation Procedure (HASOP) has been developed in line with the Sponsor Groups and implementation is being done as per Sponsor Groups' Guideline.

The goal of your Company is to set an example and establish itself as a role model in the industry for its Health and Safety standards.

Production Performance: At Surma Plant in Chhatak, Sunamganj, Bangladesh

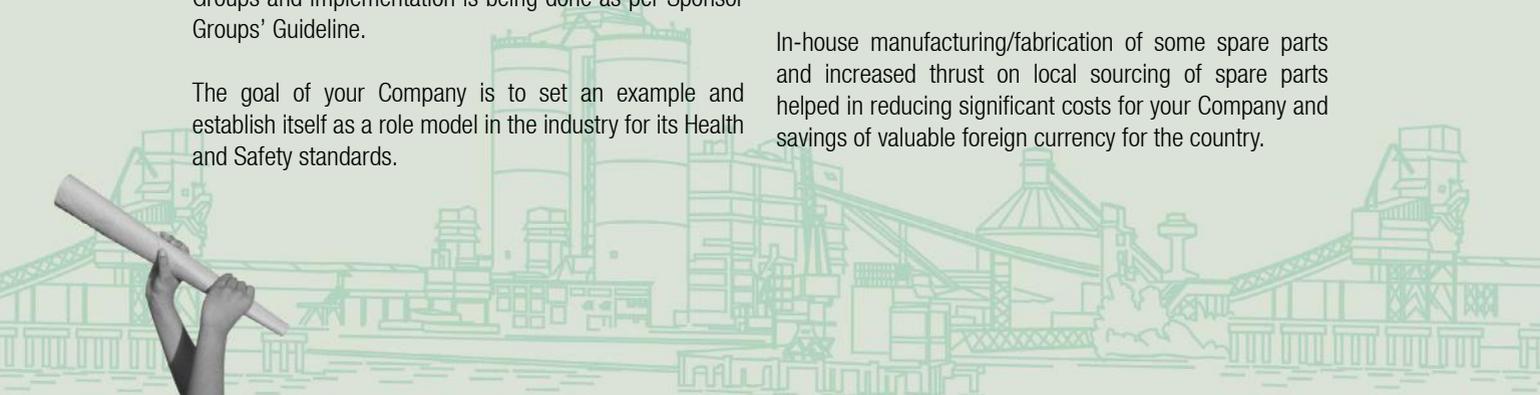
The year 2014 continued to be a year of remarkable achievements for your Surma Plant. During the year your Plant set a new record in achieving the highest ever clinker production, cement grinding and cement dispatches in a calendar year. This achievement was possible as the Plant team worked together and accepted the challenges to maximize clinker production, implement improvement plan to maximize cement dispatch during monsoon, establish regular inspection and maintenance system to make the Long Belt Conveyor available and gave thrust in improving reliability of major process equipments like Kiln, VRM and Cement Mills.

Such excellent performance could not have been possible without technical innovation. The Plant team did a great job in technical innovation: in the area of kiln and cement grinding section, such as in house kiln drive adjustment, resulted in no kiln tripping due to kiln drive vibration, enhancement of kiln main burner life up to one year by selecting new type castables eliminated 24 hours kiln stoppage requirement, installation of Variable Speed Drive in Cement Mill Fan resulted in reduction of energy consumption, as well as saving in both variable and fixed cost etc. contributed to increase in outputs, reduce costs. Surma Plant is now POM2.0 (Plant Operating Model) compliant in the Sponsor Group that enriched the technical skill of the Plant team resulting in achieving such record performance.

The above performance would also not have been possible without uninterrupted supply of 2 million tons of limestone from the Mines in Meghalaya.

Your Company believes that quality of cement is the key to winning customers. Your Plant is strongly placed to deliver the highest quality of cement, being the only integrated cement plant producing its own clinker produced from very high quality limestone, with quality of incoming and outgoing cement tested in its own laboratory that is one of its kind in Bangladesh. Our product continues to achieve 100% Product Uniformity in excellent category in the Group.

In-house manufacturing/fabrication of some spare parts and increased thrust on local sourcing of spare parts helped in reducing significant costs for your Company and savings of valuable foreign currency for the country.



The above achievements were possible because of the skilled and efficient manpower at the plant. Your Company makes continuous efforts to improve the skill and competency of the team by arranging trainings, etc. In 2014, 17110 Man Hours of trainings were arranged.

Your Company is encouraged and motivated with the achievements of 2014 and continuing to give more efforts to bring better result in the coming years.

Production Performance: At Limestone Quarry in Meghalaya, India

Your Quarry, owned and operated by Lafarge Umiyam Mining Pvt. Ltd. (LUMPL), the Indian subsidiary of your Company, successfully exported 2 million tons of limestone to the Chattak Plant in 2014.

This remarkable achievement made by LUMPL is the result of the determined efforts of the LUMPL team who, despite numerous challenges, ensured that the operations of the mines, crusher and Long Belt Conveyor (LBC) were maximized.

We are proud to declare that apart from ensuring the export target, LUMPL truly demonstrated safety as its 'number 1' priority by recording Zero Accidents in 2014. LUMPL has been awarded with the "Guru Dronacharya Award" at the 12th North-East Metalliferous Mine Safety-Week 2014-15 celebrated in Meghalaya. Fourteen (14) mines from North-East region participated in the competition. LUMPL having won overall first prize in last three consecutive years, has been recognized as the "model mine" in the region and awarded this honor for the first time in the North East Region by the Directorate General of Mine Safety, Government of India.

Since inception, the mining operations in the Nongtrai Mine have been conducted by a mining contractor. The quality and availability of the mining equipment supplied by the mining contractor did not meet the required standard and their performance was unsatisfactory in 2014. In order to improve the quality of mining operations, LUMPL has taken a bold step to start in-house mining and have procured world class brand new mining equipment. All the mining equipment have reached the mining site. The Limestone Mining Agreement with the mining contractor was terminated effective from March 01, 2015 and LUMPL entered into the new phase of mining with its own equipment. Procurement and introduction of a new world class fleet of mining equipment has clearly uplifted the morale of LUMPL employees who now seek to further ensure a safe and uninterrupted supply of limestone to the

Surma Plant at Chhatak, Bangladesh.

Marketing Performance

Your Company scaled new heights by achieving record sales volume record in the year 2014. The pioneering marketing activities of your Company made significant contribution in this achievement of the Company in a very challenging environment.

The year 2014 experienced geared up marketing activities of your Company. Aiming at the Individual Home Builders (IHB), the biggest segment of your Company's target customers, a new campaign of SUPERCURE brand cement has been launched during the year. Through this campaign, SUPERCURE has taken bold steps ahead to position itself as a durable construction material for building structures relating with "Legacy" for future generations. The brand had significant visibility in 2014 in all the major medium of communications, including the electronic and print media. 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.

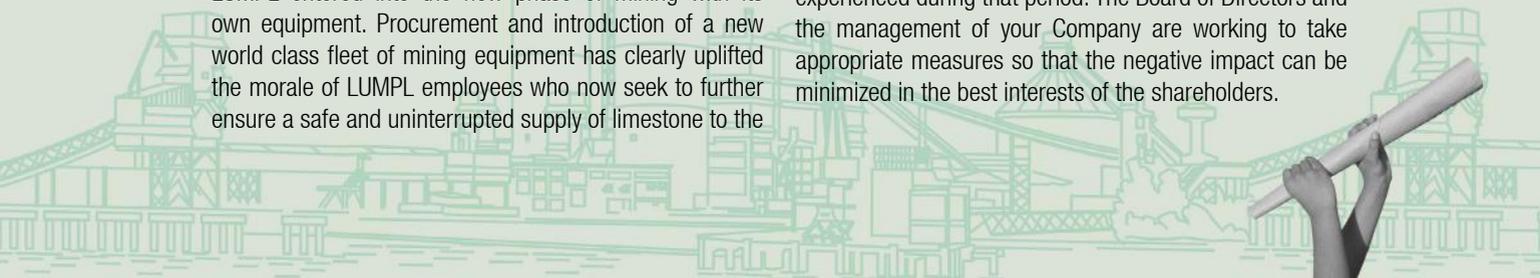
Two outsourced depots (Kapasias and Kamrangirchar) were launched by your Company under 'Route to Market' initiatives through which your products were made available at the potential pocket markets to serve the end users. In addition, another solution based initiative "Affordable Housing" was also expanded under the "Nijer Ekta Bari" project in semi-urban areas partnering with a local NGO.

Sales Performance

The year 2014 was very challenging for the cement industry in Bangladesh. Real Estate business continued to be sluggish throughout the year. Increased capacity of the industry created oversupply situation in the market and led to stray price competition, which was again supported by a declining clinker price in the international market.

Amid fierce competition, your Company achieved an impressive 16% growth in sales volume over 2013. This growth is in line with industry growth. Although price target could not be achieved due to the price competition, your Company made praiseworthy achievement in terms of price protection and sales growth.

The sales performance of your Company in the first quarter of 2015 has been affected by the unrest that the country experienced during that period. The Board of Directors and the management of your Company are working to take appropriate measures so that the negative impact can be minimized in the best interests of the shareholders.



Supply Chain Performance

2014 was a challenging year for driving stretched business volume in order to achieve bottom line objectives. Supply Chain continued their relentless efforts for maximizing dispatch volume and cost reductions. Your Company's Supply Chain Function implemented different innovative projects and had been able to deliver stretched volume which were higher than budget and also higher than 2013 performance.

The team focused on devising different cost reduction levers and optimized distribution cost. Continued focus was placed on river transport which is most cost effective and inventive thinking and efforts were put in place for optimum route mix which led to cost savings and hence added value to business bottom line. Supply Chain also improved customer service distributing products at right time to customer's end.

Your Company will continue the good work in 2015 across Supply Chain Function to continue delivering Company's objective to meet customers' demand 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 2014 as follows:

	Tk. 000s	
	2014	2013
Income before tax	2,445,736	2,743,605
Income tax	(713,064)	(669,708)
Income after tax for the year	1,732,672	2,073,897
Earnings per share	1.49	1.79

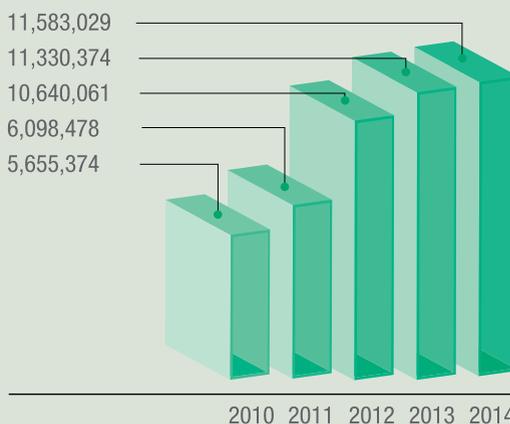
The Consolidated Financial Result of your Company for the year ended on 31st December 2014 is as follows:

	Tk. 000s	
	2014	2013
Income before tax	3,532,862	3,215,807
Income tax	(713,064)	(669,708)
Income after tax for the year	2,819,798	2,546,099
Earnings per share	2.43	2.19

2014 has been yet another challenging year for your Company especially due to the difficult conditions prevailing in the cement industry. In the backdrop of excess grinding capacity, cement prices have declined compared to 2013 that has had a major impact in your

Company's bottom line. Faced with this adverse scenario, your Company concentrated in increasing sales volume of cement that grew strongly compared to the previous year. At the same time, the Company continued its focus in keeping costs within budget. As a result, all major elements of cost relating to freight, plant costs, general, selling and distribution expenses and finance costs have been kept well within 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 7%. In India, LUMPL, the subsidiary of your Company, has successfully negotiated with the Indian authorities to allow refund of service tax since the inception of mining totaling INR 230 million. This reflects great credit to your Company's management since this is the first time such an exemption has been granted. Finance costs have been reduced by 57% compared to last year. This was possible through innovative financing schemes, as well as through reduction in working capital and debt. Your Company has also kept a tight rein on working capital as a result of which cash flow from operations has been positively impacted.

Lafarge Surma Cement Ltd Comparative Sales Growth REVENUE (Tk. 000s)



Dividend

The Board of Directors of the Company at its meeting held on June 9, 2014 has paid an interim dividend of five percent (5%), in cash, on the paid-up capital of the Company out of five (5) months' profits of 2014 (from January 1, 2014 to May 31, 2014). 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 5, 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



2014 (from June 1, 2014 to December 31, 2014). The said final dividend amounts to BDT 580,686,750 which is BDT 0.50 per share of BDT 10.00 each.

Inclusive of the interim dividend of 5% already paid, this would make a cumulative total dividend @ 10% of the paid-up capital amounting to BDT 1,161,373,500 which is BDT 1.00 per share for the year ended December 31, 2014. This recommendation of the Board of Directors regarding the declaration of dividend shall be forwarded to the shareholders at the 17th Annual General Meeting for their consideration and approval.

Retained Earnings

The total Retained Earnings of your Company stood at BDT 1,295,008,000, details of which are given in the Statement of Changes in Equity of the Consolidated Financial Statements.

Human Resource

Your Company believes that success relies heavily on the quality of the employees. They are the most important asset and the main driver to ensure success of the organization.

Recruiting the right employee, with the right qualities, for the right job, identifying the successor for the key positions and developing the leaders within the organization are the major focus area for the Human Resource Department of your Company.

The Human Resource Department has formulated specific strategies in terms of working environment, employee engagement, employer branding, compensation and benefits, and career progression to ensure that employees stay and grow with your Company.

Continuous development of employees is ensured so that the employees are updated with the latest technology and management practices and their quality and efficiency are regularly developed.

Community Development Program

Your Company's Corporate Social Responsibility (CSR) activities reflect its ongoing commitment to community development and responsible business practices in order to drive sustainable development of the economy, environment and society. Your Company's CSR initiatives also provide a platform for the Company to deliver growth and sustainable returns in the medium and longer term. While society's expectations are constantly evolving in line with the country's ongoing development activities,

new trends and the changing concerns of the Company's stakeholders, we strive to remain abreast with such changes and continue to undertake the right initiatives that deliver the required benefit in this ever changing environment. Environment and community development initiatives are our primary focus areas for the location surrounding the plant in Chhatak and quarry in Meghalaya to help shape a sustainable society for a better future.

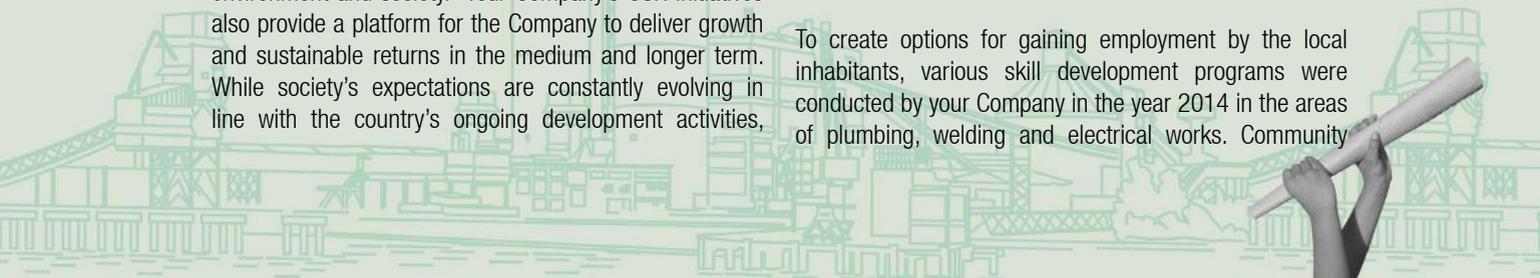
2014 was a positive year for your Company's CSR initiatives. Your Company inaugurated the Volunteering Activity Campaign in 2014. As a part of Sustainable Ambition 2020 of the Sponsor Groups, 500 employees of your Company dedicated a portion of their time for Volunteering Activities in the selected project in three locations in Dhaka, Chhatak and Meghalaya in India. The employees of your Company contributed 3180 hours against a target of 1500 hours of Volunteering Activity. The focus of this campaign was on tree plantation and H&S awareness drive among construction workers. Your Company also partnered with leading 22 Real Estate companies, educated 1,067 construction workers and 253 engineers on health and safety. Employees of your Company planted more than 1,000 saplings in partnership with key local stakeholders.

The Community Development Center (CDC) located at Chhatak continues to improve its services for the betterment of the community people by providing them education and health care facilities. Besides, the center is relentlessly working on training the members of the local community that will gradually increase their job skill and employment opportunities. Your Company has established another Lafarge Surma Sub-Center at Ragar Par, Chhatak in 2014, which will provide educational coaching and basic medical treatment in the remote areas of Chhatak along with the existing five sub-centers.

Approximately, 17,000 health and counseling services were provided in the year 2014 from our health care program. Another successful milestone in the Company's health care program was the eye camp organized in three different locations of Chhatak and Dowarabazaar upazila. 1,700 people benefited from this program.

More than 500 children benefited from our education program in the year 2014. The Community School located in the CDC at the plant in Chhatak continues to provide primary education up to class V. In addition to that, 100 high school students were given scholarship to support continuation of their education. Training programs for the teachers were also conducted.

To create options for gaining employment by the local inhabitants, various skill development programs were conducted by your Company in the year 2014 in the areas of plumbing, welding and electrical works. Community



youths benefited from this initiative. Besides, women were given training on tailoring and embroidery at the CDC.

Your Company made remarkable progress in terms of CSR initiatives in the areas surrounding LUMPL, the Indian subsidiary of your Company. The Nongtraï Secondary School continues to provide education facilities to the local inhabitants. Selected students from the local communities were provided scholarships. Total 119 students were benefitted from the education program in 2014. Local tribal people continues to get benefits of the General Health Camp at Nongtraï village, which includes cataract surgical operations, health services from the mobile clinics, and vehicle support in medical emergencies. Total 7756 people were benefitted from the health care program in 2014. Women were provided training on weaving at Nongtraï weaving center to develop their livelihood skills.

Whether it is healthcare, education, skill development, or infrastructure development, your Company is committed to serve the community for a greater cause, creating an opportunity and improving the livelihood of the people for a better future.

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 17th Annual General Meeting. Being eligible, they express their willingness to be appointed.

Directors

The Company has thirteen (13) 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, five (5) Directors of the Company will retire at the 17th Annual General Meeting. The retiring Directors are:

1. Mr. Shivesh Kumar Sinha (nominee of Surma Holding B.V.)
2. Mr. Carlos Martinez Ferrer (nominee of Surma Holding B.V.)
3. Mr. Marcos Cela Rey (nominee of Surma Holding B.V.)
4. Mr. Monzurur Rahman, Independent Director
5. Mr. Manzurul Islam, Director

Being eligible they offer themselves for re-election.

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

For and on behalf of the Board of Directors



Thomas Gerard Farrell
Chairman

Date: Dhaka, April 05, 2015



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.

Bangladesh holds a good potential for cement growth starting from a low per capita consumption of about 10 kg per person. Average growth in the last decade has been around 9% fuelled mainly by growth in Individual Home Building segment, Real Estate, Government infrastructure spending and private projects. Going forward, we expect that cement market will continue to grow steadily with the country spending on infrastructure accelerating in the future.

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

The Company produces clinker and also cement. It sells mainly cement but also sells a limited quantity of clinker that remains in excess after catering to the cement demand. Cement sales growth are in line with last year and clinker sales growth are 36% higher than the previous year due to higher clinker production in 2013. Such increase was sustained despite a price increase higher than the industry average.

(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. Finally, 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 increased slightly compared to last year. As a result, Gross Profit Margin in 2014 stood at 38.56% compared to 41.51% in 2013.

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

No 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.

No related party transactions during the year.

(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.

No deterioration of financial results during the year.

(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 occurs between quarterly financial performance and annual financial statement.

(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. However, the Board may repay to any Director all such reasonable expenses as the Director may incur in attending meetings of the Directors or general meeting.

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

(xii) That, proper books of account of the issuer 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 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 last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained:

Gross profit is slightly decreased in 2014 compared to last

year mainly due to lower cement price. Operating profit has also decreased as a result of decrease in gross profit margin. Net profit increased compared to last year due to decrease in finance cost as well as increase in finance income.

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

Income and expenses:

	Tk. 000s				
	2014	2013	2012	2011	2010
REVENUE	11,583,029	11,330,374	10,640,061	6,098,478	5,655,374
Cost of sales	(7,116,158)	(6,627,036)	(6,450,942)	5,538,142)	(5,077,635)
GROSS PROFIT	4,466,871	4,703,338	4,189,119	560,336	577,739
General and administrative expenses	(741,457)	(738,674)	(678,765)	(374,702)	(342,119)
Selling and distribution expenses	(188,298)	(152,429)	(153,284)	(68,340)	(93,909)
Other operating (expenses) / income	241,107	173,472	(20,982)	89,590	(1,257,001)
OPERATING INCOME/(LOSS)	3,778,223	3,985,707	3,336,088	206,884	(1,115,290)
Finance expenses	(303,195)	(772,054)	(829,278)	(2,495,364)	(719,414)
Finance income	57,834	2,154	764	496	2,725
NET INCOME/(LOSS) BEFORE TAX	3,532,862	3,215,807	2,507,574	(2,287,984)	(1,831,979)
Income tax	(713,064)	(669,708)	(654,140)	100,300	212,144
NET INCOME/(LOSS) AFTER TAX	2,819,798	2,546,099	1,853,434	(2,187,684)	(1,619,835)
Earnings per share (Taka)	2.43	2.19	1.60	(1.88)	(1.39)

Assets and liabilities:

	Tk. 000s				
	2014	2013	2012	2011	2010
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	12,409,080	12,763,354	13,370,193	13,815,909	14,377,748
Intangible assets	935,564	987,293	1,185,810	1,293,051	1,219,460
Other Receivables	145,571	86,457	55,359	-	-
Current assets	6,505,784	5,190,219	3,912,006	3,450,421	2,317,596
TOTAL ASSETS	19,995,999	19,027,323	18,523,368	18,559,381	17,914,804
LIABILITIES					
Share capital	11,613,735	11,613,735	11,613,735	11,575,806	5,806,868
Retained earnings	1,295,008	(944,130)	(3,490,257)	(5,343,728)	(3,156,087)
Other component of equity	(61,519)	(52,603)	(11,894)	(16,113)	(18,610)
Share money deposits	-	-	-	37,929	-
Foreign currency translation	408,334	427,423	268,932	197,787	135,946
Shareholders' equity-Parent company	13,255,558	11,044,425	8,380,516	6,451,681	2,768,117
Non-controlling interests	81	118	231	302	362
EQUITY	13,255,639	11,044,543	8,380,747	6,451,983	2,768,479
NON-CURRENT LIABILITIES					
Long-term debt	132,925	497,027	948,895	3,904,616	4,713,556
Deferred income tax liabilities	1,906,543	1,224,510	612,200	9,267	172,993
Contribution to employee benefit	106,922	137,817	113,924	78,457	56,174
Derivative instruments	-	-	-	6,746	18,029
Provisions	25,808	23,146	23,125	-	-
Current liabilities	4,568,162	6,100,280	8,443,980	8,108,312	10,185,573
TOTAL EQUITY AND LIABILITIES	19,995,999	19,027,323	18,523,368	18,559,381	17,914,804

(xix) Reasons for non-declaration of dividend:

N/A

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

4 (four) Board meetings were held during the year 2014 and the dates are March 3, June 9, September 9 and November 5. The Directors attended the Board meetings as stated below:

S/L	Name of Directors	Number of meetings held whilst a board member	Meetings attended	Meetings attended
1	Mr. Thomas Gerard Farrell	4	4	
2	Mr. Fabrizio Angelo Olivares	4	4	
3	Mr. Tarek Samir Ahmed Elba	4	4	
4	Mr. Carlos Martinez Ferrer	2	2	
5	Mr. Marcos Cela Rey	2	2	
6	Mr. Shivesh Kumar Sinha	4	4	
7	Mr. Salvador Fernandez Capo	4	4	
8	Mr. Manzurul Islam	4	3	Leave granted
9	Mr. Anisur Rahman Sinha	4	3	Leave granted
10	Mr. Monzurur Rahman	4	3	Leave granted
11	Mr. Zakir Ahmed Khan	4	3	Leave granted
12	Mr. Syed Shujauddin Ahmed	4	4	
13	Mr. Tufail K Haider	4	3	Leave granted

(xxi) The pattern of shareholding:

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

Name	Position	No. of shares
Surma Holding BV	Parent Company	683,698,700

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

Name	Position	No. of shares		
		Self	Spouse	Minor Children
Mr. Thomas Gerard Farrell	Director/Chairman as nominee of Surma Holding BV	Nil	Nil	Nil
Mr. Fabrizio Angelo Olivares	Director as nominee of Surma Holding BV	Nil	Nil	Nil
Mr. Tarek Samir Ahmed Elba	Director as nominee of Surma Holding BV and CEO	Nil	Nil	Nil
Mr. Carlos Martinez Ferrer	Director as nominee of Surma Holding BV	Nil	Nil	Nil
Mr. Marcos Cela Rey	Director as nominee of Surma Holding BV	Nil	Nil	Nil
Mr. Shivesh Kumar Sinha	Director as nominee of Surma Holding BV	Nil	Nil	Nil

Name	Position	No. of shares		
		Self	Spouse	Minor Children
Mr. Salvador Fernandez Capo	Director as nominee of Surma Holding BV	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	2000	Nil	Nil
Mr. Zakir Ahmed Khan	Independent Director	Nil	Nil	Nil
Mr. Syed Shujauddin Ahmed	Independent Director	Nil	Nil	Nil
Mr. Tufail K Haider	Independent Director	Nil	Nil	Nil
Mr. Masud Khan	Finance Director	Nil	Nil	Nil
Mr. Kazi Mizanur Rahman	Company Secretary	Nil	Nil	Nil
Mr. Moshorror 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	Operations Director	Nil
Mr. Firoz Ahmed	Sales Director	Nil
Mr. Mohammed Arif Bhuiyan	Supply Chain Director	Nil
Mr. Sang Soo Bae	Production Coach	Nil
Mr. Harpal Singh	Head of Maintenance	Nil

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

Name	No. of shares
Surma Holding B.V.	683,698,700

(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 17th Annual General Meeting and will be eligible for re-appointment, and Independent Director will be appointed.

The name of the Directors and Independent Directors are as follows:

1. Mr. Carlos Martinez Ferrer, Director
2. Mr. Marcos Cela Rey, Director
3. Mr. Shivesh Kumar Sinha, Director
4. Mr. Monzurur Rahman, Independent Director
5. Mr. Manzurul Islam, 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 12 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.	√		
(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 (NBF).	√		
(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).	√		

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
(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.	N/A		
(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 are to be 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	✓		
(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 2014 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.	✓		



Condition No.	Title	Compliance status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
(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.	√		
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 Risk management 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.	√		
(v)	Review along with the management, the annual financial statements before submission to the board for approval.	√		



Condition No.	Title	Compliance status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
(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.	√		
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
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

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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)	Audit Certification/Certificate service on Compliance of corporate Governance as required under clause (i) of condition number 7	✓		
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		



Condition No.	Title	Compliance status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
(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.	√		
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


Thomas Gerard Farrell
Chairman

Date: Dhaka, April 05, 2015





AHMED MASHUQUE & CO.

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CERTIFICATE TO THE SHAREHOLDERS OF LAFARGE SURMA CEMENT LIMITED.

ON

COMPLIANCES STATUS OF THE CONDITIONS OF CORPORATE GOVERNANCE GUIDELINES 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 2014. These guidelines relate to the Notification No. SEC/CMRRCD/2006-185/134Admin/44 dated 07 August 2012 and amendment thereon of Bangladesh Securities and 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 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 compliance status has been properly reported in the annexure attached herewith.

Date: 5th April 2015
 Place: Dhaka, Bangladesh

Ahmed Mashuque & Co.
 Chartered Accountants

AUDIT COMMITTEE REPORT

For the year 2014

February 24, 2015

To: The Board of Directors
Lafarge Surma Cement Ltd.

The Audit Committee

The Audit Committee 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. Tarek Samir Ahmed Elba, 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 2014

- 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 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 2014 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 Services 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, 2014



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 2014 and the related consolidated income statement, 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 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 2014 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:

- 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;
- 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;
- the group's consolidated statement of financial position and consolidated statement of comprehensive income along with the annexed notes 1 to 36 dealt with by the report are in agreement with the books of account and returns; and
- the expenditures incurred and payments made were for the purposes of the Company's business.

Dhaka, March 15, 2015


Chartered Accountants

LAFARGE SURMA CEMENT LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2014

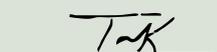
	NOTES	2014 Taka'000	2013 Taka'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	12,409,080	12,763,354
Intangible assets	6	935,564	987,293
Other receivables	9	145,571	86,457
		13,490,215	13,837,104
CURRENT ASSETS			
Inventories	7	1,564,285	1,593,449
Trade receivables	8	865,268	799,536
Other receivables	9	2,194,325	1,592,835
Cash and cash equivalents	10	1,881,906	1,204,399
		6,505,784	5,190,219
Total Assets		19,995,999	19,027,323
EQUITY & LIABILITIES			
Share capital	11.3	11,613,735	11,613,735
Retained earnings		1,295,008	(944,130)
Other components of equity	11.6	(61,519)	(52,603)
Foreign currency translation	3.6	408,334	427,423
SHAREHOLDERS' EQUITY- PARENT COMPANY		13,255,558	11,044,425
Non-controlling interests	12	81	118
EQUITY		13,255,639	11,044,543
NON-CURRENT LIABILITIES			
Long-term debt	13.1	132,925	497,027
Deferred tax liability	14	1,906,543	1,224,510
Employee benefits	15	106,922	137,817
Provisions	17	25,808	23,146
		2,172,198	1,882,500
CURRENT LIABILITIES			
Trade payables	18	2,292,362	2,267,632
Other payables	19	495,649	440,064
Derivative instruments	16	13,003	48,355
Current portion of long term debt	13.2	406,158	409,100
Short-term debt	20	1,175,663	2,761,847
Current tax liabilities	21	185,327	173,282
		4,568,162	6,100,280
TOTAL EQUITY AND LIABILITIES		19,995,999	19,027,323

The accompanying Notes 1 to 36 form an integral part of these financial statements.

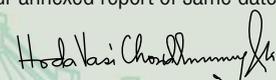

Finance Director


Company Secretary


Director


Chief Executive Officer

As per our annexed report of same date


Chartered Accountants

Dhaka, March 15, 2015



LAFARGE SURMA CEMENT LIMITED

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2014

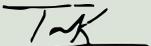
		2014	2013
	NOTES	Taka'000	Taka'000
REVENUE	23	11,583,029	11,330,374
Cost of sales	24	(7,116,158)	(6,627,036)
GROSS PROFIT		4,466,871	4,703,338
General and administrative expenses	25	(741,457)	(738,674)
Sales and marketing expenses	26	(188,298)	(152,429)
Other operating income	27	241,107	173,472
OPERATING INCOME		3,778,223	3,985,707
Finance cost	28	(303,195)	(772,054)
Finance income	28	57,834	2,154
INCOME BEFORE TAX		3,532,862	3,215,807
Income tax	29	(713,064)	(669,708)
INCOME FOR THE YEAR		2,819,798	2,546,099
<i>Attributable to:</i>			
Owners of the parent Company		2,819,825	2,546,127
Non-controlling interests		(27)	(28)
		2,819,798	2,546,099
Basic earnings per share (Taka)	30	2.43	2.19
Diluted earnings per share (Taka)	30	2.43	2.19

The accompanying Notes 1 to 36 form an integral part of these financial statements.


Finance Director


Company Secretary


Director


Chief Executive Officer

As per our annexed report of same date


Chartered Accountants

Dhaka, March 15, 2015



LAFARGE SURMA CEMENT LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2014

	2014	2013
	Taka'000	Taka'000
INCOME FOR THE YEAR	2,819,798	2,546,099
Items that will not be reclassified subsequently to profit or loss		
Actuarial loss	(69,039)	-
Income tax on items that will not be reclassified to profit or loss	18,986	-
Total items that will not be reclassified to profit or loss	(50,053)	-
Items that may be reclassified subsequently to profit or loss		
Cash flow hedge instruments	41,137	(40,709)
Exchange differences on translating foreign operations	(19,089)	158,491
Non controlling interests- currency translation adjustment	(10)	(85)
Total items that may be reclassified to profit or loss	22,038	117,697
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	(28,015)	117,697
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2,791,783	2,663,796
<i>Attributable to:</i>		
Owners of the parent Company	2,791,820	2,663,909
Non-controlling interests	(37)	(113)
	2,791,783	2,663,796

The accompanying Notes 1 to 36 form an integral part of these financial statements.

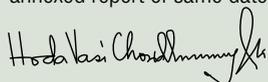

Finance Director


Company Secretary


Director


Chief Executive Officer

As per our annexed report of same date


Chartered Accountants

Dhaka, March 15, 2015



LAFARGE SURMA CEMENT LIMITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2014

(All figures are in Tk. '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 2013	11,613,735	(3,490,257)	(11,894)	268,932	8,380,516	231	8,380,747
Total comprehensive income/(loss) for the year	-	2,546,127	(40,709)	158,491	2,663,909	(113)	2,663,796
Balance at 31 December 2013	11,613,735	(944,130)	(52,603)	427,423	11,044,425	118	11,044,543
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



Finance Director



Company Secretary



Director



Chief Executive Officer

LAFARGE SURMA CEMENT LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2014

		2014	2013
	NOTES	Taka'000	Taka'000
Cash Flows From Operating Activities			
Cash receipts from customers		11,471,739	11,499,302
Cash paid to suppliers and employees		(7,566,507)	(6,826,217)
Cash generated in operations		3,905,232	4,673,085
Income taxes paid		(538,032)	(331,728)
Other receipts	36	201,258	174,709
Net cash generated by operating activities		3,568,458	4,516,066
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(216,435)	(206,538)
Payments for intangible assets		(14,891)	(6,332)
Proceeds from sale of property, plant and equipment		1,343	7,815
Interest income on bank deposits		49,867	-
Net cash used in investing activities		(180,116)	(205,055)
Cash Flows From Financing Activities			
Repayment of long term debt		(363,740)	(2,743,635)
Decrease in short term debt		(1,577,048)	(111,420)
Payment of interest		(194,539)	(398,984)
Interim dividend paid		(573,226)	-
Net cash used in financing activities		(2,708,553)	(3,254,039)
Net effect of foreign currency translation on cash and cash equivalents		(2,282)	(6,733)
Net increase in cash and cash equivalents		677,507	1,050,239
Cash and Cash Equivalents at Beginning of the Year		1,204,399	154,160
Cash and Cash Equivalents at End of the Year		1,881,906	1,204,399



Finance Director



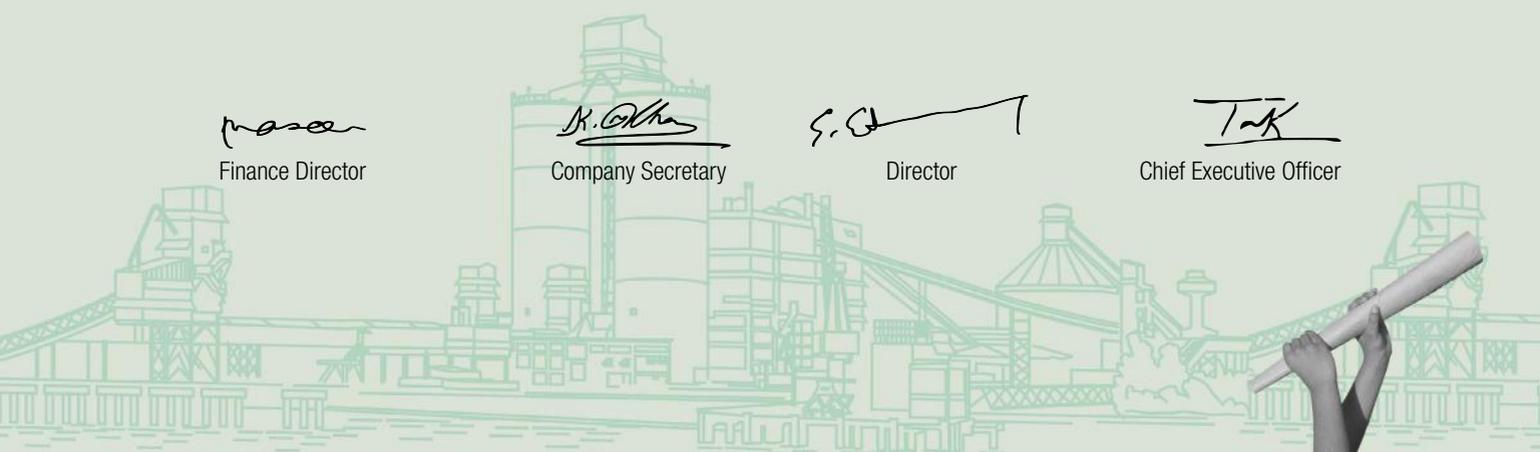
Company Secretary



Director



Chief Executive Officer



LAFARGE SURMA CEMENT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2014

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 Lafarge 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;
- 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:

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



	2014	2013
Name of subsidiary	Taka'000	Taka'000
Lafarge Umiam Mining Private Limited, India	506,266	516,673
Lum Mawshun Minerals Private Limited, India	498	508
	506,764	517,181

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	2014	2013
Average rate	1.2718	1.3306
Closing rate	1.2308	1.2561



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 Lafarge Group policy, strategic spare parts over EURO 30 K 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 income statement in the period concerned.

There is no impairment in 2014 and 2013.

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 30 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 income statement.

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 income statement 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 income statement under the "Finance cost/income" caption for the ineffective portion. The gain and loss recognised in equity is subsequently reclassified to the consolidated income statement 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	2014		2013	
	Closing rate	Average rate	Closing rate	Average rate
BDT/USD	77.9475	77.6146	77.7500	78.1015
BDT/EUR	94.7140	103.1679	106.8246	103.7895
BDT/GBP	120.9200	127.9054	128.0854	122.2228
BDT/INR	1.2308	1.2718	1.2561	1.3306

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 @ 0.30% of the amount representing the Company's gross receipts of income from all sources as per Income Tax Ordinance 1984."

Deferred tax

Deferred income tax is provided in full, using the liability 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.

No deferred income tax has been provided in the financial statements with respect to Lafarge Umiam Mining Private Limited due to the fact that Lafarge Umiam Mining Private Limited enjoys tax holiday benefits for 10 years and it is uncertain whether deferred tax asset of the Company can be adjusted in the future years.

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.

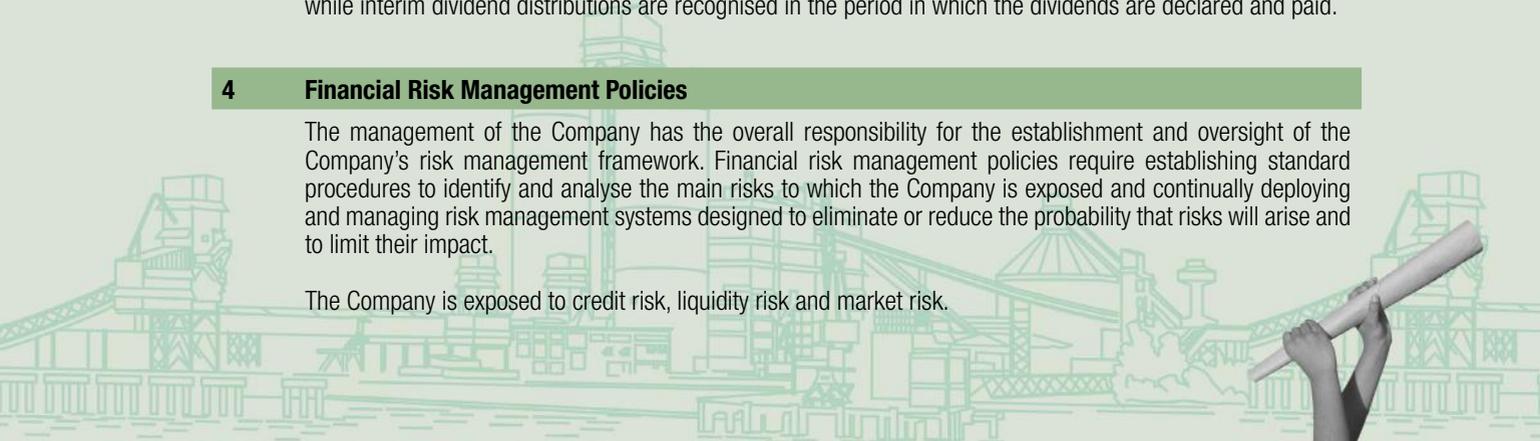
3.19 Dividend distribution

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	Leasehold	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, 2014	557,814	367	163,073	529,365	55,893	14,664,477	85,345	165,417	105,836	78,656	63,173	220,498	16,689,914
Additions	-	-	3,273	12,581	-	84,077	13,617	49,203	8,524	5,132	1,722	69,508	247,637
Disposals	-	-	-	-	-	(2,578)	-	(5,130)	(12,942)	(519)	(383)	-	(21,552)
Transfers	-	-	8,702	4,434	-	22,558	7,511	459	2,213	923	511	(47,311)	-
Translation adjustments	(517)	-	(2,404)	-	(21)	(33,165)	-	(625)	(285)	(300)	(136)	114	(37,339)
At December 31, 2014	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
DEPRECIATION													
At January 1, 2014	-	367	21,757	88,040	12,085	3,476,800	30,293	111,527	89,536	59,175	36,980	-	3,926,560
Disposals	-	-	-	-	-	(652)	-	(5,130)	(12,656)	(517)	(360)	-	(19,315)
Charge for the year	-	-	3,870	13,375	1,830	497,797	9,804	23,256	9,970	6,967	5,778	-	572,647
Translation adjustments	-	-	(324)	-	(6)	(8,893)	-	(560)	(242)	(201)	(86)	-	(10,312)
At December 31, 2014	-	367	25,303	101,415	13,909	3,965,052	40,097	129,093	86,608	65,424	42,312	-	4,469,580
CARRYING AMOUNT													
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
At December 31, 2013	557,814	-	141,316	441,325	43,808	11,187,677	55,052	53,890	16,300	19,481	26,193	220,498	12,763,354

	2014	2013
	Taka'000	Taka'000
5.1 Construction in progress		
General survey and studies	126,835	111,226
Other equipment	103,762	105,560
Other improvement works	12,212	3,712
	242,809	220,498
5.2 Depreciation charge for the year allocated to		
Production and maintenance overhead (Note- 24.2)	545,975	545,813
Depot operating and transportation costs (Note- 24.4)	984	425
General and administrative expenses (Note- 25)	25,688	25,561
	572,647	571,799

5.3 Disposal of property, plant and equipment

Figures in Taka'000	Plant & machinery	Vehicles	Computer equipment	Office equipment	Furniture & fixtures	Total
Cost	2,578	5,130	12,942	519	383	21,552
Accumulated depreciation	(652)	(5,130)	(12,656)	(517)	(360)	(19,315)
Carrying amount at December 31, 2014	1,926	-	286	2	23	2,237
Sale proceeds	-	845	281	43	174	1,343
Mode of disposal	Company policy	Tender	Tender	Tender	Tender	
Particulars of purchaser	Written off	Third party & Employees				

6. Intangible Assets

Figures in Taka'000	Leasehold land	Quarry land	Software	Construction in progress	Total
COST					
At January 1, 2014	17,441	1,058,958	70,375	25,234	1,172,008
Additions	-	-	-	14,891	14,891
Disposals	-	-	(4)	(430)	(434)
Transfers	-	-	3,177	(3,177)	-
Translation adjustments	(351)	(21,328)	(92)	(617)	(22,388)
At December 31, 2014	17,090	1,037,630	73,456	35,901	1,164,077
AMORTIZATION					
At January 1, 2014	5,908	118,717	60,090	-	184,715
Disposals	-	-	(4)	-	(4)
Charge for the year	825	41,561	5,384	-	47,770
Translation adjustments	(146)	(3,731)	(91)	-	(3,968)
At December 31, 2014	6,587	156,547	65,379	-	228,513
CARRYING AMOUNT					
At December 31, 2014	10,503	881,083	8,077	35,901	935,564
At December 31, 2013	11,533	940,241	10,285	25,234	987,293

	2014	2013
	Taka'000	Taka'000
7 Inventories		
Raw materials	500,815	467,912
Spare parts	825,394	860,095
Packing materials	5,400	10,782
Other materials	88,903	118,255
Finished goods and work in process	143,773	136,405
	1,564,285	1,593,449
8 Trade Receivables		
Trade receivables	874,887	808,346
Valuation allowance	(9,619)	(8,810)
	865,268	799,536
8.1 The change in the valuation allowance for doubtful receivables is as follows:		
Balance at 1 January	(8,810)	(6,762)
Current year addition	(2,709)	(2,048)
Cancellation	1,900	-
Balance at 31 December	(9,619)	(8,810)
8.2 Ageing of trade receivables		
The ageing of gross trade receivables at reporting date are as follows:		
Within the credit period	608,984	633,710
0-30 days	132,420	91,593
31-60 days	26,025	38,999
61-180 days	97,839	35,234
Over 180 days	9,619	8,810
	874,887	808,346
9 Other Receivables		
Contractors, consultants, suppliers and others (Note- 9.1)	175,268	240,426
Office and house rent	41,035	56,108
VAT current account	96,659	117,171
Advance to employees	17,602	19,164
Advance to employees for SAR plan (Note- 15.1)	24,457	23,108
Security and other deposits (Note- 9.2)	151,916	6,588
Prepaid expenses	90,781	94,203
Other receivables	135,608	52,795
Advance income tax-deducted at source	1,595,972	1,067,068
Accrued interest on bank deposits	10,598	2,661
	2,339,896	1,679,292
<i>Current portion</i>	<i>2,194,325</i>	<i>1,592,835</i>
<i>Non-current portion</i>	<i>145,571</i>	<i>86,457</i>

Receivables mentioned above are unsecured and considered good other than an amount of Taka 8,892 (in thousands) which is considered doubtful. The Company filed an arbitration case before the District Court, Dhaka dated on 26 February 2013 against the lessor Mrs. Begum Roushan Ara to recover the amount paid as advance to secure office premises which was subsequently not taken in the absence of required licenses. Advances made to employees include advance related to employee matters and for running the day to day operation cost of different departments.

	2014	2013
	Taka'000	Taka'000
9.1 Advance to contractors, consultants, suppliers and others		
Advance paid to suppliers	109,902	190,858
Letter of Credit-spare parts	29,909	32,350
Letter of Credit-raw materials	10,770	4,097
Custom duties	24,687	13,121
	175,268	240,426
9.2 Security and other deposits		
House rental	520	520
Telecommunications	527	527
Central Depository System	500	500
Paid to Leasing Company	145,571	-
Other services	4,798	5,041
	151,916	6,588
10 Cash and Cash Equivalents		
<i>Cash in hand</i>		
Lafarge Surma Cement Limited	600	610
Lafarge Umiam Mining Private Limited	76	103
	676	713
<i>Cash at banks</i>		
<i>Lafarge Surma Cement Limited</i>		
In current accounts	1,080,151	1,043,967
In short term deposit accounts	159,517	117,598
In fixed deposit receipts	530,638	-
	1,770,306	1,161,565
<i>Cash at banks</i>		
<i>Lafarge Umiam Mining Private Limited</i>		
In current accounts	763	1,779
In Term Deposit accounts	43,878	40,313
Bank-in-transit	66,256	-
	110,897	42,092
<i>Cash at banks</i>		
<i>Lum Mawshun Minerals Private Limited</i>		
In current account	27	29
	27	29
	1,881,906	1,204,399
11 Share Capital		
11.1 Authorized capital		
1,400,000,000 ordinary shares of Tk. 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.



	2014	2013
	Taka'000	Taka'000
11.2 Issued and subscribed capital		
1,161,373,500 ordinary shares of Tk. 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 %	
		2014	2013	2014	2013
Surma Holding B.V.	The Netherlands	683,698,700	683,698,700	58.87	58.87
International Finance Corporation	U. S. A.	-	14,141,500	-	1.22
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
Delta Life Insurance Company Ltd.	Bangladesh	-	27,011,180	-	2.33
Investment Corporation of Bangladesh	Bangladesh	-	19,932,000	-	1.71
Other Shareholders	Bangladesh & NRB	410,660,600	349,575,920	35.36	30.10
		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 %	
	2014	2013	2014	2013
Less than 500 Shares	5,066	374	0.20	0.00
501 to 5,000 Shares	13,146	14,186	2.41	2.23
5,001 to 10,000 Shares	2,542	2,241	1.69	1.53
10,001 to 20,000 Shares	1,633	1,437	2.09	1.89
20,001 to 30,000 Shares	618	611	1.34	1.34
30,001 to 40,000 Shares	344	302	1.05	0.94
40,001 to 50,000 Shares	239	187	0.95	0.75
50,001 to 100,000 Shares	432	453	2.67	2.89
100,001 to 1,000,000 Shares	436	358	10.24	8.28
Over 1,000,000 Shares	40	49	77.36	80.15
	24,496	20,198	100.00	100.00



	2014	2013
	Taka'000	Taka'000
11.6 Other Components of Equity		
Cash flow hedge*	(11,466)	(52,603)
Actuarial loss-net of tax	(50,053)	-
	(61,519)	(52,603)

*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 income statement, 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 2014 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, 2014.

12 Non-Controlling Interests

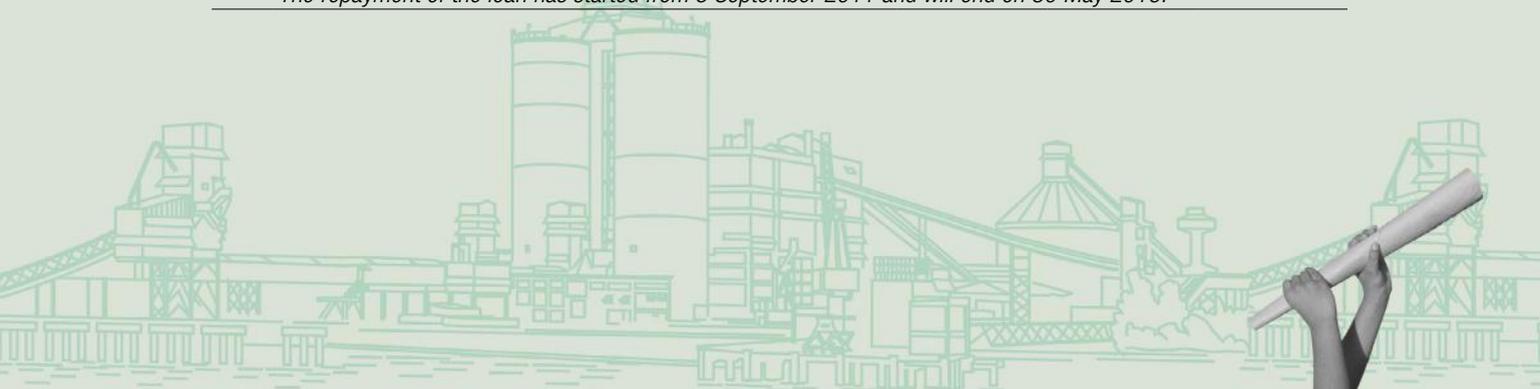
Retained earnings	(440)	(413)
Share capital	175	178
Share money deposits	346	353
	81	118

13 Long Term Debt

	Amount '000		2014 Taka'000	2013 Taka'000
	Currency	Foreign Currency		
13.1 Long portion				
<i>Name of lenders</i>				
Citibank N.A.- Mumbai	USD	600	46,769	233,246
Standard Chartered Bank - Mumbai	INR	70,000	86,156	263,781
		Total	132,925	497,027
13.2 Current portion				
<i>Name of lenders</i>				
Citibank N.A.- Mumbai	USD	3,000	233,846	233,246
Standard Chartered Bank - Mumbai	INR	140,000	172,312	175,854
		Total	406,158	409,100

Details of loan agreements

Name of Lenders	Type	Amount	Tenure
Citibank N. A. - Mumbai	Term Loan	USD 12 Million	5 years
<i>The repayment of the loan has started from 30 Sep 2011 and will end on 31 March 2016.</i>			
Standard Chartered Bank - Mumbai	Term Loan	INR 700 Million	5 years
<i>The repayment of the loan has started from 5 September 2011 and will end on 30 May 2016.</i>			



14 Deferred Tax Liability

The tax effects of temporary differences that resulted in deferred tax assets and liability.

	Carrying amount on reporting date Taka'000	Tax base Taka'000	Taxable temporary difference/ (Deductible temporary differences) Taka'000
Property, plant and equipment	10,322,661	1,540,906	8,781,755
Taxable temporary difference			8,781,755
Applicable tax rate			27.50%
Deferred tax liability at 31 December 2014			2,414,983
Provision for gratuity	39,860	-	(39,860)
Provision for doubtful debts	9,619	-	(9,619)
Business loss	1,730,354	-	(1,730,354)
Actuarial loss	69,039	-	(69,039)
Deductible temporary differences			(1,848,872)
Applicable tax rate			27.50%
Deferred tax assets at 31 December 2014			(508,440)
Net deferred tax liability at 31 December 2014			1,906,543
Property, plant and equipment	10,675,567	1,831,344	8,844,223
Taxable temporary difference			8,844,223
Applicable tax rate			27.50%
Deferred tax liability at 31 December 2013			2,432,162
Provision for gratuity	118,989	-	(118,989)
Provision for doubtful debts	8,810	-	(8,810)
Business loss	4,263,662	-	(4,263,662)
Deductible temporary differences			(4,391,461)
Applicable tax rate			27.50%
Deferred tax assets at 31 December 2013			(1,207,652)
Net deferred tax liability at 31 December 2013			1,224,510

	2014 Taka'000	2013 Taka'000
14.1 Change in deferred tax assets and liability		
Balance at 1 January- deferred tax liability	1,224,510	612,200
Deferred tax expenses for the year- (Note- 29)	701,019	612,018
Cash flow hedge	-	292
Actuarial loss	(18,986)	-
Balance at 31 December- deferred tax liability	1,906,543	1,224,510
15 Employee Benefits		
Gratuity plan (Note-15.1)	92,580	125,521
Stock Appreciation Rights (Note- 15.2)	14,342	12,296
	106,922	137,817



	2014	2013
	Taka'000	Taka'000
15.1 Contribution to gratuity plan		
<i>Lafarge Surma Cement Limited (Funded Plan)</i>		
Net position of gratuity plan		
Present value of defined benefit obligation	213,637	118,989
Fair value of plan assets	(130,345)	-
Net funded status	83,292	118,989

Actuarial valuation

The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2014 by a professional actuary using Projected Unit Credit Method.

	2014	2013
	%	%
Assumptions employed for the valuations are as follows:		
Expected rate of salary increase	8.00	8.00
Expected return on plan assets	8.00	8.00

	2014	2013
	Taka'000	Taka'000
Movement in the present value of the defined benefit obligation are as follows:		
Balance at 1 January	118,989	97,380
Current service cost	20,456	15,230
Interest cost	9,519	7,790
Actuarial loss	69,039	-
Benefits paid during the year	(4,366)	(1,411)
Balance at 31 December	213,637	118,989

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

Balance at 1 January	-	-
Contributions from employer	123,355	-
Expected return on plan assets	11,356	-
Benefits paid during the year	(4,366)	-
Balance at 31 December	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 2014 by a professional actuary using Projected Unit Credit Method.

	2014	2013
	%	%
Assumptions employed for the valuations are as follows:		
Discount rate	7.95	9.00
Expected rate of salary increase	8.00	8.00



	2014	2013
	Taka'000	Taka'000
Movement in the present value of the defined benefit obligation are as follows:		
Balance at 1 January	6,532	6,635
Current service cost	1,759	1,305
Interest cost	526	546
Actuarial loss/(gain)	792	(753)
Benefits paid during the year	(93)	(239)
Translation adjustment	(228)	(962)
Balance at 31 December	9,288	6,532
15.2 Provision for stock appreciation rights (SAR)		
LEA 2009		
Balance at 1 January	6,139	5,886
Current year addition	124	253
Balance at 31 December	6,263	6,139
LEA 2011		
Balance at 1 January	6,157	4,520
Current year addition	1,922	1,637
Balance at 31 December	8,079	6,157
	14,342	12,296

Stock Appreciation Rights (SAR)

These are the global programmes of Lafarge 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 an interest free loan 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-Liabilities **13,003** **48,355**

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**

Balance at 1 January	23,146	23,125
Addition for the year	3,232	4,995
Translation adjustment	(570)	(4,974)
Balance at 31 December	25,808	23,146

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



	2014	2013
	Taka'000	Taka'000
18 Trade Payables		
Raw materials	172,980	121,607
Packing bags	145,500	146,009
Marketing expenses	57,633	6,591
Distribution cost	151,460	161,694
Computer expenses	69,088	116,456
Audit fee	2,848	2,803
Maintenance	105,975	99,841
Administrative office expenses	53,390	64,827
Royalty	182,739	181,854
Consultancy	6,199	6,841
Security	26,219	16,010
General assistance fee (Note- 18.1)	216,633	288,286
Trademark license fee (Note- 18.2)	216,633	288,285
Gas bill	229,523	147,588
Operation and maintenance bill-Power Plant	30,660	28,776
Discount on sales	282,705	91,318
Advances paid by customers	275,501	321,059
Self insurance (Note- 18.3)	5,050	735
Others	61,626	177,052
	2,292,362	2,267,632

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).

18.3 Self insurance

The Company provided the amount for covering future loss of product during transportation in lieu of transport insurance. The objectives of this provision are i) recognition of the risks; ii) mitigation of the higher insurance cost; iii) non availability of insurance cover for certain type of barges.

	2014	2013
	Taka'000	Taka'000
19 Other Payables		
Payables to suppliers of property, plant & equipment	129,408	95,848
Other finance costs payable	26,959	8,325
Payable to employees	94,030	95,948
Workers' Profit Participation and welfare Fund	128,723	144,400
Income tax & VAT deducted at source	109,068	95,543
Interim dividend payable	7,461	-
	495,649	440,064
20 Short Term Debt		
Bank overdraft facilities (Note- 20.1)	34,537	73,993
Short term credit facilities (Note-20.2)	1,141,126	2,687,854
	1,175,663	2,761,847

	2014	2013
	Taka'000	Taka'000
20.1 Used bank overdrafts facilities		
<i>Lafarge Umiam Mining Private Limited</i>		
Standard Chartered Bank, Mumbai	4,020	29,678
Citibank N.A., Mumbai	7,789	13,822
State Bank of India	22,728	30,493
	34,537	73,993
20.2 Used short term credit facilities		
<i>Lafarge Surma Cement Limited</i>		
Citibank N.A.	-	382,554
The Hongkong and Shanghai Banking Corporation Limited	-	396,525
Standard Chartered Bank	-	644,750
	-	1,423,829
<i>Lafarge Umiam Mining Private Limited</i>		
Standard Chartered Bank, Mumbai	809,845	451,549
Citibank N.A., Mumbai	331,281	812,476
	1,141,126	1,264,025
	1,141,126	2,687,854
21 Current Tax Liabilities		
Balance at 1 January	173,282	115,592
Cancellation of provision	(23,076)	-
Provision for the year	35,121	57,690
Balance at 31 December	185,327	173,282

22 Commitments and Contingencies

22.1 Commitments	Less than	1 to 5 years	More than	2014	2013
	1 year	Taka'000	5 years		
	Taka'000	Taka'000	Taka'000	Taka'000	Taka'000
Commitments given					
Commitments related to operating activities					
Purchase commitments	1,648,074	-	-	1,648,074	1,127,857
Capital expenditure commitments	73,524	-	-	73,524	104,564
Operating leases	35,911	83,118	-	119,029	154,940
Guarantees given	1,044	311,216	7,377	319,637	309,971
Commitments received					
Guarantees received	459,850	-	-	459,850	629,173



	2014	2013
	Taka'000	Taka'000
22.2 Contingent Liability and Claims		
<i>Lafarge Surma Cement Limited</i>		
<p>Clinker production of the Company at the plant stopped from April 2010 due to the suspension of supply of limestone from the quarry and resumed in August 2011. During this year, 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 hearing has been held recently and decision is awaited. The lawyers of the Company have given an opinion that there are merits in the case for the Company to get a favourable decision from the arbitration. An amount of Taka 568 million was accumulated provision in this respect.</p>	568,515	568,515
<p>Claim of VAT Authority for cancellation of VAT rebate relating to 2008-2009, 2009-2010 & 2010-2011 for which Writ Petitions 6074/2011, 6493/2012 and 11839/2013 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.</p>	35,066	35,066
<p>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.</p>	74,157	74,157
<p>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 an additional amount of Gross Profit 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 2014 before the Hon'ble High Court against the Order of the Tribunal.</p>	112,404	112,404
<p>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 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 2014 before the Hon'ble High Court against the Order of the Tribunal.</p>	135,111	135,111

	2014	2013
	Taka'000	Taka'000
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
23 Revenue		
Sale of grey cement*	9,342,843	8,531,358
Sale of cement clinker	2,240,186	2,799,016
	11,583,029	11,330,374
*Sale of gray cement		
Local sales	9,333,245	8,529,981
Export in Export Processing Zone	9,598	1,377
	9,342,843	8,531,358
24 Cost of Sales		
Opening finished goods and work in process (Note- 7)	136,405	268,683
Raw materials costs (Note- 24.1)	2,616,906	2,440,234
Toll manufacturing costs	231,887	185,146
Power and fuel costs	1,165,279	1,041,861
Production and maintenance costs (Note- 24.2)	1,388,365	1,308,238
Plant general and administrative costs (Note- 24.3)	548,422	507,658
Freight cost to customers	461,220	371,868
Depot operating and transportation costs (Note- 24.4)	708,215	634,758
Site restoration costs	3,232	4,995
Closing finished goods and work in process (Note- 7)	(143,773)	(136,405)
	7,116,158	6,627,036
24.1 Raw materials costs		
Limestone	1,101,934	1,220,970
Clay	140,376	91,521
Gypsum	274,943	209,182
Iron Ore	108,885	90,993
Sand	24,749	23,050
Slag	290,695	220,496
Packing Bags	488,925	430,146
Others	186,399	153,876
	2,616,906	2,440,234
24.2 Production and maintenance costs		
Salary, allowances and benefits	264,692	257,131
Contributions to employees' benefit schemes	16,558	12,900
Maintenance	124,944	167,688
Other supplies and spares	272,715	169,634
Material handling	113,265	101,690
Other expenses	3,707	2,354
Technical studies	3,942	6,871
Depreciation	545,975	545,388
Amortization of intangible assets	42,567	44,582
	1,388,365	1,308,238



	2014	2013
	Taka'000	Taka'000
24.3 Plant general and administrative costs		
Salary, allowances and benefits	109,151	99,172
Contributions to employees' benefit schemes	5,803	5,115
Staff welfare expenses	29,122	23,065
Training, seminars and meetings	4,156	3,420
Travelling	17,527	19,088
Rent	5,428	4,264
Gas, electricity and water	12,350	10,243
Telephone, fax and postage	3,056	3,322
Entertainment	1,518	1,440
Office maintenance	52,569	42,508
Security services	76,459	83,257
Printing and stationery	1,430	1,702
Computer expenses	32,212	33,157
Other supplies and spares	30,218	32,871
Other office expenses	11,333	9,347
Registration and other fees	456	238
Legal expenses	10,778	5,238
Audit and tax advisory fees (Note- 25.1)	1,598	1,635
Consultancy	29,386	14,197
Vehicles running expenses	18,995	19,189
Corporate social activities	20,752	20,849
Insurance	74,125	74,341
	548,422	507,658
24.4 Depot operating and transportation costs		
Salary, allowances and benefits	59,970	57,725
Contributions to retirement benefit scheme	6,353	5,444
Staff welfare expenses	1,618	1,355
Training, seminars and meeting	831	1,137
Depreciation (Note- 5.2)	984	425
Depot other maintenance costs	68,007	77,885
Transportation costs	570,452	490,787
	708,215	634,758
25 General and Administrative Expenses		
Salary, allowances and benefits	179,824	165,545
Contributions to retirement benefit scheme	10,483	10,878
Staff welfare expenses	3,151	567
Training, seminars and meeting	12,953	16,179
Travelling	6,964	9,207
Rent	38,809	36,907
Gas, electricity and water	3,095	2,672
Telephone, fax and postage	5,074	4,609
Entertainment	5,873	5,551
Office maintenance	5,995	6,296
Office security services	1,726	1,680
Printing and stationery	1,851	1,683
Computer expenses	33,471	34,424

	2014	2013
	Taka'000	Taka'000
Other office expenses	7,121	6,873
Registration and other fees	2,312	2,494
Audit and tax advisory fees (Note- 25.1)	2,555	2,595
Legal expenses	4,760	1,981
Vehicles running expenses	18,196	19,223
Publicity and public relation	13,352	12,609
General assistance fee	108,899	107,734
Trademark license fee	108,899	107,734
Insurance	4,139	5,467
General survey and studies	2,341	1,639
Administrative depreciation	25,688	25,561
Amortization of intangible assets	5,203	4,166
Contribution to Workers' Profit Participation and welfare Fund	128,723	144,400
	741,457	738,674

25.1 Audit and Tax Advisory Fees

Statutory audit fee	200	200
Group audit fee	700	700
Certification fees	55	69
Annual consolidation audit	320	400
Interim audit fee	230	-
Pocket expenses	65	83
Tax and VAT advisory services	985	1,143
Total for Lafarge Surma Cement Limited (Note- 25)	2,555	2,595
Statutory audit fee	1,072	1,122
Tax advisory services	436	419
Total for Lafarge Umiyam Mining Private Limited (Note- 24.3)	1,508	1,541
Statutory audit fee	43	45
Tax advisory services	47	49
Total for Lum Mawshun Minerals Private Limited (Note- 24.3)	90	94
	4,153	4,230

26 Sales and Marketing Expenses

Salary, allowances and benefits	59,445	58,167
Contributions to retirement benefit scheme	6,110	4,778
Training, seminars and meeting	1,067	1,472
Travelling	13,467	8,675
Gas, electricity and water	158	192
Telephone, fax and postage	1,218	1,218
Entertainment	1,483	293
Office maintenance	1,055	1,023
Printing and stationery	161	410
Other office expenses	269	207
Registration and other fees	1,607	1,635



	2014	2013
	Taka'000	Taka'000
Vehicles running expenses	6,497	6,563
Advertisement and promotion	90,533	64,524
Insurance	201	155
Bad debts	-	158
Provision for trade receivables	2,709	2,048
General survey and studies	2,318	911
	188,298	152,429
27 Other Operating (expenses)/Income		
Loss on sale of property, plant and equipment	(894)	(4,961)
Sale of miscellaneous scrap items	7,332	4,176
Cancellation of provisions	1,900	3,421
Insurance claim received	-	170,533
Agency commission	38,843	-
Tax refund	193,926	-
Others	-	303
	241,107	173,472
28 Finance Costs and Income		
Interest on long term debt	55,823	118,069
Interest on short term debt	85,724	199,104
Exchange loss	90,715	410,615
Other finance costs	50,228	21,882
Bank charges and commission	20,705	22,384
Finance costs	303,195	772,054
Interest income on bank deposits	57,834	2,154
Finance income	57,834	2,154
Net finance costs	245,361	769,900
29 Income Tax		
Current income tax expenses	35,121	57,690
Cancellation of provisions	(23,076)	-
Deferred income tax	701,019	612,018
	713,064	669,708
29.1 Reconciliation of effective tax rate (%)		
Statutory tax rate	27.50	27.50
Permanent differences	1.16	0.84
Minimum tax rate	0.50	2.11
Tax rate changes	-	(6.04)
Effect of foreign tax differentials*	(8.98)	(3.58)
Effective tax rate	20.18	20.83

*LUMPL, the subsidiary company of LSCL, is enjoying a tax holiday until 2016. As such, the effective tax rate comes down.



	2014	2013
	Taka'000	Taka'000
30 Earnings Per Share		
The computation of basic earnings per share for the years ended 31 December 2014 and 31 December 2013 are as follows:		
NUMERATOR (Thousands of Taka)		
INCOME FOR THE YEAR- ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	2,819,825	2,546,127
DENOMINATOR (Thousands of Shares)		
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	1,161,374	1,161,374
BASIC EARNINGS PER SHARE Taka	2.43	2.19
DILUTED EARNINGS PER SHARE Taka	2.43	2.19

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 2014 Taka '000
Surma Holdings B.V.-Group Company	Interim dividend payment	341,849	-
Lafarge Asia SDN BHD-Group Company	Intercompany services/Technical assistance	38,426	77,691
Lafarge Halla Cement Limited-Group Company	Intercompany services	1,531	(817)
Lafarge Cement UK-Group Company	Intercompany services	-	(31,072)
Lafarge S.A.-Group Company	Technical assistance/Trademark license	133,804	(306,003)
Cementos Molins-Group Company	Trademark license/Travel expenses	91,475	(194,434)
Bulk Materials International AG-Group Company	Intercompany services	14,323	4,764
Cementia Trading AG-Group Company	Intercompany services	24,520	7,103
Eastern Housing Ltd.-Shareholder	Cement sales	7,077	1,320
Sinha Textile Ltd.-Shareholder	Cement sales	227	1
Aftab Bahumukhi Farms Ltd-Shareholder	Cement sales	6,469	1,153
Bengal Development Corporation-Shareholder	Cement sales	-	(16)
Jahurul Islam Medical College-Shareholder	Cement sales	2,635	1,015
Opex Group-Shareholder	Cement sales	375	5
Shikharaa Developments Ltd.-Shareholder	Cement sales	1,915	316
Sinha Peoples Energy Ltd-Shareholder	Cement sales	6,709	316

	2014	2013
	Taka'000	Taka'000
32 Directors', Managers' and Officers' Remuneration		
Salary, allowances and benefits	306,054	271,742
Contributions to employees' benefit scheme	22,897	17,422
Reimbursable expenses	13,017	13,016
	341,968	302,180

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

	2014	2013
	Taka'000	Taka'000

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 year to the customer. This outstanding year and amount 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)	865,268	799,536
Other receivables excluding prepaid expenses (Note- 9)	2,249,115	1,585,089
	3,114,383	2,384,625

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
Long-term debt	132,925	-	-	132,925
Trade payables	2,307,581	1,814,414	493,167	-
Other payables	480,435	354,038	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	4,515,765	3,583,582	799,258	132,925
Long-term debt	497,027	-	-	497,027
Trade payables	2,267,632	1,647,312	620,320	-
Other payables	440,064	362,638	77,426	-
Current portion of long term debt	409,100	227,869	181,231	-
Short-term debt	2,761,847	2,761,847	-	-
Derivative instruments	48,355	48,355	-	-
Balance at 31 December 2013	6,424,025	5,048,021	878,977	497,027

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 & long term debts and purchases that are denominated in foreign currencies. 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 2014	BDT'000	INR'000	USD'000	EUR'000	GBP'000
Foreign currency denominated liabilities					
Cash and cash equivalents	111,457	36,354	851	4	-
Other receivables	1,160,738	943,076	-	-	-
Total	1,272,195	979,430	851	4	-
Foreign currency denominated liabilities					
Long-term debt	132,925	70,000	600	-	-
Trade payables	451,207	317,954	318	370	-
Other payables	167,310	33,241	373	705	253
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
Balance at 31 December 2013					
Foreign currency denominated assets					
Cash and cash equivalents	42,383	33,533	2	1	-
Other receivables	239,955	191,032	-	-	-
Total	282,338	224,565	2	1	-
Foreign currency denominated liabilities					
Long-term debt	497,027	210,000	3,000	-	-
Trade payables	480,044	284,690	1,061	374	-
Other payables	153,349	50,151	24	519	258
Current portion of long term debt	409,100	140,000	3,000	-	-
Short-term debt	2,761,847	1,065,216	18,313	-	-
Total	4,301,367	1,750,057	25,398	893	258

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 income or loss of the Company by the amounts shown below.



Particulars	2014 Estimated impact on profit/loss and equity (+/-) Taka'000	2013 Estimated impact on profit/loss and equity (+/-) Taka'000
Assets denominated in INR	6,027	1,410
Assets denominated in USD	332	-
Debt denominated in USD	6,801	9,452
Debt denominated in INR	1,773	8,888
Other liabilities denominated in USD	269	422
Other liabilities denominated in EUR	509	477
Other liabilities denominated in GBP	153	165
Other liabilities denominated in INR	2,161	2,103

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 long term debts.

Interest rate sensitivity

A +/- 1% change in short-term interest rates calculated on the net floating rate debt, would have a maximum impact on the Company's 2014 income before tax of +/- Taka 5,391 (Taka 9,061 for 2013) in thousands.

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

	2014 Taka'000	2013 Taka'000
Financial liabilities		
Debt*		
Floating-rate portion	539,083	906,127
Fixed-rate portion	-	-
Short-term bank borrowings	1,175,663	2,761,847
	1,714,746	3,667,974

* Including the current-portion of long-term debt.

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	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
ASSETS				
Loans and Receivables at amortized costs				
Trade receivables	865,268	865,268	799,536	799,536
Other receivables	2,339,896	2,339,896	1,679,292	1,679,292
Cash and cash equivalents	1,881,906	1,881,906	1,204,399	1,204,399
LIABILITIES				
Financial liabilities at amortized cost				
Long term debt (including current portion)	539,083	539,083	906,127	906,127
Trade payables	2,292,362	2,292,362	2,267,632	2,267,632
Other payables	495,649	495,649	440,064	440,064
Short-term debt	1,175,663	1,175,663	2,761,847	2,761,847
Derivative instruments	13,003	13,003	48,355	48,355

	2014	2013
34 Number of Employees		
Lafarge Surma Cement Limited		
<i>Nationality:</i>		
Bangladeshi	395	384
Non-Bangladeshi	5	5
Lafarge Umiam Mining Private limited		
<i>Nationality:</i>		
Indian	118	120
Non-Indian	1	1
	519	510
Salary range:		
Monthly Taka 3,000 or above	519	510
Monthly below Taka 3,000	Nil	Nil

35 Subsequent Events

There are no subsequent events to report.

	2014	2013
	Taka'000	Taka'000
36 Other Receipts		
Sale of miscellaneous scrap items	7,332	4,176
Insurance claim received	-	170,533
Tax refund	193,926	-
	201,258	174,709


Finance Director


Company Secretary


Director


Chief Executive Officer

FINANCIAL STATEMENTS OF LAFARGE SURMA CEMENT LIMITED

For the year ended December 31, 2014



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 2014 and the related income statement, 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 2014 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 42 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, March 15, 2015



Chartered Accountants

LAFARGE SURMA CEMENT LIMITED

STATEMENT OF FINANCIAL POSITION

at 31 December 2014

	NOTES	2014 Taka'000	2013 Taka'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	11,081,402	11,387,280
Intangible assets	7	17,151	13,738
Investment in subsidiaries	8	506,764	517,181
Loan to subsidiary company	9	572,183	824,393
		12,177,500	12,742,592
CURRENT ASSETS			
Inventories	10	1,514,543	1,556,950
Trade receivables	11	865,268	799,536
Other receivables	12	1,838,689	1,572,195
Cash and cash equivalents	13	1,770,906	1,162,174
		5,989,406	5,090,855
TOTAL ASSETS		18,166,906	17,833,447
EQUITY & LIABILITIES			
Share capital	14.3	11,613,735	11,613,735
Retained earnings		2,001,094	849,109
Other components of equity	14.6	(63,182)	(2,712)
EQUITY		13,551,647	12,460,132
Non-Current Liabilities			
Deferred Tax Liability	15	1,906,543	1,224,510
Employee benefits	16	93,902	128,358
		2,000,445	1,352,868
CURRENT LIABILITIES			
Trade payables	17	1,960,429	2,020,193
Other payables	18	469,058	403,143
Short-term debt	19	-	1,423,829
Current tax liabilities	20	185,327	173,282
		2,614,814	4,020,447
TOTAL EQUITY AND LIABILITIES		18,166,906	17,833,447

The accompanying Notes 1 to 42 form an integral part of these financial statements.



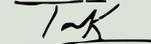
Finance Director



Company Secretary

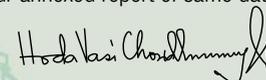


Director



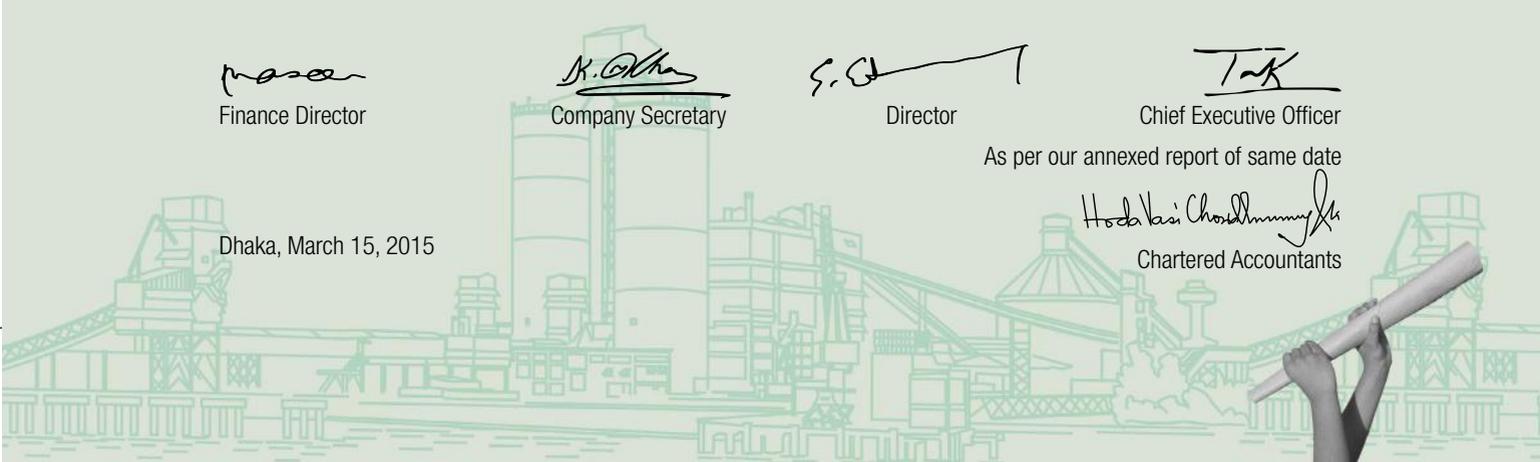
Chief Executive Officer

As per our annexed report of same date



Chartered Accountants

Dhaka, March 15, 2015



LAFARGE SURMA CEMENT LIMITED

INCOME STATEMENT

for the year ended 31 December 2014

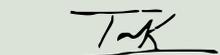
		2014	2013
	NOTES	Taka'000	Taka'000
REVENUE	22	11,583,029	11,330,374
Cost of sales	23	(8,252,192)	(7,752,049)
GROSS PROFIT		3,330,837	3,578,325
General and administrative expenses	24	(741,457)	(738,674)
Sales and marketing expenses	25	(188,298)	(152,429)
Other operating income	26	47,181	173,472
OPERATING INCOME		2,448,263	2,860,694
Finance cost	27	(84,474)	(191,615)
Finance income	27	81,947	74,526
INCOME BEFORE TAX		2,445,736	2,743,605
Income tax	28	(713,064)	(669,708)
INCOME FOR THE YEAR		1,732,672	2,073,897
Basic earnings per share (Taka)	29	1.49	1.79
Diluted earnings per share (Taka)	29	1.49	1.79

The accompanying Notes 1 to 42 form an integral part of these financial statements.

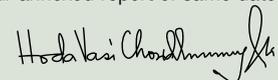

Finance Director


Company Secretary


Director


Chief Executive Officer

As per our annexed report of same date


Chartered Accountants

Dhaka, March 15, 2015



LAFARGE SURMA CEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2014

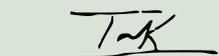
	2014	2013
	Taka'000	Taka'000
INCOME FOR THE YEAR	1,732,672	2,073,897
Items that will not be reclassified subsequently to profit or loss		
Actuarial loss	(69,039)	-
Income tax on items that will not be reclassified to profit or loss	18,986	-
Total items that will not be reclassified to profit or loss	(50,053)	-
Items that may be reclassified subsequently to profit or loss		
Cash flow hedge instruments	-	487
Exchange differences on translating foreign operations	(10,417)	(82,470)
Total items that may be reclassified to profit or loss	(10,417)	(81,983)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	(60,470)	(81,983)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,672,202	1,991,914

The accompanying Notes 1 to 42 form an integral part of these financial statements.

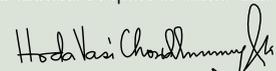

Finance Director


Company Secretary


Director


Chief Executive Officer

As per our annexed report of same date


Chartered Accountants

Dhaka, March 15, 2015



LAFARGE SURMA CEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2014

(All figures are in Tk. '000)

	Share capital	Retained earnings	Other components of equity	Total equity
Balance at 1 January 2013	11,613,735	(1,224,788)	79,271	10,468,218
Total comprehensive income/(loss) for the year	-	2,073,897	(81,983)	1,991,914
Balance at 31 December 2013	11,613,735	849,109	(2,712)	12,460,132
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


Finance Director


Company Secretary


Director


Chief Executive Officer



LAFARGE SURMA CEMENT LIMITED

STATEMENT OF CASH FLOWS

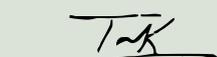
for the year ended 31 December 2014

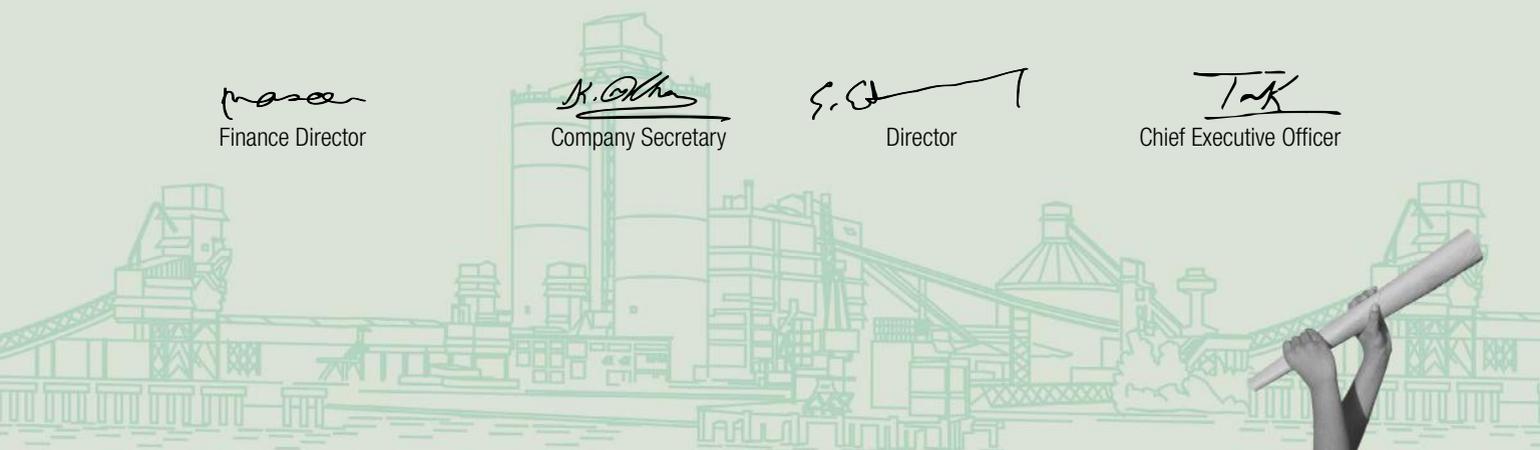
		2014	2013
	NOTES	Taka'000	Taka'000
Cash Flows From Operating Activities			
Cash receipts from customers		11,471,739	11,499,302
Cash paid to suppliers and employees		(8,702,689)	(7,965,939)
Cash generated in operations		2,769,050	3,533,363
Income taxes paid		(329,405)	(262,989)
Other receipts	42	7,332	174,709
Net cash generated by operating activities		2,446,977	3,445,083
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(142,063)	(122,019)
Payments for intangible assets		(9,050)	(3,736)
Proceeds from sale of property, plant and equipment		1,343	7,815
Interest income on bank deposits		45,305	-
Received against loan to subsidiary company		253,660	253,415
Interest received from subsidiary company		88,790	97,050
Net cash generated by investing activities		237,985	232,525
Cash Flows From Financing Activities			
Repayment of long term debt		-	(2,415,400)
Decrease in short term debt		(1,422,628)	(9,038)
Payment of interest		(80,376)	(234,499)
Interim dividend paid		(573,226)	-
Net cash used in financing activities		(2,076,230)	(2,658,937)
Net increase in cash and cash equivalents		608,732	1,018,671
Cash and Cash Equivalents at Beginning of the Year		1,162,174	143,503
Cash and Cash Equivalents at End of the Year		1,770,906	1,162,174


Finance Director


Company Secretary


Director


Chief Executive Officer



LAFARGE SURMA CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014

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

3.2 Use of Estimates and Judgments

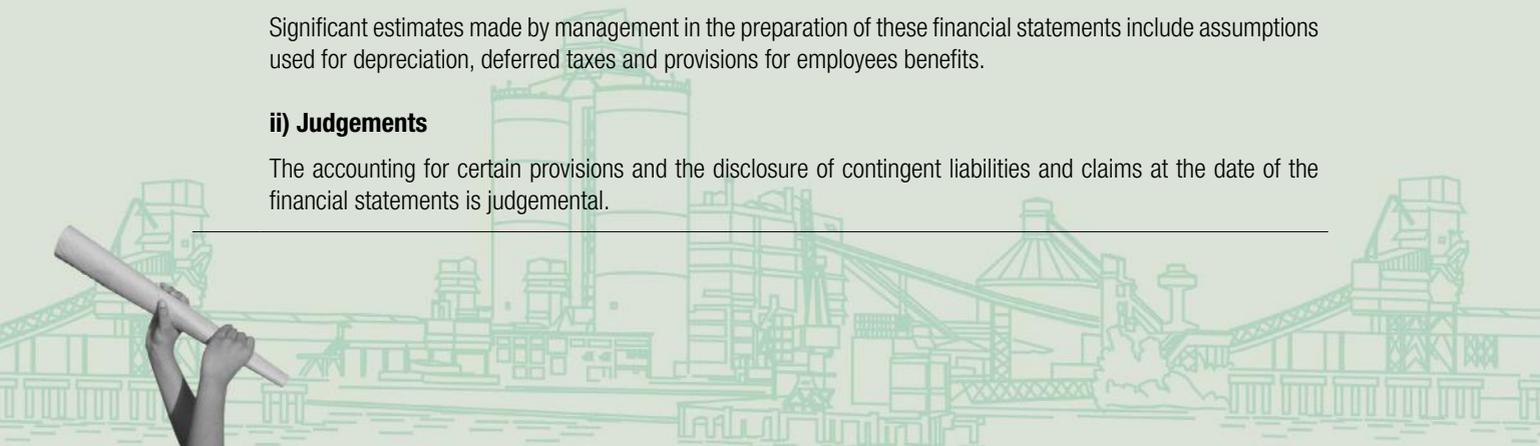
i) Estimates

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 Lafarge Group policy, strategic spare parts over EURO 30 K 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 income statement in the period concerned.

There is no impairment in 2014 and 2013.



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 30 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 consolidated income statement.

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 income statement 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 income statement under the "Finance cost/income" caption for the ineffective portion. The gain and loss recognised in equity is subsequently reclassified to the consolidated income statement 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	2014		2013	
	Closing rate	Average rate	Closing rate	Average rate
BDT/USD	77.9475	77.6146	77.7500	78.1015
BDT/EUR	94.7140	103.1679	106.8246	103.7895
BDT/GBP	120.9200	127.9054	128.0854	122.2228
BDT/INR	1.2308	1.2718	1.2561	1.3306

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 @ 0.30% of the amount representing the Company's gross receipts of income from all sources as per Income Tax Ordinance 1984."

Deferred tax

Deferred income tax is provided in full, using the liability 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.

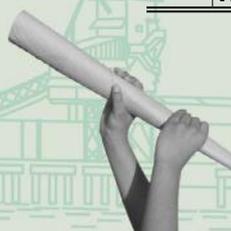


6. Property, Plant and Equipment													
Figures in Taka'000	Freehold land	Leasehold improvement	Building	Plant building	Technical facilities	Plant & machinery	Other plant equipment	Vehicles	Computer equipment	Office equipment	Furniture & fixtures	Construction in progress	Total
COST													
At January 1, 2014	532,077	367	61,051	529,365	54,890	13,109,104	85,345	134,426	93,331	64,144	56,425	189,668	14,910,193
Additions	-	-	-	12,581	-	43,321	13,617	49,203	7,513	4,875	1,678	68,530	201,318
Disposals	-	-	-	-	-	(2,578)	-	(5,130)	(12,942)	(519)	(383)	-	(21,552)
Transfers	-	-	1,203	4,434	-	6,284	7,511	459	2,213	923	511	(23,538)	-
At December 31, 2014	532,077	367	62,254	546,380	54,890	13,156,131	106,473	178,958	90,115	69,423	58,231	234,660	15,089,959
DEPRECIATION													
At January 1, 2014	-	367	9,901	88,040	11,805	3,129,509	30,293	87,654	80,444	51,540	33,360	-	3,522,913
Disposals	-	-	-	-	-	(652)	-	(5,130)	(12,656)	(517)	(360)	-	(19,315)
Charge for the year	-	-	1,223	13,375	1,830	438,932	9,804	20,767	8,160	5,500	5,368	-	504,959
At December 31, 2014	-	367	11,124	101,415	13,635	3,567,789	40,097	103,291	75,948	56,523	38,368	-	4,008,557
CARRYING AMOUNT													
At December 31, 2014	532,077	-	51,130	444,965	41,255	9,588,342	66,376	75,667	14,167	12,900	19,863	234,660	11,081,402
At December 31, 2013	532,077	-	51,150	441,325	43,085	9,979,595	55,052	46,772	12,887	12,604	23,065	189,668	11,387,280

	2014	2013
	Taka'000	Taka'000
6.1 Construction in progress		
General survey and studies	126,835	111,226
Other equipment	95,613	74,730
Other improvement works	12,212	3,712
	234,660	189,668
6.2 Depreciation charge for the year allocated to		
Production and maintenance overhead (Note- 23.2)	478,287	475,798
Depot operating and transportation costs (Note- 23.4)	984	425
General and administrative expenses (Note- 24)	25,688	25,561
	504,959	501,784

6.3 Disposal of property, plant and equipment							Figures in Taka'000
	Plant & machinery	Vehicles	Computer equipment	Office equipment	Furniture & fixtures	Total	
Cost	2,578	5,130	12,942	519	383	21,552	
Accumulated depreciation	(652)	(5,130)	(12,656)	(517)	(360)	(19,315)	
Carrying amount at December 31, 2014	1,926	-	286	2	23	2,237	
Sale proceeds	-	845	281	43	174	1,343	
Mode of disposal	Company policy	Tender	Tender	Tender	Tender		
Particulars of purchaser	Written off	Third party & Employees					

7 Intangible Assets					Figures in Taka'000
	Software	Construction in progress	Total		
COST					
At January 1, 2014	65,847	3,706	69,553		
Additions	-	9,050	9,050		
Disposals	(4)	(430)	(434)		
Transfers	3,177	(3,177)	-		
At December 31, 2014	69,020	9,149	78,169		
AMORTIZATION					
At January 1, 2014	55,815	-	55,815		
Disposals	(4)	-	(4)		
Charge for the year	5,207	-	5,207		
At December 31, 2014	61,018	-	61,018		
CARRYING AMOUNT					
At December 31, 2014	8,002	9,149	17,151		
At December 31, 2013	10,032	3,706	13,738		



	2014	2013
	Taka'000	Taka'000
8 Investment in Subsidiaries		
Lafarge Umiam Mining Private Limited (LUMPL) <i>- a fully owned subsidiary incorporated in India</i>	506,266	516,673
Lum Mawshun Minerals Private Limited (LMMPL) <i>- a 74% owned subsidiary incorporated in India</i>	498	508
Balance at 31 December	506,764	517,181

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:

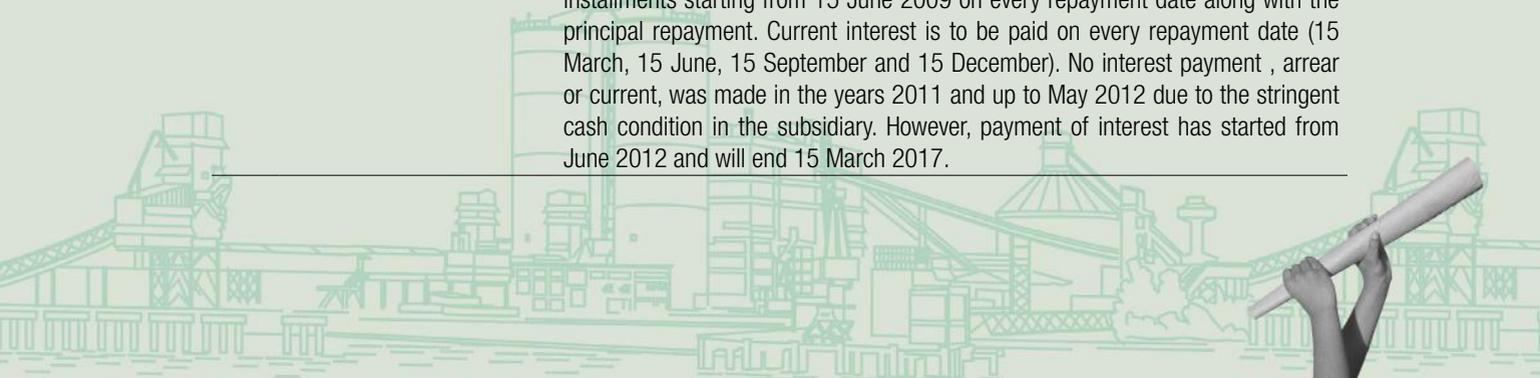
Name of entities	Face value per share	Number of ordinary shares held by the Company	
		2014	2013
Lafarge Umiam Mining Private Limited	Indian Rupees 10	41,133,099	41,133,099
Lum Mawshun Minerals Private Limited	Indian Rupees 100	4,046	4,046

	2014	2013
	Taka'000	Taka'000
9 Loan to Subsidiary Company (LUMPL)		
Balance at 1 January	824,393	1,105,620
Received during the year	(253,660)	(253,415)
Exchange gain/(loss)	1,450	(27,812)
Balance at 31 December	572,183	824,393

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 2014 is USD 7,341 (in thousand).

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 2011 and May 2012 due to the stringent cash condition in the subsidiary (LUMPL) for the forest clearance issue. However, repayment of the loan has started from June 2012 and will be ended 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 years 2011 and up to May 2012 due to the stringent cash condition in the subsidiary. However, payment of interest has started from June 2012 and will end 15 March 2017.



	2014	2013
	Taka'000	Taka'000
10 Inventories		
Raw materials	494,347	490,994
Spare parts	759,136	781,158
Packing materials	5,400	10,782
Other materials	86,004	114,431
Finished goods and work in process	169,656	159,585
	1,514,543	1,556,950
11 Trade Receivables		
Trade receivables	874,887	808,346
Valuation allowance	(9,619)	(8,810)
	865,268	799,536
11.1 The change in the valuation allowance for doubtful receivables is as follows:		
Balance at 1 January	(8,810)	(6,762)
Current year addition	(2,709)	(2,048)
Cancellation	1,900	-
Balance at 31 December	(9,619)	(8,810)
11.2 Ageing of trade receivables		
The ageing of gross trade receivables at reporting date are as follows:		
Within the credit period	608,984	633,710
0-30 days	132,420	91,593
31-60 days	26,025	38,999
61-180 days	97,839	35,234
Over 180 days	9,619	8,810
	874,887	808,346
12 Other Receivables		
Contractors, consultants, suppliers and others (Note- 12.1)	141,395	58,447
Office and house rent	41,035	56,108
VAT current account	96,659	117,171
Advance to employees	16,641	18,635
Advance to employees for SAR plan (Note- 16.2)	24,457	23,108
Security and other deposits (Note- 12.2)	3,737	4,298
Prepaid expenses	47,025	100,579
Other receivables	29,905	26,754
Advance income tax-deducted at source	1,277,185	947,780
Accrued interest on bank deposits	8,701	-
Accrued interest on loan to subsidiary company (Note- 9)	151,949	219,315
	1,838,689	1,572,195

Receivables mentioned above are unsecured and considered good other than an amount of Taka 8,892 (in thousands) which is considered doubtful. The Company filed an arbitration case before the District Court, Dhaka dated on 26 February 2013 against the lessor Mrs. Begum Roushan Ara to recover the amount paid as advance to secure office premises which was subsequently not taken in the absence of required licenses. Advances made to employees include advance related to employee matters and for running the day to day operation cost of different departments.

	2014	2013
	Taka'000	Taka'000
12.1 Advance to contractors, consultants, suppliers and others		
Advance paid to suppliers	76,030	8,879
Letter of Credit-spare parts	29,909	32,350
Letter of Credit-raw materials	10,770	4,097
Custom duties	24,687	13,121
	141,396	58,447
12.2 Security and other deposits		
House rental	520	520
Telecommunications	527	527
Central Depository System	500	500
Other services	2,190	2,751
	3,737	4,298
13 Cash and Cash Equivalents		
Cash in hand	600	610
	600	610
Cash at banks		
In current accounts	1,080,151	1,043,966
In short term deposit accounts	159,517	117,598
In fixed deposit receipts	530,638	-
	1,770,306	1,161,564
	1,770,906	1,162,174
14 Share Capital		
14.1 Authorized capital		
1,161,373,500 ordinary shares of Tk. 10 each	11,613,735	11,613,735
14.3 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

14.4 Composition of shareholders at 31 December

Name of	Nationality	Number of shares		Holding %	
		2014	2013	2014	2013
Surma Holding B.V.	The Netherlands	683,698,700	683,698,700	58.87	58.87
International Finance Corporation	U. S. A.	-	14,141,500	-	1.22
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
Delta Life Insurance Company Ltd.	Bangladesh	-	27,011,180	-	2.33
Investment Corporation of Bangladesh	Bangladesh	-	19,932,000	-	1.71
Other Shareholders	Bangladesh & NRB	410,660,600	349,575,920	35.36	30.10
		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 %	
	2014	2013	2014	2013
Less than 500 Shares	5,066	374	0.20	0.00
501 to 5,000 Shares	13,146	14,186	2.41	2.23
5,001 to 10,000 Shares	2,542	2,241	1.69	1.53
10,001 to 20,000 Shares	1,633	1,437	2.09	1.89
20,001 to 30,000 Shares	618	611	1.34	1.34
30,001 to 40,000 Shares	344	302	1.05	0.94
40,001 to 50,000 Shares	239	187	0.95	0.75
50,001 to 100,000 Shares	432	453	2.67	2.89
100,001 to 1,000,000 Shares	436	358	10.24	8.28
Over 1,000,000 Shares	40	49	77.36	80.15
	24,496	20,198	100.00	100.00

	2014	2013
	Taka'000	Taka'000
14.6 Other Components of Equity		
Exchange differences on translating foreign operations	(13,129)	(2,712)
Actuarial loss-net of tax	(50,053)	-
	(63,182)	(2,712)

14.7 Dividends

The final dividend amounts to Taka 580,686,750 which is Taka 0.50 per share of Taka 10 each for 2014 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, 2014.

15 Deferred Tax Liability

The tax effects of temporary differences that resulted in deferred tax assets and liability.

	Carrying amount on reporting date Taka'000	Tax base Taka'000	Taxable temporary difference/ (Deductible temporary differences) Taka'000
Property, plant and equipment	10,322,661	1,540,906	8,781,755
Taxable temporary difference			8,781,755
Applicable tax rate			27.50%
Deferred tax liability at 31 December 2014			2,414,983
Provision for gratuity	39,860	-	(39,860)
Provision for doubtful debts	9,619	-	(9,619)
Business loss	1,730,354	-	(1,730,354)
Actuarial loss	69,039	-	(69,039)
Deductible temporary differences			(1,848,872)
Applicable tax rate			27.50%
Deferred tax assets at 31 December 2014			(508,440)
Net deferred tax liability at 31 December 2014			1,906,543

	Carrying amount on reporting date Taka'000	Tax base Taka'000	Taxable temporary difference/ (Deductible temporary differences) Taka'000
Property, plant and equipment	10,675,567	1,831,344	8,844,223
Taxable temporary difference			8,844,223
Applicable tax rate			27.50%
Deferred tax liability at 31 December 2013			2,432,162
Provision for gratuity	118,989	-	(118,989)
Provision for doubtful debts	8,810	-	(8,810)
Business loss	4,263,662	-	(4,263,662)
Deductible temporary differences			(4,391,461)
Applicable tax rate			27.50%
Deferred tax assets at 31 December 2013			(1,207,652)
Net deferred tax liability at 31 December 2013			1,224,510

	2014 Taka'000	2013 Taka'000
15.1 Change in deferred tax assets and liability		
Balance at 1 January- deferred tax liability	1,224,510	612,200
Deferred tax expenses for the year- (Note- 28)	701,019	612,018
Cash flow hedge	-	292
Actuarial loss	(18,986)	-
Balance at 31 December- deferred tax liability	1,906,543	1,224,510
16 Employee Benefits		
Gratuity plan (16.1)	83,292	118,989
Stock Appreciation Rights (Note- 16.2)	10,610	9,369
	93,902	128,358
16.1 Contribution to gratuity plan		
Lafarge Surma Cement Limited (Funded Plan)		
Net position of gratuity plan		
Present value of defined benefit obligation	213,637	118,989
Fair value of plan assets	(130,345)	-
Net funded status	83,292	118,989

Actuarial valuation

The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2014 by a professional actuary using Projected Unit Credit Method.

	2014	2013
Assumptions employed for the valuations are as follows:	%	%
Expected rate of salary increase	8.00	8.00
Expected return on plan assets	8.00	8.00

	2014	2013
	Taka'000	Taka'000
Movement in the present value of the defined benefit obligation are as follows:		
Balance at 1 January	118,989	97,380
Current service cost	20,456	15,230
Interest cost	9,519	7,790
Actuarial loss	69,039	-
Benefits paid during the year	(4,366)	(1,411)
Balance at 31 December	213,637	118,989
Movement in the fair value of the plan assets are as follows:		
Balance at 1 January	-	-
Contributions from employer	123,355	-
Expected return on plan assets	11,356	-
Benefits paid during the year	(4,366)	-
Balance at 31 December	130,345	-

16.2 Provision for stock appreciation rights (SAR)

LEA 2009		
Balance at 1 January	4,979	4,979
Balance at 31 December	4,979	4,979
LEA 2011		
Balance at 1 January	4,390	3,348
Current year addition	1,241	1,042
Balance at 31 December	5,631	4,390
	10,610	9,369

Stock appreciation rights (SAR)

These are the global programmes of Lafarge 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 an interest free loan 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

Raw materials	87,133	245,417
Packing bags	145,500	146,009
Marketing expenses	57,633	6,591
Distribution cost	151,460	161,694
Computer expenses	67,456	114,359
Audit fee	1,340	1,350
Maintenance	93,135	92,910
Administrative office expenses	25,597	28,086
General assistance fee (Note- 17.1)	216,633	288,286
Trademark license fee (Note- 17.2)	216,633	288,285
	2014	2013



	Taka'000	Taka'000
Gas bill	206,007	147,588
Operation and maintenance bill-Power Plant	30,660	24,685
Discount on sales	282,705	91,318
Advances paid by customers	275,501	321,059
Self insurance (Note- 17.3)	5,050	735
Others	97,986	61,821
	1,960,429	2,020,193

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).

17.3 Self insurance

The Company provided the amount for covering future loss of product during transportation in lieu of transport insurance. The objectives of this provision are i) recognition of the risks; ii) mitigation of the higher insurance cost; iii) non availability of insurance cover for certain type of barges.

18 Other Payables

Payables to suppliers of property, plant & equipment	126,480	67,225
Other finance costs payable	11,740	8,325
Payable to employees	91,663	93,701
Workers' Profit Participation and welfare Fund	128,723	144,400
Income tax & VAT deducted at source	102,991	89,492
Interim dividend payable	7,461	-
	469,058	403,143

19 Short Term Debt

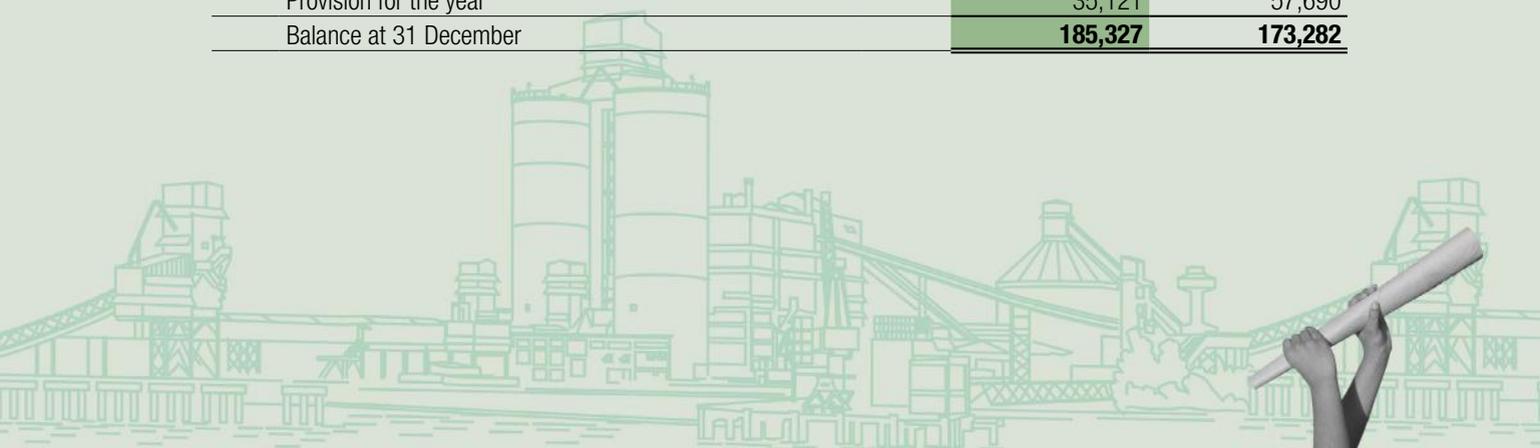
Short term credit facilities (Note-19.1)	-	1,423,829
	-	1,423,829

19.1 Used short term credit facilities

Citibank N.A.	-	382,554
The Hongkong and Shanghai Banking Corporation Limited	-	396,525
Standard Chartered Bank	-	644,750
	-	1,423,829

20 Current Tax Liabilities

Balance at 1 January	173,282	115,592
Cancellation of provision	(23,076)	-
Provision for the year	35,121	57,690
Balance at 31 December	185,327	173,282

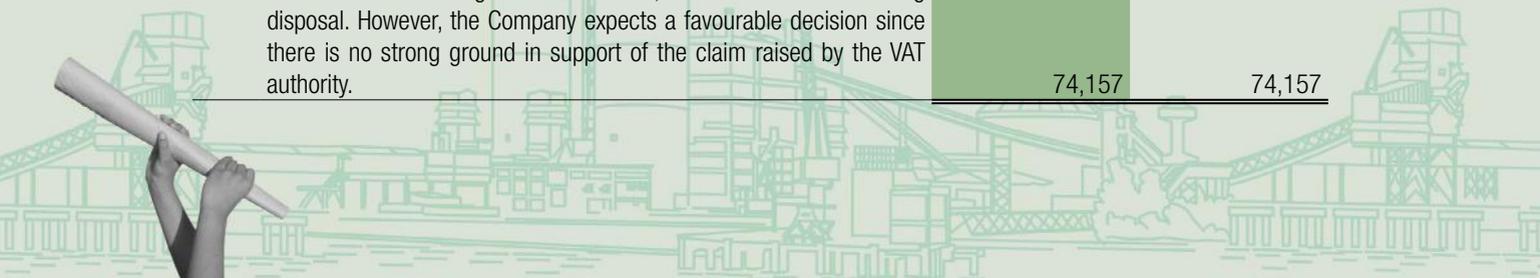


21 Commitments and Contingencies						
21.1	Commitments	Less than 1 year Taka'000	1 to 5 years Taka'000	More than 5 years Taka'000	2014 Taka'000	2013 Taka'000
	Commitments given					
	Commitments related to operating activities					
	Purchase commitments	1,396,087	-	-	1,396,087	1,127,857
	Capital expenditure commitments	25,787	-	-	25,787	104,564
	Operating leases	35,911	83,118	-	119,029	154,940
	Guarantees given	798	309,477	7,377	317,652	309,971
	Commitments received					
	Guarantees received	459,850	-	-	459,850	629,173

	2014 Taka'000	2013 Taka'000
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21.2 Contingent Liability and Claims

Lafarge Surma Cement Limited		
<p>Clinker production of the Company at the plant stopped from April 2010 due to the suspension of supply of limestone from the quarry and resumed in August 2011. During this year, 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 hearing has been held recently and decision is awaited. The lawyers of the Company have given an opinion that there are merits in the case for the Company to get a favourable decision from the arbitration. An amount of Taka 568 million was accumulated provision in this respect.</p>	568,515	568,515
<p>Claim of VAT Authority for cancellation of VAT rebate relating to 2008-2009, 2009-2010 & 2010-2011 for which Writ Petitions 6074/2011, 6493/2012 and 11839/2013 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.</p>	35,066	35,066
<p>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.</p>	74,157	74,157



	2014	2013
	Taka'000	Taka'000
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 an additional amount of Gross Profit 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 2014 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 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 2014 before the Hon'ble High Court against the Order of the Tribunal.	135,111	135,111
21.3 Claims		
a. Claims against the Company not acknowledged as debt	Nil	Nil
b. Claims by the Company not acknowledged as receivable	Nil	Nil
22 Revenue		
Sale of grey cement*	9,342,843	8,531,358
Sale of cement clinker	2,240,186	2,799,016
	11,583,029	11,330,374
*Sale of gray cement		
Local sales	9,333,245	8,529,981
Export in Export Processing Zone	9,598	1,377
	9,342,843	8,531,358
23 Cost of Sales		
Opening finished goods and work in process (Note- 38)	159,585	303,402
Raw materials costs (Note- 23.1)	4,351,152	4,110,265
Toll manufacturing costs	231,887	185,146
Power and fuel costs	1,035,298	941,121
Production and maintenance costs (Note- 23.2)	1,124,726	1,059,607
Plant general and administrative costs (Note- 23.3)	349,765	305,467
Freight cost to customers	461,220	371,868
Depot operating and transportation costs (Note- 23.4)	708,215	634,758
Closing finished goods and work in process (Note- 38)	(169,656)	(159,585)
	8,252,192	7,752,049

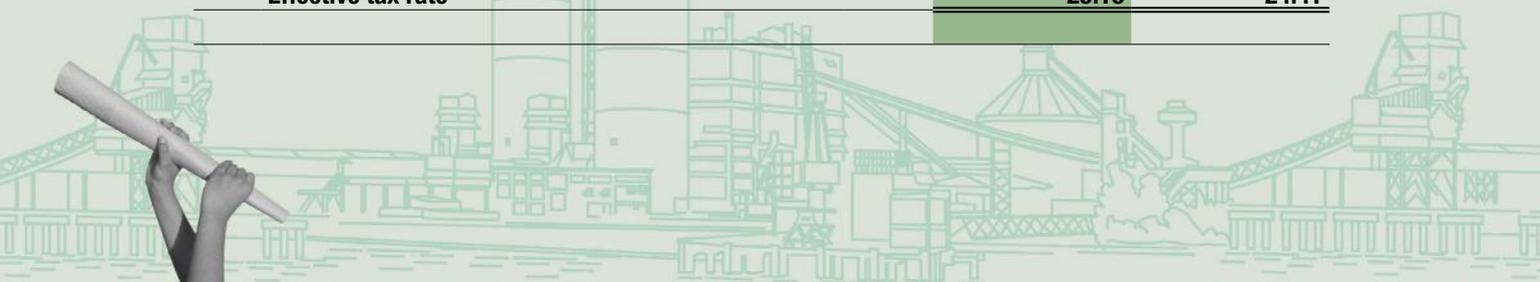
	2014	2013
	Taka'000	Taka'000
23.1 Raw materials costs		
Limestone	2,836,180	2,891,001
Clay	140,376	91,521
Gypsum	274,943	209,182
Iron Ore	108,885	90,993
Sand	24,749	23,050
Slag	290,695	220,496
Packing Bags	488,925	430,146
Others	186,399	153,876
	4,351,152	4,110,265
23.2 Production and maintenance costs		
Salary, allowances and benefits	205,242	195,241
Contributions to employees' benefit schemes	11,074	12,900
Maintenance	80,233	122,607
Other supplies and spares	229,345	142,534
Material handling	113,265	101,690
Other expenses	3,338	1,966
Technical studies	3,942	6,871
Depreciation	478,287	475,798
	1,124,726	1,059,607
23.3 Plant general and administrative costs		
Salary, allowances and benefits	82,302	72,359
Contributions to employees' benefit schemes	4,857	3,599
Staff welfare expenses	22,640	16,853
Training, seminars and meetings	3,637	2,778
Travelling	3,736	2,794
Rent	1,773	696
Gas, electricity and water	25	53
Telephone, fax and postage	1,948	2,035
Office maintenance	48,122	42,508
Security services	24,359	23,830
Printing and stationery	746	931
Computer expenses	26,771	26,529
Other supplies and spares	12,169	17,650
Other office expenses	8,001	2,670
Consultancy	20,543	1,898
Vehicles running expenses	12,310	13,907
Corporate social activities	7,128	6,447
Insurance	68,698	67,930
	349,765	305,467
23.4 Depot operating and transportation costs		
Salary, allowances and benefits	59,970	57,725
Contributions to retirement benefit scheme	6,353	5,444
Staff welfare expenses	1,618	1,355
Training, seminars and meeting	831	1,137
Depreciation (Note- 6.2)	984	425
Depot other maintenance costs	68,007	77,885
Transportation costs	570,452	490,787
	708,215	634,758



	2014	2013
	Taka'000	Taka'000
24 General and Administrative Expenses		
Salary, allowances and benefits	179,824	165,545
Contributions to retirement benefit scheme	10,483	10,878
Staff welfare expenses	3,151	567
Training, seminars and meeting	12,953	16,179
Travelling	6,964	9,207
Rent	38,809	36,907
Gas, electricity and water	3,095	2,672
Telephone, fax and postage	5,074	4,609
Entertainment	5,873	5,551
Office maintenance	5,995	6,296
Office security services	1,726	1,680
Printing and stationery	1,851	1,683
Computer expenses	33,471	34,424
Other office expenses	7,121	6,873
Registration and other fees	2,312	2,494
Audit and tax advisory fees (Note- 24.1)	2,555	2,595
Legal expenses	4,760	1,981
Vehicles running expenses	18,196	19,223
Publicity and public relation	13,352	12,609
General assistance fee	108,899	107,734
Trademark license fee	108,899	107,734
Insurance	4,139	5,467
General survey and studies	2,341	1,639
Administrative depreciation	25,688	25,561
Amortization of intangible assets	5,203	4,166
Contribution to Workers' Profit Participation and welfare Fund	128,723	144,400
	741,457	738,674
24.1 Audit and Tax Advisory Fees		
Statutory audit fee	200	200
Group audit fee	700	700
Certification fees	55	69
Annual consolidation audit	320	400
Interim audit fee	230	-
Pocket expenses	65	83
Tax and VAT advisory services	985	1,143
	2,555	2,595
25 Sales and Marketing Expenses		
Salary, allowances and benefits	59,445	58,167
Contributions to retirement benefit scheme	6,110	4,778
Training, seminars and meeting	1,067	1,472
Travelling	13,467	8,675
Gas, electricity and water	158	192



	2014	2013
	Taka'000	Taka'000
Telephone, fax and postage	1,218	1,218
Entertainment	1,483	293
Office maintenance	1,055	1,023
Printing and stationery	161	410
Other office expenses	269	207
Registration and other fees	1,607	1,635
Vehicles running expenses	6,497	6,563
Advertisement and promotion	90,533	64,524
Insurance	201	155
Bad debts	-	158
Provision for trade receivables	2,709	2,048
General survey and studies	2,318	911
	188,298	152,429
26 Other Operating (expenses)/Income		
Loss on sale of property, plant and equipment	(894)	(4,961)
Sale of miscellaneous scrap items	7,332	4,176
Cancellation of provisions	1,900	3,421
Insurance claim received	-	170,533
Agency commission	38,843	-
Others	-	303
	47,181	173,472
27 Finance Costs and Income		
Interest on long term debt	-	27,866
Interest on short term debt	31,192	132,052
Other finance costs	34,503	11,383
Bank charges and commission	18,779	20,314
Finance costs	84,474	191,615
Interest income on bank deposits	54,006	157
Interest on loan to subsidiary company (note- 9)	23,620	32,397
Exchange gain	4,321	41,972
Finance income	81,947	74,526
Net finance costs	2,527	117,089
28 Income Tax		
Current income tax expenses	35,121	57,690
Cancellation of provisions	(23,076)	-
Deferred income tax	701,019	612,018
	713,064	669,708
28.1 Reconciliation of effective tax rate (%)		
Statutory tax rate	27.50	27.50
Permanent differences	1.16	0.84
Minimum tax rate	0.50	2.11
Tax rate changes	-	(6.04)
Effective tax rate	29.16	24.41



29 Earnings Per Share		2014	2013
The computation of basic earnings per share for the years ended 31 December 2014 and 31 December 2013 are as follows:			
NUMERATOR	(Thousands of Taka)		
INCOME FOR THE YEAR- ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY		1,732,672	2,073,897
DENOMINATOR	(Thousands of Shares)		
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		1,161,374	1,161,374
BASIC EARNINGS PER SHARE	Taka	1.49	1.79
DILUTED EARNINGS PER SHARE	Taka	1.49	1.79

30 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 2014 Taka '000
Surma Holdings B.V.-Group Company	Interim dividend payment	341,849	-
Lafarge Asia SDN BHD-Group Company	Intercompany services/ Technical assistance	38,426	77,691
Lafarge Halla Cement Limited-Group Company	Intercompany services	1,531	(817)
Lafarge Cement UK-Group Company	Intercompany services	-	(31,072)
Lafarge S.A.-Group Company	Technical assistance/ Trademark license	133,804	(306,003)
Cementos Molins-Group Company	Trademark license/Travel expenses	91,475	(194,434)
Bulk Materials International AG-Group Company	Intercompany services	14,323	4,764
Cementia Trading AG-Group Company	Intercompany services	24,520	7,103
Eastern Housing Ltd.-Shareholder	Cement sales	7,077	1,320
Sinha Textile Ltd.-Shareholder	Cement sales	227	1
Aftab Bahumukhi Farms Ltd-Shareholder	Cement sales	6,469	1,153
Bengal Development Corporation-Shareholder	Cement sales	-	(16)
Jahurul Islam Medical College-Shareholder	Cement sales	2,635	1,015
Opex Group-Shareholder	Cement sales	375	5
Shikharaa Developments Ltd.-Shareholder	Cement sales	1,915	316
Sinha Peoples Energy Ltd-Shareholder	Cement sales	6,709	316
Lafarge Umiam Mining Private Limited-Subsidiary company	Limestone purchase	2,636,541	(44,185)



	2014	2013
	Taka'000	Taka'000
31 Directors', Managers' and Officers' Remuneration		
Salary, allowances and benefits	283,852	251,583
Contributions to employees' benefit scheme	20,739	16,269
Reimbursable expenses	12,549	12,441
	317,140	280,293

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

32 Financial Instruments

32.1 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 year to the customer. This outstanding year and amount 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.

	2014	2013
	Taka'000	Taka'000
Maximum exposure to credit risk of the Company at reporting date are as follows:		
Trade receivables (Note- 11)	865,268	799,536
Other receivables excluding prepaid expenses (Note- 12)	1,791,664	1,471,616
	2,656,932	2,271,152

32.2 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	1,960,429	1,467,262	493,167	-
Other payables	469,063	342,666	126,397	-
Short-term debt	-	-	-	-
Balance at 31 December 2014	2,429,492	1,809,928	619,564	-

	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	2,020,193	1,491,908	528,285	-
Other payables	403,143	335,918	67,225	-
Short-term debt	1,423,829	1,423,829	-	-
Balance at 31 December 2013	3,847,165	3,251,655	595,510	-



32.3 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 & long term debts and purchases that are denominated in foreign currencies. 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 2014	BDT'000	INR'000	USD'000	EUR'000	GBP'000
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	104,066	-	885	370	-
Other payables	126,397	-	373	705	253
Short-term debt	-	-	-	-	-
Total	230,463	-	1,258	1,075	253

Balance at 31 December 2013	BDT'000	INR'000	USD'000	EUR'000	GBP'000
Foreign currency denominated assets					
Investment in subsidiaries	517,181	411,736	-	-	-
Loan to subsidiary company	824,393	-	10,603	-	-
Other receivables	219,315	-	2,821	-	-
Cash and cash equivalents	262	-	2	1	-
Total	1,561,151	411,736	13,426	1	-

Foreign currency denominated liabilities					
Trade payables	232,617	-	2,478	374	-
Other payables	90,354	-	24	519	258
Short-term debt	1,423,829	-	18,313	-	-
Total	1,746,800	-	20,815	893	258

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 income or loss of the Company by the amounts shown below.



Particulars	2014 Estimated impact on profit/loss and equity (+/-) Taka'000	2013 Estimated impact on profit/loss and equity (+/-) Taka'000
Assets denominated in USD	3,621	5,219
Assets denominated in INR	2,534	2,586
Debt denominated in USD	-	7,119
Other liabilities denominated in USD	490	973
Other liabilities denominated in EUR	509	477
Other liabilities denominated in GBP	153	165

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).

Interest rate sensitivity

A +/- 1% change in short-term interest rates calculated on the net floating rate debt, would have a maximum impact on the Company's 2014 income before tax of +/- Taka 5,722 (Taka 8,244 for 2013) in thousands.

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

	2014 Taka'000	2013 Taka'000
Financial assets		
Loan to subsidiary company		
Floating-rate portion	572,183	824,393
Fixed-rate portion	-	-
	572,183	824,393
Financial liabilities		
Short-term bank borrowings	-	1,423,829
	-	1,423,829

c) Other price risk

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



32.4 Fair values

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

FINANCIAL INSTRUMENTS IN THE STATEMENT OF FINANCIAL POSITION

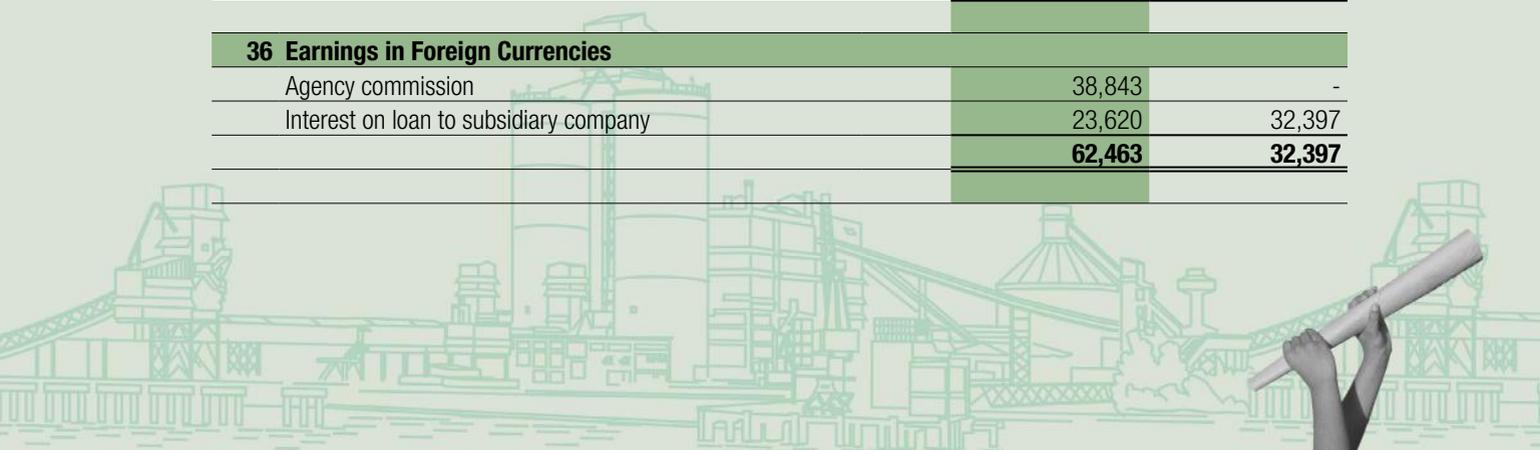
At 31 December Thousand Taka	2014		2013	
	Carrying amount	Fair Value	Carrying amount	Fair Value
ASSETS				
Financial assets at fair value through profit and loss				
Accrued interest	160,650	160,650	219,315	219,315
Loans and Receivables at amortized costs				
Investment in subsidiaries	506,764	506,764	517,181	517,181
Loan to subsidiary company	572,183	572,183	824,393	824,393
Trade receivables	865,268	865,268	799,536	799,536
Other receivables	1,678,039	1,678,039	1,352,880	1,352,880
Cash and cash equivalents	1,770,906	1,770,906	1,162,174	1,162,174
LIABILITIES				
Financial liabilities at amortized cost				
Trade payables	1,960,429	1,960,429	2,020,193	2,020,193
Other payables	469,058	469,058	403,143	403,143
Short-term debt	-	-	1,423,829	1,423,829

	2014	2013
33 Number of Employees		
Lafarge Surma Cement Limited		
Nationality:		
Bangladeshi	395	384
Non-Bangladeshi	5	5
	400	389
Salary range:		
Monthly Taka 3,000 or above	400	389
Monthly below Taka 3,000	Nil	Nil
	2014	2013
	Taka'000	Taka'000

34 Subsequent Events		
There are no subsequent events to report.		

35 Expenditure in Foreign Currencies		
Technical assistance	47,438	45,159
Interest and fees on debts	31,192	58,535
Travel expenses	-	654
	78,630	104,348

36 Earnings in Foreign Currencies		
Agency commission	38,843	-
Interest on loan to subsidiary company	23,620	32,397
	62,463	32,397

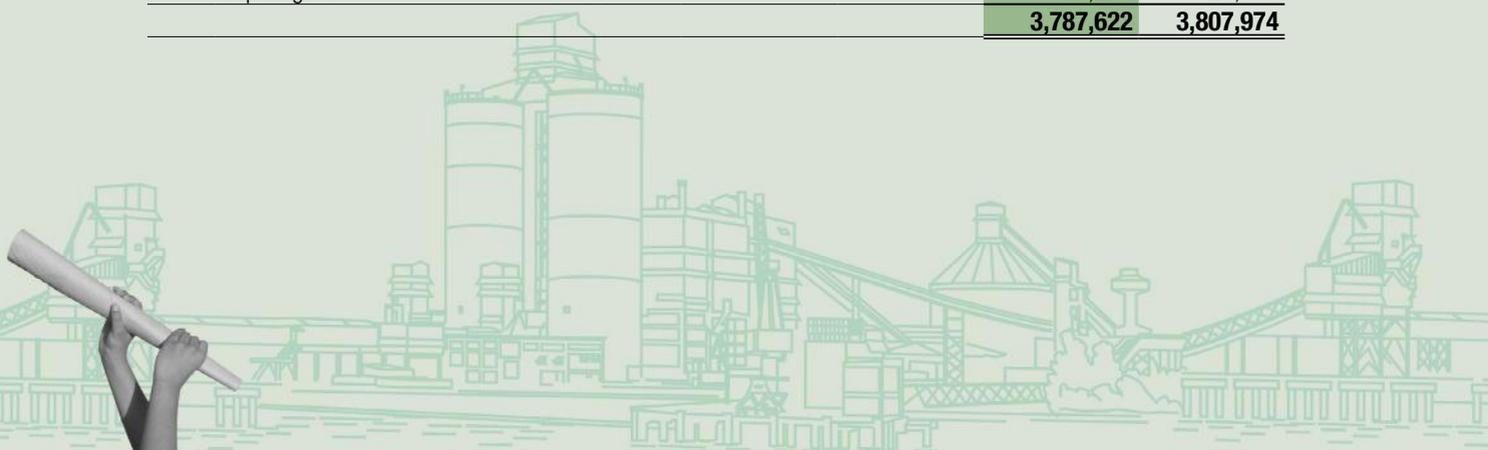


37 Materials Consumption		
<i>In terms of value</i>		
Imported		
Raw materials	3,697,102	3,565,548
Spare parts and other supplies	209,670	95,976
	3,906,772	3,661,524
Indigenous		
Raw materials	654,050	544,717
Spare parts and other supplies	143,838	193,500
	797,888	738,217
	4,704,660	4,399,741
<i>In terms of Percentage</i>		
Imported		
Raw materials	79	81
Spare parts and other supplies	4	2
	83	83
Indigenous		
Raw materials	14	12
Spare parts and other supplies	3	4

38 Opening and Closing Finished Goods and Work in Process (Note- 23)					
Items	Unit	2014		2013	
		Quantity'000	Taka'000	Quantity'000	Taka'000
Grey cement	MT	29	130,541	56	245,643
Cement clinker	MT	6	22,035	16	54,532
Work in process	MT	5	7,009	2	3,227
Balance at 1 January		40	159,585	74	303,402
Grey 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 31 December		44	169,656	40	159,585

39 Installed Capacity and Actual Production (Figures in Thousand MT)			
Products	Annual Installed Capacity	Actual Production	
		2014	2013
Grey cement	1,200	1,438	1,212
Cement clinker	1,150	1,333	1,292
		2014	2013
		Taka'000	Taka'000

40 Value of Imports		
Raw materials	3,534,681	3,525,338
Spare parts and other supplies	187,647	253,990
Capital goods	65,294	28,646
	3,787,622	3,807,974



41 Remittances of Foreign Currency**Interim dividend**

	Number of	2014	2013
Name of Shareholder	Shares	Taka'000	Taka'000
Surma Holding B.V. (The Netherlands)*	341,849,350	153,832	-
Jean Hidier (France)	11,560	4	-
Mohammed Abdul Gaffar (UK)	18,010	8	-
Nadia Begh (UK)	27,060	12	-

	Currency	2014	2013
Name of Shareholder		Amount	Amount
Surma Holding B.V. (The Netherlands)*	EUR	1,469,267	-
Jean Hidier (France)	EUR	39	-
Mohammed Abdul Gaffar (UK)	GBP	62	-
Nadia Begh (UK)	GBP	93	-

* In addition to the above, an amount of Taka 153,832,208 (EUR 1,445,791) representing 341,849,350 shares has been remitted through NITA account.

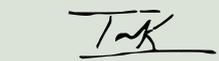
42 Other Receipts

Sale of miscellaneous scrap items (Note- 26)	7,332	4,176
Insurance claim received (Note- 26)	-	170,533
	7,332	174,709


Finance Director


Company Secretary


Director


Chief Executive Officer



REPORTS AND FINANCIAL STATEMENTS OF LAFARGE UMIAM MINING PRIVATE LIMITED

For the year ended December 31, 2014



LAFARGE UMIAM MINING PRIVATE LIMITED 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, 2014.

State of the Company's Affairs

The year 2014 was a landmark year for your Company. During this year Nongtrai Limestone Mine (the "Mine") achieved 100% export target by exporting two (2) million tones of limestone 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 Plant produced both clinker and cement to its maximum capacity. The Company's target was achieved under extremely stretched conditions. The weak performance of the mining contractor was a challenge in 2014. Ensuring optimum efficiency of the crusher and Long Belt Conveyor (LBC) were the other major challenges. These challenges were successfully overcome by the efforts of the employees of the Company who worked as a team and did their best to maximize limestone production and dispatch. They implemented the improvement plans to enhance overall performance and reliability of major mining equipments, crusher and LBC through regular inspection, preventive and predictive maintenance. It was due to these relentless team efforts that the crusher reliability improved to 79% in comparison to 78% recorded in 2013.

Your Company continues to comply with all environmental laws and regulations including sustainable development principles. This was achieved through a process of continuous improvements. Safe work practices and day-to-day works are integrated in environmental performance through the use of effective environmental management systems.

Since inception, the mining operations in the Nongtrai Mine were conducted by a mining contractor. The quality and reliability of the mining equipment supplied by the mining contractor did not meet the required standard and their performance was unsatisfactory in 2014. In order to improve both the quality and reliability of mining operations, your Company has procured world class brand new mining equipment and has started mining with its own equipment since April 1, 2015. All the mining equipment have reached the Mine.

Your Company is encouraged and motivated with the achievements in 2014. With the initiation of brand new mining equipment, your Company is ready to give more efforts to bring better result in the coming years.

Health and Safety

In terms of the core value of business, your Company attaches top most priority in ensuring safe workplace for its employees, contractors, contractor's employees and visitors. Your Company integrates health and safety objectives into the management systems at all levels. Everyone working for your Company expects a safe and healthy work environment and, in turn, everyone is expected to contribute towards that expectation through responsible behavior.

The emphasis on safety at your Company comes from top. Everybody engaged in your Company is working together with utmost focus to ensure that the Company does not have any accident. Employees are encouraged to pay attention to all basics of safety, for example, wearing PPE, making mining processes and crusher operations safer by ensuring safe designs and not taking shortcuts while doing a job. Your Company is working to ensure that every employee, including every contractor's employee, returns to their family safely at the end of each workday.

Your Company is pleased to announce that in the year 2014 there was no lost time injury (LTI). Like every year, in 2014, your Company observed "Health and Safety Month" wherein all employees of the Company, including the contractor's employees, enthusiastically participated. The theme of the Health and Safety Month was "My actions, My impact, Our progress". Various activities emphasizing the importance of Health and Safety in life and knowledge sharing on efficient ways to ensure safety were taken up during the month. The Health and Safety Month ended with developing a culture to become committed, open and uncompromising in relation to Health and Safety. The Company's safety performance has also been appreciated and recognized at the 12th North East Metalliferous Mines Safety Week, 2014 – 2015 wherein your Company was awarded the prestigious "Guru Dronacharya award".

During the year under review, more than three thousand five hundred (3,500) training hours on Health and Safety were organized to build awareness on safety rules at all levels of your Company. Sessions with the contractors were arranged to engage them in the safety policy. Improving behavioral safety at workplace remains a challenge in your organization, although it has been improving continuously. All managers, including senior managers of your Company, personally engage with floor level employees to improve the safety culture through Visible Felt Leadership (VFL).

Your Company has taken initiatives not only to ensure Safety but also to create awareness on Occupational Health. Health Assessment Standard Operation Procedure (HASOP) has been developed in line with the Sponsor Groups and implementation is being done as per Sponsor Groups' Guideline.

The goal of your Company is to set an example and establish itself as a role model in the industry for its Health and Safety standards.



Production Performance

In 2014, your Company produced and dispatched two (2) million tons of limestone to the Plant. The unremitting efforts made by the quarry team to improve their operational efficiency and reliability resulted in achieving the target set for the year.

The Key Performance Indicators (KPI) show that your Company has improved significantly in technical efficiency by blasting optimization, the crusher and belt conveyors reliability and in safety performance. As a result of such relentless efforts the crusher reliability improved to

79%. Your Company made self-challenges and through innovative and Out-of-the-Box thinking enhanced the production efficiency.

The Limestone Mining Agreement with the mining contractor was terminated effective from March 01, 2015 and your Company entered into the new phase of mining by its own equipment. Procurement and introduction of new world class fleet of mining equipment has clearly uplifted the morale of the employees of your Company, who now seek to further ensure a safe and uninterrupted supply of limestone to the Plant at Chhatak, Bangladesh.

Financial Performance

The financial results of the Company are as follows

Particulars	Rupees in Lakhs	
	Year ended 31st December 2014	Year ended 31st December 2013
Gross Revenue	22,285.68	19,968.70
Expenditure	11,163.29	13,048.58
EBITDA	11,122.39	6,920.12
Interest and finance charges	1,605.29	3,269.90
Depreciation	1,340.86	1,273.39
Profit / (Loss) before Taxation	8,176.24	2,376.83
Provision for tax	-	-
Profit / (Loss) After Taxation	8,176.24	2,376.83
Earning/(loss) per Share :	19.88	5.78

The net profit earned after tax during the year was Rs. 8,176.24 lakhs, as compared to Rs 2,376.83 lakhs in the previous year. There is an increase of 244% in the net profit i.e. Rs. 5,799.41 lakhs. This phenomenal increase in net profit in mainly on account of Cenvat Credit Refund amounting to Rs. 2,440.44 lakhs, increase in sales value by 4% compared to previous year and savings in interest & finance charges due to innovative financing scheme and effective working capital management. During the year your Company had received refund in the form of "Cenvat Credit" accorded by the authorities towards your Company's claim. Your Company obtained the refund amounting to Rs. 1,554.89 lakhs for the input goods and services availed from the inception of the mining operations i.e. 2006 upto the previous financial year, i.e. 2013 and this refund amount has significantly contributed towards the other revenue for the current year. This approval also enabled your Company to avail Cenvat Credit amounting to Rs. 885.55 lakhs on input goods and service which contributed in the reduction of the variable cost and fixed cost for the current year compared to previous year. This is an established sustainable mode for your Company to reduce the variable cost and fixed cost for the future operations. Your Company's performance excluding the extraordinary contribution in the form of Cenvat Credit has resulted in increase of net profit by Rs. 3,358.96 lakhs compared to previous year.

As a result of exceptional increase in net profit after tax for the current year the earning per share is Rs 19.88. The accumulated loss as on December 31, 2013 was Rs. 11,943.14 lakhs. The same has now reduced to Rs. 3,766.90 lakhs as on December 31, 2014, and has converted the negative net worth of your Company to positive.

Environment

Mining operations around the world are required to comply with comprehensive measures to control their environmental impacts. The measures undertaken by your Company are both formal and informal, and ensure that sustainable relationships are established with various stakeholders, including local communities. Your Company is committed to implement the environmental standards prescribed by the local legislations and standards recommended by the Parent Company and Sponsor Groups. Your Company continues to implement the Environment Management Plans and follow the recommendations made by the environmental specialists during the project environmental impact assessment studies. Such studies are carried out by the environmental experts in the relevant fields to identify and measure the environmental impact and approved by the regulatory authorities. In addition, the Company is resolute in complying with its social commitments.

The local communities are fully supporting your Company's endeavor to augment the Environment. For instance, over the last few years, at the initiative of your Company, the inhabitants of Nongtrai village have planted 20,000 saplings of indigenous Khasi Mandarin, a variety of orange, to maintain the biodiversity and conserve the traditional methods of orange plantations.

To ensure full compliance of all the environmental standards for mining, your Company is continuously working towards up-gradation of mining techniques so that the impact to the surrounding areas is fully mitigated. The Ministry of Environment Forests and Climate Change (MoEFCC), Government of India, at its annual review praised the implementation of environmental standards of your Company.



Corporate Social Responsibility

Strong engagement with local stakeholders facilitates the delivery of our business objectives. It also supports the achievement of our Sustainability Ambitions 2020. Your Company therefore follows the methodology and tools developed by the Sponsor Groups and structured the Corporate Social Responsibility (CSR) initiatives and approach in terms of the requirements in the areas surrounding the Mine.

The Nongtrai Secondary School continues to provide education facilities to the local inhabitants. Selected students from the local communities were provided scholarships. In 2014, total 119 students have been benefited from the education program. The local people continue to get benefits of the general health support services at Nongtrai and Shella villages, which includes annual health camp, Cataract Surgical Operations, health services from the mobile clinics, and vehicle support in case of medical emergencies. Total 7,756 people were benefited from the health care programme in 2014. 21 women were provided training on weaving at Nongtrai and Shella weaving centers to develop their livelihood skills. In addition, 35 youths were trained in different skill development programmes like hospitality management, electricians, security services and cattle rearing.

The year 2014 was a positive year for your Company's CSR initiatives. During this year, as a part of Sustainable Ambition 2020 of the Sponsor Group, your Company inaugurated the Volunteering Activity Campaign. 130 employees of your Company dedicated a portion of their time for Volunteering Activities in the selected project locations in Nongtrai and Shella villages. The employees of your Company contributed 717 hours against a target of 363 hours of Volunteering Activity. The focus of this campaign was on tree plantation and your Company planted more than 1,000 indigenous saplings in partnership with key local stakeholders.

The Special Purpose Vehicle (SPV) is a fund established by the State Government and funded by your Company. The SPV is overseeing the overall development needs in the fields of education, health, agriculture, irrigation and general economy for the tribal inhabitants surrounding the mining site. The area of operation coincides more or less with the Umiam-Shella river basin. The projects undertaken are the drinking water supply, construction of primary and secondary school buildings, construction of Durbar community halls, construction of approach and village roads, construction of playgrounds etc. Scholarships to meritorious students for higher studies are being provided. The SPV is actively working towards establishment of village cottage industries and village sanitation programmes. Other focus area of SPV are income generation, livelihood and beneficiary projects in agriculture, horticulture, animal husbandry and is inducting capacity building and trainings to the local unemployed youth.

Whether it is healthcare, education, skill development, or infrastructure development, your Company is committed

to serve the community for a greater cause, creating an opportunity and improving the livelihood of the people for a better future.

Corporate Social Responsibility Committee

In accordance with the provisions of Section 135 of the Companies Act, 2013, the Board of Directors of the Company have constituted the Corporate Social Responsibility Committee (CSR Committee) comprising of the following Directors as its members:

1. Mr. Masud Khan (Chairman)
2. Mr. Narayan Prasad Sharma (Member)
3. Mr. Arif Bhuiyan (Member)

The terms of reference of the CSR Committee include the matters specified in Section 135 of the Companies Act.

Human Resources

Your Company considers its employees as its most valuable resource and ensures strategic alignment of Human Resource practices to business priorities and objectives. The Company has a dedicated team of over 120 direct employees, out of which 108 employees are based at the Mine remotely. Our constant endeavor is to invest in people for continuous improvement of their skills in the production, crushing and export performance. Attracting and retaining the right talent and engaging them for the high level of performance is our main focus. We strive to provide a great place to work to our people through constructive challenges and creating learning environment.

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.

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 require any clarification/ explanation.

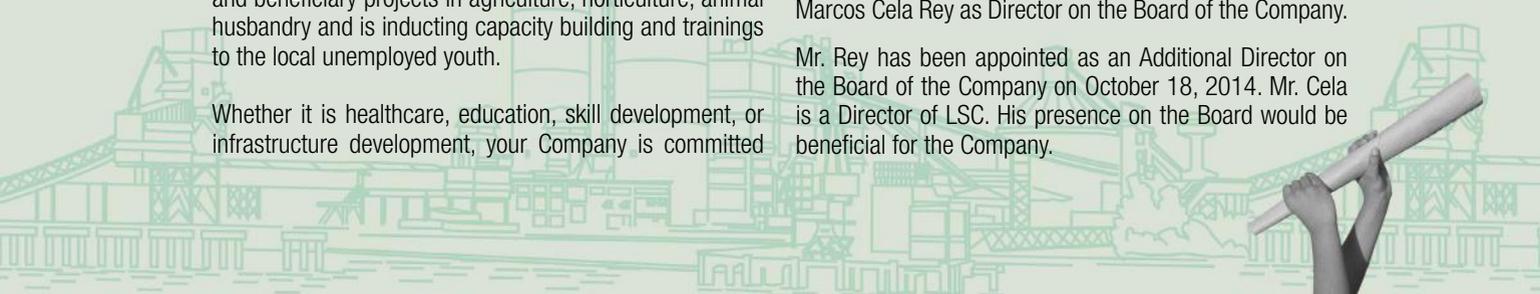
Directors

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

Appointments

Lafarge Surma Cement Limited ("LSC"), nominated Mr. Marcos Cela Rey as Director on the Board of the Company.

Mr. Rey has been appointed as an Additional Director on the Board of the Company on October 18, 2014. Mr. Cela is a Director of LSC. His presence on the Board would be beneficial for the Company.



Resignations

Mr. Jose Maria Fontdecaba had been appointed as a Director on the Board of the Company on August 27, 2008. Mr. Fontdecaba (nominee of LSC) resigned from the Board with effect from June 11, 2014.

Mr. Asim Chattopadhyay had been appointed as a Director on the Board of the Company on March 29, 2010. Mr. Chattopadhyay (nominee of LSC) resigned from the Board with effect from April 11, 2015.

Your Board thank Mr. Jose Maria Fontdecaba and Mr. Asim Chattopadhyay for their contribution, leadership and guidance provided during their tenure as Directors of the Company.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' responsibility statement, it is hereby confirmed:

1. That in preparation of the annual accounts for the year ending December 31, 2014; the applicable Accounting Standards have been followed along with proper explanations provided for material departures, if any.
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year.
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Directors had prepared the accounts for the financial year ending December 31, 2014 on a going concern basis.

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) of 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 Act till the conclusion of the forthcoming annual general meeting and are eligible for re-appointment.

Cost Records

As required under the Companies (Cost Accounting Records) Rules, 2011, the cost compliance report for the year ended December 31, 2014 duly certified by the Cost Auditor has been filed with the Ministry of Corporate Affairs

within the stipulated time.

Particulars of employees

The Particulars as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, are set out in Annexure "A" included in this report.

Conservation of Energy, Technology Absorption and Foreign Exchange

The particulars as required under section 217(1) (e) of the Indian Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, are set out in Annexure "B" to this report.

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 co-operation received from the Government of India, Government of Bangladesh, Government of Meghalaya, LSC, the lenders, banks, project consultants and the Durbars of Nongtrai and Shella villages. Your Directors also place on record their appreciation for the contribution of the employees of the Company, their commitment, dedication and hard work.

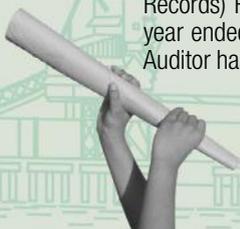
For and on Behalf of the Board



Directors

Place: Dhaka

Date: May 14, 2015



ANNEXURE “A” TO THE DIRECTORS’ REPORT

Information pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended and forming part of the Directors’ Report for the year ended December 31, 2014.

Employed throughout the year and was in receipt of remuneration aggregating not less than Rs. 24 lakhs per annum.

Name & Age	Designation & Nature	Remuneration Received (Rs. In Lakhs)	Qualification & Experience	Date of Joining	Particulars of Last Employment
Narayan Prasad Sharma 51 years	Director	81.80	B.E. (Mech.) & MBA 23 years	1.10.1999	Engineer, Lafarge Asia Pacific, PTE. Ltd.
Amit Dubey 45 years	Head of Mining Operation	26.34	B.E. (Mining) 21 years	30.06.2008	Pyrites Phosphate & Chemical

- Note: 1. Mr. Sharma & Mr. Dubey are not related to any of the Directors of the Company and do 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 “B” TO THE DIRECTORS’ REPORT

Information pursuant to Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988, as amended and forming part of the Directors’ Report for the year ended December 31, 2014.

I. Conservation of Energy

(a) Energy conservation measures taken:

1. 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.

2. 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:

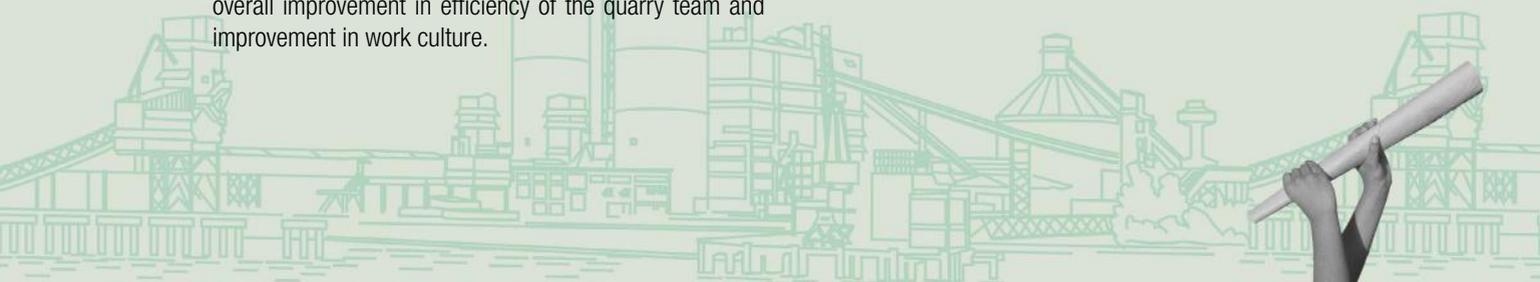
- Automation of DG Sets operation, control of parameters, installation of online fuel filtration plant etc.
- One (1) new RECON engine has been replaced for an old DG set. This will help in reduction of fuel consumption per MWH power generation.
- Utilization of power saving light i.e. CFL, solar light 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 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:



FORM A

A. Power and Fuel Consumption	Current year (Jan1, 2013 - Dec 31, 2014)	Previous Year (Jan1, 2012 - Dec 31, 2013)
1. Electricity		
(a) Purchased		
Unit (KWH)	268,045	199,726
Total Amount (Rs)	1,192,800	932,720
Rate/unit (Rs)	4.45	4.67
(b) Own Generation		
(i) Through diesel Generator		
Units (KWH)	4,339,613	3,487,155
(ii) Units/litre of diesel oil	2.51	2.67
Cost /Unit (INR/Unit)	20.40	18.15
(iii) Through steam turbine/generator		
Units		N.A
Units per litre of fuel oil/gas		N.A
Cost/Units		N.A
2. Coal (specify quality and where used)		
Quantity (tonnes)		N.A
Total cost		N.A
Average rate		N.A
3. Furnace oil		
Quantity (k. ltrs.)		N.A
Total amount		N.A
Average rate		N.A
4. Others/internal generation (please give details)		
Quantity		N.A
Total cost		N.A
Rate/unit		N.A

B. Consumption per unit of production

2012- 1.67 KWH /MT

2013- 1.74 KWH /MT

2014- 2.17 KWH /MT

II. Technology Absorption

The Efforts made in technology absorption as per Form B hereunder:



FORM B

A. Research and Development (R and D)

1. Specific areas in which R and D was carried out by Company: As it is new unit, hence no such action taken.
2. Future plan of action: NA
3. Expenditure on R & D (INR) NIL
 - (a) Capital
 - (b) Recurring
 - (c) Total
 - (d) Total R & D Exp. as a % of total
 - (e) Turnover

B. Technology absorption, adaptation and innovation

As it is a new unit, no such action has been taken.

III. Foreign Exchange earnings and outgo during the period:

The particulars relating to Foreign Exchange Earnings/Expenditure:

a) Expenditure in foreign currency

	Year Ended	
	31st December 2014	31st December 2013
	Rs. in lakhs	Rs. in lakhs
i) Professional and Consulting fees	28.73	20.73
ii) Interest and other borrowing cost	308.55	322.97
Total	337.28	343.70

b) Earnings in foreign currency

	Year Ended	
	31st December 2014	31st December 2013
	Rs. in lakhs	Rs. in lakhs
i) FOB Value of Exports	20,730.79	19,953.72
Total	20,730.79	19,953.72

For and on Behalf of the Board



Directors

Place: Dhaka

Date: May 14, 2015



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, 2014 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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the company in accordance with Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (“the Act”) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 control relevant to the Company’s preparation and fair presentation of the financial statements 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 management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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, 2014, and
- ii) In case of Statement of Profit & Loss, of the profit for the year ended on 31st December, 2014.

Report on Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - 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 such books.
 - c. The Balance Sheet and 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 referred to in Sub-section 3C of section 211 of Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
 - e. On the basis of the written representation received from the directors as on 31st December, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

FOR RKP ASSOCIATES
CHARTERED ACCOUNTANTS



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

Dated at Silchar
the 03rd of March' 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in paragraph (1) of the 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, 2014.

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

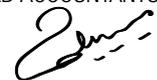
- II) a) As explained to us, the inventory has been physically verified during the year by the management at reasonable intervals.
- b) In our opinion, and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management is reasonable 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 neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- 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 major instance of continuing failure to correct major weaknesses in the internal control system. The company does not have any sale of services.
- V) Based on our audit procedure and according to the information and explanation given to us, there are no contracts or arrangements to be entered in the register maintained in pursuance of section 301 of the Companies Act, 1956.
- VI) The Company has not accepted any public deposits from the public covered u/s 58A and 58AA of the Companies Act 1956 during the year.
- VII) In our opinion the Internal Audit functions carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the company and nature of its business.
- VIII) 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 section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- IX 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 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.
- b) 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, 2014 for a period of more than six months from the date they became payable, are:

Name of the Statute	Nature of Dues	Due Date	Period to which the amount relates	Amount involved (in lacs)
Meghalaya Stamp Act, 1993	Stamp Duty	January 30, 2002	January 2002	3.39

- c) 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 2014 on account of disputes.
- X) The accumulated losses of the company have exceeds fifty percent of its net worth as at the end of this year. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- XI) 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 is not defaulted in repayment of dues to any financial institution or banks.
- XII) In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII) The company is not a chit fund or a nidhi mutual benefit fund/society.
- XIV) Based on our examination of records; we are of the opinion that the Company has not been dealing in and trading in shares, securities & debentures & other investments during the year.
- XV) 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.
- XVI) 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
- XVII) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis aggregating to ₹11,029 lacs have, prima facie, been used during the year for long-term investment.
- XVIII) Based on the audit procedure performed and the information and explanation given to us by the management, we report that the company has not made any preferential allotment of shares during the year.
- XIX) The Company had no outstanding debentures during the period under audit.
- XX) The Company has not raised any money by way of public issue during the year.
- XXI) 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 03rd of March' 2015

LAFARGE UMIAM MINING PRIVATE LIMITED

BALANCE SHEET

as at 31st December 2014

	NOTES	As at 31.12.2014 (Rs. in Lakhs)	As at 31.12.2013 (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	(3,766.90)	(11,943.14)
		346.41	(7,829.83)
(2) Non-current liabilities			
(a) Long-term borrowings	05	3,662.72	8,500.54
(b) Long term trade payables	08	34.00	108.77
(c) Long-term provisions	06	103.88	73.67
		3,800.60	8,682.98
(3) Current liabilities			
(a) Short-term borrowings	07	9,552.01	10,652.16
(b) Trade payables	08	1,545.72	1,381.18
(c) Other current liabilities	09	8,560.56	9,205.78
(d) Short-term provisions	06	2.24	1.68
		19,660.53	21,240.80
TOTAL EQUITY AND LIABILITIES		23,807.54	22,093.95
(II) ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10 A	10,090.20	10,532.04
(ii) Intangible assets	10 B	5,924.26	6,279.82
(iii) Capital work-in-progress	11	310.30	443.62
		16,324.76	17,255.48
(b) Long-term loans and advances	12	4,217.58	2,225.27
		20,542.34	19,480.75
(2) Current assets			
(a) Inventories	13	946.68	1,057.81
(b) Trade receivables	14	358.99	876.99
(c) Cash and cash equivalents	15	545.14	14.98
(d) Short-term loans and advances	12	1,414.38	663.42
		3,265.19	2,613.20
TOTAL ASSETS		23,807.54	22,093.95

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: 03rd Mar, 2015

For and on behalf of the Board of Directors


Masud Khan
Director


Manjuree Rai
Company Secretary


Narayan Sharma
Director

Place: Dhaka
Date: 28th Feb, 2015



LAFARGE UMIAM MINING PRIVATE LIMITED

STATEMENT OF PROFIT AND LOSS

for the year ended 31st December 2014

		Year ended 31.12.2014	Year ended 31.12.2013
	NOTES	(Rs. in Lakhs)	(Rs. in Lakhs)
I Revenue from operations (gross)	16	20,730.79	19,953.72
Less : Excise duty		-	-
Revenue from operations (net)		20,730.79	19,953.72
II Other Income	17	1,554.89	14.98
III Total Revenue		22,285.68	19,968.70
IV EXPENSES			
(a) Cost of extracted limestone	18	3,229.22	3,814.38
(b) Employee benefits expense	19	779.81	712.59
(c) Finance costs	20	1,605.29	3,269.90
(d) Depreciation and amortisation expense	10	1,340.86	1,273.39
(e) Other expenses	21	7,154.26	8,521.61
Total Expenses		14,109.44	17,591.87
V Profit / (Loss) before tax (III-IV)		8,176.24	2,376.83
VI Tax Expense			
Current tax		-	-
Total tax expense		-	-
VII Profit/ (Loss) for the year (V - VI)		8,176.24	2,376.83
VIII Earning/ (Loss) per equity share (Rupees):			
Basic and Diluted		19.88	5.78

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

Place: Silchar
Date: 03rd Mar, 2015

For and on behalf of the Board of Directors



Masud Khan
Director



Manjuree Rai
Company Secretary



Narayan Sharma
Director

Place: Dhaka
Date: 28th Feb, 2015



LAFARGE UMIAM MINING PRIVATE LIMITED

CASH FLOW STATEMENT

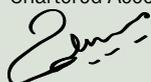
for the year ended 31st December 2014

	Year ended 31.12.2014 (Rs. in Lakhs)	Year ended 31.12.2013 (Rs. in Lakhs)
A Cash Flow from Operating activities:		
Profit / (Loss) before taxes and exceptional item	8,176.24	2376.83
<i>Adjustments for:</i>		
Depreciation	1,340.86	1,273.39
Unrealised foreign exchange (gain)/ loss	514.44	197.23
Financial Charges	1,191.40	1,520.36
Interest Income	(30.07)	(14.98)
Operating profit before working capital changes	11,192.87	5,352.83
<i>Changes in Working Capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Trade receivables	(2,120.15)	(129.44)
Short term and long term loans and advances	518.03	788.61
Inventories	(2,749.31)	(829.27)
	111.13	(88.78)
Adjustments for increase / (decrease) in operating liabilities:	(186.55)	369.91
Trade payables and other current and non current liabilities	(217.32)	355.98
Long and short term Provisions	30.77	13.93
Cash from / (used in) operations	8,886.18	5,593.30
Net cash from/(used in) operating activities	8,886.18	5,593.30
B Cash Flow from Investing activities:		
Capital Expenditure on fixed assets and capital work in progress	(410.16)	(669.82)
Interest received	35.88	0.41
Net cash used in investing activities	(374.28)	(669.41)
C Cash Flow from Financing activities:		
Proceed from Short term borrowings	39,772.57	35,600.24
Repayment of short term borrowings	(41,105.89)	(35,857.42)
Proceeds from long term borrowings	-	-
Repayment of long term borrowings	(4,905.97)	(2,904.89)
Financial charges paid	(1,742.44)	(1,793.08)
Net cash from/ (used in) financing activities	(7,981.73)	(4,955.15)
Net increase or (decrease) in cash or cash equivalents	530.16	(31.26)
Cash and cash equivalents as at 1st January	14.98	46.24
Cash and cash equivalents as at 31st December	545.14	14.98

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.

For R K P Associates
Chartered Accountants


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

Place: Silchar
Date: 03rd Mar, 2015

For and on behalf of the Board of Directors


Masud Khan
Director


Manjuree Rai
Company Secretary


Narayan Sharma
Director

Place: Dhaka
Date: 28th Feb, 2015

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. LSC has set up a cement plant at Chattak in Bangladesh promoted by Lafarge SA of France and Cementos Molins of Spain. The project involves supply of limestone and shale from the mines of LUMPL located in the State of Meghalaya to the cement plant in Bangladesh through a continuous cross border elevated belt conveyor. The belt conveyor is the means of export of crushed limestone from the mines to the Cement plant in Bangladesh.

02 Significant Accounting Policies

a). Basis of accounting and preparation of financial statements

The financial statements are prepared under the historical cost convention, on accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles ('GAAP') in India to comply with the Accounting Standards prescribed by Companies (Accounting Standards) Rules, 2006 to the extent applicable and in accordance with the provisions of Companies Act, 1956, as adopted consistently by the Company.

b). Use of Estimates

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

c). Revenue Recognition

Revenue from sale of products is recognized on the basis of dispatch to customers. Interest on deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

d). Fixed Assets

Fixed Assets are stated at original cost of acquisition less accumulated depreciation. Cost includes inward freight, duties, taxes and incidental expenses related to acquisition and installation of asset. Software expected to provide future enduring economic benefits is stated at cost less amortization. All upgradation/enhancements are charged off as revenue expenditure unless they bring significant additional benefits.

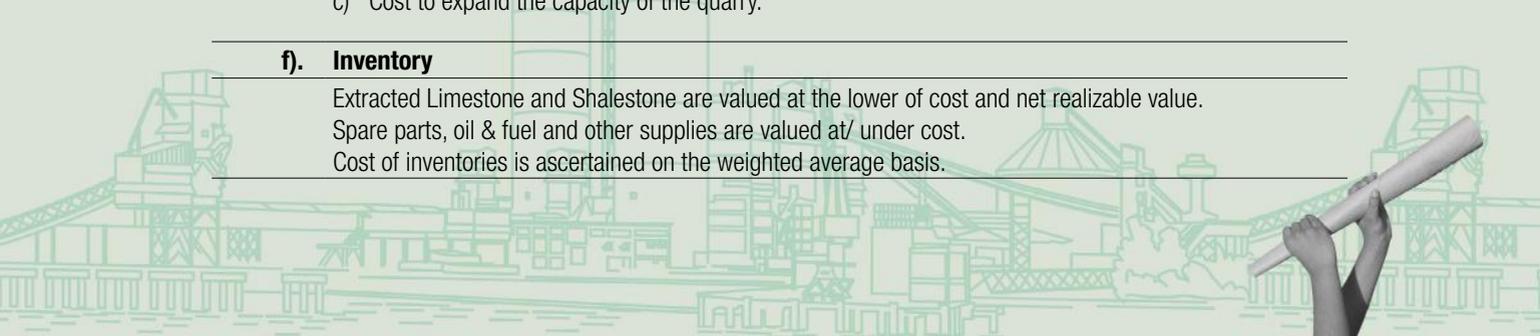
e). Development of Quarry

Cost as listed below incurred in relation to quarry where the future economic benefits associated with those cost flows are capitalized and amortized over the mining lease rights period.

- a) Cost for development of quarry for commercial exploration.
- b) Cost for obtaining definite extraction permit which includes amongst others environmental clearance as per statutory rules and regulations in force from time to time and as imposed by regulatory authorities.
- c) Cost to expand the capacity of the quarry.

f). Inventory

Extracted Limestone and Shalestone are valued at the lower of cost and net realizable value. Spare parts, oil & fuel and other supplies are valued at/ under cost. Cost of inventories is ascertained on the weighted average basis.



LAFARGE UMIAM MINING PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

g). Depreciation/Amortisation

Depreciation is provided on straight line basis applying the rates specified in Schedule XIV to the Companies Act, 1956 or based on useful life whichever is higher. The cases where the rates derived from useful lives of various categories of fixed assets as estimated by the management are higher than the rates prescribed by Schedule XIV to the Companies Act, 1956 are as follows

Building

Non Factory Building	2.50%
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Plant and Machinery

Technical Facilities	10.00%
----------------------	--------

Capital Spares	20.00%
----------------	--------

Furniture and Fixtures	10.00%
------------------------	--------

Office & Household Equipments	20.00%
-------------------------------	--------

Electronic Data Processing Equipment	33.33%
--------------------------------------	--------

Vehicles	20.00%
----------	--------

Leasehold Land is amortised over the remaining tenure of the lease. Development of property pertaining to Limestone and Shalestone quarry is amortised over the remaining tenure of legal rights or useful period of the mine whichever is higher.

Intangible assets (other than development of property) are amortised over the best estimate of its useful life ranging from a period of 3 to 5 years.

h). Foreign exchange transaction

a) Foreign currency transactions entered during the year are recorded at the rate of exchange prevailing on the date of transactions.

b) Monetary items denominated in foreign currencies at the year end are restated at year end rates. Non monetary foreign currency items are carried at cost. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss.

c) In case of forward exchange contracts which are entered into 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 hedge the foreign currency risk of a firm commitment or a highly probable future forecast transactions, mark to market loss, if any, arising in respect of such outstanding forward contracts at the balance sheet date is recognized in the Statement of Profit and Loss.

i). Employee benefits

Defined Contribution Schemes: Company's contribution towards Provident Fund paid / payable during the year to the Provident Fund Authority are charged to Statement of Profit and Loss. Defined Benefit Schemes: Company's liabilities towards Gratuity are defined benefit scheme. All liability of Defined Benefit Schemes is ascertained by independent actuarial valuations as per the requirements of Accounting Standard- 15 on "Employee Benefits"

j). Borrowing Cost

Borrowing costs to the extent / attributed to the acquisition / construction of qualifying assets are capitalized up to the date when such assets are ready for its intended use and all other borrowing costs are recognized as an expense in the period in which they are incurred.



LAFARGE UMIAM MINING PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

k). Taxes on Income

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

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

l). Impairment of Fixed Assets

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

m). 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

	As at 31.12.2014 (Rs. in Lakhs)	As at 31.12.2013 (Rs. in Lakhs)
03 Share Capital		
Authorised:		
42,000,000 (as at 31st December, 2013: 42,000,000) equity shares of Rs. 10 each	4,200.00	4,200.00
	4,200.00	4,200.00
Issued, Subscribed and Fully Paid up:		
41,133,099 (as at 31st December, 2013: 41,133,099) equity shares of Rs. 10 each	4,113.31	4,113.31
	4,113.31	4,113.31



LAFARGE UMIAM MINING PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

03.1 Share Capital

Reconciliation of Number of shares

	As at 31.12.2014		As at 31.12.2013	
	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 31.12.2014		As at 31.12.2013	
	No. of Shares	%	No. of 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.

	As at 31.12.2014 (Rs. in Lakhs)	As at 31.12.2013 (Rs. in Lakhs)
04 Reserves and Surplus		
Surplus / (Deficit) in Statement of Profit and Loss:		
Opening Balance	(11,943.14)	(14,319.97)
Add: Profit / (Loss) for the year	8,176.24	2,376.83
Closing Balance	(3,766.90)	(11,943.14)



LAFARGE UMIAM MINING PRIVATE LIMITED NOTES TO THE FINANCIAL STATEMENTS

	As at 31.12.2014		As at 31.12.2013	
	(Rs. in Lakhs)	(Rs. in Lakhs)	(Rs. in Lakhs)	(Rs. in Lakhs)
05 Long-term borrowings				
	Current Maturities	Long Term	Current Maturities	Long Term
		Total		Total
(a) Term loans from related parties (Secured)				
External commercial borrowing from				
Lafarge Surma Cement Ltd, Bangladesh ⁽¹⁾	2,066.19	2,582.74	2,019.39	4,543.63
(b) Loans from banks (Unsecured) ⁽²⁾	3,299.95	1,079.98	3,256.91	7,213.82
	5,366.14	3,662.72	5,276.30	8,500.54
		9,028.86		13,776.84

Additional information

- (1) For security and other disclosure refer note 22
 (2) Based on autonomous guarantee from Financiere Lafarge S.A.S, France - Group Company
 (3) Terms of repayment and interest rate of borrowings as at 31st December 2014 are as follows:

Particulars	Currency	INR Equivalent ('lakhs)	Installment amount in lakhs	No. of Installment	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	6	June 15, 2012	March 15, 2017	Refer note
Term loan from Citi Bank	USD	INR 2,279.93	USD 6.00	14 (quarterly)	6	6	June 30, 2011	March 31, 2016	
Term loan from Standard Chartered Bank	INR	INR 2,100.00	INR 350.00	14 (quarterly)	6	6	September 30, 2011	June 30, 2016	

(4) Terms of repayment and interest rate of borrowings as at 31st December 2013 are as follows:

Particulars	Currency	INR Equivalent ('lakhs)	Installment amount in lakhs	No. of Installment	No. of Installment paid	No. of Installment due	Start date of loan repayment	Maturity date	Remarks
External commercial borrowing (ECB)	USD	INR 6,563	USD 8.16	7 (quarterly)	13	10	June 15, 2012	March 15, 2017	Refer note
Term loan from Citi Bank	USD	INR 3,714	USD 6.00	10 (quarterly)	10	10	June 30, 2011	March 31, 2016	
Term loan from Standard Chartered Bank	INR	INR 3,500	INR 350.00	10 (quarterly)	10	10	September 30, 2011	June 30, 2016	

Note:

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.

LAFARGE UMIAM MINING PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

06 Provisions				
	As at 31.12.2014		As at 31.12.2013	
	(Rs. in Lakhs)		(Rs. in Lakhs)	
	Long Term	Short Term	Long Term	Short Term
(a) Provision for employee benefits				
Post-employment Defined Benefits				
Retiring Gratuity	73.95	1.52	51.09	0.91
(b) Provision for stock appreciation right	29.93	-	22.58	-
(c) Provision for Wealth Tax ⁽¹⁾	-	0.72		0.77
Total Provisions	103.88	2.24	73.67	1.68
Additional information				
(1) Net of Advance Taxes Rs.2.98 lakhs (as at 31st December, 2013 Rs. 2.57 lakhs)				

	As at 31.12.2014	As at 31.12.2013
	(Rs. in Lakhs)	(Rs. in Lakhs)
07 Short-term borrowings		
Loans from banks		
Unsecured		
(1) From Citibank NA, Mumbai:		
Working capital demand loan	6,579.82	6,468.24
Overdraft	63.28	110.04
(2) From Standard Chartered Bank, Mumbai:		
Working capital demand loan	2,691.59	3,594.85
Overdraft	32.66	236.27
(3) From State Bank of India, Shillong:		
Overdraft	184.66	242.76
	9,552.01	10,652.16

08 Trade Payables				
	As at 31.12.2014		As at 31.12.2013	
	(Rs. in Lakhs)		(Rs. in Lakhs)	
	Long Term	Short Term	Long Term	Short Term
Creditors for supplies / services	34.00	1,466.37	108.77	1,284.24
Creditors for accrued wages and salaries	-	79.35	-	96.94
Total Trade Payables	34.00	1,545.72	108.77	1,381.18

	As at 31.12.2014	As at 31.12.2013
	(Rs. in Lakhs)	(Rs. in Lakhs)
09 Other Current Liabilities		
(a) Current maturities of long-term debt (Refer Note 5)	5,366.14	5,276.30
(b) Creditors for capital liability	23.79	227.87
(c) Creditors for other liabilities		
(1) Interest accrued but not due on borrowings	1,256.01	1,777.84
(2) Interest accrued and due on borrowings	2.90	2.73
(3) Statutory Dues	1,587.63	1,335.51
(4) Other credit balances	324.09	585.53
Total Other current liabilities	8,560.56	9,205.78

LAFARGE UMIAM MINING PRIVATE LIMITED NOTES TO THE FINANCIAL STATEMENTS

10. Fixed assets

Particulars	Gross Block - At Cost		Depreciation / Amortisation		Net Block	
	As at 1st January, 2014 Rs. in lakhs	Additions during the year Rs. in lakhs	As at 1st January, 2014 Rs. in lakhs	Additions during the year Rs. in lakhs	As at 31st December, 2014 Rs. in lakhs	As at 31st December, 2013 Rs. in lakhs
10 A. Tangible Assets						
Freehold Land	204.90	-	-	-	204.90	204.90
Leasehold Land	138.85	-	45.45	6.49	86.91	93.40
Building	785.45	84.69	98.58	22.00	749.56	686.87
Plant and Machinery	12,946.76	448.42	4,320.37	863.01	8,211.80	8,626.39
Development of property	1,073.62	-	296.83	43.57	733.22	776.79
Furniture and Fixtures	53.73	0.35	24.36	5.09	24.63	29.37
Office & Household Equipments	89.49	2.02	56.52	9.82	25.17	32.97
Electronic Data Processing Equipment	99.65	8.00	74.33	15.00	18.32	25.32
Vehicles	246.72	-	190.69	20.34	35.69	56.03
Total	15,639.17	543.48	5,107.13	985.31	10,090.20	10,532.04
Previous year	15,109.06	530.11	4,189.98	917.15	10,532.04	
10 B. Intangible Assets						
Software (acquired)	36.05	-	34.73	1.09	0.23	1.32
Development of property	7,132.14	-	853.64	354.47	5,924.03	6,278.50
Total	7,168.19	-	888.37	355.56	5,924.26	6,279.82
Previous year	7,168.19	-	532.13	356.23	6,279.82	

LAFARGE UMIAM MINING PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	As at 31.12.2014 (Rs. in Lakhs)	As at 31.12.2013 (Rs. in Lakhs)
11 Capital work-in-progress		
(a) Development of property ⁽¹⁾	217.31	171.39
(b) Building	11.56	67.84
(c) Plant & Machinery	81.43	204.39
(d) Others	-	-
Total capital work-in-progress	310.30	443.62

Additional information

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

	As at 31.12.2014		As at 31.12.2013	
	Long Term	Short Term	Long Term	Short Term
	(Rs. in Lakhs)		(Rs. in Lakhs)	
Loans and advances (Unsecured, considered good)				
(a) Capital advances	11.20	-	27.70	-
(b) Security deposits	1,203.72	-	18.23	-
(c) Interest accrued on deposits	3.66	11.70	0.73	20.43
(d) Advance income tax (1)	2,559.06	-	919.06	-
(e) Other loans and advances				
(1) Prepayments	273.40	82.11	327.49	68.44
(2) Advances to suppliers	14.34	687.81	705.00	266.72
(3) Deposit account ^{(2) & (3)}	48.79	307.71	17.32	303.62
(4) Others	103.42	325.06	209.74	4.21
	439.95	1,402.69	1,259.55	642.99
Total Loans and advances	4,217.58	1,414.38	2,225.27	663.42

Additional information

1. Represents Income tax on Minimum Alternate Tax.

2. Represents deposit with banks that are restricted from being exchanged or used to settle a liability for more than 12 months.

3. Includes Rs. 34.66 lakhs (as at 31st December, 2013 Rs. 6.50 lakhs) pledged with the Office of Commissioner of Central Excise, Meghalaya; Rs. 17.32 lakhs (as at 31st December, 2013 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 2013 Rs 280.00 lakhs) pledged in respect of Bank overdraft facility availed from State Bank of India, Shillong.



LAFARGE UMIAM MINING PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	As at 31.12.2014 (Rs. in Lakhs)	As at 31.12.2013 (Rs. in Lakhs)
13 Inventories		
(a) Extracted Limestone	384.80	398.94
(b) Extracted Shalestone	12.12	12.12
Less : Provision for Obsolescence	(12.12)	(12.12)
(c) Oil and Fuel	23.55	30.44
(d) Stores and Spare parts	538.33	628.43
Total Inventories	946.68	1,057.81
14 Trade receivables		
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	358.99	876.99
Total current trade receivable	358.99	876.99
15 Cash and cash equivalents		
(a) Cash on hand	0.62	0.82
(b) Balances with banks		
In Current Accounts	6.20	14.16
In Transit	538.32	-
Total cash and cash equivalents	545.14	14.98
Out of above, the balances that meet the definition of Cash and cash equivalents as per Accounting Standard 3 Cash Flow	545.14	14.98
	Year ended 31.12.2014 (Rs. in Lakhs)	Year ended 31.12.2013 (Rs. in Lakhs)
16 Revenue from operations		
Revenue from operations (gross)	20,730.79	19,953.72
Less : Excise duty on revenue from operations	-	-
Revenue from operations (net)	20,730.79	19,953.72
16.1 Revenue from operations (net)		
Particulars		
Sale of lime stone ⁽¹⁾	20,730.79	19,953.72
	20,730.79	19,953.72
Additional information		
(1) Sales of limestone represent 100% export sales to holding company, Lafarge Surma Cement Ltd, Bangladesh		



LAFARGE UMIAM MINING PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	Year ended 31.12.2014 (Rs. in Lakhs)	Year ended 31.12.2013 (Rs. in Lakhs)
17 Other Income		
(a) Interest Income from bank deposits	30.07	14.98
(b) Others	1,524.82	-
Total Other Income	1,554.89	14.98
Additional information		
(1) Represents refund of Cenvat Credit on Service Tax and Central Excise Duty		
18 Cost of extracted limestone		
Extracted Limestone		
Opening stock	398.94	501.52
Add:- Cost of extraction	3,215.08	3,711.80
Less : Closing stock	384.80	398.94
Extracted Limestone Consumed	3,229.22	3,814.38
19 Employee Benefits Expenses		
(a) Salaries and wages, including bonus	718.44	671.67
(b) Contribution to provident and other funds	61.37	40.92
Total Employee Benefits Expense	779.81	712.59
20 Finance Cost		
(a) Interest expenses		
Interest on External Commercial Borrowings	184.90	244.06
Interest on working capital demand loan and overdraft	429.04	503.92
Interest on term loan from banks	438.67	677.91
(b) Bank charges	15.14	15.56
(c) Other borrowing costs	123.65	78.91
(d) Net loss on foreign currency transactions and translation (considered as finance cost)	413.89	1,749.54
Total Finance Cost	1,605.29	3,269.90



LAFARGE UMIAM MINING PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	Year ended 31.12.2014 (Rs. in Lakhs)	Year ended 31.12.2013 (Rs. in Lakhs)
21 Other Expenses		
Consumption of stores, spare parts and loose tools	365.33	219.63
Fuel for power generation	885.23	632.90
Cost of operation and maintenance of DG Sets for power generation	136.79	124.19
Rent	28.74	26.82
Repairs to buildings	15.14	7.65
Repairs to machinery	81.53	100.32
Repairs to others	177.44	157.30
Insurance	42.67	48.18
Rates & taxes [Wealth tax - Rs 0.36 lakhs (Previous year: Rs.0.54 lakhs)]	0.36	0.54
Royalty and Cess ⁽¹⁾	1,783.52	1,634.22
Welfare Cess ⁽²⁾	20.00	20.00
Lease rent for limeston mining surface rights ⁽³⁾	305.00	310.00
LBC and mining operation support & assistance by local bodies & others	199.64	195.60
Contribution to Special Purpose Vehicle ⁽⁴⁾	1,800.00	1,771.99
Business Promotion & Public Relations	42.97	57.57
Study, reports and consultancy fees	67.01	80.79
IT Cost	42.78	49.81
Security cost	398.76	446.62
Loss on foreign exchange fluctuation (net)	-	1,990.65
Communication charges	8.72	9.68
Community Development	107.12	93.37
Environmental cost	154.85	161.21
Gas, Water & Electricity	96.91	76.58
Legal fees and consultation	83.61	37.56
Travelling and conveyance	145.65	134.43
Safety expense	42.23	18.36
Site restoration cost	25.42	25.42
Deputation of custom officials at site	28.00	11.75
Auditors remuneration and out-of-pocket expenses (including service tax)		
(i) Statutory Auditors	8.43	8.43
(ii) Tax Audit related matter	3.15	3.15
(iii) For other services	2.81	0.45
(iv) Reimbursement of Expense	0.41	-
Miscellaneous expenses	54.04	66.44
Total Other Expenses	7,154.26	8,521.61

Additional information

(1) Represents royalty payable under Mines and Minerals (Development and Regulation) Act, 1957 and mineral cess payable under Meghalaya Mineral Cess Act, 1988 in respect of mining rights secured under Mining Lease from State Government of Meghalaya.

LAFARGE UMIAM MINING PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(2) Represents welfare cess payable to Office of the Welfare & Cess Commissioner, under the The Limestone and Dolomite Mines Labour Welfare Fund Act, 1972.

(3) Represent the lease rent payable to local body under the terms of lease deed in respect of surface rights to carry mining of limestone for which mining rights is secured under Mining Lease from State Government of Meghalaya.

(4) 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, vide its letters No. F.No.8-64/2007-F.C. dated 22nd April, 2010 and 29th February 2012 vis-à-vis Orders of the Supreme Court of India dated 12th April 2010 and the Order and Judgement dated 6th July, 2011. The contribution payable to SPV based on limestone production for year ending 31st December 2014 was Rs.1,800.00 lakhs (as at 31st December 2013 Rs. 1,771.99 lakhs). The Company has deposited the contribution payable to SPV till 31st December 2014 a total amount of Rs. 9,769.12 Lakhs (as at 31st December 2013 Rs. 8,102.91 lakhs) from the date of commencement of mining and this amount so deposited by the Company to SPV is meant for various welfare projects mandated upon the SPV including the development of health, education, irrigation and agriculture in the mining project area (i.e 50 kms) of the Company solely for the local community and welfare of Tribals.

22. 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 2013: 41,133,098 shares) to fund its limestone and shale mining project development and operation. The outstanding balance as on 31st December 2014 was Rs. 4,648.93 lakhs (as at 31st December 2013 Rs. 6,563.02 lakhs) towards principal loan amount, Rs. Nil (as at 31st December, 2013 Rs. Nil) towards interest accrued and due and Rs. 1,233.49 lakhs (as at 31st December, 2013 Rs. 1,745.95 lakhs) towards interest accrued but not due. The said loan has been granted by LSC out of an aggregate loan availed by LSC from certain "offshore lenders".

As per the terms of the offshore loan, 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 is classified as secured loan, having charge against the overall 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.

23. Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for Rs. 341.73 lakhs (as at 31st December, 2013 Rs. 401.35 lakhs).

24 Deferred tax:

The break-up of deferred tax is as under	Year ended 31.12.2014 (Rs. in Lakhs)	Year ended 31.12.2013 (Rs. in Lakhs)
Deferred Tax Liabilities		
Timing difference on account of:-		
-Depreciation	928.64	1,608.44
Gross Deferred Tax Liabilities (A)	928.64	1,608.44
Deferred Tax Assets		
-Unabsorbed depreciation (restricted to the extent of deferred tax liability on depreciation)	928.64	1,608.44
Gross Deferred Tax Assets (B)	928.64	1,608.44
Deferred Tax Assets (Net) (A-B)	NIL	NIL

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.



LAFARGE UMIAM MINING PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

25 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.

26 Expenditure / Earnings in foreign currency:

a) Value of imports calculated on CIF basis:

	Year Ended	
	31.12.2014 (Rs. in lakhs)	31.12.2013 (Rs. in lakhs)
i) Stores and Spare parts	98.34	427.31
ii) Capital goods	290.56	220.38
Total	388.90	647.69

b) Expenditure in foreign currency:

	Year Ended	
	31.12.2014 (Rs. in lakhs)	31.12.2013 (Rs. in lakhs)
i) Professional and Consulting fees	28.73	20.73
ii) Interest and other borrowing cost	308.55	322.97
Total	337.28	343.70

c) Earnings in foreign currency:

	Year Ended	
	31.12.2014 (Rs. in lakhs)	31.12.2013 (Rs. in lakhs)
i) FOB Value of Exports	20,730.79	19,953.72
Total	20,730.79	19,953.72

d) Details of consumption of imported and indigenous items:

	Year Ended			
	31.12.2014 (Rs. in lakhs)		31.12.2013 (Rs. in lakhs)	
	Rs. in lakhs	%	Rs. in lakhs	%
i) Imported				
Raw materials	nil	nil	nil	nil
Stores and Spares	219.71	60%	72.07	33%
ii) Indigenous				
Raw materials	3,229.22	100%	3,814.38	100%
Stores and Spares	145.62	40%	147.56	67%



LAFARGE UMIAM MINING PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

27 Contingent Liability not provided for:

Bank Guarantee amounting to Rs. 16.13 lakhs (as at 31st December 2013 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.

28 Being 100% Export Oriented Unit (EOU), the Company is entitled to claim refund of taxes and duties incurred in relation to procurement of certain goods and raw materials. The Company filed refund claim for taxes and duties paid in relation to construction of Long Belt Conveyor and Crusher. On January 6, 2009 the Board of Approval (BOA), Department of Commerce, Government of India decided that the long belt conveyor of the Company is installed outside the EOU premises for transportation of goods and is not eligible for duty free import/procurement under EOU scheme. The Company had filed an appeal against the order of the BOA before the Shillong Bench, Guwahati High Court on July 30, 2009 and the Hon'ble High Court vide its order dated 13th August 2010 had passed its judgment whereby the order of BOA not to grant approval to the Company's long belt conveyor as a part of EOU premise was quashed. An appeal was filed by the respondent party against the judgment order dated 13th August 2010 before the double bench of Meghalaya High Court and Hon'ble High Court vide its order dated 17th June 2014 had upheld the judgment order dated 13th August 2010 passed by Single Member Bench of Gauhati High Court, Shillong Bench. The Judgment order dated 17th June 2014 is subject to further appeal by the respondent party and if the appeal is filed by the respondent party and is successful at a later stage, the Company shall not be entitled to obtain the refund of Rs. 293.22 Lakhs (as at 31st December, 2013 Rs. 293.22 Lakhs) from the authorities. However the amount of taxes and duties paid in relation to the long belt conveyor have been included in the cost of assets and has been presented in the financial statements accordingly.

29 LEA (Lafarge 2009 and 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 2009" and "LEA 2011" or "the Plans") whereby the employees have been granted Stock Appreciation Rights on 9th December 2009, and on 28th July, 2011 respectively under the two plans. On account of the Plans the Company has created a provision of Rs. 29.93 lakhs (as at 31st December 2012 Rs. 22.58 lakhs) towards Stock Appreciation Rights.

30. The Company is under a legal obligation to restore the mines in terms of final mines closure plan submitted to Indian Bureau of Mines at the end of mining operations. Based on the tenure of the current mining lease, estimated cost of site restoration has been provided during the year.

The details of provisions for site restoration cost are summarized below:

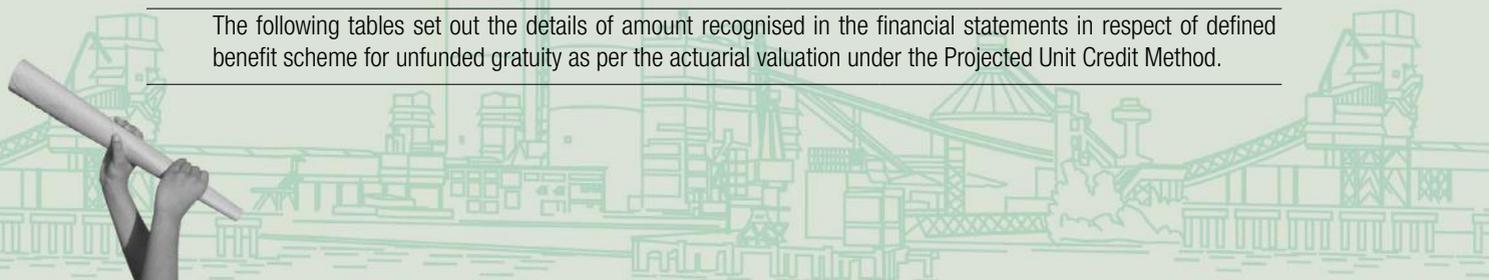
	Year Ended	
	31.12.2014 (Rs. in lakhs)	31.12.2013 (Rs. in lakhs)
Opening balance	184.28	158.86
Additions*	25.42	25.42
Reversals	Nil	Nil
Closing balance	209.70	184.28

*During the previous year, the Company had reassessed the basis of estimate and adjusted the provision accordingly.

31. 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 2014 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.



LAFARGE UMIAM MINING PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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

	Year Ended	
	31.12.2014 (Rs. in lakhs)	31.12.2013 (Rs. in lakhs)
1 Current Service cost	13.83	9.80
2 Interest cost	4.13	4.10
3 Expected return on plan assets	-	-
4 Curtailment cost/(credit)	-	-
5 Settlement cost/(credit)	-	-
6 Amortization of Past Service Cost	-	-
7 Actuarial Losses/(Gains)	6.23	(5.66)
Total expense recognized in the Statement of Profit and Loss	24.20	8.24

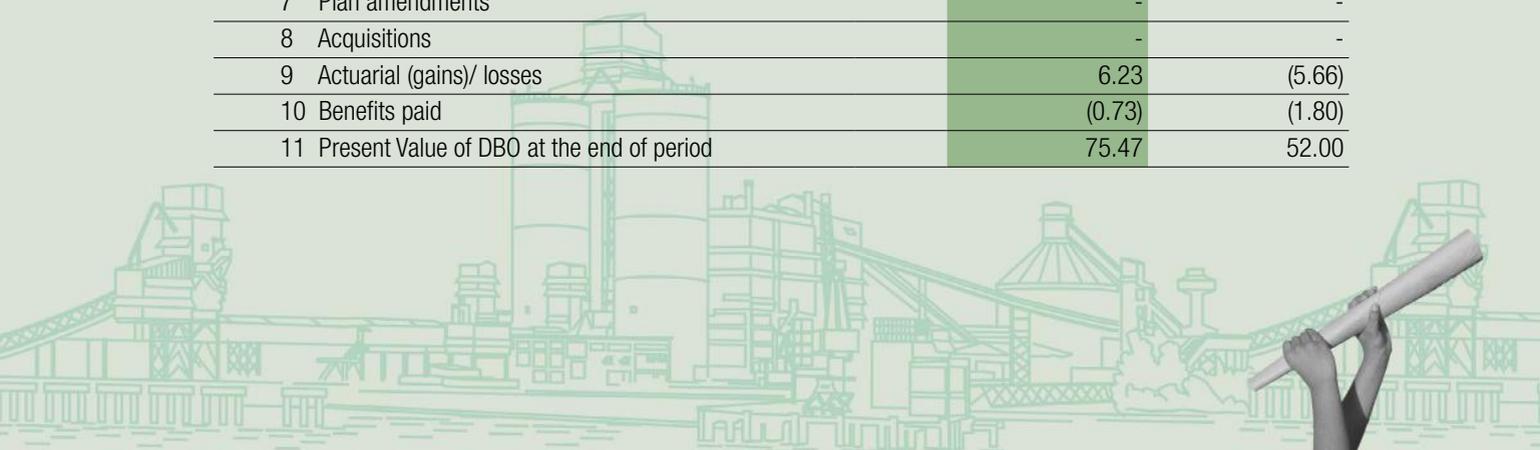
The Gratuity expenses have been recognized under "Contribution to provident and other funds" in Note 19.

II. Net Asset/(Liabilities)

	Current Year Rs. in lakhs	Previous Year			
		As on 31st Dec 13 Rs. in lakhs	As on 31st Dec 12 Rs. in lakhs	As on 31st Dec 11 Rs. in lakhs	As on 31st Dec 10 Rs. in lakhs
1 Present value of Defined Benefit Obligation	75.47	52.00	45.56	31.03	20.26
2 Fair value of plan assets	-	-	-	-	-
3 Funded status [Surplus/(Deficit)]	(75.47)	(52.00)	(45.56)	(31.03)	(20.26)
4 Effect of balance sheet asset limit	-	-	-	-	-
5 Unrecognized Past Service Costs	-	-	-	-	-
6 Net asset/(liability) recognized in balance sheet	(75.47)	(52.00)	(45.56)	(31.03)	(20.26)
7 Experience (Gain)/Loss adjustments on plan liabilities	(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)

	Year ended 31st December 2014 Rs. in lakhs	Year ended 31st December 2013 Rs. in lakhs
	1 Present Value of DBO at beginning of period	52.00
2 Current Service cost	13.84	9.80
3 Interest cost	4.13	4.10
4 Curtailment cost/(credit)	-	-
5 Settlement cost/(credit)	-	-
6 Employee contribution	-	-
7 Plan amendments	-	-
8 Acquisitions	-	-
9 Actuarial (gains)/ losses	6.23	(5.66)
10 Benefits paid	(0.73)	(1.80)
11 Present Value of DBO at the end of period	75.47	52.00



LAFARGE UMIAM MINING PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

IV. Actuarial Assumptions

	Year ended 31st December 2014	Year ended 31st December 2013
1 Discount Rate per annum Compound	7.95%	9.00%
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)	22.91	21.90

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 (2.29 lakhs) [as at 31st December 2013 Rs. (1.87) lakhs].

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

	Year ended 31st December 2014 Rs. in lakhs	Year ended 31st December 2013 Rs. in lakhs
1 Employer's Contribution to recognized Provident Fund	37.17	32.67

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

a) Key Managerial Personnel (KMP):

Name	Nature of relationship	Transactions for the year ended		Nature of transaction
		31st December, 2014 Rs. in lakhs	31st December, 2013 Rs. in lakhs	
Mr. Shivesh Kumar Sinha	Chairman	20.00	20.00	Remuneration
Mr. Tarek Samir Ahmed Elba	Director	Nil	Nil	
Mr. Masud Khan	Director	Nil	Nil	---
Mr. Asim Chattopadhyay	Director	Nil	Nil	---
Mr. Jose Maria Fontdecaba (Ceased to be KMP w.e.f 11.06.2014)	Director	Nil	Nil	---
Mr. Narayan Prasad Sharma	Director	81.80	77.17	Remuneration
Mr. Mohammed Arif Bhuiyan	Director	Nil	Nil	---
Dr. Ashim Kr. Chattopadhyay	Director	8.00	4.38	Remuneration
Mr. Marcos Cela Rey (Appointed as KMP w.e.f 18.10.2014)	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):

	31st December 2014 Rs. in lakhs	31st December 2013 Rs. in lakhs
Closing balance	4,648.93	6,563.02
Interest accrued and due as on	Nil	Nil
Interest accrued but not due as on	1,233.49	1,745.95
Interest charged during the year ended	184.90	244.06
Loan availed during the year	Nil	Nil

LAFARGE UMIAM MINING PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Foreign exchange fluctuation [(gain)/ loss] on ECB loan	90.39	920.73
Foreign exchange fluctuation [(gain)/ loss] on outstanding interest	24.79	248.98
Loan repaid during the year	2,004.48	1,952.93
Interest paid during the year including withholding tax	722.15	770.33

ii) Interest on External Commercial Borrowing (ECB):

	31st December 2014	31st December 2013
	Rs. in lakhs	Rs. in lakhs
Interest charged during the year	184.90	244.06

iii) Export sales transaction:

	31st December 2014	31st December 2013
	Rs. in lakhs	Rs. in lakhs
Closing balance of export sales receivables as at	358.99	876.99
Total value of export sales transaction during the year ended	20,730.79	19,953.72

c) Fellow Subsidiary Company:

Name of the related party: Lum Mawshun Minerals Pvt Ltd

Transactions:

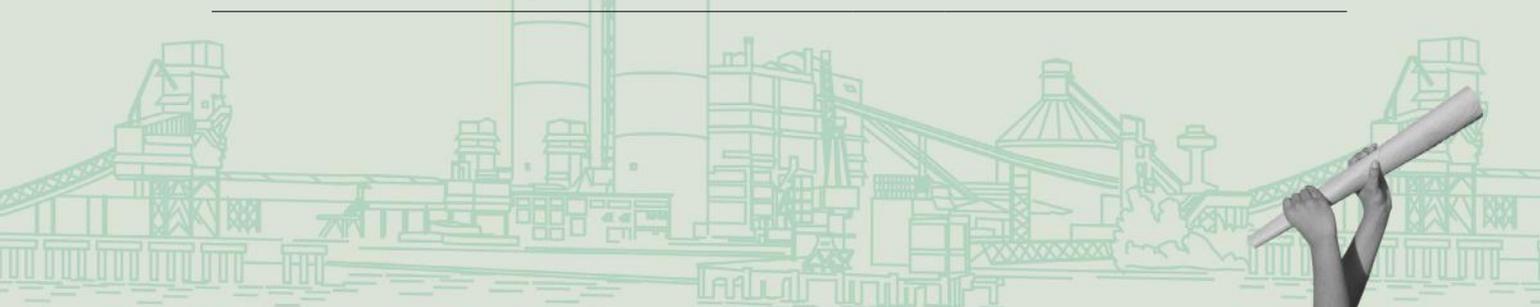
	31st December 2014	31st December 2013
	Rs. in lakhs	Rs. in lakhs
Closing balance as at	3.48	2.66
Expense paid by the Company on behalf of the fellow subsidiary company during the year ended	0.82	0.44

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

	Year ended 31st December 2014	Year ended 31st December 2013
a) Net Profit / (Loss) after Tax available for Equity Shareholders (Rs. in Lakhs)	8,176.24	2,376.83
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)	19.88	5.78

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

35. 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. 94.62 lakhs (as at 31st December 2013 Rs. 336.79 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.



LAFARGE UMIAM MINING PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Forward contracts outstanding as on 31st December 2014 are as follows:

As at	No. of Contracts	Amount (USD in lakhs)	Amount (Rs. in lakhs)
31st December 2014	9	68.00	4,366.03
31st December 2013	8	68.00	4,202.74

36. The year end foreign currency exposures that are not hedged by a derivative Instrument or otherwise are given below:

Particulars	Currency	Convertible amount as at			
		31st December 2014		31st December 2013	
		Foreign Currency in lakhs	Rs. in lakhs	Foreign Currency in lakhs	Rs. in lakhs
Secured Loan	USD	73.41	4,648.93	106.03	6,563.02
Interest on Secured loan	USD	19.48	1,233.49	28.21	1,745.95
Working capital loan	USD	138.50	8,771.41	154.50	9,563.09
Interest on Working capital loan	USD	0.26	16.32	0.27	17.10
Unsecured loan	USD	36.00	2,279.93	60.00	3,713.82
Interest on Unsecured loan	USD	0.10	6.34	0.17	10.38
Sundry Creditors	USD	1.70	128.03	1.18	95.08
Sundry Receivables	USD	5.67	358.99	14.17	876.99
Sundry Receivables	GBP	0.38	37.16	0.19	19.35

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 of Directors

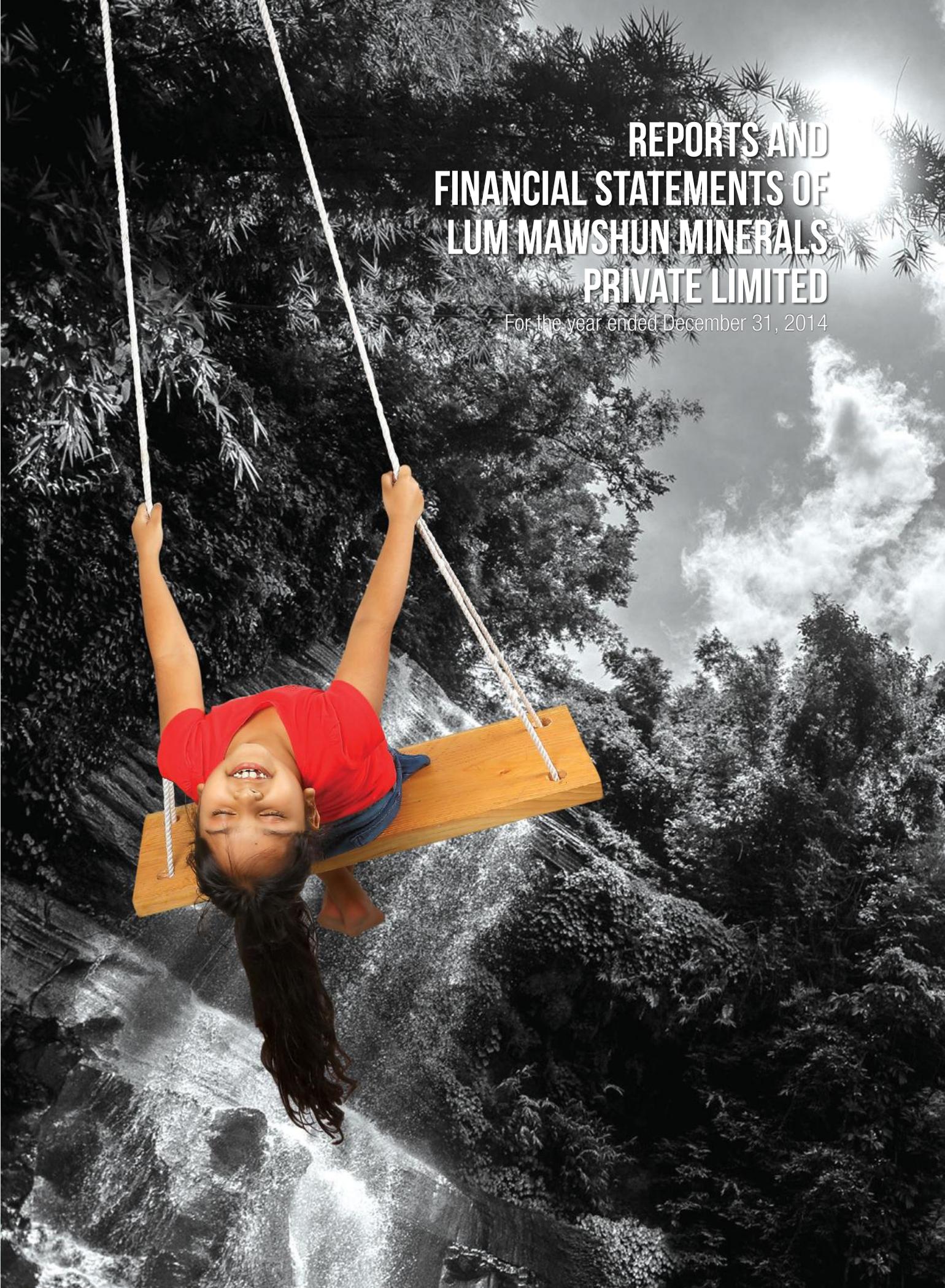
Place : Dhaka
Date : 28th Feb, 2015


Masud Khan
Director


Manjuree Rai
Company Secretary


Narayan Sharma
Director





**REPORTS AND
FINANCIAL STATEMENTS OF
LUM MAWSHUN MINERALS
PRIVATE LIMITED**

For the year ended December 31, 2014

LUM MAWSHUN MINERALS PRIVATE LIMITED

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, 2014.

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 2014 was Rs. 80,867/-.

Directors

The Company has six (6) Directors on the Board. The Directors are not liable to retire by rotation.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' responsibility statement, it is hereby confirmed:

1. That in the preparation of the annual accounts for the year ended December 31, 2014, the applicable Accounting Standards have been followed along with proper explanations were provided for material departures, if any.
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year.
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
4. That the Directors had prepared the accounts for the financial year ended on December 31, 2014 on a going concern basis.

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 Act till the conclusion of the forthcoming annual general meeting and are eligible for re-appointment.

Auditors Report

The notes to accounts forming part of the financial statements are self-explanatory and need no further explanation.

There is no qualification in the Auditors' Report which requires any clarification/ explanation.

Particulars of employees

As there was no employee drawing the remuneration more than the limit prescribed under Section 217(2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules 1975 as amended from time to time, statement under section 217(2A) is not annexed.

Conservation of Energy, Technology Absorption and Foreign Exchange

The particulars as required under section 217(1) (e) of the Indian Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988, are set out in Annexure "A" to this report

Fixed deposits

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

Acknowledgements

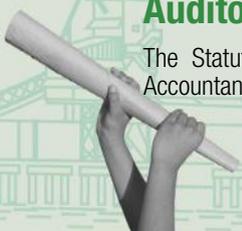
Your Directors wish to express their grateful appreciation for the valuable support and cooperation received from LSC, LUMPL, lenders, project consultants and the Durbars of Nongtra and Shella for their continued support.

For and on Behalf of the Board



Directors

Place: Dhaka
Date: May 14, 2015



LUM MAWSHUN MINERALS PRIVATE LIMITED

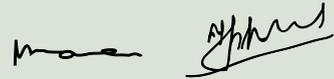
DIRECTORS' REPORT

Annexure "A" to the Directors' Report

Particulars furnished pursuant to the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988.

- | | | | |
|----|---|---|---|
| A. | Conservation of Energy | : | The Company is not a manufacturing Company and hence the details in respect of Conservation of Energy are not applicable. |
| B. | Technology absorption | : | NIL |
| C. | Foreign Exchange earnings & outgo during the period | : | NIL |

For and on Behalf of the Board



Directors

Place: Dhaka
Date: May 14, 2015



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, 2014 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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the company in accordance with Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (“the Act”) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 judgement, 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 control relevant to the Company’s preparation and fair presentation of the financial statements 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 management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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, 2014.

ii) In case of Statement of Profit & Loss, of the loss for the year ended on 31st December, 2014.

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, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - 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 such 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. The Balance Sheet and the Statement of Profit & Loss referred to in this report are in compliance with the Accounting Standard referred to in Sub-section 3C of section 211 of Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
 - e. On the basis of the written representation received from the directors as on December, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on December, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

Dated at Silchar
the 03rd of March' 2015

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, 2014.

- I) Having regard to the nature of the Company's business/activities/result, clauses (i), (ii), (iv), (vi), (viii), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix), (xx) of CARO are not applicable.
- II) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- III) Based on our audit procedure and according to the information and explanation given to us, there are no contracts or arrangements to be entered in the register maintained in pursuance of section 301 of the Companies Act, 1956.
- IV) 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.
 - b) 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, 2014 for a period of more than six months from the date they became payable applicable to it with the appropriate authorities.
 - c) 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 2014 on account of disputes.
- V) The accumulated losses of the company have exceeds fifty percent of its net worth as at the end of this year. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- VI) 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 is not defaulted in repayment of dues to any financial institution or banks.
- VII) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis aggregating to ₹6,78,025 have, prima facie, been used during the year for long-term investment.
- VIII) 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 03rd of March' 2015

LUM MAWSHUN MINERALS PRIVATE LIMITED

BALANCE SHEET

as at 31 December 2014

	Notes	As at 31.12.2014 (Rupees)	As at 31.12.2013 (Rupees)
(I) EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	03	546,600	546,600
(b) Reserves and surplus	04	(1,198,950)	(1,118,083)
		(652,350)	(571,483)
(2) Current liabilities			
- Trade payables	05	700,312	617,907
- Other current liabilities	06	-	-
		700,312	617,907
TOTAL EQUITY AND LIABILITIES		47,962	46,424
(II) ASSETS			
(1) Non-current assets			
- Long-term loans and advances	07	25,675	23,037
		25,675	23,037
(2) Current assets			
(a) Cash and bank balances	08	22,287	23,387
(b) Short-term loans and advances	07	-	-
		22,287	23,387
TOTAL ASSETS		47,962	46,424

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: 03rd Mar, 2015

For and on behalf of the Board of Directors


Masud Khan
Director



Narayan Sharma
Director

Place: Dhaka
Date: 28th Feb, 2015



LUM MAWSHUN MINERALS PRIVATE LIMITED

STATEMENT OF PROFIT AND LOSS

for the year ended 31 December 2014

		Year ended 31.12.2014	Year ended 31.12.2013
	Notes	(Rupees)	(Rupees)
I Other Income (interest on bank deposit)		2,638	2,638
II Total Revenue		2,638	2,638
III EXPENSES			
- Other expenses	09	83,505	85,387
Total Expenses		83,505	85,387
IV Profit / (Loss) before tax (II-III)		(80,867)	(82,749)
V Tax Expense		-	-
VI Loss after tax for the year (IV - V)		(80,867)	(82,749)
VII Loss per equity share (Rupees):			
Basic and Diluted	12	(14.79)	(15.14)

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

Place: Silchar
Date: 03rd Mar, 2015

For and on behalf of the Board of Directors



Masud Khan
Director



Narayan Sharma
Director

Place: Dhaka
Date: 28th Feb, 2015



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 Uiam 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 are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles (‘GAAP’) in India to comply with the Accounting Standards prescribed by Companies (Accounting Standards) Rules, 2006 to the extent applicable and in accordance with the provisions of Companies Act, 1956, as adopted consistently by the Company.

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.

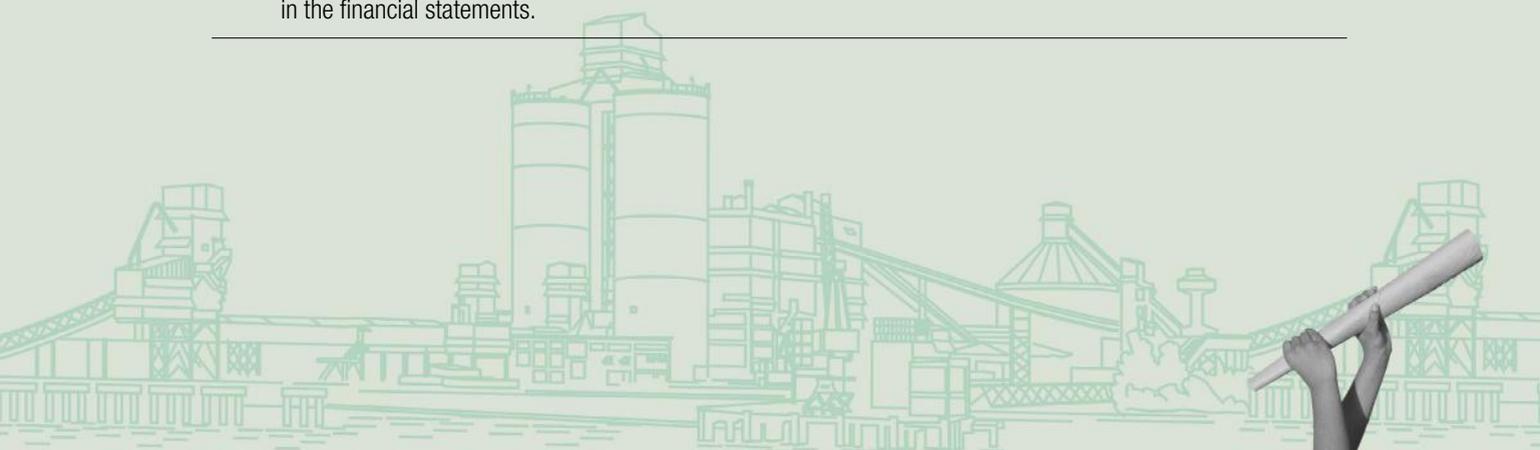
c). Taxes on Income

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 STATEMENT

	As at 31.12.2014 (Rupees)	As at 31.12.2013 (Rupees)
03 Share Capital		
Authorised:		
168,000 (Previous year 168,000) equity shares of Rs 100 each	16,800,000	16,800,000
	16,800,000	16,800,000
Issued, Subscribed and Fully Paid up:		
5,466 (Previous year 5,466) equity shares of Rs. 100 each	546,600	546,600
	546,600	546,600

03.1 Share Capital

Reconciliation of Number of shares

	As at 31.12.2014		As at 31.12.2013	
	No. of Shares	Amount (Rupees)	No. of Shares	Amount (Rupees)
Issued, Subscribed and Fully paid				
At the beginning of the year	5,466	546,600	5,466	546,600
Issued during the year	-	-	-	-
At the end of the year	5,466	546,600	5,466	546,600

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

Shareholder	As at 31.12.2014		As at 31.12.2013	
	No. of Shares	%	No. of Shares	%
(1) Lafarge Surma Cement Ltd, Bangladesh, the holding company	4,046	74%	4,046	74%
(2) SG Lyngdoh	710	13%	710	13%
(3) Kitty Doris	710	13%	710	13%
	5,466	100%	5,466	100%

03.3 Rights, preferences and restrictions attached to the equity shareholders

The Company has one class of equity shares having a par value of Rs. 100 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.



LUM MAWSHUN MINERALS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENT

	As at 31.12.2014 (Rupees)	As at 31.12.2013 (Rupees)
04 Reserves and Surplus		
Surplus / (Deficit) in Statement of Profit and Loss:		
Opening Balance	(1,118,083)	(1,035,334)
Add: Profit / (Loss) for the year	(80,867)	(82,749)
Closing Balance	(1,198,950)	(1,118,083)
05 Trade Payables		
Creditors for supplies / services	700,312	617,907
Total Trade Payables	700,312	617,907
06 Other current liabilities		
Creditors for other liabilities		
Statutory dues	-	-
Total Other current liabilities	-	-

	As at 31.12.2014		As at 31.12.2013	
	Long Term	Short Term	Long Term	Short Term
	(Rupees)		(Rupees)	
Loans and advances				
(a) Interest accrued on deposits	5,675	-	3,037	-
(b) Other loans and advances				
- Deposit account ⁽¹⁾	20,000	-	20,000	-
Total Loans and advances	25,675	-	23,037	-
Classification of loans and advances				
Secured, considered good	-	-	-	-
Unsecured, considered good	25,675	-	23,037	-
Doubtful	-	-	-	-
Gross Loans and advances	25,675	-	23,037	-

Additional information

1. Pledged with the Director of Mineral Resources, Meghalaya

	As at 31.12.2014 (Rupees)	As at 31.12.2013 (Rupees)
08 Cash and bank balances		
(a) Cash on hand	274	274
(b) Balances with banks		
- In Current Accounts	22,013	23,113
Total cash and bank balances	22,287	23,387
Out of above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements	22,287	23,387

LUM MAWSHUN MINERALS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENT

	As at 31.12.2014	As at 31.12.2013
	(Rupees)	(Rupees)
09 Other Expenses		
(a) Auditors Remuneration	70,787	70,787
(b) Filing fees	11,618	14,500
(c) Others	1,100	100
	83,505	85,387

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 31.12.2014 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 31.12.2014	Year ended 31.12.2013
	(Rupees)	(Rupees)
1 Net Profit after tax attributable to Equity Shareholders (Rs) {A}	(80,867)	(82,749)
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}	(14.79)	(15.14)

- 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. 82,405/-

(Previous Year Rs.43,416/-); Balance at the year end: Rs.348,232/- (Previous Year Rs.265,827/-)

- 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 of Directors


Masud Khan
Director


Narayan Sharma
Director

Place: Dhaka
Date: 28th Feb, 2015



