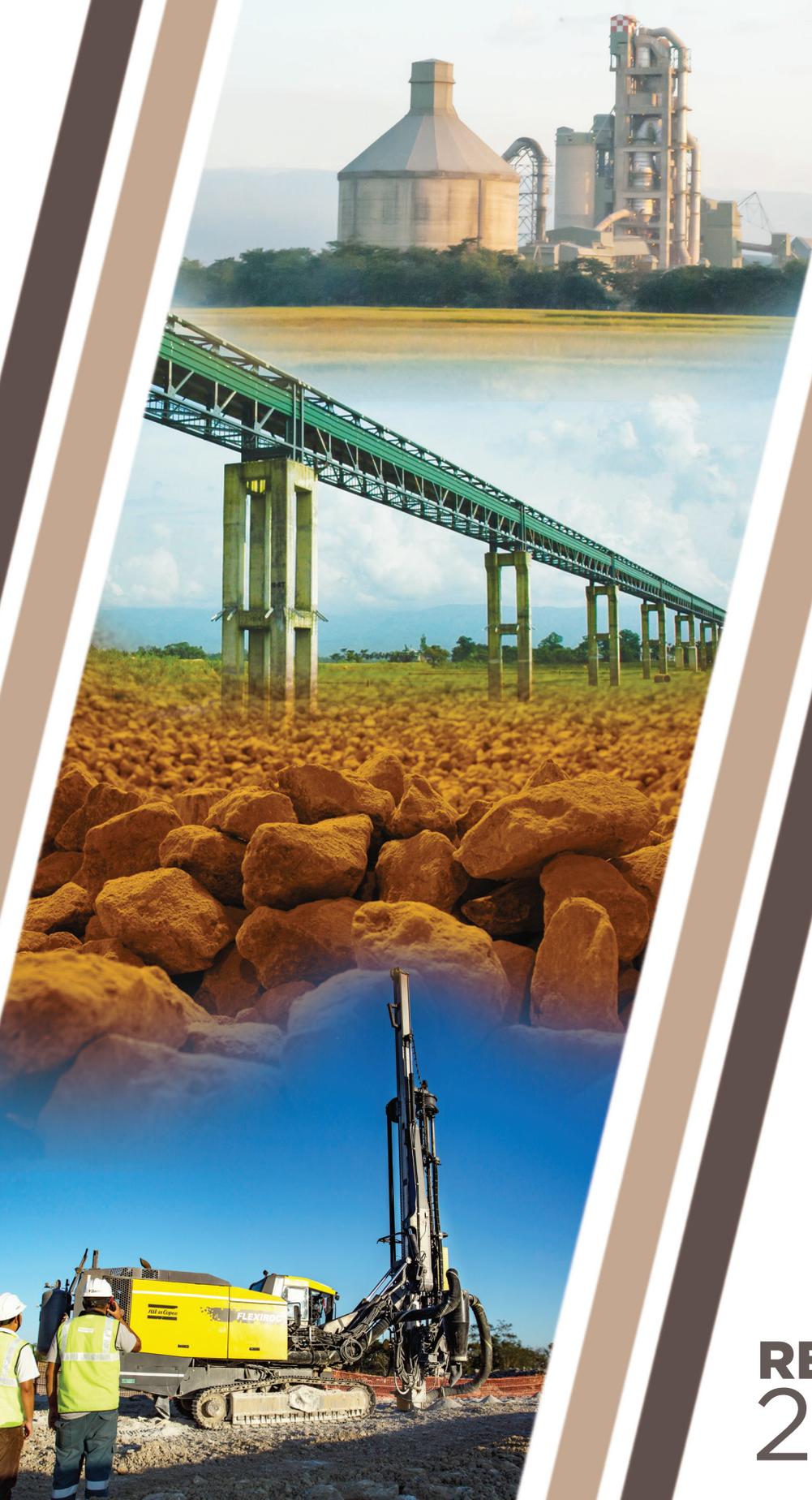


LafargeHolcim Bangladesh Limited

A company of  LafargeHolcim and  CEMENTOS MOLINS

(Formerly known as Lafarge Surma Cement Limited)



ANNUAL  
**REPORT**  
**2016**





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# LafargeHolcim Bangladesh Limited

A company of  LafargeHolcim and 

Registered Office: Suvastu Imam Square, 3rd floor, 65 Gulshan Avenue, Gulshan 1, Dhaka 1212, Bangladesh

Tel:+880(2)58812026, 9854847, 9888372 Fax: +880(2)58815167, 9845413,9887650 Email: info.cs@lafargeholcim.com, Web: www.lafarge-bd.com

## NOTICE OF THE 19<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 19th Annual General Meeting (the "AGM") of the Shareholders of LafargeHolcim Bangladesh Limited (formerly known as Lafarge Surma Cement Limited) (the "Company") will be held on Thursday, June 15, 2017 at 11:00 A.M. at the Delta Life Tower, Level 13, Plot No. 37, Road No. 90, Gulshan Circle 2, Dhaka 1212 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, 2016.
2. To declare Dividend for the year ended December 31, 2016.
3. To elect Directors.
4. To appoint Auditors and fix their remuneration.
5. To ratify the appointment of the Chief Executive Officer.

By order of the Board



Kazi Mizanur Rahman

Dated: May 24, 2017

#### Notes:

- The Record Date of the Company was on April 16, 2017 (which was intimated earlier). Members, whose names appeared in the Company's register (certificated and depository) at the close of business on the Record Date, will be entitled to attend the AGM.
- A Member eligible to attend and vote in the AGM is entitled to appoint a proxy to attend and vote on his/her behalf. The proxy form, duly stamped with a revenue stamp of Tk.20, must be deposited at the Registered Office of the Company not less than 72 hours before the time fixed for the AGM.
- Admission into the AGM venue will be allowed on production of the Attendance Slip attached with the Proxy Form.

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

# CORPORATE MANAGEMENT

## BOARD OF DIRECTORS

Mr. Daniel Nikolaus Bach, Chairman  
Mr. Rajesh K Surana, Director & Chief Executive Officer  
Mr. Anisur Rahman Sinha, Director  
Mr. Carlos Martinez Ferrer, Director  
Ms. Johanna Leffler, Director  
Mr. Julio Rodriguez Izquierdo, Director  
Mr. Manzurul Islam, Director  
Mr. Marcos Cela Rey, Director  
Mr. Monzurur Rahman, Independent Director  
Mr. Shivesh Kumar Sinha, Director  
Mr. Syed Shujauddin Ahmed, Independent Director  
Mr. Tufail K Haider, Independent Director

## AUDIT COMMITTEE

Chairman: Mr. Syed Shujauddin Ahmed, Independent Director  
Member: Mr. Rajesh K Surana, Chief Executive Officer  
Member: Mr. Carlos Martinez Ferrer, Director  
Member: Ms. Johanna Leffler, Director  
Member: Mr. Tufail K Haider, Independent Director  
Secretary: Mr. Kazi Mizanur Rahman, Head of Legal & Company Secretary

## CHIEF EXECUTIVE OFFICER

Mr. Rajesh K Surana

## COMPANY SECRETARY

Mr. Kazi Mizanur Rahman

## AUDITORS

Hoda Vasi Chowdhury & Co  
Chartered Accountants  
National Office  
BTMC Building (8th Level)  
7-9 Karwan Bazar  
Dhaka 1215, Bangladesh  
Telephone: +880 2 9120090, 8189323, 8189324  
Fax: +880 2 8119298  
Email: hvc@hodavasi.com  
Web: www.hodavasi.com

## REGISTERED OFFICE

Suvastu Imam Square  
65 Gulshan Avenue, 3rd floor  
Gulshan 1, Dhaka 1212, Bangladesh  
Telephone: +880 (2) 58812026, 9854847, 9888372  
Fax: +880 (2) 58815167, 9845413, 9887650  
Email: info.cs@lafargeholcim.com  
Web: www.lafarge-bd.com



# SURMA PLANT

CHHATAK, SUNAMGANJ



## DANIEL NIKOLAUS BACH Chairman

Mr. Daniel N. Bach is the Chairman of LafargeHolcim Bangladesh Limited. He joined the company in February, 2017. Mr. Daniel N. Bach is Area Manager South East Asia and China (Huaxin) of the Lafarge-Holcim Group. He joined today's LafargeHolcim Group as Project Manager in 1994.



In 1998, he moved to Corporate Business Risk Management and in 2002 was made Technical Director for Holcim Indonesia. From 2004 to 2007, Mr. Daniel N. Bach acted as Executive Assistant to a member of the Holcim Executive Committee before being appointed Senior Vice President Manufacturing for Holcim Philippines in 2007 and General Director of Holcim Romania in 2010. He became Area Manager South East Asia in 2014 and received responsibilities over China (Huaxin) during 2016.

Born in 1963, Mr. Daniel N. Bach holds a PhD in Mechanical Engineering from the Swiss Federal Institute of Technology (ETH) in Zurich.

## RAJESH K SURANA Director & Chief Executive Officer

Mr. Rajesh K Surana is the Director and CEO of LafargeHolcim Bangladesh Limited and Country Representative of LafargeHolcim Group in Bangladesh.



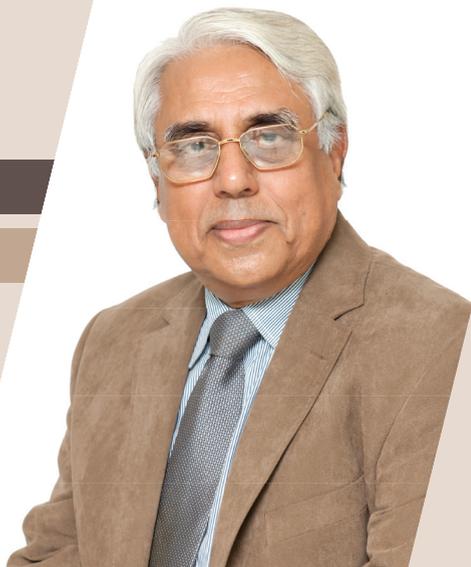
Prior to this, he has handled several management positions in the group in Bangladesh, Sri Lanka and India.

Mr. Surana has over 15 years of work experience in leading Multinational Companies. He is a Fellow Member of the Institute of Chartered Accountants of India, New Delhi and The Institute of Company Secretaries of India. He is also member of the board and oversees the strategic & tactical direction of the Group in Bangladesh. For more than a decade, Mr. Rajesh K Surana has played a vital role in 5 different Operating Companies of LafargeHolcim group. He has held a number of executive and leadership roles in many successful Mergers & Acquisitions and start-ups throughout his career, and has extensive cross industrial experiences in Audit, Consulting, IT, Shared Services, and Manufacturing. An avid reader and expert critical problems solver, he believes in the power of discipline in all aspects of life.

## ANISUR RAHMAN SINHA Director

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

Mr. Anisur Rahman Sinha is the Chairman and Chief Executive Officer of Opex Group and Sinha Textile Group. He is also the Chairman of Venture Energy Resources Ltd, a Power Generation Company implementing a 50 MW GE Frame-6 Gas Turbine Power Plant.



He has also left his mark in the agro industry with his Agro and Agro processing business, which has its own specialized cold storage facilities and an integrated Poultry project. He is also the former Chairman of Bank Asia, a leading commercial Bank in Bangladesh.

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

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

## CARLOS MARTÍNEZ FERRER Director

Mr. Carlos Martínez Ferrer is the Corporate General Manager of Cementos Molins Group. Previously,



he held various managing positions in Cementos Molins Group in Finance, Audit and Organization and Systems. He is member of the Board of Directors in the different subsidiaries of Cementos Molins Group.

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

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

## JOHANNA LEFFLER Director

Ms. Johanna Leffler is currently Finance Head of Asia Pacific at LafargeHolcim and is a skilled international corporate finance professional with more than 17 years of experience. She joined Holcim in 2005, first in the capital markets team where she focused on arranging international and local capital market transactions, acquisition financings, as well as management of bank and debt investor relationships. She thereafter became regional controller for Australia, New Zealand, China and Holcim Trading



and provided assessment and professional financial expertise on critical business decisions to the executive committee, board and senior local management. Prior to joining Holcim, she worked for one of the leading private equity fund of funds in Europe, as well as for the investment bank of ABB.

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

## JULIO RODRÍGUEZ IZQUIERDO Director

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



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

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

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

## MANZURUL ISLAM Director

Mr. Manzurul Islam is the Sponsor Director of the Company since its incorporation in 1997. He has been playing a key role for the development of this Company.

Mr. Islam is the Chairman of Islam Group - the Group that played an instrumental role in bringing Lafarge Group (presently LafargeHolcim Group) as a foreign partner in Bangladesh.



The Islam Group comprises of multi-dimensional business ventures like Islam Cement Limited, Eastern Housing Limited, Aftab Bahumukhi Firm Limited, Navana Pharmaceutical Limited, Bengal Development Corporation Limited and Jahurul Islam Medical College & Hospital. Mr. Islam was the President of France-Bangladesh Chamber of Commerce & Industry.

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

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

## MARCOS CELA REY Director

Mr. Marcos Cela Rey is the Finance Director of Cementos Molins Group and he is also country & Business Manager for the operations in India and Bangladesh.



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

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

## MONZURUR RAHMAN Independent Director

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



Currently, he is a member of Board of Directors of Pubali Bank Limited and is a member of the Audit Committee of the Board Directors of the Bank.

He is involved with many other businesses. He is the Chairman of Delta Life Insurance Company Limited and Rema Tea Company Limited. He is also an elected member of the Executive Committee of Bangladesh Association of Publicly Listed Companies (BAPLC). He is a Member of Dhaka Club Limited and Kurmitola Golf Club. He is involved with many philanthropic and social activities.

## 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 LafargeHolcim Bangladesh Limited.

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 countries & different functions like Finance, Strategy & Business Development, HRD & IR, and Sales & Marketing. He was Director responsible for Edible Fats, Dairy, Animal Feeds & New Business Development in Brooke Bond Liptons & also has been CFO & Exports Director Liptons India and CFO & HR Director Ponds India.

He joined Lafarge India in 2001 as CFO and held additional for IT, Legal, Corporate Affairs & Communication and Corporate Social Responsibility. He moved to Lafarge Asia based in Kuala Lumpur in 2005 responsible for Business Development in Asia. He retired in 2012 and now acts as a Consultant.

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

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, Institute of Taxation (UK) and an Economics graduate of Patna University. He is also alumni of Newfield Network, Boulder CO USA as an Ontological Coach.

## SYED SHUJAUDDIN AHMED Independent Director

Mr. Syed Shujauddin Ahmed was the Principle Information Officer of the Government of Bangladesh, Chairman of Tariff Commission, Acting Chairman of Board of Investment, the Secretary of Ministry of Labor and Employment, and Ministry of Youth & Sports.



He was also the Director General of Mass Communications for the Bangladesh Government, and also served the Bangladesh Film Development Corporation as an Administration & Finance Director.

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

## TUFAIL K HAIDER Independent Director

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



Similarly, while serving in France (1997-1998) he also had concurrent responsibility for Portugal as Bangladesh Ambassador to that country. While in Iran (1999-2001) Mr. Haider, likewise, covered Lebanon, Syria and Turkmenistan. His team in India ended in 2004 leading to retirement.

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

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

His last carrier assignment in the individual capacity was Senior Advisor to the WHO Regional Director of the SEARO (South East Asia Regional Organization), New Delhi.

Mr. Tufail K. Haider was born in 1944.



## CHAIRMAN'S MESSAGE

Dear Shareholders,

I am honoured to welcome you all to the 19th Annual General Meeting of LafargeHolcim Bangladesh Ltd. ("Company")

In 2016, your Company marked completion of a decade of its proud presence in the cement market of Bangladesh. The journey through ten years of commercial production is a story of success, accomplishment and achievements. Like most great journeys, the passage of your Company had its challenges and struggles. With the unequivocal support of the shareholders, and efficient management and leadership, your Company successfully overcame the challenges, and stepping into the second decade of commercial production with pride and confidence.

Your Company executed the Share Purchase Agreement (SPA) with Holderfin B.V. for purchase of 100% shares of Holcim Cement (Bangladesh) Limited (HBL) for a consideration of 117 million United States Dollars. The SPA was approved by the shareholders at the Extraordinary General Meeting (EGM) held on January 31, 2017. Thereafter, the Company applied before the Bangladesh Bank for necessary approval. Once the approval is obtained, and the process of share transfer is completed, HBL shall become the wholly owned subsidiary of your Company. Such combination is expected to yield significant synergy benefits.

The overarching value of the Sponsor Group, as well as of your Company is Health and Safety. Your Company is continuously improving in Health and Safety. We believe, in Health & Safety, there is no scope to be complacent. It is a continuous process. As the Chairman, I assure you that the Board of Directors, the management and the employees of the Company are focused to continuous improvements and rigorous implementation of the Health & Safety standards in your Company.

The approval obtained by your Indian subsidiary for production and export of 5 million ton limestone per annum is a major milestone achievement. With this approval your Company is now perfectly poised to plan for enhancing its production capacity, as well as, to bring diversity in its product ranges. Our goal is to transform the Company from a cement producing Company to be the preferred brand for building material with diversified products and services.

Once again Surma Plant has made us proud!! Your Plan is built with most modern technology, and having an excellent, efficient and dedicated team. In 2017, your Plant added another golden feather to its crown. In the Round Robin Test among 236 Plants of LafargeHolcim Group, Surma Plant secured the third position, with 100% score by the Surma Laboratory. This recognition confirms that your Company is indeed offering consistent high quality product to its customers.

Our focus is to be in a Cost Leadership position, to have Sustainable business, to implement Commercial Transformation and become a customer centric organization, and to be Asset Light. To achieve these goals, we have committed to bring changes in the form of Agility making our processes simpler, have more Collaboration within the Company and within the Group resources, and to bring more Empowerment, accountability and transparency in the way we work.

With Agility, Collaboration, and Empowerment, and with rigorous uncompromising implementation of health & Safety standards, we shall let the new name of the Company, LafargeHolcim Bangladesh Ltd., shine and let its potentials to transform into reality.



**DANIEL NIKOLAUS BACH**  
**CHAIRMAN**

Date : Dhaka , May 12, 2017

## CORPORATE GOVERNANCE STATEMENT

### THE DIRECTORS PRESENT THE COMPANY'S REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED DECEMBER 31, 2016.

#### Company's Philosophy on Corporate Governance:

The Governance Philosophy of your Company is founded on a bed-rock of ethical values and professionalism which over the past 2 decades years of the Company's existence has become a part of its culture and DNA. Integrity, transparency, fairness, accountability and compliance with the law are embedded in the Company's robust business practices to ensure ethical and responsible leadership both at the Board and at the Management level. The Company's Code of Business Conduct and its well structured internal control systems which are subjected to regular review for their effectiveness, reinforces accountability and integrity of reporting and ensures transparency and fairness in dealing with the Company's stakeholders. The Company's focus on sustainable development, its customer centric approach to creating value for the customers by ensuring product quality and innovative service offerings coupled with its outreach to the communities it impacts through CSR activities and programmes has enabled your Company to earn the trust and goodwill of its investors, business partners, employees and other Stakeholders.

#### Code of Business Conduct:

For your Company, compliance with applicable laws, set policies and directives, and adherence to highest standards of integrity is the core values in conducting business. As far as integrity is concerned, we believe in uncompromising zero tolerance. For this purpose the Company has adopted clearly defined Code of Business Conduct. The Company's values of integrity trust and openness reflects in all aspects of the Company's activities.

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

#### A Report on compliance with the principles of Corporate Governance as prescribed by Notification issued by the Bangladesh Securities and Exchange Commission dated 07 August 2012 (the "Notification") given below:

##### The Board of Directors:

The Board of Directors of the Company is having twelve (12) members.

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

The Directors on the Board have considerable expertise and experience in their respective fields. The position of the Chairman and the CEO are filled by different individuals, in compliance with clause 1.4 of the Notification. The Chairman and the CEO are elected among the Directors of the Company. Their roles and responsibilities are defined in the Articles of Association of the Company.

Among the twelve members of the Board, three (3) are Independent Directors, in compliance with clause 1.2(i) of the Notification. All the three Independent Directors qualify with the requirements of clause 1.2(ii) and clause 1.3 of the Notification.

In compliance with clause 1.5 of the Notification and section 184 of the Companies Act, 1994, the Board of Directors have placed its Report before the shareholders, which is forming part of the Annual Report 2016.

**Chief Financial Officer, Company Secretary and Head of Internal Audit:**

In compliance with clause 2 of the Notification the Company has appointed Chief Financial Officer, Company Secretary and Head of Internal Audit (Internal Control and Compliance). They function as per respective roles, responsibilities and duties defined by the Board.

The Chief Financial Officer and the Company Secretary attend the meetings of the Board of Directors as required under clause 2.2 of the Notification.

**Audit Committee:**

In compliance with clause 3 of the Notification the Board has formed an Audit Committee. The Committee comprises of five (5) Directors including two (2) Independent Directors. The Company Secretary acts as the Secretary of the Committee. The Chairman of Audit Committee is an Independent Director. As required, all members of the Audit Committee are 'financially literate' and are able to analyze and interpret financial statements to effectively discharge their duties and responsibilities as members of the Audit Committee.

A report on the activities carried out by the Audit Committee is enclosed as a part of the Annual Report.

**Statutory Auditors:**

The appointment of the Statutory Auditor is in compliance with clause 4 of the Notification. The Audit Committee recommends and the Board endorses the appointment of the Statutory Auditor which is approved by the Shareholders at the Annual General Meeting. Along with the appointment, the Shareholders also fix the remuneration of the auditors. The Statutory Auditor can continue in office for maximum three consecutive years.

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

**Subsidiary Company:**

The Company has two (2) subsidiary companies in India, In compliance with clause 6 of the Notification the minutes of the Board meetings and state of affairs of the subsidiary companies are reviewed by the Board of Directors of the Company. Being foreign subsidiaries, the Independent Directors of the Company are not required to be appointed on the Board of the subsidiary companies.

**Duties of the Chief Executive Officer and Chief Financial Officer:**

In compliance with clause 6 of the Notification the CEO and CFO of the Company have certified before the Board that they have thoroughly reviewed the Financial Statements of the Company for the current financial year. The certificate is enclosed as a part of the Annual Report.

**Legal and Compliance:**

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

# LAFARGEHOLCIM BANGLADESH LIMITED

## BOARD OF DIRECTOR'S REPORT

TO THE MEMBERS OF

### LAFARGEHOLCIM BANGLADESH LIMITED

The Directors take pleasure in presenting the 19th Annual Report together with the audited accounts for the year ended on December 31, 2016.

#### 1. NEW NAME OF YOUR COMPANY:

The name of your Company has been changed from "Lafarge Surma Cement Limited" to "LafargeHolcim Bangladesh Limited". The shareholders approved the name change at the Extraordinary General Meeting (EGM) held on January 31, 2017. Thereafter, the Registrar of Joint Stock Companies and Firms approved the new name of your Company.

The new name, LafargeHolcim Bangladesh Limited, signifies your Company as the leader, serving the customers with high quality international standard products produced in a modern, state-of-the-art integrated cement Plant.

In global level, Lafarge Group and Holcim Group have merged, resulting emergence of LafargeHolcim Group, the unparalleled global leader in building materials sector. In Bangladesh, LafargeHolcim Group has shareholding interests in two entities, LafargeHolcim Bangladesh Ltd. and Holcim Cement (Bangladesh) Ltd. The new name of your Company resembles the merger of Lafarge Group and Holcim Group in the global level.

#### 2. SHARE PURCHASE AGREEMENT:

Holderfin B.V. is a subsidiary of LafargeHolcim Group, holding 100% shares of Holcim Cement (Bangladesh) Limited (HBL), along with another subsidiary of LafargeHolcim Group. Your Company and Holderfin B.V. entered into the Share Purchase Agreement ("SPA") for purchase of 100% shares of HBL for a consideration of USD 117,000,000 (United States Dollar one hundred and seventeen million).

The details of the proposed transaction, including the justifications and possible benefits etc., were presented before the shareholders in the EGM of the Company. The shareholders accorded their kind approval to the SPA in the EGM. Upon receiving the approvals of the shareholders, your Company submitted the SPA before Bangladesh Bank for necessary regulatory approvals. Subject to receipt of the requisite regulatory approvals and on completion of share transfer process (transfer of HBL shares from Holderfin B.V. to your Company), HBL shall become 100% subsidiary of your Company.

#### 3. PERMISSION TO PRODUCE AND TRANSPORT 5 MILLION TONS OF LIMESTONE PER ANNUM:

Lafarge Umiam Mining Pvt. Ltd. (LUMPL), registered in India, is the wholly owned subsidiary of your Company. LUMPL owns and operates the limestone Quarry located in Meghalaya, India. From the very initiation of its commercial operations in 2006, LUMPL had necessary approvals to produce and transport maximum of two (2) Million Tonnes Per Annum (MTPA) crushed limestone to Bangladesh.

In November 2016, LUMPL was accorded with the Environmental Clearance by the relevant regulators of the Government of India to enhance the production capacity of the limestone Quarry from two (2) MTPA to five (5) MTPA. This is a remarkable achievement. With this approval in place, your Company is now in a position to plan and to take further steps to enhance its production.

#### 4. FINANCIAL RESULTS:

(i) Summary of key operating and financial consolidated data of preceding five (5) years:

Particulars	Tk. 000s				
	2016	2015	2014	2013	2012
Revenue	10,728,855	10,967,952	11,583,029	11,330,374	10,640,061
Gross Profit	3,769,673	3,919,201	4,466,871	4,703,338	4,189,119
Operating profit	2,884,125	2,891,028	3,778,223	3,985,707	3,336,088
Profit before tax	2,947,462	2,823,371	3,532,862	3,215,807	2,507,574
Profit for the year	2,226,483	2,289,534	2,819,798	2,546,099	1,853,434
Property, plant and equipment	11,776,095	11,837,497	12,409,080	12,763,354	13,370,193
Intangible assets	828,230	862,086	935,564	987,293	1,185,810
Current assets	8,238,217	7,854,708	6,320,457	5,190,219	3,912,006
Share capital	11,613,735	11,613,735	11,613,735	11,613,735	11,613,735
Retained earnings	3,488,351	2,423,190	1,295,008	(944,130)	(3,490,257)
Shareholders' equity-Parent company	15,372,461	14,361,460	13,255,558	11,044,425	8,380,516
Non-controlling interests	(23)	39	81	118	231
EQUITY	15,372,438	14,361,499	13,255,639	11,044,543	8,380,747
Current liabilities	3,236,475	3,938,543	4,382,835	6,100,280	8,443,980

Particulars	Tk. 000s				
	2016	2015	2014	2013	2012
Net asset value per share	13.24	12.37	11.41	9.51	7.22
Net operating cash flow per share	2.26	2.92	3.07	3.89	3.11
Earnings per share (Taka)	1.92	1.97	2.43	2.19	1.60

#### 5. OVERVIEW OF COMPANY'S FINANCIAL PERFORMANCE:

The year 2016 was a challenging year. In the international market the price of clinker went further down with sharp decline in global fuel prices. Cement prices in Bangladesh market dropped in the backdrop of excess grinding capacity and sharp drop in clinker prices. Faced with this adverse scenario, your Company embarked on a cost reduction program. Variable cost per ton declined compared to previous year. Fixed Cost and selling and general administration expenses also went down compared to the previous year. All these have been achieved in the backdrop of general inflation in the range of 6%. Finance costs reduced from a level of BDT 68 million to a net finance income of BDT 63 million helped with strong cash flows. Tax charge went up since the Company's subsidiary company in India is now subject to tax after the expiry of the tax holiday period of 10 years.

	Tk. 000s	
	2016	2015
Profit before tax	2,947,462	2,823,371
Income tax	(720,979)	(533,837)
Profit after tax for the year	2,226,483	2,289,534
Earnings per share	1.92	1.97

**Cost of Goods Sold** has gone down by 1.3% compared to last year (2015) due to lower variable and fixed cost. In 2016 your Company focused on cost control in all areas of business. As a result of this, although our sales volume increased by 3%, our variable and industrial fixed cost has gone down by 2% and 8% respectively compared to 2015.

**Gross Profit Margin** in 2016 was in line with 2015 (35.14% in 2016 & 35.73% in 2015) as the Company absorbed the impact of lower cement selling price and increased freight costs through effective cost optimization programs.

**Net Profit Margin** is 20.8% which is in line with last year margin of 20.9%.

## 6. DIVIDEND AND RETAINED EARNINGS:

### Dividend:

In October 2016 the Board of Directors recommended interim dividend of five percent (5%), in cash, on the paid-up capital of the Company out of nine (9) months' profits of 2016 (from January 1, 2016 to September 30, 2016). The said interim dividend amounted to BDT 580,686,750 which was BDT 0.50 per share of BDT 10.00 each.

In March 2017 the Board of Directors recommended a final dividend of five percent (5%), in cash, on the paid-up capital of the Company out of three (3) months' profits of 2016 (from October 1, 2016 to December 31, 2016). 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, 2016.

The above dividend recommendations of the Board of Directors shall be forwarded to the shareholders at the 19th Annual General Meeting for their consideration and approval.

### Retained Earnings:

The total Retained Earnings of your Company stood at BDT 3,488,351,000 details of which are given in the Statement of Changes in Equity of the Consolidated Financial Statement.

## 7. INDUSTRY OUTLOOK AND POSSIBLE FUTURE DEVELOPMENT IN THE INDUSTRY:

In 2016 economic growth was strong in Bangladesh which was conducive to expansion of the construction market. Bangladesh cement market experienced double-digit growth in 2016. Cement volumes witnessed a rise due to an increase in demand of building residential houses both in rural and semi-urban areas, industrial buildings, government and foreign funded infrastructure, large projects, etc.

During the year, clinker price in the international market has gone down significantly. Bangladesh is a supply surplus market. Grinding stations are having unutilized capacity. The reduction in clinker price led to reactivation of idle grinding capacity, pushing extra volumes into the market, which resulted in fierce price competition.

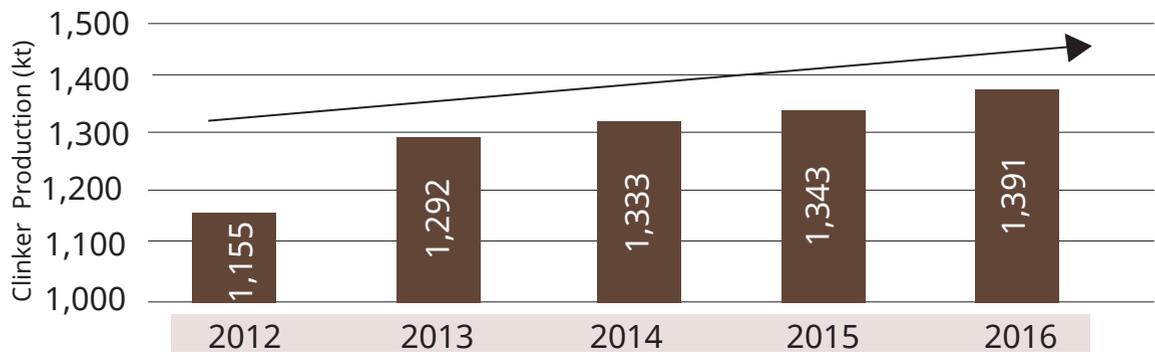
Increasing population and urbanization will support the country growth and is expected to fuel the construction projects. With increased allocation for infrastructure and large projects undertaken by the government, it is expected that cement demand will continue to grow in the country in the next couple of years.

## 8. BUSINESS – PERFORMANCE:

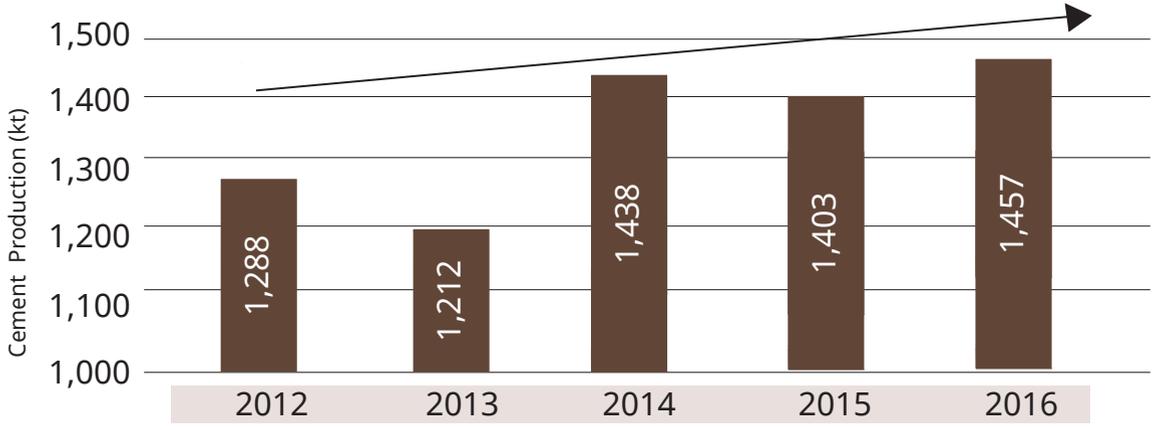
### a) Production Performance: Surma Plant

In 2016 Surma Plant completed 10 years of production. The Plant has celebrated this auspicious milestone with remarkable achievements. In all three key parameters, i.e. clinker production, cement production, and cement dispatch, Surma Plant has successfully set new records of performances, going past the records set by itself in the preceding year. In 2016 the Plant increased its clinker production by 3.6%, cement grinding by 3.8% and cement dispatch by 3.9% as compared to 2015.

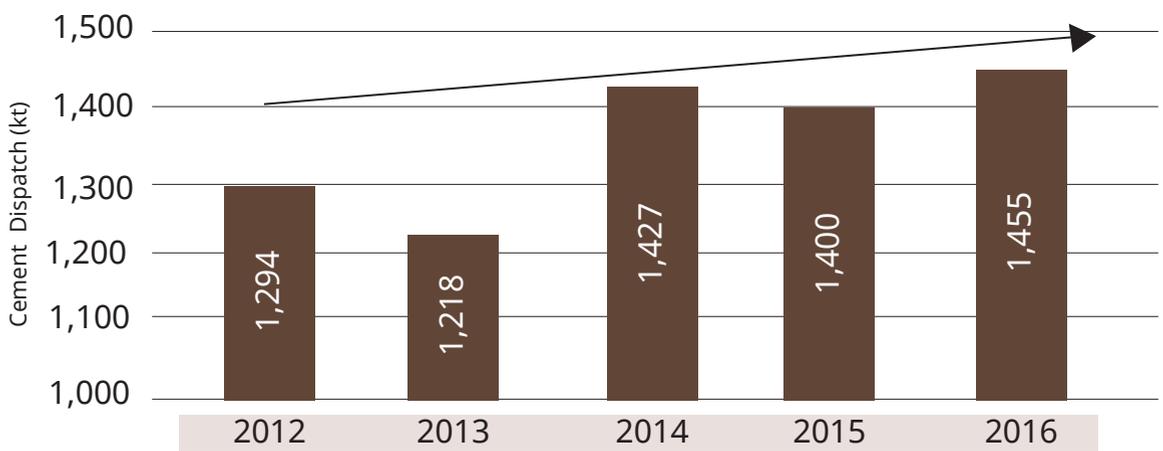
### CLINKER PRODUCTION (2012-2016)



### CEMENT PRODUCTION (2012-2016)



### CEMENT DISPATCH (2012-2016)



The records in clinker production, cement production and dispatch were set without any compromise to quality. The Plant continued to supply premium consistent quality product in the market to build a stronger Bangladesh. Surma Plant team believes that quality of cement is the key to customer satisfaction. Your Plant Team is committed to continue to devote their best efforts to deliver premium quality cement to the customers.

The Plant is setting the records while ensuring cost optimization. The Industrial Fixed Cost of the plant in 2016 was 7.3% lower than that of 2015. In-house manufacturing/fabrication of spare parts and increased thrust on local sourcing of spare parts have reduced the dependencies on OEM (Original Equipment Manufacturer) spares and helped in reducing significant costs for your Company, and savings of valuable foreign currency for the country.

#### b) Production Performance: Quarry at Meghalaya, India

The year 2016 was a triumphant year for the Quarry operations in Meghalaya, India. During the year we received the necessary approvals to enhance the limestone production capacity from two (2) MTPA to five (5) MTPA. LUMPL made immediate utilization of this approval and, dispatched more than 2 million tons of limestone to the Surma Plant in Chhatak, Bangladesh in 2016.

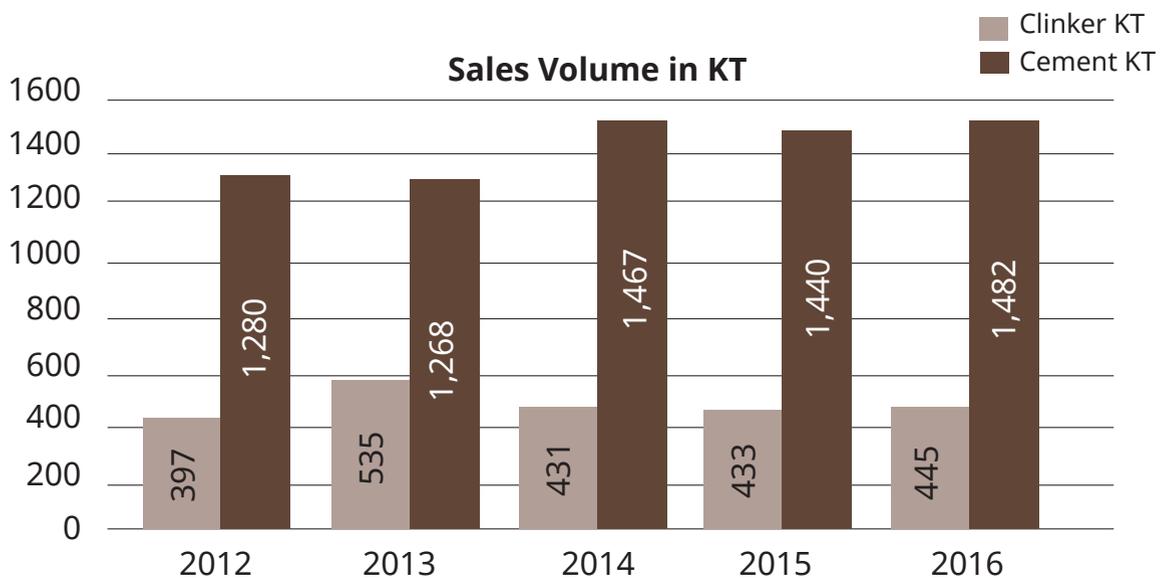
The production performance of the Quarry Team is praiseworthy. LUMPL is fully geared and motivated to surpass its own achievements, to produce safely with zero accidents, to produce more cost effectively and, to produce after ensuring maximization of the efficiency of the crusher and mining equipment through regular maintenance.

The performance of the MMD crusher continued to further improve and there was a noteworthy increase in the Tonne Per Hour (TPH) as compared to 2015. The breakdown hours reduced by 15% compared to 2015. These continual initiatives have resulted in lowering costs and have increased profitability of the Company.

In 2016, LUMPL recorded a net profit of 654.35 million INR after tax.

#### c) Sales Performance:

The 10th anniversary of the commercial activities has been celebrated by the sales team with highest volume of cement sales in a year. 2016 sales volume is 3% higher than 2015. The achievement could not be judged without considering a market experiencing fierce price competition. Your Company made impressive praiseworthy achievements in terms of price protection and sales growth.



In 2016, the price target could not be achieved due to the price competition. The price competition that prevailed in 2016 is expected to continue in 2017. Your Company is undertaking various strategy and initiatives, without compromising the quality of product and customer service, so that expected financial results could be derived for the Company amidst the price competition.

#### Segment wise sales performance for 2016

Supercrete		Powercrete		Clinker
Bag	Bulk	Bag	Bulk	
14,54,191 MT	11,726 MT	3,655 MT	12,184 MT	4,45,380 MT

#### d) Commercial and Marketing Performance:

In 2016, amidst severe price competition, your Company achieved high sales volumes. To achieve this target, against the flow of the market, your Company did not compromise with the price and successfully defended its price protection and sales growth. The Company's marketing initiatives played an instrumental role in achieving this great feat.

Several marketing initiatives were undertaken by the Company in 2016. Focus was laid on influencer marketing segment. Various events were organised by the Company during the year which facilitated engagement with key stakeholders such as retailers and engineers. Another key area of focus was the visibility drive especially in retail. The positive change in relative positioning for brand's visibility has been captured in market feedback. Your Company also executed different options in offer range management and product developments.

#### e) Logistics Performance:

Your Company strived for excellence in logistics function and continued to add value for the business by delivering quality product on time, in full and in correct invoices. Your Company also achieved highest ever dispatch recorded from Plant in 2016.

South East part (Chittagong division) and Northern part (Rajshahi division) of Bangladesh are experiencing rapid economic growth. Demand of cement is increasing in these areas. In order to reach nearer to the customers, your Company increased the network footprint by setting up two new depots in Chittagong and Nagarbari (Pabna).

The market for bulk cement in Bangladesh is growing. In order to keep pace with the market trend, your Company expanded the business in bulk cement segment and started delivering bulk cement from Plant with dedicated bulk carriers.

Your Company also achieved the highest ever clinker dispatch from Plant in comparison to the previous years. 100% clinker was transported through river being the most cost effective route. Your Company has arranged dedicated river fleet to ensure guaranteed service. Your Company will continue to implement other efficiency and safety measures to further improve the logistics performance.

### 9. SUSTAINABLE DEVELOPMENT:

Sustainability is an intrinsic part of the Company's business model and is vital to its long term growth strategy. Sustainability is manifested in its operating practices and systems which are geared towards conservation of resources, environment management, innovation and people motivation to create value for all stakeholders. During the year, the initiatives on sustainability continued with improved performance on several parameters of operations.

Considering benefits to the environment, your Company has introduced Geocycle, LafargeHolcim's waste management business. Though presently it is in small scale, it has potential to grow. Your Company has developed and implemented waste management solutions at the Plant and has offered these solutions to other industries who seek for a sound and environmentally friendly disposal of wastes. Your Company has been able to gradually increase the volume of waste co-processing by on-boarding some leading oil and gas, pharmaceutical, agro chemical, food and consumer goods companies in our customer portfolio.

#### **10. HEALTH & SAFETY:**

Your Company's foremost value is its commitment to Health & Safety. Health & Safety is the overarching value for LafargeHolcim – it is embedded in everything your Company does. Your Company is committed to ensure that both its employees and contractors can work safely on its sites and in the community. This commitment is embedded in the personal objectives of every employee.

In 2016, we continued our Health & Safety transformational path, which is designed to reduce incidents and move us toward the ambition of zero harm. Majority of incidents all around the global operations of LafargeHolcim occurred on the road. Road safety has been included as one of the five elements of our Group's Health & Safety Roadmap. In addition, at the end of 2016, a new health management plan was developed for implementation during 2017. The plan aims to protect, support and grow the health and wellbeing of our employees and contractors.

Your Company has developed Health & Safety Improvement Plan. Our Health & Safety transformational path was aligned under the five priority areas of focus:

- Leadership and accountability;
- Health & Safety management systems;
- People capability;
- Effective execution;
- Road safety.

Your Company shall continue to give highest priority to Health & Safety in operating its businesses at all times and at all places.

#### **11. HUMAN RESOURCES:**

The Human Resource function of your Company looks after people and organization aspects of realizing the business transformation and strategy. As an effective business partner, the work starts from understanding the long-term business ambitions and strategy and developing the right organization structures and work processes and workforce plans. HR then plans for developing the right capabilities and competencies through hiring and placing the right talents, developing new skills, managing for high performance and following up on results. Finally, HR ensures, with the support of senior leadership, that the Company develops and sustains the right culture and way of work through processes and policies that are aligned with global guidelines, local laws and international standards to ensure sustained business success.

In 2016, 13,688 hours of training were conducted for the employees on different areas such as Commercial, Health & Safety and other corporate functions.

## 12. CORPORATE SOCIAL RESPONSIBILITY:

The CSR initiatives of the Company focus on the holistic development of your host communities while creating social, environmental, and economic value to the society. With this goal our community development activities are concentrated in the areas of healthcare, education, employment, skill development and infrastructure development, in the communities we operate, i.e. Chhatak, Suanamganj in Bangladesh and Nongtraï and Shella villages in Meghalaya, India.

Your Company takes pride in the fact that its CSR activities commenced long before commercial production. Back in 1997, when the sites for development of the Plant and Quarry were identified, the Company has already proactively initiated and implement various CSR activities. Your Company also takes pride that the CSR activities of the Company have made positive contributions in developing the livelihood and quality of life the host communities. Improvement of healthcare facilities, education facilities and livelihood skills are the focus areas of your Company's CSR activities.

## 13. BUSINESS RISK AND OPPORTUNITIES:

The Company's major risk lies in its cross border operations. Any interruption of limestone supply from its Indian subsidiary company causes a business continuity issue. Strict compliance of applicable laws coupled with strong community development programs are key to minimize the risks. Dispatch of cement from the Surma Plant also carries limitations and challenges.

Bangladesh is a cement capacity surplus market. Despite this fact the trend continues in building up new capacity. Fast moving local grinders are adding capacity, which may further intensify competition in the market to capture volume share resulting in pressure on price. We are expecting that the market will also grow to accommodate such increased capacity within the next 3 to 4 years.

Low import price of clinker remains an important factor for us. It leads to a drop in cement price, which creates pressure on our brands.

## 14. INTERNAL CONTROL SYSTEM:

The Company's internal controls system consists of policies and procedures designed to provide the Board of Directors and the management with reasonable assurance regarding the achievement of objectives in the following issues:

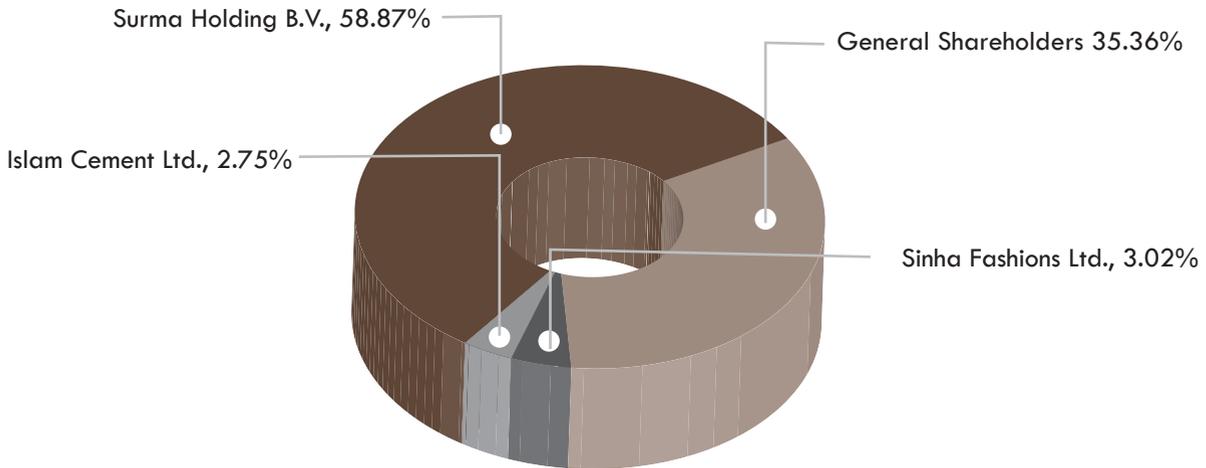
- reliability of the financial reporting and statements,
- conformity with the laws and regulations,
- protection of assets and fraud prevention, and
- effectiveness and efficiency of the operations.

The Company has well-documented Policies and Directives for various processes which are periodically reviewed for changes warranted by the business needs.

The Internal Audit department evaluates and provides reasonable assurance that risk management, control, and governance systems are functioning as intended and will meet the organisation's objectives and goals. It also directly reports to the Audit Committee on the risk management issues and internal controls deficiencies.

## 15. SHARE HOLDING PATTERN:

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



Further information on Shareholding pattern is annexed to this report.

### **Surma Holding B.V.**

Surma Holding B.V., incorporated in The Netherlands, owns 58.87% shares of your Company. Lafarge S.A. of France (a subsidiary of LafargeHolcim) and Cemolins Internacional S.L.U. of Spain each owns 50% share of Surma Holding B.V.

### **LafargeHolcim**

LafargeHolcim is the leading global building materials and solutions company serving masons, builders, architects and engineers all over the world. Group operations produce cement, aggregates and ready-mix concrete which are used in building projects ranging from affordable housing and small, local projects to the biggest, most technically and architecturally challenging infrastructure projects. As urbanization increasingly impacts people and the planet, the Group provides innovative products and building solutions with a clear commitment to social and environmental sustainability. With leading positions in all regions, LafargeHolcim employs around 90,000 employees in more than 80 countries and has a portfolio that is equally balanced between developing and mature markets.

### **Cementos Molins**

Based in Barcelona, Spain, is a renowned cement company founded in 1928. With over 90 years of experience in manufacturing cement, Cementos Molins has industrial operations along 4 continents. Born as a family business, throughout the years, it developed a well-known professional performance in the building material industry, both in public and private sector, keeping the traditional values of integrity, continuous improvement, efficiency, passion, sustainability and environmental protection. Cementos Molins was born with a view of promoting the development of the Society and the community by creating innovative and sustainable solutions in the construction sector. Nowadays, its portfolio includes different businesses: cement, concrete, aggregates, pre-building materials and special solutions in cement mortar. All of that to accomplish what it is Cementos Molins' mission, to create value to its stakeholders and satisfaction to its clients.

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

## 16. COMPLIANCE:

The Code of Business Conduct sets the behavioural standards of your Company's culture. It ensures that the Company has the tools, resources, and information to make the right decisions. The Code of Business Conduct provides guidance and gives examples of what it means to act in the Company's best interest. The Code of Business Conduct is backed by the LafargeHolcim Integrity Line launched in Bangladesh in 2016, a global internal advice and reporting system.

The Anti-Bribery and Corruption Policy sets out the relevant principles for appropriate business conduct and related rules when interacting with Third Parties whether Public Officials or commercial parties.

Your Company considers compliance with competition law to be more than legal requirement; it is core to the Company's value of integrity and responsibility. The Company has a policy of absolute compliance with competition law. All employees of the Company are expected to conduct the Company's business in a legal and ethical manner.

Highly compliant behaviour is expected at all levels of the Company's organization, especially from its management, who are responsible for setting a consistent and credible example. Your Company arranges trainings, workshops and refresher trainings for the employees on compliance. Compliance is followed strictly, it is a condition of employment for all employees.

## 17. BOARD AND AUDIT COMMITTEE MEETINGS AND ATTENDANCE:

During the financial year ended on December 31, 2016

- Six (6) meetings of the Board of Directors of the Company were held on March 3, 2016, June 15, 2016, September 6, 2016, October 27, 2016, November 2, 2016 and December 14, 2016.
- Five (5) meetings of the Audit committee were held on February 25, 2016, April 28, 2016, July 21, 2016, October 20, 2016 and December 14, 2016.

The attendance record of the Directors is annexed to this report. The Directors who could not attend the meetings were granted leave of absence.

## 18. DIRECTORS APPOINTMENT AND RESIGNATIONS:

### (a) Independent Directors:

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

Mr. Zakir Ahmed Khan, Independent Director, completed his term in April 2016. Members of the Board gratefully acknowledge the valuable contributions of Mr. Zakir Ahmed Khan during his tenure in office.

Mr. Tufail K Haider was re-appointed as Independent Director of the Company for a period of another term (three years).

### (b) Appointment of Directors:

In accordance with Article 15.1.2 of the Articles of Association of the Company, Surma Holding B.V., the parent company of the Company, on January 31, 2017 nominated Mr. Daniel Nikolaus Bach and Mr. Rajesh Kumar Surana on the Board of Directors of the Company. Following the nominations, the Board of Directors appointed Mr. Bach and Mr. Surana as Directors of the Company.

In accordance with Article 15.3 of the Articles of Association of the Company, the Board of Directors appointed Mr. Daniel Nikolaus Bach as the Chairman of the Company.

In accordance with Article 15.2.1 of the Articles of Association of the Company, the Board of Directors appointed Mr. Rajesh Kumar Surana as the Chief Executive Officer of the Company for a term of five (5) years w.e.f. February 1, 2017, subject to ratification by the shareholders of the Company in the Annual General Meeting.

Bio-data of Mr. Bach and Mr. Surana are provided in the Annual Report.

**(c) Resignation of Directors:**

Ms. Bi Yong So Chungunco and Mr. Neeraj Akhoury, Directors of the Company submitted their resignations as Directors which were accepted by the Board of Directors effective from January 31, 2017. Members of the Board gratefully acknowledge the valuable contributions of Ms. Chungunco and Mr. Akhoury during their tenure in office.

**(d) Recommendation for re-elections:**

Pursuant to Section 79 of Schedule I of the Companies Act 1994 the following Directors of the Board shall retire at the 19th Annual General Meeting and shall be eligible for re-appointment:

1. Marcos Cela Rey
2. Shivesh Kumar Sinha
3. Carlos Martinez Ferrer

Note: Section 79 of Schedule I of the Companies Act 1994 is not applicable for Independent Directors and Chief Executive Officer.

Pursuant to Section 86 of Schedule I of the Companies Act 1994, the following Directors of the Board shall retire at the 19th Annual General Meeting and shall be eligible for re-appointment:

1. Mr. Daniel Nikolaus Bach

**(e) Remuneration Policy of Directors:**

Article 17 of the Articles of Association of the Company, provides that 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 Company may bear all such reasonable expenses as the Director may incur for the purpose of attending meetings of the Directors or General Meeting.

In 2016 no remuneration was paid to the Directors for any extra services rendered to the Company.

**19. AUDITORS:**

Pursuant to section 210 of the Companies Act 1994 Hoda Vasi Chowdhury & Co., Chartered Accountants, retires as the Statutory Auditor of the Company at the 19th Annual General Meeting.

As per Bangladesh Securities and Exchange Commission (BSEC) Order no. SEC/CMRRCD/2009-193/104/Admin dated July 27, 2011, the retiring Auditors Hoda Vasi Chowdhury & Co., Chartered Accountants, are not eligible for reappointment as Statutory Auditors for 2017.

The Audit Committee of the Company recommended to appoint Nurul Faruk Hasan & Co., Chartered Accountants, as the auditors of the Company for the year 2017 for a fee of Tk. 250,000 (Taka two lac fifty thousand) only plus VAT. The Board of Directors endorses the recommendations of the Audit Committee for appointment of Nurul Faruk Hasan & Co., Chartered Accountants as the auditors of the Company for the year 2017 for a fee of Tk. 250,000 (Taka two lac fifty thousand) only plus VAT.

## 20. DIRECTORS' DECLARATION AS TO FINANCIAL STATEMENTS:

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

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

- i) The Financial Statements, prepared by the Management of the Company, present fairly the Company's State of Affairs, result of its operations, cash flows and changes in equity;
- ii) Proper books of account of the Company have been maintained;
- iii) 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;
- iv) The International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the Financial Statements and any departure there from has been adequately disclosed;
- v) The system of internal control is sound in design and has been effectively implemented and monitored;
- vi) There is no doubt, whatsoever, upon the Company's ability to continue as a going concern.

As required under the BSEC directives, the Directors further confirm that:

- a. The CEO and CFO have certified to the Board that they have reviewed the Financial Statements and affirmed that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- b. The CEO and CFO have certified to the Board that they have reviewed the Financial Statements and affirmed that 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.
- c. The CEO and CFO have further certified to the Board that there are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's Code of Business Conduct.

## 21. OTHER REGULATORY DISCLOSURES AS PER THE CORPORATE GOVERNANCE NOTIFICATION OF BSEC:

- (I) The Company is aware of its various risks and concerns, mainly from the policy and regulatory fronts, and is prepared to meet those by systematic control.
- (II) Financial risk management has been disclosed under note 32 of the financial statements
- (III) All transactions with related parties have been made on a commercial basis and the basis was the principle of "Arm's Length Transaction". Details of related party and transactions have been disclosed under note 30 of the Financial Statements.
- (IV) The Company's IPO was made in year 2003. 1:1 rights share was issued in 2011. No further issue of any instrument was made during the year.
- (V) From inception, the financial results of the Company have continued to grow as reflected in the yearly financial statements of the Company. As per IAS 1 Presentation of Financial Statements, no items of income and expense are to be presented as 'extraordinary gain or losses in the financial statements.
- (VI) Accordingly, no extraordinary gain or loss has been recognized in the Financial Statements.
- (VII) No significant variations have occurred between quarterly and final financial results of the Company during 2016.
- (VIII) All significant deviations from the previous year in operating results of the Company have been highlighted and reasons thereof have been explained.
- (IX) The key operating and financial data for the last five years have been disclosed in the Directors' Report.
- (X) The Company has proposed both interim and final dividends for the year 2016.
- (XI) The Directors' profiles have been included in the Annual Report.

## 22. CORPORATE GOVERNANCE COMPLIANCE STATEMENT:

The Company has complied with all the necessary guidelines under BSEC Notification No. SEC/CMRRC-D/2006-158/134/Admin/44 dated 7 August 2012. A separate section on Corporate Governance and the Compliance Report along with the necessary remarks and disclosures is appended in this Annual Report for the year 2016. A Certificate of Compliance required under the said Guidelines, as provided by M/s. Ahmed Mashuque and Co. Chartered Accountants, is annexed to this Directors Report.

## 23. PARTICULARS OF CONTRACTS / ARRANGEMENTS WITH RELATED PARTIES:

The particulars of contracts/ agreements with related parties are provided in Note no. 30 of the Financial Statements.

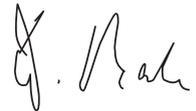
## 24. AWARD & RECOGNITIONS:

- In 2016, the Institute of Cost and Management Accountants of Bangladesh awarded your Company the best Annual Report for 2015 in Cement Sector in Bangladesh.
- LUMPL, your subsidiary Company in India, has been awarded with "Guru Dronacharya Award" presented by the Directorate General of Mines Safety, Government of India, in recognition of consistent and outstanding achievements in the field of health & safety.
- LUMPL was also awarded for the second consecutive time the first prize in the overall performance during the Mines Environment and Mineral Conservation Week held under the aegis of Indian Bureau of Mines, Government of India.

## 25. ACKNOWLEDGEMENT:

Your Directors are thankful to the various departments and offices of the Government of Bangladesh, Government of India and State Government of Meghalaya for their continued guidance and co-operation. The Directors are grateful to all valuable stakeholders of the Company viz. customers, dealers, vendors, banks, suppliers, business partners for their supports and services rendered during the year. The Directors would like to recognize the employees of the Company who continued to deliver its products and services to customers. Finally, the Directors are grateful to the shareholders for their continued and valuable supports to the Company.

For and on behalf of the Board of Directors



Daniel Nikolaus Bach  
Chairman

Date: Dhaka, May 8, 2017

## ADDITIONAL STATEMENTS BY THE BOARD OF DIRECTORS

### The pattern of shareholding:

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

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

### Composition of Shareholders up to December 31, 2016:

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

### Classification of Shares by holding up to December 31, 2016:

Slabs by no. of Shares	No. of Shareholders	Number of Shares	Total Holding %
Less than 500 Shares	10581	2,706,772	0.23
501 to 5,000 Shares	14964	29,438,828	2.53
5,001 to 10,000 Shares	2519	18,885,551	1.63
10,001 to 20,000 Shares	1523	22,240,043	1.91
20,001 to 30,000 Shares	565	14,060,720	1.21
30,001 to 40,000 Shares	292	10,253,229	0.88
40,001 to 50,000 Shares	211	9,797,314	0.84
50,001 to 100,000 Shares	358	25,702,239	2.21
100,001 to 1,000,000 Shares	366	101,900,367	8.77
Over 1,000,000 Shares	45	926,388,437	79.77
<b>Total</b>	<b>31,424</b>	<b>1,161,373,500</b>	<b>100.00</b>

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

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

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

Sl. No.	Name	Position	No. of shares		
			Self	Spouse	Minor Children
1	Mr. Daniel Nikolaus Bach	Director/Chairman as nominee of Surma Holding B.V.	Nil	Nil	Nil
2	Ms. Johanna Leffler	Director as nominee of Surma Holding B.V.	Nil	Nil	Nil
3	Mr. Rajesh K Surana	Director as nominee of Surma Holding B.V. and CEO	Nil	Nil	Nil
4	Mr. Carlos Martinez Ferrer	Director as nominee of Surma Holding B.V.	Nil	Nil	Nil
5	Mr. Marcos Cela Rey	Director as nominee of Surma Holding B.V.	Nil	Nil	Nil
6	Mr. Shivesh Kumar Sinha	Director as nominee of Surma Holding B.V.	Nil	Nil	Nil
7	Mr. Manzurul Islam	Director as nominee of Islam Cement Ltd.	500,200	Nil	Nil
8	Mr. Anisur Rahman Sinha	Director as nominee of Sinha Fashions Ltd.	Nil	Nil	Nil
9	Mr. Monzurur Rahman	Independent Director	2,000	Nil	Nil
10	Mr. Syed Shujauddin Ahmed	Independent Director	Nil	Nil	Nil
11	Mr. Tufail K Haider	Independent Director	Nil	Nil	Nil
12	Mr. Masud Khan	Chief Financial Officer	Nil	Nil	Nil
13	Mr. Kazi Mizanur Rahman	Company Secretary	Nil	Nil	Nil
14	Mr. Moshorrof Hossain	Head of Internal Audit	Nil	Nil	Nil

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

- Surma Holding B.V. : 683,698,700 shares

- Islam Cement Ltd. : 31,914,200 shares

- Sinha Fashions Ltd. : 35,100,000 shares

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

Name	Position	No. of shares
Mr. Eung-Rae Kim	Industrial Director	Nil
Mr. Soumendra Sankar Das	Marketing Director	Nil
Mr. Mohammed Arif Bhuiyan	Procurement and Logistics Director	Nil
Mr. Harpal Singh	Head of Maintenance and Packing & Dispatch	Nil
Mr. Naimul Baset	Strategy and Business Development Director	Nil

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 8 to 13 of the Annual Report, which fulfil the condition 1.5 (xxii) of the Corporate Governance Guidelines of BSEC.

#### Board Meetings held during the year:

Date on which the Board Meetings were held	Total Strength of the Board	No of Directors Present
March 3, 2016	12	10
June 15, 2016	12	09
September 6, 2016	12	09
October 27, 2016	12	10
November 2, 2016	12	12
December 14, 2016	12	11

#### Attendance of Directors at Board Meetings and Annual General Meeting:

Name of the Director	Attendance at the Board Meetings held on						Attendance at the AGM held on August 31, 2016
	March 3, 2016	June 15, 2016	September 6, 2016	October 27, 2016	November 2, 2016	December 14, 2016	
Ms. Bi Yong Chungunco	✓	✓	✓	✓	✓	✓	Not present
Mr. Neeraj Akhoury	✓	✓	✓	✓	✓	✓	✓
Ms. Johanna Leffler	✓	✓	✓	✓	✓	✓	Not present
Mr. Julio Rodriguez Isquierdo	✓	Leave of Absence	✓	✓	✓	✓	Not present
Mr. Marcos Cela Rey	✓	✓	✓	✓	✓	✓	Not present
Mr. Carlos Martinez Ferrer	Leave of Absence	✓	Leave of Absence	✓	✓	✓	Not present
Mr. Manzurul Islam	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence	✓	Leave of Absence	Not present
Mr. Anisur Rahman Sinha	Leave of Absence	✓	Leave of Absence	✓	✓	✓	Not present
Mr. Shivesh Kumar Sinha	✓	✓	✓	✓	✓	✓	Not present
Mr. Zakir Ahmed Khan (expired as Independent Director w.e.f. 21-04-2016)	✓	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Mr. Monzurur Rahman	✓	Leave of Absence	✓	✓	✓	✓	✓
Mr. Syed Shujauddin Ahmed	✓	✓	✓	✓	✓	✓	✓
Mr. Tufail K Haider	✓	✓	✓	Leave of Absence	✓	✓	✓

The composition of the Audit Committee as at December 31, 2016 and details of the Members participation at the Meetings of the Committee are as under:

Name of the Member	Category	Attendance at the Audit Committee Meeting held on				
		February 25, 2016	April 28, 2016	July 21, 2016	October 20, 2016	December 14, 2016
Mr. Zakir Ahmed Khan (Ceased to be an Independent Director w.e.f. 21-04-2016)	Independent Director	✓	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Mr. Syed Shujauddin Ahmed	Independent Director	✓	✓	✓	✓	✓
Mr. Carlos Martinez Ferrer	Director	✓	✓	✓	✓	✓
Mr. Tufail K Haider (appointed as member w.e.f. 15-06-2016)	Independent Director	Not Applicable	Not Applicable	✓	Leave of Absence	✓
Mr. Neeraj Akhoury	Chief Executive Officer	✓	✓	✓	✓	✓



## AHMED MASHUQUE & CO.

CHARTERED ACCOUNTANTS  
 20 Comrade Moni Singha Road  
 Old : 62/1, Purana Paltan, Level # 4  
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 Email: info@ahmedmashuque.com  
 Web : www.ahmedmashuque.com

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

We have examined the compliance status to the BSEC guidelines on corporate governance by LafargeHolcim Bangladesh Limited for the year ended 31st December 2016. These Guidelines relate to the Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 and amendment thereon of Bangladesh Securities and Exchange Commission (BSEC) on Corporate Governance.

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

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

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

Date: 6th May 2017  
 Place: Dhaka, Bangladesh

Ahmed Mashuque & Co.  
 Chartered Accountants

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

Status of compliance for the year ended 31st December 2016 of LafargeHolcim Bangladesh Limited 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	
<b>1</b>	<b>Board of Directors</b>			
1.1	<b>Board's Size</b> The number of Board Directors should not be less than 5 (five) and more than 20 (twenty).	✓		12 (Twelve) Board member including 3 (Three) Independent director
<b>1.2</b>	<b>Independent Directors</b>			
(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 (NBFI).	✓		
(ii) i)	Who has not been convicted for a criminal offence involving moral turpitude.	✓		
(iii)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	✓		
(iv)	The post of independent director(s) can not remain vacant for more than 90 (ninety) days.	✓		
(v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	✓		
(vi)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	✓		
<b>1.3</b>	<b>Qualification of Independent Director (ID)</b>			
(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		
<b>1.4</b>	<b>Chairman of the Board and Chief Executive Officer</b>			
	The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals with defined different roles and responsibilities. The Chairman of the company shall be elected from among the directors of the company.	✓		

1.5	The Directors' Report to Shareholders			
(i)	Industry outlook and possible future development in the industry.	√		
(ii)	Segment-wise or product-wise performance.	√		
(iii)	Risks and concerns.	√		
(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	√		
(v)	Discussion on continuity of any Extra-Ordinary gain or loss.	N/A		
(vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report.	√		
(vii)	Utilization of proceeds from public issues, rights issues and / or through any others instruments.	√		
(viii)	An explanation if the financial result deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	N/A		
(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 (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	√		
(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	√		
(xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	√		
(xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	√		
(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	√		
(xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	N/A		Total 10% Cash Dividend for the year 2016 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).	√		
(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.	√		

<b>2</b>	<b>Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS)</b>			
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.	√		
<b>3</b>	<b>Audit Committee</b>			
(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	<b>Constitution of the Audit Committee</b>			
(i)	The Audit Committee shall be composed of at least 3 (three) members.	√		
(ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	√		
(iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	√		
(iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy (ies) immediately or not later than 1 (one) month from the date of vacancy (ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	N/A		No vacancy occurred
(v)	The company secretary shall act as the secretary of the Committee.	√		
(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
3.2	<b>Chairman of the Audit Committee</b>			
(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	<b>Role of Audit Committee</b>			
(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.	√		
(vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	√		
(vii)	Review the adequacy of internal audit function.	√		
(viii)	Review statement of significant related party transactions submitted by the management.	√		
(ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	√		
(x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.	N/A		
3.4	<b>Reporting of the Audit Committee</b>			
3.4.1	<b>Reporting to the Board of Directors</b>			
(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
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	<b>External /Statutory Auditors</b>			
	(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	<b>Subsidiary Company</b>			
	(i) Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	N/A		The Subsidiaries are governed by guidelines applicable in India.
	(ii) At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	N/A		
	(iii) The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	√		
	(iv) The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	√		
	(v) The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	√		
6	<b>Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>			
	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	<b>Reporting and Compliance of Corporate Governance</b>			
	(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.	√		

# AUDIT COMMITTEE REPORT

## For the year 2016

February 23, 2017

To  
The Board of Directors  
LafargeHolcim Bangladesh Limited

### The Audit Committee:

The Audit Committee consists of the following members:

Chairman: Mr. Syed Shujauddin Ahmed, Independent Director  
Member: Mr. Tufail K Haider, Independent Director  
Member: Mr. Carlos Martinez Ferrer, Director  
Member: Mr. Rajesh K Surana, 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 2016:

- 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 Letter issued by the statutory auditors for the year 2016 together with management response to the findings.
- f. Where appropriate, reported the findings on the following:
  - i. Conflict of interests;
  - ii. Suspected or presumed fraud or irregularity or material defect in the internal control system;
  - iii. Suspected infringement of laws, including securities related laws, rules and regulations; and
  - iv. Any other matters which should be disclosed to the Board of Directors immediately.
- g. Approved audit plan and resource allocation for the Internal Audit Services.
- h. Reviewed the adequacy of Internal Audit activities carried out during the year.
  - i. Reviewed the Internal Audit Reports and monitored implementation of Audit recommendations to improve Internal Control Systems.



Syed Shujauddin Ahmed  
Chairman, Audit Committee



March 09, 2017

The Board of Directors  
LafargeHolcim Bangladesh Limited  
Suvastu Imam Square  
65, Gulshan Avenue, 3rd Floor,  
Gulshan 1, Dhaka 1212

**Subject: Certification of Chief Executive Officer and Chief Financial Officer to the Board of Directors of LafargeHolcim Bangladesh Limited under condition No. 6 of BSEC Corporate Governance Guidelines.**

Dear Sir(s):

Pursuant to the Notification of Bangladesh Securities and Exchange Commission (BSEC) bearing No SEC/CMRRC-D/2006-158/134/Admin/44 dated August 07, 2012, we, the undersigned Chief Executive Officer and Chief Financial Officer, do hereby certify that we have reviewed the financial statements for the year ended December 31, 2016 of LafargeHolcim Bangladesh Limited and to the best of our knowledge and belief:

- I. these statements do not contain any materially untrue statement of omit any material fact or contain statements that might be misleading;
- II. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws; and
- III. no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.

Masud Khan  
Chief Financial Officer

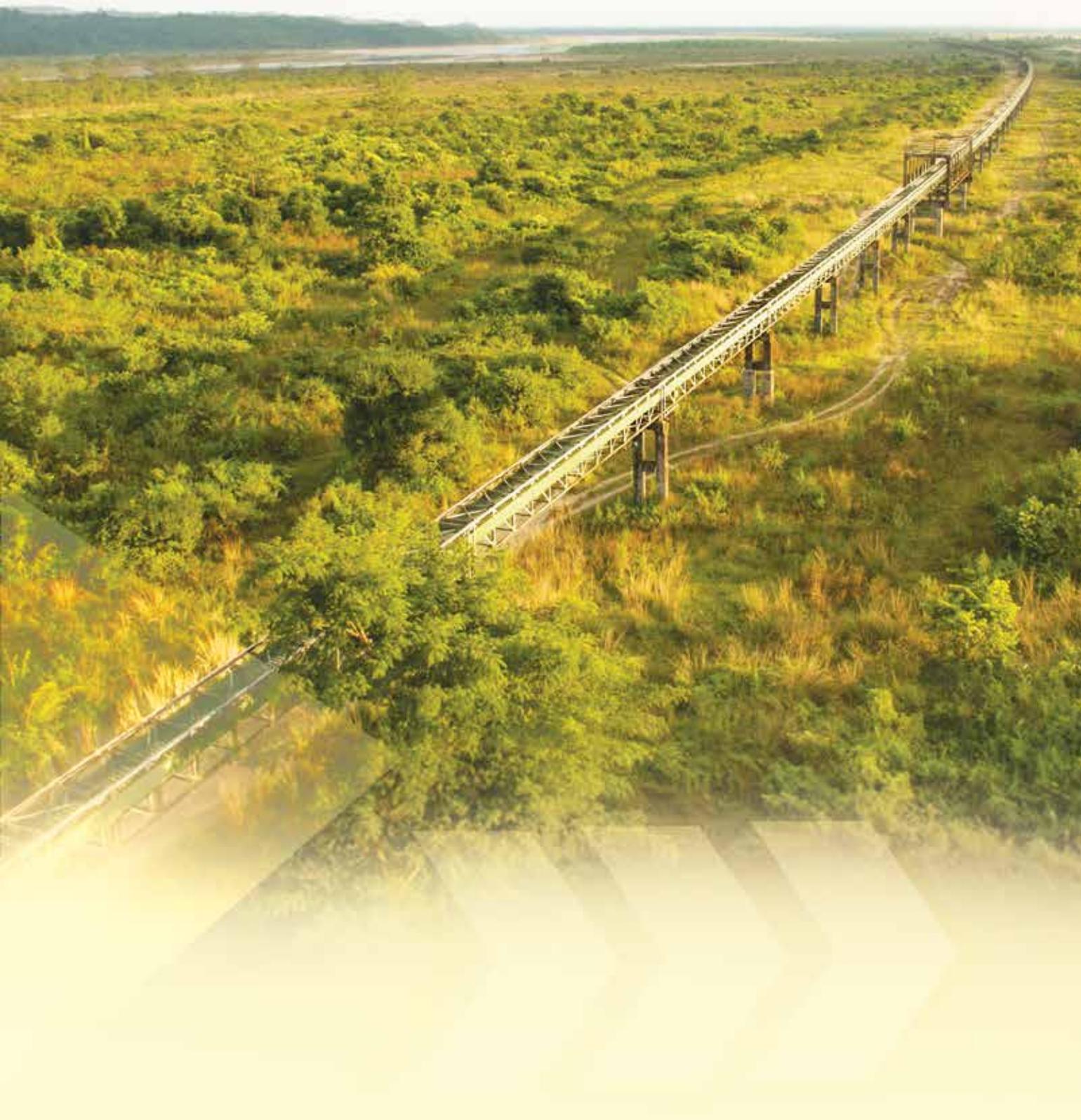
Rajesh K Surana  
Chief Executive Officer

**CONSOLIDATED  
FINANCIAL STATEMENTS OF  
LAFARGEHOLCIM  
BANGLADESH LIMITED**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

***Technology, that's unique***

Cross country sourcing technology of limestone from quarry, unique for the only integrated cement plant in the country



# Hoda Vasi Chowdhury & Co

## Chartered Accountants

### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

#### LAFARGEHOLCIM BANGLADESH LIMITED (FORMERLY KNOWN AS LAFARGE SURMA CEMENT LIMITED)

We have audited the accompanying consolidated financial statements of LafargeHolcim Bangladesh Limited (the Company) which comprise the consolidated statement of financial position as at 31 December 2016 and the related consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other relevant explanatory notes.

#### **Management's Responsibility for the Consolidated Financial Statements**

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

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 LafargeHolcim Bangladesh Limited as at 31 December 2016 and the results of its financial performance and its cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

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



Chartered Accountants

Dhaka, 15 March 2017

## LAFARGEHOLCIM BANGLADESH LIMITED

(Formerly known as Lafarge Surma Cement Limited)

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION at 31 December 2016

	NOTES	2016 Taka'000	2015 Taka'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	11,776,095	11,837,497
Intangible assets	6	828,230	862,086
Other receivables	9	137,043	140,745
		<b>12,741,368</b>	<b>12,840,328</b>
<b>CURRENT ASSETS</b>			
Inventories	7	1,245,198	1,429,587
Trade receivables	8	1,361,677	908,260
Other receivables	9	1,933,076	2,265,908
Derivative instruments	15	838	1,109
Cash and cash equivalents	10	3,697,428	3,249,844
		<b>8,238,217</b>	<b>7,854,708</b>
<b>TOTAL ASSETS</b>		<b>20,979,585</b>	<b>20,695,036</b>
<b>EQUITY &amp; LIABILITIES</b>			
Share capital	11.3	11,613,735	11,613,735
Retained earnings		3,488,351	2,423,190
Other components of equity	11.6	(82,748)	(52,995)
Foreign currency translation	3.6	353,123	377,530
<b>SHAREHOLDERS' EQUITY- PARENT COMPANY</b>		<b>15,372,461</b>	<b>14,361,460</b>
Non-controlling interests	12	(23)	39
<b>EQUITY</b>		<b>15,372,438</b>	<b>14,361,499</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability	13	2,276,021	2,318,292
Employee benefits	14	64,464	48,915
Provisions	16	30,187	27,787
		<b>2,370,672</b>	<b>2,394,994</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	17	2,332,586	2,473,604
Other payables	18	378,489	376,640
Derivative instruments	15	1,103	2,493
Short-term debt	19	524,297	1,085,806
		<b>3,236,475</b>	<b>3,938,543</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>20,979,585</b>	<b>20,695,036</b>

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

  
Chief Financial Officer

  
Company Secretary

  
Director

  
Chief Executive Officer  
As per our annexed report of same date

Dhaka, 15 March 2017

  
Chartered Accountants

# LAFARGEHOLCIM BANGLADESH LIMITED

(Formerly known as Lafarge Surma Cement Limited)

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2016

	NOTES	2016 Taka '000	2015 Taka '000
<b>REVENUE</b>	22	10,728,855	10,967,952
Cost of sales	23	(6,959,182)	(7,048,751)
<b>GROSS PROFIT</b>		<b>3,769,673</b>	<b>3,919,201</b>
General and administrative expenses	24	(678,776)	(722,315)
Sales and marketing expenses	25	(195,972)	(207,577)
Other operating (expenses)/income	26	(10,800)	(98,281)
<b>OPERATING PROFIT</b>		<b>2,884,125</b>	<b>2,891,028</b>
Finance cost	27	(71,459)	(182,928)
Finance income	27	134,796	115,271
<b>PROFIT BEFORE TAX</b>		<b>2,947,462</b>	<b>2,823,371</b>
Income tax	28	(720,979)	(533,837)
<b>PROFIT FOR THE YEAR</b>		<b>2,226,483</b>	<b>2,289,534</b>
<i>Attributable to:</i>			
<b>Owners of the parent Company</b>		<b>2,226,535</b>	<b>2,289,556</b>
Non-controlling interests		(52)	(22)
		<b>2,226,483</b>	<b>2,289,534</b>
Basic earnings per share (Taka)	29	1.92	1.97
Diluted earnings per share (Taka)	29	1.92	1.97

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



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

As per our annexed report of same date



Chartered Accountants

Dhaka, 15 March 2017

# LAFARGEHOLCIM BANGLADESH LIMITED

(Formerly known as Lafarge Surma Cement Limited)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2016

	2016 Taka '000	2015 Taka '000
<b>PROFIT FOR THE YEAR</b>	<b>2,226,483</b>	<b>2,289,534</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Actuarial loss	(40,985)	2,989
Income tax on items that will not be reclassified to profit or loss	10,217	(2,473)
<b>Total items that will not be reclassified to profit or loss</b>	<b>(30,768)</b>	<b>516</b>
<b>Items that may be reclassified subsequently to profit or loss</b>		
Cash flow hedge instruments	1,015	8,008
Exchange differences on translating foreign operations	(24,407)	(30,804)
Non controlling interests- currency translation adjustment	(10)	(20)
<b>Total items that may be reclassified to profit or loss</b>	<b>(23,402)</b>	<b>(22,816)</b>
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>(54,170)</b>	<b>(22,300)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>2,172,313</b>	<b>2,267,234</b>
<i>Attributable to:</i>		
<b>Owners of the parent Company</b>	<b>2,172,375</b>	<b>2,267,276</b>
Non-controlling interests	(62)	(42)
	<b>2,172,313</b>	<b>2,267,234</b>

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



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

As per our annexed report of same date

Dhaka, 15 March 2017



Chartered Accountants

# LAFARGEHOLCIM BANGLADESH LIMITED

(Formerly known as Lafarge Surma Cement Limited)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

*(All figures are in Taka '000)*

	Share capital	Retained earnings	Other components of equity	Foreign currency translation	Equity for parent company	Non controlling interests	Total equity
<b>Balance at 1 January 2015</b>	11,613,735	1,295,008	(61,519)	408,334	13,255,558	81	13,255,639
Total comprehensive income/(loss) for the year	-	2,289,556	8,524	(30,804)	2,267,276	(42)	2,267,234
Interim dividend	-	(580,687)	-	-	(580,687)	-	(580,687)
Final dividend	-	(580,687)	-	-	(580,687)	-	(580,687)
<b>Balance at 31 December 2015</b>	<b>11,613,735</b>	<b>2,423,190</b>	<b>(52,995)</b>	<b>377,530</b>	<b>14,361,460</b>	<b>39</b>	<b>14,361,499</b>
<b>Balance at 1 January 2016</b>	11,613,735	2,423,190	(52,995)	377,530	14,361,460	39	14,361,499
Total comprehensive income/(loss) for the year	-	2,226,535	(29,753)	(24,407)	2,172,375	(62)	2,172,313
Interim dividend	-	(580,687)	-	-	(580,687)	-	(580,687)
Final dividend	-	(580,687)	-	-	(580,687)	-	(580,687)
<b>Balance at 31 December 2016</b>	<b>11,613,735</b>	<b>3,488,351</b>	<b>(82,748)</b>	<b>353,123</b>	<b>15,372,461</b>	<b>(23)</b>	<b>15,372,438</b>



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

# LAFARGEHOLCIM BANGLADESH LIMITED

(Formerly known as Lafarge Surma Cement Limited)

## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

	NOTES	2016 Taka '000	2015 Taka '000
<b>Cash Flows From Operating Activities</b>			
Cash receipts from customers		10,277,743	10,967,065
Cash paid to suppliers and employees		(7,318,068)	(7,091,035)
Cash generated in operations		2,959,675	3,876,030
Income taxes paid		(337,716)	(487,637)
Other receipts		7,979	6,951
<b>Net cash generated by operating activities</b>		<b>2,629,938</b>	<b>3,395,344</b>
<b>Cash Flows From Investing Activities</b>			
Payments for property, plant and equipment		(556,204)	(229,249)
Payments for intangible assets		(18,451)	(9,309)
Proceeds from sale of property, plant and equipment		598	9,014
Interest income		134,350	90,278
<b>Net cash used in investing activities</b>		<b>(439,707)</b>	<b>(139,266)</b>
<b>Cash Flows From Financing Activities</b>			
Repayment of long term debt		-	(537,873)
Decrease in short term debt	34	(542,041)	(92,903)
Payment of interest and other finance costs		(53,235)	(112,699)
Dividend paid		(1,145,412)	(1,143,013)
<b>Net cash used in financing activities</b>		<b>(1,740,688)</b>	<b>(1,886,488)</b>
Net effect of foreign currency translation on cash and cash equivalents		(1,959)	(1,652)
<b>Net increase in cash and cash equivalents</b>		<b>447,584</b>	<b>1,367,938</b>
<b>Cash and Cash Equivalents at Beginning of the Year</b>		<b>3,249,844</b>	<b>1,881,906</b>
<b>Cash and Cash Equivalents at End of the Year</b>		<b>3,697,428</b>	<b>3,249,844</b>



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

# LAFARGEHOLCIM BANGLADESH LIMITED

(Formerly known as Lafarge Surma Cement Limited)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016

### 1 BACKGROUND AND INTRODUCTION

#### Formation and legal status

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

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

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

### 2 NATURE OF BUSINESS

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

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

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of preparation

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

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

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

### 3.2 Principles of consolidation

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

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

<b><u>Name of subsidiary</u></b>	<b>2016</b> <b>Taka'000</b>	<b>2015</b> <b>Taka'000</b>
Lafarge Umiam Mining Private Limited, India	476,609	486,152
Lum Mawshun Minerals Private Limited, India	469	478
	<b>477,078</b>	<b>486,630</b>

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

### 3.3 Scope of consolidation

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

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

### 3.4 Use of Estimates and Judgements

#### i) Estimates

The preparation of financial statements in conformity with 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 in the statement of cash flows. The resulting translation adjustments are included as a separate component of shareholders' equity. The exchange rates used for consolidating the Indian entities are as follows:

<i>Taka equivalent of Rs. 1</i>	<b>2016</b>	<b>2015</b>
Average rate	1.1679	1.2161
Closing rate	1.1587	1.1819

### 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) 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.

#### iv) Depreciation of property, plant and equipment

Straight line depreciation method is followed and depreciation has been charged on all assets acquired that are put to use except land. Full month's depreciation is charged for the month of acquisition and no depreciation is charged for the month of disposal. The rates of depreciation and category of property, plant and equipment (PP&E) are as follows:

Category of PP&E	Rate %
Leasehold 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

#### v) Impairment of property, plant and equipment

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

There is no impairment in 2016 and 2015.

### 3.8 Intangible assets

#### i) Software

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

#### ii) Others

Capitalisation costs of leased land and quarry land include statutory fees, lump sum payment to lessor and subsequent development cost. These are shown as "intangible assets" in line with Group policy.

### iii) Construction in progress

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

### iv) Amortization of intangible assets

#### a) Software

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

#### b) Others

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

## 3.9 Inventories

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

## 3.10 Financial instruments

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

### i) Non-derivative financial assets

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

#### a) Trade receivables

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

#### b) Cash and cash equivalents

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

### ii) Non-derivative financial liabilities

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

### iii) Derivative instruments

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

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

Pursuant to the guidance in BAS 39 and BAS 32, the Company records in the consolidated statement of financial position derivative instruments at their fair values. The accounting of changes in fair value of a derivative depends on the intended use of the derivative and the resulting designation. The Company designates its derivatives based on the criteria established under BAS 39.

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

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

### 3.11 Foreign currency translation/ transaction

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

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

Currencies	2016		2015	
	Closing rate	Average rate	Closing rate	Average rate
BDT/USD	78.7400	78.4695	78.5100	77.9525
BDT/EUR	81.9802	86.8486	85.8300	86.5552
BDT/GBP	96.2676	106.3512	116.3000	119.1324
BDT/INR	1.1587	1.1679	1.1819	1.2161

### 3.12 Employees' benefit schemes

#### i) Gratuity plan- LHBL

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 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.

### 3.13 Taxation

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

#### Current tax

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

#### Deferred tax

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

Deferred tax liabilities are recognised for all temporary taxable differences.

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

### 3.14 Revenue recognition

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

### 3.15 Provision

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

### 3.16 Offsetting

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

### 3.17 Materiality and aggregation

Each material class of similar items is 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

<i>Figures in Taka'000</i>	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
<b>COST</b>													
At January 1, 2016	556,294	367	170,652	546,379	55,833	14,710,491	118,737	216,110	116,561	88,714	67,825	169,201	16,817,164
Reclassification*	-	-	-	-	-	-	-	-	-	-	-	(12,678)	(12,678)
Additions	-	-	-	2,973	-	62,791	2,598	7,718	-	-	-	509,023	585,103
Disposals	-	-	-	-	-	(27,649)	-	-	(2,531)	(3,035)	(64)	(5,562)	(38,841)
Transfers	-	-	-	978	-	16,709	6,754	2,269	2,242	1,124	-	(30,076)	-
Translation adjustments	(475)	-	(2,128)	-	(19)	(31,116)	-	(600)	(270)	(294)	(144)	(702)	(35,748)
At December 31, 2016	555,819	367	168,524	550,330	55,814	14,731,226	128,089	225,497	116,002	86,509	67,617	629,206	17,315,000
<b>DEPRECIATION</b>													
At January 1, 2016	-	367	28,561	115,076	15,730	4,415,893	51,033	137,798	96,799	70,427	47,983	-	4,979,667
Disposals	-	-	-	-	-	(6,637)	-	-	(2,519)	(2,943)	(64)	-	(12,163)
Charge for the year	-	-	3,845	13,715	1,830	500,669	12,045	27,145	10,396	7,334	4,909	-	581,888
Translation adjustments	-	-	(338)	-	(5)	(9,076)	-	(537)	(241)	(205)	(85)	-	(10,487)
At December 31, 2016	-	367	32,068	128,791	17,555	4,900,849	63,078	164,406	104,435	74,613	52,743	-	5,538,905
<b>CARRYING AMOUNT</b>													
At December 31, 2016	555,819	-	136,456	421,539	38,259	9,830,377	65,011	61,091	11,567	11,896	14,874	629,206	11,776,095
At December 31, 2015	556,294	-	142,091	431,303	40,103	10,294,598	67,704	78,312	19,762	18,287	19,842	169,201	11,837,497

\*Construction in progress of property, plant and equipment related to Software of BDT 12,678 (in thousands), has been reclassified and capitalized as intangible assets.

### 5.1 Depreciation charge for the year allocated to

Production and maintenance overhead (Note- 23.2)  
 Depot operating and transportation costs (Note- 23.4)  
 General and administrative expenses (Note- 24)

2016	2015
Taka'000	Taka'000
554,671	552,286
1,846	1,491
25,371	29,053
<b>581,888</b>	<b>582,830</b>

## 5.2 Disposal of property, plant and equipment

<i>Figures in Taka'000</i>	Plant & machinery	Computer equipment	Office equipment	Furniture & fixtures	Construction in progress	Total
Cost	27,649	2,531	3,035	64	5,562	38,841
Accumulated depreciation	(6,637)	(2,519)	(2,943)	(64)	-	(12,163)
<b>Carrying amount at December 31, 2016</b>	<b>21,012</b>	<b>12</b>	<b>92</b>	<b>-</b>	<b>5,562</b>	<b>26,678</b>
<b>Sale proceeds</b>	<b>-</b>	<b>83</b>	<b>515</b>	<b>-</b>	<b>-</b>	<b>598</b>
<b>Mode of disposal</b>	Company policy	Company policy/tender	Company policy/tender	Company policy	Company policy	
<b>Particulars of purchaser</b>	Written off	Third party & Employees	Third party & Employees	Written off	Written off	

## 6 INTANGIBLE ASSETS

<i>Figures in Taka'000</i>	Leasehold land	Quarry land	Software	Construction in progress	Total
<b>COST</b>					
At January 1, 2016	16,411	996,404	79,399	37,408	1,129,622
Reclassification				12,678	12,678
Additions	-	-	15,707	2,744	18,451
Disposals	-	-	-	-	-
Transfers	-	-	16,574	(16,574)	-
Translation adjustments	(322)	(19,559)	(86)	(656)	(20,623)
At December 31, 2016	16,089	976,845	111,594	35,600	1,140,128
<b>AMORTIZATION</b>					
At January 1, 2016	7,092	188,950	71,494	-	267,536
Disposals	-	-	-	-	-
Charge for the year	758	38,166	9,677	-	48,601
Translation adjustments	(145)	(4,010)	(84)	-	(4,239)
At December 31, 2016	7,705	223,106	81,087	-	311,898
<b>CARRYING AMOUNT</b>					
<b>At December 31, 2016</b>	<b>8,384</b>	<b>753,739</b>	<b>30,507</b>	<b>35,600</b>	<b>828,230</b>
<b>At December 31, 2015</b>	<b>9,319</b>	<b>807,454</b>	<b>7,905</b>	<b>37,408</b>	<b>862,086</b>

	2016 Taka'000	2015 Taka'000
<b>7 INVENTORIES</b>		
Raw materials	209,410	303,011
Spare parts	878,015	864,146
Packing materials	3,148	10,164
Other materials	50,508	103,469
Finished goods and work in process	104,117	148,797
	<b>1,245,198</b>	<b>1,429,587</b>
<b>8 TRADE RECEIVABLES</b>		
Trade receivables (Note- 8.2)	1,373,631	918,869
Valuation allowance (Note- 8.1)	(11,954)	(10,609)
	<b>1,361,677</b>	<b>908,260</b>
<b>8.1</b> The change in the valuation allowance for doubtful receivables is as follows:		
Balance at 1 January	(10,609)	(9,619)
Current year addition	(1,345)	(990)
<b>Balance at 31 December</b>	<b>(11,954)</b>	<b>(10,609)</b>
<b>8.2 Ageing of trade receivables</b>		
<b>The ageing of gross trade receivables at reporting date are as follows:</b>		
Within the credit period	787,833	669,503
1-30 days	328,838	133,542
31-60 days	127,348	24,585
61-180 days	117,658	80,630
Over 180 days	11,954	10,609
	<b>1,373,631</b>	<b>918,869</b>
<b>9 OTHER RECEIVABLES</b>		
Contractors, consultants, suppliers and others	154,277	178,935
Office and house rent	18,296	28,872
VAT current account	238,810	135,582
Advance to employees	59,207	21,583
Security and other deposits	147,666	149,639
Prepaid expenses	62,191	62,492
Other receivables	25,947	47,548
Advance income tax (Note- 9.1)	1,342,808	1,761,214
Accrued interest on bank deposits	20,917	20,788
	<b>2,070,119</b>	<b>2,406,653</b>
<i>Current portion</i>	1,933,076	2,265,908
<i>Non-current portion</i>	137,043	140,745

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

	2016 Taka'000	2015 Taka'000
<b>9.1 Advance income tax- net of tax provision</b>		
Advance income tax-deducted at source	2,393,812	2,065,838
Current tax liabilities (Note- 20)	(1,051,004)	(304,624)
	<b>1,342,808</b>	<b>1,761,214</b>
<b>10 CASH AND CASH EQUIVALENTS</b>		
<i>Cash in hand</i>		
LafargeHolcim Bangladesh Limited	435	554
Lafarge Umiam Mining Private Limited	62	114
	497	668
<i>Cash at banks</i>		
<i>LafargeHolcim Bangladesh Limited</i>		
In current accounts	990,814	758,051
In short term deposit accounts	112,989	73,716
In fixed deposit receipts	2,494,069	2,011,019
in treasury bills	-	366,550
	<b>3,597,872</b>	<b>3,209,336</b>
<i>Cash at banks</i>		
<i>Lafarge Umiam Mining Private Limited</i>		
In current accounts	1,405	524
In term deposit accounts	38,575	39,290
Bank-in-transit	59,054	-
	<b>99,034</b>	<b>39,814</b>
<i>Cash at banks</i>		
<i>Lum Mawshun Minerals Private Limited</i>		
In current account	25	26
	25	26
	<b>3,697,428</b>	<b>3,249,844</b>

## 11 SHARE CAPITAL

### 11.1 Authorized capital

**1,400,000,000 ordinary shares of Taka 10 each** **14,000,000** **14,000,000**

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

### 11.2 Issued and subscribed capital

**1,161,373,500 ordinary shares of Taka 10 each** **11,613,735** **11,613,735**

	2016 Taka'000	2015 Taka'000
<b>11.3 Paid up capital</b>		
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
	<b>11,613,735</b>	<b>11,613,735</b>

#### 11.4 Composition of shareholders at 31 December

Name of the shareholders	Nationality/ Incorporated in	Number of shares		Holding %	
		2016	2015	2016	2015
Surma Holding B.V.	The Netherlands	683,698,700	683,698,700	58.87	58.87
Sinha Fashions Limited	Bangladesh	35,100,000	35,100,000	3.02	3.02
Islam Cement Limited	Bangladesh	31,914,200	31,914,200	2.75	2.75
Other Shareholders	Bangladesh and NRB	410,660,600	410,660,600	35.36	35.36
		<b>1,161,373,500</b>	<b>1,161,373,500</b>	<b>100.00</b>	<b>100.00</b>

#### 11.5 Classification of shares by holding at 31 December

Slabs by number of shares	Number of shareholders		Holding %	
	2016	2015	2016	2015
Less than 500 Shares	10,581	11,938	0.23	0.26
501 to 5,000 Shares	14,964	16,364	2.54	2.79
5,001 to 10,000 Shares	2,519	2,717	1.63	1.75
10,001 to 20,000 Shares	1,523	1,615	1.91	2.03
20,001 to 30,000 Shares	565	583	1.21	1.25
30,001 to 40,000 Shares	292	319	0.88	0.97
40,001 to 50,000 Shares	211	213	0.84	0.84
50,001 to 100,000 Shares	358	389	2.21	2.39
100,001 to 1,000,000 Shares	366	375	8.77	8.76
Over 1,000,000 Shares	45	41	79.78	78.96
	<b>31,424</b>	<b>34,554</b>	<b>100.00</b>	<b>100.00</b>

	2016 Taka'000	2015 Taka'000
<b>11.6 Other Components of Equity</b>		
Cash flow hedge *	(2,443)	(3,458)
Actuarial loss-net of tax	(80,305)	(49,537)
	<b>(82,748)</b>	<b>(52,995)</b>

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

### 11.7 Dividends

The final dividend amounts to Taka 580,686,750 which is Taka 00.50 per share of Taka 10 each for the year 2016 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, 2016.

	2016 Taka'000	2015 Taka'000
<b>12 NON-CONTROLLING INTERESTS</b>		
Retained earnings	(514)	(462)
Share capital	165	168
Share money deposits	326	333
	<b>(23)</b>	<b>39</b>
<b>13 DEFERRED TAXES</b>		
<i>Deferred tax by type of temporary differences that resulted in deferred tax assets and liability.</i>		
Property, plant and equipment	2,304,282	2,327,920
Derivative instruments	1,434	-
<b>Deferred tax liabilities</b>	<b>2,305,716</b>	<b>2,327,920</b>
Provision for gratuity	25,518	6,976
Provision for doubtful debts	2,988	2,652
Other components of equity	1,189	-
<b>Deferred tax assets</b>	<b>29,695</b>	<b>9,628</b>
<b>Net deferred tax liability</b>	<b>2,276,021</b>	<b>2,318,292</b>
<b>13.1 Change in deferred tax assets and liability</b>		
Balance at 1 January- deferred tax liability	2,318,292	1,906,543
Deferred tax expenses for the year (Note- 28)	(26,897)	414,540
Actuarial loss	(10,321)	2,473
Translation adjustments	(5,053)	(5,264)
Balance at 31 December- deferred tax liability	<b>2,276,021</b>	<b>2,318,292</b>
<b>14 EMPLOYEE BENEFITS</b>		
Gratuity plan (Note- 14.1)	64,464	39,381
Stock Appreciation Rights (Note- 14.2)	-	9,534
	<b>64,464</b>	<b>48,915</b>

**14.1 Contribution to gratuity plan****LafargeHolcim Bangladesh Limited (Funded Plan)****Net position of gratuity plan**

	2016 Taka'000	2015 Taka'000
Present value of defined benefit obligation	269,679	249,656
Fair value of plan assets	(218,314)	(221,755)
<b>Net funded status</b>	<b>51,365</b>	<b>27,901</b>

**Actuarial valuation**

The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2016 by a professional actuary using Projected Unit Credit Method.

	2016 %	2015 %
<b>Assumptions employed for the valuations are as follows:</b>		
Expected rate of salary increase	8.00	8.00
Expected return on plan assets	8.00	8.00

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

	2016	2015
Balance at 1 January	249,656	213,637
Adjustment	5,573	-
Current service cost	31,399	33,333
Interest cost	20,418	17,091
Actuarial (gain)/loss	(24,298)	(4,883)
Benefits paid during the year	(13,069)	(9,522)
<b>Balance at 31 December</b>	<b>269,679</b>	<b>249,656</b>

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

Balance at 1 January	221,755	130,345
Adjustment	5,652	(4,366)
Contributions from employer	51,365	96,764
Expected return on plan assets	18,193	10,428
Actuarial loss	(65,582)	(1,894)
Benefits paid during the year	(13,069)	(9,522)
<b>Balance at 31 December</b>	<b>218,314</b>	<b>221,755</b>

**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 2016 by a professional actuary using Projected Unit Credit Method.

	%	%
<b>Assumptions employed for the valuations are as follows:</b>		
Discount rate	7.13	8.00
Expected rate of salary increase	8.00	8.00

	2016 Taka'000	2015 Taka'000
<b>Movement in the present value of the defined benefit obligation are as follows:</b>		
Balance at 1 January	11,480	9,288
Current service cost	1,360	1,915
Interest cost	908	730
Actuarial (gain)/loss	(299)	86
Benefits paid during the year	(107)	(95)
Translation adjustment	(243)	(444)
<b>Balance at 31 December</b>	<b>13,099</b>	<b>11,480</b>

#### 14.2 Provision for stock appreciation rights (SAR)

##### LEA 2011

Balance at 1 January	9,534	8,079
Current year addition	689	1,455
Paid during the year (final settlement)	(10,223)	-
<b>Balance at 31 December</b>	<b>-</b>	<b>9,534</b>

#### Stock Appreciation Rights (SAR)

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

#### 15 DERIVATIVE INSTRUMENTS

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

#### 16 Provisions

##### Site restoration provisions

Balance at 1 January	27,787	25,808
Addition for the year	2,968	3,091
Translation adjustment	(568)	(1,112)
<b>Balance at 31 December</b>	<b>30,187</b>	<b>27,787</b>

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

	2016 Taka'000	2015 Taka'000
<b>17 TRADE PAYABLES</b>		
Payable for goods and services	1,605,957	1,732,268
General assistance fee (Note- 17.1)	203,359	211,865
Trademark license fee (Note- 17.2)	203,359	211,865
Advances paid by customers	319,911	317,606
	<b>2,332,586</b>	<b>2,473,604</b>

### 17.1 General assistance fee

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

### 17.2 Trademark license fee

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

### 18 OTHER PAYABLES

Payables to suppliers of property, plant and equipment	69,147	66,102
Other finance costs payable	-	2,416
Payable to employees	70,824	63,931
Workers' Profit Participation and Welfare Fund	100,174	102,617
Income tax and VAT deducted at source	96,675	115,883
Dividend payable	41,669	25,691
	<b>378,489</b>	<b>376,640</b>

### 19 SHORT TERM DEBT

Bank overdraft facilities (Note- 19.1)	55,800	47,129
Short term credit facilities (Note-19.2)	468,497	1,038,677
	<b>524,297</b>	<b>1,085,806</b>

#### 19.1 Used bank overdrafts facilities

*Lafarge Umiam Mining Private Limited*

Citibank N.A., Mumbai	28,209	-
State Bank of India	27,591	47,129
	<b>55,800</b>	<b>47,129</b>

#### 19.2 Used short term credit facilities

Citibank N.A., Mumbai	259,839	-
The Hongkong and Shanghai Banking Corporation Limited, Mumbai	149,604	-
Standard Chartered Bank, Mumbai	59,054	1,038,677
	<b>468,497</b>	<b>1,038,677</b>

	2016 Taka'000	2015 Taka'000
<b>20 CURRENT TAX LIABILITIES</b>		
Balance at 1 January	304,624	185,327
Provision for the year	747,876	119,297
Translation adjustment	(1,496)	-
Balance at 31 December	<b>1,051,004</b>	<b>304,624</b>

## 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	2016 Taka'000	2015 Taka'000
<b>Commitments related to operating activities</b>					
Purchase commitments	1,144,288	-	-	1,144,288	1,444,694
Capital expenditure commitments	67,061	-	-	67,061	473,691
Operating leases	92,274	170,453	-	262,727	322,255
Guarantees given	1,574	393,163	29,929	424,666	318,683

### 21.2 Contingent Liabilities LafargeHolcim Bangladesh Limited

2016 Taka'000	2015 Taka'000
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Claim of VAT Authority for cancellation of VAT rebate relating to 2008-2009, 2009-2010 and 2010-2011 for which Writ Petitions 6074/2011, 6493/2012 and 11839/2014 respectively have been filed by the Company before the Hon'ble High Court of Dhaka, the outcomes of which are yet to be received. However, the Company is in the opinion that the claim by the VAT authority is unjustified and has no merit as well.

<b>35,066</b>	<b>35,066</b>
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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.

<b>74,157</b>	<b>74,157</b>
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2016  
Taka'0002015  
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 in an additional amount of Gross Profit of Taka 299,745 (in thousands) as per the tax assessment. However, the Company's management feels that the claim by the Tax authority is unjustified and has no merit. The Company has filed reference case No. 80 of 2015 before the Hon'ble High Court against the Order of the Tribunal.

112,404

112,404

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

135,111

135,111

### 21.3 Claims

	2016 Taka'000	2015 Taka'000
a. Claims against the Company not acknowledged as debt	Nil	Nil
b. Claims by the Company not acknowledged as receivable	Nil	Nil

Nil

Nil

b. Claims by the Company not acknowledged as receivable

Nil

Nil

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

## 21.5 Lafarge Umiam Mining Private Limited

The Company entered into a Limestone Mining Agreement with a mining contractor (the "Contractor"). The Contractor failed to engage the right mining equipment, many mining equipment were more than 5 years old and in violation of the provisions of the Agreement. The Contractor failed to produce right sizes of Limestone as specified in the Agreement. Company issued notices of Breach, Material Breach to the Contractor in terms of the Agreement. On 28.02.2015 the Agreement was terminated. Company submitted its 'Request for Arbitration' to the Secretariat of the International Court of Arbitration (ICC), Paris as per the provisions of the Agreement, with a claim of Taka 264.86 million. The Contractor made counter-claim of Taka 733.25 million. By order dated 11.09.2015, the ICC appointed Arbitration Tribunal rejected the counterclaim of the Contractor on procedural ground. On 11.12.2015, the Contractor filed an application before the Calcutta High Court under Section 34 of the Arbitration and Conciliation Act, 1996 seeking to set aside the Order of the Arbitration Tribunal dated 11.09.2015 (the "Application"). The Hearing on the Application is awaited. Arbitration proceedings however continue to proceed on the claim filed by LUMPL. The Contractor has filed an application for stay of the Order dated 11.09.2015 before the tribunal on the ground that the matter is pending before the High Court. The application is yet to be heard by the Tribunal. The Company is of the opinion that the counter-claim of the Contractor, even if taken on record by the Tribunal at a subsequent stage or under order of the High Court, is not likely to succeed in full on merits of the matter and accordingly counterclaim of the Contractor has not been acknowledged as debt and no provision for the same has been made. The lawyers are of the view that the case of Company is strong on merits.

	2016 Taka'000	2015 Taka'000
<b>22 REVENUE</b>		
Sale of gray cement*	8,875,577	8,988,694
Sale of cement clinker	1,853,278	1,979,258
	<b>10,728,855</b>	<b>10,967,952</b>
<b>*Sale of gray cement</b>		
Local sales	8,855,378	8,975,627
Export in Export Processing Zones	20,199	13,067
	<b>8,875,577</b>	<b>8,988,694</b>
<b>23 COST OF SALES</b>		
Opening finished goods and work in process (Note- 7)	148,797	143,773
Raw materials costs (Note- 23.1)	2,226,885	2,492,664
Toll manufacturing costs	82,234	170,790
Power and fuel costs	1,304,776	1,159,831
Production and maintenance costs (Note- 23.2)	1,383,260	1,427,894
Plant general and administrative costs (Note- 23.3)	488,547	557,634
Freight cost to customers	607,249	500,607
Depot operating and transportation costs (Note- 23.4)	818,583	741,264
Site restoration costs	2,968	3,091
Closing finished goods and work in process (Note- 7)	(104,117)	(148,797)
	<b>6,959,182</b>	<b>7,048,751</b>

	2016 Taka'000	2015 Taka'000
<b>23.1 Raw materials costs</b>		
Limestone	1,040,967	1,151,018
Clay	85,506	137,460
Gypsum	220,617	253,814
Iron Ore	47,985	61,048
Sand	32,428	22,995
Slag	187,358	249,575
Packing Bags	430,671	449,122
Others	181,353	167,632
	<b>2,226,885</b>	<b>2,492,664</b>
<b>23.2 Production and maintenance costs</b>		
Salary, allowances and benefits	291,624	283,420
Contributions to employees' benefit schemes	21,838	20,963
Maintenance	164,237	123,663
Other supplies and spares	200,767	285,946
Material handling	103,212	111,983
Other expenses	6,209	2,071
Technical studies	1,734	6,950
Depreciation (Note- 5.1)	554,671	552,286
Amortization of intangible assets	38,968	40,612
	<b>1,383,260</b>	<b>1,427,894</b>
<b>23.3 Plant general and administrative costs</b>		
Salary, allowances and benefits	101,038	115,184
Contributions to employees' benefit schemes	6,365	7,605
Staff welfare expenses	18,430	24,440
Training, seminars and meetings	2,015	2,795
Travelling	14,572	18,640
Rent	5,627	5,462
Gas, electricity and water	4,814	6,233
Telephone, fax and postage	2,670	2,763
Entertainment	385	1,863
Office maintenance	74,419	64,596
Security services	64,232	73,217
Printing and stationery	1,015	1,808
Computer expenses	42,940	51,549
Other supplies and spares	17,947	15,418
Other office expenses	9,920	12,953
Registration and other fees	112	224
Legal expenses	5,396	24,552
Audit and tax advisory fees (Note- 24.1)	1,620	1,520
Consultancy	17,310	15,109

	2016 Taka'000	2015 Taka'000
Vehicles running expenses	19,138	20,134
Corporate social activities	20,536	20,605
Insurance	58,046	70,964
	<b>488,547</b>	<b>557,634</b>
<b>23.4 Depot operating and transportation costs</b>		
Salary, allowances and benefits	64,071	59,818
Contributions to retirement benefit scheme	6,915	6,700
Staff welfare expenses	1,339	1,548
Training, seminars and meeting	3	274
Depreciation (Note- 5.1)	1,846	1,491
Depot other maintenance costs	76,337	63,366
Transportation costs	668,072	608,067
	<b>818,583</b>	<b>741,264</b>
<b>24 GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Salary, allowances and benefits	152,534	171,268
Contributions to retirement benefit scheme	14,243	14,070
Staff welfare expenses	4,618	1,845
Training, seminars and meeting	10,762	16,362
Travelling	9,046	9,287
Rent	44,718	37,453
Gas, electricity and water	3,057	3,240
Telephone, fax and postage	3,705	6,050
Entertainment	4,038	4,262
Office maintenance	5,072	6,228
Office security services	2,322	1,873
Printing and stationery	978	1,375
Computer expenses	46,599	53,017
Other office expenses	4,410	6,234
Registration and other fees	2,418	2,323
Audit and tax advisory fees (Note- 24.1)	2,299	2,994
Legal expenses	1,763	7,920
Vehicles running expenses	14,137	15,715
Publicity and public relation	9,289	12,079
General assistance fee	100,394	102,966
Trademark license fee	100,394	102,966
Insurance	3,307	4,353
General survey and studies	3,495	556
Administrative depreciation (Note- 5.1)	25,371	29,053
Amortization of intangible assets	9,633	6,209
Contribution to Workers' Profit Participation and Welfare Fund	100,174	102,617
	<b>678,776</b>	<b>722,315</b>

	2016 Taka'000	2015 Taka'000
<b>24.1 Audit and Tax Advisory Fees</b>		
Statutory audit fee	200	200
Group audit fee	700	700
Certification fees	144	104
Annual consolidation audit	320	320
Interim audit fee	230	230
Pocket expenses	70	70
Tax and VAT advisory services	635	1,370
Total for LafargeHolcim Bangladesh Limited (Note- 24)	<b>2,299</b>	<b>2,994</b>
Statutory audit fee	1,203	1,044
Tax advisory services	328	388
Total for Lafarge Umiam Mining Private Limited (Note- 23.3)	<b>1,531</b>	<b>1,432</b>
Statutory audit fee	44	42
Tax advisory services	45	46
Total for Lum Mawshun Minerals Private Limited (Note- 23.3)	<b>89</b>	<b>88</b>
	<b>3,919</b>	<b>4,514</b>
<b>25 SALES AND MARKETING EXPENSES</b>		
Salary, allowances and benefits	82,180	75,164
Contributions to retirement benefit scheme	6,562	7,783
Training, seminars and meeting	2,159	6,887
Travelling	27,210	25,094
Gas, electricity and water	266	195
Telephone, fax and postage	1,264	1,075
Entertainment	1,085	1,230
Office maintenance	1,083	1,195
Printing and stationery	239	59
Other office expenses	411	253
Registration and other fees	1,893	1,600
Vehicles running expenses	5,024	3,823
Advertisement and promotion	64,678	79,953
Insurance	-	127
Provision for trade receivables	1,345	1,690
General survey and studies	573	1,449
	<b>195,972</b>	<b>207,577</b>
<b>26 OTHER OPERATING (EXPENSES)/ INCOME</b>		
Loss on sale of property, plant and equipment	(19,967)	(76,416)
Sale of miscellaneous scrap items	7,979	6,951
Others	1,188	(28,816)
	<b>(10,800)</b>	<b>(98,281)</b>

27 FINANCE COSTS AND INCOME	2016 Taka'000	2015 Taka'000
Interest on long term debt	-	16,687
Interest on short term debt	32,066	48,239
Exchange loss	17,506	65,495
Other finance costs	8,510	36,500
Bank charges and commission	13,377	16,007
<b>Finance costs</b>	<b>71,459</b>	<b>182,928</b>
Interest income on bank deposits	134,796	115,271
<b>Finance income</b>	<b>134,796</b>	<b>115,271</b>
<b>Net finance costs</b>	<b>(63,337)</b>	<b>67,657</b>
<b>28 INCOME TAX</b>		
Current income tax expenses	747,876	119,297
Deferred income tax	(26,897)	414,540
	<b>720,979</b>	<b>533,837</b>

#### 28.1 Reconciliation of effective tax rate (%)

Statutory tax rate	28.00	25.00
Permanent differences	0.95	1.58
Effect on opening deferred tax adjustments	(2.98)	-
Tax rate changes	-	(8.80)
Effect of foreign tax differentials	(1.51)	
<b>Effective tax rate</b>	<b>24.46</b>	<b>18.91</b>

#### 29 EARNINGS PER SHARE

The computation of basic earnings per share for the years ended 31 December 2016 and 31 December 2015 are as follows:

##### NUMERATOR *(Thousands of Taka)*

<b>INCOME FOR THE YEAR- ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY</b>	<b>2,226,535</b>	<b>2,289,556</b>
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##### DENOMINATOR *(Thousands of Shares)*

<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>	<b>1,161,374</b>	<b>1,161,374</b>
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<b>BASIC EARNINGS PER SHARE</b>	<i>Taka</i> <b>1.92</b>	<b>1.97</b>
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<b>DILUTED EARNINGS PER SHARE</b>	<i>Taka</i> <b>1.92</b>	<b>1.97</b>
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#### 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 2016 Taka '000
Surma Holdings B.V.-Group Company	Dividend payment	615,329	-
Lafarge Asia SDN BHD-Group Company	Intercompany services/ Technical assistance	39,952	(88,815)
Lafarge S.A.-Group Company	Technical assistance/ Trademark license	123,535	(261,512)
Cementos Molins-Group Company	Trademark license/ Travel expenses	84,331	(180,691)
LH Trading Ltd- Group Company	Intercompany services	258	16,276
PT Lafarge Cement Indonesia		-	4,764
Group Company	Intercompany services	24	664
MBEYA Cement Company Ltd. Group Company	Intercompany services	141	2,782
Holcim Group Services Ltd. Group Company	Intercompany services	93	(90)
Lafarge International Services Singapore Pte Ltd Group Company	Intercompany services	3,291	(17)
Holcim Cement (Bangladesh) Ltd Group Company	Clinker sales and intercompany services	638,214	77,787
Eastern Housing Ltd. Shareholder's associated entity	Cement sales	4,481	767
Aftab Bahumukhi Farms Ltd- Shareholder's associated entity	Cement sales	1,638	262
Bengal Development Corporation- Shareholder's associated entity	Cement sales	1,060	(16)
Jahurul Islam Medical College- Shareholder's associated entity	Cement sales	1,658	378
Opex Group- Shareholder's associated entity	Cement sales	-	(5)
Shikharaa Developments Ltd.- Shareholder's associated entity	Cement sales	1,681	180
Sinha Peoples Energy Ltd- Shareholder's associated entity	Cement sales	-	(21)
		<b>2016</b> <b>Taka'000</b>	<b>2015</b> <b>Taka'000</b>
<b>31 DIRECTORS', MANAGERS' AND OFFICERS' REMUNERATION</b>			
Salary, allowances and benefits		271,568	341,942
Contributions to employees' benefit scheme		23,443	26,603
Reimbursable expenses		11,593	10,711
		<b>306,604</b>	<b>379,256</b>

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 to the customer. These outstanding amounts are regularly monitored. The Company has obtained bank guarantees from all trade customers. A large part of non trade customers are also covered by bank guarantees.

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

	2016 Taka'000	2015 Taka'000
Trade receivables (Note- 8)	1,361,677	908,260
Other receivables excluding prepaid expenses (Note- 9)	2,007,928	2,344,161
	<b>3,369,605</b>	<b>3,252,421</b>

### 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	2,332,586	1,826,195	506,391	-
Other payables	378,489	353,862	24,627	-
Short-term debt	524,297	524,297	-	-
Derivative instruments	1,103	1,103	-	-
<b>Balance at 31 December 2016</b>	<b>3,236,475</b>	<b>2,705,457</b>	<b>531,018</b>	<b>-</b>

	Carrying amount Taka'000	6 months or less Taka'000	From 6 to 12 months Taka'000	From 1 to 5 years Taka'000
Trade payables	2,473,604	2,003,874	469,730	-
Other payables	376,640	340,255	36,385	-
Short-term debt	1,085,806	1,085,806	-	-
Derivative instruments	2,493	2,493	-	-
<b>Balance at 31 December 2015</b>	<b>3,938,543</b>	<b>3,432,428</b>	<b>506,115</b>	<b>-</b>

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

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

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

Balance at 31 December 2016	BDT'000	INR'000	USD'000	EUR'000	GBP'000
-----------------------------	---------	---------	---------	---------	---------

#### *Foreign currency denominated assets*

Cash and cash equivalents	99,438	85,544	3	1	-
Other receivables	725,287	611,882	207	-	-
<b>Total</b>	<b>824,725</b>	<b>697,426</b>	<b>210</b>	<b>1</b>	<b>-</b>

#### *Foreign currency denominated liabilities*

Trade payables	588,127	405,527	1,130	357	-
Other payables	76,585	50,035	-	227	-
Short-term debt	524,304	48,158	5,950	-	-
<b>Total</b>	<b>1,189,016</b>	<b>503,720</b>	<b>7,080</b>	<b>584</b>	<b>-</b>

Balance at 31 December 2015	BDT'000	INR'000	USD'000	EUR'000	GBP'000
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#### *Foreign currency denominated assets*

Cash and cash equivalents	400	33,805	4	1	-
Other receivables	747,863	624,328	127	-	-
<b>Total</b>	<b>748,263</b>	<b>658,133</b>	<b>131</b>	<b>1</b>	<b>-</b>

#### *Foreign currency denominated liabilities*

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

### Exchange rate sensitivity

If the BDT increases in value against a currency, the value in BDT of assets, liabilities, income and expenses originally recorded in the other currencies will decrease. Conversely, if the BDT decreases in value against a currency, the value in BDT of assets, liabilities, income and expenses originally recorded in the other currency will increase. Consequently, increases and decreases in the value of the BDT may affect the value in BDT of our non-BDT assets, liabilities, income and expenses, even though the value of these items have not changed in their original currency.

A change of 50 basis points (bp) in foreign currencies would have increased or decreased equity and profit or loss of the Company by the amounts shown below.

<u>Particulars</u>	2016	2015
	Estimated impact on profit/loss and equity (+/-) Taka'000	Estimated impact on profit/loss and equity (+/-) Taka'000
Assets denominated in USD	83	51
Assets denominated in INR	4,041	3,899
Liabilities denominated in USD	2,787	6,148
Liabilities denominated in EUR	239	258
Liabilities denominated in INR	2,918	3,043

### b) Interest rate risk

The risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its debts and short term deposits.

#### Interest rate sensitivity

A +/- 1% change in short-term interest rates calculated on the financial assets and financial liabilities, would have a maximum impact on the Company's 2016 profit before tax of +/- Taka 26,456 (Taka 24,906 for 2015) in thousands and Taka 5,243 (Taka 10,858 for 2015) in thousands respectively.

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

	2016 Taka'000	2015 Taka'000
<b>Financial assets</b>		
Term deposits	2,645,633	2,490,575
	<b>2,645,633</b>	<b>2,490,575</b>
<b>Financial liabilities</b>		
Short-term bank borrowings	524,297	1,085,806
	<b>524,297</b>	<b>1,085,806</b>

### 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				
	Carrying amount	Fair value	Carrying amount	Fair value
<b>ASSETS</b>				
<b>Financial assets at fair value through profit and loss</b>				
Accrued interest	20,917	20,917	20,788	20,788
<b>Loans and Receivables at amortized costs</b>				
Trade receivables	1,361,677	1,361,677	908,260	908,260
Other receivables	2,049,202	2,049,202	2,385,865	2,385,865
Cash and cash equivalents	3,697,428	3,697,428	3,249,844	3,249,844
Derivative instruments	838	838	1,109	1,109
<b>LIABILITIES</b>				
<b>Financial liabilities at amortized cost</b>				
Trade payables	2,332,586	2,332,586	2,473,604	2,473,604
Other payables	378,489	378,489	376,640	376,640
Short-term debt	524,297	524,297	1,085,806	1,085,806
Derivative instruments	1,103	1,103	2,493	2,493

### 33 NUMBER OF EMPLOYEES

#### LafargeHolcim Bangladesh Limited

##### Nationality:

	2016	2015
Bangladeshi	380	381
Non-Bangladeshi	5	4

#### Lafarge Umiam Mining Private limited

##### Nationality:

	2016	2015
Indian	118	119
Non-Indian	1	1

**504**

**505**

##### Salary range:

	2016	2015
Monthly Taka 3,000 or above	504	505
Monthly below Taka 3,000	Nil	Nil

### 34 RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

	Opening balance 2015	Cash flows	Non-cash currency translation	Closing balance 2016
Short-term debt	1,085,806	(542,041)	(19,468)	524,297

### 35 SUBSEQUENT EVENTS

The Registrar of Joint Stock Companies and Firms of Bangladesh (RJSC), on February 7, 2017, has approved the name change of the company from "Lafarge Surma Cement Limited" to "LafargeHolcim Bangladesh Limited".

The Shareholders of Lafarge Surma Cement Limited (the "Company") also approved the Share Purchase Agreement ("SPA") dated December 23, 2016, executed between the Company and Holderfin B.V. for purchase of 100% shares of Holcim Cement (Bangladesh) Ltd. for a consideration of USD 117 million (United States Dollar one hundred and seventeen million) only. The implementation and performance of the SPA subject to approval of the necessary regulatory approvals. The Company will provide updates to the regulatory authorities and shareholders, as and when required, in conformity with applicable laws.



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

**FINANCIAL STATEMENTS OF  
LAFARGEHOLCIM  
BANGLADESH  
LIMITED**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

***DELIVERY, THAT'S ASSURED***

On time in full (OTIF) delivery is an assurance of superior service. Holistic logistics services delivery right products in desired manner.



# Hoda Vasi Chowdhury & Co

Chartered Accountants

## INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF

LAFARGEHOLCIM BANGLADESH LIMITED

(Formerly known as Lafarge Surma Cement Limited)

We have audited the accompanying financial statements of LafargeHolcim Bangladesh Limited (the Company) which comprise the statement of financial position as at 31 December 2016 and the related statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other relevant explanatory notes.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, 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 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 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 LafargeHolcim Bangladesh Limited as at 31 December 2016 and the results of its financial performance and its cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

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

*Hoda Vasi Chowdhury*

Chartered Accountants

Dhaka, 15 March 2017

**LAFARGEHOLCIM BANGLADESH LIMITED**  
(Formerly known as Lafarge Surma Cement Limited)

**STATEMENT OF FINANCIAL POSITION**  
at 31 December 2016

ASSETS	NOTES	2016 Taka'000	2015 Taka'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	10,471,206	10,580,042
Intangible assets	7	31,639	12,887
Investment in subsidiaries	8	477,078	486,630
Loan to subsidiary company	9	64,222	320,173
		<b>11,044,145</b>	<b>11,399,732</b>
<b>CURRENT ASSETS</b>			
Inventories	10	1,103,363	1,297,900
Trade receivables	11	1,361,677	908,260
Other receivables	12	1,566,294	1,754,420
Cash and cash equivalents	13	3,598,307	3,209,890
		<b>7,629,641</b>	<b>7,170,470</b>
<b>TOTAL ASSETS</b>		<b>18,673,786</b>	<b>18,570,202</b>
<b>EQUITY &amp; LIABILITIES</b>			
Share capital	14.3	11,613,735	11,613,735
Retained earnings		2,690,847	2,442,798
Other components of equity	14.6	(123,314)	(82,799)
<b>EQUITY</b>		<b>14,181,268</b>	<b>13,973,734</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability	15	2,061,888	2,136,371
Employee benefits	16	51,365	34,456
		<b>2,113,253</b>	<b>2,170,827</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	17	2,027,464	2,068,926
Other payables	18	351,801	356,715
		<b>2,379,265</b>	<b>2,425,641</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>18,673,786</b>	<b>18,570,202</b>

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

  
Chief Financial Officer

  
Company Secretary

  
Director

  
Chief Executive Officer

As per our annexed report of same date

  
Chartered Accountants

Dhaka, 15 March 2017

**LAFARGEHOLCIM BANGLADESH LIMITED**  
(Formerly known as Lafarge Surma Cement Limited)

**STATEMENT OF PROFIT OR LOSS**  
for the year ended 31 December 2016

	NOTES	2016 Taka'000	2015 Taka'000
<b>REVENUE</b>	21	10,728,855	10,967,952
Cost of sales	22	(8,066,119)	(8,079,008)
<b>GROSS PROFIT</b>		<b>2,662,736</b>	<b>2,888,944</b>
General and administrative expenses	23	(678,776)	(722,315)
Sales and marketing expenses	24	(195,972)	(207,577)
Other operating income	25	(10,800)	(98,281)
<b>OPERATING PROFIT</b>		<b>1,777,188</b>	<b>1,860,771</b>
Finance cost	26	(18,977)	(49,258)
Finance income	26	145,098	138,217
<b>PROFIT BEFORE TAX</b>		<b>1,903,309</b>	<b>1,949,730</b>
Income tax	27	(493,886)	(346,652)
<b>PROFIT FOR THE YEAR</b>		<b>1,409,423</b>	<b>1,603,078</b>
Basic earnings per share (Taka)	28	1.21	1.38
Diluted earnings per share (Taka)	28	1.21	1.38

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



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

As per our annexed report of same date

Dhaka, 15 March 2017

  
Chartered Accountants

**LAFARGEHOLCIM BANGLADESH LIMITED**
*(Formerly known as Lafarge Surma Cement Limited)*
**STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 December 2016

	2016 Taka'000	2015 Taka'000
<b>PROFIT FOR THE YEAR</b>	<b>1,409,423</b>	<b>1,603,078</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Actuarial loss	(41,284)	2,989
Income tax on items that will not be reclassified to profit or loss	10,321	(2,473)
<b>Total items that will not be reclassified to profit or loss</b>	<b>(30,963)</b>	<b>516</b>
<b>Items that may be reclassified subsequently to profit or loss</b>		
Exchange differences on translating foreign operations	(9,552)	(20,133)
<b>Total items that may be reclassified to profit or loss</b>	<b>(9,552)</b>	<b>(20,133)</b>
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>(40,515)</b>	<b>(19,617)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>1,368,908</b>	<b>1,583,461</b>

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



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

As per our annexed report of same date



Chartered Accountants

Dhaka, 15 March 2017

**LAFARGEHOLCIM BANGLADESH LIMITED**  
(Formerly known as Lafarge Surma Cement Limited)

**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2016

(All figures are in Taka '000)

	Share capital	Retained earnings	Other components of equity	Total equity
<b>Balance at 1 January 2015</b>	11,613,735	2,001,094	(63,182)	13,551,647
Total comprehensive income/(loss) for the year	-	1,603,078	(19,617)	1,583,461
Interim dividend	-	(580,687)	-	(580,687)
Final dividend	-	(580,687)	-	(580,687)
<b>Balance at 31 December 2015</b>	<b>11,613,735</b>	<b>2,442,798</b>	<b>(82,799)</b>	<b>13,973,734</b>
<b>Balance at 1 January 2016</b>	11,613,735	2,442,798	(82,799)	13,973,734
Total comprehensive income/(loss) for the year	-	1,409,423	(40,515)	1,368,908
Interim dividend	-	(580,687)	-	(580,687)
Final dividend	-	(580,687)	-	(580,687)
<b>Balance at 31 December 2016</b>	<b>11,613,735</b>	<b>2,690,847</b>	<b>(123,314)</b>	<b>14,181,268</b>



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

## LAFARGEHOLCIM BANGLADESH LIMITED

(Formerly known as Lafarge Surma Cement Limited)

### STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

	2016 Taka'000	2015 Taka'000
<b>Cash Flows From Operating Activities</b>		
Cash receipts from customers	10,277,743	10,967,065
Cash paid to suppliers and employees	(8,430,905)	(8,301,182)
Cash generated in operations	1,846,838	2,665,883
Income taxes paid	(303,464)	(306,103)
Other receipts	7,979	6,951
<b>Net cash generated by operating activities</b>	<b>1,551,353</b>	<b>2,366,731</b>
<b>Cash Flows From Investing Activities</b>		
Payments for property, plant and equipment	(445,717)	(169,136)
Payments for intangible assets	(15,707)	(2,184)
Proceeds from sale of property, plant and equipment	598	9,014
Interest income	131,632	89,673
Received against loan to subsidiary company	255,437	253,374
Interest received from subsidiary company	75,400	81,609
<b>Net cash generated by investing activities</b>	<b>1,643</b>	<b>262,350</b>
<b>Cash Flows From Financing Activities</b>		
Payment of interest and other finance costs	(19,167)	(47,084)
Dividend paid	(1,145,412)	(1,143,013)
<b>Net cash used in financing activities</b>	<b>(1,164,579)</b>	<b>(1,190,097)</b>
<b>Net increase in cash and cash equivalents</b>	<b>388,417</b>	<b>1,438,984</b>
<b>Cash and Cash Equivalents at Beginning of the Year</b>	<b>3,209,890</b>	<b>1,770,906</b>
<b>Cash and Cash Equivalents at End of the Year</b>	<b>3,598,307</b>	<b>3,209,890</b>



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

# LAFARGEHOLCIM BANGLADESH LIMITED

(Formerly known as Lafarge Surma Cement Limited)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

### 1 BACKGROUND AND INTRODUCTION

#### Formation and legal status

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

### 2 NATURE OF BUSINESS

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

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

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of preparation

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

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

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

#### 3.2 Use of Estimates and Judgements

##### i) Estimates

The preparation of financial statements in conformity with 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) 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.

#### iv) Depreciation of property, plant and equipment

Straight line depreciation method is followed and depreciation has been charged on all assets acquired that are put to use except land. Full month's depreciation is charged for the month of acquisition and no depreciation is charged for the month of disposal. The rates of depreciation and category of property, plant and equipment (PP&E) are as follows:

Category of PP&E	Rate %
Leasehold 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

#### v) Impairment of property, plant and equipment

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

There is no impairment in 2016 and 2015.

### 3.5 Intangible assets

#### i) Software

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

#### ii) Others

Capitalisation costs of leased land and quarry land include statutory fees, lump sum payment to lessor and subsequent development cost. These are shown as "intangible assets" in line with Group policy.

#### iii) Construction in progress

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

#### iv) Amortization of intangible assets

##### a) Software

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

##### b) Others

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

### 3.6 Inventories

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

### 3.7 Financial instruments

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

#### i) Non-derivative financial assets

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

##### a) Trade receivables

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

### b) Cash and cash equivalents

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

### ii) Non-derivative financial liabilities

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

### iii) Derivative instruments

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

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

Pursuant to the guidance in BAS 39 and BAS 32, the Company records in the consolidated statement of financial position derivative instruments at their fair values. The accounting of changes in fair value of a derivative depends on the intended use of the derivative and the resulting designation. The Company designates its derivatives based on the criteria established under BAS 39.

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

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

### 3.8 Foreign currency translation/ transaction

Trans-

actions 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:

	2016		2015	
	Closing rate	Average rate	Closing rate	Average rate
<b>Currencies</b>				
BDT/USD	78.7400	78.4695	78.5100	77.9525
BDT/EUR	81.9802	86.8486	85.8300	86.5552
BDT/GBP	96.2676	106.3512	116.3000	119.1324
BDT/INR	1.1587	1.1679	1.1819	1.2161

### 3.9 Employees' benefit schemes

#### i) Gratuity plan

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

#### ii) Provident fund

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

#### iii) Workers' profit participation and welfare funds

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

### 3.10 Taxation

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

#### Current tax

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

#### Deferred tax

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

Deferred tax liabilities are recognised for all temporary taxable differences.

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

### 3.11 Revenue recognition

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

### 3.12 Provision

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

### 3.13 Offsetting

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

### **3.14 Materiality and aggregation**

Each material class of similar items is 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 LafargeHolcim Bangladesh Limited and its subsidiaries. LafargeHolcim Bangladesh 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
<b>COST</b>													
At January 1, 2016	532,077	367	62,254	546,380	54,890	13,148,000	118,738	186,949	102,805	73,958	60,505	164,914	15,051,837
Reclassification*	-	-	-	-	-	-	-	-	-	-	-	(12,678)	(12,678)
Additions	-	-	-	2,973	-	10,175	2,598	6,501	-	-	-	423,783	446,030
Disposals	-	-	-	-	-	(27,096)	-	-	(2,531)	(3,035)	(64)	(5,562)	(38,288)
Transfers	-	-	-	978	-	12,767	6,754	-	2,242	555	-	(23,296)	-
At December 31, 2016	532,077	367	62,254	550,331	54,890	13,143,846	128,090	193,450	102,516	71,478	60,441	547,161	15,446,901
<b>DEPRECIATION</b>													
At January 1, 2016	-	367	12,369	115,075	15,465	3,977,146	51,032	111,063	84,905	60,561	43,812	-	4,471,795
Disposals	-	-	-	-	-	(6,637)	-	-	(2,519)	(2,943)	(64)	-	(12,163)
Charge for the year	-	-	1,245	13,715	1,830	441,828	12,044	25,603	9,393	5,928	4,477	-	516,063
At December 31, 2016	-	367	13,614	128,790	17,295	4,412,337	63,076	136,666	91,779	63,546	48,225	-	4,975,695
<b>CARRYING AMOUNT</b>													
At December 31, 2016	532,077	-	48,640	421,541	37,595	8,731,509	65,014	56,784	10,737	7,932	12,216	547,161	10,471,206
At December 31, 2015	532,077	-	49,885	431,305	39,425	9,170,854	67,706	75,886	17,900	13,397	16,693	164,914	10,580,042

\*Construction in progress of property, plant and equipment related to software of BDT 12,678 (in thousands), has been reclassified and capitalized as intangible assets.

### 6.1 Depreciation charge for the year allocated to

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

2016  
Taka'000

488,846  
1,846  
25,371  
**516,063**

2015  
Taka'000

485,235  
1,491  
29,053  
**515,779**

## 6.2 Disposal of property, plant and equipment

<i>Figures in Taka'000</i>	Plant & machinery	Computer equipment	Office equipment	Furniture & fixtures	Construction in progress	Total
Cost	27,096	2,531	3,035	64	5,562	38,288
Accumulated depreciation	(6,637)	(2,519)	(2,943)	(64)		(12,163)
<b>Carrying amount at December 31, 2016</b>	<b>20,459</b>	<b>12</b>	<b>92</b>	<b>-</b>	<b>5,562</b>	<b>26,125</b>
<b>Sale proceeds</b>	<b>-</b>	<b>83</b>	<b>515</b>	<b>-</b>	<b>-</b>	<b>598</b>
<b>Mode of disposal</b>	Company policy	Company policy/tender	Company policy/tender	Company policy	Company policy	
<b>Particulars of purchaser</b>	Written off	Third party & Employees	Third party & Employees	Written off	Written off	

## 7 INTANGIBLE ASSETS

<i>Figures in Taka'000</i>	Software	Construction in progress	Total
<b>COST</b>			
At January 1, 2016	69,884	10,230	80,114
Reclassification	-	12,678	12,678
Additions	15,707	-	15,707
Disposals	-	-	-
Transfers	16,574	(16,574)	-
At December 31, 2016	102,165	6,334	108,499
<b>AMORTIZATION</b>			
At January 1, 2016	67,227	-	67,227
Disposals	-	-	-
Charge for the year	9,633	-	9,633
At December 31, 2016	76,860	-	76,860
<b>CARRYING AMOUNT</b>			
<b>At December 31, 2016</b>	<b>25,305</b>	<b>6,334</b>	<b>31,639</b>
<b>At December 31, 2015</b>	<b>2,657</b>	<b>10,230</b>	<b>12,887</b>

## 8 INVESTMENT IN SUBSIDIARIES

	2016 Taka'000	2015 Taka'000
Lafarge Umiam Mining Private Limited (LUMPL) <i>- a fully owned subsidiary incorporated in India</i>	476,609	486,152
Lum Mawshun Minerals Private Limited (LMMPL) <i>- a 74% owned subsidiary incorporated in India</i>	469	478
<b>Balance at 31 December</b>	<b>477,078</b>	<b>486,630</b>

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

Shares held in different entities are as follows:

Name of entities	Face value per share	Number of ordinary shares held by the Company	
		2016	2015
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

Loan to Subsidiary Company (LUMPL)	2016 Taka'000	2015 Taka'000
Balance at 1 January	320,173	572,183
Received during the year	(255,437)	(254,308)
Exchange gain	(514)	2,298
<b>Balance at 31 December</b>	<b>64,222</b>	<b>320,173</b>

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 2016 is USD 816 (in thousands).

**Terms and conditions of the loan are as follows:**

Date of loan agreement:	April 20, 2004 and subsequent amendments thereto.
Loan amount:	US Dollar 18 million.
Rate of interest:	LIBOR + 3% per annum on outstanding principal amount.
Repayment of principal:	Starting from 15 June 2009, repayment was to be made in USD by 32 equal installments on 15 March, 15 June, 15 September and 15 December each year. After the payment of 3rd installment in December 2009, no repayment was made between January 2010 and May 2012 due to the stringent cash condition in the subsidiary (LUMPL) for the forest clearance issue. However, repayment of the loan resumed from June 2012 and will end on 15 March 2017 by 20 equal installments.
Payment of interest:	Arrear interest of first four years up to 16 March 2008 was to be paid in 32 equal installments starting from 15 June 2009 on every repayment date along with the principal repayment. Current interest is to be paid on every repayment date (15 March, 15 June, 15 September and 15 December). No interest payment, arrear or current, was made in the period January 2011 and up to May 2012 due to the stringent cash condition in the subsidiary. However, payment of interest resumed from June 2012 and will end on 15 March 2017.

	2016 Taka'000	2015 Taka'000
<b>10 INVENTORIES</b>		
Raw materials	184,449	265,563
Spare parts	745,176	746,392
Packing materials	3,148	10,164
Other materials	46,456	99,636
Finished goods and work in process	124,134	176,145
	<b>1,103,363</b>	<b>1,297,900</b>
<b>11 TRADE RECEIVABLES</b>		
Trade receivables (Note- 11.2)	1,373,631	918,869
Valuation allowance (Note- 11.1)	(11,954)	(10,609)
	<b>1,361,677</b>	<b>908,260</b>
<b>11.1 The change in the valuation allowance for doubtful receivables is as follows:</b>		
Balance at 1 January	(10,609)	(9,619)
Current year addition	(1,345)	(990)
<b>Balance at 31 December</b>	<b>(11,954)</b>	<b>(10,609)</b>
<b>11.2 Ageing of trade receivables</b>		
<b>The ageing of gross trade receivables at reporting date are as follows:</b>		
Within the credit period	787,833	669,503
1-30 days	328,838	133,542
31-60 days	127,348	24,585
61-180 days	117,658	80,630
Over 180 days	11,954	10,609
	<b>1,373,631</b>	<b>918,869</b>
<b>12 OTHER RECEIVABLES</b>		
Contractors, consultants, suppliers and others	128,324	122,937
Office and house rent	18,296	28,872
VAT current account	238,810	135,582
Advance to employees	57,170	21,083
Security and other deposits	4,807	3,922
Prepaid expenses	34,368	27,345
Other receivables	25,947	32,891
Advance income tax (Note- 12.1)	1,024,080	1,278,664
Accrued interest on bank deposits	18,500	18,577
Accrued interest on loan to subsidiary company (Note- 9)	15,992	84,547
	<b>1,566,294</b>	<b>1,754,420</b>

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

	2016 Taka'000	2015 Taka'000
<b>12.1 Advance income tax- net of tax provision</b>		
Advance income tax-deducted at source	1,886,752	1,583,288
Current tax liabilities (Note- 19)	(862,672)	(304,624)
	<b>1,024,080</b>	<b>1,278,664</b>
<b>13 CASH AND CASH EQUIVALENTS</b>		
Cash in hand	435	554
	<b>435</b>	<b>554</b>
<b>Cash at banks</b>		
In current accounts	990,814	758,051
In short term deposit accounts	112,989	73,716
In fixed deposit receipts	2,494,069	2,011,019
in treasury bills	-	366,550
	<b>3,597,872</b>	<b>3,209,336</b>
<b>14 SHARE CAPITAL</b>	<b>3,598,307</b>	<b>3,209,890</b>
<b>14.1 Authorized capital</b>		
<b>1,400,000,000 ordinary shares of Taka 10 each</b>	<b>14,000,000</b>	<b>14,000,000</b>

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

<b>14.2 Issued and subscribed capital</b>		
<b>1,161,373,500 ordinary shares of Taka 10 each</b>	<b>11,613,735</b>	<b>11,613,735</b>
<b>14.3 Paid up capital</b>		
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
	<b>11,613,735</b>	<b>11,613,735</b>

#### 14.4 Composition of shareholders at 31 December

Name of the shareholders	Nationality/ Incorporated In	Number of shares		Holding %	
		2016	2015	2016	2015
Surma Holding B.V.	The Netherlands	683,698,700	683,698,700	58.87	58.87
Sinha Fashions Limited	Bangladesh	35,100,000	35,100,000	3.02	3.02
Islam Cement Limited	Bangladesh	31,914,200	31,914,200	2.75	2.75
Other Shareholders	Bangladesh and NRB	410,660,600	410,660,600	35.36	35.36
		<b>1,161,373,500</b>	<b>1,161,373,500</b>	<b>100.00</b>	<b>100.00</b>

#### 14.5 Classification of shares by holding at 31 December

Slabs by number of shares	Number of shareholders		Holding %	
	2016	2015	2016	2015
Less than 500 Shares	10,581	11,938	0.23	0.26
501 to 5,000 Shares	14,964	16,364	2.54	2.79
5,001 to 10,000 Shares	2,519	2,717	1.63	1.75
10,001 to 20,000 Shares	1,523	1,615	1.91	2.03
20,001 to 30,000 Shares	565	583	1.21	1.25
30,001 to 40,000 Shares	292	319	0.88	0.97
40,001 to 50,000 Shares	211	213	0.84	0.84
50,001 to 100,000 Shares	358	389	2.21	2.39
100,001 to 1,000,000 Shares	366	375	8.77	8.76
Over 1,000,000 Shares	45	41	79.78	78.96
	<b>31,424</b>	<b>34,554</b>	<b>100.00</b>	<b>100.00</b>

#### 14.6 Other Components of Equity

	2016 Taka'000	2015 Taka'000
Exchange differences on translating foreign operations	(42,814)	(33,262)
Actuarial loss-net of tax	(80,500)	(49,537)
	<b>(123,314)</b>	<b>(82,799)</b>

#### 14.7 Dividends

The final dividend amounts to Taka 580,686,750 which is Taka 00.50 per share of Taka 10 each for the year 2016 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, 2016.

#### 15 Deferred Tax Liability

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

Property, plant and equipment	2,085,861	2,145,999
<b>Deferred tax liabilities</b>	<b>2,085,861</b>	<b>2,145,999</b>
Provision for gratuity	20,985	6,976
Provision for doubtful debts	2,988	2,652
Business loss	-	-
<b>Deferred tax assets</b>	<b>23,973</b>	<b>9,628</b>
<b>Net deferred tax liability</b>	<b>2,061,888</b>	<b>2,136,371</b>

	2016 Taka'000	2015 Taka'000
<b>15.1 Change in deferred tax assets and liability</b>		
Balance at 1 January- deferred tax liability	2,136,371	1,906,543
Deferred tax (income)/expenses for the year (Note- 27)	(64,162)	227,355
Actuarial loss	(10,321)	2,473
Balance at 31 December- deferred tax liability	<b>2,061,888</b>	<b>2,136,371</b>
<b>16 EMPLOYEE BENEFITS</b>		
Gratuity plan (Note- 16.1)	51,365	27,901
Stock Appreciation Rights (Note- 16.2)	-	6,555
	<b>51,365</b>	<b>34,456</b>
<b>16.1 Contribution to gratuity plan</b>		
<i>Lafarge Surma Cement Limited (Funded Plan)</i>		
<b>Net position of gratuity plan</b>		
Present value of defined benefit obligation	269,679	249,656
Fair value of plan assets	(218,314)	(221,755)
<b>Net funded status</b>	<b>51,365</b>	<b>27,901</b>

#### Actuarial valuation

The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2016 by a professional actuary using Projected Unit Credit Method.

	2016	2015
<b>Assumptions employed for the valuations are as follows:</b>	%	%
Expected rate of salary increase	8.00	8.00
Expected return on plan assets	8.00	8.00

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

	2016	2015
Balance at 1 January	249,656	213,637
Adjustment	5,573	-
Current service cost	31,399	33,333
Interest cost	20,418	17,091
Actuarial gain	(24,298)	(4,883)
Benefits paid during the year	(13,069)	(9,522)
<b>Balance at 31 December</b>	<b>269,679</b>	<b>249,656</b>

	2016 Taka'000	2015 Taka'000
<b>Movement in the fair value of the plan assets are as follows:</b>		
Balance at 1 January	221,755	130,345
Adjustment	5,652	(4,366)
Contributions from employer	51,365	96,764
Expected return on plan assets	18,193	10,428
Actuarial loss	(65,582)	(1,894)
Benefits paid during the year	(13,069)	(9,522)
<b>Balance at 31 December</b>	<b>218,314</b>	<b>221,755</b>

## 16.2 Provision for stock appreciation rights (SAR)

### LEA 2011

Balance at 1 January	6,555	5,631
Current year addition	689	924
Paid during the year (final settlement)	(7,244)	-
<b>Balance at 31 December</b>	<b>-</b>	<b>6,555</b>

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

## 17 TRADE PAYABLES

Payable for goods and services	1,300,835	1,327,590
General assistance fee (Note- 17.1)	203,359	211,865
Trademark license fee (Note- 17.2)	203,359	211,865
Advance payments from customers	319,911	317,606
	<b>2,027,464</b>	<b>2,068,926</b>

### 17.1 General assistance fee

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

### 17.2 Trademark license fee

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

## 18 OTHER PAYABLES

Payables to suppliers of property, plant and equipment	50,554	58,100
Other finance costs payable	-	2,416
Payable to employees	70,821	61,035
Workers' Profit Participation and Welfare Fund	100,174	102,617
Income tax and VAT deducted at source	88,583	106,856
Dividend payable	41,669	25,691
	<b>351,801</b>	<b>356,715</b>

	2016 Taka'000	2015 Taka'000
<b>19 Current Tax Liabilities</b>		
Balance at 1 January	304,624	185,327
Provision for the year	558,048	119,297
Balance at 31 December	<b>862,672</b>	<b>304,624</b>

## 20 COMMITMENTS AND CONTINGENCIES

20.1 Commitments	Less than		More than		30 Sep 2016 Taka'000	31 Dec 2015 Taka'000
	1 year Taka'000	1 to 5 years Taka'000	5 years Taka'000			
<b>Commitments related to operating activities</b>						
Purchase commitments	1,033,527	-	-		1,033,527	1,289,946
Capital expenditure commitments	24,271	-	-		24,271	348,554
Operating leases	30,791	-	-		30,791	61,368
Guarantees given	1,574	391,294	29,929		422,797	316,777

### 20.2 Contingent Liabilities

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

35,066

35,066

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

74,157

74,157

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

112404

112404

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

135111	135111
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### 20.3 Claims

a. Claims against the Company not acknowledged as debt

Nil	Nil
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b. Claims by the Company not acknowledged as receivable

Nil	Nil
-----	-----

### 20.4

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

	2016 Taka'000	2015 Taka'000
<b>21 REVENUE</b>		
Sale of gray cement*	8,875,577	8,988,694
Sale of cement clinker	1,853,278	1,979,258
	<b>10,728,855</b>	<b>10,967,952</b>
<b>*Sale of gray cement</b>		
Local sales	8,855,378	8,975,627
Export in Export Processing Zones	20,199	13,067
	<b>8,875,577</b>	<b>8,988,694</b>
<b>22 COST OF SALES</b>		
Opening finished goods and work in process (Note- 37)	176,145	169,656
Raw materials costs (Note- 22.1)	3,849,160	4,096,803
Toll manufacturing costs	82,234	170,790
Power and fuel costs	1,214,710	1,062,223
Production and maintenance costs (Note- 22.2)	1,141,515	1,168,202
Plant general and administrative costs (Note- 22.3)	300,657	345,608
Freight cost to customers	607,249	500,607
Depot operating and transportation costs (Note- 22.4)	818,583	741,264
Closing finished goods and work in process (Note- 37)	(124,134)	(176,145)
	<b>8,066,119</b>	<b>8,079,008</b>

	2016 Taka'000	2015 Taka'000
<b>22.1 Raw materials costs</b>		
Limestone	2,663,242	2,755,157
Clay	85,506	137,460
Gypsum	220,617	253,814
Iron Ore	47,985	61,048
Sand	32,428	22,995
Slag	187,358	249,575
Packing Bags	430,671	449,122
Others	181,353	167,632
	<b>3,849,160</b>	<b>4,096,803</b>
<b>22.2 Production and maintenance costs</b>		
Salary, allowances and benefits	227,755	216,431
Contributions to employees' benefit schemes	17,006	17,365
Maintenance	95,986	91,873
Other supplies and spares	200,767	236,660
Material handling	103,212	111,983
Other expenses	6,209	1,705
Technical studies	1,734	6,950
Depreciation (Note- 6.1)	488,846	485,235
	<b>1,141,515</b>	<b>1,168,202</b>
<b>22.3 Plant general and administrative costs</b>		
Salary, allowances and benefits	72,329	83,473
Contributions to employees' benefit schemes	4,404	5,264
Staff welfare expenses	13,547	17,896
Training, seminars and meetings	1,833	2,277
Travelling	2,586	3,002
Rent	1,406	1,943
Gas, electricity and water	187	88
Telephone, fax and postage	1,707	1,695
Office maintenance	47,376	47,913
Security services	26,152	25,239
Printing and stationery	680	825
Computer expenses	35,343	45,180
Other supplies and spares	9,567	11,441
Other office expenses	7,154	10,138
Consultancy	626	1,589
Vehicles running expenses	16,615	13,987
Corporate social activities	7,310	7,608
Insurance	51,835	66,050
	<b>300,657</b>	<b>345,608</b>

	2016 Taka'000	2015 Taka'000
<b>22.4 Depot operating and transportation costs</b>		
Salary, allowances and benefits	64,071	59,818
Contributions to retirement benefit scheme	6,915	6,700
Staff welfare expenses	1,339	1,548
Training, seminars and meeting	3	274
Depreciation (Note- 6.1)	1,846	1,491
Depot other maintenance costs	76,337	63,366
Transportation costs	668,072	608,067
	<b>818,583</b>	<b>741,264</b>
<b>23 GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Salary, allowances and benefits	152,534	171,268
Contributions to retirement benefit scheme	14,243	14,070
Staff welfare expenses	4,618	1,845
Training, seminars and meeting	10,762	16,362
Travelling	9,046	9,287
Rent	44,718	37,453
Gas, electricity and water	3,057	3,240
Telephone, fax and postage	3,705	6,050
Entertainment	4,038	4,262
Office maintenance	5,072	6,228
Office security services	2,322	1,873
Printing and stationery	978	1,375
Computer expenses	46,599	53,017
Other office expenses	4,410	6,234
Registration and other fees	2,418	2,323
Audit and tax advisory fees (Note- 23.1)	2,299	2,994
Legal expenses	1,763	7,920
Vehicles running expenses	14,137	15,715
Publicity and public relation	9,289	12,079
General assistance fee	100,394	102,966
Trademark license fee	100,394	102,966
Insurance	3,307	4,353
General survey and studies	3,495	556
Administrative depreciation (Note- 6.1)	25,371	29,053
Amortization of intangible assets	9,633	6,209
Contribution to Workers' Profit Participation and Welfare Fund	100,174	102,617
	<b>678,776</b>	<b>722,315</b>
<b>23.1 Audit and Tax Advisory Fees</b>		
Statutory audit fee	200	200
Group audit fee	700	700
Certification fees	144	104
Annual consolidation audit		

	2016 Taka'000	2015 Taka'000
	320	320
Interim audit fee	230	230
Pocket expenses	70	70
Tax and VAT advisory services	635	1,370
<b>24 SALES AND MARKETING EXPENSES</b>	<b>2,299</b>	<b>2,994</b>
Salary, allowances and benefits	82,180	75,164
Contributions to retirement benefit scheme	6,562	7,783
Training, seminars and meeting	2,159	6,887
Travelling	27,210	25,094
Gas, electricity and water	266	195
Telephone, fax and postage	1,264	1,075
Entertainment	1,085	1,230
Office maintenance	1,083	1,195
Printing and stationery	239	59
Other office expenses	411	253
Registration and other fees	1,893	1,600
Vehicles running expenses	5,024	3,823
Advertisement and promotion	64,678	79,953
Insurance	-	127
Provision for trade receivables	1,345	1,690
General survey and studies	573	1,449
	<b>195,972</b>	<b>207,577</b>
<b>25 OTHER OPERATING (EXPENSES)/INCOME</b>		
Loss on sale of property, plant and equipment	(19,967)	(76,416)
Sale of miscellaneous scrap items	7,979	6,951
Others	1,188	(28,816)
	<b>(10,800)</b>	<b>(98,281)</b>
<b>26 FINANCE COSTS AND INCOME</b>		
Interest on short term debt	109	679
Other finance costs	7,602	34,187
Bank charges and commission	11,266	14,392
<b>Finance costs</b>	<b>18,977</b>	<b>49,258</b>
Interest income on bank deposits	115,090	99,546
Interest on loan to subsidiary company (note- 9)	7,820	15,532
Other finance income	16,734	12,351
Exchange gain	5,454	10,788
<b>Finance income</b>	<b>145,098</b>	<b>138,217</b>
<b>Net finance costs</b>	<b>(126,121)</b>	<b>(88,959)</b>

	2016 Taka'000	2015 Taka'000
<b>27 INCOME TAX</b>		
Current income tax expenses	558,048	119,297
Deferred income tax (income)/expenses	(64,162)	227,355
	<b>493,886</b>	<b>346,652</b>
<b>27.1 Reconciliation of effective tax rate (%)</b>		
Statutory tax rate	25.00	25.00
Permanent differences	0.95	1.58
Tax rate changes	-	(8.80)
<b>Effective tax rate</b>	<b>25.95</b>	<b>17.78</b>
<b>28 EARNINGS PER SHARE</b>	<b>2016</b>	<b>2015</b>

The computation of basic earnings per share for the years ended 31 December 2016 and 31 December 2015 are as follows:

<b>NUMERATOR</b> (Thousands of Taka)			
<b>INCOME FOR THE YEAR- ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY</b>		<b>1,409,423</b>	<b>1,603,078</b>
<b>DENOMINATOR</b> (Thousands of Shares)			
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>		<b>1,161,374</b>	<b>1,161,374</b>
<b>BASIC EARNINGS PER SHARE</b>	<i>Taka</i>	<b>1.21</b>	<b>1.38</b>
<b>DILUTED EARNINGS PER SHARE</b>	<i>Taka</i>	<b>1.21</b>	<b>1.38</b>

## 29 RELATED PARTY TRANSACTIONS

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

Name of the Party and relationship	Nature of transaction	Transaction value during the year Taka '000	Receivable/ (Payable) at 31 Dec 2016 Taka '000
Surma Holdings B.V.-Group Company	Dividend payment	615,329	-
Lafarge Asia SDN BHD-Group	Intercompany services/Technical assistance	39,952	(88,815)
Lafarge S.A.-Group Company	Technical assistance/Trademark license	123,535	(261,512)
Cementos Molins-Group Company	Trademark license/Travel expenses	84,331	(180,691)
LH Trading Ltd- Group Company	Intercompany services	258	16,276

Name of the Party and relationship		Nature of transaction	Transaction value during the year Taka '000	Receivable/ (Payable) at 31 Dec 2016 Taka '000
PT Lafarge Cement Indonesia Group Company		Intercompany services	- 24	4,764 664
MBEYA Cement Company Ltd. Group Company		Intercompany services	141	2,782
Holcim Group Services Ltd. Group Company Lafarge International Services Singapore Pte Ltd. Group Company		Intercompany services	93	(90)
Holcim Cement (Bangladesh) Ltd. Group Company		Clinker sales and intercompany services	3,291	(17)
Eastern Housing Ltd. Shareholder's associated entity		Cement sales	638,214	77,787
Aftab Bahumukhi Farms Ltd.- Shareholder's associated entity		Cement sales	4,481	767
Bengal Development Corporation- Shareholder's associated entity		Cement sales	1,638	262
Jahurul Islam Medical College- Shareholder's associated entity		Cement sales	1,060	(16)
Opex Group- Shareholder's associated entity		Cement sales	1,658	378
Shikharaa Developments Ltd.- Shareholder's associated entity		Cement sales	-	(5)
Sinha Peoples Energy Ltd.- Shareholder's associated entity		Cement sales	1,681	180
Lafarge Umiam Mining Private Limited - Subsidiary company		Purchase of limestone	-	(21)
			2,518,005	(164,763)
			<b>2016 Taka'000</b>	<b>2015 Taka'000</b>

### 30 DIRECTORS', MANAGERS' AND OFFICERS' REMUNERATION

Salary, allowances and benefits	248,163	318,015
Contributions to employees' benefit scheme	21,446	23,772
Reimbursable expenses	10,890	10,255
	<b>280,499</b>	<b>352,042</b>

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

### 31 FINANCIAL INSTRUMENTS

#### 31.1 Credit risk

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

2016  
Taka'0002015  
Taka'000**Maximum exposure to credit risk of the Company at reporting date are as follows:**

Trade receivables (Note- 11)	1,361,677	908,260
Other receivables excluding prepaid expenses (Note- 12)	1,531,926	1,727,075
	<b>2,893,603</b>	<b>2,635,335</b>

**31.2 Liquidity risk**

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

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

	Carrying amount Taka'000	6 months or less Taka'000	From 6 to 12 months Taka'000	From 1 to 5 years Taka'000
Trade payables	2,027,464	1,521,073	506,391	-
Other payables	351,801	327,174	24,627	-
<b>Balance at 31 December 2016</b>	<b>2,379,265</b>	<b>1,848,247</b>	<b>531,018</b>	<b>-</b>

	Carrying amount Taka'000	6 months or less Taka'000	From 6 to 12 months Taka'000	From 1 to 5 years Taka'000
Trade payables	2,068,926	1,599,196	469,730	-
Other payables	356,715	320,330	36,385	-
<b>Balance at 31 December 2015</b>	<b>2,425,641</b>	<b>1,919,526</b>	<b>506,115</b>	<b>-</b>

**31.3 Market risk**

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

**a) Foreign currency risk**

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

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

<b>Balance at 31 December 2016</b>	<b>BDT'000</b>	<b>INR'000</b>	<b>USD'000</b>	<b>EUR'000</b>	<b>GBP'000</b>
<b>Foreign currency denominated assets</b>					
Investment in subsidiaries	477,078	411,736	-	-	-
Loan to subsidiary company	64,222	-	816	-	-
Other receivables	16,299	-	207	-	-
Cash and cash equivalents	318	-	3	1	-
<b>Total</b>	<b>557,917</b>	<b>411,736</b>	<b>1,026</b>	<b>1</b>	<b>-</b>

**Foreign currency denominated liabilities**

Trade payables	282,967	-	3,222	357	-
Other payables	18,610	-	-	227	-
<b>Total</b>	<b>301,577</b>	<b>-</b>	<b>3,222</b>	<b>584</b>	<b>-</b>

<b>Balance at 31 December 2015</b>	<b>BDT'000</b>	<b>INR'000</b>	<b>USD'000</b>	<b>EUR'000</b>	<b>GBP'000</b>
<b>Foreign currency denominated assets</b>					
Investment in subsidiaries	486,630	411,736	-	-	-
Loan to subsidiary company	320,173	-	4,078	-	-
Other receivables	94,526	-	1,204	-	-
Cash and cash equivalents	400	-	4	1	-
<b>Total</b>	<b>901,729</b>	<b>411,736</b>	<b>5,286</b>	<b>1</b>	<b>-</b>

**Foreign currency denominated liabilities**

Trade payables	233,768	-	2,406	180	253
Other payables	36,442	-	5	420	-
<b>Total</b>	<b>270,210</b>	<b>-</b>	<b>2,411</b>	<b>600</b>	<b>253</b>

**Exchange rate sensitivity**

If the BDT increases in value against a currency, the value in BDT of assets, liabilities, income and expenses originally recorded in the other currencies will decrease. Conversely, if the BDT decreases in value against a currency, the value in BDT of assets, liabilities, income and expenses originally recorded in the other currency will increase. Consequently, increases and decreases in the value of the BDT may affect the value in BDT of our non-BDT assets, liabilities, income and expenses, even though the value of these items have not changed in their original currency.

A change of 50 basis points (bp) in foreign currencies would have increased or decreased equity and profit or loss of the Company by the amounts shown below.

<b>Particulars</b>	<b>2016 Estimated impact on profit/loss and equity (+/-) Taka'000</b>	<b>2015 Estimated impact on profit/loss and equity (+/-) Taka'000</b>
Assets denominated in USD	404	2,075
Assets denominated in INR	2,385	2,433
Liabilities denominated in USD	1,269	946
Liabilities denominated in EUR	239	258

## b) Interest rate risk

The risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its loan to subsidiary company (LUMPL) and short term deposits.

### Interest rate sensitivity

A +/- 1% change in short-term interest rates calculated on the financial assets, would have a maximum impact on the Company's 2016 profit before tax of +/- Taka 26,713 (Taka 27,715 for 2015) in thousands.

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

Financial assets	2016 Taka'000	2015 Taka'000
Loan to subsidiary company	64,222	320,173
Term deposits	2,607,058	2,451,285
	<b>2,671,280</b>	<b>2,771,458</b>

## c) Other price risk

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

## 31.4 Fair values

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

FINANCIAL INSTRUMENTS IN THE STATEMENT OF FINANCIAL POSITION		2016		2015	
At 31 December	Carrying amount	Fair value	Carrying amount	Fair value	
Thousand Taka					
<b>ASSETS</b>					
<b>Financial assets at fair value through profit and loss</b>					
Accrued interest	34,492	34,492	103,124	103,124	
<b>Loans and Receivables at amortized costs</b>					
Investment in subsidiaries	477,078	477,078	486,630	486,630	
Loan to subsidiary company	64,222	64,222	320,173	320,173	
Trade receivables	1,361,677	1,361,677	908,260	908,260	
Other receivables	1,531,802	1,531,802	1,651,296	1,651,296	
Cash and cash equivalents	3,598,307	3,598,307	3,209,890	3,209,890	

## FINANCIAL INSTRUMENTS IN THE STATEMENT OF FINANCIAL POSITION

At 31 December Thousand Taka	2016		2015	
	Carrying amount	Fair value	Carrying amount	Fair value

## LIABILITIES

**Financial liabilities at amortized cost**

Trade payables	2,027,464	2,027,464	2,068,926	2,068,926
Other payables	351,801	351,801	356,715	356,715

**32 NUMBER OF EMPLOYEES****Lafarge Surma Cement Limited***Nationality:*

	2016	2015
Bangladeshi	380	381
Non-Bangladeshi	5	4

	<b>385</b>	<b>385</b>
--	------------	------------

**Salary range:**

Monthly Taka 3,000 or above	385	385
Monthly below Taka 3,000	Nil	Nil

**33 SUBSEQUENT EVENTS**

The Registrar of Joint Stock Companies and Firms of Bangladesh (RJSC), on February 7, 2017, has approved the name change of the company from "Lafarge Surma Cement Limited" to "LafargeHolcim Bangladesh Limited".

The Shareholders of Lafarge Surma Cement Limited (the "Company") also approved the Share Purchase Agreement ("SPA") dated December 23, 2016, executed between the Company and Holderfin B.V. for purchase of 100% shares of Holcim Cement (Bangladesh) Ltd. for a consideration of USD 117 million (United States Dollar one hundred and seventeen million) only. The implementation and performance of the SPA subject to approval of the necessary regulatory approvals. The Company will provide updates to the regulatory authorities and shareholders, as and when required, in conformity with applicable laws.

**34 EXPENDITURE IN FOREIGN CURRENCIES**

Technical assistance	50,414	48,631
	<b>50,414</b>	<b>48,631</b>

**35 EARNINGS IN FOREIGN CURRENCIES**

Interest on loan to subsidiary company	7,820	15,532
	<b>7,820</b>	<b>15,532</b>

### 36 MATERIALS CONSUMPTION

<i>In terms of value</i>	2016	2015
	Taka'000	Taka'000
<b>Imported</b>		
Raw materials	3,300,555	3,487,226
Spare parts and other supplies	229,740	252,156
	<b>3,530,295</b>	<b>3,739,382</b>
<b>Indigenous</b>		
Raw materials	548,605	609,577
Spare parts and other supplies	76,580	88,595
	<b>625,185</b>	<b>698,172</b>
	<b>4,155,480</b>	<b>4,437,554</b>
<i>In terms of Percentage</i>	2016	2015
<b>Imported</b>		
Raw materials	79	79
Spare parts and other supplies	6	6
	<b>85</b>	<b>84</b>
<b>Indigenous</b>		
Raw materials	13	14
Spare parts and other supplies	2	2
	<b>15</b>	<b>16</b>
	<b>100</b>	<b>100</b>

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

Items	Unit	2016		2015	
		Quantity'000	Taka'000	Quantity'000	Taka'000
Gray cement	MT	31	117,750	37	152,657
Cement clinker	MT	17	54,518	4	12,589
Work in process	MT	3	3,877	3	4,410
<b>Balance at 1 January</b>		<b>51</b>	<b>176,145</b>	<b>44</b>	<b>169,656</b>
Gray cement	MT	21	70,004	31	117,750
Cement clinker	MT	16	50,510	17	54,518
Work in process	MT	3	3,620	3	3,877
<b>Balance at 31 December</b>		<b>40</b>	<b>124,134</b>	<b>51</b>	<b>176,145</b>

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

Products	Annual Installed Capacity	Actual Production	
		2016	2015
Gray cement	1,500	1,457	1,403
Cement clinker	1,400	1,391	1,343

<b>39 VALUE OF IMPORTS</b>	<b>2016 Taka'000</b>	<b>2015 Taka'000</b>
Raw materials	2,768,449	2,772,995
Spare parts and other supplies	208,176	111,252
Capital goods	354,759	11,165
	<b>3,331,384</b>	<b>2,895,412</b>

#### 40 REMITTANCES OF FOREIGN CURRENCY

##### *Interim and final dividend*

<b>Name of Shareholder</b>	<b>Number of shares</b>	<b>2016</b>		<b>2015</b>	
		<b>Final for 2015 and interim for 2016 Taka'000</b>	<b>Number of shares</b>	<b>Final for 2014 and interim for 2015 Taka'000</b>	<b>Number of shares</b>
Surma Holding B.V. (The Netherlands)*	341,849,350	307,664	341,849,350	307,664	307,664
Jean Hidier (France)	11,560	8	11,560	8	8
Mohammed Abdul Gaffar (UK)	18,010	12	18,010	12	12
Nadia Begh (UK)	27,060	18	27,060	18	18

<b>Name of Shareholder</b>	<b>Currency</b>	<b>2016</b>		<b>2015</b>	
		<b>Amount</b>	<b>Currency</b>	<b>Amount</b>	<b>Currency</b>
Surma Holding B.V. (The Netherlands)	EUR	3,568,726	EUR	3,530,123	EUR
Jean Hidier (France)	EUR	94	EUR	91	EUR
Mohammed Abdul Gaffar (UK)	GBP	123	GBP	97	GBP
Nadia Begh (UK)	GBP	185	GBP	145	GBP

\* In addition to the above, an amount of Taka 307,664,415 (EUR 3,543,964) representing 341,849,350 shares has been remitted through NITA account.



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

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

**FOR THE YEAR ENDED DECEMBER 31, 2016**

***QUALITY, THAT'S CONSISTENT***

Consistency In Quality Defines Our Products.  
Reliability On Supplies From Our Own Limestone  
Quarry Ensures It.



# LAFARGE UMIAM MINING PRIVATE LIMITED

## DIRECTORS' REPORT

### Dear Shareholders:

The Directors take pleasure in presenting their report together with audited financial statements of your Company for the year ended on December 31, 2016.

### Merger of Lafarge Group and Holcim Group:

At the global level, in mid 2015, Lafarge Group and Holcim Group have merged resulting in the emergence of LafargeHolcim Group, the unparalleled global leader in building materials sector. To resemble the merger your parent company Lafarge Surma Cement Limited has changed its name to "LafargeHolcim Bangladesh Limited" ("LHBL"). Your Company is aligning itself with the new Group Policies to benefit from the access to a larger pool of global best practices.

### Permission to produce and transport 5 million tons of limestone per annum:

The year 2016 was a triumphant year for your Company. In November 2016, your Company was accorded Environmental Clearance for enhancement of production capacity of the limestone mine, from two (2) Million Tonnes Per Annum (MTPA) to five (5) MTPA by Ministry of Environment, Forest and Climate Change (MoEFCC), Government of India. The process of achieving this great milestone involved efficient planning, extensive research and studies, data collection, analysis and documentation, public hearing and engagement with various stakeholders including regulators and communities.

The Environment Impact Assessment (EIA) study for the expansion was conducted based on Terms of Reference approved by Expert Appraisal Committee of MoEFCC. Your Company appointed ERM India Private Limited, an EIA consultant accredited by National Accreditation Board for Education and Training for preparing the EIA. Detailed investigation for the expansion proposal was also conducted in both core and buffer zones of the mining area. Expert agencies were engaged for conducting the specialized studies such as North-Eastern Hill University, Department of Botany, Shillong for flora and fauna studies and impact on wildlife; Central Institute of Mining and Fuel Research, Nagpur for conducting blasting and subsidence studies; In addition environmental monitoring of the area surrounding of the mines was also carried out. Your Company is fully committed to fulfill all the safeguards and compliance conditions that have been stipulated in the Environment Clearance.

This approval is a result of hard work, high level commitment and dedication of the Company's employees who walked through extra miles throughout the process. With this approval in place your Company is now in a position to produce and export additional limestone to meet the requirements of the parent company.

### Financial results:

Particulars	Rupees in Lakhs	
	Year ended 31 <sup>st</sup> December 2016	Year ended 31 <sup>st</sup> December 2015
Gross Revenue	22,764.87	21,252.11
Expenditure	12,453.58	12,064.40
<b>EBITDA</b>	<b>10,311.29</b>	<b>9,187.71</b>
Interest and finance charges	563.12	1,257.83
Depreciation	1,272.52	1,164.33
<b>Profit / ( Loss ) before Taxation</b>	<b>8,475.65</b>	<b>6,765.55</b>
Provision for tax	1,932.09	1,539.23
<b>Profit / ( Loss ) After Taxation</b>	<b>6,543.56</b>	<b>5,226.32</b>
<b>Earnings /(loss) per Share :</b>	15.91	12.71

### **Overview of Company's financial performance:**

In 2016, your Company's total export sale was INR 2,156.01 million. The dispatch volume was 2.14 million tones. EBIDTA performance was INR 1,031.13 million, which is 11% higher compared to 2015. The profit before tax was INR 847.56 million, which is 25% more than 2015. With a profit after tax of INR 654.35 million, reserve and surplus stood at INR 800.30 million compared to INR 145.94 million in 2015. There were several factors contributing these achievements, namely export of highest quantity limestone in a year, cost optimization initiatives – variable costs and fixed costs, contribution of other income amounting to INR 117.93 million, reduction in interest cost, and fluctuation in foreign exchange. During the year, there was an increase of 50% in the rate of Mineral Cess levied by the State Government of Meghalaya. The rate of Mineral Cess per tonne increased from INR 40 to INR 60 per tonne.

### **Production Performance:**

In 2016, your Company has successfully dispatched 2.14 million tonnes of limestone to the Plant at Chhatak, Bangladesh.

The overall mining equipment reliability was 94%. Significant improvements were achieved in the performance of MMD Crusher, Diesel Generators and Long Belt Conveyor (LBC) as a result of execution of planned maintenance, implementation of innovative ideas and strong team commitment. Operational modifications and technical improvements were carried out in the Crusher which significantly increased crushing rate (TPH) by 42 TPH, i.e. 529 TPH in 2016 as against 487 TPH in 2015. This has contributed in reduction of power consumption from 1.77 kWh per tonne to 1.66 kWh per tonne in 2016.

### **Sustainable Development:**

Sustainability is an intrinsic part of the Company's business model and is vital to its long term growth strategy. Sustainability is manifested in its operating practices and systems which are geared towards conservation of resources, environment management, innovation and people motivation to create value for all stakeholders. During the year, your Company has ensured that various measures are implemented to ensure sustainable Development. They include Biodiversity Conservation around the mine, in coordination with the State Forest department and the local tribal inhabitants. Installation of a Continuous Emission Monitoring System for monitoring and reporting of emission levels on a real time basis to regulatory authorities. Installation of dust extraction and suppression systems along the mine haul road, crusher and crusher platform. Conservation of water by (i) ensuring a reduction of fresh water intake by lowering water demand in process and non-process areas, (ii) installation of Sewage Treatment Plants (STP's) for treatment of domestic waste water and Effluent Treatment Plant for treatment for water from Workshops, (iii) rain water harvesting at the mine, colonies, community areas and (iv) Installation of check dam to arrest silt flowing through with the rain water during summer.

Your Company is continuously working towards up-gradation of mining techniques so that the impacts on the surrounding areas are fully mitigated.

### **Health and Safety:**

Your Company's foremost value is its commitment to Health & Safety. In 2016, and till date in 2017, your Company conducted its operations with zero harm. There was no fatality, no Lost Time Injury and no Medical Injury.

Your Company has been measuring H&S lagging KPI as Lost Time Injury Frequency Rate (LTIFR). It is being measured as the number of Lost Time Injury in a million hours worked. In 2016, your Company's LTFIR has been NIL (employee + contractor) versus 1.07 in 2015. In May-June 2016, your Company organized various programs with special focus on Health & Safety with the theme, "I care, I share, I act". Various intensive safety programs, initiatives and training were organized for the entire workforce to reemphasize the importance of Health & Safety in the Company.

### **Corporate Social Responsibility (CSR):**

The CSR expenditure incurred by your Company during the year was INR 8.76 million out of the INR 11.54 million earmarked for CSR activities in compliance with Section 135 & Schedule VII of the Companies Act, 2013. The CSR Projects of the Company mainly focus on the Livelihood, Education, Water, Health and Sanitation. These projects are largely in accordance with provisions the Companies Act, 2013. Your Company could not spend the entire funds that were earmarked as it is in a process of identifying new projects for the benefits of the communities surrounding the Mine.

In order to oversee all its CSR initiatives and activities, the Company has constituted a Board level Committee – CSR Committee, in compliance with Section 135(3) of the Companies Act, 2013.

The Annual Report on CSR activities of FY 2016 with requisite details in the specified format as per the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as **Annexure "A"** and forms part of this report.

The Company also contributes INR 90/- per tonne of limestone mined to the Special Purpose Vehicle (SPV), a body, set up as per order dated April 22, 2010 of the Hon'ble Supreme Court of India. As of December 31, 2016, your Company has deposited INR 1397.40 million to the SPV.

### **Internal Control Systems and their Adequacy:**

The Company has in place necessary internal financial controls and systems with regard to adherence to Company policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information. The system includes policies and procedures, delegation of authority, internal audit and review framework etc.

### **Directors:**

The Company has eight (8) Directors on the Board. The Directors are not liable to retire by rotation.

### **Appointments:**

LHBL nominated Mr. Rajesh Kumar Surana and Mr. Eung Rae Kim as Directors on the Board of the Company.

Mr. Surana has been appointed as an Additional Director on the Board of the Company effective from February 17, 2017. Mr. Surana is the Chief Executive Officer of LHBL. His presence on the Board would be beneficial for the Company.

Mr. Kim has been appointed as an Additional Director on the Board of the Company on June 7, 2016. Mr. Kim is the Industrial Director of LHBL. His presence on the Board would be beneficial for the Company.

### **Resignations:**

Mr. Neeraj Akhoury had been appointed as a Director on the Board of the Company on January 30, 2016. Mr. Akhoury resigned from the Board with effect from January 31, 2017. Your Board thank Mr. Akhoury for his contributions, leadership and guidance provided during his tenure as Director of the Company.

### **Directors' Responsibility Statement:**

In accordance with Section 134(3)(c) of the Companies Act, 2013, your Directors, to the best of their knowledge and belief and according to the information and explanation obtained by them, confirm that:

1. in preparation of the annual accounts for the year ending December 31, 2016, the applicable Accounting Standards have been followed along with proper explanations provided for material departures, if any;

2. the accounting policies selected have been applied consistently and judgments and estimates are made, that are reasonable and prudent to give a true and fair view of the state of affairs of the Company as on December 31, 2016 and of the profit of your Company for the year ended on that date;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts for the year ended December 31, 2016 have been prepared on a going concern basis;
5. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
6. that the directors have devised proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

**Auditors Report:**

M/s RKP Associates, Chartered Accountants, having Firm Registration No. 322473E, has been appointed as Statutory Auditors of your Company to hold office from the conclusion of the 16th Annual General Meeting held on May 16, 2016 until the conclusion of the 17th Annual General Meeting.

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

**Statutory Auditors:**

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

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

**Cost Auditors**

As per Section 148 of the Companies Act, 2013, the Board of Directors of your Company appointed M/s Manash R & Associates, Cost Accountants, Guwahati, for conducting Cost Audit of your Company for the Financial Year ending December 31, 2016.

**Cost Records**

As required under the Companies (Cost Accounting Records) Rules, 2011, the cost compliance report for the year ended December 31, 2016 duly certified by the Cost Auditor has been filed with the Ministry of Corporate Affairs within the stipulated time.

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

A calendar of meetings is prepared and circulated in advance to the Directors. The Board met five (5) times during the year. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

**Particulars of employees:**

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

**Particulars of loans, Guarantees and investments:**

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

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

The Company has implemented a policy on prevention, prohibition and redressal of sexual harassment at the workplace in pursuance to the Sexual harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder. An internal Complaints Committee comprising four management staff has been set up which includes two women to redress complaints relating to sexual harassment.

**Related party transactions:**

There have been no materially significant related party transactions between the Company and the Directors, the management, the subsidiaries or the relatives except for those disclosed in the financial statements.

Accordingly, particulars of contracts or arrangements with related parties referred to in Section 188(1) along with the justification for entering into such contract or arrangement in Form AOC -2 does not form part of the report.

**Extract of Annual Return:**

The details forming part of the extract of the annual return in Form MGT - 9 are set out in **Annexure "C"** in this Report.

**Conservation of Energy, Technology Absorption and Foreign Exchange:**

Information on conservation of energy, technology absorption and foreign exchange earnings and outgo, required to be disclosed pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed hereto and forms part of this report as **Annexure "D"**.

**Deposits:**

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

**Award & Recognitions:**

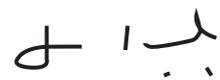
- Your Company has been awarded for the third consecutive time with "Guru Dronacharya Award" presented by the Directorate General of Mines Safety, Government of India, in recognition of consistent and outstanding achievements in the field of health & safety.
- Your Company has also been awarded for the second consecutive time the first prize in the overall performance during the Mines Environment and Mineral Conservation Week held under the aegis of Indian Bureau of Mines, Government of India.

**Acknowledgements:**

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

For and on Behalf of the Board of Directors

Place: Shillong  
Date: 25th April 2017



Chairman

## ANNEXURE A

1	A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to CSR policy and projects or programs.	<p>The Company's Corporate Social Responsibility has been formulated as per the policies, strategies and goals in compliance with the provisions of the Companies Act, 2013 and the same has been placed on the company's website. The web link of the same is as below:</p> <p><a href="http://www.lumpl.com/sustainable-development/corporate-social-responsibilities/lumplcsrpolicy">http://www.lumpl.com/sustainable-development/corporate-social-responsibilities/lumplcsrpolicy</a></p>
2	The Composition of the CSR Committee	<p>Mr. Masud Khan (Chairman)          Mr. Narayan Prasad Sharma (Member)          Mr. Arif Bhuiyan (Member)</p>
3	Average net profits of the Company for the last three financial years	INR 5,772.87 lakhs
4	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	INR 115.46 lakhs
5	<p>Details of CSR spent during the financial year</p> <p>(a) Total amount to be spent for the year 2016</p> <p>(b) Amount unspent, if any</p> <p>(c) Manner in which the amount spent during the financial year</p>	<p>INR 87.67 lakhs</p> <p>INR 27.79 lakhs</p> <p>The manner in which the amount is spent is detailed in <b>Annexure A1</b></p>

## ANNEXURE-"A1"

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl	CSR Project or activity identified	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken.	Sector in which project is covered	Amount outlay (budget) project or programs wise (INR '000)	Amount spent on the projects or programs Sub heads: Direct Expenditure on projects and Overhead (INR '000)	Cumulative expenditure upto the reporting period (INR '000)	Amount spent: Direct or through implementing agency
1	Mobile Clinic with full time Medical Doctor for community, free medicines, annual health camps and eye camps.		Health	3,821.88	2,901.93	2,901.93	Direct
2	Sponsored Secondary School, books and tuition fees, Scholarship, Enhanced salary to math and science teachers, sponsorship for higher technical studies.	Nongtraï Village, Mawsynram Block, East Khasi Hills, Meghalaya.	Education	4,556.47	3,459.70	3,459.70	Direct
3	Livelihood Trainings, Stipend to trainees, Weaving materials, Awareness Program, Volunteering	Shella village, Shella Bholaganj Block, East Khasi Hills, Meghalaya	Employment & Skills Development	537.68	408.26	408.26	Direct
4	Community environment and cleaning drive and plantation, assistance to social activities		Environment	-	-	-	Direct
5	Village development Footpath, water supply, drains, bathing enclosure, railings		Infra-Structure	2,629.72	1,996.73	1,996.73	Direct
<b>Total</b>				<b>11,545.74 *</b>	<b>8,766.60</b>	<b>8,766.60</b>	<b>8,766.60</b>

\* Prescribed CSR Expenditure budget for the year INR115.46 lakhs

The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR Policy of the Company

**Chairman CSR Committee**

## ANNEXURE "B"

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

The information forms part of the Directors Report for the year ended December 31, 2016. Employed throughout the year and was in receipt of remuneration aggregating not less than INR 60 lakhs per annum

Name & Age	Designation & nature	Remuneration Received (INR In Lakhs )	Qualification & Experience	Date of Joining	Particulars of last employment
Narayan Prasad Sharma 53 years	Operations Director	97.98	B.E (Mech) & MBA	1.10.1999	Engineer, Lafarge Asia Pacific, PTE. Ltd.

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

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

**ANNEXURE "C"**

**FORM NO. MGT 9**

**EXTRACT OF ANNUAL RETURN  
As on financial year ended on 31.12.2016**

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

**I. REGISTRATION & OTHER DETAILS:**

CIN	U14107ML1999PTC005707
Registration Date	22/03/1999
Name of the Company	LAFARGE UMIAM MINING PRIVATE LIMITED
Category/Sub-category of the Company	Company Limited by shares Indian Non-Government Company
Address of the Registered office & contact details	HOTEL POLO TOWERS POLO GROUND, OAKLAND ROAD, E K HILLS, MEGHALAYA, SHILLONG-793001
Email	manjuree.rai@lafargeholcim.com
Whether listed company	No
Name, Address & contact details of the Registrar & Transfer Agent, if any.	NA

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Mining and quarrying	5109	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	LAFARGE SURMA CEMENT LTD	NA	Foreign Holding Company	100%	2(6)



**(ii) Shareholding of Promoter**

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
		1	LAFARGE SURMA CEMENT LTD	41,133,098	100.00%		41,133,098	
2	Surma Holding BV	1	0.00%		1	0.00%		0.00%
	Total	41,133,099	100.00%		41,133,099	100.00%		0.00%

**(iii) Change in Promoters' Shareholding: NIL****(iv) Shareholding Pattern of top ten Shareholders : NIL****(v) Shareholding of Directors and Key Managerial: NIL****V. INDEBTEDNESS**

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	Nil	2,704.86	Nil	2,704.86
ii) Interest due but not paid	Nil	--	Nil	--
iii) Interest accrued but not due	Nil	712.47	Nil	712.47
<b>Total (i+ii+iii)</b>	Nil	<b>3,417.33</b>	Nil	<b>3,417.33</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	Nil	-	Nil	-
* Reduction	Nil	2,727.20	Nil	2,727.20-
Net Change	Nil	-2,727.20	Nil	-2,727.20

<b>Indebtedness at the end of the financial year</b>					
i) Principal Amount		Nil	554.26	Nil	554.26
ii) Interest due but not paid		Nil	-	Nil	-
iii) Interest accrued but not due		Nil	135.87	Nil	135.87
Total (i+ii+iii)		Nil	690.13	Nil	690.13

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

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

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

## ANNEXURE "D"

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

#### A. CONSERVATION OF ENERGY:

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

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

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

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

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

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

The measures have been implemented in the last few years of operations and e 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 Annex ure to the Rules in respect of industries specified in the schedule thereto:

#### B. TECHNOLOGY ABSORPTION

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

#### FOREIGN EXCHANGE EARNINGS AND OUTGO

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

The Company is a 100% Export Oriented Unit.

**FOREIGN EXCHANGE EARNINGS AND OUTGO****FOREIGN EXCHANGE EARNINGS AND OUTGO****(b) Total foreign exchange used and earned**

a) Expenditure in foreign currency:

	Year Ended	
	31st December 2016 INR in lakhs	31st December 2015 INR in lakhs
i) Professional and Consulting fees	47.91	43.50
ii) Interest and other borrowing cost	67.27	148.19
<b>Total</b>	<b>115.18</b>	<b>191.69</b>

b) Earnings in foreign currency:

	Year Ended	
	31st December 2016 INR in lakhs	31st December 2015 INR in lakhs
i) FOB Value of Exports	21,560.11	21,224.39
<b>Total</b>	<b>21,560.11</b>	<b>21,224.39</b>

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**FORM A**


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[See Rule -2]

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Form of disclosure of particulars with respect to conservation of energy

<b>A. Power and Fuel Consumption</b>	Current year 2016	Previous Year 2015
1. Electricity		
(a) Purchased		
Unit ( KWH)	86,247	167,811
Total Amount (Rs)	435,548	746,761
Rate/unit (Rs)	5.04	4.45
(b) Own Generation :		
(i) Through diesel Generator		
Units (KWH)	3,542,040	3,537,228
(ii) Units/litre of diesel oil	2.66	2.40
Cost /Unit ( INR/Unit)	16.36	17.67
(iii) Through steam turbine/generator		
Units	N.A	N.A
Units per litre of fuel oil/gas	N.A	N.A
Cost/Units	N.A	N.A
2. Coal (specify quality and where used)		
Quantity (tonnes)	N.A	N.A
Total cost	N.A	N.A
Average rate	N.A	N.A
3. Furnace oil		
Quantity (k. ltrs.)	N.A	N.A
Total amount	N.A	N.A
Average rate	N.A	N.A
4. Others/internal generation (please give details)		
Quantity	N.A	N.A
Total cost	N.A	N.A
Rate/unit	N.A	N.A
<b>B. Consumption per unit of production</b>		
2014- 2.17 KWH /MT		
2015- 1.77 KWH /MT		
2016 – 1.66 KWH/MT		

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**FORM B**  
[See Rule 2]

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**Form for disclosure of particulars with respect to Technology Absorption**

**RESEARCH AND DEVELOPMENT:**

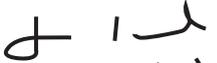
- (i) Specific Areas in which R&D was carried out by the Company: As it is new unit hence no such action taken
- (ii) Benefits derived: NIL
- (iii) Future Plan of Action: NIL
- (iv) Expenditure on R&D: NIL

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

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

Information regarding technology imported during the last five years: NIL

For and on Behalf of the Board of Directors



Chairman

Place: Shillong  
Date: 25th April 2017

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying standalone financial statements of **LAFARGE UMIAM MINING PRIVATE LIMITED**. (“the Company”), which comprise the Balance Sheet as at 31st December, 2016, the Statement of Profit & Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements:**

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

### **Auditor's Responsibility :**

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

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

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

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

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

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

**Opinion :**

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

- i) In the case of the Balance Sheet, of the state of the affairs of the Company as at 31st December, 2016, and
- ii) In the case of the Statement of Profit & Loss, of the profit for the year ended on 31st December, 2016.
- iii) In the case of the Cash Flow Statement, of the cash flow for the year ended on 31st December, 2016.

**Report on Legal and Regulatory Requirements:**

1. As required by the Companies (Auditor's Report) Order, 2016 (“the Order”) issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013. We give in the “Annexure-A” a statement on the matters specified in paragraph 3 & 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement referred to in this report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standard specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representation received from the directors as on 31st December, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such control, refer to our separate report in ‘Annexure – B’, and
  - g. With Respect to the other matters to be included in the Auditor’s report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
    - i. The Company has disclosed the impact of pending litigation on its financial position in its standalone financial statements – Refer Note No. 27 to the standalone financial statements.
    - ii. The Company has long-term contracts including forward contracts for which there would have been no material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Dated at Silchar  
the 20th day of February 2017

FOR RKP ASSOCIATES  
CHARTERED ACCOUNTANTS



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

## ANNEXURE–A TO THE INDEPENDENT AUDITOR’S REPORT

Referred to in para (1) of our Independent Auditor’s Report of even date on statements of Account of **LAFARGE UMIAM MINING PRIVATE LIMITED**. for the year ended on 31st December’2016

- I)
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) As explained to us, all the Assets of the Company have been physically verified by the management at reasonable intervals during the year and no material discrepancies have been noticed on such verifications.
  - c) According to the information and explanations given by the management, title deeds of immovable properties are held in the name of the Company.
- II)
  - a) As explained to us, the inventory has been physically verified by the management at reasonable intervals during the year.
  - b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate having regard to the size and the nature of its business.
- III) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- IV) In our opinion and according to the information and explanations given to us, the Company had neither given any loan or guarantee nor provide any security to director or any person to whom the directors are interested. Further, the Company had not made any loan investment, guarantee which are in violation of section 186 of the Companies Act, 2013.
- V) In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from public. Therefore, the provisions of Para, 3(v) of the CARO 2016 are not applicable to the Company.
- VI) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been maintained. However, we have not made a detailed examination of the same.
- VII) a) The Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income-Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and other statutory dues applicable to it. The unpaid undisputed dues in respect of Income-tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other statutory dues in arrears as at 31st December, 2016 for a period of more than six months from the date they became payable, are:-

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

- b) According to the information and explanations given to us there are no dues of Income-Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax which have not been deposited on account of any dispute.

- VIII) According to information and explanations given to us, the Company is regular in repayment of loans or borrowings from any financial institutions, banks, government or debentures holders during the year.
- IX) According to information and explanations given by the management, the Company has not raised any moneys by way of initial public offer or further public offer including debt instruments; however the term loan taken were applied for the purpose for which it was taken during the year. Therefore, the provisions of clause 3(ix) of the CARO 2016 is not applicable to the Company.
- X) Based upon the audit procedure performed for the purpose of reporting the true and fair view of the stand alone financial statements and according to the information and explanations given by the management, we report that no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- XI) The Company is a private company. Accordingly, the provisions of section 197 read with Schedule V to the Act do not apply to the Company. Thus paragraph 3(xi) of the Order is not applicable to the Company and hence not commented upon.
- XII) In our opinion and according to information & explanations given to us, the Company is not a Nidhi Company. Therefore, the provisions of Para 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- XIII) According to information & explanations given by the management, transactions with the related parties are in compliance with section 177 and section 188 of Companies Act, 2013 where applicable and details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.
- XIV) According to information & explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting, requirements under Para 3(xiv) is not applicable to the company and, not commended upon.
- XV) According to information & explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- XVI) In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of Para 3(xvi) of the Order are not applicable to the Company.

Dated at Silchar  
the 20th day of February 2017

FOR RKP ASSOCIATES  
CHARTERED ACCOUNTANTS



(CA. RAVI KUMAR PATWA)

PARTNER

MRN. 056409

FRN. 322473E

## **ANNEXURE–B TO THE INDEPENDENT AUDITOR’S REPORT**

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

We have audited the internal financial controls over financial reporting of **LAFARGE UMIAM MINING PRIVATE LIMITED**. (‘the Company’) as of 31 December’ 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on the date.

#### **Management’s Responsibility for Internal Financial Controls:**

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

#### **Auditor’s Responsibility:**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### **Meaning of Internal Financial Controls over Financial Reporting:**

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that,

in reasonable detail, accurately and fairly reflect the transaction and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting:**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st December 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Dated at Silchar  
the 20th day of February 2017

FOR RKP ASSOCIATES  
CHARTERED ACCOUNTANTS



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

**LAFARGE UMIAM MINING PRIVATE LIMITED**  
BALANCE SHEET AS AT 31ST DECEMBER 2016

	Notes	As at 31.12.2016 (Rs. in Lakhs)	As at 31.12.2015 (Rs. in Lakhs)
<b>(I) EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	03	4,113.31	4,113.31
(b) Reserves and Surplus	04	8,002.99	1,459.43
		<b>12,116.30</b>	<b>5,572.74</b>
<b>(2) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	05	-	540.97
(b) Long Term Trade Payables	08	-	-
(c) Long-term Provisions	06	107.15	119.27
(d) Deferred Tax Liabilities (net)	23	1,845.93	1,539.23
		<b>1,953.08</b>	<b>2,199.47</b>
<b>(3) Current Liabilities</b>			
(a) Short-Term Borrowings	07	4,524.89	9,186.95
(b) Trade Payables	08	1,141.46	2,308.02
(c) Other Current Liabilities	09	4,063.84	5,361.73
(d) Short-Term Provisions	06	1,631.62	2.71
		<b>11,361.81</b>	<b>16,859.41</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>25,431.19</b>	<b>24,631.62</b>
<b>(II) ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	10 A	9,317.78	9,715.33
(ii) Intangible Assets	10 B	5,213.54	5,569.36
(iii) Capital Work-in-Progress	11	1,031.62	336.58
		15,562.94	15,621.28
(b) Long-Term Loans and Advances	12	5,825.44	5,564.62
		<b>21,388.38</b>	<b>21,185.90</b>
<b>(2) Current Assets</b>			
(a) Inventories	13	1,505.54	1,475.62
(b) Trade Receivables	14	1,421.95	994.89
(c) Cash and Cash equivalents	15	522.31	5.40
(d) Short-Term Loans and Advances	12	593.02	969.81
		4,042.82	3,445.72
<b>TOTAL ASSETS</b>		<b>25,431.19</b>	<b>24,631.62</b>

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: 20th February 2017

**For and on behalf of the Board of Directors**



Manjuree Rai  
Company Secretary



Narayan Sharma  
Director



Masud Khan  
Director

Place : Dhaka  
Date: 13th February 2017

**LAFARGE UMIAM MINING PRIVATE LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST DECEMBER 2016**

	Note	Year ended 31.12.2016 (Rs. in Lakhs)	Year ended 31.12.2015 (Rs. in Lakhs)
<b>I Revenue from Operations (gross)</b>	16	21,560.11	21,224.39
Less : Excise duty		-	-
Revenue from Operations (net)		<b>21,560.11</b>	21,224.39
<b>II Other Income</b>	17	1,204.76	27.72
<b>III Total Revenue (I + II)</b>		<b>22,764.87</b>	21,252.11
<b>IV EXPENSES</b>			
(a) Cost of Extracted Limestone	18	2,937.58	3,083.82
(b) Employee Benefits Expense	19	899.24	897.30
(c) Finance Costs	20	563.12	1,257.83
(d) Depreciation and Amortisation expense	10	1,272.52	1,164.33
(e) Other Expenses	21	8,616.76	8,083.28
<b>Total Expenses</b>		<b>14,289.22</b>	14,486.56
<b>V Profit / (Loss) before Tax (III-IV)</b>		<b>8,475.65</b>	6,765.55
<b>VI Tax Expense</b>			
(a) Current Tax		1,625.38	-
(b) Deferred Tax		306.71	1,539.23
<b>Total Tax Expense</b>		<b>1,932.09</b>	<b>1,539.23</b>
<b>VII Profit/ (Loss) for the year (V - VI)</b>		<b>6,543.56</b>	<b>5,226.32</b>
<b>VIII Earning/ (Loss) per equity share (Rupees):</b>			
Basic and Diluted		<b>15.91</b>	12.71

See accompanying notes forming part of the financial statements

The Notes referred to above form an integral part of the Profit and Loss Account

In terms of our report attached

**For R K P Associates**

Chartered Accountants



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

**For and on behalf of the Board of Directors**



Manjuree Rai  
Company Secretary



Narayan Sharma  
Director



Masud Khan  
Director

Place : Silchar  
Date: 20th February 2017

Place : Dhaka  
Date: 13th February 2017

**LAFARGE UMIAM MINING PRIVATE LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2016**

	Year ended 31.12.2016 (Rs. in Lakhs)	Year ended 31.12.2015 (Rs. in Lakhs)
<b>A. Cash Flow from Operating Activities:</b>		
<b>Profit / (Loss) before Taxes and Exceptional Item</b>	8,475.65	6,765.55
<i>Adjustments for:</i>		
Depreciation	1,272.52	1,164.33
Unrealised foreign exchange (gain)/ loss	45.81	221.55
Financial charges	358.97	689.78
Interest income	(25.42)	(27.72)
<b>Operating Profit before Working Capital Changes</b>	<b>10,127.53</b>	<b>8,813.49</b>
<i>Changes in Working Capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Trade receivables	(423.14)	(641.82)
Short term and long term loans and advances	116.12	(899.11)
Inventories	(29.92)	(528.94)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>	<b>1,344.11</b>	<b>1,290.30</b>
Trade payables and other current and non current liabilities	(272.68)	1,274.44
Long and short term provisions	1,616.79	15.86
<b>Cash from / (used in) Operations</b>	<b>11,134.69</b>	<b>8,033.92</b>
Provision for tax/taxes paid	(1,625.38)	-
<b>Net Cash from/(used in) Operating Activities</b>	<b>9,509.31</b>	<b>8,033.92</b>
<b>B. Cash Flow from Investing Activities:</b>		
Capital expenditure on fixed assets and capital work in progress	(1,214.18)	(460.83)
Interest received	23.27	24.37
<b>Net Cash used in Investing Activities</b>	<b>(1,190.91)</b>	<b>(436.46)</b>
<b>C. Cash Flow from Financing Activities:</b>		
Proceed from short term borrowings	20,477.14	27,446.99
Repayment of short term borrowings	(25,170.56)	(27,884.57)
Repayment of long term borrowings	(2,163.88)	(6,446.12)
Financial charges paid	(944.19)	(1,253.49)
<b>Net Cash from/ (used in) Financing Activities</b>	<b>(7,801.49)</b>	<b>(8,137.20)</b>
<b>Net Increase or (Decrease) in Cash or Cash equivalents</b>	<b>516.91</b>	<b>(539.74)</b>
<b>Cash and Cash equivalents as at 1st January</b>	5.40	545.14
<b>Cash and Cash equivalents as at 31st December</b>	<b>522.31</b>	<b>5.40</b>

Notes:

1. Include cash and cheques on hand, balance in current and deposit accounts with banks (refer note - 15) .
2. Figures in brackets represent outflows.
3. Previous year figures have been regrouped/restated wherever necessary.

In terms of our report attached

**For R K P Associates**

Chartered Accountants



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

Place : Silchar  
Date: 20th February 2017

**For and on behalf of the Board of Directors**



Manjuree Rai  
Company Secretary



Narayan Sharma  
Director



Masud Khan  
Director

Place : Dhaka  
Date: 13th February 2017

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## LAFARGE UMIAM MINING PRIVATE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

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#### 01 BACKGROUND

Lafarge Umiam Mining Private Ltd ("LUMPL"), a private limited company incorporated under the laws of India, having its registered office in Shillong, Meghalaya, is a 100% subsidiary company of LafargeHolcim Bangladesh Ltd. ("LHBL"), ( former Lafarge Surma Cement Ltd) a public limited company incorporated under the laws of Bangladesh.

LUMPL owns and operates the limestone and shale mine located at Nongtraï and Shella area of East Khasi Hills District, Meghalaya. The project involves supply of crushed limestone and shale from the mines located in the State of Meghalaya through continuous a cross border elevated belt conveyor to the plant at Chattak in Bangladesh promoted by Lafarge SA of France and Cementos Molins of Spain for the manufacture of clinker and cement by LHBL.

#### 02 SIGNIFICANT ACCOUNTING POLICIES

##### a) BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on an accrual basis and under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act") read together with Rule 7 of the Companies (Accounts) Rules, 2014.

##### b) Use of Estimates

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

##### c) Revenue Recognition

Revenue from sale of products is recognized on the basis of dispatch to customers.

Interest on deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

##### d) Fixed Assets

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

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

##### e) Development of Quarry

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

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

##### 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

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**LAFARGE UMIAM MINING PRIVATE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**g) Depreciation/Amortisation**

Depreciation is provided on straight line basis over the useful lives of assets, which is as stated in Schedule II of Companies, Act 2013 or based on estimate made by the Company. The details of estimated useful life for each category of asset are as under :

Buildings - 30 to 60 years

Plant and Machinery used in Crushing and Long Belt Conveyor - 21 years \*

Capital Spares for above Plant & Machinery - 5 years \*

Other Plant & Machinery - 15 years

Furniture and Fixtures - 10 years

Office & Household Equipments - 5 years

Electronic Data Processing Equipment - 3 to 6 years

Computer Softwares - 3 years

Vehicles - 8 years

Leasehold Land is amortised over the remaining tenure of the lease.

Development of property - Tangible and In-Tangible pertaining to Limestone and Shalestone quarry is amortised over the remaining tenure of legal rights or useful period of the mine whichever is less.

\* For Crusher and Long Belt Conveyor Plant & Machinery and related capital spare for the same , the Company believes that the useful lives as given above best represent the period over which Company expects to use these assets which is based on the Company's Group Company estimate followed. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of the Schedule II of the Companies Act 2013.

**h) Foreign Exchange Transaction**

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

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

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

**i) Employee Benefits**

Defined Contribution Schemes: Company's contribution towards Provident Fund paid / payable during the year to the Provident Fund Authority are charged to Statement of Profit and Loss.

Defined Benefit Schemes: Company's liabilities towards Gratuity are defined benefit scheme. All liability of Defined Benefit Schemes is ascertained by independent actuarial valuations as per the requirements of Accounting Standard- 15 on "Employee Benefits"

**j) Borrowing Cost**

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

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**LAFARGE UMIAM MINING PRIVATE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**k) Taxes on Income**

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

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

**l) Impairment of Fixed Assets**

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

**m) Leases**

As lessee Finance leases, which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognised as an expense in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

As lessee, Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term."

**n) Provision, Contingent Liabilities and Contingent Assets**

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

**o) Classification of Assets and Liabilities into Current/Non-current**

All assets and liabilities are presented as Current or Non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization, the Company has ascertained its operating cycle as 12 months for the purpose of Current / Non-current classification of assets and liabilities.

## LAFARGE UMIAM MINING PRIVATE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 03 SHARE CAPITAL

	As at 31.12.2016 (Rs. in Lakhs)	As at 31.12.2015 (Rs. in Lakhs)
<b>Authorised:</b>		
42,000,000 (as at 31st December, 2015: 42,000,000) equity shares of Rs. 10 each	4,200.00	4,200.00
	4,200.00	4,200.00
<b>Issued, Subscribed and Fully Paid up:</b>		
41,133,099 (as at 31st December, 2015: 41,133,099) equity shares of Rs. 10 each	4,113.31	4,113.31
	4,113.31	4,113.31

#### 03.1 Share Capital

##### Reconciliation of Number of shares

	As at 31.12.2016		As at 31.12.2015	
	No. of Shares	Amount (Rs. in Lakhs)	No. of Shares	Amount (Rs. in Lakhs)
<b>Issued, Subscribed and Fully paid</b>				
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 31.12.2016		As at 31.12.2015	
	No. of Shares	%	Nos. shares	%
(1) LafargeHolcim Bangladesh Ltd, Bangladesh, the holding company	41,133,098	100%	41,133,098	100%
	41,133,098	100%	41,133,098	100%

#### 03.3 Rights, Preferences and Restrictions attached to the Equity Shareholders

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

#### 04 RESERVES AND SURPLUS

	As at 31.12.2016 (Rs. in Lakhs)	As at 31.12.2015 (Rs. in Lakhs)
Surplus / (Deficit) in Statement of Profit and Loss :		
Opening Balance	1,459.43	(3,766.90)
Add: Profit / (Loss) for the year	6,543.56	5,226.32
Less : Adjustment on account of Schedule II of the Act <sup>(1)</sup>	-	(0.02)
Closing Balance	8,002.99	1,459.43

Additional information

(1) During the previous year ending 31.12.2015, the Company has revised depreciation rate on certain fixed assets pursuant to the applicability of Schedule II of the Act with effect from 01st April 2014 as per the useful life specified in the Schedule II. Accordingly, depreciation of Rs. 0.02 lakh has been adjusted to retained earnings pursuant to compliance of Schedule II of the Act.

**LAFARGE UMIAM MINING PRIVATE LIMITED  
NOTES TO THE FINANCIAL STATEMENTS**

**05 LONG-TERM BORROWINGS**

	As at 31.12.2016			As at 31.12.2015		
	(Rs. in Lakhs) Current Maturities	(Rs. in Lakhs) Long Term	(Rs. in Lakhs) Total	(Rs. in Lakhs) Current Maturities	(Rs. in Lakhs) Long Term	(Rs. in Lakhs) Total
(a) Term loans from related parties (Unsecured) External commercial borrowing from LafargeHolcim Bangladesh Ltd, Bangladesh	554.26	-	554.26	2,163.89	540.97	2,704.86
	554.26	-	554.26	2,163.89	540.97	2,704.86

**Additional information**

(1) Terms of repayment of borrowings as at 31st December 2016 are as follows :

Particulars	Currency	INR Equivalent (lakhs)	Installment amount in lakhs	No. of Installment paid	No. of Installment	Start date of loan	Maturity date	Remarks
External commercial borrowing (ECB)	USD	INR 554.26	USD 8.16	19 (quarterly)	1	June 15, 2012	March 15, 2017	Refer note A

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

Particulars	Currency	INR Equivalent (lakhs)	Installment amount in lakhs	No. of Installment paid	No. of Installment	Start date of loan	Maturity date	Remarks
External commercial borrowing (ECB)	USD	INR 2,704.86	USD 8.16	15 (quarterly)	5	June 15, 2012	March 15, 2017	Refer note A

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

**LAFARGE UMIAM MINING PRIVATE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

06 PROVISIONS	As at 31.12.2016 (Rs. in Lakhs)		As at 31.12.2015 (Rs. in Lakhs)	
	Long Term	Short Term	Long Term	Short Term
(a) Provision for employee benefits Post-employment Defined Benefits Retiring Gratuity	107.15	5.90	94.77	2.37
(b) Provision for stock appreciation right	-	-	24.50	-
(c) Provision for Tax	-	1,625.72	-	0.34
<b>Total Provisions</b>	<b>107.15</b>	<b>1,631.62</b>	<b>119.27</b>	<b>2.71</b>

**07 SHORT-TERM BORROWINGS**

	As at 31.12.2016 (Rs. in Lakhs)	As at 31.12.2015 (Rs. in Lakhs)
Loans from banks Unsecured		
(1) From Citibank NA, Mumbai :		
Working capital demand loan	2,242.51	6,300.97
Overdraft	243.46	171.10
(2) From Standard Chartered Bank, Mumbai :		
Working capital demand loan	509.66	994.89
Overdraft	-	12.00
(3) From HSBC, Mumbai :		
Working capital demand loan	1,291.14	1,492.34
(4) From State Bank of India, Shillong :		
Overdraft	238.12	215.65
	<b>4,524.89</b>	<b>9,186.95</b>

**08 TRADE PAYABLES**

	As at 31.12.2016 (Rs. in Lakhs)		As at 31.12.2015 (Rs. in Lakhs)	
	Long Term	Short term	Long Term	Short term
Creditors for supplies / services	-	1,091.96	-	2,243.29
Creditors for accrued wages and salaries	-	49.50	-	64.73
<b>Total Trade Payables</b>	<b>-</b>	<b>1,141.46</b>	<b>-</b>	<b>2,308.02</b>

**09 OTHER CURRENT LIABILITIES**

	As at 31.12.2016 (Rs. in Lakhs)	As at 31.12.2015 (Rs. in Lakhs)
(a) Current maturities of long-term debt (Refer Note 5)	554.26	2,163.89
(b) Creditors for capital liability	160.46	67.70
(c) Creditors for other liabilities		
(1) Interest accrued but not due on borrowings	145.17	727.16
(2) Statutory Dues	2,940.98	2,160.90
(3) Other credit balances	262.97	242.08
<b>Total Other current liabilities</b>	<b>4,063.84</b>	<b>5,361.73</b>

**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, 2016	Additions during the year	As at 31st December, 2016	Impact of adoption of Schedule II	As at 31st December, 2016	As at 1st January, 2016
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
<b>10 A Tangible Assets</b>						
Freehold Land	204.90	-	204.90	-	204.90	204.90
Leasehold Land	138.85	-	138.85	-	64.95	80.41
Building	890.38	-	890.38	-	180.05	736.14
Plant and Machinery	13,784.36	484.27	14,268.63	-	6,688.94	7,890.07
Development of property	1,073.62	-	1,073.62	-	427.77	689.53
Furniture and Fixtures	61.93	-	61.93	-	37.73	28.86
Office & Household Equipments	98.79	4.87	103.66	-	84.06	24.83
Electronic Data Processing Equipment	116.65	-	116.65	-	100.12	24.09
Vehicles	246.72	30.00	276.72	-	233.94	36.49
<b>Total</b>	<b>16,616.20</b>	<b>519.14</b>	<b>17,135.34</b>	<b>-</b>	<b>7,817.56</b>	<b>9,317.78</b>
Previous year	16,182.65	433.55	16,616.20	(0.02)	6,900.87	9,715.33
<b>10 B Intangible Assets</b>						
Software (acquired)	37.05	-	37.05	-	36.66	0.77
Development of property	7,132.14	-	7,132.14	-	1,918.99	5,213.15
<b>Total</b>	<b>7,169.19</b>	<b>-</b>	<b>7,169.19</b>	<b>-</b>	<b>1,955.65</b>	<b>5,213.54</b>
Previous year	7,168.19	1.00	7,169.19	-	1,599.83	5,569.36
<b>Additional information</b>						

(1) During the previous year ending 31.12.2015, the Company has revised depreciation rate on certain fixed assets pursuant to the applicability of Schedule II of the Act with effect from 01st April 2014 as per the useful life specified in the Schedule II. Accordingly, depreciation of Rs. 0.02 lakh has been adjusted to retained earnings pursuant to compliance of Schedule II of the Act.

## LAFARGE UMIAM MINING PRIVATE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 11 CAPITAL WORK-IN-PROGRESS

	As at 31.12.2016 (Rs. in lakhs)	As at 31.12.2015 (Rs. in lakhs)
(a) DEVELOPMENT OF PROPERTY <sup>(1)</sup>	296.76	273.53
(b) Plant & Machinery	734.86	38.75
(c) Others	-	24.30
<b>Total Capital Work-in-Progress</b>	<b>1,031.62</b>	<b>336.58</b>

#### Additional information

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

#### 12 LOANS AND ADVANCES

	As at 31.12.2016		As at 31.12.2015	
	Long Term (Rs. in lakhs)	Short Term (Rs. in lakhs)	Long Term (Rs. in lakhs)	Short Term (Rs. in lakhs)
<b>Loans and Advances (Unsecured, considered good)</b>				
(a) Capital advances	-	10.49	-	162.50
(b) Security deposits	1,232.62	-	1,232.62	-
(c) Interest accrued on deposits	13.52	7.33	8.30	10.40
(d) Advance income tax <sup>(1)</sup>	4,344.50	-	4,051.22	-
(e) Other loans and advances				
(1) Prepayments	175.60	64.51	219.50	77.88
(2) Advances to suppliers	6.28	210.79	4.19	307.10
(3) Deposit account <sup>(2) &amp; (3)</sup>	52.92	280.00	48.79	283.64
(4) Others	-	19.89	-	128.29
	<b>234.80</b>	<b>575.19</b>	272.48	796.91
<b>Total Loans and Advances</b>	<b>5,825.44</b>	<b>593.02</b>	<b>5,564.62</b>	<b>969.81</b>

1. Represents Income tax on Minimum Alternate Tax which is available as MAT Credit and eligible for carried forward and set-off against income tax liability in the year in which the company is liable to pay tax under the general provision of Income Tax Act, 1961

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, 2015 Rs. 34.66 lakhs) pledged with the Office of Commissioner of Central Excise, Meghalaya; Rs. 18.26 lakhs (as at 31st December, 2015 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 2015 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**

<b>13 INVENTORIES</b>	<b>As at 31.12.2016 (Rs. in Lakhs)</b>	<b>As at 31.12.2015 (Rs. in Lakhs)</b>
(a) Extracted Limestone	324.12	446.88
(b) Oil and Fuel	34.97	32.43
(c) Stores, Spares and Explosive	1,146.45	996.31
<b>Total Inventories</b>	<b>1,505.54</b>	<b>1,475.62</b>
<b>14 TRADE RECEIVABLES</b>	<b>As at 31.12.2016 (Rs. in Lakhs)</b>	<b>As at 31.12.2015 (Rs. in Lakhs)</b>
<b>Current Trade Receivable</b>		
Unsecured, considered good unless otherwise stated		
Outstanding for a period exceeding six months, from the date they were due for payment.	-	-
Others	1,421.95	994.89
<b>Total Current Trade Receivable</b>	<b>1,421.95</b>	<b>994.89</b>
<b>15 CASH AND CASH EQUIVALENTS</b>	<b>As at 31.12.2016 (Rs. in Lakhs)</b>	<b>As at 31.12.2015 (Rs. in Lakhs)</b>
(a) Cash on hand	0.53	0.97
(b) Balances with banks		
In Current Accounts	12.12	4.43
In Transit	509.66	-
<b>Total Cash and Cash equivalents</b>	<b>522.31</b>	<b>5.40</b>
Out of above, the balances that meet the definition of Cash and Cash equivalents as per Accounting Standard 3 Cash Flow Statements	<b>522.31</b>	<b>5.40</b>

**LAFARGE UMIAM MINING PRIVATE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

16 REVENUE FROM OPERATIONS	Year ended 31.12.2016 (Rs. in lakhs)	Year ended 31.12.2015 (Rs. in lakhs)
Revenue from operations (gross)	21,560.11	21,224.39
Less : Excise duty on revenue from operations	-	-
<b>Revenue from Operations (net)</b>	<b>21,560.11</b>	<b>21,224.39</b>
<b>16.1 Revenue from Operations (net)</b>		
<b>Particulars</b>		
Sale of crushed limestone <sup>(1)</sup>	21,560.11	21,224.39
<b>Additional information</b>	<b>21,560.11</b>	<b>21,224.39</b>
(1) Sales of crushed limestone represent 100% export sales to holding company, LafargeHolcim Bangladesh Ltd, Bangladesh		
<b>17 OTHER INCOME</b>		
(a) Interest Income from bank deposits	25.42	27.72
(b) Excess liability written back	737.79	-
(c) Refund of taxes and duties on input goods and services	368.39	-
(d) Others	73.16	-
<b>Total Other Income</b>	<b>1,204.76</b>	<b>27.72</b>
<b>18 COST OF EXTRACTED LIMESTONE</b>		
Extracted Limestone		
Opening stock	446.88	384.80
Add:- Cost of extraction	2,814.82	3,145.90
Less : Closing stock	324.12	446.88
<b>Extracted Limestone Consumed</b>	<b>2,937.58</b>	<b>3,083.82</b>
<b>19 EMPLOYEE BENEFITS EXPENSES</b>		
(a) Salaries and wages, including bonus	835.89	832.80
(b) Contribution to provident and other funds	63.35	64.50
<b>Total Employee Benefits Expense</b>	<b>899.24</b>	<b>897.30</b>
<b>20 FINANCE COST</b>		
(a) Interest expenses		
Interest on External Commercial Borrowings	67.27	129.17
Interest on working capital demand loan and overdraft	273.63	391.09
Interest on term loan from banks	-	137.22
(b) Bank charges	18.07	13.28
(c) Other borrowing costs	-	19.02
(d) Net loss on foreign currency transactions and translation (considered as finance cost)	204.15	568.05
<b>Total Finance Cost</b>	<b>563.12</b>	<b>1,257.83</b>

## 21 OTHER EXPENSES

	Year ended 31.12.2016 (Rs. in lakhs)	Year ended 31.12.2015 (Rs. in lakhs)
Consumption of stores, spare parts and loose tools	312.49	428.54
Fuel for power generation	579.46	624.94
Cost of operation and maintenance of DG Sets for power generation	191.73	177.69
Rent	36.14	28.94
Repairs to buildings	18.18	12.55
Repairs to machinery	48.05	50.88
Repairs to others	195.18	99.12
Insurance	53.18	40.41
Royalty and Cess for Limestone mining lease	3,434.46	2,823.25
Welfare Cess	8.55	20.00
Lease rent for limestone mining surface rights	323.14	305.00
LBC and mining operation support & assistance by local bodies & others	262.99	211.40
Contribution to Special Purpose Vehicle <sup>(1)</sup>	1,905.95	1,799.96
Expenditure on Community Welfare <sup>(2)</sup>	118.74	104.51
Environmental cost	210.41	184.10
Business Promotion & Public Relations	36.98	51.62
Study, reports and consultancy fees	130.18	97.19
IT Cost	65.04	52.37
Security cost	326.06	394.52
Communication charges	8.24	8.79
Gas, Water & Electricity	45.99	50.53
Legal fees and consultation	45.07	198.13
Travelling and conveyance	131.43	155.46
Safety expense	27.31	33.29
Site restoration cost	25.42	25.42
Deputation of custom officials at site	23.16	29.14
Auditors remuneration and out-of-pocket		
(i) Statutory Auditors	8.63	8.59
(ii) Tax Audit related matter	3.22	3.19
(iii) For other services	0.86	1.71
(iv) Reimbursement of Expense	-	0.30
Miscellaneous expenses	40.52	61.74
<b>Total Other Expenses</b>	<b>8,616.76</b>	<b>8,083.28</b>

(1) Represents the contribution payable to Special Purpose Vehicle (SPV) based on Rs. 90/- per tonne of limestone production from the Company's mines. The SPV was set up in terms of the directions of the Ministry of Environment and Forests (MoEF), Government of India vis-à-vis Orders of the Supreme Court of India dated 12th April 2010 and the Order and Judgement dated 6th July, 2011. The amount so deposited by the Company to SPV is meant for various welfare projects mandated upon the SPV including the development of health, education, irrigation and agriculture in the mining project area (i.e 50 kms) of the Company solely for the local community and welfare of Tribals.

(2) Out of which Rs. 87.67 lakhs (Previous year : Rs. 82.68 lakhs) represents part of the Corporate Social Responsibility expenditure incurred by the Company in line with the requirement of the provision of Section 135 of the Companies Act, 2013.

**LAFARGE UMIAM MINING PRIVATE LIMITED**  
NOTES FORMING PART OF FINANCIAL STATEMENTS

**22 Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for Rs. 369.30 lakhs (as at 31st December, 2015 Rs. 1,058.78 lakhs).**

**23 Deferred tax:**

The break up of deferred tax is as under	Year Ended	Year Ended
	31st December 2016 (Rs. In lakhs )	31st December 2015 (Rs. In lakhs )
<b>Deferred Tax Liabilities</b>		
Timing difference on account of: -		
-Depreciation	1,885.06	1,850.37
<b>Gross Deferred Tax Liabilities (A)</b>	<b>1,885.06</b>	<b>1,850.37</b>
<b>Deferred Tax Assets</b>		
-Unabsorbed Depreciation	Nil	277.52
-Provision for Gratuity	39.12	33.62
<b>Gross Deferred Tax Assets (B)</b>	<b>39.12</b>	<b>311.14</b>
<b>Deferred Tax Assets/ (Liability) (Net) (A -B)</b>	<b>(1,845.94)</b>	<b>(1539.23)</b>

**24 Micro, Small and Medium Enterprises Development Act, 2006.**

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

**25 Expenditure / Earnings in foreign currency:**

a) Value of imports calculated on CIF basis:

	Year Ended	
	31st December 2016 Rs. in lakhs	31 <sup>st</sup> December 2015 Rs. in lakhs
i) Stores and Spare parts	268.90	424.50
ii) Capital goods	435.24	284.95
<b>Total</b>	<b>704.14</b>	<b>709.45</b>

a) Expenditure in foreign currency :

	Year Ended	
	31st December 2016 Rs. in lakhs	31st December 2015 Rs. in lakhs
i) Professional and Consulting fees	47.91	43.50
ii) Interest and other borrowing cost	67.27	148.19
<b>Total</b>	<b>115.18</b>	<b>191.69</b>

## c) Earnings in foreign currency:

	Year Ended	
	31st December 2016	31st December 2015
	Rs. in lakhs	Rs. in lakhs
i) FOB Value of Exports	21,560.11	21,224.39
<b>Total</b>	<b>21,560.11</b>	<b>21,224.39</b>

## d) Details of consumption of imported and indigenous items :

	Year Ended			
	31st December 2016		31st December 2015	
	Rs. in lakhs	%	Rs. in lakhs	%
i) Imported				
Raw materials	Nil	Nil	Nil	Nil
Stores and Spares	90.40	29%	292.51	68%
ii) Indigenous				
Raw materials	2,937.60	100%	3,083.82	100%
Stores and Spares	222.09	71%	135.99	32%

**26 Contingent Liability not provided for**

Bank Guarantee amounting to Rs. 16.13 lakhs (as at 31st December 2015 Rs. 16.13 lakhs) issued by State Bank of India, Main Branch Shillong on behalf of the Company favoring Indian Bureau of Mines as financial assurance for the progressive mines closure plan.

**27** Company entered into a Limestone Mining Agreement with a mining contractor (the "Contractor"). The Contractor failed to engage the right mining equipment, many mining equipment were more than 5 years old and in violation of the provisions of the Agreement. The Contractor failed to produce right sizes of Limestone as specified in the Agreement. Company issued notices of Breach, Material Breach to the Contractor in terms of the Agreement. On 28.02.2015 the Agreement was terminated. Company submitted its 'Request for Arbitration' to the Secretariat of the International Court of Arbitration (ICC), Paris as per the provisions of the Agreement, with a claim of Rs. 2,241 lakhs. The Contractor made counter-claim of Rs. 6,204 lakhs. By order dated 11.09.2015, the ICC appointed Arbitration Tribunal rejected the counterclaim of the Contractor on procedural ground. On 11.12.2015, the Contractor filed an application before the Calcutta High Court under Section 34 of the Arbitration and Conciliation Act, 1996 seeking to set aside the Order of the Arbitration Tribunal dated 11.09.2015 (the "Application"). On 18.01.2016, the Contractor filed an application for stay of the Order dated 11.09.2015 before the Arbitration Tribunal on the ground that the matter is pending before the High Court. On 01.02.2016, the Arbitral Tribunal passed an order adjourning hearing before the Tribunal until final disposal of the Application by the Calcutta High Court. The Hearing on the Application is awaited. The Company is of the opinion that the counter-claim of the Contractor, even if taken on record by the Tribunal at a subsequent stage or under order of the High Court, is not likely to succeed in full on merits of the matter and accordingly counter-claim of the Contractor has not been acknowledged as debt and no provision for the same has been made. The lawyers are of the view that the case of Company is strong on merits.

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

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

	Year Ended	
	31st December 2016	31st December 2015
	Rs. in lakhs	Rs. in lakhs
Opening balance	235.12	209.70
Additions	25.42	25.42
Reversals	Nil	Nil
<b>Closing balance</b>	<b>260.54</b>	<b>235.12</b>

**29 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 2016 which is in the nature of unfunded gratuity benefit.

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

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

	Year Ended	
	31 <sup>st</sup> December 2016	31 <sup>st</sup> December 2015
	Rs. in lakhs	Rs. in lakhs
1 Current Service cost	11.65	15.75
2 Interest cost	7.78	6.00
3 Expected return on plan assets	-	-
4 Curtailment cost/(credit)	-	-
5 Settlement cost/(credit)	-	-
6 Amortization of Past Service Cost	-	-
7 Actuarial Losses/(Gains)	(2.59)	0.70
<b>8 Total expense recognized in the Statement of Profit &amp; Loss</b>	<b>16.84</b>	<b>22.45</b>

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

#### II. Net Asset/(Liabilities)

Sl. No.	Current Year	Previous Year				
		As on 31 <sup>st</sup> Dec 15	As on 31 <sup>st</sup> Dec 14	As on 31 <sup>st</sup> Dec 13	As on 31 <sup>st</sup> Dec 12	
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	
1	Present value of Defined Benefit Obligation	113.05	97.14	75.47	52.00	45.56
2	Fair value of plan assets	-	-	-	-	-
3	Funded status [Surplus/(Deficit)]	(113.05)	(97.14)	(75.47)	(52.00)	(45.56)

4	Effect of balance sheet asset limit	-	-	-	-	-
5	Unrecognized Past Service Costs	-	-	-	-	-
<b>6</b>	<b>Net asset/(liability) recognized in balance sheet</b>	<b>(113.05)</b>	<b>(97.14)</b>	<b>(75.47)</b>	<b>(52.00)</b>	<b>(45.56)</b>
7	Experience (Gain)/Loss adjustments on plan liabilities	(14.30)	1.40	(2.29)	(1.87)	1.26

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

		Year ended 31 <sup>st</sup> December 2016 Rs. in lakhs	Year ended 31 <sup>st</sup> December 2015 Rs. in lakhs
1	Present Value of DBO at beginning of period	97.13	75.47
2	Current Service cost	11.65	15.75
3	Interest cost	7.78	6.00
4	Curtailment cost/(credit)	-	-
5	Settlement cost/(credit)	-	-
6	Employee contribution	-	-
7	Plan amendments	-	-
8	Acquisitions	-	-
9	Actuarial (gains)/ losses	(2.59)	0.70
10	Bene fits paid	(0.92)	(0.78)
11	Present Value of DBO at the end of period	113.05	97.14

### IV. Actuarial Assumptions

Sl. No.		Year ended 31 <sup>st</sup> December 2016	Year ended 31 <sup>st</sup> December 2015
1	Discount Rate per annum Compound	7.13 %	8.00 %
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)	20.70	21.91

Note:

(i) The estimate of future salary increase takes into account seniority, promotion and other relevant factors.

(ii) Experience (Gain)/Loss adjustment arising on plan liabilities - Rs (14.30) lakhs [as at 31st December 2015 Rs. 1.40 lakhs].

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

Sl. No.	Year ended 31 <sup>st</sup> December 2016	Year ended 31 <sup>st</sup> December 2015
	Rs. in lakhs	Rs. in lakhs
1 Employer's Contribution to recognized Provident Fund	46.52	42.05

### 30 Related party disclosure as per Accounting Standard -18

#### a) Key Managerial Personnel (KMP):

Name	Nature of relationship	Transactions for the year ended		
		31 <sup>st</sup> December 2016 Rs. in lakhs	31 <sup>st</sup> December 2015 Rs. in lakhs	Nature of transaction
Mr. Shivesh Kumar Sinha	Chairman	24.50	20.00	Remuneration
Mr. Neeraj Akhoury (Appointed as KMP w.e.f 30.01.2016)	Director	Nil	Nil	---
Mr. Masud Khan	Director	Nil	Nil	---
Mr. Narayan Sharma	Director	97.98	94.00	Remuneration
Mr. Mohammed Arif Bhuiyan	Director	Nil	Nil	---
Dr. Ashim Kr. Chattopadhyay (Ceased to be KMP w.e.f 31.03.2016)	Director	2.50	8.83	Remuneration
Mr. Marcos Cela Rey	Director	Nil	Nil	---
Mr. Kazi Mizanur Rahman	Director	Nil	Nil	---
Mr Eung Rae Kim (Appointed as KMP w.e.f 07.06.2016)	Director	Nil	Nil	---

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

#### i) Secured External Commercial Borrowings (ECB):

	31 <sup>st</sup> December 2016	31 <sup>st</sup> December 2015
	Rs. in lakhs	Rs. in lakhs
Closing balance	554.26	2,704.86
Interest accrued and due as on	Nil	Nil
Interest accrued but not due as on	135.87	712.47
Interest charged during the year ended	67.27	129.17
Loan availed during the year	Nil	Nil
Foreign exchange fluctuation [(gain)/ loss] on ECB loan	58.76	171.74
Foreign exchange fluctuation [(gain)/ loss] on outstanding interest	3.23	38.61
Loan repaid during the year	2,209.37	2,115.81
Interest paid during the year including withholding tax	647.10	688.80

## i) Interest on External Commercial Borrowing (ECB):

	31 <sup>st</sup> December 2016	31 <sup>st</sup> December 2015
	Rs. in lakhs	Rs. in lakhs
Interest charged during the year	67.27	129.17

## ii) Export sales transaction:

	31 <sup>st</sup> December 2016	31 <sup>st</sup> December 2015
	Rs. in lakhs	Rs. in lakhs
Closing balance of export sales receivables as at	1,421.95	994.89
Total value of export sales transaction during the year ended	21,560.11	21,224.39

## c) Fellow Subsidiary Company:

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

	31 <sup>st</sup> December 2016	31 <sup>st</sup> December 2015
	Rs. in lakhs	Rs. in lakhs
Closing balance as at	5.87	4.19
Expense paid by the Company on behalf of the fellow subsidiary company during the year ended	1.68	0.71

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

	31 <sup>st</sup> December 2016	31 <sup>st</sup> December 2015
a) Net Profit / (Loss) after Tax available for Equity Shareholders (Rs. in lakhs)	6,543.56	5,226.32
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)	15.91	12.71

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

**33. 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. 4.53 lakhs (as at 31st December 2015 Rs. 6.82 lakhs ) due to fluctuation in foreign exchange rates in respect of all outstanding forward contracts at the balance sheet date not backed by any underlying existing assets/liabilities by marking them to the market.**

Forward contracts outstanding as on 31<sup>st</sup> December 2016 are as follows:

As at	No. of Contracts	Amount (USD in lakhs )	Amount (Rs. in lakhs)
31st December 2016	6	45.00	3,079.13
31st December 2015	7	48.75	3,262.98

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

Particulars	Convertible amount as at				
	31 <sup>st</sup> December 2016			31 <sup>st</sup> December 2015	
	Currency	Foreign Currency in lakhs	Rs. in lakhs	Foreign Currency in lakhs	Rs. in lakhs
Un Secured Loan	USD	8.16	554.26	40.78	2,704.86
Interest on Unsecured loan	USD	2.00	135.87	10.74	712.47
Working capital loan	USD	59.50	4,043.31	132.50	8,788.20
Interest on Working capital loan	USD	0.09	6.16	0.19	12.19
Sundry Creditors	USD	0.84	56.86	0.38	25.15
	Euro	1.40	99.91	1.40	101.14
Sundry Receivables	USD	28.43	1,931.61	15.00	994.89

**35 The Company has entered into operating leases arrangement for Heavy Earth Moving Machines and other related machines for its mining operations. The leases are for a period of 5 years with a non-cancelable period of 3 years. There are no contingent rents and subleases. At the end of lease term as per the terms and conditions of the operating leases arrangements, the Company has an option to either renew the lease term or surrender the underlying asset under lease arrangement or purchase the underlying asset under lease arrangement at fair market value. Future minimum lease payments obligation under the operating lease arrangement area as follow:**

	31 <sup>st</sup> December 2016	31 <sup>st</sup> December 2015
	Rs. in lakhs	Rs. in lakhs
Not later than one year	984.06	984.06
Later than one year but not later than five years	1,470.18	2,000.48
Later than five years	453.76	453.76

Rental expenses of Rs 556.82 lakhs including taxes (as at 31st December 2015 Rs. 472.12 ) in respect of obligation under non-cancellable operating leases have been charged to the statement of profit and loss in Note 18.

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

**37. 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**



Manjuree Rai  
Company Secretary



Narayan Sharma  
Director



Masud Khan  
Director

Place : Dhaka  
Date : 13th February 2017

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

**FOR THE YEAR ENDED DECEMBER 31, 2016**

***PEOPLE, WHO DELIVER***

Our trained personnel retain the aptitude to every customers need. Working as a motivated pack, guided as a dedicated team and aligned to deliver results.



# LUM MAWSHUN MINERALS PRIVATE LIMITED

## DIRECTORS' REPORT

### Dear Shareholders:

The Board of Directors of Lum Mawshun Minerals Pvt. Ltd. (the "Company") take pleasure in presenting to the members their report together with audited financial statements of the Company for the year ended on December 31, 2016.

### Merger of Lafarge Group and Holcim Group and new name for Your Company's parent company:

Your parent company has after due approvals changed its name to "LafargeHolcim Bangladesh Limited" ("LHBL"). This has been done to yield the best possible results from the proposed combination of its business with Holcim Cement (Bangladesh) Limited (HBL), to generate the highest benefits from the premium brands of HBL, to signify the highest quality of international standard product for the customers, and to align with the global merger of Lafarge Group and Holcim Group.

### Review of the Activities:

Your Company had been set up as a subsidiary of LHBL (former Lafarge Surma Cement Limited) 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 2016 was INR 1,69,422/-.

### Auditors Report:

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

There are no qualifications in the Auditors' Report which requires any clarification/ explanation.

### Directors:

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

### Appointments:

LHBL, nominated Mr. Rajesh Kumar Surana as Director on the Board of the Company.

Mr. Surana has been appointed as an Additional Director on the Board of the Company effective from February 17, 2017. Mr. Surana is the Chief Executive Officer of LHBL. His presence on the Board would be beneficial for the Company.

### Resignations:

Mr. Neeraj Akhoury had been appointed as a Director on the Board of the Company on January 30, 2016. Mr. Akhoury (nominee of LHBL) resigned from the Board with effect from January 31, 2017.

Your Board thank Mr. Akhoury for his contributions, leadership and guidance provided during his tenure as Directors of the Company.

**Directors' Responsibility Statement:**

In accordance with Section 134(3)(c) of the Companies Act, 2013, your Directors, to the best of their knowledge and belief and according to the information and explanation obtained by them, confirm that:

1. in preparation of the annual accounts for the year ending December 31, 2015; the applicable Accounting Standards have been followed along with proper explanations provided for material departures, if any;
2. the accounting policies selected have been applied consistently and judgments and estimates are made, that are reasonable and prudent to give a true and fair view of the state of affairs of the Company as on December 31, 2015 and of the profit of your Company for the year ended on that date;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts for the year ended December 31, 2015 have been prepared on a going concern basis;
5. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
6. that the directors have devised proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

**Auditors:**

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

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

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

A calendar of Meetings is prepared and circulated in advance to the Directors. The Board met five (5) times during the year. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

**Particulars of employees:**

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

**Particulars of loans, Guarantees and investments:**

The Company has not made any investments or given any loans or guarantee or provided any security during the year under scrutiny.

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

The Company continues to have high respect for women since the days of its incorporation. The Board has been taking necessary measures for the protection of women rights.

**Related party transactions:**

There have been no materially significant related party transactions between the Company and the Directors, the management, the subsidiaries or the relatives except for those disclosed in the financial statements.

Accordingly, particulars of contracts or arrangements with related parties referred to in Section 188(1) along with the justification for entering into such contract or arrangement in Form AOC -2 does not form part of the report.

**Extract of Annual Return:**

The details forming part of the extract of the annual return in Form MGT - 9 are set out in Annexure "A" in this Report.

**Conservation of Energy, Technology Absorption and Foreign Exchange:**

Information on conservation of energy, technology absorption and foreign exchange earnings and outgo, required to be disclosed pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed hereto and forms part of this report as Annexure "B".

Fixed deposits:

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

**Acknowledgements:**

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

For and on Behalf of the Board of Directors

Place: Shillong  
Date: 25th April 2017

  
Director

**FORM NO. MGT 9****EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.12.2016

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

**I. REGISTRATION & OTHER DETAILS:**

1	CIN	U14107ML1994PTC004299
2	Registration Date	17/11/1994
3	Name of the Company	LUM MAWSHUN MINERALS PVT LTD
4	Category/Sub-category of the Company	Company Limited by shares Indian Non-Government Company
5	Address of the Registered office & contact details	HOTEL POLO TOWERPOLO GROUND, MEGHALAYA, SHILLONG, Meghalaya-793001, INDIA
6	Email	manjuree.rai@lafargeholcim.com
7	Whether listed company	No
8	Name, Address & contact details of the Registrar & Transfer Agent, if any.	NA

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Mining and quarrying	5109	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	LAFARGE SURMA CEMENT LTD	NA	Foreign Holding Company	74.02	2(46)

**IV. SHARE HOLDING PATTERN**

(Equity share capital breakup as percentage of total equity)

**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-January 2016]				No. of Shares held at the end of the year [As on 31-December 2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF			1,420	25.98%			1,420	25.98%	0.00%
<b>Sub Total (A) (1)</b>			1,420	25.98%			1,420	25.98%	0.00%
(2) Foreign									
c) Bodies Corp.			4,046	74.02%			4,046	74.02%	0.00%
<b>Sub Total (A) (2)</b>			4,046	74.02%			4,046	74.02%	0.00%
<b>TOTAL (A)</b>			5,466	100.00%			5,466	100.00%	0.00%
<b>B. Public Shareholding</b>				NA				NA	
<b>1. Institutions</b>				NA				NA	
<b>2. Non-Institutions</b>				NA				NA	
<b>Sub-total (B)(2):-</b>				0.00%				0.00%	0.00%
<b>Total Public (B)</b>				0.00%				0.00%	0.00%
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>				0.00%				0.00%	0.00%
<b>Grand Total (A+B+C)</b>			5,466	100.00%			5,466	100.00%	0.00%

**(ii) Shareholding of Promoter**

SN	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year		% change in shareholding during the year
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company	
1	LAFARGE SURMA CEMENT LTD	4,046	74.02%	4,046	74.02%	0.00%
2	KITTY DORIS ROY	710	12.99%	710	12.99%	0.00%
3	LYNGDOH GALMENDER SINGH	710	12.99%	710	12.99%	0.00%
	Total	5,466	100.00%	5,466	100.00%	0.00%

**(iii) Change in Promoters' Shareholding: No change****(iv) Shareholding Pattern of top ten Shareholders : NIL****(v) Shareholding of Directors and Key Managerial :**

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares

**1 LYNGDOH SEDHON GALMENDERSING**

At the beginning of the year	01.01.2016	710	0.00%	710	0.00%
Changes during the year			0.00%		0.00%
At the end of the year	31.01.2016	710	32.98%	710	0.00%

**2 KITTY D ROY**

At the beginning of the year	01.01.2016	710	0.00%	710	0.00%
Changes during the year			0.00%		0.00%
At the end of the year	31.01.2016	710	0.00%	710	0.00%

**V. INDEBTEDNESS**

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
-------------	----------------------------------	-----------------	----------	--------------------

Indebtedness at the beginning of the financial year	
i) Principal Amount	Nil
ii) Interest due but not paid	Nil
iii) Interest accrued but not due	Nil
<b>Total (i+ii+iii)</b>	<b>Nil</b>
Change in Indebtedness during the financial year	
* Addition	Nil
* Reduction	Nil
Net Change	Nil
Indebtedness at the end of the financial year	
i) Principal Amount	Nil
ii) Interest due but not paid	Nil
iii) Interest accrued but not due	Nil
<b>Total (i+ii+iii)</b>	<b>Nil</b>
<b>VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL: Not applicable as LMMPL is a Private Company</b>	

#### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment			No Penalties, Punishments or Compounding of Offences		
Compounding					
<b>B. DIRECTORS</b>					
			No Penalties, Punishments or Compounding of Offences		
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			No Penalties, Punishments or Compounding of Offences		
Compounding					

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**ANNEXURE "B" TO THE DIRECTORS' REPORT:**

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

**A. CONSERVATION OF ENERGY:**

- (a) Energy conservation measures taken:  
The Company is not a manufacturing Company and hence the details in respect of Conservation of Energy are not applicable.
- (b) Additional Investment and proposals for energy conservation:  
N/A
- (c) Impact of the measure of (a) and (b) above for reduction of Energy consumption and consequent impact on the cost of production of goods:  
N/A
- (d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure to the Rules in respect of industries specified in the schedule thereto:

**B. TECHNOLOGY ABSORPTION**

NIL

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

NIL

- (b) **Total foreign exchange used and earned**

- a) Expenditure in foreign currency:

NIL

- b) Earnings in foreign currency:

NIL

Place: Shillong  
Date: 25th April 2017

For and on Behalf of the Board of Directors



Director

## 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, 2016 and the Statement of Profit & Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management’s Responsibility for the Financial Statements :**

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

### **Auditor’s Responsibility :**

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

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

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

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

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

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

**Opinion :**

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

- i) In the case of the Balance Sheet, of the state of the affairs of the Company as at 31st December, 2016.
- ii) In case of Statement of Profit & Loss, of the loss for the year ended on 31st December, 2016.

**Emphasis of Matter :**

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

**Report on Legal and Regulatory Requirements :**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013. We give in the "Annexure-A" a statement on the matters specified in paragraph 3 & 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet and the Statement of Profit and Loss referred to in this report are in agreement with the books of account.
  - d. In our opinion, the Balance Sheet and the Statement of Profit & Loss referred to in this report are in compliance with the Accounting Standard specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representation received from the directors as on December, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on December, 2016 from being appointed as director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such control, refer to our separate report in 'Annexure - B', and
  - g. With Respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
    - i. The Company does not have any pending litigations which would have impact in its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there would have been any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

Dated at Silchar  
the 20th day of February 2017

FOR RKP ASSOCIATES  
CHARTERED ACCOUNTANTS



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

## ANNEXURE-A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in para (1) of the Auditor's Report of even date on the financial statements of **LUM MAWSHUN MINERALS PRIVATE LIMITED** for the year ended 31st December, 2016.

- I) Having regard to the nature of the Company's business/activities/result, clauses (i), (ii), (iv), (v), (vi), (x), (xi), of Companies (Auditor's Report) Order, 2015 ("the Order") are not applicable.
- II) The Company has not granted any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 189 of the Companies Act, 2013.
- III) According to the information and explanations given to us in respect of statutory dues:
- a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.  
There were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st December, 2016 for a period of more than six months from the date they became payable applicable to it with the appropriate authorities.
- b) There are no dues of Income Tax, Sale Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st December 2016 on account of disputes.
- c) The Company does not have any amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provision of the Companies Act, 1956 (1 of 1956) and rules made there under.
- IV) The accumulated losses of the Company have exceeds fifty percent of its net worth as at the end of this year. The Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- V) Based on our audit procedures and according to the information and explanations given to us, by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to any financial institution or banks.
- VI) Based upon the audit procedures performed and according to the information and explanations given to us we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

IN TERMS OF OUR REPORT OF EVEN DATE

FOR RKP ASSOCIATES  
CHARTERED ACCOUNTANTS



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

Dated at Silchar  
the 20th day of February 2017

## ANNEXURE–B TO THE INDEPENDENT AUDITOR’S REPORT

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

We have audited the internal financial controls over financial reporting of **LUM MAWSHUN MINERALS PRIVATE LIMITED** (‘the Company’) as of 31st December 2016 in conjunction with our audit of the financial statements of the Company for the year ended on the date.

#### **Management’s Responsibility for Internal Financial Controls:**

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

#### **Auditor’s Responsibility:**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### **Meaning of Internal Financial Controls over Financial Reporting:**

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

**Inherent Limitations of Internal Financial Controls over Financial Reporting:**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st December' 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Dated at Silchar  
the 20th day of February 2017

FOR RKP ASSOCIATES  
CHARTERED ACCOUNTANTS



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

**LUM MAWSHUN MINERALS PRIVATE LIMITED**  
**BALANCE SHEET AS AT 31 DECEMBER 2016**

	Notes	As at 31.12.2016 (Rupees)	As at 31.12.2015 (Rupees)
<b>(I) EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share Capital	03	546,600	546,600
(b) Reserves and surplus	04	(1,437,927)	(1,268,505)
		<b>(891,327)</b>	<b>(721,905)</b>
<b>(2) Current liabilities</b>			
(a) Trade payables	05	940,412	765,982
(b) Other current liabilities	06	3,300	6,300
		<b>943,712</b>	<b>772,282</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>52,385</b>	<b>50,377</b>
<b>(II) ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Long-term loans and advances	07	30,951	28,313
		<b>30,951</b>	<b>28,313</b>
<b>(2) Current assets</b>			
(a) Cash and bank balances	08	21,434	22,064
(b) Short-term loans and advances	07	-	-
		<b>21,434</b>	<b>22,064</b>
<b>TOTAL ASSETS</b>		<b>52,385</b>	<b>50,377</b>

See accompanying notes forming part of the financial statements

In terms of our report attached

**For R K P Associates**  
Chartered Accountants



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

**For and on behalf of the Board of Directors**



Narayan Sharma  
Director



Masud Khan  
Director

Place : Silchar  
Date: 20th February 2017

Place : Dhaka  
Date: 13th February' 2017

**LUM MAWSHUN MINERALS PRIVATE LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	Year ended 31.12.2016 (Rupees)	Year ended 31.12.2015 (Rupees)
<b>I Other Income (interest on bank deposit)</b>		2,638	2,638
<b>II Total Revenue</b>		<b>2,638</b>	2,638
<b>III EXPENSES</b>			
Other expenses	09	172,060	72,193
<b>Total Expenses</b>		<b>172,060</b>	72,193
<b>IV Profit / (Loss) before tax (II-III)</b>		<b>(169,422)</b>	(69,555)
<b>V Tax Expense</b>		-	-
<b>VI Loss after tax for the year (IV - V)</b>		<b>(169,422)</b>	(69,555)
<b>VII Loss per equity share (Rupees):</b>			
Basic and Diluted	12	<b>(31.00)</b>	(12.73)

See accompanying notes forming part of the financial statements

The Notes referred to above form an integral part of the Profit and Loss Account

In terms of our report attached

**For R K P Associates**

Chartered Accountants



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

**For and on behalf of the Board of Directors**



Narayan Sharma  
Director



Masud Khan  
Director

Place : Silchar  
Date: 20th February 2017

Place : Dhaka  
Date: 13th February 2017

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## LUM MAWSHUN MINERALS PRIVATE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

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#### 01 BACKGROUND

Lum Mawshun Minerals Private Limited ("LMMPL"), a private limited company incorporated under the laws of India, having its registered office in Shillong, Meghalaya, is a 100% subsidiary company of LafargeHolcim Bangladesh Ltd ("LHBL") ( former Lafarge Surma Cement Ltd), a public limited company incorporated under the laws of Bangladesh.

The Company was formed for acquisition of mining and land rights to facilitate the mining operation of limestone & shale by Lafarge Umiam Mining Pvt Ltd (LUMPL), another subsidiary of the parent Company and supply of the same to the cement plant being set up by the parent Company at Bangladesh. During the earlier years the Company had transferred the Mining & Land rights as well as freehold & leasehold lands as was acquired to LUMPL along with the preoperative expenses and related account balances pertaining to such lands transferred, after obtaining necessary approval from the Government. Consequently there has been no business during the year as well as in the previous years. However, the Company is exploring new opportunities.

#### 02 SIGNIFICANT ACCOUNTING POLICIES

##### a) Basis of accounting and preparation of financial statements.

The financial statements have been prepared on an accrual basis and under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act") read together with Rule 7 of the Companies (Accounts) Rules, 2014.

##### b) Use of Estimates

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

##### c) Taxes on Income

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

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

##### d) Provision, Contingent Liabilities and Contingent Assets

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

**LUM MAWSHUN MINERALS PRIVATE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**03 SHARE CAPITAL**

	As at 31.12.2016 (Rupees)	As at 31.12.2015 (Rupees)
<b>Authorised:</b>		
168,000 (Previous year 168,000) equity shares of Rs 100 each	<b>16,800,000</b>	16,800,000
	<b>16,800,000</b>	16,800,000
<b>Issued, Subscribed and Fully Paid up:</b>		
5,466 (Previous year 5,466) equity shares of Rs. 100 each	<b>546,600</b>	546,600
	<b>546,600</b>	546,600

**03.1 Share Capital****Reconciliation of Number of shares**

	As at 31.12.2016		As at 31.12.2015	
	No. of Shares	Amount (Rupees)	No. of Shares	Amount (Rupees)
<b>Issued, Subscribed and Fully paid</b>				
At the beginning of the year	5,466	546,600	5,466	546,600
Issued during the year	-	-	-	-
At the end of the year	<b>5,466</b>	<b>546,600</b>	5,466	546,600

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

Shareholder	As at 31.12.2016		As at 31.12.2015	
	No. of Shares	%	Nos. shares	%
(1) LafargeHolcim Bangladesh Ltd, Bangladesh, the holding company	4,046	74%	4,046	74%
(1) SG Lyngdoh	710	13%	710	13%
(1) Kitty Doris	710	13%	710	13%
	<b>5,466</b>	<b>100%</b>	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.

**04 RESERVES AND SURPLUS**

	As at 31.12.2016 (Rupees)	As at 31.12.2015 (Rupees)
Surplus / (Deficit) in Statement of Profit and Loss :		
Opening Balance	<b>(1,268,505)</b>	(1,198,950)
Add: Profit / (Loss) for the year	<b>(169,422)</b>	(69,555)
<b>Closing Balance</b>	<b>(1,437,927)</b>	(1,268,505)

**LUM MAWSHUN MINERALS PRIVATE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**05 TRADE PAYABLES**

	As at 31.12.2016 (Rupees)	As at 31.12.2015 (Rupees)
Creditors for supplies / services	940,412	765,982
<b>Total Trade Payables</b>	<b>940,412</b>	<b>765,982</b>

**06 OTHER CURRENT LIABILITIES**

Creditors for other liabilities		
Statutory dues	3,300	6,300
<b>Total Other Current Liabilities</b>	<b>3,300</b>	<b>6,300</b>

**07 LOANS AND ADVANCES**

	As at 31.12.2016		As at 31.12.2015	
	Long Term (Rupees)	Short Term	Long Term (Rupees)	Short Term
<b>Loans and Advances</b>				
(a) Interest accrued on deposits	10,951	-	8,313	-
(b) Other loans and advances				
- Deposit account <sup>(1)</sup>	20,000	-	20,000	-
<b>Total Loans and Advances</b>	<b>30,951</b>	<b>-</b>	<b>28,313</b>	<b>-</b>
<b>Classification of Loans and Advances</b>				
Secured, considered good	-	-	-	-
Unsecured, considered good	30,951	-	28,313	-
Doubtful	-	-	-	-
<b>Gross Loans and Advances</b>	<b>30,951</b>	<b>-</b>	<b>28,313</b>	<b>-</b>

**Additional information**

1. Pledged with the Director of Mineral Resources, Meghalaya

**08 CASH AND BANK BALANCES**

	As at 31.12.2016 (Rupees)	As at 31.12.2015 (Rupees)
(a) Cash on hand	274	274
(b) Balances with banks		
- In Current Accounts	21,160	21,790
<b>Total Cash and Bank Balances</b>	<b>21,434</b>	<b>22,064</b>
Out of above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements	<b>21,434</b>	<b>22,064</b>

**09 OTHER EXPENSES**

(a) Auditors Remuneration	72,450	71,970
(b) Professional Fees	93,980	-
(c) Filing Fees	5,000	-
(c) Others	630	223
	<b>172,060</b>	<b>72,193</b>

**LUM MAWSHUN MINERALS PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**10 Micro, Small and Medium Enterprises Development Act, 2006.**

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

**11 The net worth of the Company as on 31.12.2016 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	Year ended
	31-Dec-2016	31-Dec-2015
	(Rs)	(Rs)
1 Net Profit after tax attributable to Equity Shareholders (Rs) {A}	(169,422)	(69,555)
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}	(31.00)	(12.73)

**13 Deferred tax Asset/Liability has not been created during the year, there being no timing difference between the accounting income and taxable income, which is capable of reversing in subsequent periods.**

**14 Related party disclosure as per Accounting Standard 18.**

- a) Holding Company:  
Name: LafargeHolcim Bangladesh Ltd, Bangladesh  
Ultimate Holding Company: Surma Holdings B.V, Netherland
- b) Fellow Subsidiary:  
Name: Lafarge Umiam Mining Pvt Ltd  
Transaction: Expense paid by the fellow subsidiary on behalf of the Company Rs. 167,650/- (Previous Year Rs. 70,787/-); Balance at the year end: Rs.586,669/- (Previous Year Rs. 419,019/-)

**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



Narayan Sharma  
Director



Masud Khan  
Director

Place : Dhaka  
Date: 13th February 2017

# LafargeHolcim Bangladesh Limited

A company of  LafargeHolcim and 

## FORM OF PROXY

I/We ----- (name)  
of----- (address)  
being a shareholder of LafargeHolcim Bangladesh Limited (the "Company") hereby appoint,  
Mr./Ms----- (name)  
of ----- (address)  
as my/our proxy, to attend on my/our behalf at the 19th Annual General Meeting of the Company to be held on  
June 15, 2017 and at any adjournment thereof or any poll that may be taken in consequence thereof and to vote  
on my/our behalf as he/she thinks fit on all Resolutions.

Signed (Member)

Folio/  
BO No.

Member

Phone No.:

Folio/  
BO No.

Signed (Proxy)

Affix revenue stamp

Tk. 20.00

Note: The proxy form, duly filled in and stamped, must be submitted with the Registered Office of the Company not less than 72 hours before the time fixed for the meeting.

# LafargeHolcim Bangladesh Limited

A company of  LafargeHolcim and 

## ATTENDANCE SLIP

I hereby record my presence at the 19th Annual General Meeting of LafargeHolcim Limited on June 15, 2017 at 11:00 A.M. at the Delta Life Tower, Level 13, Plot No. 37, Road No. 90, Gulshan Circle 2, Dhaka 1212, Bangladesh.

Name of  
Member

Folio / BO No.  
Member

Name of  
Proxy

Folio / BO No.  
Proxy

Signature of Proxy

Signature of Member

Note: Please complete this Attendance Slip and deposit at the registration counter on the day of the meeting.

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