

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.

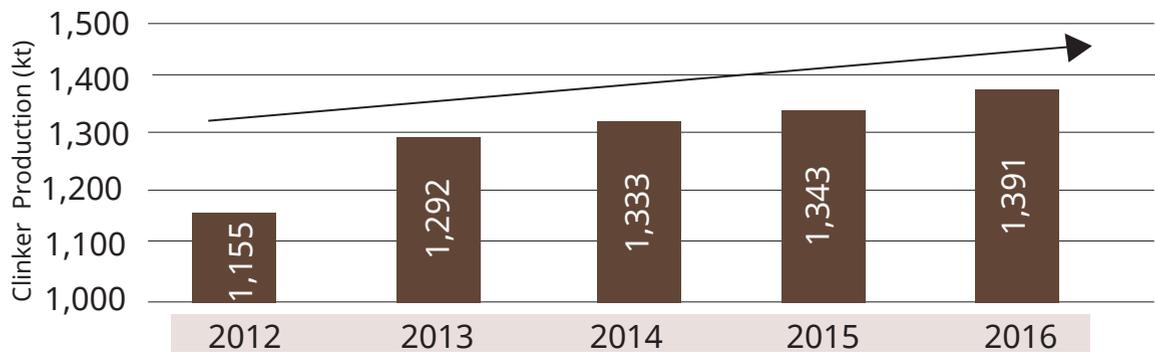
Increasing population and urbanization will support the country growth and is expected to fuel the construction projects. With increased allocation for infrastructure and large projects undertaken by the government, it is expected that cement demand will continue to grow in the country in the next couple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

8. BUSINESS – PERFORMANCE:

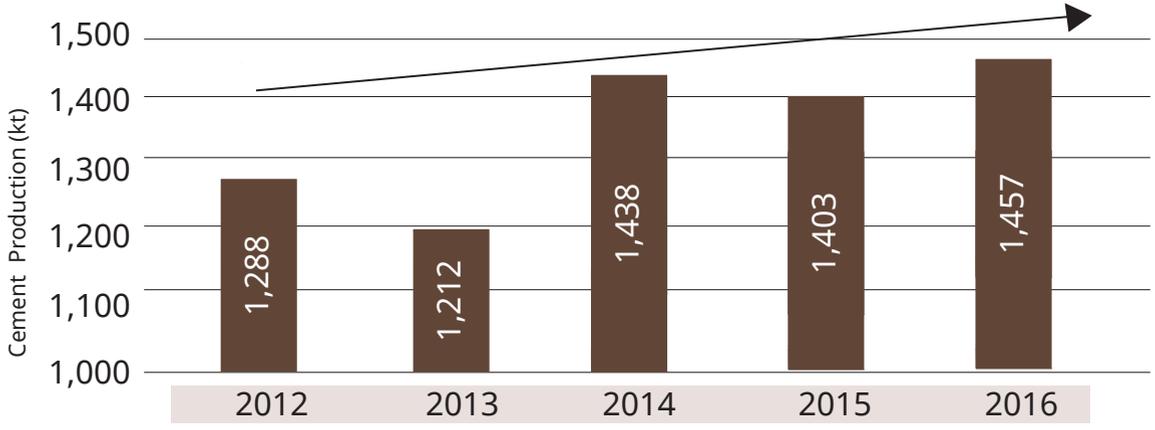
a) Production Performance: Surma Plant

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.

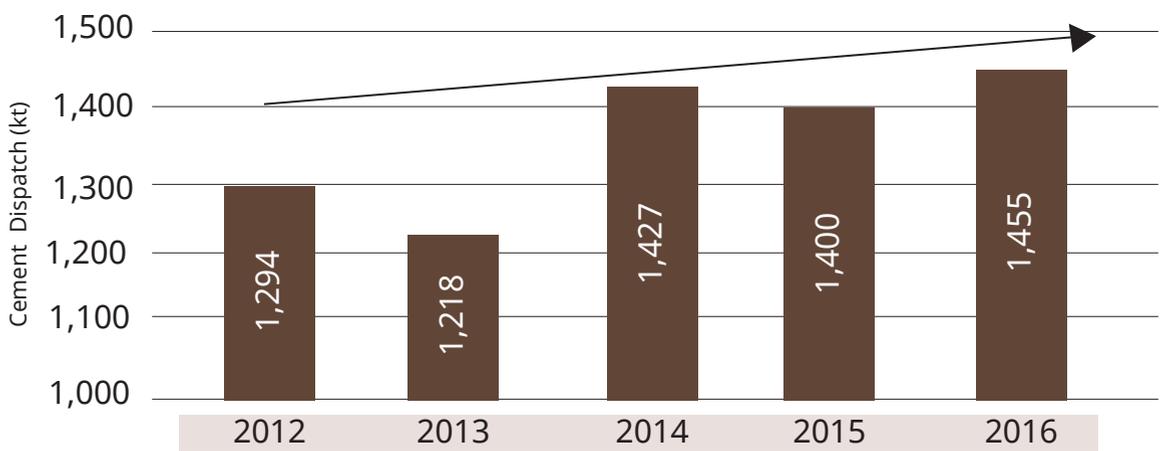
CLINKER PRODUCTION (2012-2016)



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.

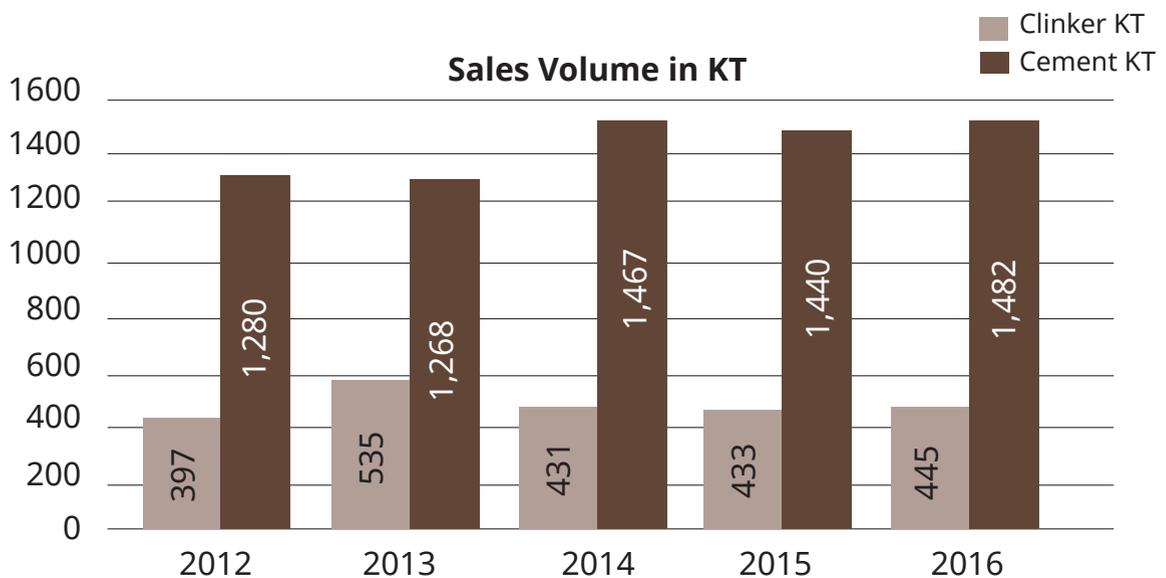
The production performance of the Quarry Team is praiseworthy. LUMPL is fully geared and motivated to surpass its own achievements, to produce safely with zero accidents, to produce more cost effectively and, to produce after ensuring maximization of the efficiency of the crusher and mining equipment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

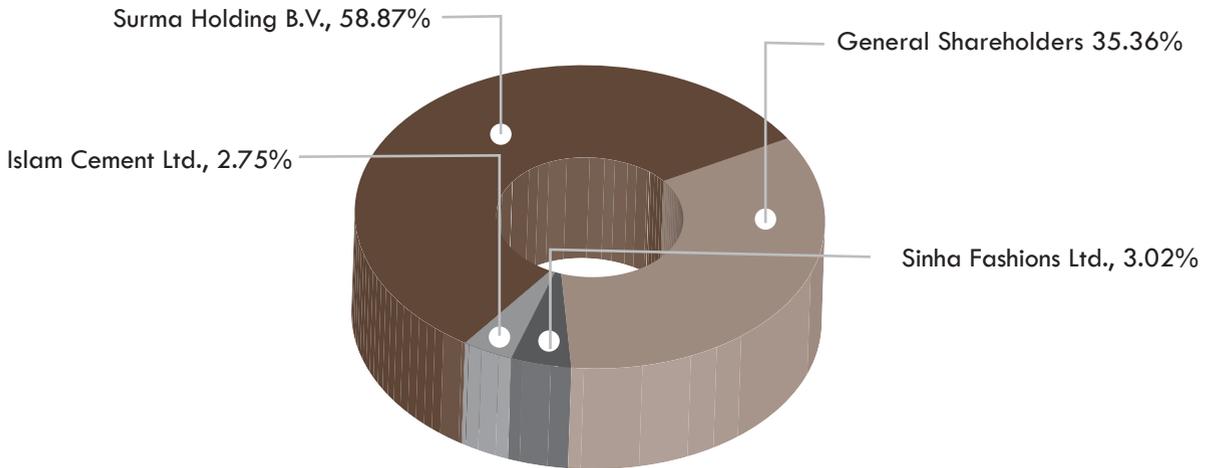
- reliability of the financial reporting and statements,
- conformity with the laws and regulations,
- protection of assets and fraud prevention, and
- effectiveness and efficiency of the operations.

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.

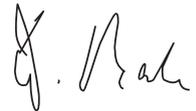
24. AWARD & RECOGNITIONS:

- 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
Total		1,161,373,500	100.00

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
Total	31,424	1,161,373,500	100.00

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.

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**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	
1	Board of Directors			
1.1	Board's Size The number of Board Directors should not be less than 5 (five) and more than 20 (twenty).	✓		12 (Twelve) Board member including 3 (Three) Independent director
1.2	Independent Directors			
	(i) At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	✓		
	(ii) a) Who either does not hold any share or holds less than 1% shares to the total paid-up shares of the company;	✓		
	(ii) b) Who is not a sponsor of the company and is not connected with the companies any sponsor or director or shareholder who holds one percent (1%) or more share of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company.	✓		
	(ii) c) Who does not have any other relationship whether pecuniary or otherwise, with the company or its subsidiary/ associated companies.	✓		
	(ii) d) Who is not a member, director or officer of any stock exchange.	✓		
	(ii) e) Who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market.	✓		
	(ii) f) Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm.	✓		
	(ii) g) Who shall not be an independent director in more than 3 (three) listed companies.	✓		
	(ii) h) Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI).	✓		
	(ii) i) Who has not been convicted for a criminal offence involving moral turpitude.	✓		
	(iii) The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	✓		
	(iv) The post of independent director(s) can not remain vacant for more than 90 (ninety) days.	✓		
	(v) The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	✓		
	(vi) The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	✓		
1.3	Qualification of Independent Director (ID)			
	(i) Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓		
	(ii) The person should be a Business Leader / Corporate Leader / Bureaucrat / University Teacher with Economics or Business Studies or Law background / Professionals like Chartered Accountants, Cost & Management Accountants, and Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management / professional experience.	✓		
	(iii) In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	N/A		
1.4	Chairman of the Board and Chief Executive Officer			
	The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals with defined different roles and responsibilities. The Chairman of the company shall be elected from among the directors of the company.	✓		

1.5	The Directors' Report to Shareholders			
(i)	Industry outlook and possible future development in the industry.	√		
(ii)	Segment-wise or product-wise performance.	√		
(iii)	Risks and concerns.	√		
(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	√		
(v)	Discussion on continuity of any Extra-Ordinary gain or loss.	N/A		
(vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report.	√		
(vii)	Utilization of proceeds from public issues, rights issues and / or through any others instruments.	√		
(viii)	An explanation if the financial result deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	N/A		
(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.	√		

2	Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS)			
2.1	The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	√		
2.2	The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors. Provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	√		
3	Audit Committee			
(i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	√		
(ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	√		
(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√		
3.1	Constitution of the Audit Committee			
(i)	The Audit Committee shall be composed of at least 3 (three) members.	√		
(ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	√		
(iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	√		
(iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy (ies) immediately or not later than 1 (one) month from the date of vacancy (ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	N/A		No vacancy occurred
(v)	The company secretary shall act as the secretary of the Committee.	√		
(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
3.2	Chairman of the Audit Committee			
(i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	√		
(ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	√		
3.3	Role of Audit Committee			
(i)	Oversee the financial reporting process.	√		
(ii)	Monitor choice of accounting policies and principles.	√		
(iii)	Monitor Internal Control Risk management process.	√		
(iv)	Oversee hiring and performance of external auditors	√		
(v)	Review along with the management, the annual financial statements before submission to the board for approval.	√		
(vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	√		
(vii)	Review the adequacy of internal audit function.	√		
(viii)	Review statement of significant related party transactions submitted by the management.	√		
(ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	√		
(x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.	N/A		
3.4	Reporting of the Audit Committee			
3.4.1	Reporting to the Board of Directors			
(i)	The Audit Committee shall report on its activities to the Board of Directors.	√		
(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:			
(ii) a)	Report on conflicts of interests.	N/A		None
(ii) b)	Suspected or presumed fraud or irregularity or material defect in the internal control system.	N/A		None
(ii) c)	Suspected infringement of laws, including securities related laws, rules and regulations.	N/A		None
(ii) d)	Any other matter which shall be disclosed to the Board of Directors immediately.	N/A		None

3.4.2	Reporting to the Authorities: If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.	N/A		None
3.5	Reporting to the Shareholders and General Investors: Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	√		
4	External /Statutory Auditors			
	(i) Appraisal or valuation services or fairness opinions.	√		
	(ii) Financial information systems design and implementation.	√		
	(iii) Book-keeping or other services related to the accounting records or financial statements.	√		
	(iv) Broker-dealer services.	√		
	(v) Actuarial services.	√		
	(vi) Internal audit services.	√		
	(vii) Any other service that the Audit Committee determines.	√		
	(viii) No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	√		
	(ix) Audit Certification/Certificate service on Compliance of corporate Governance as required under clause (i) of condition number 7	√		
5	Subsidiary Company			
	(i) Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	N/A		The Subsidiaries are governed by guidelines applicable in India.
	(ii) At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	N/A		
	(iii) The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	√		
	(iv) The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	√		
	(v) The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	√		
6	Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
	The CEO and CFO shall certify to the Board that:			
	(i) They have reviewed financial statements for the year and that to the best of their knowledge and belief:	√		
	(i) a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	√		
	(i) b) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√		
	(ii) There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	√		
7	Reporting and Compliance of Corporate Governance			
	(i) The company shall obtain a certificate from a practicing Professional Accountant/ Secretary (Chartered Accountant/ Cost and Management Accountant/ Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	√		
	(ii) The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	√		