

BOARD OF DIRECTORS' REPORT

LAFARGEHOLCIM BANGLADESH LIMITED

Dear Shareholders:

The Directors of LafargeHolcim Bangladesh Limited (the "Company") take pleasure in presenting the 21st Annual Report for the year 2018 containing the Directors' Report, Statement of Corporate Governance, Statutory Auditors' Report along with the Audited Financial Statements for the year ended on December 31, 2018.

The Directors' Report has been prepared in compliance with the provisions of Section 184 of the Companies Act, 1994, the Corporate Governance Code issued by Bangladesh Securities and Exchange Commission (BSEC) on 3 June 2018 and the Listing Rules of the Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited.

Financial results of your Company made substantial improvements in 2018 with net profit up by 38%. It demonstrated strong results in 2018 both in revenue and profit growth and has made outstanding achievements. Net operating profit grew by 82% to 2,310 Mn BDT from 1,271 Mn BDT during the previous year whilst net profit jumped by 38% to 1,114 Mn BDT.

Credit goes to good teamwork by all its employees, customers, business partners and shareholders. The Company has now successfully integrated the business in Bangladesh and 2018 marks the first year of good success of the combined operations. This also gives your Company and all its stakeholders a solid confidence that the Company is in the right track and poised to achieve even stronger performance in the coming future.



1. AMALGAMATION WITH HOLCIM CEMENT (BANGLADESH) LIMITED:

On January 31, 2017, the Shareholders of the Company approved the purchase of 100% of the shares of Holcim Cement (Bangladesh) Limited (HBL) from Holderfin B.V. On January 7, 2018, the share purchase was completed in terms of the approval of Bangladesh Bank. Since then, HBL has become a 100% subsidiary of your Company. The consolidated financial statements of your Company for the year 2018 include the financial statements of HBL.

In November 2018, the Board of Directors proposed to amalgamate your Company with HBL, whereby your Company shall be the surviving entity. In December 2018 an application was made to the Honourable High Court Division of the Supreme Court of Bangladesh, for approving the Scheme of Amalgamation. As directed by the Honourable High Court Division, meetings of the Shareholders and Creditors were called for considering and approving the Scheme of Amalgamation. The Shareholders and the Creditors of the Company at the Extraordinary General Meeting and Creditors meetings held on March 21, 2019 have approved the Scheme of Amalgamation. The legal formalities to amalgamate the companies as One Company, One Team, One Spirit are in the process and expected to be completed on due time.

The share capital of the Company has not been increased for the acquisition. Your Company has arranged the considerations from internal resources and loans from banks.

2. INDUSTRY OUTLOOK AND POSSIBLE FUTURE DEVELOPMENT IN THE INDUSTRY:

Bangladesh is one of the fastest developing countries in the world. The country is expected to have a steady GDP growth of 7% to 8% in the next 5 to 10 years. Bangladesh recorded ~7.9% GDP growth in 2018 which is fuelled by increased population, low labour cost, rapid urbanization, fast industrialization and large infrastructure and utility projects.

Despite various internal and external challenges, cement manufacturers posted the highest ever single year sales in 2018, on the back of rising consumption of the key construction materials in rural areas and development projects. Consumption grew by 15% in 2018, way ahead of 8% to 10% average annual growth recorded in the last decade. Driven by the rapid urbanisation and large infrastructure projects which is poised to develop further in the years to come, it is expected that the industry will experience the same level of growth in 2019, if there is a congenial atmosphere in the social, economic and political spheres of the country.

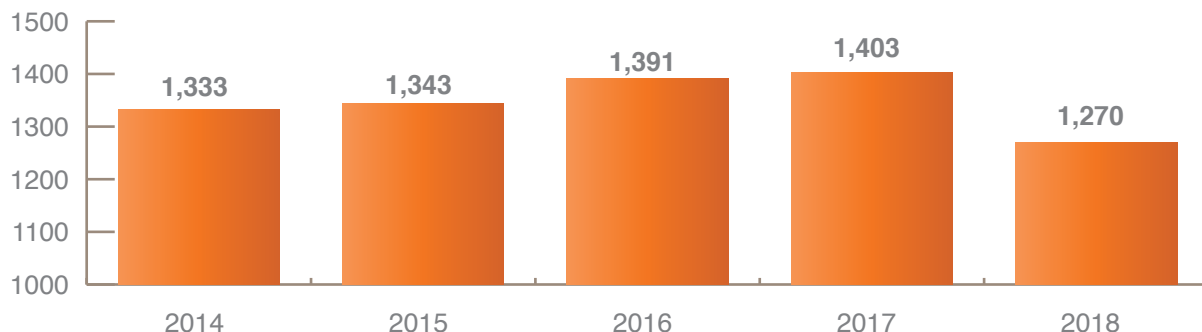
Annual consumption of cement stood at about 31.3 million tons in Bangladesh last year. Despite the huge growth of the industry, Bangladesh is still one of the lowest consumers of cement products in the world. Per capita cement consumption in Bangladesh is about 186 kg, much less than 270kg in Myanmar and 312 kg in India; while it is 1,700 kg in China, 1,250 kg in South Korea, 800 kg in Malaysia, 500 kg in Thailand.

3. SEGMENT WISE PERFORMANCE:

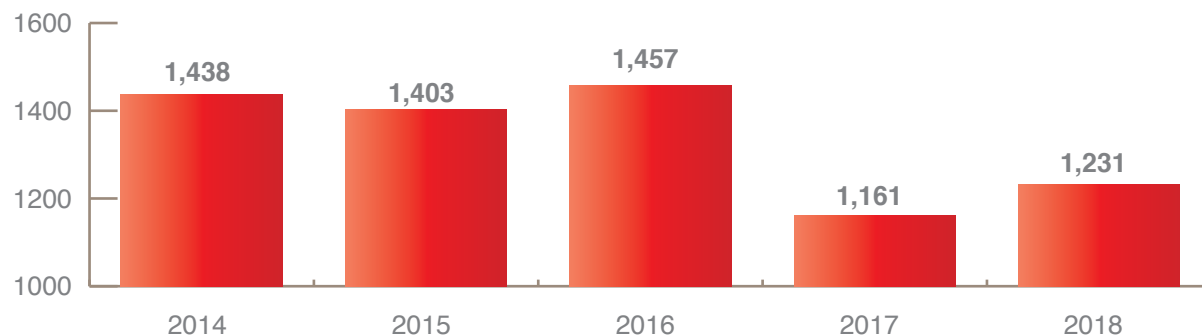
3.1 Production Performance of the Surma Plant:

The year 2018 was another successful year for the Surma Plant. The plant produced 1,270 Kt clinker and 1,231 Kt of cement. The plant team worked consistently for ensuring operational efficiency and energy conservation measures. The team took initiatives to increase the waste burning quantity for active involvement in environmental protection. The belt of the cross border belt conveyor system was successfully replaced with a energy optimized belt. It will help to reduce energy consumption, noise and shall provide required efficiency for transporting limestone from our quarry in Meghalaya to our Plant in Chhatak. For the third year consistently, the plant achieved 100% lab accuracy index (LAI) in the LafargeHolcim Group in the "Round Robin Test". This Round Robin Test was conducted in over 167 laboratories of LH Group across the world, and your laboratory become one of the top five. The plant was also selected in the top ten best performers in LH Group among the 165 participants.

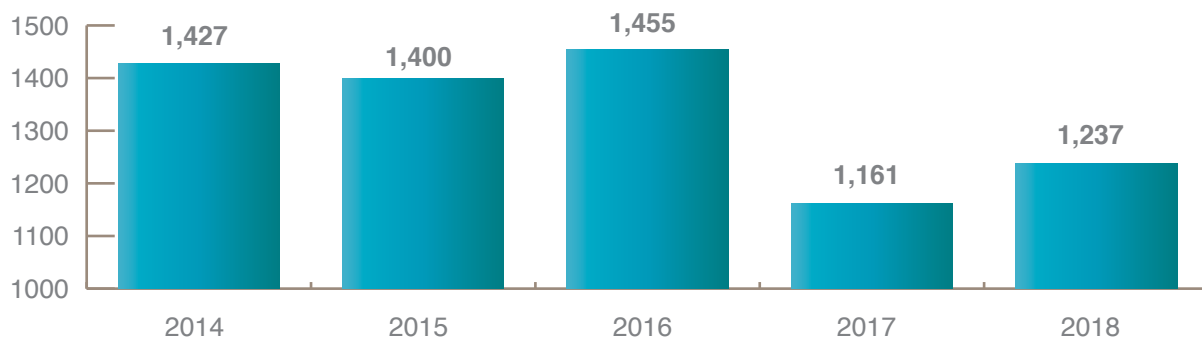
Clinker Production (kt) (2014-2018)



Cement Production (kt) (2014-2018)



Cement Dispatch (kt) (2014-2018)

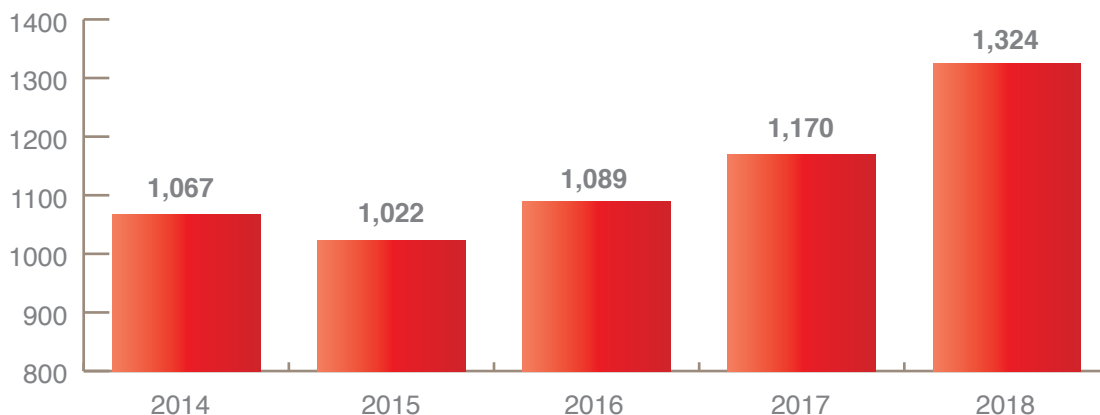


The Company and Jalalabad Gas T&D Systems Ltd. (“Jalalabad Gas”) signed a long term Gas Sales Agreement (GSA) which is valid until end of 2025. In the last few years, Jalalabad Gas was not only supplying Daily Contractual Quantity (DCQ) gas, but also additional gas. In 2018, Jalalabad Gas did not supply the additional gas to the Company anymore. Due to availability of limited quantity gas Surma Plant lost around 10% of its production in 2018. The Company and Jalalabad Gas are presently engaged in dialogue to secure additional gas.

3.2 Production at HBL:

This was the first year of HBL operating as a subsidiary of your Company. Holcim Brand is the synonym of premium quality product in the market. A highly motivated HBL team produced 1,324 kt of cement, a record breaking production. The high quality cement of HBL is made from the clinker sourced from Surma Plant as well as high quality imported clinker. HBL Plant team utilized their innovative ideas, out of the box thinking and hard works.

HBL Cement Production (kt) 2014 to 2018



3.3 Production: Quarry at Meghalaya, India:

In 2018, the quarry in Meghalaya continued to supply the Surma Plant with high quality limestone to match with the production requirement. The quarry team introduced new dumpers to improve efficiency and reduce operational costs. The exemplary performance in health and safety continued. The mine has been awarded with “Guru Dronacharya Award” for the fifth time by the Directorate General of Mines Safety of the Government of India for its continued pristine performance in safety.

3.4 Health & Safety:

Health and Safety is the core value of your Company and continue to get uncompromising highest priority whenever we undertake any business decision. Your Company is committed to ensure that both its employees and contractors can work safely on every sites. This commitment is embedded in the personal objectives of every employee.

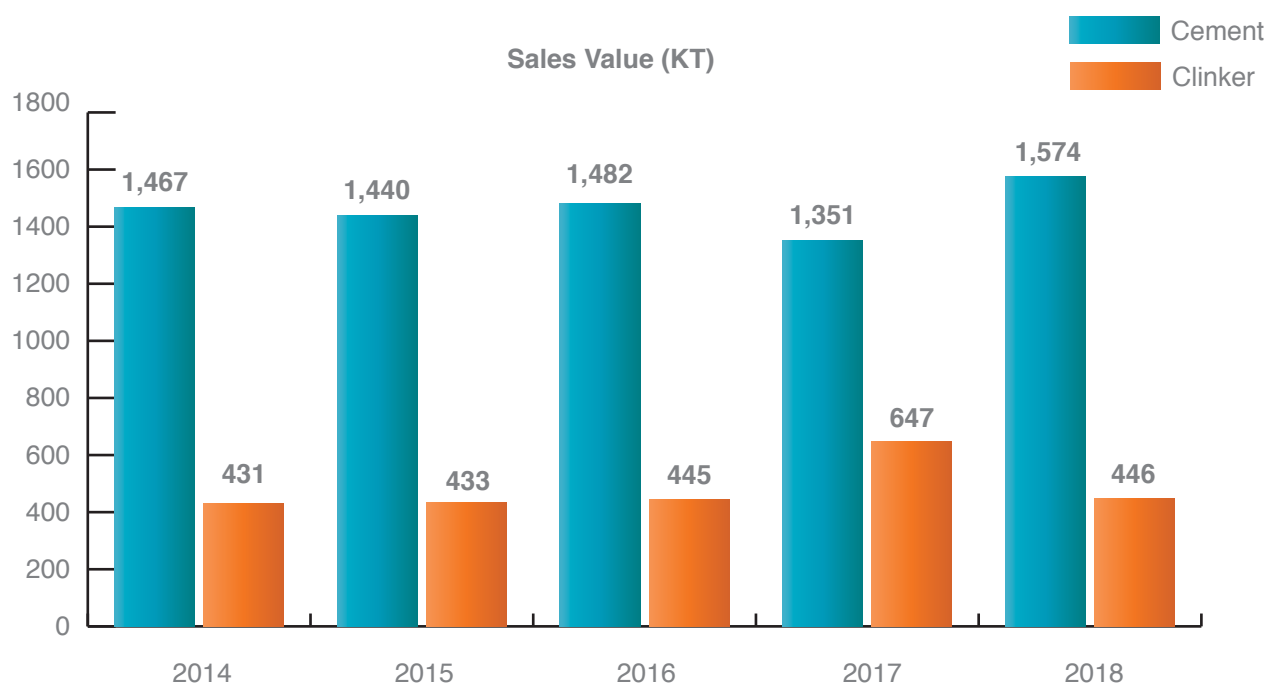
In 2018, we continued our Health & Safety transformational path, which is designed to reduce incidents and move us toward the ambition of zero harm. We had no Loss Time Injury in 2018 and efforts are being made to reduce Medical and First Aid injuries.

In 2019, the focus of Health and Safety shall be on a more disciplined approach and way of working, following the laid policies and work instructions, and with proper risk assessment for each and every task.

3.5 Sales and Marketing:

The overall performance of your Company vis a vis cement market in Bangladesh in last two years is given below:

Particulars	2018	2017
Sales Volume of Cement Industry (Million MT)	31.30	27.10
Sales Growth of Cement Industry	15%	9%
Market Share of LHB	8.11%	8.56%
Sales Volume of LHB (Million MT)	2.54	2.32
Sales Growth of LHB	9%	(-) 9%



In the backdrop of challenges of increased raw materials costs, including scarcity of clinker supply in Bangladesh from overseas, your Company focused on operational efficiency and right strategy. Increasing coverage in white spaces through setting up new distributors, expanding retail coverage, improving sales productivity on constant basis, aggressive implementation of strategy for Sylhet market were some of the key success areas in 2018. In addition, initiatives like increasing number of bulk carriers, clear focus and strategy on Business to business (B2B) business, and continuous efforts to increase share in Large Infrastructure Project (LIP) sectors played crucial role for the Company to ensure around 8% market share in Bangladesh.

The year 2019 is going to be challenging. To face this challenge, the Company is continuously working on the right strategies. One of our major focus is on the capability developments of the sales team. Amid very encouraging Industry growth outlook in 2019 propelled by investments focus in LIP, infrastructure development projects undertaken by the Govt. of Bangladesh, foreign investment and higher remittance flow, the strategy and focus of the dedicated teams for B2B & LIP shall be to gain market share in those sectors.

3.6 Logistics:

For the Logistics and Procurement, 2018 was a year of achieving more efficiency to serve our internal and external customers better with lower cost. On Procurement side, your Company has identified ways to further improve procurement efficiency. There were projects in place to generate values with re-negotiated terms with major suppliers resulting in substantial addition to bottom line. As a result we have been able to deliver our budget amidst many external challenges and inflation. On Logistics side, your Company was focused on increasing its dispatch capacity that enabled the Company to achieve highest ever sales for Supercrete and highest ever dispatch and production from HBL Plants, more importantly, all these were achieved with a higher logistics cost efficiency. In 2018, your Company has added sufficient capacity to its Bulk Cement Carrier Fleet that will enable your Company to capture higher share of this fast growing segment.

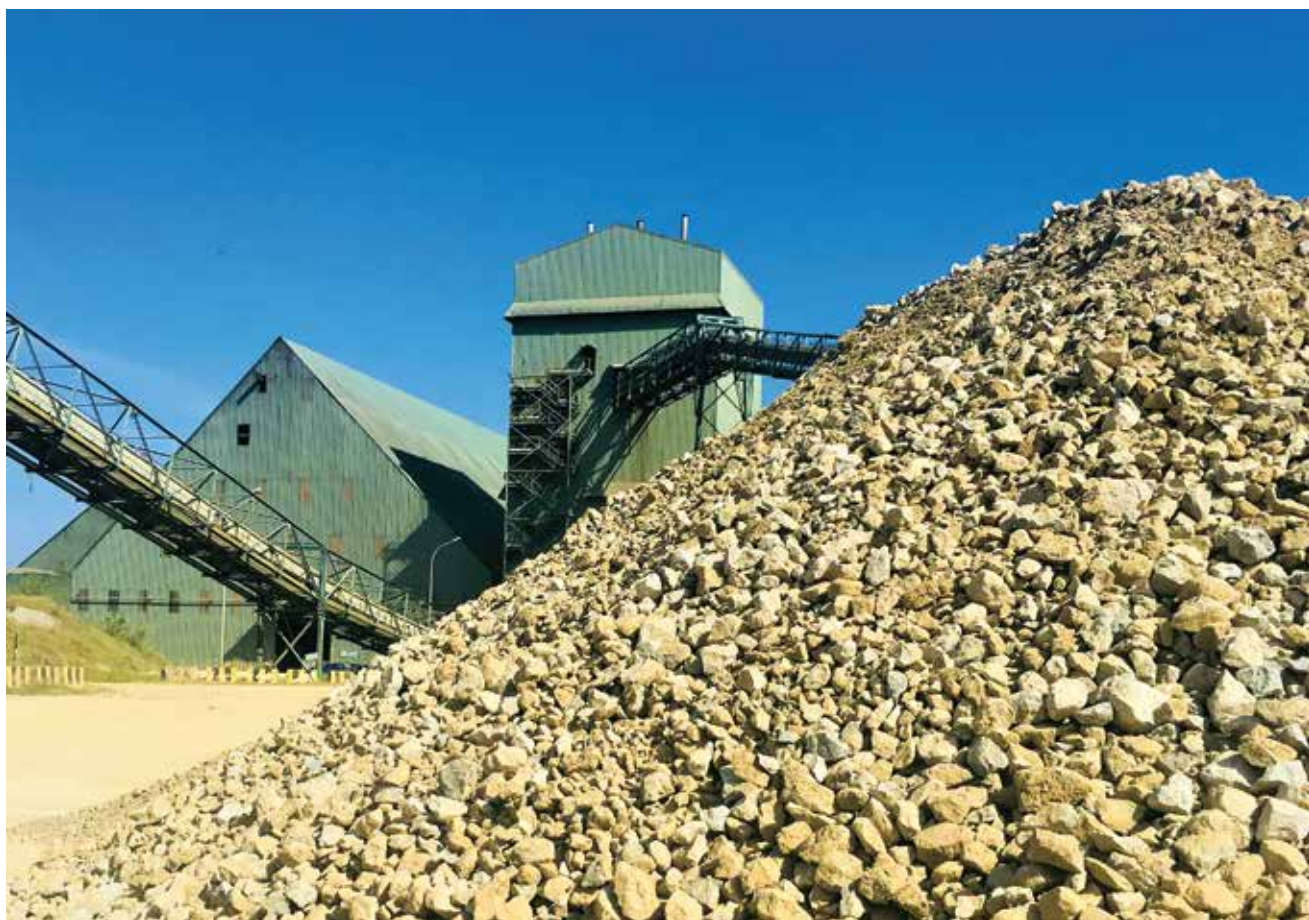
4. OVERVIEW OF THE COMPANY'S FINANCIAL PERFORMANCE:

The Company's consolidated operating and financial results as compared to the previous years:

Particulars	2018 (Taka'000)	2017 (Taka'000)
Revenue	16,631,529	10,819,131
Cost of goods sold	(12,531,583)	(8,220,256)
Gross Profit	4,099,946	2,598,875
Net profit before tax	1,882,736	1,355,822
Net profit after tax	1,114,652	805,291
Total assets	26,888,230	21,550,657
Net asset value	15,578,320	15,273,703
Net operating cash flow	3,112,749	1,354,722
Earning per share	0.96	0.69
NAV per share	13.41	13.15
Net operating cash flow per share	2.68	1.17
Return on equity	7.16%	5.27%
Gross margin	24.65%	24.02%
Net margin before tax	11.32%	12.53%
Net margin after Tax	6.70%	7.44%

The year 2018 was a challenging year. In the international market, raw materials cost including Clinker increased. In addition, cement production in Surma Plant was lower due to limitation of gas. In spite of the challenges, your Company achieved 38% growth in Net Profit. Several cost reduction programs in Administration, Fixed Cost and also commercial projects have helped to achieve such an incredible result.

Your Company has received an award from National Board of Revenue, Government of Bangladesh, as one of the highest taxpayers in its category. This is recognition of your Company's contribution to the national exchequer.

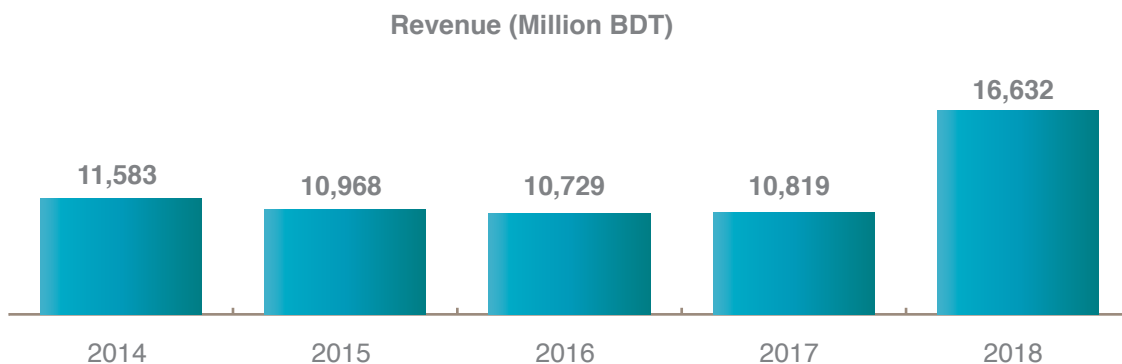


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4.1 Discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin

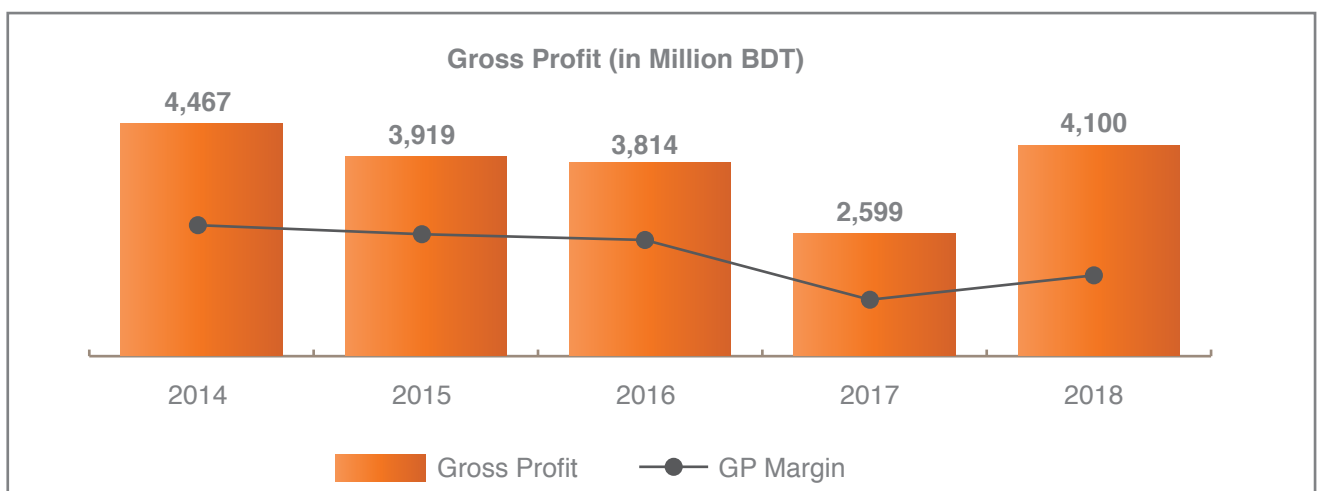
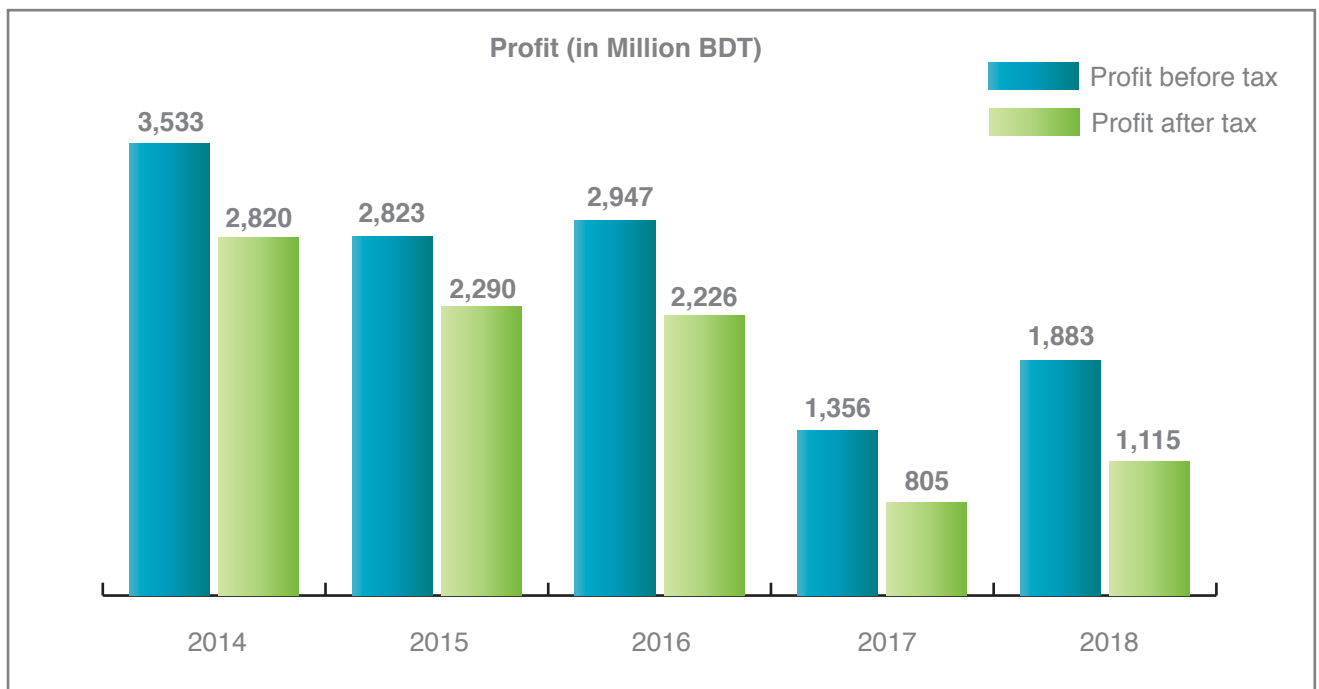
In 2018, your Company focused to increase the sales volume of cement in line with market growth. At the same time, the Company continued its strong focus in reducing costs across all areas. As a result, all major elements of cost related to plant fixed costs, selling and distribution expenses, and administration have been kept well below last year despite the inflation being above 7%. Due to shorter monsoon season and stable economic & political situation, a sound volume growth was registered in 2018. Your Company kept a tight rein in working capital as a result of which net working capital was lower than 2017. Financial cost substantially increased due to new loan taken for the acquisition of 100% shares of HBL.

Total Revenue after the acquisition of HBL reached BDT 16,632 million (2017: BDT 10,819 million), with 53.7% growth over 2017. Please note that revenue of 2017 is excluding HBL whereas 2018 includes HBL. Like for Like Revenue growth was 12% but Operating Profit grew by 82%.



The Sales Volume grew by 9.2% compared to 2017. The Gross Profit Margin was stable though the variable cost has gone up significantly. Cost of Goods Sold was reduced by 0.63% compared to last year (2017) due to efforts in reduction of plant fixed costs and distribution expenses. The Earnings Per Share (EPS) of the Company increased and stood at Tk. 0.96 in 2018 whereas it was Tk. 0.69 in 2017.

Particulars	2018 (Taka'000)	2017 (Taka'000)
Profit before tax	1,882,736	1,355,822
Income tax	(768,084)	(550,531)
Profit after tax for the year	1,114,652	805,291
Earnings per share	0.96	0.69



4.2 Explanation on significant deviation from the last year's operating results:

In January 2018, your Company acquired 100% shares of Holcim Cement (Bangladesh) Limited for a consideration of 5,047 million BDT. Accordingly, the Company's accounts reflect the performance of the Company after consolidation. A statement regarding the standalone performance and the consolidated performance are as under:

Sl.	Item	LHB 2018	Consolidated LHB 2018 with HBL	LHB 2017
A	Revenue			
I	Amount (in Million BDT)	12,115	16,632	10,819
ii	Percentage	12%	54%	1%
B	Gross profit – increase/ decrease			
I	Amount (in Million BDT)	3,395	4,100	2,599
ii	Percentage	31%	58%	-32%
C	Operating Profit			
i	Amount (in Million BDT)	2,139	2,310	1,271
D	Earnings per share	1.07	0.96	0.69

4.3 Dividend and Retained Earnings:

In February 2019 the Board of Directors of your Company recommended a final dividend of ten percent (10%), in cash, on the paid-up capital of the Company out of the profits of 2018 and retained earnings. The total dividend of 10% of the paid-up capital amounting to BDT 1,161,373,500/- which is BDT 1.00 per share of BDT 10.00 each for the year ended on December 31, 2018.

The above dividend recommendation of the Board of Directors shall be forwarded to the Shareholders at the 21st Annual General Meeting for their consideration and approval.

4.4 Retained Earnings:

The total Retained Earnings of your Company as of December 31, 2018, stood at BDT 3,666,293,000 details of which are given in the Statement of Changes in Equity of the Consolidated Financial Statement.



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

The supply of natural gas is critical for your Company's operations. Increase in price of gas shall have major adverse impact on the Company's financial performance. Your Company is having the Gas Sales Agreement (GSA) with Jalalabad Gas, under which your Company is entitled to get supply of gas until end of 2025 at a price which is capped by a Ceiling Price. Despite the binding terms of the GSA, Jalalabad Gas is contemplating to increase the price of gas supplied to the Company beyond the Ceiling Price. This poses significant financial risks to the Company. Jalalabad Gas has also restricted the quantity of gas being supplied to the project, which has impacted the production of clinker. Your Company is engaged with Jalalabad Gas to resolve the difference of opinions on the terms of the GSA.

Bangladesh is a cement capacity surplus market. Despite this fact new capacity is being added at a higher rate than demand growth. This may further intensify competition in the market resulting in pressure on price. The availability of clinker in Asia impacts the price of clinker imports which has a significant impact on the level of cement prices in the market and hence on your Company's profitability.



Supercrete Bridge inauguration

6. RISK MANAGEMENT:

The management of the Company has the overall responsibility for the establishment and oversight of the Company's risk management framework. Risk management policies require establishing standard procedures to identify and analyze the main risks to which the Company is exposed and continually deploying and managing risk management systems designed to eliminate or reduce the probability that risks will arise and to limit their impact.

The Company is exposed to credit risk, liquidity risk and market risk.

A. Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and other current assets.

The management has established a credit policy under which each new customer is analyzed individually for creditworthiness. Credit limits are established for each customer and reviewed on a regular basis. Any sales exceeding those limits require approval from the credit committee.

The Company obtains bank guarantee and security cheques from all trade customers. A large part of non-trade customers are also covered by bank guarantee and security cheques.

B. Liquidity Risk

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

C. Market Risk

Market risk is the risk that changes in market prices, e.g. foreign exchange rates and interest rates will impact the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company uses derivatives to manage market risks. Market risk comprises three types of risks: foreign currency risk, interest rate risk and commodity risk.

i. Foreign Currency Risk - The Company is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which purchases and borrowings are denominated. The currencies in which these transactions are primarily denominated are euro, US dollars, Swiss franc and Indian rupee.

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

iii. Commodity Risk - Commodity risk arises from fluctuation of value of commodity in terms of price, quantity, and cost of the market from or to which the Company procure or sell product respectively. The Company does not have any significant exposure to commodity price risk.

7. RELATED PARTIES TRANSACTIONS:

All the transactions/contracts/arrangements of the nature as specified under the provisions of IAS 24 entered by the Company during the year under review with related party (ies) are in ordinary course of business. The details of the names of the related parties, nature of the transactions/contracts/arrangements and their total value are contained in Note No. 31 of the Financial Statements.

8. DIRECTORS' DECLARATION TO FINANCIAL STATEMENTS:

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

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

- The financial statements prepared by the Management of the Company presents fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper Books of Account of the Company have been maintained.
- Appropriate Accounting policies have been consistently applied in preparation of the Financial Statements and that the accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed. The Company has initially applied IFRS 15 and IFRS 9 from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Company's financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- The minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.
- The Board of Directors have made appropriate examinations and analyzed the significant financial, operating as well as other indicators for enabling them to understand the ability of the Company to continue its operations for a foreseeable period. The Board of Directors is satisfied and has a reasonable expectation that the Company has adequate resources to continue its operation consistently for the foreseeable future. Hence, the Company adopted the going concern basis in preparing of the Company's financial statements.
- No interim dividend has been declared by the Company.
- The key operating and financial data for the last five (5) years is disclosed in **Annexure I**.
- Details of the Board Meetings held and attendance, details of appointment and reappointment of Directors with a brief resume are disclosed in **Annexure II**.
- The pattern of shareholding is disclosed in **Annexure VI**.
- A declaration signed by the CEO and CFO to the Board as required under the Corporate Governance Code is disclosed in **Annexure VII**.
- A Management's Discussion and Analysis signed by CEO presenting detailed analysis of the Company's position and operations along with a brief discussion of changes in the financial statements is disclosed in **Annexure VIII**.

9. CORPORATE GOVERNANCE COMPLIANCE STATEMENT:

The Company has complied with all the necessary guidelines under BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018. A separate section on Corporate Governance and the Compliance Report along with the necessary remarks and disclosures is appended in this Annual Report for the year 2018. 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.

M/s. Ahmed Mashuque and Co., Chartered Accountants, have expressed their interest to be appointed as Corporate Governance Compliance Auditors of the Company for the year 2019. The Board of Directors has accepted the willingness of M/s. Ahmed Mashuque and Co., Chartered Accountants, for appointment as Corporate Governance Compliance Auditors for the year ending December 31, 2019, which is being placed in the 21st Annual General Meeting for approval.

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

Your Company is committed to be a socially responsible company making positive impacts in the welfare of the people in the communities around its operations. In alignment to this commitment, your Company successfully runs a wide variety of programs which ensure sustainable development. The biggest Corporate Social Responsibility (CSR) activity of the Company is near the plant at Chhatak in Sunamganj. The web of activities includes providing primary education and health care facilities, skill development for women, agricultural support etc. These programs have already brought visible changes in the lifestyle of the local communities where most of the children now pursue studies, where child mortality rate has come down; where several women received training and have become the main earner in the family. These success stories not only give us comfort but render a corridor of good relationship between the Company and the local communities.

Very recently, we have built a bridge over a canal in a remote village which now facilitates easy and safe movement of thousands of villagers. This has been well appreciated by local government officials, foreign diplomats, local leadership and media.



Supercrete Shetu

We also have extensive CSR activities in Meghalaya conducted by our subsidiary company Lafarge Umiam Mining Private Ltd. The tribal communities around the quarry have been immensely benefitted by our CSR activities.

In 2018, a sustainability strategy called “SD 2030 Plan” was drawn up and aligned with LafargeHolcim Group’s SD Plan. The focuses on four significant areas:

- Climate – Reduction of Net specific CO2 emissions;
- Circular Economy – Enhanced utilization of waste-derived resources;
- Water & Nature – Reduction of specific freshwater withdrawal in cement operations enhancing biodiversity in all operating mines; implementation of the Access to Safe Water, Sanitation and Hygiene (WASH) pledge;
- People & Communities – Improving H&S performance, gender diversity, providing low cost shelters / affordable housing and sanitation.

With a view to achieve the “SD 2030 Plan” during the year, after engaging with all relevant stakeholders, annual targets and action plans under each focus area were crystallized and executed.

11. RESEARCH, DEVELOPMENT AND INNOVATION:

As a part of the LafargeHolcim Group, Research & Development (R&D) of your Company is driven by our customers, who face today’s major challenges: achieving energy efficiency, lowering cost of construction, reducing our environmental footprint, and meeting high standards of aesthetics, health, comfort, and well-being. Together with our partners and customers, our best-in-class R&D teams develop the most innovative products, solutions, and services, as well as advanced manufacturing processes.

12. HUMAN RESOURCES (HR):

People are the biggest asset for sustainable development. Your Company is working as business partner to understand the organization ambition and requirements to achieve its vision. This starts with designing the right structure and proper talent management strategy to ensure right resources are in place. The focus continues in the areas of strong and effective performance management, leadership and people development intervention, employee engagement and effective talent sourcing. HR also works closely with senior leadership to ensure organizational efficiency both in-terms of competency and cost. Our vision is to become the employer of choice by 2021 in Bangladesh.



LHBL team Observing World Heart Day

13. INTERNAL CONTROL SYSTEM:

The Company has well-documented Policies, Directives and Work Instructions which are periodically reviewed. Implementation and compliance with the Policies, Directives and Work Instructions are monitored and reported to the Audit Committee. The Audit Committee consists of three (3) members from the Board of Directors. The Chairman of the Audit Committee is an Independent Director and other members are Non-Executive Directors.



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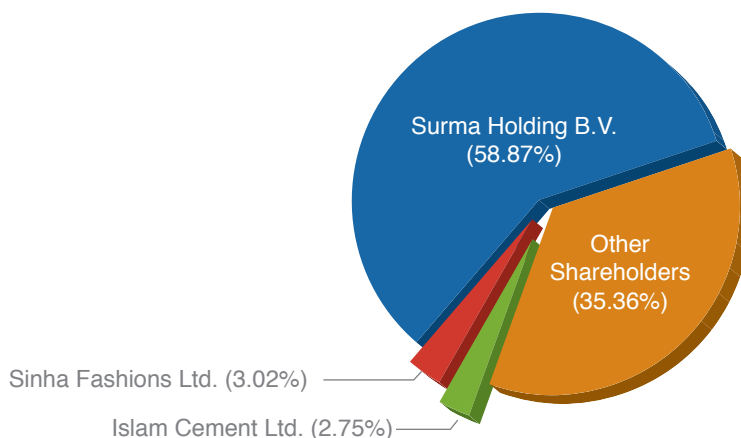
14. CODE OF BUSINESS CONDUCT, GOVERNANCE, ETHICS AND COMPLIANCE:

Your Company is a law abiding corporate citizen of the country. We are committed to run our business in strict adherence with the applicable local and international laws. Compliance with the Code of Business Conduct, Anti-Bribery & Corruption Policy and Fair Trade Practices Directive are part and parcel of our daily business activities and mandatory to follow by each and every employee of the Company.

The Nomination and Remuneration Committee has determined that the Code of Conduct of the Company, as posted on the website of the Company, shall also be applicable to the Chairperson, CEO and other Board Members of the Company.

15. SHARE HOLDING PATTERN:

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



Further information on Shareholding pattern is annexed to this report as **Annexure VI**.

Surma Holding B.V.

Surma Holding B.V., incorporated in The Netherlands, owns 58.87% shares of your Company. Lafarge S.A. (a subsidiary of LafargeHolcim of Switzerland) owns 50% shares of Surma Holding B.V., and the other 50% are owned by Cemolins Internacional S.L.U. of Spain.

About LafargeHolcim

LafargeHolcim operates four businesses segments: Cement, Aggregates, Ready-Mix Concrete and Solutions & Products, which includes precast concrete, asphalt, mortar and building solutions. LafargeHolcim's broad portfolio is focused on solving the toughest challenges that masons, builders, architects and engineers face, from urbanization to population growth and the demand for affordable housing. Molins is one of the most important companies in the sector in Spain, Born as a family business, over the years, it has developed products of recognized prestige in the construction materials industry, keeping intact its traditional values of integrity, continuous improvement, efficiency, passion, sustainability and environmental protection.

Cementos Molins Group operates in Spain, Argentina, Uruguay, Mexico, Bolivia, Colombia, Tunisia and Bangladesh. In addition to cement, it participates in the business of cement, concrete, aggregates, prefabricated concrete, special mortars, adhesive cements and ecomaterials. More information on <https://www.cemolins.es>

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

16. BOARD OF DIRECTORS:**a) Board composition**

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

b) Independent Directors

Mr. Syed Shujauddin Ahmed, Independent Director, retired after completing two (2) terms in office during the year. The Board acknowledges the valuable contributions of Mr. Ahmed during his tenure in office. Pursuant to the provisions of the Corporate Governance Code, the Board of Directors appointed Mr. Syed Mahmudul Huq, as Independent Director for one term of three (3) years, effective from September 17, 2018.

It is proposed that the Shareholders approve the appointment of Mr. Syed Mahmudul Huq as an Independent Director of the Company, not liable to retire by rotation at the 21st Annual General Meeting of the Company. The bio-data of Mr. Syed Mahmudul Huq forms a part of this Annual Report.

c) Resignation of Directors

Mr. Anisur Rahman Sinha, Director, nominee of Sinha Fashions Limited, submitted his resignation as a director of the Company, effective from August 13, 2018. The Board accepted his resignation and acknowledged the valuable contribution of Mr. Sinha during his tenure in office.

d) Appointment of Directors

Sinha Fashions Limited has nominated Ms. Naheed Akhter as its nominee in the Board of Directors of the Company. Pursuant to Article 15.1.3 of the Article of Association of the Company, Ms. Naheed Akhter has been appointed as a Director of the Company, effective from September 26, 2018.

Ms. Naheed Akhter, will retire at the 21st Annual General Meeting and shall be eligible for reappointment as Director of the Company, in terms of Section 86 of Schedule I of the Companies Act, 1994. Bio-data of Ms. Naheed Akhter forms a part of this Annual Report.

e) 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 21st Annual General Meeting and shall be eligible for re-appointment:

- i) Mr. Julio Rodriguez Izquierdo
- ii) Mr. Marcos Cela Rey
- iii) Ms. Naheed Akhter,

Note: Section 79 of Schedule I of the Companies Act 1994 is not applicable for Independent Directors, Chief Executive Officer, and Directors retiring under Section 86 of Schedule I of the Companies Act, 1994. It is applicable on the other members of the Board of Directors.

f) Board and Sub Committee Meetings and Attendance

During the financial year ended on December 31, 2018, four (4) meetings of the Board of Directors of the Company, four (4) meetings of the Audit Committee and one (1) meeting of the Nomination & Remuneration Committee were held. The details including dates of the meetings and attendance records of the Directors are annexed to this report. The Directors who could not attend the meetings were granted leave of absence.

17. AUDITORS:

Pursuant to Section 210 of the Companies Act, 1994, the Company's statutory auditors M/S Nurul Faruk Hasan & Co., Chartered Accountants, retire at the 21st Annual General Meeting. Being eligible, they express their willingness to be re-appointed.

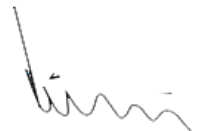
18. AWARD & RECOGNITIONS:

- Award from National Board of Revenue, Government of Bangladesh as one of the highest taxpayers in its category.
- Awarded "Brand Leadership Award" at the 9th edition of the CMO Asia Awards.
- Both your Company and LUMPL have been awarded certification of its Integrated Management System based on the standards ISO 9001:2015, ISO 14001:2015 and BS OHSAS 18001:2007.
- The quality team in your Company's plant in Chattak is performing consistently on "excellent" level in the Laboratory Accuracy competition of the LafargeHolcim Group.
- LUMPL, the subsidiary of your Company in India, has yet again been awarded with "Guru Dronacharya Award" presented by the Directorate General of Mines Safety of the Government of India, in recognition of its 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 the Indian Bureau of Mines of the Government of India.

19. ACKNOWLEDGEMENTS:

Your Directors are thankful to the various departments and offices of the Government of Bangladesh, the Government of India and the State Government of Meghalaya for their continued guidance and co-operation. The Directors are grateful to all valuable stakeholders of the Company viz. customers, dealers, vendors, banks, suppliers, business partners for their support and services rendered during the year. The Directors are also grateful for the support received from the local communities around the Surma plant in Chattak, Mongla Plant and the Quarry in Meghalaya (India). The Directors would like to recognize all employees of the Company for their dedicated work. Finally, the Directors are grateful to the Shareholders for their continued and valuable support to the Company.

For and on behalf of the Board of Directors



Christof Hässig
Chairman

Dated: April 5, 2019