

LafargeHolcim Bangladesh Limited

A company of  LafargeHolcim and  CEMENTOS MOLINS

**STRONGER  
TOGETHER**

ANNUAL  
REPORT  
**2017**





LafargeHolcim



ANNUAL REPORT 2017

# TABLE OF CONTENTS

**04** NOTICE OF THE 20TH ANNUAL GENERAL MEETING

**05** CORPORATE MANAGEMENT

**08** BOARD OF DIRECTORS

**14** CHAIRMAN'S MESSAGE

**16** CORPORATE GOVERNANCE STATEMENT

**18** BOARD OF DIRECTOR'S REPORT

**32**

COMPLIANCE CERTIFICATE



AUDIT COMMITTEE REPORT	37
CEO & CFO's CERTIFICATION	39
CONSOLIDATED FINANCIAL STATEMENTS OF LAFARGEHOLCIM BANGLADESH LIMITED	40
FINANCIAL STATEMENTS OF LAFARGEHOLCIM BANGLADESH LIMITED	75
REPORTS AND FINANCIAL STATEMENTS OF LAFARGE UMIAM MINING PRIVATE LIMITED	108
REPORT & FINANCIAL STATEMENTS OF LUM MAWSHUN MINERALS PRIVATE LIMITED	151
FORM OF PROXY & ATTENDANCE SLIP	170

## TABLE OF CONTENTS



# LafargeHolcim Bangladesh Limited

A company of  LafargeHolcim and 

Registered Office : NinaKabbo, Level-7, 227/A Bir Uttam Mir Shawkat Sarak, (Tejgaon Gulshan Link Road) Tejgaon, Dhaka-1208, Bangladesh,  
Tel: +880 (2) 9881002-3 Fax: +880 (2) 9886394, Web: www.lafargeholcim.com.bd, Email: info.cs@lafargeholcim.com

## NOTICE OF THE 20<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 20th Annual General Meeting (the "AGM") of the Shareholders of LafargeHolcim Bangladesh Limited (the "Company") will be held on Thursday, June 07, 2018 at 11:00 A.M. at the Delta Life Tower, Level 13, Plot No. 37, Road No. 90, Gulshan Circle 2, Dhaka 1212 to transact the following businesses:

### AGENDA

1. To receive and adopt the Directors' and Auditors' Reports and the Audited Accounts of the Company for the year ended on December 31, 2017.
2. To declare Dividend for the year ended December 31, 2017.
3. To elect Directors.
4. To appoint Auditors and fix their remuneration.

By order of the Board



Kazi Mizanur Rahman  
Company Secretary

Dated: May 16, 2018

### Notes:

- The Record Date of the Company was on **April 8, 2018** (which was intimated earlier). Members, whose names appeared in the Company's register (certificated and depository) at the close of business on the Record Date, will be entitled to attend the AGM.
- A Member eligible to attend and vote in the AGM is entitled to appoint a proxy to attend and vote on his/her behalf. The proxy form, duly stamped with a revenue stamp of Tk.20, must be deposited at the Registered Office of the Company not less than 72 hours before the time fixed for the AGM.
- Admission into the AGM venue will be allowed on production of the Attendance Slip attached with the Proxy Form.

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

# CORPORATE MANAGEMENT

## BOARD OF DIRECTORS

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

## AUDIT COMMITTEE

Chairman: Mr. Syed Shujauddin Ahmed, Independent Director  
 Member: Mr. Rajesh K Surana, Chief Executive Officer  
 Member: Mr. Carlos Martinez Ferrer, Director  
 Member: Ms. Rajani Kesari, Director  
 Member: Mr. Tufail K Haider, Independent Director  
 Secretary: Mr. Kazi Mizanur Rahman, Legal & Compliance Director and Company Secretary

## CHIEF EXECUTIVE OFFICER

Mr. Rajesh K Surana

## COMPANY SECRETARY

Mr. Kazi Mizanur Rahman

## EXECUTIVE COMMITTEE

Mr. Rajesh K Surana, Chief Executive Officer  
 Mr. Eung Rae Kim, Industrial Director  
 Mr. Gazi Mahfuzur Rahman, Sales Director  
 Mr. Kazi Mizanur Rahman, Legal & Compliance Director  
 Mr. M. Asif Bhuiyan, Marketing & Commercial Transformation Director  
 Mr. Md. Sayedul Anam Chowdhury, Sales Director  
 Mr. Mohammed Arif Bhuiyan, Procurement & Logistics Director  
 Mr. Mohammad Iqbal Chowdhury, Chief Financial Officer  
 Mr. Mohammed Shariful Islam, Human Resources Director  
 Mr. Naimul Baset, Strategy & Business Development Director  
 Mr. Narayan Prasad Sharma, Operations Director, LUMPL

## AUDITORS

Nurul Faruk Hasan & Co.  
 Chartered Accountants  
 CHK Windcel, Level 4  
 KA-90, Pragoti Saroni  
 Dhaka 1229, Bangladesh  
 Phone: +880 2 8412989, 8410956  
 Fax: +880 2 8417979  
 Email: nufhas@bcs-bd.com  
 Web: www.nufhas-bd.com

## REGISTERED OFFICE

LafargeHolcim Bangladesh Limited  
 NinaKabbo, Level-7  
 227/A Bir Uttam Mir Shawkat Sarak  
 (Gulshan Tejaon Link Road) Tejaon  
 Dhaka 1208, Bangladesh  
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 Web: www.lafargeholcim.com.bd

“

Our journey continues as we strive to come up with products and solutions to materialize architectural dreams into realities and provide the building blocks for modernity and sustainability.

”





# BOARD OF DIRECTORS



## CHRISTOF HÄSSIG

### Chairman

In LafargeHolcim, Christof Hässig heads the Corporate Strategy and Mergers & Acquisitions function, reporting directly to the CEO. Before joining ex-Holcim in 1999, Christof Hässig worked for 25 years at UBS in many different functions, including global relationship manager and investment banker for multinational corporates in Switzerland and abroad.

Within ex-Holcim he was reporting directly to the CFO with many direct links to all other Executive Directors including CEO. For the past 15 years he built and led the department Corporate Financing and Treasury. The function spans across all the geographic regions and includes a matrix organization with the finance department of the operating companies in the various countries. Holcim has established a series of Finance Companies in all relevant parts of the world, which are being used to facilitate financing streams and managing risks.

In December 2012 he took over additional responsibilities as head of the newly created Mergers & Acquisitions function on Group level. In March 2013 the Group Insurance department was moved and integrated into the Corporate Finance & Treasury Department. In March 2018, he was appointed as the Chairman and Director of LafargeHolcim Bangladesh limited.

Born in 1958, Mr. Hässig started his career with a 3 year apprenticeship in Banking followed by a Master in Banking and the Advanced Management Program at Harvard Business School in 2006.



## RAJESH K SURANA

### Director & Chief Executive Officer

Mr. Rajesh Kumar Surana is the Director and Chief Executive Officer (CEO) of LafargeHolcim Bangladesh Limited. Prior to this, he has handled several management positions in the group in Bangladesh, Sri Lanka and India. For more than a decade, Mr. Surana has played a vital role in 5 different Operating Companies of LafargeHolcim group. He has held a number of executive and leadership roles in many successful Mergers & Acquisitions and start-ups throughout his career, and has extensive cross industrial experiences in Audit, Consulting, IT, Shared Services, and Manufacturing.

Before being appointed as the CEO of LafargeHolcim Bangladesh Ltd., Mr. Surana was the CEO of Holcim Cement (Bangladesh) Ltd. The integration of the two companies was successfully completed under his leadership.

Born in 1977, Mr. Surana has over 15 years of work experience in leading Multinational Companies. He is a Fellow Member of the Institute of Chartered Accountants of India, New Delhi and The Institute of Company Secretaries of India. He is also member of the board and oversees the strategic & tactical direction of the Group in Bangladesh. An avid reader and expert critical problems solver, he believes in the power of discipline in all aspects of life.



## ANISUR RAHMAN SINHA

### Director

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

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

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



## CARLOS MARTÍNEZ FERRER

### Director

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

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

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



## **JULIO RODRÍGUEZ IZQUIERDO**

### **Director**

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

Mr. Izquierdo is very active in various institutions of civil society and in 2012 received the "Director of the year" award from the Spanish Association of Directors. His career has been linked to Schneider Electric between 1984 and 2015. Throughout this period, he has held various senior management responsibilities, the last of them Vice-President of Global Operations. He has been a member of the Executive Committee of Schneider Electric worldwide over the past 13 years and he is still a member of the Board of Directors of Schneider Electric Spain.

Born in 1961, Mr. Izquierdo is a graduate in Engineering from the University of Barcelona, graduated in Marketing by EADA Business School and PDG by IESE Business School/University of Navarra.



## **MANZURUL ISLAM**

### **Director**

Mr. Manzurul Islam is the Sponsor Director of the Company since its incorporation in 1997. He has been playing a key role for the development of this Company. Mr. Islam has gained over 32 years of experience and knowledge in managing various businesses in Bangladesh.

Mr. Islam is the Chairman of Islam Group - the Group that played an instrumental role in bringing Lafarge Group (presently LafargeHolcim Group) as a foreign partner in Bangladesh. The Islam Group comprises of multi-dimensional business ventures like Islam Cement Limited, Eastern Housing Limited, IG Foods Limited, Aftab Bahumukhi Firms Limited, Aftab Feed Products Limited, Navana Pharmaceutical Limited, Bengal Development Corporation Limited and Jahurul Islam Medical College & Hospital. Mr. Islam was the President of France-Bangladesh Chamber of Commerce & Industry and currently he is the Executive Committee Member of Bangladesh Association of Publicly Listed Companies.

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



## MARCOS CELA REY

### Director

Mr. Marcos Cela Rey is Country & Business Manager for the operations in India and Bangladesh and also in Tunisia and Colombia for the Molins Group.

He has more than 15 years' experience in finance management, controlling and risk management with major global organizations and since 2016 he has also started to manage business from the different international operations of Molins group. His professional experience includes running diversified businesses and complex organizations in a wide range of industries including cement, mechanical and retail. Prior to joining Cementos Molins Group in January 2004, he held different positions like Finance Manager and European Treasury & Credit Manager at European Division of BIC promotional products and at the Spanish subsidiary of Decathlon, one of the biggest manufacturer and retailer of sports apparels and equipment.

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



## MONZURUR RAHMAN

### Independent Director

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

Currently, he is a member of the Board of Directors of Pubali Bank Limited and also a member of the Audit Committee of the Board Directors of the same Bank. He is involved in many other businesses as well. He is the Chairman of Delta Life Insurance Company Limited and Rema Tea Company Limited. He is also the elected member of the Executive Committee of Bangladesh Association of Publicly Listed Companies (BAPLC). He is a Member of Dhaka Club Limited and Kurmitola Golf Club. He is involved with many philanthropic and social activities.

Born in 1945, Mr. Rahman is a business graduate of Kolkata University, India.



## RAJANI KESARI

### Director

Ms. Rajani Kesari is a senior management and finance professional with more than 30 years' experience. She has led multicultural teams at global level and delivered business partnering to support business growth. Ms. Rajani has extensive experience in M&A, integration, business partnering and developing strong teams.

During her career she has worked in several leadership roles spanning global and regional scope. Ms. Rajani was with Schneider Electric for 9 years during which she led the Finance teams of East Asia & Japan Zone and Greater India Zone. During her tenure she has supported significant growth in the India and strong profitability in East Asia & Japan. Ms. Rajani was with Dr. Reddy's for more than 10 years where she held roles of Strategic Planning Head & CFO for European business, CFO of API business, Chief Internal Auditor of the Group reporting to the Audit Committee Chairman and Head of Global tax. Ms. Rajani has worked with KPMG in Dubai handling both manufacturing and banking clients. Prior to this she has done her accounting training with PWC in India.

During her career Ms. Rajani has worked in several geographies including Germany, HongKong, Singapore and Dubai.

Currently Ms. Rajani is the Region Finance Head – Asia for LafargeHolcim managing Finance for India, South-East Asia and Pacific.

Born in 1971, Ms. Rajani is a Chartered Accountant, Cost Accountant and a Certified Public Accountant from the USA.



## SHIVESH KUMAR SINHA

### Director

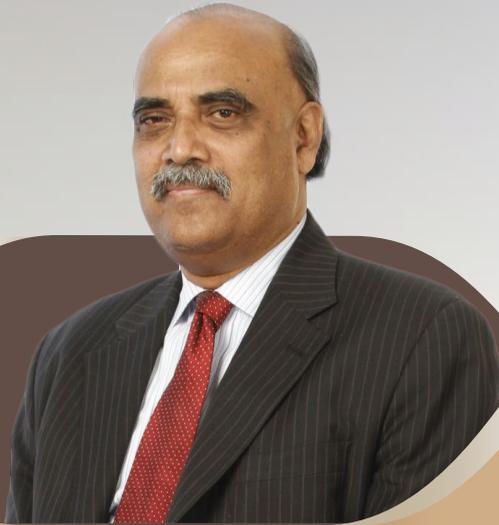
Mr. Shivesh Kumar Sinha was appointed as a Director of your Company in 2007. Since then, he has established himself as a key member of the Board of Directors with his widespread knowledge and experience. He is also the Chairman of Lafarge Umiam Mining Pvt Ltd., the Indian subsidiary company of LafargeHolcim Bangladesh Limited & Director of Holcim Bangladesh Ltd. He joined Lafarge India in 2001 as CFO and held additional responsibilities for IT, Legal, Corporate Affairs & Communication and Corporate Social Responsibility. He moved to Lafarge Asia based in Kuala Lumpur in 2005 responsible for Business Development in Asia.

Prior to joining in Lafarge Mr. Sinha worked with PriceWater House London and Unilever P.L.C. In Unilever PLC, he has worked in senior capacities in different countries & different functions like Finance, Strategy & Business Development, HRD & IR, and Sales & Marketing. He was Director responsible for Edible Fats, Dairy, Animal Feeds & New Business Development in Brooke Bond Liptons Ltd., he has been CFO & Exports Director Liptons India; CFO & HR Director Ponds India & CFO Brooke Bond Kenya Ltd.

He retired in 2012 and now acts as a Business Advisor, Executive Coach & Independent Director – Shwe Taung Cement Co. Ltd. Myanmar.

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

Born in 1946, Mr. Sinha is an Alumnus of The Wharton School, University of Pennsylvania and Indian Institute of Management, Ahmedabad. He is also a Fellow of the Institute of Chartered Accountants in England & Wales, Institution of Taxation (UK) and an Economics graduate of Patna University. He is also alumni of Newfield Network, Boulder CO USA as an Ontological Coach.



## SYED SHUJAUDDIN AHMED

### Independent Director

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

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



## TUFAIL K HAIDER

### Independent Director

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

Similarly, while serving in France (1997-1998) he also had concurrent responsibility for Portugal. During his tenure in France Ambassador Haider was also the Chief and Permanent Delegate of Bangladesh to Paris-based UNESCO Headquarters. While in Iran (1999-2001) Mr. Haider, likewise, covered Lebanon, Syria and Turkmenistan. His team in India ended in 2004 leading to retirement. Prior to these Ambassadorial assignments, for 25 years (1968-1992) Mr. Haider had a flourishing career with various diplomatic ranks at seven other world capitals namely Bonn, Colombo, Warsaw, Moscow, Belgrade, Tokyo and Dubai. In between those assignments, he also served with distinction and official appreciation at different times as Director, Director General and Chief of Protocol in the Ministry of Foreign Affairs of the Government of Bangladesh.

Mr. Haider participated and represented Bangladesh over three decades in numerous meetings, conferences and forums of International, Regional and Global organizations like the UN, NAM, SAARC, OIC, ICPD, WHO, UNESCO etc. His last career assignment in the individual capacity was Senior Advisor to the WHO Regional Director of the SEARO (South East Asia Regional Organization), New Delhi.

Born in 1944, Mr. Haider graduated from Dhaka University on 1965 in Political Science. He completed his masters from the same university in 1966.

# CHAIRMAN'S MESSAGE



**Dear Shareholders,**

It is my honour to address you on the occasion of the 20th Annual General Meeting of LafargeHolcim Bangladesh Limited (the "Company").

In March 2018, the Board of Directors entrusted me with the responsibilities of the Chairman of your Company. During my long career in LafargeHolcim Group, Bangladesh has always been in my focus and I looked forward for the opportunity to directly work for this esteemed organisation. While I am greatly honoured by the appointment, I am also conscious of the challenges. I am confident that with your support, we shall overcome the challenges.

The economy of Bangladesh is entering its next growth stage, led by power and infrastructure investment. GDP growth is consistently around 7% for the last several years and is expected to remain on a high level in the foreseeable future creating sustainable business environment. The cement demand curve is consistently rising, representing Bangladesh as one of the most attractive market in the region. On the backdrop of the positive GDP growth as well as significant infrastructure investments we can safely forecast that the market for building materials in Bangladesh will continue to augment in the coming years.

In January 2018, the Company completed the acquisition of 100% of the shares of Holcim Cement (Bangladesh) Limited. Today, the annual cement production capacity of the Company is 4.2 million tonnes. The Company is now the proud owner of two most premium quality cement brands in Bangladesh. The production facilities of the Company are spread over strategic locations of Bangladesh giving the Company logistic advantages to better serve the customers.

Your Company is having a commendable Health & Safety track record. As the Chairman, I shall continue to focus on Health & Safety environment of the Company, to make the organisation customer centric and to maximise the benefits of the Shareholders. In conducting our business we are committed to maintain highest ethical standards.

Your Company faced several challenges in the past and with the unequivocal support of the Shareholders, your Company has successfully triumphed over those challenges. I am confident that with your continued support the Company shall successfully overcome any new challenge in the future and shall make LafargeHolcim Bangladesh Ltd. a synonym of success.

Date: April 30, 2018



CHRISTOF HÄSSIG  
Chairman

# CORPORATE GOVERNANCE STATEMENT

**THE DIRECTORS PRESENT THE COMPANY'S REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED ON DECEMBER 31, 2017.**

## **Company's Principle on Corporate Governance**

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

## **Code of Business Conduct**

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

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

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

## **The Board of Directors**

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

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

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

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

In compliance with clause 1.5 of the Notification and section 184 of the Companies Act, 1994, the Board of Directors have placed its Report before the shareholders, which is forming part of the Annual Report 2017.

## Chief Financial Officer, Company Secretary and Head of Internal Audit

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

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

## Audit Committee

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

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

## Statutory Auditors

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

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

## Subsidiary Company

The Company has three (3) subsidiary companies – two (2) in India and one (1) in Bangladesh. In compliance with clause 6 of the Notification the minutes of the Board meetings and state of affairs of the subsidiary companies are reviewed by the Board of Directors of the Company. Two Independent Directors of the Company are the members of the Board of Directors of the subsidiary company in Bangladesh. For the foreign subsidiaries, the Independent Directors of the Company are not required to be appointed on the Board of those subsidiary companies.

LafargeHolcim (Bangladesh) Ltd. (HBL) became a subsidiary of the Company on in January 2018. As HBL was not a subsidiary of the Company in 2017, the accounts of HBL have not been included in the Annual Report 2017.

## Duties of the Chief Executive Officer and Chief Financial Officer

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

## Legal and Compliance

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

# LAFARGEHOLCIM BANGLADESH LIMITED

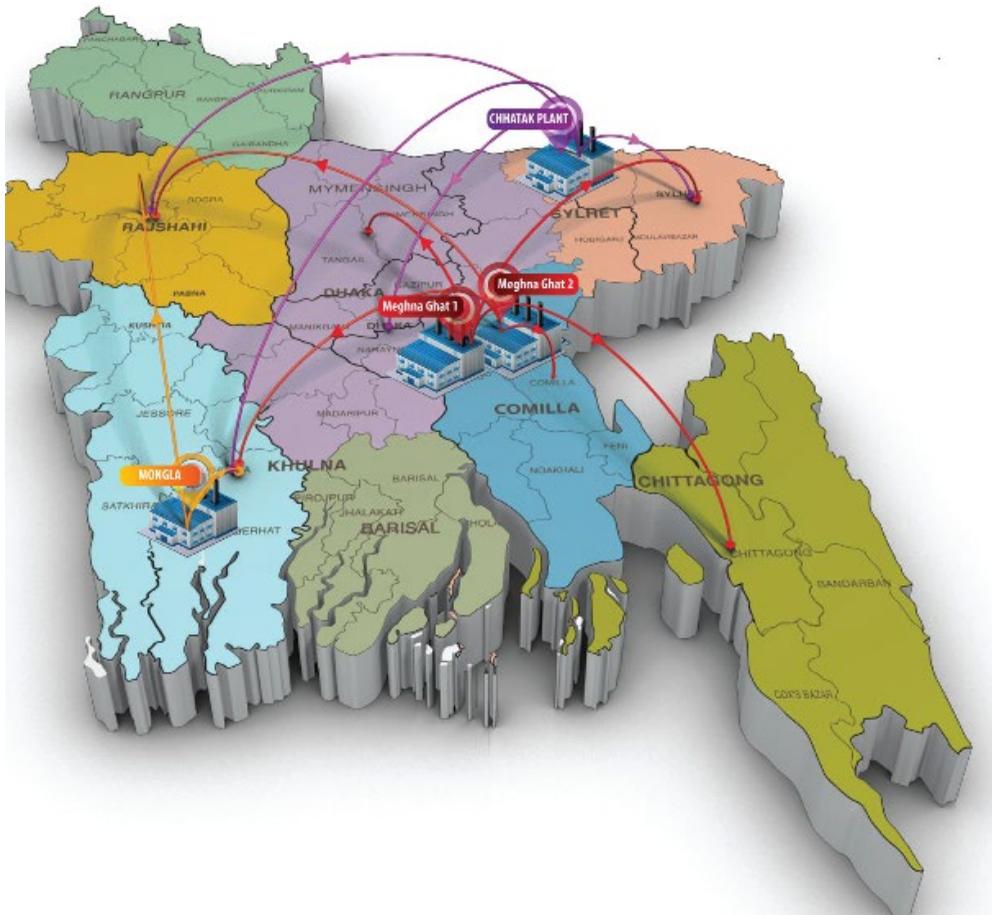
## BOARD OF DIRECTOR'S REPORT

Dear Shareholders:

The Directors of LafargeHolcim Bangladesh Limited (the "Company") take the pleasure in presenting the 20th Annual Report together with the audited accounts for the year ended on December 31, 2017.

### 1. STRONGER TOGETHER

The Company completed the acquisition of 100% of the shares of Holcim Cement (Bangladesh) Limited ("HBL") on January 07, 2018. Since then HBL is a wholly owned subsidiary of your Company. The combination has created ideal business opportunities. The Surma plant of your Company is producing more clinker than it can grind and HBL is having underutilized grinding capacity – complementing each other. The combined company assets reflect a pan Bangladesh presence. The Company is now perfectly positioned to produce cement near to the markets all over Bangladesh, which gives significant advantages to deliver products of high and consistent quality to the doorsteps of every customer with optimized logistics. The consolidation of the two companies is expected to generate very good returns for the shareholders. With the acquisition of HBL, the annual cement production capacity of your Company has increased from ~1.4 million tonnes to ~4.2 million tonnes.



## 2. FINANCIAL RESULTS

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

Tk. 000s

Particulars	2017	2016	2015	2014	2013
Revenue	10,819,131	10,728,855	10,967,952	11,583,029	11,330,374
Gross Profit	2,598,875	3,814,233	3,919,201	4,466,871	4,703,338
Operating profit	1,270,595	2,884,125	2,891,028	3,778,223	3,985,707
Profit before tax	1,355,822	2,947,462	2,823,371	3,532,862	3,215,807
Profit for the year	805,291	2,226,483	2,289,534	2,819,798	2,546,099
Property, plant and equipment	11,499,747	11,776,095	11,837,497	12,409,080	12,763,354
Intangible assets	974,607	828,230	862,086	935,564	987,293
Current assets	8,923,293	8,238,217	7,854,708	6,320,457	5,190,219
Share capital	11,613,735	11,613,735	11,613,735	11,613,735	11,613,735
Retained earnings	3,132,305	3,488,351	2,423,190	1,295,008	(944,130)
Shareholders' equity- Parent company	15,273,707	15,372,461	14,361,460	13,255,558	11,044,425
Non-controlling interests	(4)	(23)	39	81	118
EQUITY	15,273,703	15,372,438	14,361,499	13,255,639	11,044,543
Current liabilities	3,981,531	3,236,475	3,938,543	4,382,835	6,100,280

Particulars	2017	2016	2015	2014	2013
Net asset value per share	13.15	13.24	12.37	11.41	9.51
Net operating cash flow per share	1.12	2.26	2.92	3.07	3.89
Earnings per share (Taka)	0.69	1.92	1.97	2.43	2.19

## 3. OVERVIEW OF COMPANY'S FINANCIAL PERFORMANCE

In 2017, the Company faced multiple challenges beyond the control of the Company:

- The country experienced the highest rainfalls of the last 40 years causing severe floods. Sales were significantly impacted by the prolonged rainy season and the floods.
- Cement prices declined due to the sustained pressure from competitors to push volumes and gain market shares.
- The costs of raw materials were on the rise.
- The delay in obtaining necessary regulatory approvals for acquisition of 100% shares of HBL negatively impacted the performance of the Company.

Furthermore, in the year 2017, your Company incurred one-time cost including the implementation of a new Enterprise Resource Planning software and the costs relating to the acquisition of HBL.

On the backdrop of the above, your Company continued its focus on cost control. All major cost elements of freight, production and financing have been kept well within budget. Finance costs reduced from BDT 71 million to BDT 41 million, which helped our strong cash flow. Corporate tax charges have increased due to the Dividend Deduction Tax of our Indian subsidiary, Lafarge Umiam Mining Private Limited (LUMPL). LUMPL declared 60% interim dividend to your Company amounting to 246.80 million INR which attracted dividend distribution tax @ 20.35% in India and also 20% tax in Bangladesh. Your Company kept a tight rein in working capital as a result of which net working capital has been kept in line with 2016.

	Taka'000	
	<b>2017</b>	<b>2016</b>
Profit before tax	1,355,822	2,947,462
Income tax	(550,531)	(720,979)
Profit after tax for the year	805,291	2,226,483
Earnings per share	0.69	1.92

**Cost of Goods Sold** have gone up by 11.53% compared to last year (2016) due to increase of raw material costs.

**The Gross Profit Margin** went down compared to last year (24.02% in 2017 & 35.55% in 2016) due to multiple reasons stated above.

**The Net Profit Margin** stood at 7.4%, down from 20.8% in the last year (2016).

#### 4. DIVIDEND AND RETAINED EARNINGS

In June 2017 the Board of Directors recommended an interim dividend of five percent (5%), in cash, on the paid-up capital of the Company out of the first five (5) months' profit of 2017 (from January 1, 2017 to May 31, 2017). At BDT 0.50 per share of BDT 10.00 each the said interim dividend amounted to BDT 580,686,750.

In March 2018 the Board of Directors recommended a final dividend of further five percent (5%), in cash, on the paid-up capital of the Company out of the last seven (7) months' profits of 2017 (from June 1, 2017 to December 31, 2017) and retained earnings.

Inclusive of the interim dividend of 5% already paid, this would make a cumulative total dividend of 10% of the paid-up capital amounting to BDT 1,161,373,500 which is BDT 1.00 per share for the year ended on December 31, 2017.

The above dividend recommendation of the Board of Directors shall be forwarded to the shareholders at the 20th Annual General Meeting for their consideration and approval.

#### Retained Earnings:

The total Retained Earnings of your Company as of December 31, 2017, stood at BDT 3,132,305,000 details of which are given in the Statement of Changes in Equity of the Consolidated Financial Statement.

#### 5. BUSINESS PERFORMANCE

##### a) Production: the cement plant at Chattak

The clinker production of the Surma plant at Chattak reached a new record. The plant was consistent in ensuring highest product quality. During the year the plant maintained a close focus on effective cost management, among others through various initiatives to reduce the dependencies on imported spare parts. This initiative and successful implementation not only decreased the operation cost of your Company but also helped the country to save a significant amount of foreign currency.

#### **b) Production: The quarry at Meghalaya, India**

In 2017, the quarry in Meghalaya recorded the highest production since the inception of quarry operations: 8.33% above its previous record achieved in 2016. The quarry team demonstrated an exemplary performance; not only in production but also in health and safety the target of “Zero Harm” was achieved. The initiatives of the team have resulted not only in the new production record but also in cost reduction.

#### **c) Sales and Marketing:**

The sales performance of the Company in 2017 has been impacted by the external reasons as highlighted in the Overview of Financial Performance above. In order to regain the lost grounds, your Company successfully implemented and is still implementing various initiatives in all regions of the country. The efforts of 2017 have yielded positive results from the beginning of 2018: The sales volume is increasing and the Company is regaining market share.

Bangladesh is a fast growing economy and the Government is supporting this growth with investments in infrastructure. There is a significant growth of cement demand originating from Large Infrastructure Projects. In 2017, your Company established a dedicated and specialized LIP Team. The LIP Team managed to gain contracts for cement supplies and related services for Rooppur Nuclear Power Plant Project, Rampal Coal based Power Plant Project and Ghorashal Power Plant Unit 4.

#### **d) Logistics:**

2017 was a year of transformation for the Logistics and Procurement function. Your Company has identified ways to further improve the Order to Cash process to have a more customer friendly system backed up by digitization of the system. The initiatives of cost savings have generated substantial benefits; as a result we have been able to keep our costs within budget amidst many external challenges and inflation. These initiatives have further allowed to implement debottleneckings in dispatch as well as an improvement of safety in delivering clinker and cement to our customers.

## **6. INDUSTRY OUTLOOK AND POSSIBLE FUTURE DEVELOPMENT IN THE INDUSTRY**

Bangladesh's GDP growth is now more than 7%. Increasing population, low labour cost, rapid urbanization, fast industrialization and infrastructure projects will continue to support the country's growth which is expected to remain on a high level for the foreseeable future.

The country's strategic location on the Indian Ocean has led to increasing levels of infrastructure investment from China, India and Japan as they seek to gain market share and influence.

The Bangladesh cement market grew more than 10% on average for the last 5 years and it is expected that high growth rates will continue on the backdrop of the positive GDP development as well as of the significant infrastructure investments. However, this positive outlook is also leading to significant investments in the country's cement production capacity expansion which may result in continued price pressure in the market.

## **7. SUSTAINABLE DEVELOPMENT & CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Sustainability is an intrinsic part of the Company's value 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 past year, the initiatives on sustainability continued with improved performance on several parameters of the operations.

The Company continues to contribute to the welfare of the local communities through its CSR projects. We are proud of the fact that since the initiation of the project of the Company, the economy and livelihood of the communities in which we operate has experienced positive changes. The focus of the CSR activities of your Company continues to be healthcare, education, livelihood skill development trainings and infrastructure developments.

## **8. HEALTH & SAFETY**

Health and Safety is a core value of your Company. Your Company is taking the necessary measures to ensure that its employees and the employees of the third party contractors work safely on the Company's sites as well as in the distribution of its products. This commitment is embedded in the personal objectives of every employee.

We had no Lost Time Injury in 2017 and managed to reduce the number of the injuries requiring medical treatment by 50% from 2016 to 2017.

## **9. RESEARCH, DEVELOPMENT AND INNOVATION**

Research & Development (R&D) of the Company is driven by the systematic analysis of the pain points and emerging needs of our customers, who face major challenges to come up with cost-efficient solutions and high quality performance.

## **10. HUMAN RESOURCES (HR)**

The Company has a solid framework for Talent Development, Performance Management as well as Communication and Engagement which is based on its core values of "CRISP" that stands for "Customers, Results, Integrity, Sustainability and People".

The HR Department works closely with internal and external stakeholders to deliver business success. Starting with designing the right organization structure, it works on enhancing competences through internal and external programs, creating leadership role models and engaging our workforce across all sites. Effective performance management is a pivotal element of people development; we take a cross-functional approach led by senior leaders to ensure an equitable performance evaluation of each employee and the meeting of the business objectives. Our goal is to become one of the top employer brands in Bangladesh.

## **11. BUSINESS RISKS AND OPPORTUNITIES**

The supply of natural gas is crucial for the success of your Company. Bangladesh is facing a decline of its domestic gas production. The Government is working towards importing Liquefied Natural Gas (LNG) which will be supplied through the National Grid. This will have an impact on gas prices. Your Company has a Gas Sales Agreement (GSA) with Jalalabad Gas T&D System Ltd. ("Jalalabad Gas") under which the 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. Your Company is engaged with Jalalabad Gas to resolve the difference of opinions on the terms of the GSA.

Another major risk lies in the Company's cross border operation. Any interruption of limestone supply from its Indian subsidiary company causes a business continuity issue. Strict compliance with applicable laws coupled with strong community development programs are key to minimize this risk.

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.

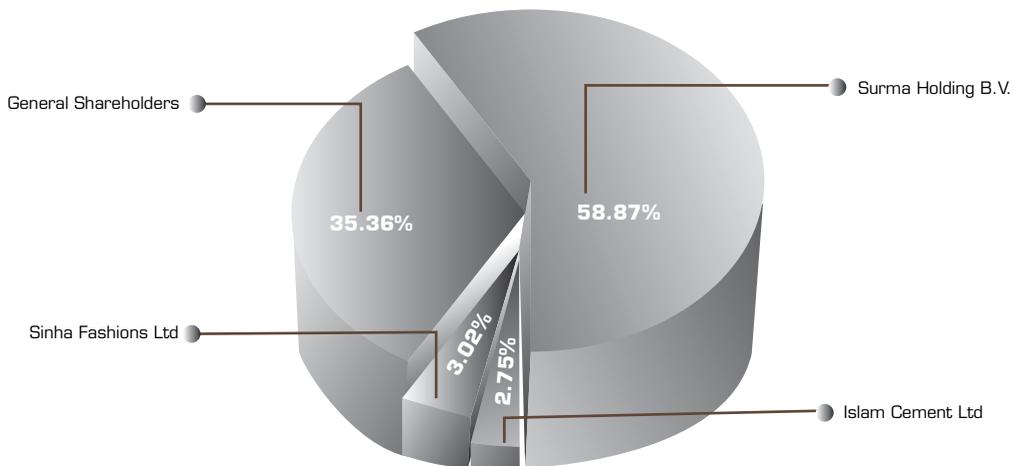
The acquisition of HBL has created opportunities for your Company to become a pan Bangladesh supplier with increased production capacity and brand diversity. The developing economy of Bangladesh and growing demands for building materials sets the platform for opportunities for your Company.

## 12. 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 five (5) members from the Board of Directors. The Chairman of the Audit Committee is an Independent Director.

## 13. 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.

### 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.

### LafargeHolcim

LafargeHolcim is one of the leading global building materials and solutions companies 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.

## **Cementos Molins**

Based in Barcelona, Spain, is a renowned cement company founded in 1928. With an experience of almost 90 years in the cement industry world, Cementos Molins is one of the most important companies in the sector in our country. 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 operates in Spain, Argentina, Uruguay, Mexico, Bolivia, Colombia, Tunisia and Bangladesh. In addition to cement, it participates in the business of concrete, aggregates, prefabricated concrete elements, special mortars, adhesive cements and ecomaterials. All of that to accomplish what 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.

## **14.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 our 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.

## **15.BOARD AND AUDIT COMMITTEE MEETINGS AND ATTENDANCE**

During the financial year ended on December 31, 2017, six (6) meetings of the Board of Directors of the Company and four (4) meetings of the Audit 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.

## **16.BOARD**

### **(a) Board composition**

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

### **(b) Term extension of Independent Directors**

During the year, Mr. Monzurur Rahman, Independent Director completed a tenure of 3 years in office, and being eligible, Mr. Rahman's term as Independent Director has been extended for another term, i.e. another three years.

### **(c) Resignation of Directors:**

Mr. Daniel Nikolaus Bach, Chairman and Ms. Johanna Leffler, Director of the Company submitted their resignations, which were accepted by the Board of Directors effective from March 15, 2018. The Members of the Board gratefully acknowledged the valuable contributions of Mr. Bach and Ms. Leffler during their tenure in office.

**(d) 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 March 9, 2018 nominated Mr. Christof Hässig and Ms. Rajani Kesari on the Board of Directors of the Company. Following the nominations, the Board of Directors appointed Mr. Hässig and Ms. Kesari as Directors of the Company.

Mr. Hässig and Ms. Kesari shall retire at the 20th Annual General Meeting and shall be eligible for reappointment as Directors of the Company, in terms of Section 86 of Schedule I of the Companies Act, 1994.

In accordance with Article 15.3 of the Articles of Association of the Company, the Board of Directors appointed Mr. Christof Hässig as the Chairman of the Company.

Bio-data of Mr. Hässig and Ms. Kesari are provided in 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 20th Annual General Meeting and shall be eligible for re-appointment:

1. Mr. Manzurul Islam
2. Mr. Anisur Rahman Sinha

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 to the other members of the Board of Directors.

**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 20th Annual General Meeting. Being eligible, they express their willingness to be re-appointed.

**18.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 State ments 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 Bangladesh Securities and Exchange Commission 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.

## **19. 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 2017
- (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 dividend for the year 2017.
- (XI) The Directors' profiles have been included in the Annual Report.

## **20. 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 2017. 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.

## **21. 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.

## 22. AWARD & RECOGNITIONS

- LUMPL, the subsidiary of your Company in India, has 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.
- Your company has 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.

## 23. 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 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

Date: April 11, 2018

## 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%
2	Islam Cement Limited	Local	31,914,200	2.75%
3	Sinha Fashions Limited	Local	35,100,000	3.02%

#### Composition of Shareholders up to December 31, 2017:

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

#### Classification of Shares by holding up to December 31, 2017:

Slabs by number of Shares	Number of Shareholders	Number of Shares	Total Holding
Less than 500 Shares	9,167	2,353,157	0.20
501 to 5,000 Shares	14,075	28,324,670	2.44
5,001 to 10,000 Shares	2,550	19,163,284	1.65
10,001 to 20,000 Shares	1,564	22,812,732	1.96
20,001 to 30,000 Shares	560	14,048,419	1.21
30,001 to 40,000 Shares	301	10,501,015	0.90
40,001 to 50,000 Shares	221	10,240,544	0.88
50,001 to 100,000 Shares	375	27,455,862	2.36
100,001 to 1,000,000 Shares	389	106,273,568	9.15
Over 1,000,000 Shares	43	920,200,249	79.23
<b>Total</b>	<b>29,245</b>	<b>1,161,373,500</b>	<b>100.00</b>

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

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

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

Sl. No.	Name	Position	No. of shares		
			Self	Spouse	Minor Children
1	Mr. Daniel Nikolaus Bach	Director/Chairman as nominee of Surma Holding BV	Nil	Nil	Nil
2	Mr. Rajesh K Surana	Director as nominee of Surma Holding BV and CEO	Nil	Nil	Nil
3	Mr. Anisur Rahman Sinha	Director as nominee of Sinha Fashions Ltd	Nil	Nil	Nil
4	Mr. Carlos Martinez Ferrer	Director as nominee of Surma Holding BV	Nil	Nil	Nil
5	Ms. Johanna Leffler	Director as nominee of Surma Holding BV	Nil	Nil	Nil
6	Mr. Julio Rodriguez Izquierdo	Director as nominee of Surma Holding BV	Nil	Nil	Nil
7	Mr. Manzurul Islam	Director as nominee of Islam Cement Ltd	500,200	Nil	Nil
8	Mr. Marcos Cela Rey	Director as nominee of Surma Holding BV	Nil	Nil	Nil
9	Mr. Monzurur Rahman	Independent Director	2,000	Nil	Nil
10	Mr. Shivesh Kumar Sinha	Director as nominee of Surma Holding BV	Nil	Nil	Nil
11	Mr. Syed Shujauddin Ahmed	Independent Director	Nil	Nil	Nil
12	Mr. Tufail K Haider	Independent Director	Nil	Nil	Nil
13	Mr. Mohammad Iqbal Chowdhury	Chief Financial Officer	Nil	Nil	Nil
14	Mr. Kazi Mizanur Rahman	Company Secretary	Nil	Nil	Nil
15	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. Mohammed Shariful Islam	Human Resources Director	Nil
Mr. Kwang Beom Kim	Project Manager	Nil
Mr. Harpal Singh	Head of Operations	Nil
Mr. Mohammed Arif Bhuiyan	Procurement and Logistics 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
January 31, 2017	12	07
March 9, 2017	12	10
June 14, 2017	12	09
September 27, 2017	12	11
November 15, 2017	12	08
December 23, 2017	12	09

**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 June 15, 2017
	January 31, 2017	March 9, 2017	June 14, 2017	September 27, 2017	November 15, 2017	December 23, 2017	
Ms. Bi Yong Chungunco (resigned w.e.f. 01-02-2017)	✓	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Daniel Nikolaus Bach (Joined w.e.f. 01-02 2017)	Not applicable	✓	✓	✓	✓	✓	✓
Mr. Neeraj Akhoury (resigned w.e.f. 01-02-2017)	✓	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Mr. Rajesh K Surana (Joined w.e.f. 01-02-2017)	Not applicable	✓	✓	✓	✓	✓	✓
Ms. Johanna Leffler	Leave of Absence	✓	✓	✓	✓	✓	✓
Mr. Julio Rodriguez Isquierdo	Leave of Absence	✓	✓	✓	Leave of Absence	✓	Not present
Mr. Marcos Cela Rey	✓	✓	✓	✓	✓	✓	✓
Mr. Carlos Martinez Ferrer	Leave of Absence	Leave of Absence	✓	✓	Leave of Absence	✓	✓

Name of the Director	Attendance at the Board Meetings held on						Attendance at the AGM held on June 15, 2017
	January 31, 2017	March 9, 2017	June 14, 2017	September 27, 2017	November 15, 2017	December 23, 2017	
Mr. Manzurul Islam	Leave of Absence	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	✓	✓	Leave of Absence	Not present
Mr. Shivesh Kumar Sinha	✓	✓	Leave of Absence	✓	✓	✓	Not present
Mr. Monzurur Rahman	✓	✓	✓	✓	✓	✓	✓
Mr. Syed Shujauddin Ahmed	✓	✓	✓	✓	✓	✓	✓
Mr. Tufail K Haider	✓	✓	✓	✓	Leave of Absence	Leave of Absence	✓

**The composition of the Audit Committee as at December 31, 2017 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 27, 2017	April 24, 2017	July 25, 2017	October 26, 2017
Mr. Syed Shujauddin Ahmed	Independent Director	✓	✓	✓	✓
Mr. Tufail K Haider	Independent Director	✓	✓	✓	Leave of Absence
Ms. Johanna Leffler	Director		✓	Leave of Absence	✓
Mr. Carlos Martinez Ferrer	Director	✓	✓	✓	✓
Mr. Rajesh K Surana	Chief Executive Officer	✓	✓	✓	✓



**AHMED MASHUQUE & CO.**  
C h a r t e r e d   A c c o u n t a n t s

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28-29 Kakrail (Level # 12 - 13)  
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Email: info@ahmedmashuque.com  
Web: www.ahmedmashuque.com

**CERTIFICATE TO THE SHAREHOLDERS OF  
LAFARGEHOLCIM BANGLADESH LIMITED  
ON  
COMPLIANCE STATUS OF THE CONDITIONS OF CORPORATE GOVERNANCE  
GUIDELINES 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 2017. 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: 26th April 2018  
Place: Dhaka, Bangladesh

Ahmed Mashuque & Co.  
Chartered Accountants

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

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

### (REPORT UNDER CONDITION NO.7.00)

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1	<b>Board of Directors</b>			
1.1	<b>Board's Size</b> The number of Board Directors should not be less than 5 (five) and more than 20 (twenty).	✓		12 (Twelve) Board member including 3 (Three) Independent director
1.2	<b>Independent Directors</b>			
	(i) At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	✓		There are three independent directors in the Board.
	(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 share holder, 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.	✓		No vacancy occurred.
	(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	<b>Qualification of Independent Director (ID)</b>			
	(i) Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓		
	(ii) The person should be a Business Leader / Corporate Leader / Bureaucrat / University Teacher with Economics or Business Studies or Law background / Professionals like Chartered Accountants, Cost & Management Accountants, and Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management /professional experience.	✓		
	(iii) In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	N/A		
1.4	<b>Chairman of the Board and Chief Executive Officer</b>			
	The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals with defined different roles and responsibilities. The Chairman of the company shall be elected from among the directors of the company.	✓		Chairman of the Board and CEO are different individuals and Chairman is elected from amongst the Directors.

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 2017 Inclusive of 5% interim Cash Dividend.
(xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed .	√		
(xxi)	The pattern of shareholdings and name wise details disclosing the aggregate number of shares			
(xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details) .	√		
(xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details) .	√		
(xxi) c)	Executives (top five salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit) .	√		
(xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√		
(xxii)	Appointment/Reappointment of Directors .			
(xxii) a)	A brief resume of the director .	√		
(xxii) b)	Nature of his/her expertise in specific functional areas .	√		
(xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board .	√		

<b>2</b>	<b>Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS)</b>				
2.1	The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	√			
2.2	The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors. Provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	√			
<b>3</b>	<b>Audit Committee</b>				
(i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	√			
(ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	√			
(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√			
<b>3.1</b>	<b>Constitution of the Audit Committee</b>				
(i)	The Audit Committee shall be composed of at least 3 (three) members.	√		The Audit Committee is comprised of 5 (five) members. The Members of the Audit Committee are appointed by the Board who are Directors and which includes two Independent Directors.	
(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.	√			
<b>3.2</b>	<b>Chairman of the Audit Committee</b>				
(i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	√			
(ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	√		Mr. Syed Shujauddin Ahmed is Chairman of the Audit Committee who is an Independent Director.	
<b>3.3</b>	<b>Role of Audit Committee</b>				
(i)	Oversee the financial reporting process.	√			
(ii)	Monitor choice of accounting policies and principles.	√			
(iii)	Monitor Internal Control Risk management process.	√			
(iv)	Oversee hiring and performance of external auditors	√			
(v)	Review along with the management, the annual financial statements before submission to the board for approval.	√			
(vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval .	√			
(vii)	Review the adequacy of internal audit function .	√			
(viii)	Review statement of significant related party transactions submitted by the management.	√			
(ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	√			
(x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.	N/A			
<b>3.4</b>	<b>Reporting of the Audit Committee</b>				
<b>3.4.1</b>	<b>Reporting to the Board of Directors</b>				
(i)	The Audit Committee shall report on its activities to the Board of Directors.	√			
(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:				
(ii a)	Report on conflicts of interests .	N/A		None	
(ii b)	Suspected or presumed fraud or irregularity or material defect in the internal control system.	N/A		None	
(ii c)	Suspected infringement of laws, including securities related laws, rules and regulations .	N/A		None	
(ii d)	Any other matter which shall be disclosed to the Board of Directors immediately.	N/A		None	

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



## AUDIT COMMITTEE REPORT For the year 2017

To: The Board of Directors  
LafargeHolcim Bangladesh Limited

February 26, 2018

### Composition of the Audit Committee

The Audit Committee is a sub-committee of the Board. The Committee currently comprises of five (5) members. Two (2) members are independent directors, Two (2) members are directors of the Company and one (1) member is the Chief Executive Officer of the Company. The Chairman of the Committee is an independent director. The Company Secretary acts as the Secretary of the Committee. The Chief Financial Officer (CFO) and Head of Internal Audit attend the meetings as invitees. All members of the Committee are financially literate and able to interpret financial statements and assess the adequacy of the internal control processes.

Name	Position in the Committee	Representation in the Board	Member since
Mr. Syed Shujauddin Ahmed	Chairman	Independent Director	13-Dec-12
Mr. Tufail K Haider	Member	Independent Director	15-Jun-16
Ms. Johanna Leffler	Member	Director	24-Apr-17
Mr. Carlos Martinez Ferrer	Member	Director	11-Jun-14
Mr. Rajesh Kumar Surana	Member	Chief Executive Officer	27-Feb-17

### The scope of Audit Committee

The primary scope of the Audit Committee is to provide independent observation of the Company's financial reporting, non-financial corporate disclosures, internal & external control system and creating a transparent environment as provided in clause 3.3 of the Bangladesh Securities and Exchange Commission Notification dated August 07, 2012.

### Activities during the year 2017

The following activities were carried by the Audit Committee during the financial year ended on December 31, 2017.

- **Financial Reporting:**

- a. The Audit Committee oversaw the financial reporting process.
- b. The Committee also reviewed the annual, half-yearly and quarterly Financial Statements of the Company and its subsidiaries prior to submission before the Board for approval.

- **Internal Control**

- a. The Committee closely monitored the Internal Control Risk Management process to ensure effective performance of Internal Control activities.
- b. The Committee also reviewed the internal policies, standards, plan and procedures and where appropriate, reported the findings on the following:
  - i. Conflict of interests;
  - ii. Suspected or presumed fraud or irregularity or material defect in the internal control system;
  - iii. Suspected infringement of laws, including securities related laws, rules and regulations;
  - iv. Breach of the terms and conditions and validity of Licenses and Permits of the Company and its subsidiaries; and
  - v. Any other matters which should be disclosed to the Board of Directors immediately.

**LafargeHolcim Bangladesh Limited**

A company of  LafargeHolcim and 



• **Internal Audit**

- a. The annual audit plan and resource allocation for the Internal Audit Services was reviewed and approved by the Audit Committee.
- b. The Audit Committee also reviewed the adequacy of Internal Audit activities carried out during the year.
- c. The Internal Audit Reports were reviewed by the Audit Committee to monitor the implementation of Audit recommendations to improve Internal Control Systems.

• **External Audit**

- a. The Audit Committee appraised the external auditor's audit plan, nature and scope of the audit plan, audit report and evaluation of internal controls (if any).
- b. The Committee also reviewed the Management Letters issued by the statutory auditors for the year 2017 together with management response to the findings.
- c. The Committee oversaw the hiring and performance of external auditors including approval of their remuneration, assessing their independence and re-appointment and removal of external auditors.

**Recommendations**

The recommendations of the Audit Committee are regularly placed before the Executive Committee and Board of Directors for necessary action.

**Reporting to the Shareholders and General Investors**

Based on the activities throughout the year and after reviewing the effectiveness of the internal controls, the Committee is of the opinion that adequate controls, procedures and risk management systems are in place to provide reasonable safeguard and that the financial position of the Company is adequately managed.

On behalf of the Audit Committee,

A handwritten signature in black ink, appearing to read 'S. S. Ahmed'.

Syed Shujauddin Ahmed  
Chairman, Audit Committee



March 13, 2018

The Board of Directors  
LafargeHolcim Bangladesh Limited  
NinaKabbo, Level-7, 227/A, Bir Uttam Mir Shawkat Sarak  
(Tejgaon Gulshan Link Road), Tejgaon  
Dhaka-1208, Bangladesh

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

Dear Sir(s):

Pursuant to the Notification of Bangladesh Securities and Exchange Commission (BSEC) bearing No SEC/CMRRCD /2006-158/134/Admin/44 dated August 07, 2012, we, the undersigned Chief Executive Officer and Chief Financial Officer of LafargeHolcim Bangladesh Limited (the "Company"), do hereby certify that we have reviewed the financial statements for the year ended on December 31, 2017 of the Company and to the best of our knowledge and belief:

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

A handwritten signature in black ink, appearing to read 'Iqbal'.

Mohammad Iqbal Chowdhury  
Chief Financial Officer

A handwritten signature in black ink, appearing to read 'Rajesh K Surana'.

Rajesh K Surana  
Chief Executive Officer

**LafargeHolcim Bangladesh Limited**  
A company of  LafargeHolcim and 

# **CONSOLIDATED FINANCIAL STATEMENTS OF LAFARGEHOLCIM BANGLADESH LIMITED**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

# EMERGING

With the help of talented employees, abundance of resources and state of the art technology, LafargeHolcim Bangladesh is an emerging force in the market. It is in pace to contribute to the development of this country.



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Nurul Faruk Hasan & Co  
Chartered Accountants

Vertex prominent (1<sup>st</sup> Floor)  
GA-16/1 Mohakhali  
Dhaka-1212, Bangladesh

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LAFARGEHOLCIM BANGLADESH LIMITED

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of LafargeHolcim Bangladesh Limited which comprise the consolidated statement of financial position as at 31 December 2017 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other relevant explanatory information.

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

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all materials respect, the financial position of LafargeHolcim Bangladesh Limited as at 31 December 2017 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

### Report on Other Legal and Regulatory Requirements

The consolidated financial statements also comply with the applicable sections of the Companies Act 1994, Securities and Exchange Rules 1987 and other applicable laws and regulations.

### We also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) the group's consolidated statement of financial position, consolidated statement of comprehensive statements of profit or loss and Consolidated Statements of Comprehensive Income dealt with by the report are in agreement with the Books of Account and return; and Report on Other Legal and Regulatory Requirement.
- d) the expenditures incurred and payments made were for the purposes of the Company's business.

Dhaka, Bangladesh  
Dated: 20 March 2018

Nurul Faruk Hasan & Co  
Chartered Accountants

**LAFARGEHOLCIM BANGLADESH LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2017**

	NOTES	2017 Taka'000	2016 Taka'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	11,499,747	11,776,095
Intangible assets	6	974,607	828,230
Other receivables	9	153,010	137,043
		<b>12,627,364</b>	<b>12,741,368</b>
<b>CURRENT ASSETS</b>			
Inventories	7	1,344,902	1,245,198
Trade receivables	8	1,531,303	1,361,677
Other receivables	9	2,399,257	1,933,076
Derivative instruments	15	15,176	838
Cash and cash equivalents	10	3,632,655	3,697,428
		<b>8,923,293</b>	<b>8,238,217</b>
<b>TOTAL ASSETS</b>		<b>21,550,657</b>	<b>20,979,585</b>
<b>EQUITY &amp; LIABILITIES</b>			
Share capital	11.3	11,613,735	11,613,735
Retained earnings		3,132,305	3,488,351
Other components of equity	11.6	(46,737)	(82,748)
Foreign currency translation	3.6	574,404	353,123
<b>SHAREHOLDERS' EQUITY - PARENT COMPANY</b>		<b>15,273,707</b>	<b>15,372,461</b>
Non-controlling interests	12	(4)	(23)
<b>EQUITY</b>		<b>15,273,703</b>	<b>15,372,438</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability	13	2,228,528	2,276,021
Employee benefits	14	29,903	64,464
Provisions	16	36,992	30,187
		<b>2,295,423</b>	<b>2,370,672</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	17	2,899,767	2,332,586
Other payables	18	522,925	378,489
Derivative instruments	15	-	1,103
Short-term debt	19	558,839	524,297
		<b>3,981,531</b>	<b>3,236,475</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>21,550,657</b>	<b>20,979,585</b>

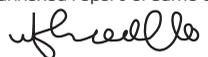
The accompanying Notes 1 to 36 form an integral part of these financial statements.

  
Chief Financial Officer

  
Company Secretary

  
Director

  
Chief Executive Officer  
As per our annexed report of same date

  
Nurul Faruk Hasan & Co  
Chartered Accountants

Dhaka, Bangladesh  
Dated: 20 March 2018

**LAFARGEHOLCIM BANGLADESH LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
for the year ended 31 December 2017

	NOTES	2017 Taka'000	2016 Taka'000
<b>REVENUE</b>	22	10,819,131	10,728,855
Cost of sales	23	(8,220,256)	(6,914,622)
<b>GROSS PROFIT</b>		<b>2,598,875</b>	<b>3,814,233</b>
General and administrative expenses	24	(1,079,212)	(723,336)
Sales and marketing expenses	25	(263,029)	(195,972)
Other operating (expenses)/income	26	13,961	(10,800)
<b>OPERATING PROFIT</b>		<b>1,270,595</b>	<b>2,884,125</b>
Finance cost	27	(41,429)	(71,459)
Finance income	27	126,656	134,796
<b>PROFIT BEFORE TAX</b>		<b>1,355,822</b>	<b>2,947,462</b>
Income tax	28	(550,531)	(720,979)
<b>PROFIT FOR THE YEAR</b>		<b>805,291</b>	<b>2,226,483</b>
<i>Attributable to:</i>			
<b>Owners of the parent Company</b>		<b>805,328</b>	<b>2,226,535</b>
Non-controlling interests		(37)	(52)
		<b>805,291</b>	<b>2,226,483</b>
Basic earnings per share (Taka)	29	0.69	1.92
Diluted earnings per share (Taka)	29	0.69	1.92

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



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

As per our annexed report of same date

Dhaka, Bangladesh  
Dated: 20 March 2018



Nurul Faruk Hasan & Co  
Chartered Accountants

**LAFARGEHOLCIM BANGLADESH LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 31 December 2017

	2017 Taka'000	2016 Taka'000
<b>PROFIT FOR THE YEAR</b>	<b>805,291</b>	<b>2,226,483</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Actuarial gain/(loss)	25,635	(40,985)
Income tax on items that will not be reclassified to profit or loss	(6,109)	10,217
<b>Total items that will not be reclassified to profit or loss</b>	<b>19,526</b>	<b>(30,768)</b>
<b>Items that may be reclassified subsequently to profit or loss</b>		
Cash flow hedge instruments	16,485	1,015
Exchange differences on translating foreign operations	221,281	(24,407)
Non controlling interests- currency translation adjustment	56	(10)
<b>Total items that may be reclassified to profit or loss</b>	<b>237,822</b>	<b>(23,402)</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>	<b>257,348</b>	<b>(54,170)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>1,062,639</b>	<b>2,172,313</b>
<i>Attributable to:</i>		
<b>Owners of the parent Company</b>	<b>1,062,620</b>	<b>2,172,375</b>
Non-controlling interests	19	(62)
	<b>1,062,639</b>	<b>2,172,313</b>

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

  
Chief Financial Officer

  
Company Secretary

  
Director

  
Chief Executive Officer

As per our annexed report of same date

Dhaka, Bangladesh  
Dated: 20 March 2018

  
Nurul Faruk Hasan & Co  
Chartered Accountants

**LAFARGEHOLCIM BANGLADESH LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2017

*(All figures are in Taka '000)*

	Share capital	Retained earnings	Other components of equity	Foreign currency translation	Equity for parent company	Non controlling interests	Total equity
<b>Balance at 1 January 2016</b>	11,613,735	2,423,190	(52,995)	377,530	14,361,460	39	14,361,499
Total comprehensive income/(loss) for the year	-	2,226,535	(29,753)	(24,407)	2,172,375	(62)	2,172,313
Interim dividend	-	(580,687)	-	-	(580,687)	-	(580,687)
Final dividend	-	(580,687)	-	-	(580,687)	-	(580,687)
<b>Balance at 31 December 2016</b>	<b>11,613,735</b>	<b>3,488,351</b>	<b>(82,748)</b>	<b>353,123</b>	<b>15,372,461</b>	<b>(23)</b>	<b>15,372,438</b>
<b>Balance at 1 January 2017</b>	11,613,735	3,488,351	(82,748)	353,123	15,372,461	(23)	15,372,438
Total comprehensive income for the year	-	805,328	36,011	221,281	1,062,620	19	1,062,639
Interim dividend	-	(580,687)	-	-	(580,687)	-	(580,687)
Final dividend	-	(580,687)	-	-	(580,687)	-	(580,687)
<b>Balance at 31 December 2017</b>	<b>11,613,735</b>	<b>3,132,305</b>	<b>(46,737)</b>	<b>574,404</b>	<b>15,273,707</b>	<b>(4)</b>	<b>15,273,703</b>



Company Secretary



Director



Chief Executive Officer

Dhaka, Bangladesh

Dated : 20 March 2018

**LAFARGEHOLCIM BANGLADESH LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the year ended 31 December 2017

	NOTES	2017 Taka'000	2016 Taka'000
<b>Cash Flows From Operating Activities</b>			
Cash receipts from customers		10,471,052	10,277,743
Cash paid to suppliers and employees		(8,401,062)	(7,318,068)
Cash generated in operations		2,069,990	2,959,675
Income taxes paid		(778,139)	(337,716)
Other receipts		7,667	7,979
<b>Net cash generated by operating activities</b>		<b>1,299,518</b>	<b>2,629,938</b>
<b>Cash Flows From Investing Activities</b>			
Payments for property, plant and equipment		(319,471)	(556,204)
Payments for intangible assets		(36,237)	(18,451)
Proceeds from sale of property, plant and equipment		1,442	598
Interest income		125,581	134,350
<b>Net cash used in investing activities</b>		<b>(228,685)</b>	<b>(439,707)</b>
<b>Cash Flows From Financing Activities</b>			
Increased/ (decrease) in short term debt	34	30,993	(542,041)
Payment of interest and other finance costs		(44,484)	(53,235)
Dividend paid		(1,155,202)	(1,145,412)
<b>Net (decrease) cash used in financing activities</b>		<b>(1,168,693)</b>	<b>(1,740,688)</b>
Net effect of foreign currency translation on cash and cash equivalents		33,087	(1,959)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(64,773)</b>	<b>447,584</b>
<b>Cash and Cash Equivalents at Beginning of the Year</b>		<b>3,697,428</b>	<b>3,249,844</b>
<b>Cash and Cash Equivalents at End of the Year</b>		<b>3,632,655</b>	<b>3,697,428</b>



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

Dhaka, Bangladesh

Dated: 20 March 2018

**LAFARGEHOLCIM BANGLADESH LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 December 2017

## **1. BACKGROUND AND INTRODUCTION**

### **Formation and legal status**

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

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

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

## **2. NATURE OF BUSINESS**

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

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

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **3.1 Basis of preparation**

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

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

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

### **3.2 Principles of consolidation**

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

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

Name of subsidiary	2017 Taka'000	2016 Taka'000
Lafarge Umiam Mining Private Limited, India	476,609	476,609
Lum Mawshun Minerals Private Limited, India	469	469
	<b>477,078</b>	<b>477,078</b>

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

### 3.3 Scope of consolidation

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

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

### 3.4 Use of Estimates and Judgements

#### i) Estimates

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

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

#### ii) Judgements

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

### 3.5 Functional and presentation currency

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

### 3.6 Translation of financial statements denominated in foreign currencies

The accounts of the Indian subsidiaries have been translated into Bangladesh Taka using the year end closing rate of exchange for all financial position items and the average rate of exchange for revenues, expenses and amounts presented in the statement of cash flows. The resulting translation adjustments are included as a separate component of shareholders' equity. The exchange rates used for consolidating the Indian entities are as follows:

Taka equivalent of Rs. 1	2017	2016
Average rate	1.2358	1.1679
Closing rate	1.2937	1.1587

### 3.7 Property, plant and equipment

#### i) Recognition of property, plant and equipment

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

#### ii) Subsequent costs

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

#### iii) Construction in progress

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

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

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

Category of PP&E	Rate %
Leasehold improvement	20
Building	2
Plant building	2.5
Plant & machinery	3.33
Vehicles	20
Computer equipment	33.33
Office equipment	10 & 20
Furniture & fixtures	10

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

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

### 3.8 Intangible assets

#### i) Software

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

#### ii) Others

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

### iii) Construction in progress

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

### iv) Amortization of intangible assets

#### a) Software

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

#### b) Others

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

## 3.9 Inventories

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

## 3.10 Financial instruments

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

### i) Non-derivative financial assets

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

#### a) Trade receivables

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

#### b) Cash and cash equivalents

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

### ii) Non-derivative financial liabilities

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

### iii) Derivative instruments

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

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

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

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

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

### 3.11 Foreign currency translation/ transaction

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

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

Currencies	2017		2016	
	Closing rate	Average rate	Closing rate	Average rate
BDT/USD	82.7000	80.4475	78.7400	78.4695
BDT/EUR	98.3138	90.9579	81.9802	86.8486
BDT/GBP	110.7932	103.6984	96.2676	106.3512
BDT/INR	1.2937	1.2358	1.1587	1.1679

### 3.12 Employees' benefit schemes

#### i) Gratuity plan- LHBL

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

#### ii) Gratuity plan- LUMPL

The Company operates an unfunded gratuity scheme, provision for which has been made in respect of all eligible employees and reflected in these accompanying financial statements. In the time of separation, the liability to each employee is settled in cash. Actuary valuation of the gratuity fund is carried out by a professional actuary.

#### iii) Provident fund

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

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

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

### 3.13 Taxation

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

#### Current tax

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

#### Deferred tax

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

Deferred tax liabilities are recognised for all temporary taxable differences.

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

### 3.14 Revenue recognition

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

### 3.15 Provision

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

### 3.16 Offsetting

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

### 3.17 Materiality and aggregation

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

### 3.18 Comparatives

Comparative figures and account titles in the financial statements have been rearranged/reclassified where necessary to conform with changes in presentation in the current year.

### 3.19 Dividend distribution

Final dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders at the Annual General Meeting, while interim dividend distributions are recognised in the period in which the dividends are declared and paid.

## 4. FINANCIAL RISK MANAGEMENT POLICIES

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

## 5. PROPERTY, PLANT AND EQUIPMENT

<i>Figures in Taka '000</i>	Freehold land	Building	Plant building	Plant & machinery	Vehicles	Computer equipment	Office equipment	Furniture & fixtures	Construction in progress	Total
<b>COST</b>										
At January 1, 2017	555,819	166,891	550,330	14,787,040	225,497	116,002	214,598	67,617	629,206	17,315,000
Additions	-	-	-	148,410	6,482	-	1,592	-	137,119	293,603
Adjustments	-	-	-	-	-	-	-	428	-	428
Disposals	-	-	-	-	(12,889)	(3,309)	(250)	(179)	(121,008)	(137,636)
Transfers	-	-	-	39,388	-	-	46,877	-	(86,265)	-
Translation adjustments	2,766	12,380	1	188,694	3,733	1,571	1,750	836	(533)	211,198
At December 31, 2017	558,585	181,271	550,331	15,163,532	222,823	114,264	264,567	68,702	558,519	17,682,594
<b>DEPRECIATION</b>										
At January 1, 2017	-	32,435	128,791	4,918,404	164,406	104,435	137,691	52,743	-	5,538,905
Disposals	-	-	-	-	(9,096)	(3,309)	(250)	(165)	-	(12,820)
Adjustments	-	-	-	-	(520)	-	538	461	-	479
Charge for the year	-	5,238	16,053	509,344	25,142	7,281	18,389	5,895	-	587,342
Translation adjustments	-	2,279	(1)	59,731	3,567	1,494	1,336	535	-	68,941
At December 31, 2017	-	39,952	144,843	5,487,479	183,499	109,901	157,704	59,469	-	6,182,847
<b>CARRYING AMOUNT</b>										
At December 31, 2017	558,585	141,319	405,488	9,676,053	39,324	4,363	106,863	9,233	558,519	11,499,747
At December 31, 2016	555,819	136,456	421,539	9,868,636	61,091	11,567	76,907	14,874	629,206	11,776,095

### 5.1 Depreciation charge for the year allocated to

Production and maintenance overhead (Note- 23.2)

Depot operating and transportation costs (Note- 23.4)

General and administrative expenses (Note- 24)

2017 Taka '000	2016 Taka '000
552,658	554,671
1,870	1,846
32,814	25,371
<b>587,342</b>	<b>581,888</b>

## 5.2 Disposal of property, plant and equipment

Figures in Taka'000	Computer	Office	Furniture &	Construction		
Disposal Details	Vehicles	equipment	equipment	fixtures	in progress	Total
Cost	12,889	3,309	250	179	121,008	137,635
Accumulated depreciation	(9,096)	(3,309)	(250)	(165)	-	(12,820)
<b>Carrying amount at December 31, 2017</b>		-	-	14	121,008	124,815
<b>Sale proceeds</b>	<b>1,289</b>	<b>110</b>	<b>17</b>	<b>26</b>	<b>-</b>	<b>1,442</b>
	Company	Company	Company	Company	Company	
<b>Mode of disposal</b>	policy	policy/tender	policy/tender	policy	policy	
		Third party &	Third party &	Third party &		
<b>Particulars of purchaser</b>	Employees	Employees	Written off	Written off	Written off	

## 6. INTANGIBLE ASSETS

Figures in Taka'000	Leasehold	Quarry	Software	Construction	
	land	land		in progress	Total
<b>COST</b>					
At January 1, 2017	16,089	976,845	111,594	35,600	1,140,128
Additions*	-	618	537	116,566	117,721
Disposals	-	-	(65,843)	(911)	(66,754)
Transfers	-	36,674	4,580	(41,254)	-
Translation adjustments	1,874	115,559	(4,615)	20,085	132,903
At December 31, 2017	17,963	1,129,696	46,253	130,086	1,323,998
<b>AMORTIZATION</b>					
At January 1, 2017	7,705	223,106	81,087	-	311,898
Disposals	-	-	(65,843)	-	(65,843)
Charge for the year	467	59,500	13,173	-	73,140
Translation adjustments	920	28,782	494	-	30,196
At December 31, 2017	9,092	311,388	28,911	-	349,391
<b>CARRYING AMOUNT</b>					
<b>At December 31, 2017</b>	<b>8,871</b>	<b>818,308</b>	<b>17,342</b>	<b>130,086</b>	<b>974,607</b>
<b>At December 31, 2016</b>	<b>8,384</b>	<b>753,739</b>	<b>30,507</b>	<b>35,600</b>	<b>828,230</b>

\*Construction in progress of intangible assets related to migration of ERP Software (JDE to SAP) of BDT 116,566 (in thousands). This migration is required for the company to align with LafargeHolchim group.

	<b>2017</b> <b>Taka'000</b>	<b>2016</b> <b>Taka'000</b>
<b>7. INVENTORIES</b>		
Raw materials	254,295	209,410
Spare parts	860,817	878,015
Packing materials	8,159	3,148
Other materials	10,952	50,508
Finished goods and work in process	210,679	104,117
	<b>1,344,902</b>	<b>1,245,198</b>

## 8. TRADE RECEIVABLES

Trade receivables (Note- 8.1)	1,546,505	1,373,631
Valuation allowance (Note- 8.2)	(15,202)	(11,954)
	<b>1,531,303</b>	<b>1,361,677</b>

### 8.1 Ageing of trade receivables

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

Within the credit period	1,071,414	787,833
1-30 days	275,111	328,838
31-60 days	74,226	127,348
61-180 days	110,552	117,658
Over 180 days	15,202	11,954
	<b>1,546,505</b>	<b>1,373,631</b>

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

Balance at 1 January	(11,954)	(10,609)
Current year addition	(3,248)	(1,345)
<b>Balance at 31 December</b>	<b>(15,202)</b>	<b>(11,954)</b>

## 9. OTHER RECEIVABLES

Contractors, consultants, suppliers and others	407,383	154,277
VAT current account	290,901	238,810
Advance to employees	24,859	59,207
Security and other deposits	167,582	147,666
Prepaid expenses	78,700	80,487
Other receivables	31,546	25,947
Advance income tax (Note- 9.1)	1,543,865	1,342,808
Accrued interest on bank deposits	7,431	20,917
	<b>2,552,267</b>	<b>2,070,119</b>
<i>Current portion</i>	<i>2,399,257</i>	<i>1,933,076</i>
<i>Non-current portion</i>	<i>153,010</i>	<i>137,043</i>

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

	<b>2017</b> <b>Taka'000</b>	<b>2016</b> <b>Taka'000</b>
<b>9.1 Advance income tax- net of tax provision</b>		
Advance income tax-deducted at source	3,186,666	2,393,812
Current tax liabilities (Note- 20)	(1,642,801)	(1,051,004)
	<b>1,543,865</b>	<b>1,342,808</b>

## 10. CASH AND CASH EQUIVALENTS

### *Cash in hand*

LafargeHolcim Bangladesh Limited	2,216	435
Lafarge Umiam Mining Private Limited	106	62
	<b>2,322</b>	<b>497</b>

### *Cash at banks*

#### *LafargeHolcim Bangladesh Limited*

In current accounts	1,787,378	990,814
In short term deposit accounts	20,514	112,989
In fixed deposit receipts	1,505,470	2,494,069
	<b>3,313,362</b>	<b>3,597,872</b>

### *Cash at banks*

#### *Lafarge Umiam Mining Private Limited*

In current accounts	161,005	1,405
In term deposit accounts	93,912	38,575
Bank-in-transit	62,027	59,054
	<b>316,944</b>	<b>99,034</b>

### *Cash at banks*

#### *Lum Mawshun Minerals Private Limited*

In current account	27	25
	<b>27</b>	<b>25</b>
	<b>3,632,655</b>	<b>3,697,428</b>

## 11. SHARE CAPITAL

### 11.1 Authorized capital

<b>1,400,000 ordinary shares of Taka 10 each</b>	<b>14,000,000</b>	<b>14,000,000</b>
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In the year 2011, authorized capital has been increased from Taka 7,000,000,000 to Taka 14,000,000,000. Further, steps have been taken to issue right shares of 58,068,675 ordinary shares of Taka 100 per share at par value amounting to Taka 5,806,867,500 offered on the basis of 1:1, for which approval of Bangladesh Securities and Exchange Commission (BSEC) has been received on 8 September 2011. Moreover, face value of each ordinary share has been denominated from Taka 100 to Taka 10 at 4 December 2011.

### 11.2 Issued and subscribed capital

<b>1,161,373,500 ordinary shares of Taka 10 each</b>	<b>11,613,735</b>	<b>11,613,735</b>
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	2017 Taka'000	2016 Taka'000
<b>11.3 Paid up capital</b>		
Fully paid up in cash	5,759,888	5,759,888
Fully paid up in other than cash	46,980	46,980
Fully paid up in cash as rights issue	5,806,867	5,806,867
	<b>11,613,735</b>	<b>11,613,735</b>

#### 11.4 Composition of shareholders at 31 December

Name of the shareholders	Nationality/ Incorporated in	Number of shares		Holding %	
		2017	2016	2017	2016
Surma Holding B.V.	The Netherlands	683,698,700	683,698,700	58.87	58.87
Sinha Fashions Limited	Bangladesh	35,100,000	35,100,000	3.02	3.02
Islam Cement Limited	Bangladesh	31,914,200	31,914,200	2.75	2.75
Other Shareholders	Bangladesh and NRB	410,660,600	410,660,600	35.36	35.36
		<b>1,161,373,500</b>	<b>1,161,373,500</b>	<b>100.00</b>	<b>100.00</b>

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

Slabs by number of shares	Number of shareholders		Holding %	
	2017	2016	2017	2016
Less than 500 Shares	9,167	10,581	0.20	0.23
501 to 5,000 Shares	14,075	14,964	2.44	2.54
5,001 to 10,000 Shares	2,550	2,519	1.65	1.63
10,001 to 20,000 Shares	1,564	1,523	1.97	1.91
20,001 to 30,000 Shares	560	565	1.21	1.21
30,001 to 40,000 Shares	301	292	0.91	0.88
40,001 to 50,000 Shares	221	211	0.88	0.84
50,001 to 100,000 Shares	375	358	2.36	2.21
100,001 to 1,000,000 Shares	389	366	9.15	8.77
Over 1,000,000 Shares	43	45	79.23	79.78
	<b>29,245</b>	<b>31,424</b>	<b>100.00</b>	<b>100.00</b>

	2017 Taka'000	2016 Taka'000
<b>11.6 Other Components of Equity</b>		
Cash flow hedge *	14,042	(2,443)
Actuarial loss-net of tax	(60,779)	(80,305)
	<b>(46,737)</b>	<b>(82,748)</b>

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

### 11.7 Dividends

The final dividend amounts to Taka 580,686,750 which is Taka 00.50 per share of Taka 10 each for the year 2017 proposed by the Board of Directors of the Company for approval at the Annual General Meeting of Shareholders. As this dividend is subject to approval by shareholders at the Annual General Meeting, it has not been included as a liability in these financial statements as of December 31, 2017.

	2017 Taka'000	2016 Taka'000
Retained earnings	(552)	(514)
Share capital	184	165
Share money deposits	364	326
	<b>(4)</b>	<b>(23)</b>

## 12. NON-CONTROLLING INTERESTS

### 13. DEFERRED TAXES

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

Property, plant and equipment	2,253,730	2,304,282
Derivative instruments	3,610	1,434

<b>Deferred tax liabilities</b>	<b>2,257,340</b>	<b>2,305,716</b>
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Provision for gratuity	25,011	26,707
Provision for doubtful debts	3,801	2,988

<b>Deferred tax assets</b>	<b>28,812</b>	<b>29,695</b>
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<b>Net deferred tax liability</b>	<b>2,228,528</b>	<b>2,276,021</b>
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#### 13.1 Change in deferred tax assets and liability

Balance at 1 January- deferred tax liability	2,276,021	2,318,292
Deferred tax expenses for the year (Note- 28)	(70,135)	(26,897)
Other components of equity	6,318	(10,321)
Translation adjustments	16,324	(5,053)
Balance at 31 December- deferred tax liability	<b>2,228,528</b>	<b>2,276,021</b>

## 14. EMPLOYEE BENEFITS

Contribution to gratuity plan	29,903	64,464
	<b>29,903</b>	<b>64,464</b>

#### 14.1 LafargeHolcim Bangladesh Limited (Funded Plan)

##### Net position of gratuity plan

Present value of defined benefit obligation	264,157	269,679
Fair value of plan assets	(249,443)	(218,314)

<b>Net funded status</b>	<b>14,714</b>	<b>51,365</b>
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##### Actuarial valuation

The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2017 by a professional actuary using Projected Unit Credit Method.

	2017	2016
<b>Assumptions employed for the valuations are as follows:</b>	%	%
Expected rate of salary increase	8.00	8.00
Expected return on plan assets	8.00	8.00

	2017 Taka'000	2016 Taka'000
<b>Movement in the present value of the defined benefit obligation are as follows:</b>		
Balance at 1 January	269,679	249,656
Adjustment	-	5,573
Current service cost	36,758	31,399
Interest cost	20,297	20,418
Actuarial (gain)/loss	(23,657)	(24,298)
Benefits paid during the year	(38,920)	(13,069)
<b>Balance at 31 December</b>	<b>264,157</b>	<b>269,679</b>

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

Balance at 1 January	218,314	221,755
Adjustment	-	5,652
Contributions from employer	51,365	51,365
Expected return on plan assets	18,684	18,193
Actuarial loss	-	(65,582)
Benefits paid during the year	(38,920)	(13,069)
<b>Balance at 31 December</b>	<b>249,443</b>	<b>218,314</b>

**14.2 Lafarge Umiam Mining Private Limited (Unfunded Plan)**

**Actuarial valuation**

The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2017 by a professional actuary using Projected Unit Credit Method.

	2017	2016
<b>Assumptions employed for the valuations are as follows:</b>	%	%
Discount rate	7.82	7.13
Expected rate of salary increase	8.00	8.00

	2017 Taka'000	2016 Taka'000
<b>Movement in the present value of the defined benefit obligation are as follows:</b>		
Balance at 1 January	13,099	11,480
Current service cost	1,736	1,360
Interest cost	996	908
Actuarial (gain)/loss	(1,166)	(299)
Benefits paid during the year	(1,026)	(107)
Translation adjustment	1,550	(243)
<b>Balance at 31 December</b>	<b>15,189</b>	<b>13,099</b>

## 15. DERIVATIVE INSTRUMENTS

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

## 16. PROVISIONS

### Site restoration provisions

Balance at 1 January	30,187	27,787
Addition for the year	3,141	2,968
Translation adjustment	3,664	(568)
Balance at 31 December	<b>36,992</b>	<b>30,187</b>

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

## 17. TRADE PAYABLES

Payable for goods and services	2,168,329	1,605,957
General assistance fee (Note- 17.1)	294,990	203,359
Trademark license fee (Note- 17.2)	294,990	203,359
Advances paid by customers	141,458	319,911
	<b>2,899,767</b>	<b>2,332,586</b>

### 17.1 General assistance fee

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

### 17.2 Trademark license fee

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

## 18. OTHER PAYABLES

	2017 Taka'000	2016 Taka'000
Payables to suppliers of property, plant and equipment	176,918	69,147
Income tax and VAT deducted at source	140,338	96,675
Others	157,828	170,998
Dividend payable	47,841	41,669

<b>522,925</b>	<b>378,489</b>
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## 19. SHORT TERM DEBT

Bank overdraft facilities (Note- 19.1)	596	55,800
Short term credit facilities (Note-19.2)	558,243	468,497

<b>558,839</b>	<b>524,297</b>
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### 19.1 Used bank overdrafts facilities

*Lafarge Umiam Mining Private Limited*

Citibank N.A., Mumbai	596	28,209
State Bank of India	-	27,591

<b>596</b>	<b>55,800</b>
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### 19.2 Used short term credit facilities

Citibank N.A., Mumbai	372,162	259,839
The Hongkong and Shanghai Banking Corporation Limited, Mumbai	-	149,604
Standard Chartered Bank, Mumbai	186,081	59,054

<b>558,243</b>	<b>468,497</b>
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## 20. CURRENT TAX LIABILITIES

Balance at 1 January	1,051,004	304,624
Provision for the year	620,666	747,876
Translation adjustment	(28,869)	(1,496)

<b>1,642,801</b>	<b>1,051,004</b>
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## 21. COMMITMENTS AND CONTINGENCIES

### 21.1 Commitments

	Less than 1 year Taka'000	1 to 5 years Taka'000	More than 5 years Taka'000	2017 Taka'000	2016 Taka'000
<b>Commitments related to operating activities</b>					
Purchase commitments	1,323,730	-	-	1,323,730	1,144,288
Capital expenditure commitments	167,747	-	-	167,747	67,061
Operating leases	53,030	53,030	-	106,060	262,727
Guarantees given	17,750	379,294	63,068	460,112	424,666

## 21.2 Contingent Liabilities

### LafargeHolcim Bangladesh Limited

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

**2017**  
**Taka'000**

**2016**  
**Taka'000**

**35,066**

**35,066**

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

**74,157**

**74,157**

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

**112,404**

**112,404**

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

**135,111**

**135,111**

### 21.3 Claims

a. Claims against the Company not acknowledged as debt	Nil	Nil
b. Claims by the Company not acknowledged as receivable	Nil	Nil

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

### 21.5 Lafarge Umiam Mining Private Limited

The Company entered into a Limestone Mining Agreement with a mining contractor (the "Contractor"). The Contractor failed to engage the right mining equipment, many mining equipment were more than 5 years old and in violation of the provisions of the Agreement. The Contractor failed to produce right sizes of Limestone as specified in the Agreement. Company issued notices of Breach, Material Breach to the Contractor in terms of the Agreement. On 28.02.2016 the Agreement was terminated. Company submitted its 'Request for Arbitration' to the Secretariat of the International Court of Arbitration (ICC), Paris as per the provisions of the Agreement, with a claim of Taka 264.86 million. The Contractor made counter-claim of Taka 733.25 million. By order dated 11.09.2016, the ICC appointed Arbitration Tribunal rejected the counterclaim of the Contractor on procedural ground. On 11.12.2016, the Contractor filed an application before the Calcutta High Court under Section 34 of the Arbitration and Conciliation Act, 1996 seeking to set aside the Order of the Arbitration Tribunal dated 11.09.2016 (the "Application"). The Hearing on the Application is awaited. Arbitration proceedings however continue to proceed on the claim filed by LUMPL. The Contractor has filed an application for stay of the Order dated 11.09.2016 before the tribunal on the ground that the matter is pending before the High Court. The application is yet to be heard by the Tribunal. The Company is of the opinion that the counter-claim of the Contractor, even if taken on record by the Tribunal at a subsequent stage or under order of the High Court, is not likely to succeed in full on merits of the matter and accordingly counterclaim of the Contractor has not been acknowledged as debt and no provision for the same has been made. The lawyers are of the view that the case of Company is strong on merits.

## 22. REVENUE

	2017 Taka'000	2016 Taka'000
Sale of gray cement*	7,748,241	8,875,577
Sale of cement clinker	2,944,913	1,853,278
Other sales (Limestone and slag sales to Holcim Cement (Bangladesh) Limited)	125,977	-
	<b>10,819,131</b>	<b>10,728,855</b>
<b>Sale of gray cement*</b>		
Local sales	7,741,722	8,855,378
Export in Export Processing Zones	6,519	20,199
	<b>7,748,241</b>	<b>8,875,577</b>

## 23. COST OF SALES

	2017 Taka'000	2016 Taka'000
Opening finished goods and work in process (Note- 7)	104,117	148,797
Raw materials costs (Note- 23.1)	2,349,213	2,226,885
Toll manufacturing costs	1,005,749	82,234
Power and fuel costs	1,366,175	1,304,776
Production and maintenance costs (Note- 23.2)	1,678,715	1,302,888
Plant general and administrative costs (Note- 23.3)	450,530	443,987
Freight cost to customers	650,260	607,249
Depot operating and transportation costs (Note- 23.4)	823,035	898,955
Site restoration costs	3,141	2,968
Closing finished goods and work in process (Note- 7)	(210,679)	(104,117)
	<b>8,220,256</b>	<b>6,914,622</b>
<b>23.1 Raw materials costs</b>		
Limestone	1,397,174	1,040,967
Clay	73,653	85,506
Gypsum	201,533	220,617
Iron Ore	78,348	47,985
Sand	32,261	32,428
Slag	192,952	187,358
Packing Bags	363,976	430,671
Others	9,316	181,353
	<b>2,349,213</b>	<b>2,226,885</b>
<b>23.2 Production and maintenance costs</b>		
Salary, allowances and benefits	280,709	257,108
Contributions to employees' benefit schemes	20,820	21,838
Maintenance	145,359	164,237
Other supplies and spares	264,937	200,767
Material handling	67,848	57,356
Other expenses	156,569	6,209
Technical studies	649	1,734
Impairment of construction in progress	121,008	-
Depreciation (Note- 6.1)	552,658	554,671
Amortization of intangible assets	68,158	38,968
	<b>1,678,715</b>	<b>1,302,888</b>
<b>23.3 Plant general and administrative costs</b>		
Salary, allowances and benefits	117,410	101,038
Contributions to employees' benefit schemes	5,022	6,365
Staff welfare expenses	42,965	18,430
Training, seminars and meetings	1,720	2,015
Travelling	13,689	14,572
Rent	6,961	5,627
Gas, electricity and water	2,282	4,814

	<b>2017</b> <b>Taka'000</b>	<b>2016</b> <b>Taka'000</b>
Telephone, fax and postage	2,524	2,670
Office maintenance	58,272	74,419
Security services	77,489	64,232
Printing and stationery	976	1,015
Other supplies and spares	16,715	17,947
Other office expenses	24,446	10,417
Legal expenses	4,700	5,396
Consultancy	11,086	17,310
Vehicles running expenses	11,419	19,138
Corporate social activities	27,410	20,536
Insurance	25,444	58,046
	<b>450,530</b>	<b>443,987</b>

#### **23.4 Depot operating and transportation costs**

Salary, allowances and benefits	106,754	98,587
Contributions to employees' benefit schemes	9,192	6,915
Staff welfare expenses	2,956	1,339
Training, seminars and meeting	1,062	3
Depreciation (Note- 6.1)	1,870	1,846
Depot other maintenance costs	155,403	122,193
Transportation costs	545,798	668,072
	<b>823,035</b>	<b>898,955</b>

#### **24. GENERAL AND ADMINISTRATIVE EXPENSES**

Salary, allowances and benefits	241,582	152,534
Contributions to employees' benefit schemes	18,603	14,243
Staff welfare expenses	3,892	4,618
Training, seminars and meeting	18,034	10,762
Travelling	12,327	9,046
Rent	46,794	44,718
Gas, electricity and water	3,551	3,057
Telephone, fax and postage	4,748	3,705
Entertainment	8,496	4,038
Office maintenance	10,893	5,072
Office security services	2,287	2,322
Printing and stationery	2,030	978
IT maintenance expenses	98,561	89,539
Other office expenses	14,388	7,717
Registration and other fees	3,710	2,418
Audit and tax advisory fees (Note- 24.1)	3,757	3,919
Legal expenses	668	1,763
Vehicles running expenses	18,672	14,137

	<b>2017</b> <b>Taka'000</b>	<b>2016</b> <b>Taka'000</b>
Publicity and public relation	15,092	9,289
General assistance fee	91,631	100,394
Trademark license fee	91,631	100,394
Consulting, survey and studies	290,914	3,495
Administrative depreciation (Note- 6.1)	32,814	25,371
Amortization of intangible assets	4,982	9,633
Contribution to Workers' Profit Participation and Welfare Fund	39,155	100,174
	<b>1,079,212</b>	<b>723,336</b>
<b>24.1 Audit and Tax Advisory Fees</b>		
Statutory audit fee	250	200
Group audit fees	1,000	1,020
Interim audit fee	230	230
Certification fees	52	144
Pocket expenses	70	70
Tax and VAT advisory services	561	635
Total for LafargeHolcim Bangladesh Limited (Note- 24)	<b>2,163</b>	<b>2,299</b>
Statutory audit fee	1,094	1,203
Tax advisory services	408	328
Total for Lafarge Umiam Mining Private Limited (Note- 24)	<b>1,502</b>	<b>1,531</b>
Statutory audit fee	44	44
Tax advisory services	48	45
Total for Lum Mawshun Minerals Private Limited (Note- 24)	<b>92</b>	<b>89</b>
	<b>3,757</b>	<b>3,919</b>
<b>25. SALES AND MARKETING EXPENSES</b>		
Salary, allowances and benefits	121,325	82,180
Contributions to employees' benefit schemes	12,181	6,562
Staff welfare expenses	1,459	-
Training, seminars and meeting	129	2,159
Travelling	9,255	27,210
Gas, electricity and water	139	266
Telephone, fax and postage	1,217	1,264
Entertainment	1,766	1,085
Office maintenance	6,196	1,083
Printing and stationery	105	239
Other office expenses	2,152	411
Registration and other fees	2,087	1,893
Vehicles running expenses	23,016	5,024
Advertisement and promotion	78,384	64,678
Provision for trade receivables	3,247	1,345
General survey and studies	371	573
	<b>263,029</b>	<b>195,972</b>

**26. OTHER OPERATING (EXPENSES)/ INCOME**

	<b>2017</b> <b>Taka'000</b>	<b>2016</b> <b>Taka'000</b>
Loss on sale of property, plant and equipment	(2,363)	(19,967)
Sale of miscellaneous scrap items	7,667	7,979
Others	8,657	1,188
	<b>13,961</b>	<b>(10,800)</b>

**27. FINANCE COSTS AND INCOME**

Interest on short term debt	22,487	32,066
Exchange loss	-	17,506
Other finance costs	3,918	8,510
Bank charges and commission	15,024	13,377
<b>Finance costs</b>	<b>41,429</b>	<b>71,459</b>
Interest income on bank deposits	111,740	134,796
Exchange gain	14,916	-
<b>Finance income</b>	<b>126,656</b>	<b>134,796</b>
<b>Net finance income</b>	<b>85,227</b>	<b>63,337</b>

**28. INCOME TAX**

Current income tax expenses	620,666	747,876
Deferred income tax	(70,135)	(26,897)
	<b>550,531</b>	<b>720,979</b>

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

Statutory tax rate	32.03	28.00
Dividend income from subsidiary company	(8.43)	-
Permanent differences	18.42	0.95
Effect on opening deferred tax adjustments	-	(2.98)
Effect of foreign tax differentials	(1.42)	(1.51)
<b>Effective tax rate</b>	<b>40.60</b>	<b>24.46</b>

**29. EARNINGS PER SHARE**

The computation of basic earnings per share for the years ended 31 December 2017 and 31 December 2016 are as follows:

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

<b>INCOME FOR THE YEAR- ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY</b>	<b>805,328</b>	<b>2,226,535</b>
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**DENOMINATOR** *(Thousands of Shares)*

<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>	<b>1,161,374</b>	<b>1,161,374</b>
<b>BASIC EARNINGS PER SHARE</b> <i>Taka</i>	<b>0.69</b>	<b>1.92</b>
<b>DILUTED EARNINGS PER SHARE</b> <i>Taka</i>	<b>0.69</b>	<b>1.92</b>

### 30. RELATED PARTY TRANSACTIONS

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

Name of the Party and relationship	Nature of transaction	Transaction value during the year Taka '000	Receivable/ (Payable) at 31 Dec 2017 Taka '000
Surma Holdings B.V.-Group Company	Dividend payment	615,328	-
Holcim Asean Business Service Centre	Intercompany services/Technical assistance	149,621	(173,097)
Lafarge S.A.-Group Company	Technical assistance/Trademark license	114,691	(381,986)
Cementos Molins-Group Company	Trademark license/Travel expenses	76,970	(259,627)
LafargeHolcim Ltd-Group Company	Intercompany services	2,364	2,364
LH Trading Ltd- Group Company	Intercompany services	-	16,276
LH Trading Pte Ltd- Group Company	Intercompany purchase	262,081	(76,932)
PT Lafarge Cement Indonesia Group Company	Intercompany services	-	664
MBEYA Cement Company Ltd. Group Company	Intercompany services	3,618	5,987
Holcim Group Services Ltd. Group Company	Intercompany services	1,151	(1,343)
Lafarge International Services Singapore Pte Ltd. Group Company	Intercompany services	5,380	(2,379)
Holcim Cement (Bangladesh) Ltd. Group Company	Clinker sales and intercompany services	2,250,566	578,136
Holcim Cement (Bangladesh) Ltd. Group Company	Cement purchase	1,157,646	(149,323)
Eastern Housing Ltd. Shareholder's associated entity	Cement sales	7,382	1,290
Aftab Bahumukhi Farms Ltd.- Shareholder's associated entity	Cement sales	17	(14)
Bengal Development Corporation- Shareholder's associated entity	Cement sales	11,605	3,179
Jahurul Islam Medical College- Shareholder's associated entity	Cement sales	1,570	212
Opex Group- Shareholder's associated entity	Cement sales	4,103	258
Shikharaa Developments Ltd.- Shareholder's associated entity	Cement sales	-	12
Sinha Peoples Energy Ltd.- Shareholder's associated entity	Cement sales	1,713	329
Lafarge Umiat Mining Private Limited - Subsidiary company	Purchase of limestone	2,799,669	(136,226)

### 31. DIRECTORS', MANAGERS' AND OFFICERS' REMUNERATION

	2017 Taka'000	2016 Taka'000
Salary, allowances and benefits	346,999	271,568
Contributions to employees' benefit scheme	28,444	23,443
Reimbursable expenses	13,235	11,593
	<b>388,678</b>	<b>306,604</b>

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

### 32. FINANCIAL INSTRUMENTS

#### 32.1 Credit risk

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

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

	2017 Taka'000	2016 Taka'000
Trade receivables (Note- 8)	1,531,303	1,361,677
Other receivables excluding prepaid expenses (Note- 9)	2,473,567	1,989,632
	<b>4,004,870</b>	<b>3,351,309</b>

#### 32.2 Liquidity risk

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

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

	Carrying amount Taka'000	6 months or less Taka'000	From 6 to 12 months Taka'000	From 1 to 5 years Taka'000
Trade payables	2,899,767	2,169,062	730,705	-
Other payables	522,925	381,555	141,370	-
Short-term debt	558,839	558,839	-	-
Derivative instruments	-	-	-	-
<b>Balance at 31 December 2017</b>	<b>3,981,531</b>	<b>3,109,456</b>	<b>872,075</b>	<b>-</b>
	Carrying amount Taka'000	6 months or less Taka'000	From 6 to 12 months Taka'000	From 1 to 5 years Taka'000
Trade payables	2,332,586	1,826,195	506,391	-
Other payables	378,489	353,862	24,627	-
Short-term debt	524,297	524,297	-	-
Derivative instruments	1,103	1,103	-	-
<b>Balance at 31 December 2016</b>	<b>3,236,475</b>	<b>2,705,457</b>	<b>531,018</b>	<b>-</b>

### 32.3 Market risk

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

#### a) Foreign currency risk

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

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

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

Balance at 31 December 2017	BDT'000	INR'000	USD'000	EUR'000	GBP'000
<i>Foreign currency denominated assets</i>					
Cash and cash equivalents	317,831	245,092	2	6	-
Other receivables	1,295,760	988,360	207	-	-
<b>Total</b>	<b>1,613,591</b>	<b>1,233,452</b>	<b>209</b>	<b>6</b>	<b>-</b>

#### *Foreign currency denominated liabilities*

Trade payables	897,149	518,253	2,470	228	-
Other payables	142,074	36,076	879	231	-
Short-term debt	558,821	461	6,750	-	-
<b>Total</b>	<b>1,598,044</b>	<b>554,790</b>	<b>10,099</b>	<b>459</b>	<b>-</b>

Balance at 31 December 2016	BDT'000	INR'000	USD'000	EUR'000	GBP'000
<i>Foreign currency denominated assets</i>					
Cash and cash equivalents	99,438	85,544	3	1	-
Other receivables	725,287	611,882	207	-	-
<b>Total</b>	<b>824,725</b>	<b>697,426</b>	<b>210</b>	<b>1</b>	<b>-</b>

#### *Foreign currency denominated liabilities*

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

### Exchange rate sensitivity

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

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

<i>Particulars</i>	2017	2016
	Estimated impact on profit/loss and equity (+/-) Taka'000	Estimated impact on profit/loss and equity (+/-) Taka'000
Assets denominated in USD	87	83
Assets denominated in INR	7,979	4,041
Liabilities denominated in USD	4,176	2,787
Liabilities denominated in EUR	226	239
Liabilities denominated in INR	3,589	2,918

### b) Interest rate risk

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

#### Interest rate sensitivity

A +/- 1% change in short-term interest rates calculated on the financial assets and financial liabilities, would have a maximum impact on the Company's 2017 profit before tax of +/- Taka 16,085 (Taka 26,456 for 2016) in thousands and Taka 5,588 (Taka 5,243 for 2016) in thousands respectively.

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

	2017 Taka'000	2016 Taka'000
<b>Financial assets</b>		
Term deposits	1,619,896	2,645,633
	<b>1,619,896</b>	<b>2,645,633</b>
<b>Financial liabilities</b>		
Short-term bank borrowings	558,839	524,297
	<b>558,839</b>	<b>524,297</b>

### c) Other price risk

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

### 32.4 Fair values

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

#### FINANCIAL INSTRUMENTS IN THE STATEMENT OF FINANCIAL POSITION

<i>At 31 December</i> <i>Thousand Taka</i>	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>ASSETS</b>				
<i>Financial assets at fair value through profit and loss</i>				
Accrued interest	7,431	7,431	20,917	20,917
<i>Loans and Receivables at amortized costs</i>				
Trade receivables	1,531,303	1,531,303	1,361,677	1,361,677
Other receivables	2,544,836	2,544,836	2,049,202	2,049,202
Cash and cash equivalents	3,632,655	3,632,655	3,697,428	3,697,428
Derivative instruments	15,176	15,176	838	838
<b>LIABILITIES</b>				
<i>Financial liabilities at amortized cost</i>				
Trade payables	2,899,767	2,899,767	2,332,586	2,332,586
Other payables	522,925	522,925	378,489	378,489
Short-term debt	558,839	558,839	524,297	524,297
Derivative instruments	-	-	1,103	1,103

### 33. NUMBER OF EMPLOYEES

#### *LafargeHolcim Bangladesh Limited*

##### *Nationality:*

	2017	2016
Bangladeshi	386	380
Non-Bangladeshi	8	5

#### *Lafarge Umiam Mining Private limited*

##### *Nationality:*

	2017	2016
Indian	127	118
Non-Indian	1	1

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**522**  
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**504**  
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##### *Salary range:*

	2017	2016
Monthly Taka 3,000 or above	522	504
Monthly below Taka 3,000	Nil	Nil

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Nil  
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### 34. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

	Opening balance 2016	Cash flows	Non-cash currency translation	Closing balance 2017
Short-term debt	524,297	30,993	3,549	558,839

### 35. SUBSEQUENT EVENTS

LafargeHolcim Bangladesh Limited (the "Company") has acquired 100% shares of Holcim Cement (Bangladesh) Limited for a consideration of BDT 5,047,820 (in thousand) only. The transfer of shares of Holcim Cement (Bangladesh) Limited in the name of the company has been completed on 07 January 2018. Accordingly, Holcim Cement (Bangladesh) Limited has become 100% owned subsidiary of the company.

### 36. STANDARDS ISSUED BUT NOT YET EFFECTIVE

BFRS 15: The company will not be materially impacted by BFRS 15 since the company is primarily involved in the delivery at a point of cement and clinker which are separately itemized on the invoice, net of discount.

BFRS 9: Except for the disclosure requirements, the new standard will not materially impact the company's financial statements.



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

Dhaka, Bangladesh

Dated: 20 March 2018

# FINANCIAL STATEMENTS OF LAFARGEHOLCIM BANGLADESH LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2017

# REBUILDING

LafargeHolcim Bangladesh stresses on research and innovations to effectively contribute in rebuilding infrastructures. It aims to facilitate people to enjoy a higher quality of life and secure a better future for the next generations.

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LAFARGEHOLCIM BANGLADESH LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of LafargeHolcim Bangladesh Limited, which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of LafargeHolcim Bangladesh Limited as at 31 December 2017 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

### Report on Other Legal and Regulatory Requirements

The financial statements also comply with the applicable sections of the Companies Act 1994, Securities and Exchange Rules 1987 and other applicable laws and regulations.

### We also report that:

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

**LAFARGEHOLCIM BANGLADESH LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2017**

	NOTES	2017 Taka'000	2016 Taka'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	9,994,612	10,471,206
Intangible assets	7	134,682	31,639
Investment in subsidiaries	8	532,662	477,078
Loan to subsidiary company	9	-	64,222
		<b>10,661,956</b>	<b>11,044,145</b>
<b>CURRENT ASSETS</b>			
Inventories	10	1,232,948	1,103,363
Trade receivables	11	1,531,303	1,361,677
Other receivables	12	1,735,862	1,566,294
Cash and cash equivalents	13	3,315,578	3,598,307
		<b>7,815,691</b>	<b>7,629,641</b>
<b>TOTAL ASSETS</b>		<b>18,477,647</b>	<b>18,673,786</b>
<b>EQUITY &amp; LIABILITIES</b>			
Share capital	14.3	11,613,735	11,613,735
Retained earnings		2,034,173	2,690,847
Other components of equity	14.6	(49,987)	(123,314)
<b>EQUITY</b>		<b>13,597,921</b>	<b>14,181,268</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability	15	1,989,150	2,061,888
Employee benefits	16	14,714	51,365
		<b>2,003,864</b>	<b>2,113,253</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	17	2,362,390	2,027,464
Other payables	18	513,472	351,801
		<b>2,875,862</b>	<b>2,379,265</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>18,477,647</b>	<b>18,673,786</b>

*The accompanying Notes 1 to 41 form an integral part of these financial statements.*

  
 Chief Financial Officer

  
 Company Secretary

  
 Director

  
 Chief Executive Officer  
 As per our annexed report of same date

Dhaka, Bangladesh  
 Dated : 20 March 2018

  
 Nurul Faruk Hasan & Co  
 Chartered Accountants

## LAFARGEHOLCIM BANGLADESH LIMITED

### STATEMENT OF PROFIT OR LOSS for the year ended 31 December 2017

	NOTES	2017 Taka'000	2016 Taka'000
<b>REVENUE</b>	21	10,819,131	10,728,855
Cost of sales	22	(9,128,184)	(8,030,776)
<b>GROSS PROFIT</b>		<b>1,690,947</b>	<b>2,698,079</b>
General and administrative expenses	23	(1,030,382)	(613,945)
Sales and marketing expenses	24	(263,029)	(195,972)
Other operating income	25	312,484	(10,800)
<b>OPERATING PROFIT</b>		<b>710,020</b>	<b>1,877,362</b>
Finance cost	26	(35,400)	(18,977)
Finance income	26	108,477	145,098
<b>PROFIT BEFORE WPPF &amp; TAX</b>		<b>783,097</b>	<b>2,003,483</b>
Workers' profit participation and welfare fund (WPPF)	3.9 (iii)	(39,155)	(100,174)
<b>PROFIT BEFORE TAX</b>		<b>743,942</b>	<b>1,903,309</b>
Income tax	27	(239,242)	(493,886)
<b>PROFIT FOR THE YEAR</b>		<b>504,700</b>	<b>1,409,423</b>
Basic earnings per share (Taka)	28	0.43	1.21
Diluted earnings per share (Taka)	28	0.43	1.21

The accompanying Notes 1 to 41 form an integral part of these financial statements.

  
Chief Financial Officer

  
Company Secretary

  
Director

  
Chief Executive Officer  
As per our annexed report of same date

Dhaka, Bangladesh  
Dated : 20 March 2018

  
Nurul Faruk Hasan & Co  
Chartered Accountants

**LAFARGEHOLCIM BANGLADESH LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 31 December 2017

	2017 Taka'000	2016 Taka'000
<b>PROFIT FOR THE YEAR</b>	<b>504,700</b>	<b>1,409,423</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Actuarial gain/(loss)	23,657	(41,284)
Income tax on items that will not be reclassified to profit or loss	(5,914)	10,321
<b>Total items that will not be reclassified to profit or loss</b>	<b>17,743</b>	<b>(30,963)</b>
<b>Items that may be reclassified subsequently to profit or loss</b>		
Exchange differences on translating foreign operations	55,584	(9,552)
<b>Total items that may be reclassified to profit or loss</b>	<b>55,584</b>	<b>(9,552)</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>	<b>73,327</b>	<b>(40,515)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>578,027</b>	<b>1,368,908</b>

*The accompanying Notes 1 to 41 form an integral part of these financial statements.*



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

As per our annexed report of same date

Dhaka, Bangladesh  
Dated: 20 March 2018



Nurul Faruk Hasan & Co  
Chartered Accountants

**LAFARGEHOLCIM BANGLADESH LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 31 December 2017**

*(All figures are in Taka '000)*

	Share capital	Retained earnings	Other components of equity	Total equity
<b>Balance at 1 January 2016</b>	11,613,735	2,442,798	(82,799)	13,973,734
Total comprehensive income/(loss) for the year	-	1,409,423	(40,515)	1,368,908
Interim dividend	-	(580,687)	-	(580,687)
Final dividend	-	(580,687)	-	(580,687)
<b>Balance at 31 December 2016</b>	<b>11,613,735</b>	<b>2,690,847</b>	<b>(123,314)</b>	<b>14,181,268</b>
<b>Balance at 1 January 2017</b>	11,613,735	2,690,847	(123,314)	14,181,268
Total comprehensive income for the year	-	504,700	73,327	578,027
Interim dividend	-	(580,687)	-	(580,687)
Final dividend	-	(580,687)	-	(580,687)
<b>Balance at 31 December 2017</b>	<b>11,613,735</b>	<b>2,034,173</b>	<b>(49,987)</b>	<b>13,597,921</b>



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

Dhaka, Bangladesh  
Dated: 20 March 2018

## LAFARGEHOLCIM BANGLADESH LIMITED

### STATEMENT OF CASH FLOWS for the year ended 31 December 2017

	2017 Taka'000	2016 Taka'000
<b>Cash Flows From Operating Activities</b>		
Cash receipts from customers	10,471,052	10,277,743
Cash paid to suppliers and employees	(9,588,118)	(8,430,905)
Cash generated in operations	882,934	1,846,838
Income taxes paid	(290,572)	(303,464)
Other receipts	7,667	7,979
<b>Net cash generated by operating activities</b>	<b>600,029</b>	<b>1,551,353</b>
<b>Cash Flows From Investing Activities</b>		
Payments for property, plant and equipment	(224,997)	(445,717)
Payments for intangible assets	(537)	(15,707)
Proceeds from sale of property, plant and equipment	1,442	598
Interest income	123,174	131,632
Received against loan to subsidiary company	64,222	255,437
Dividend received from subsidiary company	307,182	-
Interest received from subsidiary company	16,468	75,400
<b>Net cash generated by investing activities</b>	<b>286,954</b>	<b>1,643</b>
<b>Cash Flows From Financing Activities</b>		
Payment of interest and other finance costs	(14,510)	(19,167)
Dividend paid	(1,155,202)	(1,145,412)
<b>Net cash used in financing activities</b>	<b>(1,169,712)</b>	<b>(1,164,579)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(282,729)</b>	<b>388,417</b>
<b>Cash and Cash Equivalents at Beginning of the Year</b>	<b>3,598,307</b>	<b>3,209,890</b>
<b>Cash and Cash Equivalents at End of the Year</b>	<b>3,315,578</b>	<b>3,598,307</b>

  
Chief Financial Officer

  
Company Secretary

  
Director

  
Chief Executive Officer

Dhaka, Bangladesh

Dated: 20 March 2018

**LAFARGEHOLCIM BANGLADESH LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2017**

## **1. BACKGROUND AND INTRODUCTION**

### **Formation and legal status**

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

## **2. NATURE OF BUSINESS**

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

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

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **3.1, Basis of preparation**

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

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

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

### **3.2 Use of Estimates and Judgements**

#### **i) Estimates**

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

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

#### **ii) Judgements**

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

### 3.3. Functional and presentation currency

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

### 3.4. Property, plant and equipment

#### i) Recognition of property, plant and equipment

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

#### ii) Subsequent costs

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

#### iii) Construction in progress.

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

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

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

Category of PP&E	Rate %
Leasehold improvement	20
Building	2
Plant building	2.5
Plant & machinery	3.33
Vehicles	20
Computer equipment	33.33
Office equipment	10 & 20
Furniture & fixtures	10

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

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

### 3.5. Intangible assets

#### i) Software

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

**ii) Others**

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

**iii) Construction in progress**

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

**iv) Amortization of intangible assets****a) Software**

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

**b) Others**

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

**3.6. Inventories**

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

**3.7. Financial instruments**

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

**i) Non-derivative financial assets**

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

**a) Trade receivables**

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

**b) Cash and cash equivalents**

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

**ii) Non-derivative financial liabilities**

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

### iii) Derivative instruments

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

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

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

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

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

### 3.8 Foreign currency translation/ transaction

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

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

Currencies	2017		2016	
	Closing rate	Average rate	Closing rate	Average rate
BDT/USD	82.7000	80.4475	78.7400	78.4695
BDT/EUR	98.3138	90.9579	81.9802	86.8486
BDT/GBP	110.7932	103.6984	96.2676	106.3512
BDT/INR	1.2937	1.2358	1.1587	1.1679

### 3.9 Employees' benefit schemes

#### i) Gratuity plan

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

#### ii) Provident fund

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

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

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

### 3.10 Taxation

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

#### Current tax

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

### **Deferred tax**

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

Deferred tax liabilities are recognised for all temporary taxable differences.

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

#### **3.11 Revenue recognition**

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

#### **3.12 Provision**

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

#### **3.13 Offsetting**

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

#### **3.14 Materiality and aggregation**

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

#### **3.15 Comparatives**

Comparative figures and account titles in the financial statements have been rearranged/reclassified where necessary to conform with changes in presentation in the current year.

#### **3.16 Dividend distribution**

Final dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders at the Annual General Meeting, while interim dividend distributions are recognised in the period in which the dividends are declared and paid.

## **4. FINANCIAL RISK MANAGEMENT POLICIES**

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

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

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

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

## 6. PROPERTY, PLANT AND EQUIPMENT

<i>Figures in Taka '000</i>	Freehold	Building	Plant building	Plant & machinery	Vehicles	Computer equipment	Office equipment	Furniture & fixtures	Construction in progress	Total
COST										
At January 1, 2017	532,077	62,621	550,331	13,198,736	193,450	102,516	199,568	60,441	547,161	15,446,901
Additions*	-	-	-	72,079	6,482	-	1,592	-	84,477	164,630
Adjustments	-	-	-	-	-	-	-	428	-	428
Disposals	-	-	-	-	(12,889)	(3,309)	(250)	(179)	(121,008)	(137,635)
Transfers	-	-	-	39,388	-	-	46,877	-	(86,265)	-
At December 31, 2017	532,077	62,621	550,331	13,310,203	187,043	99,207	247,787	60,690	424,365	15,474,324
DEPRECIATION										
At January 1, 2017	-	13,981	128,790	4,429,632	136,666	91,779	126,622	48,225	-	4,975,695
Disposals	-	-	-	-	(9,096)	(3,309)	(250)	(165)	-	(12,820)
Adjustments	-	-	-	-	(520)	-	538	461	-	479
Change for the year	-	1,246	14,042	445,687	25,099	6,854	18,035	5,395	-	516,358
At December 31, 2017	-	15,227	142,832	4,875,319	152,149	95,324	144,945	53,916	-	5,479,712
<b>CARRYING AMOUNT</b>										
At December 31, 2017	<b>532,077</b>	<b>47,394</b>	<b>407,499</b>	<b>8,434,884</b>	<b>34,894</b>	<b>3,883</b>	<b>102,842</b>	<b>6,774</b>	<b>424,365</b>	<b>9,994,612</b>
At December 31, 2016	<b>532,077</b>	<b>48,640</b>	<b>421,541</b>	<b>8,769,104</b>	<b>56,784</b>	<b>10,737</b>	<b>72,946</b>	<b>12,216</b>	<b>547,161</b>	<b>10,471,206</b>

### 6.1 Depreciation charge for the year allocated to

Production and maintenance overhead (Note- 22.2)

Depot operating and transportation costs (Note-22.4)

General and administrative expenses (Note- 23)

	2017 Taka'000	2016 Taka'000
	481,674	488,846
	1,870	1,846
	32,814	25,371
	<b>516,358</b>	<b>516,063</b>

Figures in Taka'000	Computer equipment	Office equipment	Furniture & fixtures	Construction in progress	Total
<b>Disposal details</b>	<b>Vehicles</b>				
Cost	12,889	3,309	250	179	121,008
Accumulated depreciation	(9,096)	(3,309)	(250)	(165)	-
<b>Carrying amount at December 31, 2017</b>	<b>3,793</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>121,008</b>
<b>Sale proceeds</b>	<b>1,289</b>	<b>110</b>	<b>17</b>	<b>26</b>	<b>-</b>
	Company policy	Company policy/tender	Company policy/tender	Company policy	Company policy
<b>Mode of disposal</b>		Third party &	Third party &	Third party &	
<b>Particulars of purchaser</b>	Employees	Employees	Written off	Written off	Written off

## 7. INTANGIBLE ASSETS

Figures in Taka'000	Software	Construction in progress	Total
<b>COST</b>			
At January 1, 2017	102,165	6,334	108,499
Additions	537	116,566	117,103
Disposals	(65,843)	(911)	(66,754)
Transfers	4,580	(4,580)	-
At December 31, 2017	41,439	117,409	158,848
<b>AMORTIZATION</b>			
At January 1, 2017	76,860	-	76,860
Disposals	(65,843)	-	(65,843)
Charge for the year	13,149	-	13,149
At December 31, 2017	24,166	-	24,166

### CARRYING AMOUNT

<b>At December 31, 2017</b>	<b>17,273</b>	<b>117,409</b>	<b>134,682</b>
<b>At December 31, 2016</b>	<b>25,305</b>	<b>6,334</b>	<b>31,639</b>

\*Construction in progress of intangible assets related to migration of ERP Software (JDE to SAP) of BDT 116,566 (in thousands). This migration is required for the company to align with LafargeHolcim group.

## 8. INVESTMENT IN SUBSIDIARIES

	2017 Taka'000	2016 Taka'000
Lafarge Umiam Mining Private Limited (LUMPL) <i>- a fully owned subsidiary incorporated in India</i>	532,139	476,609
Lum Mawshun Minerals Private Limited (LMMPL) <i>- a 74% owned subsidiary incorporated in India</i>	523	469
<b>Balance at 31 December</b>	<b>532,662</b>	<b>477,078</b>

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

Shares held in different entities are as follows:

Name of entities	Face value per share	Number of ordinary shares held by the Company	
		2017	2016
Lafarge Umiam Mining Private Limited	Indian Rupees 10	41,133,099	41,133,099
Lum Mawshun Minerals Private Limited	Indian Rupees 100	4,046	4,046

2017 Taka'000	2016 Taka'000
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## 9. LOAN TO SUBSIDIARY COMPANY (LUMPL)

Balance at 1 January	64,222	320,173
Received during the year	(64,222)	(255,437)
Exchange gain	-	(514)
<b>Balance at 31 December</b>	<b>-</b>	<b>64,222</b>

## 10. INVENTORIES

Raw materials	321,625	184,449
Spare parts	719,802	745,176
Packing materials	8,159	3,148
Other materials	3,633	46,456
Finished goods and work in process	179,729	124,134
	<b>1,232,948</b>	<b>1,103,363</b>

## 11. TRADE RECEIVABLES

Trade receivables (Note- 11.1)	1,546,505	1,373,631
Valuation allowance (Note- 11.2)	(15,202)	(11,954)
	<b>1,531,303</b>	<b>1,361,677</b>

### 11.1 Ageing of trade receivables

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

Within the credit period	1,071,414	787,833
1-30 days	275,111	328,838
31-60 days	74,226	127,348
61-180 days	110,552	117,658
Over 180 days	15,202	11,954
	<b>1,546,505</b>	<b>1,373,631</b>

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

Balance at 1 January	(11,954)	(10,609)
Current year addition	(3,248)	(1,345)
<b>Balance at 31 December</b>	<b>(15,202)</b>	<b>(11,954)</b>

**12. OTHER RECEIVABLES**

	<b>2017</b> <b>Taka'000</b>	<b>2016</b> <b>Taka'000</b>
Contractors, consultants, suppliers and others	327,662	128,324
VAT current account	290,901	238,810
Advance to employees	23,688	57,170
Security and other deposits	8,075	4,807
Prepaid expenses	53,906	52,664
Other receivables	31,546	25,947
Advance income tax (Note- 12.1)	996,757	1,024,080
Accrued interest on bank deposits	3,327	18,500
Accrued interest on loan to subsidiary company	-	15,992
	<b>1,735,862</b>	<b>1,566,294</b>

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

**12.1 Advance income tax- net of tax provision**

Advance income tax-deducted at source	2,177,323	1,886,752
Current tax liabilities (Note- 19)	(1,180,566)	(862,672)
	<b>996,757</b>	<b>1,024,080</b>

**13. CASH AND CASH EQUIVALENTS**

Cash in hand	2,216	435
	2,216	435
<b>Cash at banks</b>		
In current accounts	1,787,378	990,814
In short term deposit accounts	20,514	112,989
In fixed deposit receipts	1,505,470	2,494,069
	3,313,362	3,597,872
	<b>3,315,578</b>	<b>3,598,307</b>

**14. SHARE CAPITAL****14.1 Authorized capital**

<b>1,400,000,000 ordinary shares of Taka 10 each</b>	<b>14,000,000</b>	<b>14,000,000</b>
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In the year 2011, authorized capital has been increased from Taka 7,000,000,000 to Taka 14,000,000,000. Further 58,068,675 ordinary shares of Taka 100 per share were issued as right shares at par amounting to Taka 5,806,867,500 offered on the basis of 1:1, for which approval of Bangladesh Securities and Exchange Commission (BSEC) was obtained on 8 September 2011. Moreover, face value of each ordinary share has been denominated from Taka 100 to Taka 10 at 4 December 2011.

**14.2 Issued and subscribed capital**

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

	<b>2017</b> <b>Taka'000</b>	<b>2016</b> <b>Taka'000</b>
Fully paid up in cash	5,759,888	5,759,888
Fully paid up in other than cash	46,980	46,980
Fully paid up in cash as rights issue	5,806,867	5,806,867
	<b>11,613,735</b>	<b>11,613,735</b>

**14.4 Composition of shareholders at 31 December**

Name of the shareholders	Nationality/ Incorporated In	Number of shares		Holding %	
		2017	2016	2017	2016
Surma Holding B.V.	The Netherlands	683,698,700	683,698,700	58.87	58.87
Sinha Fashions Limited	Bangladesh	35,100,000	35,100,000	3.02	3.02
Islam Cement Limited	Bangladesh	31,914,200	31,914,200	2.75	2.75
Other Shareholders	Bangladesh and NRB	410,660,600	410,660,600	35.36	35.36
		<b>1,161,373,500</b>	<b>1,161,373,500</b>	<b>100.00</b>	<b>100.00</b>

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

Slabs by number of shares	Number of shareholders		Holding %	
	2017	2016	2017	2016
Less than 500 Shares	9,167	10,581	0.20	0.23
501 to 5,000 Shares	14,075	14,964	2.44	2.54
5,001 to 10,000 Shares	2,550	2,519	1.65	1.63
10,001 to 20,000 Shares	1,564	1,523	1.97	1.91
20,001 to 30,000 Shares	560	565	1.21	1.21
30,001 to 40,000 Shares	301	292	0.91	0.88
40,001 to 50,000 Shares	221	211	0.88	0.84
50,001 to 100,000 Shares	375	358	2.36	2.21
100,001 to 1,000,000 Shares	389	366	9.15	8.77
Over 1,000,000 Shares	43	45	79.23	79.78
	<b>29,245</b>	<b>31,424</b>	<b>100.00</b>	<b>100.00</b>

**14.6 Other Components of Equity**

	<b>2017</b> <b>Taka'000</b>	<b>2016</b> <b>Taka'000</b>
Exchange differences on translating foreign operations	12,770	(42,814)
Actuarial loss-net of tax	(62,757)	(80,500)
	<b>(49,987)</b>	<b>(123,314)</b>

**14.7 Dividends**

The final dividend amounts to Taka 580,686,750 which is Taka 00.50 per share of Taka 10 each for the year 2017 proposed by the Board of Directors of the Company for approval at the Annual General Meeting of Shareholders. As this dividend is subject to approval by shareholders at the Annual General Meeting, it has not been included as a liability in these financial statements as of December 31, 2017.

**15. DEFERRED TAX LIABILITY*****Deferred tax by type of temporary differences that resulted in deferred tax assets and liability.***

Property, plant and equipment	2,011,774	2,085,861
<b>Deferred tax liabilities</b>	<b>2,011,774</b>	<b>2,085,861</b>

	2017 Taka'000	2016 Taka'000
Provision for gratuity	18,823	20,985
Provision for doubtful debts	3,801	2,988
<b>Deferred tax assets</b>	<b>22,624</b>	<b>23,973</b>
<b>Net deferred tax liability</b>	<b>1,989,150</b>	<b>2,061,888</b>

### 15.1 Change in deferred tax assets and liability

Balance at 1 January- deferred tax liability	2,061,888	2,136,371
Deferred tax (income)/expenses for the year (Note- 27)	(78,652)	(64,162)
Other component of equity	5,914	(10,321)
Balance at 31 December- deferred tax liability	<b>1,989,150</b>	<b>2,061,888</b>

## 16. EMPLOYEE BENEFITS

### Contribution to gratuity plan

#### *Lafarge Surma Cement Limited (Funded Plan)*

### Net position of gratuity plan

Present value of defined benefit obligation	264,157	269,679
Fair value of plan assets	(249,443)	(218,314)
<b>Net funded status</b>	<b>14,714</b>	<b>51,365</b>

### Actuarial valuation

The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2017 by a professional actuary using Projected Unit Credit Method.

	2017	2016
<b>Assumptions employed for the valuations are as follows:</b>	%	%
Expected rate of salary increase	8.00	8.00
Expected return on plan assets	8.00	8.00

	2017 Taka'000	2016 Taka'000
<b>Movement in the present value of the defined benefit obligation are as follows:</b>		
Balance at 1 January	269,679	249,656
Adjustment	-	5,573
Current service cost	36,758	31,399
Interest cost	20,297	20,418
Actuarial gain	(23,657)	(24,298)
Benefits paid during the year	(38,920)	(13,069)
<b>Balance at 31 December</b>	<b>264,157</b>	<b>269,679</b>

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

	<b>2017</b> <b>Taka'000</b>	<b>2016</b> <b>Taka'000</b>
Balance at 1 January	218,314	221,755
Adjustment	-	5,652
Contributions from employer	51,365	51,365
Expected return on plan assets	18,684	18,193
Actuarial loss	-	(65,582)
Benefits paid during the year	(38,920)	(13,069)
<b>Balance at 31 December</b>	<b>249,443</b>	<b>218,314</b>

**17. TRADE PAYABLES**

Payable for goods and services	1,630,952	1,300,835
General assistance fee (Note- 17.1)	294,990	203,359
Trademark license fee (Note- 17.2)	294,990	203,359
Advance payments from customers	141,458	319,911
	<b>2,362,390</b>	<b>2,027,464</b>

**17.1 General assistance fee**

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

**17.2 Trademark license fee**

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

**18. OTHER PAYABLES**

Payables to suppliers of property, plant and equipment	173,110	50,554
Income tax and VAT deducted at source	134,467	88,583
Others	158,054	170,995
Dividend payable	47,841	41,669
	<b>513,472</b>	<b>351,801</b>

**19. CURRENT TAX LIABILITIES**

Balance at 1 January	862,672	304,624
Provision for the year	317,894	558,048
Balance at 31 December	<b>1,180,566</b>	<b>862,672</b>

**20. COMMITMENTS AND CONTINGENCIES**

20.1	Commitments	Less than	1 to 5 years	More than	2017	2016
		1 year	Taka'000	5 years		
		Taka'000	Taka'000	Taka'000	Taka'000	Taka'000
	<b>Commitments related to operating activities</b>					
	Purchase commitments	1,696,897	-	-	1,696,897	1,033,527
	Capital expenditure commitments	141,178	-	-	141,178	24,271
	Guarantees given	17,750	379,294	63,068	460,112	422,797

## 20.2 Contingent Liabilities

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

**2017**  
**Taka'000**

**2016**  
**Taka'000**

**35,066**

**35,066**

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

**74,157**

**74,157**

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

**112,404**

**112,404**

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

**135,111**

**135,111**

### 20.3 Claims

a. Claims against the Company not acknowledged as debt

Nil

Nil

b. Claims by the Company not acknowledged as receivable

Nil

Nil

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

## 21. REVENUE

Sale of gray cement*	7,748,241	8,875,577
Sale of cement clinker	2,944,913	1,853,278
Other sales (Limestone and slag sales to Holcim Cement (Bangladesh) Limited)	125,977	-
	<b>10,819,131</b>	<b>10,728,855</b>
<b>*Sale of gray cement</b>		
Local sales	7,741,722	8,855,378
Export in Export Processing Zones	6,519	20,199
	<b>7,748,241</b>	<b>8,875,577</b>

## 22. COST OF SALES

Opening finished goods and work in process (Note- 37)	124,134	176,145
Raw materials costs (Note- 22.1)	3,835,499	3,849,160
Toll manufacturing costs	1,005,749	82,234
Power and fuel costs	1,241,433	1,214,710
Production and maintenance costs (Note- 22.2)	1,388,742	1,061,143
Plant general and administrative costs (Note- 22.3)	239,061	265,314
Freight cost to customers	650,260	607,249
Depot operating and transportation costs (Note- 22.4)	823,035	898,955
Closing finished goods and work in process (Note- 37)	(179,729)	(124,134)
	<b>9,128,184</b>	<b>8,030,776</b>

### 22.1 Raw materials costs

Limestone	2,883,460	2,663,242
Clay	73,653	85,506
Gypsum	201,533	220,617
Iron Ore	78,348	47,985
Sand	32,261	32,428
Slag	192,952	187,358
Packing Bags	363,976	430,671
Others	9,316	181,353
	<b>3,835,499</b>	<b>3,849,160</b>

	<b>2017</b> <b>Taka'000</b>	<b>2016</b> <b>Taka'000</b>
<b>22.2 Production and maintenance costs</b>		
Salary, allowances and benefits	205,521	193,239
Contributions to employees' benefit schemes	15,411	17,006
Maintenance	66,960	95,986
Other supplies and spares	264,937	200,767
Material handling	67,848	57,356
Other expenses	156,569	6,209
Technical studies	649	1,734
Impairment of construction in progress	121,008	-
Depreciation (Note- 6.1)	481,674	488,846
Amortization of intangible assets	8,165	-
	<b>1,388,742</b>	<b>1,061,143</b>
<b>22.3 Plant general and administrative costs</b>		
Salary, allowances and benefits	81,749	72,329
Contributions to employees' benefit schemes	2,637	4,404
Staff welfare expenses	36,874	13,547
Training, seminars and meetings	1,035	1,833
Travelling	3,880	2,586
Rent	758	1,406
Gas, electricity and water	195	187
Telephone, fax and postage	1,444	1,707
Office maintenance	27,046	47,376
Security services	27,303	26,152
Printing and stationery	508	680
Other supplies and spares	1,102	9,567
Other office expenses	21,078	7,154
Consultancy	-	626
Vehicles running expenses	7,131	16,615
Corporate social activities	7,355	7,310
Insurance	18,966	51,835
	<b>239,061</b>	<b>265,314</b>
<b>22.4 Depot operating and transportation costs</b>		
Salary, allowances and benefits	106,754	98,587
Contributions to employees' benefit schemes	9,192	6,915
Staff welfare expenses	2,956	1,339
Training, seminars and meeting	1,062	3
Depreciation (Note- 6.1)	1,870	1,846
Depot other maintenance costs	155,403	122,193
Transportation costs	545,798	668,072
	<b>823,035</b>	<b>898,955</b>

## 23. GENERAL AND ADMINISTRATIVE EXPENSES

Salary, allowances and benefits	241,582	152,534
Contributions to employees' benefit schemes	18,603	14,243
Staff welfare expenses	3,892	4,618
Training, seminars and meeting	18,034	10,762
Travelling	12,327	9,046
Rent	46,794	44,718
Gas, electricity and water	3,551	3,057
Telephone, fax and postage	4,748	3,705
Entertainment	8,496	4,038
Office maintenance	10,893	5,072
Office security services	2,287	2,322
Printing and stationery	2,030	978
IT maintenance expenses	90,480	81,942
Other office expenses	14,388	7,717
Registration and other fees	3,710	2,418
Audit and tax advisory fees (Note- 23.1)	2,163	2,299
Legal expenses	668	1,763
Vehicles running expenses	18,672	14,137
Publicity and public relation	15,092	9,289
General assistance fee	91,631	100,394
Trademark license fee	91,631	100,394
Consulting, survey and studies	290,914	3,495
Administrative depreciation (Note- 6.1)	32,814	25,371
Amortization of intangible assets	4,982	9,633

### 23.1 Audit and Tax Advisory Fees

	<b>1,030,382</b>	<b>613,945</b>
Statutory audit fee	250	200
Group audit fees	1,000	1,020
Interim audit fee	230	230
Certification fees	52	144
Pocket expenses	70	70
Tax and VAT advisory services	561	635

## 24. SALES AND MARKETING EXPENSES

Salary, allowances and benefits	121,325	82,180
Contributions to employees' benefit schemes	12,181	6,562
Staff welfare expenses	1,459	-
Training, seminars and meeting	129	2,159
Travelling	9,255	27,210
Gas, electricity and water	139	266
Telephone, fax and postage	1,217	1,264

	2017 Taka'000	2016 Taka'000
Entertainment	1,766	1,085
Office maintenance	6,196	1,083
Printing and stationery	105	239
Other office expenses	2,152	411
Registration and other fees	2,087	1,893
Vehicles running expenses	23,016	5,024
Advertisement and promotion	78,384	64,678
Provision for trade receivables	3,247	1,345
General survey and studies	371	573
<b>25. OTHER OPERATING (EXPENSES)/INCOME</b>	<b>263,029</b>	<b>195,972</b>
Loss on sale of property, plant and equipment	(2,365)	(19,967)
Sale of miscellaneous scrap items	7,667	7,979
Dividend income from subsidiary company	307,182	-
Others	-	1,188
<b>26. FINANCE COSTS AND INCOME</b>	<b>312,484</b>	<b>(10,800)</b>
Interest on short term debt	56	109
Other finance costs	2,922	7,602
Bank charges and commission	13,146	11,266
Exchange loss	19,276	-
<b>Finance costs</b>	<b>35,400</b>	<b>18,977</b>
Interest income on bank deposits	102,908	115,090
Interest on loan to subsidiary company	476	7,820
Other finance income	5,093	16,734
Exchange gain	-	5,454
<b>Finance income</b>	<b>108,477</b>	<b>145,098</b>
<b>Net finance costs</b>	<b>(73,077)</b>	<b>(126,121)</b>
<b>27. INCOME TAX</b>		
Current income tax expenses	317,894	558,048
Deferred income tax (income)/expenses	(78,652)	(64,162)
	<b>239,242</b>	<b>493,886</b>
<b>27.1 Reconciliation of effective tax rate (%)</b>		
Statutory tax rate	25.00	25.00
Dividend income from subsidiary company	(2.06)	-
Permanent differences	9.22	0.95
<b>Effective tax rate</b>	<b>32.16</b>	<b>25.95</b>

**28. EARNINGS PER SHARE****2017****2016**

The computation of basic earnings per share for the years ended 31 December 2017 and 31 December 2016 are as follows:

<b>NUMERATOR</b>	<i>(Thousands of Taka)</i>	
<b>INCOME FOR THE YEAR- ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY</b>	<b>504,700</b>	<b>1,409,423</b>
<b>DENOMINATOR</b>	<i>(Thousands of Shares)</i>	
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>	<b>1,161,374</b>	<b>1,161,374</b>
<b>BASIC EARNINGS PER SHARE</b>	<i>Taka</i> <b>0.43</b>	<b>1.21</b>
<b>DILUTED EARNINGS PER SHARE</b>	<i>Taka</i> <b>0.43</b>	<b>1.21</b>

**29. RELATED PARTY TRANSACTIONS**

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

<b>Name of the Party and relationship</b>	<b>Nature of transaction</b>	<b>Transaction value during the year Taka '000</b>	<b>Receivable/ (Payable) at 31 Dec 2017 Taka '000</b>
Surma Holdings B.V.-Group Company	Dividend payment	615,328	-
Holcim Asean Business Service Centre	Intercompany services/Technical assistance	149,621	(173,097)
Lafarge S.A.-Group Company	Technical assistance/Trademark license	114,691	(381,986)
Cementos Molins-Group Company	Trademark license/Travel expenses	76,970	(259,627)
LafargeHolcim Ltd-Group Company	Intercompany services	2,364	2,364
LH Trading Ltd- Group Company	Intercompany services	-	16,276
LH Trading Pte Ltd- Group Company	Intercompany purchase	262,081	(76,932)
PT Lafarge Cement Indonesia			
Group Company	Intercompany services	-	664
MBEYA Cement Company Ltd.			
Group Company	Intercompany services	3,618	5,987
Holcim Group Services Ltd.			
Group Company	Intercompany services	1,151	(1,343)
Lafarge International Services Singapore Pte Ltd.			
Group Company	Intercompany services	5,380	(2,379)
Holcim Cement (Bangladesh) Ltd.			
Group Company	Clinker sales and intercompany services	2,250,566	578,136
Holcim Cement (Bangladesh) Ltd.			
Group Company	Cement purchase	1,157,646	(149,323)
Eastern Housing Ltd.			
Shareholder's associated entity	Cement sales	7,382	1,290
Aftab Bahumukhi Farms Ltd.-			
Shareholder's associated entity	Cement sales	17	(14)

Name of the Party and relationship	Nature of transaction	Transaction value during the year Taka '000	Receivable/ (Payable) at 31 Dec 2017 Taka '000
Bengal Development Corporation- Shareholder's associated entity	Cement sales	11,605	3,179
Jahurul Islam Medical College- Shareholder's associated entity	Cement sales	1,570	212
Opex Group- Shareholder's associated entity	Cement sales	4,103	258
Shikharaa Developments Ltd.- Shareholder's associated entity	Cement sales	-	12
Sinha Peoples Energy Ltd.- Shareholder's associated entity	Cement sales	1,713	329
Lafarge Umiam Mining Private Limited - Subsidiary company	Purchase of limestone	2,799,669	(136,226)

2017 Taka '000	2016 Taka '000
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### 30. DIRECTORS', MANAGERS' AND OFFICERS' REMUNERATION

Salary, allowances and benefits	318,672	248,163
Contributions to employees' benefit scheme	26,509	21,446
Reimbursable expenses	12,694	10,890
	<b>357,875</b>	<b>280,499</b>

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

### 31. FINANCIAL INSTRUMENTS

#### 31.1 Financial Instruments

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

2017 Taka '000	2016 Taka '000
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*Maximum exposure to credit risk of the Company at reporting date are as follows:*

Trade receivables (Note- 11)	1,531,303	1,361,677
Other receivables excluding prepaid expenses (Note- 12)	1,681,956	1,513,630
	<b>3,213,259</b>	<b>2,875,307</b>

### 31.2 Liquidity risk

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

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

	<b>Carrying amount Taka'000</b>	<b>6 months or less Taka'000</b>	<b>From 6 to 12 months Taka'000</b>	<b>From 1 to 5 years Taka'000</b>
Trade payables	2,362,390	1,631,685	730,705	-
Other payables	513,4772	372,102	141,370	-
<b>Balance at 31 December 2017</b>	<b>2,875,862</b>	<b>2,003,787</b>	<b>872,075</b>	<b>-</b>

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

### 31.3 Market risk

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

#### a) Foreign currency risk

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

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

<b>Balance at 31 December 2017</b>	<b>BDT'000</b>	<b>INR'000</b>	<b>USD'000</b>	<b>EUR'000</b>	<b>GBP'000</b>
<b><i>Foreign currency denominated assets</i></b>					
Investment in subsidiaries	532,662	411,736	-	-	-
Other receivables	17,119	-	207	-	-
Cash and cash equivalents	755	-	2	6	-
<b>Total</b>	<b>550,536</b>	<b>411,736</b>	<b>209</b>	<b>6</b>	<b>-</b>
<b><i>Foreign currency denominated liabilities</i></b>					
Trade payables	226,685	-	2,470	228	-
Other payables	95,403	-	879	231	-
<b>Total</b>	<b>322,088</b>	<b>-</b>	<b>3,349</b>	<b>459</b>	<b>-</b>

<b>Balance at 31 December 2016</b>	<b>BDT'000</b>	<b>INR'000</b>	<b>USD'000</b>	<b>EUR'000</b>	<b>GBP'000</b>
<b><i>Foreign currency denominated assets</i></b>					
Investment in subsidiaries	477,078	411,736	-	-	-
Loan to subsidiary company	64,222	-	816	-	-
Other receivables	16,299	-	207	-	-
Cash and cash equivalents	318	-	3	1	-
<b>Total</b>	<b>557,917</b>	<b>411,736</b>	<b>1,026</b>	<b>1</b>	<b>-</b>
<b><i>Foreign currency denominated liabilities</i></b>					
Trade payables	282,967	-	3,222	357	-
Other payables	18,610	-	-	227	-
<b>Total</b>	<b>301,577</b>	<b>-</b>	<b>3,222</b>	<b>584</b>	<b>-</b>

### **Exchange rate sensitivity**

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

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

<b><i>Particulars</i></b>	<b>2017 Estimated impact on profit/loss and equity (+/-) Taka'000</b>	<b>2016 Estimated impact on profit/loss and equity (+/-) Taka'000</b>
Assets denominated in USD	86	404
Assets denominated in INR	2,663	2,385
Liabilities denominated in USD	1,385	1,269
Liabilities denominated in EUR	226	239

### **b) Interest rate risk**

The risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

#### **Interest rate sensitivity**

A +/- 1% change in short-term interest rates calculated on the financial assets, would have a maximum impact on the Company's 2017 profit before tax of -/+ Taka 15,146 (Taka 26,713 for 2016) in thousands.

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

<b>Financial assets</b>	<b>2017</b> <b>Taka'000</b>	<b>2016</b> <b>Taka'000</b>
Loan to subsidiary company	-	64,222
Term deposits	1,525,984	2,607,058
	<b>1,525,984</b>	<b>2,671,280</b>

#### c) Other price risk

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

#### 31.4 Fair values

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

##### FINANCIAL INSTRUMENTS IN THE STATEMENT OF FINANCIAL POSITION

<i>At 31 December</i> <i>Thousand Taka</i>	<b>2017</b>		<b>2016</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
<b>ASSETS</b>				
<i>Financial assets at fair value through profit and loss</i>				
Accrued interest	3,327	3,327	34,492	34,492
<i>Loans and Receivables at amortized costs</i>				
Investment in subsidiaries	532,662	532,662	477,078	477,078
Loan to subsidiary company	-	-	64,222	64,222
Trade receivables	1,531,303	1,531,303	1,361,677	1,361,677
Other receivables	1,732,535	1,732,535	1,531,802	1,531,802
Cash and cash equivalents	3,315,578	3,315,578	3,598,307	3,598,307
<b>LIABILITIES</b>				
<i>Financial liabilities at amortized cost</i>				
Trade payables	2,362,390	2,362,390	2,027,464	2,027,464
Other payables	513,472	513,472	351,801	351,801

#### 32. NUMBER OF EMPLOYEES

Lafarge Surma Cement Limited

*Nationality:*

Bangladeshi	386	380
Non-Bangladeshi	8	5

*Salary range:*

Monthly Taka 3,000 or above	<b>394</b>	<b>385</b>
Monthly below Taka 3,000	Nil	Nil

### 33. SUBSEQUENT EVENTS

LafargeHolcim Bangladesh Limited (the "Company") has acquired 100% shares of Holcim Cement (Bangladesh) Limited for a consideration of BDT 5,047,820 (in thousand) only. The transfer of shares of Holcim Cement Bangladesh Limited in the name of the company has been completed on 07 January 2018. Accordingly, Holcim Cement Bangladesh Limited has become 100% owned subsidiary of the company.

### 34. EXPENDITURE IN FOREIGN CURRENCIES

	2017 Taka'000	2016 Taka'000
Technical assistance	59,110	50,414
	<b>59,110</b>	<b>50,414</b>

### 35. EARNINGS IN FOREIGN CURRENCIES

Interest on loan to subsidiary company	476	7,820
Dividend income from subsidiary company	307,182	-
	<b>307,658</b>	<b>7,820</b>

### 36. MATERIALS CONSUMPTION

#### *In terms of value*

#### **Imported**

Raw materials	3,365,609	3,300,555
Spare parts and other supplies	223,042	229,740
	<b>3,588,651</b>	<b>3,530,295</b>

#### **Indigenous**

Raw materials	469,890	548,605
Spare parts and other supplies	78,366	76,580
	<b>548,256</b>	<b>625,185</b>

**4,136,907**

**4,155,480**

**2017**

**2016**

#### *In terms of Percentage*

#### **Imported**

Raw materials	81	79
Spare parts and other supplies	6	6
	<b>87</b>	<b>85</b>

#### **Indigenous**

Raw materials	11	13
Spare parts and other supplies	2	2
	<b>13</b>	<b>15</b>

**100**

**100**

**37. OPENING AND CLOSING FINISHED GOODS AND WORK IN PROCESS (note- 22)**

Items	Unit	2017		2016	
		Quantity'000	Taka'000	Quantity'000	Taka'000
Gray cement	MT	21	70,004	31	117,750
Cement clinker	MT	16	50,510	17	54,518
Work in process	MT	3	3,620	3	3,877
<b>Balance at 1 January</b>		<b>40</b>	<b>124,134</b>	<b>51</b>	<b>176,145</b>
Gray cement	MT	30	106,676	21	70,004
Cement clinker	MT	20	68,522	16	50,510
Work in process	MT	3	4,531	3	3,620
<b>Balance at 31 December</b>		<b>53</b>	<b>179,729</b>	<b>40</b>	<b>124,134</b>

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

Products	Annual Installed Capacity	Actual Production	
		2017	2016
Gray cement	1,500	1,161	1,457
Cement clinker	1,400	1,403	1,391
		<b>2017</b>	<b>2016</b>
		<b>Taka'000</b>	<b>Taka'000</b>

**39. VALUE OF IMPORTS**

Raw materials	2,826,787	2,768,449
Spare parts and other supplies	203,028	208,176
Capital goods	253,732	354,759
	<b>3,283,547</b>	<b>3,331,384</b>

**40. REMITTANCES OF FOREIGN CURRENCY***Interim and final dividend*

Name of Shareholder	Number of shares	2017	Number of shares	2016
		Final for 2016 and interim for 2017 Taka'000		Final for 2015 and interim for 2016 Taka'000
Surma Holding B.V. (The Netherlands)*	341,849,350	307,664	341,849,350	307,664
Jean Hidier (France)	11,560	8	11,560	8
Mohammed Abdul Gaffar (UK)	18,010	12	18,010	12
Nadia Begh (UK)	-	-	27,060	18

Name of Shareholder	2017		2016	
	Currency	Amount	Currency	Amount
Surma Holding B.V. (The Netherlands)	EUR	3,352,548	EUR	3,568,726
Jean Hidier (France)	EUR	88	EUR	94
Mohammed Abdul Gaffar (UK)	GBP	118	GBP	123
Nadia Begh (UK)	-	-	GBP	185

\* In addition to the above, an amount of Taka 307,664,415 (EUR 3,348,825) representing 341,849,350 shares has been remitted through NITA account.

#### **41. STANDARDS ISSUED BUT NOT YET EFFECTIVE**

BFRS 15: The company will not be materially impacted by BFRS 15 since the company is primarily involved in the delivery at a point of clinker and cement which are separately itemized on the invoice, net of discount.

BFRS 9: Except for the disclosure requirements, the standard will not materially impact the company's financial statements.



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

# REPORTS & FINANCIAL STATEMENTS OF LAFARGE UMIAM MINING PRIVATE LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2017

# SAFARI ENERGY

The logo 'SAFARI ENERGY' is rendered in large, white, 3D-style letters with a blue outline, set against a blue diagonal banner. Each letter of the logo contains a different view of a city skyline, including recognizable skyscrapers like the Chrysler Building. The background of the entire image is an industrial facility with large yellow cylindrical tanks, metal walkways, and ladders under a clear sky.

Synergy and unity make the spirit of being 'stronger together'. These traits help to create the perfect platform enabling fruitful interaction and cooperation between us and our partners.

A group of approximately ten workers stands in a line, facing the camera. They are wearing high-visibility orange and blue work shirts, dark trousers, and safety helmets (mostly white, one red). They have their arms crossed and are standing in front of the industrial facility seen in the background.

# LAFARGE UMIAM MINING PRIVATE LIMITED

## DIRECTORS' REPORT

### Dear Shareholders:

The Directors of Lafarge Umiam Mining Private Limited (the "Company") take pleasure in presenting their report together with audited financial statements of your Company for the year ended on December 31, 2017.

### State of Affairs of the Company:

In 2017, your Company's total export sale increased by 1.55% as compared to 2016, to INR 2,311.83 million, based on the limestone export of 2.317 million tones. Your Company continues with its endeavor to increase its mining capacity to produce and export limestone in terms of the approval accorded by the Indian Bureau of Mines and the Ministry of Environment Forest and Climate Change, Government of India from two (2) Million Tones Per Annum (MTPA) to five (5) MTPA.

Net profit of your Company was INR 571.32 million, 13% lower, and EBITDA was INR 924.26 million, 11% lower, as compared to 2016. The decline in profitability was mainly attributed to the appreciation of Indian Rupee to the US Dollar in 2017 which has negatively impacted on the overall profitability of the Company. In addition, there have been increases in wages costs on account of significant increase in notified wages rate in 2017 by the Ministry of Labour, Government of India, and reduction in the contribution of other income in 2017. The reserve and surplus as on December 31, 2017 was INR 1,074.58 million, after 60% dividend distribution on the paid up capital along with taxes.

Your Company is dependent on the demand of limestone by its parent company in Bangladesh, and even though there has been a challenging market with oversupply of clinker from the international market your Company was able to maintain a stable selling price. Your Company is conscious of the competitive scenario, and your Company is taking all necessary steps to reduce costs and increase the profitability. One of the steps in this regard is the installation of a 300 tone per hour (TPH) Skid Mounted Crushing Plant at the quarry. The Skid Mounted Crushing Plant, once operational, shall not only reduce maintenance costs and break down time but shall further ensure enhanced supply of uninterrupted and consistent quality of limestone to the Plant at Chhatak, Bangladesh.

The acquisition of Holcim Cement (Bangladesh) Limited by your parent company; LafargeHolcim Bangladesh Limited ("LHBL") is expected to open new avenues and demand for the limestone. The limestone exported by your Company shall continue to be utilized by the parent company for its enhanced capacity, to manufacture clinker and cement, in addition to diversifying and entering into other building material sectors.

### Financial results:

Particulars	In million INR	
	Year ended 31 <sup>st</sup> December 2017	Year ended 31 <sup>st</sup> December 2016
Gross Revenue	2,311.83	2,276.49
Expenditure	1,387.57	1,245.36
<b>EBITDA</b>	<b>924.26</b>	<b>1,031.13</b>
Interest and finance charges	20.10	56.31
Depreciation	133.09	127.25
<b>Profit / ( Loss ) before Taxation</b>	<b>771.07</b>	<b>847.57</b>
Provision for tax	199.75	193.21
<b>Profit / ( Loss ) After Taxation</b>	<b>571.32</b>	<b>654.36</b>
<b>Earnings / (loss) per Share :</b>	13.89	15.91

### **Production Performance:**

In 2017, your Company has successfully produced and exported 2.317 million tones of limestone to the Plant at Chhatak, Bangladesh. The overall mining equipment reliability significantly improved from 94% to 95.38% in 2017. The MMD crusher performance has significantly improved to 90% reliability after technical modifications and replacement of the existing shaft by a new shaft. The initiatives of the team have resulted in cost reduction and enhanced productivity.

### **Sustainable Development:**

Sustainable Development forms an integral part of our operations. All our actions are focused towards conservation of resources, environment management, innovation and people motivation to create value for all stakeholders. All round the year activities have been undertaken to implement and ensure sustainable Development. They include Biodiversity Conservation around the mine, in coordination with the State Forest Department and the local tribal inhabitants. Installation of a Continuous Emission Monitoring System for monitoring and reporting of emission levels on a real time basis to regulatory authorities. Installation of dust extraction and suppression systems along the mines haul road, crusher and crusher platform. Conservation of water by (i) ensuring a reduction of fresh water intake by lowering water demand in process and non-process areas, (ii) installation of Sewage Treatment Plants (STP's) for treatment of domestic waste water and Effluent Treatment Plant for treatment for water from Workshops, (iii) rain water harvesting at the mine, colonies, community areas and (iv) Installation of check dam to arrest silt flowing through with the rain water during summer.

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

### **Dividend:**

On May 31, 2017, the Board of Directors declared interim dividend of 60 percent (60%), in cash, on the paid-up capital of the Company amounting to INR 246.80 Million (Rupees Two Hundred Forty-Six and Eight Tenths Million). The said interim dividend was declared and paid out of four (4) months profits of financial year 2017 (from January 1, 2017 to April 30, 2017) as per provisional accounts and from undistributed profits for the previous financial years.

The Board of Directors, have recommended that no further dividend shall be declared for the financial year 2017 and the dividend declared on May 31, 2017 amounting to INR 6 per share shall be treated as the final dividend for the year.

### **Health and Safety:**

In 2017, your Company conducted its operations with zero harm. There was no fatality, no Lost Time Injury and no Medical Injury.

Your Company has been measuring H&S lagging KPI as Lost Time Injury Frequency Rate (LTIFR). It is being measured as the number of Lost Time Injury in a million hours worked. In 2017, your Company's LTIFR has been NIL (employee + contractor). During the period beginning April 27 – May 11, 2017, your Company observed the LH Health and Safety days with the theme "Learn and Improve Everyday". Various intensive safety programs, initiatives and training were organized for the entire workforce to reemphasize the importance of Health & Safety in the Company.

**Corporate Social Responsibility (CSR):**

The CSR Committee has been reconstituted comprising of four members as follows:

Mr. Shivesh Kumar Sinha - Chairman of the Committee. The other members are Mr. Narayan Sharma, Director, Mr. Kazi Mizanur Rahman, Director and Mr. Mohammad Iqbal Chowdhury, Director.

The Annual Report on CSR activities of FY 2017 is annexed as Annexure "A" and forms part of this report.

The Company also contributes INR 90/- per tonne of limestone mined to the Special Purpose Vehicle (SPV), a body, set up as per order dated April 22, 2010 of the Hon'ble Supreme Court of India. As of December 31, 2017, your Company has deposited INR 1605.48 million to the SPV.

**Internal Control Systems and their Adequacy:**

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

**Directors:**

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

**Appointments:**

LHBL nominated Mr. Mohammad Iqbal Chowdhury as Director on the Board of the Company.

Mr. Mohammad Iqbal Chowdhury has been appointed as an Additional Director on the Board of the Company effective from October 31, 2017. Mr. Mohammad Iqbal Chowdhury is the Chief Financial Officer of LHBL. His presence on the Board would be beneficial for the Company.

**Resignations:**

Mr. Masud Khan had been appointed as a Director on the Board of the Company on September 29, 2003. Mr. Masud Khan resigned from the Board with effect from July 1, 2017. Your Board thanks Mr. Masud Khan for his contributions, leadership and guidance provided during his tenure as Director of the Company.

**Directors' Responsibility Statement:**

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

1. in preparation of the annual accounts for the year ending December 31, 2017, the applicable Accounting Standards have been followed along with proper explanations provided for material departures, if any;
2. the accounting policies selected have been applied consistently and judgments and estimates are made, that are reasonable and prudent to give a true and fair view of the state of affairs of the Company as on December 31, 2017 and of the profit of your Company for the year ended on that date;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts for the year ended December 31, 2017 have been prepared on a going concern basis;
5. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
6. that the directors have devised proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

**Auditors Report:**

There are no observations made in the Auditor's Report and the notes to the accounts are self explanatory and hence do not call for any further comments. The Auditors Report is enclosed with the financial statements in this Annual Report.

**Statutory Auditors:**

As per Section 139(2)(b) of the Companies Act, 2013 read with Rule 6(3)(i) and the first proviso of Rule 3(7) of the Companies (Audit & Auditors) Rules, 2014, the maximum period for which an audit firm can serve a company as a statutory Auditor is for two (2) terms of five (5) consecutive years subject to ratification in every annual general meeting by way of passing an ordinary resolution.

M/s RKP Associates, Chartered Accountants (having Firm Registration No 322473E), Statutory Auditors of the Company will be completing one (1) term of five (5) years at the conclusion of the ensuing 18th Annual General Meeting of the Company to be held on May 17, 2018.

In consonance with the aforesaid provisions of the Companies Act, 2013, it is proposed to appoint M/s RKP Associates, Chartered Accountants as statutory auditors of the Company for a term of five (5) years to hold office from the conclusion of the 18th Annual General Meeting till the conclusion of the 23rd Annual General Meeting of the Company subject to ratification of their appointment at every AGM by way of passing an ordinary resolution.

M/s RKP Associates, Chartered Accountants have, under Section 139(1) of the Companies Act, 2013 and the Rules framed there under furnished a certificate of their eligibility and consent for appointment.

The necessary Resolution for appointment of M/s RKP Associates, Chartered Accountants, as the Statutory Auditors of the Company to hold office from the conclusion of the 18th Annual General Meeting till the conclusion of the 23rd Annual General Meeting has been included in the Notice of the ensuing 18th Annual General Meeting of the Company and the Resolution is recommended for your approval.

**Cost Auditors:**

As per Section 148 of the Companies Act, 2013, the Board of Directors of your Company appointed M/s Manash R & Associates, Cost Accountants, Guwahati, for conducting Cost Audit of your Company for the Financial Year ending December 31, 2017.

**Cost Records:**

As required under the Companies (Cost Accounting Records) Rules, 2011, the cost compliance report for the year ended December 31, 2017 duly certified by the Cost Auditor has been filed with the Ministry of Corporate Affairs within the stipulated time.

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

During the year ended December 31, 2017, the Board of Directors met six (6) times viz. on February 13, 2017, April 25, 2017, May 18, 2017, May 31, 2017, August 31, 2017 and November 27, 2017. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

**Particulars of employees:**

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

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

The particulars of loans, guarantees, and investments have been disclosed in the financial statements

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

A policy is in place for prevention, prohibition and redressal of sexual harassment at the workplace pursuant to the Sexual harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed there under. An internal Complaints Committee comprising four management staff has been set up which includes two women to redress complaints relating to sexual harassment.

**Related party transactions:**

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

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

**Extract of Annual Return:**

The details forming part of the extract of the annual return in Form MGT – 9 are set out in Annexure “C” in this Report.

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

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

**Deposits:**

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

**Award & Recognitions:**

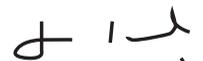
Your Company received the following Awards during the year:

- “Guru Dronacharya Award” by the Directorate General of Mines Safety, Government of India (3rd consecutive occasion).
- “Outstanding Award” by the Indian Bureau of Mines, Government of India during the IX Mine Environment and Mineral Conservation Week. (2nd consecutive occasion).
- “4 Star Rating” award by the Indian Bureau of Mines, Government of India for the initiatives taken for implementation of the Sustainable Development Framework in the quarry.

**Acknowledgements:**

Your Directors wish to place on record their sincere appreciation of the efforts and dedicated service of all employees, which contributed to the continuous growth and consequent performance of the Company. Your Directors wish to place on record their gratitude for the valuable assistance and cooperation extended to the Company by the Central Government, State Government, Government of Bangladesh, the Durbars of Nongtrai and Shella villages, LHBL, banks, and project consultants.

For and on Behalf of the Board



Chairman

DIN: 02329565

Place: Shillong

Date: March 21, 2018

## ANNEXURE A

1	A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to CSR policy and projects or programs.	The Company's Corporate Social Responsibility has been formulated as per the policies, strategies and goals in compliance with the provisions of the Companies Act, 2013 and the same has been placed on the company's website. The web link of the same is as below: <a href="http://www.lumpl.com/sustainable-development/corporate-social-responsibilities/lumplcsrpolicy">http://www.lumpl.com/sustainable-development/corporate-social-responsibilities/lumplcsrpolicy</a>
2	The Composition of the CSR Committee	Mr. Shivesh Kumar Sinha – Chairman. Mr. Narayan Sharma – Member. Mr. Kazi Mizanur Rahman – Member. Mr. Mohammad Iqbal Chowdhury – Member.
3	Average net profits of the Company for the last three financial years	INR 7,805.81 lakhs
4	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	INR 156.12 lakhs
5	Details of CSR spent during the financial year (a) Total amount spent for the year 2017 (b) Amount unspent, if any (c) Manner in which the amount spent during the financial year	INR 162.28 lakhs NIL The manner in which the amount is spent is detailed in <b>Annexure A 1.</b>

## ANNEXURE-“A1”

(1) Sl	(2) CSR Project or activity identified	(3) Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken.	(4) Sector in which project is covered	(5) Amount outlay (budget) project or programs wise (INR '000)	(6) Amount spent on the projects or programs Sub heads: Direct Expenditure on projects and programs and Overhead (INR '000)	(7) Cumulative expenditure upto the reporting period (INR '000)	(8) Amount spent: Direct or through implementing agency  <b>Direct</b>
1	Mobile Clinic with full time Medical Doctor for community, free medicines, annual health camps and eye camps.		HEALTH	47,14,733	38,67,193	38,67,193	<b>Direct</b>
2	Sponsored Secondary School, books and tuition fees, Scholarship, Enhanced salary to math and science teachers, sponsorship for higher technical studies.	Nongtrai Village, Mawsynram Block, East Khasi Hills, Meghalaya	EDUCATION	41,31,102	48,50,014	48,50,014	<b>Direct</b>
3	Livelihood Trainings, Stipend to trainees, Weaving materials, Awareness Program, Volunteering	Shella village, Shella Bholaganj Block, East Khasi Hills, Meghalaya	SKILLS DEVELOPMENT	14,09,108	27,92,656	27,92,656	<b>Direct</b>
4	Community environment and cleaning drive and plantation, assistance to social activities		ENVIRONMENT	30,11,885	17,95,729	17,95,729	<b>Direct</b>
5	Village development Footpath, water supply, drains, bathing enclosure, railings		INFRASTRUCTURE DEVELOPMENT	23,36,110	29,23,066	29,23,066	<b>Direct</b>
		<b>Total</b>		<b>1,56,12,936</b>	<b>1,62,28,658*</b>		

\* Prescribed CSR Expenditure budget for the year INR 156.12 lakh

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

Chairman , CSR Committee

\* **Reasons for increase actual vs budget in 2017:**

1. 2016 actual spent was less than budget by INR 27,79,000/-
2. Education:
  - Facilitating the attainment of affiliation with local board for school education (MBOSE), retaining regular opening permission for the wholly sponsored LUMPL school (Nongtraï Secondary School).
  - Opening up of two (2) tuition centres at Shella.
  - Providing career counselling, felicitation/scholarship programs and distribution of bags and umbrellas to school students of Nongtraï and Shella villages.
3. Skill development:
  - Launching of an eco tourism initiative in Shella village in collaboration with SPV
  - Organising trainings, workshops and awareness programmes on eco tourism, hospitality and guest management in Shella Village.
  - Conducting other livelihood creation activities in both Shella and Nongtraï villages.
4. Village infrastructure development:
  - Sponsored furniture for the new Dorbar hall of Nongtraï constructed by SPV.
  - Construction of drains, footpath, washing ramps, bathing enclosures etc.

### ANNEXURE "B"

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

The information forms part of the Directors Report for the year ended December 31, 2017. Employed throughout the year and was in receipt of remuneration aggregating not less than INR 60 lakhs per annum.

Name & Age	Designation & nature	Remuneration Received (INR In Lakhs )	Qualification & Experience	Date of Joining	Particulars of last employment
Narayan Prasad Sharma 54 years	Operations Director	108.49	B.E (Mech) & MBA	01.10.1999	Engineer, Lafarge Asia Pacific, PTE. Ltd.

- Note: 1. Mr. Sharma is not related to any of the Directors of the Company and does not hold any shares in the Company.
2. The appointment is contractual and the conditions of employment are governed by individual terms and conditions of service.

## ANNEXURE "C"

## FORM NO. MGT 9

## EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.12.2017

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

**I. REGISTRATION & OTHER DETAILS:**

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

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

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Mining and quarrying	5109	100

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

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	LAFARGEHOLCIM BANGLADESH LIMITED	NA	Foreign Holding Company	100%	2(G)

#### IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

##### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-January-2017]			No. of Shares held at the end of the year [As on 31-December-2017]			% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical		Total
<b>A. Promoters</b>								
(1) Indian				NA				
<b>Sub Total (A) (1)</b>				0.00%				0.00%
(2) Foreign								
a) Bodies Corp.		41,133,099	41,133,099	100.00%			41,133,099	100.00%
<b>Sub Total (A) (2)</b>		41,133,099	41,133,099	100.00%			41,133,099	100.00%
<b>TOTAL (A)</b>		41,133,099	41,133,099	100.00%			41,133,099	100.00%
<b>B. Public Shareholding</b>				NA				NA
<b>1. Institutions</b>				NA				NA
<b>2. Non-Institutions</b>				NA				NA
<b>Sub-total (B)(2):-</b>				0.00%				0.00%
<b>Total Public (B)</b>				0.00%				0.00%
<b>C. Shares held by</b>				0.00%				0.00%
<b>Custodian for GDRs &amp; ADRs</b>								
<b>Grand Total (A+B+C)</b>			41,133,099	100.00%			41,133,099	100.00%
								0.00%

**(ii) Shareholding of Promoter**

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

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

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	Nil	554.26	Nil	554.26
ii) Interest due but not paid	Nil	--	Nil	--
iii) Interest accrued but not due	Nil	135.87	Nil	135.87
<b>Total (i+ii+iii)</b>	Nil	690.13	Nil	690.13
<b>Change in Indebtedness during the financial year</b>				
* Addition	Nil	--	Nil	--
* Reduction	Nil	690.13	Nil	690.13
Net Change	Nil	(-) 690.13	Nil	(-) 690.13

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

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

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

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority (RD / NCLT/ COURT)	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment				No Penalties, Punishments or Compounding of Offences	
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment				No Penalties, Punishments or Compounding of Offences	
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment				No Penalties, Punishments or Compounding of Offences	
Compounding					

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

**A. CONSERVATION OF ENERGY:**

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

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

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

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

1. Automation of DG Sets operation, control of parameters, installation of online fuel filtration plant etc.
2. Three (3) new RECON engines have replaced the old DG sets. A fourth RECON engine set is scheduled to be functional in January 2018. This will help in reduction of fuel consumption per MWH power generation and reduction of CO2 emission as well.
3. Utilization of power saving light i.e. CFL, solar light etc.
4. Power supply optimization, with additional power generated being supplied to heavy equipment maintenance section and the residential colony. This has reduced the installation of separate generator at this location.

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

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

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

**B. TECHNOLOGY ABSORPTION**

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

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

The Company is a 100% Export Oriented Unit.

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

**(b) Total foreign exchange used and earned**

## a) Expenditure in foreign currency:

	Year Ended	
	31st December 2017 INR in lakhs	31st December 2016 INR in lakhs
i) Professional and Consulting fees	52.36	47.91
ii) Interest and other borrowing cost	4.30	67.27
<b>Total</b>	<b>56.66</b>	<b>115.18</b>

## b) Earnings in foreign currency:

	Year Ended	
	31st December 2017 INR in lakhs	31st December 2016 INR in lakhs
i) FOB Value of Exports	22,654.71	21,560.11
<b>Total</b>	<b>22,654.71</b>	<b>21,560.11</b>

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**FORM A**  
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[See Rule -2]

Form of disclosure of particulars with respect to conservation of energy

<b>A. Power and Fuel Consumption</b>		<b>Current year 2017</b>	<b>Previous Year 2016</b>
1.	Electricity		
	(a) Purchased		
	Unit ( KWH)	81,922	86,247
	Total Amount (Rs)	413,704	435,548
	Rate/unit (Rs)	5.05	5.04
	(b) Own Generation :		
	(i) Through diesel Generator		
	Units (KWH)	4,156,486	3,542,040
	(ii) Units/litre of diesel oil	2.76	2.66
	Cost /Unit ( INR/Unit)	18.56	16.36
	(iii) Through steam turbine/generator		
	Units	N.A	N.A
	Units per litre of fuel oil/gas	N.A	N.A
	Cost/Units	N.A	N.A
2.	Coal (specify quality and where used)		
	Quantity (tonnes)	N.A	N.A
	Total cost	N.A	N.A
	Average rate	N.A	N.A
3.	Furnace oil		
	Quantity (k. ltrs.)	N.A	N.A
	Total amount	N.A	N.A
	Average rate	N.A	N.A
4.	Others/internal generation (please give details)		
	Quantity	N.A	N.A
	Total cost	N.A	N.A
	Rate/unit	N.A	N.A

**B. Consumption per unit of production**

2015- 1.77 KWH /MT  
 2016 – 1.66 KWH/MT  
 2017 – 1.79 KWH/MT

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**FORM B**


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[See Rule 2]

**Form for disclosure of particulars with respect to Technology Absorption****RESEARCH AND DEVELOPMENT:**

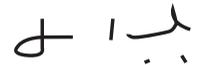
- (i) Specific Areas in which R&D was carried out by the Company:  
As it is new unit, hence no such action taken
- (ii) Benefits derived: NIL
- (iii) Future Plan of Action: NIL
- (iv) Expenditure on R&D: NIL

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

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

Information regarding technology imported during the last five years: NIL

For and on Behalf of the Board



Chairman

DIN: 02329565

Place: Dhaka  
Date: March 21, 2018

## INDEPENDENT AUDITOR'S REPORT

To

The Members

Lafarge Umiam Mining Private Limited

Hotel Polo Tower,

Polo Ground,

Oakland Road

Shillong – 793 001

Meghalaya

We have audited the accompanying standalone financial statements of **LAFARGE UMIAM MINING PRIVATE LIMITED**. (“the Company”), which comprise the Balance Sheet as at 31st December, 2017, the Statement of Profit & Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### Auditor's Responsibility :

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

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

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

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

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

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

**Opinion :**

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

- i) In the case of the Balance Sheet, of the state of the affairs of the Company as at 31st December, 2017, and
- ii) In the case of the Statement of Profit & Loss, of the profit for the year ended on 31st December, 2017.
- iii) In the case of the Cash Flow Statement, of the cash flow for the year ended on 31st December, 2017.

**Report on Legal and Regulatory Requirements :**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013. We give in the "Annexure-A" a statement on the matters specified in paragraph 3 & 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement referred to in this report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standard specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representation received from the directors as on 31st December, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. Our opinion on adequacy of the internal financial control over financial reporting of the company and the operating effectiveness of such control is not required for the Company vide notification dated 13.06.17, and
  - g. With Respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
    - i. The Company has disclosed the impact of pending litigation on its financial position in its standalone financial statements – Refer Note No. 27 to the standalone financial statements.
    - ii. The Company has long-term contracts including forward contracts for which there would have been no material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Dated at Silchar  
the 22nd day of February' 2018

FOR RKP ASSOCIATES  
CHARTERED ACCOUNTANTS



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

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

Referred to in para (1) of our Independent Auditor's Report of even date on statements of Account of **LAFARGE UMIAM MINING PRIVATE LIMITED.** for the year ended on 31st December'2017

- I) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
b) As explained to us, all the Assets of the Company have been physically verified by the management at reasonable intervals during the year and no material discrepancies have been noticed on such verifications.  
c) According to the information and explanations given by the management, title deeds of immovable properties are held in the name of the Company.
- II) a) As explained to us, the inventory has been physically verified by the management at reasonable intervals during the year.  
b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate having regard to the size and the nature of its business.
- III) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- IV) In our opinion and according to the information and explanations given to us, the Company had neither given any loan or guarantee nor provide any security to director or any person to whom the directors are interested. Further, the Company had not made any loan, investment, guarantee which are in violation of section 186 of the Companies Act, 2013.  
V) In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from public. Therefore, the provisions of Para. 3(v) of the CARO 2016 are not applicable to the Company.  
VI) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been maintained.  
However, we have not made a detailed examination of the same.
- VII) a) The Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and other statutory dues applicable to it.  
The unpaid undisputed dues in respect of Income-tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and other statutory dues in arrears as at 31st December, 2017 for a period of more than six months from the date they became payable, are:-

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

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

VIII) According to information and explanations given to us, the Company is regular in repayment of loans or borrowings from any financial institutions, banks, government or debentures holders during the year.

IX) According to information and explanations given by the management, the Company has not raised any moneys by way of initial public offer or further public offer including debt instruments; however the term loan taken were applied for the purpose for which it was taken during the year. Therefore, the provisions of Para. 3(ix) of the CARO 2016 is not applicable to the Company.

X) Based upon the audit procedure performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, we report that no fraud by the Company and no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

XI) The Company is a private company. Accordingly, the provisions of section 197 read with Schedule V to the Act do not apply to the Company. Thus paragraph 3(xi) of the Order is not applicable to the Company and hence not commented upon.

XII) In our opinion and according to information & explanations given to us, the Company is not a Nidhi Company. Therefore, the provisions of Para.3(xii) of the Order are not applicable to the Company and hence not commented upon.

XIII) According to information & explanations given by the management, transactions with the related parties are in compliance with section 177 and section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.

XIV) According to information & explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under Para. 3(xiv) is not applicable to the company and, not commented upon.

XV) According to information & explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him.

XVI) In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of Para. 3(xvi) of the Order are not applicable to the Company.

Dated at Silchar  
the 22nd day of February' 2018

FOR RKP ASSOCIATES  
CHARTERED ACCOUNTANTS



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

## LAFARGE UMIAM MINING PRIVATE LIMITED

Balance Sheet as at 31st December 2017

	Notes	As at 31.12.2017 (Rs. in Lakhs)	As at 31.12.2016 (Rs. in Lakhs)
<b>(I) EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	03	4,113.31	4,113.31
(b) Reserves and Surplus	04	10,745.76	8,002.99
		<u>14,859.07</u>	<u>12,116.30</u>
<b>(2) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	05	-	-
(b) Long Term Trade Payables	08	-	-
(c) Long-term Provisions	06	110.58	107.15
(d) Deferred Tax Liabilities (net)	23	1,895.83	1,845.93
		<u>2,006.41</u>	<u>1,953.08</u>
<b>(3) Current Liabilities</b>			
(a) Short-Term Borrowings	07	4,319.70	4,524.89
(b) Trade Payables	08	1,888.88	1,141.46
(c) Other Current Liabilities	09	3,621.89	4,063.84
(d) Short-Term Provisions	06	6.83	1,631.62
		<u>9,837.30</u>	<u>11,361.81</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>26,702.78</u>	<u>25,431.19</u>
<b>(II) ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	10 A	9,260.85	9,317.78
(ii) Intangible Assets	10 B	4,858.69	5,213.54
(iii) Capital Work-in-Progress	11	1,181.49	1,031.62
		<u>15,301.03</u>	15,562.94
(b) Long-Term Loans and Advances	12	4,911.27	5,825.44
		<u>20,212.30</u>	21,388.38
<b>(2) Current Assets</b>			
(a) Inventories	13	1,546.25	1,505.54
(b) Trade Receivables	14	1,028.73	1,421.95
(c) Cash and Cash equivalents	15	1,724.80	522.31
(d) Short-Term Loans and Advances	12	2,190.70	593.02
		<u>6,490.48</u>	4,042.82
<b>TOTAL ASSETS</b>		<u>26,702.78</u>	<u>25,431.19</u>

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

### For R K P Associates

Chartered Accountants

For and on behalf of the Board of Directors



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

Place : Silchar

Date: 22nd February 2018



Mohammad Iqbal Chowdhury  
Director  
DIN 07977063

Place : Dhaka

Date : 15th February 2018



Narayan Sharma  
Director  
DIN 01579171



Manjuree Rai  
Company Secretary

**LAFARGE UMIAM MINING PRIVATE LIMITED**  
**Statement of Profit and Loss for the year ended 31st December 2017**

	Note	Year ended 31.12.2017 (Rs. in Lakhs)	Year ended 31.12.2016 (Rs. in Lakhs)
<b>I Revenue from Operations (gross)</b>	16	22,654.71	21,560.11
Less : Excise duty		-	-
Revenue from Operations (net)		<u>22,654.71</u>	<u>21,560.11</u>
<b>II Other Income</b>	17	<u>463.61</u>	1,204.76
<b>III Total Revenue (I + II)</b>		<u>23,118.32</u>	<u>22,764.87</u>
<b>IV EXPENSES</b>			
(a) Cost of Extracted Limestone	18	<b>3,129.01</b>	2,937.58
(b) Employee Benefits Expense	19	<b>1,001.41</b>	899.24
(c) Finance Costs	20	<b>201.01</b>	563.12
(d) Depreciation and Amortisation expense	10	<b>1,330.94</b>	1,272.52
(e) Other Expenses	21	<b>9,745.28</b>	8,616.76
<b>Total Expenses</b>		<u>15,407.65</u>	<u>14,289.22</u>
<b>V Profit / (Loss) before Tax (III-IV)</b>		<u>7,710.67</u>	<u>8,475.65</u>
<b>VI Tax Expense</b>			
(a) Current Tax		1,947.59	1,625.38
(b) Deferred Tax		49.90	306.71
<b>Total Tax Expense</b>		<u>1,997.50</u>	<u>1,932.09</u>
<b>VII Profit / (Loss) for the year (V - VI)</b>		<u>5,713.18</u>	<u>6,543.56</u>
<b>VIII Earning/ (Loss) per equity share (Rupees):</b>			
Basic and Diluted		<u>13.89</u>	<u>15.91</u>

See accompanying notes forming part of the financial statements

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

In terms of our report attached

**For R K P Associates**

Chartered Accountants

For and on behalf of the Board of Directors



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

Place : Silchar  
Date: 22nd February 2018



Mohammad Iqbal Chowdhury  
Director  
DIN 07977063

Place : Dhaka  
Date : 15th February 2018



Narayan Sharma  
Director  
DIN 01579171



Manjuree Rai  
Company Secretary

**LAFARGE UMIAM MINING PRIVATE LIMITED**  
Cash Flow Statement for the year ended 31st December 2017

	Year ended 31.12.2017 (Rs. in Lakhs)	Year ended 31.12.2016 (Rs. in Lakhs)
<b>A. Cash Flow from Operating Activities:</b>		
<b>Profit / (Loss) before Taxes and Exceptional Item</b>	<b>7,710.67</b>	8,475.65
<i>Adjustments for:</i>		
Depreciation	<b>1,330.94</b>	1,272.52
Unrealised foreign exchange (gain)/ loss	<b>(55.44)</b>	45.81
Financial charges	<b>201.02</b>	358.97
Interest income	<b>(30.26)</b>	(25.42)
<b>Operating Profit before Working Capital Changes</b>	<b>9,156.93</b>	10,127.53
<i>Changes in Working Capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>	<b>(328.35)</b>	(336.95)
Trade receivables	<b>385.01</b>	(423.14)
Short term and long term loans and advances	<b>(672.65)</b>	116.12
Inventories	<b>(40.71)</b>	(29.92)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>	<b>(628.25)</b>	1,344.11
Trade payables and other current and non current liabilities	<b>993.11</b>	(272.68)
Long and short term provisions	<b>(1,621.36)</b>	1,616.79
<b>Cash from / (used in) Operations</b>	<b>8,200.33</b>	11,134.69
Provision for tax/taxes paid	<b>(1,947.59)</b>	(1,625.38)
<b>Net Cash from/(used in) Operating Activities</b>	<b>6,252.74</b>	<b>9,509.31</b>
<b>B. Cash Flow from Investing Activities:</b>		
Capital expenditure on fixed assets and capital work in progress	<b>(1,069.03)</b>	(1,214.18)
Interest received	<b>19.39</b>	23.27
<b>Net Cash used in Investing Activities</b>	<b>(1,049.64)</b>	(1,190.91)
<b>C. Cash Flow from Financing Activities:</b>		
Proceed from short term borrowings	<b>21,373.03</b>	20,477.14
Repayment of short term borrowings	<b>(21,514.57)</b>	(25,170.56)
Repayment of long term borrowings	<b>(554.26)</b>	(2,163.88)
Financial charges paid	<b>(334.40)</b>	<b>(944.19)</b>
Dividend paid	<b>(2,467.99)</b>	-
Dividend distribution tax paid	<b>(502.42)</b>	-
<b>Net Cash from/ (used in) Financing Activities</b>	<b>(4,000.61)</b>	(7,801.49)
<b>Net Increase or (Decrease) in Cash or Cash equivalents</b>	<b>1,202.49</b>	<b>516.91</b>
<b>Cash and Cash equivalents as at 1st January</b>	<b>522.31</b>	5.40
<b>Cash and Cash equivalents as at 31st December</b>	<b>1,724.80</b>	<b>522.31</b>

## Notes:

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

In terms of our report attached

**For R K P Associates**  
Chartered Accountants

For and on behalf of the Board of Directors



CA. RAVI KUMAR PATWA  
PARTNER  
MRN. 056409  
FRN. 322473E  
Place : Silchar  
Date: 22nd February 2018



Mohammad Iqbal Chowdhury  
Director  
DIN 07977063

Place : Dhaka  
Date : 15th February 2018



Narayan Sharma  
Director  
DIN 01579171



Manjuree Rai  
Company Secretary

## LAFARGE UMIAM MINING PRIVATE LIMITED

### Notes to the Financial Statements

#### 01. BACKGROUND

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

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

#### 02. SIGNIFICANT ACCOUNTING POLICIES

##### a). Basis of Accounting and Preparation of Financial Statements

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

##### b). Use of Estimates

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

##### c). Revenue Recognition

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

##### d). Fixed Assets

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

##### e). Development of Quarry

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

a) Cost for development of quarry for commercial exploration.

b) Cost for obtaining definite extraction permit which includes amongst others environmental clearance as per statutory rules and regulations in force from time to time and as imposed by regulatory authorities.

## LAFARGE UMIAM MINING PRIVATE LIMITED

### Notes to the Financial Statements

c) Cost to expand the capacity of the quarry.

#### **f) Inventory**

Extracted Limestone and Shalestone are valued at the lower of cost and net realizable value.

Spare parts, oil & fuel and other supplies are valued at/ under cost.

Cost of inventories is ascertained on the weighted average basis

#### **g) Depreciation/Amortisation**

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

Buildings - 30 to 60 years

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

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

Other Plant & Machinery - 15 years

Furniture and Fixtures - 10 years

Office & Household Equipments - 5 years

Electronic Data Processing Equipment - 3 to 6 years

Computer Softwares - 3 years

Vehicles - 8 years

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

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

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

#### **h) Foreign Exchange Transaction**

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

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

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

#### **i) Employee Benefits**

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

## LAFARGE UMIAM MINING PRIVATE LIMITED

### Notes to the Financial Statements

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

#### **j) Borrowing Cost**

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

#### **k) Taxes on Income**

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

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

#### **l). Impairment of Fixed Assets**

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

#### **m). Leases**

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

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

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

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

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

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

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

## LAFARGE UMIAM MINING PRIVATE LIMITED

### Notes to the Financial Statements

### 03. SHARE CAPITAL

	As at 31.12.2017 (Rs. in Lakhs)	As at 31.12.2016 (Rs. in Lakhs)
<b>Authorised:</b>		
42,000,000 (as at 31st December, 2016: 42,000,000) equity shares of Rs. 10 each	4,200.00	4,200.00
	4,200.00	4,200.00
<b>Issued, Subscribed and Fully Paid up:</b>		
41,133,099 (as at 31st December, 2016: 41,133,099) equity shares of Rs. 10 each	4,113.31	4,113.31
	4,113.31	4,113.31

#### 03.1 Share Capital

##### Reconciliation of Number of shares

	As at 31.12.2017		As at 31.12.2016	
	No. of Shares	Amount (Rs. in Lakhs)	No. of Shares	Amount (Rs. in Lakhs)
<b>Issued, Subscribed and Fully paid</b>				
At the beginning of the year	4,11,33,099	4,113.31	4,11,33,099	4,113.31
At the end of the year	4,11,33,099	4,113.31	4,11,33,099	4,113.31

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

Shareholder	As at 31.12.2017		As at 31.12.2016	
	No. of Shares	%	Nos. shares	%
(1) LafargeHolcim Bangladesh Ltd, Bangladesh, the holding company	4,11,33,099	100%	4,11,33,099	100%
	4,11,33,099	100%	4,11,33,099	100%

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

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

### 04. RESERVES AND SURPLUS

	As at 31.12.2017 (Rs. in Lakhs)	As at 31.12.2016 (Rs. in Lakhs)
Surplus / (Deficit) in Statement of Profit and Loss :		
Opening Balance	8,002.99	1,459.43
Add: Profit / (Loss) for the year	5,713.18	6,543.56
	13,716.17	8,002.99
Less : Appropriations		
Interim equity dividend {Amount per share Rs. 6 (Previous Year - Rs Nil)}	2,467.99	-
Tax on equity dividend	502.42	-
<b>Closing Balance</b>	10,745.76	8,002.99

# LAFARGE UMIAM MINING PRIVATE LIMITED

## Notes to the Financial Statements

### 05. Long-Term Borrowings

	As at 31.12.2017			As at 31.12.2016		
	(Rs. in Lakhs) Current Maturities	(Rs. in Lakhs) Long Term	(Rs. in Lakhs) Total	(Rs. in Lakhs) Current Maturities	(Rs. in Lakhs) Long Term	(Rs. in Lakhs) Total
(a) Term loans from related parties (Unsecured) External commercial borrowing from LafargeHolcim Bangladesh Ltd, Bangladesh	-	-	-	554.26	-	554.26
	-	-	-	554.26	-	554.26

#### Additional information

(1) Terms of repayment of borrowings as at 31st December 2017 are as follows :

Particulars	Currency	INR Equivalent ('lakhs)	Installment amount in lakhs	No. of Installment paid	No. of Installment due	Start date of loan repayment	Maturity date	Remarks
External commercial borrowing (ECB)	USD	INR 554.26	USD 816	20 (quarterly)	Nil	June 15, 2012	March 15, 2017	Refer note A

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

Particulars	Currency	INR Equivalent ('lakhs)	Installment amount in lakhs	No. of Installment paid	No. of Installment due	Start date of loan repayment	Maturity date	Remarks
External commercial borrowing (ECB)	USD	INR 554.26	USD 816	19 (quarterly)	1	June 15, 2012	March 15, 2017	Refer note A

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

**Note B:** External commercial borrowing from LafargeHolcim Bangladesh Ltd, was fully repaid on 24th March 2017 as per the revised repayment schedule of the fourth amendment of the loan agreement dated March 20, 2012.

## LAFARGE UMIAM MINING PRIVATE LIMITED

### Notes to the Financial Statements

#### 06. Provisions

	As at 31.12.2017 (Rs. in Lakhs)		As at 31.12.2016 (Rs. in Lakhs)	
	Long Term	Short Term	Long Term	Short Term
(a) Provision for employee benefits				
Post-employment Defined Benefits				
Retiring Gratuity	110.58	6.83	107.15	5.90
(b) Provision for Income Tax (Net of advance tax)	-	-	-	1,625.72
<b>Total Provisions</b>	<b>110.58</b>	<b>6.83</b>	107.15	1,631.62

#### 07. Short-Term Borrowings

	As at 31.12.2017 (Rs. in Lakhs)		As at 31.12.2016 (Rs. in Lakhs)	
	Loans from banks			
Unsecured				
(1) From Citibank NA, Mumbai :				
Working capital demand loan		2,876.73		2,242.51
Overdraft		4.61		243.46
(2) From Standard Chartered Bank, Mumbai :				
Working capital demand loan		1,438.36		509.66
(3) From HSBC, Mumbai :				
Working capital demand loan		-		1,291.14
(4) From State Bank of India, Shillong :				
Overdraft		-		238.12
		<b>4,319.70</b>		4,524.89

#### 08. Trade Payables

	As at 31.12.2017 (Rs. in Lakhs)		As at 31.12.2016 (Rs. in Lakhs)	
	Long Term	Short term	Long Term	Short term
Creditors for supplies / services	-	1,826.30	-	1,091.96
Creditors for accrued wages and salaries	-	62.58	-	49.50
<b>Total Trade Payables</b>	<b>-</b>	<b>1,888.88</b>	<b>-</b>	1,141.46

#### 09. Other Current Liabilities

	As at 31.12.2017 (Rs. in Lakhs)		As at 31.12.2016 (Rs. in Lakhs)	
	(a) Current maturities of long-term debt (Refer Note 5)	-		
(b) Creditors for capital liability		29.43		160.46
(c) Creditors for other liabilities				
(1) Interest accrued but not due on borrowings		-		145.17
(2) Interest accrued and due on borrowings		11.79		-
(3) Statutory Dues		3,294.57		2,940.98
(4) Other credit balances		286.10		262.97
<b>Total Other current liabilities</b>		<b>3,621.89</b>		4,063.84

## LAFARGE UMIAM MINING PRIVATE LIMITED

Notes to the Financial Statements

### 10. Fixed Assets

Particulars	Gross Block - At Cost		Depreciation / Amortisation		Net Block	
	As at 1st January, 2017 Rs. in lakhs	Additions during the year Rs. in lakhs	As at 1st January, 2017 Rs. in lakhs	Additions during the year Rs. in lakhs	As at 31st December, 2017 Rs. in lakhs	As at 1st January, 2017 Rs. in lakhs
<b>10 A. Tangible Assets</b>						
Freehold Land	204.90	-	-	-	204.90	204.90
Leasehold Land	138.85	-	64.95	6.49	67.41	73.90
Building	890.38	-	180.05	25.11	685.22	710.33
Plant and Machinery	14,268.63	617.40	6,688.94	870.62	7,326.47	7,579.69
Development of property	1,073.62	301.76	427.77	47.12	900.49	645.85
Furniture and Fixtures	61.93	-	37.73	3.82	20.38	24.20
Office & Household Equipments	103.66	-	84.06	8.22	11.38	19.60
Electronic Data Processing Equipment	116.65	-	100.12	5.80	10.73	16.53
Vehicles	276.72	-	233.94	8.91	33.87	42.78
<b>Total</b>	<b>17,135.34</b>	<b>919.16</b>	<b>7,817.56</b>	<b>976.09</b>	<b>9,260.85</b>	<b>9,317.78</b>
Previous year	16,616.20	519.14	6,900.87	916.70	9,317.78	
<b>10 B. Intangible Assets</b>						
Software (acquired)	37.05	-	36.66	0.38	0.00	0.39
Development of property	7,132.14	-	1,918.99	354.47	4,858.69	5,213.15
<b>Total</b>	<b>7,169.19</b>	<b>-</b>	<b>1,955.65</b>	<b>354.85</b>	<b>4,858.69</b>	<b>5,213.54</b>
Previous year	7,169.19	-	1,599.83	355.82	5,213.54	

## LAFARGE UMIAM MINING PRIVATE LIMITED

### Notes to the Financial Statements

#### 11. Capital Work-in-Progress

	As at 31.12.2017 (Rs. in lakhs)	As at 31.12.2016 (Rs. in lakhs)
(a) Development of Property <sup>(1)</sup>	-	296.76
(b) Plant & Machinery	<b>1,181.49</b>	734.86
<b>Total Capital Work-in-Progress</b>	<b>1,181.49</b>	1,031.62

#### *Additional information*

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

#### 12. Loans and Advances

	As at 31.12.2017		As at 31.12.2016	
	Long Term (Rs. in lakhs)	Short Term (Rs. in lakhs)	Long Term (Rs. in lakhs)	Short Term (Rs. in lakhs)
<b>Loans and Advances (Unsecured, considered good)</b>				
(a) Capital advances	-	<b>128.95</b>	-	10.49
(b) Security deposits	<b>1,232.62</b>	-	1,232.62	-
(c) Interest accrued on deposits	<b>20.04</b>	<b>11.68</b>	13.52	7.33
(d) Advance tax (Net of provision for tax)	-	<b>1,104.89</b>	-	-
(e) MAT credit entitlement	<b>3,092.18</b>	-	4,344.50	-
(f) Other loans and advances				
(1) Prepayments	<b>131.70</b>	<b>59.95</b>	175.60	64.51
(2) Advances to suppliers	<b>7.07</b>	<b>122.48</b>	6.28	210.79
(3) Deposit account <sup>(1) &amp; (2)</sup>	<b>427.66</b>	<b>298.26</b>	52.92	280.00
(4) Others	-	<b>464.49</b>	-	19.89
	<b>566.43</b>	<b>945.18</b>	234.80	575.19
<b>Total Loans and Advances</b>	<b>4,911.27</b>	<b>2,190.70</b>	<b>5,825.44</b>	593.02

#### *Additional information*

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

2. Includes Rs. 34.66 lakhs (as at 31st December, 2016 Rs. 34.66 lakhs) pledged with the Office of Commissioner of Central Excise, Meghalaya; Rs.201.26 lakhs (as at 31st December, 2016 Rs.18.26 lakhs) pledged in respect of Bank Guarantee issued by State Bank of India, Shillong in favour of Indian Bureau of Mines; Rs.280.00 lakhs (as at 31st December 2016 Rs. 280.00 lakhs) pledged in respect of bank overdraft facility availed from State Bank of India, Shillong and Rs. 210.00 lakhs ( as at 31st December, 2016 Rs. Nil lakhs) earmarked for Environment Management Plan Fund as per the requirements of environmental clearance conditions granted to the Company by Ministry of Environment, Forest and Climate Change, Government of India

**LAFARGE UMIAM MINING PRIVATE LIMITED**  
Notes to the Financial Statements

**13. INVENTORIES**

	<b>As at 31.12.2017 (Rs. in Lakhs)</b>	As at 31.12.2016 (Rs. in Lakhs)
(a) Extracted Limestone	399.66	324.12
(b) Oil and Fuel	56.57	34.97
(c) Stores, Spares and Explosive	1,090.02	1,146.45
<b>Total Inventories</b>	<b>1,546.25</b>	<b>1,505.54</b>

**14. TRADE RECEIVABLES**

	<b>As at 31.12.2017 (Rs. in Lakhs)</b>	As at 31.12.2016 (Rs. in Lakhs)
<b>Current Trade Receivable</b>		
Unsecured, considered good unless otherwise stated		
Outstanding for a period exceeding six months, from the date they were due for payment.	-	-
Others	1,028.73	1,421.95
<b>Total Current Trade Receivable</b>	<b>1,028.73</b>	<b>1,421.95</b>

**15. CASH AND CASH EQUIVALENTS**

	<b>As at 31.12.2017 (Rs. in Lakhs)</b>	As at 31.12.2016 (Rs. in Lakhs)
(a) Cash on hand	0.82	0.53
(b) Balances with banks		
In Current Accounts	1,244.53	12.12
In Transit	479.45	509.66
<b>Total Cash and Cash equivalents</b>	<b>1,724.80</b>	<b>522.31</b>
Out of above, the balances that meet the definition of Cash and Cash equivalents as per Accounting Standard 3 Cash Flow Statements	<b>1,724.80</b>	522.31

## LAFARGE UMIAM MINING PRIVATE LIMITED

### Notes to the Financial Statements

#### 16. REVENUE FROM OPERATIONS

	Year ended 31.12.2017 (Rs. in lakhs)	Year ended 31.12.2016 (Rs. in lakhs)
Revenue from operations (gross)	22,654.71	21,560.11
Less : Excise duty on revenue from operations	-	-
<b>Revenue from Operations (net)</b>	<b>22,654.71</b>	<b>21,560.11</b>

#### 16.1 Revenue from Operations (net)

##### Particulars

Sale of crushed limestone <sup>(1)</sup>	22,654.71	21,560.11
	<b>22,654.71</b>	<b>21,560.11</b>

##### Additional information

(1) Sales of crushed limestone represent 100% export sales to holding company, LafargeHolcim Bangladesh Ltd, Bangladesh

#### 17. OTHER INCOME

(a) Interest Income from bank deposits	30.26	25.42
(b) Excess liability written back	-	737.79
(c) Refund of taxes and duties on input goods and services	70.05	368.39
(d) Others	-	73.16
(e) Gain on foreign exchange fluctuation (net)	363.31	-
<b>Total Other Income</b>	<b>463.61</b>	<b>1,204.76</b>

#### 18. COST OF EXTRACTED LIMESTONE

Extracted Limestone		
Opening stock	324.12	446.88
Add:- Cost of extraction	3,204.55	2,814.82
Less : Closing stock	399.66	324.12
<b>Extracted Limestone Consumed</b>	<b>3,129.01</b>	<b>2,937.58</b>

#### 19. EMPLOYEE BENEFITS EXPENSES

(a) Salaries and wages, including bonus	937.85	835.89
(b) Contribution to provident and other funds	63.56	63.35
<b>Total Employee Benefits Expense</b>	<b>1,001.41</b>	<b>899.24</b>

#### 20. FINANCE COST

(a) Interest expenses		
Interest on External Commercial Borrowings	4.30	67.27
Interest on working capital demand loan and overdraft	181.51	273.63
(b) Bank charges	15.20	18.07
(c) Net loss on foreign currency transactions and translation (considered as finance cost)	-	204.15
<b>Total Finance Cost</b>	<b>201.01</b>	<b>563.12</b>

**LAFARGE UMIAM MINING PRIVATE LIMITED**  
Notes to the Financial Statements

**21. OTHER EXPENSES**

	Year ended 31.12.2017 (Rs. in lakhs)	Year ended 31.12.2016 (Rs. in lakhs)
Consumption of stores, spare parts and loose tools	243.82	312.49
Fuel for power generation	771.50	579.46
Cost of operation and maintenance of DG Sets for power generation	237.90	191.73
Rent	50.20	36.14
Repairs to buildings	7.87	18.18
Repairs to machinery	110.22	48.05
Repairs to others	253.48	195.18
Insurance	52.40	53.18
Royalty and Cess for Limestone mining lease	3,863.32	3,434.46
Welfare Cess	-	8.55
Lease rent for limestone mining surface rights	356.31	323.14
LBC and mining operation support & assistance by local bodies & others	313.13	262.99
Contribution to Special Purpose Vehicle <sup>(1)</sup>	2,099.60	1,905.95
Corporate Social Responsibility Expenditure <sup>(2)</sup>	162.29	118.74
Environmental cost	257.92	210.41
Business Promotion & Public Relations	36.54	36.98
Study, reports and consultancy fees	77.35	130.18
IT Cost	65.39	65.04
Security cost	406.10	326.06
Communication charges	8.74	8.24
Gas, Water & Electricity	20.97	45.99
Legal fees and consultation	37.04	45.07
Travelling and conveyance	151.58	131.43
Safety expense	31.68	27.31
Site restoration cost	25.42	25.42
Deputation of custom officials at site	31.54	23.16
Auditors remuneration and out-of-pocket		
(i) Statutory Auditors	8.85	8.63
(ii) Tax Audit related matter	3.30	3.22
(iii) For other services	0.83	0.86
(iv) Reimbursement of Expense	0.32	-
Miscellaneous expenses	59.67	40.52
<b>Total Other Expenses</b>	<b>9,745.28</b>	<b>8,616.76</b>

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

(2) Corporate Responsibility Expenditure Rs. 162.29 lakhs (Previous year : Rs. 87.67 lakhs) incurred by the Company represents with the requirement of the provision of Section 135 of the Companies Act, 2013.

## LAFARGE UMIAM MINING PRIVATE LIMITED

### Notes forming part of financial statements

22. Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for Rs. 205.38 lakhs (as at 31st December, 2016 Rs. 369.30 lakhs).

23. Deferred tax:

The break up of deferred tax is as under	Year Ended	Year Ended
	31st December 2017 (Rs. In lakhs)	31st December 2016 (Rs. In lakhs)
<b>Deferred Tax Liabilities</b>		
Timing difference on account of:-		
-Depreciation	1,936.46	1,885.05
<b>Gross Deferred Tax Liabilities (A)</b>	<b>1,936.46</b>	<b>1,885.05</b>
<b>Deferred Tax Assets</b>		
-Unabsorbed Depreciation	Nil	Nil
-Provision for Gratuity	40.63	39.12
<b>Gross Deferred Tax Assets (B)</b>	<b>40.63</b>	<b>39.12</b>
<b>Deferred Tax Assets/ (Liability) (Net) (A-B)</b>	<b>(1,895.83)</b>	<b>(1,845.93)</b>

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

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

25. Expenditure / Earnings in foreign currency:

a) Value of imports calculated on CIF basis:

	31st December 2017	31st December 2016
	Rs. in lakhs	Rs. in lakhs
i) Stores and Spare parts	0.76	268.90
ii) Capital goods	422.58	435.24
<b>Total</b>	<b>423.34</b>	<b>704.14</b>

a) Expenditure in foreign currency:

	Year Ended	
	31st December 2017	31st December 2016
	Rs. in lakhs	Rs. in lakhs
i) Professional and Consulting fees	52.36	47.91
ii) Interest and other borrowing cost	4.30	67.27
<b>Total</b>	<b>56.66</b>	<b>115.18</b>

## LAFARGE UMIAM MINING PRIVATE LIMITED

### Notes forming part of financial statements

c) Earnings in foreign currency:

	Year Ended	
	31st December 2017 Rs. in lakhs	31st December 2016 Rs. in lakhs
i) FOB Value of Exports	22,654.71	21,560.11
<b>Total</b>	<b>22,654.71</b>	<b>21,560.11</b>

d) Details of consumption of imported and indigenous items :

	Year Ended			
	31st December 2017		31st December 2016	
	Rs. in lakhs	%	Rs. in lakhs	%
i) Imported				
Raw materials	Nil	Nil	Nil	Nil
Stores and Spares	90.97	37%	90.40	29%
ii) Indigenous				
Raw materials	3,128.09	100%	2,937.60	100%
Stores and Spares	152.85	63%	222.09	71%

26. Contingent Liability not provided for:

Bank Guarantee amounting to Rs. 171.07 lakhs (as at 31st December 2016 Rs. 16.13 lakhs) issued by State Bank of India, Main Branch Shillong on behalf of the Company favoring Indian Bureau of Mines as financial assurance for the progressive mines closure plan.

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

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

## LAFARGE UMIAM MINING PRIVATE LIMITED

### Notes forming part of financial statements

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

	Year Ended	
	31st December 2017	31st December 2016
	Rs. in lakhs	Rs. in lakhs
Opening balance	260.54	235.12
Additions	25.42	25.42
Reversals	Nil	Nil
<b>Closing balance</b>	<b>285.96</b>	<b>260.54</b>

29. The Company is recognizing the provision for the employee retirement benefits as per Accounting Standard 15 "Employee Benefits".

Independent Actuarial Valuation of all employee benefit scheme was made on 31st December 2017 which is in the nature of unfunded gratuity benefit.

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

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

	Year Ended	
	31st December 2017	31st December 2016
	Rs. in lakhs	Rs. in lakhs
1 Current Service cost	14.04	11.65
2 Interest cost	8.06	7.78
3 Expected return on plan assets	-	-
4 Curtailment cost/(credit)	-	-
5 Settlement cost/(credit)	-	-
6 Amortization of Past Service Cost	-	-
7 Actuarial Losses/(Gains)	(9.44)	(2.59)
<b>8 Total expense recognized in the Statement of Profit &amp; Loss</b>	<b>12.66</b>	<b>16.84</b>

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

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

Sl. No.		Current Year	Previous Year			
			As on 31st Dec 16	As on 31st Dec 15	As on 31st Dec 14	As on 31st Dec 13
		Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
1	Present value of Defined Benefit Obligation	117.41	113.05	97.14	75.47	52.00
2	Fair value of plan assets	-	-	-	-	-
3	Funded status [Surplus/(Deficit)]	117.41	(113.05)	(97.14)	(75.47)	(52.00)
4	Effect of balance sheet asset limit	-	-	-	-	-
5	Unrecognized Past Service Costs	-	-	-	-	-
<b>6</b>	<b>Net asset/(liability) recognized in balance sheet</b>	<b>117.41</b>	<b>(113.05)</b>	<b>(97.14)</b>	<b>(75.47)</b>	<b>(52.00)</b>
7	Experience (Gain)/Loss adjustments on plan liabilities	0.98	(14.30)	1.40	(2.29)	(1.87)

## LAFARGE UMIAM MINING PRIVATE LIMITED

### Notes forming part of financial statements

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

	Year ended 31 <sup>st</sup> December 2017 Rs. in lakhs	Year ended 31 <sup>st</sup> December 2016 Rs. in lakhs
1 Present Value of DBO at beginning of period	113.05	97.13
2 Current Service cost	14.04	11.65
3 Interest cost	8.06	7.78
4 Curtailment cost/(credit)	-	-
5 Settlement cost/(credit)	-	-
6 Employee contribution	-	-
7 Plan amendments	-	-
8 Acquisitions	-	-
9 Actuarial (gains)/ losses	(9.44)	(2.59)
10 Benefits paid	(8.31)	(0.92)
11 Present Value of DBO at the end of period	117.41	113.05

#### IV. Actuarial Assumptions

Sl. No.		Year ended 31 <sup>st</sup> December 2017	Year ended 31 <sup>st</sup> December 2016
1	Discount Rate per annum Compound	7.82%	7.13%
2	Rate of increase in salaries	8.00%	8.00%
3	Rate of return on Plan Assets	Not Applicable	Not Applicable
4	Expected Average remaining working lives of employees (years)	20.96	20.70

Note:

- (i) The estimate of future salary increase takes into account seniority, promotion and other relevant factors.  
(ii) Experience (Gain)/Loss adjustment arising on plan liabilities - Rs 0.98 lakhs [as at 31st December 2016 Rs. (14.30) lakhs].

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

Sl. No.		Year ended 31 <sup>st</sup> December 2017 Rs. in lakhs	Year ended 31 <sup>st</sup> December 2016 Rs. in lakhs
1	Employer's Contribution to recognized Provident Fund	50.90	46.52

## LAFARGE UMIAM MINING PRIVATE LIMITED

### Notes forming part of financial statements

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

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

Name	Nature of relationship	Transactions for the year ended		
		31 <sup>st</sup> December, 2017 Rs. in lakhs	31 <sup>st</sup> December, 2016 Rs. in lakhs	Nature of transaction
Mr. Shivesh Kumar Sinha	Chairman	26.00	24.50	Remuneration
Mr. Neeraj Akhoury (Ceased to be KMP w.e.f 31.01.2017)	Director	Nil	Nil	---
Mr. Masud Khan (Ceased to be KMP w.e.f 01.07.2017)	Director	Nil	Nil	---
Mr. Narayan Sharma	Director	105.49	97.98	Remuneration
Mr. Mohammed Arif Bhuiyan	Director	Nil	Nil	---
Mr. Marcos Cela Rey	Director	Nil	Nil	---
Mr. Kazi Mizanur Rahman	Director	Nil	Nil	---
Mr. Eung Rae Kim	Director	Nil	Nil	---
Mr. Rajesh Surana (Appointed as KMP w.e.f 17.02.2017)	Director	Nil	Nil	---
Mr. Mohammed Iqbal Chowdhury (Appointed as KMP w.e.f 31.10.2017)	Director	Nil	Nil	---

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

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

	31 <sup>st</sup> December 2017 Rs. in lakhs	31 <sup>st</sup> December 2016 Rs. in lakhs
Closing balance	Nil	554.26
Interest accrued and due as on	Nil	Nil
Interest accrued but not due as on	Nil	135.87
Interest charged during the year ended	4.30	67.27
Loan availed during the year	Nil	Nil
Foreign exchange fluctuation [(gain)/ loss] on ECB loan	(20.88)	58.76
Foreign exchange fluctuation [(gain)/ loss] on outstanding interest	(5.12)	3.23
Loan repaid during the year	533.38	2,209.37
Interest paid during the year including withholding tax	135.05	647.10

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

	31 <sup>st</sup> December 2017 Rs. in lakhs	31 <sup>st</sup> December 2016 Rs. in lakhs
Interest charged during the year	4.30	67.27

##### ii) Export sales transaction:

	31 <sup>st</sup> December 2017 Rs. in lakhs	31 <sup>st</sup> December 2016 Rs. in lakhs
Closing balance of export sales receivables as at	1,028.73	1,421.95
Total value of export sales transaction during the year ended	22,654.71	21,560.11

## LAFARGE UMIAM MINING PRIVATE LIMITED

### Notes forming part of financial statements

c) Fellow Subsidiary Company:

Name of the related party: Lum Mawshun Minerals Pvt Ltd

Transactions:

	31 <sup>st</sup> December 2017	31 <sup>st</sup> December 2016
	Rs. in lakhs	Rs. in lakhs
Closing balance as at	7.10	5.87
Expense paid by the Company on behalf of the fellow subsidiary company during the year ended	1.23	1.68

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

	31 <sup>st</sup> December 2017	31 <sup>st</sup> December 2016
a) Net Profit / (Loss) after Tax available for Equity Shareholders (Rs in lakhs)	5,714.10	6,543.56
b) Weighted average number of equity shares of nominal value of Rs. 10 / each (Nos.)	41,133,099	41,133,099
c) Basic and diluted Earnings/(Loss) per Share including exceptional item ( a ÷ b) (Rupees)	13.89	15.91

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

**33.** During the year the Company had entered into certain forward exchange contracts which are not intended for speculation purpose but only for hedging currency related risks. The Company has provided foreign exchange (gain)/loss of Rs. (92.91) lakhs (as at 31<sup>st</sup> December 2016 Rs. 4.53 lakhs ) due to fluctuation in foreign exchange rates in respect of all outstanding forward contracts at the balance sheet date not backed by any underlying existing assets/liabilities by marking them to the market.

**Forward contracts outstanding as on 31<sup>st</sup> December 2017 are as follows:**

As at	No. of Contracts	Amount (USD in lakhs )	Amount (Rs. in lakhs)
31 <sup>st</sup> December 2017	10	75.00	4,929.04
31 <sup>st</sup> December 2016	6	45.00	3,079.13

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

Particulars	Convertible amount as at				
	31 <sup>st</sup> December 2017			31 <sup>st</sup> December 2016	
	Currency	Foreign Currency in lakhs	Rs. in lakhs	Foreign Currency in lakhs	Rs. in lakhs
Un Secured Loan	USD	Nil	Nil	8.16	554.26
Interest on Unsecured loan	USD	Nil	Nil	2.00	135.87
Working capital loan	USD	67.50	4,315.08	59.50	4,043.31
Interest on Working capital loan	USD	0.12	7.97	0.09	6.16
Sundry Creditors	USD	0.76	48.19	0.84	56.86
	Euro	1.40	106.56	1.40	99.91
Sundry Receivables	USD	41.58	2,658.21	28.43	1,931.61

35. The Company has entered into operating leases arrangement for Heavy Earth Moving Machines and other related machines for its mining operations. The leases are for a period of 5 years with a non-cancellable period of 3 years. There are no contingent rents and subleases. At the end of lease term as per the terms and conditions of the operating leases arrangements, the Company has an option to either renew the lease term or surrender the underlying asset under lease arrangement or purchase the underlying asset under lease arrangement at fair market value. Future minimum lease payments obligation under the operating lease arrangement area as follow:

	31 <sup>st</sup> December 2017 Rs. in lakhs	31 <sup>st</sup> December 2016 Rs. in lakhs
Not later than one year	984.06	984.06
Later than one year but not later than five years	939.87	1,470.18
Later than five years	453.76	453.76

Rental expenses of Rs 577.99 lakhs including taxes (as at 31st December 2016 Rs. 556.82) in respect of obligation under non-cancellable operating leases have been charged to the statement of profit and loss in Note 18.

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

37. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of the Board

Place : Dhaka  
Date: 15th February 2018

  
Narayan Sharma  
Director

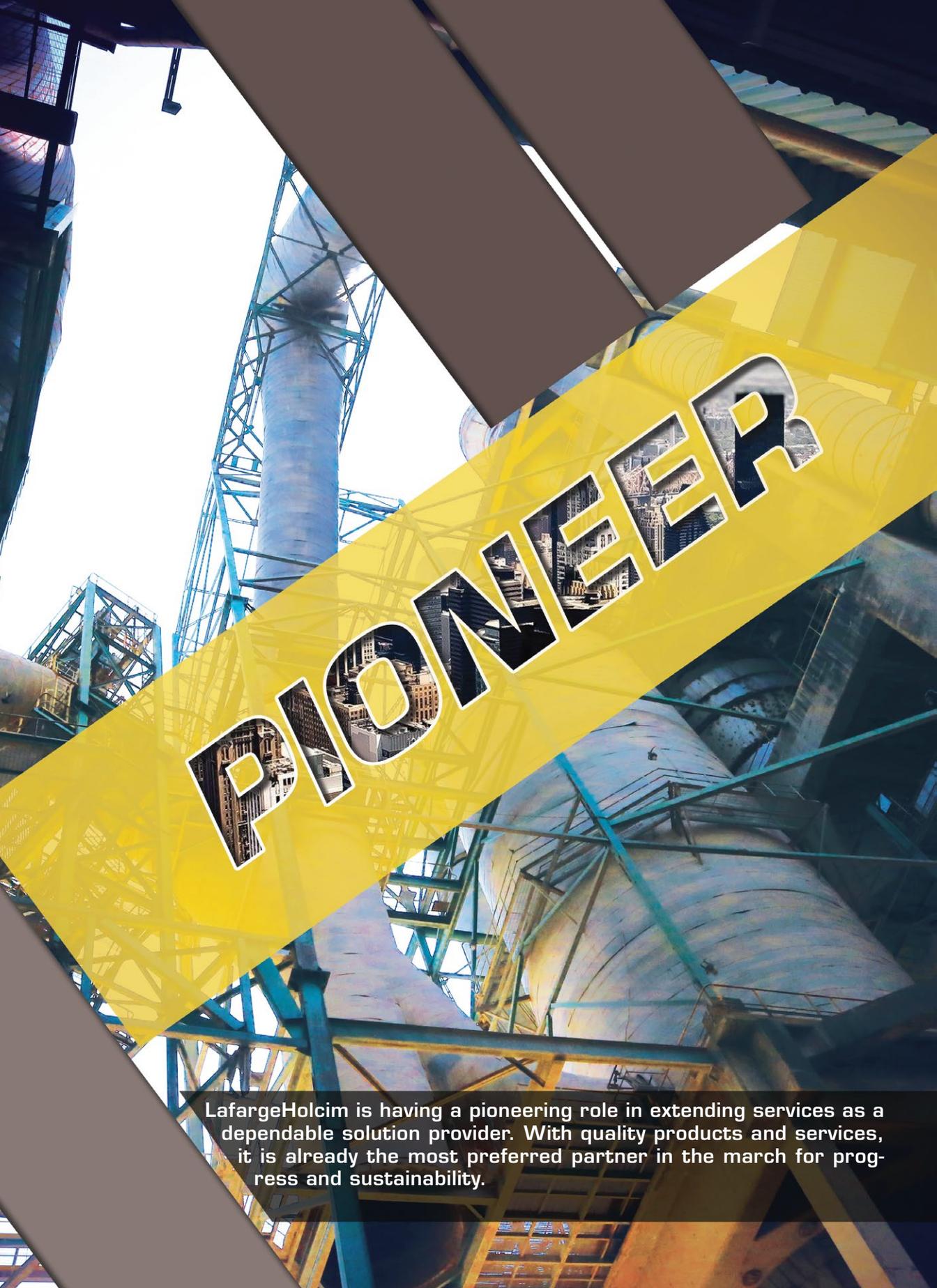
  
Manjuree Rai  
Company Secretary

  
Mohammed Iqbal  
Chowdhury  
Director  
DIN 07977063



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

**FOR THE YEAR ENDED DECEMBER 31, 2017**



# PIONEER

LafargeHolcim is having a pioneering role in extending services as a dependable solution provider. With quality products and services, it is already the most preferred partner in the march for progress and sustainability.

## LUM MAWSHUN MINERALS PRIVATE LIMITED

# DIRECTOR'S REPORT

Dear Shareholders:

The Board of Directors of Lum Mawshun Minerals Pvt. Ltd. (the "Company") take pleasure in presenting to the members their report together with audited financial statements of the Company for the year ended on December 31, 2017.

### Review of the Activities:

Your Company had been set up as a subsidiary of LafargeHolcim Bangladesh Limited ("LHBL") to obtain the land rights and mining leases for the mining project in Meghalaya, India. With due approval of the Government of Meghalaya, the Company transferred all lands acquired for the project to Lafarge Umiam Mining Private Limited ("LUMPL"). LUMPL is the operating company for the Mining project. Your Company is now exploring new opportunities for development of future business.

### Financial Highlights:

The net loss for the year 2017 was INR 1,15,895/-

### Auditors Report:

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

There are no qualifications in the Auditors' Report which requires any clarification/ explanation.

### Directors:

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

### Appointments:

LHBL nominated Mr. Mohammad Iqbal Chowdhury as Director on the Board of the Company.

Mr. Mohammad Iqbal Chowdhury has been appointed as an Additional Director on the Board of the Company effective from October 31, 2017. Mr. Mohammad Iqbal Chowdhury is the Chief Financial Officer of LHBL. His presence on the Board would be beneficial for the Company.

### Resignations:

Mr. Masud Khan had been appointed as a Director on the Board of the Company on October 1, 2002. Mr. Masud Khan resigned from the Board with effect from July 1, 2017. Your Board thanks Mr. Masud Khan for his contributions, leadership and guidance provided during his tenure as Director of the Company.

### Directors' Responsibility Statement:

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

1. in preparation of the annual accounts for the year ending December 31, 2017; the applicable Accounting Standards have been followed along with proper explanations provided for material departures, if any;

2. the accounting policies selected have been applied consistently and judgments and estimates are made, that are reasonable and prudent to give a true and fair view of the state of affairs of the Company as on December 31, 2017 and of the profit of your Company for the year ended on that date;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts for the year ended December 31, 2017 have been prepared on a going concern basis;
5. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
6. that the directors have devised proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

**Auditors:**

As per Section 139(2)(b) of the Companies Act, 2013 read with Rule 6(3)(i) and the first proviso of Rule 3(7) of the Companies (Audit & Auditors) Rules, 2014, the maximum period for which an audit firm can serve a company as a statutory auditor is for two (2) terms of five (5) consecutive years subject to ratification in every annual general meeting by way of passing an ordinary resolution.

M/s RKP Associates, Chartered Accountants (having Firm Registration No 322473E), Statutory Auditors of the Company will be completing one (1) term of five (5) years at the conclusion of the ensuing Annual General Meeting of the Company to be held on May 17, 2018.

In consonance with the aforesaid provisions of the Companies Act, 2013, it is proposed to appoint M/s RKP Associates, Chartered Accountants as statutory auditors of the Company for a term of five (5) years beginning from the conclusion of the ensuing Annual General Meeting, subject to ratification of their appointment at every Annual General Meeting by way of passing an ordinary resolution.

M/s RKP Associates, Chartered Accountants have, under Section 139(1) of the Companies Act, 2013 and the Rules framed there under furnished a certificate of their eligibility and consent for appointment.

The necessary Resolution for appointment of M/s RKP Associates, Chartered Accountants, as the Statutory Auditors of the Company for a term of five (5) years beginning from the conclusion of the ensuing Annual General Meeting has been included in the Notice of the ensuing Annual General Meeting of the Company and the Resolution is recommended for your approval.

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

During the year ended December 31, 2017, the Board of Directors met five (5) times viz. on February 13, 2017, April 25, 2017, May 18, 2017, August 31, 2017 and November 27, 2017. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

**Particulars of employees:**

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

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

The Company has not made any investments or given any loans or guarantee or provided any security during the year under scrutiny.

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

The Company continues to have high respect for women since the days of its incorporation. The Board has been taking necessary measures for the protection of women rights.

**Related party transactions:**

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

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

**Extract of Annual Return:**

The details forming part of the extract of the annual return in Form MGT – 9 are set out in Annexure “A” in this Report.

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

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

**Fixed deposits:**

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

**Acknowledgements:**

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

For and on Behalf of the Board



Director  
DIN 01579171



Director  
DIN: 01300486

Place: Shillong

Date: March 21, 2018

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ANNEXURE A  
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**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN  
As on financial year ended on 31.12.2016**

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

**I. REGISTRATION & OTHER DETAILS:**

1	CIN	U14107ML1994PTC004299
2	Registration Date	17/11/1994
3	Name of the Company	LUM MAWSHUN MINERALS PVT LTD
4	Category/Sub-category of the Company	Company Limited by shares Indian Non-Government Company
5	Address of the Registered office & contact details	HOTEL POLO TOWER, POLO GROUND, MEGHALAYA, SHILLONG, MEGHALAYA- 793001, INDIA
6	Email	manjuree.raai@lafargeholcim.com
7	Whether listed company	No
8	Name, Address & contact details of the Registrar & Transfer Agent, if any.	NA

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

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Mining and quarrying	5109	100

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

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

**IV. SHARE HOLDING PATTERN**

(Equity share capital breakup as percentage of total equity)

**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-January -2017]			No. of Shares held at the end of the year [As on 31-December-2017]			% Change during the year
	Demat	Physical	% of Total Shares	Demat	Physical	% of Total Shares	
<b>A. Promoters</b>							
(1) Indian							
a) Individual/ HUF			25.98%			25.98%	0.00%
<b>Sub Total (A) (1)</b>			25.98%			25.98%	0.00%
(2) Foreign							
c) Bodies Corp.			74.02%			74.02%	0.00%
<b>Sub Total (A) (2)</b>			74.02%			74.02%	0.00%
<b>TOTAL (A)</b>			100.00%			100.00%	0.00%
<b>B. Public</b>							
<i>1. Institutions</i>			NA			NA	
<i>2. Non-Institutions</i>			NA			NA	
<b>Sub-total (B)(2):-</b>			0.00%			0.00%	0.00%
<b>Total Public (B)</b>			0.00%			0.00%	0.00%
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>			0.00%			0.00%	0.00%
<b>Grand Total (A+B+C)</b>			100.00%			100.00%	0.00%

**(ii) Shareholding of Promoter**

Sl.No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares of the company	% of Shares Pledged / encumbered to total shares	% of Shares Pledged / encumbered to total shares	

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

**(iii) Change in Promoters' Shareholding: No change**

**(iv) Shareholding Pattern of top ten Shareholders : NIL**

**(v) Shareholding of Directors and Key Managerial :**

Sl.No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
<b>1</b>	<b>LYNGDOH SEDHON GALMENDERSINGH</b>						
	At the beginning of the year	01.01.2017		710	0.00%	710	0.00%
	Changes during the year				0.00%		0.00%
	At the end of the year	31.01.2017		710	32.98%	710	0.00%
<b>2</b>	<b>KITTY D ROY</b>						
	At the beginning of the year	01.01.2017		710	0.00%	710	0.00%
	Changes during the year				0.00%		0.00%
	At the end of the year	31.01.2017		710	0.00%	710	0.00%

**V. INDEBTEDNESS**

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

Particulars	Secured Loans excluding deposits		Unsecured Loans		Deposits		Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>							
i) Principal Amount		Nil		Nil		Nil	Nil
ii) Interest due but not paid		Nil		Nil		Nil	Nil

iii) Interest accrued but not due	Nil	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	Nil	Nil	Nil	Nil	Nil
<b>Change in Indebtedness during the financial year</b>					
* Addition	Nil	Nil	Nil	Nil	Nil
* Reduction	Nil	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil	Nil
<b>Indebtedness at the end of the financial year</b>					
i) Principal Amount	Nil	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil	Nil

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

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

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty			No Penalties, Punishments or Compounding of Offences		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			No Penalties, Punishments or Compounding of Offences		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			No Penalties, Punishments or Compounding of Offences		

Annexure "B" to the Directors' Report:

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

**A. CONSERVATION OF ENERGY:**

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

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

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

N/A

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

N/A

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

**B. TECHNOLOGY ABSORPTION**

NIL

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

NIL

**(b) Total foreign exchange used and earned**

a) Expenditure in foreign currency:

NIL

b) Earnings in foreign currency:

NIL

For and on Behalf of the Board



Director  
DIN 01579171



Directors  
DIN : 01300486

Place: Shillong

Date: March 21, 2018

## INDEPENDENT AUDITOR'S REPORT

To

The Members

Lum Mawshun Minerals Private Limited

Hotel Polo Tower,

Polo Ground,

Oakland Road

Shillong – 793 001

Meghalaya

We have audited the accompanying financial statements of **LUM MAWSHUN MINERALS PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st December, 2017 and the Statement of Profit & Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### Auditor's Responsibility :

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

**Opinion :**

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

- i) In the case of the Balance Sheet, of the state of the affairs of the Company as at 31st December, 2017.
- ii) In case of Statement of Profit & Loss, of the loss for the year ended on 31st December, 2017.

**Emphasis of Matter :**

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

**Report on Legal and Regulatory Requirements :**

1. This Report does not include a statement on the matter's specified in Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013, since in our opinion and according to the information and explanation given to us, the said Order is not applicable to the company.

2. As required by Section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet and the Statement of Profit and Loss referred to in this report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet and the Statement of Profit & Loss referred to in this report are in compliance with the Accounting Standard specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representation received from the directors as on December, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on December, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

- f. Our opinion on adequacy of the internal financial control over financial reporting of the company and the operating effectiveness of such control is not required for the Company vide notification dated 13.06.17.
- g. With Respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
- The Company does not have any pending litigations which would have impact in its financial position.
  - The Company did not have any long-term contracts including derivative contracts for which there would have been any material foreseeable losses.
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

Dated at Silchar  
the 22nd day of February' 2018

FOR RKP ASSOCIATES  
CHARTERED ACCOUNTANTS



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

## LUM MAWSHUN MINERALS PRIVATE LIMITED

Balance Sheet as at 31st December 2017

	Notes	As at 31.12.2017 (Rupees)	As at 31.12.2016 (Rupees)
<b>(I) EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share Capital	03	546,600	546,600
(b) Reserves and surplus	04	(1,553,822)	(1,437,927)
		(1,007,222)	(891,327)
<b>(2) Current liabilities</b>			
(a) Trade payables	05	1,064,912	940,412
(b) Other current liabilities	06	-	3,300
		1,064,912	943,712
<b>TOTAL EQUITY AND LIABILITIES</b>		57,690	52,385
<b>(II) ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Long-term loans and advances	07	33,589	30,951
		33,589	30,951
<b>(2) Current assets</b>			
(a) Cash and bank balances	08	20,801	21,434
(b) Short-term loans and advances	07	3,300	-
		24,101	21,434
<b>TOTAL ASSETS</b>		57,690	52,385

See accompanying notes forming part of the financial statements

In terms of our report attached

For R K P Associates  
Chartered Accountants



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

For and on behalf of the Board of Directors



Mohammad Iqbal Chowdhury  
Director  
DIN 07977063



Narayan Sharma  
Director  
DIN 01579171

Place : Silchar  
Date: 22nd February 2018

Place : Dhaka  
Date: 15th February 2018

**LUM MAWSHUN MINERALS PRIVATE LIMITED**  
Statement of Profit and Loss for the year ended 31st December 2017

	Note	Year ended 31.12.2017 (Rupees)	Year ended 31.12.2016 (Rupees)
<b>I Other Income (interest on bank deposit)</b>		<b>2,638</b>	2,638
<b>II Total Revenue</b>		<b>2,638</b>	2,638
<b>III EXPENSES</b>			
Other expenses	09	<b>118,533</b>	172,060
<b>Total Expenses</b>		<b>118,533</b>	172,060
<b>IV Profit / (Loss) before tax (II-III)</b>		<b>(115,895)</b>	(169,422)
<b>V Tax Expense</b>		-	-
<b>VI Loss after tax for the year (IV - V)</b>		<b>(115,895)</b>	(169,422)
<b>VII Loss per equity share (Rupees):</b>			
Basic and Diluted	12	<b>(21.20)</b>	(31.00)

See accompanying notes forming part of the financial statements

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

In terms of our report attached

For R K P Associates  
Chartered Accountants



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

For and on behalf of the Board of Directors



Mohammad Iqbal Chowdhury  
Director  
DIN 07977063



Narayan Sharma  
Director  
DIN 01579171

Place : Silchar  
Date: 22nd February 2018

Place : Dhaka  
Date: 15th February 2018

## **LUM MAWSHUN MINERALS PRIVATE LIMITED**

### **Notes to the Financial Statements**

#### **01. BACKGROUND**

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

The Company was formed for acquisition of mining and land rights to facilitate the mining operation of limestone & shale by Lafarge Umiam Mining Pvt Ltd (LUMPL), another subsidiary of the parent Company and supply of the same to the cement plant being set up by the parent Company at Bangladesh. During the earlier years the Company had transferred the Mining & Land rights as well as freehold & leasehold lands as was acquired to LUMPL along with the preoperative expenses and related account balances pertaining to such lands transferred, after obtaining necessary approval from the Government. Consequently there has been no business during the year as well as in the previous years. However, the Company is exploring new opportunities.

#### **02. SIGNIFICANT ACCOUNTING POLICIES**

##### **a) Basis of accounting and preparation of financial statements.**

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

##### **b) Use of Estimates**

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

##### **c) Taxes on Income**

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

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

##### **d) Provision, Contingent Liabilities and Contingent Assets**

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

## LUM MAWSHUN MINERALS PRIVATE LIMITED

### Notes to the Financial Statements

#### 03. SHARE CAPITAL

##### Authorised:

168,000 (Previous year 168,000) equity shares of Rs 100 each

<b>As at 31.12.2017 (Rupees)</b>	<b>As at 31.12.2016 (Rupees)</b>
--	--

<b>16,800,000</b>	16,800,000
-------------------	------------

<b>16,800,000</b>	16,800,000
-------------------	------------

##### Issued, Subscribed and Fully Paid up:

5,466 (Previous year 5,466) equity shares of Rs. 100 each

<b>546,600</b>	546,600
----------------	---------

<b>546,600</b>	546,600
----------------	---------

#### 03.1 Share Capital

##### Reconciliation of Number of shares

	As at 31.12.2017		As at 31.12.2016	
	No. of Shares	Amount (Rupees)	No. of Shares	Amount (Rupees)
<b>Issued, Subscribed and Fully paid</b>				
At the beginning of the year	5,466	546,600	5,466	546,600
Issued during the year	-	-	-	-
At the end of the year	<b>5,466</b>	<b>546,600</b>	5,466	546,600

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

Shareholder	As at 31.12.2017		As at 31.12.2016	
	No. of Shares	%	Nos. shares	%
(1) LafargeHolcim Bangladesh Ltd, Bangladesh, the holding company	4,046	74%	4,046	74%
(1) SG Lyngdoh	710	13%	710	13%
(1) Kitty Doris	710	13%	710	13%
	<b>5,466</b>	<b>100%</b>	5,466	100%

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

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

#### 04. RESERVES AND SURPLUS

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

Opening Balance

<b>(1,437,927)</b>	(1,268,505)
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Add: Profit / (Loss) for the year

<b>(115,895)</b>	(169,422)
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**Closing Balance**

<b>(1,553,822)</b>	(1,437,927)
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**LUM MAWSHUN MINERALS PRIVATE LIMITED**  
Notes to the Financial Statements

**05. Trade Payables**

	<b>As at 31.12.2017 (Rupees)</b>	As at 31.12.2016 (Rupees)
Creditors for supplies / services	<b>1,064,912</b>	940,412
<b>Total Trade Payables</b>	<b>1,064,912</b>	940,412

**06. Other Current Liabilities**

Creditors for other liabilities		
Statutory dues	-	3,300
<b>Total Other Current Liabilities</b>	<b>-</b>	<b>3,300</b>

**07. Loans and Advances**

	<b>As at 31.12.2017</b>		As at 31.12.2016	
	<b>Long Term (Rupees)</b>	<b>Short Term</b>	Long Term (Rupees)	Short Term
<b>Loans and Advances</b>				
(a) Interest accrued on deposits	<b>13,589</b>	-	10,951	-
(b) Other loans and advances				
- Deposit account <sup>(1)</sup>	<b>20,000</b>	-	20,000	-
- TDS	-	<b>3,300</b>	-	-
<b>Total Loans and Advances</b>	<b>33,589</b>	<b>3,300</b>	30,951	-
<b>Classification of Loans and Advances</b>				
Secured, considered good	-	-	-	-
Unsecured, considered good	<b>33,589</b>	<b>3,300</b>	30,951	-
Doubtful	-	-	-	-
<b>Gross Loans and Advances</b>	<b>33,589</b>	<b>3,300</b>	30,951	-

**Additional information**

1. Pledged with the Director of Mineral Resources, Meghalaya

**08. Cash and Bank Balances**

	<b>As at 31.12.2017 (Rupees)</b>	As at 31.12.2016 (Rupees)
(a) Cash on hand	<b>274</b>	274
(b) Balances with banks		
- In Current Accounts	<b>20,527</b>	21,160
<b>Total Cash and Bank Balances</b>	<b>20,801</b>	21,434
Out of above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements	<b>20,801</b>	21,434

**09. Other Expenses**

(a) Auditors Remuneration	73,350	72,450
(b) Professional Fees	39,550	93,980
(c) Filing Fees	5,000	5,000
(c) Others	633	630
	<b>118,533</b>	<b>172,060</b>

**LUM MAWSHUN MINERALS PRIVATE LIMITED**  
Notes forming part of the financial statements

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

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

**11.** The net worth of the Company as on 31.12.2017 has been fully eroded and the Company has been incurring losses over the years including the current year. However, the Company enjoys continued supports from its parent company. In view of this, going concern assumption has not been vitiated.

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

Particulars	Year ended 31-Dec-2017 (Rs)	Year ended 31-Dec-2016 (Rs)
1 Net Profit after tax attributable to Equity Shareholders (Rs) {A}	(115,895)	(169,422)
2 Weighted average number of Equity Shares outstanding during the year (Nos.) {B}	5,466	5,466
3 Nominal Value of Equity per share (Rs.)	100	100
4 Basic / Diluted Earnings per share (Rs.) {A÷B}	(21.20)	(31.00)

**13.** Deferred tax Asset/Liability has not been created during the year; there being no timing difference between the accounting income and taxable income, which is capable of reversing in subsequent periods.

**14. Related party disclosure as per Accounting Standard 18.**

**a) Holding Company:**

Name: LafargeHolcim Bangladesh Ltd, Bangladesh

Ultimate Holding Company: Surma Holdings B.V, Netherland

**b) Fellow Subsidiary:**

Name: Lafarge Umiam Mining Pvt Ltd

Transaction: Expense paid by the fellow subsidiary on behalf of the Company Rs. 123,600/- (Previous Year Rs. 167,650/-); Balance at the year end: Rs.710,269/- (Previous Year Rs.586,669/-)

**15.** Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of the Board



Narayan Sharma  
Director  
DIN 01579171



Mohammad Iqbal Chowdhury  
Director  
DIN 07977063

Place: Dhaka  
Date: 15th February 2018

## LafargeHolcim Bangladesh Limited

A company of  LafargeHolcim and 

### FORM OF PROXY

I/We ----- (name)  
of ----- (address)  
being a shareholder of LafargeHolcim Bangladesh Limited (the "Company") hereby appoint,  
Mr./Ms----- (name)  
of ----- (address)  
as my/our proxy, to attend on my/our behalf at the 20th Annual General Meeting of the Company to be held on  
June 07, 2018 and at any adjournment thereof or any poll that may be taken in consequence thereof and to vote  
on my/our behalf as he/she thinks fit on all Resolutions.

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2018.

Signed (Member)

Folio/  
BO No.

Member

Phone No.:

Folio/  
BO No.

Signed (Proxy)

Affix revenue stamp

Tk. 20.00

Note: The proxy form, duly filled in and stamped, must be submitted with the Registered Office of the Company not less than 72 hours before the time fixed for the meeting.

## LafargeHolcim Bangladesh Limited

A company of  LafargeHolcim and 

### ATTENDANCE SLIP

I hereby record my presence at the 20th Annual General Meeting of LafargeHolcim Bangladesh Limited on June 07, 2018 at 11:00 A.M. at the Delta Life Tower, Level 13, Plot No. 37, Road No. 90, Gulshan Circle 2, Dhaka 1212, Bangladesh.

Name of  
Member

Folio / BO No.  
Member

Name of  
Proxy

Folio / BO No.  
Proxy

Signature of Member

Signature of Proxy

Note: Please complete this Attendance Slip and deposit at the registration counter on the day of the meeting.

## LafargeHolcim Bangladesh Limited

A company of  LafargeHolcim and 

LafargeHolcim Bangladesh Limited  
NinaKabbo, Level-7  
227/A, Bir Uttam Mir Shawkat Sarak  
(Gulshan Tejgaon Link Road) Tejgaon  
Dhaka 1208, Bangladesh  
Tel: +88 02 9881002-3  
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Email: [info.cs@lafargeholcim.com](mailto:info.cs@lafargeholcim.com)  
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