

CEAT Bangladesh Limited

**Report and financial statements
for the year ended 31 March 2014**



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**Independent Auditor's Report
to the shareholders of
CEAT Bangladesh Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of CEAT Bangladesh Limited ("the Company") which comprise statement of financial position as at 31 March 2014, and the 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 of financial statements that give a true and fair view 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 or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 our 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, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2014, and of its financial performance and its cash flows for the period then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs).

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

- a) we have obtained all the information and explanation 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; and
- c) the statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account.

Dhaka, 25 APR 2014
RRA

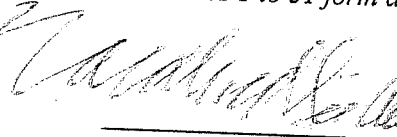
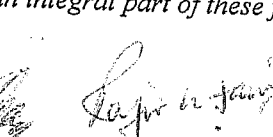


CEAT Bangladesh Limited

Statement of Financial Position
as at 31 March 2014

<u>Assets</u>	<u>Notes</u>	As at 31 March 2014 <u>Taka</u>	As at 31 March 2013 <u>Taka</u>
Non current assets:			
Property, plant and equipment, net	4	5,715,448	1,666,941
Intangible assets	5	4,762,400	-
Capital work-in-progress	6	578,297,920	166,248,083
		<u>588,775,768</u>	<u>167,915,024</u>
Current assets:			
Inventories	7	121,235,786	12,866,591
Trade receivables	8	54,505,264	-
Other current assets	9	3,648,763	5,908,944
Advances, deposits and prepayments	10	185,639,470	8,362,821
Cash and cash equivalents	11	655,909,446	406,407,370
		<u>1,020,938,729</u>	<u>433,545,726</u>
Total assets		<u>1,609,714,497</u>	<u>601,460,750</u>
Equity and Liabilities			
Shareholders' equity:			
Share capital	12	1,500,000,000	8,000,000
Share money deposit	13	-	560,688,464
Retained earnings		(74,802,763)	(13,236,192)
		<u>1,425,197,237</u>	<u>555,452,272</u>
Non current liabilities:			
Deferred tax liability	14	697,723	-
		<u>697,723</u>	<u>-</u>
Current liabilities:			
Short term loan	15	65,640,396	36,517,714
Creditors and accruals	16	67,256,997	2,384,198
Provision for expenses	17	3,493,404	1,860,316
Provision for income tax	18	21,227,595	3,798,221
Inter company payable	19	26,201,145	1,448,029
		<u>183,819,537</u>	<u>46,008,478</u>
Total equity and liabilities		<u>1,609,714,497</u>	<u>601,460,750</u>

The annexed notes 1 to 31 form an integral part of these financial statements.

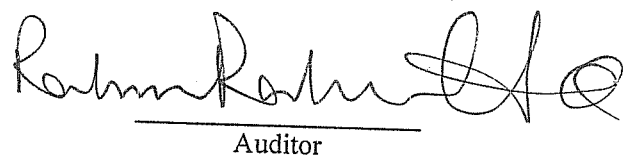
 

Chairman
/Director

Managing Director
/Director


Company Secretary

As per our report of same date.


Auditor

Dhaka, 25 APR 2014
RAA

CEAT Bangladesh Limited

Statement of Comprehensive Income
for the year ended 31 March 2014

	Notes	1 April 2013 to 31 March 2014 Taka	30 May 2012 to 31 March 2013 Taka
Revenue	20	254,143,911	-
Cost of sales	21	(204,697,950)	-
		<u>49,445,961</u>	<u>-</u>
Other income, net	22	8,126,030	7,928,336
Operating expenses			
General and administrative expenses	23	(86,580,905)	(15,149,601)
Operating profit		<u>(29,008,914)</u>	<u>(7,221,265)</u>
Finance costs, net	24	(14,430,561)	(2,216,706)
Other comprehensive income		(43,439,475)	(9,437,971)
Total comprehensive income before tax		<u>-</u>	<u>-</u>
		<u>(43,439,475)</u>	<u>(9,437,971)</u>
Income tax expenses			
Current tax	25	(17,429,373)	(3,798,221)
Deferred tax	25	(697,723)	-
Net income/(loss) after tax		<u>(18,127,096)</u>	<u>(3,798,221)</u>
		<u>(61,566,571)</u>	<u>(13,236,192)</u>

The annexed notes 1 to 31 form an integral part of these financial statements.

Chairman
/Director

Managing Director
/Director

Company Secretary

Dhaka, 25 APR 2014
RRA

As per our report of same date.

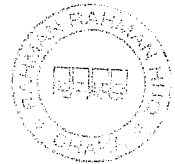
Auditor

Rahman Rahman Huq
Chartered Accountants

CEAT Bangladesh Limited

**Statement of Changes in Equity
For the year ended 31 March 2014**

	<u>Share capital Taka</u>	<u>Share money deposit Taka</u>	<u>Loss for the year/period Taka</u>	<u>Total Taka</u>
Issue of share capital	8,000,000	-	-	8,000,000
Share money deposit	-	560,688,464	-	560,688,464
Net loss for the period	-	-	(13,236,192)	(13,236,192)
Balance as at 31 March 2013	8,000,000	560,688,464	(13,236,192)	555,452,272
Addition during the year	-	931,311,662	-	931,311,662
Issue of share capital	1,492,000,000	(1,492,000,126)	-	(126)
Net loss for the year	-	-	(61,566,571)	(61,566,571)
Balance as at 31 March 2014	1,500,000,000	-	(74,802,763)	1,425,197,237



CEAT Bangladesh Limited

**Statement of cash flows
For the year ended 31 March 2014**

	<u>1 April 2013 to 31 March 2014</u> Taka	<u>30 May 2012 to 31 March 2013</u> Taka
A) Cash flows from operating activities		
Loss before tax	(43,439,475)	(9,437,971)
<i>Adjustment for non cash items</i>		
Depreciation	813,296	445,165
Amortisation	1,379,363	-
Loss/(gain) on disposal of property, plant and equipment	(1,973)	69,524
<i>Operating profit before changes in working capital</i>	<u>(41,248,789)</u>	<u>(8,923,282)</u>
<i>Adjustment for (increase)/decrease in current assets</i>		
Inventories	(108,369,195)	(12,866,591)
Trade receivable	(54,505,264)	-
Other current assets	2,260,181	(5,908,944)
Advance, deposit and prepayments	<u>(177,276,649)</u>	<u>(8,362,821)</u>
	(337,890,927)	(27,138,356)
<i>Adjustment for increase/(decrease) in current liabilities</i>		
Short term loan	29,122,682	36,517,714
Creditors and accruals	64,872,799	2,384,198
Provision for expenses	1,633,088	1,860,316
Intercompany payable	24,753,116	1,448,029
Cash generated from operations	<u>120,381,685</u>	<u>42,210,257</u>
Net cash (used in)/from operating activities	<u>(258,758,031)</u>	<u>6,148,619</u>
B) Cash flows from investing activities		
Acquisition of property, plant and equipment	(4,916,379)	(2,181,630)
Acquisition of software	(6,141,763)	-
Received against insurance claim	56,550	-
Expenditure incurred for capital work-in-progress	<u>(412,049,837)</u>	<u>(166,248,083)</u>
Net cash used in investing activities	<u>(423,051,429)</u>	<u>(168,429,713)</u>
C) Cash flows from financing activities		
Addition to share capital	1,492,000,000	8,000,000
(Issue of share capital)/share money deposit	<u>(560,688,464)</u>	<u>560,688,464</u>
Net cash flows from financing activities	<u>931,311,536</u>	<u>568,688,464</u>
I) Net increase in cash and cash equivalents (A+B+C)	249,502,076	406,407,370
E) Opening cash and cash equivalents	406,407,370	-
F) Closing cash and cash equivalents	<u>655,909,446</u>	<u>406,407,370</u>



CEAT Bangladesh Limited

**Notes to the financial statements
as at and for the year ended 31 March 2014**

1. Reporting entity

1.1 Company profile

CEAT Bangladesh Limited has been incorporated under the Companies Act, 1994 vide incorporation no. C-102115/12 dated 30 May 2012 as a public limited company. The registered office of the Company is located at 802 Shanta Western Tower, 186 Tejgaon I/A, Dhaka-1208.

1.2 Nature of business

The main objective of the Company is to carry on the business of designing, developing, constructing, producing, repairing, purchasing, selling, importing, exporting and generally dealing in tyres, semi-tyres, tubes and flaps for all types of vehicles used in heavy, medium and light passengers transports, cars scooters, motorcycles and other two and three wheel vehicles.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs).

The title and format of financial statements follow the requirements of BFRS which are to some extent different from the requirement of Companies Act 1994; however, such differences are not material and in the view of management, BFRS format as mentioned in BAS 1 gives a better presentation to the shareholders.

2.2 Basis of measurement

These financial statements have been prepared on going concern basis under the historical cost convention.

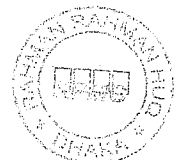
Accrual basis of accounting has been followed consistently in preparing the financial statements except for interest income on FDR which is recognised on cash basis.

2.3 Functional and presentational currency and level of precision

The financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), which is the Company's functional currency. All financial information presented in Taka have been rounded off to the nearest taka.

2.4 Changes in accounting policies

Except for the changes below, the Company has consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements. The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with date of initial application of 1 January 2013.



(a) **BFRS 13: Fair Value Measurement**

BFRS 13 (effective from 1 January 2013) establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other BFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other BFRSs, including BFRS 7. As result the Company has included additional disclosures in this regard (see note 26). The requirements of this BFRS has no significant impact on the measurement of the Company's assets and liabilities.

(b) **Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to BFRS 7)**

The Company has adopted these amendments to BFRS 7 however this has no impact on the financial statements.

(c) **BFRS 10: Consolidated Financial Statements**

This Company does not have any subsidiary, as such this standard does not have any impact on the financial statements.

(d) **BFRS 11: Joint Arrangements**

This Company does not have any such arrangement, as such this standard does not have any impact on the financial statements.

(e) **BFRS 12: Disclosure of Interests in Other Entities**

This Company does not have any such interests in other entities, as such this standard does not have any impact on the financial statements.

(f) **Presentation of items of Other Comprehensive Income (Amendments to BAS 1)**

As a result of the amendments to BAS 1, the Company adopted the policy to separately present items that would be reclassified to profit or loss from those that would never be. However this requirements do not have any material impact on the financial statements.

(g) **Recoverable Amount Disclosures for Non-Financial Assets**

The Company has adopted the amendments to BAS 36 (2013). However this has no impact on the financial statements.

2.5 Use of estimates and judgment

The preparation of financial statements in conformity with BFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 3.1(b)	Depreciation
Note 3.2	Amortisation
Note 17	Provision for expenses
Note 18	Provision for income tax



2.6 Reporting period

These financial statements cover the period from 1 April 2013 to 31 March 2014.

2.7 Comparative information

Comparative information has been disclosed in respect of the year ended 31 March 2013 for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements.

Figures for the year ended 31 March 2013 have been rearranged, wherever considered necessary, to ensure better comparability with the current year.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to the period presented in these financial statements.

3.1 Property, plant and equipment

(a) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the intended manner.

(b) Depreciation

Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each item of property, plant and equipment including leased assets. The Company considers 5% of the costs as salvage value for each category of assets. The Company has changed its depreciation method from reducing balance to straight-line during the year. No depreciation is charged on land and capital work in progress.

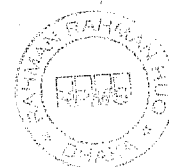
Depreciation for full period has been charged on additions irrespective of date when the related assets are put into use. The rates of depreciation are given below:

<u>Category of assets</u>	<u>Rate of depreciation</u>
Furniture and fixture	9.50%
Office equipment	19%
IT equipment	31.67%

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(c) Retirements and disposals

An asset is derecognised upon disposal or when no future economic benefits are expected from its use and subsequent disposal. Gains or losses arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised as gain or loss from disposal of asset under other income in the statement of comprehensive income.



(d) Capital work-in-progress

Capital work in progress consists of acquisition costs of land, plant, machinery, capital components of other equipment and related installation costs incurred until the date placed in service. In case of purchase of assets, capital work in progress is recognised when risks and rewards associated with such assets are transferred to the Company.

3.2 Intangible assets

Intangible assets include SAP, Project Information Archive System (PIAS) and other office software which are measured at cost less accumulated amortisation and accumulated impairment losses. These intangible assets are amortised on straight line basis over three years.

3.3 Provisions

In accordance with the guidelines as prescribed by BAS 37 provisions were recognised when all the following criteria are met:

- i) When the Company has a present obligation as a result of past event;
- ii) When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- iii) Reliable estimates can be made of the amount of the obligation.

3.4 Contingencies

Contingencies arising from claim, litigation assessment, fines, penalties etc. are recorded when it is probable that a liability has been incurred and the amount can reasonably be measured.

3.5 Taxation

3.5.1 Current tax

Current tax has been provided in the financial statements at the rate applicable for the Company as per the Income Tax Ordinance 1984.

3.5.2 Deferred tax

Deferred tax is recognised in compliance with BAS 12: Income Taxes, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.6 Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised on maturity. Finance expenses comprise interest expense on short term loan, overdraft and bank charges.



3.7 Foreign currency

Foreign currency transactions are translated into Bangladeshi taka at the rates ruling on the transaction date. All monetary assets and liabilities at the statement of financial position date are retranslated using rates prevailing on that day. All differences are taken to the profit and loss account.

3.8 Financial instruments

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

3.8.1 Financial assets

Financial assets include cash and cash equivalents, trade receivables, advances, deposits, prepayments and other current assets.

(a) Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash at banks which are held and available for use by the Company without any restriction. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at financial institutions and short-term highly liquid investments with maturities of three months or less from the date of acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash flows from operating activities have been presented under indirect method.

(b) Trade receivables

Trade receivables consists of unpaid bills receivable from dealers.

(c) Advances, deposits and prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads.

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to profit and loss account.

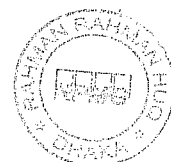
3.8.2 Financial liabilities

Financial liabilities are recognised initially on the transaction date at which the Company becomes a party to the contractual provisions of the liability except the amount payable for letter of credit. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial liabilities include short term loan, inter company payables, creditors and accruals, and other current liabilities.

(a) Short term loan

Short term loan consists of bank overdrafts, loan against trust receipts (LATR) and loan against time loan



(b) Creditors and accruals

Creditors and accruals consist of payables to suppliers and service providers, withholding VAT and tax payables, and advances received from clients for goods.

3.9 Impairment

(a) Financial assets

Receivables are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, etc.

(b) Non-financial assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The Company assesses at each reporting date whether there is any indication that an asset or a Cash Generating Unit (CGU) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset or CGU. The recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell and its value in use. Carrying amount of the asset is reduced to its recoverable amount by recognising an impairment loss if, and only if, the recoverable amount of the asset is less than its carrying amount. Impairment loss is recognised immediately in profit or loss, unless the asset is carried at devalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation decrease. As at 31 March 2014, the assessment of indicators of impairment reveals that impairment testing is not required for the Company.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value.

3.10 Inventories

Inventories primarily includes tyres of truck, firm, motor cycle, light truck bias set and passenger car radial set. Inventories are stated at the cost less allowance for obsolescence. Cost is calculated on weighted average basis.

3.11 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and revenue can be reliably measured. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership are passed on to the customer which generally coincides with delivery. It is measured at the fair value of the consideration received or receivable, net of VAT and any trade discount.

3.12 Employee benefits

The Company does not maintain any defined contribution plan for its eligible permanent employees.

3.12.1 Defined benefit plan (leave encashment)

Permanent employees of the Company are entitled to receive leave encashment on unavailed earned leave. In each year maximum 12 days of earned leave can be encashed by each permanent employee.

3.13 Workers' Profit Participation Fund (WPPF)

Bangladesh Labour Act 2006 (amended in 2013) requires companies to contribute 5% of the pre-tax profit to a Workers' Profit Participation Fund (WPPF). As the Company has incurred a pre-tax loss for the year, no WPPF contributions have been made.



4 Property, plant and equipment

As at 31 March 2014

Particulars	Cost		Depreciation				Written down value as at 31 March 2014
	Balance as at 1 April 2013	Additions/ transfers from CWIP during the year	Disposal/ adjustment during the year	Balance as at 31 March 2014	Rate	Charge for the year	
	Taka	Taka	Taka	Taka		Taka	Taka
Furniture and fixture	850,258	652,439	-	1,502,697	9.50%	71,284	1,346,387
Office equipment	289,328	621,447	-	910,775	19%	73,338	151,883
IT equipments	942,724	3,642,493	56,056	4,529,161	31.67%	668,673	918,992
	2,082,310	4,916,379	56,056	6,942,633		813,295	1,227,185
						1,479	5,715,448

As at 31 March 2013

Particulars	Cost		Depreciation				Written down value as at 31 March 2013
	Balance as at 30 May 2012	Additions/ transfers from CWIP during the period	Disposal/ adjustment during the period	Balance as at 30 May 2012	Rate	Charge for the period	
	Taka	Taka	Taka	Taka		Taka	Taka
Furniture and fixture	-	850,258	-	850,258	9.50%	85,026	765,232
Office equipment	-	392,724	-	392,724	19%	78,545	314,179
IT equipments	-	938,648	99,320	839,328	31.67%	281,594	251,798
	-	2,181,630	99,320	2,082,310		445,165	1,666,941
						29,796	415,369



5 Intangible assets

As at 31 March 2014

Particulars	Cost		Amortisation				Written down value as at 31 March 2014
	Balance as at 1 April 2013	Additions/ transfers from CWIP during the year	Disposal/ adjustment during the year	Balance as at 31 March 2014	Charge for the year	Disposal/ adjustment during the year	Balance as at 31 March 2014
	Taka	Taka	Taka	Taka	Taka	Taka	Taka
SAP software	-	3,877,205	-	3,877,205	-	-	3,877,205
Office software	-	599,000	-	599,000	1,076,894	-	1,076,894
PIRS software	-	958,358	-	958,358	149,735	-	149,735
Office Pro with Visio	-	707,200	-	707,200	133,092	-	133,092
	-	6,141,763	-	6,141,763	1,379,363	-	1,379,363
	-	-	-	-	-	-	4,762,400

6 Capital work-in-progress

Particulars	Balance as at 1 April 2013	Additions during the year	Transfer to PPE during the year	Balance as at 31 March 2014
	Taka	Taka	Taka	Taka
Land	158,741,480	311,860,037	-	470,601,517
Other project costs	7,506,603	100,189,800	-	107,696,403
	166,248,083	412,049,837	-	578,297,920

Additions to other project costs during the year consist of project implementation and plant commissioning fees relating to plant under construction, payable to CEAT Limited, India.



7 Inventories

As at 31 March 2014

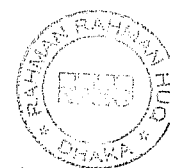
Particulars	Balance as at 1 April 2013	Purchase/ transfer during the year	Inter-company transfer-in during the year	Sold during the year	Inter-company transfer-out during the year	Balance as at 31 March 2014
	Taka	Taka	Taka	Taka	Taka	Taka
Stock in hand						
Tyre	12,866,591	313,067,145	-	(204,697,950)	-	121,235,786
	12,866,591	313,067,145	-	(204,697,950)	-	121,235,786
Stock in transit						
Tyre	-	-	-	-	-	-
Total	12,866,591	12,866,591	12,866,591	12,866,591	12,866,591	121,235,786

As at 31 March 2013 *

Particulars	Balance as at 30 May 2012	Purchase/ transfer during the year	Inter-company transfer-in during the year	Sold during the year	Inter-company transfer-out during the year	Balance as at 31 March 2013
	Taka	Taka	Taka	Taka	Taka	Taka
Stock in hand						
Tyre	-	12,866,591	-	-	-	12,866,591
	-	12,866,591	-	-	-	12,866,591
Stock in transit						
Tyre	-	-	-	-	-	-
Total	-	12,866,591	-	-	-	12,866,591



	As at 31 March 2014 Taka	As at 31 March 2013 Taka
8 Trade receivables		
Trade receivables from dealers	54,505,264	-
	<u>54,505,264</u>	<u>-</u>
9 Other current assets		
LC current account	-	5,629,316
LC margin	3,648,763	279,628
	<u>3,648,763</u>	<u>5,908,944</u>
10 Advances, deposits and prepayments		
Advances:		
Employees	557,033	105,000
Supplier	134,422,167	2,102,495
Advance income tax	18,444,881	1,378,347
VAT current account	25,058,782	2,523,440
Deposits:		
Security deposit for office rent	5,489,125	1,847,200
Prepayments:		
Prepaid expenses	1,667,482	406,339
	<u>185,639,470</u>	<u>8,362,821</u>
11 Cash and cash equivalents		
Cash in hand	105,537	38,166
Cash at bank:		
AB Bank Limited	4,529,299	-
Standard Chartered Bank	5,118,477	29,086
The City Bank Limited	1,240,000	-
Eastern Bank Limited	70,629,905	-
United Commercial Bank Ltd.	3,067,334	-
State Bank of India	27,082	69,953
	<u>84,612,097</u>	<u>99,039</u>
Fixed Deposit Receipt (FDR):		
AB Bank Limited	300,000,000	401,270,165
State Bank of India	71,191,812	5,000,000
The City Bank Limited	150,000,000	-
United Commercial Bank Ltd.	50,000,000	-
	<u>571,191,812</u>	<u>406,270,165</u>
	<u>655,909,446</u>	<u>406,407,370</u>



12 Share capital

	As at 31 March 2014 Taka	As at 31 March 2013 Taka
Authorised: 150,000,000 ordinary shares of Tk. 10 each	1,500,000,000	1,500,000,000
Issued, subscribed and paid-up: 150,000,000 (2013: 800,000) ordinary shares of Tk.10 ea	1,500,000,000	8,000,000

The composition of shareholders as at 31 March 2014 was:

	Number of shares	Percentage of shareholdings	Value Taka
CEAT Limited, India	104,999,994	69.999996%	1,049,999,940
AK Khan & Co Limited, Bangladesh	45,000,000	30.000000%	450,000,000
Mr. Harsh Vardhan Goenka	1	0.000001%	10
Mr. Paras Kumar Chowdhary	1	0.000001%	10
Mr. Anant Vardhan Goenka	1	0.000001%	10
Mr. Rajiv Kumar Jain	1	0.000001%	10
Mr. Suresh Mathew	1	0.000001%	10
Mr. Tom Thomas	1	0.000001%	10
	<u>150,000,000</u>	<u>100%</u>	<u>1,500,000,000</u>

13 Share money deposit

	As at 31 March 2014 Taka	As at 31 March 2013 Taka
Share money deposit	-	560,688,464

14 Deferred tax liability

Deferred tax Liability	<u>697,723</u>	<u>-</u>
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Deferred tax has been recognised to account for the tax consequence of transactions and other events recognised in the financial statements. Deferred tax income or expenses arise mainly due to difference in the carrying amount of the assets that will result in taxable amount in determining taxable profit or loss of future periods when the carrying amount of the asset would be recovered or settled.



15 Short term loan

AB Bank Limited:

Bank overdraft	-	22,373,574
Loan Against Trust Receipt (LATR)	6,255,094	14,144,140
Loan Against Time Loan (TL)	7,300,224	-

State Bank of India:

Loan A/C-50201	40,041,836	-
Loan SOD	12,043,242	-
	<u>65,640,396</u>	<u>36,517,714</u>

Security arrangement with banks

AB Bank Limited

- The loan on hypothecated stocks, book debts and bills receivables (present and future) of CEAT Bangladesh Ltd. are in favour of AB Bank Limited. The charge had been registered with the Registrar of Joint Stock Companies and Firms.

State bank of India

- This is in respect of funded and non-funded facility arrangements with this bank.
- Hypothecation of all stocks, receivables and other current assets (existing and proposed) of the Company.

16 Creditors and accruals

Dealers sales advance	56,241,545	-
Homebound Packers and Shippers Limited	-	354,750
Suppliers & service providers	1,973,272	840,774
Withholding tax payable	5,060,269	562,752
Withholding VAT payable	3,981,911	625,922
	<u>67,256,997</u>	<u>2,384,198</u>

17 Provision for expenses

Auditor's remuneration	971,336	337,022
Interest payable	2,144,068	-
Stationeries, books and periodicals	378,000	280,957
C&F Bill	-	454,131
Bonus	-	788,206
	<u>3,493,404</u>	<u>1,860,316</u>

18 Provision for income tax

Provision for income tax	21,227,595	3,798,221
	<u>21,227,595</u>	<u>3,798,221</u>

19 Inter company payable

CEAT Limited, India	26,201,145	1,448,029
	<u>26,201,145</u>	<u>1,448,029</u>



	1 April 2013 to 31 March 2014 Taka	30 May 2012 to 31 March 2013 Taka
20 Revenue		
Sales revenue	268,738,567	-
Less: Trade discount	(3,151,983)	-
Product discount	(11,442,673)	-
	<u>254,143,911</u>	<u>-</u>
During the year ended 31 March 2014, total 23,180 units of tyres were sold (2013: Nil)		
21 Cost of sales		
Tyres importing cost and other charges (see note 7)	<u>204,697,950</u>	<u>-</u>
	<u>204,697,950</u>	<u>-</u>
22 Other income		
Interest on FDR	8,124,057	7,997,860
Income/(loss) on disposal of property, plant and equipment	1,973	(69,524)
	<u>8,126,030</u>	<u>7,928,336</u>
23 General and administrative expenses		
Salaries and allowances	17,280,263	4,458,142
Audit fees	335,400	337,022
Consultancy	3,579,886	793,339
Car rent expense	5,776,223	844,578
Network and communication	5,400,805	520,124
Depreciation	2,066,908	445,165
Entertainment	300,749	339,162
Fees & other levies	181,813	779,118
Insurance	3,915,585	24,957
Travel expenses	5,193,940	167,673
Travel expenses - overseas	514,103	176,926
Sales promotion and advertisement	12,201,382	837,995
Selling expenses and other discounts	1,864,941	-
Distribution costs	2,609,847	56,168
Office expenses	4,595,627	1,070,199
Printing and stationery	1,447,060	294,667
Repair and maintenance	1,536,843	36,198
Office and warehouse rent expenses	16,825,389	3,809,562
Utilities charges	954,141	158,606
	<u>86,580,905</u>	<u>15,149,601</u>
24 Finance cost		
Bank charges	2,026,355	1,937,260
Interest on short term loan	12,404,206	279,446
	<u>14,430,561</u>	<u>2,216,706</u>
25 Income tax expense		
Current tax	17,429,373	3,798,221
Deferred tax	697,723	-
	<u>18,127,096</u>	<u>3,798,221</u>



Accounting classifications and fair values

The following table shows the carrying amounts and fair values, where applicable, of financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. It does not include fair value information for

The Company has not disclosed the fair values for financial instruments because their carrying amounts are a reasonable approximation of fair values.

27 Related party transactions

The Company in normal course of business has entered into transactions with other entities that fall within the definition of related party contained in BAS: 24 Related Party Disclosure. The Company believes that the terms of related party transactions are not significantly different from those that could have been obtained from third parties. The significant related party transaction during the period are as follows:

Name of related party	Relationship	Nature of transaction	Transactions during the year Taka	Outstanding as at 31 March 2014 Taka
CEAT Limited, India	Parent company	Purchase of tyre and other claim	255,884,824	210,495
		Project implementation and plant commissioning services*	25,990,650	25,990,650
			281,875,474	26,201,145
AK Khan & Co Limited	Shareholder	C&F Agent	4,304,275	556,621

*Pursuant to a Technology, Trade Mark and Name License Agreement between CEAT Limited, India and CEAT Bangladesh Limited dated 23 January 2013.

28 Directors' remunerations

During the year under audit directors of the Company did not receive any remuneration.

29 Financial risk management

The Company management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Company has exposure to the following risks from its use of financial instruments:

- Credit risks
- Liquidity risks
- Market risk

29.1 Credit risk

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

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

In monitoring credit risk, debtors are grouped according to their risk profile, i.e. their legal status, financial condition, ageing profile etc. Accounts and other receivables are mainly related to the Company's buyers. The Company's exposure to credit risk on accounts receivables is mainly influenced by the individual payment characteristics of credit purchaser. Credit risk does not arise in respect of any other receivables.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.



29.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	As at 31 March 2014 Taka	As at 31 March 2013 Taka
Trade receivables	54,505,264	-
Other current assets	3,648,763	5,908,944
Advances, deposits and prepayments	185,639,470	8,362,821
Cash and cash equivalents	655,909,446	406,407,370
	<u>899,702,943</u>	<u>420,679,135</u>

29.2 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's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations, through preparation of the cash flow forecasts, prepared based on time line of payment of the financial obligations and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. Moreover, the Company maintains overdraft facilities with some scheduled commercial banks.

The following are the contractual maturities of financial liabilities :

	Carrying amount Taka	Contractual cash flow Taka	6 months or less Taka	Over 6 months Taka
Short term loan	67,256,997	67,256,997	67,256,997	-
Provision for expenses	3,493,404	3,493,404	3,493,404	-
Inter company payable	26,201,145	26,201,145	-	26,201,145
	<u>96,951,546</u>	<u>96,951,546</u>	<u>70,750,401</u>	<u>26,201,145</u>

29.3 Market risk

Market risk is the risk that any change in market prices, such as foreign exchange rates and interest rates affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters. Currency risk and interest rate risk are two components of market risk.

29.3.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rate. The Company is exposed to foreign currency risk relating to purchases and other transactions which are denominated in foreign currencies.

a. Exposure to currency risk

The Company's exposure to foreign currency risk arising from foreign currency denominated liabilities was as follows:

	As at 31 March 2014 Taka	As at 31 March 2013 Taka
Inter company payable	25,990,650	-
	<u>25,990,650</u>	<u>-</u>

The following significant exchange rates are applicable at the year end:

U. S. Dollar (USD)	78.00	78.15
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b. Foreign exchange rate sensitivity analysis for foreign currency expenditures in the year ended 31 March 2014

A change of 100 basis points in foreign currencies in the year ended 31 March 2014 would have increased/decreased equity and profits or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

	<u>Profit/(loss) (Taka in</u>		<u>Equity (Taka in million)</u>	
	<u>100 bp</u> <u>increase</u>	<u>100 bp</u> <u>decrease</u>	<u>100 bp</u> <u>increase</u>	<u>100 bp</u> <u>decrease</u>
Expenditures denominated in USD	(0.26)	0.26	(0.26)	0.26

29.3.2 Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. The Company is not significantly exposed to fluctuation in interest rates as it had neither floating interest rate bearing financial liabilities nor had it entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

30 General

30.1 No. of employees

The number of employees drawing Tk. 3,000 or more per month was 44 during the year ended 31 March 2014 (2013: 17).

30.2 Capital commitments

During the year ended 31 March 2014 the company had the following capital commitments:

<u>Supplier Name</u>	<u>Type of work</u>	<u>USD</u>	<u>Equivalent Taka</u>
CEAT Limited, India	Project implementation and plant commissioning	667,000	52,059,350
Bestry, China	Extruder and Line	1,110,000	86,580,000
Comerio, Italy	Calendar and Line	2,125,000	165,750,000
L&T	Mixer	410,000	31,980,000
Raychem	Transformer	246,470	19,224,660
Himgiri	Cooling Tower	22,000	1,716,000
Thermax	Condensate Recovery System	25,000	1,950,000
Forbes marshall	Boiler	405,000	31,590,000
Prabha Steel	Main Drain Tank	72,012	5,616,936
Elgi Equipments	Air Compressor	110,000	8,580,000
		<u>5,192,482</u>	<u>405,046,946</u>

30.3 Other commitments

The Company had contractual commitments in respect of Letter of Credit with AB Bank Limited and State Bank of India amounting Tk. 36.2 million and Tk. 22.69 million respectively at the date of statement of financial position for import of tyres.

31 Events after the the reporting period

There are no material events that had occurred after reporting period to the date of issue of these financial statements, which could affect the figures stated in the financial statements.

