

# Kreston MNS & Co

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## Annexure C- Audit Report

Name of Local Component: Associated Ceat Holdings Company (Pvt) Ltd

Period End: Year ended March 31, 2015

### Report of the auditors of Associated Ceat Holdings Company (Pvt) Ltd to S R B C&CO LLP, auditors of CEAT Limited (CEAT)

As requested in your instructions dated 9 April 2015, we have audited the accompanying Group reporting package of Associated Ceat Holdings Company (Pvt) Ltd ("the Component"), which comprise the Balance Sheet as at March 31, 2015, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. This financial information has been prepared solely to enable CEAT Limited to prepare its consolidated financial statements.

### Management's Responsibility for the Group Reporting package

Management is responsible for the preparation of Group reporting package in accordance with the CEAT Accounting policies and manual which is based on Indian Generally Accepted Accounting Principles ("CEAT Accounting Manual") 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 the Group reporting package based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether Group reporting package are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the reporting package. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the reporting package, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the reporting package 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 the accounting estimates made by management, as well as evaluating the overall presentation of the reporting package.

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 group reporting package present fairly, in all material respects, the financial position of Associated Ceat Holdings Company (Pvt) Ltd as at 31 March 2015 and its financial performance and its cash flows for the year then ended in accordance with CEAT Accounting Manual.

**Restriction on Use and Distribution**

This report is intended solely for the information and use of S R B C & CO LLP in conjunction with the audit of the consolidated financial statements of CEAT Limited and should not be used by or distributed to, anyone for any other purpose. If you have any questions on this report, please contact us.

**ASSOCIATED CEAT HOLDINGS CO. (PVT) LTD.**  
Balance Sheet as at March 31, 2015

(SLRupees)

		SCHEDULE	As at 31.03.2015	As at 31.03.2014
<b>EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Share Capital	1 (A)		100,000,000	100,000,000
Reserves and Surplus	2		2,367,782,852	1,823,891,858
Money Received Against Share Warrants			-	-
			<b>2,467,782,852</b>	<b>1,923,891,858</b>
<b>SHARE APPLICATION MONEY PENDING ALLOTMENT</b>				
			-	-
<b>NON CURRENT LIABILITIES</b>				
Long Term Borrowings	3 (A)		2,382,280	18,280,572
Deferred Tax Liability (Net)			166,496,909	123,727,004
Other Long Term Liability	3 (C)		-	-
Long Term Provisions	3 (D)		88,164,225	71,318,617
			<b>257,043,415</b>	<b>213,326,193</b>
<b>CURRENT LIABILITIES</b>				
Short Term Borrowings	4 (A)		154,589,683	298,723,251
Trade Payables	4 (B)		611,736,876	566,840,106
Other Current Liabilities	4 (C)		18,468,361	47,552,453
Short Term Provisions	4 (D)		74,849,471	80,919,829
			<b>859,644,392</b>	<b>994,035,639</b>
			<b>3,584,470,658</b>	<b>3,131,253,690</b>
<b>ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
Fixed Assets				
(i) Tangible Assets			1,471,230,404	1,311,099,766
(ii) Intangible Assets-			33,611,165	31,053,477
(iii) Capital Work In Progress			110,035,014	192,818,740
(iv) Intangible Assets Under Development			-	-
			<b>1,614,876,582</b>	<b>1,534,971,983</b>
Non - Current Investments			30	30
Deferred Tax Assets (net)			-	-
Long - Term Loans and Advances	5 (D)		16,980,261	13,601,264
Other Non Current Assets	5 (E)		-	-
			<b>1,631,856,873</b>	<b>1,548,573,277</b>
<b>CURRENT ASSETS</b>				
Current Investments			-	-
Inventories			572,540,333	540,023,028
Trade Receivables			819,515,144	740,848,788
Cash and Cash Equivalents			560,558,308	301,808,596
Short Term Loans and Advances			-	-
Other Current Assets			-	-
			<b>1,952,613,785</b>	<b>1,582,680,413</b>
			<b>3,584,470,658</b>	<b>3,131,253,690</b>

**Profit and Loss Statement for the year ended March 31, 2015**

(SLRupees)

	SCHEDULE	2014-15	2013-14
Revenue From Operations	7	4,729,093,202.44	4,889,557,929.25
Other Income	8	13,146,402.22	2,611,814.05
Total Revenue		4,742,239,604.66	4,892,169,743.30
<b>EXPENSES</b>			
Cost of Materials Consumed	9	2,227,524,616.72	2,457,483,084.20
Purchase of Stock in Trade		189,942,657.52	166,335,792.93
Changes in Inventories of finished goods , work in progress and Stock in trade	10	22,068,297.43	84,742,037.60
Employee Benefits Expenses	11	415,963,982.06	376,338,626.44
Finance Costs	12	7,532,904.23	35,170,603.79
Depreciation and amortization expenses		99,995,290.67	71,760,224.00
Other Expenses	13	801,625,357.73	829,057,624.51
Total Expenses		3,764,653,106.36	4,020,887,993.47
<b>PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX</b>		<b>977,586,498.30</b>	<b>871,281,749.83</b>
Exceptional Items		-	-
<b>PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX</b>		<b>977,586,498.30</b>	<b>871,281,749.83</b>
Extraordinary Items		-	-
<b>PROFIT BEFORE TAX</b>		<b>977,586,498.30</b>	<b>871,281,749.83</b>
Tax Expenses :			
Current Tax		188,425,598.50	157,197,370.00
Short / (Excess) Provision of earlier years		-	(1,149,711.50)
Deferred Tax		42,769,905.79	27,804,503.50
<b>Profit / (Loss) for the period</b>		<b>746,390,994.02</b>	<b>687,429,587.83</b>

Earnings Per Equity Share

 Basic  
Diluted

 74.64  
74.64

 68.74  
68.74

Notes forming part of the Accounts

# ASSOCIATED CEAT HOLDINGS COMPANY (PVT) LIMITED

## Notes to financial statements for the year ended March 31, 2015.

### 1. Corporate Information

#### (a) Company

Associated Ceat Holdings Company (Pvt) Limited is a Private Limited Liability Company incorporated under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 7 of 2007 (Company Reg. No. PV 6934) and domiciled in Sri Lanka. The registered office of the Company is located at 50/2, Sir James Peiris Mawatha, Colombo 2.

The principal activity of the Associated Ceat Holdings Company (Pvt) Ltd is holding investments.

#### (b) Group

The consolidated Financial Statements of the Group for the year ended 31<sup>st</sup> March 2015 include the Company and its Joint Venture Ceat Kelani Holdings (Pvt) Ltd (together referred to as the "Group" and individually as "Group entities")

The principal activity of Ceat Kelani Holding (Pvt) Limited (Joint Venture) is Investing and principal activities of fully owned subsidiaries of Joint Venture are as follows :

Name of Subsidiary	Principal Activities
Associated Ceat (Pvt) Ltd	Manufacturing of Pneumatic Tyres
Ceat Kelani International Tyres (Pvt) Ltd	Manufacturing of Pneumatic Tyres & Flaps
Ceat Kelani Radials (Pvt) Ltd	Manufacturing of Pneumatic Radial Tyres

Further CKITL formed a fully owned subsidiary Asian Tyres (Pvt) Ltd to manufacture radial tyres. Kelani Tyres PLC and Associated Ceat Holding Co. (Pvt) Limited are the Joint Holding Companies of Ceat Kelani Holdings (Pvt) Limited. (Jointly Venture)

### 2. Summary of significant Accounting Policies

#### A) Basis of Accounting and preparation of Financial Statements

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year.

# ASSOCIATED CEAT HOLDINGS COMPANY (PVT) LIMITED

## Notes to financial statements for the year ended March 31, 2015.

### (B) Basis of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 31<sup>st</sup> March 2015. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. The Group obtains and exercises control through more than half of the voting rights. All subsidiaries have a reporting date of 31<sup>st</sup> March.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total profit or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests

The details of the group companies are as follows:

Name of Company	Holding Interest	
	31.03.2015	31.03.2014
Ceat Kelani Holdings (Pvt) Ltd (Joint Venture)	50.00%	50.00%
<b>Subsidiaries of Ceat Kelani Holdings (Pvt) Ltd are given below,</b>		
Associated Ceat (Pvt) Ltd.	99.99%	99.99%
Ceat Kelani International Tyres (Pvt) Ltd.	99.99%	99.99%
Ceat Kelani Radials (Pvt) Ltd.	99.99%	99.99%
<b>Subsidiaries of Ceat Kelani International Tyres (Pvt) Ltd</b>		
Asian Tyres (Pvt) Ltd	100%	100%

# **ASSOCIATED CEAT HOLDINGS COMPANY (PVT) LIMITED**

## **Notes to financial statements for the year ended March 31, 2015.**

### **(C) Business combinations**

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in profit or loss immediately

### **(D) Investments in joint ventures**

Entities whose economic activities are controlled jointly by the Group and other venturers independent of the Group (joint ventures) are accounted for using the proportionate consolidation method, whereby the Group's share of the assets, liabilities, income and expenses is included line by line in the consolidated financial statements.

### **(E) Use of Estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from the estimates. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

# ASSOCIATED CEAT HOLDINGS COMPANY (PVT) LIMITED

## Notes to financial statements for the year ended March 31, 2015.

### (F) Tangible fixed assets and Intangible assets

- **Tangible Assets**

- a) Fixed assets are stated at cost of acquisition or construction or revalued amount whichever is applicable, net of accumulated depreciation / amortization and impairment losses, if any.
- b) The cost comprises, cost of acquisition, borrowing cost and any attributable cost of bringing the asset to the condition for its intended use. Cost also includes direct expenses incurred Up to the date of capitalisation / commissioning.
- c) Machinery spares procured along with the plant and machinery or subsequently and whose use is expected to be irregular are capitalised separately, if cost of such spares is known and depreciated fully over the residual useful life of the related plant and machinery. If the cost of such spares is not known particularly when procured along with the mother plant, these are capitalised and depreciated along with the mother plant. The written down value (WDV) of the spares is charged as revenue expenditure in the year in which such spares are consumed. Similarly, the value of such spares, procured and consumed in a particular year is charged as revenue expenditure in that year itself.
- d) Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standards of performance.
- e) All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.
- f) Gains and losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.
- g) Tangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Capital work-in-progress".
- h) In case of revaluation of fixed assets, any revaluation surplus is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the statement of profit and loss, in which case the increase is recognized in the statement of profit and loss. A revaluation deficit is recognized in the statement of profit and loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

- **Intangible Assets**

Intangible Assets are stated at cost of acquisition or construction less accumulated amortization and impairment, if any.



# ASSOCIATED CEAT HOLDINGS COMPANY (PVT) LIMITED

## Notes to financial statements for the year ended March 31, 2015.

### (G) Borrowing Cost

Borrowing cost includes interest, fees and other ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs that are directly attributable to the acquisition of or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognized in the Statement of Profit and Loss.

### (H) Depreciation

#### i) Tangible Assets

The useful lives of major class of asset considered for depreciation are as under,

Asset Class	Useful life
Buildings	20 years
Plant & Equipments	5 years - 20 years
Moulds	5 years - 20 years
Computers Hardware	5 Years
Furniture & Fixtures	10 years
Office Equipments	10 years
Motor Vehicles	5 years

Depreciation is not recorded on capital work-in-progress until construction and installation are complete. Assets acquired/purchased costing less than Rupees five thousand have been depreciated at the rate of 100%. Depreciation on revalued amount of a particular asset is calculated on straight line method over the remaining estimated useful life of the asset from the date of revaluation.

#### ii) Intangible Assets

Intangible assets are amortized on a straight line basis over the estimated useful economic life.

- Software expenditure have been amortised over a period of five years.
- Technical Know-how and Brands are amortised over a period of five years.

# **ASSOCIATED CEAT HOLDINGS COMPANY (PVT) LIMITED**

## **Notes to financial statements for the year ended March 31, 2015.**

### **(I) Impairment of tangible and intangible assets:**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

### **(J) Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current Investments are carried in the financial statement at lower of cost or fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

### **(K) Inventories**

- i) Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis. Cost of raw material is net of duty benefits under Duty Entitlement Exemption Certificate (DEEC) scheme.
- ii) Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

# **ASSOCIATED CEAT HOLDINGS COMPANY (PVT) LIMITED**

## **Notes to financial statements for the year ended March 31, 2015.**

- iii) Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### **i) Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and revenue can be reliably measured.

#### **i) Sale of Goods**

Revenue from sale of goods is recognised when the significant risks and rewards of ownership are passed on to the customer. Sales taxes and value added taxes (VAT) are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

#### **ii) Interest**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

#### **iii) Dividends**

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

### **(L) Government Grants and Export Incentives**

Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received. Government grants related to revenue are recognized on a systematic basis in the Statement of Profit and Loss as a part of other operating revenues.

### **(M) Foreign Currency Transactions**

#### **i) Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

# **ASSOCIATED CEAT HOLDINGS COMPANY (PVT) LIMITED**

## **Notes to financial statements for the year ended March 31, 2015.**

### **ii) Conversion**

Foreign currency monetary items are translated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

### **iii) Exchange differences**

All exchange gains and losses arising out of translation/restatement, are accounted for in the statement of profit and loss.

### **(N) Leases**

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the estimated useful life of the asset.

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 recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

### **(O) Research and Development**

Research and development expenditure is charged to revenue under the natural heads of accounts in the year in which it is incurred. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for tangible assets and Intangible assets.

### **(P) Employee Benefits**

#### **i) Defined Contribution plan**

The Group pays contributions to Employees' Provident Fund and Employees' Trust Fund 12% and 3% of gross emoluments of employees respectively.

The Group has no legal or constructive obligations to pay contributions in addition to its fixed contribution which are recognised as an expense in the period that relevant employee services are received.

# ASSOCIATED CEAT HOLDINGS COMPANY (PVT) LIMITED

## Notes to financial statements for the year ended March 31, 2015.

### ii) Defined Benefit plan

The Company also provides for retirement benefits in the form of gratuity. The company's liability towards these benefits is determined on the basis of actuarial valuation using Project Unit Credit Method at the date of balance sheet. Actuarial gains/losses are recognised in the Statement of Profit and Loss in the period in which they occur.

### (Q) Taxes on Income

- i) **Current Tax:** Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Department of Inland Revenue relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

- ii) **Deferred Tax:** Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted on the balance sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

### (R) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

# **ASSOCIATED CEAT HOLDINGS COMPANY (PVT) LIMITED**

## **Notes to financial statements for the year ended March 31, 2015.**

### **(S) Provisions and Contingent Liabilities**

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

### **(T) Cash and cash equivalents**

Cash comprises cash in hand and demand deposit with banks. Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

### **(U) Provision for Warranty**

The estimated liability for warranty is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence based on corrective actions on product failure. The timing of outflows will vary as and when the obligation will arise - being typically upto three years

**Schedules forming part of the Balance Sheet as at March 31 , 2015**

(Rupees)

**SCHEDULE 1 (A)**

**SHARE CAPITAL**

**Authorised :**

Equity Shares of Rs. 10 each

Preference Shares of Rs. 10 each

Unclassified Shares of Rs. 10 each

**Issued :**

Equity Shares of Rs. 10 each  
10,000,000 (10,000,000) equity shares

**Subscribed and paid-up :**

Equity Shares of Rs.10/- each, fully paid-up  
10,00,000 (10,00,000) equity shares of Rs 10 each, fully paid - up  
(00,00,000) Preference Shares of Rs. 10 each, fully paid-up

As at 31.03.2015	As at 31.03.2014
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
100,000,000.00	100,000,000.00
100,000,000.00	100,000,000.00
100,000,000.00	100,000,000.00
0.00	0.00
100,000,000.00	100,000,000.00

Schedules forming part of the Balance Sheet as at March 31 , 2015

(Rupees)

**SCHEDULE 2**

**RESERVES AND SURPLUS**

**Capital Reserve :**

Opening Balance

0.00

0.00

Add : Current year transfer

0.00

0.00

0.00

**Capital Redemption Reserve :**

27,200,000.00

27,200,000.00

**Securities Premium Reserve:**

Opening Balance

0.00

0.00

Add : Received during the year

0.00

0.00

0.00

**Revaluation Reserve :**

Opening Balance

377,372,722.14

377,372,722.14

Add : Revalued during the year

0.00

0.00

377,372,722.14

377,372,722.14

Less : Depreciation

0.00

0.00

377,372,722.14

377,372,722.14

**General Reserve :**

Opening Balance

0.00

0.00

Add : Transfer from Profit and Loss Account

0.00

0.00

0.00

**Surplus**

Opening Balance

1,419,319,135.56

900,639,547.82

Add : Net profit ( net loss) for the current year

746,390,994.02

687,429,587.83

**Amount Available for Appropriation**

2,165,710,129.58

1,588,069,135.65

**Appropriations:**

Proposed Dividend

202,500,000.00

168,750,000.00

Tax on Proposed Dividend

0.00

0.00

Transfer to General Reserve

0.00

0.00

**Surplus - Closing balance**

1,963,210,129.58

1,419,319,135.65

2,367,782,851.72

1,823,891,857.78



**Schedules forming part of the Balance Sheet as at March 31 , 2015**

**(Rupees)**

**SCHEDULE 3 (A)**

**Long term Borrowings**

**SECURED :**

**Debentures**

0.00 0.00

**Loan from Financials Institutions**

0.00 0.00

**Term Loans**

From Banks

2,382,280.01 18,280,572.06

From Other Parties

0.00 0.00

Lease Payable

0.00 0.00

Vehicle Loan

**UNSECURED :**

**Loan from Financials Institutions**

**Term Loans**

From Banks

0.00 0.00

From Other Parties

0.00 0.00

**Buyers' Credit**

0.00 0.00

**Interest Free Sales Tax Loan**

0.00 0.00

**Deferred Sales Tax Incentive**

0.00 0.00

**Public Deposits**

0.00 0.00

**Loans and Advances from related parties**

2,382,280.01

18,280,572.06

**(Rupees)**

**SCHEDULE 3 (C)**

**Other Long Term Liability**

Trade Payables

Rental Deposits

Deposit from other Vendors

As at  
31.03.2015

0.00

0.00

0.00

As at  
31.03.2014

0.00

**Schedules forming part of the Balance Sheet as at March 31 , 2015**

**(Rupees)**

**SCHEDULE 3 (D)**

**Long Term Provisions**

**Provision for Employee benefits:**

Unavailed Leave

Gratuity

Others

As at 31.03.2015	As at 31.03.2014
0.00	-
88,164,225.32	71,318,617.02
0.00	-
<b>88,164,225.32</b>	<b>71,318,617.02</b>

**(Rupees)**

**SCHEDULE 4 (A)**

**Short - term Borrowings :**

**SECURED**

Working Capital Term Loan - Secured

Working Capital Demand Loan - Secured

Cash Credit Facilities

Export Packing Credit

**UNSECURED :**

Inter Corporate Deposit

Commercial Paper/ STL

Public Deposit (1 Year Term)

As at 31.03.2015	As at 31.03.2014
0.00	-
73,969,350.38	74,327,404.45
77,617,659.34	193,214,315.16
0.00	-
0.00	-
3,002,673.05	31,181,531.30
0.00	-
<b>154,589,682.77</b>	<b>298,723,250.90</b>

**(Rupees)**

**SCHEDULE 4 (B)**

**TRADE PAYABLES**

Acceptances

Buyers' Credit

Due to Micro, Small and Medium Enterprises

Other Trade Payables

As at 31.03.2015	As at 31.03.2014
0.00	0.00
0.00	-
0.00	-
<b>611,736,876.32</b>	<b>566,840,105.84</b>

**SCHEDULE 4 (C)****Other Current Liabilities**

Current Maturities of Long term debt
Current Maturities of Finance Lease Obligations
Interest Accrued but not Due on Borrowings
Interest Accrued & Due on Borrowings
Income received In Advance
Unpaid Dividends
Application money due for Refund
Unpaid Interest & Matured Deposits
Unpaid Interest & Matured Bonds
Other Payables :
Payable to Capital Vendors
Deposits From Dealers & Others
Statutory Dues
Withholding and Other Taxes payable
Other Liabilities

(Rupees)	
As at 31.03.2015	As at 31.03.2014
18,468,361.41	47,552,453.09
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
18,468,361.41	47,552,453.09

**SCHEDULE 4 (D)****SHORT TERM PROVISIONS**

Provision for Employee Benefits
Unavailed Leave, Current
Gratuity
Proposed Dividend
Tax on Proposed Dividend
Provision for Income Tax

(Rupees)	
As at 31.03.2015	As at 31.03.2014
	0.00
0.00	0.00
0.00	0.00
0.00	0.00
74,849,471.02	80,919,829.38
74,849,471.02	80,919,829.38

**SCHEDULE 5 (D)****LONG TERM LOANS AND ADVANCES**

Capital Advances
Security Deposits
Loans & Advance to Related Parties
Other Loans and Advances :
Advance Income Taxes
Prepaid Expenses

(Rupees)	
As at 31.03.2015	As at 31.03.2014
12,505,062.78	7,856,100.00
4,475,197.78	5,745,164.30
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00

## Amount in Rs.

**schedules forming part of the Balance Sheet as at March 31, 2015**

## FIXED ASSETS

FIXED ASSETS		COST				DEPRECIATION			NET VALUE
ASSETS		As at 01.04.2014	Additions \ Adjustments	Deductions\ Adjustments	As at 31.03.2015	As at 01.04.2014	On deductions/ Adjustments	For the Year 2014-2015	As at 31.03.2015
<b>Owned Assets</b>									
Land	373,460,000	-	-	-	373,460,000	-	-	-	373,460,000
Buildings	94,997,629	16,966,615	-	-	111,964,244	48,031,661	-	4,805,325	59,127,258
Plant and Machinery	1,051,554,661	225,518,869	(2,288,768)	(2,288,768)	1,274,784,762	181,403,344	(2,288,768)	85,266,655	1,010,403,530
Furniture and Fixtures	40,083,962	11,475,896	(138,750)	(138,750)	51,421,108	24,910,201	(43,750)	5,431,209	21,123,448
Vehicles	13,353,687	4,045,000	(3,500,000)	(3,500,000)	13,898,687	8,004,967	(3,441,667)	2,219,220	7,116,167
	1,573,449,939	258,006,380	(5,927,518)	(5,927,518)	1,825,528,801	262,350,173	(5,774,185)	97,722,409	1,471,230,404
<b>Leased Assets</b>									
Plant and Machinery	-	-	-	-	-	-	-	-	-
Furniture and Fixtures	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	1,573,449,939	258,006,380	(5,927,518)	(5,927,518)	1,825,528,801	262,350,173	(5,774,185)	97,722,409	1,471,230,404
<b>Total</b>	-	-	-	-	-	-	-	-	-
Capital Work-in-Progress -Includes Advances against Capital Account									
<b>Grand Total</b>									
									1,581,265,418
									110,035,014
									33,611,165
									1,614,876,582
<b>Intangible Assets</b>									

**SCHEDULE 5 (E)****OTHER NON CURRENT ASSETS**

Balances with Customs, Port Trust , Excise , etc.

(Rupees)	
As at 31.03.2015	As at 31.03.2014
0.00	0.00
0.00	0.00

**SCHEDULE 6 (B)****INVENTORIES**Raw Materials (Valued at Weighted average Cost \_\_\_\_\_)  
Goods-in transitSemi-Finished Goods (Valued at \_\_\_\_\_)  
Goods-in transitFinished goods (Valued at \_\_\_\_\_)  
Goods-in transitTraded Goods Stock (Valued at \_\_\_\_\_)  
Goods-in transitStores and spares (Valued at \_\_\_\_\_)  
Goods-in transitLess :  
Provision for Obsolescence of Stores

Sales Promotion Items

(Rupees)	
As at 31.03.2015	As at 31.03.2014
250,415,132.41 299,873.26	185,521,504.65 1,590,194.38
42,928,069.76 0.00	52,179,209.84 0.00
152,899,298.99 0.00	232,270,657.27 0.00
66,554,200.85 0.00	0.00 0.00
59,443,757.87 0.00	68,461,462.31 0.00
0.00	0.00
0.00	0.00
572,540,333.13	540,023,028.45
819,515,143.91	740,848,788.24
819,515,143.91	

**SCHEDULE 6 ( C )****TRADE RECEIVABLES****Debts Overdue beyond 6 months**

Secured, Considered Good

Unsecured, Considered Good

Unsecured, Considered Doubtful

Less : Provision for Doubtful Debts

**Other Debts**

Secured, Considered Good

Unsecured, Considered Good

Unsecured, Considered Doubtful

Less : Provision for Doubtful Debts

(Rupees)

**SCHEDULE 6 (D)****CASH AND CASH EQUIVALENTS****Balances with Banks :**

Current Accounts

Deposits Accounts

Margin Money Deposits

Deposits with more than 12 months maturity

Unclaimed Dividend Accounts

Cheques in Hand

Cash in Hand

Remittance in Transit

As at 31.03.2015	As at 31.03.2014
560,558,307.97	301,808,596.04
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
560,558,307.97	301,808,596.04

**Schedules forming part of the Balance Sheet as at March 31 , 2015**

(Rupees)

**SCHEDULE 6 (E)****SHORT TERM LOANS AND ADVANCES****UNSECURED, Considered Good****Loans and Advances to related Parties****Others :**

Advance Receivable In Cash or Kind or for Value to be Received

Balance with Customs, Port Trust, Excise etc.

Loans and Deposits with Companies

Advance Payment of Tax

Interest Receivable

Other Receivables

**Unsecured , Considered Doubtful**

Loans Advances and Deposits

Provision for Doubtful Advance, Deposit

As at 31.03.2015	As at 31.03.2014
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00

(Rupees)

**SCHEDULE 6 (F)****OTHER CURRENT ASSETS**

Unamortised Forex Charges

As at 31.03.2015	As at 31.03.2014
0.00	0.00

## Schedules forming part of the Profit and Loss Statement for the year ended March 31, 2015

	2014-15	2013-14
<b>SCHEDULE 7</b>		
<b>REVENUE FROM OPERATIONS</b>		
Sale of products	4,719,886,420.54	4,881,209,633.26
Other operating revenues		
Royalty Income	0.00	0.00
Sale of Scrap	9,206,781.90	8,348,295.99
Other	0.00	0.00
Less:		
Excise duty	0.00	0.00
	<b>4,729,093,202.44</b>	<b>4,889,557,929.25</b>

## Schedules forming part of the Profit and Loss Statement for the year ended March 31, 2015

	2014-15	2013-14
<b>SCHEDULE 8</b>		
<b>OTHER INCOME</b>		
Govt Grants	0.00	0.00
Profit on Sale of Assets	2,518,224.66	1,151,654.41
Profit on Sale of Investment	0.00	0.00
Interest Income	9,101,584.85	97,962.97
Foreign Exchange Fluctuation (net)		
Miscellaneous Income	1,526,592.72	1,362,196.67
Dividend on Investments		
Subsidiary	0.00	0.00
Others	0.00	0.00
	<b>13,146,402.22</b>	<b>2,611,814.05</b>
<b>SCHEDULE 9</b>		
<b>COST OF MATERIAL CONSUMED</b>		
Raw Materials		
Stock - 1st April, 2014	185,521,504.65	189,207,173.27
Add : Purchases	2,292,418,244.48	2,453,797,415.58
	<b>250,415,132.41</b>	<b>185,521,504.65</b>
Less : Stock - 31st March, 2015	<b>2,227,524,616.72</b>	<b>2,457,483,084.20</b>
<b>SCHEDULE 10</b>		
<b>INCREASE / DECREASE IN FG / SFG STOCK</b>		
Opening Stock as at 01 April 2014		
Semi - Finished	52,179,209.75	20,184,995.56
Finished Goods	180,252,097.99	262,537,508.43
Traded Goods	52,018,559.29	79,469,400.73
	<b>284,449,867.02</b>	<b>369,191,904.71</b>
Closing Stock as at 31st March 2015		
Semi - Finished	42,928,069.76	52,179,209.84
Finished	152,899,298.99	180,252,097.99
Traded Goods ( Including Ceat - India GIT)	56,554,209.85	52,018,559.29
	<b>262,381,569.59</b>	<b>284,449,867.11</b>
	<b>22,068,297.43</b>	<b>84,742,037.60</b>
Differential Excise Duty on Opening and Closing Stock of Finished Goods	0.00	0.00
	<b>22,068,297.43</b>	<b>84,742,037.60</b>
<b>SCHEDULE 11</b>		
<b>Employee Benefits Expense</b>		
Salaries, Wages and Bonus	335,721,033.74	301,356,727.04
Provident Fund, Gratuity Fund and Superannuation Scheme etc.	51,035,705.54	46,056,177.47
Welfare Expenses	29,207,242.79	28,123,721.94
	<b>415,963,982.06</b>	<b>376,338,626.44</b>

	2014-15	2013-14
<b>SCHEDULE 12</b>		
<b>Finance Cost</b>		
Interest Cost	6,983,404.80	32,333,112.87
Other Borrowing Cost	0.00	0.00
FOREX Loss on Finance Transactions	549,499.43	2,937,490.92

**Schedules forming part of the Profit and Loss Statement for the year ended March 31, 2015**

**(Rupees)**

**SCHEDULE 13**

**OTHER EXPENSES**

	2014-15	2013-14
Conversion Charges	1,977,788.16	3,365,882.00
Stores and Spares Consumed	44,236,901.70	40,006,050.29
Provision for Obsolescence of Stores	9,753,320.69	704,597.98
Power and Fuel	172,625,312.02	174,502,683.09
Freight and Delivery Charges	71,457,349.29	77,835,362.16
Rent	7,195,392.00	6,330,237.50
Lease Rent	0.00	50,613.65
Rates and Taxes	0.00	0.00
Insurance	4,218,657.03	3,424,163.84
Repairs :		6,956,655.20
Machinery	9,027,695.15	15,470,406.27
Buildings	21,297,804.57	
Others	270,217.00	197,718.22
	30,595,716.71	22,624,779.68
Travelling and Conveyance	55,577,314.75	59,649,691.70
Printing and Stationery	3,868,639.48	3,842,967.57
Directors' Fees	0.00	0.00
Auditors' Remuneration :		851,851.95
Audit Fees	793,983.98	364,854.20
Taxation Matters	270,383.00	0.00
Other Services (Certification, Tax Audit, etc.)	0.00	0.00
Reimbursement of Expenses	0.00	1,216,706.15
	1,064,366.98	64,460,936.74
Advertisement and Sales Promotion Expenses	78,723,248.24	239,519,682.10
Rebates and Discounts	200,948,480.71	0.00
Commission	0.00	18,591,127.28
Communication Expenses	13,438,145.24	306,015.60
Advances Written off	0.00	0.00
Bad Debts Written off	0.00	0.00
Less : Provision for doubtful debts written back to the extent provided	0.00	0.00
Provision for Doubtful Debts / Advances	-1,352,298.05	6,923,735.63
Loss on Asstes Sold / Discarded	5,044,080.00	12,510,969.15
Miscellaneous Expenses	77,039,874.21	81,147,334.07
Legal Charges	66,218.44	395,416.92
Foreign Exchange Fluctuations (Net)	16,466,863.90	-3,026,999.25
Professional and Consultancy Charges	1,792,118.18	1,323,456.41
Commission to Directors	0.00	0.00
Training and Conference Expenses	1,870,181.82	8,383,639.54