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CEAT AKKHAN LTD.

Auditor's report and financial statements
As at and for the year ended 31 March 2025

**Independent Auditor's Report
to the Shareholders of CEAT AKKHAN LTD.**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CEAT AKKHAN LTD. ("the Company"), which comprise the statement of financial position as at 31 March 2025, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2025, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 3 to the financial statements where management explains that the going concern basis of preparing the financial statements has not been used as the company has ceased its business operations. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Other Matter relating to comparative information

The financial statements of CEAT AKKHAN LTD. as at and for the year ended 31 March 2024 were audited by Rahman Rahman Huq, Chartered Accountants who expressed an unmodified opinion on those financial statements on 25 April, 2024.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

Chattogram

DVC :

FRC Enlistment Number. CAF-001-082



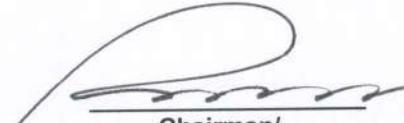
Mohammad Saif Uddin FCA
Enrollment No: 0847
Managing Partner
Saif Kashem & Co.
Chartered Accountants

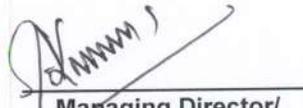


CEAT AKKHAN LTD.
Statement of financial position
As at 31 March

| <i>In Taka</i> | <i>Notes</i> | 2025 | 2024 |
|-------------------------------------|--------------|--------------------|----------------------|
| Assets | | | |
| Assets held-for-sale | 6 | 620,384,532 | 620,800,676 |
| Intangible assets | 7 | - | 1,805 |
| Inventories | 8 | - | 206,412,421 |
| Trade and other receivables | 9 | 308,333 | 121,469,876 |
| Inter company receivables | 10 | 30,341,199 | 27,356,820 |
| Advances, deposits and prepayments | 11 | 72,878,611 | 148,155,526 |
| Fixed deposit receipt | 12 | - | 200,000 |
| Cash and cash equivalents | 13 | 16,881,706 | 158,337,299 |
| Current assets | | 740,794,381 | 1,282,734,423 |
| Total assets | | 740,794,381 | 1,282,734,423 |
| Equity | | | |
| Share capital | 14 | 1,500,000,000 | 1,500,000,000 |
| Retained earnings | | (959,821,082) | (910,699,037) |
| Total equity | | 540,178,918 | 589,300,963 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Bank overdraft | 15 | - | 167,560,887 |
| Short term loans | 16 | - | 303,587,933 |
| Trade and other payables | 17 | 120,733,481 | 127,932,179 |
| Accruals | 18 | 38,587,582 | 50,326,333 |
| Defined benefit obligation | 19 | - | 1,261,975 |
| Inter company payable | 20 | 42,886,518 | 38,668,173 |
| Current tax liabilities | 21 | (1,592,118) | 4,095,980 |
| Current liabilities | | 200,615,463 | 693,433,460 |
| Total liabilities | | 200,615,463 | 693,433,460 |
| Total equity and liabilities | | 740,794,381 | 1,282,734,423 |

The notes on pages 7 to 37 are an integral part of these financial statements.


Chairman/
Director


Managing Director/
Director

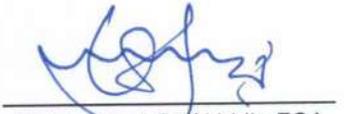

Company Secretary

Signed in terms of our annexed report of
same date.

Chattogram

DVC :

FRC Enlistment Number. CAF-001-082


Mohammad Saif Uddin FCA
Enrollment No: 0847
Managing Partner
Saif Kashem & Co.
Chartered Accountants



CEAT AKKHAN LTD.

**Statement of profit or loss and other comprehensive income
For the year ended 31 March**

| In Taka | Notes | 2025 | 2024 |
|--|-------|---------------------|----------------------|
| Revenue | 22 | 252,386,056 | 1,572,887,251 |
| Cost of sales | 23 | (216,242,398) | (1,346,498,120) |
| Gross profit | | 36,143,658 | 226,389,131 |
| General and administrative expenses | 24 | (69,632,163) | (198,477,838) |
| Operating profit/(loss) | | (33,488,505) | 27,911,293 |
| Finance income | 25 | 1,522,782 | 517,032 |
| Finance expenses | 26 | (7,765,012) | (38,202,577) |
| Net finance costs | | (6,242,230) | (37,685,545) |
| Other income/(loss) | 27 | (10,673,447) | (227,897,411) |
| Profit/(loss) before tax | | (50,404,182) | (237,671,663) |
| Income tax (expenses)/benefit | 28 | 1,282,137 | (84,358,084) |
| Profit/(loss) for the year | | (49,122,045) | (322,029,747) |
| Other comprehensive income | | - | - |
| Total comprehensive income/(loss) | | (49,122,045) | (322,029,747) |

The notes on pages 7 to 37 are an integral part of these financial statements.



Chairman/
Director



Managing Director/
Director



Company Secretary

Signed in terms of our annexed report of
same date.

Chattogram

DVC :

FRC Enlistment Number. CAF-001-082



Mohammad Saif Uddin FCA
Enrollment No: 0847
Managing Partner
Saif Kashem & Co.
Chartered Accountants



CEAT AKKHAN LTD.
Statement of changes in equity

For the year ended 31 March 2024

| <i>In Taka</i> | Attributable to owners of the Company | | |
|--|---------------------------------------|-------------------|---------------|
| | Share capital | Retained earnings | Total equity |
| Balance at 1 April 2023 | 1,500,000,000 | (588,669,290) | 911,330,710 |
| Profit/(loss) for the year | - | (322,029,747) | (322,029,747) |
| Other comprehensive income | - | - | - |
| Total comprehensive income/(loss) | - | (322,029,747) | (322,029,747) |
| Balance at 31 March 2024 | 1,500,000,000 | (910,699,037) | 589,300,963 |

For the year ended 31 March 2025

| <i>In Taka</i> | Attributable to owners of the Company | | |
|--|---------------------------------------|-------------------|--------------|
| | Share capital | Retained earnings | Total equity |
| Balance as at 1 April 2024 | 1,500,000,000 | (910,699,037) | 589,300,963 |
| Profit/(loss) for the year | - | (49,122,045) | (49,122,045) |
| Other comprehensive income | - | - | - |
| Total comprehensive income/(loss) | - | (49,122,045) | (49,122,045) |
| Balance at 31 March 2025 | 1,500,000,000 | (959,821,082) | 540,178,918 |

The notes on pages 7 to 37 are an integral part of these financial statements.



CEAT AKKHAN LTD.
Statement of cash flows

| For the year ended 31 March | | | |
|---|--------------|----------------------|---------------------|
| <i>In Taka</i> | <i>Notes</i> | 2025 | 2024 |
| Cash flows from operating activities | | | |
| Profit before tax | | (50,404,182) | (237,671,663) |
| Adjustment for : | | | |
| Adjustment for impairment | | 233,400 | 170,945,846 |
| Depreciation | 6 | - | 516,690 |
| Amortisation | 7 | 1,805 | 34,519 |
| Gain/(loss) on disposal of property, plant and equipment | 27 | 67,031 | 175,355 |
| | | (50,101,946) | (65,999,253) |
| Changes in: | | | |
| Inventories | 8 | 206,412,421 | (11,383,357) |
| Trade and other receivables | 9 | 121,161,543 | (23,833,849) |
| Inter company receivables | 10 | (2,984,379) | - |
| Advances, deposits and prepayments | 11 & 21.2 | 127,901,433 | 143,488,382 |
| Trade and other payables | 17 | (7,198,698) | 34,287,659 |
| Accruals & defined benefit obligation | 18&19 | (13,000,726) | (18,398,387) |
| Provisions | | - | (26,692,514) |
| Inter company payable | 20 | 4,218,345 | 27,864,806 |
| Cash generated from/(used in) operating activities | | 386,407,994 | 59,333,488 |
| Income tax paid | | (57,030,479) | (64,969,821) |
| Net cash generated from/(used in) operating activities | | 329,377,515 | (5,636,333) |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | 6 | - | (155,875) |
| Proceeds from disposal of property, plant and equipment | | 115,712 | 238,410 |
| Proceeds from encashment of Fixed deposit | | 200,000 | - |
| Net cash used in investing activities | | 315,712 | 82,535 |
| Cash flows from financing activities | | | |
| Proceeds from/(repayment of) short term loan & bank overdraft | 15 & 16 | (471,148,820) | 123,049,050 |
| Net cash flows from financing activities | | (471,148,820) | 123,049,050 |
| Net increase/ (decrease) in cash and cash equivalents | | (141,455,593) | 117,495,252 |
| Cash and cash equivalents as at 1 April | | 158,337,299 | 40,842,047 |
| Cash and cash equivalents as at 31 March | 13 | 16,881,706 | 158,337,299 |

The notes on pages 7 to 37 are an integral part of these financial statements.



1 Reporting entity

1.1 Company profile

CEAT AKKHAN LTD. ("the Company") is a public limited company incorporated under the Companies Act, 1994 vide incorporation no. C-102115/12 dated 30 May 2012. The address of the Company's registered office is 606 Shanta Western Tower, 186 Tejgaon I/A, Dhaka-1208. The Company changed its name from CEAT Bangladesh Limited to CEAT AKKHAN LTD. in accordance with a resolution adopted by the shareholders of the Company at an Extra-ordinary General Meeting held on 6 November 2014 and subsequently endorsed by the Assistant Registrar of Joint Stock Companies & Firms vide their certificate no. C-102115 dated 24 November 2014.

1.2 Nature of business

The Company was incorporated with the primary objective 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 passenger transports, cars, scooters, motorcycles and other two and three wheel vehicles. However, the Company never commenced its planned manufacturing operations as of 31 march 2025. The Company has ceased all trading operations and is in the process of liquidating its remaining assets.

1.3 Decision of Discontinuation of operation

The Company has discontinued its import and trading operations in Bangladesh due to significant challenges which include high AIT deducted or collected at the import stage that can't be carried forward or adjusted with operations that could not be passed on to customers in the form of price. Additionally, current high exchange rate for USD to BDT and difficulties in opening LCs due to a shortage of dollars have further complicated the import operations. These factors have led to a continuous increase in the operating cost leading to losses. As a result, it has reduced the manpower and closed regional offices as the infrastructure was created based on local manufacturing model.

The above decisions was ratified by a board of directors resolution at the board meeting held on 25 April 2024. The company has not yet completed the required formalities to cease the operation and would take additional steps.

2 Basis of accounting

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act, 1994.

2.2 Authorisation for issue

The financial statements were authorised for issue by the Board of Directors on

2.3 Reporting period

The financial period of the Company covers twelve months from 1 April to 31 March and is followed consistently.

Details of the Company's accounting policies including changes during the year are included in notes 34 and 35.



3 Basis of Preparation

In light of the above decision(note 1.3) of closure of trading operations, management has determined that the going concern basis is no longer appropriate for the preparation of the financial statements. Accordingly, these financial statements have been prepared on a basis other than going concern. Accordingly, the non-current assets and liabilities have been reclassified as current and presented in order of liquidity. Assets are deemed to be financially impaired or additional financial obligation arose as result of the decision to terminate operations, the Company has written down assets and recognised liabilities accordingly.

The financial statements have been prepared based on accrual basis of accounting except the statement of cash flows.

4 Functional and presentation currency

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

5 Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimates and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in these financial statements are stated in the following notes:

| | |
|---------|-------------------------|
| Note 6 | Assets held-for-sale |
| Note 7 | Intangible assets |
| Note 21 | Current tax liabilities |



6 Assets held-for-sale

See accounting policies in Note 34.B

| <i>In Taka</i> | Land and Land development | Furniture and fixtures | Office equipment | IT equipment | Electrical equipment | Capital work- in-progress | Total |
|---------------------------------|---------------------------------|------------------------------|---------------------|------------------|-------------------------|------------------------------|--------------------|
| Cost | | | | | | | |
| Balance at 1 April 2023 | 607,145,478 | 2,991,943 | 2,507,096 | 4,518,950 | 1,111,148 | 183,576,433 | 801,851,048 |
| Additions/transferred to PPE | 12,630,587 | - | - | 155,875 | - | (12,630,587) | 155,875 |
| Adjustment for impairment | | | | | | (170,945,846) | (170,945,846) |
| Disposals | | (843,712) | (582,155) | (833,819) | (575,351) | - | (2,835,037) |
| Balance at 31 March 2024 | 619,776,065 | 2,148,231 | 1,924,941 | 3,841,006 | 535,797 | - | 628,226,040 |
| Balance at 1 April 2024 | 619,776,065 | 2,148,231 | 1,924,941 | 3,841,006 | 535,797 | - | 628,226,040 |
| Additions/transferred to PPE | - | - | - | - | - | - | - |
| Adjustment for impairment | - | (69,432) | (88,315) | (54,366) | (21,287) | - | (233,400) |
| Disposals | - | (123,073) | (571,430) | (2,013,276) | (110,000) | - | (2,817,779) |
| Balance at 31 March 2025 | 619,776,065 | 1,955,726 | 1,265,196 | 1,773,364 | 404,510 | - | 625,174,861 |
| Accumulated depreciation | | | | | | | |
| Balance at 1 April 2023 | - | 2,594,446 | 2,060,650 | 4,075,423 | 599,408 | - | 9,329,926 |
| Depreciation for the year | - | 157,131 | 88,735 | 220,321 | 50,503 | - | 516,690 |
| Adjustment for disposals | - | (781,147) | (535,998) | (767,131) | (336,976) | - | (2,421,253) |
| Balance at 31 March 2024 | - | 1,970,430 | 1,613,387 | 3,528,613 | 312,934 | - | 7,425,364 |
| Balance at 1 April 2024 | - | 1,970,430 | 1,613,387 | 3,528,613 | 312,934 | - | 7,425,364 |
| Adjustment for disposals | - | (116,028) | (536,997) | (1,912,614) | (69,396) | - | (2,635,035) |
| Balance at 31 March 2025 | - | 1,854,402 | 1,076,390 | 1,615,999 | 243,538 | - | 4,790,329 |
| Carrying amounts | | | | | | | |
| At 31 March 2024 | 619,776,065 | 177,801 | 311,554 | 312,393 | 222,863 | - | 620,800,676 |
| At 31 March 2025 | 619,776,065 | 101,325 | 188,805 | 157,365 | 160,972 | - | 620,384,532 |

*see note 30b contingent Liabilities for details of a title dispute over a portion of the company's land.



Notes to the financial statements (continued)

7 Intangible assets

See accounting policies in Note 34.C

| <i>In Taka</i> | SAP Software | Office Software | PIRS Software | Office Pro with Visio | Payroll Management Software | Winpro 10 SNGL OLP Software | Total |
|-----------------------------------|------------------|--------------------|------------------|--------------------------|-----------------------------------|-----------------------------------|------------------|
| Cost | | | | | | | |
| Balance at 1 April 2023 | 3,877,205 | 661,000 | 958,358 | 707,200 | 134,375 | 142,300 | 6,480,438 |
| Additions | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - |
| Balance at 31 March 2024 | 3,877,205 | 661,000 | 958,358 | 707,200 | 134,375 | 142,300 | 6,480,438 |
| Balance as at 1 April 2024 | 3,877,205 | 661,000 | 958,358 | 707,200 | 134,375 | 142,300 | 6,480,438 |
| Additions | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - |
| Balance at 31 March 2025 | 3,877,205 | 661,000 | 958,358 | 707,200 | 134,375 | 142,300 | 6,480,438 |
| Accumulated amortisation | | | | | | | |
| Balance at 1 April 2023 | 3,877,205 | 661,000 | 958,358 | 707,200 | 134,374 | 105,976 | 6,444,113 |
| Amortisation for the year | - | - | - | - | - | 34,519 | 34,519 |
| Adjustment for disposals | - | - | - | - | - | - | - |
| Balance at 31 March 2024 | 3,877,205 | 661,000 | 958,358 | 707,200 | 134,374 | 140,495 | 6,478,632 |
| Balance as at 1 April 2024 | 3,877,205 | 661,000 | 958,358 | 707,200 | 134,374 | 140,495 | 6,478,632 |
| Amortisation for the year | - | - | - | - | - | 1,805 | 1,805 |
| Adjustment for disposals | - | - | - | - | - | - | - |
| Balance at 31 March 2025 | 3,877,205 | 661,000 | 958,358 | 707,200 | 134,374 | 142,299 | 6,480,437 |
| Carrying amounts | | | | | | | |
| At 31 March 2024 | - | - | - | - | - | 1,805 | 1,805 |
| At 31 March 2025 | - | - | - | - | - | - | - |



Notes to the financial statements (continued)

8 Inventories

See accounting policies in Note 34.G

| <i>In Taka</i> | <i>Note</i> | 31 March 2025 | 31 March 2024 |
|---------------------------------|-------------|----------------------|----------------------|
| Inventories in hand | 8.1 | - | 166,357,309 |
| Inventories in transit | | - | 40,298,223 |
| Less: Provision for inventories | | - | (243,110) |
| | | - | 206,412,421 |

8.1 Inventories in hand

| <i>In Taka</i> | 31 March 2025 | 31 March 2024 |
|----------------|----------------------|----------------------|
| Tyre (In Set) | - | 166,357,309 |
| | - | 166,357,309 |

9 Trade and other receivables

See accounting policies in Note 34.D

| <i>In Taka</i> | 31 March 2025 | 31 March 2024 |
|-----------------------------------|----------------------|----------------------|
| Trade receivables | - | 121,725,399 |
| Less: Provision for doubtful debt | - | (296,458) |
| | - | 121,428,941 |
| Other receivable | 308,333 | 40,935 |
| | 308,333 | 121,469,876 |

Other receivables include interest receivable from fixed deposits.



Notes to the financial statements (continued)

10 Inter company receivables

| <i>In Taka</i> | 31 March 2025 | 31 March 2024 |
|---------------------|----------------------|----------------------|
| CEAT Limited, India | 30,341,199 | 27,356,820 |
| | 30,341,199 | 27,356,820 |

11 Advances, deposits and prepayments

See accounting policies in Note 34.D

| <i>In Taka</i> | Note | 31 March 2025 | 31 March 2024 |
|----------------------|-------------|----------------------|----------------------|
| Advances | | | |
| Advance to employees | | 79,822 | 145,044 |
| Advance to suppliers | 11.1 | 485,516 | 8,466,135 |
| Advance VAT | | 71,431,812 | 96,709,231 |
| | | 71,997,150 | 105,320,410 |
| Deposits | | | |
| Security deposit | | 881,461 | 24,741,139 |
| LC margin | | - | 16,677,000 |
| | | 881,461 | 41,418,139 |
| Prepayments | | | |
| Rent | | - | 959,406 |
| Insurance | | - | 318,115 |
| Software license | | - | 139,455 |
| | | - | 1,416,977 |
| | | 72,878,611 | 148,155,526 |

| | 31 March 2025 | 31 March 2024 |
|--------------------------------------|----------------------|----------------------|
| 11.1 Advance to suppliers | 84,415,121 | 92,395,740 |
| Advance to suppliers | 84,415,121 | 92,395,740 |
| Less: Provision for doubtful advance | (83,929,605) | (83,929,605) |
| | 485,516 | 8,466,135 |

12 Fixed deposit receipt

See accounting policies in Note 34.D

| <i>In Taka</i> | 31 March 2025 | 31 March 2024 |
|----------------------|----------------------|----------------------|
| Eastern Bank Limited | - | 200,000 |
| | - | 200,000 |



Notes to the financial statements (continued)

13 Cash and cash equivalents

See accounting policies in Note 34.D

| <i>In Taka</i> | <i>Note</i> | 31 March 2025 | 31 March 2024 |
|---|-------------|----------------------|----------------------|
| Cash in hand | | 10,423 | 149,127 |
| Cash at bank | | | |
| Fixed deposit receipt | | 14,000,000 | 8,663,907 |
| Short term deposits and current accounts | <i>13.1</i> | 2,871,283 | 149,524,265 |
| | | 16,871,283 | 158,188,172 |
| Cash and cash equivalents in the statement of financial position | | 16,881,706 | 158,337,299 |

13.1 Short term deposits and current accounts

| <i>In Taka</i> | 31 March 2025 | 31 March 2024 |
|-------------------------------|----------------------|----------------------|
| AB Bank Limited | - | 1,606,819 |
| Standard Chartered Bank | 184,448 | 602,245 |
| The City Bank Limited | 1,939,552 | 193,637 |
| Eastern Bank Limited | 371,859 | 344,230 |
| United Commercial Bank Ltd | - | 132,823 |
| Shahjalal Islami Bank | - | 21,453 |
| Prime Bank Limited | 353,018 | 688,394 |
| State Bank of India | 22,406 | 11,665,023 |
| Commercial Bank of Ceylon PLC | - | 134,269,641 |
| | 2,871,283 | 149,524,265 |

14 Share capital

See accounting policies in Note 34.E

| <i>In Taka</i> | 31 March 2025 | 31 March 2024 |
|---|----------------------|----------------------|
| Authorised: | | |
| 150,000,000 ordinary shares of Taka 10 each | 1,500,000,000 | 1,500,000,000 |
| | 1,500,000,000 | 1,500,000,000 |
| Issued, subscribed and paid-up: | | |
| 150,000,000 ordinary shares of Taka 10 each | 1,500,000,000 | 1,500,000,000 |
| | 1,500,000,000 | 1,500,000,000 |



14.1 Shareholding position

| Name of shareholders | 31 March 2025 | | 31 March 2024 | |
|-------------------------------------|--------------------|----------------------|--------------------|----------------------|
| | Number of shares | Value (Taka) | Number of shares | Value (Taka) |
| CEAT Limited, India | 104,999,994 | 1,049,999,940 | 104,999,994 | 1,049,999,940 |
| A.K. KHAN & Co. Limited, Bangladesh | 45,000,000 | 450,000,000 | 45,000,000 | 450,000,000 |
| Mr. Harsh Vardhan Goenka | 1 | 10 | 1 | 10 |
| Mr. Anant Vardhan Goenka | 1 | 10 | 1 | 10 |
| Mr. Suresh Mathew | 1 | 10 | 1 | 10 |
| Mr. Tom Thomas | 1 | 10 | 1 | 10 |
| Mr. Paras Kumar Chowdhury | 1 | 10 | 1 | 10 |
| Mr. Jyotibrata Banerjee | 1 | 10 | 1 | 10 |
| | 150,000,000 | 1,500,000,000 | 150,000,000 | 1,500,000,000 |

14.2 Percentage of shareholdings

| Name of shareholder | 31 March 2025 | 31 March 2024 |
|-------------------------------------|---------------------|--------------------|
| | CEAT Limited, India | 69.999996% |
| A.K. KHAN & Co. Limited, Bangladesh | 30.000000% | 30.000000% |
| Mr. Harsh Vardhan Goenka | 0.000001% | 0.000001% |
| Mr. Anant Vardhan Goenka | 0.000001% | 0.000001% |
| Mr. Suresh Mathew | 0.000001% | 0.000001% |
| Mr. Tom Thomas | 0.000001% | 0.000001% |
| Mr. Paras Kumar Chowdhury | 0.000001% | 0.000001% |
| Mr. Jyotibrata Banerjee | 0.000001% | 0.000001% |
| | 100.000000% | 100.000000% |



Notes to the financial statements (continued)

15 Bank overdraft

See accounting policies in Note 34.D

| <i>In Taka</i> | 31 March 2025 | 31 March 2024 |
|-----------------------------|----------------------|---------------|
| The City Bank Limited (CBL) | - | 2,588,291 |
| State Bank of India (SBI) | - | 163,320,426 |
| Eastern Bank Limited (EBL) | - | 1,652,170 |
| | - | 167,560,887 |

16 Short term loans

See accounting policies in Note 34.D

| <i>In Taka</i> | 31 March 2025 | 31 March 2024 |
|--------------------------|----------------------|---------------|
| Commercial Bank of Cylon | - | 303,587,933 |
| | - | 303,587,933 |

17 Trade and other payables

See accounting policies in Note 34.D

| <i>In Taka</i> | <i>Note</i> | 31 March 2025 | 31 March 2024 |
|-------------------------------|-------------|----------------------|---------------|
| Trade payables | 17.1 | 196,016 | 5,652,488 |
| Advance received from dealers | | 120,000,000 | 120,018,556 |
| Withholding tax payable | | 350,909 | 1,553,306 |
| Withholding VAT payable | | 186,556 | 707,829 |
| | | 120,733,481 | 127,932,179 |

17.1 Trade payables

| <i>In Taka</i> | 31 March 2025 | 31 March 2024 |
|----------------------|----------------------|---------------|
| Trade payables: | | |
| AKKHAN & Co. | - | 3,298,300 |
| Other trade payables | 196,016 | 2,354,188 |
| | 196,016 | 5,652,488 |

18 Accruals

| <i>In Taka</i> | 31 March 2025 | 31 March 2024 |
|--|----------------------|-------------------|
| Salaries and allowances | 2,865,260 | 22,992,245 |
| Provision for retirement benefits | 1,741,219 | - |
| Promotional and advertisement expenses | 263,234 | 163,234 |
| Discounts | - | 2,099,853 |
| Consultancy fees & Legal Expenses | 30,467,526 | 19,015,300 |
| Audit fee | 488,750 | 977,500 |
| Travelling expenses | 1,014,303 | 850,900 |
| Selling and distribution expenses payable | 270,644 | 597,850 |
| Interest payable against bank loan | - | 155,179 |
| Network, communication, utilities and others | 1,476,646 | 3,474,272 |
| Total accruals | 38,587,582 | 50,326,333 |



Notes to the financial statements (continued)

19 Defined benefit obligation

See accounting policies in Note 34.H

| <i>In Taka</i> | 31 March 2025 | 31 March 2024 |
|-------------------------|----------------------|---------------|
| Gratuity | - | 1,261,975 |
| Total Provisions | - | 1,261,975 |

19.1 Defined benefit obligation charged to profit or loss

| <i>In Taka</i> | 31 March 2025 | 31 March 2024 |
|-----------------------------------|----------------------|---------------|
| Balance at 1 April | - | - |
| Service cost | - | - |
| - Charged under profit or loss | - | 34,906,745 |
| Benefit paid/transferred/adjusted | - | 33,644,770 |
| Balance as at 31 March | - | 1,261,975 |

20 Inter company payable

See accounting policies in Note 34.D

| <i>In Taka</i> | 31 March 2025 | 31 March 2024 |
|---------------------|----------------------|---------------|
| CEAT Limited, India | 42,886,518 | 38,668,173 |
| | 42,886,518 | 38,668,173 |

Inter company payable includes amount payable for project implementation, and plant commissioning services and bank guarantee.

21 Current tax liabilities

See accounting policies in Note 34.L

| <i>In Taka</i> | Notes | 31 March 2025 | 31 March 2024 |
|--------------------|--------------|----------------------|---------------|
| Provision for tax | 21.1 | 9,329,120 | 67,641,736 |
| Advance income tax | 21.2 | (10,921,238) | (63,545,756) |
| | | (1,592,118) | 4,095,980 |

21.1 Provision for tax

| <i>In Taka</i> | Note | 31 March 2025 | 31 March 2024 |
|--------------------------------|-------------|----------------------|---------------|
| Balance as at 1 April | | 67,641,736 | 64,658,417 |
| Provision made during the year | 28 | (1,282,137) | 67,953,140 |
| | | 66,359,599 | 132,611,557 |
| Paid/adjusted during the year | | (57,030,479) | (64,969,821) |
| Balance as at 31 March | | 9,329,120 | 67,641,736 |



Notes to the financial statements (continued)

21.2 Advance income tax

| <i>In Taka</i> | 31 March 2025 | 31 March 2024 |
|---|-------------------|-------------------|
| Opening balance | 63,545,756 | 61,978,125 |
| Additions | 4,288,579 | 63,545,756 |
| Adjustment for completion of assessment of prior year | (56,913,097) | (61,978,125) |
| Closing balance | 10,921,238 | 63,545,756 |

22 Revenue

See accounting policies in Note 34.K

| <i>In Taka</i> | 31 March 2025 | 31 March 2024 |
|----------------|--------------------|----------------------|
| Sales revenue | 252,386,056 | 1,572,887,251 |
| | 252,386,056 | 1,572,887,251 |

| <i>In units</i> | 31 March 2025 | 31 March 2024 |
|-----------------|---------------|----------------|
| Sale of: | | |
| Tyre | 28,198 | 125,425 |
| | 28,198 | 125,425 |

23 Cost of sales

| <i>In Taka</i> | 31 March 2025 | 31 March 2024 |
|--------------------------|--------------------|----------------------|
| Opening inventories | 206,412,421 | 195,029,064 |
| Purchase during the year | 9,829,977 | 1,357,881,478 |
| Closing inventories | - | (206,412,421) |
| | 216,242,398 | 1,346,498,120 |

24 General and administrative expenses

| <i>In Taka</i> | Notes | 31 March 2025 | 31 March 2024 |
|--|-------|-------------------|--------------------|
| Salaries, allowances and benefits | | 27,884,698 | 103,812,084 |
| Audit fees | | 542,907 | 982,100 |
| Govt. Fees | | 388,144 | (714,463) |
| Consultancy & Legal Expenses | | 21,227,435 | 31,101,956 |
| Car rent expenses | | 781,513 | 6,099,621 |
| Fuel, Gas & Toll fees expenses | | 766,516 | 2,659,895 |
| Network and communication | | 1,070,976 | 2,014,102 |
| Impairment for asset held-for-sale | | 233,400 | - |
| Depreciation | 6 | - | 516,690 |
| Amortisation | 7 | 1,805 | 34,519 |
| Entertainment | | 478,293 | 1,172,547 |
| Insurance | | 968,501 | 5,457,685 |
| Travelling expenses | | 1,454,158 | 4,870,859 |
| Claim Loss on Replacement of Defective products | | - | (21,387,749) |
| Interest on SDS Deposits - Dealers | | - | 3,991,355 |
| Selling, distribution and sales related obligation | | 369,402 | 15,027,741 |
| Promotional and advertisement expenses | | 100,000 | 2,205,580 |
| Security and cleaning charges | | 4,145,569 | 9,758,955 |
| Repair and maintenance | | 617,836 | 1,591,289 |
| Rent | | 6,339,119 | 22,590,831 |
| Utilities and others | | 520,034 | 943,754 |
| Foreign exchange (gain)/loss | | 1,233,966 | 507,986 |
| Bank charges | | 507,891 | 5,240,501 |
| | | 69,632,163 | 198,477,838 |



Notes to the financial statements (continued)

25 Finance income

See accounting policies in Note 34.N

| <i>In Taka</i> | 31 March 2025 | 31 March 2024 |
|---|----------------------|---------------|
| Interest on fixed and short term deposits | 1,522,782 | 517,032 |
| | 1,522,782 | 517,032 |

26 Finance expenses

See accounting policies in Note 34.N

| <i>In Taka</i> | 31 March 2025 | 31 March 2024 |
|------------------------------|----------------------|---------------|
| Interest on short term loans | 7,765,012 | 38,202,577 |
| | 7,765,012 | 38,202,577 |

27 Other income/(loss)

| <i>In Taka</i> | 31 March 2025 | 31 March 2024 |
|--|----------------------|---------------|
| Gain/(loss) on disposal of property, plant and equipment | (94,993) | (221,713) |
| Scraps and other sales | 175,479 | 4,020,148 |
| Provision for doubtful advance | - | (60,750,000) |
| Factory project related Exp | - | (170,945,846) |
| Advance written off | (10,753,933) | - |
| | (10,673,447) | (227,897,411) |

During the year 2014, the Company paid an advance of Tk. 25,886,042 to Mymensingh Palli Bidyut Samity for the installation of electric lines, which could not be utilized due to the COVID-19 pandemic. Subsequently, the Company applied for refund, of which Tk. 15,132,109 was refunded, while the remaining balance of Tk. 10,753,933 was not refunded as the related equipment had already been installed, as confirmed by an enquiry report dated 09 June 2024. Consequently, the unrefunded amount of Tk. 10,753,933 has been written off during the year.

28 Income tax (expenses)/benefit

See accounting policies in Note 34.L

| <i>In Taka</i> | 31 March 2025 | 31 March 2024 |
|---|----------------------|---------------|
| Current tax expense/benefit: | | |
| For current year | 2,696,462 | 67,641,736 |
| Adjustment on completion of assessment for prior year | (3,978,599) | 311,404 |
| | (1,282,137) | 67,953,140 |
| Deferred tax (income)/expense | - | 16,404,944 |
| | (1,282,137) | 84,358,084 |



29 Financial risk management

The Company's board of directors 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. The Board oversees how management monitors compliance with risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risks faced by the Company. The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

29.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is mainly attributable to trade and other receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of the customers. Receivables are normally paid within very short time from when they are invoiced and credit risk from these receivables is very minimal.

The company normally provides goods and services to their customers on credit basis. The company has established and implemented standard credit management policies, processes, IT systems, and credit risk evaluation models. In addition, The company has established a dedicated credit management function in the organisation. The company uses the credit risk evaluation models to determine customer credit ratings and credit limits, and has implemented various risk control points over key processes along the end-to-end sales cycle. The company's Credit Management Department regularly evaluates credit risk exposures, estimates potential losses, and allocates bad debt provisions as appropriate. In the event that the credit risk for a specific customer or outstanding trade receivable becomes inappropriately high, a special handling process is initiated to mitigate the risk.

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

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:

| <i>In Taka</i> | <i>Notes</i> | 31 March 2025 | 31 March 2024 |
|-----------------------------|--------------|----------------------|----------------------|
| Trade and other receivables | 9 | 308,333 | 121,469,876 |
| Deposits | 11 | 881,461 | 41,418,139 |
| | | 1,189,794 | 162,888,015 |



Notes to the financial statements (continued)

29.2 Liquidity risk

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

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 forecast, based on time line of payment of financial obligations and accordingly arrange for sufficient liquidity/fund to make the expected payments within due dates. Moreover, the Company has short term credit facilities with scheduled commercial banks to ensure payment of obligation in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

31 March 2025

| In Taka | Note | Carrying amount | Total | Contractual cash flows | | | | |
|--------------------------|------|-----------------|---------------|------------------------|---------------|-------------|-------------|-------------------|
| | | | | 6 months or less | 6 - 12 months | 1 - 2 years | 2 - 5 years | More than 5 years |
| Bank overdraft | 15 | - | - | - | - | - | - | - |
| Short term loans | 16 | - | - | - | - | - | - | - |
| Trade and other payables | 17 | 120,733,481 | (120,733,481) | (120,733,481) | - | - | - | - |
| Accruals | 18 | 38,587,582 | (38,587,582) | (38,587,582) | - | - | - | - |
| Inter company payable | 20 | 42,886,518 | (42,886,518) | - | (42,886,518) | - | - | - |
| | | 202,207,581 | (202,207,581) | (159,321,063) | (42,886,518) | - | - | - |

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

31 March 2024

| In Taka | Note | Carrying amount | Total | Contractual cash flows | | | | |
|----------------------------|------|-----------------|---------------|------------------------|---------------|-------------|-------------|-------------------|
| | | | | 6 months or less | 6 - 12 months | 1 - 2 years | 2 - 5 years | More than 5 years |
| Bank overdraft | 15 | 167,560,887 | (167,560,887) | (167,560,887) | - | - | - | - |
| Short term loans | 16 | 303,587,933 | (303,587,933) | (303,587,933) | - | - | - | - |
| Trade and other payables | 17 | 127,932,179 | (127,932,179) | (127,932,179) | - | - | - | - |
| Accruals | 18 | 50,326,333 | (50,326,333) | (50,326,333) | - | - | - | - |
| Defined benefit obligation | 19 | 1,261,975 | (1,261,975) | - | (1,261,975) | - | - | - |
| Inter company payable | 20 | 38,668,173 | (38,668,173) | - | (38,668,173) | - | - | - |
| | | 689,337,480 | (689,337,480) | (649,407,332) | (39,930,148) | - | - | - |



29.3 Market risk

Market risk is the risk that any change in market prices, such as foreign exchange rates and interest rates will 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 while optimising the return.

a) Currency risk

The Company is exposed to currency risk relating to purchases and other transactions which are denominated in foreign currencies. The Company's foreign currency transactions are denominated in United States Dollar (USD).

Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

| | As at 31 March 2025 | | As at 31 March 2024 | |
|---|---------------------|----------------|---------------------|----------------|
| | Taka | USD | Taka | USD |
| Foreign currency denominated assets | - | - | - | - |
| Foreign currency denominated liabilities | | | | |
| Inter company payable | 42,886,518 | 351,529 | 38,668,173 | 351,529 |
| Net exposure | 42,886,518 | 351,529 | 38,668,173 | 351,529 |

The following exchange rates are applied at reporting date:

| | 31 March 2025 | 31 March 2024 |
|-----|---------------|---------------|
| USD | 122.00 | 110.00 |

Source: Eastern Bank Ltd. TT OD rate

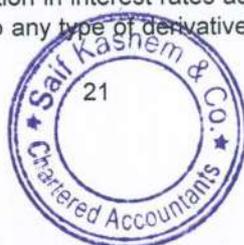
Sensitivity analysis

A reasonably possible strengthening (weakening) of foreign currency against Taka at 31 March would have effected the measurement of financial instruments denominated in a foreign currency and increased (decreased) equity and profit or loss by the amounts shown in the following table. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| <i>In Taka</i> | Strengthening profit or | Weakening profit or (loss) |
|--------------------------|----------------------------|-------------------------------|
| 31 March 2025 | | |
| USD (5 percent movement) | 2,144,326 | (2,144,326) |
| | 2,144,326 | (2,144,326) |
| 31 March 2024 | | |
| USD (5 percent movement) | 1,933,409 | (1,933,409) |
| | 1,933,409 | (1,933,409) |

b) 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.



Notes to the financial statements (continued)

29.3 Market risk (continued)

c) Accounting classifications and fair values

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

| | Note | Carrying amount | | | | | Total |
|---|------|----------------------------------|----------------|--------------------------|----------------------------|------------------------------------|-------------|
| | | Fair value - hedging instruments | FVTPL - others | FVOCI - debt instruments | FVOCI - equity instruments | Financial assets at amortised cost | |
| <i>In Taka</i> | | | | | | | |
| 31 March 2025 | | | | | | | |
| Financial assets not measured at fair value | | | | | | | |
| Trade and other receivables | 9 | - | - | - | - | 308,333 | - |
| Advances, deposits and prepayments | 11 | - | - | - | - | 72,878,611 | - |
| Fixed deposit receipt | 12 | - | - | - | - | - | - |
| Cash at bank | 13 | - | - | - | - | 16,871,283 | - |
| | | - | - | - | - | 90,058,227 | - |
| Financial liabilities not measured at fair value | | | | | | | |
| Bank overdraft | 15 | - | - | - | - | - | - |
| Short term loans | 16 | - | - | - | - | - | - |
| Trade and other payables | 17 | - | - | - | - | - | 120,733,481 |
| Inter company payable | 20 | - | - | - | - | - | 42,886,518 |
| | | - | - | - | - | - | 163,619,999 |



| | Note | Carrying amount | | | | | Total | |
|---|------|----------------------------------|----------------|--------------------------|----------------------------|-------------------------------|-------------|-----------------------------|
| | | Fair value - hedging instruments | FVTPL - others | FVOCI - debt instruments | FVOCI - equity instruments | Financial assets at amortised | | Other financial liabilities |
| Financial assets not measured at fair value | | | | | | | | |
| Trade and other receivables | 9 | - | - | - | - | 121,469,876 | - | 121,469,876 |
| Advances, deposits and prepayments | 11 | - | - | - | - | 148,155,526 | - | 148,155,526 |
| Fixed deposit receipt | 12 | - | - | - | - | 200,000 | - | 200,000 |
| Cash at bank | 13 | - | - | - | - | 158,188,172 | - | 158,188,172 |
| | | - | - | - | - | 428,013,574 | - | 428,013,574 |
| Financial liabilities not measured at fair value | | | | | | | | |
| Bank overdraft | 15 | - | - | - | - | - | 167,560,887 | 167,560,887 |
| Short term loans | 16 | - | - | - | - | - | 303,587,933 | 303,587,933 |
| Trade and other payables | 17 | - | - | - | - | - | 127,932,179 | 127,932,179 |
| Inter company payable | 20 | - | - | - | - | - | 38,668,173 | 38,668,173 |
| | | - | - | - | - | - | 637,749,172 | 637,749,172 |

In Taka

31 March 2024



30 Commitments and Contingencies**a) Credit facilities availed as at reporting date**

The Company had contractual commitments at the reporting date in respect of letter of credit (LC) for import of tyres at following Banks:

| <i>In Taka</i> | 31 March 2025 | 31 March 2024 |
|----------------------|----------------------|----------------------|
| Eastern Bank Limited | - | 125,994 |
| State Bank of India | - | 22,183,941 |
| CBC | - | 11,306,852 |
| | - | <u>33,616,787</u> |

b) Contingent liabilities**Land dispute:**

Of the 28.24 acres of land acquired by the company in Bhaluka, Mymensingh, 6.62 acres is subject to dispute whereby the company's mutation of the said portion of land was cancelled. The Bangladesh Forest Department filed two cases claiming the title of land, both cases were disposed in favour of the company at district court level. The Forest Department has subsequently filed an appeal before District Judge Court Mymensingh against such order but proceedings yet to be started.



31 Related parties**a) Parent and ultimate controlling party**

The ultimate parent of the Company CEAT Limited incorporated in India.

b) Key management personnel compensation

Key management personnel compensation comprised the following:

| <i>In Taka</i> | 2025 | 2024 |
|-------------------------|------|------------|
| Salaries and allowances | - | 22,691,672 |
| | - | 22,691,672 |

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors (executive and non-executive), members of the Executive Committee and Company Secretary.

c) Other related party transactions

| <i>In Taka</i> | Relationship | Transaction values for the | | Receivable/(Payable) | |
|--|--------------|----------------------------|---------------|----------------------|--------------|
| | | 2025 | 2024 | 2025 | 2024 |
| Purchase of tyre CEAT Limited, India | Parent | - | 1,100,195,966 | - | - |
| Bank guarantee CEAT Limited, India | Parent | (222,346) | (91,532) | (2,260,518) | (2,038,172) |
| Claim for tyre replacement CEAT Limited, India | Parent | 2,984,380 | 1,228,570 | 30,341,199 | 27,356,819 |
| Project implementation and plant commissioning services* CEAT Limited, India | Parent | (3,996,000) | (1,645,020) | (40,626,000) | (36,630,000) |
| C&F Agent: A.K. KHAN & Co. Limited | Shareholder | 3,298,300 | (797,589) | - | (3,298,300) |

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

32 Subsequent events

In accordance with IAS 10: Events after the Reporting Period, amounts recognised in the financial statements are adjusted for events after the reporting period that provide additional evidence of conditions that existed at the end of the reporting period. No adjustment is given in the financial statements for events after the reporting period that are indicative of conditions that arose after the reporting period except below.

The Company had no other significant events after the reporting period except above that might require adjustment or disclosure in the financial statements.



Notes to the financial statements (continued)

33 Other Disclosure

33.1 Particulars of employees

During the year under audit or part thereof, number of employees receiving remuneration of Taka 55,000 or more in the year ended 31 March 2025 was 8 (2024:28).

33.2 Remittance in foreign currency

| <i>In Taka</i> | | | 2025 | 2024 |
|-------------------------------|---|-----------------|-------------|-------------|
| <u>Name of the party</u> | <u>Nature of transaction</u> | <u>Currency</u> | | |
| CEAT India Ltd. | Import of Tyre | USD | - | 5,958,643 |
| CEAT India Ltd. | Import of Tyre | EUR | - | 3,738,592 |
| Yash Technologies Private Ltd | Payment for SAP Annual Maintenance Charge | USD | - | - |

33.3 Going concern

As discussed in notes 1.3 and 3, following managements decision of discontinuation of Company's trading operation, the going concern basis is no longer an appropriate basis of preparation for the financial statements. Hence, these financial statements have been prepared on a basis other than going concern.



34 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

Set out below is an index of the significant accounting policies, the details of which are available on the following pages:

| | |
|---|--------------------------------|
| A | Property, plant and equipment |
| B | Asset held-for-sale |
| C | Intangible assets |
| D | Financial instruments |
| E | Share capital |
| F | Impairment |
| G | Inventories |
| H | Employee benefits |
| I | Provisions |
| J | Contingencies |
| K | Revenue |
| L | Income tax |
| M | Foreign currency transactions |
| N | Finance income and expenses |
| O | Statement of cash flows |
| P | Comparatives and rearrangement |
| Q | Leases |

A Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Capital work-in-progress represents the cost incurred for acquisition and/or construction of items of property, plant and equipment that are not ready for use which is measured at cost.

ii. Subsequent expenditure

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit or loss and other comprehensive income as incurred.

iii. Depreciation

Depreciation is recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. The Company considers 5% of the costs as salvage value for each category of assets. Capital work-in-progress is not depreciated.

Depreciation on newly acquired asset is charged from the month of acquisition. On deletion/disposal of an asset, depreciation is charged up to the month prior to the deletion/disposal.



The rates of depreciation vary according to the estimated useful lives of each particular class of property, plant and equipment, as follows:

| <u>Category</u> | <u>Useful life in years</u> | <u>Rate of depreciation</u> |
|------------------------|-----------------------------|-----------------------------|
| Furniture and fixtures | 10 | 9.50% |
| Office equipment | 5 | 19% |
| IT equipment | 3 | 31.67% |
| Electrical equipment | 20 | 4.75% |

Depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted as appropriate.

iv. Retirements and disposals

An item of property, plant and equipment is derecognised on disposal or when no further economic benefits are expected from its use. Gain or loss on disposal of an item of property, plant and equipment is determined as the difference of net disposal proceeds and the carrying amount of an item of property, plant and equipment and is recognised as gain or loss from disposal of asset under other income in the statement of profit or loss and other comprehensive income.

v. Capital work-in-progress

Capital work-in-progress represents the cost incurred for acquisition and/or construction of items of property, plant and equipment that are not ready for use which is measured at cost. Capital work-in-progress consists of acquisition costs of land, plant and machinery, capital components of other equipment and related installation costs incurred until the date placed in service.

B Assets held-for-sale

Non-current assets or disposal groups comprising assets and liabilities are classified as held-for-sale if it is highly probable that their recovery will be achieved primarily through sale rather than continuing use.

Such assets, or disposal groups, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property, or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale, as well as subsequent gains or losses on remeasurement, are recognized in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant, and equipment are no longer amortized or depreciated and any equity-accounted investees is no longer equity accounted.

When the sale is expected to occur beyond one year, the entity shall measure the costs to sell at their present value. Any increase in the present value of the costs to sell that arises from the passage of time shall be presented in profit or loss as a financing cost.

C Intangible assets

i. Recognition and measurement

Intangible assets are measured at cost less accumulated amortisation and accumulated impairment loss, if any. Intangible asset is recognised when all the conditions for recognition as per IAS 38: *Intangible Assets* are met. The cost of an intangible asset 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. Intangible assets include SAP, Project Information Archive System (PIAS) and other office software.



ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in the statement of profit or loss and other comprehensive income when incurred.

iii. Amortisation

Amortisation is recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the estimated useful lives of intangible assets. The intangible asset is amortised from the month of its capitalisation. The estimated useful lives for intangible assets are three years.

D 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.

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Assessment whether contractual cash flows are Solely Payments of Principal and Interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.



Financial assets – Subsequent measurement and gains and losses

| | |
|------------------------------------|--|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. |
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. |
| Debt investments at FVOCI | These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. |
| Equity investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. |

Financial assets include cash and cash equivalents, trade and other receivables and receivable from related parties.

(a) Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and all cash deposits with maturities of three months or less that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(b) Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Classification and subsequent measurement of financial liability

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities include trade and other payables, borrowings, accrued expenses, etc.

(a) Trade and other payables

The Company recognises a trade and intercompany payables when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

(b) Loans and borrowings

Principal amounts of the loans and borrowings are stated at their amortised amount. Borrowings repayable after twelve months from reporting date are classified as non-current liabilities whereas the portion of borrowings repayable within twelve months from reporting date, unpaid interest and other charges are classified as current liabilities.



(c) Accrued expenses

Accrued expenses represent various operating expenses that are due at the reporting date which are initially measured at fair value.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

In the case the Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v. Impairment of financial assets

The Company measures loss allowances for trade receivables at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

E Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Paid up capital represents total amount contributed by the shareholders and bonus shares, if any, issued by the Company to the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.



F Impairment

i. Recognition for non-financial assets

The carrying value of the non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset or its cash generating unit exceeds its recoverable amount. Impairment losses, if any, are recognised in the statement of profit or loss and other comprehensive income.

ii. Calculation of recoverable amount

The recoverable amount of asset is the greater of its net selling price or its value in use. The latter is determined by discounting the estimated future cash flows to a present value using a discount rate which reflects the current market assessment of the time value of money and risk specific to the asset. For an asset that does not generate significantly independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

iii. Reversal of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

G Inventories

Inventories are measured at the lower of cost and net realisable value less allowance for obsolescence. Cost is calculated except for goods in transit on weighted average basis and includes expenditure for acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is defined as the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Goods in transit are valued at cost.

H Employee benefits

The company has discontinued all employee benefit scheme following the decision of termination of Company's trading operation as discussed on note 1.3 and 3. The company has made provision for retirement benefits obligations on estimated basis to cover the payment of retirement benefits, if any, at the time of winding up of the company.



Sale of Goods

Revenue from sale of goods (Tyres, tubes and flaps) is recognised at a point in time when control of the goods is transferred to customer depending on terms of sales. The normal credit term is 30 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, if any.

Variable consideration

The Company offers various forms of discounts on the goods sold to its dealers and distributors. In all such cases, accumulated experience is used to estimate and provide for the variability in revenue, using the expected value method and the revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur in future on account of refund or discounts.

Significant financing component

Generally, the Company receives advances from its customers. Using the practical expedient IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Sales related obligations

The Company normally provides sales related obligations for a period of three years on all its products sold, in line with industry practice. These sales related obligations are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. See Note 18 for more information. The Company does not provide any extended warranties to its customers.

Contract balances

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to note 35.C.i – Financial Instruments in accounting policies.

L Income tax

Income tax expenses comprise current and deferred tax. Income tax expense is recognised in the statement of profit or loss and other comprehensive income.

i. Current tax

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



ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose. 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.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference 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.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority but they intend to settle current tax liabilities and assets on a net basis or there tax assets and liabilities will be realised simultaneously.

M Foreign currency transactions

Transactions in foreign currencies are translated to Bangladesh Taka at the rates ruling on the transaction date. All monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate prevalent at that date. Resulting exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the statement of profit or loss and other comprehensive income as per IAS 21: *The Effects of Changes in Foreign Exchange Rates*.

N Finance income and expenses

Finance income comprises interest on financial deposits with banks. Finance income is recognised on an accrual basis and shown under statement of profit or loss and other comprehensive income. Finance costs comprise interest expense on overdraft, short term loans and bank charges.

O Statement of cash flows

Cash flows from operating activities have been presented under indirect method as per IAS 7: *Statement of Cash Flows*.

P Comparatives and rearrangement

Comparative information has been disclosed for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current financial statements.

To facilitate comparison, certain relevant balances pertaining to the previous year have been rearranged and reclassified whenever considered necessary to conform to current year's presentation.

Q Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.



The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

35 Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 April 2024 and earlier application is permitted. However, the Company has not early adopted the following new or amended standards in preparing these financial statements.

| | |
|---|---|
| Effective for year beginning 1 January 2025 | • Amendments to IAS 21: Lack of Exchangeability. |
| Effective for year beginning 1 January 2026 | • Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments. |

Management does not expect that the adoption of the above new and amended standards and the interpretation to a standard will have impact on the company's financial statements.

