

CEAT SPECIALTY TYRES LIMITED

Balance Sheet as at March 31, 2016

(Amount in ₹)

Particulars	Note no.	As at 31.03.2016	As at 31.03.2015
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
a) Share capital	3	1005,00,000	5,00,000
b) Reserves and surplus	4	7762,78,490	(31,56,757)
		8767,78,490	(26,56,757)
(2) Non-current liabilities			
a) Long-term provisions	5	54,00,494	-
		54,00,494	-
(3) Current liabilities			
a) Short-term borrowings	6	3998,10,911	1300,00,000
b) Trade payables	7		
• Total outstanding due of micro enterprises and small enterprises			
• Total outstanding due of creditors other than micro enterprises and small enterprises		1560,55,683	60,318
c) Other current liabilities	8	926,52,772	38,54,769
d) Short-term provisions	9	37,72,485	
		6522,91,851	1339,15,087
TOTAL		15344,70,835	1312,58,330
II ASSETS			
(1) Non-current assets			
a) Fixed assets	10		
(i) Tangible assets		5002,72,960	95,407
(ii) Intangible assets		105,32,680	
(iii) Capital work-in-progress		3834,09,978	32,24,952
(iv) Intangible assets under development		84,36,274	
		9026,51,892	33,20,359
b) Deferred tax assets (net)	11		74,947
c) Loans and advances	12	1084,74,684	684,91,024
		10111,26,576	718,86,330
(2) Current assets			
a) Current investments	13	15,72,672	
b) Inventories	14	816,68,996	
c) Trade receivables	15	1887,60,593	6,684
d) Cash and bank balances	16	2190,98,898	578,82,574
e) Loans and advances	17	317,34,820	14,77,552
f) Other current assets	18	5,08,280	5,136
		5233,44,259	593,72,000
TOTAL		15344,70,835	1312,58,330
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Reg. No.: 324982E

per Vinayak Pujare
Partner
Membership Number : 101143



Sandeep Sarkhot
Head Finance

Place: Mumbai
Date: April 26, 2016

For and on behalf of the Board of Directors of
CEAT Specialty Tyres Limited

Kunal Mundra
Managing Director

Shruti Joshi
Director



CEAT SPECIALTY TYRES LIMITED

Statement of Profit and Loss for the year ended March 31, 2016

(Amount in ₹)

Particulars	Note no.	2015-16	2014-15
1 INCOME			
a) Revenue from operations	19	10220,06,987	5,994
b) Other income	20	31,32,285	5,190
Total revenue		10251,39,272	11,184
2 EXPENSES			
a) Purchase of traded goods		9689,21,609	6,080
b) Changes in inventory of traded goods	21	(816,68,996)	-
c) Employee benefits expense	22	707,94,416	2,500
d) Depreciation and amortization expenses	10	10,28,066	583
e) Finance costs	23	208,77,028	81,506
f) Other expenses	24	1656,76,955	30,60,603
Total expenses		11456,29,078	31,51,272
3 Loss before tax (1-2)		(1204,89,806)	(31,40,088)
4 Tax expenses			
Deferred tax		74,947	(74,947)
5 Loss for the year (3-4)		(1205,64,753)	(30,65,141)
Earnings per equity share (refer Note 36)			
(1)Basic		₹ (89.45)	₹ (181.33)
(2)Diluted		₹ (89.45)	₹ (181.33)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

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Director

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Date: April 26, 2016



CEAT SPECIALTY TYRES LIMITED

Cash flow statements for the year ended March 31,2016

(Amount in ₹)

Particulars	2015-16	2014-15
A Cash flows from operating activities		
Loss before tax	(1204,89,806)	(31,40,088)
Adjustments for:		
Depreciation and amortisation	10,28,066	583
Interest income	(9,84,887)	(5,190)
Finance cost	208,77,028	81,506
Dividend income	(21,47,398)	-
Operating loss before working capital changes	(1017,16,997)	(30,63,189)
Movements in working capital :-		
(Increase)/decrease in inventories	(816,68,996)	-
(Increase)/decrease in trade receivables	(1887,53,909)	(6,684)
(Increase)/decrease in loans and advances	(342,59,217)	(24,33,551)
Increase/(decrease) in trade payables	1559,95,365	57,509
Increase/(decrease) in other current liabilities	863,80,650	38,54,769
Increase/(decrease) in provisions	91,72,979	-
Cash used in operations	(1548,50,125)	(15,91,146)
Direct taxes paid	97,197	-
Net cash used in operating activities (A)	(1549,47,322)	(15,91,146)
B Cash flows from investing activities		
Purchase of fixed assets (including CWIP and capital advances)	(9369,94,113)	(718,10,967)
Interest received	4,81,797	4,00,000
Dividends received	21,47,398	-
Net cash used in investing activities (B)	(9343,64,918)	(714,10,967)
C Cash flows from financing activities		
Proceeds from short-term borrowings	2698,10,911	1300,00,000
Proceeds from issuance of equity share capital (including share premium)	10000,00,000	(81,506)
Interest paid	(184,59,675)	-
Net cash flows from financing activities (C)	12513,51,236	1299,18,494
Net Increase in cash and cash equivalents (A + B + C)	1620,38,996	569,16,381
Cash and cash equivalents at the beginning of the year	569,27,574	11,193
Cash and cash equivalents at the end of the year	2189,66,570	569,27,574
Components of cash and cash equivalent		
Cash in hand	8,232	5,652
Balances with banks :		
On current accounts	153,85,666	569,21,922
Deposit with maturity of less than 3 months	2020,00,000	-
Cash and cash equivalents at the end of the year (refer Note no 16)	2173,93,898	569,27,574
Current investments (refer note 13)	15,72,672	-
Adjusted cash and cash equivalent in the cash flow statement	2189,66,570	569,27,574
Summary of significant accounting policies (refer note 2)		

- The accompanying notes are an integral part of the financial statements.
- Cash flow statement has been prepared under the indirect tax method as said out in Accounting Standard (AS) - 3 "Cash Flow Statement" as specified in the companies (Accounts) rules, 2014.
- Previous years figures have been regrouped wherever necessary.
- All figures in brackets are outflows.

As per our report of even date
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Place : Mumbai
Date : April 26 ,2016

For and on behalf of the Board of Directors of
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SR Joshi
Shruti Joshi
Director

Place : Mumbai
Date : April 26 ,2016



CEAT Specialty Tyres Limited

Notes forming part of the Financial Statements for the year ended March 31, 2016

1. Corporate Information

CEAT Specialty Tyres Limited is a 100% subsidiary of CEAT Limited and is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company is engaged in the business of selling of Off the Road (OTR) Tyres. The Company started operations in 2015 when its name was changed from Unitgro Comtrade Private Limited to CEAT Specialty Tyres Private Limited and subsequently changed to CEAT Specialty Tyres Limited. The company caters to both domestic and international markets.

2. Basis of Preparation and 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, except for the change in accounting policy explained below.

Component Accounting

The Company has adopted component accounting as required under Schedule II to the Companies Act, 2013 from 1 April 2015.

Due to application of Schedule II to the Companies Act, 2013, the Company has changed the manner of depreciation for its fixed asset. Now, the Company identifies and determines cost of each components / part of the asset separately, if the components / part has a cost which is significant to the total cost of the assets and having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. Had the company continued to use the earlier accounting policy of depreciating fixed assets, there would be no material impact on the financial statements for the period.



CEAT Specialty Tyres Limited

Notes forming part of the Financial Statements for the year ended March 31, 2016

B) 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 revenues, expenses, assets and liabilities and the disclosures of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumption and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

C) Tangible fixed assets and Intangible assets

• Tangible Assets

- a) Fixed assets are stated at cost of acquisition or construction, 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. Any trade discounts and rebates are deducted in arriving at the purchase price.
- 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.



CEAT Specialty Tyres Limited

Notes forming part of the Financial Statements for the year ended March 31, 2016

e) All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure, are charged to the statement of profit and loss for the period during which such expenses are incurred.

f) Replacement of any part of plant and machinery, which are of capital nature, are capitalised along with the main plant and machinery and cost of the replaced part is written off. In case the cost of replaced part is not identifiable, the equal value of replacement is deducted from the existing gross block of that asset.

g) Gains and losses arising from disposal/derecognition of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

h) Tangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Capital work-in-progress".

- **Intangible Assets**

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

D) 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.

E) Depreciation

i) Tangible Assets

Leasehold land – amortised on a straight line basis over the period of the lease ranging from 95 years – 99 years.

Depreciation on fixed assets is calculated on a straight line basis using the rates arrived at based on the useful lives estimated by the management. The company has used the following rates to provide depreciation on its fixed assets. The identified



CEAT Specialty Tyres Limited

Notes forming part of the Financial Statements for the year ended March 31, 2016

components are depreciated over their useful lives, the remaining asset is depreciated over the life of the principal asset.

Asset Class	Useful life
Buildings	50 years -60 years
Plant & Equipments	15 years - 20 years
Computers	3 years

The management believes that the depreciation rates fairly reflect its estimation of the useful lives and residual values of the fixed assets. Depreciation is not recorded on capital work-in-progress until construction and installation are complete.

ii) Intangible Assets

- a) Intangible assets are amortized on a straight line basis over the estimated useful economic life.
- b) The amortization period and amortization method are reviewed at least at each financial year.
- c) Software expenditure have been amortised over a period of three years.

F) 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.

The company bases its impairment calculations of detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast



CEAT Specialty Tyres Limited

Notes forming part of the Financial Statements for the year ended March 31, 2016

calculations are generally covering a period of 5 years. For longer period, a long term growth rate is calculated and applied to project future cash flows after the 5th year.

Impairment losses for continuing operations, including impairment on inventories, are recognised on the statement of profit and loss, except for the previously revalued tangible fixed asset, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognised in revaluation reserve up to the amount of any previous revaluation.

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.

G) Investments

i) Recognition & Measurement

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.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerages, fees and duties. If an investment is acquired, or partly acquired, by the issue of share or other securities, the acquisition cost is the fair value of the securities issued. If a investment is acquired in exchange for an another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.



CEAT Specialty Tyres Limited

Notes forming part of the Financial Statements for the year ended March 31, 2016

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.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

ii) Presentation and disclosure

Investments, which are readily realizable and intended to be held for not more than one year from balance sheet date, are classified as current investments. All other investments are classified as non-current investments.

H) Inventories

- i) 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.
- ii) 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. The following specific recognition criteria must also be met before revenue is recognized.

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.



CEAT Specialty Tyres Limited

Notes forming part of the Financial Statements for the year ended March 31, 2016

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.

J) 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 on the date of the transaction.

ii) Conversion

Foreign currency monetary items are translated using the exchange rate prevailing on 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 on 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 on 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.

K) Leases

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 or lease term, whichever is earlier.

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.



CEAT Specialty Tyres Limited

Notes forming part of the Financial Statements for the year ended March 31, 2016

L) Research and Development

Research costs are expensed as incurred. Development expenditure incurred on individual project is recognised as an intangible asset when the company can demonstrate all the following:-

- The technical feasibility of completing the intangible assets so that it will be available for use or sale.
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate the future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

M) Employee Benefits

i) Defined Contribution plan

Retirement benefits in the form of provident fund, Superannuation, Employees State Insurance Contribution and Labour Welfare Fund are defined contribution schemes. The company has no obligation, other than the contribution payable to these funds/schemes. The Company recognizes contribution payable to these funds/schemes as expenditure, when an employee renders the related service. If the contribution payable to these funds/schemes for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the funds/schemes are recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

ii) Defined Benefit plan

The Company 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.



CEAT Specialty Tyres Limited

Notes forming part of the Financial Statements for the year ended March 31, 2016

iii) Compensated absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit and this is shown under short term provision in the Balance Sheet. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes and this is shown under long term provisions in the Balance Sheet. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

iv) Termination benefits

The company recognizes termination benefit as a liability and an expense 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. If the termination benefit fall due more than 12 months after the balance sheet date, they are measured at present value of the future cash flows using the discount rate determined by reference to market yields at the balance sheet date on the government bonds.

N) Taxes on Income

i) **Current Tax:** Current Tax is determined as the amount of tax payable on taxable income for the year as per the provisions of Income Tax Act, 1961.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT



CEAT Specialty Tyres Limited

Notes forming part of the Financial Statements for the year ended March 31, 2016

credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified 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 reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

O) 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.



CEAT Specialty Tyres Limited

Notes forming part of the Financial Statements for the year ended March 31, 2016

P) 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.

Q) 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 cash in hand and short-term investments with an original maturity of three months or less.

R) 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.



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Notes forming part of the Financial Statements for the year ended March 31, 2016

Where the company expects some or all of a provision to be reimbursed for warranty provision, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to warranty provision is presented in the statement of profit and loss net of any reimbursement.

S) Segment reporting

The Company's operations comprise of only one business segment "OTR Tyres" as its primary segment and hence disclosure of segment-wise information is not required under Accounting Standard 17 – 'Segmental Information'. The analysis of Geographical segments is based on the areas in which the Company operates. The accounting policies adopted for segment reporting are in conformity with the accounting policies of the Company.



Note 3 Share capital

(Amount in ₹)

Authorised :

1,15,50,000 (Previous year 1,15,50,000) equity shares of ₹ 10/- each
17,50,000 (Previous year 17,50,000) preference shares of ₹ 100/- each

Issued, subscribed and fully paid-up shares :

50,000 (Previous year 10,000) equity shares of ₹ 10/- each
Add : Alloted during the year - 1,00,00,000 (Previous year 40,000) equity shares of ₹ 10/- each
Total issued, subscribed and fully paid-up share capital

As at 31.03.2016	As at 31.03.2015
1155,00,000	1155,00,000
1750,00,000	1750,00,000
2905,00,000	2905,00,000
5,00,000	1,00,000
1000,00,000	4,00,000
1005,00,000	5,00,000

i) Reconciliation of equity shares outstanding at the beginning and at the end of the year.

Particulars	As at 31.03.2016		As at 31.03.2015	
	Number of shares	Amount in ₹	Number of shares	Amount in ₹
At the beginning of the year	50,000	5,00,000	10,000	1,00,000
Issued during the year	100,00,000	1000,00,000	40,000	4,00,000
At the end of the year	100,50,000	1005,00,000	50,000	5,00,000

ii) Terms and rights attached to the shareholders :

The Company has only one class of equity shares having a face value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per equity share. Dividend, if any, recommended by the Board of Directors subject to approval of members at AGM. The Board of Directors have the right to deduct from the dividend payable to any member any sum due from him to the company.

In the event of winding-up, the holders of the equity shares shall be entitled to receive the remaining assets of the Company after distribution of all the preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The shareholders have all other rights as available to the equity shareholders and preference shareholders as per the provisions of the Companies Act, 2013 and Companies Act, 1956 read together with the Memorandum of Association and Aricles of Association of the Company as applicable.

iii) Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31.03.2016		As at 31.03.2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
CEAT Ltd and its nominees	100,50,000	100	50,000	100
	100,50,000	100	50,000	100

iv) Shares held by holding/ultimate holding company and/or their subsidiaries/associates

Out of equity shares issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below

Particulars	As at 31.03.2016	As at 31.03.2015
	Amount in ₹	Amount in ₹
CEAT Ltd and its nominees	1005,00,000	5,00,000
	1005,00,000	5,00,000



Note 4 Reserves and surplus

(Amount in ₹)

Securities premium reserve:

Balance as per last financial statements
 Add : Premium on equity shares issued during the year
 Closing balance

Deficit in the Statement of Profit and Loss

Balance as per last financial statements
 Add : Loss for the year
 Net deficit in the statement of profit and loss

Total

As at 31.03.2016	As at 31.03.2015
-	-
9000,00,000	-
9000,00,000	-
(31,56,757)	(91,616)
(1205,64,753)	(30,65,141)
(1237,21,510)	(31,56,757)
7762,78,490	(31,56,757)

Note 5 Long-term provisions

(Amount in ₹)

Provision for employee benefits :

Provision for compensated absences
 Provision for gratuity (refer note 34)

Total

As at 31.03.2016	As at 31.03.2015
16,12,008	-
37,88,486	-
54,00,494	-



Note 6 Short-term borrowings:

(Amount in ₹)

	As at 31.03.2016	As at 31.03.2015
Unsecured :		
Inter corporate deposit from related party (refer note 35(c))	3400,00,000	1300,00,000
Purchase bill financing from bank	598,10,911	-
Total	3998,10,911	1300,00,000

Note:-

a) The Inter corporate deposit taken from Ceat Ltd is ₹ 34,00,00,000 as on March 31, 2016 (previous year ₹ 13,00,00,000).

The maximum amount outstanding during the year is ₹ 34,00,00,000 (previous year ₹ 13,00,00,000).

The rate of interest on the above loan is 10% p.a.

b) Purchase bill has been financed @ 10.25% p.a.

Note 7 Trade payables

(Amount in ₹)

	As at 31.03.2016	As at 31.03.2015
Total outstanding dues of micro enterprises and small enterprises (refer note 26)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1560,55,683	60,318
Total	1560,55,683	60,318

Note 8 Other current liabilities

(Amount in ₹)

	As at 31.03.2016	As at 31.03.2015
Interest accrued and due on borrowings	24,17,353	-
Payable to capital vendors	180,08,146	31,65,483
Deposits from dealers and others	533,74,965	-
Statutory dues	188,52,308	6,89,286
Total	926,52,772	38,54,769

Note 9 Short-term provisions

(Amount in ₹)

	As at 31.03.2016	As at 31.03.2015
Provision for employee benefits :		
Provision for compensated absences	2,21,271	-
Provision for gratuity (refer note 34)	2,09,281	-
Other Provisions :		
Provision for warranties	33,41,933	-
Total	37,72,485	-

Provision for warranty

A provision is recognized for expected warranty claims on product sold during the last financial year, based on management's estimate and past experience on the level of returns and cost of claim. It is expected that significant portion of these costs will be incurred in the next financial year and within three years from the reporting date. Assumptions used to calculate the provision for warranties were used on current sales level and current information available about returns and claims received for all products sold.

(Amount in ₹)

	As at 31.03.2016	As at 31.03.2015
At the beginning of the year	-	-
Addition during the year	61,25,211	-
Utilised during the year	27,83,278	-
At the end of the year	33,41,933	-
Current portion	33,41,933	-
Non-current portion	-	-

The reimbursement receivable amounting to Rs. 33.42 Lacs in respect of the Warranty provision, has been recognized as an asset, in accordance with Company's accounting policy, and included under Short term Loans and Advances in Note 17.



CEAT Specialty Tyres Limited

Notes forming part of the Financial Statements for the year ended March 31, 2016



Note 10 - FIXED ASSETS

Assets	GROSS BLOCK				DEPRECIATION/AMORTISATION			NET BLOCK	
	As at 01.04.2015	Additions	Deductions	As at 31.03.2016	As at 01.04.2015	On deductions	For the year 2015-16	As at 31.03.2016	As at 31.03.2016
Tangible Assets									
Owned Assets									
Plant and Machinery	95,990	4,64,185 (95,990)	-	5,60,175 (95,990)	583	-	76,255 (583)	76,838 (583)	4,83,337 (95,407)
Leased Assets	95,990	4,64,185 (95,990)	-	5,60,175 (95,990)	583	-	76,255 (583)	76,838 (583)	4,83,337 (95,407)
Leasehold Land	-	5018,97,100	-	5018,97,100	-	-	21,07,477	21,07,477	4997,89,623
Intangible Asset	-	5018,97,100	-	5018,97,100	-	-	21,07,477	21,07,477	4997,89,623
Software	-	114,84,491	-	114,84,491	-	-	9,51,811	9,51,811	105,32,680
	-	114,84,491	-	114,84,491	-	-	9,51,811	9,51,811	105,32,680
Total	95,990	5138,45,776 (95,990)	-	5139,41,766 (95,990)	583	-	31,35,543 (583)	31,36,126 (583)	5108,05,640 (95,407)
Capital Work-in-Progress									
Add: Amortization of Leasehold land transferred to Pre-Operative expense	-	-	-	-	-	-	-	-	3813,02,501
	-	-	-	-	-	-	-	-	21,07,477
	-	-	-	-	-	-	-	-	3834,09,978
	-	-	-	-	-	-	-	-	(32,24,952)
	-	-	-	-	-	-	-	-	84,36,274
Total -Net Fixed Assets									
									9026,51,892
									(33,20,359)

Figures in brackets refer to amount pertaining to previous year

Particulars	Note No.	2015-16	2014-15
Employee benefit expense	22	126,13,078	-
Miscellaneous expenses	24	34,49,634	-
Finance costs	23	71,92,905	1,32,452
Professional and consultancy charges	24	427,88,565	30,92,500
Depreciation on leasehold land	10	21,07,477	-
Total		681,51,659	32,24,952

During the year, the following expenses which are attributable to the construction activity and included in the cost of capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of such amounts.



Note 11 Deferred Tax Asset (Net)

(Amount in ₹)

Major components of deferred tax assets and deferred tax liabilities:

Deferred Tax Assets

Business losses

Deferred Tax Liability

Fixed Asset: impact of difference between tax depreciation and depreciation/amortisation for the financial reporting

Deferred Tax Assets (Net)

As at 31.03.2016	As at 31.03.2015
-	83,665
-	8,718
-	74,947

The Net Deferred Tax Asset as at March 31, 2016 has not been accounted in view of the requirements of virtual certainty as stated in Accounting Standard 22 on "Accounting for Taxes on Income".

Note 12 Long-term loans and advances

(Amount in ₹)

Unsecured, considered good

Capital advances

Security deposits

Rent deposits

Prepaid expenses

Total

As at 31.03.2016	As at 31.03.2015
1051,24,539	684,90,024
1,000	1,000
6,35,000	-
27,14,145	-
1084,74,684	684,91,024

Note 13 Current investments

(valued at lower of cost or fair value, unless stated otherwise)

Investments in units of Mutual Funds

Quoted mutual funds

Unit of Face value of ₹ 100 each

Birla Sun life Mutual Fund 15,696.116 units @ ₹ 100.1950/unit (previous year NIL)

Total

(Amount in ₹)

As at 31.03.2016	As at 31.03.2015
15,72,672	-
15,72,672	-

Note 14 Inventories

(valued at lower of cost and net realisable value)

Traded goods

Total

(Amount in ₹)

As at 31.03.2016	As at 31.03.2015
816,68,996	-
816,68,996	-

Note 15 Trade receivables

(Amount in ₹)

Debts Outstanding for a period exceeding six months from the date they are due for payment :

Secured, Considered Good

Unsecured, considered good

Other Receivables

Secured, Considered Good *

Unsecured, Considered Good

Total

As at 31.03.2016	As at 31.03.2015
-	-
23,28,805	6,684
257,06,275	-
1607,25,513	-
1887,60,593	6,684

* These debts are secured to the extent of security deposits obtained from the dealers.



Note 16 Cash and bank balances

(Amount in ₹)

Cash and cash equivalents :

Balances with banks :
On current accounts
Deposits with original maturity less than 3 months
Cash in hand

Other Bank balance
Margin money deposits

Total

As at 31.03.2016	As at 31.03.2015
153,85,666	569,21,922
2020,00,000	-
8,232	5,652
2173,93,898	569,27,574
17,05,000	9,55,000
17,05,000	9,55,000
2190,98,898	578,82,574

This margin deposit is kept with bank for bank guarantees given to statutory authorities.

Note 17 Short-term loans and advances

(Amount in ₹)

Unsecured, considered good

Advance receivable in cash or kind or for value to be received
Balance with government authorities
Advance payment of tax (net)
Reimbursement towards warranty provision
Total

As at 31.03.2016	As at 31.03.2015
203,27,334	5,75,000
79,68,356	9,02,552
97,197	-
33,41,933	-
317,34,820	14,77,552

Note 18 Other current assets

(Amount in ₹)

Unsecured, considered good
Interest receivable
Total

As at 31.03.2016	As at 31.03.2015
5,08,280	5,190
5,08,280	5,190

Note 19 Revenue from operations

(Amount in ₹)

Sale of traded goods
Total

2015-16	2014-15
10220,06,987	5,994
10220,06,987	5,994

Details of sales under broad heads
Tyres
Tubes and others
Total

2015-16	2014-15
9378,12,061	-
841,94,926	5,994
10220,06,987	5,994

Note 20 Other income

(Amount in ₹)

Dividend income on current investments

Interest income :
Bank deposit
Other deposits
Total

2015-16	2014-15
21,47,398	-
9,84,467	5,190
420	-
31,32,285	5,190



Note 21 Changes in inventory of traded goods

Inventory at the beginning of year
Traded goods

Inventory at the end of year
Traded goods
Change in inventories

Details of inventory under broad heads
Tyres
Tubes and others
Total

(Amount in ₹)

2015-16	2014-15
-	-
-	-
816,68,996	-
(816,68,996)	-

2015-16	2014-15
700,52,140	-
116,16,856	-
816,68,996	-

Note 22 Employee benefits expenses

Salaries, wages and bonus
Contribution to provident and other funds
Gratuity expenses (refer note 34)
Staff welfare expenses
Total

(Amount in ₹)

2015-16	2014-15
629,21,896	-
22,83,203	2,500
14,24,121	-
41,65,196	-
707,94,416	2,500

Note 23 Finance costs

Interest on borrowings
Total

(Amount in ₹)

2015-16	2014-15
208,77,028	81,506
208,77,028	81,506

Note 24 Other expenses

Freight and delivery charges
Warehouse charges
Rent
Lease rent
Rates and taxes
Insurance
Repairs others
Travelling and conveyance
Printing and stationery
Payment to auditors (refer note below)
Advertisement and sales promotion expenses
Communication expenses
Legal charges
Foreign exchange fluctuations (Net)
Professional and consultancy charges
Training and conference expenses
Bank charges
Office expenses
Miscellaneous expenses
Total

(Amount in ₹)

2015-16	2014-15
643,49,877	-
42,24,982	-
13,27,374	-
11,09,464	-
8,517	-
8,53,238	-
81,662	-
153,21,725	5,020
3,55,289	4,107
11,16,272	55,000
88,82,314	-
53,64,873	-
13,30,813	-
46,323	-
210,39,331	6,56,020
9,73,302	-
10,95,476	18,195
311,78,538	-
70,17,585	23,22,261
1656,76,955	30,60,603

Payment to auditors :

As auditor :
Audit fees
Other services
Limited review

In other capacity :
Reimbursement of expenses
Total

(Amount in ₹)

2015-16	2014-15
6,00,750	25,000
-	30,000
4,98,874	-
16,648	-
11,16,272	55,000



CEAT Specialty Tyres Limited

Notes forming part of the Financial Statements for the year ended March 31, 2016

25. Contingent liabilities and commitments (to the extent not provided for):

a. Contingent Liabilities:

As on March 31, 2016 there was no Contingent Liability standing in the books as per AS- 29 "Provisions, Contingent Liabilities and Contingent Assets".

b. Commitments

(Amount in ₹)

Particulars	As at 31.03.2016	As at 31.03.2015
Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advance payments)	546,492,317	-

26. Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given as follows:

As on March 31, 2016 there was no amount outstanding as payable to Micro, Small and Medium Enterprises

27. Expenditure in Foreign Currency (accrual basis)

(Amount in ₹)

Particulars	2015-16	2014-15
Travelling	1,826,457	-
Others	7,618,730	-

28. Earnings in Foreign Currency (accrual basis)

(Amount in ₹)

Particulars	2015-16	2014-15
Exports at FOB value	6,549,334	-

29. Unhedged foreign currency exposure

Currency	Cross Currency	As at 31.03.2016		As at 31.03.2015	
		Buy	Sell	Buy	Sell
USD	INR	-	56,072	-	-
Euro	INR	-	-	-	-
GBP	INR	-	-	-	-



CEAT Specialty Tyres Limited

Notes forming part of the Financial Statements for the year ended March 31, 2016

30. Purchase and Sale of Traded Goods

(Amount in ₹)

Particulars	2015-16	2014-15
Traded Goods Purchases - Tyres	892,342,783	-
Traded Goods Sales – Tyres	937,812,061	-
Traded Goods Purchases – Tubes and Flaps	76,578,826	6,080
Traded Goods Sales – Tubes and Flaps	84,194,926	5,994

31. Value of imports calculated on CIF basis

(Amount in ₹)

Particulars	2015-16	2014-15
Capital Goods	123,400,810	-

32. Research and Development expenditure:

(Amount in ₹)

Particulars	2015-16	2014-15
Capital expenditure	8,436,276	-
Revenue expenditure	2,109,069	-
Total	10,545,345	-

The above expenditure of research & development has been determined on the basis of information available with the company and as certified by the management.

33. Operating Lease

The Company has entered into an operating lease agreement with the leasing company for vehicles, resulting in a non-cancellable operating lease as defined in "AS 19" Accounting for Leases.

Lease rental on the said lease of ₹ 1,109,464 has been charged to Statement of Profit and Loss.



CEAT Specialty Tyres Limited

Notes forming part of the Financial Statements for the year ended March 31, 2016

(Amount in ₹)

Future Minimum Lease Payments	2015-16	2014-15
For a period not later than one year	1,572,624	-
For a period later than one year but not later than five years	4,241,952	-

There is no restriction placed upon the Company by entering into these leases. The lease term range from one year to five years and are renewable at the option of the Company.

34. Post-Retirement Benefits Plan

a) Defined Contribution plan

The Company has recognised "Contribution to Provident and other funds" expenses towards the defined contribution plan as under:

(Amount in ₹)

Particulars	2015-16	2014-15
Contribution to Provident fund (Government)	2,900,167	-

b) Defined Benefit plan - Gratuity

The Company operates a defined plan of Gratuity for its employees under the Gratuity plan, every employee who has completed five years of service gets a gratuity on separation @ 15 days of last drawn salary for each completed year of service.



CEAT Specialty Tyres Limited

Notes forming part of the Financial Statements for the year ended March 31, 2016

i) Change in present value of the defined benefit obligation are as follows:

(Amount in ₹)

Particulars	As at 31.03.2016 Gratuity (Un Funded)	As at 31.03.2015 Gratuity (Un Funded)
1. Opening present value of Defined Benefit obligation	-	-
2. Transfer from CEAT Limited on account of transfer of employees to the company	2,573,646	-
3. Current Service Cost	422,781	-
4. Interest Cost	194,532	-
5. Benefits paid	-	-
6. Actuarial (Gain) / Loss on obligation	806,808	-
7. Closing present value of obligation	3,997,767	-

ii) Changes in Fair Value of Plan Assets during the year ended March 31, 2016

As on March 31, 2016 there was no Plan Assets in the books.

iii) Net employee benefits expenses recognized in the employee cost

(Amount in ₹)

Particulars	As at 31.03.2016 Gratuity (Un Funded)	As at 31.03.2015 Gratuity (Un Funded)
1. Current Service Cost	422,781	-
2. Interest Cost on benefit obligation	194,532	-
3. Actuarial (gains) and losses (Net)	806,808	-
4. Expected return on plan assets	-	-
5. Net benefit expense	1,424,121	-



CEAT Specialty Tyres Limited

Notes forming part of the Financial Statements for the year ended March 31, 2016

iv) The principal assumptions used in determining gratuity and leave encashment for the Company's plan are shown below:

Particulars	As at 31.03.2016 Gratuity (Un Funded)	As at 31.03.2015 Gratuity (Un Funded)
1. Discount Rates	7.75%	7.75%
2. Annual increase in salary	7.00%	7.00%
3. Employee Turnover	9.58%	9.58%
4. Mortality Rate	Indian Assured Lives Mortality (2006-08) Modified Ultimate	Indian Assured Lives Mortality (2006-08) Modified Ultimate

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.

Since this is the second year in operation for the company therefore, corresponding figures for earlier years are not available.

v) Experience Adjustment

Particulars	(Amount in ₹) 2015-16
Benefit Obligation	3,997,768
Fair Value of plan assets	-
Funded status – deficit /(surplus)	3,997,768
Experience adjustment on plan liabilities	806,808
% of Plan liabilities	20.18%
Experience adjustment on plan assets	-
% of plan assets	N/A



CEAT Specialty Tyres Limited

Notes forming part of the Financial Statements for the year ended March 31, 2016

35. Related party disclosures:

a) Names of related parties and related party relationship:

Name of related party where control exists:-

- CEAT Limited – Holding Company
- **Key Management Personnel (KMP)**
 - i) Mr. Kunal Mundra, Managing Director

b) The following transactions were carried out during the year with the related parties in the ordinary course of business :

(Amount in ₹)

Particulars	Related Party	2015-16	2014-15
1. Purchase of Traded goods (incl. Taxes)	CEAT Ltd	1,001,497,814	6,080
2. Loan taken	CEAT Ltd	210,000,000	13,00,00,000
3. Interest paid on loan (Including Capitalised)	CEAT Ltd	22,541,224	210,958
4. Equity Capital (including share premium) received during the year	CEAT Ltd	1,000,000,000	400,000
5. Services Charges paid	CEAT Ltd	2,563,537	-
6. Purchase of Land & its grading charges paid	CEAT Ltd	600,000,000	-
7. Facility & other lease recovery charges paid	CEAT Ltd	101,447,688	-
8. Transfer of liability in respect of leave balances of employees	CEAT Ltd	1,099,047	-



CEAT Specialty Tyres Limited

Notes forming part of the Financial Statements for the year ended March 31, 2016

c) Balances as at year ended

(Amount in ₹)

Particulars	Related Party	2015-16	2014-15
1. Inter Corporate Deposit – Loan taken	CEAT Ltd	34,000,000	130,000,000
2. Trade payable - Purchases	CEAT Ltd	102,896,645	6,080
3. Trade payable – Others	CEAT Ltd	16,143,324	-

Transactions with key management personnel and their relatives:

(Amount in ₹)

Particulars	2015-16	2014-15
Mr. Kunal Mundra		
Salaries	4,312,449	-
Allowances and Perquisites	3,099,031	-
Performance Bonus	-	-
Contribution to Provident & Superannuation Fund	358,473	-
Total	7,769,953	-

36. Earnings per Share (EPS):

(Amount in ₹)

Particulars	Unit	2015-16	2014-15
Net Profit/(loss) for calculation of basic and diluted EPS	₹	(120,564,753)	(3,065,141)
Weighted average number of equity shares (face value per share ₹10) in calculating basic EPS	NOS	1,347,814	16,904
Effect of dilution :	Nos		
Weighted average number of equity shares (face value per share ₹10) in calculating diluted EPS	₹	1,347,814	16,904
Basic EPS	₹	(89.45)	(181.33)
Diluted EPS	₹	(89.45)	(181.33)



CEAT Specialty Tyres Limited

Notes forming part of the Financial Statements for the year ended March 31, 2016

37. Previous year's figures have been regrouped / reclassified, where necessary to conform to current year's classification. The figures of the previous period were audited by a firm of Chartered Accountants other than S R B C and co LLP.

As per our report of even date

For and on behalf of the Board of Directors of

For S R B C & CO LLP

CEAT Specialty Tyres Ltd.

Chartered Accountants

ICAI Firm Registration No.: 324982E


per Vinayak Pujare





Sandeep Sarkhot



Kunal Mundra



Shruti Joshi

Partner

Head Finance

Managing Director

Director

Membership Number: 101143

Place : Mumbai

Date : April 26, 2016

Place : Mumbai

Date : April 26, 2016

