

CEAT Bangladesh Limited



Internship report
On
“Analysis of VAT-Tax- payment system of CEAT Bangladesh
Limited”



Prepared For

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Letter of Transmittal

December 28, 2014

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Subject: Submission of internship report

Dear Sir,

I have received an assignment on “Analysis of VAT-Tax payment system of CEAT Bangladesh Limited by my supervisor and you. The intention of the assignment was to gather a lucid concept of actual corporate world and know how they handle such a big issue like VAT-Tax system and also their routine financial activities.

In making this report a creditable one, I have tried my best to collect and gather pertinent information about determining and paying VAT-Tax. I hope that it will be up to the mark and meet the projected standard. This report is completed and ready for your evaluation. If there is any point to improvise, please feel free to contact me, I will be at your disposal. Thank You,

Yours Sincerely,

MD. Barkat Sadique Khan

Acknowledgement

First of all I would like to thank my honorable supervisor Riyashad Ahmed, Assistant Professor, Faculty of Business Administration, BRAC University. Who helped me throughout the course of my internship.

I am highly grateful & like to express my sincere thanks to Mr. Noor E Elahi, Head of HR & Administration, CEAT Bangladesh Ltd. who permitted me to do my internship in such a prestigious organization.

I prepared this report on “VAT-Tax payment system of CEAT Bangladesh Ltd”. I am very much obliged for cordial cooperation from employees of Accounts department of CEAT Bangladesh Ltd. I want to express my whole-hearted gratitude to them for their valuable cooperation. Without this it would have not been possible to complete the report.

I would like to thank Mr. Jahangir Alam, Manager VAT-Tax, my supervisor at CEAT Bangladesh Ltd. It would not been so easy to prepare this report without his help. And also Mr. Shahadat Hossain Chowdhory, Head of Finance, for being so supportive for all the time.

Executive Summary

This report provides an analysis of entire tyre market of Bangladesh perspective of CEAT Bangladesh Limited. CEAT Bangladesh Limited turning to establish themselves as a leading brand, currently they are in growth position. In Bangladesh mostly focused on truck-bus tyre segment. At present CEAT's placement extend to five different region likes- Dhaka, Bogra, Chittagong, Sylhet, Jossore. Mother warehouse located at Chittagong, main distribution operating from there.

CEAT Bangladesh Limited is a valued corporate taxpayer of National Board of Revenue (NBR). It manages a competent system of TAX and VAT payment under the direct surveillance of the Head of Finance and Accounts Division.

As an intern of Finance of Accounts Division (F&AD), Warehouse, I was assigned by my official supervisor to work in the TAX-VAT sector. So my access to the whole TAX-VAT determining and paying system was not slim.

My site supervisor assigned me to aid in the day to day operation of the TAX-VAT sector and also to reorganize the filing system of the whole Finance & Accounts Division. Everything I was assigned to do was knowledgeable, interesting and moreover practical. I have got the essence of the real picture of corporate world and therefore it contributed heavily to my experience of the real scenario of the economy of Bangladesh.

For reader's information, this report consists of three parts. The first part describes the details of the organization with its history of establishment and the structure of the board and the Finance and Accounts Division. The second part is all about my day to day tasks and coursework. The whole TAX-VAT payment system and some pointers generated by me to improve efficiency of the system are laid in the last part.

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CHAPTER-1

1.1 INTRODUCTION

CEAT Ltd. is considered to be the second largest tyre manufacturing company in India. The organization has emerged its excellence in manufacturing various types of tyre, like-truck, bus, passenger car, bike, scooter and LCV (Light Commercial Vehicles). Not only tyres, CEAT also market tubes & flaps. CEAT International was first established in 1924 at Turino in Italy. Back at that time they used to manufacture cables for telephones and railways. In 1958, CEAT planned to come to India. As a process, CEAT International collaborated with TATA Group and founded CEAT India Limited. Later in 1982, RPG Enterprise took over CEAT India Limited, and in 1990, they renamed the company CEAT Ltd. Today, CEAT has 6 tyre manufacturing plants across the India and have market share of 25% - 30% individually in Indian tyre market and more than 3500 Cr annual turnover. Now CEAT is exporting in USA, Africa, America, Australia and other parts of Asia. It has 37 regional offices, 8 Zones, over 3,500 dealers and more than 100 C&F (Clearing & Forwarding) agents. CEAT manufactures over 6 million tyres every year. It also has expert and dedicated customer service officers with customer service managers in all four divisional offices, assisted by 50 service engineers. In the fiscal year of 2010, CEAT did a good job in posting 21% overall sales growth in there placement market for truck & bus tyres.

CEAT started their operation in Bangladesh by joint venture with A.K Khan in 2012. It is onethe of first leading multinational tyre manufacturing company who are building a factory plant at

Bhaluka, Maymensigh to produce heavy duty trucks & buses bias tyres included other segmentbias tyres. The Company is setting up a green field facility for manufacture of automotive bias tyres in Bangladesh with an initial capacity of 65 MT per day by investing USD 55 million. The capacity of the said plant will be scaled to 110 MT per day in due course with an additional investment of USD 15 million. This plant, which is the first major investment for tyre manufacturing in Bangladesh, is expected to become operational by early 2015. The Company has decided to implement the project as a joint venture and accordingly, has signed a Joint Venture (JV) agreement with A.K. Khan & Company Limited (AKK), one of the leading business groups of Bangladesh and CEAT

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Bangladesh Limited, the JV Company, during the year under review. While the Company will hold 70 per cent shareholding of the JV Company, AKK will hold the balance. The Company has also signed the Technology, Trademark and Name License Agreement with the JV Company where under, it will provide the technology and operational support to the JV Company. Once the plant becomes operational, the JV Company will be in a position to cater to the growing domestic market of Bangladesh and South East Asia as well. The JV Company has already commenced seed marketing of the 'CEAT' branded tyres in the domestic market.

Tyre industry of Bangladesh has been expanded in recent years. Over the last few years, the number of tyre companies has increased and thus many foreign companies have entered in to the market such as MRF, Apolo, JK Tyre, Birla, Maxxis etc. As a result, the competitive environment has further been intensified due to this. Although Bangladesh does not have enough raw materials such as carbon, rubber, chemical and yarn for making tyres, it is still a good segment to capture as the country has a growing market for cross-ply tyres. Side by side with the foreign companies, local companies have moved to make tyres for long-haul buses and trucks, a sector that is dominated by imports. Gazityre, a concern of Gazi Group, is the first to make large tyres for the rapidly growing transport sector. Initially they are doing it on trial basis but soon they will start commercial production. At present four local companies are making light automotive tyres, taking advantage of a surging market that fully relied on imports a decade ago. These companies- Apex Husain, Gazi Group, Meghna Group and RupshaTyre-manufacture three tyres for light trucks, mini buses, micro buses, motor cycles, auto rickshaws and easy bikes. Some other companies such as Seraj Cycle, Anwar Group and Update Group are in the pipeline to make tyres for the local market.

Demand of tyres has been increasing, driven by the growing urban population and use of motorized vehicle across Bangladesh. Monthly demand of motor cycle tyre has increased to 50,000 pieces at present, up by over 15 percent from the previous year. The market size for CNG-run three wheelers has gone up to 60,000 tyres a month. However, Nosimons and Korimons, locally made three-wheeler small vehicles that run in the villages across the country, has also driven demand for tyres; nearly 20,000 tyres for these vehicles are sold a month. Despite high demand for large tyres, the big local companies did not make an entry into the sector, as it requires large capital investment and consistent power supply.

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Almost a decade ago, two big names- Rahimafrooz and Nitol, moved to produce automotive tyres, but their plans fell through for high capital investment requirements and dependence on the import of the raw materials. India's JK Tyre also tried to set up a joint venture in order to manufacture tyres in Bangladesh. According to Bangladesh Road Transport Authority, 54,492 motorized vehicles were registered in Dhaka in 2013 alone; the number was 137,109 countrywide.

Bangladesh spends around Taka 1,000 crore to import over 15 lakh pieces of tyres a year, mainly from India, Japan and China, according to importers, distributors and sellers. Bangladesh also imports tyres from Vietnam, Thailand and Indonesia. But now local companies are grabbing the market of a particular segment light automotive tyre which used to depend on imports a decade ago. (The Daily Star, February 3, 2014)

As the competition is increasing, thus it has become a high concern for both the local and foreign companies to stay alive in the market and grab the maximum market share by making customers more loyal to their firms. With the growing number of companies, the bargaining power of the customers are getting stronger and building trust and positive image has become even more crucial. Companies are putting more effort to understand the factors that shaping the perception of the customers and making them satisfied. As a matter of fact, the objective of the study is set to establish a framework which will identify that what are the factors that are making the dealers and customers satisfied.

1.2 MISSION & VISION

To be amongst the most profitable tyre companies in India by 2016 through:

- Market Leadership in select categories in India.
- Market Leadership in significant countries outside India.

1.3 OBJECTIVES

CEAT has decided to expand its business and thus they intended to enter into Bangladesh tyre market. It is going to establish a manufacturing unit at Bhaluka, Mymensingh that will start its productions from March 2015 (approx.). During this period, the main task of CEAT will be the need of constructing a strong brand image of its own. For this purpose, CEAT is prioritizing heavily on the marketing and advertising activities which will progressively help CEAT to establish a strong hold in the

Bangladesh tyre market. The primary objective is to create Brand awareness among the target customer group and to build up a good perception in their minds.

1.4 VALUES



Challenger: CEAT always attempts to try new things and never fears failure. ‘We question existing ways of working and we are open to critique and suggestions from the team and others in the organization’. This is what every CEAT employee believes.

Aspiration-led: CEAT encourages their people to dare to dream. And their aim is to deliver exceptional service to their customers. Thus they try to do it by exceling at their work.

Integrity: CEAT take responsibility for its actions and ensures that the behavior matches with their words. Being honest and transparent in their work is their continuous endeavor.

Result-obsession: CEAT respects the time of others and strive to display a sense of urgency in taking decisions.

Openness: CEAT values the skills, strengths and views of others and has a passion for learning and sharing ideas. The employees appreciate and are responsible with the information the company shares with them.

1.5 OPERATIONAL HIGHLIGHTS FY 2013

- Expanded footprint in Bangladesh; Joint Venture (70:30) with A. K. Khan & Company Limited to set up remanufacturing facility in Bangladesh.
- CEAT Sri Lanka Joint Venture retained its market leadership across all categories in Sri Lanka.
- Adopted BS OHSAS 18001:2007 and ISO 14001:1994 framework to enrich Environment Health and Safety Performance.

1.6 SAFER AND SMARTER

R&d initiatives

To deliver better safety, CEAT have consistently worked in CEAT Research and Development (R&D) facilities. CEAT Quality Function Deployment (QFD) process not only introduces new products in the market considering the stated and unstated customer requirements, but also ensures the safety of the customers through better quality.

1.7 AWARENESS FOR A SAFER TOMORROW

AT CEAT, it also provide safe solutions to our customers. First of its kind platform, 'CEAT PRO' provides fleet owners the information access to industry best practices, thus safeguarding them from the day-to-day operating challenges. Advanced knowledge on logistics, finance, marketing, human resource management, commercial vehicle OEM, technology, brand building and customer service help the fleet owners to improve their efficiency and reduce operational costs. CEAT PRO has successfully conducted over 90 events till March 31, 2013, of which 26 events were conducted in FY 2013. AT CEAT, we also provide safe solutions to our customers. Our first of its kind platform, 'CEAT PRO' provides fleet owners the information access to industry best practices, thus safeguarding them from the day-to-day operating challenges. Advanced knowledge on logistics, finance, marketing, human resource management, commercial vehicle OEM, technology, brand building and customer service help the fleetowners to improve

their efficiency and reduce operational costs. CEAT PRO has successfully conducted over 90 events till March 31, 2013, of which 26 events were conducted in FY 2013.

1.8 QUALITY CONTROL MEASURES

CEAT India's first tyre manufacturing organisation to get the ISO/TS 16949:2002 certification by the International Automotive Task Force (IATF) and Japan Automobile Manufacturers Association (JAMA) for quality management. It's Quality Management System with advanced technologies and modern design tools develop, test and process our products. Besides preventing defects and reducing waste, the quality control measures make our products safer.

1.9 CORE VALUES

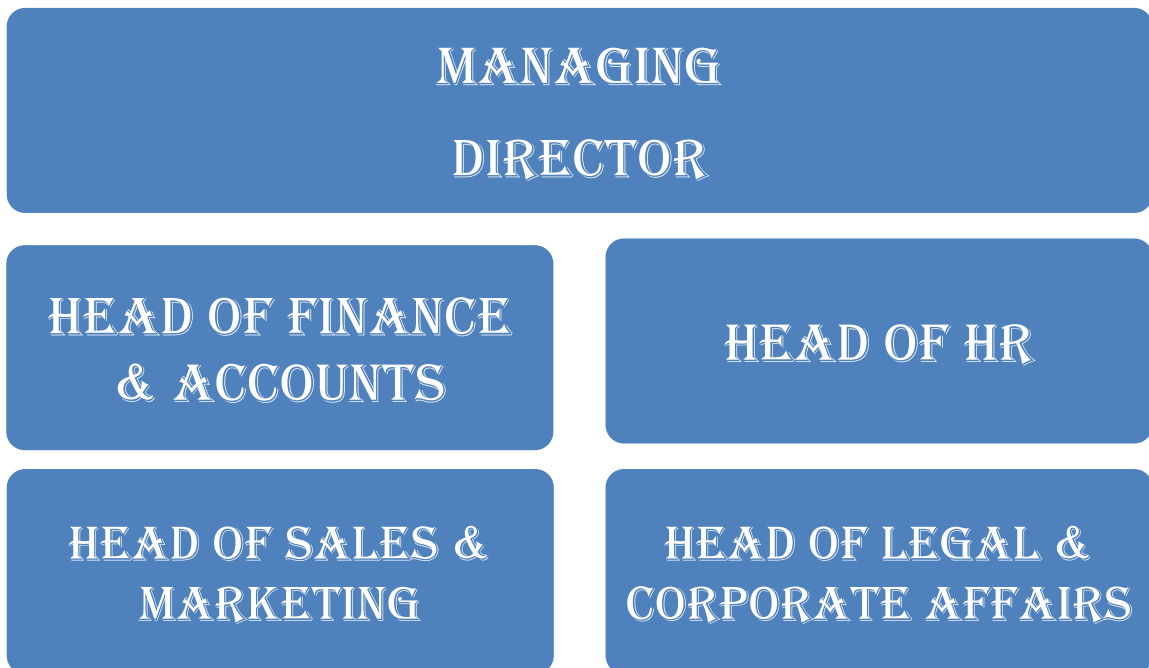
1. Create customer value.
2. Ensure dealer profitability.
3. Professional and transparent dealing.
4. Mutual respect between dealer and customers.

1.10 CEAT'S COMMITMENTS TOWARDS CUSTOMERS

- Ensure Value for Customers.
- Ensure to provide High Quality Premium tyres always.
- Ensure transparent business policy and clear communication.
- Three years warranty for all manufacturing defects.
- Claim settlement directly from company in Bangladesh.
- Dedicated CEAT sales and service team at customers' doorstep.
- Committed to provide best services all the times.

1.11 CEAT'S ORGANIZATIONAL STRUCTURE

CEAT Bangladesh is headed by Managing Director, Mr. Jyoti Banerjee. There are five Departments headed by five individual directors. Each department is followed by others sub Departments. Presently the company has the following departments at Dhaka Head Office:



1.12 PRODUCTS OFFERED BY CEAT

CEAT manufactures wide range of tyres for its target customers that cover various segments in India-

- Heavy-duty Trucks and Buses
- Light Commercial Vehicles
- Tractors
- Trailers
- Cars

- Motorcycles
- Scooters and Auto-rickshaws

But in Bangladesh they are mainly concentrating on Heavy-duty Truck & Bus tyre.

1.13 ACHIEVEMENTS & AWARDS OF CBL

It exports to over 130 countries across the world CEAT is the only tyre company to be awarded the ISO/TS 16949:2002 certification. It is also the 1st Indian tyre company to get a TUV certificate. Besides CEAT also received many other awards-

- CEAT wins Gold at the EFFIE Awards 2011 for Be Idiotsafe Campaign.
- CEAT wins Cause Marketer of the year award at CNBC Awaaz Consumer Awards 2011.
- CEAT wins awards for Employer Branding and Best HR Practices for 2010.
- CEAT receives Reader's Digest Trusted Brand Gold Award for 2009.
- The 2007-08 Raid de Himalayas 2 wheeler Rally was won on CEAT Tyres.
- CEAT was the no 1 in exports amongst all tyre companies in India. (Source: ATMA

Report 2007-08).

- CEAT Shoppe wins Best Innovation Award 2007-08 (* Franchisee Association of India).
- From a 2 wheeler tyre to a Car Tyre to a Giant OTR Tyre, CEAT makes the entire Range

of Tyres.

- CEAT won the Employer Branding Award for "Excellence in Training 2007-08" (* Awards by the Asia Pacific HR congress).
- CEAT has adopted a village "Tirad Seth", near Nasik as part of its CSR activities.
- ICQCC Distinguish award for Quality Circle in 2002 at Lucknow India.
- NCQC Distinguish award for Quality circle in 2004 at Mumbai.
- NCQC Distinguish award for Quality circle in 2006 at Kanpur India.
- CCQC Mumbai Chapter Distinguish Award for Quality Circle in 2007

1.14 MANUFACTURING FACILITIES

CEAT are growing at an incredible pace.

- 1 manufacturing plant going to build in Maymensingh, Bhaluka, Bangladesh.
- 4 manufacturing plants - 3 in India and 1 in Sri Lanka.
- 10 outsourcing units for tyres, tubes and flaps.
- 3 dedicated 2-3-wheeler plants controlled by CEAT.

But CEAT are not resting on our laurels yet. Our hunger for growth continues with an upcoming plant and production of various PCR and TBR sizes for the Indian as well as export market. CEAT is looking at expanding its capacity from 9.4 Lac tyres per month to 3 million tyres. For better deliverance, CEAT are working towards technical collaborations with leading tyre majors across the globe.

1.11 CEAT'S RESEARCH & DEVELOPMENT

Behind every successful product is a great research and development effort. At CEAT, 'long distance' is not just a term, it is the way they think and plan. Every innovative step is toward giving the customer a high-end product. Their research people are doing a great job at that since 1984. Every tyre that leaves our facility has been tried and tested for best performance, [They also have the approval of the Department of Scientific and Industrial Research (DSIR) on that] Aided by modern design tools they can develop, test and process their products within a short time span. With this they are able to introduce better products to keep up with the evolving market needs. CEAT has always been avid propagators of advanced technology and with good reason. High tech processes enable them to presume the customers' needs and simulate their on-the-road experience, to create the perfect product.

1.16 CEAT'S PERFORMANCE

The Company registered a growth of 9.1 per cent in turnover from ` 4,435.4 crores in the year 2011-12 to ` 4,836.7 crores in 2012-13. Manufacturing operations at the radial plant at Halol, near Baroda in Gujarat ramped up to 80 per cent capacity utilisation by Q4 of the year under review thereby improving the financial performance of the Company. A favourable product mix towards categories of motorcycle, scooter, passenger car, utility vehicles and last mile tyres contributed positively to the bottom line. In spite of a shrinking OEM market, the Company's performance in this segment was impressive with a 37 per cent volume growth posted against last year. During 2012-13, prices of key raw materials like Natural Rubber and Synthetic Rubber fell by 8 to 10 per cent and helped increase profits for the Company. The operating margins of the Company improved by 3.2 per cent with the operating profit increasing from ` 246.8 crores in the year 2011-12 to ` 424.5 crores in the year 2012-13. Net Profit increased from ` 7.5 crores in 2011-12 to ` 106.4 crores in 2012-13. The Company also expanded its product portfolio with the 'CZAR' range of Utility Vehicle tyres being a key development. An advertising campaign was launched for this new product range while the successful motorcycle tyre 'Be Idiotsafe' campaign also continued.

1.17 FUTURE OUTLOOK

The tyre industry in India is passing through a challenging phase much like the overall economy. Such a drastic fall in the sales of commercial vehicles during the year under review has not been witnessed in a long time. In the short term, therefore, the outlook for tyre industry is not a very optimistic one. The tyre industry's growth is expected to be in sync with the GDP growth. However, replacement demand from vehicle sales over the past two years can provide an opportunity. The Company expects tyre demand to revive over medium term. A weakening Rupee and high interest rates are currently the areas of concern for the tyre industry, but are expected to improve during the course of the year ahead. With the stable forecast of raw material prices, the Company expects a positive year ahead.

1.18 HUMAN RESOURCES

CEAT believes that its employees are a valuable asset and core strength of the Company. The Company continued its focus on developing and nurturing talent and encouraging innovation and excellence. The Company has adopted Total Quality Management and initiated several measures for strengthening employee relations through progressive people practices at the shop floor and initiatives towards increased productivity. Labor relations remained cordial during the year under review.

1.19 NEW PRODUCT LAUNCHES

Over 70 new products were launched in the year 2012-13 across all product categories. Most notably, CEAT has launched 'CZAR', a premium range for Utility Vehicle tyres. Low noise and less wear and tear are the primary features of this product range. These tyres are also puncture resistant and enhance off-road stability that ensures a smoother ride. The television advertising campaign for 'CZAR' was launched earlier in the year and received a good response from the market.

1.20 FINANCIAL OVERVIEW (2012-2013)

Income :

The Company recorded a Total Revenue of ` 4,902.92 crores, as compared to ` 4,504.44 crores for the previous year, a growth of 8.9 per cent.

EBITDA : The Company's EBITDA stood at ` 424.5 crores against ` 246.8 crores during the previous year.

PAT : The profit after tax (PAT) stood at ` 106.35 crores against ` 7.53 crores during the previous year.

1.21 RISK MANAGEMENT

| Risk | Mitigation |
|--|--|
| Demand fluctuation in different product categories | CEAT has a diverse product range across all categories. Also, continuous new product launches along with a widespread domestic and international distribution network reduce this risk considerably. |
| Late entrant in Truck & Bus and Passenger Vehicle radials segments | The Halol plant's state-of-the-art technology produces superior radial tyres, which has already captured a reasonable market share. |
| Rising domestic competition | Enhanced after-sales service, unconditional warranty offered on products, superior quality, good brand pull and aggressive channel expansion help mitigate this risk. |

1.22 INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

At CEAT, internal control systems play a critical role. Well defined organisational structure and authority matrix, documented policy guidelines, extensive internal audits and regular management reviews ensure the Company's compliance with internal policies, applicable laws and regulations and protection of resources. To further strengthen transparency and strict adherence of the internal control system, CEAT has adopted an Online Corporate Compliance Management System 'Legatrix', in association with Legasis Services Private Limited. 'Legatrix' is a secure, sophisticated and easy to use IT enabled legal support solution, where the updated information system automates the required compliance management activities with IT integration, eliminating

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enterprise and operational risk related to compliances. The Company also organises regular Management Committee meetings to discuss budgets and decide on the future action plans, based on key performance indicators and variance analysis. At each Board Meeting, operational reports are tabled after being discussed at Audit Committee Meetings.

1.23 COMPANY PHILOSOPHY

The Company's philosophy on Corporate Governance mirrors its belief that principles of transparency, fairness and accountability towards the stakeholders are the pillars of a good governance system. The Company believes that the discipline of Corporate Governance pertains to systems, by which companies are directed and controlled, keeping in mind long-term interests of members, while respecting interests of other stakeholders and society at large. It aims to align interests of the Company with its members and other key stakeholders. Accordingly, this Company's philosophy extends beyond what is being reported under this Report and it has been the Company's constant endeavor to attain the highest levels of Corporate Governance. This Report is for compliance of Clause 49 of the Listing Agreement, which the Company has entered into with the Stock Exchanges.

1.24 BOARD OF DIRECTORS

The Board of Directors ensures that the Company runs on fair and ethical principles and plays an important role in creation of value for its stakeholders, in terms of the Company's Corporate Governance Policy. All statutory and other significant and material information including information mentioned in Annexure IC of Clause 49 of the Listing Agreement is placed before the Board to enable it to discharge its responsibilities of strategic supervision of the Company with due compliance of laws and as trustees of stakeholders. The Executive Directors are responsible for the day-to-day management of the Company subject to the supervision, direction and control of the Board of Directors. The Executive Directors are ably assisted by the Management

Committee and Operating Committee, which implement the decisions and the strategic policies of the Board of Directors.

1.25 DATA COLLECTION

To collect the data mostly I used Primary data source because the internship report is mainly based on I will need could not be found on secondary data source. But for the other information that I needed regarding the company I used secondary data source.

Primary Data:

In CEAT Bangladesh Ltd., I was assigned in VAT-Tax department; where my job was to follow up the VAT related work. The employees and higher authority gave me much information that I needed for the report.

Secondary Data:

In regard to know the company history, its market share, competitors, pricing strategy I had to take help of secondary data source. CEAT Bangladesh has a archive where some reports I could find and helped me to know about these sectors. Also some newspapers who had written articles on CEAT Bangladesh helped me as well. Beside this, I used the official website of CEAT Ltd.

CHAPTER: 02

Job Description

2.1 JOB DESCRIPTION

I would like to talk about the tasks and operational tasks I got the chance to encounter in my internship. As an intern in Finance and Accounts Department, I was totally concerned in the day to day activities of that sector and also in the continuing learning and practicing process. In the beginning, I was supposed to monitor the entire process and get familiar with the operational duties of VAT-Tax sectors. It gave me a chance to study the process and get familiar with the system and deadlines of VAT-Tax submission approved by the regulatory bodies. The tasks and responsibilities of the VAT-Tax sector are quite wide-ranging. The responsibilities start from cutting tax on every transaction pertaining to the day to day activities of 5ware house of CBL. The provision of responsibilities pertaining to VAT-Tax is utterly reliant on the F&AD of head office. The degree to the support provided by my sector is like whenever any ware house needs any support subjected to VAT-Tax issues, they are approved to openly report to the F&AD through hotline phone calls and they are immediately provided with the required advice. Besides, the time to time reporting and compliance of VAT-Tax statements by the branches are handled alone by my sector. The core function of VAT-Tax sector is assemblage and scrutiny of those statements along with reconciliation and re-organizing those in one book in order to submit to the regulatory bodies. Moreover, shaping corporate tax, managing the disparity of regulatory bodies and solving awaiting controversial issues are the most vital and tricky jobs of VAT-Tax sector.

2.2 SPECIFIC RESPONSIBILITIES OF THE JOB

Job responsibilities

My job responsibility as an intern was to learn and analyze the field I was assigned to work in. As I was in the VAT-Tax sector, my job was to lend a hand in every work my sector does in order to learn practically from the whole VAT-Tax route. I was involved

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in almost every tasks and duties I encountered in this internship period. My job consists of many operational duties and also some of the regulatory reporting duties of CBL. I would like to elaborate on those in brief. Operational duty- Operational duties refer to those duties which are required in daily operation to perform the transactions efficiently.

That are-

- Corporate/ source Tax-VAT are payment monthly.
- Advance Tax Payment (Quarterly & yearly).
- Payment of excise duty.
- Calculating Tax (Quarterly, Half yearly & yearly).
- Synchronization with regulatory body and Tax-VAT consultant of the CBL
- Conveying management authorization (relating to payment, appeal and others).
- Preparing foundation & credentials for appeal and attending Hearing/ Meeting when necessary.
- Updating Tax situation.
- Harmonizing condition of Taxation and Advance tax & resolution.
- Regulatory reporting-
- Yearly return of Tax.
- Monthly return of VAT (Mushak-19).
- Annual excise duty statement.
- Monthly report to regulatory body.
- Quarterly report Tax u/s: 75A.
- Supervising VAT and Tax of bills and vouchers.
- Issuance of income Tax & VAT certificate.
- Supervise and monitoring of Tax-VAT at branch level.
- Collecting different reports/challans from branches (monthly, quarterly & yearly).
- Managing Documentation of all types of file, Challan.
- On demand of LTU all the Statement pertaining to Utility bills are collections from branches.

Those duties mention above are the major duties of Tax-VAT sector. I was concerned in the stage and support in each of these duties following the direction of my supervisor which prepared it simple for such a new person like me.

2.3 DIFFERENT ASPECT OF JOB PERFORMANCE

It was an extensive learning prospect throughout the three month internship period. To involvewith tyre business it's also helps to know the transport business scenario of Bangladesh. Professional attitude grow by involved with practical business obstacles.

1. Positive Attitude:

Positive attitude is the most important key factor of job performance. Positive attitude can attract

people. While convincing someone one might give positive response, another might givenegative response. But as a employee we have to handle the situation in a positive manner. Moreover, in the office I always tried to work in a positive way, showed interest in work andfocused on what are the client needs and wants.

2. Time management skill:

Punctuality is one of the superior attribute of a good employee. Though I am not good at all tomaintain this manner, but I tried to maintain my commitmentwhen I take an appointment with client. Sometimes managing time was got difficult when previous day'soverloaded pressure make me late to reach home, then ultimately its impact on next working day.If we finish our day to day work then it becomes so easier. Through this internship period Ibecame more efficient and learned to make the best use of time.

3. Good team work:

Working in a team sometime it makes the work easier and sometimes it become so hard to work.I really like teamwork because I felt confident when work in group. My line manager was veryhelpful and supporting not only to permanent employee but also to the interns.

4. Stress management skill:

Managing all the work under pressure is part of job. Whatever the situation is we can't show ourProblem or stress to our office and have to complete the work properly. Doing internship inCEAT my stress management skill also increased.

2.4 ON-THE-JOB TRAINING

On-the-job training (OJT) is a form of training taking place in a normal working situation. On-the-job training, sometimes called direct instruction, is one of the earliest forms of training. It is a one-on-one training located at the job site, where someone who knows how to do a task shows another how to perform it. The most valuable training in a job is On-the-job training. It is considered most efficient because it provides a practice facility of the education during the work time which makes every apprentice learn properly undoubtedly. During my internship, I was lucky enough to obtain On-the-job training from some very conversant and qualified personnel of VAT-Tax sector who were always extremely helpful and supportive to my training course. I received a cosmic training on the modernized VAT-Tax policy over banking industry of Bangladesh. VAT-Tax regulatory body updates and makes amendments time to time to the VAT-Tax laws and regulations to make it more efficient. On account of this, the VAT-Tax treatment system of every corporate also has to undertake changes time to time. It is an advantage of CBL that the system of VAT-Tax sector is bendable enough to undertake all potential changes without bearing much hassle.

As a beneficiary of being an intern in the VAT-Tax sector, my admittance to the subjective training and day to day concepts of internal policies and handling process of my sector was not slim. I was provided with all necessary reading materials to study the modernized VAT-Tax regulations of VAT-Tax regulatory body and also the real time documents regarding to this explicit subject. I was very glad having the supervision of my field supervisor which made it easy for me to grab and comprehend the topics quickly and also to practice it along with the training. The knowledge I have gone through is the inside out of the real time VAT-Tax picture of Bangladesh. I learned about cutting Tax and VAT on the product sells to the customer and services the vendors and suppliers. I learned about the organizations which are allowed by Government to cut and collect Tax and VAT from general businesses and organizations and also from mass people who are subject to taxation. National Board of Revenue (NBR) and Large Taxpayer's Unit (LTU) are the regulatory bodies of Tax-VAT for corporate sector and also accountable for collecting Tax-VAT after a specific time period. I also learned about the unsettled and tricky issues which are yet to be attained with legal solutions.

2.5 DESCRIPTION & ANALYSIS OF TAX-VAT

Types of VAT-Tax

Tax Like all other organizations in the corporate sector of Bangladesh, CBL is one of the most respected corporate taxpayers of National Board of Revenue (NBR). CBL's Taxpaying process consists of two categories. They are-

1. Corporate Tax
2. Source Tax

Corporate Tax- Many countries impose corporate tax, also called corporation tax or company tax, on the income or capital of some types of legal entities. The taxes may also be referred to as income tax or capital tax. Company income subject to tax is often determined much like taxable income for individuals. Generally, the tax is imposed on net profits. Like others, CBL pays its corporate Tax in four installments. However corporate Tax is calculated yearly, it is paid in each of the quarters of a year. **Source Tax-** Tax deducted at source (TDS) is amount of tax getting deducted from the person (Employee/Deductee) by the person paying (Employer/Deductor). Under the process of TDS, Deductor is a person/company who is liable to deduct the Tax at source, from the payment being made to the party. Deductor is also termed as Employer in cases where the payments are in the form of Salaries. A tax deductor is also required to issue TDS certificate to the deductee within specified timed under section 203 of the I T Act. The con from the deductor, for the deduction and payment of the respective TDS amount to the bank, issued to the deductee is a TDS certificate. The deductee should produce the details of this certificate, during the regular assessment of income tax, to adjust the amount of TDS against the Tax payable by the deductee.

2.6VAT

A value added tax (VAT) is a type of consumption tax that is placed on a product whenever value is added at a stage of production and at final sale. From the view of the buyer, it is a tax on the buying price. From that of the seller, value added tax only on the value added to a manufactured goods, material, or service, from an accounting point of view, by this stage of its manufacture or distribution. The manufacturer remits to the government the difference between these two amounts, and retains the rest for

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themselves to offset the taxes they had earlier paid on the inputs. The amount of value-added tax that the user pays is the cost of the product, less any of the costs of materials used in the product that have already been taxed. VAT is applicable to all domestic products and services with some exemptions. VAT is payable at the time of supply of goods and services. Tax returns are to be submitted on monthly or quarterly or half yearly basis as notified by the Government. For example when a television is built by a company in Europe the manufacturer is charged a value-added tax on all of the supplies they purchase for producing the television. Once the television reaches the shelf, the consumer who purchases it must pay the value-added tax that applies to him or her. For the first time in 1991 Value Added Tax was introduced in Bangladesh replacing Sales Tax and most of Excise Duties. Also that year the Value Added Tax Act, 1991 was enacted and started its journey from 10 July 1991. From that 10th July is observed as National VAT Day in Bangladesh. Within the journey of 23 years, Value added tax has become the biggest source of Government Revenue. Bangladesh earned about 56% of total tax revenue is VAT revenue in a year.

VAT is imposed on goods and services at import stage, manufacturing, wholesale and retails levels. A uniform VAT rate of 15 percent is applicable for both goods and services. However 15 percent VAT is applicable for all business or industrial units with an annual turnover of Taka 2 million and above. Turnover tax at the rate of 4 percent is leviable where annual turnover is less than Taka 2 million. Tax paid on inputs is creditable/adjustable against output tax. Export is exempt. Besides these rates, there are several reduced rates locally called Truncated Rate, in this case of goods and services producers and sellers face difficulties in availing VAT credit/adjustment facilities due to non availability of invoices from the sellers of input. In order to remove this operational difficulty fixed bases such as 10%, 25%, 30%, and 60% value addition is taken into account for calculation of VAT for a number of goods and services. In such circumstances net VAT rate for different rates of value addition comes to 1.5%, 2.25%, 4.5% and 9%. CBL.

2.7 VAT EXPENSE

VAT Expense: VAT expense is mainly related with the expenditure. This is the VAT CBL cuts on the expenses it incurs through other vendors and suppliers. The payment

they get is subject to VAT which is cut by the CBL according to the regulatory body. For example, if CBL receives a supply of food by a vendor, it will cut the VAT on the total bill of the vendor by 15%.

2.8 AUDIT AND INSPECTION

Audit is one of the most important elements of Tax-VAT system. A team formed by LTU clarifies VAT-Tax related documents of every Corporate in this country in order to clarify if the statements are flawless. The audit process has some sequential steps which is followed one after one if any dispute arises. A sequence is followed in case of arousal of dispute. Those steps are described below-

➤ Commencement of assessment.

The LTU team inspects every year in order for clarifying the statements in search of dispute and if they succeed, they report to higher authority which initiates order for documentary support from the CBL.

➤ Document submission

CBL has to submit all essential documents on the demand of LTU authority regarding the disagreement. If the dispute still remains, an appeal to the Deputy Commissioner of Tax comes in sequence for further process.

➤ Petition to Deputy Commissioner of Tax

The DCT looks into the matter personally and gives his verdict at this stage of the process. If his verdict is not satisfactory enough for CBL, it qualifies for appearing to the next stage which involves the Commissioner of Tax in decisional role.

➤ Petition to Commissioner of Tax

Depending on the documents and feedback from DCT, Commissioner of Tax gives his decision. If CBL does not get satisfied with his opinion, it may approach the tax tribunal with a certain fee to get an enhanced solution.

➤ Petition to Tax tribunal

The Tax tribunal runs a thorough study on the issue and gives resolution of that issue. If CBL gets satisfied with that, it takes essential measures to obey the decision. If it does not accept the decision, it qualifies for filing a petition to Tax division of high court.

➤ Petition to High court division

Tax division of High court provides the final decision on the issue in presence of CT, DCT and CBL personnel pertaining to the issue and that decision is incontestable by both tax authority and CBL. In some exceptions, that verdict is repeated with essential references if any comparable disagreement arises in future with the approval of CBL and regulatory body.

2.9 PAYMENT SYSTEM OF TAX-VAT

NBR provides a guideline to help the banks at the time of paying Tax-VAT. All banks strictly follow that guideline provided by regulatory body. This guideline consists of many different categories of Tax and VAT with respective deadlines. Based on the category, Tax is paid in two manners. Those are

- Tax deducted at source
- Advance Tax

Tax deducted at source-.Tax deducted at source is adjusted tax at the time of any payment makes to any supplier or vendor or salary of employees by any branch. In other word, if any branch of CBL makes any kind of payment which falls under the taxation, source tax will be deducted from that amount at that time.

Advance Tax- Every taxpayer is required to pay advance tax in four equal installments falling on 15th September; 15th December; 15th March and 15th June of each year if the latest assessed income exceeds Taka four lakh. Penalty is imposed for default in payment of any installment of advance tax. So that CBL submits to Tax-VAT authority. The payment system of Tax-VAT follows a certain method in CBL. The sequences are explained below-

- The tax-VAT is gathered in all branches of CBL.
- Then it is reserved in a precise GL which is linked to the server so that it can be monitored by the tax-VAT subdivision.
- Along with the collection of Tax-VAT, a report where all the particulars of the Tax-VAT are described also come from all branches to HO.
- Then the report is coordinated with its compilation of Tax-VAT. If any disagreement arises because of any disparity of the amount and explanation, it is investigated right away.

- Then the total compilation of tax-VAT and its computation is pooled by the HO in a method approved by BB. Tax-VAT authority requires the bank to classify tax-VAT based on precise tax zone.
- After preparing the statements and challan copies, the F&AD make appeal to Treasury to grant cheques.
- Treasury grants the cheques according to the claim and the cheques are paid to BB through treasury challan.
- The copy of challan is then provided to tax-VAT authority along with the statements.

2.10 WHY IS GOVERNMENT CONSIDERING ONLINE SYSTEM OF TAX-VAT PAYMENT?

My internship in CBL enabled me to find out some points to improve in the current Tax-VAT payment system due to which CBL and every other organization in the corporate sector are lagging behind to a tolerable extent. Good news is government has also gone into those matters and come up with a more efficient method of the whole system. The reasons behind evolution of the system are explained below-

- The reports regarding Tax-VAT are generated in a tricky and time-consuming way which imposes hardship to a new employee to get used to the system.
- Providing tax-VAT challans to those from whom CBL collects tax-VAT are way too many in number due to which CBL spends mentionable amount of human resource as well as Organizations valuable resources and technological support.
- Some disputes arise between HO and branches due to the strictly prescribed manner by regulatory body regarding categorizing and compilation of tax-VAT reports.
- BB instructs to use custom made software to calculate and compile Tax-VAT when it is next to impossible to reap the full benefit from it for banks due to the complication regarding compilation of Tax-VAT because of the rigidity of regulatory body.

To sum up, the overall system of Tax-VAT often raise disputes which may produce nuisance, time killing, escalating need for human resource and so on. In this circumstance, CBL feels the necessity for introducing a fresh, improved, effort reducing structure which will help CBL cope up with the expansion of its business to the utmost promising degree.

2.11 PROJECT SUMMARY

This project was done as a part of an internship program of MBA. It was done through theoretical knowledge and practical revelation for the ‘Accounts department’ of CEAT Bangladesh Ltd. The topic of the research is “Analysis of Bangladesh tyre market perspective of CEAT Bangladesh Limited”. This research enlarges the understanding about the tyre industry of our country. The research also helps CEAT Bangladesh Ltd. by providing them the whole scenario of the tyre industry

2.12 GENERAL OBJECTIVES

The project aims to find out current tyre market situation in Bangladesh and provide a clear picture in front of the reader. CEAT Bangladesh LTD. is relatively new in this highly contested tyre industry of Bangladesh which is mostly dependent on import. The reasons behind my project are:

- What is nature of tyre industry in our country?
- How big the tyre industry in our country?
- The number of tyre companies operates in our country?
- Who are the market leaders?
- What are the current market shares among the companies?

3.1 INTERPRETATION

The data was analyzed and interpreted by using the Microsoft Excels which is familiar to all.

3.2 Limitations:

I have tried my best to provide with all necessary information's about CEAT Bangladesh Limited but due to the exhaustive nature of this study I am not able brought in this report. This report is subject to the following limitations:

- Time constraints.
- Finding the correct respondents was difficult.
- In most cases respondents were not co-operative.
- Many procedural matters were conducted directly in the operations by the topmanagement level, which may also gave some sort of restrictions.
- Very little chance in participation in any decision making process.
- Lack of personal knowledge about tyre industry.

3.3 RECOMMENDATION

The blessings of science and technology give us clue about the solution to overcome the drawbacks of the current system. This solution will engage the equipment more in the system to lessen human effort. To be understandable, the structure is explained below-

- The sum of Tax-VAT will be calculated and the report will be sent to HO from warehouse after every particular time phase.
- Then HO will merge it via software and also check the detail. As the entire system is run by software and server, so it is less prone to dispute.
- After compiling the entire Tax-VAT in a specific time phase, F&AD will call for fund to Treasury. Treasury will disburse it online to BB and also obtain a treasury challan online.

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- BB will propel the statements to Tax-VAT authority where the feature of payment by CBL will be recorded and then they will notify CBL about the position of Tax-VAT. This system eliminates effort of producing the statements, challan copies and giving out separate documents to customers and regulatory body.

The Govt. has already decided to automate and computerize the whole range of activities of Tax-VAT. Under the new system, all activities of VAT such as- Registration & Taxpayers service, Return filling, Query, Payment of taxes, refund, and calculation of VAT- everything will be done online. The taxpayers will be able to complete VAT related activities without visiting VAT office that ultimately results in better business and less cost. The new system aims to be a business friendly VAT system. As part of this initiative, the new VAT & SD Act, 2012 has been passed by the Parliament. The gov. is planning to implement the new VAT Law by 1st July, 2015. In order to adopt the new method of Tax-VAT, CBL should train its employees to work with the new system and substitute effort by technology. It will be a remarkable revolution for Tax-VAT system so far.

3.4 CONCLUSIONS

Bangladesh is one of the growing economies of this South Asian region. Bangladesh's economy is growing on an average 6% percentage per year. Bangladesh has become second largest economy among the SARC and export reached to 30 billion dollar. To support and maintain the growth of the economy we need large amount vehicles. The tyre industry in Bangladesh has immense growth potential as economy is growing rapidly and demand of transportation vehicles are also increasing. The demand for the tyres are going up and up every year as more than 20000 thousand vehicles running in the Dhaka city alone. From this scenario we can get a glance of the growth potential of this industry.. CEAT Bangladesh Ltd started its journey from 2012 and within very short period of time it has created position on the tyre market. It has expended its operation in five different regions. Tyre companies now are facing intense competitive pressure because of the globalization and technological advancement. The experience of spending my internship period in accounting department in CEAT Bangladesh Ltd. has been rewarding and very gratifying. The organization has given me a scope of functioning as a

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member of highly active team of professionals serving to the need of such global brand and has added to my competences of working under pressure and effectively maintaining all aspects of work environment. I have been given a great opportunity of developing a professional attitude which would certainly act on my benefit in my future career endeavors.

APPENDIX A

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APPENDIX B**1.21 Balance Sheet as at March 31, 2013**

| | Note No. | | As at 31.03.2013 | As at 31.03.2012 |
|--------------|----------|---------------------------------------|--------------------|--------------------|
| ` in lacs | | | | |
| I | | EQUITY AND LIABILITIES | | |
| (1) | | Shareholders' Funds | | |
| a) | | Share Capital | 3 | 34,24.35 |
| b) | | Reserves and Surplus | 4 | 708,76.76 |
| c) | | Money Received Against Share Warrants | 5 | 3,63.97 |
| | | | 746,65.08 | 656,34.36 |
| (2) | | Non-Current Liabilities | | |
| a) | | Long-term Borrowings | 6 | 421,66.89 |
| b) | | Deferred Tax Liabilities (Net) | 7 | 74,52.07 |
| c) | | Other Long-term Liabilities | 8 | 1,42.20 |
| d) | | Long-term Provisions | 9 | 12,00.69 |
| | | | 509,61.85 | 622,23.45 |
| (3) | | Current Liabilities | | |
| a) | | Short-term Borrowings | 10 | 382,15.81 |
| b) | | Trade Payables | 11 | 776,06.12 |
| c) | | Other Current Liabilities | 12 | 576,22.51 |
| d) | | Short-term Provisions | 13 | 65,43.59 |
| | | | 1,799,88.03 | 1,744,07.11 |
| Total | | | 3,056,14.96 | 3,022,64.92 |
| II | | ASSETS | | |
| (1) | | Non-Current Assets | | |

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| a) | Fixed Assets | | 14 | |
|--|-------------------------------|--------------------|--------------------|--------------------|
| (i) Tangible Assets | | 1,441,92.24 | | 1,459,53.74 |
| (ii) Intangible Assets | | 61,00.80 | | 64,52.69 |
| (iii) Capital Work In Progress | | 9,93.54 | | 13,41.59 |
| (iv) Intangible Assets Under Development | | - | | 2.00 |
| | | 1,512,86.58 | | 1,537,50.02 |
| b) | Non-current Investments | 15 | 44,70.84 | 44,16.32 |
| c) | Long-term Loans and Advances | 16 | 118,29.19 | 45,27.55 |
| d) | Other Non-current Assets | 17 | 10,57.28 | 11,34.73 |
| | | 1,686,43.89 | | 1,638,28.62 |
| (2) | Current Assets | | | |
| a) | Current Investments | 18 | - | 30,31.96 |
| b) | Inventories | 19 | 531,44.01 | 579,60.59 |
| c) | Trade Receivables | 20 | 635,74.59 | 614,22.76 |
| d) | Cash and Bank Balances | 21 | 81,35.01 | 37,15.34 |
| e) | Short-term Loans and Advances | 22 | 104,85.70 | 112,27.63 |
| f) | Other Current Assets | 23 | 16,31.76 | 10,78.02 |
| | | 1,369,71.07 | | 1,384,36.30 |
| Total | | | 3,056,14.96 | 3,022,64.92 |

1.22 Statement of Profit and Loss for the year ended March 31, 2013

| Particulars | Note No. | 2012-2013 | 2011-2012 | |
|----------------------|---|-----------|--------------------|--------------------|
| ` in lacs | | | | |
| INCOME | | | | |
| 1 | Revenue From Operations (Gross) | 24 | 5,349,77.00 | 4,827,64.66 |
| | Less : Excise Duty | | 468,32.53 | 351,91.48 |
| | Revenue From Operations (Net) | | 4,881,44.47 | 4,475,73.18 |
| 2 | Other Income | 25 | 21,47.59 | 28,70.98 |
| 3 | Total Revenue (1 + 2) | | 4,902,92.06 | 4,504,44.16 |
| EXPENSES | | | | |
| a) | Cost of Materials Consumed | 26 | 3,343,26.26 | 3,271,60.56 |
| b) | Purchases of Stock-in-trade | | 68,70.93 | 51,60.73 |
| c) | Changes in Inventories of finished goods, work-in-progress and Stock-in-trade | 27 | (34,19.31) | 25,89.96 |
| d) | Employee Benefits Expense | 28 | 269,09.74 | 216,52.81 |
| e) | Finance Costs | 29 | 194,37.64 | 192,16.15 |
| f) | Depreciation and amortization expense | | 78,16.48 | 70,47.41 |
| g) | Other Expenses | 30 | 810,07.45 | 663,28.75 |
| | Total Expenses | | 4,729,49.19 | 4,491,56.37 |
| 5 | Profit Before Exceptional Items and Tax (3 - 4) | | 173,42.87 | 12,87.79 |
| 6 | Exceptional Item (Refer Note 31 (21)) | | 27,69.56 | 3,15.64 |
| 7 | Profit Before Tax (5 - 6) | | 145,73.31 | 9,72.15 |
| Tax Expense : | | | | |
| 1) | Current Tax | | 31,78.05 | 3,84.56 |
| 2) | MAT Credit entitlement | | (31,78.05) | (3,84.56) |
| 3) | Short / (Excess) Provision of earlier years | | (1,71.06) | - |
| 4) | Deferred Tax - current year | | 48,19.45 | 2,18.30 |
| 5) | Deferred Tax - prior years | | (7,10.23) | - |
| 9 | Profit for the year (7 - 8) | | 106,35.15 | 7,53.85 |
| 10 | Earnings Per Equity Share (Refer Note 31 (23)) [Nominal value of share ` 10 (Previous year ` 10)] | | | |
| 1) | Basic | | 31.06 | 2.20 |
| 2) | Diluted | | 30.44 | 2.20 |

Summary of significant accounting policies

2

ABBREVIATIONS

| | |
|------|---------------------------------|
| BB | Bangladesh Bank |
| CBL | CEAT Bangladesh Limited |
| F&AD | Finance and Accounts Department |
| DCT | Deputy Commissioner of Tax |
| CT | Commissioner of Tax |
| LTU | Large Taxpayer Unit |
| NBR | National Board of Revenue |
| TDS | Tax deducted at source |
| HO | Head Office |
| GL | General Ledger |