

# DRIVEN

**CEAT**

ANNUAL REPORT  
2011-12

## FORWARD-LOOKING STATEMENT

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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# FOR MORE THAN **FIVE DECADES,** CEAT HAS MOVED AHEAD WITH AN **EYE TO** **THE FUTURE.**

FUTURE **CUSTOMER ASPIRATIONS**, INDUSTRY BENCHMARKS  
IN **INNOVATION, OPERATIONAL EFFICIENCIES** AND  
EMERGING GLOBAL TRENDS IN **DESIGN** AND **ON-ROAD**  
**PERFORMANCE.**

WE BELIEVE ONE REFRESHING IDEA CAN CHALLENGE AN  
AGE-OLD PARADIGM; ONE TECHNOLOGICAL INNOVATION  
CAN ELEVATE QUALITY STANDARDS AND CUSTOMER  
SATISFACTION TO NEW HEIGHTS; ONE DECISIVE THRUST OF  
YOUTHFUL ENERGY CAN RAISE BRAND VALUE AND EXTEND  
VISIBILITY.

OUR PRODUCTS TAKE THE STRESS ON THE ROAD AND  
DELIVER SAFETY, SECURITY AND PEACE OF MIND ACROSS  
MULTIPLE GLOBAL TERRAINS. WE DRIVE ON-ROAD  
ASPIRATIONS ACROSS CONTINENTS. IN TURN, WE ARE MORE  
DRIVEN THAN EVER BEFORE.



**DRIVEN  
BY PASSION**

2

On road since 1958, CEAT has traversed a long way to emerge among the top players in the Indian tyre market. We have also established our identity as a global quality tyre manufacturer. Our brand strength is the result of passion that never falters. The road ahead may be rough or smooth, familiar or unfamiliar, but the ride remains stable.

Vast industry experience, coupled with a consistent focus on innovation, has enabled us to pre-empt market trends and attune our capabilities to evolving customer requirements.

The result is a wide range of tyres, catering to the needs of Original Equipment Manufacturers (OEM) and individuals.

## TYRE RANGE



**TWO  
WHEELERS/  
THREE  
WHEELERS**



**CARS/ SUVs**



**FARM  
VEHICLES**

#### DRIVEN BY A LEGACY

Back in 1924, CEAT International was established in Turin (Italy) for manufacturing cables for telephones and railways. It commenced its operations in India in 1958 as CEAT Tyres of India Limited, which was renamed as CEAT Limited in 1990.

#### About RPG Enterprises

# USD 3 BILLION

RPG ENTERPRISES IS ONE OF INDIA'S FASTEST GROWING CONGLOMERATES WITH A ₹ 15,000 CRORES TURNOVER

Established in 1979, RPG Enterprises currently consists of more than 15 companies, spread across diverse business verticals including Infrastructure, Automotive Tyres, IT, Pharmaceuticals, Plantations and Power Ancillaries.

# 3

MANUFACTURING FACILITIES, IN NASIK, BHANDUP (MAHARASHTRA) AND HALOL (GUJARAT), PRODUCE MORE THAN 10 MILLION TYRES ANNUALLY

# 2,610

DEALERS

# 8

ZONES

# 38

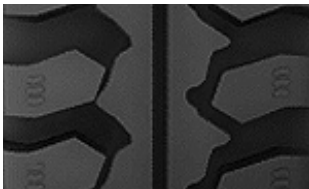
REGIONAL OFFICES

# 120

C&F AGENTS

# 112

EXPORT DESTINATIONS NOW INCLUDE USA, AFRICA, LATIN AMERICA, AUSTRALIA AND ASIA



LIGHT  
COMMERCIAL  
VEHICLES/ TRUCKS  
AND BUSES



OFF THE  
ROAD

## VISION

TO BE AMONGST THE MOST PROFITABLE TYRE COMPANIES IN INDIA BY 2016 THROUGH:

- MARKET LEADERSHIP IN SELECT CATEGORIES IN INDIA AND
- MARKET LEADERSHIP IN SIGNIFICANT COUNTRIES OUTSIDE INDIA

## VALUES

C

### CHALLENGER

We attempt to try new things and not fear failure, we question existing ways of working and we are open to critique and suggestions from the team and others in the organisation.

A

### ASPIRATION-LED

We encourage our people to dare to dream. Our aim is to deliver exceptional service to our customers. This we do by trying to excel at our work.

I

### INTEGRITY

We take responsibility for our actions and ensure our behaviour matches our words. Being honest and transparent in our work is our continuous endeavour.

R

### RESULT-OBSSESSION

We respect the time of others and strive to display a sense of urgency in taking decisions.

O

### OPENNESS

We value the skills, strengths and views of others and have a passion for learning and sharing ideas. We appreciate and are responsible with the information the company shares with us.



## DRIVEN BY OPTIMISM



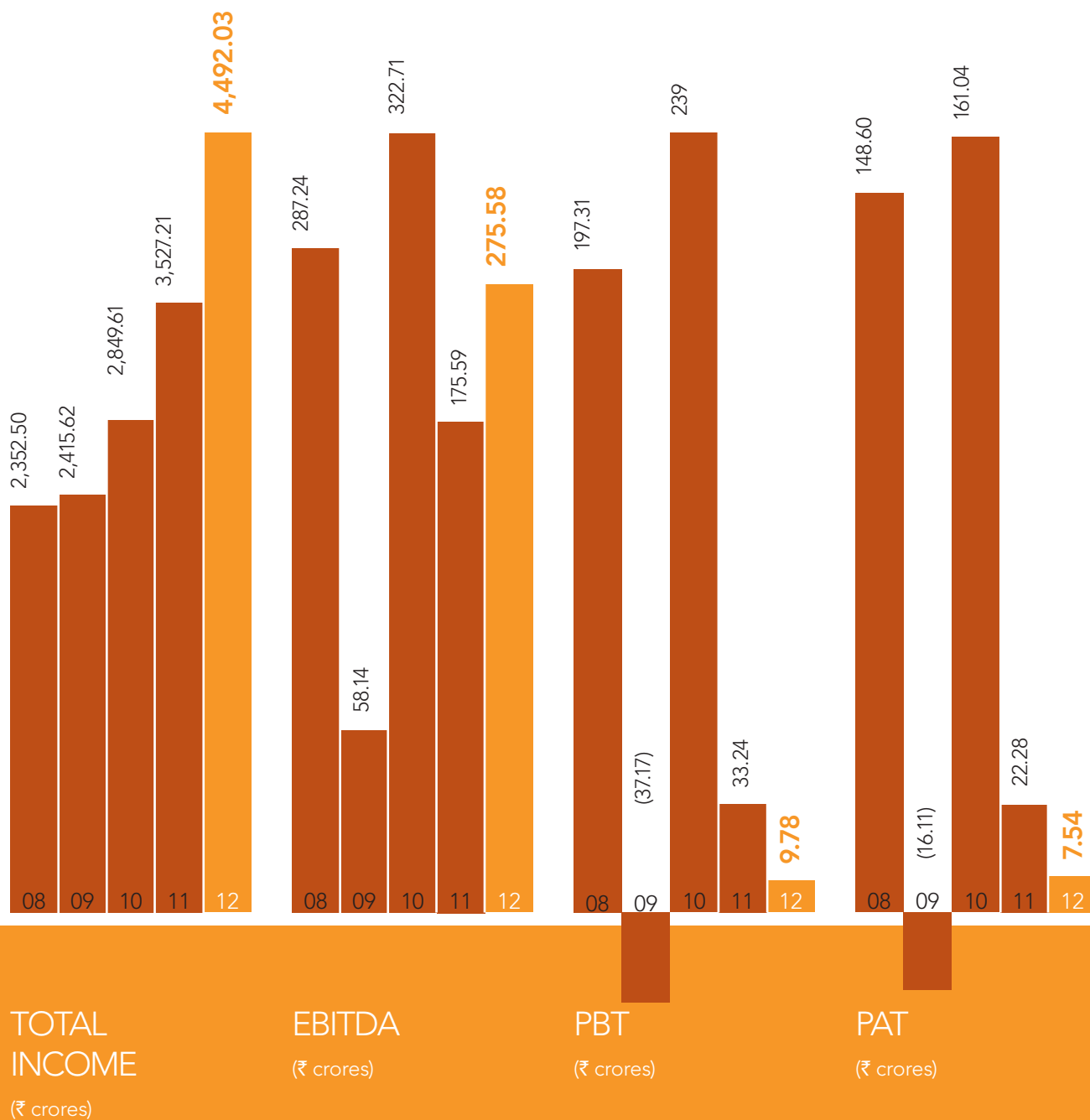
### HIGHLIGHTS 2012

#### OPERATIONS

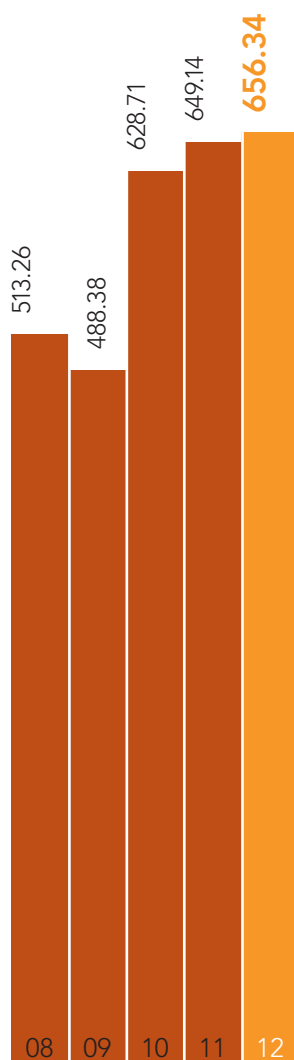
- Set up a **world-class research facility** at Halol.
- Started a **TQM journey** towards business excellence through the implementation of industry best practices.

#### MARKETING AND DISTRIBUTION

- Launched – **truck and bus radial tyres** – with the commencement of Halol plant.
- Excellent **export growth** – **62%** over previous year.
- Increased the OEM market share from **7% to 8.5%**.
- Increased motorcycle tyre market share from **12% to 16%**.

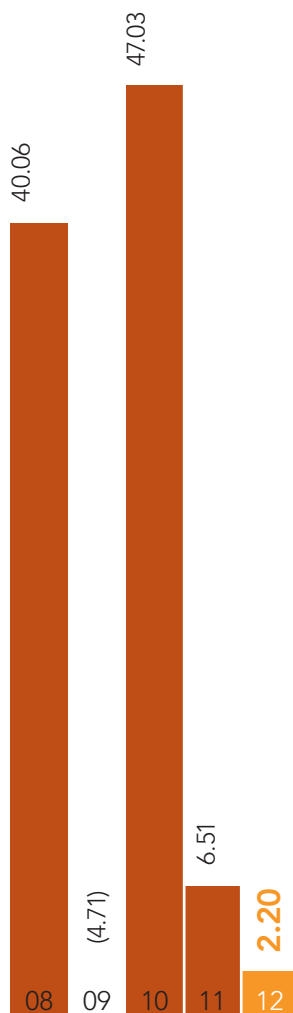






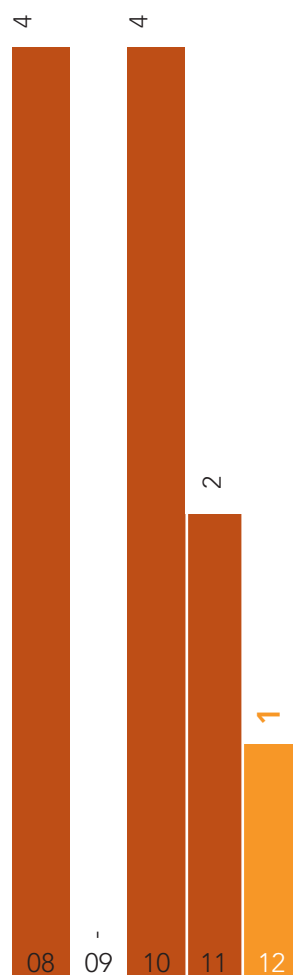
## SHARE- HOLDERS FUNDS

(₹ crores)



## EARNINGS PER SHARE

(₹)



## DIVIDEND PER SHARE

(₹)

WE KEEP A CLOSE EYE ON THE **NEEDS OF OUR CUSTOMERS** AND ENHANCE CAPABILITIES TO **MATCH GLOBAL BENCHMARKS** IN OPERATIONAL EXCELLENCE.

WE ARE TRANSFORMING TO **RECIPROCATE THE TRUST OUR CUSTOMERS AND DEALERS** HAVE REPOSED IN US.

OUR OBJECTIVE IS TO **EXCEED THEIR EXPECTATIONS** BY PROVIDING CONTEMPORARY PRODUCTS AND **WORLD-CLASS SERVICES**.

## INITIATIVES UNDERTAKEN IN 2011-12

- Continuous ramp-up of production capacity at the Halol plant facilitated our foray into the radial tyres segment. By the end of 2011-12, the plant operated at 90 TPD. This contributed 10.8% of total volumes.

**10.8**  
PER CENT

CONTRIBUTION OF HALOL PLANT IN TOTAL VOLUMES FOR THE YEAR 2011-12

- During 2011-12, we increased the outsourcing capacity of motorcycle tyres from 250,000 units to 450,000 units.

**450,000**  
UNITS

INCREASED OUTSOURCING CAPACITY OF MOTORCYCLE TYRES DURING THE YEAR 2011-12

- Our distributors' district presence has gone up from 35 districts to 186 districts in motorcycle tyres in 2011-12.

**186**  
DISTRICTS

DISTRIBUTORS' DISTRICT PRESENCE FOR THE YEAR 2011-12

WE ARE **CONTINUOUSLY SEEKING OPPORTUNITIES** TO REACH MORE CUSTOMERS, WITH A **BETTER PRODUCT RANGE** IN LINE WITH GLOBAL STANDARDS.

**200**  
CEAT SHOPPES  
BY 2013.

During 2011-12, we introduced a premium range of products (PRO Series) in truck and 'GRIPP' range in motorcycles. Within a short span of time, the product range became a favourite amongst a wide cross section of customers.

With the commencement of Halol plant's operation, CEAT entered into the radial tyre market in India. In the coming years, we will be sharpening our focus on radial tyres to strengthen margins.

To maximize the sale of passenger radials, we further ramped up our CEAT Shoppe Network. CEAT plans to increase the number of CEAT Shoppes from 70 to 200 in FY 2013. We received contracts of passenger car radials from Hyundai and recently launched models for Suzuki.



#### UNWAVERING QUALITY FOCUS

At CEAT, each and every process and product is certified by relevant authorities. CEAT is India's first 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. We have embarked on a QFD (Quality Function Deployment) led new product development process, with focus on meeting the stated and unstated needs of customers.





WE ARE **NOT RESTRICTED BY GEOGRAPHIC LIMITATIONS.**

CEAT HAS ALWAYS ENDEAVOURED TO KEEP **ABREAST WITH GLOBAL TRENDS** TO REMAIN RELEVANT TO VARIED CUSTOMERS ACROSS THE WORLD.

WE TOUCHED THE **₹ 1,000 CRORES EXPORT BENCHMARK IN FY 2012**, WITH EXPORTS CONTRIBUTING **24% OF OUR REVENUE**, COMPARED TO 20% IN THE PREVIOUS YEAR.

## ₹ 1,000 CRORES

EXPORT BENCHMARK IN 2012

The acquisition of global rights of brand 'CEAT' from the Italian tyre maker Pirelli, enabled us to sell tyres under CEAT brand to Europe and Latin America.

South and Central America contributed largely to the overall exports, as we appointed a large number of distributors across various countries of these continents. We further launched customer-specific asymmetric and directional tread patterns for Europe in Ultra High Performance and winter range, super-single truck radial tyres for developed markets.

We will further strengthen our presence in the Latin American and European markets. Besides, our entry into the truck and bus radial (TBR) markets in South America, the Middle East and South East Asia shall further

add to our revenues. We are also exploring marketing opportunities for light truck radials in Africa, the Middle East and Brazil, capitalising on our strong brand presence in these geographies.

We have also planned to set up a greenfield tyre manufacturing plant in Bangladesh, through our subsidiary, with an initial installed capacity of 65 MT per day.

## PRESENCE

LATIN AMERICA, SOUTH AMERICA, EUROPE,  
MIDDLE EAST AND SOUTH EAST ASIA

IN TODAY'S HIGHLY COMPETITIVE MARKET SCENARIO, **A CULTURE OF CONTINUOUS INNOVATION** CAN DRIVE MARKET SHARE AND CUSTOMER RECALL.



During 2011-12, we established a new state-of-the-art research centre at the Halol facility. It will focus on key areas of tyre research, including advanced materials, computer-aided design, computer-aided simulation, product development and prototyping, vehicle dynamics, indoor and instrumented outdoor testing. Besides, we have specific wings to focus on the development of products, materials and vehicle dynamics.

#### PRODUCT DEVELOPMENT WING

It continuously upgrades performance and value engineering to ensure cost-effective solutions for varied markets (Replacement market, OEM and Exports). As a result, it has invented new niche products in Ultra High Performance (UHP) car and SUV tyres, fuel efficient low rolling resistance tyres, truck radial, motorcycle and speciality tyres.

#### MATERIALS DEVELOPMENT WING

It works on formulations and materials to effectively match the product application requirements for each tyre component in different market segments. The focus is primarily on fuel-efficient and environment-friendly tyres, using next generation Silica Technology, recycled material and new generation synthetic rubber. The wing also ensures cost effectiveness and production consistency.

#### VEHICLE DYNAMICS WING

It works exclusively to attune the tyre with the vehicle characteristics through evaluation in India and abroad. This assures steering control, ride comfort, noise, grip and vehicle safety (in both dry and wet conditions). The effectiveness of the process has enabled us to secure approvals from several OEM in passenger cars/ SUVs, motorcycle and truck segments. The computer aided engineering and design group has the capability to foresee the tyre characteristics, even before the tyre is manufactured. This is done with the help of full blown 3D visualisation models, simulation techniques and prototype building.

Our 'Be Idiotsafe' campaign received an instant response from the customers. The idea behind the campaign was to highlight the lack of road-sense on Indian streets, and to showcase the ability of CEAT's superior grip tyres to fight the menace. Following the campaign's tremendous success, CEAT was bestowed with the 'Cause marketer of the year' award by CNBC Story Board Awards in 2011. The award was presented in recognition of the growing trend among marketers to communicate the product features and brand values, and at the same time for conveying a larger and relevant social message. 'Be Idiotsafe' also received a Gold Award in the prestigious EFFIE 2011 Awards in the consumer durables category.

The campaign was further launched as a cause-based marketing strategy on online and offline media platforms to engage the youth. As a result, the motorcycle tyre sales of CEAT increased 4% during the year.

AT CEAT, WE ARE **STRENGTHENING A CUSTOMER-FACING BRAND**, WHICH NOT JUST SELLS A PRODUCT, BUT EDUCATES AND DEMONSTRATES SENSITIVITY FOR THE CUSTOMER'S DAILY LIFE.



## Be Idiotsafe

RECEIVED A GOLD AWARD  
IN THE PRESTIGIOUS EFFIE  
2011 AWARDS

# 732

ENTRIES IN THE SECOND  
EDITION OF THE IRTA AWARDS  
IN 2011

The CEAT India Road Transportation Award (IRTA) felicitates the achievers of the road transport industry. IRTA is India's first and only fleet excellence awards and supported by the Ministry of Road Transport and Highways, Government of India. This initiative is an attempt to demonstrate the unknown facets of the tyre industry to all stakeholders.

After an excellent response during the first edition, the second edition of the Award in 2011 was also a success with more than 732 entries.

Apart from that, CEAT cricket rating is recognised as world's first truly international and comprehensive cricket rating system.

The Company will further invest in branding initiatives, not only considering the marketing aspects, but also with the aim to include new avenues in the life of the customers. One such initiative was the launch of 'Transporters Book of Excellence.'



AT CEAT, **CORPORATE SOCIAL RESPONSIBILITY** IS NOT JUST A MANAGEMENT APPROACH, BUT A MEANS TO **POSITIVELY IMPACT THE LIVES OF EMPLOYEES AND LOCAL COMMUNITIES.**

WE COLLABORATE WITH **GOVERNMENT DEPARTMENTS AND NGOs** TO HELP ELEVATE THE QUALITY OF LIFE.



## INITIATIVES UNDERTAKEN

### HEALTH AWARENESS

- Organising various health check-up camps, including general health check-up, eye check up, obesity, diabetes check-up and blood donation camps.
- Generating awareness on AIDS and its prevention.
- Organising Yoga camps.
- Creating awareness on the importance of proper diet and exercise.
- Campaigning against tobacco hazards.

### EDUCATION

- Career guidance programmes and development programmes, including art and craft workshops, income generation skills, tailoring, phenyl making, beautician course, mobile repairing /basic electrician course and jewellery making.
- Launch of Akshar Project for Municipal Pre-primary School and Saksham Project to enhance employability.
- Adopted Governments' Industrial Training Institute (ITI) at Ulhasnagar, Maharashtra.

### COMMUNITY OUTREACH

- Distribution of clothes and articles to the underprivileged through NGOs and charitable organisations.
- Celebrating Children's Day, Senior Citizens' Day, Teachers' Day and World Environment day.
- Annual donation for cancer patients.
- Personality development camp for community children.

#### **BOARD OF DIRECTORS**

**R. P. Goenka**  
Chairman

**H. V. Goenka**  
Vice-Chairman

**Anant Vardhan Goenka**  
Managing Director

**Paras K. Chowdhary**  
Whole-time Director  
& Chief Management Advisor

**Vinay Bansal**

**A. C. Choksey**

**S. Doreswamy**

**Mahesh S. Gupta**

**Haigreave Khaitan**

**Bansi S. Mehta**

**Hari L. Mundra**

**K. R. Podar**

#### **AUDIT COMMITTEE**

**Hari L. Mundra**  
Chairman

**S. Doreswamy**  
Member

**Mahesh S. Gupta**  
Member

#### **SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE**

**Mahesh S. Gupta**  
Chairman

**Paras K. Chowdhary**  
Member

**S. Doreswamy**  
Member

#### **COMPANY SECRETARY**

**H. N. Singh Rajpoot**

#### **REGISTERED OFFICE**

463, Dr. Annie Besant Road, Worli,  
Mumbai 400 030

#### **PLANTS**

Village Road, Bhandup,  
Mumbai 400 078

82, MIDC, Industrial Estate, Satpur,  
Nasik 422 007

Village Gate Muvala, Halol, Panchmahal,  
Gujarat 389 350

#### **LEGAL ADVISORS**

Mulla & Mulla and Craige, Blunt & Caroe

#### **AUDITORS**

N. M. Rajji & Co.

#### **REGISTRAR & SHARE TRANSFER AGENTS**

TSR Darashaw Limited

6-10, Haji Moosa Patrawala  
Industrial Estate, 20, Dr. E. Moses Road,  
Worli, Mumbai 400 011

#### **BANKERS**

Axis Bank Limited

Bank of Baroda

Bank of India

Corporation Bank

Deutsche Bank

EXIM Bank

ICICI Bank Limited

Indian Bank

Industrial Development Bank of India

State Bank of India

The Karnataka Bank Limited

UCO Bank

Yes Bank Limited



# **STATUTORY REPORTS AND FINANCIAL STATEMENTS**



NOTICE is hereby given that the fifty-third Annual General Meeting of the Company will be held at Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025, on Friday, August 10, 2012 at 3.00 p.m. to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2012 and Profit and Loss Account for the financial year ended on that date, the report of the Auditors thereon and the Report of the Directors.
2. To declare dividend on Equity shares.
3. To appoint a Director in place of Mr. Mahesh S. Gupta who retires by rotation and, being eligible, has offered himself for re-appointment.
4. To appoint a Director in place of Mr. Haigreve Khaitan who retires by rotation and, being eligible, has offered himself for re-appointment.
5. To appoint a Director in place of Mr. K. R. Podar who retires by rotation and, being eligible, has offered himself for re-appointment.

## SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:  
  
"RESOLVED that pursuant to the provisions of Sections 224, 225 and other applicable provisions, if any, of the Companies Act, 1956, Messrs S. R. Batliboi & Associates, Chartered Accountants, be and are hereby appointed as Statutory Auditors of the Company, in place of the retiring auditors Messrs N. M. Raiji & Co., Chartered Accountants, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be mutually decided by the Board of Directors of the Company and the Statutory Auditors."
7. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:  
  
"RESOLVED THAT Mr. Paras K. Chowdhary, who was appointed as an Additional Director of the Company with effect from April 1, 2012 and holds office upto the conclusion of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member in terms of Section 257 of the Companies Act, 1956, proposing his candidature

for the office of Director and who is eligible for appointment, be and is hereby appointed as a Director of the Company."

8. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions if any, of the Companies Act, 1956 including any modification or re-enactment thereof, ("the Act") and subject to the approval of the Central Government and subject to all the approvals, permissions and sanctions as may be necessary; and subject to such conditions and modifications as may be prescribed or imposed by any of the authorities in granting such approvals, permissions and sanctions, the Company hereby approves the appointment of Mr. Paras K. Chowdhary as the Whole-time Director of the Company for a period of One (1) year commencing from April 1, 2012 and ending on March 31, 2013 upon the terms and conditions set out in the Agreement dated April 2, 2012 and submitted to this meeting, (which is also hereby ratified and approved); and payment of remuneration, as per details mentioned below, as may be recommended by the Remuneration Committee from time to time:

1. **Salary**
  - ₹ 9,27,280 per month with an increase of not exceeding 10 per cent on July 1, 2012.
2. **Management Allowance**
  - ₹ 7,15,120 per month with an increase of not exceeding 10 per cent on July 1, 2012.
3. **Other Allowance**
  - ₹ 1,80,000 per month with an increase of not exceeding 10 per cent on July 1, 2012.
4. **Performance Bonus**
  - Not exceeding six (6) months' amount of Salary and Management Allowance.
5. **Perquisites**
  - The Whole-time Director shall be entitled to the following perquisites:

- Rent free accommodation or House Rent Allowance, the perquisite value of which shall not exceed ₹ 13,20,000 per annum.
- Reimbursement of gas, electricity, water, furnishing, repairs, servant's salaries, security, society charges, property tax and other levies/charges connected/incidental to the rent free accommodation at actuals upto a limit of not exceeding ₹ 2,75,000 per annum.
- Medical: Not exceeding ₹ 6,00,000 annually for self and family.
- Car/Telephone at residence for Business Use.
- Other Perquisites: As may be granted, monetary value of which shall not exceed ₹ 6,00,000 per annum.

6. In addition to the above, the Whole-time Director shall be eligible for the following perquisites, the value of which shall not be considered for computation of aggregate remuneration.

- Company's Contribution to Provident Fund, Superannuation Fund and Annuity Fund.
- Gratuity: As per Company Policy.
- Encashment of unavailed leave at the end of tenure as per Company Policy.

Provided however that the aggregate of the above remuneration shall not exceed ₹ 4.00 crores per annum.

RESOLVED FURTHER THAT the Board of Directors ("the Board" which expression shall also include a Committee thereof for the time being exercising the powers conferred on the Board by this resolution) be and is hereby authorised to pay the above remuneration to Mr. Paras K. Chowdhary, Whole-time Director of the Company, provided that the same is within the maximum limits prescribed in Section I of Part II of Schedule XIII of the said Act and the Company has adequate profits during the financial year ending March 31, 2013.

RESOLVED FURTHER THAT pursuant to Section II of Part II of Schedule XIII and other applicable provisions of the said Act, if any, and subject to such approvals as may be necessary, the

Company be and is hereby authorised to pay Mr. Paras K. Chowdhary, Whole-time Director of the Company, the remuneration specified supra, as minimum remuneration in case the Company has no profits or its profits are inadequate during the financial year ending March 31, 2013. AND for this purpose, the Board be and is hereby authorised to approach the relevant authorities and obtain the necessary approvals as and when necessary.

RESOLVED FURTHER THAT the Board be and is hereby authorised to increase, vary, amend the remuneration within the overall limit of ₹ 4.00 crores as mentioned above and other terms of appointment as deemed expedient or necessary during the tenure mentioned hereinabove or as may be prescribed by the authorities giving their sanction or approval.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any questions or doubts that may arise in this regard."

9. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions if any, of the Companies Act, 1956 including any modification or re-enactment thereof, ("the Act") and subject to the approval of the Central Government and subject to all the approvals, permissions and sanctions as may be necessary; and subject to such conditions and modifications as may be prescribed or imposed by any of the authorities in granting such approvals, permissions and sanctions, the Company hereby approves the appointment of Mr. Anant Vardhan Goenka as the Managing Director of the Company for a period of five (5) years commencing on April 1, 2012 and ending on March 31, 2017 upon the terms and conditions set out in the Agreement dated April 2, 2012 and submitted to this meeting, (which is also hereby ratified and approved); and payment of remuneration as per details mentioned below, as may be recommended by the Remuneration Committee for the initial three (3)

financial years viz. FY 2012-13, 2013-14 and 2014-15:

**1. Salary**

- ₹ 4,30,000 per month with an increase of not exceeding 10 per cent on July 1, every year.

**2. Management Allowance**

- ₹ 4,10,000 per month with an increase of not exceeding 10 per cent on July 1, every year.

**3. House Rent Allowance**

- Not exceeding 60 per cent of Basic Salary

**4. Other Allowance**

- ₹ 3,75,000 per month with an increase of not exceeding 10 per cent on July 1, every year.

**5. Performance Bonus**

- Not exceeding six (6) months' amount of Salary and Management Allowance.

**6. Perquisites**

The Managing Director shall be entitled to the following perquisites:

- Medical: Not exceeding one (1) month's salary every year for self and family.
- Car/Telephone at residence for Business Use.
- Other Perquisites: As may be granted, monetary value of which shall not exceed ₹ 5,50,000 per annum.

**7.** In addition to the above, the Managing Director shall be eligible for the following perquisites, the value of which shall not be considered for computation of aggregate remuneration.

- Company's Contribution to Provident Fund, Superannuation Fund and Annuity Fund.
- Gratuity: As per Company Policy.
- Encashment of unavailed leave at the end of tenure as per Company Policy.

Provided however that the aggregate of the above remuneration shall not exceed ₹ 4.00 crores per annum.

RESOLVED FURTHER THAT the Board of Directors ("the Board" which expression shall also include a Committee thereof for the time

being exercising the powers conferred on the Board by this resolution) be and is hereby authorised to pay the above remuneration to Mr. Anant Vardhan Goenka, Managing Director of the Company for the financial years 2012-13, 2013-14 and 2014-15, provided that the same is within the maximum limits prescribed in Section I of Part II of Schedule XIII of the said Act and the Company has adequate profits during each of the said three (3) financial years during the tenure of the appointment mentioned above.

RESOLVED FURTHER THAT pursuant to Section II of Part II of Schedule XIII and other applicable provisions of the said Act, if any, and subject to such approvals as may be necessary, the Company be and is hereby authorised to pay Mr. Anant Vardhan Goenka, Managing Director of the Company, the remuneration specified supra, as minimum remuneration in case the Company has no profits or its profits are inadequate during any of the three (3) financial years mentioned hereinabove. AND for this purpose, the Board be and is hereby authorised to approach the relevant authorities and obtain the necessary approvals as and when necessary.

RESOLVED FURTHER THAT the Board be and is hereby authorised to increase, vary, amend the remuneration within the overall limit of ₹ 4.00 crores as mentioned above and other terms of appointment as deemed expedient or necessary during the tenure mentioned hereinabove or as may be prescribed by the authorities giving their sanction or approval.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any questions or doubts that may arise in this regard."

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT



LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

3. Members are requested to kindly refer the Chapter on Corporate Governance Report in the Annual Report for the information in respect of re-appointment/ appointment of Directors, under Clause 49 of the Listing Agreement. Out of the Directors seeking appointment/re-appointment, Mr. Anant Vardhan Goenka holds 14,185 equity shares in the Company and Mr. Paras K. Chowdhary holds 3,000 equity shares in the Company.

4. Mr. Anant Vardhan Goenka, Managing Director of the Company is the son of Mr. H. V. Goenka, Vice-Chairman of the Company and the grandson of Dr. R. P. Goenka, the Chairman of the Company. None of the other Directors seeking appointment/re-appointment is related to any member of the Board of Directors or to any Management Personnel.

5. The Register of Members and the Share Transfer Books of the Company shall be closed from Friday, July 27, 2012 to Friday, August 10, 2012 (both days inclusive).

#### 6. Important notice for members

- For the convenience of the members and for proper conduct of the Meeting, entry to the place of the Meeting will be regulated by the Attendance Slip, which is annexed to the Proxy Form. Members are requested to affix their signature at the place provided on the Attendance Slip and hand it over at the entrance.
- Members can avail of the nomination facility, under Section 109A of the Companies Act, 1956 by filing Form No.2B with the Company. Blank forms will be supplied on request.

#### 7. Consolidation of Folios

The members holding shares in the same name or in the same order of names, under different Folios, are requested to notify the relevant details of the said holdings to TSR Darashaw Limited at 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011 for consolidation of their shareholding into a single folio.

#### 8. Change in address

Members are requested to notify immediately any change in their address:

- a) If the shares held in physical form to:

- (i) The Company at its Registered Office at:  
CEAT Limited  
463, Dr. Annie Besant Road,  
Worli, Mumbai 400 030.

OR

- (ii) The Registrar and Share Transfer Agents of the Company at the following address:

TSR Darashaw Limited  
6-10, Haji Moosa Patrawala Industrial  
Estate, 20, Dr. E. Moses Road, Mahalaxmi,  
Mumbai 400 011.

- b) If the shares held in demat form to: The respective Depository Participants.

9. Members holding shares in physical form are requested to convert their holdings into dematerialised mode, to avoid loss of shares, quick credit of dividend and fraudulent transactions.

#### 10. Green Initiative

As per Circulars issued by the Ministry of Corporate Affairs (MCA) bearing nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively, members holding shares in dematerialised form are requested to register their email addresses with their Depository Participant (DP) and members holding shares in physical form are requested to register their email addresses with the Company at [investors@ceat.in](mailto:investors@ceat.in) or with the Registrar and Share Transfer Agents viz. TSR Darashaw Limited at [csg-green@tsrdarashaw.com](mailto:csg-green@tsrdarashaw.com).

11. To ensure speedy credit of dividend and avoid fraudulent encashment, members are requested to kindly inform their Bank Account Details for payment of dividend through NECS. Forms shall be supplied on request.

12. Securities and Exchange Board of India (SEBI) has, vide circular ref. no. MRD/DoP/Cir-05/2007 dated April 27, 2007 made the submission of a copy of PAN card of the transferee mandatory, along with a request for transfer of shares in physical form.

Under the Authority of the  
Board of Directors

Place : Mumbai  
Date: July 6, 2012

**H. N. Singh Rajpoot**  
Company Secretary

#### Registered office:

463, Dr. Annie Besant Road, Worli, Mumbai 400 030.

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

1. In terms of Section 173 of the Companies Act, 1956, the following explanatory statement sets out all the material facts relating to Item Nos. 6, 7, 8 and 9 of the accompanying Notice dated July 6, 2012.

#### 2. Item No. 6

Messrs N. M. Rajji & Co., Chartered Accountants, have been the Statutory Auditors of the Company, since the incorporation of the Company. They have, vide their letter dated July 4, 2012, expressed their inability to continue as the Statutory Auditors of the Company due to the ongoing arbitration in the firm amongst the partners. The Board of Directors places on record their appreciation for the services rendered by Messrs N. M. Rajji & Co.

Considering the above facts, the Board of Directors has on the recommendation of the Audit Committee proposed the appointment of Messrs S. R. Batliboi & Associates, Chartered Accountants as the Statutory Auditors of the Company. They have vide their letter dated July 5, 2012 informed the Company that their appointment, if made, will be within the limit specified in sub-section (1B) of Section 224 of the Companies Act, 1956. Messrs S. R. Batliboi & Associates, Chartered Accountants, are one of the big auditing firms of Chartered Accountants and the Board, therefore, recommends their appointment as the Statutory Auditors of the Company to hold the office from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting of the Company.

The Board of Directors recommend the adoption of the Resolution at Item No. 6 of the Notice.

No Director is in any way concerned with or interested in the above resolution.

The following documents are open for inspection by members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days except Saturdays, Sundays and Public Holidays up to the date of this Annual General Meeting.

- a) Letter dated July 4, 2012 from Messrs N. M. Rajji & Co. Chartered Accountants.
- b) Letter dated July 5, 2012 from Messrs S. R. Batliboi & Associates, Chartered Accountants.

#### 3. Item No. 7 and 8

The tenure of Mr. Paras K. Chowdhary as the Managing Director of the Company ended on March 31, 2012. Mr. Chowdhary was at the helm of affairs of the Company for more than a decade and the Company has benefitted tremendously during his tenure. The Board of Directors of the Company was therefore of the view that the Company should continue to enjoy the support and guidance of Mr. Chowdhary.

Article 172 of the Memorandum and Articles of Association of the Company states that the Board of Directors could choose any one amongst themselves as Whole-time Director and therefore the Board of Directors had appointed Mr. Chowdhary as an Additional Director on the Board and also as the Whole-time Director designated as the Chief Management Advisor of the Company for a period of one (1) year commencing from April 1, 2012 at a remuneration and on the terms and conditions set out in the Agreement dated April 2, 2012 and submitted to this meeting. The responsibilities of Mr. Chowdhary include the following:

- Long term strategy for business development,
- Overseas expansion project(s),
- Technical Collaborations,
- Joint Ventures,
- New business that the Company may enter,
- Any other responsibility which may be given by the Board from time to time.

The Company has received a notice along with a deposit of ₹ 500 as required under Section 257 of the Companies Act, 1956 ("the Act"), from a member proposing Mr. Chowdhary as a Director of the Company.

The appointment of Mr. Chowdhary is in accordance with the conditions specified in Part I and Part II of Schedule XIII as provided in Section 269 of the Act. In accordance with Section 302 of the Act, the members were sent the abstract of the Agreement with Mr. Chowdhary as referred to above.

The following is the statement of information for the members pursuant to Paragraph (B) of Section II of Part II of Schedule XIII of the Act:

**INFORMATION ABOUT THE APPOINTEE****I Background Details**

Mr. Paras K. Chowdhary holds a Bachelors degree in Physics (Hons.) and has over thirty-four (34) years experience of senior management positions in the tyre industry. Prior to joining CEAT Limited in 2001 as the Managing Director, he spearheaded the Telecom Business of RPG Enterprises between July 1997 to December 2000. Earlier, he was employed with Apollo Tyres Limited where he started his career from the junior management position and rose to the position of President and Whole-time Director within a very short time. He was instrumental in turning around of that company. He also sits on the Board of the following companies:

Harrisons Malayalam Limited  
 Phillips Carbon Black Limited  
 STEL Holdings Limited  
 Spencer & Co. Limited  
 Spencer International Hotels Limited  
 Summit Securities Limited  
 Sea Princess CHS Limited  
 Associated CEAT (Private) Limited, Colombo  
 Associated CEAT Holdings Company (Private) Limited, Colombo  
 CEAT Kelani Holdings (Private) Limited, Colombo  
 CEAT Kelani International (Private) Limited, Colombo  
 CEAT Kelani Radials (Private) Limited, Colombo

**II Past remuneration**

(Amount in ₹)

	2011-12	2010-11
Description		
Salary	2,15,01,600	1,72,94,290
Perquisites and Allowances	43,31,961	80,76,944
Contribution to Provident, Superannuation and Gratuity Funds	34,80,181	31,79,497
Total*	2,93,13,742	2,85,50,731

\* in his capacity as the Managing Director of the Company.

**III Recognition or awards**

Mr. Paras K. Chowdhary, has been the past president of Automotive Tyre Manufacturers Association (ATMA).

**IV Job profile and suitability**

Mr. Paras K. Chowdhary has over thirty-four (34) years experience in the tyre industry and has had a long and illustrious career, including as Managing Director of the Company for over eleven (11) years. Under Mr. Chowdhary's leadership, the Company has achieved tremendous success in improving the financial position of the Company and also implementation of the state-of-the-art radial manufacturing plant at Halol, Baroda in the State of Gujarat. He is also one of the very few experts of

tyre industry. The Board of Directors is of the opinion that Mr. Chowdhary's experience will be of immense help to the Company to achieve growth in future, specially successful implementation of the ongoing capacity expansion plans and investment forays of the Company.

**V Remuneration Proposed**

As per the details mentioned above.

**VI Comparative remuneration profile with respect to industry**

The proposed remuneration (duly approved by the Remuneration Committee) is in line with the trends in the industry and is befitting Mr. Chowdhary's experience and competence.

## VII Pecuniary relationship directly or indirectly with the Company

Mr. Chowdhary has no other relationship with the Company or with the managerial personnel, except the remuneration being paid to him as Whole-time Director of the Company.

## VIII Other information

### (i) Reasons for loss or inadequate profits.

Due to unprecedented increase in the price of raw materials especially Natural Rubber, particularly during the first two quarters of FY 2011-12 and the ongoing capital expenditure and expansion projects undertaken by the Company; the profits of the Company during the first three (3) quarters of the financial year 2011-12 have been grossly inadequate and the Company expects to close the current financial year with only a marginal profit.

### (ii) Steps taken or proposed to be taken for improvement.

Under the leadership of Mr. Chowdhary, the Company has taken several steps inter alia, innovative buying and other cost optimisation initiatives across the Company, product mix optimisation, total quality management etc. for strengthening the operations of the Company. He has also been instrumental in taking up expansion planning aggressively, which will increase the manufacturing capacity of the Company to 1,000 MT per day in the next few years. These steps will result in a positive impact on market share and improvement in product mix and consequently the profitability of the Company.

### (iii) Expected increase in productivity and profits in measurable terms.

The steps initiated by Mr. Chowdhary, both short term and long term are expected to bring back the Company into adequate profit during FY 2012-13.

## IX Disclosures

### (i) Remuneration package as mentioned above.

### (ii) Equity shares held by:

Mr. Paras K. Chowdhary : 3,000 Equity Shares

Pursuant to the provisions of Sections 198, 269, 309, 310, 311 and all other applicable provisions of the Act, including Schedule XIII, the resolution for appointment of Mr. Chowdhary as Whole-time Director and payment of remuneration to him as set out at Item No. 8 of the Notice is placed before the members for their approval by way of a Special Resolution.

For the statement of information for the members pursuant to Paragraph (B) of Section II of Part II of Schedule XIII of the Companies Act, 1956 relating to General Information, Other Information and Disclosures, please refer to para 5 below.

The following documents are open for inspection by members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days except Saturdays, Sundays and Public Holidays up to the date of this Annual General Meeting.

- Copy of the Agreement dated April 2, 2012 entered into with Mr. Chowdhary.
- Copy of the relevant abstract of the Agreement dated April 16, 2012 referred to above.

None of the other Directors except, Mr. Paras K. Chowdhary are deemed to be concerned with or interested in the above resolution.

The Board of Directors recommends the appointment of Mr. Chowdhary as a Director and also the Whole-time Director of the Company for a period of one (1) year with effect from April 1, 2012.

## 4. Item No. 9

Mr. Anant Vardhan Goenka was appointed as Director of the Company with effect from December 21, 2009 and as the Deputy Managing Director for a period of 5 years with effect from January 4, 2010. The Board had at its meeting held on March 12, 2012 appointed Mr. Goenka as Managing Director of the Company for a period of five (5) years commencing from April 1, 2012 to March 31, 2017 on the terms and conditions set out in the Agreement dated April 2, 2012 and submitted to this meeting.

The remuneration as proposed in this Special Resolution shall be paid to Mr. Goenka in accordance with the conditions specified in Part I and Part II of Schedule XIII as provided in Section 269 of the Companies Act, 1956 ("the Act") initially for the three

(3) financial years viz. 2012-13, 2013-14 and 2014-15. In accordance with Section 302 of the Act, the members were sent the abstract of the Agreement with Mr. Goenka as referred to above.

The following is the statement of information for the members pursuant to Paragraph (B) of Section II of Part II of Schedule XIII of the Act:

### INFORMATION ABOUT THE APPOINTEE

#### I Background Details

Mr. Anant Vardhan Goenka is an M.B.A from the Kellogg School of Management and a B.SC in Economics from the Wharton School.

Mr. Goenka joined KEC International Limited (KEC) as Vice-President (Corporate) and was in charge of the telecom business, business development in North America and Integrated planning and monitoring of Transmission and Distribution Business. In recognition of his contribution in the said business vertical, KEC elevated him to the position of Executive Director – Supply Chain in-charge of manufacturing, procurement, planning, logistics and quality

department in the Company.

Prior to joining KEC, Mr. Goenka was also associated with CEAT Limited as Head of Specialty Tyre Business. Earlier, Mr. Goenka has also worked with Hindustan Unilever Limited, Accenture, Mumbai and Morgan Stanley, Hong Kong.

Presently he sits on the Board of Directors of the below mentioned companies:

- Instant Holdings Limited
- Associated CEAT Holdings Company (Private) Limited
- CEAT Kelani Holdings (Private) Limited
- STEL Holdings Limited
- Goodhope Sales Private Limited
- Idea Tracom Private Limited
- Raychem RPG Private Limited
- Spencer & Co. Limited
- Spencer's Travel Services Limited

#### II Past remuneration:

(Amount in ₹)

	2011-12	2010-11
Description		
Salary	1,04,76,000	89,64,000
Perquisites and Allowances	2,32,938	42,460
Contribution to Provident, Superannuation and Gratuity Funds	10,78,359	8,77,892
Total *	1,17,87,297	98,84,352

\*in his capacity as the Deputy Managing Director of the Company.

#### III Recognition or awards, job profile and suitability

Mr. Goenka was initially responsible for the Manufacturing, Sales, Marketing and Outsourcing functions by the Board of Directors of the Company. Later, he was also entrusted with the responsibility of the Materials and Quality Assurance function.

Since his appointment Mr. Goenka has been instrumental in improvement of manufacturing capability of the Company, product mix optimisation, innovative buying, cost reduction and quality improvement initiatives. In a short span of time, Mr. Goenka has obtained a firm grip on the operations of the Company.



In addition, he has also taken personal interest in empowerment of employees through improved communication channels and rewards and recognition programmes, within the Company. He is currently, spearheading the Visioning Exercise by an innovative way of involving the entire management team, which has been broken into various councils for suggesting the strategic moves on different functions. This exercise will improve engagement/commitment of the entire management team which will eventually bring the Company closer to its goals of higher profitability and sustained growth.

The Board of Directors is of the opinion, that Mr. Goenka's experience with different sectors and companies shall be of immense benefit to the Company especially since the Company is poised to take a leap towards profitability and growth.

## IV Remuneration Proposed

As per the details mentioned above.

## V Comparative remuneration profile with respect to industry

The proposed remuneration (duly approved by the Remuneration Committee) is in line with the trends in the industry and is befitting Mr. Goenka's competence.

## VI Pecuniary relationship directly or indirectly with the Company:

Mr. Goenka is the grandson of Dr. R. P. Goenka, Chairman and son of Mr. H. V. Goenka, Vice-Chairman of the Company.

## VII Other information

- (i) Reasons for loss or inadequate profits.  
Kindly refer to the information given in Item no. 7 and 8 above.

- (ii) Steps taken or proposed to be taken for improvement.

Under the stewardship of Mr. Goenka, the Company has taken several steps inter alia, innovative buying and other cost optimisation initiatives across the Company, product mix optimisation, total quality management etc. for strengthening the operations of the Company.

- (iii) Expected increase in productivity and profits in measurable terms.

The steps initiated by Mr. Goenka, both short term and long term are expected to not only bring back

the Company into adequate profit during FY 2012-13 but also emerge as an efficient manufacturer of automotive tyres in future.

## VIII Disclosures

- (i) Remuneration package as mentioned above.
- (ii) Equity shares held in the Company:  
Mr. H. V. Goenka, Vice-Chairman :  
52,800 Equity Shares  
Mr. Anant Vardhan Goenka, Managing Director : 14,185 Equity Shares

Pursuant to the provisions of Sections 198, 269, 309, 310, 311 and all other applicable provisions of the Act, including Schedule XIII, the resolution for appointment of Mr. Goenka as Managing Director and payment of remuneration to him as set out at Item No. 9 of the Notice during FY 2012-13, 2013-14 and 2014-15 is placed before the members for their approval by way of a Special Resolution.

For the statement of information for the members pursuant to Paragraph (B) of Section II of Part II of Schedule XIII of the Companies Act, 1956 relating to General Information, Other Information and Disclosures, please refer to para 5 below.

The following documents are open for inspection by members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days except Saturdays, Sundays and Public Holidays upto the date of this Annual General Meeting.

- a. Copy of the Agreement dated April 2, 2012 entered into with Mr. Goenka.
- b. Copy of the relevant abstract of the Agreement dated April 16, 2012 referred to above.

None of the other Directors except, Mr. Anant Vardhan Goenka, Mr. H. V. Goenka and Dr. R. P. Goenka are deemed to be concerned with or interested in the above resolution.

The Board of Directors recommends the appointment of Mr. Goenka as the Managing Director of the Company for a period of five (5) years with effect from April 1, 2012.

- 5. Statement of information for the members pursuant to Paragraph (B) of Section II of Part II of Schedule XIII of the Companies Act, 1956:

**I. General Information**

- (i) Nature of industry: Tyre Industry (Ancillary to Automobile Industry)
- (ii) Date of Commencement of Commercial Production: February 22, 1960
- (iii) Financial Performance:

(₹ in lacs)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Sales	2,13,478	2,32,996	2,51,369	2,80,747	3,46,892
Other Income	2,444	2,307	4,495	4,214	6,022
Operating Profit	15,241	20,729	5,396	32,270	15,371
Interest	6,043	5,694	6,552	5,683	7,849
PBDT	9,198	15,035	(1,156)	26,587	7,522
Profit/(Loss) before tax	6,092	11,736	(3,717)	23,899	4,106
Exceptional Items	–	7,994	–	–	782
Profit/(Loss) before tax (including exceptional items)	6,092	19,731	(3,717)	23,899	3,324
Profit/(Loss) after tax	3,925	14,860	(1,611)	16,104	2,228
Paid Up Equity Share Capital	4,568	3,424	3,424	3,424	3,424
Dividend (excluding tax)	822	1,370	–	1,370	685
Rate of dividend (per cent)	18	40	–	40	20

- (iv) Export performance and net foreign exchange collaboration:

(₹ in lacs)

Financial Year	Export turnover
2006-07	42,946
2007-08	48,196
2008-09	48,303
2009-10	48,188
2010-11	61,471

- (v) Foreign Investments or collaborations:

For the financial years 2006-07 to 2010-11, the Company did not have any fresh foreign investments or collaborations.

Under the Authority of the  
Board of Directors

**H. N. Singh Rajpoot**  
Company Secretary

Place : Mumbai  
Date: July 6, 2012

**Registered office:**  
463, Dr. Annie Besant Road, Worli, Mumbai 400 030.

To,

The Members of CEAT Limited

The Directors present their fifty-third report, together with the audited accounts for the year ended March 31, 2012.

## FINANCIAL HIGHLIGHTS

(₹ in crores)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Turnover	4439.6	3468.3
Profit before Taxation	9.8	33.2
Provision for:		
- Current Tax	3.9	7.1
- Short/(Excess ) Provision for earlier years	–	(0.1)
- Deferred Tax	(1.6)	3.9
Net Profit	7.5	22.3
Surplus brought forward from previous year	250.0	237.3
Sum available for Appropriation	257.5	259.6
Appropriations:		
- Proposed Dividend on Equity Shares	3.4	6.9
- Corporate Tax on Proposed Dividend	0.6	1.1
- Transfer to General Reserve	–	1.7
Balance carried forward	253.5	249.9

## DIVIDEND

The Board of Directors are pleased to recommend a dividend of ₹ 1.00 per equity share of face value of ₹ 10 each (i.e. 10 per cent) for the financial year ended March 31, 2012.

## INDUSTRY SCENARIO

The Indian economy is expected to grow at 7.6 per cent in FY 2013 and 8.6 per cent in FY 2014. The financial year 2011-12 was particularly challenging on account of the slowdown in industrial activity, higher capital outflow, increased inflation and global recessionary trends. The lower economic growth, rising fuel prices and higher lending rates have adversely impacted the growth of the automobile sector, particularly the passenger car and commercial vehicle segments. The demand for tyres, consequently, was lower than expected.

Raw material cost increased significantly through the first two quarters of FY 2012, largely due to spiraling prices of Natural Rubber and crude-based raw materials. However, the prices of key raw materials softened over the last two quarters of the year under review and are expected to remain stable in the near future. Coupled with expected rise

in demand, the prospects for the industry are encouraging.

## CEAT'S PERFORMANCE

The performance of the Company for the year under review followed similar trends as that of the industry in general. While the Company registered a turnover of ₹ 4,439.6 crores during the year under review, registering a healthy growth of 28 per cent over ₹ 3,468.3 crores in the previous year, its profit was adversely impacted in the first half due to steep rise in the prices of key raw materials particularly of Natural Rubber and crude-based raw materials and in the third quarter due to nearly a month-long disruption in production in Nasik factory on account of labour agitation. Finance cost, which increased significantly due to upward movement in interest rates and additional interest charge on funding of the Halol Plant and increased working capital requirement, also reduced the profit margin of the Company. However, with the help of a much improved performance for the fourth quarter of the year under review, both in terms of revenue of ₹ 1,214.8 crores and net profit of ₹ 41.5 crores, the Company has been able to register a net profit of ₹ 7.5 crores against the net profit of ₹ 22.3 crores in the previous year.

The Company registered significant success in the Original Equipment Manufacturers (OEM) market. It not only gained acceptance with several new OEM, but also increased its share of business with the existing OEM partners. As a result, the Company's share in the OEM market has increased to 8.5 per cent from 7 per cent in the previous year, aided by impressive growth in the two-wheeler segment.

Further, CEAT has also consolidated its position in the export market during the year under review and registered a turnover of ₹ 1,002 crores, a growth of 62 per cent over the previous year.

The acquisition of the "CEAT" brand from Pirelli & C. S.p.A, Italy has allowed the Company's entry into newer markets, especially Latin America and Europe. The Company has already started establishing its distributor network in these new territories and expects higher revenues in the future.

Truck and bus radial segment registered good growth as compared to truck and bus bias segment, which has de-grown during the year under review. In the passenger car segment, CEAT not only outperformed the industry, but also increased its market share. CEAT has also grown in the two-wheeler segment by providing a special thrust on distribution and by running a successful advertising campaign for motorcycle tyres. Premium range of CEAT products in truck and GRIPP range in motorcycles have been received well by customers.

#### **TYRE MANUFACTURING PLANT IN BANGLADESH**

The Company has decided to venture into a Greenfield bias tyre manufacturing plant in Bangladesh with an initial installed capacity of 65 MT per day. This will entail an approximate investment of ₹ 250 crores. This project, the first major investment for manufacture of tyres in Bangladesh, would be implemented by the Company through a subsidiary to be incorporated in Bangladesh. The project is expected to become operational by early 2015.

With this project, the Company will be in a position to cater to the growing markets of Bangladesh and South East Asia.

#### **FUTURE OUTLOOK**

With passenger vehicles sales expected to grow at an annual rate of 15 per cent and commercial vehicles at 20 per cent upto FY 2015, the future augurs well for the industry. Increasing radicalisation in the commercial vehicle segment and longer distances now travelled by passenger cars and two-wheelers, will translate into higher demand in the replacement segment. The Indian tyre industry is expected to grow at around 14 per cent during FY 2013. Further, macro issues of the Indian economy, particularly weakening

●● The Company registered a turnover of ₹ 4,439.6 crores during the year under review, registering a healthy growth of 28 per cent over ₹ 3,468.3 crores in the previous year.

Rupee and high interest rates, currently the areas of concern for tyre industry, are expected to improve during the course of the year ahead.

With the stable forecast of raw material prices and overall economic situation of the country, the Company expects a better year ahead.

The Company has embarked on a new product development process led by a Quality Function Deployment (QFD) system with very strong focus on meeting stated and unstated needs of consumers.

The Company is now better poised to accept new challenges and take full advantage of favourable market conditions. The Company expects to increase its market share in all key segments in order to sustain its growth in coming years.

#### **RESEARCH & DEVELOPMENT**

During the year under review, the Company has set up a world-class research centre at its new Halol facility with an investment of approximately ₹ 30 crores. This state-of-the-art ultra modern facility has capabilities in all key focus areas of tyre research such as advanced materials, computer-aided design and simulation, product development and prototyping, vehicle dynamics, indoor and instrumented outdoor testing.

The product development wing has developed a series of niche products for Ultra High Performance (UHP), Sports Utility Vehicle (SUV) and Winter Tyre segments. The materials development group is currently focusing on fuel-efficient and environmental-friendly tyres using next generation polymers. Another area of thrust is material substitution focusing on formulations suiting availability and price of key materials thus ensuring cost effectiveness and production consistency.

The vehicle dynamics wing works exclusively on tuning the tyre with the vehicle characteristics through rigorous evaluation in India and abroad. This assures better steering control, ride comfort, grip and safety in a vehicle, in both dry and wet conditions. This has enabled CEAT secure approvals from several OEM in passenger cars, SUVs, motorcycle and truck segments.

The Company is planning further investments in research & development in the areas of material research and computer simulation so as to be at the forefront of technology.

**CEAT KELANI VENTURE (JOINT VENTURE IN SRI LANKA)**

Associated CEAT Holdings Company (Private) Limited (ACHL), the Company's investment arm in Sri Lanka, operates 3 manufacturing plants through its joint venture company CEAT Kelani Holdings Company (Private) Limited.

During the year under review, ACHL has registered a revenue of LKR 4,357.41 million (₹ 1,847.01 million) as compared to LKR 3,790.83 million (₹ 1,542.50 million) in 2010-11, a growth of 15 per cent. Profit after tax has grown by 13.4 per cent to LKR 316.2 million (₹ 134.12 million) as compared to LKR 277.9 million (₹ 112.08 million) in 2010-11. In line with its performance, ACHL has been consistently paying the dividend. The dividend received by the Company for FY 2011-12 is ₹ 6,464.1 million.

The joint venture continues to enjoy dominant market share in all categories of tyres in Sri Lanka.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

A statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is annexed hereto and forms part of this report.

**HUMAN RESOURCES**

CEAT believes that employees constitute its core strength and continued its focus on developing and nurturing talent through a robust performance management and talent development system during the year under review.

The Company has adopted QBM (Quality Based Management) and initiated several measures for strengthening employee relations through progressive people practices at the shop floor and initiatives towards increased productivity.

**EMPLOYEE STATEMENT**

In terms of Section 217 (2A) of the Companies Act, 1956 ("the Act") read with Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees of the Company, are required to be set out in this report. However, as per provisions of Section 219 (1) (b) (iv) of the Act, the Annual Report excluding the

aforesaid information is being sent to all the members of the Company. Those members who are desirous of obtaining full information are requested to write to the Company.

**SUBSIDIARY COMPANY**

The Ministry of Corporate Affairs has vide General Circular No. 2/2011 dated February 8, 2011 granted general exemption from attaching the accounts and financial statements of subsidiary companies as provided under Section 212 (8) of the Companies Act, 1956, provided conditions specified in the said Circular are fulfilled. The Company has fully complied with all the conditions mentioned in the above circular. Therefore, the Annual Accounts of the wholly owned subsidiary of the Company i.e. Associated CEAT Holdings Company (Private) Limited (ACHL) have not been annexed to this report. However, the same are available for inspection at the Registered Office of the Company and also at the Registered Office of ACHL. Any member desirous of obtaining the same may request the Company in writing.

**DIRECTORS**

In accordance with the Companies Act, 1956 ("the Act") and Articles of Association, Mr. Mahesh S. Gupta, Mr. Haigreave Khaitan and Mr. K. R. Podar retire by rotation and being eligible offer themselves for re-appointment.

The term of Mr. Paras K. Chowdhary as Managing Director has ended on March 31, 2012. The Board of Directors places on record its appreciation for the valuable contribution and guidance provided by Mr. Chowdhary during his tenure as the Managing Director of the Company.

The Board of Directors has, at the meeting held on March 12, 2012, appointed Mr. Anant Vardhan Goenka as the Managing Director of the Company, for a period of five (5) years with effect from April 1, 2012.

The Board of Directors has also appointed Mr. Paras K. Chowdhary as a Whole-time Director, designated as Chief Management Advisor, for a period of one (1) year with effect from April 1, 2012.

In terms of Article 172 of the Articles of Association, Mr. Chowdhary was appointed as an Additional Director on the Board of Directors prior to his appointment as the Whole-time Director. He would therefore hold office upto the date of the ensuing Annual General Meeting. A Notice has been received under Section 257 of the Act, from a member proposing the name of Mr. Chowdhary as Director.



- During the year under review, ACHL has registered a revenue of LKR 4,357.41 million (₹ 1,847.01 million) as compared to LKR 3,790.83 million (₹ 1,542.50 million) in 2010-11, a growth of 15 per cent.

#### ISSUE OF CONVERTIBLE WARRANTS ON A PREFERENTIAL BASIS

Pursuant to the Special Resolution passed by the shareholders through Postal Ballot on March 7, 2012, the Company has on March 12, 2012 issued and allotted 17,12,176 Warrants to the Promoters on a preferential basis convertible into an equal number of equity shares of face value of ₹ 10 each at a price of ₹ 85.03 per Warrant. Of the said price, 25 per cent has been received upfront at the time of allotment and the Warrants are convertible into equity shares at the option of the allottee within a period of 18 months from the date of allotment, i.e. by September 11, 2013.

#### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956 ("the Act"), your Directors, to the best of their knowledge and belief, confirm that:

- the applicable Accounting Standards have been followed in the preparation of the annual accounts.
- such accounting policies have been selected and applied consistently and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company in the Balance Sheet as at March 31, 2012 and of the Profit and Loss Account for the said financial year viz. April 1, 2011 to March 31, 2012.
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the annual accounts have been prepared on a going concern basis.

#### CORPORATE GOVERNANCE

A report on Corporate Governance, along with a certificate from the auditors of the Company, regarding the compliance of conditions of Corporate Governance, as also the Management Discussion and Analysis Report, as stipulated under Clause 49 of the Listing Agreement, are annexed to this report.

#### AUDITORS

Messrs N. M. Rajji & Co., who retire at the ensuing Annual General Meeting, have expressed their inability to continue as the Statutory Auditors of the Company due to the ongoing arbitration in the firm amongst the partners. The Company therefore proposes to appoint Messrs S. R. Batliboi & Associates, Chartered Accountants, who are one of the leading accounting and auditing firms of the country as the Statutory Auditors of the Company. Messrs S. R. Batliboi & Associates, Chartered Accountants, have informed the Company that they are eligible to act as the Statutory Auditors, if appointed.

The Board has, with the approval of the Central Government, appointed Messrs N. I. Mehta & Co., Cost Accountants, as Cost Auditors of the Company for FY 2011-12.

#### ACKNOWLEDGEMENT

Your Directors place on record their appreciation for the continued support and cooperation received from the employees, customers, suppliers, dealers, financial institutions, banks, members and Central / State Governments towards conducting the business of the Company during the year under review.

On behalf of the Board of Directors

**H. V. Goenka**  
Vice-Chairman

**Anant Vardhan Goenka**  
Managing Director

Place : Mumbai  
Date : July 6, 2012

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

(Pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988)

### CONSERVATION OF ENERGY

- (a) The Company continued to give major emphasis for conservation of energy, and the measures taken during the previous years were continued. The efficiency of energy utilisation in each manufacturing unit is monitored at the corporate level every quarter, in order to achieve effective conservation of energy. The significant energy conservation measures during the year were:
- Installation of harmonic controllers in Calender and Extruders to improve power quality.
  - Installation of KVAR controller at load centers to improve power factor and to reduce distribution losses.
  - Conversion of bull gear drive to uni-drive in Mixer to eliminate mechanical transmission losses.
  - Replacement of old air compressors with energy efficient Screw air compressor.
  - Replacement of pneumatic blowing system with Sonic blowers to conserve compressed air.
  - Replacement of 3 phase cooling fans with energy efficient single phase fans.
  - Installation of lighting voltage controllers to control voltage for plant lighting.
  - Implemented actions concluded after conducting Compressed air audit in air generation and distribution.
  - Conversion of heavy oil fired burners with PNG fired burners in Boilers.
  - Relocation and revamping of insulation of steam lines to reduce thermal radiation losses.
  - Implementation of waste heat recovery system from waste steam from dome in curing presses.
  - Introduction of improved non conventional insulation for dome cavities and valves and flanges to reduce thermal radiation losses.
  - Implementation of waste heat recovery system for heating domestic water.
  - Improved steam to production (specific steam consumption) over FY 2011 by 8.3 per cent.
  - New 6" LP dome line for truck presses introduced and achieved stability in pressure band, reduction of steam consumption.
- (b) Additional investments / proposals for reduction of consumption of energy.
- Off scheduling of trenches in low production days helped in efficient usage of steam/hot water.
  - Insulation of TCU pipes in Extruder and Inner Liners.
  - Elimination of powered lighting in plant's main aisle by using sunlight for natural illumination in day time.
  - Installation of flow switches in curing press to avoid draining of internal media and avoid steam and nitrogen energy loss.
  - Relocation and insulation revamping of hot water supply headers to eliminate radiation and friction losses.
  - Replacement of Vacuum system headers with S.S to eliminate frequent leakages.
  - Revamping of condensate headers to eliminate frequent leakages and to increase condensate recovery.
  - Replacement of Curing Press Dome insulation with energy efficient non-conventional ceramic fabric insulation.
  - Replacement of existing reciprocating process air compressor with energy efficient screw compressor.
  - Installation of VFD for utility pumps to optimise utility power consumption.
  - Replacement of exhaust fans with energy efficient FRP fans.
  - Replacement of old Boiler with energy efficient Boiler with advanced condensing technology.
  - Installation of VFD for Calendar warm up and feed mills to optimise Calendar power consumption.
  - Conversion of bull gear drive to uni-drive in mixing mills to eliminate transmission losses.
  - Remaining Insulation of trench pipes, valves, dome, press headers.

## Form A

	2011-12	2010-11
<b>A. POWER AND FUEL CONSUMPTION</b>		
<b>1. ELECTRICITY</b>		
(a) Purchased		
Units (KWH)	11,83,12,758	9,94,24,200
Total Amount (₹ in crores)	78.29	56.65
Rate per unit (₹)	6.62	5.70
(b) Own generation		
(i) Through Diesel Generator		
Units (KWH)	1,61,447	2,14,824
Units per Litre of Diesel (KWH)	2.55	2.76
Cost per unit (₹)	16.61	14.25
<b>2. Furnace Oil</b>		
Quantity ( K.Ltrs.)	3,514	11,331
Total amount ( ₹ in crores)	12.17	29.33
Average rate ( ₹ per Litre)	34.64	25.88
<b>3. L.S.H.S.</b>		
Quantity ( K.Ltrs.)	156	3,409
Total amount ( ₹ in crores)	0.43	8.80
Average rate ( ₹ per Litre)	27.81	25.83
<b>4. Briquettes</b>		
Quantity (Tonnes)	59,630	50,429
Total amount ( ₹ in crores)	36.32	27.37
Average rate ( ₹ per Kg.)	6.09	5.43
<b>5. Gas</b>		
Quantity (SCM)	92,83,312	60,758
Total amount ( ₹ in crores)	23.87	0.12
Average rate ( ₹ per SCM)	25.71	19.96
<b>6. Coal</b>		
Quantity (Tonnes)	173	–
Total amount ( ₹ in crores)	0.12	–
Average Rate ( ₹ per Kg.)	7.22	–
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
(i) Electricity (KWH/MT)	764.55	680.67
(ii) Furnace Oil (Ltrs./ MT)	22.68	77.41
(iii) Coal/Briquettes (Kg./MT)	385.92	344.50
(iv) Gas (SCM/MT)	59.91	0.42
(v) L.S.H.S (Ltrs./ MT)	1.00	23.29

## TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

### Form B

#### Research & Development (R&D)

1. Specific areas in which R & D activities were carried out by the Company:
  - Halol facility is fully capable to meet the stringent European Union Environmental Regulations.
  - Advanced engineering simulation techniques developed for design optimisation of car and truck radial tyres.
  - Technology developed for UHP passenger radials for domestic and advanced markets like Europe and Middle East.
  - Developed highly fuel efficient and environmental friendly Passenger Car Radials (PCR) tyres using next generation Silica Technology.
  - Truck Radial tyres specifically for the Indian roads and applications in various usage segments. Special compounds developed for this application to take on the extremely rough terrains.
  - Truck Radial tyres tailored for the combined "Longhaul-high temperature" conditions of Middle East countries, Africa and Latin American Markets.
  - Truck radial tyre technology was upgraded which included development of "Supersingle" tyres which replaces two tyres by one for more efficient operation. These are widely used in advanced markets and put lot of challenges to the tyre engineers.
  - Projects initiated, partnering with IIT's and global vendors in emerging technologies like nano-technology, hybrid, biomaterials and new synthetic polymers.
  - Advanced passenger car radial tyres developed in 'asymmetric' pattern and 'directional' tread patterns for higher and passenger cars.
  - Green and cost effective material usage doubled last year.
  - Key focus on development of environmental friendly materials resulted in new grades of recycled rubber and cryogenic crumb that gave cost saving too.
- New generation raw materials were introduced like Solution SBR etc. to be at the cutting-edge of material technology.
- New eco-friendly reinforcing material introduced for the higher-end UHP tyres with focus on high reliability and top ride / handling behavior.
- Innovative tools and concepts in the areas of customer insighting, design and trouble shooting.
- A Premium Farm tyre "Aayushmaan" Series launched.
- "PORT PRO" Series for port application OTR tyres developed.
- "Impulse" 1st on-off Premium motorcycle in India launched by Hero Moto Corp rolled out on CEAT ultra grip "GRIPP XL" tyres.
- Full range of tyres developed in the high growth Ultra light truck application to include 12", 13 "and 14" bead sizes.
- Providing technical know- how to –
- Associated CEAT (Private) Limited, Sri Lanka
- Associated CEAT Kelani Radials (Private) Limited, Sri Lanka
- CEAT Kelani International Tyres (Private) Limited, Sri Lanka
- ACE Tyres Limited, Hyderabad
- Innovative Tyres and Tubes Project, Baroda
- Zahi Rubbers, Kozhikode, Kerala
2. Benefits derived as a result of above R & D
  - Faster introduction for various products from "concept to market".
  - Widened and deepened product offer in Truck & Bus Radials (TBR) and PCR tyres.
  - Development of high performance tyres conforming to international standards in PCR categories in all the key application segments.
  - Approvals by vehicle manufacturers for original fitment in car, SUV and truck tyres.
  - Improved value creation to customer through quality, cost, delivery and safety.
  - Reduced dependence on Natural Rubber and increased usage of non-petroleum sources and recycled materials to conserve natural resources and cost saving.

## 3. Future plans of action

- Introduction of complete range of Winter tyres specifically targeting evolved markets like Europe.
- A complete range of All terrain and Highway terrain tyres for the growing SUV market.
- Meeting stringent tyre labelling requirements for Europe.
- Truck radials for super heavy load applications.
- Proving of new technologies and products at European testing tracks.
- Development of new processes by eliminating non-value adding process steps to reduce cost and improve production efficiency.
- Joint research work on tyre mechanics and vehicle dynamics with premier institutes.
- Advancement of research in bio / green materials and nano-technology.

## 4. Expenditure on R &amp; D

	(₹ in crores)	
	2011-12	2010-11
a) Capital	31.51	1.55
b) Recurring	11.09	4.17
c) Total	42.60	5.72
d) Total R & D expenditure as per cent of total turn over	0.95	0.16

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

## 1 Efforts, in brief, made towards technology absorption, adaptation and innovation:

Adaptation of state-of-the-art technology for high performance radial passenger and truck radial tyres.

The benefits of the above could be realised in terms of higher speed capability, improved handling, tyre durability and fuel efficiency.

## 2 Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, entry to new markets etc.:

- Shorter developmental cycle for product approvals with OEM and enabling entry into the high tech segment of the major auto manufacturers.
- Alternative recipe development for managing volatility in raw material price and availability.
- Reducing dependence on Natural Rubber and petroleum origin raw materials.

## 3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) following information may be furnished:

a) Technology imported	Nil
b) Year of import	Not Applicable
c) Has the technology been fully absorbed?	Not Applicable
d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action	Not Applicable

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

- (a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans.

Please refer to the main report.

- (b) Total foreign exchange used and earned :

	(₹ in crores)	
	2011-12	2010-11
i) Foreign exchange earned	1,013.40	631.87
ii) Foreign exchange used	1,514.40	1,225.29

On behalf of the Board of Directors

**H. V. Goenka**  
Vice-Chairman

**Anant Vardhan Goenka**  
Managing Director

Place : Mumbai  
Date : July 6, 2012



## GLOBAL ECONOMIC REVIEW

The financial year 2011-12 was a challenging year for the global economy. In Europe the sovereign debt burdens of some nations and the apprehension that the contagion may spread to other countries across the wider Eurozone triggered widespread loss of market confidence. Governments and Central banks have moved with alacrity to stabilise the situation. However, the situation still remains fragile. The US economy, on the other hand, witnessed slow recovery and concerns arose over the capacity of the US government to effectively reduce its debt burden. The emerging economies have, however, put up a better show as compared to their developed counterparts.

Impacted by global headwinds, India's growth estimates moderated to 6.9 per cent in 2011-12 (Source: CSO estimates). Besides, India had its own set of challenges to grapple with like slowdown in infrastructure creation, persistent inflation, monetary tightening, weakening rupee and policy inertia etc. However, the long-term prospects continue to inspire optimism. It is expected that GDP growth may touch 7.6 per cent in FY 2013 and 8.6 per cent in FY 2014, on the strength of policy reforms and focus on inclusive growth.

(Source: Reviving the India Growth Story, Union Budget 2012 by PricewaterhouseCoopers)

## GLOBAL TYRE INDUSTRY

The global tyre demand is expected to touch 3.3 billion units by 2015, to register a 4.7 per cent annual growth. In value terms, it is expected to touch USD 220 billion, with an annual growth of 6.5 per cent. The Asia Pacific region, which is by far the largest market for tyres, also projects significant demand growth in the coming years. The tyre markets

in North America and Western Europe are expected to perform better as compared to the declines recorded during the 2005 to 2010 period. With increased levels of income in the emerging economies, the global demand for vehicles is expected to rise further, thus leading to an accelerated tyre demand.

(Source: World Tyre Report)

## INDIAN TYRE INDUSTRY

### Overview

India's tyre industry is primarily organised (barring the bicycle tyre industry) and dominated by cross ply tyres. Commercial Vehicle (CV) tyres remain the major contributor to overall size of the industry, followed by Passenger Vehicle (PV) tyres. Tyres for two and three wheelers, tractors, construction equipment and Off-The-Road (OTR) tyres and export constitute the remaining market share.

In 2011-12, the size of the Indian tyre industry is estimated to be around ₹ 389 billion, and is expected to reach ₹ 443 billion by 2012-13, registering a growth of 14 per cent.

### Snapshot of the Indian tyre industry

₹ 389 billion – Total turnover

₹ 14.88 lacs MT – Tyre Production (Tonnage)

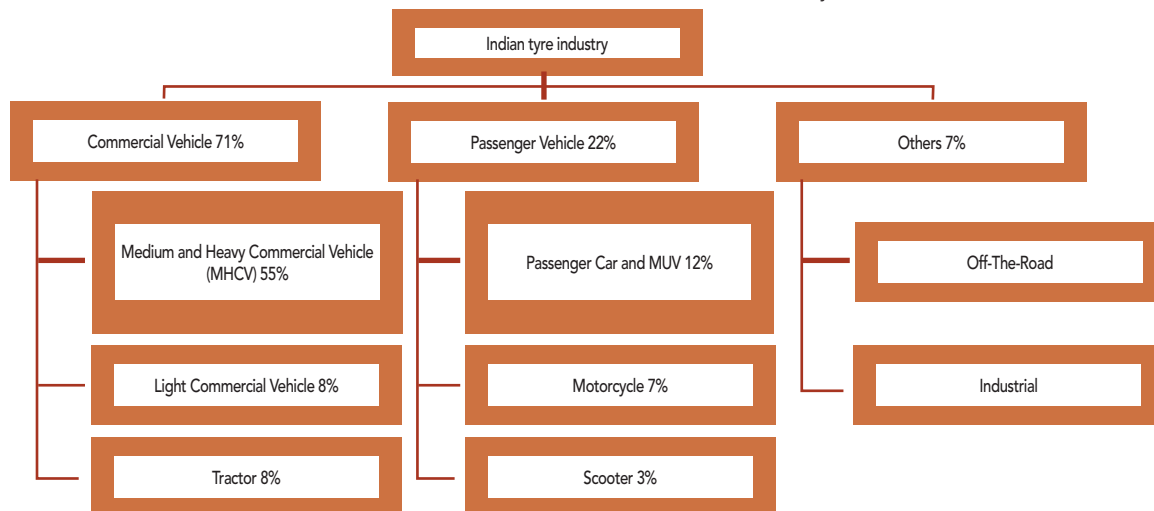
Tyre Production – All Categories (Nos.) - 1,192 lacs

₹ 3,000 crores – Exports

39 – Number of companies

Top 10 companies – Account for over 95 per cent of the total production

(Source: Automotive Tyre Manufacturers Association)



## Industry composition

### Replacement market

The replacement market dominates the Indian tyre industry. This segment is margin accretive, compared to other segments. In fiscal 2011-12, the replacement market contributed to 63 per cent of the total industry turnover, vis-a-vis 71 per cent in the previous fiscal.

### Original Equipment Manufacturers (OEM)

The OEM segment contributed to 26 per cent of the total turnover in 2011-12 and is expected to register a modest growth of 11-13 per cent in 2012-13.

### Exports

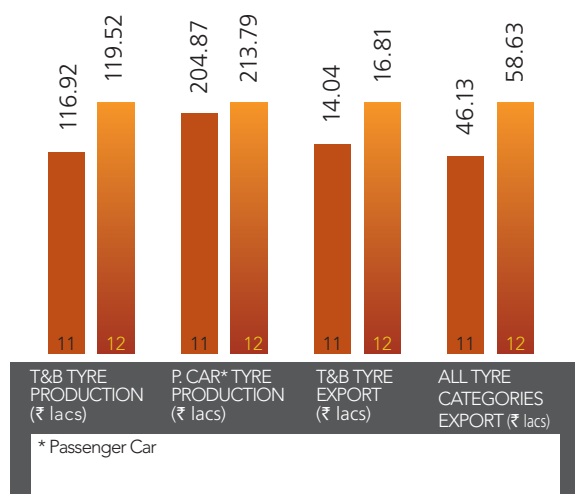
In 2011-12, the industry turnover from the exports market increased phenomenally, capturing 11 per cent of the total tyre sales. Export of tyres is expected to witness a higher CAGR of 12-14 per cent over the next five years i.e. during the 2012-2017 period, as compared to a growth of 8.9 per cent registered during the last five years. The Indian tyres are exported to more than 50 countries, mainly in Asia, Africa and the Middle East. CV tyres dominate the export pie, for which the primary export destinations are Latin America, UAE, Bangladesh, Iran, Philippines and Vietnam.

### Sluggish automobile industry growth

The recurring hikes in interest rates, petrol prices and high inflation have impacted the growth of the Indian automobile industry. Against the backdrop of a 30 per cent growth witnessed in 2010-11, the industry grew at a single-digit level of approximately 2 per cent in 2011-12 (Source: The Economic Times, January 2012).

This sluggish growth impacted the entire tyre industry, resulting in considerable slowdown in tyre production. However, the export market grew significantly, primarily leveraging the increased demand from the Truck and Bus (T&B) segment.

(Source: Automotive Tyre Manufacturers Association)



●● In 2011-12, the size of the Indian tyre industry is estimated to be around ₹ 389 billion, and is expected to reach ₹ 443 billion by 2012-13, registering a growth of 14 per cent.

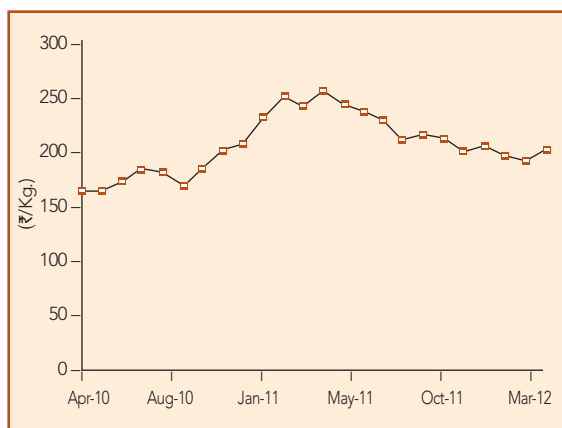
### Key raw material price movement

Raw material cost accounts for approximately 70 per cent of the industry's turnover with Natural Rubber being the key raw material. Although India is the fourth largest Natural Rubber producer in the world, there is a significant demand-supply gap in the country. This leads to volatile price movement impacting margins and overall profitability of the entire industry. The first half of 2011 witnessed all-time-high levels of Natural Rubber prices. However, the prices stabilised in the later part of the current financial year owing to lower demand from the automobile segment.

Price Composition of Indian tyres	
Natural Rubber	43%
Nylon Tyre Cord Fabric	18%
Carbon Black	11%
Rubber Chemicals	5%
Butyl Rubber	4%
PBR (Polybutadiene Rubber)	5%
SBR (Styrene Butadiene Rubber)	5%
Others	9%

(Source: Automotive Tyre Manufacturers Association)

### Natural Rubber price movement



(Source: Rubber Board)

## Radialisation in India

After the initial challenges of acceptance, price sensitivity and suitability on Indian roads, the concept of radialisation of tyres for Medium and Heavy Commercial Vehicles (MHCV) is finally gathering momentum. While, the radialisation levels for PV segment have crossed 98 per cent, radialisation in the MHCV segment is currently only approximately 15 per cent. The growing cost-benefit ratio, enhanced awareness and significant road development activities will drive radialisation growth in India.

(Source: Automotive Tyre Manufacturers Association)

## BUSINESS OVERVIEW

CEAT offers a wide array of tyres, which includes heavy duty T&B, LCVs, PVs, tractors, trailers, scooters, motorcycles, auto-rickshaws and OTR such as earthmovers and forklifts etc.

### Product-wise revenue break-up

Particulars	Contribution (%)
Tyres	91
Tubes	8
Flaps	1

### Segment wise revenue break-up

Particulars	Contribution (%)
Replacement market	62
OEM	17
Export	21

### Vehicle-wise Product mix (in terms of volume)

Particulars	Contribution (%)
T&B	56
LCVs	10
Two-Three wheelers	13
Cars/ Jeeps	6
Farms	7
OTR and industrial vehicles	8

## PERFORMANCE OVERVIEW

### Operational overview

To provide enhanced quality and customer experience, the Company continuously enriches its range of products and services. In the previous fiscal, the commencement of production at the Halol plant was an important milestone in CEAT's history, which made the Company a significant player in the Indian radial tyre industry. It has also performed extremely well in the export market, crossing the ₹ 1,000 crores mark in sales with the help of deeper penetration in South America, the Middle East and South East Asia markets. The Company has also concentrated on its Research & Development that resulted in the introduction of a number of new products.

### New product launches

A few of the products/sizes launched in different categories in FY 12 are as under:

Truck	High mileage , High Load front tyre (10.00-20 RD 13) High Mileage Tyres (9.00-20 MILE XL RIB and 11.00-20 MILE XL RIB)
LCV	High Mileage Tyres (7.00-15 MILE XL RIB and 7.00-16 MILE XL RIB)
Last Mile	Enhanced range in emerging sector (165D12 ANMOL RIB and 5.00-10 ANMOL RIB)
Motorcycle	Enhanced range (2.75-18 CEAT ZOOM-F, 2.75-18 CEAT ZOOM-R, 110/90-17 GRIPP XL and 90/90-19 GRIPP XL)

### CEAT PRO

CEAT actively organises educational sessions known as CEAT PRO to spread awareness among truck owners about the best business practices to improve operational efficiency. The Company has conducted 85 seminars with expert speakers on lubes, auto finance and insurance, vehicle AMCs, telematics, and other related topics for better customer satisfaction, resulting in higher profit margins.

### Financial overview

During the year under review CEAT registered a turnover of ₹ 4,439.6 crores, a growth of 28 per cent over ₹ 3,468.3 crores in the previous year. However, due to a steep increase in raw material cost, particularly during the first two quarters of the year under review, coupled with increased finance cost severely impacted the profit margins of the Company. As result of this, net profit of the Company has declined to ₹ 7.5 crores from ₹ 22.28 crores in the previous year.

### OPPORTUNITIES

#### Stable Natural Rubber prices

With price stability in Natural Rubber, the tyre companies will benefit from the reduced raw materials cost, lower inventory which will lead to improved margins.

#### Strong global automobile demand

According to the Society of Indian Automobile Manufacturers (SIAM), PV sale is expected to reach 5.1 million units by 2015, implying a CAGR of 15 per cent (during 2009-2015). The CV segment projects a CAGR of 20.2 per cent during 2009-2015, impacting the growth of replacement and OEM markets (Source: SIAM).

#### Robust tyre demand until 2016-17

##### OEM demand

The demand growth for OEM tyres is directly proportional to the escalation in the number of vehicles. The demand (in tonnage terms) in the OEM tyre market is expected to increase by a CAGR of 12-14 per cent\*, driven by positive outlook of domestic automobile industry. The demand for trucks and bus tyres is expected to post a CAGR of 8-10 per cent, while demand for LCV tyres from OEM is expected to record a CAGR of 15-17 per cent. The key factors to drive long-term growth of the CV industry include infrastructure development, entry of new players, new model launches and segmental shifts within the CV segments.

(\*CAGR from 2011-12 to 2016-17)

##### Replacement demand

Replacement demand is expected to post a CAGR of 10-12 per cent in the next five years. However, the growth in the replacement market will largely depend on extent of radialisation in CV segment, imports and replacement cycle of tyres for different vehicle segments.

The radial penetration in the CV segment (primarily MHCVs) has rapidly increased over the past two years, due to

●● According to the Society of Indian Automobile Manufacturers (SIAM), PV sale is expected to reach 5.1 million units by 2015, implying a CAGR of 15 per cent (during 2009-2015). The CV segment projects a CAGR of 20.2 per cent during 2009-2015, impacting the growth of replacement and OEM markets.

extended replacement cycle of tyres. However, the distances travelled by PV, motorcycles and the utilisation levels of CV are likely to increase in future. As a result, replacement cycle of tyres is expected to shorten in the near future. This will have positive impact on the replacement demand.

### CHALLENGES

#### Growing imports

The free trade agreements (FTAs) and regional trade agreements (RTAs) signed by India allow countries (China, South Korea, Sri Lanka, Bangladesh, Bhutan, Maldives, among others) to enjoy a preferential rate of customs duties. Since the last 2 years, the government has maintained the standard rate of customs duty at 10 per cent.

In August 2011, the Customs, Excise and Service Tax Appellate Tribunal removed the anti-dumping duty on T&B radial tyres imported from China and Thailand. This has resulted in increased imports of radial tyres in the T&B category. In 2011, the T&B tyre imports constituted nearly 60 per cent of the total tyre imports in tonnage terms, which has increased the competition in the Indian tyre industry.

#### Rising crude prices

Volatility in crude oil prices is also a threat to the tyre industry, which directly impacts the price of crude based raw materials viz. carbon, synthetic rubber and nylon tyre cords etc.

#### Enhanced competition

Indian majors have added capacities in the past years. During this period, some of the major global players have also established their manufacturing base in the country or expanded their capacities, while few others are in process of establishing their manufacturing bases in India. This is expected to escalate domestic competition.

#### External uncertainties

The domestic tyre industry faces major concerns, such as rising inflation, economic uncertainty, competition from imports and firm interest rates.

## OUTLOOK

The following strategies demonstrate CEAT's strong focus for growth, amidst the global economic turmoil:

- Improving product mix to expand profitability
- Growing focus in motor cycle tyres segment
- Enhanced focus in the PV segment and replacement market, as the segments provide higher margins, compared to the OEM market
- Sustain relationships with OEM customers
- Enhancing distribution channels and increased number of CEAT Shoppes
- Robust marketing strategies to enhance brand awareness and penetrate the T&B radial tyre market
- Shift towards radial tyres

## RISK MANAGEMENT

Risk	Mitigation
Fluctuating raw materials prices	The management's pre-emptive thinking and significant industry experience will seek to achieve a minimal risk profile.
Demand fluctuation in different product category	Presence across all the tyre categories and extensive domestic and international network will seek to reduce the risk considerably.
Low operational efficiency	The Halol plant commenced operations in the previous fiscal, enhancing operational efficiency. The plant is yet to achieve full operational efficiency, which will further increase the Company's productivity.
Late entrant in T&B and PV radials segments	The Halol plant's state-of-the art technology produces superior radial tyres, which has already captured incremental market share.
Rising domestic competition	Enhanced after-sales service, extended credit period in addition to the anti-dumping duty imposed on Chinese tyres will augur well for domestic players.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

In any industry, the processes and internal control systems play a critical role in the health of the Company. CEAT's well defined organisational structure, documented policy guidelines, defined authority matrix and internal controls ensure efficiency of operations, compliance with internal policies and applicable laws and regulations as well as protection of resources. Moreover, the Company continuously upgrades these systems in line with the best available practices. The internal control system is supplemented by extensive internal audits, regular management reviews, standard policies and guidelines to ensure reliability of financial statements and other data. The management information system provides timely and accurate information for effective control. Reports on

key performance indicators and variance analysis vis-à-vis the budgets are discussed and action plans are drawn for proper follow-up at regular Management Committee meetings. At each Board Meeting, operational reports are tabled after being discussed at Audit Committee Meetings.

## HUMAN RESOURCES

The Company recognises the value of its workforce for driving continuous growth. A well drawn-out recruitment policy, clearly defined roles and responsibilities, individual performance management systems and performance-based compensation policies facilitate career progression of our people and encourage innovative thinking. The Company has also identified areas for training opportunities to enhance human efficiency and accelerate business processes.



**CAUTIONARY STATEMENT**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed

or implied. Important factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, input prices, changes in Government regulations, tax laws and other factors, such as litigation and industrial relations.

## I 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 endeavour 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.

## II BOARD OF DIRECTORS

In terms of the Company's Corporate Governance Policy, all statutory and other significant and material information including information mentioned in Annexure IA of Clause 49 of the Listing Agreement are 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.

### 1. Composition

At present, the Board of Directors of the Company consists of twelve (12) members, of whom two (2) are

'Executive' Directors and ten (10) are 'Non-Executive' Directors.

The Chairman, Dr. R. P. Goenka is a Non-Executive Director. Mr. Paras K. Chowdhary and Mr. Anant Vardhan Goenka are the Executive Directors. The Directors are eminent industrialists/professionals with experience in industry/business/finance/law and bring with them the reputation of independence and judgment.

Mr. Paras K. Chowdhary has, on completion of his term, ceased to be Managing Director of the Company w.e.f April 1, 2012 and has been appointed as Whole-time Director, designated as Chief Management Advisor of the Company by the Board of Directors from that date.

Mr. Anant Vardhan Goenka has been appointed as the Managing Director of the Company w.e.f April 1, 2012 by the Board of Directors at their meeting held on March 12, 2012.

### 2. Board Meetings held during the year and attendance thereof

During the financial year ended March 31, 2012, five (5) meetings of the Board of Directors were held on May 2, 2011, August 3, 2011, November 10, 2011, January 24, 2012 and March 12, 2012. Details of Directors and their attendance in the said Board Meetings and also at the last Annual General Meeting are given below:

Name	Category	No. of Board Meetings attended during the year	Whether attended last AGM held on August 26, 2011	No. of Directorships in other public limited companies	No. of Committee positions held in other public limited companies*	
					Chairman	Member
Dr. R. P. Goenka	Non-Executive Non-Independent	0	No	2	–	–
Mr. H. V. Goenka	Non-Executive Non-Independent	5	Yes	7	–	–
Mr. Paras K. Chowdhary	Executive Non-Independent	4	Yes	6	–	2
Mr. Anant Vardhan Goenka	Executive Non-Independent	5	Yes	4	–	–
Mr. Mahesh S. Gupta	Non-Executive Independent	5	No	12	3	4
Mr. A. C. Choksey	Non-Executive Independent	3	No	8	–	–

Name	Category	No. of Board Meetings attended during the year	Whether attended last AGM held on August 26, 2011	No. of Directorships in other public limited companies	No. of Committee positions held in other public limited companies*	
					Chairman	Member
Mr. S. Doreswamy	Non-Executive Independent	5	No	6	3	4
Mr. Haigreave Khaitan	Non-Executive Independent	0	No	14	–	8
Mr. Bansi S. Mehta	Non-Executive Independent	5	No	14	5	5
Mr. Hari L. Mundra	Non-Executive Independent	5	Yes	1	1	–
Mr. K. R. Podar	Non-Executive Independent	2	Yes	5	–	–
Mr. Vinay Bansal	Non-Executive Independent	4	Yes	1	–	–

\* Only Audit Committee and Shareholders/Investors' Grievance Committee are reckoned for this purpose.

### 3. Details of Directors proposed for Appointment/

#### Re-Appointment at the forthcoming Annual General Meeting [Pursuant To Clause 49 (IV)(G)]

##### i) Mr. Mahesh S. Gupta

Mr. Mahesh S. Gupta is the Group Managing Director for the Ashok Piramal Group and oversees all business of the Group-Real Estate (Peninsula Land Limited), textiles (Morarjee Textiles Limited and Integra Apparels), engineering (Miranda Tools, PMP Components Private Limited), PMP Bakony Wiper-Systems Limited and PAL International s.r.o. and Entertainment (Jammin). As a member of the apex board, Mr. Gupta provides strategic directions for all business initiatives for the Ashok Piramal Group and with his vast experience; he plays a key role in steering the Company and identifying new business opportunities for the Ashok Piramal Group. Previously, he has worked with the RPG Group as Group CFO and management board member and also as a Whole-time Director of Nicholas Piramal India Limited.

He has played a pivotal role in the spree of acquisitions done by the Piramal Group in the pharmaceutical sector in the past. His exemplary

stewardship has made him the proud recipient of the CFO of Year Award, Special Commendation for Financial Excellence (Merger and Acquisitions Category) by IMA (formerly known as EIU), New Delhi. Mr. Gupta is an accomplished Chartered Accountant and Company Secretary and from time to time has been associated with various committees of the Institute of Chartered Accountants of India (ICAI). He had also been a member of the governing council of Indian Association Corporate CFO's and Treasurers (InACT) and is a member of Advisory Board of Chennai Business School. He has an outstanding academic record- a rank holder and silver medalist in Company Secretaries Final Examination.

Other Directorships:

#### Public Limited Companies and subsidiaries of Public Limited Companies:

Ashok Piramal Management Corporation Limited  
City Parks Private Limited  
Morarjee Textiles Limited  
Delta Magnets Limited (formerly known as G. P. Electronics Limited)  
Just Textiles Limited

Delta Corp Limited (formerly known as Arrow Webtex Limited)  
Peninsula Holdings and Investments Private Limited  
Peninsula Investment Management Company Limited  
Peninsula Land Limited  
Renato Finance and Investments Private Limited  
RPG Life Sciences Limited  
Peninsula Real Estate Management Private Limited

## Private Limited Companies

AGP Education and Academy Private Limited  
AGP Infra Private Limited  
APG Airports Infrastructure Private Limited  
APG Constructions and Infra Private Limited  
APG Educational Consultants Private Limited  
APG Infra Projects Private Limited  
APG Infrastructure Private Limited  
APG Ports Infrastructure Private Limited  
APG Renewable Energy Private Limited

APG Road and Rail Transports Private Limited  
APG Roads Infrastructure Private Limited  
APG Transformers and Energy Private Limited  
Bridgepoint Learning Private Limited  
CAMS Learning Private Limited  
Edustar Learning Private Limited  
Miranda Ultra Tools Private Limited  
Morarjee Castiglioni (India) Private Limited  
Piramal Airports Infrastructure Private Limited  
Piramal Constructions and Infra Private Limited  
Piramal Education and Academy Private Limited  
Piramal Energy Private Limited  
Piramal Infrastructure Private Limited  
Piramal Renewable Energy Private Limited  
Piramal Road and Rail Transports Private Limited  
Piramal Roads Infra Private Limited  
Piramal Transportation Private Limited  
Topvalue Brokers Private Limited  
West Star Agro - Realities Private Limited

## Body Corporate

PMP Components (Mauritius) Limited

## Member/ Chairman of following Committees

Sr. No.	Name of Company	Name of Board Committee	Nature of Interest (Member or Chairman)
1	Delta Corp Limited (formerly known as Arrow Webtex Limited)	Audit Committee Remuneration / Compensation Committee	Chairman Chairman
2	Delta Magnets Limited (formerly known as G. P. Electronics Limited)	Audit Committee	Chairman
3	Just Textiles Limited	Audit Committee	Member
4	Morarjee Textiles Limited	Investors' Grievance Committee Share Transfer Committee	Member Member
5	Peninsula Investment Management Company Limited	Audit Committee	Member
6	RPG Life Sciences Limited	Audit Committee Shareholders and Investors' Grievance Committee	Member Chairman

## ii) Mr. Haigreave Khaitan

Mr. Haigreave Khaitan is a Practicing Advocate since 1995. Mr. Khaitan has expertise in commercial and corporate laws, tax laws, mergers and acquisitions, restructuring, foreign collaboration, licensing.

Currently, he is Partner in Khaitan & Co., Kolkata, Khaitan & Co., Mumbai, Khaitan & Co. LLP, New Delhi and Khaitan & Co., Bangalore.

## Other Directorships:

Bajaj Corp Limited  
Harrisons Malayalam Limited

Inox Leisure Limited  
JSW Ispat Steel Limited  
Jindal Steel & Power Limited  
National Engineering Industries Limited  
Rama Newsprint & Papers Limited  
Sterlite Technologies Limited  
The Oudh Sugar Mills Limited  
Torrent Pharmaceuticals Limited

Xpro India Limited  
AVTEC Limited  
Bonanza Trading Company Private Limited  
Great Eastern Energy Corporation Limited  
I.G.E. (India) Limited  
Khaitan Consultants Limited  
Orient Cement Limited  
Vinar Systems Private Limited

**Member/ Chairman of following Committees:**

Sr. No.	Name of Company	Name of Board Committee	Nature of Interest (Member or Chairman)
1	Harrisons Malayalam Limited	Remuneration Committee Audit Committee	Member Member
2	Inox Leisure Limited	Audit Committee	Member
3	Jindal Steel & Power Limited	Audit Committee	Member
4	National Engineering Industries Limited	Audit Committee Shareholders Grievance Committee Remuneration Committee	Member Member Member
5	Rama Newsprint & Papers Limited	Shareholders Grievance Committee Share Transfer Committee	Member Member
6	Sterlite Technologies Limited	Audit Committee Remuneration Committee	Member Member
7	Xpro India Limited	Share Transfer Committee	Member
8	AVTEC Limited	Audit Committee	Member
9	Great Eastern Energy Corporation Limited	Remuneration Committee / Compensation Committee	Member

**iii) Mr. K. R. Podar**

Mr. K. R. Podar was born in Mumbai in 1938. Mr. Podar graduated from Sydenham College of Commerce and Economics, Mumbai. He has been in the forefront of Indian Business and Industry.

He was the youngest Sheriff of Bombay and was Justice of Peace and then Special Executive Officer appointed by the Government of Maharashtra. He has been on the Senate of University of Bombay for six (6) years. Mr. Podar had very high presence in both International and Indian Business and Industry.

At International level, Mr. Podar was the President of SAARC Chamber of Commerce

and Industry with headquarters in Pakistan. He has also represented the business community in the Prime Minister's delegation in the Maiden Bus Journey to Lahore. He has been Chairman of many Joint Business Councils and Member of many Trade and Industry bodies.

At National level, Mr. Podar has headed sixteen (16) important Trade and Industry bodies like Federation of Indian Chambers of Commerce and Industry (FICCI) (the Apex Chamber of Industries), The Indian Merchant's Chamber (IMC), The Indian Cotton Mills Federation (ICMF) (Parent body of textile mills in India now known as Confederation of Indian Textile Industry (CITI)), All India Organisation of Employers (AIOE) etc.



## Other Directorships:

Bajaj Auto Limited  
Pitti Laminations Limited  
Moscow Region Podar International Private Limited  
Podar Infotech & Entertainment Limited  
Premier Consultant and Traders Limited

### (iv) Mr. Paras K. Chowdhary

Mr. Paras K. Chowdhary holds a Bachelors degree in Physics (Hons.) and has over thirty-four (34) years experience of senior management positions in the tyre industry. He has been the Managing Director of the Company for more than eleven (11) years. Prior to joining the Company, he spearheaded the Telecom Business of RPG Enterprises between July 1997 to December 2000. Earlier, he was employed with Apollo Tyres Limited where he started his career from the junior management position and rose to the position of President and Whole-

time Director within a very short time. He was instrumental in turning around of that company. Mr. Chowdhary is one of the few experts of the tyre industry in India.

## Other Directorships:

Harrisons Malayalam Limited  
Phillips Carbon Black Limited  
STEL Holdings Limited  
Spencer & Co. Limited  
Spencer International Hotels Limited  
Summit Securities Limited  
Sea Princess CHS Limited  
Associated CEAT (Private) Limited, Colombo  
Associated CEAT Holdings Company (Private) Limited, Colombo  
CEAT Kelani Holdings (Private) Limited, Colombo  
CEAT Kelani International (Private) Limited, Colombo  
CEAT Kelani Radials (Private) Limited, Colombo

## Member/ Chairman of following Committees

Sr. No.	Name of Company	Name of Board Committee	Nature of Interest (Member or Chairman)
1	Philips Carbon Black Limited	Audit Committee	Member
2	Summit Securities Limited	Audit Committee Asset – Liability Management Committee	Member Member

## III COMMITTEES OF THE BOARD

### 1. Audit Committee

The terms of reference of Audit Committee include the matters specified under Clause 49 (II) (D) and (E) of the Listing Agreement as well as in Section 292A of the Companies Act, 1956 ("the Act"). The terms of reference of the Audit Committee, inter alia, include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Considering and recommending the appointment, re-appointment, of the statutory

auditors, fixation of the audit fee and fee for any other services rendered by them and if required, the replacement or removal of the Statutory Auditor.

3. Approval of payment to the Statutory Auditors for any other services rendered by them.
4. Considering and recommending the appointment, re-appointment of the Cost Auditors, fixation of the cost audit fees and fee for any other services rendered by the Cost Auditors and if required, the replacement or removal of the Cost Auditor.
5. Reviewing with the management the financial statements at the end of the quarter, half year and

the annual statements before submission to the Board for approval with particular reference to:

- a) Matters required to be included in the Director's Responsibility Statement which forms part of the Board's Report in terms of Clause (2AA) of Section 217 of the Act.
  - b) Changes, if any, in accounting policies and practices and reasons for the same.
  - c) Major accounting policies and practices and reasons for the same.
  - d) Major accounting entries involving estimates based in exercise of judgement by management.
  - e) Significant adjustments made in the financial statements arising out of audit findings.
  - f) Compliance with the listing and other legal requirements relating to financial statements.
  - g) Disclosure of any related party transaction.
  - h) Qualifications, in the draft audit report.
6. Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
  7. Reviewing with the management, performance of the Statutory and Internal Auditors and adequacy of the internal control systems.
  8. Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department reporting structure coverage and frequency of the internal audit.
  9. Discussion with internal auditors, any significant findings and follow up thereon.
  10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or

irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

11. Discussion with Statutory Auditor before commencement of audit, regarding the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
12. Looking into the reasons for substantial defaults in payment to the depositors, debenture holders, shareholders and creditors, if any.
13. Approval of appointment of the Chief Financial Officer or Whole-time Finance Director or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background etc. of the candidate.

The Company has complied with the requirements of Clause 49 (II) (A) as regards the composition of the Audit Committee. The Audit Committee has three (3) members; Mr. Hari L. Mundra, Mr. S. Doreswamy, Mr. Mahesh S. Gupta. Mr. Mundra is the Chairman of the Audit Committee.

During the financial year ended March 31, 2012, four (4) meetings of the Audit Committee were held on April 29, 2011, August 3, 2011, November 10, 2011 and January 24, 2012.

#### Attendance at the Audit Committee Meetings

Name of the Member	No. of Meetings attended
Mr. Hari L. Mundra	4
Mr. S. Doreswamy	3
Mr. Mahesh S. Gupta	4

The Audit Committee Meetings are also generally attended by the representatives of Statutory Auditors, the Managing Director, the Chief Financial Officer, Head-Internal Audit and the General Manager-Accounts.

The Company Secretary functions as the Secretary of the Committee.

The Minutes of the Meetings of the Audit Committee are discussed and taken note by the Board of Directors.

## 2. Shareholders/Investors' Grievance Committee

The Committee reviews and deals with complaints and queries received from the investors. It also reviews and deals with responses to letters received from the Ministry of Corporate Affairs, the Stock Exchanges and Securities and Exchange Board of India (SEBI).

The Shareholders/Investors' Grievance Committee comprises of three (3) members, Mr. Mahesh S. Gupta, Mr. S. Doreswamy and Mr. Paras K. Chowdhary. Mr. Gupta is the Chairman of the Committee.

The Company Secretary functions as the Secretary of the Committee.

During the financial year ended March 31, 2012, four (4) meetings of the Shareholders/Investors' Grievance Committee were held on May 2, 2011, August 3, 2011, November 10, 2011 and January 24, 2012.

### Attendance at Shareholders/Investors' Grievance Committee Meetings

Name of the Member	No. of Meetings attended
Mr. Mahesh S. Gupta	4
Mr. S. Doreswamy	4
Mr. Paras K. Chowdhary	3

The status of the complaints received from investors is as follows:

### Shareholders/Investors' Complaints

Particulars of Complaints	Complaint Nos.
Complaints as on April 1, 2011	0
Complaints received during 2011-12	8
Complaints identified and reported under Clause 41 of the Listing Agreement	8
Complaints disposed off during the year ended March 31, 2012	8
Complaints remaining unresolved as on March 31, 2012	0

The Board has designated Mr. H. N. Singh Rajpoot, Company Secretary as the "Compliance Officer".

## 3. Remuneration Committee

The Remuneration Committee reviews the remuneration package for the Managing Director/ Deputy Managing Director/Whole-time Director(s) and recommends it to the Board. The Committee also reviews the Commission payable to the Non-Executive Directors and recommends it to the Board.

The Remuneration Committee comprises of four (4) members, Mr. H. V. Goenka, Mr. S. Doreswamy, Mr. Hari L. Mundra and Mr. Mahesh S. Gupta. Mr. Goenka is the Chairman of the Remuneration Committee. This Committee meets the criteria laid down in Explanation IV of Section II of Part II of Schedule XIII of the Companies Act, 1956 and is not formed pursuant to Clause 49 of the Listing Agreement, where the formation of the Committee is not mandatory.

During the financial year ended March 31, 2012, three (3) meetings of the Committee were held on May 2, 2011, November 10, 2011 and March 12, 2012.

### Attendance at Remuneration Committee Meetings

Name of the Member	No. of Meetings attended
Mr. H. V. Goenka	2
Mr. S. Doreswamy	3
Mr. Hari L. Mundra	3
Mr. Mahesh S. Gupta	3

### Remuneration Policy

Payment of remuneration to the Managing Director/ Deputy Managing Director/Whole-time Director(s) is governed by the Agreements entered between them and the Company as approved by the Board of Directors and the shareholders in terms of applicable provisions of the Companies Act, 1956.

The remuneration structure of the Managing Director / Deputy Managing Director/Whole-time Director(s) comprises of salary, allowances, perquisites and retiral benefits viz. contributions to provident fund, superannuation fund and gratuity fund.

During the year under review, apart from the Sitting Fees paid for attending the meetings of the Board and the Committees, the Non-Executive Directors have also been paid a commission in recognition of their services. The said Commission was duly recommended by the Remuneration Committee and approved by the Board of Directors.

The Shareholders had, vide their Special Resolution passed on July 25, 2008, approved the payment of the Commission to the Non-Executive Directors.

#### Directors Remuneration

##### • Non-Executive Directors

Director	Relationship with other Directors (if any)	Sitting Fees paid during 2011-12 (All figures in ₹)	Commission Paid to Non-Executive Directors during 2011-12 (All figures in ₹)
Dr. R. P. Goenka, Chairman	Father of Mr. H. V. Goenka	–	1,00,000
Mr. H. V. Goenka, Vice-Chairman*	Son of Dr. R. P. Goenka	1,10,000	26,00,000
Mr. Mahesh S. Gupta*	–	1,55,000	1,00,000
Mr. A. C. Choksey	–	60,000	1,00,000
Mr. S. Doreswamy*	–	1,45,000	1,00,000
Mr. Haigreave Khaitan	–	–	1,00,000
Mr. Bansi S. Mehta	–	1,00,000	1,00,000
Mr. Hari L. Mundra*	–	1,55,000	1,00,000
Mr. K. R. Podar	–	40,000	1,00,000
Mr. Vinay Bansal	–	80,000	1,00,000

\* Includes sitting fees for attending Audit Committee Meetings and Remuneration Committee Meetings. Sitting fees for attending the meetings of the Shareholders/Investors' Grievance Committee and the Special Investment/Project Committee have been waived by the Directors on the said Committee.

##### • Executive Directors

Name	Mr. Paras K. Chowdhary	Mr. Anant Vardhan Goenka
Relationship with other Directors	None	Grandson of Dr. R. P. Goenka, Chairman and son of Mr. H. V. Goenka, Vice-Chairman of the Company.
Business Relationships with the Company, if any	Managing Director*	Deputy Managing Director*

\* Up to March 31, 2012.

- All elements of remuneration package (for FY 2011-12)

(All figures in ₹)

	Paras K. Chowdhary	Anant Vardhan Goenka
Description		
Salary	2,15,01,600	1,04,76,000
Perquisites and allowances	21,81,961	2,32,938
Others including retinals	56,30,181	10,78,359
<b>Total</b>	<b>2,93,13,742*</b>	<b>1,17,87,297**</b>

\* Approval of Central Government already received.

\*\* Application made to the Central Government for approval of this remuneration.

The remuneration paid to the Managing Director and Deputy Managing Director was duly approved by a resolution passed in the meeting of the Remuneration Committee and also approved by the Board of Directors.

## Shareholding of Directors

Mr. H. V. Goenka	52, 800 Equity Shares
Mr. Paras K. Chowdhary	3,000 Equity Shares
Mr. Anant Vardhan Goenka	14,185 Equity Shares

Except for the above, no other Director of the Company holds equity shares in the Company.

The Special Investment/Project Committee comprises of three (3) members, Mr. H. V. Goenka, Mr. Anant Vardhan Goenka and Mr. Paras K. Chowdhary. Mr. H. V. Goenka is the Chairman of the Committee.

During the financial year ended March 31, 2012, one (1) meeting of the Special Investment/Project Committee was held on February 8, 2012.

Attendance at Shareholders/Investors' Grievance Committee Meetings:

## 4. Special Investment/Project Committee

The terms of reference of this Committee inter alia include the following:

- Evaluate the viability report(s) presented on the overseas projects and approve the same.
- Decide the location and to approve the initial capacity and cost of project.
- Approve funding options of the projects, including the option of forming a joint venture.
- Approve initial investment in the approved overseas project.

## Attendance at Special Investment/Project Committee Meeting

Name of the Member	No. of Meetings attended
Mr. H. V. Goenka	1
Mr. Anant Vardhan Goenka	1
Mr. Paras K. Chowdhary	1

## IV DETAILS ON GENERAL BODY MEETINGS

The details of the last three (3) Annual General Meetings are as follows:

Meeting	Day, Date	Time	Venue
50th AGM	Tuesday, August 25, 2009	3.00 p.m.	P. L. Deshpande Maharashtra Kala Academy, Mumbai
51st AGM	Tuesday, July 27, 2010	11.00 a.m.	P. L. Deshpande Maharashtra Kala Academy, Mumbai
52nd AGM	Friday, August 26, 2011	3.30 p.m.	P. L. Deshpande Maharashtra Kala Academy, Mumbai

Special Resolutions passed at the last three (3) Annual General Meetings:-

Date of AGM	Description of Special Resolution
50th AGM, August 25, 2009	No Special Resolution was passed in the Annual General Meeting.
51st AGM, July 27, 2010	Appointment of Mr. Anant Vardhan Goenka as the Whole-time Director designated as the Deputy Managing Director of the Company for a period of five (5) years commencing from January 4, 2010 and ending on January 3, 2015 upon the terms and conditions set out in the Agreement dated January 4, 2010 entered into by the Company with Mr. Anant Vardhan Goenka.
52nd AGM, Friday, August 26, 2011	No Special Resolution was passed in the Annual General Meeting.

#### Postal Ballot

During the year, the Company has passed two resolutions as Special Resolutions through Postal Ballot in accordance with the procedure prescribed in Section 192A of the Companies Act, 1956 ("the Act"), read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2011. The details of the same are as follows:

**a) Allotment of Convertible Warrants to Promoters on Preferential Basis:**

The Company sought the approval of members under Section 81(1A) of the Act, for issue and allotment of 17,12,176 Warrants of face value ₹ 10 each to the entities of the Promoter Group on a preferential basis which shall be converted into an equal number of equity shares at the option of the allottees, within 18 months from the date of the allotment. Mr. P. N. Parikh, Practicing Company Secretary was appointed as a Scrutinizer for the entire postal ballot process for conducting the process in a fair and transparent manner. The said resolution was passed as a Special Resolution on March 7, 2012, with the votes cast in favour of the resolution being 99.81 per cent as against 0.19 per cent votes cast against the resolution.

**b) Payment of remuneration to Mr. Anant Vardhan Goenka, Deputy Managing Director of the Company:**

The Company sought the approval of the members for payment of remuneration to Mr. Anant Vardhan Goenka for the financial year 2011-12 under Sections 198 and 309 read with Schedule XIII of the Act. Mr. P. N. Parikh, Practicing Company Secretary was appointed as a Scrutinizer for the entire postal ballot process for conducting the process in a fair and transparent manner. The said resolution was passed as Special Resolution on March 7, 2012 with the votes cast in favour of the resolution being 99.48 per cent as against 0.52 per cent votes cast against the resolution.

#### V DISCLOSURES

**1. Disclosures on materially significant related party transactions that may have potential conflict with the interests of Company at large**

There were no material and/or significant transactions during the financial year 2011-12 that were prejudicial to the interest of the Company.

During the year under review, the Company made a payment of ₹ 25,83,434 to Khaitan & Co. of which Mr. Haigreve Khaitan, a Director of the Company is a partner.

**2. Disclosure of Related Party Transactions**

The Company follows the following policy for periodical disclosures of the related party transactions to the Audit Committee:

- A statement in summary form of transactions with related parties in the ordinary course of business.
- Details of material individual transactions with related parties, which are not in the normal course of business, if any.
- Details of material individual transactions with related parties or others, which are not on arms' length basis, if any, together with management's justification for the same.

No material, financial and commercial transactions were reported by the management to the Board, in which the management had personal interest having a potential conflict with the interest of the Company at large.

Details of related party transactions are included in the Notes to the Accounts as per Accounting Standard (AS-18) issued by the Institute of Chartered Accountants of India.



### 3. Disclosure of Accounting Treatment

The Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India, to the extent applicable, in the preparation of the financial statements.

### 4. Disclosure of Risk Management

The Company has laid down procedures to inform Board Members about the risk assessment and minimisation procedures. These procedures are periodically reviewed to ensure that executive management controls risks through means of a properly defined framework.

### 5. Proceeds from preferential issues

During the year, the Company has allotted 17,12,176 Warrants of face value ₹ 10 each on a preferential basis to Instant Holdings Limited, an entity of the Promoter Group. The said Warrants, allotted at a price of ₹ 85.03 per Warrant on March 12, 2012, are convertible into equal number of equity shares within a period of 18 months at the option of the allottee i.e. on or before September 11, 2013. ₹ 3.63 crores, being the 25 per cent of the said price was received upfront on March 7, 2012 and the balance shall be receivable upon conversion. The said upfront amount of ₹ 3.63 crores has been utilised to augment long term resources of the Company.

The Company has forfeited the amount of ₹ 6.05 crores received upfront on allotment of 17,12,170 Convertible Warrants to the entities of Promoter Group on September 30, 2010 due to non exercise of the option of conversion by them within stipulated time i.e. by March 29, 2012.

### 6. Details of non-compliance by the Company, Penalties, Strictures imposed on the Company by Stock Exchange(s) or Securities and Exchange Board of India (SEBI) or any other statutory authority or any matters related to Capital Markets

The Company has complied with all the requirements of the Stock Exchanges, SEBI and Statutory Authorities on all matters related to the capital markets during the last three (3) years. There are no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authorities relating to the above.

There were no instances of non-compliance of any matter related to the capital market during the last three (3) years.

### 7. Details of compliance with mandatory requirement

Clause 49 of the Listing Agreement mandates to obtain a certificate from either the Auditors or

Practicing Company Secretaries regarding compliance of conditions of Corporate Governance as stipulated in the Clause and annex the certificate with the Directors' Report, which is sent annually to all the shareholders. The Company has obtained a certificate from its Auditors to this effect and the same is given as an annexure to the Directors' Report.

### 8. Adoption of the non-mandatory requirements

Clause 49 of the Listing Agreement states that the non-mandatory requirements may be implemented as per the discretion of the Company. The Company maintains an office for the Chairman, which is regularly used by the Chairman for interactions with the Management. The Company has also adopted a "Whistle Blower Policy" for employees to report to the management instances of unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics policy.

The disclosures of compliance with other non-mandatory requirements and adoption (and compliance)/non-adoption of the non-mandatory requirements shall be need based.

## VI MEANS OF COMMUNICATION

Quarterly results of the Company are published in a major English Daily as well as in a Marathi Daily.

The quarterly results of the Company are normally published in the following newspapers:

- The Free Press Journal
- Navshakti

The quarterly results of the Company and the presentations made to the institutional investors and analysts are displayed on the Company's Website [www.ceat.in](http://www.ceat.in)

The Company provides information to the Stock Exchanges where the shares of the Company are listed as per the Listing Agreement entered into with the Stock Exchanges.

The Company has provided an email address on its website [investors@ceat.in](mailto:investors@ceat.in) whereby investors can directly contact the Company.

## VII GENERAL SHAREHOLDER INFORMATION

### AGM: Date, Time and Venue

As indicated in the notice accompanying this Annual Report the fifty-third Annual General Meeting of the Company will be held on Friday, August 10, 2012 at 3.00 p.m., at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025.

**Financial Year**

The Company follows April 1 to March 31 as the financial year.

**Date of Book Closure**

Friday, July 27, 2012 to Friday, August 10, 2012 (both days inclusive).

**Dividend Payment Date**

On or before September 8, 2012.

**Listing on Stock Exchanges**

The Equity shares of the Company are listed on the Bombay

Stock Exchange Limited and the National Stock Exchange of India Limited.

The Listing fees have been paid to both the Stock Exchanges for the financial year 2012-13.

**Stock Code**

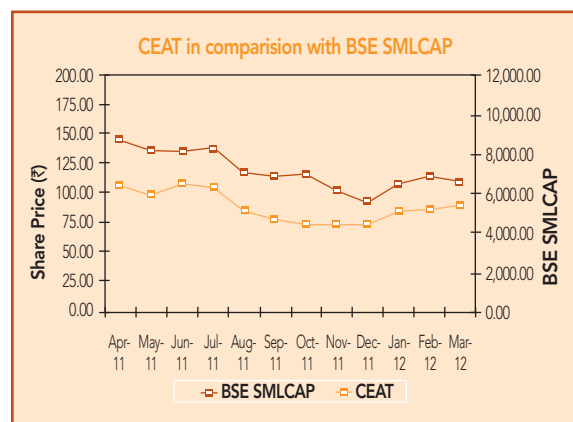
Bombay Stock Exchange Limited - 500878

National Stock Exchange of India Limited - CEATLTD

**Market Price Data**

For Equity Share of face value of ₹ 10 each

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2011	119.60	103.00	119.50	103.00
May 2011	112.00	93.25	107.80	93.05
June 2011	113.00	91.60	112.70	91.45
July 2011	117.80	103.80	117.90	104.00
August 2011	108.75	81.35	107.85	81.40
September 2011	88.60	77.00	88.65	77.00
October 2011	79.80	71.20	81.00	71.65
November 2011	78.50	70.00	78.40	69.60
December 2011	83.50	66.20	83.40	65.90
January 2012	91.50	72.05	91.50	72.50
February 2012	97.50	82.20	97.45	81.70
March 2012	95.40	82.60	95.80	82.55

**Share Performance of the Company in comparison to BSE SMLCAP****Registrar and Share Transfer Agents:****TSR Darashaw Limited**

6-10, 1st Floor, Haji Moosa Patrawala Industrial Estate,  
20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011

Email: [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com)

Web: [www.tsrdarashaw.com](http://www.tsrdarashaw.com)

Tel: 022-66568484; Fax: 022-66568494

**Branch Offices:****1. Bangalore**

TSR Darashaw Limited

503, Barton Centre (5th Floor)

84, Mahatma Gandhi Road, Bangalore 560 001

Email: [tsrdbang@tsrdarashaw.com](mailto:tsrdbang@tsrdarashaw.com)

Tel: 080- 25320321

Fax: 080- 25580019

## 2. Jamshedpur

TSR Darashaw Limited  
Bungalow No. 1, "E" Road, Northern Town,  
Bistupur, Jamshedpur 831 001  
Email: tsrdljsr@tsrdarashaw.com  
Tel: 0657- 2426616  
Fax: 0657- 2426937

## 3. Kolkata

TSR Darashaw Limited  
Tata Centre, 1st Floor,  
43, J. L. Nehru Road, Kolkata 700 071  
Email: tsrdlcal@tsrdarashaw.com  
Tel: 033- 22883087  
Fax: 033-22883062

## 4. New Delhi

TSR Darashaw Limited  
2/42, Sant Vihar, Ansari Road, Daryaganj,  
New Delhi 110 002  
Email: tsrdldel@tsrdarashaw.com  
Tel: 011- 23271805 Fax: 011- 23271802

## Agents:

Shah Consultancy Services Limited  
3, Sumatinath Complex, 2nd Dhal,  
Pritam Nagar, Ellisbridge,  
Ahmedabad 380 006  
Email: shahconsultancy@hotmail.com  
Telefax: 079- 26576038

## Share Transfer System

All valid requests for transfer of equity shares in physical mode received for transfer at the office of the Registrar and Share Transfer Agents or at the Registered Office of the Company are processed and returned within a period of 30 days from the date of receipt. The Board of Directors has delegated the power of approval of share transfers to the Company Secretary.

Every effort is made to clear share transfers/transmissions and split and consolidation requests within 21 days.

## Distribution of shareholding as at March 31, 2012

No. of Equity shares held	No. of Shareholders		No. of shares		% of Equity Capital	
	Physical	Demat	Physical	Demat	Physical	Demat
1 to 500	29,828	40,201	7,88,054	37,64,219	2.30	10.99
501 to 1,000	122	1,608	82,037	12,34,537	0.24	3.61
1,001 to 2,000	50	616	69,479	9,06,706	0.20	2.65
2,001 to 3,000	13	168	33,015	4,28,370	0.10	1.25
3,001 to 4,000	5	77	16,585	2,76,997	0.05	0.81
4,001 to 5,000	1	61	4,530	2,88,516	0.01	0.84
5,001 to 10,000	3	89	24,704	6,55,350	0.07	1.91
10,001 to 3,42,43,534	1	106	17,82,348	2,38,88,087	5.21	69.76
<b>Total</b>	<b>30,023</b>	<b>42,926</b>	<b>28,00,752</b>	<b>3,14,42,782</b>	<b>8.18</b>	<b>91.82</b>

## Dematerialisation of shares

The Company has an arrangement with National Securities Depository Limited (NSDL) as well as Central Depository Services (India) Limited (CDSL) for dematerialisation of shares with ISIN No. INE 482A01020 for both NSDL and CDSL.

Approximately 91.82 per cent of equity share capital corresponding to 3,14,42,782 equity shares is held in dematerialised form as of March 31, 2012.

**Categories of Shareholding as of March 31, 2012**

Category	No. of shares	Percentage
Promoters Holdings (Indian and Foreign)	1,78,43,962	52.11
Mutual Funds	17,40,837	5.08
Banks, Financial Institutions, Insurance Companies and others	26,77,305	7.82
Foreign Institutional Investors	6,20,342	1.81
Non Resident Indians	2,66,122	0.78
Corporate Bodies, Indian Public and Others	1,10,94,966	32.40
<b>Total</b>	<b>3,42,43,534</b>	<b>100.00</b>

**Outstanding GDRs/ADRs/Warrants/Any other Convertible Instruments**

The Company has issued 17,12,176 Convertible Warrants to Instant Holdings Limited, one of the companies of the Promoter Group of Companies.

**Plant Locations**

Mumbai Plant : Village Road, Bhandup, Mumbai 400 078.  
 Nasik Plant : 82, MIDC Industrial Estate  
 Satpur, Nasik 422 007.  
 Halol, Gujarat Plant : Village Gate Muvala,  
 Halol, Panchmahal 389 350

**National Electronic Clearing Service (NECS) Facility**

With respect to payment of dividend, the Company provides the facility of NECS to members residing in the cities where such facility is available.

In order to avoid the risk of loss/interception of Dividend Warrants in postal transit and/or fraudulent encashments of Dividend Warrants, members are requested to avail of facility whereby the dividends will be directly credited in electronic form to their respective bank accounts. This will ensure speedier credit of dividend and the Company will duly inform the concerned members when the credits are passed to their respective bank accounts. The requisite application form can be obtained from the office of TSR Darashaw Limited, the Registrar and Share Transfer Agents, of the Company.

The Company proposes to credit dividend to the members' bank account directly through NECS where such facility is available in case of members holding shares in demat account and who have furnished their MICR Code to their Depository Participant (DP).

Members located in places where NECS facility is not available, may kindly submit their bank details to enable the Registrars to incorporate the same on the Dividend

Warrants, in order to avoid fraudulent encashment of the Dividend Warrants.

**Code of Conduct**

The Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company, which is posted on the Website of the Company.

All Board Members and Senior Management Personnel have affirmed compliance with the Code for the financial year ended March 31, 2012. A declaration to this effect signed by the Managing Director forms part of this report.

**Declaration- Code of Conduct**

All Board Members and the Senior Management Personnel have, for the year ended March 31, 2012, affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of the Listing Agreement entered into with the Stock Exchanges.

For CEAT Limited

Place: Mumbai  
 Date: May 8, 2012

**Anant Vardhan Goenka**  
 Managing Director

**Compliance Officer**

Mr. H. N. Singh Rajpoot  
 Company Secretary  
 CEAT Limited  
 463, Dr. Annie Besant Road,  
 Worli, Mumbai 400 030  
 Tel: 91-22-2493 0621  
 Fax: 91-22-6660 6039  
 Email: investors@ceat.in

Identified as having been approved by the  
 Board of Directors of CEAT Limited

Place : Mumbai  
 Date: May 8, 2012

**H. N. Singh Rajpoot**  
 Company Secretary

To The Members of

**CEAT LIMITED**

We have examined the compliance of conditions of Corporate Governance by CEAT Limited (the Company) for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that based on the report issued by the Registrars of the Company to the Shareholders/Investors' Grievance Committee, as on March 31, 2012, there were no investor grievance matters against the Company remaining unattended/pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For N. M. RAIJI & CO.,**  
Chartered Accountants  
Registration No. 108296W

**CA. Y. N. THAKKAR**  
Partner  
Membership No. 33329

Place: Mumbai

Date: May 8, 2012

**AUDITORS' REPORT** to the Members of CEAT Limited

1. We have audited the attached Balance Sheet of **CEAT LIMITED**, as at March 31, 2012, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above and our comments in paragraph 3 above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
    - (b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
    - (c) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For **N. M. RAJI & CO.**,  
Chartered Accountants  
Firm Registration No.108296W

Place: Mumbai  
Date: May 08, 2012

**CA. Y. N. THAKKAR**  
Partner  
Membership No. 33329



**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 3 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a programme of physical verification of fixed assets. As per the said programme, certain assets were physically verified during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size and operations of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company has not disposed off substantial part of fixed assets during the year.
- (ii) (a) The inventories have been physically verified by the management at reasonable intervals during the year.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, sub-clause (b), (c), (d), (f) and (g) are not applicable.
- (iv) In our opinion, there are adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal controls.
- (v) There are no particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained in pursuance of section 301 of the Companies Act, 1956. Accordingly, sub-clause (b) is not applicable.
- (vi) In our opinion, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, with regard to the deposits accepted from the public. As informed to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any other court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) Based on our review of the cost records, prima facie, the Company has made and maintained cost records as prescribed by the Central Government under clause (d) of Section 209(1) of the Act.
- (ix) (a) According to the records of the Company, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues applicable to it. Based on our audit procedures and according to the information and explanations given to us, there are no arrears of undisputed statutory dues which remained outstanding as at March 31, 2012 for a period of more than six months from the date they became payable.
- (b) According to the records made available to us and the information and explanations given by the management, the details of the dues of Income tax/Sales tax/Wealth tax/Service Tax/Custom duty/Excise duty/cess, which have not been deposited with the appropriate authorities on account of any dispute, are given in the Appendix to this report.
- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

**ANNEXURE TO THE AUDITORS' REPORT**

- (xi) According to the records made available to us and the information and explanations given by the management, the Company has not defaulted in the repayment of dues to financial institutions or banks.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit/nidhi/mutual benefit fund or society.
- (xiv) The Company is not dealing in or trading in shares, securities debentures and other investments.
- (xv) During the year, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, the term loans availed by the Company during the year have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us and an overall examination of the balance sheet of the Company, we report that no short-term funds have been used for long-term purposes.
- (xviii) During the year, the Company has not made any preferential allotment of Shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) During the year, the Company has not issued any debentures.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company, has been noticed or reported during the course of our audit.

For N. M. RAJI & CO.,  
Chartered Accountants  
Firm Registration No.108296W

Place: Mumbai  
Date: May 08, 2012

CA. Y. N. THAKKAR  
Partner  
Membership No. 33329

**APPENDIX TO AUDITORS' REPORT**

Name of the Statute	Nature of the Dues	Amount (₹ in crores)	Financial year to which the matter pertains	Forum where dispute is pending
The Central Excise Act, 1944	Cenvat Duty, Interest and, Penalty	4.38	1999-2000, 2002-10	CESTAT *
		0.72	1996-97, 2004-06, 2007-08, 2009-11	Commissioner (Appeals)
Central Sales Tax Act, 1956 and Sales Tax Act of various States	Tax, Interest and Penalty	1.37	1987-90, 1998-2008	Tribunal
		41.17	1993-2009	Commissioner (Appeals)

\* The customs, Excise and Service Tax Appellate Tribunal

**BALANCE SHEET** as at March 31, 2012

₹ in lacs

	NOTE No.	As at March 31, 2012	As at March 31, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	34,24.35	34,24.35
Reserves and Surplus	3	618,46.04	608,84.75
Money Received Against Share Warrants	4	3,63.97	6,05.42
		656,34.36	649,14.52
<b>Share Application Money Pending Allotment</b>			
		—	—
<b>Non-Current Liabilities</b>			
Long-term Borrowings	5	567,99.51	599,20.26
Deferred Tax Liabilities (Net)	6	22,44.28	24,10.54
Other Long-term Liabilities	7	1,42.20	1,11.54
Long-term Provisions	8	8,04.18	8,27.71
		599,90.17	632,70.05
<b>Current Liabilities</b>			
Short-term Borrowings	9	502,81.54	304,63.99
Trade Payables	10	656,93.98	746,40.22
Other Current Liabilities	11	557,15.03	446,97.20
Short-term Provisions	12	15,39.85	18,83.98
		1,732,30.40	1,516,85.39
<b>Total</b>		<b>2,988,54.93</b>	<b>2,798,69.96</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	13		
Tangible Assets		1,459,53.74	1,298,63.88
Intangible Assets		64,52.69	62,45.39
Capital Work In Progress		13,41.59	106,18.20
Intangible Assets Under Development		2.00	1,17.39
		1,537,50.02	1,468,44.86
<b>Non-current Investments</b>	14	44,16.32	43,99.22
<b>Long-term Loans and Advances</b>	15	8,03.31	21,95.67
<b>Other Non-current Assets</b>		—	—
		1,589,69.65	1,534,39.75
<b>Current Assets</b>			
Current Investments	16	30,31.96	42,53.76
Inventories	17	579,60.59	567,46.31
Trade Receivables	18	612,59.77	480,71.93
Cash and Cash Equivalents	19	33,42.86	47,88.07
Short-term Loans and Advances	20	137,10.35	123,45.95
Other Current Assets	21	5,79.75	2,24.19
		1,398,85.28	1,264,30.21
<b>Total</b>		<b>2,988,54.93</b>	<b>2,798,69.96</b>

See accompanying notes to the financial statements  
As per our report attached

On behalf of the Board of Directors,

For N. M. Raiji & Co.,  
Chartered Accountants

Sunil S. Sapre  
Chief Financial Officer

H. V. Goenka  
Vice Chairman

Anant Goenka  
Managing Director

CA Y. N. Thakkar  
Partner

H. N. Singh Rajpoot  
Company Secretary

H. L. Mundra  
Chairman-Audit Committee

Paras K. Chowdhary  
Whole-Time Director

Place: Mumbai  
Date: May 8, 2012

Place: Mumbai  
Date: May 8, 2012

**STATEMENT OF PROFIT AND LOSS** for the year ended March 31, 2012

	NOTE No.	₹ in lacs	
		2011-2012	2010-2011
Revenue From Operations	23	4,472,02.06	3,498,77.18
Other Income	24	20,00.64	28,43.57
<b>Total Revenue</b>		<b>4,492,02.70</b>	<b>3,527,20.75</b>
<b>Expenses</b>			
Cost of Materials Consumed	25	3,258,34.46	2,648,72.91
Purchases of Stock-in-trade		51,68.57	84,60.25
Changes in Inventories of finished goods, work-in-progress and Stock-in-trade	26	25,89.96	(139,82.33)
Employee Benefits Expense	27	232,69.56	204,08.09
Finance Costs	28	192,16.15	100,35.85
Depreciation and amortization expense		70,47.41	34,16.57
Other Expenses	29	647,82.38	554,02.98
<b>Total Expenses</b>		<b>4,479,08.49</b>	<b>3,486,14.32</b>
<b>Profit Before Exceptional and Extraordinary Items and Tax</b>		<b>12,94.21</b>	<b>41,06.43</b>
Exceptional Item - Voluntary Retirement Compensation		3,15.64	7,82.23
<b>Profit Before Extraordinary Items and Tax</b>		<b>9,78.57</b>	<b>33,24.20</b>
Extraordinary Item		-	-
<b>Profit Before Tax</b>		<b>9,78.57</b>	<b>33,24.20</b>
Tax Expense:			
Current Tax		3,90.98	7,14.01
Short / (Excess) Provision of earlier years		-	(11.86)
Deferred Tax		(1,66.26)	3,93.71
<b>Profit for the period from continuing operations</b>		<b>7,53.85</b>	<b>22,28.34</b>
<b>Profit from dis-continuing operations</b>		-	-
<b>Tax Expense of dis-continuing operations</b>		-	-
<b>Profit from dis-continuing operations (after Tax)</b>		-	-
<b>Profit for the period</b>		<b>7,53.85</b>	<b>22,28.34</b>
<b>Earnings Per Equity Share</b>			
Basic		2.20	6.51
Diluted		2.20	6.51

See accompanying notes to the financial statements  
As per our report attached

For N. M. Rajji & Co.,  
Chartered Accountants

CA Y. N. Thakkar  
Partner

Place: Mumbai  
Date: May 8, 2012

On behalf of the Board of Directors,

Sunil S. Sapre  
Chief Financial Officer

H. N. Singh Rajpoot  
Company Secretary

H. L. Mundra  
Chairman-Audit Committee

H. V. Goenka  
Vice Chairman

Paras K. Chowdhary  
Whole-Time Director

Anant Goenka  
Managing Director

**CASH FLOW STATEMENT** for the year ended March 31, 2012

₹ in lacs

	March 31, 2012	March 31, 2011
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit Before Tax	9,78.57	33,24.20
<b>Adjustments for:</b>		
Depreciation	70,47.41	34,16.57
Interest income	(5,95.26)	(12,46.50)
Unrealised exchange variation (net)	(36.64)	2,57.11
Dividend income	(7,81.93)	(7,56.53)
Provision for Doubtful debt	2,55.07	57.08
Provision for Doubtful debt - Written Back	(10.97)	(55.34)
Provisions no longer required Written back	–	(40.17)
Advance/Bad debts written Off	–	41.28
(Profit) / Loss on sale of fixed assets - Net	43.58	7.04
Interest expense	153,17.26	78,49.53
	212,38.52	95,30.07
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	222,17.09	128,54.27
<b>Adjustments for:</b>		
Decrease/(Increase)Trade receivables, Inventory, Loans and Advances	(164,00.04)	(288,33.75)
(Decrease)/IncreaseTrade payables, Provisions and Other Current Liabilities	17,16.83	432,36.14
(Decrease)/Increase in Long Term Provisions, Long Term Liability and Long term Loans and Advances	78.81	(12,70.48)
<b>Cash Generated from Operations</b>	76,12.69	259,86.18
Direct taxes paid	(3,73.43)	(15,61.22)
	(3,73.43)	(15,61.22)
<b>Cash Flow before Exceptional Items</b>	72,39.26	244,24.96
<b>Net Cash Flow From Operating Activities ( A )</b>	72,39.26	244,24.96
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed assets	(140,14.22)	(576,23.47)
Decrease/(Increase) Capital Advance	14,70.68	84,62.75
Loans & Advance to Related Parties	(1,50.00)	–
Sale of fixed assets	18.08	35.21
Purchase of Investments	(30,31.96)	(42,50.10)
Investment in Associates	(17.09)	(28,48.87)
Sale of Investments	42,53.76	43,00.42
Interest received	5,67.37	27,10.46
Dividend received	7,81.93	8,39.58
<b>Net Cash from Investing Activities ( B )</b>	(101,21.45)	(483,74.02)

**CASH FLOW STATEMENT** for the year ended March 31, 2012

₹ in lacs

	March 31, 2012	March 31, 2011
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Issue of Convertible Warrants	3,63.97	6,05.42
Interest paid	(148,38.70)	(102,27.41)
(Decrease)/Increase in Borrowings	166,96.80	259,36.85
Dividend paid ( Inclusive of Dividend Distribution Tax)	(7,90.53)	(15,89.59)
<b>Net Cash Received/(Used) in Financing Activities (C)</b>	<b>14,31.54</b>	<b>147,25.27</b>
<b>Net (Decrease) / Increase in Cash or Cash Equivalent (A+B+C)</b>	<b>(14,50.65)</b>	<b>(92,23.79)</b>
Cash and Cash Equivalents - Opening balance	47,40.67	139,64.46
Cash and Cash Equivalents - Closing balance	32,90.02	47,40.67
<b>NET (DECREASE) / INCREASE AS DISCLOSED ABOVE</b>	<b>(14,50.65)</b>	<b>(92,23.79)</b>

- 1 Previous years Figures have been regrouped wherever necessary.
- 2 Closing Cash & Cash Equivalents represents "Cash and Bank Balances" (Refer Note No. 19) except ₹ 52.84 lacs (Previous year ₹ 47.40 lacs) lying in separate bank accounts on account of unclaimed dividend which is not available for use by the company.
- 3 All Figures in brackets are Outflows.

See accompanying notes to the financial statements  
As per our report attached

For N. M. Rajji & Co.,  
Chartered Accountants

CA Y. N. Thakkar  
Partner

Place: Mumbai  
Date: May 8, 2012

H. N. Singh Rajpoot  
Company Secretary

On behalf of the Board of Directors,

Sunil S. Sapre  
Chief Financial Officer

H. L. Mundra  
Chairman-Audit Committee

Place: Mumbai  
Date: May 8, 2012

H. V. Goenka  
Vice Chairman

Paras K. Chowdhary  
Whole-Time Director

Anant Goenka  
Managing Director



**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS****NOTE 1 SIGNIFICANT ACCOUNTING POLICIES****A) BASIS OF ACCOUNTING**

The Financial statements are prepared on the accrual basis of accounting and in accordance with the standard on Accounting notified by the Companies (Accounting Standard) Rules, 2006 and referred to in section 211 (3C) of the Companies Act, 1956.

**B ) FIXED ASSETS****i) Tangible Assets**

Fixed Assets are stated at cost / revalued cost wherever applicable. Cost comprises cost of acquisition, cost of improvements, borrowing cost and any attributable cost of bringing the asset to the condition for its intended use. Cost also includes direct expenses incurred upto the date of capitalisation / commissioning.

**ii) Intangible Assets**

Intangible Assets are reflected at the cost of acquisition of such Assets & are carried at Cost less accumulated amortisation & impairment, if any.

**iii) Leased Assets**

Leased Assets comprise assets acquired under Finance Leases which have been stated at cost of acquisition plus entire cost component amortisable over the useful life of these assets.

**C) BORROWING COST**

Borrowing costs include interest, fees and other charges incurred in connection with the borrowing of funds and is considered as revenue expenditure for the year in which it is incurred except for borrowing costs attributed to the acquisition / improvement of qualifying capital assets and incurred till the commencement of commercial use of the asset and which is capitalised as cost of that asset.

**D) DEPRECIATION****i) Tangible Assets**

Depreciation is provided on the Straight Line Method, at the rates prescribed in Schedule XIV to the Companies Act, 1956. Certain Plants have been treated as Continuous Process Plants based on technical and other evaluations.

Leasehold land is amortised over the period of the lease.

**ii) Intangible Assets**

Software expenditure have been amortised over a period of three years.

Technical Know-how and Brands are amortised over a period of twenty years.

**E) INVESTMENTS**

Investments, which are readily realisable 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.

Investments being long term are stated at cost. Provision against diminution in the value of investments is made in case diminution is considered as other than temporary, as per criteria laid down by the Board of Directors after considering that such investments are strategic in nature.

Current Investments are stated at lower of cost or fair value.

**F) INVENTORIES**

Raw materials, Stores and spares and Stock-in-process are valued at weighted average Cost. Finished Goods are valued at lower of cost or net realisable value. Material-in-transit is valued at cost.

**G) REVENUE RECOGNITION**

Gross Sales include excise duty and are net of trade discounts / sales returns / Value added tax.

Interest is accounted on an accrual basis.

Dividend is accounted when right to receive the payment is established.

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS****NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Contd.)****H) EXPORT INCENTIVE**

Export Incentives are recognised in the year of entitlement and credited to the Raw Material Consumption Account.

**I) GOVERNMENT GRANTS**

Grants relating to Fixed Assets are reduced from the cost of Fixed Assets and Grants related to revenue are shown separately as part of other operating Income.

**J) FOREIGN CURRENCY TRANSACTIONS**

Foreign currency transactions other than those covered by forward contracts are recorded at current rates.

Forward premia in respect of forward exchange contracts are recognised over the life of the contract.

Monetary Assets and Liabilities denominated in foreign currency are restated at year-end rates.

All exchange gains and losses arising out of transaction/restatement, are accounted for in the Profit and Loss Account.

**K) LEASE RENTALS**

The cost components in respect of Finance leases is being amortised over the primary lease period or effective life of the Assets as depreciation on Leased Assets and the interest component is charged as a period cost.

Secondary Lease rentals are being charged to Profit and Loss Account.

Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases and recognised as expenses as and when payment are made over the lease term.

**L) RESEARCH AND DEVELOPMENT**

Revenue expenditure on Research and Development is recognised as an expense in the year in which it is incurred.

Capital expenditure is shown as an addition to the fixed assets and are depreciated at applicable rates.

**M) EMPLOYEE BENEFITS****a) Defined Contribution plan**

Contribution to Defined Contribution Schemes such as Provident Fund, Superannuation, Employees State Insurance Contribution and Labour Welfare Fund are charged to the Profit and Loss account as and when incurred.

**b) Defined Benefit plan**

The Company also provides for retirement / post-retirement benefits in the form of gratuity and Leave encashment. Company's liability towards these benefits is determined using Project Unit Credit Method. These benefits are provided based on the Actuarial Valuation as on Balance Sheet date by an Independent actuary.

**c)** Short term benefits are recognised as an expense in the profit and loss account of the year in which the related service is rendered.

**d)** Long term leave benefits are provided as per actuarial valuation as on Balance Sheet date by an independent actuary using project unit credit method.

**e)** Termination benefits are recognised as an expense as and when incurred.

**N) TAXES ON INCOME**

**a)** 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.

**b)** Deferred Tax Provision: Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted on the Balance Sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

₹ in lacs

		As at March 31, 2012	As at March 31, 2011
2	SHARE CAPITAL	No. of Shares held	No. of Shares held
A)	<b>AUTHORISED:</b>		
	4,61,00,000 (4,61,00,000) Equity Shares of ₹ 10 each	46,10.00	46,10.00
	39,00,000 (39,00,000) Preference Shares of ₹ 10 each	3,90.00	3,90.00
	1,00,00,000 (1,00,00,000) Unclassified Shares of ₹ 10 each	10,00.00	10,00.00
		60,00.00	60,00.00
B)	<b>ISSUED:</b>		
	3,42,44,222 (3,42,44,222 )Equity Shares of ₹10 each	34,24.42	34,24.42
	(Includes 688 (688) Shares offered on Right basis and kept in abeyance)		
		34,24.42	34,24.42
C)	<b>SUBSCRIBED AND PAID-UP:</b>		
	3,42,43,534 (3,42,43,534) Equity Shares of ₹10 each, fully paid-up	34,24.35	34,24.35
		34,24.35	34,24.35

		2011-12		2010-11	
	PARTICULARS	Equity Shares		Equity Shares	
		Number	₹ in lacs	Number	₹ in lacs
a)	Shares outstanding at the beginning of the year	3,42,43,534	34,24.35	3,42,43,534	34,24.35
	Shares Issued during the year	—	—	—	—
	Shares bought back during the year	—	—	—	—
	Shares outstanding at the end of the year	3,42,43,534	34,24.35	3,42,43,534	34,24.35

b) Terms and Rights attached to equity 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. A member shall not have any right to vote whilst any call or other sum shall be due and payable to the Company in respect of any of the shares of such member. All equity shares of the Company rank *pari passu* in all respects including the right to dividend. The dividend is recommended by the Board of Directors and declared by the members at the ensuing Annual general Meeting. The Board of Directors have a right to deduct from the dividend payable to any member any sum due from him to the Company.

In the event of winding-up, subject to the rights of holders of shares issued upon special terms and conditions, the holders of equity shares shall be entitled to receive remaining assets, if any, in proportion to the number of shares held at the time of commencement of winding-up.

The Shareholders have all other rights as available to Equity Shareholders as per the provisions of the companies Act, 1956, read together with the Memorandum of Association and Articles of Association of the Company, as applicable.

c) The Company does not have any holding company or ultimate holding company. Promoter shareholding in the Company including persons acting in concert with the promoters as on March 31, 2012 is 1,78,43,962 equity shares i.e. 52.11% of the equity share capital of the Company. (Previous year March 31, 2011, 1,67,23,578 ie. 48.84%).

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS****NOTE 2 SHARE CAPITAL (Contd.)**

- d) Shares in the Company held by each shareholder holding more than 5% (As certified by the Management on which Auditors have relied).

	As at March 31, 2012		As at March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Instant Holdings Limited	50,09,185	14.63	49,22,185	14.37
Goodhope Sales Private Limited	41,55,743	12.14	41,55,743	12.14
Swallow Associates Limited	44,84,624	13.10	–	–
Societe Ceat D Investissements Asie S A	17,82,348	5.20	17,82,348	5.20
RPG Cellular Investments & Holdings Private Limited	–	–	3309,245	9.66

- e) Money received against Convertible warrants:

The Company has on March 12, 2012 allotted 17,12,176 Warrants of face value ₹ 10 each to Instant Holdings Limited, an entity belonging to the Promoter Group of Companies at a price of ₹ 85.03 per Warrant on a preferential basis. The Company has received the 25% of the price of the Warrant i.e ₹ 21.26 per Warrant at the time of allotment. The Warrants are convertible into an equivalent number of equity shares at the option of the allottee within a period of 18 months from the date of allotment i.e. upto September 11, 2013.

Also refer Note 4.

₹ in lacs

		As at March 31, 2012	As at March 31, 2011
<b>3</b>	<b>RESERVES AND SURPLUS</b>		
A)	<b>CAPITAL RESERVE:</b>		
	Opening Balance	2,71.45	2,71.45
	Add: forfeiture of Convertible Warrants (Refer note 4 )	6,05.42	–
		8,76.87	2,71.45
B)	<b>CAPITAL REDEMPTION RESERVE:</b>	3,90.00	3,90.00
C)	<b>SECURITIES PREMIUM RESERVE:</b>	165,23.65	165,23.65
D)	<b>GENERAL RESERVE:</b>		
	Opening Balance	187,00.97	185,30.97
	Add: Transfer from surplus	–	1,70.00
		187,00.97	187,00.97
E)	<b>SURPLUS</b>		
	Opening Balance	249,98.68	237,31.02
	Add: Net profit after tax transferred from Statement of Profit & Loss	7,53.85	22,28.34
	<b>Amount available for Appropriation</b>	257,52.53	259,59.36
	<b>Appropriations:</b>		
	Proposed Dividend	3,42.44	6,84.87
	Tax on Proposed Dividend	55.54	1,05.81
	Amount Transfer to General Reserve	–	1,70.00
	<b>Surplus - Closing balance</b>	253,54.55	249,98.68
		618,46.04	608,84.75

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>4 MONEY RECEIVED AGAINST SHARE WARRANTS</b>		
Opening Balance as at April 1, 2011	6,05.42	–
Add: Received during the year	3,63.97	6,05.42
	<b>9,69.39</b>	<b>6,05.42</b>
Less: Forfeited and transfer to Capital Reserve	6,05.42	–
Closing balance as at March 31, 2012	<b>3,63.97</b>	<b>6,05.42</b>

**Note on forfeiture of Warrants allotted in 2010:**

The Company had on September 30, 2010 allotted 17,12,170 Warrants of face value ₹ 10/- each to entities belonging to the Promoter Group on a preferential basis at ₹ 141.11 per Warrant. The Company has received the 25% of the price of the Warrant i.e. ₹ 35.36 per Warrant an amount of ₹ 6.05 crores at the time of allotment. The Warrants convertible into an equivalent no. of equity shares were convertible at the option of the allottees within a period of 18 months from the date of allotment i.e. upto March 29, 2012. The allottees failed to exercise their option within the stipulated time period i.e. upto March 29, 2012. The Warrants have since lapsed and the amount paid by the entities of the Promoter Group has been forfeited by the Company and Credited to Capital Reserve Account.

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>5 LONG TERM BORROWINGS</b>		
<b>1 SECURED</b>		
<b>Term Loans from Banks</b>		
a) ICICI Bank Ltd. (Note 1)	117,00.00	90,00.00
b) ICICI Bank Ltd. – ECB Loan (Note 2)	–	9,19.00
c) ICICI Bank Ltd. – ECB Loan (Note 3)	33,63.21	43,24.12
d) ICICI Bank Ltd. (Note 4)	58,33.33	70,00.00
e) Bank of India (Note 5)	69,13.58	47,50.00
f) Bank of Baroda (Note 6)	34,99.96	47,50.00
g) Export Import Bank of India (Note 7)	–	12,50.00
h) Export Import Bank of India (Note 8)	70,00.71	90,00.91
i) Corporation Bank (Note 9)	6,24.89	18,75.00
j) IDBI Bank Ltd. (Note 10)	17,59.07	23,87.30
k) Buyer's Credit (Note 11)	31,40.67	34,77.81
<b>2 UNSECURED</b>		
<b>Term Loans</b>		
From Bank (Note A)	25,00.00	–
Deferred payment liabilities – Sales Tax Incentive (Note B)	46,59.08	47,48.70
Public Deposits	58,05.01	64,37.42
	<b>567,99.51</b>	<b>599,20.26</b>

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS****NOTE 5 LONG TERM BORROWINGS (Contd.)****NOTE ON SECURED LONG TERM BORROWINGS**

1. Term Loan availed from ICICI Bank Ltd. of ₹ 1,17,00.00 lacs (Previous year ₹ 90,00.00 lacs) is secured by First *pari passu* charge on movable (except Current Assets) both present and future and Immovable Properties located at Bhandup, Halol and Nasik Plants and second *pari passu* charge on the current assets of the Company both present and future .

It is repayable in 10 Equal Semi Annual Installments of ₹ 13,00.00 lacs each beginning January 11, 2013 after a moratorium of 30 months.

2. ECB loan availed from ICICI Bank Ltd. of ₹ Nil, (Previous year ₹ 9,19.00 lacs) is secured by First *pari passu* charge on movable and immovable properties of the Company situated at Bhandup and Nasik Plants both present future.

Repayable in 10 Equal Semi Annual Installment of Rs 4,59.00 lacs after a moratorium of 18 months.

3. ECB loan availed from ICICI Bank Ltd. of ₹ 33,63.21 lacs (Previous year ₹ 43,24.12 lacs ) is secured by First *pari passu* charge on movable properties (except current assets) both present and future and immovable properties of the Company situated at Bhandup, Halol and Nasik Plants and second *pari passu* charge over Current Assets both present and future.

Repayable in 24 Equal Quarterly Installment of Rs 2,40.00 lacs after a moratorium of 27 months from December 23, 2010.

4. Term Loan availed from ICICI Bank Ltd. of ₹ 58,33.33 lacs (Previous year ₹ 70,00.00 lacs) is secured by First *pari passu* charge on immovable properties situated at Bhandup Plant.

Repayable in 12 Equal Quarterly Installment of ₹ 5,83.00 lacs after a moratorium of 27 months from November 9, 2012.

5. Term Loan availed from Bank of India of ₹ 69,13.58 lacs (Previous year ₹ 47,50.00 lacs) is secured by First *pari passu* charge on Company's movable (except Current Assets ) both present and future and immovable properties located at Bhandup, Halol and Nasik Plants and second *pari passu* charge over Current Assets both present and future.

Repayable in 20 quarterly installments of ₹ 5,00.00 lacs each commencing from January 1, 2012.

6. Term Loan availed from Bank of Baroda of ₹ 34,99.96 lacs (Previous year ₹ 47,50.00 lacs) is secured by First *pari passu* charge on present & future movable (Except Current Assets ) both present and future and immovable located at Bhandup, Halol and Nasik Plant and second *pari passu* charge over Current properties both present and future.

Repayable in 20 quarterly installments of ₹ 2,50.00 lacs each commencing from January 1, 2012.

7. Term Loan availed from Export Import Bank of India of ₹ Nil lacs (Previous year ₹ 12,50.00 lacs) is secured by First *pari passu* charge on immovable property of the Company situated at RPG House, Mumbai.

8. Term Loan availed from Export Import Bank of India of ₹ 70,00.71 lacs (Previous year ₹ 90,00.91 lacs) is secured by First *pari passu* charge on movable properties (except Current Assets) both present and future and immovable properties located at Bhandup, Halol and Nasik Plants and second *pari passu* charge over Current Assets both present and future.

Repayable in 20 Equal Quarterly Installments of ₹ 5,00.00 lacs after a moratorium of 12 months from November 1, 2011.

9. Term Loan availed from Corporation Bank of ₹ 6,24.89 lacs (Previous year ₹ 18,75.00 lacs) is secured by First *pari passu* charge on immovable property of the Company situated at RPG House, Mumbai.

Repayable in quarterly installments of ₹ 3,13.00 lacs on 26th of every quarter from December, 2010 after moratorium period of 12 months from the date of first disbursement. (October 2009)

10. Term Loan availed from IDBI Bank Ltd. of ₹ 17,59.07 lacs (Previous year ₹ 23,87.30 lacs) is secured by First *pari passu* charge on movable properties (except current assets) both present and future and immovable properties of the Company situated at Bhandup, Halol and Nasik Plants and second *pari passu* charge on Current Assets both present and future.

Repayable in 20 quarterly installments of ₹ 1,25.00 lacs starting from January 1, 2012.

11. Buyer's credit is secured by Letter of Comfort (LOC) / undertaking (LOU) issued by the Bank. The said LOC / LOU is part of the working capital term loan facilities from Bank.

A) Loan availed from Ratnakar Bank Ltd. of ₹ 25,00.00 lacs (Previous year ₹ Nil) Repayment after 18 months from the date of disbursement i.e. August 18, 2013.

B) Interest free Deferred Sales Tax incentive repayment installments commences from April 26, 2011 and end on April 30, 2025.



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>6 DEFERRED TAX LIABILITY (NET)</b>		
Major components of Deferred Tax Assets and Deferred Tax Liabilities		
<b>ASSETS</b>		
a) Carried forward tax losses	48,40.16	10,86.18
b) Disallowance under section 43B of the Income Tax Act	5,83.85	7,85.57
c) Voluntary Retirement Scheme	2,48.49	2,29.88
d) Minimum Alternative Tax	10,98.57	7,14.01
	<b>67,71.07</b>	<b>28,15.64</b>
<b>LIABILITY</b>		
Difference between book and tax depreciation	90,15.35	52,26.18
Deferred Tax Liability (Net)	<b>(22,44.28)</b>	<b>(24,10.54)</b>

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>7 OTHER LONG TERM LIABILITY</b>		
Security deposits	1,42.20	1,11.54
	<b>1,42.20</b>	<b>1,11.54</b>

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>8 LONG TERM PROVISIONS</b>		
Provision for Employee benefits:		
Unavailed Leave	8,04.18	8,27.71
	<b>8,04.18</b>	<b>8,27.71</b>

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>9 SHORT TERM BORROWINGS</b>		
<b>1 SECURED:</b>		
<b>Loans repayable on demand</b>		
a) Cash Credit Facilities (Note 1)	23,29.91	10,98.77
b) Export Packing Credit ( Note 1)	133,54.77	98,27.68
<b>Others</b>		
c) Buyer's Credit ( Note 2)	341,22.63	189,80.90
<b>2 UNSECURED:</b>		
Public Deposits	4,74.23	5,56.64
	<b>502,81.54</b>	<b>304,63.99</b>

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS****NOTE 9 SHORT TERM BORROWINGS (Contd.)**

Note:

- 1) Cash Credit and Export packing credit facilities are part of Working Capital facilities availed from Consortium of Banks and are secured by hypothecation by way of first *pari passu* charge on all its current assets and by way of second *pari passu* charge on immovable and all movable properties (excluding current assets) of the Company situated at Bhandup, Nasik, Halol Plants and RPG House, Mumbai.
- 2) Buyer's credit is secured by letter of comfort (LOC) / undertaking (LOU) which is a sublimit of working capital facilities issued by the banks.

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>10 TRADE PAYABLES</b>		
<b>TRADE PAYABLES</b>		
Acceptances	239,53.00	407,37.21
Due for more than 30 days to Micro, Small and Medium Enterprises **	11.90	—
Other Trade Payables	417,29.08	339,03.01
	<b>656,93.98</b>	<b>746,40.22</b>
** Refer note 22 (5)		

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>11 OTHER CURRENT LIABILITY</b>		
1 Current Maturities of Long term debt	195,57.34	81,95.37
2 Interst Accrued but not Due on Borrowings	10,71.80	5,93.21
3 Unpaid Dividends	52.84	47.40
4 Unpaid Interest & Matured Deposits	0.85	0.08
5 Other Payables:		
a) Payable to Capital Vendors	9,08.79	30,89.67
b) Deposits From Dealers & Others	278,55.18	264,59.69
c) Statutory Dues	18.06	24.02
d) Withholding and Other Taxes payable	52,66.50	40,67.46
e) Advance received from Customers	9,83.67	22,20.30
	<b>557,15.03</b>	<b>446,97.20</b>

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>12 SHORT TERM PROVISIONS</b>		
<b>PROVISION FOR EMPLOYEE BENEFITS</b>		
a) Unavailed Leave	8,10.04	5,27.03
b) Gratuity	3,31.83	5,60.98
c) Proposed Dividend	3,42.44	6,84.87
d) Tax on Proposed Dividend	55.54	1,11.10
	<b>15,39.85</b>	<b>18,83.98</b>

[illegible]

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS****NOTE 13 FIXED ASSETS (Contd.)**

1. Building includes ₹ 0.11 lacs (Previous year ₹ 0.11 lacs) being value of shares held in co-operative housing societies.
2. Free Hold Land includes land acquired at Halol, Gujarat vide Memorandum of Understanding (MOU) for ₹ 1.75 lacs which is subject to registration formalities.
3. Lease Hold Land includes land acquired at Additional Ambarnath Industrial Area, Ambarnath, District Thane, Maharashtra from Maharashtra Industrial Development Corporation (MIDC) vide sanction letter dated October 30, 2009. The Company has taken physical possession of this land on September 1, 2010 which is subject to registration formalities.
4. Fixed assets cost includes assets revalued during last five years on the basis of valuation report submitted by approved valuers about their market value as summarised below:

₹ in lacs

	Gross amount written up on revaluation (Net of deletions / adjustments)	Depreciation provided upto 31.03.2012 (Net of deletions / adjustments)	Amount written up (Net of depreciation / adjustments)
Land	115,18.48	4.13	115,14.35
Buildings	2,34.21	16.91	2,17.30
Plant & Machinery	90.59	15.37	75.22
	<b>118,43.28</b>	<b>36.41</b>	<b>118,06.87</b>

5. The pre-operative expenses (POE) apportioned over the fixed assets of Halol Project capitalised during the current year.

₹ in lacs

PARTICULARS	
Borrowing Cost	10,95.38
Personnel Cost	2,45.42
Consultancy & Profesional fees	1,48.85
Power & Fuel Consumption	1,06.62
General Expenses	1,61.00
Depreciation	3.22
Travelling & Conveyance	49.37
	<b>18,09.86</b>
Less:	
Interest Received	28.11
Net POE Capitalised	<b>17,81.75</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

₹ in lacs

14 NON-CURRENT INVESTMENTS					
	Face Value	Holdings (Nos.)	As at 31.03.2012	Holdings (Nos.)	As at 31.03.2011
<b>LONG TERM - FULLY PAID</b>					
<b>I Unquoted ( Trade )</b>					
Investment in Subsidiary					
Associated Ceat Holdings Company Private Limited	10 LKR	1,00,00,000	43,57.46	1,00,00,000	43,57.46
Investment in Associates					
Rado Tyres Limited	₹ 10	19,16,350	58.86	16,06,350	41.76
			44,16.32		43,99.22

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>15 LONG TERM LOANS AND ADVANCES</b>		
<b>Unsecured, considered good</b>		
Capital Advances	1,39.58	16,10.25
Security Deposits	3,72.85	4,33.31
Loans to related party ( Rado Tyres Limited)	1,50.00	—
<b>Others Loans &amp; Advances</b>		
Prepaid Expenses	1,40.88	1,52.11
	8,03.31	21,95.67

₹ in lacs

16 CURRENT INVESTMENTS					
Investments in Mutual Funds	Face Value ₹	Holdings (Nos.)	As at 31.03.2012	Holdings (Nos.)	As at 31.03.2011
<b>CURRENT</b>					
<b>Unquoted ( Non-Trade )</b>					
Peerless liquid Fund Super Institutional	10	1,51,63,529.77	15,16.58	1,00,06,685.57	10,00.82
Taurus liquid Fund Super Institutional	1,000	1,51,524.07	15,15.38	65,070.16	6,50.73
Templeton India Treasury Management Account Super Institutional plan	1,000	—	—	60,005.62	6,00.46
Kotak Floater Short term	10	—	—	98,93,977.07	10,00.89
ICICI Prudential Liquid Super	100	—	—	10,00,616.65	10,00.86
<b>TOTAL</b>			30,31.96		42,53.76
Aggregate Cost of Unquoted Investments			30,31.96		42,53.76

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>17 INVENTORIES</b>		
a) Raw Materials	202,94.87	198,78.07
Goods-in transit	68,69.40	49,47.07
	271,64.27	248,25.14
b) Work-in-progress	31,88.22	26,89.98
Goods-in transit	–	–
	31,88.22	26,89.98
c) Finished goods	234,78.72	259,46.20
Goods-in transit	–	–
	234,78.72	259,46.20
d) Stock-in-trade	5,71.72	6,76.87
Goods-in transit	90.66	98.81
	6,62.38	7,75.68
e) Stores and spares	33,76.63	26,55.70
Goods-in transit	1,21.85	0.50
	34,98.48	26,56.20
Less:		
Provision for Obsolescence of Stores	31.48	1,46.89
	34,67.00	25,09.31
	579,60.59	567,46.31

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>18 TRADE RECEIVABLES</b>		
<b>A DEBTS OVERDUE EXCEEDING 6 MONTHS</b>		
Secured, Considered Good	3.69	31.38
Unsecured, Considered Good	1,88.35	1,50.29
Unsecured, Considered Doubtful	2,87.54	1,47.87
Less: Provision for Doubtful Debts	2,87.54	1,47.87
	1,92.04	1,81.67
<b>B OTHER DEBTS</b>		
Secured, Considered Good	214,97.99	209,91.77
Unsecured, Considered Good	395,69.74	268,98.49
	610,67.73	478,90.26
	612,59.77	480,71.93

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>19 CASH AND CASH EQUIVALENTS</b>		
A) BALANCES WITH BANKS:		
Current Accounts	5,44.45	11,57.37
Deposit Accounts	3,30.17	3,20.87
Margin Money Deposits *	5,25.74	5.39
Unclaimed Dividend Accounts	52.84	47.40
B) CHEQUES IN HAND	5.14	–
C) CASH IN HAND	16.38	18.00
D) OTHERS		
Remittance in Transit	18,68.14	32,39.04
	<b>33,42.86</b>	<b>47,88.07</b>
* Lien with Banks		

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>20 SHORT TERM LOANS AND ADVANCES</b>		
Unsecured, Considered Good		
Advance to Related party (Rado Tyres Limited)	60.79	1,92.36
Others:		
Advance Receivable in Cash or Kind or for Value to be Received	40,85.10	33,37.59
Balance with Customs, Port Trust, Excise etc.	80,56.35	72,37.47
Advance Payment of Tax (Net of provision)	13,61.95	13,79.51
Interest Receivable	58.42	30.54
Other Receivables	87.74	1,68.48
Unsecured, Considered Doubtful		
Advances	1,17.75	13.33
Provision for Doubtful Advance	1,17.75	13.33
	<b>137,10.35</b>	<b>123,45.95</b>

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>21 OTHER CURRENT ASSETS</b>		
Unamortised Forex Charges	5,79.75	2,24.19
	<b>5,79.75</b>	<b>2,24.19</b>



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

₹ in lacs

	2011-12	2010-11
<b>22</b>		
<b>1) CONTINGENT LIABILITIES:</b>		
a) Direct and Indirect Taxation Matters		
Income Tax	16,40.69	16,82.62
Wealth Tax	6.73	6.73
Excise Duty / Service Tax	45,60.43	43,34.38
Value Added Tax / Central Sales Tax	44,12.36	44,17.77
b) Disputed demands of Octroi Duty	2,22.10	1,70.77
c) Bills discounted with Banks	18,12.11	27,52.04
d) Corporate Guarantees given on behalf of others		
- Covered by indemnity undertakings from RPG Enterprises Ltd.	25,50.00	25,50.00
e) The Company has given Indemnity in respect of Lease transactions entered into with ICICI Bank Ltd., liability for which is indeterminable	-	-
f) Export obligation under Export Promotion Council Guarantee Scheme	312,47.24	396,07.89
<b>2) CLAIMS AGAINST THE COMPANY NOT ACKNOWLEDGED AS DEBTS (ESTIMATED):</b>		
i) in respect of labour matters	5,81.30	6,48.00
ii) other claims	11,80.35	12,35.10
<b>3) CONTRACTS REMAINING TO BE EXECUTED:</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for – net of advance payments.	12,99.85	91,65.87
<b>4) The Board of Directors recommended a Dividend of ₹ 1/- per share, the total amount to be distributed as a Dividend is ₹ 3,42.44 lacs (Previous year ₹ 6,84.87 lacs).</b>		
<b>5) Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given as follows:</b>		
(a) Principal Amount Due	11.89	-
Interest due on the above	-	-
(b) Interest paid during the year beyond the appointed day	-	-
(c) Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act	-	-
(d) Amount of interest accrued and remaining unpaid at the end of the year	-	-
(e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small Enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the ACT.	-	-

The above information is based on the information available with the Company, which has been relied upon by the Auditors. No interest has been accrued on delayed payments.

**6) DISCLOSURES AS REQUIRED UNDER CLAUSE 32 OF LISTING AGREEMENT.**

- Loans and Advances in the nature of Loans to Associates ₹ 1,50.00 lacs (Previous year ₹ Nil) and advance of ₹ 60.79 lacs (Previous year ₹ 1,92.36 lacs)
- Loans and Advances in the nature of Loans where there is no repayment schedule, or no interest or interest below Section 372A of Companies Act, 1956: ₹ Nil (Previous year ₹ Nil)

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## NOTE 22 (Contd.)

- iii) Loans and Advances in the nature of Loans to firms / Companies in which Directors are interested: ₹ Nil (Previous year ₹ Nil)
- iv) Investment by the Loanee in shares of the Company as at March 31, 2012 is ₹ Nil (Previous year ₹ Nil)

## 7) OTHER COMMITMENTS AS CERTIFIED BY THE MANAGEMENT ON WHICH AUDITORS HAVE RELIED UPON.

- a) The Company has availed the Sales Tax Deferral Incentive and Octroi refund from the Directorate of Industries for Nasik Plant. Hence, the Company will have to take prior permission of the appropriate authority for removal/transfer of any asset (falling under the above Schemes) from Nasik Plant. In the event of non - compliance of terms & conditions, the Company will be required to refund the entire loan/benefit along with the interest @ 15.5%.
- b) Rado Tyres Limited is an Associate Company in which Company holds 22% share as on March 31, 2012. As per the Draft Rehabilitation Scheme filed by the Operating Agency with BIFR, the Company has committed to give Rado Tyres Limited a loan of ₹ 2,25.00 lacs (₹ 1,50.00 lacs paid during the year) and an advance of upto ₹ 2,25.00 lacs (₹ 50.00 lacs already given). The Company has also agreed for a minimum conversion charge of ₹ 29.5 per Kg. upto March 31, 2015.
- 8) The Company has issued 17,12,176 convertible warrants on preferential basis to promoter's / Promoter's group with an object to augment long term resources of the Company and the amount is being utilised for the intended purpose.
- 9) The revised Schedule VI has become effective from April 1, 2011 for the preparation of Balance Sheet and Profit and Loss Statement. Consequent to the changes in the disclosure and presentation requirement, the following classifications and re-grouping has been made in the current year.
- (a) The Security Deposits from Dealers amounting to ₹ 2,78,55.18 lacs (Previous year ₹ 2,64,59.69 lacs) are now grouped in Other Current Liability under the Note No.11 (5)(b) - Deposits from Dealers & Others.
- (b) Buyer's Credit has been re-grouped under Long Term Borrowing [Refer to Note No. 5(1)(k)] if it is payable after a period of 12 months and under Short Term Borrowing [Refer to Note No.9(1)(c)] if it is payable within a period of 12 months.

		₹ in lacs	
		2011-12	2010-11
<b>23</b>	<b>REVENUE FROM OPERATIONS</b>		
	Sale of products	4,792,34.31	3,751,61.61
	Other operating revenues		
	Royalty Income	3,62.64	2,71.62
	Sale of Scrap	14,68.85	11,61.74
	Government Grant	11,96.90	13,71.46
	Other	2,18.08	2,42.93
		4,824,80.78	3,782,09.36
	Less:		
	Excise duty	352,78.72	283,32.18
		4,472,02.06	3,498,77.18

		₹ in lacs	
		2011-12	2010-11
<b>24</b>	<b>OTHER INCOME</b>		
	Interest Income	5,95.26	12,46.50
	Miscellaneous Income	6,23.45	8,40.54
	Dividend on Investments		
	Subsidiary	6,46.41	7,20.26
	Others	1,35.52	36.27
		20,00.64	28,43.57

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

₹ in lacs

	2011-12	2010-11
<b>25   COST OF MATERIAL CONSUMED</b>		
<b>RAW MATERIALS</b>		
Stock - April 1, 2011	198,78.06	198,35.10
Add: Purchases	3,262,51.24	2,649,15.87
	3,461,29.30	2,847,50.97
Less: Stock - March 31, 2012	202,94.84	198,78.06
	<b>3,258,34.46</b>	<b>2,648,72.91</b>

₹ in lacs

	2011-12	2010-11
<b>26   CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE</b>		
<b>OPENING STOCK AS AT APRIL 1, 2011</b>		
Work-in-progress	26,89.98	10,57.92
Finished goods	259,46.21	114,77.46
Stock-in-trade	6,76.87	16,03.58
	<b>293,13.06</b>	<b>141,38.96</b>
<b>CLOSING STOCK AS AT MARCH 31, 2012</b>		
Work-in-progress	31,88.22	26,89.98
Finished goods	234,78.72	259,46.21
Stock-in-trade	5,71.72	6,76.87
	<b>272,38.66</b>	<b>293,13.06</b>
	20,74.40	(151,74.10)
Differential Excise Duty on Opening and Closing Stock of Finished Goods	5,15.56	11,91.77
	<b>25,89.96</b>	<b>(139,82.33)</b>

₹ in lacs

	2011-12	2010-11
<b>27   EMPLOYEE BENEFITS EXPENSES</b>		
Salaries, Wages and Bonus	191,60.36	168,35.55
Provident Fund, Gratuity Fund and Superannuation Scheme etc.	16,49.65	16,78.13
Welfare Expenses	24,59.55	18,94.41
	<b>232,69.56</b>	<b>204,08.09</b>

₹ in lacs

	2011-12	2010-11
<b>28   FINANCE COST</b>		
<b>FINANCE COST</b>		
Interest Cost	153,17.26	78,49.53
Other Borrowing Cost	38,98.89	21,79.20
FOREX Loss on Finance Transactions	-	7.12
	<b>192,16.15</b>	<b>100,35.85</b>

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

₹ in lacs

		2011-12	2010-11
<b>29 OTHER EXPENSES</b>			
Conversion Charges		120,48.54	105,03.32
Stores and Spares Consumed		32,77.85	26,28.43
Provision for Obsolescence of Stores		27.17	–
Power and Fuel		151,47.05	122,60.51
Freight and Delivery Charges		84,14.82	76,00.27
Rent		3,85.66	4,67.72
Lease Rent (Refer Note 30 (9))		1,79.94	2,21.30
Rates and Taxes		1,17.15	1,29.37
Insurance		2,74.78	2,25.76
Repairs:			
Machinery	29,80.90		26,07.23
Buildings	3,12.15		3,49.28
Others	66.99		83.33
		33,60.04	30,39.84
Travelling and Conveyance		15,85.32	11,81.70
Printing and Stationery		1,71.08	1,30.51
Directors' Fees		8.45	8.75
Auditors' Remuneration:			
Audit Fees	27.00		22.00
Taxation Matters	0.43		2.52
Other Services (Certification, Tax Audit, etc.) *	23.13		22.16
Reimbursement of Expenses	10.07		2.38
* Refer note 30 (11)		60.63	49.06
Advertisement and Sales Promotion Expenses		42,44.02	44,86.01
Rebates and Discounts		51,68.78	40,24.23
Commission		51,23.11	41,94.54
Communication Expenses		4,72.67	5,51.79
Advances Written off		4,43.70	–
Bad Debts Written off		–	72.02
Less: Provision for doubtful debts written back to the extent provided		–	(30.74)
		–	41.28
Provision for Doubtful Debts / Advances		2,55.07	57.08
Loss on Assets Sold / Discarded (Net)		43.58	6.24
Factory Expenses ( Refer note 30 (12))		8,00.57	5,01.68
Legal Charges		2,17.96	1,23.80
Foreign Exchange Fluctuations (Net)		60.77	74.72
Professional and Consultancy Charges		6,09.74	9,65.05
Commission to Directors		–	35.00
Training and Conference Expenses		5,11.12	3,82.03
General Expenses		17,72.81	15,12.99
		<b>647,82.38</b>	<b>554,02.98</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

₹ in lacs

	2011-12 Value	2010-11 Value
<b>30</b>		
<b>1) RAW MATERIALS UNDER BROAD HEADS</b>		
Rubber	2,096,14.09	1,706,93.69
Fabrics	446,19.19	414,09.42
Carbon Black	334,48.37	256,58.04
Chemicals	228,28.93	184,71.27
Others	153,23.88	86,40.49
<b>Total</b>	<b>3,258,34.46</b>	<b>2,648,72.91</b>
<b>2) TRADED GOODS PURCHASES</b>		
Tyres	51,68.57	84,60.25
<b>3) WORK-IN-PROGRESS</b>	<b>31,88.22</b>	<b>26,89.98</b>
<b>4) VALUE OF IMPORTS CALCULATED ON CIF BASIS:</b>		
Raw Materials	1,387,41.72	934,20.70
Traded Goods	13,74.52	48,79.42
Components and Spares	2,79.13	1,82.50
Capital Goods	77,04.88	228,91.03
<b>5) EXPENDITURE IN FOREIGN CURRENCY:</b>		
Interest	17,59.21	5,34.64
Travelling	1,06.20	90.51
Others	14,38.51	4,59.12

## 6) VALUE OF IMPORTED/INDIGENOUS RAW MATERIALS/STORES AND SPARES CONSUMED:

	2011-12		2010-11	
	%	Value	Value	Value
<b>RAW MATERIALS</b>				
Imported	43.84	1,428,55.37	38.78	1,027,22.09
Indigenous	56.16	1,829,79.09	61.22	1,621,50.82
	100.00	3,258,34.46	100.00	2,648,72.91
<b>STORES AND SPARES</b>				
Imported	12.86	4,21.66	13.93	3,66.03
Indigenous	87.14	28,56.19	86.07	22,62.40
	100.00	32,77.85	100.00	26,28.43

	2011-12	2010-11
<b>7) EARNINGS IN FOREIGN CURRENCY:</b>		
Export Sales calculated on FOB basis	992,75.88	614,70.67
Royalty	3,62.64	2,71.62
Dividend	6,46.41	7,20.26
Technical Development Charges	45.00	–
<b>8) RESEARCH &amp; DEVELOPMENT EXPENSES</b>		
Capital	31,50.87	1,55.02
Revenue	11,08.77	4,17.49

The above expenses of Research and Development have been determined on the basis of information available with the Company. This has been relied upon by the Auditors.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## NOTE 30 (Contd.)

₹ in lacs

## 9) OPERATING LEASE

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

Lease rental on the said lease of ₹ 1,79.94 lacs (Previous year ₹ 2,21.30 lacs) has been charged to Profit and Loss Account.

	As on 31.03.2012	As on 31.03.2011
<b>Future Minimum Lease Payment</b>		
For a period not later than one year	1,43.47	1,56.33
For a period later than one year but not later than five years	1,36.39	1,40.22
For a period later than five year	—	—

## 10) EXCHANGE DIFFERENCES RECOGNISED IN PROFIT AND LOSS ACCOUNT

Net foreign exchange gain recognised in Profit and Loss Account is ₹ 8,70.32 lacs (Previous year gain ₹ 6,18.81 lacs) out of which ₹ 60.76 lacs loss (Previous year loss ₹ 81.84 lacs) has been shown separately whereas net gain of ₹ 9,31.09 lacs (Previous year gain ₹ 7,00.64 lacs) are included under appropriate heads of items in Profit and Loss accounts.

## 11) AUDITOR'S REMUNERATION:

Other Services shown in note 29 includes an Amount of ₹ 1.00 lacs (Previous year ₹ 1.00 lacs) Audit Fees paid to Cost Auditor.

## 12) Factory Expenses includes an amount of ₹ 1 lacs paid as Donation to Kasturba Gram Vikas Mandal, Dholidungari, Taluka-Virpur, District Kheda, Gujarat.

## 13) Provision for Taxation includes provision for Wealth Tax ₹ 6.42 lacs (Previous year ₹ 6.64 lacs).

## 14) RETIREMENT BENEFITS

**Brief description:** The type of Defined benefit plans is as follows.

**Gratuity**

The employees Gratuity Fund Scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value obligation is determined based on actuarial valuation using projected unit credit method.

**Leave Encashment**

The present value obligation of Leave Encashment is determined based on actuarial valuation using projected unit credit method.

## i) Change in Defined Benefit obligation during the year ended March 31, 2012

₹ in lacs

Sr. No.	Particulars	2011-12		2010-11	
		Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
1.	Present value of Defined Benefit obligation as at April 1, 2011	47,82.50	15,56.46	47,68.74	13,61.69
2.	Current Service Cost	2,51.08	5,36.30	1,89.18	4,84.68
3.	Interest Cost	3,82.60	58.67	3,81.50	60.55
4.	Benefits paid	(6,87.08)	(1,88.70)	(9,37.28)	(1,55.43)
5.	Actuarial (Gain) / Loss on obligation	2,25.85	(3,48.51)	3,80.36	(3,96.77)
6.	Present value of obligation as at March 31, 2012.	49,54.95	16,14.22	47,82.50	13,54.72

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## NOTE 30 (Contd.)

₹ in lacs

Sr. No.	Particulars	2011-12		2010-11	
		Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
ii)	<b>Changes in Fair value of Plan Assets during the year ended March 31, 2012</b>				
1.	Fair value of plan assets as at April 1, 2011	42,36.09	–	40,95.29	–
2.	Expected return on plan assets	3,78.57	–	3,94.23	–
3.	Contributions made	3,13.04	1,88.70	6,83.85	2,26.75
4.	Benefits paid	(6,87.08)	(1,88.70)	(9,37.28)	(2,26.75)
5.	Actuarial gain / (Loss) on plan assets	–	–	–	–
6.	Fair value of plan assets as at March 31, 2012	42,40.62	–	42,36.09	–
iii)	<b>Expenses recognised in the statement of Profit &amp; Loss Account for the year March 31, 2012</b>				
1.	Current Service Cost	2,51.08	5,36.30	1,89.18	4,84.68
2.	Interest Cost	3,82.60	58.66	3,81.50	60.55
3.	Actuarial (gains) and losses (Net)	2,25.84	(3,48.51)	3,80.36	(3,96.77)
4.	Expected return on plan assets	(3,78.57)	–	(3,94.23)	–
5.	Total included in employee benefit expense	4,80.95	2,46.45	5,56.81	1,48.46
iv)	<b>Net Assets / (Liability) recognised in the Balance Sheet as at March 31, 2012</b>				
1.	Present value of the defined benefit obligation as at March 31, 2012	49,54.95	16,14.22	47,82.50	13,54.72
2.	Fair value of plan Assets as at March 31, 2012	42,40.62	–	42,36.09	–
3.	Net Assets / (Liability) recognised in the Balance Sheet	(7,14.33)	(16,14.22)	(5,46.41)	(13,54.72)
v)	<b>Actual return on plan assets for the year ended March 31, 2012</b>				
1.	Expected return on plan assets	3,78.57	–	3,94.23	–
2.	Actuarial gain / (loss) on plan assets	–	–	–	–
3.	Actual return on plan assets	3,78.57	–	3,94.23	–
vi)	<b>Percentage of each category of Plan Assets to Total Fair Value of plan Assets</b>				
1.	Insurer Managed Fund	100%	–	100%	–
vii)	<b>Principal Actuarial assumption at the Balance Sheet date</b>				
1.	Discount Rates	8.00%	8.00%	8.00%	8.00%
2.	Annual increase in salary	4.00%	4.00%	4.00%	4.00%
		LIC(1994-96)	LIC(1994-96)	LIC(1994-96)	LIC(1994-96)
3.	Mortality Rate	Ultimate	Ultimate	Ultimate	Ultimate
	The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority and other relevant factors, such as supply and demand in then employment market.				



**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

**NOTE 30 (Contd.)**

₹ in lacs

**viii) Details of Previous Years**

Gratuity Funded	2011-12	2010-11	2009-10	2008-09	2007-08
Present value of Defined Benefit obligation as at the year end.	49,54.95	47,82.50	47,68.75	42,33.88	36,60.48
Fund value as at the year end	42,40.62	42,36.09	40,95.30	36,62.03	36,91.58
Surplus / (Deficit)	(7,14.33)	(5,46.41)	(6,73.45)	(5,71.85)	31.10
Net Assets / (Liability) recognised in the Balance Sheet	7,14.33	5,46.41	6,73.45	5,71.85	–
Leave Encashment (Unfunded)					
Present value of Defined Benefit obligation as at the year end	16,14.22	13,54.74	13,56.60	10,80.91	6,48.95
Fund value as at the year end	–	–	–	–	–
Surplus / (Deficit)	(16,14.22)	(13,54.74)	(13,56.60)	(10,80.91)	(6,48.95)
Net Assets / (Liability) recognised in the Balance Sheet	(16,14.22)	(13,54.74)	(13,56.60)	(10,80.91)	(6,48.95)

ix) The contribution expected to be paid to the Gratuity fund during the annual period beginning after the Balance Sheet date is ₹ 6,08.72 lacs (Previous year ₹ 8,21.18 lacs).

x) Long term liability includes ₹ 53.06 lacs (Previous year ₹ 61.32 lacs) on account of Compensated Sick Leave absences.

**15) DISCLOSURE OF RELATED PARTIES/RELATED PARTY TRANSACTIONS:**

**a) Related parties: (As certified by the Management)**

(i) Related parties:

- Associated CEAT Holdings Company (Pvt.) Limited (Wholly owned Subsidiary Company)
- CEAT-Kelani Holdings Company (Pvt.) Limited (\*),
- Associated CEAT (Pvt.) Limited,
- CEAT-Kelani International Tyres (Pvt.) Limited,
- CEAT Kelani Radials Limited
- Rado Tyres Limited ( Associate Company)

(ii) Key Management Personnel:

- Mr. Paras K. Chowdhary, Managing Director
- Mr. Anant Goenka Deputy Managing Director

(\*) Indicates no transactions during the year with these related parties.

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

	Other Related Parties	
	2011-12	2010-11
<b>TRANSACTIONS</b>		
1. Reimbursement of Expenses	73.70	61.19
2. Dividend received	6,46.41	7,20.26
3. Royalty Received/Receivable	3,62.64	2,71.62
4. Imports of traded goods	11,16.69	43,04.65
5. Conversion charges paid/payable	7,60.46	8,81.67
6. Advance net of recovery	(1,20.00)	35.00
7. Loan given	1,50.00	–
8. Interest received	9.17	–
<b>AMOUNT DUE TO / FROM RELATED PARTIES</b>		
1. Debtors for Expenses	33.34	20.98
2. Advances given	60.79	1,92.36
3. Loans given	1,50.00	–

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS****NOTE 30 (Contd.)**

₹ in lacs

	Other Related Parties	
	2011-12	2010-11
4. Royalty receivable	1,81.60	1,47.91
5. Interest receivable	8.26	–
6. Creditors	3,02.69	7,97.90

Transactions with Mr. Paras K. Chowdhary, Managing Director and Mr. Anant Goenka, Deputy Managing Director, being the remuneration paid to them have been given here under.

	2011-12	2010-11
<b>MANAGERIAL REMUNERATION</b>		
Salaries	3,41.27	3,22.58
Allowances and Perquisites	24.15	21.19
Contribution to Provident and Superannuation Funds	45.59	40.57
	<b>4,11.01</b>	<b>3,84.34</b>

**Note: -**

- Remuneration paid to Mr. Anant Vardhan Goenka is subject to approval of the Central Government. The Company has received approval of the Central Government for the remuneration paid to Mr. Paras K. Chowdhary.
- The Managerial remuneration is computed as per the provisions of Section 198 of the Companies Act, 1956 read along with the provisions of Schedule XIII there to.

**16) SEGMENT REPORTING:**

Considering the organisation structure, nature of products and risk and return profile based on geographical distribution, the tyre business is considered as a single segment.

**17) EARNINGS PER SHARE (EPS):**

	2011-12	2010-11
a) Weighted Average Number of shares at the beginning and end of the year	3,42,43,534	3,42,43,534
b) Net Profit after Tax available for Equity Shareholders	7,53.85	22,28.34
c) Face value per share (₹)	10	10
d) Basic and Diluted Earnings Per Share (₹)	2.20	6.51

18) Notes required as per general instructions for preparation of Balance Sheet and Profit and Loss Statement as per Revised Schedule VI are given to the extent they are applicable to the Company.

19) Previous year's figures have been regrouped wherever necessary to conform to current year's classification.

**Signatories to Notes "1" to "30"**

As per our report attached

On behalf of the Board of Directors,

For N. M. Rajji & Co.,  
Chartered Accountants

Sunil S. Sapre  
Chief Financial Officer

H. V. Goenka  
Vice Chairman

Anant Goenka  
Managing Director

CA Y. N. Thakkar  
Partner

H. N. Singh Rajpoot  
Company Secretary

H. L. Mundra  
Chairman-Audit Committee

Paras K. Chowdhary  
Whole-Time Director

Place: Mumbai  
Date: May 8, 2012

Place: Mumbai  
Date: May 8, 2012

**STATEMENT PURSUANT TO SECTION 212(3) OF THE COMPANIES ACT, 1956****RELATING TO SUBSIDIARY COMPANY**

		₹ in lacs
Name of the Subsidiary		Associated CEAT Holdings Company (Pvt) Limited
1	Number of Shares held in the Subsidiary Company	1,00,00,000 Ordinary Shares of LKR 10/- each fully paid
2	Percentage of holding in the Subsidiary Company	100.00%
3	Financial Year ended	March 31, 2012
4	Profits/(Losses) of the Subsidiary Company for its Financial Year so far as it concerns the members of CEAT Ltd. which have not been dealt with in the accounts of CEAT Ltd. for the year ended March 31, 2012	
	For the year	34.56
	For the previous Financial Year	—
	Total accumulated upto the year	34.56
5	The Net Aggregate of Profits/(Losses) of the Subsidiary Co. which have been dealt within the accounts of CEAT Ltd. for the year ended March 31, 2012	
	For the year	6,32.88
	For the previous Financial Year	13.52
	Total accumulated upto the year	6,46.41
Notes -		
The Profit for the period has been converted at the average rate during the period i.e. 1 LKR = ₹ 0.4241		

On behalf of the Board of Directors,

Sunil S. Sapre  
Chief Financial OfficerH. V. Goenka  
Vice ChairmanAnant Goenka  
Managing DirectorPlace: Mumbai  
Date: May 8, 2012H. N. Singh Rajpoot  
Company SecretaryH. L. Mundra  
Chairman-Audit CommitteeParas K. Chowdhary  
Whole-Time Director**STATEMENT PURSUANT TO EXEMPTION RECEIVED UNDER SECTION 212 (8)****OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY****DETAILS OF SUBSIDIARY**

Name - Associated CEAT Holdings Company (Pvt.) Ltd.

Country - Sri Lanka

Reporting Currency - LKR

Exchange Rate - 1 LKR = ₹ 0.4001

(as on March 31, 2012)

		₹ in lacs
Financial Information	Amount in LKR	Amount in ₹
Capital	10,00.00	4,00.10
Reserves	30.52	12.21
Total Assets	10,30.52	4,12.31
Total Liabilities	10,30.52	4,12.31
Investment Other than Investment in Subsidiary	—	—
Turnover	15,75.00	6,67.96
Profit Before Taxation	15,73.70	6,67.41
Provision for Taxation	0.07	0.03
Profit After Taxation	15,73.63	6,67.38
Dividend	15,75.00	6,67.96

**AUDITOR'S REPORT** to the Board of Directors of CEAT Limited**On the Consolidated Financial statements of CEAT limited and its subsidiary.**

We have audited the attached Consolidated Balance Sheet **CEAT Limited** and its Subsidiary (herein after referred as CEAT Group) as at March 31, 2012 and also the Consolidated Profit and Loss Account for the year ended on March 31, 2012 annexed thereto and the Consolidated Cash Flow Statement for the period ended on that date. These financial statements are the responsibility of CEAT Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of CEAT Limited's subsidiary whose financial statements reflect total assets of ₹ 95,37.55 lacs as at March 31, 2012, total revenues of ₹ 184,70.10 lacs and cash outflows amounting to ₹ 46.31 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us and our opinion is based solely on the report of other auditors.

We report that the Consolidated Financial Statements have been prepared by CEAT Limited in accordance with the requirements of Accounting Standards (AS 21) Consolidated Financial statements and Accounting Standards (AS 23) Accounting for Investments in Associates in Consolidated Financial Statements as prescribed by the Companies (Accounting Standards) Rules, 2006

Based on our audit and to the best of our information and according to the explanations given to us, we are of the opinion, that the attached Consolidated Financial Statements read together with notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India;

- (a) In the case of the Consolidated Balance Sheet, of the state of affairs of CEAT Group as at March 31, 2012;
- (b) In the case of the Consolidated Profit and Loss Account, of the Profit for the year ended on that date; and
- (c) In the case of the Consolidated Cash Flow Statement, of the Cash flow for the year ended on that date.

For **N. M. RAIJI & CO.,**  
Chartered Accountants  
Firm Registration No.108296W

Place: Mumbai  
Date: May 08, 2012

**CA. Y. N. THAKKAR**  
Partner  
Membership No. 33329

**BALANCE SHEET** as at March 31, 2012

₹ in lacs

	NOTE No.	As at March 31, 2012	As at March 31, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	34,24.35	34,24.35
Reserves and Surplus	3	639,72.93	613,20.03
Money Received Against Share Warrants	4	3,63.97	6,05.42
		677,61.25	653,49.80
<b>Share Application Money Pending Allotment</b>			
		—	—
<b>Preference Shares Issued by Subsidiaries</b>			
		15.16	23.03
<b>Non Current Liabilities</b>			
Long-term Borrowings	5	571,63.95	604,68.75
Deferred Tax Liabilities (Net)	6	24,79.07	25,55.37
Other Long-term Liabilities	7	1,42.20	1,11.54
Long-term Provisions	8	9,69.23	9,51.72
		607,54.45	640,87.38
<b>Current Liabilities</b>			
Short-term Borrowings	9	523,53.10	318,76.12
Trade Payables	10	668,94.25	760,39.32
Other Current Liabilities	11	568,86.56	459,69.88
Short-term Provisions	12	15,52.18	19,69.60
		1,776,86.09	1,558,54.92
<b>Total</b>		<b>3,062,16.95</b>	<b>2,853,15.13</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	13		
Tangible Assets		1,501,52.73	1,330,75.04
Intangible Assets		64,52.69	62,45.39
Capital Work In Progress		17,59.74	109,95.78
Intangible Assets Under Development		2.00	1,17.39
		1,583,67.16	1,504,33.60
Goodwill on Consolidation		20,48.03	20,48.03
Non-current Investments	14	58.86	41.78
Long-term Loans and Advances	15	8,91.72	22,07.86
Other Non-current Assets		—	—
		1,613,65.77	1,547,31.27
<b>Current Assets</b>			
Current Investments	16	30,31.96	42,53.76
Inventories	17	602,68.47	586,93.96
Trade Receivables	18	636,64.69	501,73.51
Cash and Cash Equivalents	19	35,95.97	48,90.36
Short-term Loans and Advances	20	137,10.34	123,48.08
Other Current Assets	21	5,79.75	2,24.19
		1,448,51.18	1,305,83.86
<b>Total</b>		<b>3,062,16.95</b>	<b>2,853,15.13</b>

See accompanying notes to the financial statements  
As per our report attached

On behalf of the Board of Directors,

For N. M. Raiji & Co.,  
Chartered Accountants

Sunil S. Sapre  
Chief Financial Officer

H. V. Goenka  
Vice Chairman

Anant Goenka  
Managing Director

CA Y. N. Thakkar  
Partner

H. N. Singh Rajpoot  
Company Secretary

H. L. Mundra  
Chairman-Audit Committee

Paras K. Chowdhary  
Whole-Time Director

Place: Mumbai  
Date: May 8, 2012

Place: Mumbai  
Date: May 8, 2012

**STATEMENT OF PROFIT AND LOSS** for the year ended March 31, 2012

₹ in lacs

	NOTE No.	2011-2012	2010-2011
Revenue From Operations	23	4,648,99.71	3,631,12.61
Other Income	24	13,57.83	22,67.51
<b>Total Revenue</b>		<b>4,662,57.54</b>	<b>3,653,80.12</b>
<b>Expenses</b>			
Cost of Materials Consumed	25	3,379,31.29	2,750,50.98
Purchases of Stock-in-trade		46,96.91	68,41.91
Changes in Inventories of finished goods ,work-in-progress and Stock-in-trade	26	22,98.96	(143,87.80)
Employee Benefits Expense	27	243,72.76	213,63.93
Finance Costs	28	195,80.20	102,09.12
Depreciation and amortization expense		72,80.21	35,93.99
Other Expenses	29	673,54.58	577,39.32
<b>Total Expenses</b>		<b>4,635,14.91</b>	<b>3,604,11.45</b>
<b>Profit Before Exceptional and Extraordinary Items and Tax</b>		<b>27,42.63</b>	<b>49,68.67</b>
Exceptional Item - Voluntary Retirement Scheme		3,15.64	7,82.23
<b>Profit Before Extraordinary Item and Tax</b>		<b>24,26.99</b>	<b>41,86.44</b>
Extraordinary Item		-	-
<b>Profit Before Tax</b>		<b>24,26.99</b>	<b>41,86.44</b>
<b>Tax Expense:</b>			
Current Tax		6,79.78	9,82.57
Short / (Excess) Provision of earlier years		5.03	(11.86)
Deferred Tax		(76.30)	471.40
<b>Profit for the period from continuing operations</b>		<b>18,18.48</b>	<b>27,44.33</b>
<b>Profit from dis-continuing operations</b>		-	-
<b>Tax Expense of dis-continuing operations</b>		-	-
<b>Profit from dis-continuing operations (after Tax)</b>		-	-
Share of Profit of associates		-	-
Minority Interest		-	87.57
Dividend on Subsidiaries Preference Shares		5.53	10.17
<b>Profit for the period</b>		<b>18,12.95</b>	<b>26,46.59</b>
<b>Earnings Per Equity Share</b>			
Basic		5.29	7.73
Diluted		5.29	7.73

See accompanying notes to the financial statements  
As per our report attached

For N. M. Raiji & Co.,  
Chartered Accountants

CA Y. N. Thakkar  
Partner

Place: Mumbai  
Date: May 8, 2012

On behalf of the Board of Directors,

Sunil S. Sapre  
Chief Financial Officer

H. N. Singh Rajpoot  
Company Secretary

H. L. Mundra  
Chairman-Audit Committee

H. V. Goenka  
Vice Chairman

Paras K. Chowdhary  
Whole-Time Director

Anant Goenka  
Managing Director

**CASH FLOW STATEMENT** for the year ended March 31, 2012

₹ in lacs

	March 31 2012	March 31 2011
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Net Profit Before Tax</b>	24,26.99	41,86.44
<b>Adjustments for:</b>		
Depreciation	72,80.21	35,93.99
Interest income	(5,95.53)	(12,47.88)
Unrealised exchange variation (net)	(36.64)	2,48.66
Dividend income	(1,35.52)	(36.27)
Foreign Currency Translation Reserve on Consolidation	(2,10.15)	(90.82)
Provision for Doubtful debt	2,71.45	41.91
Provision for Doubtful debt - Written Back	(10.98)	(55.32)
Provisions no longer required Written back	-	(40.17)
Advance/Bad debts written off	4,54.21	41.28
Impairment of Assets	(17.51)	30.37
(Profit) / Loss on sale of fixed assets - Net	54.34	7.86
Interest expense	156,00.78	80,04.16
	226,54.66	104,97.77
<b>Operating Profit Before Working Capital Changes</b>	250,81.65	146,84.21
Adjustments for:		
Decrease/(Increase)Trade receivables,Inventory ,Loans and Advances, Other Assets	(175,32.04)	(297,07.05)
(Decrease)/IncreaseTrade payables,Provisions and Other Current Liabilities	13,38.53	431,06.60
(Decrease)/Increase in Long Term Provisions, Long Term Liability and Long term Loans and Advances	1,19.49	(12,42.48)
<b>Cash Generated from Operations</b>	90,07.63	268,41.28
Direct taxes paid	(6,67.26)	(19,09.30)
	(6,67.26)	(19,09.30)
<b>Cash Flow before Exceptional Items</b>	83,40.37	249,31.98
<b>Net Cash Flow From Operating Activities ( A )</b>	83,40.37	249,31.98
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed assets	(144,43.45)	(607,53.52)
Decrease/(Increase) Capital Advance	13,94.82	106,77.43
Loans & Advance to Related Parties	(1,50.00)	-
Sale of fixed assets	40.48	36.52
Purchase of Investments	(30,49.05)	(42,50.10)
Sale of Investments	42,53.76	43,00.40
Interest received	5,67.65	27,82.66
Dividend received	1,35.52	1,19.32
Goodwill on Consolidation	-	(17,20.31)
<b>Net Cash From Investing Activities ( B )</b>	(112,50.27)	(488,07.60)



**CASH FLOW STATEMENT** for the year ended March 31, 2012

₹ in lacs

	March 31 2012	March 31 2011
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Convertible Warrants	3,63.97	6,05.42
Interest paid	(151,22.20)	(103,82.06)
(Decrease)/Increase in Borrowings	171,72.22	251,82.24
Dividend paid ( Inclusive of Dividend Distribution Tax )	(7,90.53)	(15,82.89)
Redemption of Preference Shares	(13.39)	(65.76)
Minority Interest on Consolidation	–	(10,40.99)
<b>Net Cash Received/(Used) in Financing Activities (C)</b>	<b>16,10.07</b>	<b>127,15.96</b>
<b>Net (Decrease) / Increase in Cash or Cash Equivalent (A+B+C)</b>	<b>(12,99.83)</b>	<b>(111,59.66)</b>
Cash and Cash Equivalents - Opening balance	48,42.96	160,02.62
Cash and Cash Equivalents - Closing balance	35,43.13	48,42.96
<b>Net (Decrease) / Increase As Disclosed Above</b>	<b>(12,99.83)</b>	<b>(111,59.66)</b>

- 1 Previous years Figures have been regrouped wherever necessary.
- 2 Closing Cash & Cash Equivalents represents "Cash and Bank Balances" (Refer Note No. 19) except ₹ 52.84 lacs (Previous year ₹ 47.40 lacs) lying in separate bank accounts on account of unclaimed dividend which is not available for use by the company.
- 3 All Figures in brackets are Outflows.

See accompanying notes to the financial statements  
As per our report attached

For N. M. Raiji & Co.,  
Chartered Accountants

CA Y. N. Thakkar  
Partner

Place: Mumbai  
Date: May 8, 2012

On behalf of the Board of Directors,

Sunil S. Sapre  
Chief Financial Officer

H. V. Goenka  
Vice Chairman

Anant Goenka  
Managing Director

H. N. Singh Rajpoot  
Company Secretary

H. L. Mundra  
Chairman-Audit Committee

Paras K. Chowdhary  
Whole-Time Director

Place: Mumbai  
Date: May 8, 2012

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES**

**A) BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT**

The consolidated financial statements are drawn up by using accounting policies as disclosed in the notes below and are prepared to the extent possible in the same manner as the Company's individual financial statements.

The financial statements of the following subsidiary / associate have been considered for consolidation along with its interest in other Subsidiaries/Associates.

**1. Subsidiaries:**

Name of the Subsidiary	Country of incorporation	Shareholding	
		2011-12	2010-11
Associated CEAT Holdings Co. (Pvt.) Ltd.	Sri Lanka	100.00%	100.00%

**2. Associate:**

Name of the Associate	Country of incorporation	Shareholding	
		2011-12	2010-11
RADO Tyres Limited	India	22.34%	18.72%

Consolidated Financial Statements of CEAT Limited and its subsidiary company are prepared based on line by line consolidation by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating Intra-group balances and Intra-group transactions.

The difference between the costs of investments in subsidiaries over the book value of the subsidiaries' net assets on the date of acquisition is recognised in the consolidated financial statements as goodwill where the difference is positive and as capital reserve where the difference is negative.

In case of associates, where Company holds directly or indirectly through subsidiaries 20% or more equity or / and exercises significant influence, Investments are accounted for by using equity method in accordance with Accounting Standard (AS) 23 – "Accounting for Investments in Associates in Consolidated Financial Statements".

Foreign Subsidiary – Revenue items have been consolidated at the average rate of foreign exchange prevailing during the year. The assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate. Exchange differences arising on monetary and non-monetary items that in substance forms part of the Company's net investments in non-integral foreign operation are accumulated in the Foreign Currency Translation Reserve.

**B ) FIXED ASSETS & INTANGIBLE ASSETS**

Fixed Assets are stated at cost / revalued cost wherever applicable. Cost comprises of cost of acquisition, cost of improvements, borrowing cost and any attributable cost of bringing the asset to the condition for its intended use. Cost also includes direct expenses incurred upto the date of capitalisation / commissioning. Intangible Assets are reflected at the cost of acquisition of such Assets & are carried at Cost less accumulated amortization & impairment, if any.

Leased Assets comprise of assets acquired under Finance Leases which have been stated at cost of acquisition plus entire cost component amortizable over the useful life of these assets.

**C) BORROWING COST**

Borrowing costs include interest, fees and other charges incurred in connection with the borrowing of funds and is considered as revenue expenditure for the year in which it is incurred except for borrowing costs attributed to the acquisition / improvement

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Contd.)**

of qualifying capital assets and incurred till the commencement of commercial use of the asset and which is capitalised as cost of that asset.

**D) DEPRECIATION**

Depreciation is provided on the Straight Line Method, at the rates prescribed in Schedule XIV to the Companies Act, 1956. Certain Plants have been treated as Continuous Process Plants based on technical and other evaluations.

Leasehold land is amortised over the period of the lease.

Software expenditure have been amortised over a period of three years.

Technical Know-how and Brands are amortised over a period of twenty years.

In case of a subsidiary company, depreciation is provided for on a straight line basis at such rates as will write off various cost of the assets over the period of their expected useful lives.

The principle annual rates of depreciation used are as follows:

Buildings	- 5%
Plant & Equipment	- 5 to 20%
Motor vehicles	- 20%

The depreciation charge in respect of the subsidiary company is not significant in the context of the Consolidated Financial Statements.

**E) IMPAIRMENT OF ASSETS**

Subsidiary Companies: At each reporting date an assessment is made as to whether there is an indication that an Asset may be impaired. Where the carrying amount of an Asset exceeds its recoverable amount, the Asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future Cash Flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risk specific to the Asset. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the Assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

**F) INVESTMENTS**

Investments being long term are stated at cost. Provision against diminution in the value of investments is made in case diminution is considered as other than temporary, as per criteria laid down by the Board of Directors after considering that such investments are strategic in nature.

Current Investment is stated at lower of cost or fair value.

In respect the subsidiary Company the Investment is stated at Cost less provision for diminution in value if any.

Investment in associate company is accounted as per the 'Equity method', and accordingly, the share of post acquisition reserves of each of the associate companies has been added to / deducted from the cost of investments.

**G) INVENTORIES**

Raw materials, Stores and spares and Stock-in-process are valued at weighted average Cost. Finished Goods are valued at lower of cost or net realisable value. Material-in-transit is valued at cost.

**H) REVENUE RECOGNITION**

Gross Sales include excise duty and are net of trade discounts / sales returns / sales tax.

Interest is accounted on an accrual basis.

Dividend is accounted when right to receive payment is established.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Contd.)**

**I) EXPORT INCENTIVE**

Export Incentives are recognised in the year of entitlement and credited to the Raw Material Consumption Account.

**J) GOVERNMENT GRANTS**

Grants relating to Fixed Assets are reduced from the cost of Fixed Assets and Grants related to revenue are shown separately as part of Other Operating Income.

**K) FOREIGN CURRENCY TRANSACTIONS**

Foreign currency transactions other than those covered by forward contracts are recorded at current rates.

Forward premia in respect of forward exchange contracts are recognised over the life of the contract.

Monetary Assets and Liabilities denominated in foreign currency are restated at year-end rates.

All exchange gains and losses arising out of transaction/restatement, are accounted for in the Profit and Loss Account.

The financial statements of the consolidated foreign subsidiary are translated in Indian Rupees, which is the functional currency of the company, as follows:

Assets and liabilities at rates of exchange ruling at year end.

Income statement items at the average rate for the year.

Exchange rate differences arising on the translation of consolidated foreign subsidiary is transferred to the Foreign Currency Translation Reserve.

**L) LEASE RENTALS**

The cost components in respect of Finance leases is being amortised over the primary lease period or effective life of the Assets as depreciation on Leased Assets and the interest component is charged as a period cost.

Secondary Lease rentals are being charged to Profit and Loss Account.

Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases and recognised as expenses as and when payment are made over the lease term.

**M) RESEARCH AND DEVELOPMENT**

Revenue expenditure on research and development is recognised as an expense in the year in which it is incurred.

Capital expenditure is shown as an addition to the fixed assets and are depreciated at applicable rates.

**N) EMPLOYEE BENEFITS**

**a) Defined Contribution plan**

Contribution to Defined Contribution Schemes such as Provident Fund, Superannuation, Employees State Insurance Contribution and Labour Welfare Fund are charged to the Profit and Loss account as and when incurred.

**b) Defined Benefit plan**

The Company also provides for retirement / post-retirement benefits in the form of gratuity and Leave encashment. Company's liability towards these benefits is determined using Project Unit Credit Method. These benefits are provided based on the Actuarial Valuation as on Balance Sheet date by an Independent actuary.

c) Short term benefits are recognized as an expense in the profit and loss account of the year in which the related service is rendered.

d) Long term leave benefits are provided as per actuarial valuation as on Balance Sheet date by an independent actuary using project unit credit method.

e) Termination benefits are recognized as an expense as and when incurred.

f) In respect of foreign subsidiary, the provision for gratuity has been made as per Sri Lankan Accounting Standard 16 – Employee Benefit. Expenditure in respect of Subsidiary is not significant in the context of the consolidation of financial statements

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Contd.)****O) TAXES ON INCOME**

- a) Current Tax: Current Tax is determined in accordance with the provisions of Income Tax Act, 1961.
- b) Deferred Tax Provision: Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted on the Balance Sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

₹ in lacs

		As at March 31, 2012	As at March 31, 2011
2	SHARE CAPITAL	No. of Shares held	No. of Shares held
A)	AUTHORISED:		
	4,61,00,000 (4,61,00,000) Equity Shares of ₹ 10 each	46,10.00	46,10.00
	39,00,000 (39,00,000) Preference Shares of ₹ 10 each	3,90.00	3,90.00
	1,00,00,000 (1,00,00,000) Unclassified Shares of ₹ 10 each	10,00.00	10,00.00
		60,00.00	60,00.00
B)	ISSUED:		
	3,42,44,222 (3,42,44,222 ) Equity Shares of ₹ 10 each (Includes 688 (688) Shares offered on Right basis and kept in abeyance)	34,24.42	34,24.42
		34,24.42	34,24.42
C)	SUBSCRIBED AND PAID-UP:		
	3,42,43,534 (3,42,43,534) Equity Shares of ₹ 10 each, fully paid-up	34,24.35	34,24.35
		34,24.35	34,24.35

		2011-12		2010-11	
	PARTICULARS	Equity Shares		Equity Shares	
		Number	₹ in lacs	Number	₹ in lacs
a)	Shares outstanding at the beginning of the year	3,42,43,534	3,424.35	3,42,43,534	3,424.35
	Shares Issued during the year	—	—	—	—
	Shares bought back during the year	—	—	—	—
	Shares outstanding at the end of the year	3,42,43,534	3,424.35	3,42,43,534	3,424.35

- b) Terms and Rights attached to equity 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. A member shall not have any right to vote whilst any call or other sum shall be due and payable to the Company in respect of any of the shares of such member. All equity shares of the Company rank *pari passu* in all respects including the right to dividend. The dividend is recommended by the Board of Directors and declared by the members at the ensuing Annual general Meeting. The Board of Directors have a right to deduct from the dividend payable to any member any sum due from him to the Company.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 2 SHARE CAPITAL (Contd.)**

In the event of winding-up, subject to the rights of holders of shares issued upon special terms and conditions, the holders of equity shares shall be entitled to receive remaining assets, if any, in proportion to the number of shares held at the time of commencement of winding-up.

The Shareholders have all other rights as available to Equity Shareholders as per the provisions of the Companies Act, 1956, read together with the Memorandum of Association and Articles of Association of the Company, as applicable.

- c) The Company does not have any holding company or ultimate holding company. Promoter shareholding in the Company including persons acting in concert with the promoters as on March 31, 2012 is 1,78,43,962 equity shares i.e. 52.11% of the equity share capital of the Company. (Previous year March 31, 2011, 1,67,23,578 ie. 48.84%).
- d) Shares in the Company held by each shareholder holding more than 5% (As certified by the Management on which Auditors have relied)

	As at March 31, 2012		As at March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Instant Holdings Limited	5,009,185	14.63	4,922,185	14.37
Goodhope Sales Private Limited	4,155,743	12.14	4,155,743	12.14
Swallow Associates Limited	4,484,624	13.10	–	–
Societe Ceat D Investissements Asie S A	1,782,348	5.20	1,782,348	5.20
RPG Cellular Investments & Holdings Private Limited	–	–	3,309,245	9.66

- e) Money received against Convertible warrants:

The Company has on March 12, 2012 allotted 17,12,176 Warrants of face value ₹ 10 each to Instant Holdings Limited, an entity belonging to the Promoter Group of Companies at a price of ₹ 85.03 per Warrant on a preferential basis. The Company has received the 25% of the price of the Warrant i.e ₹ 21.26 per Warrant at the time of allotment. The Warrants are convertible into an equivalent number of equity shares at the option of the allottee within a period of 18 months from the date of allotment i.e. upto September 11, 2013.

Also refer Note 4

	As at March 31, 2012		As at March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Instant Holdings Limited	5,009,185	14.63	4,922,185	14.37
Goodhope Sales Private Limited	4,155,743	12.14	4,155,743	12.14
Swallow Associates Limited	4,484,624	13.10	–	–
Societe Ceat D Investissements Asie S A	1,782,348	5.20	1,782,348	5.20
RPG Cellular Investments & Holdings Private Limited	–	–	3,309,245	9.66

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>3 RESERVES AND SURPLUS</b>		
<b>A) CAPITAL RESERVE:</b>		
Opening Balance	2,71.45	2,71.45
Add: forfeiture of Convertible Warrants (Refer note 4)	6,05.42	-
	8,76.87	2,71.45
<b>B) CAPITAL REDEMPTION RESERVE:</b>	3,90.00	3,90.00
<b>C) SECURITIES PREMIUM RESERVE:</b>	165,23.65	165,23.65
<b>D) REVALUATION RESERVE:</b>		
Opening Balance	58.52	-
Add: Revalued during the year	8,46.43	58.52
	9,04.95	58.52
Less: Depreciation	3.76	-
	9,01.19	58.52
<b>D) FOREIGN CURRENCY TRANSLATION RESERVE</b>	(3,95.24)	(1,85.09)
<b>E) GENERAL RESERVE:</b>		
Opening Balance	187,00.97	185,30.97
Add: Transfer from surplus	-	1,70.00
	187,00.97	187,00.97
<b>F) SURPLUS</b>		
Opening Balance	255,60.53	238,74.62
Add: Net profit after tax transferred from Statement of Profit & Loss	18,12.95	26,46.59
<b>Amount available for Appropriation</b>	273,73.48	265,21.21
<b>Appropriations:</b>		
Proposed Dividend	3,42.44	6,84.87
Tax on Proposed Dividend	55.55	1,05.81
Amount Transfer to General Reserve	-	1,70.00
<b>Surplus - Closing balance</b>	269,75.49	255,60.53
	639,72.93	613,20.03

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>4 MONEY RECEIVED AGAINST SHARE WARRANTS</b>		
Opening Balance as at April 1, 2011	6,05.42	-
Add: Received during the year	3,63.97	6,05.42
	9,69.39	6,05.42
Less: Forfeited during the year transfer to Capital Reserve	6,05.42	-
Closing balance as at March 31, 2012	3,63.97	6,05.42

**Note on forfeiture of Warrants allotted in 2010:**

The Company had on September 30, 2010 allotted 17,12,170 Warrants of face value ₹ 10/- each to entities belonging to the Promoter Group on a preferential basis at ₹ 141.11 per Warrant. The Company has received the 25% of the price of the Warrant i.e. ₹ 35.36 per Warrant an amount of ₹ 6.05 crore at the time of allotment. The Warrants convertible into an equivalent no. of equity shares were convertible at the option of the allottees within a period of 18 months from the date of allotment i.e. upto March 29, 2012. The allottees failed to exercise their option within the stipulated time period i.e. upto March 29, 2012. The Warrants have since lapsed and the amount paid by the entities of the Promoter Group has been forfeited by the Company and Credited to Capital Reserve Account.



**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>5 LONG TERM BORROWINGS</b>		
<b>1 SECURED :</b>		
<b>Term Loans from Banks</b>		
a) ICICI Bank Ltd. (Note 1)	117,00.00	90,00.00
b) ICICI Bank Ltd. - ECB Loan (Note 2)	–	9,19.00
c) ICICI Bank Ltd. - ECB Loan (Note 3)	33,63.21	43,24.12
d) ICICI Bank Ltd. (Note 4)	58,33.33	70,00.00
e) Bank of India (Note 5)	69,13.58	47,50.00
f) Bank of Baroda (Note 6)	34,99.96	47,50.00
g) Export Import Bank of India (Note 7)	–	12,50.00
h) Export Import Bank of India (Note 8)	70,00.71	90,00.91
i) Corporation Bank (Note 9)	6,24.89	18,75.00
j) IDBI Bank Ltd. (Note 10)	17,59.07	23,87.30
k) State Bank of India (Note 11)	1,64.92	3,39.27
l) Commercial Bank of Ceylon Plc (Note 12)	22.09	34.52
m) Development Finance Corporation of Ceylon (Note 13)	5.06	32.49
n) Sampath Bank Plc (Note 14)	15.00	22.78
o) Nations Trust Bank (Note 15)	1,57.37	1,19.43
p) Buyers Credit (Note 16)	31,40.67	34,77.81
<b>2 UNSECURED :</b>		
<b>Term Loans</b>		
From Bank (Note A)	25,00.00	–
Deferred payment liabilities - Sales Tax Incentive (Note B)	46,59.08	47,48.70
Public Deposits	58,05.01	64,37.42
	<b>571,63.95</b>	<b>604,68.75</b>

**NOTE ON SECURED LONG TERM BORROWINGS.**

1. Term Loan availed from ICICI Bank Ltd. of ₹ 1,17,00.00 lacs (Previous year ₹ 90,00.00 lacs) is secured by First *pari passu* Charge on movable (except Current Assets) both present and future and Immovable Properties located at Bhandup, Halol and Nasik Plants and second *pari passu* charge on the current assets of the Company both present and future .

It is repayable in 10 Equal Semi Annual Installments of Rs 13,00.00 lacs each beginning January 11, 2013 after a moratorium of 30 months.

2. ECB loan availed from ICICI Bank Ltd. of ₹ Nil, (Previous year ₹ 9,19.00 lacs) is secured by First *pari passu* Charge on movable and immovable properties of the Company situated at Bhandup and Nasik Plants both present future.

Repayable in 10 Equal Semi Annual Installment of Rs 4,59.00 lacs after a moratorium of 18 months.

3. ECB loan availed from ICICI Bank Ltd. of ₹ 33,63.21 lacs (Previous year ₹ 43,24.12 lacs ) is secured by First *pari passu* Charge on movable properties (except current assets) both present and future and immovable properties of the Company situated at Bhandup, Halol and Nasik Plants and second *pari passu* charge over Current Assets both present and future.

Repayable in 24 Equal Quarterly Installment of Rs 2,40.00 lacs after a moratorium of 27 months from December 23, 2010.

4. Term Loan availed from ICICI Bank Ltd. of ₹ 58,33.33 lacs (Previous year ₹ 70,00.00 lacs) is secured by First *pari passu* Charge on immovable properties situated at Bhandup Plant.

Repayable in 12 Equal Quarterly Installment of ₹ 5,83.00 lacs after a moratorium of 27 months from November 9, 2012.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****NOTE 5 LONG TERM BORROWINGS (Contd.)**

5. Term Loan availed from Bank of India of ₹ 69,13.58 lacs (Previous year ₹ 47,50.00 lacs) is secured by First *pari passu* charge on Company's movable (except Current Assets) both present and future and immovable properties located at Bhandup, Halol and Nasik Plants and second *pari passu* charge over Current Assets both present and future.

Repayable in 20 quarterly installments of ₹ 5,00.00 lacs each commencing from January 1, 2012.

6. Term Loan availed from Bank of Baroda of ₹ 34,99.96 lacs (Previous year ₹ 47,50.00 lacs) is secured by First *pari passu* Charge on present & future movable (Except Current Assets) both present and future and immovable fixed assets located at Bhandup, Halol and Nasik Plant and second *pari passu* charge over Current Assets both present and future.

Repayable in 20 quarterly installments of ₹ 2,50.00 lacs each commencing from January 1, 2012.

7. Term Loan availed from Export Import Bank of India of ₹ Nil lacs (Previous year ₹ 12,50.00 lacs) is secured by First *pari passu* Charge on immovable property of the Company situated at RPG House, Worli, Mumbai.

8. Term Loan availed from Export Import Bank of India of ₹ 70,00.71 lacs (Previous year ₹ 90,00.91 lacs) is secured by First *pari passu* Charge on movable properties (except Current Assets) both present and future and immovable properties located at Bhandup, Halol and Nasik Plants and second *pari passu* charge over Current Assets both present and future.

Repayable in 20 Equal Quarterly Installments of ₹ 5,00.00 lacs after a moratorium of 12 months from November 1, 2011.

9. Term Loan availed from Corporation Bank of ₹ 6,24.89 lacs (Previous year ₹ 18,75.00 lacs) is secured by First *pari passu* Charge on immovable property of the Company situated at RPG House, Worli, Mumbai.

Repayable in quarterly installments of ₹ 3,13.00 lacs on 26th of every quarter from December, 2010. after moratorium period of 12 months from the date of first disbursement. (October 2009)

10. Term Loan availed from IDBI Bank Ltd. of ₹ 17,59.07 lacs (Previous year ₹ 23,87.30 lacs) is secured by First *pari passu* Charge on movable properties (except current assets) both present and future and immovable properties of the Company situated at Bhandup, Halol and Nasik Plants and second *pari passu* charge on Current Assets both present and future.

Repayable in 20 quarterly installments of ₹ 1,25.00 lacs starting from January 1, 2012.

11. Term Loan availed from State Bank of India of ₹ 1,64.94 lacs (Previous year ₹ 3,39.27 lacs) is secured by First *pari passu* Charge on Land, Building and Machinery of Subsidiaries.

12. Term Loan availed from Commercial bank of Ceylon Plc of ₹ 22.09 lacs (Previous year ₹ 34.52 lacs) is secured by First *pari passu* Charge on and immovable properties of the Subsidiaries.

13. Term Loan availed from Development Finance Corporation of Ceylon of ₹ 5.09 lacs (Previous year ₹ 32.49 lacs) is secured by First *pari passu* Charge on and immovable properties of the Subsidiaries.

14. Term Loan availed from Sampath Bank Plc of ₹ 15.00 lacs (Previous year ₹ 22.78 lacs) is secured by First *pari passu* Charge on Machinery of the Subsidiaries.

15. Term Loan availed from Nations Trust Bank of ₹ 150.76 lacs (Previous year ₹ 87.97 lacs) is secured by First *pari passu* Charge on Imported Machinery of the Subsidiaries.

16. Buyer's credit is secured by letter of comfort / undertaking (LOC / LOU) issued by the Bank. The said LOC / LOU is part of the working capital-term-loan facilities.

**NOTE ON UNSECURED LONG TERM BORROWINGS.**

- A) Long term loan availed from Ratnakar Bank Ltd. of ₹ 25,00.00 lacs. Repayment after 18 months from the date of disbursement i.e. August 18, 2013.
- B) Deferred Sales Tax Loan is interest free, the repayment of the loan installment commences from April 26, 2011 and end on April 30, 2025.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>6 DEFERRED TAX LIABILITY (NET)</b>		
Major components of Deferred Tax Assets and Deferred Tax Liabilities:		
<b>Assets</b>		
a) Carried forward tax losses	49,28.46	12,41.30
b) Disallowance under section 43B of the Income Tax Act	5,84.60	7,88.36
c) Voluntary Retirement Scheme	2,84.22	2,55.45
d) Minimum Alternative Tax	10,98.57	7,14.01
	<b>68,95.85</b>	<b>29,99.12</b>
<b>Liability</b>		
Difference between book and tax depreciation	93,31.46	55,11.43
Less : Deferred Tax on Revaluation Surplus	43.46	43.06
Deferred Tax Liability (Net)	<b>24,79.07</b>	<b>25,55.37</b>

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>7 OTHER LONG TERM LIABILITY</b>		
Security deposits	1,42.20	1,11.54
	<b>1,42.20</b>	<b>1,11.54</b>

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>8 LONG TERM PROVISIONS</b>		
<b>Provision for Employee benefits:</b>		
Unavailed Leave	8,04.18	8,27.71
Gratuity	1,65.05	1,24.01
	<b>9,69.23</b>	<b>9,51.72</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>9 SHORT TERM BORROWINGS</b>		
<b>1 SECURED</b>		
<b>Loans Repayable on Demand</b>		
a) Working Capital Demand Loan	9,88.04	7,93.15
b) Cash Credit Facilities (Note i)	26,59.79	12,31.90
c) Export Packing Credit (Note i)	133,54.77	98,27.68
<b>Others</b>		
d) Buyer's Credit (Note ii)	341,22.63	189,80.90
<b>2 UNSECURED :</b>		
a) Term Loans from Bank	7,53.64	4,85.86
b) Public Deposits	4,74.23	5,56.63
	<b>523,53.10</b>	<b>318,76.12</b>

Note :

- i) Cash Credit and Export packing credit are part of Working Capital facilities availed from Consortium of Banks led by Bank of India are secured by hypothecation by way of first *pari passu* charge on all its current assets and by way of second *pari passu* charge on immovable and all movable properties (excluding current assets) of the Company situated at Bhandup, Nasik, Halol Plants and RPG House at Worli, Mumbai.
- ii) Buyer's credit is secured by letter of comfort / undertaking (LOC / LOU) issued by the Bank. The said LOC / LOU is part of the working capital-term-loan facilities.

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>10 TRADE PAYABLES</b>		
Acceptances	243,71.37	412,34.21
Due for more than 30 days to Micro, Small and Medium Enterprises	11.90	–
Other Trade Payables	425,10.98	348,05.11
	<b>668,94.25</b>	<b>760,39.32</b>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>11 OTHER CURRENT LIABILITY</b>		
1 Current Maturities of Long term debt	200,24.60	87,68.99
2 Current Maturities of Finance Lease Obligations	23.87	22.24
3 Interest Accrued but not Due on Borrowings	10,71.80	5,93.22
4 Unpaid Dividends	52.84	47.40
5 Unpaid Interest & Matured Deposits	0.85	0.08
6 Other Payables :		
a) Payable to Capital Vendors	9,08.79	30,89.67
b) Deposits From Dealers & Others	285,30.35	271,19.62
b) Statutory Dues	18.06	24.02
d) Withholding and Other Taxes payable	52,71.73	40,84.34
e) Advance Received from Customers	9,83.67	22,20.30
	<b>568,86.56</b>	<b>459,69.88</b>

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>12 SHORT TERM PROVISIONS</b>		
<b>PROVISION FOR EMPLOYEE BENEFITS</b>		
a) Unavailed Leave	8,10.04	5,27.02
b) Gratuity	3,31.83	5,60.98
c) Proposed Dividend	3,42.44	6,84.87
d) Tax on Proposed Dividend	55.55	1,11.10
e) Provision for Income Tax	12.32	85.63
	<b>15,52.18</b>	<b>19,69.60</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in lacs

13 FIXED ASSETS										
ASSETS	COST			DEPRECIATION				IMPAIR- MENT	NET VALUE	
	As at April 1, 2011	Additions Revalua- tion	Deduc- tions	As at March 31, 2012	As at April 1, 2011	For the year 2011-2012	On deduc- tions	As at March 31, 2012	As at March 31, 2012	As at March 31, 2012
<b>TANGIBLE</b>										
<b>Owned Assets</b>										
Land	422,94.22	8,79.49	–	431,73.71	–	–	–	–		431,73.71
Buildings	213,00.13	18,74.05	6.37	231,67.81	40,50.57	5,79.52	1.91	46,28.18		185,39.63
Plant and Equipments	1,126,29.73	209,62.03	3,95.05	1,331,96.71	459,42.69	60,71.00	315.27	516,98.42	(17.51)	815,15.80
Furniture and Fixtures	7,49.29	2,52.84	0.03	10,02.10	588.48	70.89	0.03	6,59.34		3,42.76
Office Equipments	4,34.57	48.94	1.01	4,82.50	235.79	22.49	0.42	2,57.86		2,24.64
Vehicles	7,64.36	6.04	40.56	729.84	382.02	46.59	30.57	3,98.04		3,31.80
	<b>1,781,72.30</b>	<b>240,23.39</b>	<b>443.02</b>	<b>2,017,52.67</b>	<b>511,99.55</b>	<b>67,90.49</b>	<b>348.20</b>	<b>576,41.84</b>	<b>(17.51)</b>	<b>1,441,28.34</b>
<b>Leased Assets</b>										
Land	62,61.75	1.25	–	62,63.00	2,89.50	47.53	–	3,37.02		59,25.97
Plant and Equipments	10,04.10	–	–	10,04.10	8,74.06	31.62	–	9,05.68		98.42
	72,65.85	1.25	–	72,67.10	11,63.56	79.15	–	12,42.71	–	60,24.39
	<b>1,854,38.15</b>	<b>240,24.64</b>	<b>4,43.02</b>	<b>2,090,19.77</b>	<b>523,63.11</b>	<b>68,69.64</b>	<b>3,48.20</b>	<b>588,84.55</b>	<b>(17.51)</b>	<b>1,501,52.73</b>
	<b>(1,287,21.26)</b>	<b>(568,87.88)</b>	<b>(1,70.99)</b>	<b>(1,854,38.15)</b>	<b>(490,73.43)</b>	<b>(33,85.93)</b>	<b>(1,26.62)</b>	<b>(523,32.74)</b>	<b>(30.37)</b>	<b>(1,330,75.04)</b>
<b>Intangible</b>										
Software	6,67.37	3,66.97	–	10,34.34	5,48.50	96.46	–	6,44.96	–	3,89.38
Brand	56,29.80	–	–	56,29.80	1,17.29	2,81.49	–	3,98.78	–	52,31.02
Technical Knowhow	6,14.60	2,50.91	–	8,65.51	0.59	32.63	–	33.22	–	8,32.29
	<b>69,11.77</b>	<b>6,17.88</b>	<b>–</b>	<b>75,29.65</b>	<b>6,66.38</b>	<b>4,10.58</b>	<b>–</b>	<b>10,76.96</b>	<b>–</b>	<b>64,52.69</b>
	<b>(5,63.43)</b>	<b>(63,48.94)</b>	<b>(0.61)</b>	<b>(69,11.77)</b>	<b>(4,52.26)</b>	<b>(2,14.73)</b>	<b>(0.61)</b>	<b>(6,66.38)</b>	<b>–</b>	<b>(62,45.39)</b>
	<b>1,923,49.92</b>	<b>246,42.52</b>	<b>4,43.02</b>	<b>2,165,49.42</b>	<b>530,29.49</b>	<b>72,80.22</b>	<b>3,48.20</b>	<b>599,61.51</b>	<b>(17.51)</b>	<b>1,566,05.42</b>
	<b>(1,292,84.70)</b>	<b>(632,36.82)</b>	<b>(1,71.60)</b>	<b>(1,923,49.92)</b>	<b>(495,25.69)</b>	<b>(36,00.66)</b>	<b>(1,27.23)</b>	<b>(529,99.12)</b>	<b>(30.37)</b>	<b>(1,393,20.43)</b>
Capital Work-in-Progress										17,59.74
										(109,95.78)
Intangible Assets under Development										2.00
										(1,17.39)
<b>Grand Total</b>										<b>1,583,67.16</b>
										<b>(1,504,33.60)</b>

- Building includes ₹ 0.11 lacs (Previous year ₹ 0.11 lacs) being value of shares held in co-operative housing societies.
- Free Hold Land includes land acquired at Halol, Gujarat vide Memorandum of Understanding (MOU) for ₹ 1.75 lacs which is subject to registration formalities
- Lease Hold Land includes land acquired at Additional Ambarnath Industrial Area, Ambarnath, District Thane, Maharashtra from Maharashtra Industrial Development Corporation (MIDC) vide sanction letter dated October 30, 2009. The Company has taken physical possession of this land on September 1, 2010 which is subject to registration formalities.
- Fixed assets cost includes assets revalued during last five years on the basis of valuation report submitted by approved valuers about their market value as summarised below :

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 13 FIXED ASSETS (Contd.)**

₹ in lacs

	Gross amount written up on revaluation (Net of deletions / adjustments)	Depreciation provided upto March 31, 2012 (Net of deletions / adjustments)	Amount written up (Net of depreciation / adjustments)
Land	115,18.48	4.13	115,14.35
Buildings	2,34.21	16.91	2,17.30
Plant & Machinery	90.59	15.37	75.22
	<b>118,43.28</b>	<b>36.41</b>	<b>118,06.87</b>

- The Land of the Subsidiary Company was revalued during the year 2011-12 by an independent valuer and surplus of ₹ 8,47.37 lacs arising from revaluation was transferred to Revaluation Reserve
- During the year reversal to the extent of ₹ 17.51 lacs was made against the impairment charge made in 2010-11 on Plant & Machinery of Subsidiaries.
- The pre-operative expenses (POE) apportioned over the fixed assets capitalised during the current year.

₹ in lacs

PARTICULARS	
Borrowing Cost	10,95.38
Personnel Cost	2,45.42
Consultancy & Profesional fees	1,48.85
Power & Fuel Consumption	1,06.62
General Expenses	1,61.00
Depreciation	3.22
Travelling & Conveyance	49.37
	<b>18,09.86</b>
Less:	
Interest Received	28.11
Net POE Capitalised	<b>17,81.75</b>

₹ in lacs

**14 NON-CURRENT INVESTMENTS**

	Face Value	Holdings (Nos.)	As at March 31, 2012	Holdings (Nos.)	As at March 31, 2011
<b>LONG TERM - FULLY PAID</b>					
<b>I Unquoted Equity Shares ( Trade )</b>					
a) Investment in Associates					
Cost of Investment					
Rado Tyres Ltd. (Associate Company w.e.f. January 2012 ) (includes ₹ 58,85,773 of Goodwill arising on Consolidation)	10 ₹	1,916,350	58.86	1,606,350	41.78
Add: Share of post acquisition profit			-		-
b) Associated CEAT (Private) Ltd.	10 LKR	1	0.00	1	0.00
c) CEAT Kelani Radials (Private) Ltd.	10 LKR	1	0.00	1	0.00
d) CEAT Kelani International Tyres (Private) Ltd.	10 LKR	1	0.00	1	0.00
Aggregate Cost of Unquoted Investments			<b>58.86</b>		<b>41.78</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>15 LONG TERM LOANS AND ADVANCES</b>		
Unsecured Considered Good		
Capital Advances	2,15.44	16,10.25
Security Deposits	3,85.40	4,45.50
Loans to Related Party (Rado Tyres Limited)	1,50.00	–
Other Loans and Advances :		
Prepaid Expenses	1,40.88	1,52.11
	<b>8,91.72</b>	<b>22,07.86</b>

₹ in lacs

<b>16 CURRENT INVESTMENTS</b>					
Investments in Mutual Funds	Face Value ₹	Holdings (Nos.)	As at March 31, 2012	Holdings (Nos.)	As at March 31, 2011
CURRENT					
Unquoted ( Non-Trade )					
Peerless liquid Fund Super Institutional	10	1,51,63,529.77	15,16.58	1,00,06,685.57	10,00.82
Taurus liquid Fund Super Institutional	1,000	1,51,524.07	15,15.38	65,070.16	6,50.73
Templeton India Treasury Management Account Super Institutional plan	1000	–	–	60,005.62	6,00.46
Kotak Floater Short term	10	–	–	98,93,977.07	10,00.89
ICICI prudential Liquid Super	100	–	–	10,00,616.65	10,00.86
<b>TOTAL</b>			<b>30,31.96</b>		<b>42,53.76</b>
Aggregate Cost of Unquoted Investments			30,31.96		42,53.76

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>17 INVENTORIES</b>		
a) Raw Materials	209,33.31	204,28.09
Goods-in transit	68,88.34	50,52.26
	278,21.65	254,80.35
b) Work-in-Progress	34,35.71	29,48.94
Goods-in transit	–	–
	34,35.71	29,48.94
c) Finished goods	245,40.43	267,81.28
Goods-in transit	–	–
	245,40.43	267,81.28
d) Stock-in-Trade	7,21.60	6,68.98
Goods-in transit	90.65	98.80
	8,12.25	7,67.78
e) Stores and spares	35,68.06	28,62.00
Goods-in transit	1,21.85	0.50
	36,89.91	28,62.50
Less :		
Provision for Obsolescence of Stores	31.48	1,46.89
	36,58.43	27,15.61
	<b>602,68.47</b>	<b>586,93.96</b>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>18 TRADE RECEIVABLES</b>		
<b>A DEBTS OVERDUE EXCEEDING 6 MONTHS</b>		
Secured, Considered Good	3.69	31.38
Unsecured, Considered Good	1,88.36	1,50.29
Unsecured, Considered Doubtful	3,27.94	1,77.40
Less : Provision for Doubtful Debts	3,27.94	1,77.40
	1,92.05	1,81.67
<b>B OTHER DEBTS</b>		
Secured, Considered Good	214,97.99	209,91.76
Unsecured, Considered Good	419,74.65	290,00.08
	634,72.64	499,91.84
	<b>636,64.69</b>	<b>501,73.51</b>

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>19 CASH AND CASH EQUIVALENTS</b>		
<b>A) BALANCES WITH BANKS :</b>		
Current Accounts	7,97.56	12,59.66
Deposits Accounts	3,30.17	3,20.87
Margin Money Deposits *	5,25.74	5.39
Unclaimed Dividend Accounts	52.84	47.40
<b>B) CHEQUES IN HAND</b>	5.14	—
<b>C) CASH IN HAND</b>	16.38	18.00
<b>D) OTHERS</b>		
Remittance in Transit	18,68.14	32,39.04
	<b>35,95.97</b>	<b>48,90.36</b>

\* Lien with Banks

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>20 SHORT TERM LOANS AND ADVANCES</b>		
<b>Unsecured, Considered Good</b>		
Advance to Related Party (Rado Tyres Limited)	60.79	1,92.36
<b>Others :</b>		
Advance Receivable in Cash or Kind or for Value to be Received	40,85.09	33,39.73
Balance with Customs, Port Trust, Excise etc.	80,56.35	72,37.47
Advance Payment of Tax (Net of Provision)	13,61.95	13,79.51
Interest Receivable	58.42	30.54
Other Receivables	87.74	1,68.47
<b>Unsecured, Considered Doubtful</b>		
Advances	1,17.75	13.33
Provision for Doubtful Advance	1,17.75	13.33
	<b>137,10.34</b>	<b>123,48.08</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in lacs

	As at March 31, 2012	As at March 31, 2011
<b>21 OTHER CURRENT ASSETS</b>		
Unamortised Forex Charges	5,79.75	2,24.19
	<b>5,79.75</b>	<b>2,24.19</b>

₹ in lacs

	2011-12	2010-11
<b>22</b>		
<b>1) CONTINGENT LIABILITIES:</b>		
a) Direct and Indirect Taxation Matters		
Income Tax	16,23.00	16,82.62
Wealth Tax	6.73	6.73
Excise Duty / Service Tax	45,60.43	43,34.38
Value Added Tax / Central Sales Tax	44,41.41	44,17.77
b) Disputed demands of Octroi Duty	2,22.10	1,70.77
c) Bills discounted with Banks and Finance Companies	18,12.11	27,52.04
d) Corporate Guarantees given on behalf of others		
- Covered by indemnity undertakings from RPG Enterprises Ltd.	25,50.00	25,50.00
- Corporate Guarantee given to Indian Bank & Hatton National Bank by CEAT Kelani Holdings (Private) Ltd. On behalf of Associated CEAT (Private) Ltd.	–	4,53.68
e) The Company has given Indemnity in respect of Lease transactions entered into with ICICI Bank Ltd., liability for which is indeterminable	–	–
f) Export obligation under Export Promotion Council Guarantee Scheme	415,54.92	396,07.89
<b>2) CLAIMS AGAINST THE COMPANY NOT ACKNOWLEDGED AS DEBTS (ESTIMATED):</b>		
i) in respect of labour matters	5,88.80	6,48.00
ii) other claims	9,39.37	12,35.10
<b>3) CONTRACTS REMAINING TO BE EXECUTED :</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for – net of advance payments.	12,99.85	91,65.87

## 4) OTHER COMMITMENTS AS CERTIFIED BY THE MANAGEMENT ON WHICH AUDITORS RELIED UPON.

- The Company has availed the Sales Tax Deferral Incentive and Octroi refund from the Directorate of Industries for Nasik Plant. Hence, the Company will have to take prior permission of the appropriate authority for removal/transfer of any asset (falling under the above Schemes) from Nasik Plant. In the event of non - compliance of terms & conditions, the Company will be required to refund the entire loan/benefit along with the interest @ 15.5%.
- Rado Tyres Limited is an Associate Company in which CEAT holds 22.34% share as on March 31, 2012. As per the Draft Rehabilitation Scheme filed by the Operating Agency with BIFR, the Company has committed to give Rado Tyres Limited a loan of ₹ 2,25.00 lacs (₹ 1,50.00 lacs paid during the year) and an advance of upto ₹ 2,25.00 lacs ( ₹ 50.00 lacs already given). The Company has also agreed for a minimum conversion charge of ₹ 29.5 per Kg. upto March 31, 2015.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 22 (Contd.)**

- 5) The Company has issued 17,12,176 convertible warrants on preferential basis to promoter's / Promoter's group with an object to augment long term resources of the Company and the amount is being utilised for the intended purpose.
- 6) The revised Schedule VI has become effective from April 1, 2011 for the preparation of Balance Sheet and Profit and Loss Statement. Consequent to the changes in the disclosure and presentation requirement, the following classifications and regrouping has been made in the current years' financial statements.
- (a) The Security Deposits from Dealers amounting to ₹ 28,530.35 lacs (Previous year ₹ 27,119.62 lacs) are now grouped in Current Liability under the Note No.11 (6)(b) - Deposits from Dealers & Others.
- (b) Buyers Credit has been re-grouped under Long Term Borrowing [Refer to Note No. 5(1)(p)] if it is payable after a period of 12 months and under Short Term Borrowing [Refer to Note No.9(1)(d)] if it is payable within a period of 12 months.
- 7) Previous year's figures have been regrouped wherever necessary to conform to current Year's classification.

		₹ in lacs	
		2011-12	2010-11
<b>23</b>	<b>REVENUE FROM OPERATIONS</b>		
1	Sale of products	4,970,65.37	3,885,08.49
2	Other operating revenues		
	Royalty Income	1,81.32	1,35.81
	Sale of Scrap	15,16.76	11,86.10
	Government Grant	11,96.90	13,71.46
	Other	2,18.08	2,42.93
		5,001,78.43	3,914,44.79
	Less:		
3	Excise duty	352,78.72	283,32.18
		4,648,99.71	3,631,12.61

		₹ in lacs	
		2011-12	2010-11
<b>24</b>	<b>OTHER INCOME</b>		
a)	Interest Income	5,95.53	12,47.88
b)	Miscellaneous Income	6,26.78	9,83.36
c)	Dividend on Investments		
	Subsidiary	-	-
	Others	1,35.52	36.27
		13,57.83	22,67.51

		₹ in lacs	
		2011-12	2010-11
<b>25</b>	<b>COST OF MATERIAL CONSUMED</b>		
	Raw Materials		
	Stock - 1st April, 2011	204,34.08	201,06.67
	Add : Purchases	3,384,30.53	2,753,78.39
		3,588,64.61	2,954,85.06
	Less : Stock - 31st March, 2012	209,33.32	204,34.08
		3,379,31.29	2,750,50.98

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in lacs

	2011-12	2010-11
<b>26 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE</b>		
OPENING STOCK AS AT 01 APRIL 2011		
Work-in-Progress	29,48.94	12,78.79
Finished Goods	266,54.83	118,68.30
Stock-in-Trade	7,91.28	16,68.40
	<b>303,95.05</b>	<b>148,15.49</b>
CLOSING STOCK AS AT 31ST MARCH 2012		
Work-in-Progress	34,35.71	29,48.94
Finished	244,54.34	266,54.83
Stock-in-Trade	7,21.60	7,91.28
	<b>286,11.65</b>	<b>303,95.05</b>
	17,83.40	(155,79.56)
Differential Excise Duty on Opening and Closing Stock of Finished Goods	5,15.56	11,91.76
	<b>22,98.96</b>	<b>(143,87.80)</b>

₹ in lacs

	2011-12	2010-11
<b>27 EMPLOYEE BENEFITS EXPENSES</b>		
Salaries, Wages and Bonus	200,55.72	176,25.77
Provident Fund, Gratuity Fund and Superannuation Scheme etc.	17,80.98	17,77.91
Welfare Expenses	25,36.06	19,60.25
	<b>243,72.76</b>	<b>213,63.93</b>

₹ in lacs

	2011-12	2010-11
<b>28 FINANCE COST</b>		
FINANCE COST		
Interest Cost	156,00.78	80,04.16
Other Borrowing Cost	39,11.38	22,06.29
FOREX Loss on Finance Transactions	68.04	(1.33)
	<b>195,80.20</b>	<b>102,09.12</b>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

₹ in lacs

		2011-12	2010-11
<b>29 OTHER EXPENSES</b>			
Conversion Charges		121,15.59	105,67.55
Stores and Spares Consumed		34,54.87	27,93.32
Provision for Obsolescence of Stores		32.72	22.55
Power and Fuel		157,54.90	128,68.59
Freight and Delivery Charges		86,24.11	77,85.85
Rent		4,08.12	4,83.70
Lease Rent		1,85.98	2,34.34
Rates and Taxes		1,17.15	1,29.37
Insurance		2,85.71	2,36.31
Repairs :			
Machinery	30,22.95		26,60.07
Buildings	3,46.05		3,81.41
Others	68.13		84.82
		34,37.13	31,26.30
Travelling and Conveyance		17,50.81	13,28.97
Printing and Stationery		1,84.03	1,41.96
Directors' Fees		8.45	8.75
Auditors' Remuneration :			
Audit Fees	29.34		23.99
Taxation Matters	1.09		2.52
Other Services (Certification, Tax Audit, etc.)	23.13		23.01
Reimbursement of Expenses	10.07		2.38
		63.63	51.90
Advertisement and Sales Promotion Expenses		44,13.84	46,57.24
Rebates and Discounts		59,97.30	46,56.94
Commission		51,23.11	41,94.54
Communication Expenses		4,94.19	5,73.28
Advances Written off		4,43.70	–
Bad Debts Written off	10.52		72.02
Less : Provision for doubtful debts written back to the extent provided	–		(30.74)
		10.52	41.28
Provision for Doubtful Debts / Advances		2,71.45	41.91
Loss on Asstes Sold / Discarded (net)		54.34	29.11
Factory Expenses		8,26.30	6,87.51
Legal Charges		2,29.15	1,26.01
Foreign Exchange Fluctuations (Net)		89.67	24.28
Professional and Consultancy Charges		6,14.58	9,71.83
Commission to Directors		–	35.00
Training and Conference Expenses		5,18.72	3,90.38
General Expenses		18,44.51	15,30.55
		673,54.58	577,39.32

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****NOTE - 30****1) OPERATING LEASE**

Lease rental of ₹ 1,85.98 lacs (Previous year ₹ 2,34.34 lacs), of which ₹ 6.04 lacs (Previous year ₹ 13.04 lacs) related to Subsidiary Companies, has been charged to Profit and Loss Account.

	₹ in lacs	
	2011-12	2010-11
<b>Future Minimum Lease Payment</b>		
For a period not later than one year	1,43.47	1,78.57
For a period later than one year but not later than five years	1,36.39	1,71.68

**2) RETIREMENT BENEFITS**

Brief description: The type of Defined benefit plans is as follows.

**Gratuity**

The employees Gratuity Fund Scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value obligation is determined based on actuarial valuation using projected unit credit method.

**Leave Encashment**

The present value obligation of Leave Encashment is determined based on actuarial valuation using projected unit credit method.

**i) Change in Defined Benefit obligation during the year ended March 31, 2012**

Sr. No.	Particulars	2011-12	2011-12	2010-11	2010-11
		Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
1.	Present value of Defined Benefit obligation as at April 1, 2011	47,82.50	15,56.46	47,68.74	13,61.69
2.	Current Service Cost	2,51.08	5,36.30	1,89.18	4,84.68
3.	Interest Cost	3,82.60	58.67	3,81.50	60.55
4.	Benefits paid	(6,87.08)	(1,88.70)	(9,37.28)	(1,55.43)
5.	Actuarial (Gain) / Loss on obligation	2,25.85	(3,48.51)	3,80.36	(3,96.77)
6.	Present value of obligation as at March 31, 2012.	49,54.95	16,14.22	47,82.50	13,54.72
<b>ii) Changes in Fair value of Plan Assets during the year ended March 31, 2012</b>					
1.	Fair value of plan assets as at April 1, 2011	42,36.09	—	40,95.29	—
2.	Expected return on plan assets	3,78.57	—	3,94.23	—
3.	Contributions made	3,13.04	1,88.70	6,83.85	2,26.75
4.	Benefits paid	(6,87.08)	(1,88.70)	(9,37.28)	(2,26.75)
5.	Actuarial gain / (Loss) on plan assets	—	—	—	—
6.	Fair value of plan assets as at March 31, 2012	42,40.62	—	42,36.09	—



**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 30 (Contd.)**

₹ in lacs

Sr. No.	Particulars	2011-12	2011-12	2010-11	2010-11
		Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
iii)	<b>Expenses recognised in the statement of Profit &amp; Loss Account for the year March 31, 2012</b>				
1.	Current Service Cost	2,51.08	5,36.30	1,89.18	4,84.68
2.	Interest Cost	3,82.60	58.66	3,81.50	60.55
3.	Actuarial (gains) and losses (Net)	2,25.84	(3,48.51)	3,80.36	(3,96.77)
4.	Expected return on plan assets	(3,78.57)	–	(3,94.23)	–
5.	Total included in employee benefit expense	4,80.95	2,46.45	5,56.81	1,48.46
iv)	<b>Net Assets / (Liability) recognised in the Balance Sheet as at March 31, 2012.</b>				
1.	Present value of the defined benefit obligation as at March 31, 2012	49,54.95	16,14.22	47,82.50	13,54.72
2.	Fair value of plan Assets as at March 31, 2012	42,40.62	–	42,36.09	–
3.	Net Assets / (Liability) recognised in the Balance Sheet	(7,14.33)	(16,14.22)	(5,46.41)	(13,54.72)
v)	<b>Actual return on plan assets for the year ended March 31, 2012</b>				
1.	Expected return on plan assets	3,78.57	–	3,94.23	–
2.	Actuarial gain / (loss) on plan assets	–	–	–	–
3.	Actual return on plan assets	3,78.57	–	3,94.23	–
vi)	<b>Percentage of each category of Plan Assets to Total Fair Value of plan Assets</b>				
1.	Insurer Managed Fund	100%	–	100%	–
vii)	<b>Principal Actuarial assumption at the Balance Sheet date</b>				
1.	Discount Rates	8.00%	8.00%	8.00%	8.00%
2.	Annual increase in salary	4.00% LIC(1994–96)	4.00% LIC(1994–96)	4.00% LIC(1994–96)	4.00% LIC(1994–96)
3.	Mortality Rate	Ultimate	Ultimate	Ultimate	Ultimate

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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 30 (Contd.)

## viii) Details of Previous Years

₹ in lacs

Gratuity Funded	2011-12	2010-11	2009-10	2008-09	2007-08
Present value of Defined Benefit obligation as at the year end.	<b>49,54.95</b>	47,82.50	47,68.75	42,33.88	36,60.48
Fund value as at the year end	<b>42,40.62</b>	42,36.09	40,95.30	36,62.03	36,91.58
Surplus / (Deficit)	<b>(7,14.33)</b>	(5,46.41)	(6,73.45)	(5,71.85)	31.10
Net Assets / (Liability) recognised in the Balance Sheet	<b>7,14.33</b>	5,46.41	6,73.45	5,71.85	–
Leave Encashment (Unfunded)					
Present value of Defined Benefit obligation as at the year end.	<b>16,14.22</b>	13,54.74	13,56.60	10,80.91	6,48.95
Fund value as at the year end	<b>–</b>	–	–	–	–
Surplus / (Deficit)	<b>(16,14.22)</b>	(13,54.74)	(13,56.60)	(10,80.91)	(6,48.95)
Net Assets / (Liability) recognised in the Balance Sheet	<b>(16,14.22)</b>	(13,54.74)	(13,56.60)	(10,80.91)	(6,48.95)

ix) The contribution expected to be paid to the Gratuity fund during the annual period beginning after the Balance Sheet date is ₹ 6,08.72 lacs (Previous year ₹ 8,21.18 lacs).

x) Long term liability includes ₹ 53.06 lacs (Previous year ₹ 61.32 lacs) on account of Compensated Sick Leave absences.

## 3) RETIREMENT BENEFITS – SUBSIDIARY COMPANIES

	2011-12	2010-11
Balance as at April 1, 2011	1,21.20	96.02
Provision for the year	49.41	31.12
	1,70.61	1,27.14
Payments made during the year	(4.29)	(5.94)
Balance as at March 31, 2012	1,66.32	1,21.20

Retirement Benefit Obligation as at year end has been computed based on the Gratuity formula Method.

The Principal assumptions used in the computation are as follows

	2011-12	2010-11
Discount rate	12%	10%
Expected Annual salary increment rate	13%	10%
Retirement Age	55 Years	55 Years

Provision for the year is made up as follows.

	2011-12	2010-11
Current Service Cost	20.97	14.87
Interest Cost	14.66	9.33
Under / (Over) provision in previous year	13.77	6.92
	49.40	31.12

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 30 (Contd.)**

₹ in lacs

**4) DISCLOSURE OF RELATED PARTIES/RELATED PARTY TRANSACTIONS:**

a) Related parties: (As certified by the Management)

(i) Related parties:

- Rado Tyres Limited ( Associate Company)

(ii) Key Management Personnel :

- Mr. Paras K. Chowdhary, Managing Director (Upto March 31, 2012)
- Mr. Anant Goenka, Deputy Managing Director (Upto March 31, 2012)

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

	Other Related Parties	
	2011-12	2010-11
<b>TRANSACTIONS</b>		
1. Conversion charges paid/payable	7,60.46	8,81.67
2. Advance net of recovery	(1,20.00)	35.00
3. Loan given	1,50.00	—
4. Interest received	9.17	—
<b>AMOUNT DUE TO / FROM RELATED PARTIES</b>		
1. Advances given	60.79	1,92.36
2. Loans given	1,50.00	—
3. Interest receivable	8.26	—
4. Creditors	43.36	22.73

**5) EARNINGS PER SHARE (EPS):**

	2011-12	2010-11
a) Weighted Average Number of shares at the beginning and end of the year	3,42,43,534	3,42,43,534
b) Net Profit after Tax available for Equity Shareholders	18,12.95	26,46.59
c) Face value per shares (₹)	10	10
d) Basic and Diluted Earnings Per Share (₹)	5.29	7.73

6) General instructions for preparation of Balance Sheet and Profit and Loss Statement as per Revised Schedule VI are given to the extent they are applicable to the Company.

7) Previous year's figures have been regrouped wherever necessary to conform to current year's classification.

**Signatories to Notes "1" to "30"**

As per our report attached

On behalf of the Board of Directors,

For N. M. Raiji & Co.,  
Chartered Accountants

Sunil S. Sapre  
Chief Financial Officer

H. V. Goenka  
Vice Chairman

Anant Goenka  
Managing Director

CA Y. N. Thakkar  
Partner

H. N. Singh Rajpoot  
Company Secretary

H. L. Mundra  
Chairman-Audit Committee

Paras K. Chowdhary  
Whole-Time Director

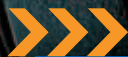
Place: Mumbai  
Date: May 8, 2012

Place: Mumbai  
Date: May 8, 2012





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