

2003 : A YEAR OF TRIUMPH

In a year that was thoroughly demanding to even the best of companies, CEAT's performance has been a story of resurgence. A story of revitalisation and change; of steadfast resilience and nimble innovation. A statement of courage in the face of adversity; of success against all odds.

Small wonder then, that the mood at CEAT is one of confidence and enthusiasm. New lessons have been learnt, new strategies have been drawn up to meet challenges that are yet to come. The organisation is evolving and responding quicker to a dynamic environment. The hurdles and trials emerge in the horizon, but CEAT races ahead, armed with the resolve to overcome and the determination to succeed.

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CEAT LIMITED

BOARD OF DIRECTORS

R. P. GOENKA	<i>Chairman</i>
H. V. GOENKA	<i>Vice Chairman</i>
P. K. CHOWDHARY	<i>Managing Director</i>
Dr. G. ACCORNERO	
M. A. BAKRE	
A. C. CHOKSEY	
S. DORESWAMY	
M. S. GUPTA	
J. N. GUZDER	
H. KHAITAN	
B. S. MEHTA	
H. L. MUNDRA	
B. L. PARANJPE	<i>Expired on 19th March, 2003</i>
K. R. PODAR	
N. SRINIVASAN	

COMPANY SECRETARY

T. M. ELAVIA

REGISTERED OFFICE

463, Dr. Annie Besant Road, Worli,
Mumbai 400 025.
(With effect from 1st November, 2003,
the pin code has changed
from 400 025 to 400 030).

PLANTS

Village Road, Bhandup, Mumbai 400 078.
82, MIDC, Industrial Estate, Satpur, Nasik 422 007.

AUDIT COMMITTEE

M. A. BAKRE	<i>Chairman</i>
S. DORESWAMY	<i>Member</i>
M. S. GUPTA	<i>Member (Appointed on 30th April, 2003)</i>
B. L. PARANJPE	<i>Member (Expired on 19th March, 2003)</i>

SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE

M. A. BAKRE	<i>Chairman</i>
P. K. CHOWDHARY	<i>Member</i>
M. S. GUPTA	<i>Member</i>

BANKERS

Bank of India
Bank of Baroda
Indian Bank
State Bank of India
UCO Bank
Vijaya Bank
Corporation Bank
State Bank of Travancore
The Dhanalakshmi Bank Ltd.
ICICI Bank Limited
The Karnataka Bank Ltd.
United Western Indian Bank

LEGAL ADVISERS

Mulla & Mulla and Craigie, Blunt & Caroe

AUDITORS

N. M. Rajji & Co.

REGISTRARS

Tata Consultancy Services,
Park West II, Raheja Estate,
Kulupwadi Road, Borivali (East),
Mumbai 400 066.

TEN-YEAR OPERATING AND FINANCIAL RECORD

(Rs. in Crores)

2002-2003 2001-2002 2000-2001 1999-2000 1998-99 1997-98 1996-97 1994-96# 1993-94## 1992-93

OPERATING RECORD

Sales	14,88	13,61	11,90	13,48	11,66	11,49	12,02	16,40	11,19	7,57
Miscellaneous Income	27	23	33	27	69	59	87	50	76	52
	15,15	13,85	12,23	13,75	12,35	12,08	12,89	16,90	11,95	8,09
Cost of Materials	7,47	7,18	6,05	6,51	5,85	6,12	6,45	8,45	5,62	3,81
Excise Duty	2,75	2,47	2,06	2,45	2,08	1,88	2,55	3,42	2,08	1,38
Expenses	4,64	4,16	4,26	4,56	4,23	3,93	3,82	4,85	3,98	2,70
Total	14,86	13,81	12,37	13,52	12,16	11,93	12,82	16,72	11,68	7,89
Profit/(Loss) before taxation	29	4	(14)	23	19	15	7	18	27	20
As percentage of Sales (%)	1.95	0.26	1.17	1.71	1.61	1.27	0.55	1.07	2.38	2.60
Provision for Taxation	11	0	0	3	2	2	1	0	0	0
Deferred tax benefit/Adjustments	0	0	0	0	0	1	1	0	0	0
Profit/(loss) after										
Taxation of earlier years	18	2	(14)	20	17	14	7	18	27	20
Dividend	4	4	4	7	7**	7**	7**	14	9	7
Per Share (Rs.)	1.00	1.00	1.00	2.00	1.92	1.92	1.92	3.90	2.80	2.80

FINANCIAL RECORD

Share Capital	35	35	35	35	35	39	39	35	31	31
Reserves & Surplus	5,88	5,51	5,67	5,93	5,13	4,45	4,47	5,01	2,54	2,40
Shareholders' Equity	6,23	5,86	6,02	6,28	5,48	4,84	4,86	5,36	2,85	2,71
Loan Funds & Deferred tax liability	5,23	5,57	5,89	5,43	5,04	4,66	4,77	4,53	6,44	6,14
Capital & Loan Funds employed	11,46	11,43	11,91	11,71	10,52	9,50	9,63	9,89	9,29	8,85
Fixed Assets- Gross	8,23	7,50	7,69	7,27	5,91	5,01	4,78	4,99	5,42	5,56
Depreciation	3,03	2,62	2,44	2,21	2,01	1,80	1,60	1,16	1,33	1,08
Fixed Assets- Net	5,20	4,88	5,25	5,06	3,90	3,21	3,18	3,83	4,09	4,48
Investments	1,93	1,93	1,99	2,05	2,11	2,46	2,30	2,54	1,60	90
Current Assets - Net & Deferred tax Asset	4,33*	4,62	4,67	4,60*	4,51*	3,83*	4,15*	3,52*	3,60*	3,47
Capital & Loan Funds applied	11,46	11,43	11,91	11,71	10,52	9,50	9,63	9,89	9,29	8,85

* Inclusive of Miscellaneous Expenditure to the extent not written off or adjusted

** Includes preference share dividend

For 18 months ## For 15 months

Figures regrouped wherever necessary

FINANCIAL HIGHLIGHTS

(Rs. in Crores)

	For the year ended 31.03.2003	For the year ended 31.03.2002
Income	1515.81	1384.76
Profit/(Loss) before Taxation	29.31	3.51
Profit/(Loss) after Taxation	18.41	2.40
Total Shareholders' Equity	622.64	586.29
Total Loan Funds & Deferred tax liability	523.13	556.93
Market Price of Equity Share (Rs.)	25.45	25.55
Proposed Equity Dividend (%)	10	10
Proposed Dividend - Aggregate (Rs. in Crores)	3.52	3.52
Number of Shareholders (Accounts) at year end	1,19,837	1,35,076
Number of Employees at year end	4,806	4,893
Personnel Cost (Rs. in Crores)	114.87	101.97

DIRECTORS' REPORT

The Directors have pleasure in presenting their Forty Fourth Report for the Financial Year 1st April, 2002 to 31st March, 2003.

At the outset, the Directors would like to clarify the postponement in the date of presentation of the Annual Report and convening of the Annual General Meeting. The Company had sought extension of time from the Registrar of Companies (ROC) for holding the Annual General Meeting, as it was intended that the Board would present the Audited Accounts as of 31st March, 2003 after giving effect to the Scheme of Arrangement between Harrison's Malayalam Limited, the Company and Meteoric Industrial Finance Company Limited. This Scheme of Arrangement has already been approved by the shareholders and the creditors of the Company at the respective Meetings.

The ROC granted time upto 31st December, 2003. However, as the approval process before the High Court of Judicature at Bombay and the High Court of Kerala and the subsequent implementation procedures would not have been completed in time for enabling the preparation of Audited Accounts (after giving effect to the Scheme of Arrangement) for being presented to the Annual General Meeting by the extended date, the Board of Directors decided to present the Audited Accounts without giving effect to the above mentioned Scheme of Arrangement.

FINANCIAL RESULTS

	For the year Ended 31st March, 2003	For the year Ended 31st March, 2002
	Rs. in crore	Rs. in crore
Profit before Depreciation	51.15	22.35
Less: Depreciation	21.84	18.83
Profit/(Loss) before Taxation	29.31	3.52
Less: Provision for Taxation	10.90	1.12
Net Profit/(Loss)	18.41	2.40
Add: Transfer from Investment Allowance (Utilised) Reserve	—	3.36
	18.41	5.76
Surplus brought forward from previous year	37.00	40.61
Sum available for appropriation	55.41	46.37
Appropriations:		
Proposed Dividend on Equity Shares	3.52	3.52
Tax on Dividend	0.45	—
Transfer to Debenture Redemption Reserve	9.15	5.85
Balance carried forward in the Profit & Loss Account	42.29	37.00
	55.41	46.37

DIVIDEND

The Directors recommend a dividend of Rs. 1/- per share, the same as for the previous year.

CEAT'S PERFORMANCE

During the year under review, the Company has shown a sharp all-round improvement, increasing turnover, market share and profitability. The performance could have been better but for the adverse impact of higher cost

of inputs in the second half of the financial year as a result of disturbed conditions in the Middle East which led to steep increase in the price of crude oil and petroleum based raw materials for tyres i.e. Nylon Tyre Cord, Carbon Black and Synthetic Rubbers. The Natural Rubber prices too went up globally influencing the domestic prices to a great extent.

With the objective of offering the best products at competitive prices to its customers, CEAT embarked on a programme to mitigate the adverse cost impact through operational improvements. The programme included maximization of capacity utilisation, enhanced operational efficiencies, prudent working capital management and introduction of several new products in different categories to meet the emerging customer needs.

The Company pursued a strategic initiative of intensifying outsourcing to expand the product range and increase volumes. An agreement has been entered into with Pirelli of Italy for outsourcing radial tyres which are being marketed in the brand name, CEAT Spider Radials.

CEAT is the first tyre company in India to have been awarded the international accreditation ISO / TS 16949 – 2002 Quality Standard Certification. This bears testimony to the deep-rooted efforts by the Company to enhance its quality systems. CEAT is now encouraging all its sourcing units to achieve the same level of quality standard by obtaining ISO / TS 16949 Certification.

EXPORTS

Exports received a renewed thrust in the year and as a result grew remarkably from Rs.135 crore in the year 2001-02 to Rs. 171 crore in the year 2002-03. The Company has entered many new markets namely Thailand, Hongkong, Eritrea and Israel. USA continues to remain the largest destination for CEAT amongst almost 50 countries to which the Company now exports.

CEAT continues to export almost its entire range of products and has shown sustained growth in the export markets. Despite China's emergence as a major low cost competitor and the appreciating rupee, the company has positioned itself for an impressive growth in the current financial year.

FUTURE OUTLOOK

With the evergrowing acceptance of recently launched products, coupled with greater publicity, reduction in the cost of borrowings, improved internal efficiencies and price rationalisation, the Company hopes for better performance.

However, there is concern for rising prices of major raw materials especially Natural Rubber.

RESEARCH AND DEVELOPMENT

Your Company has a well-established R & D Centre with highly qualified and trained technologists. The key activities have been Focused Process Improvement, New Product Design and Development.

HUMAN RESOURCES

The Human Resources initiatives at CEAT continued during the year with a view to develop relevant skills and competencies in its manpower resources.

The Industrial Relations at both the manufacturing plants and other key locations continue to be cordial.

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.

EMPLOYEE STATEMENT

A statement of Particulars of Employees of the Company, as prescribed under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is annexed hereto and forms part of this Report.

DIRECTORS

The Board of Directors sorrowfully reports the sad demise of Mr. B.L. Paranjape, Director, on 19th March, 2003. The Board is sure that the members will join in paying tribute to his memory and his services to the Company.

In accordance with the Companies Act, 1956 and Articles of Association, Mr. R.P. Goenka, Dr. G. Accornero, Mr. J.N. Guzder, Mr. H. Khaitan and Mr. K.R. Podar retire by rotation and have offered themselves for re-election.

ASSOCIATED CEAT-KELANI, SRI LANKA

During the period under review, the Company's Joint Venture in Sri Lanka reported better performance by increasing its sales over the previous year by 46% from SL Rs. 144 crore to SL Rs. 211 crore. Aided by the ongoing peace process in Sri Lanka, domestic sales grew from SL Rs. 137 crore to SL Rs. 174 crore and the full implementation of the Free Trade Agreement with India boosted the export sales five fold from SL Rs. 7 crore to SL Rs. 37 crore. Compared to a loss of SL Rs. 3.8 crore for the year 2001-2002, the company recorded a profit of SL Rs. 5.4 crore in 2002-2003.

VOLUNTARY DELISTING OF COMPANY'S EQUITY SHARES FROM ALL STOCK EXCHANGES, EXCLUDING THE STOCK EXCHANGE, MUMBAI AND NATIONAL STOCK EXCHANGE OF INDIA LTD.

Pursuant to the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003, it is proposed to seek the Members' approval by way of special resolutions for the Voluntary Delisting of the Company's Equity Shares from the Calcutta Stock Exchange Association Ltd., Kolkata, The Delhi Stock Exchange Association Ltd., New Delhi, Madras Stock Exchange Ltd., Chennai and The Stock Exchange Ahmedabad, Ahmedabad.

The Equity Shares will continue to remain listed on The Stock Exchange, Mumbai (BSE) at Mumbai and National Stock Exchange of India Ltd. (NSE) at Mumbai. No exit option will be offered to the shareholders, as the equity shareholders will continue to have the benefit of trading on BSE and NSE with ease because of the connectivity all over India.

DIRECTORS' RESPONSIBILITY STATEMENT

As specifically required under the Companies Act, 1956, your Directors state:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) that such accounting policies have been selected which have been applied consistently and judgments and estimates made 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 31st March, 2003 and of the Profit and Loss Account for the said financial year viz., 1st April, 2002 to 31st March, 2003.
- iii) that proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities have been taken.
- iv) that the Annual Accounts have been prepared on a 'going concern' basis.

CORPORATE GOVERNANCE

As required by Listing Agreement, the Corporate Governance Report, along with a Certificate of Compliance from the Auditors, is attached and forms part of the Annual Report to you as Shareholders, of which this Report is also a part. The attached Corporate Governance Report, including Management Discussion and Analysis Report, as identified by the Company Secretary, has been approved by the Board.

ACKNOWLEDGEMENT

The Directors wish to thank the customers, suppliers, dealers, financial institutions, banks, shareholders and employees for their continued support.

AUDITORS

Shareholders are requested to appoint the Auditors and fix their remuneration. Messrs. N.M. Raiji & Co., the retiring Auditors, have informed the Company that they are eligible for re-appointment.

On behalf of the Board of Directors,

PARAS K. CHOWDHARY
Managing Director

MAHESH S. GUPTA
Director

Mumbai
Date: 29th October, 2003

ANNEXURE TO THE DIRECTORS' REPORT DATED 29th OCTOBER 2003

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

The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

(a) Following are the jobs carried out during the above period for conservation of energy:-

1. Installed AC Variable frequency drives for pumps and blowers.
2. Air Pre Heater for Boiler being installed.
3. Installed energy efficient ballasts for fluorescent lamps.
4. Capacitors and filters installed to improve Power Factor.
5. Auto blow-down control and blow-down heat recovery system for Boiler being installed.

(b) Additional Investments/Proposals

1. Air/Pre Heater for Boiler.
2. AC variable frequency drives for extruder line.
3. Microprocessor based Controllers for Boilers.
4. Conserve air system for compressed air.
5. Conversion of Dip Unit Thermopac from Liquid Fuel to Natural Gas.

(c) Impacts of the measures at (a) and (b) above for reduction of energy consumption impacts on the cost of production of goods.

The above proposals will help in reducing the power and fuel consumption per Kg. of production.

(d) Total energy consumption and energy consumption per unit of production, as per Form A.

FORM "A"

A. POWER AND FUEL CONSUMPTION	2002-03	2001-02
1. ELECTRICITY		
(a) Purchased		
Units (KWH)	8,02,01,642	7,45,15,378
Total Amount (Rs. in Crores)	29.86	29.20
Rate per Unit (Rs.)	3.72	3.92
(b) Own generation		
(i) Through Diesel Generator		
Units (KWH)	16,17,578	4,97,609
Unit per Litre of Diesel Oil (KWH)	3.03	3.12
Cost per Unit (Rs.)	6.26	5.39
(ii) Through Steam/Turbine Generator		
Units (KWH)	—	—
Unit per Litre of Fuel Oil/Gas (KWH)	—	—
Cost per Unit (Rs.)	—	—
2. COAL (Specify quantity & where used)		
Quantity (Tonnes)	—	—
Total Cost (Rs. in Crore)	—	—
Average Rate (Rs.)	—	—
3. FURNACE OIL		
Quantity (K. Ltrs.)	2282	4213
Total Amount (Rs. in Crore)	2.68	3.95
Average Rate (Rs. per Litre)	11.76	9.38
4. L.S.H.S.		
Quantity (K. Ltrs.)	20,957	17,367
Total Amount (Rs. in Crore)	23.13	15.06
Average Rate (Rs. per Litre)	11.04	8.67
5. H.S.D.		
Quantity (K. Ltrs.)	556	577
Total Amount (Rs. in Crore)	1.13	0.95
Average Rate (Rs. per Litre)	20.26	16.50
6. OTHER/INTERNAL GENERATION		
(LPG & Other Gases)		
Quantity (Kgs.)	—	—
Total Cost (Rs. in Crore)	—	—
Rate per Unit (Rs. per Kg.)	—	—
B. CONSUMPTION PER UNIT OF PRODUCTION		
(i) Electricity (KWH/MT)	744.20	735.03
(ii) Furnace Oil (Ltrs./MT)	20.76	41.28
(iii) Coal	—	—
(iv) Others	—	—
(v) L.S.H.S. (Ltrs./MT)	190.62	170.18

B. TECHNOLOGY ABSORPTION

FORM "B"

RESEARCH & DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by the Company:
 - Evaluation and application of new raw materials.
 - Development of new compounds for improved Product Performance in specific service applications.
 - Development of new sizes for O.E. Manufacturers.
 - Development of new sizes for Replacement Market.
 - Development of rear tractor sizes for Export Market.
 - Re-engineering of products using value engineering.
 - Design changes for process and performance improvements.
 - Provided tyre technical know how to -
 - Associated CEAT (Private) Limited, Sri Lanka.
 - CEAT Kelani International Tyres (Private) Limited, Sri Lanka.
 - ACE Tyres Limited, Hyderabad.
 - Innovative Tyre & Tubes Project, Baroda.
2. Benefits derived as a result of above R & D
 - Addition of new products range
 - Improvement of product performance
 - Cost optimisation
 - Improvement of process efficiency
 - Achievement of self-sufficiency (without Collaborators)
 - Enhancement of product range
3. Future Plans of Action
 - Development of new tyres to meet specific customer needs, both domestic & export.
 - Improvement in product performance based on assessment of customer requirements.
 - Radial technology to cover light commercial vehicle tyres.
 - Enhancement of R & D capabilities.

4. Expenditure on R & D

	(Rs. in Crore)	
	2002-2003	2001-2002
a) Capital	0.04	0.02
b) Recurring	1.04	1.02
Total	1.08	1.04
c) Total R & D Expenditure as percentage of Total Turnover	0.07%	0.08%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. New products were developed with in-house talents without the help of Collaborators. Full fledged Passenger Radial Plant was built with in-house talents.
New ideas and techniques were also evaluated and implemented for quality and productivity improvement.
2. Benefits derived as a result of the above efforts e.g. Product Development, Product Improvement, Cost Reduction, Import Substitution, etc.
 - New Products developed to meet specific customer needs including High-Tech Radial Tyres.
 - Improved product performance.
 - Improvement in process technology.
3. In case of imported technology (imported during the last 5 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 is not taken place, reasons thereof and future plan of action. : Not Applicable

C. 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.

	(Rs. in Crore)	
	2002-2003	2001-2002
i) Foreign Exchange Earned	161.97	125.56
ii) Foreign Exchange Used	175.34	167.49

On behalf of the Board of Directors,

PARAS K. CHOWDHARY
Managing Director

MAHESH S. GUPTA
Director

Mumbai
Date : 29th October, 2003

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

CEAT is amongst the five leading tyre manufacturers in the country. The product range is broadly classified into – commercial tyres, car and utility vehicle tyres, farm and 2-3 wheeler tyres.

The tyre business generally moves in tandem with the economic growth, which gets reflected in the automobile business. The sale of commercial vehicles, car and 2-3 wheelers has registered a smart growth in this year. However, tractors have de-grown.

The production of tyres for commercial vehicles outstripped the growth in demand resulting in pressure on margins and intensifying competition.

OPPORTUNITIES AND THREATS

Opportunities

- Robust economic growth, particularly in the production of vehicles, is expected to result in healthy demand for tyres in the future.
- Export culture inculcated will enable participation in world markets.
- Excellent brand equity of Indian cross ply / bias truck tyres in the world market can open market opportunities for export of truck and passenger car radial tyres.
- Emergence of India as a hub for production of small cars is expected to give a thrust to auto component and tyre segment.
- Newer entrants in 2-3 wheeler manufacturing companies like Honda Motors, would boost demand for 2-3 wheeler tyres.
- Improved road infrastructure – especially on the Golden Quadrilateral and North – South East – West National Highway project – will result in significant increase in movement of goods and passenger traffic through roads with resultant growth in demand for tyres.
- Reduction in import duty of raw materials in the next Union Budget and further Rupee Appreciation could lead to reduction in cost of inputs.

Threats

- Rising cost of raw materials, specially natural rubber in the international as well as domestic market.
- Reduction in import duties could lead to higher volume of tyre imports.
- Competition in manufacturing from multinationals setting up new facilities in the country or region.
- Concessional import tariffs for countries like China and South Korea under Regional Trade Agreements could lead to stiff competition on prices.
- Rupee appreciation could lead to lower export realisation.
- With improvements of roads, usage pattern of tyres may change from Cross Ply to Radials, which will involve substantial investment in plant and machinery for expanding Radial facility.

PRODUCTWISE PERFORMANCE

CEAT is engaged in manufacturing of a large product range suitable for a variety of vehicles like trucks, buses, light commercial vehicles (L.C.V.), passenger cars, motorcycles, scooters, animal drawn vehicles and for Off-The Road vehicles.

CEAT has enhanced its product preference amongst its customers through continuously meeting the consumer expectations and enhancing the performance in Truck, Passenger Radial and L.C.V. tyres with introduction of newer high performance patterns in almost every category of tyres. The trendy new patterns of Motorcycles are well received by all segments of customers, for which there will be demand of tyres.

Traditionally, the product leadership is accomplished through a mother brand in truck lug tyres. This was achieved through country wide acceptance of the recent “HCL SUPER” launch in 10.00 – 20 category.

OUTLOOK

The Company is further enhancing its capacity utilisation to meet growing demand. Both the plants are now operating on all seven days of the week to get increased in-house production.

The Company is pursuing out-sourcing of the entire requirements of tubes and two-three wheeler tyres. CEAT is also engaged in obtaining truck tyres on conversion basis from other tyre plants. CEAT is poised to augment its market share through innovative commercial policies and a wider distribution network. The company expects to show better turnover and profitability in the current financial year.

RISKS AND CONCERNS

There are no risks or concerns other than those, which are common such as rise in raw material prices and availability, availability of credit, downturn in economy, civil disturbances and warlike situations.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has established a well knit Internal Control System under which Management Reports on key performance indicators and variance analysis are made to concerned persons and acted upon with proper monitoring of activities. Regular Management Committee Meetings are held when these Reports and variance analysis from Budgets are discussed and action plan initiated with proper follow up action. Operational Reports are tabled at each Board Meeting, after being discussed in Audit Committee Meetings.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Tight budgetary control on all key operational performance indicators and review of working capital is being exercised for continuous improvement of performance and profitability. The funds have been judiciously deployed to support higher quantum of operations without resorting to additional borrowings, wherever possible. The long term debt has been largely restructured to reflect the present cost of funds with additional period of moratorium and deferment in schedule of repayment which facilitates the availability of requisite amount of funds for operational needs.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT

Inculcating passion for Superior Performance and aligning of Individual Objectives to the Overall Company Objectives which were subject to formal periodic reviews, brought about greater Role Clarity and Empowerment.

Cross Functional teams were formed to bring about improvement in various operations and also to foster team work.

Job rotation and Job enrichment has been institutionalised to improve skill levels of managers.

Training continued both within the Company as well as nominating employees for External Training Programmes for skill enhancement and gaining knowledge on cutting edge practices.

CEAT has, for the second year in succession, linked Compensation Review to Performance of the Company and individual achievements through Variable Pay System, emphasizing reward for performance.

The Manufacturing Plant at Bhandup successfully implemented a Seven Day Work Week from June 2003.

CAUTIONARY STATEMENT

This Report to the Shareholders is in compliance with the Corporate Governance Standard incorporated in the Listing Agreement with the Stock Exchanges and as such cannot be construed as holding out for any forecast, projection, expectation, invitation, offer, etc. within the meaning of applicable Securities' Laws and Regulations.

Actual results could differ materially from those expressed or implied. Significant factors that could make a difference to CEAT's operations include domestic and international economic conditions affecting demand, supply and price conditions, changes in government regulations, tax regimes and other statutes.

Identified as having been approved
By the Board of Directors of CEAT LTD.

Date : 29th October, 2003.

T. M. Elavia
Company Secretary

CORPORATE GOVERNANCE REPORT

1. COMPANY PHILOSOPHY

According to Company philosophy, the discipline of Corporate Governance pertains to systems, by which companies are directed and controlled, keeping in mind the long-term interests of shareholders, while respecting interests of other stakeholders and society at large. It aims to align interests of the Company with its shareholders and other key stakeholders. Accordingly, this company philosophy extends beyond what is being reported under this Report. This Report is for compliance of Clause 49 of the Listing Agreement, which the Company has with the Stock Exchanges.

2. 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 1 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 and as trustees of stakeholders.

2.1 Composition

The Board of Directors of the Company consists of 14 Members.

The Company has One 'Executive' and Thirteen 'Non-Executive' Directors. The Chairman, Mr. R. P. Goenka is a Non-Executive Director and the Executive Director, Mr. Paras K. Chowdhary is the Managing Director. The Directors are eminent industrialists/ professionals with experience in industry/ business/finance/law and bring with them the reputation of independent judgment and experience, which they exercise and also satisfy the criteria of independence. However, the Board of Directors, adopting a more exacting view, has decided to treat only the Directors, as indicated in Para 2.2 below, as independent directors.

2.2 Board Meetings (During the Financial Year 1st April, 2002 to 31st March, 2003)

Name	Category	No. of Board Meetings attended during the year	Whether attended last AGM held on 17.09.2002	No. of Directorships in other public limited cos.	No. of Committee positions held in other public limited companies	
					Chairman	Member
Mr. R. P. Goenka	Non-Executive	0	No	04	—	—
Mr. H. V. Goenka	Non-Executive	5	Yes	10	—	—
Mr. P. K. Chowdhary	Executive	6	Yes	07	—	01
Dr. G. Accornero	Non-Executive	0	No	—	—	—
Mr. M. S. Gupta	Non-Executive	6	Yes	02	—	—
Mr. M. A. Bakre #	Non-Executive	6	Yes	02	—	01
Mr. A. C. Choksey #	Non-Executive	2	No	12	—	—
Mr. S. Doreswamy #	Non-Executive	6	Yes	05	01	08
Mr. J. N. Guzder #	Non-Executive	6	Yes	04	—	—
Mr. H. Khaitan #	Non-Executive	4	Yes	14	—	03
Mr. B. S. Mehta #	Non-Executive	3	Yes	13	05	04
Mr. H. L. Mundra #	Non-Executive	6	Yes	02	—	—
Late Mr. B. L. ** Paranjape #	Non-Executive	5	Yes	11	05	01
Mr. K. R. Podar #	Non-Executive	2	No	04	—	—
Mr. N. Srinivasan #	Non-Executive	0	No	13	03	03

Independent Directors.

** Mr. B. L. Paranjape ceased to be Director with effect from 19th March, 2003.

2.3 Directors' Remuneration

A. Non-Executive Directors

Director	Relationships with other Directors	Sitting Fees paid during 2002-2003 (All figures in Rs.)
Mr. R. P. Goenka - Chairman	Father of Mr. H. V. Goenka	—
Mr. H. V. Goenka - Vice-Chairman	Son of Mr. R. P. Goenka	25,000
Dr. G. Accornero	—	—
Mr. M. S. Gupta	—	30,000
Mr. M. A. Bakre *	—	70,000
Mr. A. C. Choksey	—	10,000
Mr. S. Doreswamy *	—	70,000
Mr. J. N. Guzder	—	30,000
Mr. H. Khaitan	—	20,000
Mr. B. S. Mehta *	—	20,000
Mr. H. L. Mundra	—	30,000
Mr. B. L. Paranjape *	—	55,000
Mr. K. R. Podar	—	10,000
Mr. N. Srinivasan	—	—

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

B. Executive Director

Executive Director	Relationship with other Directors	Business relationships with the Company, if any	All elements of remuneration package i.e. salary, benefits, bonuses, pension, etc.	
Mr. Paras K. Chowdhary	—	Managing Director	Description	Amount (Rupees '000)
			Salary	19,80
			Allowances & Perquisites	3,93
			Contribution to Provident and Superannuation Funds	5,35
			TOTAL	29,08

The above remuneration was approved by a resolution passed by the Remuneration Committee constituted by the Board of Directors in terms of sub-paragraph (A) of Paragraph 1 of Section II of Part II of Schedule XIII (the "Schedule") to the Companies Act, 1956. This Remuneration Committee is comprised of Mr. H. V. Goenka, Chairman, Mr. M. A. Bakre, Member, Mr. S. Doreswamy, Member, and Mr. H. L. Mundra, Member and meets the criteria as laid down in Explanation IV in Section II of Part II of the Schedule. Mr. B. L. Paranjape ceased to be Director with effect from 19th March, 2003 on his demise, and in his place Mr. H. L. Mundra was appointed on 29th July, 2003. It is clarified that the Remuneration Committee is in accordance with Schedule XIII as referred to above and not under clause 49 of the listing agreement under which formation of Remuneration Committee is not a mandatory requirement.

2.4 Remuneration Policy

The Managing Director is paid remuneration as per the Agreement entered between him and the Company and which was approved by the members on 27th September, 2001. The remuneration structure of the Managing Director comprises of salary, perquisites and allowances, contributions to provident fund, superannuation and gratuity.

The Non-Executive Directors do not draw any remuneration from the Company except sitting fees.

2.5 Board Meetings

During the financial year ended 31st March, 2003, 6 Board Meetings were held on 2nd May, 2002, 26th July, 2002, 17th September, 2002, 30th October, 2002, 31st January, 2003 and 19th March, 2003.

3. DETAILS OF THE DIRECTORS BEING PROPOSED FOR APPOINTMENT/RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING. (PURSUANT TO CLAUSE 49 (VI A))

3.1 Mr. R. P. Goenka

Mr. Rama Prasad Goenka is the Chairman Emeritus of the US \$ 1.5 Billion RPG Group. Amongst the Group's core businesses are Power (CESC Limited, which supplies power to the city of Kolkata), Tyre (CEAT, one of India's top tyre companies, which has Italian origin), Entertainment (Saregama India Limited, India's largest music company), Retailing (Foodworld, India's largest retail chain), Life Sciences and other companies involved in telecommunication, IT, etc.

Born in Kolkata (1st March, 1930), educated at the famed Presidency College of Kolkata and later at Harvard, Mr. Goenka is currently a Member of Parliament (Rajya Sabha), Chairman of Board of Governors, International Management Institute and a Trustee of the Jawaharlal Nehru Memorial Fund. He is a former President of the Federation of Indian Chambers of Commerce & Industry and the Confederation of Asia Pacific Chambers of Industry. He is also the immediate past Chairman of the Board of Governors of the Indian Institute of Technology, Kharagpur, which has been rated as the country's number 1 Engineering College.

Mr. Goenka has received from the Emperor of Japan "The Order of the Sacred Treasure Gold and Silver Star."

3.2 Dr. G. Accornero

Dr. Guido Accornero, born in Turin on 5th August, 1931, graduated in Economics and Commerce at the University of Turin, Member of the Registrar and Official Auditor.

In past times, among other offices, he has been :

- President of CEAT CAVI S.p.A. and of CEAT INTERNATIONAL S. A.
- Vice President of CASTOR ELETTRODOMESTICI S.p.A., EINAUDI EDITORE S.p.A.
- Administration Member of SIRT I S.p.A., AUTOSTRADA TORINO-MILANO S.p.A. ITALIA OGGI S.p.A., FUNIVIE DI COUMAYEUR
- Member of Polo Club of Nichelino (Turin)
- Founder and President of SALONE DEL LIBRO DI TORINO
- Teacher of IPSOA - post-university course in the years 1961-62

3.3 Mr. J. N. Guzder

Mr. Guzder is a prominent figure in the business and industrial life of Mumbai and has been connected with business and industry for over 60 years.

Presently, he is a Director of 5 large companies connected with chemicals, petrochemicals and engineering.

Mr. Guzder has been associated with various Chambers of Commerce and is Past President of -

- ◆ Indian Merchants' Chamber in Mumbai and is still a Member of its Managing Committee.
- ◆ Indian National Committee of the International Chamber of Commerce, Paris.
- ◆ Indo-German Chamber of Commerce
- ◆ Maharashtra Economic Development Council and the Council for Fair Business Practices and is still a Member of the Governing Council.
- ◆ Rotary Club of Bombay and also served as a "District Secretary" of Rotary District and at present is a Seniormost Member of the Club.

Formerly, he was also the Vice President of the Maharashtra Chamber of Commerce and Industry, Mumbai and Member of the Executive Committee of the Federation of Indian Chambers of Commerce and Industry, New Delhi.

In 1966, he became the Founder Vice President for life of the first ever world travel body called "UFTAA".

In 1985, he was one of the few Indians invited to become a Companion Member of the prestigious Institute of Management in England.

He was a Trustee of the Bombay Parsi Punchayat for 27 years, the last 7 of which as Chairman. On his retirement on 29th January, 2003, he was bestowed the honour of being appointed Chairman Emeritus, the first Chairman of the Bombay Parsi Punchayat to be so honoured.

Currently, he is a Trustee of 19 Public Charity Trusts. His philanthropic and charitable work as a Trustee of these Trusts is well known, not only in Mumbai, but all over India.

3.4 Mr. H. Khaitan

Mr. Haigreave Khaitan is an Advocate by profession since 1995 having expertise in Commercial & Corporate Laws, Tax Laws, Mergers and Acquisitions, Restructuring, Foreign Collaboration, Licensing, etc.

3.5 Mr. K. R. Podar

Mr. Kantikumar R. Podar is founder Member and former President of SAARC Chamber of Commerce and Industry with Headquarters in Pakistan and past President of the Federation of Indian Chambers of Commerce and Industry (FICCI), the Apex Chamber of Commerce and Industry in India. Mr. Podar is connected with numerous Business, Social and Cultural Organisations.

Mr. Podar was the youngest Sheriff of Mumbai in 1974, was a Member of the Senate of University of Bombay for six years and is a Special Executive Officer.

Mr. Podar was Chairman / President of 16 important Bodies some of which are – the Economic & Scientific Research Foundation, New Delhi, for three years, The Indian Cotton Mills Federation (ICMF) for two years, Indian Merchants' Chamber (IMC) in the Platinum Jubilee Year, All India Organisation of Employers for two years, Indian Council of Arbitration for one year, Bombay Textile Research Association for two years, Millowner Association for three years.

Mr. Podar has been connected from time to time with almost 100 Bodies set up by the State and Central Governments as its Member.

4. COMMITTEES OF THE BOARD

4.1 Audit Committee

The terms of reference of the Audit Committee include the matters specified under Clause 49 II D of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

The Company has complied with the requirements of Clause 49 II A as regards the composition of the Audit Committee.

During the financial year ended 31st March, 2003, 6 meetings of the Audit Committee were held on 2nd May, 2002, 16th July, 2002, 26th July, 2002, 30th October, 2002, 31st January, 2003 and 19th March, 2003.

Attendance at Audit Committee Meetings

Name of the Director	No. of Meetings attended
Mr. M. A. Bakre, Chairman	6
Mr. B. L. Paranjape, Member*	5
Mr. S. Doreswamy, Member	6

* Mr. B. L. Paranjape ceased to be Director with effect from 19th March, 2003 on his demise and in his place Mr. M. S. Gupta, Chief Financial Officer, RPG-Group was appointed with effect from 30th April, 2003.

The necessary quorum was present at the meetings.

Audit Committee Meetings are attended by the representatives of Statutory Auditors, Managing Director, Vice President – Finance, Vice President - Legal and Company Secretary, General Manager – Accounts, Head - Internal Audit and Deputy Company Secretary. Till Mr. M. S. Gupta was appointed as a member on the committee, in place of Mr. B. L. Paranjape, he also attended the meetings as an invitee.

The Company Secretary functions as the Secretary of the Committee.

4.2 Shareholders/Investors Grievance Committee

The queries received from investors are being regularly attended to and are being resolved. The Committee reviews these queries.

Attendance at Shareholders/Investors Grievance Committee Meetings.

Name of the Director	No. of Meetings attended
Mr. M. A. Bakre, Chairman	5
Mr. Paras K. Chowdhary, Member	5
* Mr. M. S. Gupta, Member	4
* Mr. H. L. Mundra, Member	1

* Mr. H. L. Mundra resigned with effect from 2nd May, 2002 and Mr. M. S. Gupta was appointed in his place with effect from 2nd May, 2002.

During the year 2002-03, five meetings of the Committee were held. The Minutes of the Shareholders/Investors Grievance Committee were discussed and taken note of by the Board of Directors.

The Board has designated Mr. T. M. Elavia, Company Secretary, as “**Compliance Officer**”.

5. 5.1 Disclosures

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.

5.2 During the period, the Company has paid Professional Fees of Rs. 9000 to M/s Bansi Mehta & Co. of which Mr. B. S. Mehta is a partner

5.3 Other disclosures recommended by the SEBI Committee

1 Details of Annual General Meetings

A. G. M.	Day, Date	Time	Venue
41 st Meeting	Friday, 18 th August, 2000	11.00 a.m.	Patkar Hall, Mumbai.
42 nd Meeting	Thursday, 27 th September, 2001	11.00 a.m.	Patkar Hall, Mumbai.
43 rd Meeting	Tuesday, 17 th September, 2002	11.00 a.m.	Patkar Hall, Mumbai.

There were no Special Resolutions, which were put through postal ballot last year and presently there is no such proposal for this year.

2. Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management, their Subsidiaries or Relatives, etc. that may have potential conflict with the interests of company at large :-

There were no material and/or significant transactions during the Financial Year 2002-2003 that were prejudicial to the interest of the Company.

3. Details of non-compliance(s) by the Company, penalties, strictures imposed on the Company by any Stock Exchange or SEBI or any Statutory Authority, on any matter related to Capital Markets, during the last three years :-

The Company has complied with the requirements of the Stock Exchanges, SEBI and Statutory Authorities on all matters related to the Capital Markets during the last three 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 years.

6. MEANS OF COMMUNICATION

Half-Yearly Results sent to each household of shareholders : No.

Quarterly Results

Which newspapers normally published in : The Free Press Journal/
The Economic Times
(All over India)
Navshakti /
Maharashtra Times
(Marathi Newspaper)
(All over Maharashtra State)

Whether **Management Discussion & Analysis Report** is part of Annual Report : **Yes.** Annexed as a part of this Report.

Disclosures by Management to the Board : All details relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board, and the interested Directors neither participate in the discussion, nor do they vote on such matters.

Whether Shareholder Information section forms part of the Annual Report : Yes.

Website : No.

Official New Release : No.

Presentation to Institutional Investors or to Analysts. : None

7. GENERAL SHAREHOLDERS' INFORMATION**Financial Calendar for 2003-2004**

Results for quarter ending 30 th June, 2003	29 th July, 2003
Annual General Meeting	18 th December, 2003
Results for quarter ending 30 th September, 2003	29 th October, 2003
Results for quarter ending 31 st December, 2003	*Last week of January 2004
Results for the year ending 31 st March, 2004	*Before 30 th June, 2004

* **Tentative****8. BOOK CLOSURE DATES (ENSUING)**2nd December, 2003 to 18th December, 2003.**9. DIVIDEND PAYMENT DATE**On or after 19th December, 2003 (Within Statutory Period)**10. DATE, TIME AND VENUE OF THE ENSUING ANNUAL GENERAL MEETING**Date & Time : 18th December, 2003 at 11.00 a.m.

Venue : Y. B. Chavan Auditorium,
Yashwantrao Chavan Pratishthan,
Gen. Jagannath Bhosale Marg,
Next to Sachivalaya Gymkhana,
Mumbai - 400 021.

11. LISTING ON STOCK EXCHANGES AT -

1) The Stock Exchange, Mumbai, 1 st Floor, New Trading Ring, Rotunda Building, P. J. Towers, Dalal Street, Fort, Mumbai - 400 023. Tel : 91-22-2265 5860/61 Fax: 91-22-2265 8121/5719 E-mail : isc@bseindia.com Website : www.bseindia.com	2) The Stock Exchange, Ahmedabad, Kamdheni Complex, Panjara Pole, Near Polytechnic, Ahmedabad - 380 015. Tel: 91-79-2630 7971/7977 Fax: 91-79-2630 8877 E-mail : ase@satyam.net.in Website : www.ase-india.com
3) The Calcutta Stock Exchange Association Ltd., 7 Lyons Range, Kolkata - 700 001. Tel: 91-33-2220 3741/1488 Fax: 91-33-2220 2514/210 2514 Website : www.cse-india.com	4) Madras Stock Exchange Limited, Exchange Building, Post Box No. 183, 11 Second Line Beach, Chennai - 600 001. Tel: 91-44-2522 4382/4392/93 Fax: 91-44-2524 4897 E-mail : mseed@md3.vsnl.net.in
5) The Delhi Stock Exchange Association Ltd., DSE House, 3/1, Asaf Ali Road, New Delhi - 110 002. Tel: 91-11-2329 2039/320 2040 Fax: 91-11-2329 2181 E-mail : ajay@dseindia.org.in	6) National Stock Exchange of India Ltd. Exchange Plaza, 5 th Floor, Plot No. C/1, "G" Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051. Tel: 91-22-2659 8100/8235/36 Fax: 91-22-2659 8237/8 E-mail : ignse@nse.co.in Website : www.nseindia.com

Note: Listing Fees paid to all the above Stock Exchanges for the F. Y. 2003-2004.

12. SHARE TRANSFER SYSTEM

The Shares sent for physical transfer are received at the Registrar and Transfer Agents Office and all valid transfer requests are processed and returned within a period of 30 days from the date of receipt.

The transfers in physical mode are approved fortnightly for which powers have been delegated individually to certain Directors and Officers of the Company.

13. OUTSTANDING GDRS / ADRS / WARRANTS / ANY OTHER CONVERTIBLE INSTRUMENTS

The Company does not have outstanding instruments of the captioned type.

14. STATISTICAL INFORMATION

	2002-2003	2001-2002	2000-2001
Number of Transfer Deeds	14406	18553	55106
Number of Shares Transferred	2634829	232113	3491612

As at March 31, 2003, there were only 7 unprocessed transfers pending. (Notice cases)

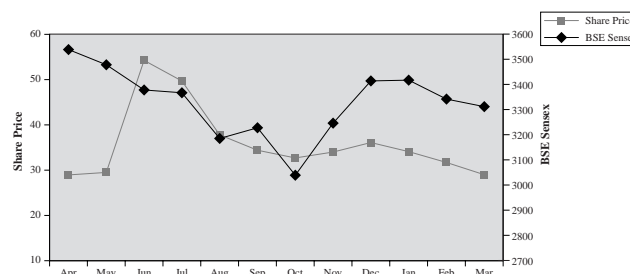
Nature of Queries	Received	Redressed/ Resolved	Pending as on 31/03/2003
Queries relating to transfer of securities	16	16	Nil
Queries relating to non-receipt of Dividend/ Balance Sheet	121	121	Nil
Queries relating to Dematerialisation/ Issue of Duplicate Shares, etc.	4	4	Nil
Others	5	5	Nil
TOTAL	146	146	Nil

15. MARKET PRICE DATA

High, Low Market Price on Stock Exchange Mumbai during each month in the last Financial Year :-

Month	Rates per equity share of the face value of Rs.10/- each	
	High (Rs.)	Low (Rs.)
Apr. 2002	28.95	25.05
May. 2002	29.50	24.00
Jun. 2002	54.25	24.40
Jul. 2002	49.70	29.75
Aug. 2002	37.80	29.00
Sep. 2002	34.40	27.65
Oct. 2002	32.70	28.05
Nov. 2002	34.00	28.90
Dec. 2002	36.10	31.60
Jan. 2003	34.10	28.50
Feb. 2003	31.70	26.00
Mar. 2003	29.00	25.05

CEAT share performance compared to the BSE
Sensx for FY03



16. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2003

No. of Equity shares held	No. of Shareholders		No. of Shares		% of Equity Capital	
	Physical	Demat	Physical	Demat	Physical	Demat
1-1000	99541	19261	3045137	3039903	8.65	8.63
1001-5000	237	638	427519	1252929	1.21	3.56
5001-10000	18	55	115057	400660	0.33	1.14
10001-50000	12	36	239235	691849	0.68	1.96
50001-100000	3	8	214093	491761	0.61	1.40
100001-1000000	7	12	2322759	5723209	6.60	16.25
1000001 & Above	4	5	7814850	9434359	22.19	26.79
Total	99822	20015	14178650	21034670	40.27	59.73

17. CATEGORIES OF SHAREHOLDERS AS ON 31ST MARCH, 2003

Category	No. of Shareholders	Voting Strength (%)	No. of Shares held
Foreign holding (FIIs, OCBs and NRIs)	101	8.83	3110694
FIs, Insurance Companies & Banks	87	21.90	7709718
Other Bodies Corp.	916	41.25	14525608
Directors & their relatives	10	0.46	162960
Mutual Funds	17	4.20	1477956
Others	118706	23.36	8226384
Total	119837	100.00	35213320

18. DEMATERIALISATION OF SHARES AS ON 31ST MARCH, 2003

Type of Investor	No. of Holders	Demat Shares	%
Resident	19329	4937998	14.02
FIs	7	7487672	21.26
NRIs	66	700702	1.99
Body Corporate	592	6436368	18.28
Mutual Fund	6	1468603	4.17
Bank	15	3327	0.01
Total	20015	21034670	59.73

The Company has arrangements with National Securities Depository Ltd. as well as Central Depository Services (India) Ltd. for demat facility, 59.73 % of the Company's Share Capital is dematerialised as on 31st March, 2003.

ISIN No. INE 482A01012 - NSDL and CDSL.

Stock Code : Mumbai Stock Exchange - 500878
 National Stock Exchange - CEAT EQ

18. PLANT LOCATIONS

- 1) Mumbai Plant :- Village Road, Bhandup, Mumbai 400 078.
- 2) Nasik Plant :- 82, MIDC Industrial Estate, Satpur, Nasik 422 007.

19. ELECTRONIC CLEARING SERVICE (ECS) FACILITY

With respect to payment of dividend, the Company provides the facility of ECS to Shareholders 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, shareholders are requested to avail of ECS 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 shareholders when the credits are passed to their respective bank accounts. The requisite ECS application form can be obtained from the office of Tata Consultancy Services, the Registrars.

All such shareholders who have already furnished their ECS mandate to the Company need not furnish the ECS mandate afresh unless there is a change in the ECS mandate.

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

Shareholders located in places where ECS 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.

Communication to the Company

Members are requested to make all correspondence in connection with the shares held by them by addressing letters directly to the Registrars and Transfer Agent of the Company M/s. Tata Consultancy Services at Park West II, Raheja Estate, Kulupwadi Road, Borivali (East), Mumbai – 400 066, quoting reference of their Folio Numbers and/or Client ID and DP ID Number.

Share Dealing Code

The Company has in place a share dealing code, which is applicable to all Directors and employees of the Company. In terms of the said Code, Directors / Employees are restricted from dealing in the shares of the Company during certain period known as "Closure of Trading Window". The said code is in line with the Model Code prescribed by SEBI.

In terms of the said Code, Directors / Employees of the Company have to inform their dealings in the shares of the Corporation and also disclose their shareholdings including any change thereof during the Financial Year and as at the end of the Financial Year.

FOR CLARIFICATION, IF ANY, PLEASE CONTACT :-

Registered Office :

Mr. I. I. Khan,
Deputy Company Secretary,
Mr. Shailesh Joshi
Junior Officer - Secretarial,
CEAT Limited,
CEAT Mahal,
463, Dr. Annie Besant Road,
Worli,
Mumbai - 400 025.
Tel: 91-22-2493 0621 / 5661 6054
Fax: 91-22-5660 6039
E-mail: iikhan@ceatltd.com
shaileshjoshi@ceatltd.com

Registrars :

Mr. D. P. Pednekar,
Senior Manager (Operations),
Tata Consultancy Services,
Park West II,
Raheja Estate,
Kulupwadi Road,
Borivali (East),
Mumbai – 400 066.
Tel: 91-22-5668 9898
Fax: 91-22-2887 1981
E-mail : pednekar@mumbai.tcs.co.in

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

T. M. ELAVIA
COMPANY SECRETARY

Dated: 29th October, 2003.

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 31st March, 2003, 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 31st March, 2003, 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

M. N. Thakkar
Partner

Mumbai, 29th October, 2003.

AUDITORS' REPORT TO THE MEMBERS OF CEAT LIMITED

1. We have audited the attached Balance Sheet of **CEAT LIMITED**, as at 31st March, 2003, and also the Profit and Loss Account and 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 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 Manufacturing and Other Companies (Auditor's Report) Order, 1988 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, to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) 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 such books;
 - c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the requirements of Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;
 - e) on the basis of written representations received from the Directors, as on 31st March, 2003 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) in our opinion, and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with Note No. 1(J) of Schedule 21 regarding change in accounting policy of Leased Assets and other Notes thereon, give the information required by 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:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2003;
 - (ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For N.M. RAIJI & CO.,
Chartered Accountants

M.N. Thakkar
Partner
Membership No. 8873

Mumbai, October 29, 2003

Annexure to the Auditors' Report

Referred to in paragraph 3 of our report of even date.

- i. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. All the fixed assets, except Furniture and Fixtures at some locations, have been physically verified by the Management during the year. The frequency of verification, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification as compared with the book records;
- ii. During the year, the Fixed Assets namely Leasehold Land and Factory Building at Nashik factory, have been revalued as on 25th September, 2002 at their fair market value on the basis of valuation made by M/s. Anmol Shekhri & Associates, Chartered Engineer / Valuer. The difference arising on revaluation has been separately disclosed in the Balance sheet;
- iii. The stocks of finished goods, stores and spare parts and raw materials were physically verified by the Management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable. In respect of stocks lying with third parties, these have been confirmed by them;
- iv. In our opinion, the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business;
- v. The discrepancies noticed on verification between the physical stocks and book records were not material in relation to the operations of the Company and these have been properly dealt in the books of account;
- vi. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year;
- vii. The Company has not taken any loans, secured or unsecured, from companies, firms and other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, provisions of the Section are not applicable to a Company on or after 31st October, 1998;
- viii. The Company has not granted any loans, secured or unsecured, to companies, firms and other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, provisions of the Section are not applicable to a Company on or after 31st October, 1998;
- ix. In respect of loans and advances in the nature of loans, given by the Company, parties are repaying the principal amounts as stipulated / rescheduled and have also been generally regular in the payment of interest, where applicable;
- x. In our opinion, there are adequate internal control procedures commensurate with the size of the Company and nature of its business, with regard to the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to sale of goods;
- xi. There are no transactions for the purchases and sale of goods and materials in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs. 50,000 or more in respect of each party;
- xii. As explained to us, unserviceable or damaged stores, raw materials and finished goods are

being regularly determined by the Company and necessary provisions for the loss thereon have been made in the accounts;

- xiii. In our opinion, the Company has complied with the Provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public;
- xiv. In our opinion, the Company has maintained reasonable records for the sale and disposal of realisable scrap arising from operations. The Company has no realisable by-products arising from operations ;
- xv. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business;
- xvi. We have broadly reviewed, without carrying out a detailed examination, the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records are being maintained;
- xvii. The Provident Fund and Employees' State Insurance Scheme dues have generally been regularly deposited during the year with the appropriate authorities;
- xviii. There are no undisputed amounts payable in respect of income-tax, wealth tax, sales-tax,

customs and excise duties, which were outstanding, as at the balance sheet date, for a period of more than six months from the date they became payable;

- xix. No personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice;
- xx. The Company is not a sick industrial Company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985;
- xxi. As explained to us, in relation to the trading activity of the Company, adequate provision has been made for loss in respect of damaged goods determined by the Company;
- xxii. In respect of the Company's investments proper records have been maintained for all the transactions and contracts and entries therein have generally been made on timely basis. The shares, debentures and other investments have been held by the Company in its own name except as permissible under Section 49 of the Companies Act, 1956.

For N.M. RAIJI & CO.,
Chartered Accountants

M. N. Thakkar
Partner
Membership No. 8873

Mumbai, October 29, 2003

Balance Sheet as at March 31, 2003

(Rupees '000)

	SCHEDULE	As at 31.03.2003	As at 31.03.2002
SOURCES OF FUND			
SHAREHOLDERS' FUND			
Share Capital	1	35,09,20	35,09,20
Reserves and Surplus	2	587,54,85	551,20,17
		622,64,05	586,29,37
LOAN FUNDS			
Secured Loans	3	369,21,98	412,74,91
Unsecured Loans	4	113,04,12	106,31,25
		482,26,10	519,06,16
DEFERRED TAX LIABILITY		40,87,32	37,86,74
		1145,77,47	1143,22,27
APPLICATION OF FUNDS			
FIXED ASSETS	5		
Gross Block		820,09,66	736,68,55
Less : Depreciation		303,13,27	261,96,01
Net Block		516,96,39	474,72,54
Capital Work-in-progress		2,45,43	13,54,09
		519,41,82	488,26,63
INVESTMENTS	6	192,84,33	193,63,96
DEFERRED TAX ASSET		32,24,47	37,63,89
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	174,24,68	137,28,39
Sundry Debtors	8	186,92,56	185,42,47
Cash and Bank Balances	9	66,15,87	46,42,25
Loans and Advances	10	452,04,79	468,32,41
		879,37,90	837,45,52
Less :			
CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	11	469,24,30	399,45,41
Provisions	12	14,18,87	14,32,32
		483,43,17	413,77,73
NET CURRENT ASSETS		395,94,73	423,67,79
MISCELLANEOUS EXPENDITURE	13	5,32,12	—
(To the extent not written off or adjusted)		1145,77,47	1143,22,27
Notes forming part of the Accounts	21		

As per our report attached

On behalf of the Board of Directors,

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

M. N. Thakkar
Partner

T. M. Elavia
Company Secretary

Paras K. Chowdhary

Managing Director

Mahesh S. Gupta

Director

Mumbai, October 29, 2003

Mumbai, October 29, 2003

Profit and Loss Account for the year ended March 31, 2003

(Rupees '000)

	SCHEDULE	2002- 2003	2001-2002
INCOME			
Sales		1488,26,80	1361,37,12
Other Income	14	27,54,17	23,39,61
		1515,80,97	1384,76,73
EXPENDITURE			
Materials	15	745,44,55	644,23,62
Cost of Traded Goods Sold	16	34,65,92	31,21,98
Personnel	17	114,87,39	101,97,03
Other Expenses	18	279,41,42	237,73,51
Excise Duty		275,05,14	247,46,91
Interest (Net)	19	47,88,16	57,27,08
Depreciation		21,84,21	18,83,65
		1519,16,79	1338,73,78
Add / (Less) : Decrease / (Increase) in stock	20	(32,66,90)	42,51,38
		1486,49,89	1381,25,16
PROFIT FOR THE YEAR BEFORE TAXATION		29,31,08	3,51,57
Less : Provision for Taxation			
Current Tax		2,50,07	50,00
Deferred Tax		8,40,00	61,74
		18,41,01	2,39,83
Add : Transfer from Investment Allowance (Utilised) Reserve		—	3,35,95
Add : Balance brought forward		18,41,01	5,75,78
		36,99,87	40,61,01
AMOUNT AVAILABLE FOR APPROPRIATION		55,40,88	46,36,79
APPROPRIATIONS			
Proposed Dividend		3,52,13	3,52,13
Tax on Dividend		45,12	—
Transferred to Debenture Redemption Reserve		9,15,21	5,84,79
		13,12,46	9,36,92
Balance carried to Balance Sheet		42,28,42	36,99,87
		55,40,88	46,36,79
Notes forming part of the Accounts	21		

As per our report attached

On behalf of the Board of Directors,

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

M. N. Thakkar
Partner

T. M. Elavia
Company Secretary

Paras K. Chowdhary

Managing Director

Mahesh S. Gupta

Director

Mumbai, October 29, 2003

Mumbai, October 29, 2003

Schedules forming part of the Balance Sheet as at March 31, 2003

(Rupees '000)

SCHEDULE 1

SHARE CAPITAL

Authorised :

3,52,13,320	Equity Shares of Rs. 10 each	35,21,33	35,21,33
39,00,000	Preference Shares of Rs.10 each	3,90,00	3,90,00
2,08,86,620	Unclassified Shares of Rs.10 each	20,88,67	20,88,67
		60,00,00	60,00,00

Issued, Subscribed and paid-up :

3,52,13,320	Equity Shares of Rs.10 each, fully paid-up	35,21,33	35,21,33
	<i>Less : Allotment Money / Calls in arrears</i>	12,13	12,13
		35,09,20	35,09,20

Notes:

Of the above Equity Shares

(a) 9,20,769 Shares of Rs.10 each were allotted pursuant to Schemes of Amalgamation without payment being received in cash.

(b) 53,86,965 Shares were allotted as fully paid Bonus Shares by capitalisation of Share Premium and General Reserve.

Schedules forming part of the Balance Sheet as at March 31, 2003
(Rupees '000)
SCHEDULE 2
RESERVES AND SURPLUS

	As at 31.03.2003	As at 31.03.2002
Capital Reserve	2,83,87	2,83,87
Share Premium :		
Balance - 1 April, 2002	124,07,10	124,07,05
Add : Received during the year	<u>—</u>	<u>5</u>
	124,07,10	124,07,10
Capital Redemption Reserve	3,90,00	3,90,00
General Reserve :		
Balance - 1 April, 2002	101,15,98	100,77,08
Add : Deferred Tax Asset	<u>—</u>	<u>38,90</u>
	101,15,98	101,15,98
Revaluation Reserve :		
Balance - 1 April, 2002	276,38,56	291,34,12
Add : Revalued during the year	30,43,27	—
Less : Depreciation \ Adjustments on sale of assets	<u>8,52,35</u>	<u>14,95,56</u>
	298,29,48	276,38,56
Debenture Redemption Reserve :		
Balance - 1 April, 2002	5,84,79	—
Add : Transfer from Profit and Loss Account	<u>9,15,21</u>	<u>5,84,79</u>
	15,00,00	5,84,79
Investment Allowance (Utilised) Reserve :		
Balance - 1 April, 2002	<u>—</u>	3,35,95
Less : Transfer to Profit and Loss Account	<u>—</u>	<u>3,35,95</u>
	<u>—</u>	—
Profit and Loss Account	42,28,42	36,99,87
	587,54,85	551,20,17

Schedules forming part of the Balance Sheet as at March 31, 2003

(Rupees '000)

SCHEDULE 3

SECURED LOANS

Debentures :

16.50% Secured Redeemable Non- Convertible Debentures (Note 1)	13,33,00	20,00,00
13.50% Secured Redeemable Non- Convertible Debentures (Note 2)	40,00,00	40,00,00

Loans from Financial Institutions/Banks :

IFCI Limited (Note 3)	19,00,10	27,28,70
ICICI Bank Limited (Note 4)	80,75,00	95,00,00
Industrial Development Bank of India (Note 5)	40,64,00	49,00,00

Bank Borrowings : (Note 6)

Working Capital Demand Loan	28,88,06	55,53,63
FCNR - B Loan	46,61,00	42,84,22
Cash Credit Facilities	22,17,80	6,98,10
Export Packing Credit	75,38,57	72,64,77

Other loans (Note 7)	2,01,96	1,64,48
Interest accrued and due	42,49	1,81,01

369,21,98	412,74,91
------------------	------------------

Includes Rs. 47,64,24 (Previous year Rs. 37,18,05) due and repayable within a year.

Notes:

- 16.50% 20,00,000 Secured Redeemable Non-Convertible Debentures of Rs.66.67 (100) each issued to Unit Trust of India were to be secured by first mortgage on immovable properties of the Company, (excluding CEAT Mahal property) and by Hypothecation of movable plant and machinery, stocks and accessories of the Company ranking *pari passu* with the existing charge holders. The Company has however not created this security and have offered as alternative certain residential premises owned by its wholly owned subsidiaries. These debentures are redeemable at par in three equal annual instalments commencing from 14th May, 2002.
- 13.50% 40,00,000 Secured Redeemable Non-Convertible Debentures of Rs. 100 each issued to ICICI Bank Limited against financial assistance for Company's Radial Project. These debentures are secured by first mortgage on the immovable property of the Company situated at Bhileshwarpura, District Mehsana, Gujarat and the movable properties of the Company (movable properties of the Radial Project at Nasik ranking on *pari passu* basis with Corporate Loan of Rs. 55 Crores out of the total Term Loan of Rs. 95 Crores of ICICI Bank Limited). Further, the aforesaid debentures are additionally secured on CEAT Mahal property situated at Worli, Mumbai. These debentures are redeemable at par in 16 equal quarterly instalments commencing from 15th December, 2003.
- Term Loan from IFCI Limited is to be secured on all the movable and immovable assets of the Company (except for CEAT Mahal Property at Worli, in Mumbai, Temple property at Gwalior in Madhya Pradesh, property at Hyderabad, property at Ahmedabad and property at Bhileshwarpura, District Mehsana, Gujarat.) The aforesaid charges are to rank *pari passu* with a mortgage and charges created/to be created in favour of Industrial Development Bank of India Ltd., for its Term Loan of Rs. 60 crores, ICICI Bank Limited, for its Corporate Loan to the extent of Rs. 40 crores and with second charge in favour of Consortium of Banks led by Bank of India for Working Capital facilities. Presently, the loan is secured by first mortgage/hypothecation on the movable and immovable properties of the Company situated at Bhandup and Nasik and by a second charge on the Current Assets.

Schedules forming part of the Balance Sheet as at March 31, 2003

SCHEDULE 3 — SECURED LOANS (Continued)

4. The Corporate loan availed from ICICI Bank Limited to the extent of Rs. 55 crores, out of the total loan amount of Rs. 95 crores is presently secured by mortgage of CEAT Mahal property situated at Worli and movable assets of the Radial Unit at Nasik with *pari passu* charge on 40,00,000 Secured Redeemable Non-Convertible Debentures of Rs. 100/- each issued to ICICI Bank Limited. The balance amount of Rs. 40 crores out of the total amount of Rs. 95 crores is presently secured on movable property at Bhandup, Nasik (except movable of Radial Unit at Nasik) and Bhileshwarpura and immovable properties of the Company situated at Bhandup and Nasik on *pari passu* basis with Industrial Development Bank of India Ltd. and IFCI for the respective loans with second charge in favour of Consortium of Banks led by Bank of India for working capital facilities.
5. Term Loan from Industrial Development Bank of India Ltd., is to be secured on all movable and immovable properties of the Company (except for CEAT Mahal property at Worli, Mumbai, Temple property at Gwalior in Madhya Pradesh, property at Hyderabad, property at Ahmedabad and property of the Company situated at Bhileshwarpura, District Mehsana, Gujarat.) The aforesaid charges are to rank *pari passu* with a mortgage and charges created/to be created in favour of IFCI Limited., for its Term Loan, charge in favour of ICICI Bank Limited., for its Corporate Loan (to the extent of Rs. 40 crores out of the total loan of Rs. 95 crores and second charge in favour of Consortium of Banks led by Bank of India for Working Capital facilities. Presently, the said loan has been secured on immovable assets of the Company situated at Bhandup and Nasik and on the movable assets of the Company and further by second charge on current assets of the Company.
6. Fund/Non Fund based Working Capital facilities from consortium of Banks led by Bank of India are secured /to be secured by hypothecation of Inventories and Book debts and by a second charge on immovable properties of the Company situated at Bhandup and Nasik and CEAT Mahal property at Worli.
7. The vehicle loans availed from Citi Bank N.A .,Citicorpmaruti Finance Limited, Tata Finance Limited, Kotak Mahindra Primus Limited, ICICI Bank Limited, GMAC - TCFC Finance Limited are secured by way of hypothecation of the Vehicles financed by them.

(Rupees '000)

SCHEDULE 4

UNSECURED LOANS

	As at 31.03.2003	As at 31.03.2002
Term Loans from IL & FS Limited	3,50,00	2,25,00
Foreign Currency Term Loan from Bank	—	10,76,00
Public Deposits	74,88,33	69,23,07
Inter-corporate Deposits	18,99,00	12,71,00
Sales Tax Loan - SICOM Limited	6,62,96	6,62,96
Deferred Sales Tax Incentive	9,03,83	4,61,22
Short Term Loan - Others	—	12,00
	113,04,12	106,31,25

In respect of the above loans, Rs. 54,59,21 (Previous Year Rs. 52,93,97) is due and repayable within a year

Schedules forming part of the Balance Sheet as at March 31, 2003

(Rupees '000)

**SCHEDULE 5
FIXED ASSETS**

ASSETS	COST				DEPRECIATION				NET VALUE
	As at 01.04.2002	Additions/ Adjustments	Deductions/ Adjustments	As at 31.03.2003	As at 01.04.2002	On Deduction/ Adjustments	For the year 2002-2003	As at 31.03.2003	As at 31.03.2003
Owned Assets									
Land	117,85,89 (131,98,02)	10,56,57 —	— (14,12,13)	128,42,46 (117,85,89)	26,05 (25,95)	— —	5,67 (10)	31,72 (26,05)	128,10,74 (117,59,84)
Buildings	85,57,94 (85,30,66)	19,86,70 (27,28)	— —	105,44,64 (85,57,94)	19,48,60 (17,86,11)	— —	1,83,04 (1,62,49)	21,31,64 (19,48,60)	84,13,00 (66,09,34)
Plant and Machinery	506,39,92 (515,27,21)	23,84,29 (9,85,85)	2,91,75 (18,73,14)	527,32,46 (506,39,92)	228,51,66 (213,46,78)	1,11,68 (15,33,57)	24,15,12 (30,38,45)	251,55,11 (228,51,66)	275,77,35 (277,88,26)
Furniture and Fixtures	19,26,23 (18,75,97)	4,19,70 (93,98)	86,58 (43,72)	22,59,35 (19,26,23)	10,91,93 (9,89,62)	(23,39) (25,85)	1,50,26 (1,28,16)	12,65,57 (10,91,93)	9,93,78 (8,34,30)
Vehicles	7,58,57 (6,10,38)	1,79,43 (2,59,14)	1,10,19 (1,10,95)	8,27,81 (7,58,57)	2,77,77 (2,96,87)	62,23 (69,12)	63,64 (50,02)	2,79,18 (2,77,77)	5,48,63 (4,80,80)
	736,68,55 (757,42,24)	60,26,69 (13,66,25)	4,88,52 (34,39,94)	792,06,72 (736,68,55)	261,96,01 (244,45,33)	1,50,52 (16,28,54)	28,17,73 (33,79,21)	288,63,22 (261,96,01)	503,43,50 (474,72,54)
Leased Assets									
Plant and Machinery	—	30,16,65	3,44,20	26,72,45	—	(11,35,71)	1,90,73	13,26,44	13,46,01
Furniture and Fixtures	—	2,25,15	94,66	1,30,49	—	(95,52)	28,09	1,23,61	6,88
	—	32,41,80	4,38,85	28,02,94	—	(12,31,22)	2,18,83	14,50,05	13,52,89
Total	736,68,55 (757,42,24)	92,68,48 (13,66,25)	9,27,37 (34,39,94)	820,09,66 (736,68,55)	261,96,01 (244,45,33)	(10,80,70) (16,28,54)	30,36,55 (33,79,21)	303,13,27 (261,96,01)	516,96,39 (474,72,54)
Capital Work-in-Progress -Includes Advances against Capital Account									2,45,43 (13,54,09)
Grand Total									519,41,82 (488,26,63)

Notes:

1. Land includes leaseholds - aggregate original cost Rs. 11,07 (Previous Year Rs. 11,07) less amortisation Rs. 2,01 (Previous Year Rs. 1,90), net value Rs. 9,06 (Previous Year Rs. 9,17).
2. Buildings include Rs.8 (Previous Year Rs. 8) being value of shares held in co-operative housing societies.
3. Minimum lease rentals payable within a year is Rs. 17,55 (Net of finance charges of Rs. 68) whereas minimum lease rentals payable over 1 year is Nil.
4. Plant and Machinery includes borrowing costs capitalised Rs. 66,12 (Previous Year Rs. 1,39,59).
5. Based on valuation reports submitted by the approved valuers, following assets had been revalued on the basis of assessment about their Market Value and written up by the amount on that date. Lease Hold Land and Factory Building at Nashik factory had been revalued as on September 25, 2002. Office Building, CEAT Mahal-Mumbai had been revalued as on November 12, 1998. Land and Building at Bhandup factory have been revalued as on April 01, 1999. The details are shown below :

	Gross Amount written up on revaluation	Depreciation provided upto 31.03.2003	Amount written up (net of depreciation/ adjustments) as on 31.03.2003
Land	127,81,11	29,71	127,51,40
Buildings	69,23,84	5,17,80	64,06,04
Plant and Machinery	199,26,96	92,54,92	106,72,04
	<u>396,31,91</u>	<u>98,02,43</u>	<u>298,29,48</u>

Depreciation of Rs. 8,52,35 (Previous Year Rs. 8,16,82) on the revalued portion has been provided for the year on the same rate as is applicable and this amount has been directly adjusted from the Revaluation Reserve.

6. Rs. 45,48 (Previous year Rs. 9,56,13) Revalued cost has been reduced from Plant and Machinery and Accumulated Depreciation on account of sale of Revalued Plant and Machinery.
7. Depreciation on Plant and Machinery includes depreciation of Rs. 2,39 (Previous Year Rs. 2,10), Vehicles Rs. Nil (Previous Year Rs. 88) and Furniture & Fixtures Rs. 48 (Previous Year Nil) provided for earlier years.

Schedules forming part of the Balance Sheet as at March 31, 2003

(Rupees '000)

SCHEDULE 6

INVESTMENTS (AT COST)

Long Term	Face Value (Rs.)	Holdings (Nos.)	As at 31.03.2003	As at 31.03.2002
I Quoted (Non-Trade)				
Equity Shares - (Fully Paid):				
Bank of India	10	39,900	17,96	17,96
CESC Ltd	10	9,09,764	8,36,64	8,36,64
ICICI Ltd #	10	34,250	—	25,00
ICICI Bank Ltd #	10	17,125	25,00	—
KEC International Ltd	10	20,75,647	27,65,23	27,65,23
Phillips Carbon Black Ltd	10	12,70,400	8,17,84	8,17,84
RPG Cables Ltd	10	64,000	95,20	95,20
RPG Life Sciences Ltd	10	8,98,510	9,95,07	9,95,07
RPG Transmission Ltd	10	10,87,300	8,67,31	8,67,31
Saregama India Ltd	10	2,52,500	63,25	63,25
Spencer & Co Ltd	10	2,37,000	1,78,82	1,78,82
UTI Bank Ltd	10	16,200	3,40	3,40
Vijaya Bank	10	19,400	1,94	1,94
Zensar Technologies Ltd.	10	11,50,000	1,95,81	1,95,81
# Pursuant to a scheme of amalgamation of ICICI Ltd. with ICICI Bank Ltd. 17125 shares have been received in lieu of shares held in ICICI Ltd.				
II Unquoted (Trade)				
(i) Subsidiary Companies				
Equity Shares - (Fully Paid):				
Atlantic Holdings Ltd. (Rs.100)	10	10	—	—
CEAT Ventures Ltd.	10	3,99,99,500	39,99,95	39,99,95
CEAT Holdings Ltd.	10	4,00,00,000	40,00,00	40,00,00
Meteoric Industrial Finance Co Ltd.	10	2,55,00,052	25,50,01	25,50,01
Malabar Coastal Holdings Ltd. (Rs.100)	10	10	—	—
15% Redeemable Non Cumulative Preference Shares (Fully paid):				
Atlantic Holdings Ltd	100	10,050	10,05	10,05
Malabar Coastal Holdings Ltd	100	7,550	7,55	7,55
Debentures - (Unsecured, Fully Paid):				
Zero Coupon Fully Convertible Debentures				
CEAT Ventures Ltd				
V Series (04.12.2003)	10	40,52,867	4,05,29	4,05,29
VI Series (26.10.2004)	10	40,00,000	4,00,00	4,00,00
CEAT Holdings Ltd				
VI Series (30.03.2004)	10	27,50,000	2,75,00	2,75,00
Atlantic Holdings Ltd				
V Series (04.12.2003)	10	8,90,000	89,00	89,00
(ii) Others				
Equity Shares - Unquoted (Fully Paid):				
Bombay Mercantile Co-Operative Bank Ltd	30	1,666	50	50
Basic Telephone Services Ltd. (Rs. 20)	10	2	—	—
Hilltop Holdings India Ltd	10	3,54,654	3,90,12	3,90,12
RPG Communications Holdings Ltd	10	5,00,000	50,00	50,00
SICOM Ltd	10	1,27,500	1,02,51	1,02,51
The Thane Janata Sahakari Bank Ltd. (Rs. 500)	50	10	1	1
The Greater Bombay Co-Operative Bank Ltd. (Rs. 250)	25	10	—	—
Debentures - (Unsecured, Non Convertible & Fully paid):				
International Management Institute (5%) (Redeemable at par in 7 annual installments commencing from 1999)	60	3,15,000	1,89,00	2,20,50
Total Value Of Investments			193,32,46	1,93,63,96
Less : Provision for diminution in the value of long term Investment			48,13	—
			192,84,33	1,93,63,96
Aggregate Cost of Quoted Investments			68,63,47	68,63,47
Aggregate Cost of Unquoted Investments			124,68,99	1,25,00,49
Market Value of Quoted Investments			18,47,40	30,94,10

Schedules forming part of the Balance Sheet as at March 31, 2003

(Rupees '000)

**SCHEDULE 7
INVENTORIES**

	As at 31.03.2003	As at 31.03.2002
Stores and Spares	16,45,06	15,62,37
Less : Provision for Obsolescence	93,39	92,65
	15,51,67	14,69,72
Stock-in-Trade :		
Raw Materials (including in transit Rs.17,15,91 (Previous Year Rs.11,60,97))	42,89,12	42,14,33
Semi-Finished Goods	16,90,92	14,52,54
Finished Goods (including in transit Rs.1,84,32(Previous year Rs.Nil))	98,92,97	65,91,80
	174,24,68	137,28,39

**SCHEDULE 8
SUNDRY DEBTORS**

Debts outstanding for a period exceeding six months		
Considered Good	10,91,00	12,97,97
Considered Doubtful	8,72,55	7,84,03
Less : Provided for	8,72,55	7,84,03
	10,91,00	12,97,97
Other Debts		
Considered Good	176,01,56	172,44,50
	186,92,56	185,42,47

	As at 31.03.2003	As at 31.03.2002
Sundry Debtors		
Secured	68,77,30	72,85,08
Unsecured	118,15,26	112,57,39
Total	186,92,56	185,42,47

Schedules forming part of the Balance Sheet as at March 31, 2003

(Rupees '000)

SCHEDULE 9

CASH AND BANK BALANCES

	As at 31.03.2003	As at 31.03.2002
Cash on Hand [Including cheques Rs. 22,66,63 (Previous Year Rs. 6,52,97)]	22,85,86	6,69,62
Remittance in Transit	11,73,24	8,63,00
With Scheduled Banks :		
In Current Accounts	19,18,91	21,88,04
In Deposit Accounts	4,65,79	4,73,15
In Margin Deposit Accounts	6,86,32	3,68,05
In Unclaimed Dividend Accounts	85,75	80,39
	<u>66,15,87</u>	<u>46,42,25</u>

SCHEDULE 10

LOANS AND ADVANCES

Unsecured — Considered Good, unless otherwise stated :

Due from Subsidiaries :

Loans and Advances	120,13,63	84,22,45
Interest Receivables	17,63,74	43,74,35

Others :

Loans and Advances :

Advances receivable in Cash or Kind or for Value to be received	19,31,32	37,13,27
Balances with Customs, Port Trust, Excise, etc.	48,22,71	41,74,28
Loans and Deposits with Companies	126,75,49	74,90,87
Advance payment of Tax (net of provision)	51,83	26,40,13
Interest Receivables	39,80,80	40,68,21
Other Receivables	79,65,27	119,48,85
Loan, Advances and Deposits (considered doubtful)	8,51	47,90
Less : Provided for	8,51	47,90

452,04,79 468,32,41

Schedules forming part of the Balance Sheet as at March 31, 2003

(Rupees '000)

SCHEDULE 11

CURRENT LIABILITIES

	As at 31.03.2003	As at 31.03.2002
Acceptances	105,19,33	89,49,38
Sundry Creditors :		
Small Scale Industrial Undertakings	3,28,73	2,86,59
Others	207,88,20	170,11,01
	211,16,93	
Interest Accrued but not due	8,17,01	11,40,96
Unclaimed Dividends	85,75	80,39
Deposits from Dealers and Others	96,65,50	83,69,38
Other Liabilities	47,15,12	41,07,70
Investor's Protection Fund		
Unclaimed Fixed Deposits *	1,46	
Debenture Interest *	3,20	
	4,66	—
	469,24,30	399,45,41

* The Previous Year's figures have not been disclosed as the disclosure requirements came into force with effect from 13th November, 2002

SCHEDULE 12

PROVISIONS

Proposed Dividend	3,52,13	3,52,13
Tax on Proposed Dividend	45,12	—
Provision for Retirement and other Employee Benefits	10,21,62	10,80,19
	14,18,87	14,32,32

SCHEDULE 13

MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Deferred Revenue Expenses :		
Voluntary Retirement Scheme	5,32,12	—
	5,32,12	—

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2003

(Rupees '000)

SCHEDULE 14

OTHER INCOME

	2002-2003	2001-2002
Dividend on Investments (Non trade) (Tax deducted at source Rs. 2,13 (Previous Year Rs. Nil))	39,56	63,21
Royalty	72,74	60,81
Profit on sale of Investments	—	61,19
Profit on Assets Sold/Discarded	36,14	1,77,35
Provisions for Doubtful Debts / Advances Written Back Recovered	30,78	69,06
Provisions no longer required written back	2,60,58	88,35
Miscellaneous	23,14,37	18,19,64
	<u>27,54,17</u>	<u>23,39,61</u>

SCHEDULE 15

MATERIALS

Raw Materials		
Stock - 1st April, 2002	30,53,36	20,47,59
Add : Purchases	740,64,40	654,29,39
	<u>771,17,76</u>	<u>674,76,98</u>
Less : Stock - 31st March, 2003	25,73,21	30,53,36
	<u>745,44,55</u>	<u>644,23,62</u>

SCHEDULE 16

COST OF TRADED GOODS SOLD

Stock - 1st April, 2002	4,79,71	7,87,36
Add : Purchases	35,54,25	28,14,33
	<u>40,33,96</u>	<u>36,01,69</u>
Less : Stock - 31st March, 2003	5,68,04	4,79,71
	<u>34,65,92</u>	<u>31,21,98</u>

SCHEDULE 17

PERSONNEL

Salaries, Wages and Bonus	87,29,93	79,60,87
Provident Fund, Gratuity Fund and Superannuation Scheme etc.	15,36,48	11,62,00
Welfare Expenses	12,20,98	10,74,16
	<u>114,87,39</u>	<u>101,97,03</u>

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2003

(Rupees '000)

SCHEDULE 18

OTHER EXPENSES

	2002-2003	2001-2002
Conversion Charges	49,26,21	34,50,10
Stores and Spares Consumed	10,73,76	9,68,60
Provision for Obsolescence of Stores	74	35
Power and Fuel	57,80,98	49,43,09
Freight and Delivery Charges (Net)	29,99,11	25,43,04
Rent	3,29,65	2,70,17
Rates and Taxes	5,00,26	5,77,50
Insurance	1,96,48	1,96,62
Repairs :		
Machinery	6,73,32	6,67,13
Buildings	1,22,29	94,90
Others	52,92	43,19
	8,48,53	
Travelling and Conveyance	6,92,77	5,76,74
Printing and Stationery	1,60,48	1,55,28
Directors' Fees	3,70	2,80
Auditors' Remuneration :		
Audit Fees	15,00	15,00
Taxation Matters	1,30	2,02
Other Services (Certification, Tax Audit, etc.)	12,69	10,17
Reimbursement of Expenses	1,86	2,07
	30,85	
Advertisement and Publicity	3,89,70	3,69,65
Rebates and Discounts	54,73,88	42,14,84
Commission	8,33,61	7,71,13
Selling Expenses	2,12,46	1,51,86
Advances Written off	56,16	9,12,59
Less : Provision for doubtful advances written back to the extent provided	43,39	8,90,42
	12,77	
Bad Debts Written off	—	13,77
Less : Provision for doubtful debts written back to the extent provided	—	13,77
Provision for Doubtful Debts / Advances	1,23,29	1,44,43
Loss on Assets Sold / Discarded	50,24	31,05
Lease Rent	64,35	4,67,78
Factory Expenses	3,10,69	2,58,25
Legal Charges	61,20	86,82
Finance Charges	7,70,76	6,99,72
Prior Period Adjustments (Net)	1,98	35,33
Foreign Exchange Fluctuations (Net)	1,63,40	1,86,49
Provision for Diminution on Investment	48,13	—
Loss on Sale of Investments	—	14,62
General Expenses	18,81,44	18,00,60
	279,41,42	237,73,51

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2003

(Rupees '000)

SCHEDULE 19

INTEREST (NET)

	2002-2003	2001-2002
Interest Paid :		
On Debentures	8,02,21	8,79,51
On Term Loans	24,33,15	25,67,22
Others	53,83,90	66,71,04
	86,19,26	101,17,77
Less :		
Interest Received		
From Subsidiary Companies :		
On Debentures	—	1,25,75
On Loans and Advances and Others	6,83,92	13,12,35
[Tax deducted at source Rs 1,43,61 (Previous Year Rs.5,48)]		
	6,83,92	
From Others :		
On Debentures	10,27	11,72
[Tax deducted at source Rs. 2,15 (Previous Year Rs.Nil)]		
On Loans and Advances and Others	31,36,91	29,40,87
[Tax deducted at source Rs.3,29,92 (Previous Year Rs.43,47)]		
	31,47,18	
	47,88,16	57,27,08

SCHEDULE 20

DECREASE / (INCREASE) IN STOCK

Stock - 1st April, 2002		
Semi-Finished	14,52,54	18,50,18
Finished	61,12,09	99,65,83
	75,64,63	118,16,01
Stock - 31st March, 2003		
Semi-Finished	16,90,92	14,52,54
Finished	91,40,61	61,12,09
	108,31,53	75,64,63
	(32,66,90)	42,51,38

Schedules forming part of the Accounts for the year ended March 31, 2003

SCHEDULE 21

NOTES FORMING PART OF THE ACCOUNTS

1) Significant Accounting Policies

A) Method of Accounting

The financial statements are prepared on an accrual basis under the historical cost convention in accordance with Generally Accepted Accounting Principles ("GAPP") and in compliance with the applicable Accounting Standards issued by The Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956.

B) Fixed Assets

Fixed Assets are stated at cost less depreciation. 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, and exchange differences arising on foreign currency loans taken for acquiring the assets.

Fixed Assets acquired under Finance Leases before 1st April, 2001 and purchased from the lessors have been stated at cost of acquisition plus entire cost component amortizable over the useful life of these assets.

For additions to 'Lease Assets', refer Note 'J' in respect of Lease Rentals

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

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.

Adjustments to cost of fixed assets arising on capitalisation of foreign exchange gains, losses and translation differences are depreciated prospectively over the remaining useful life of each asset.

Depreciation charged to Profit and Loss Account is exclusive of depreciation on revaluation of assets, which is adjusted against Revaluation Reserve.

For Adjustments under Leased Assets, refer Note 'J' in respect of Lease Rentals.

E) 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.

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

Sales are recognised on despatch to customers. Sales include excise duty but exclude sales tax and freight recovery.

Export incentives, Dividend and Interest are accounted for on an accrual basis.

H) Foreign Currency Transactions

Foreign currency transactions other than those covered by forward contracts are recorded at current rates except export transactions, which are recorded at the spot rate at the beginning of each month.

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

Assets and Liabilities denominated in foreign currency, including balances in respect of a foreign branch, are restated at year-end rates.

All exchange gains and losses except those relating to acquisition of fixed assets, which are adjusted to the carrying cost of such assets, are accounted for in the Profit and Loss Account.

I) Deferred Revenue Expenditure

Deferred Revenue Expenditure is amortised over the expected duration of the benefit.

J) Lease Rentals

Assets acquired prior to 1st April, 2001 under Finance Leases were being accounted by segregating the lease rentals into cost component and interest component by applying an implicit rate of return. The cost component was being amortized over the useful life of the asset, the interest component was charged as a period cost and the aggregate was debited to the profit and loss account under the head 'Lease Rent'. The lease payment in excess of or lower than the charge for the year were being carried as prepaid sums or liabilities respectively. During the year, the Company has changed this policy. The cost component, which was amortized

Schedules forming part of the Accounts for the year ended March 31, 2003

SCHEDULE 21 — (Continued)

and the amount representing prepaid sum related thereto have being shown as Additions under the head 'Lease Assets' in Fixed Assets. The cost component which was amortized in the past has been shown as Adjustment to Depreciation in the Fixed Assets. This change has no impact on the Profit and Loss Account.

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

K) 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.

L) Retirement Benefits

The Company has created an Employee's Group Gratuity Fund, which has taken a Group Gratuity-Cum-Life Insurance Policy from Life Insurance Corporation of India. Gratuity is provided on the basis of the above policy.

Liability towards leave encashment benefit on retirement is provided based on the actuarial valuation done at the year-end.

Contributions to Company's Provident, Superannuation and Gratuity Funds are being charged to revenue.

M) Taxes on Income

a) Current Tax : Provision for Income 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.

- 2)** The Scheme of Arrangements to merge Rubber undertakings (on demerger from Harrisons Malayalam Limited) and demerge Investment undertakings and vest the assets and liabilities with one of the wholly owned subsidiary namely Meteoric Industrial Finance Company Limited is under implementation. It is envisaged to give effect to the scheme from 1st October, 2002, subject to the approval from the Share holders of Harrisons Malayalam Limited and other authorities as may be necessary and the H'ble High Court of Kerala and The High Court of Judicature at Bombay. Hence the aforesaid results pertaining to CEAT operations will undergo change accordingly. Since the Scheme has not yet become operative, the Accounts of the Company includes figures of Investments undertaking of the Company and do not include the figures of Rubber undertakings of Harrisons Malayalam Limited.

	(Rupees '000)	
	2002-2003	2001-2002
3) Contracts remaining to be Executed:		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for - net of advance payments	5,62,22	2,58,26
4) Contingent Liabilities:		
Disputed demands of Income Tax	3,74,49	4,24,39
Disputed demands of Wealth Tax	60,35	69,54
Disputed demands of Excise and Custom Duty	21,94,84	28,44,10
Disputed demands of Sales Tax	3,66,99	4,79,70
Disputed demands of Octroi Duty	11,21,12	9,85,28
Bills discounted with Banks and Finance Companies	1,95,58	17,73,53
Corporate Guarantees given on behalf of others		
— Covered by indemnity undertakings from RPG Enterprises Ltd.	26,50,00	26,50,00
— Other Corporate Guarantees	3,00,00	3,00,00
5) Claims against the Company not acknowledged as Debts (Estimated):		
i) in respect of labour matters	3,37,41	3,37,41
ii) other claims	1,75,84	83,23
6) Remuneration to Managing Director (exclusive of contribution to Gratuity Fund on actuarial valuation)		
Salaries	22,38	21,93
Allowances and Perquisites	1,35	2,07
Contribution to Provident and Superannuation Funds	5,35	5,35
Total	29,08	29,35

Notes: -

- The remuneration paid to the Managing Director is computed as per the provisions of Section 198 of the Companies Act, 1956 read along with the provisions of Schedule XIII thereto.
- As per the terms of appointment applicable during the year, no amount is payable to the Managing Director as commission.

Schedules forming part of the Accounts for the year ended March 31, 2003

SCHEDULE 21 — (Continued)

(Rupees '000)

7) Production, Sales and Stocks of each class of manufactured goods/traded goods:

Class of goods	Licensed Capacity	Installed Capacity (1)	Opening Stock	Production (2)	Purchase	Closing Stock	Sales
Automotive Tyres Nos.'000	49,47 (49,47)	40,61 (38,97)	2,23 (5,59)	62,21 (48,18)	67 (1,46)	6,96 (2,23)	58,15 (53,00)
Value	— (—)	— (—)	47,44,19 (86,79,27)	— (—)	15,03,43 (12,41,06)	81,60,16 (47,44,19)	1342,94,39 (1225,06,59)
Automotive Tube Nos.'000	49,47 (49,47)	— (—)	7,08 (9,03)	32,75 (32,12)	20,76 (12,92)	6,97 (7,08)	53,62 (46,99)
Value	— (—)	— (—)	16,43,72 (18,70,50)	— (—)	13,13,24 (8,67,32)	13,64,05 (16,43,72)	120,83,91 (114,48,35)
Automotive Flaps Nos.'000	— (—)	— (—)	1,98 (1,74)	11,38 (9,85)	6,87 (6,83)	1,74 (1,98)	18,49 (16,44)
Value	— (—)	— (—)	1,98,29 (1,99,38)	— (—)	7,00,76 (6,79,24)	1,83,58 (1,98,29)	23,97,80 (21,58,26)
Others - Value	— (—)	— (—)	5,59 (4,04)	— (—)	36,82 (26,69)	87 (5,59)	50,70 (23,90)
Total Value	— (—)	— (—)	65,91,80 (107,53,19)	— (—)	35,54,25 (28,14,32)	97,08,66 (65,91,80)	1488,26,80 (1361,37,12)

(1) Installed Capacity is as certified by the Management.

(2) Including quantities manufactured by other Sourcing Units.

8) Raw Materials Consumed:

	2002-2003		2001-2002	
	Quantity (M.T.)	Value	Quantity (M.T.)	Value
Rubber	6,62,77	339,51,25	5,92,29	263,78,79
Fabrics	1,24,32	202,11,42	1,08,68	180,64,17
Carbon Black	3,07,02	93,73,77	2,72,47	87,06,01
Chemicals	1,60,84	75,44,62	1,45,46	78,25,28
Others	—	34,63,49	—	34,49,36
Total		745,44,55		644,23,62

Schedules forming part of the Accounts for the year ended March 31, 2003 (Rupees '000)

SCHEDULE 21 — (Continued)

9) Value of Imported/Indigenous Raw Materials/Stores and Spares consumed :

	2002-2003		2001-2002	
	%	Value	%	Value
Raw Materials				
Imported	25.70	191,55,89	30.70	197,81,07
Indigenous	74.30	553,88,66	69.30	446,42,55
	100.00	745,44,55	100.00	644,23,62
Stores and Spares				
Imported	6.01	64,57	5.09	48,96
Indigenous	93.99	10,09,19	94.91	9,19,64
	100.00	10,73,76	100.00	9,68,60

	2002-2003	2001-2002
10) Value of Imports calculated on CIF basis :		
Raw Materials	159,10,47	159,96,26
Components and Spares	87,38	1,08,87
Capital Goods	88,27	88,99
Goods for resale	8,85,83	—
11) Research & Development Expenses :		
Capital	3,57	1,68
Revenue	1,03,56	1,01,70
12) Expenditure in Foreign Currency :		
Interest	1,96,38	2,78,53
Travelling	1,06,23	68,12
Others	2,46,90	1,93,98
13) Dividend Remittance in Foreign Currency :		
Amount remitted (net)	13,78	23,77
Number of Non-resident Shareholders	3	3
Number of Shares on which remittance was made	237,65,65	237,65,65
Year for which the Dividend was remitted	2001-02	2000-01
14) Earnings in Foreign Currency :		
Export Sales calculated on FOB basis	161,21,97	124,89,47
Royalty	72,74	60,81
Commission	2,44	—
Others	—	5,38
15) Freight and Delivery Charges :		
Freight and Delivery Charges Incurred during the year	51,05,23	45,93,48
Less : Freight Recovered	21,06,12	20,50,45
Net	29,99,11	25,43,04

Schedules forming part of the Accounts for the year ended March 31, 2003 (Rupees '000)

SCHEDULE 21 — (Continued)

- 16) a) The Company has identified the suppliers who are covered under the "Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993". The liability under the said Act on account of interest is not ascertained as at 31st March 2003. However, no claims have been received for interest from suppliers with reference to the above Act.

- b) The names of small scale industrial undertakings to whom the Company owes a sum which is outstanding as per terms of contract agreed to for more than 30 days as at Balance Sheet date (since paid) are given below.

A Richard & Co	Acusharp Knives
Acmechem Pvt Ltd	Alfa Engineers
Aloha Engineers Works	Aristoplast
Asco Tarapur	B.K.Vithalani
Bharat Rubber Regenerating Ltd	Burad Chemicals Pvt. Ltd.
C M & Sons	Cutch Oil & Allied Ind Pvt Ltd
E Eyres Rubber Chemicals Pvt Ltd	Emco Lenze Trans Pvt.Ltd.
Forward alloys and Castings	I.G Fabrichem
Industrial Controls And Appliances	J.K.Enterprises
J.N.Industries	Jaishil Sulphur & Chemical Industries
Kalyani Industries	Key Industries Lanish Tools
Micro Tyres and Belts Pvt .Ltd	Nav Bharat Metallic Oxide Industry
OM Engineers	P J Brothers
Panchal Engineers	Pareemal Industries
Pigment and Chemicals	Pneumatic Tools Mfg.Co.
Podder Clothing Industries	Pragati Chemicals
Pragati Udyog	Premier Polymer Industries
Pukhraj Corporation	Pukhraj Engineering & Chemicals
Rajashree Enterprises	Ratna Moti Engineers Works
Revathi Electronics	Sah Petroleum
Sanmukha Laboratories	Saraswati Industries
Sathya Enterprises	Sathi Industries
Sipa Press Solar Chemferts Pvt Ltd.	Specific Ventil Fabric
Suraiya Pvt. Ltd	Swastik Enterprises
Tech-India Enterprises	Vibros Rubber Products P. Ltd
Wudtools	Zircon Metal Enterprises.

The above information and that given in Schedule 11 "Current Liabilities" regarding small scale industrial undertakings has been determined to the extent such parties are identified on the basis of information available with the Company, which has been relied upon by the Auditors.

- 17) a) Provision for Taxation includes Rs.10,00 being provision for Wealth-Tax.
b) Major components of Deferred Tax Assets and Deferred Tax Liabilities:

Particulars	2002-03	2001-02
Assets		
Carried forward tax losses and depreciation	28,73,88	33,46,02
Disallowance under section 43B of the Income Tax Act	3,50,59	4,17,87
	32,24,47	37,63,89
Liability		
Difference between book and tax depreciation	40,87,32	37,86,74
	40,87,32	37,86,74
	(8,62,85)	(22,85)

Schedules forming part of the Accounts for the year ended March 31, 2003 (Rupees '000)

SCHEDULE 21 — (Continued)

18) Disclosure of related parties/related party transactions :

- a) Related parties :
- (i) Subsidiaries of the Company :
 - CEAT Ventures Limited,
 - CEAT Holdings Limited,
 - Meteoric Industrial Finance Company Limited,
 - Atlantic Holdings Limited,
 - Malabar Coastal Holdings Limited
 - (ii) Other related parties :
 - Associated CEAT Holdings Company (Pvt.) Limited (*),
 - CEAT-Kelani Associated Holdings Company (Pvt.) Limited (*),
 - Associated CEAT (Pvt.) Limited,
 - CEAT-Kelani International Tyres (Pvt.) Limited,
 - ACT Limited (*),
 - Rado Tyres Limited
 - Zensar Technologies Limited (erstwhile Fujitsu ICIM Limited),
 - (iii) Key Management Personnel :
 - Mr. Paras K. Chowdhary, 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 :

	Subsidiaries of the Company		Other Related Parties	
	2002-03	2001-02	2002-03	2001-02
Transactions				
1. Rendering of Services	—	—	39,43	27,25
2. Dividend received	—	—	17,25	—
3. Dividend paid	—	—	1	1
4. Commission received	—	—	2,44	—
5. Export Sales	—	—	68,18	21,10
6. Royalty	—	—	72,74	60,81
7. Interest	6,83,92	14,38,10	48,55	48,55
8. Imports of traded goods	—	—	8,25,90	—
9. Loans and Advances given	35,93,26	51,63,63	—	—
10. Deposits received	28,00	—	—	—
11. Subscription to Equity Shares	—	15,00,00	—	—
12. Conversion charges	—	—	6,27,08	4,79,20
13. Rent	55	55	—	—
14. Amounts written off	—	—	—	99
Amount due to/from related parties				
1. Interest Receivable	17,63,74	43,74,35	1,60,18	1,21,53
2. Debtors	—	—	10,61	1,15
3. Amount receivable	—	—	10,37	48,74
4. Loans, Advances and Deposits given	120,13,63	84,22,46	3,51,69	3,74,77
5. Deposits received	28,00	—	—	—
6. Royalty receivable	—	—	92,06	93,59
7. Commission receivable	—	—	2,44	—
8. Creditors	—	—	2,06,26	20
9. Investments in Shares and Debentures	117,36,85	117,36,85	1,95,81	2,45,81

Transactions with Mr. Paras K. Chowdhary, Managing Director being the remuneration paid to him have been given in Note No. 6 of Schedule 21.

Schedules forming part of the Accounts for the year ended March 31, 2003 (Rupees '000)

SCHEDULE 21 — (Continued)

19) Loans and Advances in the nature of Loans given to Subsidiaries.

Sr. No	Name of the Company	As at 31st March, 03	Maximum Balance during the year
1	CEAT Holding Ltd.	76,32,41	86,32,41
2	Meteoric Industrial Finance Co.Ltd.	12,86,18	12,86,18
3	CEAT Venture Ltd.	30,94,91	44,11,90

Loans and Advances shown above, to Subsidiaries fall under the category of 'Loans and Advance in nature of loans where there is no repayment schedule'.

20) 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 in accordance with the Accounting Standard AS-17 "Segment Reporting".

21) Earnings Per Share (EPS) :

	2002-03	2001-02
a) Weighted Average Number of shares at the beginning and end of the year	3,52,13,320	3,52,13,320
b) Net Profit / (Loss) after Tax available for Equity Shareholders (Rupees '000)	18,41,01	5,75,78
c) Basic and Diluted Earnings Per Share (Rupees)	5.24	1.64

22) Lease hold Land & Factory Building at Nasik have been revalued on 25th September 2002, on the basis of an assessment of it's fair market value, made by M/s Anmol Sekhari & Associate, Chartered Engineer and Valuers.

This has resulted in an increase in the book value of the Land & Building by Rs.30,43,27. Surplus arising on account of revaluation has been credited to Revaluation Reserve Account.

Depreciation of Rs. 37,64 on the revalued portion has been provided at the applicable rate. This amount has been directly adjusted against Revaluation Reserve.

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(in terms of amendment to Schedule VI Part IV is given below).

I. Registration Details

Registration No.

1 1 — 1 1 0 4 1

State Code

1 1

Balance Sheet Date

3 1 0 3 2 0 0 3
Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

1 1 4 5 7 7 4 7

Total Assets

1 1 4 5 7 7 4 7

Sources of Funds

Paid-up Capital

3 5 0 9 2 0

Reserves & Surplus

5 8 7 5 4 8 5

Secured Loans

3 6 9 2 1 9 8

Unsecured Loans

1 1 3 0 4 1 2

Deferred Tax Liability

4 0 8 7 3 2

Application of Funds

Net Fixed Assets

5 1 9 4 1 8 2

Investments

1 9 2 8 4 3 3

Net Current Assets

3 9 5 9 4 7 3

Misc. Expenditure

5 3 2 1 2

Deferred Tax Assets

3 2 2 4 4 7

Accumulated Losses

N I L

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover

1 5 1 5 8 0 9 7

Total Expenditure

1 4 8 6 4 9 8 9

Profit/(Loss) before tax

2 9 3 1 0 8

Profit/(Loss) After Tax

1 8 4 1 0 1

Earning Per Share (Rs.)

5 . 2 4

Dividend Rate %

1 0

V. Generic Names of three Principal products/services of the Company (as per monetary terms)

Item Code No.

4011

4012

4013

Product Description

Automotive Tyres

Flaps

Tubes

As per our report attached

Signatures to Schedules '1' to '21'

On behalf of the Board of Directors,

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

M. N. Thakkar
Partner

T. M. Elavia
Company Secretary

Paras K. Chowdhary
Maresh S. Gupta

Managing Director
Director

Mumbai, October 29, 2003

Mumbai, October 29, 2003

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2003

	31.03.2003	31.03.2002
(Rupees ' 000)		
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extraordinary items	29,31,08	3,51,55
Adjustments for :		
Depreciation	21,84,21	18,83,65
Foreign Exchange Fluctuation (Unrealised)	(71,41)	1,29,56
(Profit)/Loss on sale of investments	—	(46,57)
Interest/Dividend Earned	(38,70,66)	(44,53,90)
Interest expenses	86,19,26	101,17,76
Lease Rent	64,35	4,67,78
(Profit)/Loss on sale of Assets	14,11	(1,46,30)
Provisions no longer required written back	(2,60,58)	(88,35)
Provision for Doubtful Debts/ Advances	1,23,29	1,44,43
Provision for diminution in value of investment	48,13	—
Provisions for Obsolescence of Stores	74	35
	<u>68,51,44</u>	<u>80,08,41</u>
Operating Profit before working capital changes	97,82,52	83,59,96
Adjustments for :		
Trade and other receivables	(10,44,62)	15,68,47
Inventories	(29,57,76)	34,56,36
Trade payables and others	64,38,07	43,61,79
	<u>24,35,69</u>	<u>93,86,62</u>
Cash generated from Operations	122,18,21	177,46,58
Direct taxes refund/ (paid)	23,38,23	(12,43,35)
	<u>23,38,23</u>	<u>(12,43,35)</u>
Net Cash from Operating Activities	145,56,44	165,03,23
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(13,69,80)	(13,74,59)
Sale of Fixed Assets	76,31	16,41,70
Purchase of Investments	—	(15,00,00)
Sale/Redemption Proceeds of Investments	40,31,50	21,39,32
Interest received	65,29,12	24,22,04
Dividend received	33,21	67,11
Proceeds from Loans/Deposits with Companies	30,00,00	57,64,75
Loans/Deposits with Companies	(81,84,62)	(72,75,27)
Proceeds of Loan from subsidiary Companies	47,78,91	30,90,70
Loans to subsidiary Companies	(83,70,09)	(50,93,58)
Net Cash from Investing Activities	<u>5,24,54</u>	<u>(1,17,82)</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2003

	31.03.2003	(Rupees ' 000) 31.03.2002
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share Capital/Calls in arrears	—	6
Repayment of finance lease liabilities	(83,53)	(3,27,41)
Proceeds from Borrowings	77,62,68	98,81,63
Repayment of Borrowings	(112,86,52)	(169,20,54)
Dividend paid	(3,52,13)	(3,88,05)
Interest paid	(91,47,85)	(104,06,98)
Net Cash generated/(used) in Financing Activities	(131,07,36)	(181,61,29)
Net Increase/(Decrease) in Cash & Cash equivalent (A+B+C)	19,73,62	(17,75,88)
Opening Balance -Cash & Cash Equivalents	46,42,25	64,18,13
Closing Balance -Cash & Cash Equivalents	66,15,87	46,42,25

Note :

1. Previous year's figures have been regrouped wherever necessary.
2. Cash and Bank Balances as per accounts have been classified as Cash and Cash Equivalents.
3. All figures in brackets are outflows.

As per our report attached

On behalf of the Board of Directors,

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

M. N. Thakkar
Partner

T. M. Elavia
Company Secretary

Paras K. Chowdhary

Managing Director

Mahesh S. Gupta

Director

Mumbai, October 29, 2003

Mumbai, October 29, 2003

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES

Name of the Subsidiary	Ceat Ventures Limited	Malabar Coastal Holdings Limited	Atlantic Holdings Limited	Meteoric Industrial Finance Co. Limited	Ceat Holdings Limited
1. Financial year of the subsidiary ended on	31st March, 2003	31st March, 2003	31st March, 2003	31st March, 2003	31st March, 2003
2. Shares of the subsidiary held on the above date:					
(a) Number and face value	3,99,99,500 Equity Shares of Rs. 10 each fully paid up each fully paid	10 Equity Shares of Rs. 10 each and 7,550 15% Preference Shares of Rs. 100 each fully paid up	10 Equity Shares of Rs. 10 each and 10,050 15% Preference Shares of Rs. 100 each fully paid up	2,55,00,052 Equity Shares of Rs. 10 each fully paid	4,00,00,000 Equity Shares of Rs. 10 each fully paid up each fully paid
(b) Extent of holding	100%	100%	100%	100%	100%
3. Net aggregate amount of profits/losses of the subsidiary for the above financial year so far as they concern the members of the Company:					
(a) dealt with in the accounts of the Company for the period ended 31st March, 2003 (Rs. '000s)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
(b) not dealt with in the accounts of the Company for the period ended 31st March, 2003 (Rs. '000s)	-74,439 (-46,318)	3,250 (3,439)	1,608 (2,231)	27,881 (8,582)	10,455 (-8,765)
4. Net aggregate amount of profit/losses of the subsidiary for the previous financial year so far as they concern the members of the Company:					
(a) dealt with in the accounts of the Company for the period ended 31st March, 2002 (Rs. '000s)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
(b) not dealt with in the accounts of the Company for the period ended 31st March, 2002 (Rs. '000s)	-46,318 (-28,035)	3,439 (2,886)	2,231 (1,978)	8,582 (-5,866)	-8,765 (-2,226)
5. Material changes between the end of the subsidiary's financial year and 31st March, 2003 (Rs. '000s)					
(i) Fixed Assets	Nil	Nil	Nil	Nil	Nil
(ii) Investments made	Nil	Nil	Nil	Nil	Nil
(iii) Money lent by the Subsidiary	Nil	Nil	Nil	Nil	Nil
(iv) Money borrowed by the Subsidiary Company other than for meeting current liabilities	Nil	Nil	Nil	Nil	Nil
(v) Investments disposed	Nil	Nil	Nil	Nil	Nil
(vi) Share Capital	Nil	Nil	Nil	Nil	Nil

Figures in brackets are in respect of the previous year.

On behalf of the Board of Directors,

Mumbai, October 29, 2003
T. M. Elavia
Company Secretary

Paras K. Chowdhary Managing Director
Mahesh S. Gupta Director

DIRECTORS' REPORT

The Directors of the Company have pleasure in presenting their Twenty first Annual Report with the Audited Statements of Account for the fifteen month period ended on 31st March, 2003.

In terms of Non Banking Financial Company Prudential Norms (Reserve Bank) Directions, 1998, issued by Reserve Bank of India (RBI), every Non Banking Financial Company should prepare its Balance Sheet and Profit and Loss Account as on 31st March every year. Accordingly, the company had extended its financial year commenced on 1st January, 2002 by three months to end on 31st March, 2003.

Further, due to restructuring exercise undertaken by its holding company, CEAT Ltd, for any likely impact, the company sought extension of time for holding the Annual General Meeting by three months for which approval was granted by the Registrar of Companies.

FINANCIAL RESULTS

	For the 15 month period ended on 31.03.2003	For the year ended 31.12.2001
	Rs. 000's	Rs. 000's
Income	2,81,96	4,94,61
Profit before Taxation	(2,81,21)	(1,82,83)
Less: Provision for Taxation	—	—
Profit after Taxation	(2,81,21)	(1,82,83)
Less: Income Tax Adjustments of earlier year	—	—
Add: Deficit brought forward from the last year	(4,63,18)	(2,80,35)
Balance carried forward in the Profit and Loss A/c	(7,44,39)	(4,63,18)

The results are not comparable as the present Report covers fifteen months as against twelve months for the previous period.

DIVIDEND

In view of losses in the period under review, your Directors decided against recommending any dividend.

DIRECTORS

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. S. K. Tamhane and Mr. A. J. Menon retire by rotation and being eligible offer themselves for re-appointment.

EMPLOYEES

The Company had no employees of the category specified under section 217(2A) of the Companies Act, 1956 during the period under review.

DIRECTORS' RESPONSIBILITY STATEMENT

As specifically provided in the Companies Act, 1956, your Directors state:

- that in the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- that such accounting policies have been selected which have been applied consistently and judgments and estimates made are reasonable and prudent so as to give true and fair view of the state of the affairs of the company in the Balance Sheet as at the end of the period ended 31st March, 2003 and of the Profit & Loss Account for the same period ended 31st March, 2003.
- that proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities have been taken.
- that the annual accounts have been prepared on going concern basis.

AUDITORS

Shareholders are requested to appoint the auditors and fix their remuneration.

Messrs. N. M. Rajji & Co., Chartered Accountants, the retiring auditors have informed the Company that they are eligible for re-appointment.

On behalf of the Board of Directors

T. M. Elavia
Chairman

Mumbai, 9th October, 2003

Registered Office:
463, Dr. Annie Besant Road, Worli,
Mumbai 400 025.

AUDITORS' REPORT

We have audited the attached Balance Sheet of CEAT VENTURES LIMITED as at 31st March, 2003 and also the Profit and Loss Account of the Company for the 15 month period 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.

We conducted our audit in accordance with 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.

- As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) 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, to the extent applicable.
- Further to our comments in the Annexure referred to above, we report that:
 - we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - 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 the books;
 - the Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account;
 - in our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report, comply with the Accounting Standards referred to in Section 211(3)(C) of the Companies Act, 1956 to the extent applicable;
 - on the basis of written confirmations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2003 from being appointed as a director u/s 274 (1)(g) of the companies Act, 1956
 - In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with 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:
 - in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2003 and
 - in the case of the Profit and Loss Account, of the loss for the 15 month period ended on that date.

For N. M. RAJJI & CO.,
Chartered Accountants

J.M.GANDHI
Partner

Mumbai, 9th October, 2003

ANNEXURE TO THE AUDITORS' REPORT

Referred to in our report of even date.

- The Company is an investment company. Further, it does not have any fixed assets or employees. Hence, in our opinion no comments are called for in the case of items (i), (ii), (iii), (iv), (v), (vi), (x), (xi), (xii), (xiv), (xvi) and (xvii) of paragraph 4(A) and item (iii) of clause 4(D) of the Order.
- The Company has taken loans from the holding company, the rate of interest and other terms and conditions of which are prima facie, not prejudicial to the interest of the Company.
- The Company has not given loan to a company listed in the registers maintained under Sections 301 or to companies under the same management as defined under section 370(1-B).
- The deposits/advances given by the company are being repaid before the date of stipulation except that in certain cases there were delay in respect of principle and interest.
- The Company has not accepted any deposits from the public, and hence the Directives issued by the Reserve Bank of India (RBI) for Non Banking Financial Companies are not applicable to the Company.
- The scope and coverage of the Internal Audit System needs to be enlarged to make it commensurate with the size and operation of business.*
- There are no undisputed amounts payable in respect of income-tax, wealth tax, sales tax, customs duty and excise duty which were outstanding, as at the Balance Sheet date for a period of more than six months from the date they became payable.
- To the best of our knowledge and on the basis of our examination of the books of account and the information and explanations given to us, there are no personal expenses charged to revenue account.
- The Company is an investment company and hence the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable
- We have no comments to offer under paragraph 4D(ii) of the Order as the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- The Company has maintained proper records of the transactions and contracts in respect of investments and has also made timely entries therein.

For N. M. RAJJI & CO.,
Chartered Accountants

J.M.GANDHI
Partner

Mumbai, 9th October, 2003

CEAT VENTURES LIMITED

BALANCE SHEET

as at 31st March 2003

	Schedule	As at 31.03.2003 Rs. 000	As at 31.12.2001 Rs. 000
SOURCES OF FUNDS			
1) Shareholders' Funds			
a) Share Capital	A	39,99,95	39,99,95
b) Reserves & Surplus	B	1,61,05	1,61,05
		<u>41,61,00</u>	<u>41,61,00</u>
2) Unsecured Loans	C	42,71,64	48,66,72
Total		<u>84,32,64</u>	<u>90,27,72</u>
APPLICATION OF FUNDS			
1) Investments	D	37,78,44	43,90,64
2) Current Assets, Loans & Advances	E	50,87,91	44,98,09
Less : Current Liabilities & Provisions	F	11,78,10	3,24,19
		<u>39,09,81</u>	<u>41,73,90</u>
3) Debit Balance in Profit & Loss Account		7,44,39	4,63,18
Total		<u>84,32,64</u>	<u>90,27,72</u>
Notes	I	—	—

As per our Report annexed

for N.M.RAJI & CO.,
Chartered Accountants

J.M.GANDHI
Partner

I. I. KHAN
Whole Time Director
& Company Secretary

On behalf of the Board of Directors,

T. M. ELAVIA
G. B. AAYEER
Director

Mumbai, 9th October, 2003

Mumbai, 9th October, 2003

PROFIT & LOSS ACCOUNT

for the year ended 31st March 2003

(For the period from 01/01/2002 to 31/03/2003)

	Schedule	Current Year 31.03.2003 Rs. 000	Previous Year 31.12.2001 Rs. 000
INCOME			
Dividend - Gross		38,25	16,07
Interest - Gross	G	2,43,71	3,95,15
Profit on Sale of Investments		—	—
Provision no longer required		—	75,12
Miscellaneous Income		—	8,27
		<u>2,81,96</u>	<u>4,94,61</u>
EXPENDITURE			
Provision for Diminution in value of Investment		2,59,97	2,25,15
Interest on Loans from Holding Company		2,85,71	4,46,69
Other Expenses	H	17,49	5,60
		<u>5,63,17</u>	<u>6,77,44</u>
Profit/(Loss) before Taxation		(2,81,21)	(1,82,83)
Provision for Taxation		—	—
Profit after Taxation		(2,81,21)	(1,82,83)
Deficit Brought Forward From Last Year		(4,63,18)	(2,80,35)
AMOUNT CARRIED TO BALANCE SHEET		(7,44,39)	(4,63,18)
Notes	I		

As per our Report annexed

for N.M.RAJI & CO.,
Chartered Accountants

J.M.GANDHI
Partner

I. I. KHAN
Whole Time Director
& Company Secretary

On behalf of the Board of Directors,

T. M. ELAVIA
G. B. AAYEER
Director

Mumbai, 9th October, 2003

Mumbai, 9th October, 2003

CEAT VENTURES LIMITED

SCHEDULE A - Share Capital

	As at 31.03.2003 Rs. 000	As at 31.12.2001 Rs. 000
Authorised		
5,99,99,500 Equity Shares of Rs.10 each	59,99,95	59,99,95
50 12.5% Redeemable Preference Shares of Rs.100 each	5	5
	60,00,00	60,00,00
Issued Subscribed and Paid-up		
3,99,99,500 Equity Shares of Rs.10 each fully paid	39,99,95	39,99,95
	39,99,95	39,99,95

(All Shares are held by CEAT LTD and its nominees)

SCHEDULE B - Reserves and Surplus

	As at 31.03.2003 Rs. 000	As at 31.12.2001 Rs. 000
Capital Redemption Reserve	5	5
General Reserve	1,47,88	1,47,88
Special Reserve Fund	13,12	13,12
	1,61,05	1,61,05

SCHEDULE C - Unsecured Loans

	As at 31.03.2003 Rs. 000	As at 31.12.2001 Rs. 000
a) Debentures	8,05,29	8,05,29
b) Loan - From Holding Company	30,94,91	34,99,74
c) Interest Accrued & Due	3,71,44	5,61,69
	42,71,64	48,66,72

SCHEDULE D - Investments (Trade)

	As at 31.03.2003 No of Shares	As at 31.03.2003 Rs.	As at 31.12.2001 No of Shares	As at 31.12.2001 Rs.
QUOTED (Valued at Cost)				
Equity Shares - Fully Paid				
CESC Ltd.	3,21,360	4,98,61	3,21,360	4,98,61
CFL Capital Financial Services Ltd	31,17,400	6,96,70	31,17,400	6,96,70
Saregama India Ltd	260	7	260	7
Harrisons Malayalam Ltd.	7,28,000	8,08,91	7,28,000	8,08,91
Zensar technologies Ltd	10,72,138	1,52,57	10,72,138	1,52,57
ICICI Bank	8,095	6,33	16,190	6,33
KEC International Ltd.	151	24	151	24
Phillips Carbon Black Ltd.	163	10	163	10
RPG Transmission Ltd.	37,300	30,10	37,300	30,10
RPG Cables Ltd.	5,72,481	3,31,70	5,72,481	3,31,70
RPG Life Sciences Ltd	1,58,640	79,16	1,58,640	79,16
Equity Shares - Partly Paid up				
K E C International Ltd.	7,00,000	2,17,00	7,00,000	2,17,00
(Rs.2.50 paid up)				
CESC Ltd.	5,74,360	57,44	5,74,360	57,44
(Rs.5.00 paid up)				

Face Value of Equity Shares in all cases is Rs.10 each except where mentioned otherwise

UNQUOTED (VALUED AT COST)

Equity Shares - Fully Paid				
Associated Ceat Holdings Company (Private) Ltd.	9,00,000	59,05	30,00,000	1,96,82
Adapt Investments Ltd.	9,700	1,96	9,700	1,96
Adorn Investments Ltd.	10,500	3,18	10,500	3,18

	As at 31.03.2003 No of Shares	As at 31.03.2003 Rs.	As at 31.12.2001 No of Shares	As at 31.12.2001 Rs.
Brabourne Investments Ltd.	1,52,000	1,52,03	1,52,000	1,52,03
Chattarpati Investments Ltd. (FV Rs.100 each)	2,69,000	2,69,00	2,69,000	2,69,00
Eastern Aviation & Industries Ltd.	5,00,000	50,00	5,00,000	50,00
Off-Shore India Ltd.	19,61,000	1,96,10	19,61,000	1,96,10
RPG Communications Holdings Ltd.	21,85,000	2,18,50	21,85,000	2,18,50
Rado Tyres Ltd.	8,03,175	80,32	29,47,950	2,94,80
Trade Apartments Ltd.	13,72,500	1,37,25	13,72,500	1,37,25
Yield investments Ltd.	21,72,500	2,17,25	21,72,500	2,17,25
Face Value of Equity Shares in all cases is Rs.10 each except where mentioned otherwise				
		42,63,57		46,15,80

Less : Provisions for Diminution in Value of Investments	4,85,13	2,25,15
	37,78,44	43,90,64
Aggregate ost of UnQuoted Investments	13,84,64	17,36,86
Aggregate Cost of Quoted Investments	28,78,93	26,53,78
Market Value of Quoted Investments	10,82,30	14,01,37

(Figures in brackets indicate No. of Shares held in previous year)

SCHEDULE E - Current Assets, Loans and Advances

	As at 31.03.2003 Rs. 000	As at 31.12.2001 Rs. 000
a) Current Assets		
(i) Dividend/Interest Receivable	5,57,79	5,87,82
Less: Provision for Doubtful Interest/Dividend	(61,83)	(23,72)
(ii) Receivable - Sales of Investments	17,39,63	13,87,39
(iii) Cash and Bank Balances		
Balances in Current Account with Scheduled Banks	3,94	7,02
	22,39,53	19,58,51
b) Loans and Advances		
Unsecured - Considered Good		
(i) Loans/Advances to Companies	26,52,10	24,12,49
Less: Provision for Doubtful Advances	—	—
(ii) Advance for Purchase of Shares/Debentures	4,25	4,25
Less : Provision for Doubtful amount	(4,25)	(4,25)
(iii) Advance Payment of Income Tax (Net of Provision)	1,96,28	1,27,09
	50,87,91	44,98,09

SCHEDULE F - Current Liabilities & Provisions

	As at 31.03.2003 Rs. 000	As at 31.12.2001 Rs. 000
Interest Accrued but not Due	1,80,22	3,21,24
Overdrawn balance in UCO Bank	9,94,91	
Other Liabilities	2,97	2,95
	11,78,10	3,24,19

SCHEDULE G - Interest (Gross) earned on

Interest (Gross) earned on :	Current Year 31.03.2003 Rs. 000	Previous Year 31.12.2001 Rs. 000
Debentures	—	62,76
Inter Corporate Deposits	2,43,71	3,32,39
	2,43,71	3,95,15

Tax Deductible at source on interest
Rs.51,17,871/- (Previous Year Rs.1585392/-)

SCHEDULE H - Other Expenses

	Current Year 31.03.2003 Rs. 000	Previous Year 31.12.2001 Rs. 000
Legal & Professional Charges	12,77	13
Interest on Term Loan	2,89	
Auditors' Remuneration		
Audit Fees	25	26
Other Matters	82	78
Interest on Income Tax	—	2,47
Miscellaneous Expenses	76	1,96
	17,49	5,60

SCHEDULE I - Notes to Accounts**1. Significant Accounting Policies:**

- Investments are shown at cost of acquisition inclusive of incidental expenses. Loss on immediate sale of Non-convertible part is treated as cost of investment for the Convertible portion of Partly Convertible Debentures/Warrants acquired with such Non-convertible Debentures.
- Investments held by the Company are of long-term nature, which are carried at cost. Provision against diminution in the value of investment has been made in case diminution is considered as other than temporary, as per the criteria laid down by the Board of Directors after considering that such investments are of strategic in nature.
- Revenue Recognition :
Income is recognised on accrual basis except in respect of assets classified as Non-Performing Assets(NPA). Classification of loans and advances as NPA and provision for doubtful advances is in accordance with relevant RBI guidelines, except for amounts realised after the balance sheet date are recognised in arriving at the year-end classification.
- Taxation:
In view of the accounting year of the Company being different from the stipulated year for taxation purposes, provision for taxation in respect of profits, earned in accounting year of the Company, is appropriately determined having regard to liabilities arising for completed taxation years comprised therein. In view of company making losses during the year and also carry forward from earlier years, no adjustment for deferred tax has been made.
- Expenses are accounted for on accrual basis.

2. Contingent Liabilities

- Income Tax Demand in matters for which the company has gone into appeal with the tax authorities, Rs. 50.50 lakhs.

3. Debentures represent:

- 40,52,867 Zero Coupon Unsecured Fully Convertible Debentures (Fifth Series) of Rs.10/- each. These debentures were convertible into fully paid Equity Shares of Rs.10/- each on the expiry of three years from the date of allotment i.e. 5th December, 1996. These debentures were rolled over at the request of the debenture holder for a further period of 4 years. The Company had originally issued 3,30,00,000 such debentures out of which 2,89,47,133 debentures have since been bought back.
- 40,00,000 Zero Coupon Unsecured Fully Convertible Debentures (Sixth Series) of Rs.10/- each. These debentures shall be converted into fully paid Equity Shares of Rs.10/- each on the expiry of seven years from the date of allotment i.e. 27th October, 1997. The debentures can be bought back by the Company, if they are offered for sale by the debenture holders. The Company had issued 90,00,000 such debentures out of which 50,00,000 debentures have been bought back.

4. Investments - Schedule D

- The Company has given an undertaking to financial institution which have given loans to RPG Cables Ltd. (a company in which Upcom Cables Ltd is merged) for non-disposal of its share-holdings in those companies till repayment of loans by them.
 - Balance payable on partly paid equity shares amounts to Rs. 708.44 lakhs.
- As at the balance sheet date, inter corporate deposit of Rs.168.56 lakhs is outstanding from a company having a negative networth as per the latest available audited financial statements of that company. This deposit has been considered as good and recoverable as interest due has been fully received and it has a support of its other group companies.

- Accounting Standard 18 - Related Party Disclosures is not applicable as the company is not listed entity and its turnover is below the threshold of Rs. 50 crores.

7. Earnings in Foreign Currency (in lakhs)	2003	2001
(01.01.02 to 31.3.03)		
Dividend received from		
Associated Ceat Holding Co.(P) Ltd	18.12	NIL

- Previous year's figures have been regrouped wherever necessary. In view of change in accounting year, financial statements are drawn for the period of 15 months (from 01.01.2002 to 31.03.2003) and hence previous year's figures are not comparable.

As per our Report Annexed For and on behalf of the Board of Directors
For N M RAJJI & Co.,
Chartered Accountants

J. M. GANDHI Partner Mumbai, 9th october,2003	I.I.KHAN Whole Time Director & Company Secretary	T M ELAVIA G B AAYEER Mumbai, 9th october,2003	} Directors

Information pursuant to Part IV of Schedule VI to the Companies Act 1956**Balance Sheet Abstract and Company's General Business Profile****I Registration Details**

Registration No.

27344

State Code

Balance Sheet Date

31/03/2003

11

II Capital raised during the year (Rs.'000s)

Public Issue

Nil

Rights Issue

Nil

Bonus Issue

Nil

Private Placement

Nil

III Position of Mobilisation of Deployment of Funds (Rs.'000s)

Sources of Funds

Total Liabilities

843264

Total Assets

843264

Paid up Capital

399995

Reserves and Surplus

16105

Secured Loans

Nil

Unsecured Loans

427164

Application of Funds

Net Fixed Assets

Nil

Investments

377844

Net Current Assets

390981

Misc. Expenditure

Nil

Accumulated Losses

46318

IV Performance of the Company (Rs. '000s)

Turnover

28196

Total Expenditure

56317

Profit/Loss before Tax

-28121

Profit/Loss after Tax

-28121

Earnings per Share in Rs.

0.00

Dividend Rate

Nil

V Generic names of three principal products/ services of the Company (as per monetary terms)

Product Description

Investment Company

Item Code No.

Not Applicable

On behalf of the Board of Directors,

T. M. ELAVIA

Director

G .B. AAYEER

Director

I.I.KHANWhole Time Director
& Company Secretary

Mumbai

DIRECTORS' REPORT

The Directors of the Company have pleasure in presenting their Twenty fourth Annual Report with the Audited Statements of Account for fifteen months ended 31st March, 2003.

In terms of Non Banking Financial Company Prudential Norms (Reserve Bank) Directions, 1998, issued by Reserve Bank of India (RBI), every Non Banking Financial Company should prepare its Balance Sheet and Profit and Loss Account as on 31st March every year. Accordingly, the company had extended its financial year commenced on 1st January, 2002 by three months to end on 31st March, 2003.

Further, due to restructuring exercise undertaken by its holding company, CEAT Ltd., for any likely impact, the company sought extension of time for holding the Annual General Meeting by three months for which approval was granted by the Registrar of Companies.

FINANCIAL RESULTS

	For the 15 month period ended on 31.03.2003	For the year ended 31.12.2001
	Rs. 000's	Rs. 000's
Income	8,80,31	11,32,46
Profit before Taxation	82,65	(65,39)
Less: Provision for Taxation		
- Current	4,69	—
- Deferred	(1,14,24)	—
Profit after Taxation	1,92,20	(65,39)
Less: Income Tax Adjustments of earlier year	—	—
Add: Deficit brought forward from the last year	(87,65)	(22,26)
Balance carried forward in the Profit and Loss A/c	1,04,55	(87,65)

The results are not comparable as the present Report covers fifteen months as against twelve months for the previous period.

DIVIDEND

With a view to conserve resources, your Directors decided not to recommend any dividend.

AMALGAMATION

The High Court of Judicature at Bombay had passed the order approving the Scheme of Amalgamation of Meteoric Industrial Finance Company Ltd with the Company. In view of the Scheme of Arrangement between Harrisons Malayalam Limited (HML), CEAT Limited (CEAT) and Meteoric Industrial Finance Company Ltd., the Company had sought revocation of the order passed for the Scheme of Amalgamation and the Honourable High Court of Bombay reversed its order approving the said Scheme of Amalgamation.

DIRECTORS

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. T. M. Elavia, Mr. A. J. Menon and Mr. U. Banerjee retire by rotation and being eligible offer themselves for re-appointment.

EMPLOYEES

The Company had no employees of the category specified under section 217(2A) of the Companies Act, 1956 during the period under review.

DIRECTORS' RESPONSIBILITY STATEMENT

As specifically provided in the Companies Act, 1956, your Directors state:

- that in the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- that such accounting policies have been selected which have been applied consistently and judgments and estimates made are reasonable and prudent so as to give true and fair view of the state of the affairs of the company in the Balance Sheet as at the end of the period ended 31st March, 2003 and of the Profit & Loss Account for the same period ended 31st March, 2003.
- that proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities have been taken.
- that the annual accounts have been prepared on going concern basis.

AUDITORS

Shareholders are requested to appoint the auditor and fix their remuneration.

Mr. H. M. Merchant, Chartered Accountant, the auditor has informed the Company that he is eligible for re-appointment.

On behalf of the Board of Directors

T. M. Elavia
Chairman

Mumbai, 13th October, 2003

Registered Office:
463, Dr. Annie Besant Road, Worli,
Mumbai 400 025.

AUDITORS' REPORT

I have audited the attached Balance Sheet of CEAT HOLDINGS LIMITED as at 31st March, 2003 and also the Profit and Loss Account of the Company for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I have conducted the audit in accordance with auditing standards generally accepted in India. Those Standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

- As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as I considered appropriate and according to the information and explanations given to me during the course of the audit, I enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order, to the extent applicable.
- Further to my comments in the Annexure referred to above, I report that:
 - I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit;
 - in my opinion, proper books of account as required by law have been kept by the Company so far as appears from my examination of the books;
 - the Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account;
 - in my opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report, comply with the Accounting Standards referred to in Section 211(3)(C) of the Companies Act, 1956 to the extent applicable;
 - on the basis of written confirmations received from the directors and taken on record by the Board of Directors, I report that none of the directors is disqualified as on 31st March, 2003 from being appointed as a director u/s 274 (1)(g) of the companies Act, 1956
 - In my opinion and to the best of my information and according to the explanations given to me, the said Balance Sheet and the Profit and Loss Account read together with 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:
 - in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2003 and
 - in the case of the Profit and Loss Account, of the profit for the period ended on that date

H.M. MERCHANT
Chartered Accountant

Mumbai 13th October 2003

ANNEXURE TO THE AUDITORS' REPORT

Referred to in my report of even date.

- The Company is an investment company. Further, it does not have any fixed assets or employees. Hence, in my opinion no comments are called for in the case of items (i), (ii), (iii), (iv), (v), (vi), (x), (xi), (xii), (xiv), (xvi) and (xvii) of paragraph 4(A) and item (iii) of clause 4(D) of the Order.
- The Company has taken loans from the holding company, the rate of interest and other terms and conditions of which are prima facie, not prejudicial to the interest of the Company.
- The Company has not given loan to a company listed in the registers maintained under Sections 301 or to companies under the same management as defined under section 370(1-B) of the Companies Act, 1956.
- The deposits/advances given by the company are being repaid before the date of stipulation except that in certain cases there were delay in respect of principle and interest.
- The Company has not accepted any deposits from the public, and hence the Directives issued by the Reserve Bank of India (RBI) for Non Banking Financial Companies are not applicable to the Company
The scope and coverage of the Internal Audit System needs to be enlarged to make it commensurate with the size and operation of business.
- There are no undisputed amounts payable in respect of income-tax, wealth tax, sales tax, customs duty and excise duty which were outstanding, as at the Balance Sheet date for a period of more than six months from the date they became payable.
- To the best of my knowledge and on the basis of my examination of the books of account and the information and explanations given to me, there are no personal expenses charged to revenue account.
- The Company is an investment company and hence the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable
- I have no comments to offer under paragraph 4D(ii) of the Order as the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- The Company has maintained proper records of the transactions and contracts in respect of investments and has also made timely entries therein.

H.M. MERCHANT
Chartered Accountant

Mumbai 13th October 2003

CEAT HOLDINGS LIMITED

BALANCE SHEET

as at 31st March 2003

	Schedule	As at 31.03.2003 Rs. 000	As at 31.12.2001 Rs. 000
SOURCES OF FUNDS			
1) Shareholders' Funds			
a) Share Capital	A	40,00,00	40,00,00
b) Reserves & Surplus	B	1,72,85	24,15
2) Unsecured Loans	C	81,81,88	87,35,99
Total		123,54,73	127,60,14
APPLICATION OF FUNDS			
APPLICATION OF FUNDS			
1) Investments	D	31,88,17	37,17,61
2) Current Assets, Loans & Advances	E	103,79,62	95,75,97
Deferred Tax Asset		1,58,38	—
Less : Current Liabilities & Provisions	F	13,71,44	6,21,09
		91,66,56	89,54,88
Deficit In Profit & Loss Account		—	87,65
Total		123,54,73	127,60,14
Notes	I		

PROFIT & LOSS ACCOUNT

for the period ended 31st March 2003

	Schedule	Current Period 31.03.2003 Rs. 000	Previous Year 31.12.2001 Rs. 000
INCOME			
Dividend		32,01	3,4,11
Interest - Gross	G	7,58,56	10,30,90
Profit on Sale of Investments		—	10
Interest-Income tax		56,77	4,23
Provision no longer required		32,97	22,99
Miscellaneous Receipts		—	40,13
		8,80,31	11,32,46
EXPENDITURE			
Provision for Diminution in value of Investment		1,76,99	1,59,86
Interest on Fixed Loans		5,87,62	8,10,46
Interest on Term Loan		—	40,64
Interest Others		2,89	-
Premium on Redemption of Debentures		—	1,44,90
Provision for NPA		12,60	22,11
Other Expenses	H	17,56	19,88
		7,97,66	11,97,85
Profit before Taxation		82,65	(65,39)
Provision for taxation			
- Current		4,69	—
- Deferred		(1,14,24)	—
Income Tax Adjustments of earlier year		—	—
Profit after Taxation		1,92,20	(65,39)
Surplus/(Deficit) Brought From Last Year		(87,65)	(22,26)
PROFIT\ (LOSS) CARRIED TO BALANCE SHEET		1,04,55	(87,65)
Notes	I		

As per our Report annexed

H.M.MERCHANT
Chartered Accountant

P. BANERJEE
Whole Time Director
& Company Secretary

Mumbai ,13th October,2003

On behalf of the Board of Directors,

T. M. ELAVIA }
G. B. AAYEER } Directors

Mumbai, 13th October,2003

As per our Report annexed

H.M.MERCHANT
Chartered Accountant

P. BANERJEE
Whole Time Director
& Company Secretary

Mumbai ,13th October,2003

On behalf of the Board of Directors,

T. M. ELAVIA }
G. B. AAYEER } Directors

Mumbai, 13th October,2003

CEAT HOLDINGS LIMITED

SCHEDULE A - Share Capital

CEAT HOLDINGS LIMITED	As at 31.03.2003 Rs. 000	As at 31.12.2001 Rs. 000	As at 31.03.2003 No of shares	As at 31.03.2003 Rs.	As at 31.12.2001 No of shares	As at 31.12.2001 Rs.
Authorised 5,00,00,000 Equity Shares of Rs.10 each	50,00,00	50,00,00				
	50,00,00	50,00,00				
Issued Subscribed and Paid-up 4,00,00,000 Equity Shares of Rs.10 each fully paid	40,00,00	40,00,00				
(All Shares are held by CEAT LTD and its nominees)						

SCHEDULE B - Reserve & Surplus

	As at 31.03.2003 Rs. 000	As at 31.12.2001 Rs. 000				
General Reserve	68,30	24,15				
Balance in Profit & Loss Account	1,04,55	—				
	1,72,85	24,15				

SCHEDULE C - Unsecured Loans

	As at 31.03.2003 Rs. 000	As at 31.12.2001 Rs. 000				
a) Debentures	2,75,00	2,75,00				
b) Loan - From Holding Company	76,32,41	68,59,66				
d) Interest Accrued & Due	2,74,47	16,01,33				
	81,81,88	87,35,99				

SCHEDULE D - Investments (Trade)

	As at 31.03.2003 No of shares	As at 31.03.2003 Rs.	As at 31.12.2001 No of shares	As at 31.12.2001 Rs.		As at 31.03.2003 Rs. 000	As at 31.12.2001 Rs. 000
QUOTED (Valued at Cost)							
Equity Shares - Fully Paid							
CFL Capital Financial Services Ltd	7,20,100	72,02	7,20,100	72,02			
CESC Ltd.	100	14	100	14			
Saregama India Ltd	100	1	100	—			
Harrisons Malayalam Ltd.	150	15	150	15			
Spencer (I) Ltd	100	1	100	1			
Phillips Carbon Black Ltd.	100	52	100	52			
RPG Cables Ltd.	15,63,799	8,36,24	15,63,799	8,36,24			
RPG Transmission Ltd.	11,57,400	9,22,27	11,57,400	9,22,27			
RPG Life Sciences Ltd	7,410	5,15	7,410	5,15			

SCHEDULE E- Current assets, Loans and Advances

	As at 31.03.2003 Rs. 000	As at 31.12.2001 Rs. 000
a) Current Assets		
(i) Dividend / Interest Receivable	15,61,79	17,91,49
Less : Provision for Doubtful Interest	20,71	20,71
(ii) Sundry Debtors more than 6 months	3,52,45	-
(iii) Cash and Bank Balances		
Balances in Current Account with Scheduled Banks	3,19	8,42
	18,96,72	17,79,20
b) Loans and Advances		
Unsecured - Considered Good		
(i) Loans/Advances to Companies	83,36,96	74,14,50
Less : Provision for Doubtful amount	(14,00)	(1,40)
(ii) Advance for Purchase of Shares/Debentures	4,25	4,25
Less : Provision for Doubtful amount	(4,25)	(4,25)
(iii) Advance against allotment of Equity	1,40,00	1,40,00
(iv) Advance Payment of Income Tax (Net of Provision)	19,94	2,43,67
	103,79,62	95,75,97

SCHEDULE F - Current Liabilities & Provisions

	As at 31.03.2003 Rs. 000	As at 31.12.2001 Rs. 000
Other Liabilities	29	16
Overdrawn balance in UCO Bank	9,94,14	
Interest accrued but not due	3,77,01	6,20,93
	<u>13,71,44</u>	<u>6,21,09</u>

SCHEDULE G - Interest Income

	Current Period ended 31.03.2003 Rs. 000	Previous Year 31.12.2001 Rs. 000
i) On Inter-Corporate Deposits		
Interest	7,58,56	10,30,90
	<u>7,58,56</u>	<u>10,30,90</u>

Tax Deducted at source on interest Rs.1,59,29,792/-
(Previous Year Rs 51,04,243/-)

SCHEDULE H - Other Expenses

	Current Period ended 31.03.2003 Rs. 000	Previous Year 31.03.2003 Rs. 000
Legal & Professional Charges	13,58	29
Membership Fees	47	47
Auditors Remuneration		
Audit Fees	15	15
Other matters	<u>48</u> <u>63</u>	<u>19</u> <u>34</u>
Interest on Income Tax	—	17,49
Miscellaneous Expenses	<u>2,88</u>	<u>1,29</u>
	<u>17,56</u>	<u>19,88</u>

SCHEDULE I - Notes to Accounts**1. SIGNIFICANT ACCOUNTING POLICIES**

- Investments are shown at cost of acquisition inclusive of incidental expenses.
- Investments held by the Company are of long-term nature, which are carried at cost. Provision against diminution in the value of investment has been made in case diminution is considered as other than temporary, as per the criteria laid down by the Board of Directors after considering that such investments are of strategic in nature.
- Revenue Recognition :

Income is recognised on accrual basis except in respect of assets classified as Non-Performing Assets(NPA). Classification of loans and advances as NPA and provision for doubtful advances is in accordance with relevant RBI guidelines, except for amounts realised after the balance sheet date are recognised in arriving at the year-end classification.
- Expenses are accounted for on accrual basis.

- To comply with accounting standard 22, accounting for taxes on income issued by the institute of Chartered Accountants of India, deferred tax of Rs. 158.38 lacs is created for temporary timing differences between taxable profit and book profit in view of uncertainty in realising gains from sale of investments and the losses being absorbed in future as per income tax Act 1962, deferred taxation is not created on Provision for diminution in value of equity shares

3. Contingent Liabilities

Income Tax Demand in matters for which the company has gone into appeal with the tax authorities, Rs. 30.49 lakhs.

4. Debentures represent:

- 27,50,000 Zero Coupon Unsecured Fully Convertible Debentures (V th Series) of Rs.10/- each. These debentures were convertible into fully paid Equity Shares of Rs.10/- each on the expiry of ten years from the date of allotment i.e. 30th March,1997. The debentures could be purchased by the Company any time before conversion/redemption, if they are offered for sale by the debenture holders.

- Company is holding 2500 equity shares of Rs. 10/- each from KEC International Ltd being the bonus shares on the shares sold in the previous years.

- As at the balance sheet date, inter corporate deposit of Rs.3838.28 lakhs is outstanding from a company having a negative networth as per the latest available audited financial statements of that company. This deposit has been considered as good and recoverable as interest due has been fully received and it has a support of its other group companies.

- Accounting Standard 18 - Related Party Disclosures is not applicable as the company is not listed entity and its turnover is below the threshold of Rs. 50 crores.

- Earnings in Foreign Currency (in lakhs)

	2003	2001
(01.01.02 to 31.3.03)		
Dividend received from Associated Ceat Holding Co.(P) Ltd	18.12	NIL

- Previous year's figures have been regrouped wherever necessary. In view of change in accounting year, financial statements are drawn for the period of 15 months (from 01.01.2002 to 31.03.2003) and hence previous year's figures are not comparable.

As per our Report annexed

H.M.MERCHANT
Chartered Accountant

P. BANERJEE
Whole Time Director
& Company Secretary

Mumbai , 13th October,2003

On behalf of the Board of Directors,

T. M. ELAVIA
G. B. AAYEER } Directors

Mumbai ,13th October,2003

Information pursuant to Part IV of Schedule VI to the Companies Act 1956**Balance Sheet Abstract and Company's General Business Profile****I Registration Details**

Registration No.

21467

State Code

Balance Sheet Date

31/03/2003

11

II Capital raised during the year (Rs.'000s)

Public Issue

Nil

Rights Issue

Nil

Bonus Issue

Nil

Private Placement

Nil

III Position of Mobilisation of Deployment of Funds (Rs.'000s)

Sources of Funds

Total Liabilities

1235473

Total Assets

1235473

Paid up Capital

400000

Reserves and Surplus

17285

Secured Loans

Nil

Unsecured Loans

818188

Application of Funds

Net Fixed Assets

Nil

Investments

318817

Net Current Assets

916656

Misc. Expenditure

Nil

Accumulated Losses

8765

IV Performance of the Company (Rs. '000s)

Turnover

88031

Total Expenditure

79766

Profit/Loss before Tax

8265

Profit/Loss after Tax

19220

Earnings per Share in Rs.

-

Dividend Rate

Nil

V Generic names of three principal products/ services of the Company (as per monetary terms)

Product Description

Investment Company

Item Code No.

Not Applicable

For and on Behalf of Board of Directors,

T. M. ELAVIA
Director**G .B. AAYEER**
Director**P.BANERJEE**
Whole Time Director
& Company Secretary

Mumbai,

METEORIC INDUSTRIAL FINANCE COMPANY LIMITED

DIRECTORS' REPORT

The Directors of the Company have pleasure in presenting their Fifteenth Annual Report with the Audited Statements of Account for the fifteen months ended 31st March, 2003.

In terms of Non Banking Financial Company Prudential Norms (Reserve Bank) Directions, 1998, issued by Reserve Bank of India (RBI), every Non Banking Financial Company should prepare its Balance Sheet and Profit and Loss Account as on 31st March every year. Accordingly, the company had extended its financial year commenced on 1st January, 2002 by three months to end on 31st March, 2003.

The Company had sought extension of time from the Registrar of Companies (ROC) for holding the Annual General Meeting, as it was intended that the Board would present the Audited Accounts as of 31st March, 2003 after giving effect to the Scheme of Arrangement between Harrisons Malayalam Limited, CEAT Ltd. and the Company. This Scheme of Arrangement has already been approved by the shareholders and the creditors of CEAT Ltd. and the Company. The ROC has granted time upto 27th December, 2003.

However, as the approval process before the High Court of Judicature at Bombay and the High Court of Kerala and the subsequent implementation procedures would not have been completed in time for enabling the preparation of Audited Accounts (after giving effect to the Scheme of Arrangement) for being presented to the Annual General Meeting by the extended date, the Board of Directors decided to present the Audited Accounts without giving effect to the above mentioned Scheme of Arrangement.

FINANCIAL RESULTS

	For the 15 month period ended 31.03.2003	For the year ended 31.12.2001
	Rs. 000's	Rs. 000's
Income	4,15,55	5,05,61
Profit before Taxation	3,21,04	1,96,69
Less: Provision for Taxation		
- Current	1,27,99	52,27
- Deferred	(37)	(6)
Profit after Taxation	1,93,42	1,44,48
Less: Income Tax Adjustments of earlier year	(44)	—
Add: Surplus brought forward from the last year	85,82	(58,66)
Balance carried forward in the Profit and Loss A/c	2,78,81	85,82

The results are not comparable as the present Report covers fifteen months as against twelve months for the previous period.

DIVIDEND

With a view to conserve resources, your Directors decided not to recommend any dividend.

AMALGAMATION

The High Court of Judicature at Bombay had passed the order approving the Scheme of Amalgamation of the Company with CEAT Holdings Ltd (Petitioner). In view of the above Scheme of Arrangement between Harrisons Malayalam Limited (HML), CEAT Limited (CEAT) and the Company, the Petitioner, sought revocation of the order passed for the Scheme of Amalgamation and the Honourable High Court at Bombay has reversed its original order approving the said Scheme of Amalgamation.

DIRECTORS

Ms. Nina U. Trivedi was appointed as Whole-time Director of the company with effect from 2nd July, 03 without any remuneration.

In accordance with the provisions of Companies Act, 1956 and Articles of Association of the Company, Mr. A. J. Menon and Mr. G. B. Aayeer retire by rotation and being eligible offer themselves for re-appointment.

EMPLOYEES

The Company had no employees of the category specified under section 217(2A) of the Companies Act, 1956 during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

As specifically provided in the Companies Act, 1956, your Directors state:

- that in the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- that such accounting policies have been selected which have been applied consistently and judgments and estimates made are reasonable and prudent so as to give true and fair view of the state of the affairs of the company in the Balance Sheet as at the end of the period ended 31st March, 2003 and of the Profit & Loss Account for the same period ended 31st March, 2003.
- that proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities have been taken.
- that the annual accounts have been prepared on going concern basis.

AUDITORS

M/s N. M. Rajji and Co., who had been appointed as Auditors at the last General Meeting held on 28th June, 2002, resigned. In the casual vacancy so caused, the members appointed Mr. H. M. Merchant, Chartered Accountant, as the Auditor of the Company at the Extra-ordinary General Meeting held on 21st September, 2003.

Shareholders are requested to appoint auditor and to fix there remuneration.

Mr. H. M. Merchant, Chartered Accountant, has conveyed his willingness to act as auditor of the company, if appointed.

On behalf of the Board of Directors

T. M. Elavia
Chairman

Mumbai, 13th October, 2003

Registered Office:

463, Dr. Annie Besant Road, Worli,
Mumbai 400 025.

AUDITORS' REPORT

I have audited the attached Balance Sheet of METEORIC INDUSTRIAL FINANCE COMPANY LIMITED as at 31st March, 2003 and also the Profit and Loss Account of the Company for the 15 month period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in India. Those Standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

- As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as I considered appropriate and according to the information and explanations given to me during the course of the audit, I enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order, to the extent applicable.
- Further to my comments in the Annexure referred to above, I report that:
 - I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit;
 - in my opinion, proper books of account, as required by law, have been kept by the Company so far as appears from my examination of the books;
 - the Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account;
 - in my opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report, comply with the Accounting Standards referred to in Section 211(3)(C) of the Companies Act, 1956 to the extent applicable;
 - on the basis of written confirmations received from the directors and taken on record by the Board of Directors, I report that none of the directors is disqualified as on 31st March, 2003 from being appointed as a director u/s 274 (1)(g) of the companies Act, 1956
 - In my opinion and to the best of my information and according to the explanations given to me, the said Balance Sheet and the Profit and Loss Account read together with 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:
 - in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2003 and
 - in the case of the Profit and Loss Account, of the profit for the 15 month period ended on that date.

Mumbai, 13th October 2003

H.M.MERCHANT
Chartered Accountant

ANNEXURE TO THE AUDITORS' REPORT

Referred to in my report of even date.

- The Company is an Investment company. Further, it does not have any fixed assets or employees. Hence, in my opinion, no comments are called for in the case of items (i), (ii), (iii), (iv), (v), (vi), (x), (xi), (xii), (xiv), (xvi), (xvii) of paragraph 4(A) and item (iii) of clause 4(D) of the Order.
- The Company has taken loans from the holding company, the rate of interest and other terms and conditions of which are prima facie not prejudicial to the interest of the Company.
- The Company has not given loan to a company listed in the registers maintained under Sections 301 or to companies under the same management as defined under section 370(1-B).
- The deposits/advances given by the company are being repaid before the date of stipulation except that in certain cases there were delay in respect of principle and interest.
- The Company has not accepted any deposits from the public, and hence the Directives issued by the Reserve Bank of India (RBI) for Non Banking Financial Companies are not applicable to the Company.
- The scope and coverage of the Internal Audit System needs to be enlarged to make it commensurate with the size and operation of business.*
- There are no undisputed amounts payable in respect of income-tax, wealth tax, sales tax, customs duty and excise duty which were outstanding, as at the Balance Sheet date for a period of more than six months from the date they became payable.
- To the best of my knowledge and on the basis of our examination of the books of account and the information and explanations given to me there are no personal expenses charged to revenue account.
- The Company is an investment company and hence the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable
- I have no comments to offer under paragraph 4D(ii) of the Order as the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- The Company has maintained proper records of the transactions and contracts in respect of investments and has also made timely entries therein.

Mumbai, 13th October 2003

H.M.MERCHANT
Chartered Accountant

METEORIC INDUSTRIAL FINANCE COMPANY LIMITED

BALANCE SHEET

as at 31st March 2003

	Schedule	As at 31-03-2003 Rs. 000	As at 31-12-2001 Rs. 000
SOURCES OF FUNDS			
1) Shareholders' Funds			
Share Capital	A	25,50,01	10,50,01
Advance against Equity		—	15,00,00
Reserves & Surplus	B	2,80,96	87,97
2) Loan Funds			
Unsecured			
a) Loan-From Holdings Company		12,86,18	10,36,66
b) Interest Accrued and Due		5,08,53	7,80,06
Total		46,25,68	44,54,70
APPLICATION OF FUNDS			
1) Investments	C	2,64	2,94
2) Current Assets, Loans & Advances	D	46,77,34	46,65,85
Deferred Tax assets		2,58	2,21
Less : Current Liabilities & Provisions	E	56,88	2,16,30
		46,23,04	44,51,76
Total		46,25,68	44,54,70
Notes	H	—	—

As per my Report annexed

H M MERCHANT
Chartered Accountant

NINA TRIVEDI
Whole Time Director
& Company Secretary

Mumbai, 13th October, 2003

On behalf of the Board of Directors,

T. M. ELAVIA
G. B. AAYEER

Directors

Mumbai, 13th October, 2003

PROFIT & LOSS ACCOUNT

for the year ended 31st March 2003

(For the period from 01/01/2002 to 31/03/2003)

	Schedule	Current Year 31-03-2003 Rs. 000	Previous Year 31-12-2001 Rs. 000
INCOME			
Dividend - Gross		—	1
Interest - Gross	F	3,63,65	5,04,39
Interest Income tax		51,76	—
Provision no longer required		14	1,21
		4,15,55	5,05,61
EXPENDITURE			
Provision for diminution in the value of investments		30	—
Interest on Debentures		—	1,81,23
Interest on Advances from Holding Company		88,42	1,22,32
Interest - Others		—	4,46
Other Expenses	G	5,79	91
		94,51	3,08,92
Profit before Taxation		3,21,04	1,96,69
Provision for Taxation			
— Current		1,27,99	52,27
— Deferred		(37)	(6)
Profit after Taxation		1,93,42	1,44,48
Income Tax Adjustments of Earlier Years		(44)	—
Surplus/(Deficit) Brought From Last Year		85,82	(58,66)
Amount Transfer To Balance Sheet		2,78,81	85,82
NOTES	H		

As per my Report annexed

H M MERCHANT
Chartered Accountant

NINA TRIVEDI
Whole Time Director
& Company Secretary

Mumbai, 13th October, 2003

On behalf of the Board of Directors,

T. M. ELAVIA
G. B. AAYEER

Directors

Mumbai, 13th October, 2003

METEORIC INDUSTRIAL FINANCE COMPANY LIMITED

SCHEDULE A - Share Capital

	As at 31-03-2003 Rs. 000	As at 31-12-2001 Rs. 000
Authorised		
2,99,99,950 Equity Shares of Rs.10 each	29,99,99	29,99,99
5- 14% Non cumulative Redeemable Preference shares of Rs.100 each	1	1
	<u>30,00,00</u>	<u>30,00,00</u>
Issued Subscribed and Paid-up		
2,55,00,052 Equity Shares of Rs.10 each fully paid	25,50,01	10,50,01
(Previous year 10500052 Equity Shares of Rs. 10/- each)	<u>25,50,01</u>	<u>10,50,01</u>

(All Shares are held by CEAT LTD and its nominees)

SCHEDULE D - Current Assets, Loans and Advances

	As at 31-03-2003 Rs. 000	As at 31-12-2001 Rs. 000
a) Current Assets		
(i) Interest/Dividend Receivable	6,48,10	8,31,03
Less : Provision for doubtful Interest	<u>7,02</u>	<u>6,14</u>
	6,41,08	8,24,89
(ii) Cash and Bank Balances		
Balances in Current Account with Scheduled Banks	<u>1,61</u>	<u>2,50</u>
	<u>6,42,69</u>	<u>8,27,39</u>
b) Loans and Advances		
Unsecured - Considered Good		
(i) Loans/Advances to Companies	39,74,65	35,61,20
Less: Provision for Doubtful Advances	<u>—</u>	<u>—</u>
	39,74,65	35,61,20
(ii) Advances recoverable in cash or in kind	2,00	2,00
(iii) Advance Payment of Income Tax (Net of Provision)	<u>58,00</u>	<u>2,75,26</u>
	<u>46,77,34</u>	<u>46,65,85</u>

SCHEDULE B - Reserve & Surplus

	As at 31-03-2003 Rs. 000	As at 31-12-2001 Rs. 000
Balance in Profit & Loss Account	2,78,81	85,82
Add : Adjustment for Opening Deferred Tax Assets	<u>2,15</u>	<u>2,15</u>
	<u>2,80,96</u>	<u>87,97</u>

SCHEDULE E - Current Liabilities & Provisions

	As at 31-03-2003 Rs. 000	As at 31-12-2001 Rs. 000
Interest Accrued but not Due	56,28	2,15,41
Other Liabilities	<u>60</u>	<u>89</u>
	<u>56,88</u>	<u>2,16,30</u>

SCHEDULE C - INVESTMENTS (TRADE)

	No. of shares	As at 31-03-2003 Rs.	No. of shares	As at 31-12-2001 Rs.
Quoted (Valued at cost) - Long term				
Equity shares - fully paid				
Saregama Ltd	228	2,94	228	2,94
face value of Rs. 10 each				
Less: Dimunition In Value of Investments		<u>30</u>		<u>—</u>
		<u>2,64</u>		<u>2,94</u>
Carrying Value of Quoted Investments		2,64		2,94
Market Value of quoted investment		10		30

SCHEDULE F - Interest (Gross) earned on

	Current Year 31-03-2003 Rs. 000	Previous Year 31-12-2001 Rs. 000
Interest (Gross) earned on :		
Inter Corporate Deposits	<u>3,63,65</u>	<u>5,04,39</u>
	<u>3,63,65</u>	<u>5,04,39</u>
Tax Deductable at source on interest Rs.76,36,673/- (Previous Year Rs.10289580/-)		

METEORIC INDUSTRIAL FINANCE COMPANY LIMITED

SCHEDULE G - Other Expenses

	Current Year 31-03-2003 Rs. 000	Previous Year 31-12-2001 Rs. 000
Office Expenses	1,57	6
Printing & Stationary	4	5
Bank Charges	1	1
Legal & Professional Charges	9	11
Auditors' Remuneration		
Audit Fees	25	26
Other matters	72	39
Interest on Income Tax	3,11	3
	5,79	91

c) Taxation:

In view of uncertainty in realising gains from sale of investments and the losses being absorbed in future as per income tax act, 1962, deferred taxation is not created on Provision for diminution in value of equity shares.

d) Expenses are accounted on accrual basis.

2. Deferred tax is created for temporary timing differences between taxable profit and book profit on account of which profit after tax is higher by Rs 37,085/-
3. As at the Balance Sheet date Intercompany deposit of Rs. 679.61 lacs is outstanding from a company having negative networth as per the latest available audited financial statements of that company. This deposit has been considered as good and recoverable as interest due has been fully received and it has a support of its other group companies.
4. Accounting Standard 18 - Related Party Disclosures is not applicable as the company is not listed entity and its turnover is below the threshold of Rs. 50 crores.
5. Income tax demand in matters for which the company has gone into appeal with the tax authorities, Rs. 6.54 lacs.
6. The Scheme of Arrangement to demerge the Investment undertakings of CEAT LIMITED (the Holding Company) and vest the assets and liabilities with Meteoric Industrial Finance Company Limited is under implementation. It is envisaged to give effect to the scheme from 1st October, 2002, subject to the approval from such authorities as may be necessary and the High Court of Judicature at Bombay and the High Court of Kerala. Hence the aforesaid results pertaining to the Company's operations will undergo change accordingly. Since the Scheme has not yet become operative, the accounts of the Company do not include the figures of Investments undertaking of the Holding Company.
7. The additional information pursuant to Part II of Schedule VI to the Companies Act 1956 - Nil.
8. Previous year's figures have been regrouped wherever necessary. In view of change in accounting year, financial statements are drawn for the period of 15 months (from 01.01.2002 to 31.03.2003) and hence previous year's figures are not comparable.

SCHEDULE -H NOTES TO ACCOUNTS

1. Significant Accounting Policies

- a) Investments held by the company are of long-term nature, which are carried at cost. Provision against diminution in the value of investment has been made in case diminution is considered as other than temporary, as per the criteria laid down by the Board of Directors, after considering that such investments are of strategic in nature.

b) Revenue Recognition :

Income is recognised on accrual basis except in respect of assets classified as Non-Performing Assets(NPA). Classification of loans and advances as NPA and provision for doubtful advances is in accordance with relevant RBI guidelines, except for amounts realised after the balance sheet date are recognised in arriving at the year end classification.

As per my Report annexed

On behalf of the Board of Directors,

H M MERCHANT
Chartered Accountant

NINA TRIVEDI
Whole Time Director
& Company Secretary

T M ELAVIA
G BV AAYEER
Director

Mumbai, 13th October, 2003

Mumbai, 13th October, 2003

METEORIC INDUSTRIAL FINANCE COMPANY LIMITED

Information pursuant to Part IV of Schedule VI to the Companies Act 1956

Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No.

11 - 48602

State Code

Balance Sheet Date

31/03/2003

11

II Capital raised during the year (Rs.'000s)

Public Issue

Nil

Rights Issue

Nil

Bonus Issue

Nil

Private Placement

Nil

III Position of Mobilisation of Deployment of Funds (Rs.'000s)

Sources of Funds

Total Liabilities

462568

Total Assets

462568

Paid up Capital

255001

Reserves and Surplus

28096

Secured Loans

Nil

Unsecured Loans

179471

Application of Funds

Net Fixed Assets

Nil

Investments

264

Net Current Assets

462304

Misc. Expenditure

Nil

Accumulated Losses

Nil

IV Performance of the Company (Rs. '000s)

Turnover

41555

Total Expenditure

9451

Profit/Loss before Tax

32104

Profit/Loss after Tax

19342

Earnings per Share in Rs.

193430

Dividend Rate

Nil

V Generic names of three principal products/ services of the Company (as per monetary terms)

Product Description

Loan Company

Item Code No.

Not Applicable

On behalf of the Board of Directors,

T. M. ELAVIA
G. B. AAYEER

Directors

Mumbai,

DIRECTORS' REPORT

The Directors of the Company have pleasure in presenting their Nineteenth Annual Report with the Audited Statements of Account for the fifteen month period ended on 31st March, 2003.

In terms of Non Banking Financial Company Prudential Norms (Reserve Bank) Directions, 1998, issued by Reserve Bank of India (RBI), every Non Banking Financial Company should prepare its Balance Sheet and Profit and Loss Account as on 31st March every year. Accordingly, the company had extended its financial year commenced on 1st January, 2002 by three months to end on 31st March, 2003.

Further, due to restructuring exercise undertaken by its holding company, CEAT Ltd., for any likely impact, the company sought extension of time for holding the Annual General Meeting by three months for which approval was granted by the Registrar of Companies.

FINANCIAL RESULTS

	For the 15 month period ended on 31.03.2003	For the year ended 31.12.2001
	Rs. 000's	Rs. 000's
Income	12,84	11,23
Profit before Taxation	(2,97)	7,06
Less: Provision for Taxation	(3,42)	(4,53)
Profit after Taxation	(6,39)	2,53
Less: Income Tax Adjustments of earlier year	16	—
Add: Surplus brought forward from the last year	22,31	19,78
Balance carried forward in the Profit and Loss A/c	16,08	22,31

The results are not comparable as the present Report covers fifteen months as against twelve months for the previous period.

DIVIDEND

With a view to conserve resources your Directors decided not to recommend any dividend.

DIRECTORS

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. T. M. Elavia and Mr. A. J. Menon retire by rotation and being eligible offer themselves for re-appointment.

EMPLOYEES

The Company had no employees of the category specified under section 217(2A) of the Companies Act, 1956 during the period under review.

DIRECTORS' RESPONSIBILITY STATEMENT

As specifically provided in the Companies Act, 1956, your Directors state:

- that in the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- that such accounting policies have been selected which have been applied consistently and judgements and estimates made are reasonable and prudent so as to give true and fair view of the state of the affairs of the company in the Balance Sheet as at the end of the period ended 31st March, 2003 and of the Profit & Loss Account for the same period ended 31st March, 2003.
- that proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities have been taken.
- that the annual accounts have been prepared on going concern basis.

AUDITORS

Shareholders are requested to appoint the auditors and fix their remuneration.

Messrs. N. M. Rajji & Co., Chartered Accountants, the retiring auditors have informed the Company that they are eligible for re-appointment.

COMPLIANCE CERTIFICATE

The Compliance Certificate as of date in terms of Section 383A of the Companies Act, 1956 issued by Mr. P. N. Parikh, Practicing Company Secretary, is attached.

On behalf of the Board of Directors

T. M. Elavia
Chairman

Mumbai, 9th October, 2003
Registered Office:
463, Dr. Annie Besant Road, Worli,
Mumbai 400 025.

ANNEXURE TO THE DIRECTORS' REPORT DATED 9TH OCTOBER, 2003

Registration No : 11-31544
Compliance Certificate

Authorised Capital :3,00,00,000/-

To,
The Members
ATLANTIC HOLDINGS LIMITED
CEAT Mahal,
463, Dr. Annie Besant Road,
Mumbai 400 025

We have examined the registers, records, books and papers of ATLANTIC HOLDINGS LIMITED as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the period of fifteen months ended on 31st March, 2003. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial period:

- The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
- The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
- The Company being a public limited company, comments that a Private Limited Company has minimum prescribed paid-up capital, maximum number of members, invitation to public to subscribe for shares and acceptance of deposits from persons other than its members, directors or their relatives, are not required.
- The Board of Directors duly met 6 (Six) times on 16.01.2002, 17.04.2002, 20.05.2002, 10.09.2002, 26.12.2002 and on 28.01.2003 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. (No circular resolution was passed.)
- The Company has not closed its Register of Members or Debenture holders during the period as it was not required to close the same.
- The annual general meeting for the financial year ended on 31st December 2001 was held on 28.06.2002 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
- No extra ordinary general meeting was held during the financial period.
- The Company has not advanced any loan to its Directors and/or persons or firms or companies referred to in the Section 295 of the Act.
- The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
- The company has made necessary entries in the register maintained under section 301 of the Act.
- As there were no instances falling within the purview of Section 314 of the Act, the company has not obtained any approvals from the Board of Directors, members or the previous approval of the Central Government.
- The Company has not issued any duplicate share certificates during the financial period.
- (i) There was no allotment / transfer / transmission of securities during the financial period.
(ii) The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial period.
(iii) The Company was not required to post warrants to any member of the Company as no dividend was declared during the financial period. There were no unpaid dividends in the Company
(iv) There are no unpaid dividends, application money due for refund, matured deposits, matured debentures or the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years.
(v) The Company has duly complied with the requirements of section 217 of the Act.
- The Board of Directors of the company is duly constituted and the appointment of Directors, additional directors, alternate directors and directors to fill casual vacancies as the case may be have been duly made.

ATLANTIC HOLDINGS LIMITED

15. The Company has not appointed any Managing Director /Whole-time Director /Manager during the financial period.
16. The Company has not appointed any sole selling agents during the financial period.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such other authorities prescribed under the various provisions of the Act during the financial period.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial period.
20. The Company has not bought back any shares during the financial period.
21. There was no redemption of preference shares or debentures during the financial period.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial period.
24. The Company has not made any borrowings during the financial period ended 31.03.2003
25. The company has made loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one state to another during the period under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the period under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the period under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the period under scrutiny.
30. The Company has not altered its Articles of Association during the period under scrutiny.
31. There were no prosecutions initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the company during the financial period, for offences under the Act.
32. There are no employees in the Company and hence the question of receiving any money as security from its employees during the financial period does not arise
33. There are no employees in the Company and hence the question of deduction of any contribution towards Provident Fund does not arise.

Annexure 'A'

Statutory Registers as maintained by the Company

1. Register of Members u/s 150 of the Act.
2. Register of Debenture Holders u/s 152 of the Act.
3. Minutes Book of Board Meetings u/s 193 of the Act. (In loose leaf)
4. Minutes Book of General Meetings u/s 193 of the Act. (In loose leaf)
5. Books of Accounts u/s 209 of the Act are being audited by the Statutory Auditors of the Company.
6. Register of Contracts u/s 301 of the Act.
7. Register of disclosure of interest u/s 301 of the Act.
8. Register of particulars of Directors etc. u/s 303 of the Act.
9. Register of Loans and investments u/s 372A of the Act.

For Parikh & Associates

Place : Mumbai
Date : 09.10.2003

Signature :
Name of Company Secretary : P. N. Parikh
C. P. No. : 1228

Annexure 'B'

Forms and Returns as filed by the Company with the Registrar of Companies during the financial period ended on March 31, 2003 :

Sr. No.	Form/Return	Filed under section	For	Date of filing	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid. Yes/No
1	32	303	Resignation of Mr. B. K. Rajadhyaksha as Director	08.02.2002	Yes	N. A.
2.	Balance Sheet as at 31.12.2001	220	Approved at the Annual General Meeting held on 28.06.2002	24.07.2002	Yes	N. A.
3.	Annual Return made upto 28.06.2002	159	Annual General Meeting held on 28.06.2002	27.08.2002	Yes	N. A.
4	Form 32	303	Appointment of Mr. I. I. Khan as Director	24.07.2002	Yes	N. A.
5	Compliance Certificate	383A	Financial Year 2001-2002	24.07.2002	Yes	N. A.

For Parikh & Associates

Place : Mumbai
Date : 09.10.2003

Signature :
Name of Company Secretary : P. N. Parikh
C. P. No. : 1228

For Parikh & Associates

Place : Mumbai
Date : 09.10.2003

Signature :
Name of Company Secretary : P. N. Parikh
C. P. No. : 1228

AUDITORS' REPORT**To The Members of Atlantic Holdings Limited**

We have audited the attached Balance Sheet of ATLANTIC HOLDINGS LIMITED as at 31st March, 2003 and also the Profit and Loss Account of the Company for the 15 month period 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.

We conducted our audit in accordance with 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.

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) 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, to the extent applicable.
2. Further to our comments in the Annexure referred to above, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) 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 the books;
 - c) the Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report, comply with the Accounting Standards referred to in Section 211(3)(C) of the Companies Act, 1956 to the extent applicable;
 - e) on the basis of written confirmations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2003 from being appointed as a director u/s 274 (1)(g) of the companies Act, 1956
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with 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:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2003 and
 - (ii) in the case of the Profit and Loss Account, of the loss for the 15 month period ended on that date.

For N. M. RAJJI & CO.
Chartered Accountants
J. M. GANDHI
Partner

Mumbai, 9th October 2003

ANNEXURE TO THE AUDITORS' REPORT

Referred to in our report of even date.

- i. The Company has applied for registration as an investment company with Reserve Bank of India. Further, it does not have any employees. Hence, in our opinion no comments are required under paragraph 4 of the Order in the case of items (iii),(iv),(v),(vi), (x),(xii),(xiv),(xvi) and (xvii) of clause (A) and item (iii) of clause (D).
- ii. The Company has maintained proper records in respect of its fixed assets, which comprise of flats. The necessary physical verification has been carried out and there was no discrepancy. There has been no revaluation during the year.
- iii. The Company has taken loans from the holding Company, the rate of interest and other terms and conditions of which are not prima facie, prejudicial to the interest of the Company. The Company has not taken any loan from Companies under the same management as defined under section 370(1B) of the Companies Act, 1956.
- iv. The Company has not granted any loans, secured or unsecured to Companies, firms and other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and/or to companies under the same management as defined under section 370 (1B) of the Act.
- v. In respect of loans and advances in the nature of loans given by the Company, parties are repaying the principal amounts as stipulated and have also been generally regular in the payment of interest, where applicable.
- vi. During the year there are no transactions of purchase of goods and materials and sale of goods, materials and services.
- vii. Directives issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956 and the Rules framed thereunder are not applicable as the Company has not accepted deposits within the purview of the said Directives/Rules.
- viii. We have no comments to offer under paragraph 4A (xv) of the Order as the paid-up capital and turnover of the Company are below the prescribed limits.
- ix. There are no undisputed amounts payable in respect of income-tax, wealth tax, sales tax, customs duty excise duty which were outstanding, as at the Balance Sheet date, for a period of more than six months from the date they became payable.
- x. To the best of our knowledge and on the basis of our examination of the books of account and the information and explanations given to us, there are no personal expenses charged to revenue account
- xi. The Company is an investment company and hence the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable.
- xii. We have no comments to offer under paragraph 4D(ii) of the Order as 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 has maintained proper records of the transactions and contracts in respect of investments and has also made timely entries therein.

For N. M. RAJJI & CO.
Chartered Accountants
J. M. GANDHI
Partner

Mumbai, 9th October 2003

ATLANTIC HOLDINGS LIMITED

BALANCE SHEET

as at 31st March, 2003

	Schedule	As at 31.03.2003 Rs. 000	As at 31.12.2001 Rs. 000
SOURCES OF FUNDS			
1) Shareholders' Funds			
Share Capital	A	10,05	10,05
Reserves & Surplus	B	19,54	25,77
2) Loan Funds			
a) Debentures		99,00	99,00
Total		1,28,59	1,34,82
APPLICATION OF FUNDS			
1) Fixed Assets	C	5,43	5,79
2) Investments	D	1,03,50	1,15,00
3) Current Assets, Loans & Advances	E	20,12	14,92
Less: Current Liabilities & Provisions	F	46	89
Total		1,28,59	1,34,82
Notes	G		

PROFIT & LOSS ACCOUNT

for the year ended 31st March 2003

(For the period from 01/01/2002 to 31/03/2003)

	Schedule	Current Year 31.03.2003 Rs.000	Previous Year 31.12.2001 Rs.000
INCOME			
Dividend - Gross		80	1,80
Rent		11,72	9,37
Interest-Others		22	6
Interest from Advance to Holding Company		10	—
		12,84	11,23
EXPENDITURE			
Provision for Diminution in value of Investment		11,50	—
Rates & Taxes		27	39
Maintenance-Building		3,06	2,93
Depreciation		36	31
Interest on Advances from Holdings Company		1	10
Auditors Remuneration		6	6
Audit Fees		26	14
Others		29	24
Other expenses		15,81	4,17
Profit /(Loss) before Taxation		(2,97)	7,06
Provision for Taxation		(3,42)	(4,53)
Profit /(Loss) after Taxation		(6,39)	2,53
Less: Income Tax Adjustments of earlier years		16	—
Surplus brought forward from last year		22,31	19,78
Balance Carried to Balance Sheet		16,08	22,31
NOTES	G		

As per our Report annexed
for N.M.RAJI & CO.,
Chartered Accountants
J.M.GANDHI
Partner
Mumbai, 9th October, 2003

On behalf of the Board of Directors,
T. M. ELAVIA
G. B. AAYEER
Directors
Mumbai, 9th October, 2003

As per our Report annexed
for N.M.RAJI & CO.,
Chartered Accountants
J.M.GANDHI
Partner
Mumbai, 9th October, 2003

On behalf of the Board of Directors,
T. M. ELAVIA
G. B. AAYEER
Directors
Mumbai, 9th October, 2003

ATLANTIC HOLDINGS LIMITED

SCHEDULE A - Share Capital

	As at 31.03.2003 Rs. 000	As at 31.12.2001 Rs. 000
Authorised		
15,00,000 Equity Shares of Rs.10 each	1,50,00	1,50,00
1,50,000 Redeemable Preference shares of Rs 100 each	1,50,00	1,50,00
	<u>3,00,00</u>	<u>3,00,00</u>
Issued Subscribed and Paid-up		
10 Equity Shares of Rs 10 each (Rs. 100)	0	0
10,050 15% Redeemable Preference shares of Rs 100 each fully paid	10,05	10,05
	<u>10,05</u>	<u>10,05</u>
(All Shares are held by CEAT Ltd and its nominees)		

SCHEDULE B - Reserves & Surplus

	As at 31.03.2003 Rs. 000	As at 31.12.2001 Rs. 000
General Reserves	3,46	3,46
Balance in Profit & Loss Account	16,08	22,31
	<u>19,54</u>	<u>25,77</u>

SCHEDULE C - FIXED ASSETS

	As at 31.03.2003 Rs. 000	As at 31.12.2001 Rs. 000
Flats		
Original Cost*		
At 31st December 2001	11,10	11,10
Additions		-
At 31st March 2003	<u>11,10</u>	<u>11,10</u>
Depreciation		
At 31st December 2001	5,31	5,01
Additions	36	30
At 31st March 2003	<u>5,67</u>	<u>5,31</u>
Net Block At 31st March 2003	<u>5,43</u>	<u>5,79</u>

* Includes Rs 8000/- (Previous Year 8000/-) being value of shares held in Cooperative hsg Scty

SCHEDULE D - Investments-Long Term

	No of Shares	As at 31.03.2003 Rs. 000	No of Shares	As at 31.12.2001 Rs. 000
Quoted values At Cost-Long Term				
Equity Shares -Fully Paid				
RPG Cables Ltd	1,00,000	1,15,00	1,00,000	1,15,00
face value of Rs 10 each				
Less: Provision for Diminution in Value of Investments		11,50		—
		<u>1,03,50</u>		<u>1,15,00</u>
Carrying Value of Quoted Investments		<u>1,03,50</u>		<u>1,15,00</u>
Market value of Quoted Investments		5,85		11,90

SCHEDULE E - Current Assets, Loans and Advances

	As at 31.03.2003 Rs. 000	As at 31.12.2001 Rs. 000
a) Current Assets		
1) Rent/ Interest Receivable	3,77	3,16
2) Others Receivable	81	2,63
3) Cash and Bank Balances		
Balances in Current Account with Scheduled Banks	4,02	7,21
b) Loans and Advances		
Unsecured - Considered Good		
(i) Security Deposits	5	5
(ii) Advance to Holdings Company	10,00	—
(iii) Advance Payment of Income Tax (Net of Provision)	1,47	1,87
	<u>20,12</u>	<u>14,92</u>

SCHEDULE F - Current Liabilities & Provisions

	As at 31.03.2003 Rs. 000	As at 31.12.2001 Rs. 000
Deposits from Holding Company	—	22
Sundry Creditors	46	67
	<u>46</u>	<u>89</u>

SCHEDULE G - Notes to the Accounts

1. Significant Accounting Policies.

- Depreciation is provided on Written Down Value Method at the rates specified in Schedule XIV to the Companies Act, 1956.
- Investments held by the Company are of long-term nature, which are carried at cost. Provision against diminution in the value of investment has been made in case diminution is considered as other than temporary, as per the criteria laid down by the Board of Directors after considering that such investments are of strategic in nature.
- Revenue Recognition:
All revenues are accounted on accrual basis.
- Taxation:
In view of the accounting year of the Company being different from the stipulated year for taxation purposes, provision for taxation in respect of profits earned in the accounting year of the Company, is appropriately determined having regard to liabilities arising for completed taxation years comprised therein. In view of uncertainty in realising gains from sale of investments and the losses being absorbed in future as per income tax act, 1962, deferred taxation is not created on Provision for diminution in value of equity shares.
- Contingent Liability –
Income Tax demand in respect of matters on which the company is in appeal – Rs.7.10 lakhs.
- The Debentures represent:
9,90,000 Zero Coupon Unsecured Fully Convertible Debentures (Fifth Series) of Rs10/- each, issued for cash at par. These Debentures shall be converted into fully paid Equity Shares of Rs10/- each, on the expiry of 7 years from the date of allotment, i.e. 5th December, 96. The debentures can be purchased by the Company any time before conversion / redemption if they are offered for sale by the debentureholders.
- Accounting Standard 18 - Related Party Disclosures is not applicable as the company is not listed entity and its turnover is below the threshold of Rs. 50 crores.
- There is no temporary timing difference between taxable profit and book profit and therefore, deferred tax adjustment is not required.
- Advances recoverable in cash or in kind includes Rs.10,00,000 given to Holding Company - CEAT Ltd.
- The additional information pursuant to Part II of Schedule VI to the Companies Act' 1956 - Nil.
- Previous year's figures have been regrouped wherever necessary. In view of change in accounting year, financial statements are drawn for the period of 15 months (from 01.01.2002 to 31.03.2003) and hence previous year's figures are not comparable.

As per our Report annexed

for N.M.RAJJI & CO.,
Chartered Accountants

J.M.GANDHI
Partner

Mumbai, 9th October, 2003

On behalf of the Board of Directors,
Chartered Accountants

T. M. ELAVIA
G. B. AAYEER

Directors

Mumbai, 9th October, 2003

Information pursuant to Part IV of Schedule VI to the Companies Act 1956

Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No.

31544

State Code

Balance Sheet Date

31/03/2003

11

II Capital raised during the year (Rs.'000s)

Public Issue

Nil

Rights Issue

Nil

Bonus Issue

Nil

Private Placement

Nil

III Position of Mobilisation of Deployment of Funds (Rs.'000s)

Sources of Funds

Total Liabilities

12859

Total Assets

12859

Paid up Capital

1005

Reserves and Surplus

1954

Secured Loans

Nil

Unsecured Loans

9900

Application of Funds

Net Fixed Assets

543

Investments

10350

Net Current Assets

1966

Misc. Expenditure

Nil

Accumulated Losses

Nil

IV Performance of the Company (Rs. '000s)

Turnover

1284

Total Expenditure

1581

Profit/Loss before Tax

(297)

Profit/Loss after Tax

(639)

Earnings per Share in Rs.

-6390

Dividend Rate %

Nil

V Generic names of three principal products/ services of the Company (as per monetary terms)

Product Description

Investment Company

Item Code No.

Not Applicable

On behalf of the Board of Directors,

T. M. ELAVIA
G. B. AAYEER

} Directors

Mumbai,

MALABAR COASTAL HOLDINGS LIMITED

DIRECTORS' REPORT

The Directors of the Company have pleasure in presenting their Nineteenth Annual Report with the Audited Statements of Account for the fifteen month period ended on 31st March, 2003.

In terms of Non Banking Financial Company Prudential Norms (Reserve Bank) Directions, 1998, issued by Reserve Bank of India (RBI), every Non Banking Financial Company should prepare its Balance Sheet and Profit and Loss Account as on 31st March every year. Accordingly, the company had extended its financial year commenced on 1st January, 2002 by three months to end on 31st March, 2003.

Further, due to restructuring exercise undertaken by its holding company, CEAT Ltd., for any likely impact, the company sought extension of time for holding the Annual General Meeting by three months for which approval was granted by the Registrar of Companies.

FINANCIAL RESULTS

	For the 15 month period ended on 31.03.2003 Rs. 000's	For the year ended 31.12.2001 Rs. 000's
Income	23,70	24,98
Profit before Taxation	4,03	16,32
Less: Provision for Taxation	(6,21)	(10,79)
Profit after Taxation	(2,18)	5,53
Less: Income Tax Adjustments of earlier year	29	—
Add: Surplus brought forward from the last year	34,39	28,86
Balance carried forward in the Profit and Loss A/c	32,50	34,39

The results are not comparable as the present Report covers fifteen months as against twelve months for the previous period.

DIVIDEND

With a view to conserve resources, your Directors decided not to recommend any dividend.

DIRECTORS

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. A. J. Menon and Mr. U. Banerjee retire by rotation and being eligible offer themselves for re-appointment.

EMPLOYEES

The Company had no employees of the category specified under section 217(2A) of the Companies Act, 1956 during the period under review.

DIRECTORS' RESPONSIBILITY STATEMENT

As specifically provided in the Companies Act, 1956, your Directors state:

- that in the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- that such accounting policies have been selected which have been applied consistently and judgments and estimates made are reasonable and prudent so as to give true and fair view of the state of the affairs of the company in the Balance Sheet as at the end of the period ended 31st March, 2003 and of the Profit & Loss Account for the same period ended 31st March, 2003.
- that proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities have been taken.
- that the annual accounts have been prepared on going concern basis.

AUDITORS

Shareholders are requested to appoint the Auditors and fix their remuneration.

Messrs. N. M. Rajji & Co., Chartered Accountants, the auditors have informed the Company that they are eligible for re-appointment.

On behalf of the Board of Directors

T. M. Elavia
Chairman

Mumbai, 9th October, 2003

Registered Office:
463, Dr. Annie Besant Road, Worli,
Mumbai 400 025.

AUDITORS' REPORT

To the Members of Malabar Coastal Holdings Limited.

We have audited the attached Balance Sheet of MALABAR COASTAL HOLDINGS LIMITED as at 31st March, 2003 and also the Profit and Loss Account of the Company for the 15 month period 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.

We conducted our audit in accordance with 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.

- As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) 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, to the extent applicable.
- Further to our comments in the Annexure referred to above, we report that:
 - we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - 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 the books;
 - the Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account;
 - in our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report, comply with the Accounting Standards referred to in Section 211(3)(C) of the Companies Act, 1956 to the extent applicable;
 - on the basis of written confirmations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2003 from being appointed as a director u/s 274 (1)(g) of the companies Act, 1956
 - In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with 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:
 - in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2003 and
 - in the case of the Profit and Loss Account, of the loss for the 15 month period ended on that date.

For N. M. RAJJI & CO.,
Chartered Accountants

J. M. GANDHI
Partner

Mumbai, 9th October, 2003

Annexure to the Auditors' Report

Referred to in our report of even date.

- The Company is an investment company. Further, it does not have any employees. Hence, in our opinion no comments are required under paragraph 4 of the Order in the case of items (iii), (iv), (v), (vi), (x), (xii), (xiv), (xvi) and (xvii) of clause (A) and item (iii) of clause (D).
- The Company has maintained proper records in respect of its fixed assets, which comprise of flats. The necessary physical verification has been carried out and there was no discrepancy. There has been no revaluation during the year.
- The Company has taken loans from the holding Company, the rate of interest and other terms and conditions of which are not prima facie, prejudicial to the interest of the Company. The Company has not taken any loan from Companies under the same management as defined under section 370(1-B) of the Companies Act, 1956.
- The Company has not granted any loans, secured or unsecured to Companies, firms and other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and/or to companies under the same management as defined under section 370 (1B) of the Act.
- In respect of loans and advances in the nature of loans given by the Company, parties are repaying the principal amounts as stipulated and have also been generally regular in the payment of interest, where applicable.
- During the year there are no transactions of purchase of goods and materials and sale of goods, materials and services.
- Directives issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956 and the Rules framed thereunder are not applicable as the Company has not accepted deposits within the purview of the said Directives/Rules.
- We have no comments to offer under paragraph 4A (xv) of the Order as the paid-up capital and turnover of the Company are below the prescribed limits.
- There are no undisputed amounts payable in respect of income-tax, wealth tax, sales tax, customs duty excise duty which were outstanding, as at the Balance Sheet date, for a period of more than six months from the date they became payable
- To the best of our knowledge and on the basis of our examination of the books of account and the information and explanations given to us, there are no personal expenses charged to revenue account
- The Company is an investment company and hence the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable.
- We have no comments to offer under paragraph 4D(ii) of the Order as the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- The Company has maintained proper records of the transactions and contracts in respect of investments and has also made timely entries therein.

For N. M. RAJJI & CO.,
Chartered Accountants

J. M. GANDHI
Partner

Mumbai, 9th October, 2003

MALABAR COASTAL HOLDINGS LIMITED

BALANCE SHEET

as at 31st MARCH 2003

	Schedule	As at 31.03.2003 Rs. 000	As at 31-12-2001 Rs. 000
SOURCES OF FUNDS			
1) Shareholders' Funds			
(a) Share Capital	A	7,55	7,55
(b) Reserves & Surplus	B	36,78	38,67
2) Loan Funds			
a) Unsecured Debentures		40,00	40,00
Total		84,33	86,22
APPLICATION OF FUNDS			
1) Fixed Assets	C	13,53	14,43
2) Investments	D	1,03,59	1,15,10
3) Current Assets, Loans & Advances	E	33,71	23,90
Less: Current Liabilities & Provisions	F	66,50 (32,79)	67,21 (43,31)
Total		84,33	86,22

Notes G

As per our Report annexed

for N. M. RAJJI & CO.,
Chartered Accountants

J.M. GANDHI
Partner

Mumbai, 9th October, 2003

On behalf of the Board of Directors,

T. M. ELAVIA }
G. B. AAYEER } Directors

Mumbai, 9th October, 2003

PROFIT & LOSS ACCOUNT

for the year ended 31st March 2003

(For the period from 01/01/2002 to 31/03/2003)

	Schedule	Current Year 31.03.2003 Rs. 000	Previous Year 31-12-2001 Rs. 000
INCOME			
Dividend - Gross		80	1,80
Provision no longer required		—	5,00
Rent		22,72	18,18
Interest on Advanc to Holding Company		18	-
		23,70	24,98
EXPENDITURE			
Rates & Taxes		18	16
Maintainance-Building		6,63	6,98
Depreciation		90	76
Auditors Remuneration			
Audit Fees		6	6
Others		15	12
Other expenses		21	21
Interest on Advances from Holding Company		3	36
Provision for Dimunition in value of Investments		11,51	1
		19,67	8,66
Profit /(Loss) before Taxation		4,03	16,32
Provision for Taxation:		(6,21)	(10,79)
Profit /(Loss) after Taxation		(2,18)	5,53
Add:: Income Tax Adjustments of earlier years		29	-
Surplus brought forward from last year		34,39	28,86
Profit/(Loss) Carried to Balance Sheet		32,50	34,39

Notes G

As per our Report annexed

for N. M. RAJJI & CO.,
Chartered Accountants

J.M. GANDHI
Partner

Mumbai, 9th October, 2003

On behalf of the Board of Directors,

T. M. ELAVIA }
G. B. AAYEER } Directors

Mumbai, 9th October, 2003

MALABAR COASTAL HOLDINGS LIMITED

SCHEDULE A - Share Capital

	As at 31.03.2003 Rs. 000	As at 31-12-2001 Rs. 000
Authorised		
15,00,000 Equity Shares of Rs.10 each	1,50,00	1,50,00
1,50,000 Redeemable Preference shares of Rs 100 each	1,50,00	1,50,00
	<u>3,00,00</u>	<u>3,00,00</u>
Issued Subscribed and Paid-up		
10 Equity Shares of Rs 10 each (Rs. 100)*	0	0
7550 15% Redeemable Preference shares of Rs 100 each fully paid	7,55	7,55
	<u>7,55</u>	<u>7,55</u>

(All Shares are held by CEAT LTD and its nominees)

SCHEDULE D - Investments-Long Term

	No. of Shares	As at 31-12-2003 Rs. 000	No. of Shares	As at 31-12-2001 Rs. 000
Quoted values At Cost-Long Term				
Equity Shares -Fully Paid				
Harrison Malayalam Ltd	50	11	50	11
face value of Rs 10 each				
RPG Cables Ltd	1,00,000	1,15,00	1,00,000	1,15,00
face value of Rs 10 each				
		<u>1,15,11</u>		<u>1,15,11</u>
Less: Diminution in Quoted Investments		(11,52)		(1)
Carrying Value of Quoted Investments		1,03,59		1,15,10
Market value of Quoted Investments		<u>5,85</u>		<u>15,43</u>

SCHEDULE B - Reserve & Surplus

	As at 31.03.2003 Rs. 000	As at 31-12-2001 Rs. 000
General Reserves	4,28	4,28
Profit & Loss account	32,50	34,39
	<u>36,78</u>	<u>38,67</u>

SCHEDULE C - Fixed Assets

	As at 31.03.2003 Rs. 000	As at 31-12-2001 Rs. 000
Flats		
Original Cost*		
At 31st December 2001	18,76	18,76
Additions	—	—
As At 31st March 2003	<u>18,76</u>	<u>18,76</u>
Depreciation		
At 31st December 2001	4,33	3,57
Additions during the year	90	76
As At 31st March 2003	<u>5,23</u>	<u>4,33</u>
Net Block As At 31st March 2003	<u>13,53</u>	<u>14,43</u>

* Includes Rs 8000/- (Previous Year 8000/-)
being value of shares held in Cooperative hsg Scty

SCHEDULE E - Current Assets, Loans and Advances

	As at 31-12-2003 Rs. 000	As at 31-12-2001 Rs. 000
a) Current Assets		
1) Rent/ Interest Receivable	7,52	6,34
2) Others	1,32	2,34
3) Cash and Bank Balances		
Balances in Current Account with Scheduled Banks	3,95	13,47
b) Loans and Advances		
Unsecured - Considered Good		
(i) Security Deposits	18	33
(ii) Advances to Holding Company	18,00	—
(iii) Advance Payment of Income Tax (Net of Provision)	2,74	1,42
	<u>33,71</u>	<u>23,90</u>

SCHEDULE F - Current Liabilities & Provisions

	As at 31-12-2003 Rs. 000	As at 31-12-2001 Rs. 000
Advances from Holding Company	—	29
Interest Accrued but not due	—	0
Liabilities for Expenses	21	63
Others liabilities	66,29	66,29
	<u>66,50</u>	<u>67,21</u>

SCHEDULE G – Notes to Accounts**1. Significant Accounting Policies.**

- a) Depreciation is provided on Written Down Value Method at the rates specified in Schedule XIV to the Companies Act, 1956.
- b) Investments held by the company are of long-term nature, which are carried at cost. Provision against diminution in the value of investment has been made in case diminution is considered as other than temporary as per the criteria laid down by the Board of Directors, after considering that such investments are of strategic in nature.
- c) Revenue Recognition:
All revenues are accounted on accrual basis
- d) Taxation:
In view of the accounting year of the Company being different from the stipulated year for taxation purposes, provision for taxation in respect of profits earned in the accounting year of the Company, is appropriately determined having regard to liabilities arising for completed taxation years comprised therein. In view of uncertainty in realising gains from sale of investments and the losses being absorbed in future as per income tax act, 1962, deferred taxation is not created on Provision for diminution in value of equity shares.

2. Contingent Liability:

Income tax demand in respect of which the Company is in appeal – Rs.0.06 lacs.

3. The Debentures represent:

4,00,000 Zero Coupon Unsecured Fully Convertible Debentures (Vth Series) of Rs10/- each, issued for cash at par. These Debentures shall be converted into fully paid Equity Shares of Rs10/- each, on the expiry of 10 years from the date of allotment, i.e. 5th December, 96. The debentures can be purchased by the Company any time before

conversion / redemption if they are offered for sale by the debentureholders. The Company had issued 10,90,000 such debentures, out of which 6,90,000 debentures (Vth Series) had been bought back.

4. Accounting Standard 18 - Related Party Disclosures is not applicable as the company is not listed entity and its turnover is below the threshold of Rs. 50 crores.
5. There is no temporary timing difference between taxable profit and book profit and therefore, deferred tax adjustment is not required.
6. Advances recoverable in cash or in kind includes Rs.18,00,000 given to Holding Company - CEAT Ltd.
7. Additional information pursuant to Part II of Schedule VI to the Companies Act' 1956 - Nil.
8. Previous year's figures have been regrouped wherever necessary. In view of change in accounting year, financial statements are drawn for the period of 15 months (from 01.01.2002 to 31.03.2003) and hence previous year's figures are not comparable.

As per our Report annexed
for N. M. RAJJI & CO.,
Chartered Accountants

J.M. GANDHI
Partner
Mumbai, 9th October,2003

On behalf of the Board of Directors,

T. M. ELAVIA
G. B. AAYEER } Directors

Mumbai, 9th October,2003

MALABAR COASTAL HOLDINGS LIMITED

Information pursuant to Part IV of Schedule VI to the Companies Act 1956

Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No.

31543

State Code

Balance Sheet Date

31/03/2003

11

II Capital raised during the year (Rs.'000s)

Public Issue

Nil

Rights Issue

Nil

Bonus Issue

Nil

Private Placement

Nil

III Position of Mobilisation of Deployment of Funds (Rs.'000s)

Sources of Funds

Total Liabilities

8433

Total Assets

8433

Paid up Capital

755

Reserves and Surplus

3678

Secured Loans

Nil

Unsecured Loans

4000

Application of Funds

Net Fixed Assets

1353

Investments

10359

Net Current Assets

(3279)

Misc. Expenditure

Nil

Accumulated Losses

Nil

IV Performance of the Company (Rs. '000s)

Turnover

2370

Total Expenditure

1967

Profit/Loss before Tax

403

Profit/Loss after Tax

-218

Earnings per Share in Rs.

-2170

Dividend Rate %

Nil

V Generic names of three principal products/ services of the Company (as per monetary terms)

Product Description

Investment Company

Item Code No.

Not Applicable

On behalf of the Board of Directors,

T. M. ELAVIA
G. B. AAYEER

Directors

Mumbai,

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF CEAT LIMITED

We have audited the attached Consolidated Balance Sheet of **CEAT Group**, as at 31st March, 2003, and also the Consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the CEAT's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 certain subsidiaries, whose financial statements reflect total assets (net) of Rs. 16,980.41 in lacs as at 31st March, 2003, the total revenues of Rs. 1,002.11 in lacs and cash flows amounting to Rs. (4.41) in lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose report have been furnished to us, and our opinion is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the CEAT's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the The Institute of Chartered Accountants of India.

Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, 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 Note No. 1(J) of Schedule 21 regarding change in accounting policy of Leased Assets of the holding company and other Notes thereon forming part of Consolidated Financial Statements, 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 the CEAT Group as at 31st March, 2003;
- (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 Flows for the year ended on that date.

For **N. M. RAIJI & CO.,**
Chartered Accountants

M. N. Thakkar
Partner
Membership No. 8873

Mumbai, October 29, 2003

Consolidated Balance Sheet as at March 31, 2003

(Rupees '000)

	SCHEDULE	As at 31.03.2003	As at 31.03.2002
SOURCES OF FUND			
SHAREHOLDERS' FUND			
Share Capital	1	35,09,20	35,09,20
Reserves and Surplus	2	586,81,64	550,30,69
		621,90,84	585,39,89
LOAN FUNDS			
Secured Loans	3	369,21,98	412,74,91
Unsecured Loans	4	113,30,34	136,85,47
		482,52,32	549,60,38
DEFERRED TAX LIABILITY			
		40,87,32	37,86,74
		1145,30,48	1172,87,01
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	820,39,52	736,98,41
Less : Depreciation		303,24,17	262,06,04
Net Block		517,15,35	474,92,37
Capital Work-in-progress		2,45,43	13,54,09
		519,60,78	488,46,46
INVESTMENTS			
	6	147,23,86	156,96,21
DEFERRED TAX ASSET			
		33,85,43	38,69,97
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	174,24,68	137,28,39
Sundry Debtors	8	186,92,56	185,42,47
Cash and Bank Balances	9	46,43,54	46,93,94
Loans and Advances	10	515,81,11	532,95,07
		923,41,89	902,59,87
Less :			
CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	11	469,94,73	399,53,17
Provisions	12	14,18,87	14,32,33
		484,13,60	413,85,50
NET CURRENT ASSETS			
		439,28,29	488,74,37
MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)	13	5,32,12	—
		1145,30,48	1172,87,01
Notes forming part of the Accounts	21		

As per our report attached

On behalf of the Board of Directors,

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

M. N. Thakkar
Partner

T. M. Elavia
Company Secretary

Paras K. Chowdhary

Managing Director

Mahesh S. Gupta

Director

Mumbai, October 29, 2003

Mumbai, October 29, 2003

Consolidated Profit and Loss Account for the year ended March 31, 2003 (Rupees '000)

	SCHEDULE	2002- 2003	2001-2002
INCOME			
Sales		1488,26,80	1361,37,12
Other Income	14	28,82,88	25,65,72
		1517,09,68	1387,02,84
EXPENDITURE			
Materials	15	745,44,55	644,23,62
Cost of Traded Goods Sold	16	34,65,92	31,21,98
Personnel	17	114,87,39	101,97,03
Other Expenses	18	284,30,70	242,12,11
Excise Duty		275,05,14	247,46,91
Interest (Net)	19	43,62,54	53,37,40
Depreciation		21,85,09	18,84,69
		1519,81,33	1339,23,74
Add/(Less) : Decrease/(Increase) in stock	20	(32,66,90)	42,51,38
		1487,14,43	1381,75,12
PROFIT FOR THE YEAR BEFORE TAXATION		29,95,25	5,27,72
Less : Provision for Taxation			
Current Tax		3,52,85	1,49,04
Deferred Tax		7,85,12	1,96
		18,57,28	3,76,72
Add : Transfer from Investment Allowance (Utilised) Reserve		—	3,35,95
		18,57,28	7,12,67
Add : Balance brought forward		33,71,15	35,95,40
AMOUNT AVAILABLE FOR APPROPRIATION		52,28,43	43,08,07
APPROPRIATIONS			
Proposed Dividend		3,52,13	3,52,13
Tax on Dividend		45,12	—
Transferred to Debenture Redemption Reserve		9,15,21	5,84,79
		13,12,46	9,36,92
Balance carried to Balance Sheet		39,15,97	33,71,15
		52,28,43	43,08,07
Notes forming part of the Accounts	21		

As per our report attached

On behalf of the Board of Directors,

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

M. N. Thakkar
Partner

T. M. Elavia
Company Secretary

Paras K. Chowdhary

Managing Director

Mahesh S. Gupta

Director

Mumbai, October 29, 2003

Mumbai, October 29, 2003

CONSOLIDATED ACCOUNTS**Schedules forming part of the Balance Sheet as at March 31, 2003****(Rupees '000)****SCHEDULE 1****SHARE CAPITAL****Authorised :**

3,52,13,320	Equity Shares of Rs. 10 each
39,00,000	Preference Shares of Rs. 10 each
2,08,86,620	Unclassified Shares of Rs. 10 each

Issued, Subscribed and paid-up :

3,52,13,320	Equity Shares of Rs. 10 each, fully paid-up
	<i>Less : Allotment Money / Calls in arrears</i>

As at 31.03.2003	As at 31.03.2002
35,21,33	35,21,33
3,90,00	3,90,00
20,88,67	20,88,67
60,00,00	60,00,00
35,21,33	35,21,33
12,13	12,13
35,09,20	35,09,20

Notes:

Of the above Equity Shares

- (a) 9,20,769 Shares of Rs. 10 each were allotted pursuant to Schemes of Amalgamation without payment being received in cash.
(b) 53,86,965 Shares were allotted as fully paid Bonus Shares by capitalisation of Share Premium and General Reserve.

SCHEDULE 2**RESERVES AND SURPLUS****Capital Reserve****Share Premium :**

Balance - 1 April, 2002
Add : Received during the year

Capital Redemption Reserve**General Reserve :**

Balance - 1 April, 2002
Add : Deferred Tax Asset

Special Reserve Fund**Revaluation Reserve :**

Balance - 1 April, 2002
Add : Revalued during the year
Less : Depreciation \ Adjustments on sale of assets

Debenture Redemption Reserve :

Balance - 1 April, 2002
Transfer from Profit and Loss Account

Investment Allowance (Utilised) Reserve :

Balance - 1 April, 2002
Less : Transfer to Profit and Loss Account

Profit and Loss Account

As at 31.03.2003	As at 31.03.2002
2,83,87	2,83,87
124,07,10	124,07,05
—	5
124,07,10	124,07,10
3,90,05	3,90,05
103,42,05	102,56,85
—	85,20
103,42,05	103,42,05
13,12	13,12
276,38,56	291,34,12
30,43,27	—
8,52,35	14,95,56
298,29,48	276,38,56
5,84,79	—
9,15,21	5,84,79
15,00,00	5,84,79
—	3,35,95
—	3,35,95
39,15,97	33,71,15
586,81,64	550,30,69

CONSOLIDATED ACCOUNTS

Schedules forming part of the Balance Sheet as at March 31, 2003

(Rupees '000)

SCHEDULE 3 SECURED LOANS

	As at 31.03.2003	As at 31.03.2002
Debentures :		
16.50% Secured Redeemable Non- Convertible Debentures - (Note 1)	13,33,00	20,00,00
13.50% Secured Redeemable Non- Convertible Debentures - (Note 2)	40,00,00	40,00,00
Loans from Financial Institutions/Banks :		
IFCI Limited - (Note 3)	19,00,10	27,28,70
ICICI Limited - (Note 4)	80,75,00	95,00,00
Industrial Development Bank of India - (Note 5)	40,64,00	49,00,00
Bank Borrowings : (Note 6)		
Working Capital Demand Loan	28,88,06	55,53,63
FCNR - B Loan	46,61,00	42,84,22
Cash Credit Facilities	22,17,80	6,98,10
Export Packing Credit	75,38,57	72,64,77
Other loans (Note 7)	2,01,96	1,64,48
Interest accrued and due	42,49	1,81,01
	369,21,98	412,74,91

Includes Rs 47,64,24 (Previous year Rs. 37,18,05) due and repayable within a year.

Notes:

- 16.50% 20,00,000 Secured Redeemable Non-Convertible Debentures of Rs.66.67 (100) each issued to Unit Trust of India were to be secured by first mortgage on immovable properties of the Company, (excluding CEAT Mahal property) and by Hypothecation of movable plant and machinery, stocks and accessories of the Company ranking *pari passu* with the existing charge holders. The Company has however not created this security and have offered as alternative certain residential premises owned by its wholly owned subsidiaries. These debentures are redeemable at par in three equal annual instalments commencing from 14th May, 2002.
- 13.50% 40,00,000 Secured Redeemable Non-Convertible Debentures of Rs. 100 each issued to ICICI Bank Limited against financial assistance for Company's Radial Project. These debentures are secured by first mortgage on the immovable property of the Company situated at Bhileshwarpura, District Mehsana, Gujarat and the movable properties of the Company (movable properties of the Radial Project at Nasik ranking on *pari passu* basis with Corporate Loan of Rs. 55 Crores out of the total Term Loan of Rs. 95 Crores of ICICI Bank Limited). Further, the aforesaid debentures are additionally secured on CEAT Mahal property situated at Worli, Mumbai. These debentures are redeemable at par in 16 equal quarterly instalments commencing from 15th December, 2003.
- Term Loan from IFCI Limited is to be secured on all the movable and immovable assets of the Company (except for CEAT Mahal Property at Worli, in Mumbai, Temple property at Gwalior in Madhya Pradesh, property at Hyderabad, property at Ahmedabad and property at Bhileshwarpura, District Mehsana, Gujarat.) The aforesaid charges are to rank *pari passu* with a mortgage and charges created/to be created in favour of Industrial Development Bank of India Ltd., for its Term Loan of Rs. 60 crores, ICICI Bank Limited, for its Corporate Loan to the extent of Rs. 40 crores and with second charge in favour of Consortium of Banks led by Bank of India for Working Capital facilities. Presently, the loan is secured by first mortgage/hypothecation on the movable and immovable properties of the Company situated at Bhandup and Nasik and by a second charge on the Current Assets.
- The Corporate loan availed from ICICI Bank Limited to the extent of Rs. 55 crores, out of the total loan amount of Rs. 95 crores is presently secured by mortgage of CEAT Mahal property situated at Worli and movable assets of the Radial Unit at Nasik with *pari passu* charge on 40,00,000 Secured Redeemable Non-Convertible Debentures of Rs. 100/- each issued to ICICI Bank Limited. The balance amount of Rs. 40 crores out of the total amount of Rs. 95 crores is presently secured on movable property at Bhandup, Nasik (except movable of Radial Unit at Nasik) and Bhileshwarpura and immovable properties of the Company situated at Bhandup and Nasik on *pari passu* basis with Industrial Development Bank of India Ltd. and IFCI for the respective loans with second charge in favour of Consortium of Banks led by Bank of India for working capital facilities.

CONSOLIDATED ACCOUNTS**Schedules forming part of the Balance Sheet as at March 31, 2003****SCHEDULE 3 — SECURED LOANS (Continued)**

5. Term Loan from Industrial Development Bank of India Ltd., is to be secured on all movable and immovable properties of the Company (except for CEAT Mahal property at Worli, Mumbai, Temple property at Gwalior in Madhya Pradesh, property at Hyderabad, property at Ahmedabad and property of the Company situated at Bhileshwarpara, District Mehsana, Gujarat.) The aforesaid charges are to rank *pari passu* with a mortgage and charges created/to be created in favour of IFCI Limited., for its Term Loan, charge in favour of ICICI Bank Limited., for its Corporate Loan (to the extent of Rs. 40 crores out of the total loan of Rs. 95 crores and second charge in favour of Consortium of Banks led by Bank of India for Working Capital facilities. Presently, the said loan has been secured on immovable assets of the Company situated at Bhandup and Nasik and on the movable assets of the Company and further by second charge on current assets of the Company.
6. Fund/Non Fund based Working Capital facilities from consortium of Banks led by Bank of India are secured /to be secured by hypothecation of Inventories and Book debts and by a second charge on immovable properties of the Company situated at Bhandup and Nasik and CEAT Mahal property at Worli.
7. The vehicle loans availed from Citi Bank N.A .,Citicorpmaruti Finance Limited, Tata Finance Limited, Kotak Mahindra Primus Limited, ICICI Bank Limited, GMAC - TCFC Finance Limited are secured by way of hypothecation of the Vehicles financed by them.

(Rupees '000)**SCHEDULE 4
UNSECURED LOANS**

	As at 31.03.2003	As at 31.03.2002
Zero coupon Fully Convertible Debentures (Refer Note)	50,00	50,00
Term Loans	3,50,00	32,25,00
Foreign Currency Term Loan from Bank	—	10,76,00
Public Deposits	74,88,33	69,23,07
Inter-corporate Deposits	18,71,00	12,71,00
Sales Tax Loan - SICOM Limited	6,62,96	6,62,96
Deferred Sales Tax Incentive	9,03,83	4,61,22
Short Term Loan - Others	—	12,00
Interest accrued and due	4,22	4,22
	113,30,34	136,85,47

In respect of the above loans, Rs 54,59,21 (Previous Year Rs. 52,93,97) is due and repayable within a year

Note:

1,00,000 and 4,00,000 Debentures shall be converted into fully paid Equity Shares of Rs.10 each on expiry of 7 years and 10 years respectively, from the date of allotment, i.e. 5th December, 1996. Debentures can be purchased by the Company any time before conversion/ redemption if they are offered for sale by the debentureholders.

CONSOLIDATED ACCOUNTS

Schedules forming part of the Balance Sheet as at March 31, 2003

(Rupees '000)

SCHEDULE 5 **FIXED ASSETS**

ASSETS	COST				DEPRECIATION				NET VALUE
	As at 01.04.2002	Additions/ Adjustments	Deductions/ Adjustments	As at 31.03.2003	As at 01.04.2002	On Deductions/ Adjustments	For the year 2002-2003	As at 31.03.2003	As at 31.03.2003
Owned Assets									
Land	117,85,89 (131,98,02)	10,56,57 —	— (14,12,13)	128,42,46 (117,85,89)	26,05 (25,95)	— —	5,67 (10)	31,72 (26,05)	128,10,74 (117,59,84)
Buildings	85,87,80 (85,60,52)	19,86,70 (27,28)	— —	105,74,50 (85,87,80)	19,58,63 (17,95,10)	— —	1,83,91 (1,63,53)	21,42,54 (19,58,63)	84,31,96 (66,29,17)
Plant and Machinery	506,39,92 (515,27,21)	23,84,29 (9,85,85)	2,91,75 (18,73,14)	527,32,46 (506,39,92)	228,51,66 (213,46,78)	1,11,68 (15,33,57)	24,15,12 (30,38,45)	251,55,11 (228,51,66)	275,77,35 (277,88,26)
Furniture and Fixtures	19,26,23 (18,75,97)	4,19,70 (93,98)	86,58 (43,72)	22,59,35 (19,26,23)	10,91,93 (9,89,62)	(23,39) (25,85)	1,50,26 (1,28,16)	12,65,57 (10,91,93)	9,93,78 (8,34,30)
Vehicles	7,58,57 (6,10,38)	1,79,43 (2,59,14)	1,10,19 (1,10,95)	8,27,81 (7,58,57)	2,77,77 (2,96,87)	62,23 (69,12)	63,64 (50,02)	2,79,18 (2,77,77)	5,48,63 (4,80,80)
	736,98,41 (757,72,10)	60,26,69 (13,66,25)	4,88,52 (34,39,94)	792,36,58 (736,98,41)	262,06,04 (244,54,32)	1,50,52 (16,28,54)	28,18,60 (33,80,26)	288,74,12 (262,06,04)	503,62,46 (474,92,38)
Leased Assets									
Plant and Machinery	—	30,16,65	3,44,20	26,72,45	—	(11,35,71)	1,90,73	13,26,44	13,46,01
Furniture and Fixtures	—	2,25,15	94,66	1,30,49	—	(95,52)	28,09	1,23,61	6,88
	—	32,41,80	4,38,85	28,02,94	—	(12,31,22)	2,18,83	14,50,05	13,52,89
Total	736,98,41 (757,72,10)	92,68,48 (13,66,25)	9,27,37 (34,39,94)	820,39,52 (736,98,41)	262,06,04 (244,54,32)	(10,80,70) (16,28,54)	30,37,42 (33,80,26)	303,24,17 (262,06,04)	517,15,35 (474,92,37)
Capital Work-in-Progress -Includes Advances against Capital Account									2,45,43 (13,54,09)
Grand Total									519,60,78 (488,46,46)

1. Land includes leaseholds - aggregate original cost Rs. 11,07 (Previous Year Rs. 11,07) less amortisation Rs. 2,01 (Previous Year Rs. 1,90), net value Rs. 9,06 (Previous Year Rs. 9,17).
2. Buildings include Rs.24 (Previous Year Rs. 24) being value of shares held in co-operative housing societies.
3. Minium lease rentals payable within a year is Rs. 17,55 (Net of finance charges of Rs. 68) whereas minium lease rentals payable over 1 year is Nil.
4. Plant and Machinery includes borrowing costs capitalised Rs. 66,12 (Previous Year Rs. 1,39,59).
5. Based on valuation reports submitted by the approved valuers, following assets had been revalued on the basis of assessment about their Market Value and written up by the amount on that date. Lease Hold Land and Factory Building at Nashik factory had been revalued as on September 25, 2002 Office Building, CEAT Mahal-Mumbai had been revalued as on November 12, 1998. Land and Building at Bhandup factory have been revalued as on April 01, 1999. The details are shown below :

	Gross Amount written up on revaluation	Depreciation provided upto 31.03.2003	Amount written up (net of depreciation/ adjustments) as on 31.03.2003
Land	127,81,11	29,71	127,51,40
Buildings	69,23,84	5,17,80	64,06,04
Plant and Machinery	199,26,96	92,54,92	106,72,04
	<u>396,31,91</u>	<u>98,02,43</u>	<u>298,29,48</u>

Depreciation of Rs. 8,52,35 (Previous Year Rs. 8,16,82) on the revalued portion has been provided for the year on the same rate as is applicable and this amount has been directly adjusted from the Revaluation Reserve.

6. Rs. 45,48 (Previous year Rs. 9,56,13) Revalued cost has been reduced from Plant and Machinery and Accumulated Depreciation on account of sale of Revalued Plant and Machinery.
7. Depreciation on Plant and Machinery includes depreciation of Rs. 2,39 (Previous Year Rs. 2,10), Vehicles Rs. Nil (Previous Year Rs. 88) and Furniture & Fixtures Rs. 48 (Previous Year Nil) provided for earlier years.

CONSOLIDATED ACCOUNTS

Schedules forming part of the Balance Sheet as at March 31, 2003

(Rupees '000)

SCHEDULE 6

INVESTMENTS (AT COST)

Long Term	Face Value (Rs.)	Holdings (Nos.)	As at 31.03.2003	As at 31.03.2002
I Quoted (Non-Trade)				
Equity Shares - (Fully Paid):				
Bank of India	10	39,900	17,96	17,96
CESC Ltd	10	12,31,224	13,35,39	13,35,39
CFL Capital Financial Services Ltd.	10	38,37,500	7,68,72	7,68,72
Harrison Malayalam Ltd	10	7,28,200	8,09,17	8,09,17
ICICI Ltd #	10	34,250	—	31,33
ICICI Bank Ltd #	10	25,220	31,33	—
KEC International Ltd	10	20,78,298	27,65,46	27,65,46
Phillips Carbon Black Ltd	10	12,70,663	8,18,46	8,18,46
RPG Cables Ltd	10	24,00,280	14,93,14	14,93,14
RPG Life Sciences Ltd	10	10,64,560	10,79,38	10,79,38
RPG Transmission Ltd	10	22,82,000	18,19,68	18,19,68
Saregama India Ltd	10	2,53,088	66,27	66,27
Spencer & Co Ltd	10	2,37,100	1,78,83	1,78,83
UTI Bank Ltd	10	16,200	3,40	3,40
Vijaya Bank	10	19,400	1,94	1,94
Zensar Technologies Ltd.	10	22,22,138	3,48,38	3,48,38
# Pursuant to a scheme of amalgamation of ICICI Ltd. with ICICI Bank Ltd. 25220 shares have been received in lieu of shares held in ICICI Ltd.				
Equity Shares-Partly Paid Up				
KEC International Ltd (Rs. 2.50 paid up)	10	7,00,000	2,17,00	2,17,00
CESC Ltd.(Rs. 5.00 paid up)	10	5,74,360	57,44	57,44
II Unquoted (Trade)				
Equity Shares - Unquoted (Fully Paid):				
Adapt Investments Ltd	10	16,200	3,29	3,29
Adorn Investments Ltd	10	17,000	5,16	5,16
Associated CEAT Holdings Co. P Ltd	10	18,00,000	1,18,29	3,21,74
Bombay Mercantile Co-Operative Bank Ltd	30	1,666	50	50
Basic Telephone Services Ltd. (Rs. 20)	10	2	—	—
Brabourne Investments Ltd	100	1,52,000	1,52,03	1,52,03
Brentwood Investments Ltd.	100	3,33,333	3,33,00	3,33,00
Chattarpati Investments Ltd	100	2,69,000	2,69,00	2,69,00
Consolidated Industrial Fund Ltd	10	17,95,000	1,79,50	1,79,50
Eastern Aviation & Industries Ltd	10	5,00,000	50,00	50,00
Hilltop Holdings India Ltd	10	3,54,654	3,90,12	3,90,12
Off Shore India Ltd	10	38,90,000	3,86,74	3,86,74
Rado Tyres Ltd	10	16,06,350	1,60,65	4,20,40
RPG Communications Holdings Ltd	10	52,35,000	6,78,50	6,78,50
SICOM Ltd	10	1,27,500	1,02,51	1,02,51
Trade Appartments Ltd	10	27,45,000	2,74,50	2,74,50
The Thane Janata Sahakari Bank Ltd. (Rs. 500)	50	10	1	1
The Greater Bombay Co-Operative Bank Ltd. (Rs. 250)	25	10	—	—
Yield Investments Ltd	10	43,45,000	4,34,50	4,34,50
Preference Shares - Fully Paid:				
B N Elias & Co Ltd.- (F.V. Rs. 100/- each)		1,43,700	1,43,70	1,43,70
Debentures - (Unsecured, Non Convertible & Fully paid):				
International Management Institute (5%) (Redeemable at par in 7 annual installments commencing from 1999)	60	3,15,000	1,89,00	2,20,50
Total Value Of Investments			156,82,95	161,77,65
Less : Provision for diminution in the value of Investment			9,59,09	4,81,44
			147,23,86	156,96,21
Aggregate Cost of Quoted Investments			118,11,95	118,11,95
Aggregate Cost of Unquoted Investments			38,71,00	43,65,70
Market Value of Quoted Investments			30,80,43	50,57,81

CONSOLIDATED ACCOUNTS

Schedules forming part of the Balance Sheet as at March 31, 2003

(Rupees '000)

SCHEDULE 7

INVENTORIES

	As at 31.03.2003	As at 31.03.2002
Stores and Spares	16,45,06	15,62,37
Less : Provision for Obsolescence	93,39	92,65
	15,51,67	14,69,72
Stock-in-Trade :		
Raw Materials (including in transit Rs.17,15,91 (Previous Year Rs.11,60,97))	42,89,12	42,14,33
Semi-Finished Goods	16,90,92	14,52,54
Finished Goods (including in transit Rs.1,84,32(Previous year Rs.Nil))	98,92,97	65,91,80
	174,24,68	1,37,28,39

SCHEDULE 8

SUNDRY DEBTORS

Debts outstanding for a period exceeding six months		
Considered Good	10,91,00	12,97,97
Considered Doubtful	8,72,55	7,84,03
Less : Provided for	8,72,55	7,84,03
	10,91,00	12,97,97
Other Debts		
Considered Good	176,01,56	172,44,50
	186,92,56	185,42,47

	As at 31.03.2003	As at 31.03.2002
Sundry Debtors		
Secured	68,77,30	72,85,08
Unsecured	118,15,26	112,57,39
Total	186,92,56	185,42,47

SCHEDULE 9

CASH AND BANK BALANCES

Cash on Hand	2,85,86	6,69,62
[Including cheques Rs. 2,66,63 (Previous Year Rs. 6,52,97)]		
Remittance in Transit	11,73,24	8,63,00
With Scheduled Banks :		
In Current Accounts	19,46,58	22,39,73
In Deposit Accounts	4,65,79	4,73,15
In Margin Deposit Accounts	6,86,32	3,68,05
In Unclaimed Dividend Accounts	85,75	80,39
	46,43,54	46,93,94

CONSOLIDATED ACCOUNTS**Schedules forming part of the Balance Sheet as at March 31, 2003****(Rupees '000)****SCHEDULE 10****LOANS AND ADVANCES****Unsecured - Considered Good, unless otherwise stated :**

Advances receivable in Cash or Kind or for Value to be received
Balances with Customs, Port Trust, Excise, etc.
Loans and Deposits with Companies
Advance payment of Tax (net of provision)
Interest Receivables
Less : Provided for

Other Receivables
Loan, Advances and Deposits (considered doubtful)
Less : Provided for

As at 31.03.2003	As at 31.03.2002
20,86,68	38,62,12
48,22,71	41,06,75
276,25,20	208,79,05
3,30,25	34,27,83
67,48,48	74,93,59
89,56	51,97
66,58,92	
100,57,35	135,77,70
8,51	47,90
8,51	47,90
—	
515,81,11	532,95,07
105,19,33	89,49,38
3,28,73	2,86,59
207,88,20	173,89,17
211,16,93	
8,16,75	11,40,95
85,75	80,39
96,65,50	83,68,72
47,85,81	37,37,97
1,46	
3,20	
4,66	—
469,94,73	399,53,17
3,52,13	3,52,13
45,12	—
10,21,62	10,80,20
14,18,87	14,32,33
5,32,12	—
5,32,12	—

SCHEDULE 11**CURRENT LIABILITIES**

Acceptances
Sundry Creditors :
Small Scale Industrial Undertakings
Others

Interest Accrued but not due
Unclaimed Dividends
Deposits from Dealers and Others
Other Liabilities
Investor's Protection Fund
Unclaimed Fixed Deposit *
Debenture Interest *

* The Previous Year's figures have not been disclosed
as the disclosure requirements came into force with
effect from 13th November,2002.

SCHEDULE 12**PROVISIONS**

Proposed Dividend
Tax on Proposed Dividend
Provision for Retirement and other Employee Benefits

SCHEDULE 13**MISCELLANEOUS EXPENDITURE****(To the extent not written off or adjusted)**

Deferred Revenue Expenses :
Voluntary Retirement Scheme

CONSOLIDATED ACCOUNTS

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2003

(Rupees '000)

SCHEDULE 14

OTHER INCOME

Dividend on Investments (Non-Trade) (Tax deducted at source Rs. 2,13 (Previous Year Rs. Nil))	
Royalty	
Profit on sale of Investments	
Profit on Assets Sold/Discarded	
Doubtful Debts / Advances recovered	
Provisions no longer required written back	
Rent	
Miscellaneous	

2002-2003	2001-2002
1,10,53	1,14,91
72,74	60,81
—	61,29
36,14	1,77,35
30,78	69,06
2,91,32	1,90,96
27,00	27,18
23,14,37	18,64,16
28,82,88	25,65,72

SCHEDULE 15

MATERIALS

Raw Materials	
Stock - 1st April, 2002	
Add : Purchases	

Less : Stock - 31st March, 2003

30,53,36	20,47,59
740,64,40	654,29,39
771,17,76	674,76,98
25,73,21	30,53,36
745,44,55	644,23,62

SCHEDULE 16

COST OF TRADED GOODS SOLD

Stock - 1st April, 2002	
Add : Purchases	

Less : Stock - 31st March, 2003

4,79,71	7,87,36
35,54,25	28,14,33
40,33,96	36,01,69
5,68,04	4,79,71
34,65,92	31,21,98

SCHEDULE 17

PERSONNEL

Salaries, Wages and Bonus	
Provident Fund, Gratuity Fund and Superannuation Scheme etc.	
Welfare Expenses	

87,29,93	79,60,87
15,36,48	11,62,00
12,20,98	10,74,16
114,87,39	101,97,03

CONSOLIDATED ACCOUNTS**Schedules forming part of the Profit and Loss Account for the year ended March 31, 2003****(Rupees '000)****SCHEDULE 18****OTHER EXPENSES**

	2002-2003	2001-2002
Conversion Charges	49,26,21	34,50,10
Stores and Spares Consumed	10,73,76	9,68,60
Provision for Obsolescence of Stores	74	35
Power and Fuel	57,80,98	49,43,09
Freight and Delivery Charges (Net)	29,99,11	25,43,04
Rent	3,29,10	2,69,80
Rates and Taxes	5,00,63	5,77,79
Insurance	1,96,48	1,96,62
Repairs :		
Machinery	6,73,32	6,67,13
Buildings	1,30,64	1,03,31
Others	52,92	43,19
	8,56,88	
Travelling and Conveyance	6,92,77	5,76,74
Printing and Stationery	1,60,52	1,55,32
Directors' Fees	3,70	2,80
Auditors' Remuneration :		
Audit Fees	15,77	15,80
Taxation Matters	1,30	2,02
Other Services (Certification, Tax Audit, etc.)	13,99	11,93
Reimbursement of Expenses	1,86	2,07
	32,92	
Advertisement and Publicity	3,89,70	3,69,65
Rebates and Discounts	54,73,88	42,14,84
Commission	8,33,61	7,71,13
Selling Expenses	2,12,46	1,51,86
Advances Written off	56,16	9,12,59
Less : Provision for Doubtful Advances written back to the extent provided	43,39	12,77
	—	8,90,42
Bad Debts Written off	—	13,77
Less : Provision for doubtful Debts written back to the extent provided	—	—
	—	13,77
Provision for Doubtful Debts / Advances	1,23,29	1,44,43
Loss on Assets Sold / Discarded	50,24	31,05
Lease Rent	64,35	4,67,78
Factory Expenses	3,10,69	2,58,25
Legal Charges	62,61	1,12,38
Finance Charges	7,70,77	6,99,73
Prior Period Adjustments (Net)	1,98	26,71
Foreign Exchange Fluctuations (Net)	1,63,40	1,86,49
Loss on Sale of Investments	—	14,62
Provision for Diminution in value of Investments	5,08,39	3,85,03
Provision for Non Performing Assets	12,95	22,11
General Expenses	18,85,81	18,04,18
	284,30,70	242,12,11

CONSOLIDATED ACCOUNTS

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2003

(Rupees '000)

SCHEDULE 19

INTEREST (NET)

Interest Paid :

On Debentures

On Term Loans

Others

Less :

Interest Received

On Debentures

[Tax deducted at source Rs.2,15 (Previous Year Rs. Nil)]

On Loans and Advances and Others

[Tax deducted at source Rs.3,29,92 (Previous Year Rs. 43,47)]

2002-2003	2001-2002
8,02,21	87,951
24,33,15	25,75,20
53,86,28	66,91,00
86,21,64	101,45,71
10,27	11,71
42,48,83	47,96,60
42,59,10	
43,62,54	53,37,40
14,52,54	18,50,18
61,12,09	99,65,83
75,64,63	118,16,01
16,90,92	14,52,54
91,40,61	61,12,09
108,31,53	75,64,63
(32,66,90)	42,51,38

SCHEDULE 20

DECREASE / (INCREASE) IN STOCK

Stock - 1st April, 2002

Semi-Finished

Finished

Stock - 31st March, 2003

Semi-Finished

Finished

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2003.

SCHEDULE 21

NOTES FORMING PART OF THE ACCOUNTS

1) Significant Accounting Policies

A) Method of Accounting

The financial statements are prepared on an accrual basis under the historical cost convention in accordance with Generally Accepted Accounting Principles ("GAPP") and in compliance with the applicable Accounting Standards issued by The Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956.

B) Fixed Assets

Fixed Assets are stated at cost less depreciation. 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, and exchange differences arising on foreign currency loans taken for acquiring the assets.

Fixed Assets acquired under Finance Leases before 1st April, 2001 and purchased from the lessors have been stated at cost of acquisition plus entire cost component amortizable over the useful life of these assets.

For additions to 'Lease Assets', refer Note 'J' in respect of Lease Rentals

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

Depreciation is provided on the Straight Line Method, at the rates prescribed in Schedule XIV to the Companies Act, 1956 except in case of subsidiary companies where Depreciation is provided on Written Down Value Method. 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.

Adjustments to cost of fixed assets arising on capitalisation of foreign exchange gains, losses and translation differences are depreciated prospectively over the remaining useful life of each asset.

Depreciation charged to Profit and Loss Account is exclusive of depreciation on revaluation of assets, which is adjusted against Revaluation Reserve.

For Adjustments under Leased Assets, refer Note 'J' in respect of Lease Rentals.

E) 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.

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

Sales are recognised on despatch to customers. Sales include excise duty but exclude sales tax and freight recovery.

Export incentives, Dividend and Interest are accounted for on an accrual basis.

Income is recognised on accrual basis except in respect of assets classified as Non- Performing Assets (NPA). Classification of loans and advances as NPA and provision for doubtful advances is in accordance with relevant RBI guidelines, except that amounts realized after the balance sheet date are recognised in arriving at the year end classification.

H) Foreign Currency Transactions

Foreign currency transactions other than those covered by forward contracts are recorded at current rates except export transactions, which are recorded at the spot rate at the beginning of each month.

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

Assets and Liabilities denominated in foreign currency, including balances in respect of a foreign branch, are restated at year-end rates.

All exchange gains and losses except those relating to acquisition of fixed assets, which are adjusted to the carrying cost of such assets, are accounted for in the Profit and Loss Account.

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2003.
SCHEDULE 21 — (Continued)

I) Deferred Revenue Expenditure

Deferred Revenue Expenditure is amortised over the expected duration of the benefit.

J) Lease Rentals

Assets acquired prior to 1st April, 2001 under Finance Leases were being accounted by segregating the lease rentals into cost component and interest component by applying an implicit rate of return. The cost component was being amortized over the useful life of the asset, the interest component was charged as a period cost and the aggregate was debited to the profit and loss account under the head 'Lease Rent'. The lease payment in excess of or lower than the charge for the year were being carried as prepaid sums or liabilities respectively. During the year, the Company has changed this policy. The cost component, which was amortized and the amount representing prepaid sum related thereto have being shown as Additions under the head 'Lease Assets' in Fixed Assets. The cost component which was amortized in the past has been shown as Adjustment to Depreciation in the Fixed Assets. This change has no impact on the Profit and Loss Account.

Secondary Lease rentals are being charged to Profit and Loss Account

K) 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.

L) Retirement Benefits

The Company has created an Employee's Group Gratuity Fund, which has taken a Group Gratuity-Cum-Life Insurance Policy from Life Insurance Corporation of India. Gratuity is provided on the basis of the above policy.

Liability towards leave encashment benefit on retirement is provided based on the actuarial valuation done at the year-end.

Contributions to Company's Provident, Superannuation and Gratuity Funds are being charged to revenue.

M) Taxes on Income

a) Current Tax : Provision for Income 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.

- 2)** The Scheme of Arrangements to merge Rubber undertakings (on demerger from Harrisons Malayalam Limited) and demerge Investment undertakings and vest the assets and liabilities with one of the wholly owned subsidiary namely Meteoric Industrial Finance Company Limited is under implementation. It is envisaged to give effect to the scheme from 1st October, 2002, subject to the approval from the Share holders of Harrisons Malayalam Limited and other authorities as may be necessary and the H'ble High Courts of Kerala and The H'ble High Court of Judicature at Bombay. Hence the aforesaid results pertaining to Ceat operations will undergo change accordingly. Since the Scheme has not yet become operative, the Accounts of the Company includes figures of Investments undertaking of the Company and do not include the figures of Rubber undertakings of Harrisons Malayalam Limited.

3) Principles of consolidation

- a) The consolidated financial statements comprise the financial statements of CEAT Ltd ('the Company') and its wholly owned subsidiaries. The financial statements of each of these companies are prepared according to uniform accounting policies except as stated earlier in the notes. These statements have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and transactions resulting in unrealised profits or losses.

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2003.

- b) The Subsidiary Companies considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	% voting power held as at 31st March, 2003
CEAT Ventures Limited	India	100
CEAT Holdings Limited	India	100
Meteoric Industrial Finance Co Limited	India	100
Atlantic Holdings Limited	India	100
Malabar Coastal Holdings Limited	India	100

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2003.

SCHEDULE 21 — (Continued)

	2002-03	(Rupees '000) 2001-02
4) Contracts remaining to be Executed :		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for - net of advance payments	5,62,22	2,58,26
5) Contingent Liabilities:		
Disputed demands of Income Tax	4,69,18	4,92,01
Disputed demands of Wealth Tax	60,35	69,54
Partly paid Equity Shares	7,08,44	7,08,44
Disputed demands of Excise and Custom Duty	21,94,84	28,44,10
Disputed demands of Sales Tax	3,66,99	4,79,70
Disputed demands of Octroi Duty	11,21,12	9,85,28
Bills discounted with Banks and Finance Companies	1,95,58	17,73,53
Corporate Guarantees given on behalf of others		
- Covered by indemnity undertakings from RPG Enterprises Ltd.	26,50,00	26,50,00
- Other Corporate Guarantees	3,00,00	3,00,00
6) Claims against the Company not acknowledged as Debts (Estimated):		
i) in respect of labour matters	3,37,41	3,37,41
ii) other claims	1,75,84	83,23
7) Remuneration to Managing Director (exclusive of contribution to Gratuity Fund on actuarial valuation)		
Salaries	22,38	21,93
Allowances and Perquisites	1,35	2,07
Contribution to Provident and Superannuation Funds	5,35	5,35
Total	29,08	29,35

Notes: -

- 1) The remuneration paid to the Managing Director is computed as per the provisions of Section 198 of the Companies Act, 1956 read along with the provisions of Schedule XIII thereto.
- 2) As per the terms of appointment applicable during the year, no amount is payable to the Managing Director as commission.

8) Production, Sales and Stocks of each class of manufactured goods / traded goods :

Class of goods	Licensed Capacity	Installed Capacity (1)	Opening Stock	Production (2)	Purchase	Closing Stock	Sales
Automotive Tyres Nos.'000	49,47 (49,47)	40,61 (38,97)	2,23 (5,59)	62,21 (48,18)	67 (1,46)	6,96 (2,23)	58,15 (53,00)
Value	— (—)	— (—)	47,44,19 (86,79,27)	— (—)	15,03,43 (12,41,06)	81,60,16 (47,44,19)	1342,94,39 (1225,06,59)
Automotive Tube Nos.'000	49,47 (49,47)	— (—)	7,08 (9,03)	32,75 (32,12)	20,76 (12,92)	6,97 (7,08)	53,62 (46,99)
Value	— (—)	— (—)	16,43,72 (18,70,50)	— (—)	13,13,24 (8,67,32)	13,64,05 (16,43,72)	120,83,91 (114,48,35)
Automotive Flaps Nos.'000	— (—)	— (—)	1,98 (1,74)	11,38 (9,85)	6,87 (6,83)	1,74 (1,98)	18,49 (16,44)
Value	— (—)	— (—)	1,98,29 (1,99,38)	— (—)	7,00,76 (6,79,24)	1,83,58 (1,98,29)	23,97,80 (21,58,26)
Others - Value	— (—)	— (—)	5,59 (4,04)	— (—)	36,82 (26,69)	87 (5,59)	50,70 (23,90)
Total Value	— (—)	— (—)	65,91,80 (107,53,19)	— (—)	35,54,25 (28,14,32)	97,08,66 (65,91,80)	1488,26,80 (1361,37,12)

(1) Installed Capacity is as certified by the Management.

(2) Including quantities manufactured by other Sourcing Units.

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2003.

SCHEDULE 21 — (Continued)

(Rupees '000)

9) Raw Materials Consumed :

	2002-03		2001-02	
	Quantity (M.T.)	Value	Quantity (M.T.)	Value
Rubber	6,62,77	339,51,25	5,92,29	263,78,79
Fabrics	1,24,32	202,11,42	1,08,68	180,64,17
Carbon Black	3,07,02	93,73,77	2,72,47	87,06,01
Chemicals	1,60,84	75,44,62	1,45,46	78,25,28
Others	—	34,63,49	—	34,49,36
Total		<u>745,44,55</u>		<u>644,23,62</u>

10) Value of Imported/Indigenous Raw Materials/Stores and Spares consumed :

	2002-03		2001-02	
	%	Value	%	Value
Raw Materials				
Imported	25.70	1,91,55,89	30.70	1,97,81,07
Indigenous	74.30	5,53,88,66	69.30	4,46,42,55
	<u>100.00</u>	<u>7,45,44,55</u>	<u>100.00</u>	<u>644,23,62</u>
Stores and Spares				
Imported	6.01	64,57	5.09	48,96
Indigenous	93.99	10,09,19	94.91	9,19,64
	<u>100.00</u>	<u>10,73,76</u>	<u>100.00</u>	<u>9,68,60</u>

11) Value of Imports calculated on CIF basis :

	2002-03	2001-02
Raw Materials	159,10,47	159,96,26
Components and Spares	87,38	1,08,87
Capital Goods	88,27	88,99
Goods for resale	8,85,83	—

12) Research & Development Expenses

Capital	3,57	1,68
Revenue	1,03,56	1,01,70

13) Expenditure in Foreign Currency :

Interest	1,96,38	2,78,53
Travelling	1,06,23	68,12
Others	2,46,90	1,93,98

14) Dividend Remittance in Foreign Currency :

Amount remitted (net)	13,78	23,77
Number of Non-resident Shareholders	3	3
Number of Shares on which remittance was made	237,65,65	237,65,65
Year for which the Dividend was remitted	2001-02	2000-01

15) Earnings in Foreign Currency :

Export Sales calculated on FOB basis	161,21,97	124,89,47
Royalty	72,74	60,81
Commission	2,44	—
Dividend	36,24	—
Others	—	5,38

16) Freight and Delivery Charges :

Freight and Delivery Charges Incurred during the year	51,05,23	45,93,48
Less : Freight Recovered	21,06,12	20,50,45
Net	<u>29,99,11</u>	<u>25,43,04</u>

- 17) a) The Company has identified the suppliers who are covered under the "Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993". The liability under the said Act on account of interest is not ascertained as at 31st March, 2003. However, no claims have been received for interest from suppliers with reference to the above Act.

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2003.

SCHEDULE 21 — (Continued)

(Rupees '000)

- b) The names of small scale industrial undertakings to whom the Company owes a sum which is outstanding as per terms of contract agreed to for more than 30 days as at Balance Sheet date (since paid) are given below.

A Richard & Co	Acusharp Knives
Acmechem Pvt Ltd	Alfa Engineers
Aloha Engineers Works	Aristoplast
Asco Tarapur	B.K.Vithalani
Bharat Rubber Regenerating Ltd	Burad Chemicals Pvt. Ltd.
C M & Sons	Cutch Oil & Allied Ind Pvt Ltd.
E Eyres Rubber Chemicals Pvt Ltd	Emco Lenze Trans Pvt.Ltd.
Forward alloys and Castings	I.G Fabrichem
Industrial Controls And Appliances	J.K.Enterprises
J.N.Industries	Jaishil Sulphur & Chemical Industries
Kalyani Industries	Key Industries Lanish Tools
Micro Tyres and Belts Pvt .Ltd	Nav Bharat Metallic Oxide Industry
OM Engineers	P J Brothers
Panchal Engineers	Pareemal Industries
Pigment and Chemicals	Pneumatic Tools Mfg.Co.
Podder Clothing Industries	Pragati Chemicals
Pragati Udyog	Premier Polymer Industries
Pukhraj Corporation	Pukhraj Engineering & Chemicals
Rajashree Enterprises	Ratna Moti Engineers Works
Revathi Eletronics	Sah Petroleum
Sanmukha Laboratories	Saraswati Industires
Sathya Enterprises	Sathi Industries
Sipa Press Solar Chemferts Pvt Ltd.	Specific Ventil Fabric
Suraiya Pvt. Ltd	Swastik Enterprises
Tech-India Enterprises	Vibros Rubber Products P. Ltd
Wudtools	Zircon Metal Enterprises.

The above information and that given in Schedule 11 "Current Liabilities" regarding small scale industrial undertakings has been determined to the extent such parties are identified on the basis of information available with the Company, which has been relied upon by the Auditors.

- 18) a) Provision for Taxation includes Rs.10,00 being provision for Wealth-Tax.
b) Major components of Deferred Tax Assets and Deferred Tax Liabilities:

Particulars	2002-03	2001-02
Assets		
Carried forward tax losses and depreciation	28,73,88	33,46,02
Disallowance under section 43B of the Income Tax Act	3,50,59	4,17,87
Provision for Doubtful Advances	16,56	11,90
Provision for Diminution in Value of Investments	1,44,40	94,18
	33,85,43	38,69,97
Liability		
Difference between book and tax depreciation	40,87,32	37,86,74
	40,87,32	37,86,74
	(7,01,89)	83,23

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2003.

SCHEDULE 21 — (Continued)

(Rupees '000)

19) Disclosure of related parties/related party transactions :

a) Related parties :

- Associated CEAT Holdings Company (Pvt.) Limited (*),
- CEAT-Kelani Associated Holdings Company (Pvt.) Limited (*),
- Associated CEAT (Pvt.) Limited,
- CEAT-Kelani International Tyres (Pvt.) Limited,
- ACT Limited (*),
- Rado Tyres Limited
- Zensar Technologies Limited (erstwhile Fujitsu ICIM Limited),

Key Management Personnel :

- Mr. Paras K. Chowdhary, 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	
	2002-03	2001-02
Transactions		
1. Rendering of Services	39,43	27,25
2. Dividend received	17,25	—
3. Dividend paid	1	1
4. Commission received	2,44	—
5. Export Sales	68,18	21,10
6. Royalty	72,74	60,81
7. Interest	48,55	48,55
8. Imports of traded goods	8,25,90	—
9. Conversion charges	6,27,08	4,79,20
10. Amounts written off	—	99
Amount due to / from related parties		
1. Interest Receivable	1,60,18	1,21,53
2. Debtors	10,61	1,15
3. Amount receivable	10,37	48,74
4. Loans, Advances and Deposits given	3,51,69	3,74,77
6. Royalty receivable	92,06	93,59
7. Commission receivable	2,44	—
8. Creditors	2,06,26	20
9. Investments in Shares and Debentures	1,95,81	2,45,81

Transactions with Mr. Paras K. Chowdhary, Managing Director being the remuneration paid to him have been given in Note No. 7 of Schedule 21.

20) 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 in accordance with the Accounting Standard AS-17 "Segment Reporting".

21) Earnings Per Share (EPS) :

	2002-03	2001-02
a) Weighted Average Number of shares at the beginning and end of the year	3,52,13,320	3,52,13,320
b) Net Profit / (Loss) after Tax available for Equity Shareholders	18,57,28	7,12,68
c) Basic and Diluted Earnings Per Share (Rupees)	5.27	2.02

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2003.

SCHEDULE 21 — (Continued)

(Rupees '000)

- 22)** Lease hold Land & Factory Building at Nasik have been revalued on 25th September 2002, on the basis of an assessment of it's fair market value, made by M/s Anmol Sekhari & Associate, Chartered Engineer and Valuers.

This has resulted in an increase in the book value of the Land & Building by Rs.30,43,27. Surplus arising on account of revaluation has been credited to Revaluation Reserve Account.

Depreciation of Rs. 37,64 on the revalued portion has been provided at the applicable rate. This amount has been directly adjusted against Revaluation Reserve.

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

- 24)** Figures in brackets are in respect of the Previous year.

- 25)** The Company has given an undertaking to Financial Institution which have given loans to RPG Cables Ltd. (a company in which Upcom Cables Ltd. is merged) for non-disposal of share-holdings in those companies till repayment of loans by them.

- 26)** The Company has given an undertaking to a court for non-disposal of its share holding in Zensar Technologies Ltd. and to this extent the transfer of shares is restricted.

- 27)** The consolidated Financial statements have been prepared in accordance with accounting Standard (AS-21) - "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

- 28)** Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Parent Company's financial statements.

Signatures to Schedules '1' to '21'

As per our report attached

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

M. N. Thakkar
Partner

Mumbai, October 29, 2003

T. M. Elavia
Company Secretary

On behalf of the Board of Directors,

Paras K. Chowdhary

Mahesh S. Gupta

Managing Director

Director

Mumbai, October 29, 2003

Consolidated Cash flow Statement for the year ended 31st March, 2003

(Rupees '000)

	31.03.2003	31.03.2002
A Cash flow from operating activities		
Net profit before tax and extraordinary items	29,95,25	5,27,72
Adjustments for :		
Depreciation	21,85,09	18,84,68
Foreign Exchange Fluctuation (Unrealised)	(71,41)	45,34
Profit on sale of investments	—	(46,57)
Interest/Dividend Earned	(43,69,63)	(49,23,23)
Interest expenses	86,21,64	101,45,71
Lease Rent	64,35	4,67,78
(Profit)/Loss on sale of Assets	14,11	(1,46,41)
Provisions no longer required written back	(2,91,32)	(1,90,96)
Provision for Doubtful Debts/ Advances	1,23,29	1,44,43
Provision for diminution in value of investment	5,08,39	3,85,03
Provisions for Obsolescence of Stores	74	35
Miscellaneous Receipts	—	(5,00)
Prior Period Income	—	(8,27)
Provision for Non - Performing Assets	12,95	22,11
	67,98,19	77,74,99
Operating Profit before working capital changes	97,93,44	83,02,71
Adjustments for :		
Trade and other receivables	(10,51,75)	15,46,36
Inventories	(29,57,76)	34,54,05
Trade payables and others	64,35,61	28,84,81
	24,26,10	78,85,22
Cash generated from Operations	122,19,54	161,87,93
Direct taxes refund/ (paid)	27,44,73	(13,27,90)
Net Cash from Operating Activities	149,64,27	148,60,03
B Cash flow from Investing Activities		
Purchase of Fixed Assets	(13,69,79)	(13,74,59)
Sale of Fixed Assets	76,31	16,41,70
Purchase of Investments	—	(13,50,00)
Sale/Redemption Proceeds of Investments	40,31,50	21,79,44
Interest received	57,27,22	20,36,65
Dividend received	1,04,36	1,20,04
Proceeds from Loans/Deposits with Companies	30,00,00	(31,27,36)
Loans/Deposits with Companies	(97,60,50)	16,35,13
Net Cash from Investing Activities	18,09,11	17,61,01

Consolidated Cash flow Statement for the year ended 31st March, 2003

(Rupees '000)

	31.03.2003	31.03.2002
C Cash flow from financing Activities		
Proceeds from issue of share Capital/Calls in arrears	-	13,50,06
Repayment of finance lease liabilities	(83,53)	(3,27,41)
Proceeds from Borrowings	77,34,68	113,81,63
Repayment of Borrowings	(142,86,52)	(199,62,80)
Dividend paid	(3,52,13)	(3,88,05)
Interest paid	(98,36,27)	(104,26,95)
Net Cash generated/(used) in Financing Activities	(168,23,78)	(183,73,52)
Net Increase/(Decrease) in Cash & Cash equivalent (A+B+C)	(50,40)	(17,52,49)
Opening Balance -Cash & Cash Equivalents	46,93,94	64,46,43
Closing Balance -Cash & Cash Equivalents	46,43,54	46,93,94

Note :

1. Previous year's figures have been regrouped wherever necessary.
2. Cash and Bank Balances as per accounts have been classified as Cash and Cash Equivalents.
3. All figures in brackets are outflows.

As per our report attached

For N.M.Raiji & Co.,

Chartered Accountants

M.N. Thakkar

Partner

Mumbai, October 29, 2003

T.M.Elavia

Company Secretary

On behalf of the Board of Directors,

Paras K.Chowdhary

Managing Director

Mahesh S. Gupta

Director

Mumbai , October 29,2003.

INFORMATION AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT DATED 29TH OCTOBER, 2003 FOR THE PERIOD 1ST APRIL, 2002 TO 31ST MARCH, 2003

(a) Name (b) Age (c) Designation/Nature of duties (d) Remuneration (in Rs.) (e) Qualifications (f) experience (in years) (g) Date of Commencement of Employment (h) Particulars of last employment held

(a) Particulars of employees employed throughout the year in terms of Section 217 (2A) (a) (i):

(a) R.K. Dhawan (b) 56 (c) Vice President - Manufacturing (d) 2739404 (e) B.Sc. (f) 4 (g) 25-03-1999 (h) Apollo Tyres Ltd. (4 yrs.) Vice President-Manufacturing (a) Capt. S. Vasudeva (b) 62 (c) Advisor - Corporate Affairs (d) 2790625 (e) B.E. (Mech.), Masters Foreign Going Certificate of Competency issued by Ministry of Transport (f) 1 (g) 01-04-2002 (h) RPG Enterprises Ltd. (5 yrs.) President-Corporate Affairs (a) K.J. Rao (b) 47 (c) Vice President - Finance (d) 3362758 (e) B.Com., F.C.S., M.I.M.A. (f) 23 (g) 22-10-1994 (h) RPG Telecom Ltd. (12 yrs.) Vice President (Finance) & Co. Secretary (a) K.K. Paul (b) 45 (c) Vice President - Sales & Marketing (d) 2888584 (e) M.B.A. (f) 2 (g) 24-08-2001 (h) T.I. Cycles of India (18 yrs.) Vice President-Operations (a) P.K. Chowdhary (b) 51 (c) Managing Director (d) 2934600 (e) B.Sc. Physics (Hons.) (f) 29 (g) 18-01-2001 (h) Apollo Tyres Ltd. (22 yrs.) President & Wholtime Director (a) Tom K. Thomas (b) 50 (c) Vice President - Technical (d) 3126400 (e) B.S.c, B.Tech. (f) 2 (g) 20-07-2001 (h) J.K. Industries Ltd. (3 yrs.) Vice President-Tech. & Radial Plant

(b) Particulars of employees employed part of the year in terms of Section 217 (2A) (a) (ii):

(a) Name (b) Age (c) Designation/Nature of duties (d) Remuneration (in Rs.) (e) Qualifications (f) experience (in years) (g) Date of Commencement of Employment (h) Particulars of last employment held

(a) Oscar Braganza (b) 51 (c) Managing Director (Designate), Sri Lanka (d) 207312 (e) B.Tech. (Elect.) (f) 1 mnth. (g) 12-Feb-03 (h) Foodworld Supermarkets Ltd. (2 yrs.), President (a) V.G. Pillai (b) 61 (c) Chief Engineer (d) 1790308 (e) B.Tech. (Mech.) (f) 16 (g) 02-May-86 (h) Dynamic Rubber & Plastics Pvt. Ltd. (2 yrs.) Manager-Engineering (a) Vipin Anand (b) 51 (c) General Manager-Co-ordination (d) 1146885 (e) B.S.c. (f) 14 (g) 08-Feb-88 (h) Apollo Tyres Ltd. (9 yrs.) Production Manager (a) G. Kuruvilla (b) 45 (c) Sales Manager-West (d) 775334 (e) B.Tech. (Chem.) (f) 18 (g) 01-Mar-02 (h) Polyolefins Industries, (1 year 10 months), Production Supervisor (a) P.V. Alva (b) 60 (c) Advisor (d) 2124110 (e) B.S.c. (f) 38 (g) 21-Apr-02 (h) International Meteorological Centre, (6 months), Senior Observer (a) S. Sampath Kumar (b) 60 (c) Chief Manager - Accounts (d) 914600 (e) B.Com. (f) 38 (g) 21-Apr-02 (h) Abestons Packing & Manufacturing Co. (1 month) Accounts Assistant (a) S.M. Kulkarni (b) 62 (c) President-Business Development (d) 3720822 (e) B.E., MASCE, M.S.E. (f) 36 (g) 21-Jul-84 (h) Dubai & Ellis Gulf Ltd. (6 yrs.) Managing Director (a) S. Samuel (b) 68 (c) Managing Director (d) 3227289 (e) B.Sc. (f) 39 (g) 12-Feb-97 (h) Harrisons Malayalam Ltd. (8 yrs.) Managing Director (a) A.R. Varadarajan (b) 58 (c) Chief Manager-Outsourcing & CQA (d) 1564315 (e) M.Sc., LPRI (f) 27 (g) 29-Sep-75 (h) Bayer India Ltd. (2 yrs.) Technical & Development Officer (a) E.M. Cardmaster (b) 58 (c) Chief Manager-Exports (d) 2233084 (e) S.S.C. (f) 35 (g) 10-Jan-67 (h) Nil (a) Dinesh K. Panchal (b) 45 (c) Divisional Marketing Executive (d) 241150 (e) BSC (f) 11 (g) 31-Mar-02 (h) Vikrant Tyres Ltd. (7yrs) SR. T. S. R. (a) N.A.Y. Shaikh (b) 47 (c) Regional Manager (d) 550851 (e) HSC (f) 25 (g) 09-Apr-02 (h) Nil (a) Z. Chhaphkanawala (b) 60 (c) Confidential Secretary (d) 580288 (e) S.S.C. (f) 42 (g) 01-May-59 (h) Nil (a) V.H. Divekar (b) 58 (c) Manager - Engineering (d) 484765 (e) B.E. (Mech.) (f) 21 (g) 12-Dec-80 (h) Nayar Electronics Pvt. Ltd. (1 year) Maintanance Engineer (a) C. Franklin (b) 38 (c) Customer Service Manager (d) 206014 (e) S.S.C., DME (f) 16 (g) 15-Nov-85 (h) Renowed Auto Products & Sacts Ltd. (1 month) Sales Representative (a) P.C. Juneja (b) 54 (c) Sr. Personnel Officer (d) 428546 (e) B.S.c. (f) 30 (g) 08-Nov-71 (h) Hindustan Aeronautics Ltd. (3 yrs.) Assistant Supervisor (a) A.J. Khan (b) 35 (c) Assistant Manager-Finance (d) 701446 (e) B.Com. (f) 35 (g) 13-Mar-67 (h) Asian Electronics Ltd. (9 months) Sr. Assistant Accountant (a) U.S. Mamick (b) 54 (c) District Manager (d) 714502 (e) B.S.c. (f) 30 (g) 01-Jun-71 (h) Nil (a) C.K.K. Nair (b) 60 (c) Sr. Officer-Internal Audit (d) 543002 (e) S.S.L.C. (f) 37 (g) 17-May-65 (h) Everest Advertising Pvt. Ltd. (1 yr.) Stenographer (a) C.G. Pimenta (b) 53 (c) Sr. Officer-Administration (d) 435250 (e) B.A. (f) 27 (g) 05-May-75 (h) Mukand Iron & Steel Works Ltd. (1 yr.) Clerk (a) Diana Lobo (b) 60 (c) Confidential Secretary to Vice Chairman (d) 835041 (e) S.S.C. (f) 27 (g) 08-Jul-74 (h) Indian Vegetable Products Ltd. (7 yrs.) Confidential Secretary (a) S.P. Sapre (b) 60 (c) Sr. Regional Manager (d) 884140 (e) M.Com. (f) 33 (g) 09-Oct-68 (h) Firestone Instru. & Rubber Co. of Ind. Pvt. Ltd. (2 yrs.) Stenographer (a) V.K. Sabharwal (b) 53 (c) Technical Service Manager (d) 383951 (e) Dip. In (Mach.) (f) 22 (g) 01-Apr-02 (h) National Rubber Mfg. Tyres ltd (3 yrs) Service Represenatative (a) D.G. Suvama (b) 57 (c) Sr. Officer-Commercial (d) 332633 (e) B.Com. (f) 29 (g) 01-Feb-73 (h) Needle Roller Bearing Co. Ltd. (1 yr.) Accounts Assistant (a) G.P. Shanbhag (b) 58 (c) Assistant Manager-Materials (d) 454991 (e) B.A., B.Com., M.Com. (f) 23 (g) 01-Aug-79 (h) Indo-French Chamber of Commerce & Industry (3 yrs.) Sr. Adminstrative Asstt. & Accountant (a) S.P. Fernando (b) 59 (c) Sr. Production Officer (d) 488002 (e) S.S.C. (f) 39 (g) 13-Apr-63 (h) Nil (a) R.P. Wavikar (b) 55 (c) Customer Service Manager (d) 522712 (e) S.S.C., L.M.E. (f) 29 (g) 11-Jan-73 (h) Fabrica Polyarn (2 yrs.) Shift Incharge (a) P.M. Rana (b) 59 (c) Adminstrative Officer (d) 416550 (e) S.S.C. (f) 35 (g) 27-May-67 (h) Dinshaw A. Merchant (1 yr.) Fitter (a) B.J. Shriyan (b) 59 (c) Adminstrative Officer (d) 499215 (e) S.S.L.C. (f) 38 (g) 01-Nov-63 (h) Tata Chemicals Ltd. (1.5 yrs.) Clerk (a) Sandra Lobo (b) 40 (c) Secretary (d) 222363 (e) S.S.C. (f) 17 (g) 01-Aug-85 (h) Pahlaj Bajaj & Company (Novelties) Pvt. Ltd. (1 yr.) Steno Secretary (a) G.B. Cowjiva (b) 56 (c) Secretary (d) 351552 (e) B.A. (f) 30 (g) 01-May-72 (h) State Bank of India (5 months) Clerk-Typist (a) H.S. Shroff (b) 57 (c) Sr. Secretary (d) 428092 (e) S.S.C. (f) 34 (g) 04-Dec-67 (h) Chase Bright Steel Ltd. (1 yr.) Stenogrpher (a) Y. Horner (b) 58 (c) Personnel Officer (d) 433627 (e) P.U.C. (f) 30 (g) 21-Mar-72 (h) New Horizon Chem. Company (1 yr.) Stenographer (a) Yoginder Bhatia (b) 60 (c) Jr. Administration Officer (d) 363511 (e) B.A. (f) 32 (g) 02-Jan-70 (h) Upper India Trading Co. Pvt. Ltd. (2 yrs.) Sales Assistant (a) Paramjit Puri (b) 57 (c) Jr. Administration Officer (d) 389450 (e) Pre-University (f) 32 (g) 01-Jan-70 (h) Nil (a) Sabita M. Mankar (b) 42 (c) Jr. Administration

Officer (d) 204353 (e) B.Com., DBM (f) 20 (g) 02-Aug-82 (h) Nil (a) L.B. Gonsalves (b) 52 (c) Jr. Administration Officer (d) 416737 (e) S.S.C. (f) 33 (g) 16-Jun-69 (h) Juhu Hotel Pvt. Ltd. (1 yr.) Accounts Clerk (a) M.S. Kumaran (b) 59 (c) Commercial Officer (d) 384606 (e) M.Com. (f) 37 (g) 02-Nov-67 (h) Leiner-Knit Gelatine Co. Ltd. (5 months) Accounts Clerk (a) G.S. Juvekar (b) 60 (c) General Foreman (d) 418165 (e) B.S.c. (f) 40 (g) 01-Jun-64 (h) Premier Automobiles (2 yrs.) Assistant Chemist (a) A.B. Jaokar (b) 58 (c) Technical Service Officer (d) 386876 (e) DME (f) 31 (g) 01-Oct-71 (h) Greaves Cotton Co. (1 yr.) Sales Representative (a) R. Fernandes (b) 58 (c) Technical Officer (d) 367463 (e) S.S.C. (f) 41 (g) 08-May-61 (h) Nil (a) G.B. Desale (b) 51 (c) Jr. Technical Officer (d) 312679 (e) M.Sc., LPRI (f) 28 (g) 01-Sep-77 (h) Indian Rubber Mfrs. Research Assn. (3 yrs.) Jr. Scientific Assistant (a) G. Noronha (b) 60 (c) Supervisor (d) 449659 (e) Std. IX (f) 39 (g) 04-Jan-63 (h) Nil (a) Lily Pereira (b) 52 (c) Jr. Materials Officer (d) 311452 (e) S.S.C. (f) 27 (g) 16-Jul-75 (h) Mineral, Mining & Mfg. Co. (1 yr.) Stenographer (a) E.P. Karunakaran (b) 58 (c) Accounts Officer (d) 210846 (e) B.Com. (f) 34 (g) 09-Sep-68 (h) Nil

Notes:

1. All appointments are/were contractual as per the rules and conditions of the Company, except for Mr. P. K. Chowdhary under (a) who was appointed in accordance with the conditions specified in Part I and Part II of Schedule XIII, and as per the terms approved by the Members of the Company.
2. The appointments are/were terminable with Notice periods varying from 1 month to 6 months.
3. None of the above employees is a relative of any Director (or Manager) of the Company.
4. Remuneration includes salary, bonus, Company's contribution to Provident Fund, Leave Travel Concession, Medical Expenses and value of other facilities inclusive of accommodation as may be applicable in such case and in case of retired employees, includes Gratuity.

On behalf of the Board of Directors,

PARAS K. CHOWDHARY
Managing Director

MAHESH S. GUPTA
Director

Mumbai
Date : 29th October 2003

