

CEAT LIMITED

BOARD OF DIRECTORS

R. P. GOENKA	<i>Chairman</i>
H. V. GOENKA	<i>Vice Chairman</i>
PARAS K. CHOWDHARY	<i>Managing Director</i>
M. A. BAKRE	
A. C. CHOKSEY	
S. DORESWAMY	
MAHESH S. GUPTA	
J. N. GUZDER	
H. KHAITAN	
BANSI S. MEHTA	
HARI L. MUNDRA	
K. R. PODAR	

COMPANY SECRETARY

H. N. SINGH RAJPOOT

REGISTERED OFFICE

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

PLANTS

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

AUDIT COMMITTEE

M. A. BAKRE	<i>Chairman</i>
MAHESH S. GUPTA	<i>Member</i>
S. DORESWAMY	<i>Member</i>
HARI L. MUNDRA	<i>Member</i>

SHAREHOLDERS / INVESTORS

GRIEVANCE COMMITTEE

M. A. BAKRE	<i>Chairman</i>
PARAS K. CHOWDHARY	<i>Member</i>
MAHESH 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.
The United Western Bank Ltd.
Export-Import Bank of India

LEGAL ADVISERS

Mulla & Mulla and Craigie, Blunt & Caroe

AUDITORS

N. M. Raiji & Co.

REGISTRARS

TSR Darashaw Limited
Army & Navy Building,
148, M. G. Road, Fort,
Mumbai 400 001.

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FINANCIAL HIGHLIGHTS

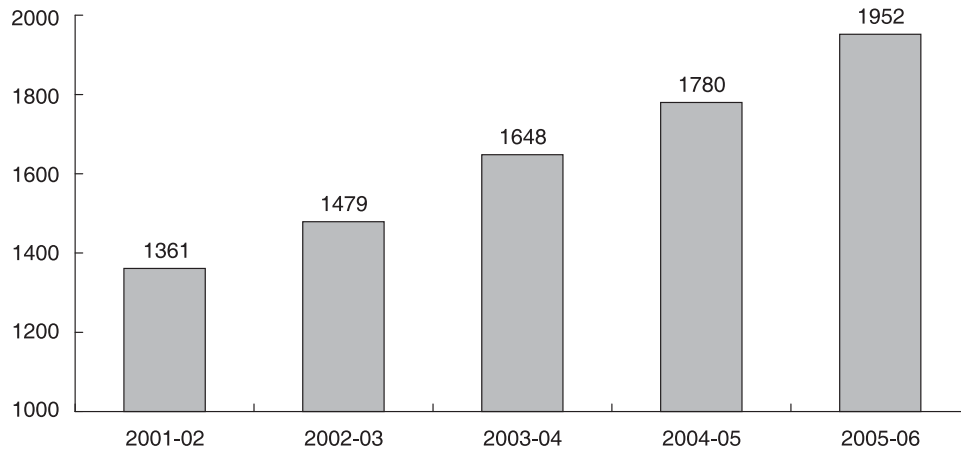
(Rs. in Crores)

	For the year ended 31.03.2006	For the year ended 31.03.2005
Gross Sales	1951.99	1780.31
Profit/(Loss) before Taxation	5.22	(2.87)
Profit/(Loss) after Taxation	0.52	(1.87)
Total Shareholders' Equity	349.00	630.14
Total Loan Funds & Deferred Tax Liability	431.63	463.63
Market Price of Equity Share (Rs.)	65.75	98.40
Proposed Equity Dividend (%)	--	--
Proposed Dividend - Aggregate (Rs. In Crores)	--	--
Number of Shareholders (Accounts) at year end	101,182	86,676
Number of Employees at year end	5,384	5,322
Personnel Cost (Rs. In Crores)	118.26	109.44

PERFORMANCE HIGHLIGHTS

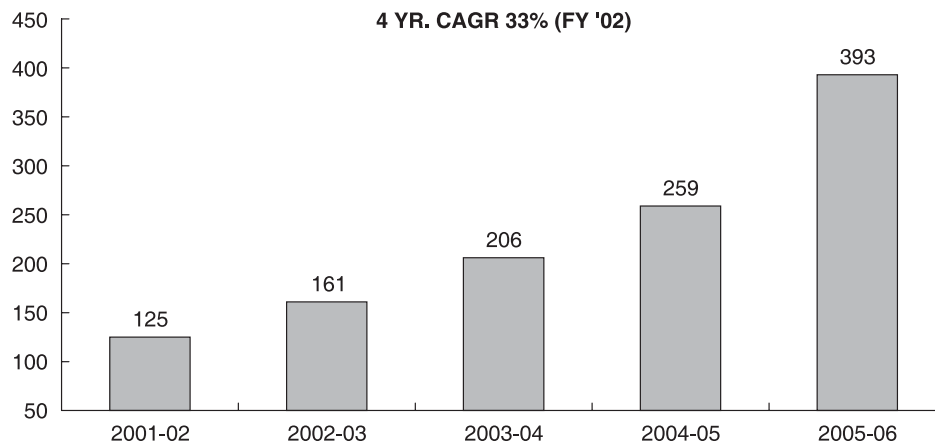
Sales Trend - Rs. Crore

4 YR. CAGR 9% (FY '02)



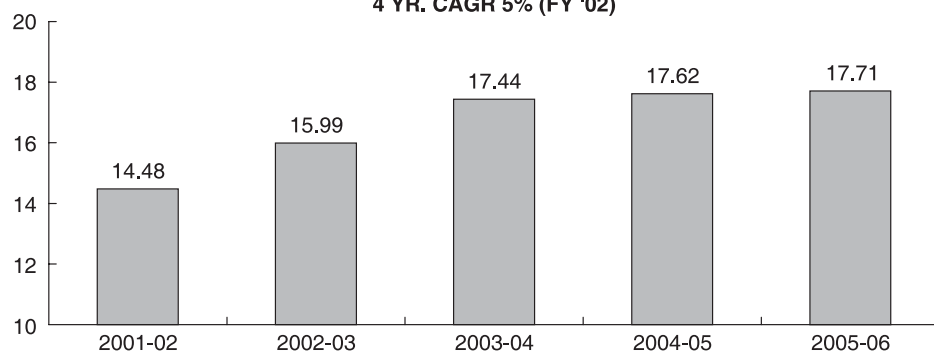
Export Sales (FOB) - Rs. Crore

4 YR. CAGR 33% (FY '02)



Truck Tyre Production - Lakh Nos.

4 YR. CAGR 5% (FY '02)



TEN - YEAR OPERATING AND FINANCIAL RECORD

(Rs.in Crores)

	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-2000	1998-99	1997-98	1996-97
OPERATING RECORD										
Sales-Gross	19,52	17,80	16,48	14,79	13,61	11,90	13,48	11,66	11,49	12,02
Less:Excise Duty	2,05	2,52	2,47	2,73	2,47	2,06	2,45	2,08	1,88	2,55
Other Income	23	39	1,01	75	67	79	70	1,07	95	1,14
	17,70	15,67	15,02	12,81	11,81	10,63	11,73	10,65	10,56	10,61
Materials & Traded Goods	12,14	10,60	9,38	7,49	7,18	6,05	6,51	5,85	6,12	6,45
Personnel Cost	1,18	1,09	1,16	1,16	1,02	90	90	81	76	63
Expenses	3,46	3,15	3,28	2,77	2,37	2,67	2,97	2,66	2,33	2,38
Interest	64	64	76	88	1,01	99	97	1,01	1,07	95
Depreciation	23	22	22	22	19	16	15	13	13	13
Total Cost	17,65	15,70	14,80	12,52	11,77	10,77	11,50	10,46	10,41	10,54
Profit/(Loss) before taxation	5	(3)	22	29	4	(14)	23	19	15	7
As percentage of Sales (%)	0.27	(0.17)	1.33	1.96	0.26	1.17	1.71	1.61	1.27	0.55
Provision for Taxation including Fringe Benefit Tax	5 #	(1)	8	11	2	0	3	2	1	0
Profit/(Loss) after Taxation	0.52	(2)	14	18	2	(14)	20	17	14	7
Dividend	--	--	4	4	4	4	7	7**	7**	7**
Per Share (Rs)	--	--	1.00	1.00	1.00	1.00	2.00	1.92	1.92	1.92
FINANCIAL RECORD										
Share Capital	46	35	35	35	35	35	35	35	39	39
Reserves & Surplus	3,03	5,95	5,89	5,88	5,51	5,67	5,93	5,13	4,45	4,47
Shareholder's Equity	3,49	6,30	6,24	6,23	5,86	6,02	6,28	5,48	4,84	4,86
Loan Funds & Deferred Tax Liability	4,32	4,64	5,13	5,21	5,57	5,89	5,43	5,04	4,66	4,77
Capital & Loan Funds employed	7,81	10,94	11,37	11,44	11,43	11,91	11,71	10,52	9,50	9,63
Fixed Assets- Gross	11,11	9,05	8,40	8,23	7,50	7,69	7,27	5,91	5,01	4,78
Depreciation	3,85	3,60	3,31	3,03	2,62	2,44	2,21	2,01	1,80	1,60
Fixed Assets- Net	7,26	5,45	5,09	5,20	4,88	5,25	5,06	3,90	3,21	3,18
Investments	1,28	1,91	1,91	1,93	1,93	1,99	2,05	2,11	2,46	2,30
Current Assets - Net	(73)	3,58	4,37	4,31 *	4,62	4,67	4,60 *	4,51 *	3,83 *	4,15*
Capital & Loan Funds applied	7,81	10,94	11,37	11,44	11,43	11,91	11,71	10,52	9,50	9,63

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

** Includes preference share dividend

Includes Fringe Benefit Tax

Figures regrouped wherever necessary

DIRECTORS' REPORT

The Directors have pleasure in presenting their forty-seventh report, together with the audited accounts for the year ended 31st March, 2006.

FINANCIAL HIGHLIGHTS

	For the year ended 31st March, 2006 *	For the year ended 31 st March, 2005
	(Rs. in crore)	(Rs. in crore)
Operating Profit (Profit before Interest, Depreciation and Taxation)	91.22	78.52
Less: Interest	63.55	64.19
Depreciation	22.45	22.05
Extraordinary Item	-	(4.85)
Profit/(Loss) before Taxation	5.22	(2.87)
Less :Provision for Taxation:		
Current Tax	0.69	-
Deferred Tax	1.00	(1.00)
Fringe Benefit Tax	3.01	-
Net Profit / (Loss)	0.52	(1.87)
Surplus brought forward from previous year	26.82	52.36
Debenture Redemption Reserve Written Back	-	12.00
Provision for Additional Excise	-	(35.67)
Sum available for Appropriation	27.34	26.82
Appropriations:		
Proposed Dividend on Equity Shares	-	-
Tax on Dividend	-	-
Balance carried forward	27.34	26.82

* The figures of the previous year are not comparable as the figures for the financial year 2005-06 include the results of three amalgamated wholly owned subsidiary companies.

DIVIDEND

In view of the inadequacy of profit for the financial year under review, the directors consider it prudent not to recommend a dividend.

INDUSTRY SCENARIO

A double digit growth in automobile sales and improved economic activity has helped the Indian tyre industry register a healthy revenue growth during the year under review.

However, the management of input costs was a very challenging task due to unprecedented increase in prices of natural rubber and petroleum based raw materials. Natural rubber prices touched record levels whereas crude oil continued to remain high thereby leading to higher prices of carbon black and nylon, key ingredients for tyre business. A significant part of the rise in costs had to be absorbed within operating margins due to the highly competitive market scenario, leading to an increased pressure on overall profitability.

CEAT'S PERFORMANCE

CEAT's sales performance was generally in line with that of the industry. The Company registered a revenue growth of 14 % during the year under review. The key driver of this growth was exports, which registered a healthy growth of 52 %.

CEAT sustained its focus on market development, particularly new markets in Europe and Australia and a commitment to total quality management across the organization has improved operating cost efficiencies. Consequently, operating profit of the company increased from Rs. 78.52 crore in the previous year to Rs.91.22 crore in the year under review, despite the steep rise in input costs.

EXPORTS

The steps taken in the past towards consolidation of existing markets and development of newer markets in Europe and Australia have paid dividends and the Company's exports (FOB) for the year stood at Rs. 394 crore, higher by 52% over last year. Exports will continue to receive close attention and is expected to contribute to a great extent in the future revenue growth of the Company.

FUTURE OUTLOOK

Tyre industry is expected to maintain its robust growth buoyed by the increase in demand for automobiles and encouraging growth in key sectors of the Indian economy.

The Central Government's continued thrust on road and infrastructure projects will give a much anticipated boost to the overall movement of goods and vehicles across the important trading and consumer destinations of the country leading to an increase in demand for tyres. The recent legislation imposing load restrictions and safety standards has also led to an improved discipline in usage and replacement of tyres and also strengthened demand in the domestic market. CEAT has ensured a balanced product portfolio in order to tap the opportunities presented by these developments.

CEAT's business plan for financial year 2006-07 takes into account a focus on greater value addition to its product portfolio and expansion of its car radial capacity, which together should reflect in improved margins in the coming year.

ASSOCIATED CEAT - KELANI VENTURE

CEAT's joint venture in Sri Lanka, registered a modest revenue growth of 7%, up from SL Rs. 2713 million in the previous year to SL Rs. 2910 million for the year under review. The profit for the year at SL Rs. 54 million was lower as compared to the profit of SL Rs. 83 million for the previous year. The earnings could have been substantially higher but for the loss of production in one of the two manufacturing units on account of labour issues, which have since been settled through a long term productivity linked wage settlement.

This venture is already a market leader in the bias segment with a market share of over 50%. It is currently implementing a new project to manufacture 26,000 passenger car radial tyres per month. With substantial increase in productivity and the foray into radial segment, revenue and profitability of this venture are expected to see significant improvement in the coming years .

SCHEME OF AMALGAMATION OF SUBSIDIARY COMPANIES

The scheme of amalgamation of CEAT Ventures Limited, CEAT Holdings Limited and Meteoric Industrial Finance Company Limited, the wholly owned subsidiaries, with the Company, with effect from the appointed date i.e. 1st April, 2005, was approved by the Hon'ble High Court of Judicature at Bombay on 30th June, 2006. The scheme, after obtaining all the necessary statutory approvals and compliances, has become effective on 21st July, 2006. Accordingly, the assets of the transferee companies and assets and liabilities of the transferor companies have been carried over at their respective fair values. The resultant difference has been adjusted from the revaluation / capital reserves as per terms of the said scheme.

The audited accounts presented herein have been prepared after taking effect of the said scheme.

AUTHORISED SHARE CAPITAL

Pursuant to Article 5 of The Articles of Association of the Company, the Board of Directors at its meeting held on 23rd September 2005 have re-classified 108,86,680 as equity shares of Rs. 10/- each out of total 208,86,680 unclassified shares of Rs. 10/- each as mentioned in the last balance sheet in order to facilitate issue of equity shares of Rs. 10/- each on rights basis in terms of Letter of Offer dated 8th December 2005.

RIGHTS ISSUE

In terms of the Letter of Offer dated 8th December, 2005 and in consultation with the Bombay Stock Exchange Ltd., the Company had, on 20th February, 2006, allotted 1,05,34,347 equity Shares of Rs. 10/- each for cash at a premium of Rs. 40/- per share, on rights basis in the ratio of 3 new equity shares for every 10 equity shares held on the record date.

The amount of Rs. 52.67 crore so raised has been fully utilised for the stated purposes of the above issue.

RESEARCH & DEVELOPMENT

The year 2005-06 saw significant R&D efforts to develop new products and enhance quality of tyres. The new products so developed have performed well in the domestic as well as international markets. Successful efforts were made into re-engineering the products and to reduce costs and optimise material consumption.

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

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

HUMAN RESOURCES

The Company continues its efforts towards ensuring employee engagement and involvement. HR initiatives during the year have focused on creating a new culture for performance, as well as ensuring that the requisite skill and knowledge level within the organisation is commensurate with the achievement of the Company's goals.

Control of attrition and retention of critical talent within the organisation have been accorded high priority.

Long term productivity linked wage settlements were concluded at Bhandup and Nasik plants. The settlements were concluded in an atmosphere of mutual trust.

EMPLOYEE STATEMENT

As required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, a statement showing names and other particulars of employees of the Company, is annexed hereto and forms part of this report.

DIRECTORS

Dr. G. Accornero and Mr. N. Srinivasan have resigned from the Board of Directors of the Company with effect from 8th December, 2005 and 12th June, 2006 respectively. The directors would like to place on record their appreciation for the valuable services rendered by Dr. Accornero and Mr. Srinivasan during their tenure as Directors of the company.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) the applicable Accounting Standards have been followed in the preparation of the annual accounts.

- ii) such accounting policies have been selected and applied consistently and such judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company in the Balance Sheet as at 31st March, 2006 and of the Profit and Loss Account for the said financial year viz. 1st April, 2005 to 31st March, 2006.
- iii) the proper and sufficient care has been taken 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) the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

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

AUDITORS

Messrs. N.M. Rajji & Co., auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

ACKNOWLEDGEMENT

The directors place on record their appreciation for the continued support they have received from customers, suppliers, dealers, financial institutions, banks, shareholders and employees towards conducting the business of the Company during the year under review.

On behalf of the Board of Directors,

Mumbai,
Date : 31st July, 2006

H. V. GOENKA
Vice Chairman

PARAS K. CHOWDHARY
Managing Director

ANNEXURE TO THE DIRECTORS' REPORT DATED 31ST JULY 2006

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

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

CONSERVATION OF ENERGY

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

1. Installation of variable frequency drives for utility feed water pump.
2. Optimizing of plant lighting.
3. Carrying out preventive maintenance activities.
4. Optimized usage of fans & blowers in the plant.
5. Reduction of air consumption in the Plant.
6. Improving efficiency of boilers & optimized usage as per load condition.
7. Re-insulating of pipeline and presses to prevent heat loss.
8. Installation of Maximum Demand Controller to control energy demand.

(b) Additional Investments /Proposals :

1. Installation of air pre-heater for 20 Tons/Hr Boiler.
2. Solar heater and lighting.
3. On-line efficiency monitoring and oxygen trimming system for boilers.
4. Evaporative coolers for room air conditioners.
5. Auto level feed water controller for boilers.
6. Identifying and optimizing air & steam consumption in user area.
7. Replacing old motors with energy efficient motors
8. Converting lighting converting to CFL.

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

The above efforts have reduced 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	2005-06	2004-05
1. ELECTRICITY		
(a) Purchased		
Units (KWH)	8,66,61,590	8,62,01,870
Total amount (Rs. in crores)	30.06	29.31
Rate per unit (Rs.)	3.47	3.40
(b) Own generation		
(i) Through Diesel Generator:		
Units (KWH)	7,29,897	5,36,832
Units per /Litre of Diesel Oil (KWH)	3.18	3.29
Cost per unit (Rs.)	10.67	8.86
(ii) Through Steam/Turbine Generator		
Units (KWH)	-	-
Units per Litre of Fuel Oil/Gas (KWH)	-	-
Cost per Unit (Rs.)	-	-
2. COAL (Specify quantity & where used)		
Quantity (Tonnes)	-	-
Total Cost (Rs. in crores)	-	-
Average rate (Rs.)	-	-
3. FURNACE OIL		
Quantity (K.Ltrs.)	6,181	2,595
Total amount (Rs. in crores)	7.90	2.80
Average Rate (Rs. per Litre)	12.78	10.80
4. L.S.H.S.		
Quantity (K.Ltrs.)	17,456	21,186
Total amount (Rs. in crores)	23.59	21.25
Average rate (Rs. per Litre)	13.51	10.03
5. H.S.D.		
Quantity (K.Ltrs.)	-	237
Total amount (Rs. in crores)	-	0.66
Average rate (Rs. per Litre)	-	27.77
6. OTHER/INTERNAL GENERATION (LPG & Other Gases)		
Quantity (Kgs.)	-	-
Total Cost (Rs. in Crores)	-	-
Rate per Unit (Rs. per Kg.)	-	-
B. Consumption Per Unit Of Production		
(i) Electricity (KWH/MT.)	689.44	714.40
(ii) Furnace Oil (Ltrs./MT)	48.76	21.38
(iii) L.S.H.S. (Ltrs./MT)	137.71	174.49
(iv) Coal	-	-
(v) Others	-	-

TECHNOLOGY ABSORPTION

FORM "B"

Research & Development (R & D)

1. Specific areas in which R & D activities were carried out by the Company –
 - Evaluation and application of new material for performance improvement.
 - Development of alternate raw materials for energy conservation/cost reduction/environmental concerns.
 - Development of new compound for specific service.
 - Development of new sizes for O.E. manufacturers.
 - Development of new sizes for Replacement market.
 - Development of a wide range of OTR tyres for export markets.
 - Product Re-engineering for value addition /cost optimisation.
 - Design changes for process and performance improvement.
 - Cycle time reduction for productivity improvement.
 - Development of new test methods.
 - Providing technical know- how to –
 - Associated CEAT (Private) Ltd., Sri Lanka.
 - CEAT Kelani International Tyres (Private) Ltd., Sri Lanka.
 - Associate CEAT Kelani Radials (Private). Ltd., Sri Lanka.
 - ACE Tyres Limited, Hyderabad.
 - Innovative Tyres & Tubes Project, Baroda.
2. Benefits derived as a result of above R & D –
 - Improvement of product performance and customer satisfaction levels.
 - Improvement of process efficiency.
 - Enhancement of product range and entry into niche markets.
 - Reduction in product development time.
 - Reduction of warranty claim by 12% YOY.
 - Input cost reduction.
 - Usage of alternate materials.
3. Future plans of action –
 - Market driven new product developments.
 - Radialisation in Commercial vehicle segment.
 - Application research on new materials.
 - Partnering with OE for new products with added features.
 - Enhance design capability on virtual simulation.
 - Collaborating ventures with other Research institutes.

4. Expenditure on R & D

	(Rs. in crores)	
	2005-06	2004-05
a) Capital	0.01	0.00
b) Recurring	1.31	0.91
c) Total	1.32	0.91
d) Total R & D expenditure as% of total turnover	0.07%	0.05%

Technology Absorption, Adaptation And Innovation

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

New products were developed 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, input 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 five years reckoned from the beginning of the financial year) following information may be furnished :

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Please refer to the main report.

(b) Total foreign exchange used and earned :-

	(Rs. in crores)	
	2005-06	2004-05
i) Foreign exchange earned	395.37	259.50
ii) Foreign exchange used	370.81	343.66

On behalf of the Board of Directors,

Mumbai,
Date : 31st July, 2006

H. V. GOENKA
Vice Chairman

PARAS K. CHOWDHARY
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENTS

The year 2005-06 was a very challenging year for the tyre industry. Rising raw material prices have impacted tyre companies world over. Both natural rubber and petroleum based raw materials have seen huge increases leading to a significant cost-push. The higher price of natural rubber in the international market led to a steep rise in the export of this commodity from India, which reduced the availability for the domestic tyre companies. The tyre industry has reacted to these developments by switching over from natural rubber to synthetic rubber to obtain optimum cost benefits.

On the economic front, the global optimism in the commodities market led to a strong growth in mining, shipping & transportation sectors. This has led to a better demand for tyres used in applications like industrial and port applications all over the world. The domestic tyre industry also experienced a strong double-digit growth. The demand has been robust in all the three market segments viz. OEM, replacement and export, resulting into a well balance demand and supply scenario. However, due to inadequate pricing power, the industry could not pass on the full burden of increased cost to customers.

The scenario in the country is rapidly changing in the current year. The demand supply position has become more favourable due to continued demand growth and reduced import of Chinese tyres. As a result, the pricing power of the domestic industry is showing an improvement and is likely to reflect in better operating results.

Efforts are being made to reopen closed tyre manufacturing companies, particularly Dunlop, which may have some impact on pricing in future when these units become fully operational.

Most of the states have now implemented Value Added Tax, which has led to the smoothening of anomalies in the inter- state tax structure. This augurs well from a marketing perspective as the Company now has better tracking and control of the final sale of its products.

OPPORTUNITIES

- The Indian economy is expected to grow at about 8% during FY 2006-07 and the automobile and transport sector is expected to maintain the pace of growth as seen in FY 2005-06.
- The continued government thrust on road & infrastructure projects will boost demand for tyres especially for off-the-road & construction equipment tyres in the immediate future as projects go on stream.
- Auto majors continue to operate at full capacity and have ambitious expansion plans.
- Implementation of strict loading norms for commercial vehicles will lead to higher vehicle utilization levels. This in turn will lead to improved demand for tyres.
- Higher demand for two wheeler vehicles from the growing middle income group population of the country.

THREATS

- Continuous increase of raw materials prices, especially natural rubber and petroleum products.
- The threat of cheaper imported tyres and used tyres could lead to excess supply.

PRODUCTWISE PERFORMANCE

CEAT has one of the widest product portfolios in the Indian tyre industry. The Company's product range consists of small tyres for scooter/ motorcycles, weighing approx. two kilograms, as well as giant tyres, weighing upto 450 kilograms, for 'Off the Road' applications. This wide product range gives CEAT a unique presence across all segments of the tyre market.

CEAT offers tyres in cross ply as well as radial technology. In the commercial vehicle segment of truck and light commercial vehicles (LCV), the Company's Lug XL, Mile XL and FM Super brands have gained significantly in the last year in terms of customer preference on grounds of performance and quality. With a view to meeting market requirements of the future, CEAT has recently started producing LCV radial tyres in its own manufacturing unit. The Company had already launched its radial truck tyres during the previous year and has also introduced new radial tyres with high performance attributes for segments like sports utility vehicles.

To improve its presence in the car radial segment, CEAT has embarked upon an expansion programme to raise its radial tyre capacity by 55%, which is expected to be ready during current year.

The Company had a stellar export performance with growth of 52% and has a wide market reach of more than 90 countries spread all over the globe and across several product categories.

Sustained focus on key business segments like speciality and LCV tyres, both in domestic & export markets, improvement in operational cost efficiencies, focus on high contribution products and tapping unexplored international markets have led to the improved operating performance during the year under review.

OUTLOOK

The Indian tyre industry is expected to continue its growth momentum buoyed by the increase in demand for automobiles and sustained growth of India's economy.

CEAT's strategy for the current year includes a greater focus on higher margin products in the truck segment, expansion of car radial capacity, and continued thrust on growth segments like speciality & LCV tyres.

RISKS AND CONCERNS

There are no risks or concerns other than those, which are common to the Indian tyre industry such as raw material availability and prices, downturn in economy, civil disturbances and warlike situations.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has established a well knit internal control system. Management reports on key performance indicators and variance analysis are made to concerned persons and acted upon with proper monitoring of activities. Moreover, the Company continuously upgrades these systems in line with the best available practices. Regular management committee meetings are held where these reports and variance analysis vis-à-vis budgets are discussed and action plans are drawn for proper follow up. Operational reports are tabled at each board meeting, after being discussed at 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.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

The Company has taken concrete steps to control attrition and retain critical talent through a judicious mix of career planning, skill development and empowerment. In order to create a conducive environment, wherein each individual performs to his maximum potential, the Company has undertaken grade restructuring and created need-based training programmes.

The relations with the workforce remain by and large cordial and productive. In line with this, the collaborative effort of both management and union has begun showing significant improvements in overall productivity and efficiency.

Based on the Company's vision and values, a comprehensive document on HR policies and processes has been drawn out. The Company is institutionalizing mechanisms for identifying gaps between ideal and actual levels of competence and professional skills. This is an important input for the annual training calendar.

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 in the industry, changes in government regulations, tax regimes and other statutes.

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

H. N. Singh Rajpoot
Company Secretary

Mumbai,
Date : 31st July, 2006

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 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 IA of Clause 49 of the Listing Agreement are placed before the Board to enable it to discharge its responsibilities of strategic supervision of the Company with due compliance of laws and as trustees of stakeholders.

2.1 Composition

At present, the Board of Directors of the Company consists of twelve Members.

The Company has one 'Executive' and eleven '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 judgement 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 Attendance at the Board Meetings (During the Financial Year 1st April, 2005 to 31st March, 2006)

Name	Category	No. of Board Meetings attended during the year	Whether attended last AGM held on 29.09.2005	No. of Directorships in other public limited companies	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	7	Yes	08	-	-
Mr. Paras K. Chowdhary	Executive	8	Yes	06	-	01
Dr. G. Accornero *	Non-Executive	0	No	-	-	-
Mr. Mahesh S. Gupta #	Non-Executive	6	Yes	06	01	01
Mr. M. A. Bakre #	Non-Executive	8	Yes	02	-	01
Mr. A. C. Choksey #	Non-Executive	2	Yes	10	-	-
Mr. S. Doreswamy #	Non-Executive	7	Yes	06	01	05
Mr. J. N. Guzder #	Non-Executive	8	Yes	04	-	-
Mr. Haigreve Khaitan #	Non-Executive	4	Yes	14	-	10
Mr. Banshi S. Mehta #	Non-Executive	3	No	14	05	06
Mr. Hari L. Mundra #	Non-Executive	5	Yes	03	-	01
Mr. K. R. Podar #	Non-Executive	3	No	05	-	-
Mr. N. Srinivasan # **	Non-Executive	0	No	11	03	03

Independent Directors.

* For part of the year. Resigned with effect from 8th December 2005

** Resigned with effect from 12th June 2006

2.3 Directors' Remuneration

A. Non-Executive Directors

Director	Relationships with other Directors	Sitting Fees paid during 2005-06 (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	75,000
Dr. G. Accornero	-	-
Mr. Mahesh S. Gupta *	-	75,000
Mr. M. A. Bakre *	-	1,05,000
Mr. A. C. Choksey	-	20,000
Mr. S. Doreswamy *	-	95,000
Mr. J. N. Guzder	-	80,000
Mr. Haigreve Khaitan	-	40,000
Mr. Bansi S. Mehta	-	30,000
Mr. Hari L. Mundra *	-	70,000
Mr. K. R. Podar	-	30,000
Mr. N. Srinivasan	-	-

* Includes sitting fees for attending Audit Committee Meetings and Remuneration Committee 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.	
			Description	Amount (Rs. in lacs)
Mr. Paras K. Chowdhary	—	Managing Director	Salary	21.60
			Allowances & Perquisites	2.40
			Contribution to Provident and Superannuation Funds	5.83
			TOTAL	29.83

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 I 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. Hari L. Mundra, Member and meets the criteria as laid down in Explanation IV in Section II of Part II of the Schedule.

It is clarified that this Remuneration Committee is in accordance with the Schedule XIII referred to above and not under Clause 49 of the Listing Agreement, where formation is not a mandatory requirement.

During the financial year ended 31st March, 2006, 1 meeting of the Remuneration Committee was held on 29th June, 2005 and the same was attended by all the Committee Members.

2.4 Remuneration Policy

The Managing Director is paid remuneration as per the Agreement entered between him and the Company subject to approval by the shareholders of the Company. 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, 2006, 8 Board Meetings were held on 19th May 2005, 29th June 2005, 26th July 2005, 23rd September 2005, 11th October 2005, 24th October 2005, 8th December 2005 and 31st January 2006.

The Minutes of the meetings of the Board of Directors of the erstwhile 3 wholly owned subsidiary companies were placed before the Board.

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

3.1 Mr. H. V. Goenka

Mr. Harsh Vardhan Goenka (48), Vice-Chairman of the Company, is the Chairman of the Rs 9500 crore RPG Enterprises, one of the largest industrial groups in India, active in tyres, power, life sciences, retail, information technology and entertainment.

Mr. Goenka comes from the well known family of industrialists of Kolkata and is the son of Mr. Rama Prasad Goenka. Born in 1957, Mr. Goenka graduated in Economics and thereafter MBA from the International Institute of Management Development (IMD), Lausanne, Switzerland.

He also holds directorship in Bajaj Electricals Ltd., Zensar Technologies Inc., Zensar Technologies Ltd., KEC International Ltd., RPG Enterprises Ltd., Raychem RPG Ltd., RPG Life Sciences Ltd., The State Industrial & Investment Corporation of Maharashtra Ltd., Spencer International Hotels Ltd. (Additional Director). He is a member of the Board of IMD, Lausanne.

3.2 Mr. Haigreve Khaitan

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

Mr. Khaitan, Director of the Company, also holds directorship in Hindustan Composites Ltd., Khaitan Consultants Ltd. (Alternate), Bonanza Trading Company Pvt. Ltd., National Engineering Industries Ltd., NeoWorth Pvt. Ltd., Rama Newsprint & Papers Ltd., BTS Inv. Advisors Pvt. Ltd., Cheviot Company Ltd., Dhunseri Tea & Industries Ltd., Gujarat Borosil Ltd., Harrisons Malayalam Ltd., Sterlite Optical Technologies Ltd., Vinar Systems Pvt. Ltd., Xpro India Ltd., International Conveyors Ltd., Great Eastern Energy Corporation Ltd., AVTECH Ltd., Euroinfo Systems Pvt. Ltd., The Madras Aluminium Company Ltd., The Oudh Sugar Mills Ltd.

He is also the Member of the Audit Committee of AVTEC Ltd., Harrisons Malayalam Ltd., Hindustan Composites Ltd., National Engineering Industries Ltd. and Sterlite Optical Technologies Ltd. Mr. Khaitan is a Member of Shareholders' /Investors' Grievance Committee of Cheviot Company Ltd., National Engineering Industries Ltd. and Rama Newsprint & Papers Ltd. He is also Member of Remuneration Committee of Harrisons Malayalam Ltd. and Sterlite Optical Technologies Ltd.

3.3 Mr. K. R. Podar

Born in Mumbai in 1935, Mr. Kantikumar Podar graduated from Sydenham College of Commerce and Economics, Mumbai. He has been in the forefront of Indian Business and Industry.

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

At the international level, Mr. Podar was the President of SAARC Chamber of Commerce and Industry with Headquarters in Pakistan and he represented the business community in the Prime Minister's delegation in the Maiden Bus Journey to Lahore in which only 25 dignitaries of the country were members. He is the Chairman of the Indo Polish Joint Business Council, Chairman of Indo Netherlands Joint Business Council, Member of the Committee of International Textile Manufacturers Federation, Zurich, Member of the Indian National Committee of International Chamber of Commerce and Industry.

At the National level, Mr. Podar has headed 16 important Trade and Industry bodies like Federation of Indian Chambers of Commerce and Industry (FICCI) (the Apex Chamber of Industries), The Indian Merchants' Chamber (IMC), The Indian Cotton Mills' Federation (ICMF) (now known as Confederation of Indian Textile Industry) (Parent body of textile mills in India), All India Organisation of Employers (AIOE), Indian Council of Arbitration (ICA), Economic & Scientific Research Association (ESRA), The Millowners' Association (MOA), Bombay Textile Research Association (BTRA), Employers' Association of Rajasthan (MAR) etc. Mr. Podar has served on almost 100 trade and industry Committees.

He has traveled widely leading several business delegations and was invited by Government of Japan to visit that country as their Guest under the "Annual Invitation Programme" in 1982. As a part of his social obligation, he has nurtured the Children's Aid Society, Mumbai, which is the largest Child Welfare Institute in Asia and was its Chairman for over 12 years. He actively looks after the various trusts and social activities.

Mr. Podar, Director of the Company, also holds directorship in Bajaj Auto Ltd., Pitti Laminations Ltd., Moscow Region Podar International Pvt. Ltd., Premier Consultant & Traders Ltd., Podar Infotech Ltd., Sutlej Industries Ltd.

3.4 Mr. J. N. Guzder

Mr. Guzder (88), Director of the Company, 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 holds directorship in chemical, petrochemical and engineering Companies viz. Kerry Jost Engineering Ltd., Empire Industries Ltd., Recron Synthetics Ltd., Zeenia Realtors Ltd., Erangal Investments Pvt. Ltd., Efgsee Securities Pvt. Ltd. and Membership in Audit Committees of Recron Synthetics Ltd. and Empire Industries Ltd.

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 senior most Member of the Club.

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 Panchayat 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 Panchayat 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.

CODE OF CONDUCT

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

All Board Members and Senior Management Personnel have affirmed compliance with the Code on an annual basis. A declaration to this effect signed by the Managing Director forms part of this Report.

EQUITY SHARES HELD BY DIRECTORS :-

Mr. R. P. Goenka, Chairman : 5,066 Equity Shares

Mr. H. V. Goenka, Vice Chairman : 13,511 Equity Shares

Mr. Paras K. Chowdhary : 675 Equity Shares

Except for the above, no other Directors of the Company hold any shares in the Company.

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) and (E) 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 2006, 4 meetings of the Audit Committee were held on 29th June 2005, 26th July 2005, 24th October 2005, and 31st January 2006.

Attendance at Audit Committee Meetings

Name of the Director	No. of Meetings attended
Mr. M. A. Bakre, Chairman	4
Mr. Mahesh. S. Gupta, Member	3
Mr. S. Doreswamy, Member	4
Mr. Hari. L. Mundra, Member *	3

* Inducted with effect from 19th May 2005

The necessary quorum was present at the meetings.

Audit Committee Meetings are generally attended by the representatives of Statutory Auditors, Managing Director, Chief Financial Officer, Vice President - Group Business Audit, Company Secretary and General Manager - Legal, General Manager - Accounts, MIS & Risk Management and Deputy Company Secretary.

The Company Secretary functions as the Secretary of the Committee.

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

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	4
Mr. Paras K. Chowdhary, Member	4
Mr. Mahesh. S. Gupta, Member	3

During the financial Year ended 31st March 2006, 4 meetings of the Committee were held on 29th June 2005, 26th July 2005, 24th October 2005 and 31st January 2006. The Minutes of the Shareholders/Investors Grievance Committee were discussed and taken note of by the Board of Directors.

Shareholders' / Investors' Complaints

Particulars of Complaints	Complaint Nos.
Complaints pending as on 1 st April, 2005	00
Complaints received during 2005-06	39
Complaints identified and reported under Clause 41 of the Listing Agreement	39
Complaints disposed off during the year ended 31 st March, 2006	37
Complaints remaining unresolved as on 31 st March, 2006	02

The Board has designated Mr. H. N. Singh Rajpoot, Company Secretary, as “**Compliance Officer**”.

5. DISCLOSURES

5.1 Disclosures of Related Party Transactions

The Company follows the following policy in disclosing the related party transactions to the Audit Committee :

- A statement in summary form of transactions with related parties in the ordinary course of business are placed periodically before the Audit Committee.
- Details of material individual transactions with related parties, which are not in the normal course of business, if any, are placed before the Audit Committee.
- Details of material individual transactions with related parties or others, which are not on arm's length basis, if any, are placed before the Audit Committee, together with Management's justification for the same.
- No material, financial and commercial transactions were reported by the management to the Board, in which the management had personal interest having a potential conflict with the interest of the Company at large.

5.2 During the period, the Company has paid Professional Fees of Rs. 11,24,162/- to M/s. Khaitan & Co. of which Mr. Haigreve Khaitan is a Partner.

5.3 Disclosure of Accounting Standards

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

5.4 Disclosure of Risk Management

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

5.5 Disclosure regarding utilisation of the proceeds from the Rights Issue

The proceeds from the Rights Issue of Equity Shares in terms of Letter of Offer dated 8th December 2005 have been utilised for the purpose for which it was made and Audit Committee has been duly informed about the same.

OTHER DISCLOSURES

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

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.

5.7 Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause

Clause 49 of the Listing Agreement mandates to obtain a certificate from either the Auditors or practicing Company Secretaries regarding compliance of conditions of corporate governance as stipulated in the Clause and annex the certificate with the Directors' Report, which is sent annually to all the shareholders. The Company has obtained a certificate from its Auditors to this effect and the same is given as an annexure to the Directors' Report.

The Clause states that the non-mandatory requirements may be implemented as per the discretion of the Company. The Company maintains an office for the Chairman, which is regularly used by the Chairman for interactions with the Management. The disclosures of compliance with other non-mandatory requirements and adoption (and compliance) / non-adoption of the non-mandatory requirements shall be need based.

5.8 Other disclosures recommended by the SEBI Committee

1 Details on Annual General Meetings (A.G.M.)

A. G. M.	Day, Date	Time	Venue
44 th Meeting	Thursday, 18 th December, 2003	11.00 a.m.	Y.B. Chavan Auditorium, Mumbai.
45 th Meeting	Tuesday, 21 st September, 2004	11.00 a.m.	Patkar Hall, Mumbai.
46 th Meeting	Thursday, 29 th September, 2005	11.00 a.m.	Patkar Hall, Mumbai.

The Special Resolutions passed at the last 3 Annual General Meetings :-

Date of AGM	Description of Special Resolution
18/12/2003	<ul style="list-style-type: none">● Appointment of Auditors M/s. N.M. Raiji & Co.
	<ul style="list-style-type: none">● Delisting of Securities of the Company from The Calcutta Stock Exchange Association Limited, Kolkata, The Delhi Stock Exchange Association Limited, New Delhi, Madras Stock Exchange Limited, Chennai and The Stock Exchange Ahmedabad, Ahmedabad● Relocation of Statutory Registers from the office of Tata Consultancy Services Limited, New Marine Lines to Raheja Estate, Borivli pursuant to Section 163
21/09/2004	<ul style="list-style-type: none">● Appointment of Auditors M/s. N.M. Raiji & Co.
29/09/2005	<ul style="list-style-type: none">● Appointment of Auditors M/s. N.M. Raiji & Co.● Consent seeking appointment of Mr. Anant Vardhan Goenka pursuant to Section 314 of the Companies Act, 1956● Relocation of Statutory Registers from the office of Tata Consultancy Services Limited to the office of TSR Darashaw Limited (formerly Tata Share Registry Limited) Army & Navy Building, Mumbai, to its office at Borivli pursuant to Section 163

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 2005-06 that were prejudicial to the interest of the Company.

6. MEANS OF COMMUNICATION

Quarterly Results

Which newspapers normally published in : The Financial Express,
DNA, Hindustan Times,
Sagar, Mumbai Lakshdeep
As per the requirements of Clause 51 of the Listing Agreement, all the data relating to Quarterly Financial Results, Shareholding Pattern, etc. are provided in the SEBI website viz. www.sebiedifor.nic.in within the time prescribed in this regard.

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 : Yes.

Official News Release : No.

Presentation to Institutional Investors or to Analysts. : None

7. GENERAL SHAREHOLDERS' INFORMATION

7.1 Financial Year

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

7.2 BOOK CLOSURE DATES (ENSUING)

14th September 2006 to 25th September 2006

7.3 DIVIDEND PAYMENT DATE

No Dividend

7.4 DATE, TIME AND VENUE OF THE ENSUING ANNUAL GENERAL MEETING

Date & Time : 25th September, 2006 at 11.30 a.m.

Venue : Sir Sitaram and Lady Shantabai Patkar Convocation Hall,
of the S.N.D.T. Women's University,
1 Nathibai Thackersey Road, Mumbai - 400 020.

7.5 LISTING ON STOCK EXCHANGES AT -

<p>1) The Bombay Stock Exchange Ltd., 1st 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</p>	<p>2) National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Plot No. C/1, "G" Block, Bandra-Kurla Complex, Bandra (E), <u>Mumbai - 400 051.</u> Tel: 91-22-2659 8100/8235/36 Fax: 91-22-2659 8237/8 E-mail : ignse@nse.co.in Website : www.nseindia.com</p>
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Note: Listing Fees paid to both the above Stock Exchanges for the F. Y. 2006-07.

7.6 SHARE TRANSFER SYSTEM

The Shares sent for physical transfer are received at the office of the Registrar and Transfer Agents 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.

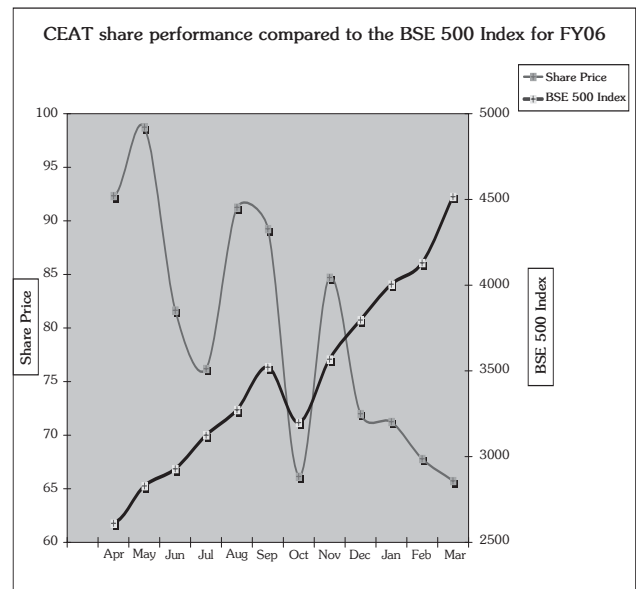
7.7 OUTSTANDING GDRS / ADRS / WARRANTS / ANY OTHER CONVERTIBLE INSTRUMENTS

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

7.8 MARKET PRICE DATA

High, Low Market Price on Mumbai Stock Exchange 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. 2005	108.10	90.80
May. 2005	104.45	88.25
Jun. 2005	104.25	81.00
Jul. 2005	88.40	75.25
Aug. 2005	96.85	73.80
Sep. 2005	103.95	88.00
Oct. 2005	92.90	65.25
Nov. 2005	90.90	66.00
Dec. 2005	85.70	70.80
Jan. 2006	76.00	66.05
Feb. 2006	76.90	63.95
Mar. 2006	68.50	55.90



7.9 DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2006

No. of Equity shares held	No. of Shareholders		No. of Shares		% of Equity Capital	
	Physical	Demat	Physical	Demat	Physical	Demat
1 to 500	55,256	40,516	1,701,606	5,308,885	3.73	11.63
501 to 1000	312	2,857	217,889	2,108,636	0.48	4.62
1001 to 2000	110	1,194	155,963	1,712,927	0.34	3.75
2001 to 3000	23	342	55,202	849,322	0.12	1.86
3001 to 4000	14	137	47,725	482,571	0.10	1.06
4001 to 5000	6	98	26,202	462,143	0.06	1.01
5001 to 10000	8	156	54,873	1,132,734	0.12	2.48
More than 10001	10	143	3,987,321	27,352,627	8.73	59.91
TOTAL	55,739	45,443	6,246,781	39,409,845	13.68	86.32

7.10 CATEGORIES OF SHAREHOLDERS AS ON 31ST MARCH, 2006

SHAREHOLDING PATTERN AS PER CLAUSE 35 AS ON 31ST MARCH, 2006

SR. NO.	CATEGORY	TOTAL HOLDINGS	%TO HOLDING
A.	<u>PROMOTERS' HOLDINGS</u>		
1	PROMOTERS		
	- INDIAN PROMOTERS	17,338,323	37.98
	- FOREIGN PROMOTERS	2,376,465	5.21
2	PERSONS ACTING IN CONCERT	-	-
	SUB-TOTAL	19,714,788	43.19
B.	<u>NON-PROMOTERS' HOLDINGS</u>		
3	INSTITUTIONAL INVESTORS		
A	MUTUAL FUNDS AND UTI	1,062,813	2.33
B.	BANKS, FINANCIAL INSTITUTIONS, INSURANCE CO'S	5,991,955	13.13
C	FII	806,259	1.76
	SUB-TOTAL	7,861,027	17.22
4	OTHERS		
A	PRIVATE CORPORATE BODIES	4,015,182	8.79
B	INDIAN PUBLIC	13,876,375	30.39
C	NRI / OCBs	187,904	0.41
D	ANY OTHERS - DIRECTORS AND THEIR RELATIVES *	1,350	0.00
	SUB-TOTAL	18,080,811	39.59
	GRAND TOTAL	45,656,626	100.00

* Directors other than belonging to the Promoter Group

7.11 DEMATERIALISATION OF SHARES AS ON 31ST MARCH, 2006

Category	No. of Shareholders	No. of Shares Dematerialised	% to Equity Capital
Residents	43,876	11,732,528	25.70
FIs	7	795,111	1.74
Non-Domestic Co.	0	0	0.00
NRIs	206	183,720	0.40
Bodies Corporate	1,326	19,866,202	43.51
Mutual Funds	4	1,017,973	2.23
FIs/Insurance Cos.	6	5,618,452	12.31
Banks	18	195,859	0.43
TOTAL	45,443	39,409,845	86.32

The Company has arrangements with National Securities Depository Ltd. as well as Central Depository Services (India) Ltd. for demat facility, 86.32% of the Company's Share Capital is dematerialised as on 31st March, 2006.

ISIN No. INE 482A01012 - NSDL and CDSL.

Stock Code : Bombay Stock Exchange Limited - 500878
National Stock Exchange of India Limited - CEAT

7.12 PLANT LOCATIONS

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

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 TSR Darashaw Limited, the Registrars and Transfer Agents.

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

Shareholders 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 TSR Darashaw Limited at Army & Navy Building, 148 Mahatma Gandhi Road, Fort, Mumbai – 400 001, 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 regularly 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.

DECLARATION - CODE OF CONDUCT

All Board Members and the Senior Management personnel have, for the year ended 31st March, 2006, affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of the Listing Agreement entered with the Stock Exchanges.

For **CEAT Limited**

Sd/-

Paras K. Chowdhary
Managing Director

FOR CLARIFICATION, IF ANY, PLEASE CONTACT :-

Registered Office:

Mr. I. I. Khan,
Deputy Company Secretary,
CEAT Limited,
CEAT Mahal,
463 Dr. Annie Besant Road,
Worli, Mumbai - 400 030.
Tel: 91-22-2493 0621
Fax: 91-22-6660 6039
E-mail: iikhan@ceatltd.com
shaileshjoshi@ceatltd.com

Registrars :

NAME	OFFICE
Registered Office	
TSR DARASHAW LTD. Army & Navy Building, 148, Mahatma Gandhi Road, Mumbai - 400 001 E-mail : csg-unit@tsrdarashaw.com Web : www.tsrdarashaw.com	Tel. 022-66568484 Fax 022-66568494
BRANCH OFFICES	
1. Bangalore TSR DARASHAW LTD. 503, Barton Centre (5 th Floor) 84, Mahatma Gandhi Road, Bangalore - 560 001 E-mail : tsrlbang@tsrdarashaw.com	Tel. 080 -25320321 Fax 080 -25580019
2. Jamshedpur TSR DARASHAW LTD. Bungalow No.1, "E" Road, Northern Town, Bistupur, Jamshedpur - 831 001 E-mail : tsrljsr@tsrdarashaw.com	Tel. 0657-2426616 Fax 0657-2426937
3. Kolkata TSR DARASHAW LTD. Tata Centre, 1 st Floor, 43, Chowringhee Road Kolkata - 700 071 E-mail : tsrlcal@tsrdarashaw.com	Tel. 033-22883087 Fax 033-22883062
4. New Delhi TSR DARASHAW LTD. 2/42, Sant Vihar, Ansari Road, Daryaganj, New Delhi - 110 002 E-mail : tsrlidel@tsrdarashaw.com	Tel. 011-23271805 Fax 011-23271802

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

Mumbai,
Date : 31st July, 2006

H. N. Singh Rajpoot
Company Secretary

To The Members of

CEAT LIMITED

We have examined the compliance of conditions of Corporate Governance by CEAT Limited (the Company) for the year ended 31st March 2006, 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, 2006 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. RAJI & CO.
Chartered Accountants

M. N. Thakkar
Partner
M. No. 8873

Mumbai.

Date : 31st July, 2006

AUDITORS' REPORT TO THE MEMBERS OF CEAT LIMITED

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

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

M.N. THAKKAR

Partner

Membership No. 8873

Place: Mumbai

Date: July 31, 2006

ANNEXURE TO THE AUDITORS' REPORT

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Physical verification of major items of fixed assets was conducted by the management during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size and operations of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company has not disposed off substantial part of fixed assets during the year.
- (ii) (a) The inventories have been physically verified by the management at reasonable intervals during the year.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, sub-clause (b), (c) and (d) are not applicable.
- (iv) In our opinion, there are adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal controls.
- (v) No transactions have been entered during the year in the register maintained in pursuance of section 301 of the Companies Act, 1956 and based on the audit procedures applied by us and according to the information and explanations given and the representations made to us, we have not come across any transaction that need to be entered into the register maintained in pursuance of section 301 of the Companies Act, 1956. Accordingly, sub-clause (b) is not applicable.
- (vi) In our opinion, the Company has complied with the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, with regard to the deposits accepted from the public. As informed to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any other court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) 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.
- (ix) (a) According to the records of the Company, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues applicable to it. Based on our audit procedures and according to the information and explanations given to us, there are no arrears of undisputed statutory dues which remained outstanding as at 31st March 2006 for a period of more than six months from the date they became payable.
- (b) According to the records made available to us and the information and explanations given by the management, the details of the dues of Income tax / Sales tax / Wealth tax / Service Tax / Custom duty / Excise duty / cess, which have not been deposited with the appropriate authorities on account of any dispute, other than those mentioned in the Appendix to this report.

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) According to the records made available to us and the information and explanations given by the management, the company has not defaulted in the repayment of dues to financial institutions or banks or debenture holders.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit / nidhi / mutual benefit fund / society.
- (xiv) 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.
- (xv) During the year, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, the term loan availed by the Company during the year have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us and an overall examination of the balance sheet of the Company, we report that no short-term funds have been used for long-term purposes.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) During the year, the company has not issued any debentures.
- (xx) The company has not raised any money by public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

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

M.N. THAKKAR
Partner

Place: Mumbai
Date: July 31, 2006

Membership No. 8873

Appendix to Auditors' Report

Name of the Statute	Nature of the Dues	Amount (Rs. in Crores)	Financial year to which the matter pertains	Forum where the dispute is pending
The Central Excise Act, 1944	Excise Duty	5.19	1997 to 1998	Supreme Court
		40.00	1995 - 2004	CESTAT *
		0.39	1996-2005	Commissioner (Appeals)
Mumbai Provincial Municipal Corporation Act, 1944	Octroi Duty	0.85	1982 to 2004	High Court
State and Central Sales Tax Acts	Tax, Interest and Penalty	0.21	1987 to 1990, 1994-1995, 1997-98	High Court
		0.30	1988-89, 2002-03	Tribunal
		3.42	1989-90 to 2005-06	Commissioner (Appeals)

* The Customs, Excise and Service Tax Appellate Tribunal

Balance Sheet as at March 31, 2006**(Rs.in Lakhs)**

	SCHEDULE	As at 31.03.2006	As at 31.03.2005
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	45,67.99	35,09.81
Reserves and Surplus	2	303,32.44	595,03.97
		349,00.43	630,13.78
LOAN FUNDS			
Secured Loans	3	291,22.27	338,85.34
Unsecured Loans	4	126,41.88	111,78.32
		417,64.15	450,63.66
DEFERRED TAX LIABILITY (NET)		13,98.85	12,98.85
(Ref note no 17 of Schedule 21)			
		780,63.43	1,093,76.29
APPLICATION OF FUNDS			
FIXED ASSETS			
	5		
Gross Block		1,106,78.40	889,82.74
Less : Depreciation		385,07.84	360,38.39
Net Block		721,70.56	529,44.35
Capital Work-in-progress		4,27.35	15,03.27
		725,97.91	544,47.62
INVESTMENTS		127,80.90	190,79.36
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	183,45.44	168,20.42
Sundry Debtors	8	253,22.77	236,60.03
Cash and Bank Balances	9	39,61.27	31,23.63
Loans and Advances	10	63,04.59	525,23.61
		539,34.07	961,27.69
<i>Less :</i>			
CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	11	573,95.67	556,21.47
Provisions	12	38,53.78	46,56.91
Provision for Contingencies	13	--	--
		612,49.45	602,78.38
NET CURRENT ASSETS		(73,15.38)	358,49.31
		780,63.43	1,093,76.29
Notes forming part of the Accounts	21		

As per our report attached

For N.M.Rajji & Co.,
Chartered Accountants**M.N. Thakkar**
Partner

Mumbai, 31st July, 2006

On behalf of the Board of Directors,

H.V.Goenka

Vice Chairman

Paras K.Chowdhary

Managing Director

Mumbai, 31st July, 2006

Profit and Loss Account for the year ended March 31, 2006

(Rs.in Lakhs)

	SCHEDULE	2005- 2006	2004-2005
INCOME			
Sales-Gross		1,951,99.32	1,780,30.67
Less : Excise duty on Sales		204,56.69	252,31.55
Sales-Net		1,747,42.63	1,527,99.12
Other Income	14	22,62.55	38,87.90
		1,770,05.18	1,566,87.02
EXPENDITURE			
Materials	15	1,209,24.11	1,009,00.80
Cost of Traded Goods Sold	16	28,43.63	46,91.20
Personnel	17	118,25.55	109,44.09
Other Expenses	18	345,92.63	318,77.65
Interest	19	63,55.60	64,18.74
Depreciation		22,44.72	22,05.59
		1,787,86.24	1,570,38.07
(Increase) / Decrease in stock	20	(23,02.80)	4,21.50
		1,764,83.44	1,574,59.57
PROFIT / (LOSS) BEFORE TAXATION AND EXTRAORDINARY ITEM			
(Add) /Less : Extraordinary item (Refer Note 14 of shedule 21)		5,21.74	(7,72.55)
		--	(4,85.13)
		5,21.74	(2,87.42)
PROFIT/(LOSS) BEFORE TAXATION			
Less : Provision for Taxation			
Current Tax		68.81	--
Deferred Tax		1,00.00	(1,00.00)
Fringe Benefit Tax		3,01.17	--
		51.76	(1,87.42)
Add : Debenture Redemption Reserve Written Back		--	12,00.00
Add : Balance brought forward		26,82.49	52,36.94
		--	35,67.03
		27,34.25	26,82.49
AVAILABLE FOR APPROPRIATION			
APPROPRIATIONS			
Proposed Dividend		--	--
Corporate Tax on Proposed Dividend		--	--
Balance carried to Balance Sheet		27,34.25	26,82.49
		27,34.25	26,82.49
Earnings Per Share - Basic and Diluted (Rs) (refer Note 21 of Schedule 21)		0.13	(0.48)
Notes forming part of the Accounts	21		

As per our report attached

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

M.N. Thakkar
Partner

Mumbai, 31st July, 2006

On behalf of the Board of Directors,

H.V.Goenka

Vice Chairman

H.N.Singh Rajpoot
Company Secretary

Paras K.Chowdhary

Managing Director

Mumbai, 31st July, 2006

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2006.

(Rs. In Lakhs)

	31.3.2006	31.03.2005
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before Taxation and Extraordinary Item	5,21.74	(7,72.55)
Adjustments for :		
Depreciation	22,44.72	22,05.59
Foreign Exchange Fluctuation (Unrealised)	(6.00)	1,02.66
Advances written off	--	77.97
Interest/Dividend Earned	(5,00.41)	(19,20.61)
Interest expenses	63,55.60	64,18.74
Lease Rent	35.58	37.02
(Profit)/Loss on sale/discard of Fixed Assets (Net)	26.78	13.39
Provisions no longer required written back	(5,06.65)	(3,69.06)
Provision for Doubtful Debts/ Advances	1,85.64	2,69.42
Provisions for Obsolescence of Stores	11.44	34.77
	78,46.70	68,69.89
Operating Profit before working capital changes	83,68.44	60,97.34
Adjustments for :		
Trade and other receivables	(20,01.76)	21,11.37
Inventories	(25,87.12)	11,03.41
Trade payables and others	21,38.16	(11,77.16)
	(24,50.72)	20,37.62
Cash generated from Operations	59,17.72	81,34.96
Direct taxes refund/ (paid)	(3,78.63)	(1,42.89)
	(3,78.63)	(1,42.89)
Cash flow before extraordinary item	55,39.09	79,92.07
Extraordinary Item	--	4,85.13
Net Cash from Operating Activities	55,39.09	84,77.20
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(12,13.45)	(14,31.52)
Sale of Fixed Assets	2,24.57	56.85
Purchase of Investments	(0.16)	(75.93)
Sale/Redemption Proceeds of Investments	63.00	80.60
Interest received	6,51.64	6,66.86
Dividend received	1,51.53	21.37
Proceeds from Loans/Deposits with Companies	0.45	92.10
Loan to subsidiary Companies	--	(4,21.43)
Loans repaid by subsidiary Companies	--	4,29.28
	(1,22.42)	(5,81.81)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2006.

(Rs. In Lakhs)

	31.3.2006	31.03.2005
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital (Net of Issue Expenses)	51,72.13	--
Share Application money refundable	49.60	--
Repayment of finance lease liabilities	(14.73)	(14.53)
Proceeds from Borrowings	80,43.89	57,22.48
Repayment of Borrowings	(113,43.95)	(77,07.45)
Dividend and Tax on dividend	(44.41)	(3,03.66)
Interest paid	(64,50.49)	(63,57.90)
Net Cash generated/(used) in Financing Activities	(45,87.96)	(86,61.05)
Net Increase/(Decrease) in Cash & Cash equivalent (A+B+C)	8,28.71	(7,65.67)
Opening Balance -Cash & Cash Equivalents	31,23.63	38,89.30
Cash and Cash equivalents taken over on amalgamation	8.93	--
Closing Balance -Cash & Cash Equivalents	39,61.27	31,23.63

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.Rajji & Co.,
Chartered Accountants

M.N. Thakkar
Partner

Mumbai, 31st July, 2006

On behalf of the Board of Directors,

H.V.Goenka

Vice Chairman

H.N.Singh Rajpoot
Company Secretary

Paras K.Chowdhary

Managing Director

Mumbai, 31st July, 2006

Schedules forming part of the Balance Sheet as at March 31, 2006**(Rs.in Lakhs)****SCHEDULE 1
SHARE CAPITAL****Authorised :**

4,61,00,000	(3,52,13,320) Equity Shares of Rs. 10 each	46,09.99	35,21.33
39,00,000	(39,00,000) Preference Shares of Rs. 10 each	3,90.00	3,90.00
1,00,00,000	(2,08,86,680) Unclassified Shares of Rs. 10 each	10,00.01	20,88.67
		60,00.00	60,00.00

Issued, Subscribed and paid-up :

4,56,56,626	(3,52,13,320) Equity Shares of Rs. 10 each, fully paid-up	45,65.66	35,21.33
	Add : Forfeited Shares	2.33	--
	Less : Allotment Money / Calls in arrears	--	11.52
		45,67.99	35,09.81

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, 2006
(Rs.in Lakhs)

	As at 31.03.2006	As at 31.03.2005
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Reserve :		
Balance - 1 April, 2005	2,83.87	2,83.87
Less : Balance of Reconstruction Suspence Account (Refer note no 15 of Schedule 21)	14.74	--
	2,69.13	2,83.87
Share Premium :		
Balance - 1 April, 2005	124,09.13	124,07.11
Add : Received during the year	42,33.96	2.02
Less : Share Issue Expenses	1,20.01	--
	165,23.08	124,09.13
Capital Redemption Reserve :		
	3,90.00	3,90.00
General Reserve :		
	101,15.98	101,15.98
Revaluation Reserve :		
Balance - 1 April, 2005	333,22.50	290,12.91
Add : Revaluation	202,45.74	51,17.68
Less : Depreciation \ Adjustments on sale of assets	9,36.47	8,08.09
Less : Balance of Reconstruction Suspence Account (Refer note no 15 of Schedule 21)	526,31.77	--
	--	333,22.50
Debenture Redemption Reserve :		
Balance - 1 April, 2005	3,00.00	15,00.00
Less : Transfer to Profit and Loss Account	--	12,00.00
	3,00.00	3,00.00
Profit and Loss Account :		
	27,34.25	26,82.49
	303,32.44	595,03.97

Schedules forming part of the Balance Sheet as at March 31, 2006

(Rs.in Lakhs)

**SCHEDULE 3
SECURED LOANS**

Debentures :

13.50 % Secured Redeemable Non- Convertible Debentures (Note 1)

2,14.28

3,57.20

Loans from Financial Institutions \ Banks :

IFCI Limited (Note 2)

2,14.30

6,42.90

ICICI Bank Limited (Note 2)

10,00.00

18,00.00

Industrial Development Bank of India Limited (Note 2 & 3)

22,16.00

20,32.00

The Federal Bank Limited (Note 2)

5,62.32

8,12.42

Indian Bank (Note 4)

54,78.95

68,83.00

Working Capital Term Loan (Note 5)

33,17.11

--

Bank Borrowings : (Note 6)

Working Capital Demand Loan

5,20.41

17,02.33

FCNR - B Loan

--

33,16.58

Cash Credit Facilities

22,51.20

55,56.43

Export Packing Credit

131,74.93

106,77.21

Vehicle loan (Note 7)

1,72.77

1,00.56

Interest accrued and due

--

4.71

291,22.27

338,85.34

In respect of the above loans, Rs.44,69.67 (Previous year Rs 38,49.22) due and repayable within a year.

Notes:

- 13.50% 40,00,000 Secured Redeemable Non-Convertible Debentures of Rs. 5.35 (12.50) 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 *pari passu* charge on movable properties of the Radial Project at Nasik. These debentures were redeemable at par in 16 equal quarterly instalments commencing from 15th December, 2003.
- Security is created on 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 Bhileshwarpura, District Mehsana, Gujarat and Radial assets at Nasik) on *pari passu* basis in favour of the following Financial Institutions and Banks with second charge in favour of the Consortium of Banks led by Bank of India for Working Capital facilities.

	Name	Nature of loan	Amount outstanding Rs. in crores
a)	IFCI Ltd.	Term Loan	2.14 (6.43)
b)	ICICI Bank Ltd.	Corporate Loan	10.00 (18.00)
c)	Industrial Development Bank of India Ltd.	Term Loan	10.16 (20.32)
d)	Federal Bank Ltd.	Term Loan	5.62 (8.12)

Schedules forming part of the Balance Sheet as at March 31, 2006

SCHEDULE 3 — SECURED LOANS (Continued)

3. Term loan of Rs. 12 crore from IDBI is secured on movable and immovable assets of the Company except for assets excluded for creation of Security as mentioned in above note no.2.
4. The Term Loan availed from Indian Bank is presently secured by mortgage of CEAT Mahal property situated at Worli in Mumbai and first *pari passu* charge on the movable assets of Radial Unit at Nasik.
5. Working Capital Term Loan of Rs. 33.17 crore from Consortium of Bank (except Exim Bank) is secured by way of First Charge on Tea Gardens of Harrisons Malayalam Limited.
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 Plants and CEAT Mahal property at Worli.
7. The vehicle loans availed from Banks and Finance Companies are secured by way of hypothecation of the Vehicles financed by them.

(Rs.in Lakhs)

SCHEDULE 4

UNSECURED LOANS

Term Loan

IL & FS Limited

Banks

Public Deposits

Inter-corporate Deposits

Commercial Paper

Interest Free Sales Tax Loan

Deferred Sales Tax Incentive-

State Industrial and Investment Corporation of Maharashtra Ltd (SICOM)

As at 31.03.2006	As at 31.03.2005
3,50.00	3,50.00
27,59.49	5,00.00
60,06.03	69,72.87
9,88.00	6,26.31
--	5,00.00
2,78.51	4,06.66
22,59.85	18,22.48
126,41.88	111,78.32

In respect of the above loans, Rs.51,33.48 (Previous Year Rs 45,47.38) is due and repayable within a year

Schedules forming part of the Balance Sheet as at March 31, 2006

(Rs.in Lakhs)

SCHEDULE 5

FIXED ASSETS

ASSETS	COST				DEPRECIATION				NET VALUE
	As at 01.04.2005	Additions/ Adjustments	Deductions/ Adjustments	As at 31.03.2006	As at 01.04.2005	On deductions/ Adjustments	For the year 2005-2006	As at 31.03.2006	As at 31.03.2006
Owned Assets									
Land	160,76.63 (128,42.46)	197,18.10 (32,34.17)	-- --	357,94.73 (160,76.63)	54.17 (42.94)	-- --	11.23 (11.23)	65.40 (54.17)	357,29.33 (160,22.46)
Buildings	123,67.40 (104,31.84)	5,27.64 (19,35.56)	3.39 --	128,91.65 (123,67.40)	24,54.20 (22,55.34)	2.44 --	1,97.75 (1,98.86)	26,49.51 (24,54.20)	102,42.14 (99,13.20)
Plant and Machinery	544,22.80 (535,85.33)	20,48.56 (8,93.07)	5,69.14 (55.60)	559,02.22 (544,22.80)	298,93.44 (274,97.41)	4,17.53 (41.73)	24,83.30 (24,37.76)	31,959.21 (298,93.44)	239,43.01 (245,29.36)
Furniture and Fixtures	22,68.76 (22,61.04)	38.20 (43.86)	1,27.18 (36.14)	21,79.78 (22,68.76)	14,88.55 (13,62.82)	1,06.43 (23.60)	1,41.25 (1,49.33)	15,23.37 (14,88.55)	6,56.41 (7,80.21)
Vehicles	10,44.20 (9,92.74)	2,20.15 (70.34)	1,57.27 (18.88)	11,07.08 (10,44.20)	4,13.18 (3,43.95)	58.76 (6.46)	85.95 (75.69)	4,40.37 (4,13.18)	6,66.71 (6,31.02)
	861,79.80	225,52.64	8,56.98	1,078,75.46	343,03.55	5,85.17	29,19.48	366,37.87	712,37.59
	(801,13.42)	(61,77.00)	(1,10.62)	(861,79.80)	(315,02.47)	(71.79)	(28,72.87)	(343,03.55)	(518,76.24)
Leased Assets									
Plant and Machinery	26,72.45 (26,72.45)	-- --	-- --	26,72.45 (26,72.45)	16,04.35 (14,66.30)	-- --	1,35.14 (1,38.05)	17,39.49 (16,04.35)	9,32.96 (10,68.11)
Furniture and Fixtures	1,30.49 (1,30.49)	-- --	-- --	1,30.49 (1,30.49)	1,30.49 (1,27.73)	-- --	-- (2.76)	1,30.49 (1,30.49)	-- --
	28,02.94	--	--	28,02.94	17,34.84	--	1,35.14	18,69.97	9,32.97
	(28,02.94)	--	--	(28,02.94)	(15,94.03)	--	(1,40.81)	(17,34.84)	(10,68.11)
Total	889,82.74 (829,16.36)	225,52.64 (61,77.00)	8,56.98 (1,10.62)	1,106,78.40 (889,82.74)	360,38.39 (330,96.50)	5,85.17 (71.79)	30,54.62 (30,13.68)	385,07.84 (360,38.39)	721,70.56 (529,44.35)
Capital Work-in-Progress -Includes Advances against Capital Account									4,27.35 (15,03.27)
Grand Total									725,97.91 (544,47.62)

- Land includes leaseholds - aggregate original cost Rs.11.07 (Previous Year Rs.11.07) less accumulated amortisation Rs 2.32 (Previous Year Rs.2.22), net value Rs. 8.75 (Previous Year Rs.8.85).
- Buildings include Rs 0.10 (Previous Year Rs 0.10) being value of shares held in co-operative housing societies.
- Plant and Machinery includes borrowing costs capitalised Rs. 17.51 (Previous Year Rs 65.39)
- Depreciation on Plant and Machinery includes depreciation of Rs Nil (Previous Year Rs 4.46), Furniture & Fixtures Rs Nil (Previous Year Rs 0.09) and Vehicles Rs Nil (Previous Year Rs 0.65) provided for earlier years
- a) Fixed Assets cost includes assets revalued from time to time on the basis of valuation reports submitted by approved valuers about their market value as summarised below:

	Gross Amount written up on revaluation	Depreciation provided upto 31.03.2006	Amount written up (net of depreciation/ adjustments) as on 31.03.2006
Land	357,33.39	63.08	356,70.31
Buildings	92,85.21	7,71.39	85,13.82
Plant and Machinery	195,59.35	111,11.70	84,47.65
	<u>645,77.95</u>	<u>119,46.17</u>	<u>526,31.78</u>

- Land and Building at CEAT Mahal Worli, Bhandup Factory and Nasik Factory have been revalued as on 31st March, 2006 and has resulted in increase in value of Land and Building by Rs. 202,45.74
- Depreciation of Rs. 8,09.90 (Previous Year Rs.8,18.09) 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.
- Rs 1,26.58 (Previous Year Rs Nil) Revalued cost pertaining to Plant & Machinery and Accumulated depreciation thereon has also been reduced on account of sale / discard
- Additions to Plant & Machinery includes the following pre-operative expenditure incurred in connection with Four Roll Callendar Machine at Nashik

Steel, Cement, Stores, Spares	2,12.55
Travelling, Technical Fees, Insurance and other expenses	1,07.11
Borrowing Cost	1,06.41
Consumption of Material (net of Scrap realisation)	81.94
	<u>5,08.01</u>

Schedule forming part of the Balance Sheet as at March 31, 2006
(Rs.in Lakhs)
SCHEDULE 6
INVESTMENTS (At cost)

	Face Value (Rs.)	Holdings (Nos.)	As at 31.03.2006	As at 31.03.2005
LONG TERM				
I Quoted (Non-Trade)				
Equity Shares - (Fully Paid)				
CESC Ltd. (Note 1)	10	20,56,794	16,00.99	9,12.57
CFL Capital Financial Services Ltd. (Note 2)	10	38,37,500	1,72.69	--
Harrisons Malayalam Ltd. (Note 2)	10	7,28,150	8,09.06	--
KEC International Ltd. (Note 3)	10	31,28,298	36,33.46	27,65.23
KEC Infrastructures Ltd. (Note 4)	10	31,28,298	--	--
Phillips Carbon Black Ltd. (Note 5)	10	19,03,114	12,18.45	8,17.84
RPG Cables Ltd. (Note 6)	10	22,00,280	3,21.24	95.20
RPG Life Sciences Ltd. (Note 7)	10	10,64,560	10,79.38	9,95.07
RPG Transmission Ltd. (Note 8)	10	22,82,000	18,19.68	8,67.31
Saregama India Ltd. (Note 9)	10	2,53,444	66.43	63.25
Zensar Technologies Ltd.. (Note 10)	10	22,22,138	3,48.39	1,95.81
II Unquoted				
(i) Subsidiary Companies				
Equity Shares - (Fully Paid) (Note 11)				
Ceat Ventures Ltd..	10	--	--	39,99.95
Ceat Holdings Ltd..	10	--	--	40,00.00
Meteoric Industrial Finance Co Ltd..	10	--	--	25,50.01
Debentures - (Unsecured, Fully Paid) (Note 12)				
Zero Coupon Fully Convertible Debentures				
Ceat Ventures Ltd.				
V Series (04.12.2006)	10	--	--	4,05.29
VI Series (26.10.2007)	10	--	--	4,00.00
Ceat Holdings Ltd.				
VI Series (30.03.2007)	10	--	--	2,75.00
(ii) Other Companies				
Equity Shares - (Fully Paid)				
Adapt Investments Ltd. (Note 2)	10	16,200	3.29	--
Adorn Investments Ltd. (Note 2)	10	17,000	5.16	--
Associated Ceat Holdings Co. Pvt. Ltd. (Note 2)	10	18,00,000	1,18.28	--
Bombay Mercantile Co-operative Bank Ltd.	30	1,666	0.50	0.50
Basic Telephone Services Ltd. (Rs 20)	10	2	--	--
Brabourne Investments Ltd. (Note 2)	10	1,52,000	1,06.42	--
Brentwood Investments Ltd. (Note 2)	100	6,68,000	0.67	--
Chattarpati Investments Ltd. (Note 2)	100	2,69,000	10.76	--
Consolidated Industrial Fund Ltd. (Note 2)	10	35,90,000	3.59	--
Eastern Aviation & Industries Ltd. (Note 2)	10	5,00,000	50.00	--
Hilltop Holdings India Ltd.	10	3,54,654	2,41.16	3,90.12
Jubilee Investment & Industries Ltd. (Note 2)	21	2,88,149	62.74	--
Off Shore India Ltd. (Note 2)	10	38,90,000	3.89	--
Rado Tyres Ltd. (Note 2)	10	16,06,350	41.77	--
RPG Communications Holdings Ltd. (Note 13)	10	66,35,000	6,17.06	50.00
SICOM Ltd.	10	1,27,500	1,02.51	1,02.51
Spencer & Co Ltd. (Note 14)	10	2,37,100	1,55.96	1,78.82
The Greater Bombay Co-Operative Bank Ltd.. (Rs.250)	25	10	--	--
The Thane Janata Sahakari Bank Ltd.. (Rs. 500)	50	10	0.01	0.01
Trade Appartments Ltd. (Note 2)	10	27,45,000	2.74	--
Yield Investments Ltd. (Note 2)	10	43,45,000	4.34	--

Schedule forming part of the Balance Sheet as at March 31, 2006**(Rs.in Lakhs)****SCHEDULE 6 (Continued)****INVESTMENTS (At cost)**

	Face Value (Rs.)	Holdings (Nos.)	As at 31.03.2006	As at 31.03.2005
Non-Cumulative Redeemable Preference shares-Fully Paid				
B.N.Elias & Co Ltd. (12%) (Note 2)	100	2,87,500	0.28	--
Jubilee Investment & Industries Ltd. (15%) (Note 2)	100	1,75,000	1,75.00	--
Debentures - (Unsecured, Fully Paid)				
(i) Zero % Optionally Convertible Debentures				
Trikaya Goods Services Pvt. Ltd. (14.10.2013) (Note 2)	100	5,00,000	5.00	--
(ii) International Management Institute (5%)				
	20	--	--	63.00
Total Value of Investments			127,80.90	191,27.49
Less : Diminution in Value of Quoted Investments			--	48.13
			127,80.90	190,79.36
Aggregate Cost of Quoted Investments			110,69.77	67,12.28
Aggregate Cost of Unquoted Investments			17,11.13	124,15.21
Market Value of Quoted Investments			377,09.71	103,69.46

Notes :

- 1 a) Acquired 10,20,478 shares on amalgamation of subsidiary companies.
- b) 8,95,720 shares have been pledged in favour of IDBI Trusteeship Ltd (Trustee for lenders of CESC Ltd)
- c) Undertaking has been given to ICICI Bank Ltd (lender of CESC Ltd) for non-disposal of 20,56,522 shares.
- 2 Acquired on amalgamation of subsidiary companies.
- 3 Acquired 10,52,651 shares on amalgamation of subsidiary companies.
- 4 Acquired 10,52,651 shares on amalgamation of subsidiary companies. These shares have been allotted during the year pursuant to Scheme of Arrangement.
- 5 Acquired 6,32,714 shares on amalgamation of subsidiary companies.
- 6 a) Acquired 21,36,280 shares on amalgamation of subsidiary companies.
- b) These shares have been pledged in favour of State Bank of India for advances of RPG Cables Ltd.
- 7 Acquired 1,66,050 shares on amalgamation of subsidiary companies.
- 8 a) Acquired 11,94,700 shares on amalgamation of subsidiary companies.
- b) 4,25,000 shares have been pledged in favour of IDBI Bank Ltd (lenders of RPG Transmission Ltd)
- 9 Acquired 944 shares on amalgamation of subsidiary companies.
- 10 Acquired 10,72,138 shares on amalgamation of subsidiary companies.
- 11 Shares extinguished pursuant to Scheme of Amalgamation
- 12 Debentures extinguished pursuant to Scheme of Amalgamation
- 13 Acquired 61,35,000 shares on amalgamation of subsidiary companies.
- 14 Acquired 100 shares on amalgamation of subsidiary companies.

Schedules forming part of the Balance Sheet as at March 31, 2006
(Rs.in Lakhs)
SCHEDULE 7
INVENTORIES

	As at 31.03.2006	As at 31.03.2005
Stores and Spares	17,33.90	16,26.04
Less : Provision for Obsolescence	1,12.80	1,28.16
	16,21.10	14,97.88
Stock - in - Trade :		
Raw Materials [including in transit Rs.27,80.82 (Previous Year Rs.37,54.11)]	67,16.24	78,34.83
Semi-Finished Goods	20,04.70	22,40.16
Finished Goods [including in transit Rs.1,72.22 (Previous year Rs.2,49.60)]	80,03.40	52,47.55
	183,45.44	168,20.42

SCHEDULE 8
SUNDRY DEBTORS

Debts outstanding for a period exceeding six months		
Considered Good	2,15.41	3,50.34
Considered Doubtful	6,78.76	7,51.89
Less : Provided for	6,78.76	7,51.89
	2,15.41	3,50.34
Other Debts		
Considered Good	251,07.36	233,09.69
	253,22.77	236,60.03

	As at 31.03.2006	As at 31.03.2005
Sundry Debtors		
Secured	65,98.98	66,08.48
Unsecured	187,23.79	170,51.55
Total	253,22.77	236,60.03

Schedules forming part of the Balance Sheet as at March 31, 2006**(Rs.in Lakhs)****SCHEDULE 9****CASH AND BANK BALANCES**

	As at 31.03.2006	As at 31.03.2005
Cash on Hand [Including cheques Rs. 3,42.15 (Previous Year Rs.2,95.63)]	3,55.31	3,36.51
Remittance in Transit	12,94.63	11,64.88
With Scheduled Banks :		
In Current Accounts	13,80.14	6,48.95
In Deposit Accounts	4,53.14	3,90.00
In Margin Money Deposit Accounts	4,28.87	4,89.70
In Unclaimed Dividend Accounts	49.18	93.59
	39,61.27	31,23.63

SCHEDULE 10**LOANS AND ADVANCES****Unsecured - Considered Good, unless otherwise stated :**

Due from Subsidiaries :

Loans and Advances	--	143,89.49
Interest Receivables	--	16,90.51

Others :

Loans and Advances :

Advances receivable in Cash or Kind or for Value to be received	27,13.72	28,23.98
Balances with Customs, Port Trust, Excise, etc.	28,89.10	29,90.52
Loans and Deposits with Companies	3.32	157,41.39
Advance payment of Tax (net of provision)	5,33.45	4,78.44
Interest Receivables	1,04.27	66,23.49
Other Receivables	60.73	77,85.79
Loan, Advances and Deposits (considered doubtful)	30.15	9.20
Less : Provided for	30.15	9.20

63,04.59

525,23.61

Schedules forming part of the Balance Sheet as at March 31, 2006
(Rs.in Lakhs)
SCHEDULE 11
CURRENT LIABILITIES

	As at 31.03.2006	As at 31.03.2005
Acceptances	152,60.13	135,97.24
Sundry Creditors :		
Small Scale Industrial Undertakings	6,09.27	5,53.44
Others	257,17.87	283,70.06
	263,27.14	
Interest Accrued but not due	3,65.87	4,38.54
Deposits from Dealers and Others	104,21.77	95,89.24
Other Liabilities	47,38.67	26,45.01
Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956. Due as on 31.03.2006		
Unclaimed Interest and Matured Bonds	7.16	7.25
Not due as on 31.03.2006		
Unclaimed Dividends	49.18	93.59
Unclaimed Interest and Matured Deposits	2,11.51	2,94.84
Unclaimed Interest and Matured Debentures	12.02	24.40
Unclaimed Interest and Matured Bonds	2.22	7.86
	2,74.93	
	573,95.67	556,21.47

SCHEDULE 12
PROVISIONS

Provision for Additional Excise Duty	26,69.70	35,67.04
Provision for Retirement and other Employee Benefits	11,84.08	10,89.87
	38,53.78	46,56.91

SCHEDULE 13
PROVISION FOR CONTINGENCIES

Balance as at 1.4.2005	--	12,38.01
Less : Used during the year	--	7,52.88
Less : Reversed during the year	--	4,85.13
	--	--

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2006

(Rs.in Lakhs)

SCHEDULE 14

OTHER INCOME

	2005-2006	2004-2005
Foreign Exchange Fluctuations (Net)	--	2,73.61
Sale of Scrap	5,15.00	6,86.04
Profit on Assets Sold/Discarded	34.03	3.99
Interest	3,48.88	18,99.24
Dividend on Investments (Non trade)	1,51.53	21.37
Royalty	93.79	70.47
Provisions for Doubtful Debts / Advances Written Back Recovered	--	62.53
Provisions no longer required written back	5,06.65	3,69.06
Miscellaneous	6,12.67	5,01.59
	22,62.55	38,87.90

SCHEDULE 15

MATERIALS

Raw Materials		
Stock - 1st April, 2005	40,80.72	39,44.07
Add : Purchases	1,207,78.81	1,010,37.45
	1,248,59.53	1,049,81.52
Less : Stock - 31st March, 2006	39,35.42	40,80.72
	1,209,24.11	1,009,00.80

SCHEDULE 16

COST OF TRADED GOODS SOLD

Stock - 1st April, 2005	3,77.17	7,35.03
Add : Purchases	28,03.99	43,33.34
	31,81.16	50,68.37
Less : Stock - 31st March, 2006	3,37.53	3,77.17
	28,43.63	46,91.20

SCHEDULE 17

PERSONNEL

Salaries, Wages and Bonus	94,59.16	84,39.25
Provident Fund, Gratuity Fund and Superannuation Scheme etc.	10,89.59	13,13.41
Welfare Expenses	12,76.80	11,91.43
	118,25.55	109,44.09

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2006

(Rs.in Lakhs)

SCHEDULE 18

OTHER EXPENSES

	2005-2006	2004-2005
Conversion Charges	69,78.50	64,47.32
Stores and Spares Consumed	9,28.66	9,20.15
Provision for Obsolescence of Stores	11.44	34.77
Power and Fuel	62,33.28	54,49.57
Freight and Delivery Charges	61,69.33	59,07.25
Rent	3,03.33	3,00.03
Rates and Taxes	4,20.79	5,26.25
Insurance	1,97.87	1,70.82
Repairs :		
Machinery	7,17.72	6,06.66
Buildings	1,16.28	77.79
Others	99.77	1,00.37
	9,33.77	
Travelling and Conveyance	7,03.57	5,96.10
Printing and Stationery	1,28.73	1,36.34
Directors' Fees	6.20	5.90
Auditors' Remuneration :		
Audit Fees	15.00	15.00
Taxation Matters	1.32	1.30
Other Services (Certification, Tax Audit, etc.)	13.17	12.01
Reimbursement of Expenses	1.67	1.06
	31.16	
Advertisement and Sales Promotion Expenses	5,02.44	6,31.17
Rebates and Discounts	63,87.69	54,88.51
Commission	16,78.87	13,15.37
Communication Expenses	2,90.85	3,16.14
Advances Written off	--	77.97
Bad Debts Written off	2,37.82	2,90.09
Less : Provision for doubtful debts written back to the extent provided	2,37.82	(290.09)
Provision for Doubtful Debts / Advances	1,85.64	2,69.42
Loss on Assets Sold / Discarded	60.81	17.37
Lease Rent	35.58	37.02
Factory Expenses	3,13.77	3,15.90
Legal Charges	90.81	91.92
Finance Charges	8,71.96	8,07.56
General Expenses	11,27.58	12,00.61
	345,92.63	318,77.65

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2006

(Rs.in Lakhs)

SCHEDULE 19

INTEREST

	2005-2006	2004-2005
On Debentures	40.14	68.15
On Term Loans	15,42.54	15,93.22
Others	47,72.92	47,57.37
	<u>63,55.60</u>	<u>64,18.74</u>

SCHEDULE 20

(INCREASE) / DECREASE IN STOCK

Stock - 1st April, 2005

Semi-Finished	22,40.16	19,46.22
Finished	46,20.78	57,59.04
	<u>68,60.94</u>	<u>77,05.26</u>

Stock - 31st March, 2006

Semi-Finished	20,04.70	22,40.16
Finished	74,93.65	46,20.78
	<u>94,98.35</u>	<u>68,60.94</u>
	(26,37.41)	8,44.32

Differential Excise Duty on Opening and Closing Stock of Finished Goods

3,34.61 (4,22.82)

(23,02.80) 4,21.50

Schedule forming part of the Accounts for the year ended March 31, 2006.

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.

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

C) Borrowing Cost

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

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

Incentives sanctioned under different Government schemes are accounted on accrual basis.

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

Dividend is accounted when right to receive payment is established.

H) Export Incentive

Export Incentive are treated as income in the year of Export and are credited to the Raw Material Consumption Account.

Schedule forming part of the Accounts for the year ended March 31, 2006.

(Rs. in Lakhs)

SCHEDULE 21 (Continued)

I) Foreign Currency Transactions

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

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

J) Lease Rentals

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

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

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.

	2005-06	2004-05
2) Contracts remaining to be executed:		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for - net of advance payments	2,39.82	2,20.92

3) Contingent Liabilities:

Contingent liabilities are disclosed only when demands are made on the company after adjudication of show cause notices.

The Liabilities are accounted only on crystallisation (or acceptance by the company) after exploring the available Appellate procedures such as Tribunals / Courts etc.

Schedule forming part of the Accounts for the year ended March 31, 2006.

(Rs. in Lakhs)

SCHEDULE 21 (Continued)

	2005-06	2004-05
a) Direct and Indirect Taxation Matters on which there are decisions of the appellate authorities in the Company's favour, but appeals made by tax authorities		
Income Tax	2,46.90	2,81.87
Wealth Tax	--	3.20
Excise and Custom Duty	38,62.92	38,87.37
Sales Tax	3.08	4.07
b) Direct and Indirect Taxation matters in respect of which the Company is in appeal		
Excise and Custom Duty	7,67.25	4,17.02
Sales Tax	3,89.67	3,95.93
c) Disputed demands of Octroi Duty	85.00	85.00
d) Bills discounted with Banks and Finance Companies	38,64.67	38,73.81
e) Corporate Guarantees to :		
i) Mizuho Corporate Bank Ltd. for Basic Tele Services Ltd. Covered by indemnity undertakings from RPG Enterprises Ltd.	25,50.00	25,50.00
ii) Kerala State Industrial Development Corporation Ltd. for Rado Tyres Ltd.	3,00.00	3,00.00
iii) State Bank of India for RPG Cables Ltd. (Consequent to amalgamation of Subsidiaries)	10,00.00	--
4) Claims against the Company not acknowledged as Debts (Estimated):		
i) in respect of labour matters	6,26.50	11,61.12
ii) other claims	5,59.66	5,65.31
5) Remuneration to Managing Director (exclusive of contribution to Gratuity Fund on actuarial valuation)		
Salaries	21.60	21.60
Allowances and Perquisites	2.40	2.40
Contribution to Provident and Superannuation Funds	5.83	5.83
Total	29.83	29.83

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.

Schedule forming part of the Accounts for the year ended March 31, 2006.

(Rs. in Lakhs)

SCHEDULE 21 (Continued)

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

Class of goods	Licensed Capacity	Installed Capacity	Opening Stock	Production	Purchase	Closing Stock	Gross Sales
		(1)		(2)			
Automotive Tyres							
Nos. in Lakhs	49.47	43.11	3.55	76.40	0.95	4.47	76.43
	(49.47)	(43.11)	(5.04)	(72.78)	(1.61)	(3.55)	(75.88)
Value	--	--	32,49.32	--	28,03.65	61,30.27	1,749,11.49
	(--)	(--)	(52,11.08)	(--)	(41,06.22)	(32,49.32)	(1,601,57.76)
Automotive Tube							
Nos. in Lakhs	49.47	--	8.48	83.20	--	9.71	81.97
	(49.47)	(--)	(5.78)	(78.52)	(0.62)	(8.48)	(76.44)
Value	--	--	15,74.34	--	--	15,21.91	174,62.13
	(--)	(--)	(11,20.35)	(--)	(2,15.65)	(15,74.34)	(150,89.41)
Automotive Flaps							
Nos. in Lakhs	--	--	1.59	24.30	--	1.41	24.48
	(--)	(--)	(1.42)	(23.30)	(--)	(1.59)	(23.13)
Value	--	--	1,69.04	--	--	1,75.53	28,21.04
	(--)	(--)	(1,58.63)	(--)	(--)	(1,69.04)	(27,71.81)
Others - Value	--	--	5.25	--	0.34	3.47	4.66
	(--)	(--)	(4.02)	(--)	(11.47)	(5.25)	(11.70)
Total Value	--	--	49,97.95	--	28,03.99	78,31.18	1,951,99.32
	(--)	(--)	(64,94.08)	(--)	(43,33.34)	(49,97.95)	(1,780,30.67)

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

(2) Production quantity includes the following procured under conversion basis, for which licensed capacity and installed capacity is not relevant, hence not included:

	(Nos. in Lakhs)	
	Current year	Previous year
Automotive Tyres	37.76	34.96
Automotive Tubes	83.20	78.52
Automotive Flaps	24.30	23.07

7) Raw Materials Consumed:

	2005-06		2004-05	
	Quantity (M.T.)	Value	Quantity (M.T.)	Value
Rubber	7,93,01	618,29.44	7,58,75	522,00.95
Fabrics	1,45,27	293,26.58	1,39,99	244,19.51
Carbon Black	3,66,30	127,37.83	3,50,00	104,04.17
Chemicals	2,00,11	112,49.74	1,88,58	83,58.34
Others	--	57,80.52	--	55,17.83
Total		1,209,24.11		1,009,00.80

Schedule forming part of the Accounts for the year ended March 31, 2006.

(Rs. in Lakhs)

SCHEDULE 21 (Continued)

8) Value of Imports calculated on CIF basis:

	2005-06	2004-05
Raw Materials	334,28.82	305,59.70
Traded Goods	22,17.14	29,98.49
Components and Spares	49.14	67.36
Capital Goods	2,68.69	1,88.22

9) Expenditure in Foreign Currency:

Interest	8,27.68	2,38.56
Travelling	94.54	1,06.48
Others	1,94.84	1,83.25

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

	2005-06		2004-05	
	%	Value	%	Value
Raw Materials				
Imported	30.98	374,64.29	33.58	338,77.28
Indigenous	69.02	834,59.82	66.42	670,23.52
	100.00	1,209,24.11	100.00	1,009,00.80
Stores and Spares				
Imported	3.12	29.01	6.23	57.37
Indigenous	96.88	899.65	93.77	862.78
	100.00	928.66	100.00	9,20.15

11) Dividend Remittance in Foreign Currency:

Amount remitted (net)	--	23.77
Number of Non-resident Shareholders	--	3
Number of Shares on which remittance was made	--	23,76,565
Year for which the Dividend was remitted	--	2003-04

12) Earnings in Foreign Currency:

Export Sales calculated on FOB basis	393,50.29	258,60.42
Royalty	88.30	70.47
Technology Fee	86.62	--
Others	12.07	19.30

13) Research & Development Expenses

Capital	1.24	--
Revenue	1,30.95	91.42

Schedule forming part of the Accounts for the year ended March 31, 2006.

(Rs. in Lakhs)

SCHEDULE 21 (Continued)

14) Provision for Contingencies:

- a) Rs. Nil (Previous year Rs.7,52.88) has been used from previous years contingency provision towards Excise, Sales Tax and Octroi claims etc.
- b) The Company has reversed provision for contingencies of Rs. Nil (Previous year Rs.4,85.13) as extra-ordinary item due to satisfactory conclusion of certain matters under litigation.

15) Amalgamation of CEAT Ventures Limited (CVL), CEAT Holdings Limited (CHL) and Meteoric Industrial Finance Company Limited (MIFL) (erstwhile wholly owned subsidiaries) with the Company.

- 1) Pursuant to the Scheme of Amalgamation of erstwhile CVL, CHL and MIFL (i.e. amalgamating companies) with the Company as approved by the shareholders in the Court convened meeting held on 10th February, 2006 and subsequently sanctioned by Hon'ble High Court of Bombay, Maharashtra, under the provisions of the Companies Act, 1956 vide its Order dated 30th June, 2006 filed with Registrar of Companies on 21st July, 2006 and with Reserve Bank of India on 24th July, 2006. The assets and liabilities of the erstwhile companies were transferred and vested in the Company with effect from 1st April, 2005 (Appointed Date) and the Scheme has been given effect to in the Accounts of the year.

The amalgamating companies were engaged in the Investments and Financial business.

- 2) As a consequence of amalgamation the assets and liabilities of the amalgamating companies (as at 31st March, 2005) have been incorporated in the books of account of the Company as per "The Purchase" method as prescribed by Accounting Standard (AS 14) issued by The Institute of Chartered Accountants of India. The Accounting of the Amalgamation in the books of the Company are dealt with as under:
 - a) (i) Assets and liabilities of the amalgamating companies are recorded in the books of the Company at their fair values, duly valued by the Valuers and approved by the Board of Directors;
 - (ii) The difference between the assets and liabilities so taken over are debited to the "Reconstruction Suspense Account";
 - b) The values of the existing assets of the Company have been revised and restated to their fair values, duly valued by the Valuers and approved by the Board of Directors. The resulting diminution in the value of assets has been debited to the Reconstruction Suspense Account;
 - c) Debit balance of the Reconstruction Suspense Account has been adjusted against the Revaluation Reserve and balance against Capital Reserve.
 - d) Investments, Loans & Advances and Interest thereon held by the Company in amalgamating companies stand extinguished.
 - e) Extract of Reconstruction Suspense Account on Amalgamation:

1. Amalgamating Company		
i) Assets taken over		56,64.91
ii) a) Liabilities taken over	4,41.36	
b) Extinguishment of Investments, Loans & Advances	171,60.29	
c) Extinguishment of Share Capital	105,49.96	
		281,51.61
Net Amount debited to Reconstruction Suspense Account (ii-i)		224,86.70
2. Difference on restatement / revision in the assets of the Company debited to reconstruction Suspense Account		301,59.81
3. Total debit to Reconstruction Suspense Account (1 + 2)		526,46.51
Adjusted against		
1) Revaluation Reserve	526,31.77	
2) Capital Reserve	14.74	526,46.51

Schedule forming part of the Accounts for the year ended March 31, 2006.

(Rs. in Lakhs)

SCHEDULE 21 (Continued)

- 3) Pending completion of the relevant formalities of transfer of certain assets and liabilities acquired pursuant to the Scheme, such assets and liabilities remain in the name of the erstwhile Amalgamating Companies.
- 4) In view of the above Amalgamation being effective, the figures for the year ended 31st March, 2006 are not comparable with those of the previous year.
- 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, 2006. 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 are given below:

Accura Valves	Acusharp Knives
Acmechem Pvt. Ltd.	Alfa Engineers
Alfred Rubber Products	Aristo Flexi Pack
A.S.Industries	Asco Tarapur
Bharat Rubber Regenerating Ltd.	Burad Chemicals Pvt. Ltd.
Deekay Clutches	E Eyres Rubber Chem. Pvt. Ltd.
Grand Wood Works & Saw Mill	I.G Fabrichem
J.K.Enterprises	Jaishil Sulphur & Chemical
J.N.Industries	Kalyani Industries
Key Industries	Micro Belts & Tyres Pvt. Ltd.
Multiquadrant Ind.Control	Nav Bharat Metallic Oxide Industry
National Spring Works	P J Brothers
Panchal Engineers	Pragati Udyog
Pneumatic Tools Mfg.Co.	Pukhraj Corporation
Pukhraj Engineering & Chemicals	Premier Polymer Industries
Rajashree Enterprises	Ratna Moti Engineers Works
Sah Petroleum Ltd.	Sathi Industries
Shanmukha Laboratories	Sipa Press
Solar Chemferts Pvt. Ltd.	Specific Ventil Fabric
Suraiya Pvt. Ltd.	Swastik Enterprises
Shree Samarth Industries	Tech-India Enterprises
Vibros Rubber Products P. Ltd.	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) Major components of Deferred Tax Assets and Deferred Tax Liabilities:

Particulars	2005-06	2004-05
Assets		
Carried forward unabsorbed losses / depreciation	21,80.32	23,99.02
Net disallowance under section 43B of the I.T. Act	3,47.70	4,94.78
	25,28.02	28,93.80
Liability		
Difference between book and tax depreciation	39,26.87	41,92.65
Deferred Tax Liability (Net)	(13,98.85)	(12,98.85)

Schedule forming part of the Accounts for the year ended March 31, 2006.

(Rs. in Lakhs)

SCHEDULE 21 (Continued)

18) Disclosure of related parties/related party transactions:

a) Related parties:

(i) 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 (*),
- Associated CEAT Kelani Radials Limited
- Rado Tyres Limited
- Zensar Technologies Limited

(ii) 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 :

	2005-06	2004-05
Transactions		
1. Reimbursement of Expenses	19.68	37.33
2. Dividend received	63.52	19.55
3. Export Sales	3,11.33	3,02.33
4. Royalty Received/Receivable	93.79	70.47
5. Interest (Net)	36.41	36.41
6. Imports of traded goods	15,70.91	24,05.06
7. Conversion charges paid/payable	4,37.53	4,25.20
8. Technology Fee	86.62	--
9. Subscription for issue of Shares	0.18	--
Amount due to / from related parties		
1. Interest Receivable	--	2,21.78
2. Debtors for Expenses	66.13	12.59
3. Debtors for Export	1,03.90	1,58.74
4. Loans, Advances and Deposits given	58.27	3,68.10
5. Royalty receivable	66.30	59.41
6. Creditors	4,80.78	10,47.80
7. Investments in Shares and debentures	4,66.66	1,95.81

Transactions with Mr. Paras K. Chowdhary, Managing Director being the remuneration paid to him have been given in Note No. 5 of Schedule 21.

Schedule forming part of the Accounts for the year ended March 31, 2006.

(Rs. in Lakhs)

SCHEDULE 21 (Continued)

19) Disclosures as required under clause 32 of listing agreement.

- i) Loans and Advance in the nature of Loans to associates: Rs. Nil (Previous year Rs. Nil)
- ii) Loans and Advances in the nature of Loans where there is no repayment schedule, or no interest or interest below Section 372A of Companies Act, 1956: Rs. Nil (Previous year Rs.Nil)

For this purpose inter-corporate loans are not considered as these are repayable on demand and interest is at Market Rates.

- iii) Loans and Advances in the nature of Loans to firms / Companies in which Directors are interested: Rs. Nil (Previous year Rs.Nil)
- iv) Investment by the Loanee in shares of the Company as at 31st March, 2006:

Sr. No.	Loanee	No. of Equity Shares
1	Adapt Investments Ltd.	183
2	Brabourne Investments Ltd.	269
3	B. N. Elias and Company	100
4	Brentwood Investments Ltd.	4252
5	Canal Investment and Industries Ltd.	5,982
6	Chattarpati Investments Ltd.	8,606
7	Consolidated Industrial Fund Ltd.	276
8	Eastern Aviation & Industries Ltd.	388
9	Hilltop Holdings India Ltd.	7,23,067
10	Jubilee Investments & Industries Ltd.	23,57,693
11	Offshore India Ltd.	40,616
12	Organised Investments Ltd.	330
13	PCBL Industrial Finance Ltd.	1,489
14	Universal Industrial Fund	178
15	Yield Investments Ltd.	11,887

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.

21) Earnings Per Share (EPS):

	2005-06	2004-05
a) Weighted Average Number of shares at the beginning and end of the year	3,94,47,704	3,87,25,548
b) Net Profit / (Loss) after Tax available for Equity Shareholders (Rupees in Lakhs)	51.76	(1,87.42)
c) Face value per share (Rupees)	10	10
d) Basic and Diluted Earnings Per Share (Rupees)	0.13	(0.48)

22) Auditor's Remuneration:

Other Services shown in Schedule 18 includes an Amount of Rs.0.70 (Previous year Rs.0.60) Audit Fees paid to Cost Auditor.

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 term of amendment to schedule VI part IV) is given below.

I. Registration Details

Registration No. State Code
 Balance sheet date

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

Public issue Right issue
 Bonus issue Private Placement

III. Position of Mobilisation and Deployment of funds (Amount in Rs. Lakhs)

Total Liabilities Total Assets

Sources of Funds

Paid up Capital Reserves and Surplus:
 Secured Loans Unsecured Loans
 Deferred Tax Liability (Net)

Application of Funds

Net Fixed Assets Investments
 Net Current Assets Misc. Expenditure
 Accumulated Losses

IV. Performance of Company (Amount in Rs. Lakhs)

Turnover Total Expenditure
 (Includes Other income)
 Profit before tax Profit after tax
 Earning per share in Rs. Dividend rate %

V. Generic names of three principle products / services of the company (as per monetary terms)

Item Code No.	4011	4012	4013
Product Description	Automotive Tyres	Flaps	Tubes

Signatures to schedule '1' to '21'

As per our report attached

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

M.N. Thakkar
Partner

Mumbai, 31st July, 2006

On behalf of the Board of Directors,

H.V.Goenka

Vice Chairman

Paras K.Chowdhary

Managing Director

Mumbai, 31st July, 2006

H.N.Singh Rajpoot
Company Secretary

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 31ST JULY, 2006 FOR THE PERIOD 1ST APRIL 2005 TO 31ST MARCH 2006.

(a) Name (b) Age (in yrs.) (c) Designation/Nature of Duties (d) Remuneration (in Rs.) (e) Qualifications (f) Experience (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) Paras K. Chowdhary (b) 54 (c) Managing Director (d) 2982904 (e) B.Sc. Physics (Hons.) (f) 32 (g) 18..01.2001 (h) Apollo Tyres Limited (22 yrs.) President & Wholtime Director (a) K.J. Rao (b) 50 (c) Chief Financial Officer (d) 5017529 (e) B.Com., F.C.S., M.I.M.A. (f) 26 (g) 22.10.1994 (h) RPG Telecom Limited (12 yrs.) Vice President (Finance) & Co.Secretary (a) Tom K. Thomas (b) 53 (c) Vice President –Technical & Manufacturing (d) 4384434 (e) B.Sc., B.Tech (e) 30 (f) 20.07.2001 (g) J.K. Industries Limited (3 yrs.) Vice President –Tech. & Radial Plant (a) K. Ganesan (b) 49 (c) Vice President – Projects (d) 3634365 (e) DME, BBA, PGDM (f) 27 (g) 24.09.2004 (h) J.K. Industries Limited (6 yrs.) Director – Manufacturing (a) Hundal Singh (b) 46 (c) General Manager – Bhandup Plant (d) 2419569 (e) M.Sc (f) 21 (g) 01.06.2002 (h) J.K. Industries Limited (2 yrs.) General Manager – Production (a) Capt. S. Vasudeva (b) 65 (c) Advisor – Corporate Affairs (d) 4332943 (e) B.E. (Mech.), Masters Foreign Going Certificate of Competency issued by Ministry of Transport (f) 18 (g) 01.04.2002 (h) RPG Enterprises Limited (5 yrs.) President – Corporate Affairs (a) J.S. Mavlankar (b) 47 (c) Vice President – Corporate Business Audit (d) 3087084 (e) FCA, Grad. CWA, CISA (USA), CIA (USA) (f) 23 (g) 01.12.1997 (h) Kirloskar Cummins Limited (4 yrs.) Chief Internal Auditor.

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

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

(a) S.V. Sohoni (b) 48 (c) Vice President – Human Resources (Tyre Sector) (d) 3225822 (e) B.Sc (Stats. & Eco.), M.A. (PM&IR) (f) 26 (g) 23.07.2001 (h) ESSAR Group, Mumbai (2 yrs.) Head –Corporate Human Resources (a) T.M.Elavia (b) 67 (c) Vice President-Legal & Secretarial (d) 3592716 (e) LLB, ACCS, ACIS, ACS, FCS (f) 41 (g) 04-01-1971 (h) Investment Corporation of India (6 yrs.) Assistant (a) Promod M.Unde (b) 42 (c) Vice President- Materials (d) 1072454 (e) DME,AMIE,B.E (Mech) (f) 23 (g) 06-05-2003 (h) Sterlite Optical Technologies Limited (2 yrs.) C.O.O. (a) Arnab Banerjee (b) 42 (c) Vice President- Sales & Marketing (d) 1781358 (e) B.Tech, PGDM (f) 19 (g) 21-11-2005 (h) Merico Limited (10 yrs.) Head-New Business Development (a) Rajiv Kumar Jain (b) 42 (c) General Manager- Marketing (d) 2058213 (e) B.Com (Hons), MBA (PGDM) (f) 15 (g) 01-07-2005 (h) Welspun India Limited (1 yr.) Vice President –Exports (a) G. Chandrasekran (b) 57 (c)Chief Executive (d) 1343710 (e) B.E. M.Tech (I.E.) (f) 33 (g) 14.04.1986 (h) Apollo Tyres (3 yrs.) Production Manager (a) K.K. Paul (b) 48 (c) Vice president – Sales & Marketing (d) 583162 (e) M.B.A.(f) 22 (g) 24.08.2001 (h) T.I. Cycles of India (18 yrs.) Vice President – Operations (a) R.K. Dhawan (b) 59 (c) Vice President – Corporate (d) 885467 (e) B.Sc.(Chem.) (f) 39 (g) 25.03.1999 (h) Apollo Tyres Limited (4 yrs.) Vice President (a) K.M. Desai (b) 58 (c) Chief Manager –Outsourcing & Quality Audit (d) 665687 (e) B.Sc. L.P.R.I.- London (f) 36 (g) 08.02.1980 (h) J.K. Tyres Limited (4 yrs.) Suptd.(Devpt.) Technical (a) M.R. Joshi (b) 57 (c) Assistant Manager – Exports (d) 314291 (e) S.S.C. (f) 37 (g) 16.01.1971 (h) Superintending Engineer (3yrs.) Junior Clerk and Typist (a) Kameswari Vissa (b) 42 (c) Vice President – BIS & IT (d) 2494011 (e) CA (f) 16 (g) 11.06.2004 (h) Big Four Consulting Firm, Executive Director (a) Chandrashekhar Ajgaonkar (b) 44 (c) Corporate Quality Executive (d) 2033965 (e) B.E. (Mech.), MMS (f) 22 (g) 02.08.2005 (h) ECS Limited (10 yrs.) Principal Consultant (a) K.J. Pithawala (b) 60 (c) Safety Officer (d) 496698 (e) Dip.in Mech. & Elec.Engg./Dip.in Industrial Safety (f) 37 (g) 01.09.1968 (h) Nil (a) V.M. More (b) 60 (c) Supervisor (d) 516195 (e) Std.VIII (f) 40 (g) 22.09.1965 (h) Shah & Sangi (2yrs.) Peon (a) N.V. Pathak (b) 60 (c) Supervisor (d) 340043 (e) S.S.C. (f) 38 (g) 25.01.1967 (h) National Rayon Corpn. (4 yrs.) Lab Operator (a) Bansraj H. Yadav (b) 60 (c) Band Helper (d) 226403 (e) Nil (f) 34 (g) 19.01.1971 (h) Nil (a) M.A. Cheulkar (b) 60 (c) Helper (d) 332376 (e) Nil (f) 39 (g) 23.05.1966 (h) Nil (a) N.K. Thorat (b) 55 (c) Bom Operator A (d) 262735 (e) IX failed (f) 34 (g) 25.05.1971 (h) Hindustan Lever (6 mths.) (a) Bajnath J. Yadav (b) 60 (c) Tyre Repairer (d) 234989 (e) Nil (f) 34 (g) 21.05.1971 (h) Nil (a) Satiram D. Yadav (b) 60 (c) Tyre Inspector (d) 270564 (e) Std. X (f) 40 (g) 02.04.1965 (h) Nil (a) Rajnarayan B. Yadav (b) 55 (c) Leading Hand (d) 272983 (e) St. IV (f) 36 (g) 11.10.1969 (h) Nil.

Notes:

1. All appointments are/were contractual as per the rules and conditions of the Company except for Mr. Paras K. Chowdhary, under (a) who was re-appointed in accordance with the conditions specified in Part I and Part II of Schedule XIII, Mr. Chowdhary's contract would be as per the terms to be 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,

Mumbai
Date: 31st July 2006

H. V. Goenka
Vice Chairman

Paras K. Chowdhary
Managing Director

