

**CEAT**

ANNUAL REPORT  
2013-14



**STRONG GRIP.  
STEADY FOCUS.**



## Forward-looking Statement

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

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

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# Corporate Information

## Board of Directors

H. V. Goenka (Chairman)  
Anant Vardhan Goenka (Managing Director)  
Arnab Banerjee (Executive Director-Operations)  
Vinay Bansal  
A.C. Choksey  
Paras K. Chowdhary  
S. Doreswamy  
Mahesh S. Gupta  
Haigreve Khaitan  
Punita Lal  
Bansi S. Mehta  
Hari L. Mundra  
K.R. Podar

## Audit Committee

Mahesh S. Gupta (Chairman)  
S. Doreswamy  
Hari L. Mundra

## Stakeholders Relationship Committee

S. Doreswamy (Chairman)  
Paras K. Chowdhary  
Mahesh S. Gupta

## Nomination and Remuneration Committee

Mahesh S. Gupta (Chairman)  
Paras K. Chowdhary  
S. Doreswamy

## Corporate Social Responsibility Committee

Anant Vardhan Goenka (Chairman)  
Hari L. Mundra  
Vinay Bansal

## Company Secretary

H. N. Singh Rajpoot

## Registered Office

463, Dr. Annie Besant Road  
Worli, Mumbai 400030

## Plants

Village Road, Bhandup, Mumbai 400 078  
82, MIDC, Industrial Estate, Satpur, Nasik 422 007  
Village Gate Muvala, Halol, Panchmahal,  
Gujarat 389350

## Legal Advisors

Mulla & Mulla and Craige, Blunt & Caroe

## Auditors

S.R. Batliboi & Associates, LLP

## Registrar and Share Transfer Agents

TSR Darashaw Private Limited  
6-10, Haji Moosa Patrawala Industrial Estate  
20, Dr. E Moses Road, Worli, Mumbai 400011

## Bankers

Axis Bank Limited  
Bank of Baroda  
Bank of India  
Corporation Bank  
EXIM Bank  
ICICI Bank Limited  
IDBI Bank Limited  
State Bank of India  
UCO Bank  
YES Bank Limited

# Notice

NOTICE is hereby given that the fifty-fifth Annual General Meeting of the Company will be held at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025, on Friday, September 26, 2014 at 3:30 p.m. to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements including the Consolidated Financial Statements for the year ended March 31, 2014, the Report of the Auditors' thereon and the Report of the Directors' for the year ended on that date.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Paras K. Chowdhary (DIN: 00076807), who retires by rotation and, being eligible, has offered himself for re-appointment.

## SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:  

"RESOLVED that pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, Messrs S R B C & Co., LLP, Chartered Accountants (Firm Registration No. 324982E), be and are hereby appointed as Statutory Auditors of the Company, in place of the retiring auditors Messrs S. R. Batliboi & Associates, LLP, Chartered Accountants, to hold office from the conclusion of this Annual General Meeting until the conclusion of the fifty-eighth Annual General Meeting of the Company, subject to ratification at every Annual General Meeting on such remuneration as may be mutually decided by the Board of Directors of the Company and the Statutory Auditors."
5. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:  

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory

modification or re-enactment thereof) (hereinafter referred to as the Act) and Clause 49 of the Listing Agreement, as amended or re-enacted from time to time, entered into with the Stock Exchanges, Mr. Atul Choksey (DIN: 00002102), Director of the Company, in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years with effect from the date of the fifty-fifth Annual General Meeting of the Company."

6. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification or re-enactment thereof) (hereinafter referred to as the Act) and Clause 49 of the Listing Agreement entered into with the Stock Exchanges, as amended or re-enacted from time to time, Mr. Haigreve Khaitan (DIN: 00005290), Director of the Company, in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years with effect from the date of the fifty-fifth Annual General Meeting of the Company."

7. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification or re-enactment thereof) (hereinafter referred to as the Act) and Clause 49 of the Listing Agreement entered into with the Stock Exchanges, as amended or re-enacted from time to time, Mr. S. Doreswamy (DIN: 00042897), Director of the Company, in respect of whom the Company has

received a notice in writing proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years with effect from the date of the fifty-fifth Annual General Meeting of the Company.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification or re-enactment thereof) (hereinafter referred to as the Act) and Clause 49 of the Listing Agreement entered into with the Stock Exchanges, as amended or re-enacted from time to time, Mr. Mahesh Gupta (DIN: 00046810), Director of the Company, in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years with effect from the date of the fifty-fifth Annual General Meeting of the Company.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification or re-enactment thereof) (hereinafter referred to as the Act) and Clause 49 of the Listing Agreement entered into with the Stock Exchanges, as amended or re-enacted from time to time, Mr. K. R. Podar (DIN: 00086038), Director of the Company, in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years with effect from the date of the fifty-fifth Annual General Meeting of the Company.”

10. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act,

2013 and the Rules made there under (including any statutory modification or re-enactment thereof) (hereinafter referred to as the Act) and Clause 49 of the Listing Agreement entered into with the Stock Exchanges, as amended or re-enacted from time to time, Mr. Vinay Bansal (DIN: 01674284), Director of the Company, in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years with effect from the date of the fifty-fifth Annual General Meeting of the Company.”

11. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification or re-enactment thereof) (hereinafter referred to as the Act), and Clause 49 of the Listing Agreement entered into with the Stock Exchanges, as amended or re-enacted from time to time, read with Schedule IV of the Act, Ms. Punita Lal, (DIN:03412604) who was appointed as an Additional Director of the Company with effect from April 29, 2014 and who holds office upto the conclusion of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a member in terms of Section 160 of the Act, proposing her candidature for the office of Director and who is eligible for appointment, be and is hereby appointed as an Independent Director to hold office for a term of 5 (five) consecutive years with effect from the date of the fifty-fifth Annual General Meeting of the Company.”

12. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification or re-enactment thereof) (hereinafter referred to as the Act), the remuneration of ₹ 2,20,000/- (Rupees Two Lakhs Twenty Thousand only) and reimbursement of out-of-pocket expenses at actual plus applicable taxes for the financial year ending March 31, 2015, as approved by the Board of Directors of the Company, to be paid to M/s N I Mehta & Co., Cost Accountants, for conducting the audit of the cost records of the Company be and is hereby ratified and confirmed.”

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

“RESERVED THAT in supersession of the Ordinary Resolution passed at the Annual General Meeting of the Company held on September 10, 1998 and pursuant to the provisions of Section 180(1) (a) and other applicable provisions of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force) (hereinafter referred to as the Act) the consent of the Company be and is hereby accorded to the Board of Directors (herein after referred to as the Board which expression shall include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution) to create mortgage and/or charge and /or hypothecation, in addition to the existing charges, mortgages and hypothecations created by the Company, on any of its movable and/or immovable properties wherever situated, whether present or future and to create a mortgage and/or charge on such terms and conditions at such times and in such form and manner and with such ranking as to priority as the Board in its absolute discretion thinks fit on the whole or substantially the whole of any one of the Company's undertaking or all of the Company's undertakings in favour of any Bank(s), or Financial Institution(s) or body(ies) corporate or persons or trustees for the holders of debenture(s)/ bond(s) whether shareholder or not, for securing any loan(s), borrowing(s) including working capital facilities whether fund based or non fund based, foreign currency loan(s), debenture(s), bond(s) or other financial instrument(s) availed or as may be availed from time to time together with interest, costs, charges, expenses and any other monies payable thereon.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the said resolution, the Board be and is hereby authorised to take all such actions and to do all such deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question or doubt that may arise in this regard.”

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

“RESOLVED THAT in supersession of the Ordinary Resolution passed at the Extra Ordinary General Meeting of the Company on August 29, 1989 and pursuant to the provisions of Section 180(1) (c) of

the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force) (hereinafter referred to as the Act) and subject to the provisions of the Memorandum and Articles of Association of the Company and all other enabling provisions, if any, the consent of the Company be and is hereby granted and accorded to the Board of Directors (herein after referred to as the Board which expression shall include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution) for borrowing for and on behalf of the Company, from time to time, any sum or sums of money in any manner without prejudice to the generality thereof, by way of any kind of loans, advances, credits, acceptance of deposits, issue of debentures or otherwise from any bank or banks or any financial institution or any company or companies or persons and whether the same be unsecured or secured and if secured, whether by way of mortgage, charge, hypothecation, pledge or otherwise in any way whatsoever on, over or in respect of all or any of the Company's assets, effects and properties including uncalled capital (if any), stock-in-trade (including raw materials, stores, parts and components in stock or in transit), book debts and receivables, notwithstanding that the monies so borrowed together with the monies, if any, already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount outstanding at any time shall not exceed the limit of ₹ 10,00,00,00,000 (Rupees One Thousand crores only) in excess of the aggregate of the paid-up capital of the Company and its free reserves, as aforesaid from time to time.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the said resolution, the Board be and is hereby authorised to take all such actions and to do all such deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question or doubt that may arise in this regard.”

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

“RESOLVED THAT pursuant to the provisions of Sections 73, 76 and any other applicable provisions of the Companies Act, 2013 and the Rules made

there under including any statutory modification or re-enactment thereof, for the time being in force (hereinafter referred to as the Act) the consent of the Company be and is hereby accorded to the Board of Directors of the Company ("the Board" which expression shall also include a Committee thereof for the time being exercising the powers conferred on the Board by this resolution) for acceptance or renewal of deposits from its members and person other than its members for an amount not exceeding the limits as set out in the Act and on such terms and conditions including security, rate of interest etc. as may be decided by the Board in its absolute discretion at the time of acceptance or renewal of the deposits in accordance with the Act."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to finalise, settle and execute such documents, deeds, writings, papers, agreements as may be required and to do all such acts, deeds and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question or doubt that may arise in this regard."

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

"RESOLVED THAT pursuant to the provisions of Sections 197 and 198 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under including any statutory modification or re-enactment thereof, for the time being in force (hereinafter referred to as the Act) and subject to all approvals, permissions and sanctions as may be necessary; approval of the Company be and is hereby accorded for payment of Remuneration to the Director(s) of the Company who is/are neither in the whole-time employment with the Company nor Managing Director(s) of the Company, in such manner and up to such extent as the Board of Directors of the Company ("the Board" which expression shall also include a Committee thereof for the time being exercising the powers conferred on the Board by this resolution) may so determine from time to time, but not exceeding 1 (one) percent of the net profits calculated pursuant to the Act and such payments shall be made in respect of profits of the Company for each financial year."

"RESOLVED FURTHER THAT the above Remuneration shall be in addition to the fees payable to the Directors for attending the meetings of the Board or any Committee thereof or for any other

purpose whatsoever, as maybe decided by the Board of Directors and reimbursement of expenses for participation in the Board or any other meetings."

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

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

"RESOLVED THAT pursuant to Section 62 and all other applicable provisions of the Companies Act, 2013 and the applicable rules made thereunder (including any statutory modification or re-enactment thereof, for the time being in force) (hereinafter referred to as the Act), the relevant provisions of the Memorandum and Articles of Association of the Company, the applicable provisions of the rules, regulations, guidelines and circulars issued by Securities and Exchange Board of India (hereinafter referred to as SEBI) including the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as ICDR Regulations), applicable provisions of the Foreign Exchange Management Act, 1999 (including any statutory modification or re-enactment thereof hereinafter referred to as FEMA) and the rules and regulations framed thereunder, the Listing Agreements entered into by the Company with the Stock Exchanges where the equity shares of the Company are listed including amendments thereto and all other applicable laws, rules, regulations, circulars, notifications and guidelines, and subject to any approval, consent, permission and/or sanction of the Government of India, the Reserve Bank of India and any appropriate authority as may be required and subject to any condition imposed by any such appropriate authority while granting any such approval, consent, permission or sanction and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as Board which expression shall include a Committee thereof for the time being exercising the powers conferred on the Board by this resolution, to which Committee any such powers of the Board may be delegated by the Board) approval of the Company be and is hereby accorded to the Board to create, offer, issue and allot from time to time in one or more tranches (including with provisions for reservation on



firm and/or competitive basis, of such part of issue and for such categories of persons including employees of the Company as may be permitted), with or without a green shoe option, such number of equity shares of the Company of face value ₹ 10/- (Rupees Ten) each (Equity Shares), Foreign Currency Convertible Bonds (FCCBs), American Depository Receipts (ADRs), Global Depository Receipts (GDRs), fully or partly convertible debentures, non convertible debentures, preference shares convertible into Equity Shares or any other securities (with or without detachable warrants with right exercisable by the warrant holders to convert or subscribe to the Equity Shares) or instruments convertible into or linked to the Equity Shares with or without voting/special rights, in registered or bearer form (hereinafter collectively referred to as Securities) or any combination of Securities whether denominated in Rupees or in foreign currency, in one or more foreign markets and/or domestic markets by way of one or more public and/or private offerings including Qualified Institutions Placement (QIP) and/or on preferential allotment basis or any combination thereof as may be allowed under the applicable laws, through issue of prospectus and/or placement document or any other permissible/requisite offer document to any eligible investor including foreign / resident investors (whether institutions, incorporated bodies, mutual funds and/or individuals or otherwise), qualified institutional buyers (QIBs), institutions/banks and/or incorporated bodies and/or individuals and/or trustees and/or stabilizing agent or otherwise, foreign institutional investors, venture capital funds, foreign venture capital investors, qualified foreign investors, alternative investment funds, multilateral and bilateral financial institutions, state industrial development corporations, insurance companies, provident funds, pension funds, insurance funds set up by army, navy, or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India, development financial institutions, Indian mutual funds, non-resident Indians, promoters, members of group companies, Indian public, bodies corporate, companies (private or public) or other entities, authorities and/or any other categories of investors, whether they be holders of Equity Shares or not (hereinafter referred to as Investors) at such time or times, at such price or prices, at a discount or premium to the market price or prices in such manner and on such terms and conditions including security, rate of interest, conversion etc., including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made

to the exclusion of all other categories of Investors at the time of such issue and allotment considering the prevailing market conditions and other relevant factors wherever necessary as may be decided by the Board in its absolute discretion at the time of issue of Securities in one or more offerings/tranches, and wherever necessary in consultation with merchant banker(s), lead manager(s) and/or underwriter(s) and/or other advisors to be appointed by the Company, such that the total amount including premium raised through the aforesaid Securities should not exceed ₹ 5,00,00,00,000 (Rupees Five Hundred Crores) or equivalent thereof in one or more currencies.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be necessary in accordance with the above resolution and all such Equity Shares shall rank *pari passu* with the then existing Equity Shares in all respects including dividend.”

“RESOLVED FURTHER THAT without prejudice to the generality of the above, if any issue of Securities is made by way of a QIP in terms of Chapter VIII of the ICDR Regulations (hereinafter referred to as Eligible Securities), the allotment of the Eligible Securities or any combination of Eligible Securities as may be decided by the Board shall be completed within 12 (twelve) months from the date of this resolution or such other time as may be allowed under the ICDR Regulations from time to time.”

“RESOLVED FURTHER THAT any issue of Eligible Securities made by way of a QIP in terms of Chapter VIII of the ICDR Regulations shall be at such price which is not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the ICDR Regulations (QIP Floor Price) subject to applicable law, that a discount of not more than 5% (Five Percentage) or such percentage as permitted may be offered under applicable law on the QIP Floor Price, and further the relevant date for pricing shall be the date of the meeting in which the Board decides to open the proposed issue.”

“RESOLVED FURTHER THAT in the event that convertible securities and/or warrants which are convertible into Equity Shares are issued simultaneously with non-convertible debentures to QIBs under Chapter VIII of the ICDR Regulations, the relevant date for the purpose of pricing of such securities/warrants, shall be the date of the meeting in which the Board decides to open the issue of such convertible securities and/or warrants simultaneously with non-convertible debentures and at such price



being not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the ICDR Regulations.”

“RESOLVED FURTHER THAT in the event the Securities proposed to be issued are FCCB(s), ADR(s) or GDR(s), the relevant date for pricing the Securities shall be the date of the meeting in which the Board decides to open the issue of such Securities in accordance with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through the Depository Receipt Mechanism) Scheme, 1993 (including any statutory modification or re-enactment thereof) and other applicable pricing provisions issued by the Ministry of Finance.”

“RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid Securities may have such features and attributes or any terms or combination of terms in accordance with international practices to provide for the tradability and free transferability thereof as per the prevailing practices and regulations in the capital markets including but not limited to the terms and conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payments whatsoever including terms for issue of additional Equity Shares or variation of the conversion price of the Securities during the duration of the Securities and the Board be and is hereby authorised in its absolute discretion in such manner as it may deem fit, to dispose off such of the Securities that are not subscribed.”

“RESOLVED FURTHER THAT the issue to the holders of the Securities, which are convertible into or exchangeable for Equity Shares at a later date, shall be, inter alia, subject to the following terms and conditions:

- a) in the event the Company is making a bonus issue by way of capitalisation of its profits or reserves prior to the allotment of the Equity Shares, the number of Equity Shares to be allotted to the holders of the Securities shall stand augmented in the same proportion in which the equity share capital increases as a consequence of such bonus issue and the premium, if any, shall stand reduced pro tanto;
- b) in the event of the Company making a rights offer by issue of Equity Shares prior to the allotment of the Equity Shares to the holders of the Securities, the entitlement to the Equity Shares of the holders of the Securities will stand increased

in the same proportion as that of the rights offer and such additional Equity Shares shall be offered to the holders of the Securities at the same price at which the same are offered to the existing shareholders;

- c) in the event of merger, amalgamation, takeover or any other re-organisation or restructuring or any such corporate action, the number of Equity Shares to be issued to the holders of the Securities, the price and the time period as aforesaid shall be suitably adjusted; and
- d) in the event of consolidation of Equity Shares and/or division of outstanding Equity Shares into smaller number of Equity Shares (including by way of stock split) or re-classification of the Securities into other securities and/or involvement in such other event or circumstances which in the opinion of concerned Stock Exchange requires such adjustments, necessary adjustments will be made.”

“RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of Securities, as described above the Board be and is hereby authorised on behalf of the Company to seek listing of any or all of such Securities on one or more Stock Exchanges in India or outside India and listing of Equity Shares underlying the ADR(s) and/or GDR(s) on the Stock Exchanges in India.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to appoint lead manager(s), merchant banker(s), underwriters, guarantors, depositories, custodians, registrars, trustees, bankers, lawyers, stabilizing agent, advisors and all agencies as are or may be required to be appointed and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such agreements, documents, arrangements, memorandum etc. with such agencies.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised on behalf of the Company to take all actions and to do all such acts, deeds, matters and things including to finalise the timing and identification of Investors, and to vary, modify or alter any of the terms or conditions including the size of the proposed issue, offer or allotment of any of the Securities and to resolve and settle all questions and difficulties that may arise from the proposed issue, offer and allotment of the Securities and to do all such acts, deeds, and things in connection therewith and incidental thereto as the Board may in its absolute

discretion deem fit, without being required to seek any further consent from the members of the Company or other wise and that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate (to the extent permitted by law) all or any of the powers herein conferred to any committee of directors or other delegate of the Board to give effect to the aforesaid resolutions and for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to execute all deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to this resolution and accept any alterations or modification(s) as they may deem fit and proper and give such directions as may be necessary to settle any question or difficulty that may arise in regard to issue and allotment of the Securities.”

#### NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
2. **THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
3. A person can act as proxy on behalf of the members not exceeding 50 (fifty) and holding not more than 10 percent of the total share capital carrying voting rights. In case, a proxy is appointed by a member holding more than 10 percent of the total share capital carrying voting rights, such proxy shall not act as proxy for any other person or member.
4. Members are requested to kindly refer the Chapter on Corporate Governance Report in the Annual Report for the information in respect of appointment/re-appointment of Directors, under Clause 49 of the Listing Agreement. Out of the Directors seeking appointment/re-appointment, Mr. Paras K. Chowdhary holds 3,000 equity shares in the Company.
5. None of the Directors seeking appointment/ re-appointment is related to any member of the Board of Directors or to any Key Managerial Personnel.
6. The Register of Members and the Share Transfer Books of the Company shall be closed from Friday, September 19, 2014 to Friday, September 26, 2014 (both days inclusive).
7. **Important notice for Members:**  
For convenience of the Members and for proper conduct of the Meeting, entry to the place of the Meeting will be regulated by the Attendance Slip, which is annexed to the Proxy Form. Members are requested to affix their signature at the place provided on the Attendance Slip and hand it over at the entrance.  
Members can avail of the nomination facility, under Section 72 of the Companies Act, 2013 by filing Form No. SH-13 with the Company. Blank forms will be supplied on request.
8. **Consolidation of Folios:**  
The members holding shares in the same name or in the same order of names, under different Folios, are requested to notify the relevant details of the said holdings to TSR Darashaw Private Limited at 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011 for consolidation of their shareholding into a single folio.
9. **Change in address:**  
Members are requested to notify immediately any change in their address:
  - a) **If the shares held in physical form to:**
    - (i) The Company at its Registered Office at:  
CEAT Limited  
463, Dr. Annie Besant Road,  
Worli, Mumbai 400 030  
  
OR
    - (ii) The Registrar and Share Transfer Agents of the Company at the following address:  
TSR Darashaw Private Limited  
6-10, Haji Moosa Patrawala Industrial Estate,  
20, Dr. E Moses Road, Mahalaxmi,  
Mumbai 400 011.
  - b) **If the shares held in demat form to:** The respective Depository Participants.
10. Members holding shares in physical form are requested to convert their holdings into

dematerialised mode to avoid loss of shares, quick credit of dividend and fraudulent transactions.

#### 11. Green Initiative:

Members holding shares in dematerialised form are requested to register their email addresses with their Depository Participant (DP) and members holding shares in physical form are requested to register their email addresses with the Company at [investors@ceat.in](mailto:investors@ceat.in) or with the Registrar and Share Transfer Agents viz. TSR Darashaw Private Limited at [csg-green@tsrdarashaw.com](mailto:csg-green@tsrdarashaw.com).

12. To ensure speedy credit of dividend and avoid fraudulent encashment, members are requested to kindly inform their Bank Account Details for payment of dividend through NECS. Forms shall be supplied on request.
13. Securities and Exchange Board of India (SEBI) has, vide circular ref. no. MRD/DoP/Cir-05/2007 dated April 27, 2007 made the submission of a copy of PAN card of the transferee mandatory for transfer of shares held in physical form.
14. The Company after compliance with the due procedure laid down under Clause 5A of the Listing Agreement entered into with the Stock Exchanges has transferred the shares covered under the share certificates, which remain unclaimed by members, to a "Suspense Demat Account" opened with Keynote Capitals Limited, Depository Participant. Members who wish to rematerialise their equity shares are therefore, requested to write to the Company or to the Registrar and Share Transfer Agents viz. TSR Darashaw Private Limited along with requisite documentary proof to claim their shares.
15. Pursuant to the provisions of Section 205A of the Companies Act, 1956, dividend for the financial year ended March 31, 2007, which remained unclaimed or unpaid for the period of 7 (seven) years will be transferred to the Investor Education and Protection Fund (IEPF) established under Section 205C of the Companies Act, 1956. Members who have not encashed their dividend warrant(s) so far for the financial year ended March 31, 2007 or any subsequent financial years are requested to make their claims to the office of our Registrar and Share Transfer Agents, TSR Darashaw Private Limited, 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011. The dividend for the financial year ended March 31, 2007, will be transferred to the aforesaid account on or before September 30, 2014.

#### 16. E-voting:

Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act and Clause 35B of the Listing Agreement entered into with the Stock Exchanges, the Company is pleased to provide the facility to members to exercise their right to vote by electronic means. The e-voting period will commence at 9:00 a.m. on September 20, 2014 and will end at 6:00 p.m. September 22, 2014. The Company has appointed Mr. P.N. Parikh, Practising Company Secretary, to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

Members have an option to vote either through e-voting or through physical ballot form. If a member has opted for e-voting, then he/she should not vote by physical ballot also and vice-versa. However, in case members cast their vote both via physical ballot and e-voting then e-voting shall prevail and voting done through physical ballot shall be treated as invalid. For e-voting facility the Company has signed an agreement with CDSL for facilitating e-voting.

The instructions for members for voting electronically are as under:

- (A) The voting period begins at 9:00 a.m on September 20, 2014 and ends on 6:00 p.m. on September 22, 2014. During this period members of the Company holding shares either in physical form or in dematerialised form, as on the cut-off date i.e. August 14, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

#### In case of members receiving e-mail:

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "CEAT LIMITED" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
  - a. For CDSL: 16 (sixteen) digits beneficiary ID,
  - b. For NSDL: 8 (eight) Character DP ID followed by 8 (eight) Digits Client ID,



- c. Members holding shares in physical form should enter folio number registered with the Company.

- (v) Next enter the Image Verification as displayed and click on Login.

- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 (ten) digit alpha-numeric PAN issued by Income Tax Department.</p> <p>Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first 2 (two) letters of their name in CAPITAL followed by the last 8 (eight) digits of their Demat Account Number/ Folio No. as the case may be, in the PAN field.</p> <p>In case the Folio No. is less than 8 (eight) digits, enter the applicable number of 0s (Zeros') before the number after the first 2 (two) characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar and folio no. is 1 then enter RA00000001 in the PAN field.</p>
Date of Birth or Date of Incorporation	Enter the Date of Birth as recorded in your demat account or in the Company's records for the said demat account in dd/mm/yyyy format or enter folio no.
OR	OR
Bank Account Number	<p>Enter the Bank Account Number as recorded in your demat account or in the Company's records for the said demat account or folio no.</p> <p>Please enter any one of the details in order to login. In case both the details are not recorded with the Depository or the Company, please enter the number of shares held in the bank account number field.</p>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.

- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (xi) Click on the EVSN for "CEAT Limited" on which you choose to vote.

- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the resolution and option NO implies that you dissent to the resolution.

- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire resolution details.

- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A

confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on "Forgot Password" and enter the details as prompted by the system.
- (xviii) Institutional members (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
- (xix) They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (xx) After receiving the login details, they have to create a compliance user who would be able to link the account(s) which they wish to vote on.

(xxi) The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

(xxii) They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**In case of members receiving the physical copy:**

- (B) Please follow all steps from sl. no. (i) to sl. no. (xvi) above to cast vote.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

Under the Authority of the Board of Directors

Place: Mumbai  
Date: August 26, 2014

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

CEAT Limited  
CIN: L25100MH1958PLC011041  
**Registered office:**  
463, Dr. Annie Besant Road, Worli,  
Mumbai 400 030

# Annexure to the Notice

## EXPLANATORY STATEMENT pursuant to Section 102 of the Companies Act, 2013 to the accompanying Notice dated August 26, 2014.

### 1. Item No. 4:

Messrs S. R. Batliboi & Associates, LLP, Chartered Accountants, have been the Statutory Auditors of the Company since their appointment at the Annual General Meeting (AGM) held on August 10, 2012. They have, vide their letter dated March 17, 2014, expressed their unwillingness to continue as the Statutory Auditors of the Company, due to other pre-occupations. The Board of Directors places on record their appreciation for the services rendered by Messrs S.R. Batliboi & Associates, LLP.

Considering the above facts, the Board of Directors has, on the recommendation of the Audit Committee proposed the appointment of Messrs S R B C & Co., LLP, Chartered Accountants as the Statutory Auditors of the Company. They have vide their letter dated April 15, 2014, informed the Company that their appointment, if made, will be in compliance of Section 139 and 141 of the Companies Act, 2013. Both Messrs S R B C & Co., LLP, Chartered Accountants, and Messers S R Batliboi & Associates, LLP the outgoing auditors are members of S.R. Batliboi & Affiliates, a network firm, registered with the Institute of Chartered Accountants of India and therefore, the period during which Messers S. R. Batliboi & Associates LLP were Statutory Auditors of the Company will have to be considered while fixing the term of Messers S R B C & Co., LLP. The Board, therefore, recommends their appointment as the Statutory Auditors of the Company to hold the office from the conclusion of the ensuing AGM i.e. fifty-fifth AGM till the conclusion of the fifty-eighth AGM of the Company.

The Board of Directors recommends the adoption of the Resolution at Item No. 4 of the Notice.

None of the Directors or Key Managerial Personnel of the Company is in any way concerned with or interested in the resolution at Item No.4 of the accompanying Notice.

### 2. Item No. 5 to 10:

Pursuant to Section 149 of the Companies Act, 2013 (the Act) which came into effect on April 1, 2014, Independent Directors of the Company are not liable to retire by rotation. Further, as per Section 149 (10) of the Act, an Independent Director shall be appointed

for a term up to 5 (five) consecutive years and as per Section 152(2), every Director has to be appointed in the general meeting.

Accordingly, Mr. Atul C. Choksey, Mr. Haigreve Khaitan, Mr. S Doreswamy, Mr. Mahesh Gupta, Mr. K. R. Podar and Mr. Vinay Bansal Directors of the Company qualifying to be "independent directors" pursuant to the Act and Clause 49 of the Listing Agreement, are proposed to be appointed as Independent Directors for a term of 5 (five) consecutive years with effect from date of the fifty-fifth Annual General Meeting.

The Company has received a notice along with a deposit of ₹ 1,00,000/- (Rupees one Lakh) for each of the above named Director, as required by Section 160 of the Act from members proposing them for appointment as the Independent Directors of the Company.

The Board of Directors recommends the resolutions at Item No. 5 to Item No. 10 of the accompanying notice as ordinary resolutions for appointment of Mr. Choksey, Mr. Khaitan, Mr. Doreswamy, Mr. Gupta, Mr. Podar and Mr. Bansal as Independent Directors of the Company for a term of 5 (five) consecutive years with effect from the date of the fifty-fifth Annual General Meeting of the Company.

Only the Directors of the Company viz. Mr. Atul C. Choksey, Mr. Haigreve Khaitan, Mr. S Doreswamy, Mr. Mahesh Gupta, Mr. K. R. Podar and Mr. Vinay Bansal are concerned with or interested in the resolutions at Item No. 5 to Item No. 10 in so far as it concerns their appointment.

Copies of the draft Letters of Appointment of the Independent Directors of the Company viz. Mr. Atul C. Choksey, Mr. Haigreve Khaitan, Mr. S Doreswamy, Mr. Mahesh Gupta, Mr. K. R. Podar and Mr. Vinay Bansal setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

### 3. Item No. 11:

Ms. Punita Lal was appointed as an Additional Director by the Board of Directors of the Company at its meeting held on April 29, 2014.

Ms. Lal is a BA (Economic Hons.) from the prestigious St. Stephens College, New Delhi and MBA with specialisation in Marketing and Behavioural Sciences from the Indian Institute of Management, Calcutta.



She has a rich and vast experience in Marketing, Brand Management, Advertising and Business Strategy with multinational companies like Coca Cola, PepsiCo and JWT. In her prior role as Executive Director – Marketing, PepsiCo Beverages, she was a key member of the Executive Committee of PepsiCo India Beverages handling the strategic development of a diverse and large portfolio of beverages worth over \$ 1000 MM with 6 (six) brands of over \$ 60 MM each.

She is currently practicing as an Independent Consultant

The Company has received a notice along with a deposit of ₹ 1,00,000/- (Rupees one Lakh) as required by Section 160 of the Companies Act 2013 (the Act) from a member proposing Ms. Lal for her appointment as an Independent Director of the Company. Ms. Lal, qualifies to be an Independent Director pursuant to Section 149 (6) of the and Clause 49 of the Listing Agreement entered into with the Stock Exchanges. Pursuant to Section 149 (10) of the Act, Ms. Lal shall hold office for a term of 5 (five) consecutive years with effect from the date of fifty-fifth Annual General Meeting.

The Board of Directors recommends the resolution at Item No. 11 of the accompanying Notice as an Ordinary Resolution, for appointment of Ms. Lal as an Independent Director of the Company.

A copy of the draft Letter of Appointment of Ms. Lal setting out the terms and conditions of appointment is available for inspection by the members at the Registered Office of the Company.

None of the Directors or Key Managerial Personnel of the Company except Ms. Lal herself is concerned with or interested in the resolution at Item No. 11 of the accompanying Notice.

#### 4. Item No. 12:

Pursuant to Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board of Directors shall appoint as Cost Auditors, a firm of cost accountants in practice on the recommendations of the Audit Committee, which shall also recommend the remuneration payable to the Cost Auditors. The remuneration so recommended by the Audit Committee shall be considered and approved by the Board of Directors and shall be ratified by the members of the Company.

On recommendation of the Audit Committee, the Board of Directors has at its meeting held on April 29, 2014, considered and approved the appointment of Ms/ N. I. Mehta & Company, Cost Accountants, to conduct audit of Cost Accounts of the Company at a remuneration of ₹ 2,20,000/- (Rupees Two Lakhs

Twenty Thousand only) and reimbursement of out of pocket expenses at actual plus applicable taxes for the financial year ending March 31, 2015.

The Board of Directors recommends the resolution at Item No. 12 of the accompanying Notice as an Ordinary Resolution for ratification of the remuneration.

None of the Directors or Key Managerial Personnel of the Company is concerned with or interested in the resolution at Item No. 12 of the company.

#### 5. Item No. 13:

The members of the Company had, by way of an Ordinary Resolution passed under Section 293 (1) (a) of the Company Act, 1956, at the Annual General Meeting held on September 10, 1998, accorded their consent to the Board of Directors for creating a charge or mortgage or hypothecation on its movable or immovable properties.

Section 180(1) (a) of the Companies Act, 2013 (the Act), requires that the Board of Directors inter-alia shall create any charge, hypothecation or mortgage on the movable or immovable properties of the Company only with the consent of the Company by a Special Resolution.

It is therefore necessary for the members to pass a Special Resolution under Section 180 (1) (a) and other applicable provisions of the Act, as set out at Item No. 13 of the accompanying Notice to enable the Board of Directors to create any charge, hypothecation or mortgage on the movable or immovable properties of the Company.

The Board of Directors recommends the resolution at Item No. 13 of the accompanying Notice as a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company is concerned with or interested in the above resolution.

#### 6. Item No. 14 :

The members of the Company had, by way of an Ordinary Resolution passed under Section 293 (1) (d) of the Company Act, 1956 at the Extra-Ordinary General Meeting held on August 29, 1989, accorded consent to the Board of Directors to borrow money where the money to be borrowed, together with the money already borrowed by the Company exceed aggregate of its paid-up share capital and free reserves apart from temporary loans obtained from the Company's bankers in the ordinary course of business, such that the outstanding at any time, would not exceed the limit of

₹ 900,00,00,000 crores (Rupees Nine Hundred Crores only) in excess of the aggregate of the paid-up capital of the Company and its free reserves.

Section 180 (1) (c) of the Companies Act, 2013, stipulates that the power to borrow money where the money to be borrowed, together with the money already borrowed by the Company will exceed aggregate of its paid-up share capital and free reserves apart from temporary loans obtained from the Company's bankers in the ordinary course of business shall be exercised by the Board of Directors only with the consent of the members through a Special Resolution. Temporary loans are defined as loans repayable on demand or within 6 (six) months from the date of the loan such as short term loans of a seasonal character but does not include loans raised for the purpose of financial expenditure of a capital nature.

The Company currently has embarked upon certain projects and may also need funds for carrying out any unforeseen capital expenditure in the future. Hence, approval of the members is sought by way of a Special Resolution for grant of power to the Board of Directors for borrowing money such that the total amount outstanding at any time shall not exceed the limit of ₹ 1,000,00,00,000 (Rupees One Thousand crores only) in excess of the aggregate of the paid-up capital of the Company and its free reserves, as aforesaid from time to time.

The Board of Directors therefore recommends the resolution at Item No. 14 of the accompanying Notice as a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company is concerned with or interested in the above resolution.

#### 7. Item No. 15:

Pursuant to Section 73 and 76 of the Companies Act, 2013 (the Act) and Rule 2 of the Companies (Acceptance of Deposits) Rules, 2014 (the Rules) a public limited company is eligible to accept deposits from its members and person other than its members, only if its net worth is more than ₹ 100,00,00,000 (Rupees One Hundred crores only) or its turnover is more than ₹ 500,00,00,000 (Rupees Five Hundred crores only) and it has also obtained the prior consent of the members in a general meeting vide a Special Resolution.

In order to meet the requirement of funds for growth and expansion plans of the Company and to cater to the working capital needs, the Company proposes to accept or renew deposits from its members and person other than members upto a limit as set out in the Act and the Rules. Accordingly, approval of the members

is sought for granting power to the Board of Directors of the Company to accept and renew deposits from its members and persons other than members.

The Board of Directors recommends passing of the resolution as set out at Item No. 15 of the accompanying Notice as a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company is concerned with or interested in the above resolution.

#### 8. Item No. 16:

The members of the Company had, vide a Special Resolution passed under Section 309 of the Companies Act, 1956, at the Annual General Meeting held on August 22, 2013, approved the payment of remuneration by way of Commission to the Non-Executive Directors i.e. Director(s) of the Company who is/are neither in the whole-time employment nor Managing Director(s) of the Company, up to the limits specified pursuant to Section 309 (4) of the Companies Act, 1956 for a period of 5(five) years commencing from August 22, 2013.

Section 149, 197 and other relevant provisions of the Companies Act, 2013 (the Act), have come into effect from April 1, 2014. The Act casts onerous duties on the Non-Executive Director(s) i.e. Director(s) of the Company who is/are neither in the whole-time employment with the Company nor Managing Director(s) of the Company and they, with their varied and rich experience, are playing a greater role in the expansion of the Company's business. This requires them to devote more time and attention to the Company. Their responsibility and accountability has also increased manifold due to changed regulatory requirements.

The Board, therefore, recognizes the need to suitably remunerate its Director(s), who are neither in whole-time employment of the Company nor are appointed as the Managing Director(s) drawing any remuneration from the Company. It is therefore proposed to pay remuneration to these Directors by way of a commission, to be determined by the Board considering the net profit of the Company but not exceeding 1 percent of the net profits, computed in the manner specified in the Act. This shall be in addition to the fees payable to them for attending the meetings of the Board of Directors or Committee thereof or for any other purpose whatsoever as may be decided by the Board and reimbursement of expenses for participation in the Board and other meetings.

Accordingly, approval is sought afresh from the members by way of a Special Resolution under the applicable provisions of the Act.

The Board of Directors accordingly, recommends the resolution set out at Item No. 16 of the accompanying Notice for the approval of the members.

All the Non Executive Directors of the Company are deemed to be concerned with or interested in this resolution to the extent of the commission that may be payable to them from time to time.

#### 9. Item No. 17:

The Company requires funds for its various expansion projects viz. capacity expansion at the Halol Plant, Specialty Project and two-three Wheeler Project and also for augmentation of the long term working capital required for business growth. The Board of Directors of the Company (Board) has estimated that the funds required for the above mentioned purposes would be approximately ₹ 5,00,00,00,000 (Rupees Five Hundred Crores) and proposes to raise the funds through capital infusion up to ₹ 5,00,00,00,000 (Rupees Five Hundred Crores).

The proposed Special Resolution contained in the Notice under Item No. 17 enables the Board which includes a committee thereof to, with or without green shoe option, create, issue, offer and allot equity shares of the Company of face value ₹ 10/- (Rupees Ten) each (Equity Shares), American Depository Receipts, Global Depository Receipts, Foreign Currency Convertible Bonds, convertible or non convertible debentures and such other securities as stated in the resolution (hereinafter referred to as Securities) including by way of Qualified Institutions Placement (QIP) in accordance with Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as ICDR Regulations) in one or more tranches, at such price as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of investors to whom the issue, offer and allotment shall be made considering the prevalent market conditions and other relevant factors as may be necessary in consultation, if required, with the agencies that may be appointed by the Board for the purpose of this issue.

The said Special Resolution is an enabling resolution conferring authority on the Board to issue Securities for an aggregate amount not exceeding ₹ 5,00,00,00,000 (Rupees Five Hundred Crores) and to do all acts, deeds and things which may be required to

issue Equity Shares in one or more tranches including to decide the size, structure and pricing of the issue. The detailed terms and conditions for each issue shall be finalised in consultation with the lead manager(s) or merchant banker(s) and such other intermediaries as may be appointed for the issue.

The Special Resolution also confers upon the Board the power to issue Securities by way of QIP in terms of Chapter VIII of ICDR Regulations. The pricing of Securities as may be issued to the Qualified Institutional Buyers, pursuant to the ICDR Regulations, shall be not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the SEBI ICDR Regulations (QIP Floor Price) subject to applicable law, and a discount of not more than 5% (Five Percentage) or such percentage as permitted may be offered under applicable law on the QIP Floor Price, and further the relevant date for pricing shall be the date of the meeting in which the Board decides to open the proposed QIP issue.

Accordingly consent of the members is sought pursuant to the provisions of Section 62 and other applicable provisions, if any, of the Companies Act, 2013 other applicable laws and the Listing Agreement entered into with the Stock Exchanges authorising the Board to issue Equity Shares to persons other than the existing members of the Company.

The Board recommends passing of the resolution as set out at Item No. 17 of the accompanying Notice as a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company is concerned with or interested in the above resolution.

Under the Authority of the Board of Directors

Place: Mumbai  
Date: August 26, 2014

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

CEAT Limited  
CIN: L25100MH1958PLC011041  
**Registered office:**  
463, Dr. Annie Besant Road, Worli,  
Mumbai 400 030



# Directors' Report

To,  
The Members of CEAT Limited

The Directors present their fifty- fifth report, together with the audited accounts for the year ended March 31, 2014.

## FINANCIAL HIGHLIGHTS

	(₹ in crores)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Turnover	5,304.1	4,836.7
Profit before Taxation	377.1	145.7
Provision for:		
– Current Tax	88.8	-
– Short/(Excess ) Provision for earlier years	-	(1.7)
– Deferred Tax	34.5	41.0
Net Profit	253.8	106.4
Surplus brought forward from previous year	332.9	253.5
Sum available for Appropriation	586.7	359.9
Appropriations:		
– Proposed Dividend on Equity Shares	36.6	13.7
– Corporate Tax on Proposed Dividend	5.3	2.3
– Transfer to General Reserve	25.4	11.0
Balance carried forward	519.4	332.9

## DIVIDEND

In view of the impressive performance achieved by the Company during the year under review, the Board of Directors are pleased to recommend a dividend of ₹ 10.00 per equity share of ₹ 10.00 each (i.e.100 per cent) for the financial year ended March 31, 2014.

## INDUSTRY SCENARIO

The challenges faced by the Indian economy during the last fiscal continued during FY 2013-14 as well. India continued to grapple with problems like slowdown in industrial and economic activity, increased inflation and fiscal imbalances. However, the second half of the year under review witnessed some positive developments in the form of policy announcements and global economic recovery.

The growth of the automotive industry was not impressive in FY 2013-14 with commercial vehicles and passenger vehicles dragging down volumes even as tractors and scooters continued their positive trend.

Export sales however, grew by about 7.2 percent during the period from April 2013 to March 2014.

The Indian tyre industry, following the trends of the automotive industry, has not registered any significant growth. The total tyre volume growth during the year under review has been 2 to 4 percent due to higher than anticipated weakness in the passenger car and truck and bus segments.

The domestic tyre demand from the Original Equipment Manufacturers (OEM) segment is largely flat for the second

consecutive year during FY 2013-14, with contraction across all segments, barring scooters and tractors. Replacement tyre volume demand during FY 2013-14 grew by 5-6 percent. The continued decline in the Medium and Heavy Commercial Vehicles (M&HCV) industry and delayed replacement of vehicles by fleet owners translated into higher replacement demand for tyres in this segment.

## CEAT'S PERFORMANCE

During the year under review, CEAT outperformed the industry and has emerged as one of the fastest growing tyre companies in the industry. The Company registered a turnover of ₹ 5,304.1 crores during the year under review, registering a robust growth of 9.6 per cent over ₹ 4,836.7 crores in the previous fiscal.

The net profit of the Company surged from ₹ 106.4 crores in FY 2012-13 to ₹ 253.8 crores in during the year under review on the back of changing product mix, higher capacity utilisation, reduced interest cost, and expanding presence in the international markets as well as lower natural rubber prices.

CEAT has continuously focussed on new product launches and has launched over a 100 new products in FY 2013-14. Product ranges like 'Gripp LN (low noise)' for passenger car radials and 'Zoom' for motorcycle tyres have been very successful. The Company will continue to invest steadily in new product development to cater to the ever changing needs of the modern consumer.

Over the last few years, CEAT has focussed on changing its product portfolio by increasing volumes in non-truck segment like two wheelers and passenger cars which have better margins. A favourable product mix has contributed positively to the bottom line of the Company.

The Company has strategically enhanced its OEM network, which significantly contributed to its growth. It has also entered into new partnerships with companies like Renault-Nissan.

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**DURING THE YEAR UNDER REVIEW, CEAT OUTPERFORMED THE INDUSTRY AND HAS EMERGED AS ONE OF THE FASTEST GROWING TYRE COMPANIES IN THE INDUSTRY.**

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CEAT is looking at expanding its rural presence and its operations in the two-wheeler and Passenger Car Radial (PCR) replacement market. Expansion of CEAT Shoppe is a key initiative taken by the Company to develop an exclusive retail channel to improve service levels and reach in the market. At present, the Company has more than 135 CEAT Shoppes as compared to 100 as on March 31, 2013. CEAT Shoppe has positively contributed to the company's sales, especially in the passenger car tyre segment accounting for 32 percent of passenger car radials/utility vehicle radials sales.

In order to boost its international presence, the Company has identified specific geographic clusters for expansion, and for this purpose, it has already set up an office in Indonesia in addition to the one in Middle East. This has helped establish a local connect with the dealers through on-ground marketing activities.

During the year under review, the Company launched the Dhoom 3 branded, high-speed, special-edition tyres and also released video games based on the box-office monster. Its new Dhoom 3 tyre is targeted at the younger segment and has provided a boost to the Company's image as a quality tyre manufacturer. The Company's advertisement campaigns have garnered the award under the "Best Ongoing Campaign" at the Effies, a prestigious advertising award.

## FUTURE OUTLOOK

The Indian tyre industry is expected to show a muted 2 to 3 percent growth in revenues in FY 2014-15 over the current estimate for FY 2013-14. Sluggishness in the OEM automotive industry is expected to continue. However, the demand in the domestic replacement market is expected to be comparatively stronger supported by a large vehicle user base that has been accumulated over the last 3-4 years of strong automobile sales.

Raw material prices are expected to be stable thereby assisting operating margins of tyre manufacturers. However, with stable raw material prices and a subdued demand scenario, there might be pricing pressure that can impact operating margins negatively. The Company will continue to focus on profitable product categories, market segments and key international geographies.

## ISSUE OF EQUITY SHARES UPON CONVERSION OF WARRANTS ALLOTTED ON A PREFERENTIAL BASIS

Pursuant to the special resolution passed by the members through Postal Ballot on March 7, 2012, the Company had on March 12, 2012 issued and allotted 17,12,176 Warrants to one of the Promoter Group Companies viz

Instant Holdings Limited (Instant) on a preferential basis convertible into an equal number of equity shares of face value of ₹ 10/- each at a price of ₹ 85.03 per Warrant. Of the said price, 25% was received upfront at the time of allotment. The Warrants were convertible into equity shares at the option of the allottee within a period of 18 months from the date of allotment, i.e. by September 11, 2013. The allottee exercised its option for conversion of the said Warrants by paying the balance 75% i.e. ₹ 63.77 per Warrant and accordingly, the said Warrants were converted in to 17,12,176 equity shares and allotted to Instant on July 23, 2013. These 17,12,176 equity shares were listed on the BSE Limited and the National Stock Exchange of India Limited on August 27, 2013.

### JOINT VENTURE IN SRI LANKA

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

During the year under review, ACHL has registered a revenue of LKR 4,889.2 million (₹ 227.2 crores) as compared to LKR 4,569.3 million (₹ 191.9 crores) in FY 2012-13, a growth of 7 per cent. Profit after tax has grown by 47.5 per cent to LKR 687.4 million (₹ 33.7 crores) as compared to LKR 469.0 million (₹ 20.6 crores) in FY 2012-13. The joint venture continues to enjoy the overall market leadership in all categories of tyres in Sri Lanka.

ACHL has been consistently paying dividends and for FY 2013-14 the Company received ₹ 8.4 crores as dividend from ACHL.

### JOINT VENTURE IN BANGLADESH

The Company has entered into a 70:30 joint venture (JV) agreement with A.K. Khan & Company Limited (AKK), one of the leading business groups of Bangladesh. The JV Company, CEAT Bangladesh Limited, is setting up a green field facility for manufacture of automotive bias tyres in Bangladesh with initial capacity of 65 MT per day by investing US\$ 55 million. The capacity of the said plant will be scaled to 110 MT per day in due course with an additional investment of USD 15 million at current prices. This plant, which is the first major investment for tyre manufacturing in Bangladesh, is expected to become operational by early 2015.

Once the plant becomes operational, the JV Company will be in a position to cater to the growing domestic market of Bangladesh and South East Asia as well.

The JV Company has already commenced seed marketing of the 'CEAT' branded tyres in the domestic market.

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

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

### HUMAN RESOURCES

CEAT believes that its employees are a valuable asset and core strength of the Company. The Company continued its focus on developing and nurturing talent and encouraging innovation and excellence.

The Company has adopted Total Quality Management and initiated several measures for strengthening employee relations through progressive people practices at the shop floor and initiatives towards increased productivity. Labour relations remained cordial during the year under review.

### EMPLOYEE STATEMENT

In terms of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees of the Company, are required to be set out in this report. However, as per provisions of Section 219 (1) (b) (iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company. Those members who are desirous of obtaining full information are requested to write to the Company.

### SUBSIDIARY COMPANY

During the year under review, Rado Tyres Limited has become a subsidiary of the Company pursuant to the Order dated August 5, 2013 passed by the Board of Industrial and Financial Reconstruction.

The Ministry of Corporate Affairs has, vide General Circular No. 2/2011 dated February 8, 2011 granted general exemption from attaching the accounts and financial statements of subsidiary companies as provided under Section 212 (8) of the Companies Act, 1956, provided conditions specified in the said Circular are fulfilled. The Company has fully complied with all the conditions mentioned in the above circular. Therefore, the Annual Accounts of the wholly owned subsidiary of the



Company i.e. Associated CEAT Holdings Company (Private) Limited (ACHL) and those of the subsidiary companies i.e. CEAT Bangladesh Limited (CBL) and Rado Tyres Limited (RTL) have not been annexed to this Report. However, the same are available for inspection at the Registered Office of the Company and also at the Registered Office of ACHL, CBL and RTL. Any member desirous of obtaining the same may request the Company in writing.

## FIXED DEPOSITS

The Company has no overdue deposits, other than the unclaimed deposits of ₹ 2.82 crores from 666 depositors as at the end of the year under review.

## DIRECTORS

Ms. Punita Lal, was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on April 29, 2014. She would therefore hold office upto the date of the ensuing Annual General Meeting (AGM). Ms. Lal, qualifies to be an Independent Director and her appointment has been recommended by the Nomination and Remuneration Committee. Accordingly, it is proposed to appoint Ms. Lal as an Independent Director for a term of 5 (five) consecutive years with effect from the date of the fifty-fifth AGM of the Company and she shall not be liable to retire by rotation.

As per declarations made under Section 149 of the Companies Act, 2013, Messrs. Vinay Bansal, Atul Chokesy, S. Doreswamy, Mahesh S. Gupta, Haigreve Khaitan and K. R. Podar qualify to be Independent Directors and they are proposed to be appointed as Independent Directors as recommended by the Nomination and Remuneration Committee for a period of 5 (five) consecutive years with effect from the date of the fifty-fifth Annual General Meeting. They will not be liable to retire by rotation.

In accordance with the Companies Act, 2013 and Articles of Association, Mr. Paras K. Chowdhary retires by rotation and being eligible offers himself for re-appointment.

## 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 March 31, 2014 and the Statement of Profit and Loss for the said financial year viz. April 1, 2013 to March 31, 2014.

- iii) 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.
- 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 Statutory Auditors of the Company, regarding the compliance of conditions of Corporate Governance, and also the Management Discussion and Analysis Report, as stipulated under Clause 49 of the Listing Agreement, are annexed to this report.

## AUDITORS

Messrs S. R. Batliboi & Associates LLP, Statutory Auditors of the Company, were due for retirement at the ensuing Annual General Meeting (AGM). However, they have expressed their unwillingness for re-appointment due to preoccupations. The Company therefore proposes to appoint Messrs S R B C & Co., LLP as the Statutory Auditors at the ensuing AGM for a period of 3 (three) consecutive years from the conclusion of the fifty-fifth AGM to the conclusion of the fifty-eight AGM. They have confirmed that their appointment, if made, will be in compliance with Section 139 and 141 of the Companies Act, 2013. The Board has appointed Messrs N. I. Mehta & Co., Cost Accountants, as Cost Auditors of the Company for FY 2014-15 and recommends ratification of their remuneration by the members at the ensuing AGM.

## ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

**H. V. Goenka**  
Chairman

Place: Mumbai

Date: July 22, 2014

## ANNEXURE TO THE DIRECTORS' REPORT

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO [Pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988]

#### CONSERVATION OF ENERGY

(a) The Company continued to give major emphasis on conservation of energy and the measures taken during the previous years were continued. The efficiency of energy utilisation in each manufacturing unit is monitored at the corporate level every quarter, in order to achieve effective conservation of energy. The significant energy conservation measures during the year were:

- Replacement of existing obsolete voltas chillers with new chillers to save thermal energy.
- Replacement of existing hot water and industrial cooling pumps with energy efficient pumps and motors to save electrical energy.
- Installation of DM Plant to reduce boiler blow down heat losses.
- Replacement of BOM water heat exchanger to save thermal energy.
- Replacement of briquette boiler pulsating grate to travelling grate to improve thermal efficiency of boiler.
- Fuel additive added with briquette to save thermal energy and improve the combustion efficiency.
- Replacement of old PCI reciprocating compressor with new screw compressor to save electrical energy.
- Replacement of BOM cold water cooling tower with new efficient cooling tower to save electrical energy.
- Non-conventional insulation of dome.
- Replacement of 59J hot water recovery line from utility to SS from MS.
- Press module change in 20 curing presses.
- Revamping of condensate return headers MS to SS to save thermal energy.
- Replacement of drain header in main curing of all trenches from MS to SS to save thermal energy.
- Replacement of 600HP slip ring motor with energy efficient induction motor to save electrical energy.
- Replacement of tube light fitting with energy efficient magnetic induction lamp for saving electrical energy.
- Modification project completed for overall plant condensate recovery from the plant in order to increase the maximum possible recovery to save the fuel energy.
- Modification job completed for the flash steam utilisation at boiler feed water heating, tank farm oil heating, dehumidifier operation in order to save fuel energy.
- Heat exchangers installed for pre-heating the feed water from boiler blow down heat energy.
- Installed the vertical multi stage EEF feed pumps at boiler in place of horizontal feed pumps to save the electrical energy.
- Steam leakages and air leakages controlled to reduce/kill the energy losses.
- VFD installation for the duplex warm up mill.
- Triplex cushion colander stoppage when side wall runs.
- VFD installed for master and final mixer dust collectors.
- X-Ray machine exit conveyor stopping when not required.
- Replacement of machine lighting with LED lights.
- Trench pipe line insulation.
- Stainless steel pipe lines for few trenches.
- Installation of ventury type steam traps in curing area.
- Insulation to dome in truck curing presses.
- Replacement of fluorescent tube rod of 36w by induction lamp.
- APFC panel for 4 roll calendar.
- Replacement of existing old package AC by energy efficient.

(b) Additional investments / Proposals for reduction of Consumption of energy.

- Replacement of VAM chillers with new energy efficient refrigerant chillers to save thermal energy.

- Replacement of existing hot water recovery, Kobelco and 59J hot water recovery pumps with energy efficient pumps and motors to save electrical energy.
- Increase heating surface area of briquette boiler economiser to save thermal energy.
- Replacement of briquette boiler ID fan with new VFD operated higher capacity fan to save thermal energy.
- Replacement of cooling tower existing PVC fills with new fills to save electrical energy.
- Installation of new cooling tower for speciality extruder to save electrical energy.
- Installation of additional vacuum system in main curing to save thermal energy.
- Non-conventional insulation of dome for 50 presses to save thermal energy.
- 59J Main drain header replacement with SS to save thermal energy.
- Truck press bottom dome thermoplate insulation change in 30 presses to save thermal energy.
- Press header change in 30 presses to save thermal energy.
- Press header insulation with ceramic tapes for 50 presses to save thermal energy.
- Replacement of POP insulation with new rock wool insulation of major pipe lines (HP & HWS) and insulation of bag filter to save thermal energy.
- Replacement of obsolete hot water pumps with new energy efficient pump to save electrical energy.
- Installation of new economiser with SS stack and ducting for boiler no. 2 to save thermal energy.
- Replacement of 2 nos. 600 HP slip ring motors with energy efficient induction motors to save electrical energy.
- Replacement of 2 nos. 225HP slip ring motors with energy efficient induction motors to save electrical energy.
- Replacement of 350HP slip ring motor of mill with energy efficient induction motor to save electrical energy.
- Fixing of timers on tea tables for auto stop to save electrical energy.
- Replacement of existing cooling tower pumps by energy efficient pumps to save electrical energy.
- DM plant installation in order to improve boiler life and blow down losses.
- Replacement of existing burners with efficient burners (WEISHAUPPT make burners).
- Replacement of energy efficient pumps in cooling tower and utility.
- Duplex cushion colander stoppage when side wall runs.
- Trench pipe line insulation.
- Replacement of piping of hot water system in utility area.
- APFC for Banbury number 5.

## FORM A

### A. POWER & FUEL CONSUMPTION

	2013-14	2012-13
<b>1 ELECTRICITY</b>		
(a) Purchased		
Units (KWH)	12,50,69,947	12,34,40,220
Total Amount (₹ in crores)	85.48	88.71
Rate per unit (₹)	6.83	7.19
(b) Own generation		
(i) Through diesel generator :		
Units (KWH)	1,96,290	1,08,477
Units per Litre of diesel oil (KWH)	2.19	2.10
Cost per unit (₹)	31.31	22.46
<b>2 Briquettes (White Coal)</b>		
Quantity (Tonnes)	55,214	58,570
Total Cost (₹ in crores)	38.34	37.66
Average rate (₹ per Kg.)	6.94	6.43

	2013-14	2012-13
3 Furnace Oil		
Quantity (K. Ltrs.)	2,009	2,391
Total Amount (₹ in crores)	9.02	9.46
Average rate (₹ per Litre)	44.90	39.57
4 L.S.H.S.		
Quantity (K. Ltrs.)	-	-
Total Amount (₹ in crores)	-	-
Average rate (₹ per Litre)	-	-
5 Coal		
Quantity (MT)	938	0
Total Cost (₹ in crores)	0.69	0.00
Average rate (₹ per Kg.)	7.34	0.00
6 Other/Internal Generation (PNG and other gases )		
Quantity (SCM)	94,69,623	97,62,156
Total Cost (₹ in crores)	36.91	30.70
Rate per Unit (₹ per SCM)	38.98	31.45
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
(i) Electricity (KWH/MT)	718.14	754.32
(ii) Furnance Oil (Ltrs./MT)	11.52	14.60
(iii) Coal/Briquettes (Kg./MT)	316.54	357.60
(iv) Gas (SCM/MT)	54.29	59.60

## TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

### Form B

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

#### 1. Specific areas in which R&D activities were carried out by the Company:

- Introduced tubeless portfolio in scooter and motorcycle in all sizes.
- Premium Zoom XL range introduced in motorcycle with extra grip at high speed.
- 36 new product approvals from leading OEM's like Yamaha, Piaggio, Bajaj, Hero, LML, Tata Motors, Nissan and M&M.
- W rated (270 km/h) ultra high performance tyres for Mercedes S-class and Audi.
- Following new technologies developed (1) Super Grip technology for two wheeler tyres (2) Low rolling resistance technology for PCR, UVR tyres (3) Overload capability for truck radial tyres.
- Over 100 new products are released annually.
- Time to market cycle time for product development has been further reduced by 25 percent and is the best in the industry.
- To ensure first time right R&D adopted the stringent stage gate system with multiple cross functional reviews.
- Proven TBR performance in extreme overload segment.
- Joint development work with IIT Mumbai and NID for advanced product design.
- Continued focus on increasing earthen filler usage replacing petroleum based reinforcing fillers.
- Increased usage of renewable and recycled material to reduce the environmental impact of products [carbon footprint].
- Joint developments with premium institutes like IIT's and global vendors in frontier material technologies.
- Enhanced correlation of simulation result with the physical testing result in the area of tyre footprint contact pressure distribution, rolling resistance and inflated dimensional parameters.
- In de-growing bias market CEAT premium tyres is holding the market share with its performance and cost effectiveness.



**2. Benefits derived as a result of above R&D**

- Received first tubeless approval of CEAT in motorcycle in "Hero Splendor I smart". Participating in 5 premium tubeless models of Yamaha, Bajaj, Hero and Honda.
- CEAT has become one of the preferred development partner in all OEMs in 2 Wheelers.
- Over 20 per cent turnover is contributed by new products.
- Higher market share with overload TBR.
- CEAT won Indian Design Mark Award for Motorcycle Gripp pattern. First Indian Tyre Company to win prestigious Indian Design Mark award.
- 12 papers, 2 patents filed, 13 NDA and 8 JDA with long term perspective.
- Capability for making low rolling resistant passenger car radial tyres meeting the stringent and challenging requirements of OEMs.
- Superior grip motor cycle tyres.

**3. Future plans of action**

- Commercial release of motorcycle radial tyres.
- Entry in to high end OEMs.
- Exclusive farm range for U.S.A.
- Proving TBR in extreme load and heat of Middle East market.
- Low RR Series in PCR and UVR.

**4. Expenditure on R&D**

	(₹ in Crores)	
	2013-14	2012-13
a) Capital	0.38	0.54
b) Recurring	18.32	17.15
c) Total	18.70	17.69
d) R&D expenditure as percent of total turn over	0.32	0.33

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION****1. Efforts, in brief, made towards technology absorption, adaptation and innovation:**

- To bring innovation culture using techniques like TRIZ, advance QIPs.
- Semantic based design.
- Advanced simulation capability for design optimisation and process simulation.

**2. Benefits of the above are:**

- Faster high end product introduction.
- Lower cost of development.
- Reduced carbon footprint.
- Creating impactful products.

**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 :-

	(₹ in crores)	
	2013-14	2012-13
i) Foreign exchange earned	1,088.99	1,099.34
ii) Foreign exchange used	1,674.72	1,426.24

On behalf of the Board of Directors

**H. V. Goenka**  
Chairman

Place: Mumbai

Date: July 22, 2014

# Management Discussion and Analysis

## GLOBAL ECONOMIC REVIEW

The global economic balance shifted back towards developed nations in 2013. Encouraging economic data in the form of decreasing unemployment and growth in the services sector in advanced economies validated the shift. Fiscal stimulus, low interest rates and reassurance by central bankers acted as the support system to these economies. In contrast, there was a slowdown in emerging economies like India and Brazil owing to subdued consumer demand and inflationary pressure.

Going forward, it is expected that emerging economies will grow, backed by structural policies that support investments. Improving macroeconomic fundamentals will provide the necessary fillip for global growth, with expected growth rates pegged at an average rate of 3.7 percent in 2014 against 3 percent in 2013.

### Global growth (%)

	2012	2013	Projections	
			2014	2015
World Output	3.1	3.0	3.7	3.9
Advanced Economies	1.4	1.3	2.2	2.3
United States	2.8	1.9	2.8	3.0
Euro Area	-0.7	-0.4	1.0	1.4
Japan	1.4	1.7	1.7	1.0
United Kingdom	0.3	1.7	2.4	2.2
Other Advanced Economies	1.9	2.2	3.0	3.2
Emerging and Developing Economies	4.9	4.7	5.1	5.4

(Source: IMF, January 2014)

## INDIAN ECONOMIC REVIEW

The challenges in the Indian economy persisted last year in the form of slow growth, high inflation and fiscal imbalances. However, there were some positive developments as well, in the form of the continuation of policy changes, normal monsoons and global recovery towards the second half of FY 2013. It is expected that

the GDP will grow by 5.4 percent in FY 2014-15 against a projected 4.6 percent in FY 2013-14 (Source: IMF).

## THE GLOBAL TYRE INDUSTRY

The global tyre market size is estimated to reach \$276 billion by 2017, growing 7.9 percent annually. The rise in demand of tyres will be driven by the emerging economies in the Asia-Pacific region, especially China and India. However, improved economic conditions in the developed economies of North America and Western Europe will also accelerate such demand. These developments are likely to take global tyre demand to 2.9 billion units by 2017, a growth of 4.3 percent every year. Motor vehicles capture the largest proportion of tyre demand and are likely to form about 73 percent of the global tyre demand by 2017.

### The Asia-Pacific region

The Asia-Pacific region is likely to account for almost two-thirds of the global tyre growth till 2017. China is the largest as well as the fastest growing tyre market globally. Japan and India are also among the major tyre markets. It is expected that India will outperform Japan in terms of market size, owing to the strong demand for tyres by the end of 2017.

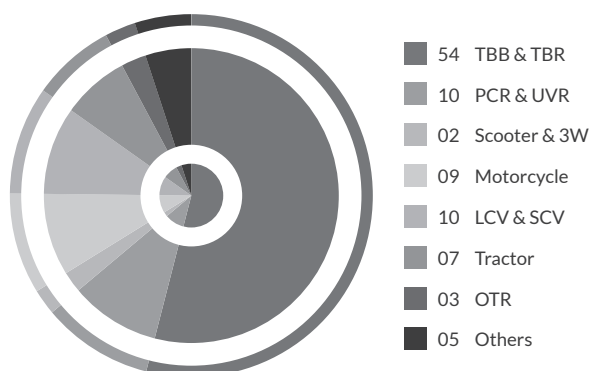
### The North American / Western European region

These regions are forecasted to grow at around 2 percent annually through 2017. An improved economic environment will provide thrust to vehicle demand and, in turn, to tyre demand. However, the delayed replacement of personal vehicles could limit such growth. With 13 percent of the global pie, the US is likely to continue to hold the second rank globally in terms of the tyre market in 2017.

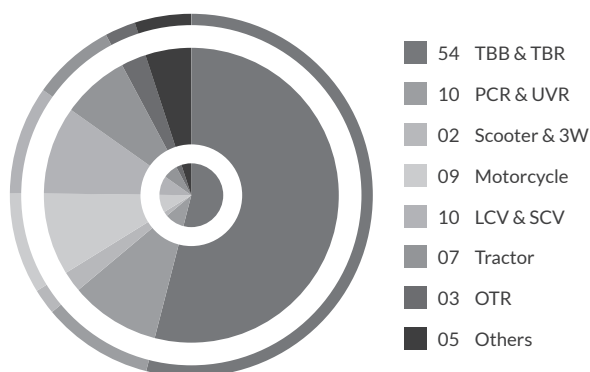
## THE INDIAN TYRE INDUSTRY

Indian manufacturers sell \$8 billion worth of tyres a year and compete with global players such as Goodyear and Bridgestone. Today, India is the world's tenth largest market for tyres and is on track to become the fifth largest by 2020. Tyre demand in India is driven by commercial vehicles as opposed to North America and Western Europe, where passenger vehicles deliver most of the growth.

## CATEGORY-WISE VOLUME ANALYSIS (%)



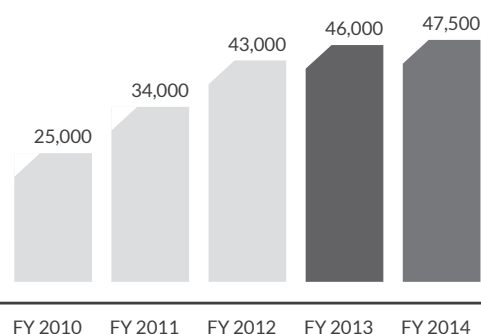
## CATEGORY-WISE VOLUME ANALYSIS (%)



THE GLOBAL TYRE MARKET SIZE IS ESTIMATED TO REACH \$276 BN BY 2017, GROWING 7.9 % ANNUALLY. THE RISE IN DEMAND OF TYRES WILL BE DRIVEN BY THE EMERGING ECONOMIES IN THE ASIA-PACIFIC REGION, ESPECIALLY CHINA & INDIA.

Tyre volumes grew 3 percent in FY 2013-14 as against a growth of 7 percent witnessed in FY 2012-13. The demand for tyres from automotive original equipment manufacturers (OEMs) was weak due to sluggish vehicle demand but a strong replacement demand helped the tyre industry to grow revenues. It is forecasted to reach ₹ 47,500 crores in FY 2013-14 (Source: ICRA, ATMA).

## INDUSTRY TURNOVER EST CR (₹)



## Radialisation trend

Radialisation %	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
Truck and Bus	3	4	6	10	12	18	22	25
Light Truck	12	12	12	15	16	22	25	30
Passenger Vehicles	95	95	97	97	98	98	98	98

## Raw material

## Price movement of natural rubber

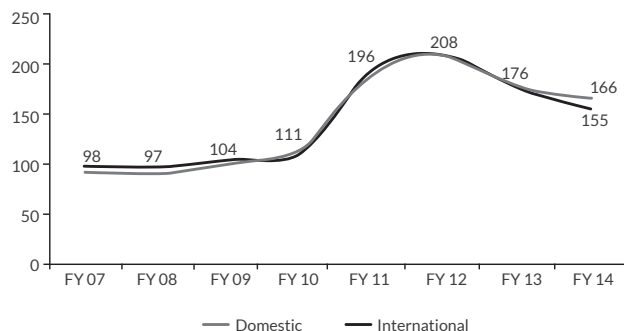
Natural Rubber (NR) is one of the major raw materials used in the tyre industry. Therefore, its pricing and availability can significantly affect the industry and its profitability. Some of the highlights in FY 2013-14 were:

- Domestic NR production dropped by 10 percent in April-December 2013 due to adverse weather.
- International NR prices also fell significantly, owing to which there was a 53 percent surge in imports in

April-December 2013 over the same period last year.

- Domestic and international natural rubber prices are currently hovering around ₹ 140/kg and \$1.8/kg (duty free) respectively as of April 2014 and are expected to remain stable in the near term due to weak demand internationally.
- Minimum custom duty on imported NR was increased from ₹ 20 to ₹ 30 with effect from December 20, 2013. (Source: ICRA)

## NATURAL RUBBER PRICE TREND Kg / (₹)



### Other raw materials

The availability of rubber chemicals is tight due to the financial crisis of local suppliers and environmental issues in China.

Safeguard duty was introduced for carbon black imports and is expected to result in long-term litigation. Joint action at the industry level is being pursued.

### Opportunities and threats

The transportation sector is forecasted to grow at 5.0-5.5 percent in FY 2014-15. Tyre demand, a derived demand, has strong linkage with the automobile industry. The reduction of 3-6 percent in excise duty across different automobile segments, as per the recent Union Budget, is expected to boost future automobile sales, leading to a higher demand for tyres. Demand in the domestic replacement market is expected to remain strong, supported by a large vehicle population built up on the back of strong automobile sales in the last few years.

However, due to the immense opportunities in India, foreign tyre majors are also getting increasingly interested in the Indian tyre market. This will lead to enhanced competition and may also impact market share and profitability of the domestic players.

Indian tyre manufacturers are also facing stiff competition in the export segment from Chinese counterparts due to lower prices.

## COMPANY PERFORMANCE

### Vision

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

- Market leadership in select categories in India
- Market leadership in significant countries outside India

### Human resource management

Skill set building was one of the identified key business drivers, and all the people initiatives / interventions in CEAT are being channelised in that direction.

We believe that excellence in Manufacturing and Sales can be achieved by removing operational inefficiencies. Such inefficiencies arise out of lapses in knowledge and process. We tackle this by focussing on internal capability building through institutionalised academies. These academies in Manufacturing and Sales were established and expert coaches were identified to run a system of continuous process improvement and problem solving. Initiatives under these academies include the development of skills matrix for capability building, the Leadership Development Program for supervisors, training on time and condition-based maintenance, developing sales tools. This has led to positive trends in the PQCDSDM parameters in Manufacturing, a higher level of engagement in workmen, better working relationships between Sales Managers and reportees and a significant drop in front-line attrition.

We focus on a customised and comprehensive mechanism of training needs assessment. Individual development action plans are a means to capture and bridge the competency gaps of each individual, thereby ensuring high motivation levels and engagement. These time-bound action plans have enabled us to get greater buy-in from business as it balances well between both the behavioural and functional requirements of the individual. Coaching and development of life skills such as managing stress, self-discipline and conflict resolution are given as much attention as functional and behavioural development. Experiential programs on relationship management and coaching through reflection on 360-degree feedback are conducted for all people managers. These aim at creating awareness of one's managerial style and the behaviours

THE TRANSPORTATION SECTOR IS FORECASTED TO GROW AT 5-5.5 PERCENT IN FY 2014-15. TYRE DEMAND, A DERIVED DEMAND, HAS STRONG LINKAGE WITH THE AUTOMOBILE INDUSTRY.



associated with it. They also help in developing the necessary skills, behaviours and attitudes to move towards the ideal managerial style.

### Financial overview

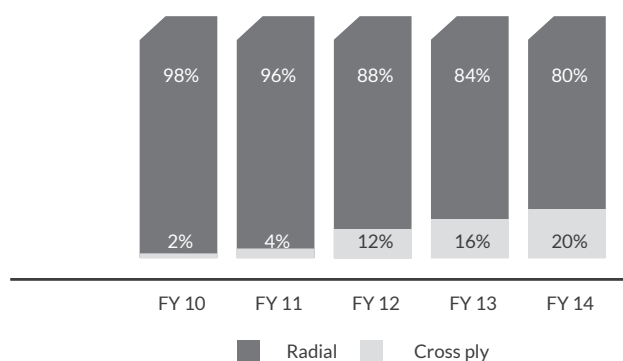
#### Revenue from operations

Gross revenue for the year 2013-14 at ₹ 5,846.14 crores, grew 10.2 percent over the previous year. The growth in revenue is primarily attributable to solid growth of about 19 percent in the OEM segment in both the PCR and TBR categories. The replacement segment also saw a growth of 11 percent over the last year. However, exports remained flat due to the impact of volatility in the currencies against the dollar and a challenging global environment.

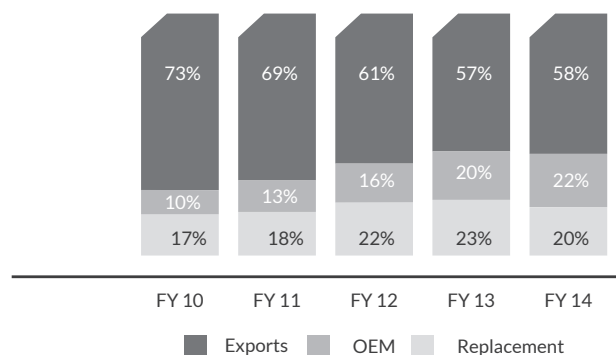
In terms of product categories, the Company continues to focus on the high-contribution product categories. Advertisement campaigns have been a strong catalyst to market share growth in these product categories. In the exports segment, the Company identified five regions in the global market to increase penetration and have now opened representative offices in these regions for focused growth from there.

Overall, the segment mix for the year stood at 58 percent replacement, 22 percent OEM and 20 percent exports. Moreover, the truck to non-truck and radial to cross ply ratios have been continuously improving over the years, which has resulted in margin improvement year on year.

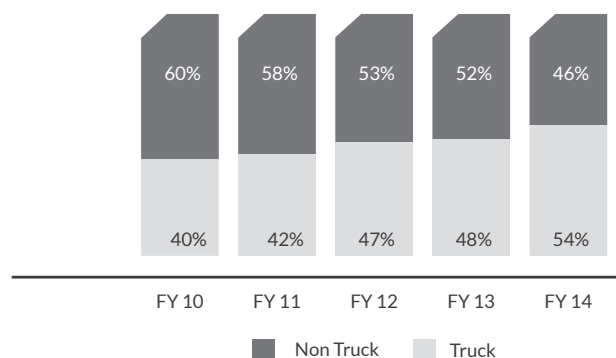
### RADIAL AND CROSS PLY % Sales Value



### CEAT MARKET SEGMENT % Sales Value



### % Sales Value



### Operating costs

Operating costs for the year 2013-14 at ₹ 4,736.4 crores, a growth of 6 percent over the previous year. These expenses include the cost of materials consumed, stock-in-trade, manufacturing expenses and other operating expenses. As compared to the previous year, these costs have increased, Reflecting the inflationary pressure and change in product mix in FY 2013-14. However, raw material prices remained stable during the year, and by maintaining a judicious mix of indigenous and international purchases, operating cost as a percentage of net sales dropped by about 3 percent, thereby enabling the Company to post a healthy EBITDA.

The above cost includes employee expenses for the year 2013-14 at ₹ 289.07 crores, which increased by 7.4 percent compared to the previous year. There was a net addition of 414 employees during the year.

Sales and Marketing expenses as a percentage of net sales for the year 2013-14 at ₹ 350.40 crores, increasing by 22 percent compared to the previous year. This was due to the continued thrust on advertising of key product categories through specialised campaigns and other innovative channels.

**THE COMPANY ACHIEVED A FULL RAMP UP OF ITS HALOL RADIAL FACILITY WITH 95% OF ITS CAPACITY UTILISATION IN FY 2013-14. THE COMPANY HAS ALSO ANNOUNCED AN EXPANSION OF CAPACITY AT THE HALOL PLANT BY 120 MT.**

#### Other income

Other income for the year 2013-14 amounted to ₹ 20.54 crores, as against ₹ 21.47 crores for the previous year, includes royalty and dividend from investments in Sri Lanka, short-term investments in mutual funds and proceeds from the sale of flats realised during the year.

#### Finance cost

Interest expenses for the year 2013-14 reduced marginally at ₹ 169.16 crores as against ₹ 177.89 crores in the previous year. This cost reflects interest and other costs related to borrowing. The reduction in the interest cost is mainly attributable to the replacement of high-cost debt with low-cost alternate loans and renegotiation of interest rates on existing long term loans by around 75 basis points. The loan portfolio of the Company comprises a blend of long-term and short-term, domestic and foreign currency loans. The average borrowing cost for the year 2013-14 was 9.4 percent per annum, despite interest rate hikes during the year.

#### EBITDA

The company posted a healthy EBITDA of ₹ 618.5 Cr. (11.6%) for the year 2013-14 as against ₹ 408 Cr. (8.4%) in the previous year, an increase of 3.20%. Higher EBITDA was mainly due to lower input costs, change in product mix and better sales realization.

#### PAT

The profit after tax (PAT) stood at ₹ 253.78 Cr. (4.8%) for the year 2013-14 as against ₹ 106.35 Cr. (2.2%) in the previous year, an increase of 2.6%. The said profit is after the extraordinary/exceptional expenses of ₹ 10 Cr. on account of VRS of approximately ₹ 7 Cr. and provisions pertaining to fire accidents of approximately ₹ 3 Cr. The board has proposed a dividend of 100%, that is, ₹ 10 per

share, as a reward to its shareholders based on strong profitability.

#### Liquidity and gearing

The Company continues to focus on judicious management of its working capital. Receivables, inventories and other working capital parameters are kept under strict control and continuous monitoring. During the year, incremental short-term working capital finance was deployed to finance strategic buying decisions related to natural rubber and other key raw materials. The Company also deferred a certain portion of its current maturities of long-term debt through fresh long-term funds, thereby improving the current ratio compared to the previous year.

On the debt side, the metrics has shown an improvement from 1.3x the previous year to 1.1x in the current year despite increased operations and working capital requirements. With good profitability, DSCR has improved.

#### External rating

The Company's robust performance enabled it to fetch a two-notch upgrade in the external credit rating assigned to its debt program, from BBB to A, by FITCH – India Ratings. This will further strengthen the creditworthiness of the Company in the market and help it improve on its finance cost.

#### Capex plans – key business update

The Company achieved a full ramp up of its Halol radial facility with 80 percent of its capacity utilisation in FY 2014. The Company has also announced an expansion of capacity at the Halol plant by 120 MT. Progress on this project is on track and production is slated to start by Q2 FY 2016. In Sri Lanka, we have proposed an investment of LKR 60 Cr. to expand passenger car and UV radial production there. The Bangladesh project is also on track and we expect production to start within the next 18 (eighteen) months.

#### Foreign exchange risk

The Company is exposed to foreign exchange risk from its import obligations, export realisations and long-term and short-term foreign currency loans. Despite heavy depreciation of the Rupee and bouts of high volatility, the Company has managed its forex exposures prudently with a minimal loss of ₹ 1.85 crores. The company is to hedge all its FOREX exposure through forward contracts at inception to reduce the impact of fluctuations from currency movement.

### Consolidated financials

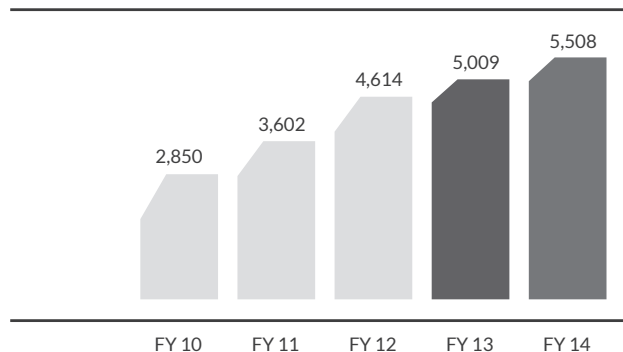
Sri Lankan operations continued its robust performance in the current year as well. The revenue grew at about 18 percent and EBITDA and PBT margins were 24 percent and 22 percent, respectively. The absolute EBITDA for Sri Lanka was ₹ 109 crores and PBT was ₹ 98 crores. Interest for the full year stood at ₹ 172 crores this year compared to ₹ 181 crores last year.

The consolidated EBITDA stood at ₹ 658 crores in FY 14 compared to ₹ 438 crores last year. EBITDA margins improved significantly from 8.7 percent to 11.9 percent.

### CEAT CONSOLIDATED FINANCIALS

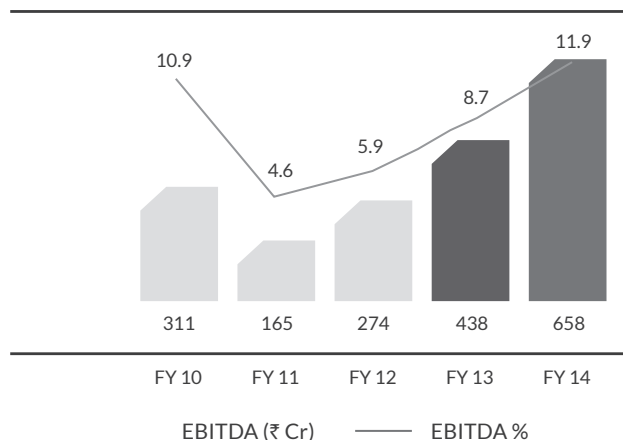
Revenue doubled in 4 years (Net Sales)

Cr (₹)  
CAGR 18%



### IMPROVED MARGINS

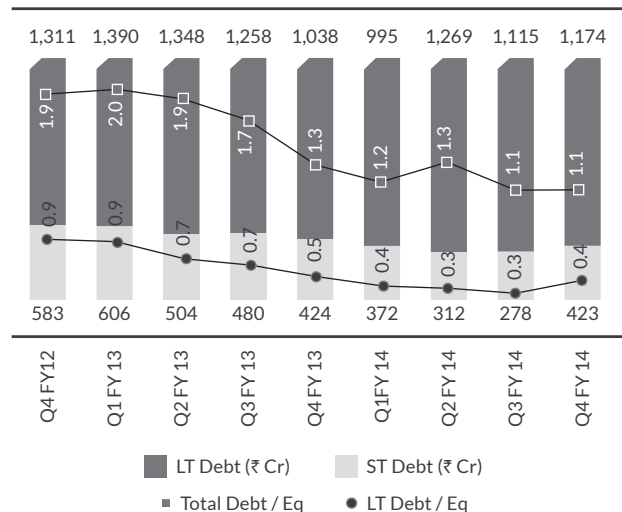
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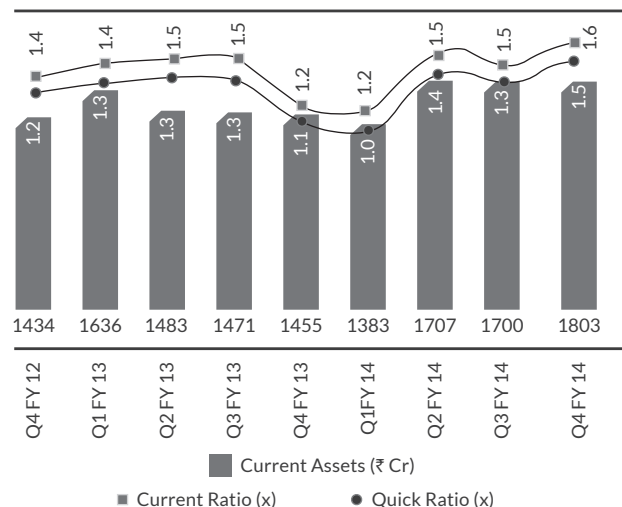
### Consolidated debt profile and key ratio trends

On a consolidated basis, there was positive improvement in the debt profile. The key financial indicators on gearing, debt service coverage and interest service coverage showed encouraging improvement.

### CEAT CONSOLIDATED : DEBT PROFILE IMPROVEMENT



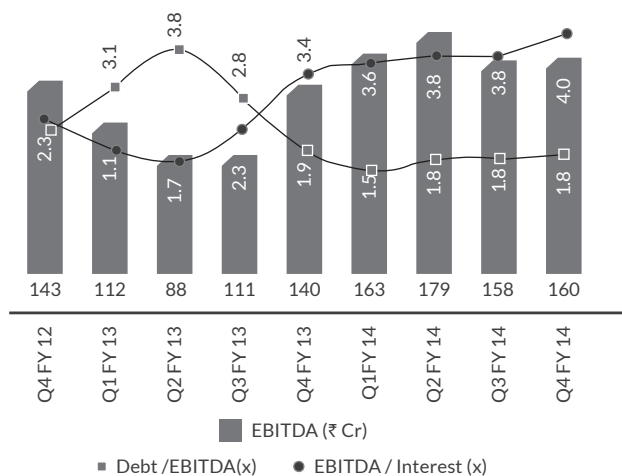
### CEAT CONSOLIDATED : DEBT PROFILE IMPROVEMENT



THE R&D DEPARTMENT, HOUSED AT THE HALOL PLANT, IS A STATE-OF-THE-ART FACILITY THAT FOCUSES ON NEW PRODUCT DEVELOPMENT. STAFFED WITH A 101-MEMBER TEAM, IT HAS ROLLED OUT OVER 100 PRODUCTS BETWEEN SRI LANKA AND INDIA.

CEAT HAS EMBRACED THE TOTAL QUALITY MANAGEMENT PHILOSOPHY TO ENHANCE ORGANISATION-WIDE CAPABILITIES ACROSS DIVERSE FUNCTIONS OF MANUFACTURING, SALES AND MARKETING, MATERIAL PROCUREMENT, HR AND FINANCE.

### CEAT CONSOLIDATED : DEBT PROFILE IMPROVEMENT



### TECHNOLOGY

The Company imbibes a philosophy of consistent innovation to cater to the changing demands of the industry. The R&D Department at CEAT, housed at the Halol plant, is a state-of-the-art facility that focuses on new product development, alternate material and green tyres. Staffed with a 101-member team, the department has rolled out over a hundred products between Sri Lanka and India, across categories, in FY 2013-14.

During the year, the R&D team worked on several projects to reduce tyre weight and material cost in order to improve margins.

Additionally, the team tied up with premium institutes and global vendors to work on projects in nanotechnology and bio-based, hybrid materials. Some of these include:

- IIT Kharagpur and Cochin University on material projects
- IIT Bombay and IIT Madras on a structural engineering project

- Tata Chemicals and IIT Indore for noise and related studies

### MANUFACTURING CAPABILITIES AND TOTAL QUALITY MANAGEMENT

The Company has embraced the Total Quality Management philosophy to enhance organisation-wide capabilities across diverse functions of manufacturing, sales and marketing, material procurement, human resources and Finance. This effort is expected to result in robust systems and processes which will enable CEAT to increase operational efficiency, enhance customer-centricity and minimise the impact of raw material price volatility.

### THREATS AND RISKS

Enterprise Risk Management (ERM) in the Company is the process of identifying, analysing and evaluating risks. This includes selecting the most effective way to manage business risks. The objective of this risk management exercise is not to eliminate risk altogether, but to understand it and ensure that the Company can avoid its negative implications while benefiting from any possible opportunity.

#### Risk identification and mitigation

The identification of risks is the first step in the risk management process. The purpose of the identification of risks is to describe events that may have an adverse impact on the achievement of business objectives. In order to identify risks, a range of potential events is considered while taking into account past events and trends as well as future exposures.

The ERM team conducts interviews and enables prioritisation based on a risk-rating process that evaluates the likelihood and impact of the risk. The ERM team focuses on the identification of business, operational and strategic risks, as well as potential compliance and financial issues.

#### Reviewing the status of mitigation and residual risks

Once risks are identified, they are prioritised based on the impact, dependability on other functions and effectiveness of existing controls. The risks are monitored and reviewed periodically to assess the change in their likelihood and impact. Emerging risks, if any, are also documented in this process with their mitigation plans. The progress of risk-mitigating actions / controls is measured by evaluating the company's performance on the Key Risk Indicators (KRIs) defined for every risk.



## BUSINESS RISKS AND MITIGATION STRATEGIES

### Commodity price volatility

The company manages the risk of volatility through a commodity desk that gathers intelligence on the market and guides procurement. Further, it has also implemented a robust Vendor management system to maintain the confidence of its suppliers and it continues to scout for new sourcing partners to widen its supplier base.

### Radialisation in Truck & Bus segment

The company is converting its truck and bus bias capacities into other segments that have a higher demand. It is also increasing its penetration into export markets with high acceptability for the bias tyres.

### Occupational Health & Safety

The company has identified critical procedures as per OHSAS 18001:2007 and implemented the same to ensure effective control over hazards. It has also deployed engineering controls to reduce exposure. A Periodic Medical Examination program has also been rolled out to improve occupational health & safety.

### Industrial Relations

The changing industrial relations climate in India poses a challenge to the company on this front. It has taken steps at trust building with its workforce to strengthen the labour relations at its manufacturing facilities.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an internal control system that is commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit (IA) function is defined in the Internal Audit Charter.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of the internal control system in the Company, its compliance with operating systems, and accounting procedures and policies at all the Company's locations and its subsidiaries. Based on the report of the Internal Audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

WITH A CONSTANT FOCUS ON PROFITABLE PRODUCT CATEGORIES, MARKET SEGMENTS AND KEY INTERNATIONAL GEOGRAPHIES, CEAT IS STRATEGICALLY POISED TO ACHIEVE ITS VISION OF ACHIEVING AN EBITDA OF ₹ 1,000 CRORES BY 2016.

## OUTLOOK

The Indian tyre industry is expected to show a muted 2-3 percent growth in revenues in FY 2014-15 over the current estimate for FY 2013-14 of ₹ 47,500 crores. Sluggishness in the OEM automotive industry is expected to continue. However, the demand in the domestic replacement market is expected to be comparatively stronger, supported by a large vehicle park that has been accumulated over the last 3-4 years of strong automobile sales.

Raw material prices are expected to be stable, thereby assisting the operating margins of tyre manufacturers. However, with stable raw material prices and a subdued demand scenario, there might be pricing pressure, which might impact operating margins negatively.

The Company also has expansion plans that have already been announced. These include the expansion of the Halol radial plant with a capex of ₹ 650 crores and the expansion of the radial tyre business in Sri Lanka with a capex of LKR 60 crores.

## CAUTIONARY STATEMENTS

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, input prices, changes in government regulations, tax laws, and other factors such as litigation and industrial relations.

# Corporate Governance Report

The Corporate Governance Report, for the year 2013-14, which forms a part of Directors' Report, is prepared pursuant to the Companies Act, 1956 and the Listing Agreement entered into with the Stock Exchanges.

## I. COMPANY PHILOSOPHY

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

This Report is for compliance of Clause 49 of the Listing Agreement, which the Company has entered into with the Stock Exchanges.

## II. BOARD OF DIRECTORS

The Board of Directors ensures that the Company runs on fair and ethical principles and plays an important role in creation of value for its stakeholders, in terms of the Company's Corporate Governance

THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE MIRRORS ITS BELIEF THAT PRINCIPLES OF TRANSPARENCY, FAIRNESS AND ACCOUNTABILITY TOWARDS THE STAKEHOLDERS ARE THE PILLARS OF A GOOD GOVERNANCE SYSTEM.

and Ethics Policy. All statutory and other significant and material information including information mentioned in Annexure IC of Clause 49 of the Listing Agreement is placed before the Board to enable it to discharge its responsibilities of strategic supervision of the Company with due compliance of laws and as trustees of stakeholders. The Executive Directors are responsible for the day-to-day management of the Company subject to the supervision, direction and control of the Board of Directors. The Executive Directors are ably assisted by the Management Committee and Operating Committee, which implement the decisions and the strategic policies of the Board of Directors.

### 1. Composition:

During the year ended March 31, 2014, the Board of Directors of the Company consisted of 12 (twelve) members of whom 2 (two) were 'Executive' Directors and 10 (ten) were 'Non-Executive' Directors.

The Chairman, Mr. H. V. Goenka is a Non-Executive Director. Mr. Anant Vardhan Goenka, Managing Director and Mr. Arnab Banerjee, Whole-time Director (designated as the Executive Director-Operations) are the Executive Directors.

The Directors are eminent industrialists/professionals with experience in industry/business/finance/law and bring with them the reputation of independent judgment and experience, which they exercise and also satisfy the criteria of independence. However, the Board of Directors, adopting a more exacting view, has decided to treat only the Directors, as indicated in the para below, as Independent Directors.

### 2. Board Meetings held during the year and attendance thereat:

During the Financial Year ended March 31, 2014, 4 (four) meetings of the Board of Directors were held on May 7, 2013, August 1, 2013, October 28, 2013 and February 10, 2014. Details of Directors and their attendance in the said Board Meetings and also at the last Annual General Meeting are given below:

Name	Category	No. of Board Meetings attended during the year.	Whether attended last AGM held on August 22, 2013	No. of Directorships in other public limited companies	No. of Committee positions held in other public limited companies*	
					Chairman	Member**
Mr. H. V. Goenka	Non-Executive Non-Independent	4	Yes	6	0	0
Mr. Anant Vardhan Goenka	Executive Non-Independent	4	Yes	5	0	0
Mr. Arnab Banerjee	Executive Non-Independent	4	No	0	0	0
Mr. Paras K. Chowdhary	Non-Executive Non-Independent	4	Yes	2	0	1
Mr. Mahesh S. Gupta	Non-Executive Independent	4	No	11	3	6
Mr. A. C. Choksey	Non-Executive Independent	1	No	8	0	0
Mr. S. Doreswamy	Non-Executive Independent	4	Yes	3	2	3
Mr. Haigreve Khaitan	Non-Executive Independent	2	Yes	14	0	9
Mr. Bansi S. Mehta	Non-Executive Independent	3	No	13	4	10
Mr. Hari L. Mundra	Non-Executive Independent	2	No	2	1	2
Mr. K. R. Podar	Non-Executive Independent	2	Yes	3	0	0
Mr. Vinay Bansal	Non-Executive Independent	4	Yes	0	0	0

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

\*\* Membership in a Committee is inclusive of Chairmanship held by the Director.

### 3. Details of Directors proposed for appointment/re-appointment at the forthcoming Annual General Meeting [Pursuant to Clause 49 (IV) (G)]

#### i) Mr. Paras K Chowdhary

Mr. Paras K. Chowdhary, 62, holds a Bachelors degree in Physics (Hons.) and has over 34 (thirty-four) years experience of senior management positions in the tyre industry. He has been the Managing Director of the Company for more than 11 (eleven) years. Prior to joining the Company, he spearheaded the Telecom Business of R P G Enterprises between July 1997 to December 2000. Earlier, he was employed with Apollo Tyres Limited where he started his career from junior management position and rose to the position of President and Whole-time Director within a very short time. He was instrumental in the turning around

of that company. Mr. Chowdhary is one of the few experts of the tyre industry in India.

#### Other Directorships:

- Philips Carbon Black Limited
- CEAT Kelani Holdings (Private) Limited, Colombo
- Associated CEAT Holdings Company Private Limited, Colombo.

#### Membership/Chairmanship of Committees in other Companies:

Sr. No.	Name of Company	Name of Board Committee	Nature of Interest (Member or Chairman)
1	Philips Carbon Black Limited	Audit Committee	Member

**ii) Mr. Atul C. Choksey**

Mr. Atul C. Choksey, 62, has done his Bachelor's in Chemical Engineering from Illinois Institute of Technology, Chicago, USA and has also done Management courses in Finance, Personnel, Micro and Macro Economics etc. He joined Asian Paints (India) Limited (APIL) as a Junior Executive in July, 1973 and was subsequently appointed as Whole-time Director of the Company with effect from May 1979.

He has also served as the Managing Director of APIL from April 15, 1984 to August 22, 1997. He is the Chairman of Apcotex Industries Limited and other Group Companies. He, jointly with ANZ Grindlays Bank Limited, (presently known as Standard Chartered Grindlays Bank) promoted ANZ Asset Management Company Private Limited, of which he was the Director until May 2008. He is a member of Asian Executive Board of the Wharton Business School of the University of Pennsylvania, Philadelphia, USA since November 2000. From 1980 to 1997, he took active interest and held several positions including the position of the President in the Indian Paints Associations (IPA), a representative body of the paint manufacturers in India. He was the President of Bombay Chamber of Commerce and Industry as well as Deputy President of Associated Chamber of Commerce and Industry of India for 1993-1994.

Mr. Choksey is also a Trustee of the Shree Mahalaxmi Temple Charities and BAIF Development Research Foundation. He is also a member of the Governing Council of Shri Vile Parle Kelvani Mandal's College of Engineering, Mumbai.

**Other Directorships:**

- Apco Enterprises Limited
- Apcotex Industries Limited (previously known as Apcotex Lattices Limited)
- Finolex Cables Limited
- Mazda Colours Limited
- Marico Industries Limited
- Shyamal Finvest (India) Limited
- Titan Trading & Agencies Limited
- Trivikram Investments & Trading Company Limited
- Choksey Chemicals Private Limited
- Dhumraketu Investments and Trading Company Private Limited
- Saldhar Investments and Trading Company Private Limited

Membership/Chairmanship of Committees in other Companies: NIL

**iii) Mr. S. Doreswamy**

Mr. S. Doreswamy, 76, is a professional banker with about 35 (thirty-five) years of experience. He has led a variety of senior operational and administrative assignments. He was the Chairman and Managing Director of 2 (two) large public sector banks- Dena Bank and Central Bank of India, making significant contribution to their growth and progress during his tenure.

He is currently engaged in corporate and financial consultancy and is on Boards of a few well known Companies.

**Other Directorships:**

- Future Retail Limited
- DSP Black Rock Trustee Limited

Membership/Chairmanship of Committees in other Companies:

Sr. No.	Name of Company	Name of Board Committee	Nature of Interest (Member or Chairman)
1	Future Retail Limited	Audit Committee	Chairman
		Investors Grievance Committee	Member
		Remuneration Committee	Chairman

**iv) Mr. Mahesh S. Gupta**

Mr. Mahesh S. Gupta, 57, is the Group Managing Director for Ashok Piramal Group and oversees all business of the Group- Real Estate (Peninsula Land Limited), textiles (Morarjee Textiles Limited and Integra Apparels), engineering (Miranda Tools, PMP Components Private Limited, PMP Bakony Wiper Systems Limited and PAL International s.r.o) and Entertainment (Jammin). As a member of the apex board, Mr. Gupta provides strategic directions for all business initiatives for the Ashok Piramal Group. Previously he has worked with the RPG Group as Group CFO and Management Board Member and also a Whole-time Director of Nicholas Piramal India Limited.

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



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

#### Other Directorships:

Public Limited Companies and subsidiaries of Public Limited Companies:

- Ashok Piramal Management Corporation Limited
- Delta Corp Limited
- Delta Magnets Limited
- Morarjee Textiles Limited
- Hem Infrastructure and Property Developers Private Limited
- Peninsula Holdings and Investments Private Limited
- Peninsula Investment Management Company Limited
- Peninsula Real Estate Management Private Limited
- Peninsula Land Limited

- Renato Finance & Investments Private Limited
- RPG Life Sciences Limited

#### Private Limited Companies:

- APG Educational Consultants Private Limited
- APG Infrastructure Private Limited
- APG Road and Rail Transports Private Limited
- Bridgepoint Learning Private Limited
- CAMS Learning Private Limited
- Edustar Learning Private Limited
- Miranda Bi-Metal Tools Private Limited
- Morarjee Castiglioni (India) Private Limited
- Piramal Airports Infrastructure Private Limited
- Piramal Constructions and Infra Private Limited
- Piramal Energy Private Limited
- Piramal Equitation Private Limited
- Piramal Infrastructure Private Limited
- Piramal Renewable Energy Private Limited
- Piramal Roads and Rail Transports Private Ltd.
- Piramal Roads Infra Private Limited
- Piramal Transportation Private Limited
- Topvalue Brokers Private Limited
- West Star Agro-Realities Private Limited

#### Body Corporate:

- PMP Components (Mauritius) Limited

Membership/Chairmanship of Committees in other Companies:

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

**v) Mr. Hagrieve Khaitan:**

Mr. Haigreve Khaitan, 43, is a Practicing Advocate since 1995. Mr. Khaitan has expertise in commercial and corporate laws, tax laws, mergers and acquisitions, restructuring, foreign collaboration and licensing.

Other Directorships:

- Ambuja Cements Limited
- AVTEC Limited
- Bajaj Corp Limited
- Bharat Fritz Werner Limited
- First Source Solutions Limited
- Great Eastern Energy Corporation Limited

- Harrisons Malayalam Limited
- Inox Leisure Limited
- JSW Ispat Steel Limited
- Jindal Steel & Power Limited
- Karam Chand Thapar & Bros (Coal Sales) Limited
- National Engineering Industries Limited
- Sterlite Technologies Limited
- Torrent Pharmaceuticals Limited
- Vinar Systems Private Limited
- Xpro India Limited

Membership/Chairmanship of Committees in other Companies:

Sr. No.	Name of Company	Name of Board Committee	Nature of Interest (Member or Chairman)
1	Ambuja Cements Limited	Compliance Committee	Chairman
2	Bajaj Corp Limited	Remuneration Committee	Member
3	Harrisons Malayalam Limited	Remuneration Committee Audit Committee	Member Member
4	Inox Leisure Limited	Compensation & Remuneration Committee Audit Committee	Member Member
5	Jindal Steel & Power Limited	Audit Committee	Member
6	National Engineering Industries Limited	Audit Committee Shareholder's Grievance Committee Remuneration Committee	Member Member Member
7	Sterlite Technologies Limited	Audit Committee Remuneration Committee	Member Member
8	Torrent Pharmaceuticals Limited	Audit Committee	Member
9	Xpro India Limited	Remuneration & Nomination Committee	Member

**vii) Mr. K. R. Podar:**

Mr. K. R. Podar, 78, a graduate from Sydenham College of Commerce and Economics, Mumbai has been in the forefront of Indian Business and Industry.

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

At international level, Mr. Podar was the President of the SAARC Chamber of Commerce and Industry with headquarters in Pakistan. He has also represented the business community in the Prime Minister's delegation in the maiden bus journey to Lahore. He has also been the Chairman of many Joint Business Councils and member of many trade and industry bodies.

At national level, Mr. Podar has headed 16 (sixteen) important trade and industry bodies like Federation of Indian Chambers of Commerce and Industry (FICCI) (the Apex Chamber of Industries), The Indian Merchant's

Chamber (IMC), The Indian Cotton Mills Federation (ICMF) (Parent body of Indian Textile Industry (CITI)), All India Organisation of Employers (AIOE) etc.

**Other Directorships:**

- Bajaj Auto Limited
- Pitti Laminations Limited
- Moscow Region Podar International Private Limited
- Podar Infotech & Entertainment Limited

Membership/Chairmanship of Committees in other Companies: NIL

**viii) Mr. Vinay Bansal:**

Mr. Vinay Bansal, 69, an IAS officer of 1969 Batch (Maharashtra Cadre), retired as Secretary in the Department of Chemicals in the Government of India.

Before that, he served as Additional Secretary Commerce, Government of India, Chairman, MSEB, Principal Secretary Industries and Principal Secretary to Chief Minister, Maharashtra.

He has represented the Government of India in Joint Commissions to several countries and negotiated the Comprehensive Economic Co-operation Agreement between Government of India and Singapore. Currently, he is working as consultant in Reliance Industries Limited. Mr. Bansal holds a Master's degree in Mathematics from the University of Allahabad, a Diploma in Petroleum Management from Arthur D'Little, MDI, Boston in US and also Diplomas in Business Administration and French.

Other Directorship: NIL

Member/Chairmanship of the Committees: NIL

**ix) Ms. Punita Lal:**

Ms. Punita Lal, 51, a BA (Hons.) Economics from St. Stephen's College, Delhi and an MBA from Indian Institute of Management, Calcutta, is a high-caliber professional manager with over 25 (twenty-five) years of experience in Strategy Marketing and Leadership in the FMCG world. Her work experience spans multiple disciplines, geographies and cultures. Ms. Lal is admired for her style of inclusive leadership, her insight-based strategic thinking, team building and for 'getting things done'. As a senior business leader, she has many recognitions to her credit, including being chosen as one of India's top 20 (twenty) Business

Women by Business Today in 2006 and being awarded Corporate Woman of the Year in 2009 by the FICCI Women's Organisation.

Ms. Lal's last held role was as CEO for Nourish Company, a strategic joint venture between the Tata's and PepsiCo in the area of healthier beverages, using innovative business solutions and a capital-light model. As General Manager of Nourish Company, Ms. Lal's built a 20 (twenty) people strong cross-functional team, set up four manufacturing plants, launched the JV's first value beverages, Tata Gluco Plus, and Tata Water Plus. The role amply demonstrated her skills in general management with a strong focus on strategic visioning, project-management and team building in a difficult start up scenario.

In her prior role, as Executive Director - Marketing, PepsiCo Beverages, Ms. Lal was a key member of the Executive Committee of PepsiCo India Beverages, handling the strategic development of a diverse and large portfolio of beverages worth over \$1000 million, with 6 (Six) brands of over \$60 million each. During her stint in marketing PepsiCo revenue grew +18% CAGR, gaining 1.2% of share, spurred by the turnaround of Mountain Dew, Slice and Pepsi. Additionally she launched Nimbooz, India's first scale and locally relevant beverage platform innovation, while reinstating brand Pepsi as the most trusted FMCG beverage brand in India. Her team and she twice won the Best Global Marketing team in PepsiCo award.

Ms. Lal worked in Coca Cola China for 5 (five) years prior to returning to India, and began her career in advertising where she worked on several blue-chip FMCG clients including Unilever, J&J, Kellogg's and Pepsi.

Other Directorships: NIL

Membership/Chairmanship of Committees in other Companies: NIL

### III. COMMITTEES OF THE BOARD

#### 1. Audit Committee

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

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
  2. Considering and recommending the appointment, re-appointment of the Statutory Auditors, fixation of the audit fee and fee for any other services rendered by the Statutory Auditors and if required, the replacement or removal of the Statutory Auditors.
  3. Approval of payment to the Statutory Auditors for any other services rendered by the Statutory Auditors.
  4. Considering and recommending the appointment, re-appointment of the Cost Auditors, fixation of the cost audit fees and fee for any other services rendered by the Cost Auditors and if required, the replacement or removal of the Cost Auditors.
  5. Reviewing with the management the financial statements at the end of the quarter, half year and the annual statements before submission to the Board for approval with particular reference to:
    - a) Matters required to be included in the Director's Responsibility Statement which forms part of the Board's Report in terms of Clause (2AA) of Section 217 of the Act.
    - b) Changes, if any, in accounting policies and practices and reasons for the same.
    - c) Major accounting policies and practices.
    - d) Major accounting entries involving estimates based on exercise of judgment by the management.
    - e) Significant adjustments made in the financial statements arising out of audit findings.
    - f) Compliance with the listing and other legal requirements relating to financial statements.
    - g) Disclosure of any related party transaction.
    - h) Qualifications in the draft audit report.
  6. Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
  7. Reviewing with the management, performance of the Statutory and Internal Auditors and adequacy of the internal control systems.
  8. Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department reporting structure coverage and frequency of the internal audit.
  9. Discussion with internal auditors, any significant findings and follow up thereon.
  10. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  11. Discussion with Statutory Auditors before commencement of audit, regarding the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  12. Looking into the reasons for substantial defaults in payment to the depositors, debenture holders, shareholders and creditors, if any.
  13. Approval of appointment of the Chief Financial Officer or Whole-time Finance Director or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background etc. of the candidate.
  14. Reviewing of the information prescribed under Clause 49II (E) of the Listing Agreement.
- The Company has complied with the requirements of Clause 49 (II) (A) as regards the composition of the Audit Committee. The Audit Committee has 3 (three) members; Mr. Hari L. Mundra, Mr. S. Doreswamy and Mr. Mahesh S. Gupta.
- Mr. Mundra is the Chairman of the Audit Committee.
- During the financial year ended March 31, 2014, 4 (four) meetings of the Audit Committee were held on May 7, 2013; August 1, 2013; October 28, 2013 and February 10, 2014.

**Attendance at the Audit Committee Meetings:**

Name of the Member	No. of Meetings attended
Mr. Hari L. Mundra	2
Mr. S. Doreswamy	4
Mr. Mahesh S. Gupta	4

The requisite quorum was present at the meetings.

The Audit Committee Meetings are also generally attended by the representatives of Statutory Auditors, Internal Auditors, the Managing Director, the Chief Financial Officer, Head-Internal Audit and the Vice President-Accounts. The representative of the Cost Auditor is also invited to attend the meetings of the Audit Committee.

The Company Secretary functions as the Secretary of the Committee.

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

As per Clause 49(II)(A)(iv) the Chairman of the Audit Committee shall be present at the Annual General Meeting (AGM) to answer shareholder queries. Mr. Mundra, the Chairman of the Audit Committee conveyed his inability to attend the AGM as he was travelling abroad and hence, the Audit Committee at its meeting held on August 1, 2013 authorised Mr. S. Doreswamy, member of the Audit Committee to attend the AGM and perform the role of the Chairman of the Audit Committee and answer the queries of the shareholders if any.

**2. Shareholders/Investors Grievance Committee**

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

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

The Company Secretary functions as the Secretary of the Committee.

During the financial year ended March 31, 2014, 4 (four) meetings of the Shareholders/Investors Grievance

Committee were held on May 7, 2013; August 1, 2013; October 28, 2013 and February 10, 2014.

**Attendance at Shareholders/Investors Grievance Committee Meetings:**

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

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

**Shareholders/Investors Complaints**

Particulars of Complaints	Complaint Nos.
Complaints as on April 1, 2013	0
Complaints received during FY 2013-14	5
Complaints disposed off during FY 2013-14	5
Complaints remaining unresolved as on March 31, 2014	0

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

**3. Remuneration Committee**

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

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

During the financial year ended March 31, 2014, 3 (three) meetings of the Remuneration Committee were held on May 7, 2013, October 15, 2013 and January 29, 2014.



## Attendance at Remuneration Committee Meetings:

Name of the Member	No. of Meetings attended
Mr. H. V. Goenka	0
Mr. S. Doreswamy	1
Mr. Hari L. Mundra	3
Mr. Mahesh S. Gupta	3

## Remuneration Policy

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

The remuneration paid to the Managing Director/ Whole-time Director(s) is approved by the Board of Directors on the recommendation of the Remuneration Committee. The remuneration structure comprises of salary, perquisites and allowances, contributions to provident fund, superannuation and gratuity.

The Company pays sitting fees to the Non-Executive Directors for attending the meeting of Board and its Committees. The Non-Executive Directors are also paid Commission in recognition of their services to the Board depending upon the profitability of the Company.

## Directors Remuneration

## • Non-Executive Directors

Name of the Director	Relationship with other Directors (if any)	Sitting Fees paid during 2013-14 (All figures in ₹)	Commission to Non-Executive Directors for the year 2013-14 (All figures in ₹)
Mr. H. V. Goenka	Father of Mr. Anant Vardhan Goenka	80,000	3,44,00,000
Mr. Paras K. Chowdhary	-	80,000	4,00,000
Mr. Mahesh S. Gupta*	-	1,35,000	4,00,000
Mr. A. C. Choksey	-	20,000	4,00,000
Mr. S. Doreswamy*	-	1,25,000	4,00,000
Mr. Haigreve Khaitan	-	40,000	4,00,000
Mr. Bansi S. Mehta	-	60,000	4,00,000
Mr. Hari L. Mundra*	-	75,000	4,00,000
Mr. K. R. Podar	-	40,000	4,00,000
Mr. Vinay Bansal	-	80,000	4,00,000

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

## • Executive Directors

Name	Mr. Anant Vardhan Goenka	Mr. Arnab Banerjee
Relationship with other directors	Son of Mr. H. V. Goenka	None
Business Relationships with the Company, if any	Managing Director (till March 31, 2017)	Whole Time Director designated as Executive Director-Operations (till May 6, 2018).
	Anant Vardhan Goenka	Mr. Arnab Banerjee
Description	April 1, 2013 to March 31, 2014	May 7, 2013 to March 31, 2014
Salary	1,90,12,800	1,33,18,860
Perquisites and allowances	8,52,854	7,13,440
Others including retirals	50,64,501	24,03,796
<b>Total</b>	<b>2,49,30,155</b>	<b>1,64,36,096</b>

The remuneration paid to the Managing Director and the Whole-time Director was duly recommended by a resolution passed in the meeting of the Remuneration Committee and approved by the Board of Directors. The members have also accorded their approval to the said remuneration vide a special resolution passed at the Annual General Meeting on August 10, 2012 for Mr. Anant Vardhan Goenka and August 22, 2013 for Mr. Arnab Banerjee.

#### Shareholding of Directors (As on March 31, 2014)

Mr. H. V. Goenka	1,33,933 Equity Shares
Mr. Paras K. Chowdhary	3,000 Equity Shares
Mr. Anant Vardhan Goenka	14,185 Equity Shares

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

#### 4. Special Investment/Project Committee (Non-Mandatory Committee)

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

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

The Special Investment/Project Committee comprises of 3 (three) members, Mr. H. V. Goenka, Mr. Anant Vardhan Goenka and Mr. Paras K. Chowdhary. Mr. H. V. Goenka is the Chairman of the Committee. No fees are paid for attending the meetings of the Special Investment/Project Committee.

During the financial year ended March 31, 2014, 2 (two) meetings of the Special Investment/Project Committee were held on November 7, 2013 and January 7, 2014.

Attendance at Special Investment/Project Committee Meetings:

Name of the Member	No. of Meetings attended
Mr. H. V. Goenka	2
Mr. Anant Vardhan Goenka	2
Mr. Paras K. Chowdhary	0

#### 5. Finance & Banking Committee (Non-Mandatory Committee)

The terms of reference of the Finance & Banking Committee, inter alia, include the following:

1. To approve the borrowings by way of Term Loans and Working Capital Facilities from Banks and Other Institutions; within the limits fixed by the Board of Directors from time to time on such terms and conditions as it deems fit in the interest of the Company.
2. To approve raising of funds required by the Company from time to time through issue of commercial paper, non-convertible debentures and any other financial instruments within the limits fixed by the Board of Directors from time to time on such terms and conditions as it deems fit in the interest of the Company.
3. To review the Foreign Exchange (Forex) Policy from time to time and approve any modification(s) therein, as and when necessary in the interest of the Company. Also, to approve changes in signatories for executing the Forex transactions and agreements/documents etc. from time to time within the ambit of Forex Policy.
4. To approve short term investments in the units of Mutual Funds (Liquid funds) and/or in the fixed deposits of Scheduled Banks upto an aggregate limit of ₹ 100 crores, restricted to short-term debt funds only.
5. To authorise the officials of the Company to execute documents; such as Loan Agreements, Agreements for security creation, Deeds, Indemnities, Undertakings, and any other document required to be executed on behalf of the Company for the above mentioned purposes and also to comply with the terms and conditions so approved by the Committee while approving the above referred borrowings/raising of funds.
6. Opening of bank account(s) with the Banks and close any existing bank account(s) with them.
7. Opening of Demat Account(s) with any Depository Participant and close any existing Demat Account(s) with any Depository Participant.
8. Change in signatories of the bank, demat accounts.
9. To consider and grant Power of Attorney in favour of the officials of the Company or any other person for management of its day to day affairs.

10. To approve execution of any agreements, deeds, contracts or any other document that may be required to be executed by the Company from time to time for management of its day to day affairs.
11. To approve affixation of the Common Seal on any document required to be executed by the Company for management of its day to day affairs.
12. To authorise the Company's officials to execute, sign, submit and file any applications, affidavits, undertakings, pleadings or any other writings before any Magistrate, Court of Law, Tribunal, Government Authority, judicial/non-judicial Body and any other authority and also to represent the Company before the said Magistrate, Court of Law, Tribunal, Government Authority, Judicial/ Non-Judicial body and other Authority.
13. To attend to any other administrative matters requiring specific authority of the Board.
14. Approval of any fresh borrowings by the Company (including term loan and working capital limits) from the Banks/FI and any other sources, (including through issue of commercial papers/non-convertible debentures and other financial instruments etc.) limited to such an amount which, along with net outstanding of the existing borrowings from all sources, as aforesaid, shall not exceed ₹ 2,500 crores at any point of time.
15. Authorise officials of the Company to sign any bills of exchange or hundies.
16. To do such acts, deeds and things that may be required to be done by the Company in the normal course of business of the Company.

The Finance and Banking Committee comprises of 3 (three) members, Mr. Mahesh Gupta, Mr. S. Doreswamy, and Mr. Anant Vardhan Goenka. Mr. Mahesh Gupta is the Chairman of the Committee. No fees are paid for attending the meeting of the Finance & Banking Committee.

During the financial year ended March 31, 2014, 8 (eight) meetings of the Finance & Banking Committee were held on April 26, 2013, May 31, 2013, July 11, 2013, August 1, 2013, September 5, 2013, November 14, 2013, January 16, 2014 and February 28, 2014.

Attendance at the Finance and Banking Committee Meetings:

Name of the Member	No. of Meetings attended
Mr. Anant Vardhan Goenka	8
Mr. Mahesh S. Gupta	8
Mr. S. Doreswamy	1

## 6. Selection Committee

During the year under the review, the Company made an application to the Central Government under Section 314 (1)(B) of the Companies Act, 1956 ("the Act") for holding place of profit by Mr. Kunal Mundra, relative of Mr. Hari L. Mundra, Director of the Company. As per Director's Relatives (Office or Place of Profit) Rules, 2011, ("the Rules") the Company constituted the Selection Committee for appointment of relative of a Director for holding place of profit in a Company with a salary exceeding ₹ 2,50,000 per month and for the said purpose, the Company formed a Selection Committee pursuant to the Act and the Rules.

The terms of reference of this Committee include the following:

1. Evaluate the suitability of an individual, who is a relative of a Director or Manager of the Company for his appointment to the office or place of profit and also remuneration, including commission, as and when referred to the Committee by the Management and;
2. Approve the said appointment and its terms and conditions, inter alia, remuneration payable to such an individual.
3. To do generally all such acts, deeds and things that may be required to be done, from time to time, in connection with the appointment of a relative of the Director or Manager of the Company to office or place of profit.

The Selection Committee comprises of 3 (three) members, Mr. Anant Vardhan Goenka, Mr. Mahesh Gupta and Mr. S. Doreswamy. Dr. Arvind Agrawal is appointed as the outside expert. Mr. Mahesh Gupta is the Chairman of the Committee. No fees are paid for attending the meetings of the Selection Committee. During the financial year ended March 31, 2014, 1 (one) meeting of the Selection Committee was held on May 2, 2013.

## Attendance at Selection Committee Meetings:

Name of the Member	No. of Meetings attended
Mr. Anant Vardhan Goenka	1
Mr. Mahesh Gupta	1
Mr. S. Doreswamy	0

**IV. DETAILS ON GENERAL BODY MEETINGS**

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

Meeting	Day, Date	Time	Venue
52nd AGM	Friday, August 26, 2011	03.30 p.m.	P. L. Deshpande Maharashtra Kala Academy, Mumbai
53rd AGM	Friday, August 10, 2012	03:00 p.m.	P. L. Deshpande Maharashtra Kala Academy, Mumbai
54th AGM	Thursday, August 22, 2013	10:00 a.m.	P. L. Deshpande Maharashtra Kala Academy, Mumbai

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

Date of AGM	: Description of Special Resolution
52nd AGM, Friday, August 26, 2011	: No Special Resolution was passed in the Annual General Meeting.
53rd AGM, Friday, August 10, 2012	: Appointment of Mr. Paras K. Chowdhary as a Whole- time Director of the Company for a period of 1 (one) year commencing from April 1, 2012 and ending on March 31, 2013 upon the terms and conditions set out in the Agreement dated April 2, 2012 entered into by the Company and Mr. Paras Kumar Chowdhary.  Appointment of Mr. Anant Vardhan Goenka as Managing Director of the Company for a period of 5 (five) years commencing from April 1, 2012 and ending on March 31, 2017 upon the terms and conditions set out in the Agreement dated April 2, 2012 entered into by the Company and Mr. Anant Vardhan Goenka.
54th AGM, Thursday, August 22, 2013	: Appointment of Mr. Arnab Banerjee as Whole-time Director of the Company for a period of 5 (five) years commencing from May 7, 2013 and ending on May 6, 2018 upon the terms and conditions set out in the Agreement dated May 8, 2013 entered into by the Company and Mr. Arnab Banerjee.  Appointment of Mr. Kunal Mundra, a relative of Mr. Hari L. Mundra, Director of the Company, as Vice President-Specialty Tyres, to hold office or place of profit in the Company.  Approval of remuneration by way of commission paid to the Non-Executive Directors for a period of 5(five) years commencing from April 1, 2013.

**Postal Ballot**

During the year, the Company has not passed any resolution through Postal Ballot.

## V. DISCLOSURES

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

There were no material and/or significant transactions during the FY 2013-14 that were prejudicial to the interest of the Company.

### 2. Disclosure of Related Party Transactions

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

- a) A statement in summary form of transactions with related parties in the ordinary course of business is placed periodically before the Audit Committee.
- b) Details of material individual transactions with related parties, not in the normal course of business, if any, are placed before the Audit Committee.
- c) Details of material individual transactions with related parties or others, not on arm's length basis, if any, are placed before the Audit Committee, together with management's justification for the same.
- d) 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.
- e) Details of related party transactions are included in the Notes to the Accounts as per Accounting Standard (AS-18) issued by the Institute of Chartered Accountants of India.

### 3. Disclosure of Accounting Treatment

The Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India under the Companies (Accounting Standards) Rules, 2006 (as amended), to the extent applicable, in the preparation of the financial statements.

### 4. Disclosure of Risk Management

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

### 5. Proceeds from preferential issues

During FY 2011-12, the Company had allotted 17,12,176 Warrants of face value ₹ 10/- each on a preferential basis to an entity of the Promoter Group viz. Instant Holdings Limited (Instant). The said Warrants, convertible into an equal number of equity shares, were allotted at a price of ₹ 85.03 per Warrant on March 12, 2012. The said Warrants were convertible within a period of 18 months at the option of the allottee, which could be exercised anytime before September 11, 2013. Of the said price, 25 percent i.e. ₹ 21.26 per Warrant was received at the time of allotment i.e. on March 7, 2012. Instant, exercised its option for conversion of the said Warrants by paying the balance 75 percent i.e. ₹ 63.77 per Warrant and accordingly, the said Warrants were converted in to equity shares and allotted to Instant on July 23, 2013. These 17,12,176 equity shares were listed on the BSE Limited and the National Stock Exchange of India Limited on August 27, 2013.

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

The Company has complied with all the requirements of the Stock Exchanges, SEBI and Statutory Authorities on all matters related to the capital markets during the last 3 (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 3 (three) years.

### 7. Details of compliance with mandatory requirement

Clause 49 of the Listing Agreement mandates the Company to obtain a certificate from either the Auditors or Practicing Company Secretaries regarding compliance of conditions of Corporate Governance as stipulated in the said Clause and annex the certificate with the Directors' Report. The Company has obtained a certificate from its Statutory Auditors to this effect and the same is annexed to the Director's Report.

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

Clause 49 of the Listing Agreement states that the non-mandatory requirements may be implemented



as per the discretion of the Company. The Company maintains an office for the Chairman, which is regularly used by the Chairman for interactions with the management. The Company has also adopted a "Whistle Blower Policy" for employees to report to the management instances of unethical behaviour, actual or suspected fraud or violation of the Company's Corporate Governance and Ethics policy.

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

## VI. MEANS OF COMMUNICATION

The unaudited quarterly results are announced within forty-five days from the end of the quarter and the annual audited results are announced within sixty days from the end of the financial year as per the Listing Agreement entered in to with the Stock Exchanges. Quarterly results of the Company are published in a major English Daily as well as in a Marathi Daily.

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

- The Free Press Journal
- Navshakti
- The Economic Times

The quarterly results of the Company and the Investors Presentations are displayed on the Company's Website [www.ceat.in](http://www.ceat.in).

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

The Company has provided an email address on its website 'investors@ceat.in' whereby investors can directly contact the Company.

## VII. GENERAL SHAREHOLDER INFORMATION

### AGM: Date, Time and Venue

As indicated in the notice accompanying this Annual Report the fifty-fifth Annual General Meeting of the Company will be held on Friday, September 26, 2014 at 3.30 pm at Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025.

### Financial Year

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

### Date of Book Closure

Friday, September 19, 2014 to Friday, September 26, 2014 (both days inclusive).

### Dividend Payment Date

On or before October 25, 2014

### Listing on Stock Exchanges

The Equity shares of the Company are listed on the BSE Limited and the National Stock Exchange of India Limited.

The Listing fees have been paid to both the Stock Exchanges for the FY 2013-14 and 2014-15 as well.

### Stock Code

BSE Limited - 500878  
National Stock Exchange of India Limited - CEATLTD

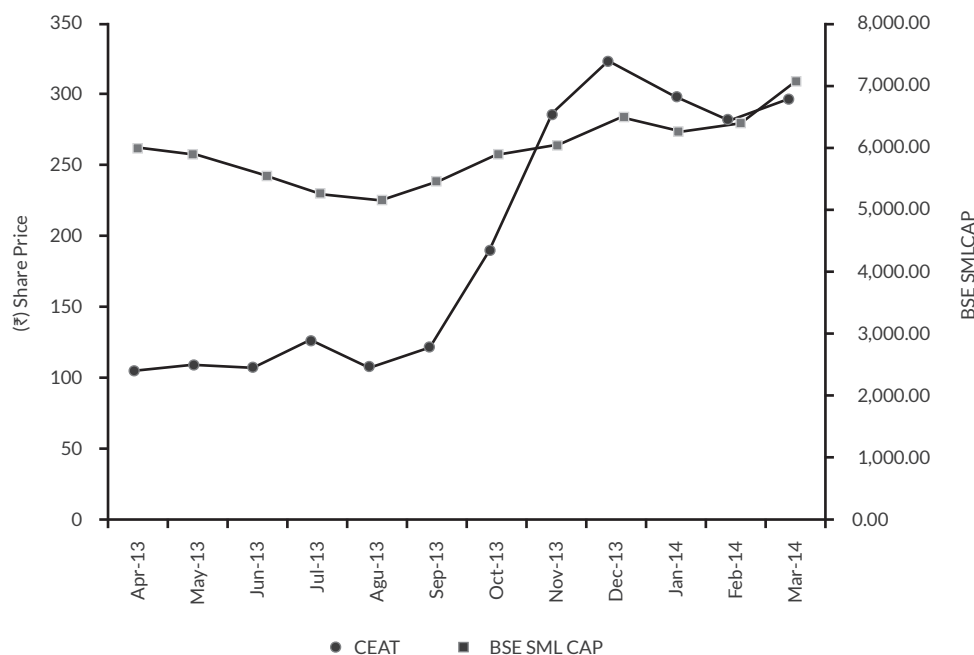
### Market Price Data

For Equity share of face value of ₹ 10/- each

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2013	109.75	87.30	109.75	87.10
May 2013	124.80	104.25	124.80	104.10
June 2013	115.45	101.00	115.60	93.20
July 2013	129.75	103.10	129.90	103.35
August 2013	133.70	97.50	133.65	97.40
September 2013	123.00	98.60	123.15	99.00
October 2013	189.80	122.25	189.80	122.10
November 2013	294.70	183.00	294.80	183.00
December 2013	338.70	282.50	338.90	285.60
January 2014	384.65	270.55	384.65	270.30
February 2014	326.10	266.00	325.85	266.10
March 2014	456.65	279.00	456.65	279.00

Share Performance of the Company in comparison to BSE SMLCAP

### CEAT IN COMPARISON WITH BSE SMLCAP



#### Registrar and Transfer Agents:

TSR Darashaw Private Limited  
6-10, Haji Moosa Patrawala Ind. Estate,  
20, Dr. E. Moses Road,  
Mahalaxmi,  
Mumbai - 400 011  
Email: [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com)  
Web: [www.tsrdarashaw.com](http://www.tsrdarashaw.com)  
Tel.: 022-66568484; Fax: 022-66568494

#### Branch Offices:

##### 1. Bangalore

TSR Darashaw Private Limited  
503, Barton Centre (5th Floor)  
84, Mahatma Gandhi Road,  
Bangalore - 560 001  
Email: [tsrdlbang@tsrdarashaw.com](mailto:tsrdlbang@tsrdarashaw.com)  
Tel: 080 - 25320321  
Fax: 080 - 25580019

**2. Jamshedpur**

TSR Darashaw Private Limited  
 "E" Road, Northern Town, Bistupur,  
 Jamshedpur – 831 001  
 Email: tsrdljsr@tsrdarashaw.com  
 Tel: 0657-2426616

**3. Kolkata**

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

**4. New Delhi**

TSR Darashaw Limited  
 2/42, Ansari Road, 1st Floor Daryaganj,  
 Sant Vihar, New Delhi – 110 002  
 Email: tsrdldel@tsrdarashaw.com  
 Tel: 011-23271805  
 Fax: 011-23271802

**Agents:**

Shah Consultancy Services Limited  
 3, Sumatinath Complex, 2nd Dhal  
 Pritam Nagar, Ellisbridge,  
 Ahmedabad 380 006  
 Email: shahconsultancy8154@gmail.com  
 Telefax: 079-26576038

**Share Transfer System**

All valid requests for transfer of equity shares in physical mode received for transfer at the office of the Registrar and Share Transfer Agents or at the Registered Office of the Company are processed and returned within a period of 15 (fifteen) days from the date of receipt. The Board of Directors has delegated the power of approval of share transfers to the Company Secretary.

Every effort is made to clear transmissions and split and consolidation requests within 21 (twenty-one) days.

**Distribution of shareholding as at March 31, 2014**

No. of Equity shares held	No. of Members		No. of shares		% of Equity Capital	
	Physical	Demat	Physical	Demat	Physical	Demat
1 to 500	23,732	30,172	6,18,411	23,58,014	1.72	6.56
501 to 1,000	97	925	66,012	6,87,578	0.18	1.91
1,001 to 2,000	39	391	55,272	5,71,845	0.15	1.59
2,001 to 3,000	10	121	25,400	3,04,897	0.07	0.85
3,001 to 4,000	4	62	13,525	2,20,942	0.04	0.61
4,001 to 5,000	1	43	4530	2,03,371	0.01	0.57
5,001 to 10,000	2	61	16,657	4,55,117	0.05	1.27
Greater than 10,000	1	125	17,82,348	2,85,71,791	4.96	79.46
<b>Total</b>	<b>23,886</b>	<b>31,900</b>	<b>25,82,155</b>	<b>3,33,73,555</b>	<b>7.18</b>	<b>92.82</b>

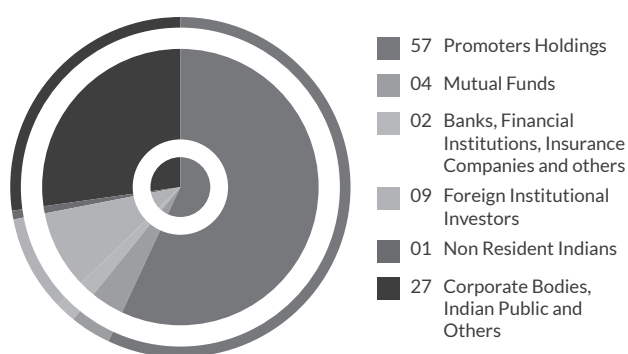
**Dematerialisation of shares**

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

92.82 percent of equity share capital corresponding to 3,33,73,555 equity shares is held in dematerialised form as of March 31, 2014.

**Categories of Shareholding as of March 31, 2014**

Category	No. of shares	Percentage
Promoters Holdings (Indian and Foreign)	2,05,33,738	57.11
Mutual Funds	14,12,181	3.93
Banks, Financial Institutions, Insurance Companies and others	8,60,118	2.39
Foreign Institutional Investors	31,93,444	8.88
Non Resident Indians	2,03,157	0.56
Corporate Bodies, Indian Public and Others	97,53,072	27.13
<b>Total</b>	<b>3,59,55,710</b>	<b>100.00</b>

**CATEGORY-WISE VOLUME ANALYSIS (%)****Outstanding GDRs/ADRs/Warrants/Any other Convertible Instruments:**

The Company does not have any outstanding GDRs/ADRs/Warrants/Any other Convertible Instruments as on March 31, 2014.

**Equity shares in Suspense Account:**

In accordance with procedure laid down in Clause 5A (II) of the Listing Agreement entered into with the Stock Exchanges, the Company had sent 3 (three) reminders on March 3, 2013, April 30, 2013 and July 1, 2013, respectively. Reminder I and Reminder II were sent through ordinary post and IIIrd and Final Reminder was sent through registered post. Subsequently 1,40,918 equity shares were transferred to CEAT Limited-Unclaimed Securities Suspense Account ("the Suspense Account"). The following are the details in respect of equity shares lying in the Suspense Account which were issued in

physical form pursuant to the Scheme of Arrangement by way of demerger between the Company and CHI Investments Limited.

Particulars	Number of members	Number of equity shares
Aggregate number of shareholders and the outstanding shares lying in the suspense account as on April 1, 2013	0	0
Shareholders who approached the Company for transfer of shares from suspense account during the year	0	0
Shareholders to whom shares were transferred from the suspense account during the year	0	0
Aggregate number of shareholders and the outstanding shares lying in the suspense account as on March 31, 2014	4,738	1,40,918

The voting rights on the equity shares lying in the Suspense Account as on March 31, 2014 shall remain frozen till the rightful owner of such shares claim the shares.

**Plant Locations**

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

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

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

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

TSR Darashaw Private Limited, the Registrar and Share Transfer Agents, of the Company.

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

Members located in places where NECS facility is not available, may kindly submit their bank details to enable the Registrars to incorporate the same on the Dividend Warrants, in order to avoid fraudulent encashment of the Dividend Warrants.

#### **CEO & CFO Certification**

The CEO i.e. the Managing Director and the CFO have issued a certificate pursuant to the provisions of Clause 49 of the Listing Agreement certifying that the financial statements do not contain any untrue statement and these statements represent a true and fair view of the Company's affairs.

#### **Code of Conduct**

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

All Board Members and Senior Management Personnel have affirmed compliance with the Code for the financial year ended March 31, 2014. A declaration to this effect signed by the Managing Director forms part of this Report.

#### **Declaration- Code of Conduct**

All Board Members and the Senior Management Personnel have, for the year ended March 31, 2014, affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of the Listing Agreement entered into with the Stock Exchanges.

For **CEAT Limited**

**Anant Vardhan Goenka**  
Managing Director

Place: Mumbai  
Date: April 29, 2014



### Prevention of Insider Trading

The Company has formulated a Code of Conduct for Prevention of Insider Trading ('Code') in accordance with provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992 with a view to regulate trading in securities by the Directors and Designated Employees of the Company.

Mr. H. N. Singh Rajpoot, Company Secretary as the Compliance Officer of the Company is responsible for complying with the procedures, monitoring, adherence to the rules for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct under the overall supervision of the Board.

The Code requires pre-clearance for dealing in the Company's shares and prohibits purchase and/or sale of the Company's shares by the Directors and Designated Employees while in possession of unpublished price sensitive information in relation to the Company.

### Compliance Officer

Mr. H. N. Singh Rajpoot  
Company Secretary  
CEAT Limited  
CIN: L25100MH1958PLC011041  
463, Dr. Annie Besant Road, Worli, Mumbai 400 030  
Tel: 91-22-2493 0621  
Fax: 91-22-6660 6039  
Email: investors@ceat.in

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

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

Place: Mumbai  
Date : July 22, 2014

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## Auditors' Certificate

To

### The Members of CEAT Limited

We have examined the compliance of conditions of corporate governance by CEAT Limited, for the year ended on 31st March 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For **S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 101049W

per **Sudhir Soni**  
Partner  
Membership Number: 41870

Place: Mumbai  
Date: July 22, 2014

# Independent Auditors' Report

To the Members of CEAT Limited

## Report on the Financial Statements

We have audited the accompanying financial statements of CEAT Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies

Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;
  - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W

per Sudhir Soni

Place of Signature: Mumbai

Partner

Date: April 29, 2014

Membership Number: 41870

## ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT ON EVEN DATE

Re: CEAT Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (i) (b) All fixed assets have not been physically verified during the year by management, but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (i) (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (ii) (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (ii) (c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause (iii)(a) to (d) of the said Order are not applicable to the Company and hence not commented upon.
- (iii) (b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause (iii)(e) to (g) of the said Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an 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 weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (v) (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956, and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed 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, related to the manufacture of automotive tyres, tubes and flaps and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.
- (ix) (b) According to the information and explanations given to us, undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

(₹ in Lacs)					
Name of the statute	Nature of the Dues	Amount	Period to which amount relates	Due Date	Date of Payment
Finance Act 2012	Service Tax	0.80	2013-14	April 2013 to September 2013	21-04-2014
Income Tax Act, 1961	TDS Section 195 (withholding Tax)	4.63	2013-14	30-04-2013	05-04-2014
Income Tax Act, 1961	TDS Section 195 (withholding Tax)	0.71	2013-14	30-05-2013	05-04-2014

- (ix) (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

(₹ in Lacs)							
Department	Period to which the amounts relates	Commissionerate	Appellate authorities and Tribunal	High Court	Supreme Court	Deposit Amount	Net Amount
Central Excise Act	1978-2006	-	15,20.60	-	5,19.00	-	20,39.60
Income Tax Act	1985-2009	15.62	125,90.35	1,65.65	-	-	127,71.62
Sales Tax	1987-2014	10,53.26	24,31.88	-	-	2,11.02	32,74.12
Service Tax	1996-2013	-	21,11.05	25.69	-	-	21,36.74
Wealth Tax	2002-2003	-	6.73	-	-	-	6.73
<b>Grand Total</b>		<b>10,68.88</b>	<b>186,60.61</b>	<b>1,91.34</b>	<b>5,19.00</b>	<b>2,11.02</b>	<b>202,28.81</b>

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of the said order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of the said order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by its subsidiary Company from banks, the terms and conditions whereof, in our opinion, are prima-facie not prejudicial to the interest of the Company. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from financial institutions.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company did not raise money by public issue during the year.
- (xxi) We have been informed by the management of the Company that there were certain instances of frauds it detected, and investigations relating to which have been completed, involving misappropriation of funds and theft of inventory of finished goods by employees of Company, to the tune of ₹ 10.00 lacs and ₹ 26.00 lacs respectively, and theft of inventory of finished goods by an agent of the Company, aggregating ₹ 28.73 lacs.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W

Place of Signature: Mumbai  
Date: April 29, 2014

per Sudhir Soni  
Partner  
Membership Number: 41870

# Balance Sheet

as at March 31, 2014

		(₹ in Lacs)	
	Note No.	As at 31.03.2014	As at 31.03.2013
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
a) Share Capital	3	35,95.57	34,24.35
b) Reserves and Surplus	4	931,14.48	708,76.76
c) Money Received Against Share Warrants	5	-	3,63.97
		<b>967,10.05</b>	<b>746,65.08</b>
<b>(2) Non-Current Liabilities</b>			
a) Long-term Borrowings	6	422,49.18	421,66.89
b) Deferred Tax Liabilities (Net)	7	109,09.50	74,52.07
c) Other Long-term Liabilities	8	1,42.20	1,42.20
d) Long-term Provisions	9	20,21.04	12,00.69
		<b>553,21.92</b>	<b>509,61.85</b>
<b>(3) Current Liabilities</b>			
a) Short-term Borrowings	10	574,78.16	382,15.81
b) Trade Payables	11	669,25.98	776,06.12
c) Other Current Liabilities	12	546,90.78	576,22.51
d) Short-term Provisions	13	66,40.30	65,43.59
		<b>1,857,35.22</b>	<b>1,799,88.03</b>
<b>Total</b>		<b>3,377,67.19</b>	<b>3,056,14.96</b>
<b>II ASSETS</b>			
<b>(1) Non-Current Assets</b>			
a) Fixed Assets	14		
(i) Tangible Assets		1,412,95.57	1,441,92.24
(ii) Intangible Assets		61,25.48	61,00.80
(iii) Capital Work In Progress		30,23.04	9,93.54
		<b>1,504,44.09</b>	<b>1,512,86.58</b>
b) Non-current Investments	15	124,33.56	44,70.84
c) Long-term Loans and Advances	16	75,28.69	118,29.19
d) Other Non-current Assets	17	10,04.81	10,57.28
		<b>1,714,11.15</b>	<b>1,686,43.89</b>
<b>(2) Current Assets</b>			
a) Inventories	18	718,27.81	531,44.01
b) Trade Receivables	19	715,84.24	635,74.59
c) Cash and Bank balances	20	102,95.60	81,35.01
d) Short-term Loans and Advances	21	93,21.25	104,85.70
e) Other Current Assets	22	33,27.14	16,31.76
		<b>1,663,56.04</b>	<b>1,369,71.07</b>
<b>Total</b>		<b>3,377,67.19</b>	<b>3,056,14.96</b>
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements  
As per our report of even date

For **S.R. Batliboi & Associates LLP**  
Chartered Accountants  
Firm Registration No.: 101049W

**Subba Rao A**  
Chief Financial Officer

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

**H.V. Goenka**  
Chairman

**Anant Goenka**  
Managing Director

**per Sudhir Soni**  
Partner  
Membership Number : 41870  
Place : Mumbai  
Date : April 29, 2014

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

Place : Mumbai  
Date : April 29, 2014



# Statement of Profit and Loss

for the year ended March 31, 2014

(₹ in Lacs)

	Note No.	2013-2014	2012-2013
<b>INCOME</b>			
1 Revenue From Operations (Gross)	23	5,896,80.03	5,349,77.00
Less : Excise Duty		541,98.98	468,32.53
Revenue From Operations (Net)		5,354,81.05	4,881,44.47
2 Other Income	24	20,54.06	21,47.59
<b>3 Total Revenue (1 + 2)</b>		<b>5,375,35.11</b>	<b>4,902,92.06</b>
<b>4 EXPENSES</b>			
a) Cost of Materials Consumed	25	3,451,38.83	3,343,26.26
b) Purchases of Stock-in-trade		117,08.21	68,70.93
c) Changes in Inventories of finished goods, work-in-progress and Stock-in-trade	26	(101,23.31)	(34,19.31)
d) Employee Benefits Expense	27	289,07.19	269,09.74
e) Finance Costs	28	169,15.89	177,89.07
f) Depreciation and amortization expense	14	82,63.32	78,16.48
g) Other Expenses	29	980,07.56	826,56.02
<b>Total Expenses</b>		<b>4,988,17.69</b>	<b>4,729,49.19</b>
<b>5 Profit Before Exceptional Items and Tax (3 - 4)</b>		<b>387,17.42</b>	<b>173,42.87</b>
6 Exceptional Items (Refer Note 30 (21))		10,03.93	27,69.56
<b>7 Profit Before Tax (5 - 6)</b>		<b>377,13.49</b>	<b>145,73.31</b>
<b>8 Tax Expense :</b>			
1) Current Tax		88,77.82	31,78.05
2) Less : MAT Credit entitlement		-	(31,78.05)
3) Short / (Excess) Provision of earlier years		-	(1,71.06)
4) Deferred Tax - current year		34,57.45	48,19.45
5) Deferred Tax - prior years		-	(7,10.23)
<b>9 Profit for the year (7 - 8)</b>		<b>253,78.22</b>	<b>106,35.15</b>
<b>10 Earnings Per Equity Share (Refer Note 30 (23))</b> [Nominal value of share ₹ 10 (Previous year ₹ 10)]			
(1) Basic	₹	71.66	31.06
(2) Diluted	₹	71.24	30.44
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements  
As per our report of even date

For **S.R. Batliboi & Associates LLP**  
Chartered Accountants  
Firm Registration No.: 101049W

**Subba Rao A**  
Chief Financial Officer

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

**H.V. Goenka**  
Chairman

**Anant Goenka**  
Managing Director

**per Sudhir Soni**  
Partner  
Membership Number : 41870

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

Place : Mumbai  
Date : April 29, 2014

Place : Mumbai  
Date : April 29, 2014

# Cash Flow Statement

for the year ended March 31, 2014

(₹ in Lacs)

	2013-2014	2012-2013
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit Before Tax	377,13.49	145,73.31
Adjustments for :		
Depreciation	82,63.32	78,16.48
Interest income	(4,52.88)	(6,51.70)
Interest expense	138,96.06	147,06.71
Dividend income	(8,91.89)	(7,27.17)
Provision for doubtful debts	3,70.19	3,17.61
Provision for doubtful debts and advances -Written Back	(14.25)	-
Advance/Bad debts Written Off	31.41	5.86
Profit on sale of Investment	-	(0.48)
(Profit) / Loss on sale of fixed assets (Net)	(21.42)	28.68
Unrealised exchange variation (Net)	19.72	45.47
Other borrowing cost	30,19.83	30,82.36
	242,20.09	246,23.82
<b>Operating Profit Before Working Capital Changes</b>	<b>619,33.58</b>	<b>391,97.13</b>
Adjustments for :		
Decrease/(Increase) in Inventory	(186,83.81)	48,16.58
Decrease/(Increase) in Trade receivables	(87,54.37)	(26,66.53)
Decrease/(Increase) in Other Current Assets	(25,23.00)	(64.81)
Decrease/(Increase) in Short-term Loans and Advances	11,64.45	7,41.93
Decrease/(Increase) in Long-term Loans and Advances	(20.28)	5,49.80
(Decrease)/Increase in Trade payables	(104,47.49)	133,34.03
(Decrease)/Increase in Other Current Liabilities	24,26.86	(1,73.75)
(Decrease)/Increase in Short-term Provisions	(20,42.65)	31,38.41
(Decrease)/Increase in Long-term Provisions	8,20.36	3,96.51
<b>Cash generated from operations</b>	<b>238,73.65</b>	<b>592,69.30</b>
Direct taxes paid	(83,49.99)	(35,71.29)
	(83,49.99)	(35,71.29)
<b>Net Cash Flow From Operating Activities (A)</b>	<b>155,23.66</b>	<b>556,98.01</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets (including capital work in progress and capital advance)	(81,09.65)	(63,24.30)
Sale of fixed assets	4,03.41	23.69
Investment in Subsidiary (CEAT Bangladesh Limited)	(38,66.39)	(38,50.68)
Withdrawal of Bank Deposits (having original maturity of more than three months)	8,46.38	1,79.97
Investment in Bank Deposits (having original maturity of more than three months)	(6,50.00)	(5,46.38)
Withdrawal of Margin Money Deposit	2,55.70	-
Investment in Margin Money Deposit	(49.67)	(1,50.00)
Purchase of Non Current Investments	(0.18)	-
Sale of Current Investments (Net)	-	30,32.44
Interest received	4,51.10	5,52.30
Loan to Subsidiary (Rado Tyres Limited)	25.83	(65.00)
Dividend received from Investment	54.73	1,58.71
Dividend received from Subsidiary	8,37.16	5,68.46
<b>Net Cash used in Investing Activities (B)</b>	<b>(98,01.58)</b>	<b>(64,20.79)</b>

(₹ in Lacs)

	2013-2014	2012-2013
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issuance of Equity Capital	10,91.91	-
Interest paid	(139,38.04)	(149,59.13)
Other Borrowing cost paid	(28,85.65)	(28,19.36)
Change in other Short-term Borrowings (Net)	239,96.88	(53,57.33)
Proceeds from Short-term Buyers Credit	1,037,39.22	840,74.66
Repayment of Short-term Buyers Credit	(1,076,68.29)	(907,10.21)
Repayment of Long-term Borrowings	(255,11.54)	(152,04.61)
Proceeds from Long-term Borrowings	196,02.46	-
Dividend paid	(14,38.23)	(3,42.44)
Dividend Distribution Tax paid	(1,47.82)	(55.55)
<b>Net Cash used in Financing Activities (C)</b>	<b>(31,59.10)</b>	<b>(453,73.97)</b>
<b>Net Increase in Cash or Cash Equivalent (A+B+C)</b>	<b>25,63.00</b>	<b>39,03.25</b>
<b>Components of Cash and Cash Equivalents</b>		
On Current Accounts	62,85.53	24,12.96
On Unpaid Dividend Accounts *	55.27	52.84
On Unpaid Interest and Fixed Deposit *	4,05.91	3,72.12
Cheques in Hand	-	5.14
Cash in Hand	15.98	16.38
<b>Adjusted Cash and Cash Equivalents at beginning of the year</b>	<b>67,62.69</b>	<b>28,59.44</b>
<b>Cash and Cash Equivalents at the end of the year</b>		
On Current Accounts	88,11.23	62,85.53
On Unpaid Dividend Accounts *	87.61	55.27
On Unpaid Interest and Fixed Deposit *	4,11.03	4,05.91
Cheques in Hand	-	-
Cash in Hand	15.82	15.98
<b>Adjusted Cash and Cash Equivalents at end of the year</b>	<b>93,25.69</b>	<b>67,62.69</b>
<b>Net Increase as disclosed above</b>	<b>25,63.00</b>	<b>39,03.25</b>

\* The Company can utilise these balances only towards settlement of unpaid dividend account, unpaid interest and fixed deposit account.

**Note :**

- 1 Previous Years Figures have been regrouped wherever necessary.
- 2 All Figures in brackets are outflows.
- 3 The allotment of shares by Rado Tyres Limited to the company (Refer note 30 (6) (b)) is a non cash transaction and hence, has no impact on the company's cash flow for the year.

As per our report of even date

For **S.R. Batliboi & Associates LLP**  
Chartered Accountants  
Firm Registration No.: 101049W

**per Sudhir Soni**  
Partner  
Membership Number : 41870  
Place : Mumbai  
Date : April 29, 2014

**Subba Rao A**  
Chief Financial Officer

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

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

**H.V. Goenka**  
Chairman

**Anant Goenka**  
Managing Director

Place : Mumbai  
Date : April 29, 2014

# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

## 1. CORPORATE INFORMATION

CEAT Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company's principal business is manufacturing of automotive tyres, tubes and flaps. The company started operations in 1958 as CEAT Tyres of India Limited and was renamed as CEAT Limited in 1990. The company caters to both domestic and international markets.

The company has three subsidiary companies:-

- i) Associated CEAT Holdings Company (Pvt.) Limited incorporated in Sri Lanka
- ii) CEAT Bangladesh Limited Incorporated in Bangladesh
- iii) Rado Tyres Limited (w.e.f. 27th September, 2013), incorporated in India.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A) Basis of Accounting and preparation of Financial Statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting, unless stated otherwise and comply with the mandatory Accounting Standards (AS) prescribed under the Companies Act, 1956 read with the General Circular 08/2014 dated 04 April, 2014 issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year.

### B) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from the estimates. Management believes that the estimates used in the preparation of financial

statements are prudent and reasonable. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

## C) Tangible fixed assets and Intangible assets

### Tangible Assets

- a) Fixed assets are stated at cost of acquisition or construction or revalued amount whichever is applicable, net of accumulated depreciation / amortization and impairment losses, if any.
- b) The cost comprises, cost of acquisition, borrowing cost and any attributable cost of bringing the asset to the condition for its intended use. Cost also includes direct expenses incurred up to the date of capitalisation / commissioning.
- c) Machinery spares procured along with the plant and machinery or subsequently and whose use is expected to be irregular are capitalised separately, if cost of such spares is known and depreciated fully over the residual useful life of the related plant and machinery. If the cost of such spares is not known particularly when procured along with the mother plant, these are capitalised and depreciated along with the mother plant. The written down value (WDV) of the spares is charged as revenue expenditure in the year in which such spares are consumed. Similarly, the value of such spares, procured and consumed in a particular year is charged as revenue expenditure in that year itself.
- d) Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standards of performance.
- e) All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

- f) Gains and losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.
- g) Tangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Capital work-in-progress".
- h) In case of revaluation of fixed assets, any revaluation surplus is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the statement of profit and loss, in which case the increase is recognized in the statement of profit and loss. A revaluation deficit is recognized in the statement of profit and loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

## Intangible Assets

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

## D) Borrowing Cost

Borrowing cost includes interest, fees and other ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs that are directly attributable to the acquisition of or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognized in the Statement of Profit and Loss.

## E) Depreciation

### i) Tangible Assets

Depreciation on fixed asset is calculated on Straight Line Method (SLM) using the rates arrived at based on the useful lives estimated by the management, or those prescribed under Schedule XIV to the Companies Act, 1956, whichever is higher. The rates of depreciation considered for the major assets are as under

Asset Class	Rates(SLM)
Buildings	1.63% - 3.34%
Plant & Equipments	4.75% - 10.34%
Moulds	16.21%
Computers Hardware	16.21%
Furniture & Fixtures	6.33%
Office Equipments	4.75%
Motor Vehicles	7.07% - 11.31%

Leasehold land – amortised over the period of the lease ranging from 95 years – 99 years.

Depreciation is not recorded on capital work-in-progress until construction and installation are complete. Assets acquired/purchased costing less than Rupees five thousand have been depreciated at the rate of 100%. Depreciation on revalued amount of a particular asset is calculated on straight line method over the remaining estimated useful life of the asset from the date of revaluation.

### ii) Intangible Assets

Intangible assets are amortized on a straight line basis over the estimated useful economic life.

- Software expenditure have been amortised over a period of three years.
- Technical Know-how and Brands are amortised over a period of twenty years.

The company has acquired technical know-how and assistance for setting up for Halol radial plant. Considering the life of the underlying plant/facility, this technical know-how, is amortised on a straight line basis over a period of twenty years

The Company has acquired global rights of "CEAT" brand from the Italian tyre maker, Pirelli. Prior to the said acquisition, the Company was the owner of the brand in only a few Asian countries including India. With the acquisition of the brand which is renowned worldwide, new and hitherto



# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

unexplored markets will be accessible to the Company. The Company will be in a position to fully exploit the export market resulting in increased volume and better price realization. Therefore, the management believes that the Brand will yield significant benefits for a period of at least twenty years

## F) Impairment of tangible and intangible assets:

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

## G) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current Investments are carried in the financial statement at lower of cost or fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

## H) Inventories

- i) Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis. Cost of raw material is net of duty benefits under Duty Entitlement Exemption Certificate (DEEC) scheme.
- ii) Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.
- iii) Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

## I) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and revenue can be reliably measured.

### i) Sale of Goods

Revenue from sale of goods is recognised when the significant risks and rewards of

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ownership are passed on to the customer. Sales taxes and value added taxes (VAT) are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

## ii) Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

## iii) Dividends

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

## iv) Royalty and Technology Development fees

Royalty and technology development fees income are accounted for as per the terms of contract.

## J) Government Grants and Export Incentives

Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received. Government grants related to revenue are recognized on a systematic basis in the Statement of Profit and Loss as a part of other operating revenues.

Export Incentives such as focus market scheme, Focus products scheme and special focus market scheme are recognized in the Statement of Profit and Loss as a part of other operating revenues.

## K) Foreign Currency Transactions

### i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

## ii) Conversion

Foreign currency monetary items are translated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

## iii) Exchange differences

All exchange gains and losses arising out of translation/restatement, are accounted for in the statement of profit and loss.

## iv) Forward exchange contracts entered into to hedge foreign currency risk.

Forward premium in respect of forward exchange contracts is amortised and recognised over the life of the contract. Exchange differences in such contract are recognized in the Statement of Profit and Loss in the period in which the exchange rates change.

## L) Leases

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there

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forming part of the Financial Statements for the year ended March 31, 2014.

is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

## M) Research and Development

Research and development expenditure is charged to revenue under the natural heads of accounts in the year in which it is incurred. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for tangible assets and Intangible assets.

## N) Employee Benefits

### i) Defined Contribution plan

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

### ii) Defined Benefit plan

The Company also provides for retirement benefits in the form of gratuity. The company's liability towards these benefits is determined on the basis of actuarial valuation using Project Unit Credit Method at the date of balance sheet. Actuarial gains/losses are recognised in the Statement of Profit and Loss in the period in which they occur.

### iii) Compensated absences

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

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

### iv) Termination benefits

The company recognizes termination benefit as a liability and an expense when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

## O) Taxes on Income

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

**Minimum alternate tax (MAT)** paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT

# Notes

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

- ii) **Deferred Tax:** Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted on the balance sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

## P) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## Q) Provisions and Contingent Liabilities

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

## R) Cash and cash equivalents

Cash comprises cash in hand and demand deposit with banks. Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

## S) Derivative instruments and hedge accounting

The company uses derivative financial instruments, such as, foreign currency forward contracts to hedge foreign currency risk arising from future transactions in respect of which firm commitments are made or which are highly probable forecast transactions. It also uses interest rate swaps to hedge interest rate risk arising from variable rate

# Notes

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loans. The company designates these forward contracts and interest rate swaps in a hedging relationship by applying the hedge accounting principles of AS 30 Financial Instruments: Recognition and Measurement.

For the purpose of hedge accounting, hedges are classified as, Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment

At the inception of a hedge relationship, the company formally designates and documents the hedge relationship to which the company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the company will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as described below:

## Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly under shareholders fund in the hedging reserve, while any ineffective portion is recognized immediately in the statement of profit and loss.

The company uses foreign currency forward contracts as hedges of its exposure to foreign currency risk in forecasted transactions and firm

commitments. The ineffective portion relating to foreign currency contracts is recognized immediately in the statement of profit and loss.

Amounts recognized in the hedging reserve are transferred to the statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged income or expense is recognized or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in the hedging reserve is transferred to the statement of profit and loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in the hedging reserve remains in the hedging reserve until the forecast transaction or firm commitment affects profit or loss.

## T) Provision for Warranty

The estimated liability for warranty is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence based on corrective actions on product failure. The timing of outflows will vary as and when the obligation will arise - being typically upto three years

## U) Segment reporting

The Company's operations comprise of only one business segment "Automotive Tyres, Tubes & Flaps" as its primary segment. The analysis of Geographical segments is based on the areas in which the Company operates. The accounting policies adopted for segment reporting are in conformity with the accounting policies of the Company.

# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

## NOTE 3 - SHARE CAPITAL

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
<b>a) Authorised :</b>		
4,61,00,000 (Previous year 4,61,00,000) Equity Shares of ₹ 10 each	46,10.00	46,10.00
39,00,000 (Previous year 39,00,000) Preference Shares of ₹ 10 each	3,90.00	3,90.00
1,00,00,000 (Previous year 1,00,00,000) Unclassified Shares of ₹ 10 each	10,00.00	10,00.00
	60,00.00	60,00.00
<b>b) Issued :</b>		
3,59,56,398 (Previous year 3,42,44,222 )Equity Shares of ₹10 each (Includes 688 (Previous year 688) Shares offered on right basis and kept in abeyance)	35,95.64	34,24.42
<b>Total issued Share Capital</b>	35,95.64	34,24.42
<b>c) Subscribed and paid-up :</b>		
3,42,43,534 (Previous year 3,42,43,534 )	34,24.35	34,24.35
Equity Shares of ₹ 10 each fully paid-up		
Add : 17,12,176 shares (Previous year Nil)	1,71.22	-
Allotted during the year (Refer note 5)		
<b>Total Subscribed and paid-up Share Capital</b>	35,95.57	34,24.35

### i) Reconciliation of equity shares outstanding

	2013-14		2012-13	
Equity Shares	Number	₹ In Lacs	Number	₹ In Lacs
Shares outstanding at the beginning of the year	3,42,43,534	34,24.35	3,42,43,534	34,24.35
Shares issued during the year (Refer note 5)	17,12,176	1,71.22	-	-
Shares outstanding at the end of the year	3,59,55,710	35,95.57	3,42,43,534	34,24.35

### ii) Terms and rights attached to Equity Shareholders:

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

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

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



# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

## iii) Shares in the Company held by each shareholder holding more than 5% of the number of equity shares

	As at 31.03.2014		As at 31.03.2013	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Instant Holdings Limited	1,15,10,812	32.01%	96,06,636	28.06%
Goodhope Sales Private Limited *	-	-	-	-
Swallow Associates LLP #	44,84,624	12.47%	44,84,624	13.10%
Societe Ceat D Investissementsen Asie S A	-	-	17,82,348	5.20%

\* Merged with Instant Holdings Limited w.e.f. 15th May, 2012

# Swallow Associates Limited upto 30th October, 2012

## NOTE 4 - RESERVES AND SURPLUS

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
<b>a) Capital Reserve</b>		
Balance as per last financial statements	8,76.87	8,76.87
Add : Addition during the year	3,00.00	-
Closing Balance	11,76.87	8,76.87
<b>b) Capital Redemption Reserve</b>	3,90.00	3,90.00
<b>c) Securities Premium Reserve</b>		
Balance as per last financial statements	165,23.65	165,23.65
Add : Addition during the year (Refer note 5)	12,84.65	-
Closing Balance	178,08.30	165,23.65
<b>d) Cash Flow Hedge Reserve</b>		
Balance as per last financial statements	(1.90)	-
Add : Addition during the year	(5,34.99)	(1.90)
Closing Balance	(5,36.89)	(1.90)
<b>e) General Reserve</b>		
Balance as per last financial statements	198,00.97	187,00.97
Add : Amount transferred from surplus balance in the statement of profit and loss	25,38.00	11,00.00
Closing balance	223,38.97	198,00.97
<b>f) Surplus in the statement of profit and loss</b>		
Balance as per last financial statements	332,87.17	253,54.55
Add : Profit for the year	253,78.22	106,35.15
<b>Amount available for Appropriation</b>	586,65.39	359,89.70
Less : Appropriations		
Proposed Dividend (Amount per share ₹ 10/- (Previous year ₹ 4))	36,64.06	13,69.74
Tax on Proposed Dividend	5,26.10	2,32.79
Amount transferred to General Reserve	25,38.00	11,00.00
<b>Net Surplus in the statement of profit and loss</b>	519,37.23	332,87.17
<b>Total</b>	931,14.48	708,76.76

# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

## NOTE 5 - MONEY RECEIVED AGAINST SHARE WARRANTS

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
Balance as per last financial statements	3,63.97	3,63.97
Less : Converted into Equity Share Capital	3,63.97	-
<b>Total</b>	<b>-</b>	<b>3,63.97</b>

### Money received against convertible warrants

On 24th July, 2013, the Company has converted 17,12,176 warrants of face value ₹ 10/- each into equity shares issued to Instant Holdings Limited, an entity belonging to the Promoter Group of Companies at a price of ₹ 85.03 per warrant which includes a premium of ₹ 75.03 per share on preferential basis in accordance with the terms of the issue.

## NOTE 6 - LONG TERM BORROWINGS

(₹ in Lacs)

	Non- Current portion		Current Maturities	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
<b>1 Secured :</b>				
<b>Term Loans</b>				
a) Indian Rupee Loan from Banks				
Bank of India (Note 1)	100,00.00	-	-	-
ICICI Bank Ltd. (Note 2)	70,00.00	-	-	-
ICICI Bank Ltd. (Note 3)	33,75.00	91,00.00	13,50.00	26,00.00
ICICI Bank Ltd. (Note 4)	11,66.67	35,00.00	23,33.33	23,33.33
Bank of India (Note 5)	34,13.58	49,13.58	20,00.00	20,00.00
IDBI Bank Ltd. (Note 6)	7,53.89	12,56.48	5,02.59	5,02.59
Bank of Baroda (Note 7)	17,50.00	-	10,00.00	1,99.96
Export Import Bank of India (Note 8)	9,88.35	24,49.88	6,58.90	9,79.95
Corporation Bank (Note 9)	-	-	-	6,24.89
b) Foreign Currency Loan from Banks				
Bank of Baroda (Note 7)	-	25,79.55	-	8,26.16
Export Import Bank of India (Note 8)	24,58.28	29,85.68	16,38.85	11,94.27
ICICI Bank Ltd. - ECB Loan (Note 10)	18,71.87	28,27.34	12,47.92	11,30.94
c) Buyer's Credit (Note 11)	-	6,70.47	7,39.82	31,50.95
	<b>327,77.64</b>	<b>302,82.98</b>	<b>114,71.41</b>	<b>155,43.04</b>
<b>2 Unsecured :</b>				
Term Loan from Banks (Note 12)	-	-	-	25,00.00
Public Deposits (Note 13)	52,87.30	73,89.86	33,90.89	25,61.33
Deferred Sales Tax Incentive (Note 14)	41,84.24	44,94.05	2,78.79	1,78.60
	<b>94,71.54</b>	<b>118,83.91</b>	<b>36,69.68</b>	<b>52,39.93</b>
Less : Amount classified under other current Liabilities	-	-	(151,41.09)	(207,82.97)
<b>Total</b>	<b>422,49.18</b>	<b>421,66.89</b>	<b>-</b>	<b>-</b>

# Notes forming part of the Financial Statements for the year ended March 31, 2014.

## NOTE 6 - LONG TERM BORROWINGS (Contd.)

### Note on Secured Long Term Borrowings (includes non-current portion and current maturities)

1. New Term Loan from Bank of India ₹ 100,00.00 Lacs (Previous year ₹ Nil) was disbursed on 19th March, 2014. It is secured by first *pari passu* charge on company's immovable assets located at Bhandup and Nasik plants. It is repayable in 20 equal quarterly installment of ₹ 5,00.00 Lacs each starting from 17th June, 2016.
2. New Term Loan from ICICI Bank Ltd. of ₹ 70,00.00 Lacs (Previous year ₹ Nil) was disbursed on 3rd February, 2014. It is secured by first *pari passu* charge on Company's immovable assets situated at Bhandup & Nasik plant. It is repayable in 20 equal quarterly installments of ₹ 3,50.00 Lacs starting from 3rd May, 2016.
3. Term Loan from ICICI Bank Ltd. of ₹ 47,25.00 Lacs (Previous year ₹ 117,00.00 Lacs) is secured by first *pari passu* charge on movable (except current assets) both present and future and immovable properties both present & future located at Bhandup, Halol and Nasik plants and second *pari passu* charge on the current assets of the company both present and future. It is repayable in 10 equal semi-annual installment of ₹ 6,75.00 Lacs each starting from 12th January, 2013. During the year the Company has prepaid ₹ 50,00.00 Lacs and rescheduled the installment amount to ₹ 6,75.00 Lacs from ₹ 13,50.00 Lacs.
4. Term Loan from ICICI Bank Ltd. of ₹ 35,00.00 Lacs (Previous year ₹ 58,33.33 Lacs) is secured by first *pari passu* charge on immovable properties both present & future situated at Bhandup plant. It is repayable in 12 equal quarterly installments of ₹ 5,83.33 Lacs starting from 10th November, 2012.
5. Term Loan from Bank of India ₹ 54,13.58 Lacs (Previous year ₹ 69,13.58 Lacs) is secured by first *pari passu* charge on company's movable (except current assets) both present and future and immovable properties both present & future located at Bhandup, Halol and Nasik plants and second charge over current assets both present and future. It is repayable in 20 equal quarterly installment of ₹ 5,00.00 Lacs each starting from 1st January, 2012.
6. Term Loan from IDBI Bank Ltd. of ₹ 12,56.48 Lacs (Previous year ₹ 17,59.07 Lacs) is secured by first *pari passu* charge on movable properties (except current assets) both present and future and immovable properties of the company both present & future situated at Bhandup, Halol and Nasik plants and second *pari passu* charge on current assets both present and future. It is repayable in 20 equal quarterly installments of ₹ 1,25.65 Lacs starting from 1st January, 2012.
7. The FCNR-B loan from Bank of Baroda was valid for one year and was reconverted into rupee loan on 9th October, 2013. Term Loan from Bank of Baroda of ₹ 27,50.00 Lacs (Previous year ₹ 36,05.67 Lacs) is secured by first *pari passu* charge on movable (except current assets) both present and future and immovable properties both present & future located at Bhandup, Halol and Nasik plant and second *pari passu* charge over current assets both present and future. It is repayable in 20 equal quarterly installment of ₹ 2,50.00 Lacs each starting from 1st January, 2012.
8. Term Loan in Indian rupee & in foreign currency from Export Import Bank of India of ₹ 57,44.38 lacs (Previous year ₹ 76,09.78 lacs) is secured by first *pari passu* charge on movable properties (except Current Assets) both present and future and immovable properties both present & future located at Bhandup, Halol and Nasik plants and second *pari passu* charge over current assets both present and future.  
  
Rupee loan is repayable in 20 equal quarterly installment of ₹ 2,44.99 Lacs starting from 1st November, 2011 and foreign currency loan is also repayable in 20 equal quarterly installment of USD 5.50 lacs equivalent to ₹ 3,29.45 lacs (restated at rate of INR/USD as on 31.03.2014) starting from 1st November, 2011.
9. Term Loan from Corporation Bank ₹ Nil Lacs (Previous year ₹ 6,24.89 Lacs) was secured by first *pari passu* charge on immovable property of the company both present & future situated at RPG House, Mumbai. The said loan has no longer exist, since being repaid.
10. ECB loan from ICICI Bank Ltd. of ₹ 31,19.79 lacs (Previous ₹ 39,58.28 lacs) is secured by first *pari passu* charge on movable properties (except current assets) both present and future and immovable properties

# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

## NOTE 6 - LONG TERM BORROWINGS (Contd.)

of the Company both present & future situated at Bhandup, Halol and Nasik Plants and second charge over current assets both present and future. It is repayable in 24 equal quarterly installment of USD 5.21 lacs equivalent to ₹ 3,11.78 lacs (restated at rate of INR/USD as on 31.03.2014) starting from 23rd December, 2010.

11. Buyer's credit is secured by way of first *pari passu* charge on all its current assets and by way of second *pari passu* charge on immovable and all movable properties (excluding current assets) of the Company situated at Bhandup, Nasik, Halol plants and RPG

House, Mumbai. It is repayable within 3 years from the date of draw down.

### Note on Unsecured Long Term Borrowings.

12. Loan from Ratnakar Bank Ltd. was repaid during the year on 17th August, 2013.
13. Public Deposit is repayable after 2 or 3 years from the date of acceptance of public deposit
14. Interest free Deferred Sales Tax is repayable in ten equal annual installments commencing from 26th April, 2011 and ending on 30th April, 2025.

## NOTE 7 - DEFERRED TAX LIABILITIES (NET)

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
<b>Major components of Deferred Tax Assets and Deferred Tax Liabilities:</b>		
<b>Deferred Tax Assets</b>		
Carried forward unabsorbed tax loss / depreciation	-	15,65.83
Expenses allowable for tax purpose when paid	9,15.78	16,26.40
Voluntary Retirement Scheme	5,61.94	5,49.48
Provision for doubtful debts and advances	4,99.97	3,66.42
Others	12,50.37	16,38.25
	<b>32,28.06</b>	<b>57,46.38</b>
<b>Deferred Tax Liabilities</b>		
Difference between book and tax depreciation	141,37.56	131,98.45
<b>Deferred Tax Liabilities (Net)</b>	<b>109,09.50</b>	<b>74,52.07</b>

## NOTE 8 - OTHER LONG TERM LIABILITIES

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
Security deposits	1,42.20	1,42.20
<b>Total</b>	<b>1,42.20</b>	<b>1,42.20</b>

## NOTE 9 - LONG - TERM PROVISIONS

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
Provision for Warranty (Refer note 30 (9))	3,78.94	2,48.14
Provision for compensated absences	16,42.10	9,52.55
<b>Total</b>	<b>20,21.04</b>	<b>12,00.69</b>

# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

## NOTE 10 - SHORT - TERM BORROWINGS :

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
<b>1 Secured : (Refer note below)</b>		
a) Term Loan from Bank	20,00.00	-
b) Cash Credit Facilities from Banks	24,80.51	33,09.52
c) Export Packing Credit	207,25.73	72,07.65
d) Buyer's Credit	228,55.36	274,15.49
<b>2 Unsecured :</b>		
a) Export Packing Credit	38,76.82	-
b) Term Loan from Bank	53,59.62	-
c) Public Deposit	1,80.12	2,83.15
<b>Total</b>	<b>574,78.16</b>	<b>382,15.81</b>

### Note :

Term Loan, Cash credit, export packing credit and buyers credit facilities are part of working capital facilities availed from Consortium of Bank as well as outside Consortium. Consortium limits are secured by hypothecation by way of first *pari passu* charge on all its Current Assets and by way of second *pari passu* charge on immovable and all movable properties (excluding Current Assets) of the Company situated at Bhandup, Nashik, Halol Plants and RPG House Mumbai and outside consortium limits facilities are unsecured in nature.

## NOTE 11 - TRADE PAYABLES

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
<b>Trade Payables</b>		
Acceptances	133,27.43	321,25.49
Due to Micro, Small and Medium enterprises (Refer note 30 (5))		
Overdue	-	-
Not due	5,57.37	3,60.23
Other Trade Payables	530,41.18	451,20.40
<b>Total</b>	<b>669,25.98</b>	<b>776,06.12</b>

# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

## NOTE 12 - OTHER CURRENT LIABILITIES

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
1 Current Maturities of long-term debt (Refer Note 6)	151,41.09	207,82.97
2 Interest Accrued but not due on Borrowings	7,76.62	8,19.38
3 Unclaimed Dividends*	87.61	55.27
4 Unclaimed Interest on public deposit & Matured Deposits *	6,83.50	7,16.74
5 Other Payables :		
a) Payable to Capital Vendors	3,15.98	1,28.98
b) Deposits From Dealers & Others	291,17.47	265,27.22
c) Statutory Dues	59,46.34	59,87.76
d) Advance received from Customers	11,44.21	12,65.29
e) Premium on forward contracts	14,68.43	13,38.90
6 Revaluation of Hedging Instrument	9.53	-
<b>Total</b>	<b>546,90.78</b>	<b>576,22.51</b>

\* Will be transferred to Investor Education & Protection fund as and when due

## NOTE 13 - SHORT-TERM PROVISIONS

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
1 Provision for Employee Benefits		
a) Provision for compensated absences	2,27.00	8,72.86
b) Provision for Gratuity (Refer note 30 (18))	1,64.91	18,91.79
2 Provision for Proposed Dividend	35,95.57	13,69.74
3 Provision for Tax on Proposed Dividend	6,11.07	2,32.79
4 Provision for Income Tax (net of advance tax)	3,67.07	8,31.84
5 Provision For Warranty (Refer note 30(9))	16,74.68	13,44.57
<b>Total</b>	<b>66,40.30</b>	<b>65,43.59</b>



# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

## NOTE 14 - FIXED ASSETS

(₹ in Lacs)

Assets	Gross Block				Depreciation / Amortisation				Net Block
	As at 01.04.2013	Additions	Deductions	As at 31.03.2014	As at 01.04.2013	For the year 2013-14	On Deductions	As at 31.03.2014	As at 31.03.2014
<b>Tangible Assets</b>									
Owned Assets									
Land	417,18.71	-	-	417,18.71	-	-	-	-	417,18.71
	(416,90.70)	(28.01)	-	(417,18.71)	-	-	-	-	(417,18.71)
Buildings	232,82.99	1,93.80	18.49	234,58.30	50,24.11	5,83.00	6.71	56,00.40	178,57.90
	(228,41.67)	(4,69.75)	(28.43)	(232,82.99)	(44,71.63)	(5,82.14)	(29.66)	(50,24.11)	(182,58.88)
Plants & Equipments	1,345,25.37	48,40.63	11,27.97	1,382,38.03	571,35.69	69,60.15	8,07.54	632,88.30	749,49.73
	(1,297,89.42)	(49,06.27)	(1,70.32)	(1,345,25.37)	(507,23.54)	(65,40.39)	(1,28.24)	(571,35.69)	(773,89.68)
Furniture & Fixtures	10,38.37	1,06.65	29.07	11,15.95	6,87.97	52.60	15.23	7,25.34	3,90.61
	(9,76.52)	(63.00)	(1.15)	(10,38.37)	(6,44.91)	(44.19)	(1.13)	(6,87.97)	(3,50.40)
Office Equipments	4,45.46	22.85	29.09	4,39.22	2,40.75	18.70	26.73	2,32.72	2,06.50
	(4,49.48)	(6.16)	(10.18)	(4,45.46)	(2,26.03)	(19.40)	(4.68)	(2,40.75)	(2,04.71)
Vehicles	7,97.79	48.95	89.18	7,57.56	4,08.16	43.98	55.55	3,96.59	3,60.97
	(6,95.49)	(1,20.36)	(18.06)	(7,97.79)	(3,78.10)	(42.11)	(12.05)	(4,08.16)	(3,89.63)
<b>Lease Assets</b>									
Land	61,79.99	-	-	61,79.99	3,66.91	43.18	-	4,10.09	57,69.90
	(61,79.99)	-	-	(61,79.99)	(3,23.73)	(43.18)	-	(3,66.91)	(58,13.08)
Plants & Equipments	10,04.10	-	-	10,04.10	9,36.95	25.90	-	9,62.85	41.25
	(10,04.10)	-	-	(10,04.10)	(9,05.68)	(31.27)	-	(9,36.95)	(67.15)
<b>Total Tangible Assets</b>	2,089,92.78	52,12.88	12,93.80	2,129,11.86	648,00.54	77,27.51	9,11.76	716,16.29	1,412,95.57
	(2,036,27.37)	(55,93.55)	(2,28.14)	(2,089,92.78)	(576,73.62)	(73,02.68)	(1,75.76)	(648,00.54)	(1,441,92.24)
<b>Intangible Assets</b>									
Software	11,96.24	5,60.49	-	17,56.73	8,33.99	2,11.04	-	10,45.03	7,11.70
	(10,34.34)	(1,61.90)	-	(11,96.24)	(6,44.96)	(1,89.03)	-	(8,33.99)	(3,62.25)
Brand	56,29.80	-	-	56,29.80	6,80.27	2,81.49	-	9,61.76	46,68.04
	(56,29.80)	-	-	(56,29.80)	(3,98.78)	(2,81.49)	-	(6,80.27)	(49,49.53)
Technical Knowhow	8,65.51	-	-	8,65.51	76.49	43.28	-	1,19.77	7,45.74
	(8,65.51)	-	-	(8,65.51)	(33.22)	(43.27)	-	(76.49)	(7,89.02)
<b>Total Intangible Assets</b>	76,91.55	5,60.49	-	82,52.04	15,90.75	5,35.81	-	21,26.56	61,25.48
	(75,29.65)	(1,61.90)	-	(76,91.55)	(10,76.96)	(5,13.79)	-	(15,90.75)	(61,00.80)
	2,166,84.33	57,73.37	12,93.80	2,211,63.90	663,91.29	82,63.32	9,11.76	737,42.85	1,474,21.05
	(2,111,57.02)	(57,55.45)	(2,28.14)	(2,166,84.33)	(587,50.58)	(78,16.48)	(1,75.76)	(663,91.29)	(1,502,93.04)
Capital Work-in-Progress									30,23.04
									(9,93.54)
<b>Total</b>									1,504,44.09
									(1,512,86.58)

Figures in bracket represents amount pertains to previous year

# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

## NOTE 14 - FIXED ASSETS (Contd.)

1. Building includes ₹ 0.11 Lacs (Previous Year ₹ 0.11 Lacs) being value of shares held in Co-operative Housing Societies.
2. Free Hold Land includes land acquired at Halol, Gujarat vide Memorandum of Understanding (MOU) for ₹ 1.75 Lacs which is subject to registration formalities.
3. Lease Hold Land includes land acquired at Additional Ambernath Industrial Area, Ambernath, District Thane, Maharashtra from Maharashtra Industrial Development Corporation (MIDC) vide sanction letter dated 30th October, 2009. The Company has taken physical possession of this land on 1st September, 2010 which is subject to registration formalities.
4. Gross book value includes ₹ 6,95.77 Lacs (Previous Year ₹ 6,97.06 Lacs) on account of revaluation of Land, Building and Plant and equipment in 2007 based on market values and as per report issued by independent valuer.
5. The pre-operative expenses (POE) apportioned over the Fixed Assets of Halol project.

(₹ in Lacs)		
Particulars	2013-14	2012-13
Borrowing Cost	-	7.00
Personnel cost	26.84	-
Consultancy & Professional fees	15.17	-
General Expenses	1.35	-
Travelling & Conveyance	2.05	-
<b>Total</b>	<b>45.41</b>	<b>7.00</b>

## NOTE 15 - NON-CURRENT INVESTMENTS

(₹ in Lacs)

	Face Value	Holdings Nos.	As at 31.03.2014	Holdings Nos.	As at 31.03.2013
<b>Long-term - Fully paid</b>					
<b>Equity Shares</b> (valued at cost unless stated otherwise)					
<b>Unquoted (Trade)</b>					
<b>Investment in Subsidiaries</b>					
Associated CEAT Holdings Company (Pvt.) Limited	10 LKR	1,00,00,000	43,57.46	1,00,00,000	43,57.46
CEAT Bangladesh Limited (Refer note 30 (8))	10 Taka	10,49,99,994	77,17.06	7,99,994	54.52
Rado Tyres Limited (Refer note 30 (6)(b))	₹ 10	94,16,350	3,58.86	-	-
<b>Investment in Associates</b>					
Rado Tyres Limited (Refer note 30 (6)(b))	-	-	-	19,16,350	58.86
<b>Investment in Others</b>					
Maestro Comtrade Private Limited	₹ 10	1,800	0.18	-	-
<b>Total</b>			<b>124,33.56</b>		<b>44,70.84</b>

# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

## NOTE 16 - LONG-TERM LOANS AND ADVANCES

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
<b>Unsecured, Considered Good</b>		
Capital Advances	7,72.49	2,78.67
Security Deposits	6,95.93	6,68.39
Loans & Advance to related parties (Refer Note 30 (6)(a))	1,89.17	2,15.00
Prepaid Expenses	-	7.27
Advance payment of Tax (Net of provision)	23,71.34	25,87.08
MAT Credit Entitlement	34,99.76	42,76.62
Application money for Shares not allotted - CEAT Bangladesh Limited	-	37,96.16
<b>Unsecured, Considered doubtful</b>		
Balances with Government Authorities	2,18.13	2,18.13
Less : Provision for doubtful balances	(2,18.13)	(2,18.13)
<b>Total</b>	<b>75,28.69</b>	<b>118,29.19</b>

## NOTE 17 - OTHER NON-CURRENT ASSETS

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
Unamortised Ancillary Cost of Borrowing	1,27.99	-
Revaluation of Hedging Instrument	8,76.82	10,57.28
<b>Total</b>	<b>10,04.81</b>	<b>10,57.28</b>

## NOTE 18 - INVENTORIES

(₹ in Lacs)

(Valued at lower of cost and net realisable value)

	As at 31.03.2014	As at 31.03.2013
a) Raw Materials	234,37.13	171,46.70
Goods-in transit	11,77.59	8,27.09
	<b>246,14.72</b>	<b>179,73.79</b>
b) Work-in-progress	31,90.79	27,21.06
c) Finished goods	377,69.35	282,73.89
d) Traded Goods Stock	17,45.55	4,39.81
Goods-in transit	4,62.41	73.72
	<b>22,07.96</b>	<b>5,13.53</b>
e) Stores and spares	40,82.94	42,65.04
Goods-in transit	-	0.52
	<b>40,82.94</b>	<b>42,65.56</b>
Less : Provision for obsolescence of stores and spares	(37.95)	(6,03.82)
	<b>40,44.99</b>	<b>36,61.74</b>
<b>Total</b>	<b>718,27.81</b>	<b>531,44.01</b>

# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

## NOTE 19 - TRADE RECEIVABLES

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
<b>Debts Outstanding for a period exceeding 6 months from the date they are due for payment :</b>		
Secured, Considered Good	-	13.03
Unsecured, Considered Good	2,16.64	1,47.43
Unsecured, Considered Doubtful	12,50.42	9,46.04
Less : Provision for Doubtful Debts	(12,50.42)	(9,46.04)
	<b>2,16.64</b>	<b>1,60.46</b>
<b>Other Debts</b>		
Secured, Considered Good	238,47.45	205,77.75
Unsecured, Considered Good	475,20.15	428,36.38
	<b>713,67.60</b>	<b>634,14.13</b>
<b>Total</b>	<b>715,84.24</b>	<b>635,74.59</b>

## NOTE 20 - CASH AND BANK BALANCES

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
<b>Cash and Cash Equivalents :</b>		
<b>Balances with Banks :</b>		
On current Accounts	88,11.23	62,85.53
On Unpaid Dividend Accounts	87.61	55.27
Unclaimed Public Fixed Deposit and Interest there on	4,11.03	4,05.91
Cash in Hand	15.82	15.98
	<b>93,25.69</b>	<b>67,62.69</b>
<b>Other Bank Balances</b>		
Deposits with maturity of more than 3 months but less than 12 months	5,00.20	6,96.58
Margin Money Deposits *	4,69.71	6,75.74
	<b>9,69.91</b>	<b>13,72.32</b>
<b>Total</b>	<b>102,95.60</b>	<b>81,35.01</b>

\* Lien with Banks

## NOTE 21 - SHORT-TERM LOANS AND ADVANCES

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
<b>Unsecured, Considered Good</b>		
Advance Receivable in cash or kind or for value to be received	37,49.86	37,55.91
Balance with Statutory / Government Authorities	54,60.98	65,85.72
Other Deposits	1,10.41	1,44.07
<b>Unsecured, Considered Doubtful</b>		
Loans, Advances and Deposits	1,82.55	1,32.00
Less : Provision for doubtful loans, advances and deposits	(1,82.55)	(1,32.00)
<b>Total</b>	<b>93,21.25</b>	<b>104,85.70</b>

# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

## NOTE 22 - OTHER CURRENT ASSETS

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
<b>Unsecured, Considered Good</b>		
Interest Receivable	1,59.59	1,57.82
Unamortised premium on forward contracts	6,11.15	6,44.55
Recoverable against Fire loss (Refer note 30 (21)(c))	25,56.40	-
Revaluation of Hedging Instrument	-	8,29.39
<b>Total</b>	<b>33,27.14</b>	<b>16,31.76</b>

## NOTE 23 - REVENUE FROM OPERATIONS

(₹ in Lacs)

	2013-14	2012-13
1 Sale of products	5,846,14.36	5,305,04.37
2 Other operating revenues		
a) Royalty Income	4,32.99	3,69.84
b) Sale of Scrap	14,17.58	15,48.85
c) Government Grants # (Refer note 30 (7)(a))	21,40.32	22,94.18
d) Others	10,74.78	2,59.76
<b>Revenue from operations (Gross)</b>	<b>5,896,80.03</b>	<b>5,349,77.00</b>

# Includes ₹ 10,13.13 Lacs (Previous year ₹ 11,22.07 Lacs) on account of Octroi duty refund from Directorate of Industries, Maharashtra for Nasik Plant (Refer note 30 (7)(a)) and ₹ 11,27.19 Lacs (Previous year ₹ 11,72.11 Lacs) on account of export incentives.

## NOTE 24 - OTHER INCOME

(₹ in Lacs)

	2013-14	2012-13
Profit on Sale of Assets	21.42	-
Interest income on		
Bank Deposit	1,09.57	1,29.26
Others	3,43.31	5,22.43
Dividend income on		
Investment in Subsidiary	8,37.16	5,68.47
Current Investments	54.73	1,58.71
Foreign Exchange Fluctuation (Net)	-	1,60.37
Profit on Sale of Current Investments	-	0.48
Other Non-operating Income	6,87.87	6,07.87
<b>Total</b>	<b>20,54.06</b>	<b>21,47.59</b>

# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

## NOTE 25 - COST OF MATERIALS CONSUMED

(₹ in Lacs)

	2013-14	2012-13
Raw materials consumed	3,451,38.83	3,343,26.26

Details of Raw materials consumed	2013-14	2012-13
Rubber	1,915,80.18	2,030,00.94
Fabrics	513,53.41	457,63.23
Carbon Black	477,78.13	402,42.82
Chemicals	319,00.37	258,53.89
Others	225,26.74	194,65.38
<b>Total</b>	<b>3,451,38.83</b>	<b>3,343,26.26</b>

Details of Inventories	2013-14	2012-13
Rubber	162,79.86	104,95.19
Fabrics	20,22.20	23,64.63
Carbon Black	15,62.67	13,96.12
Chemicals	20,00.38	17,24.42
Others	15,72.02	11,66.34
<b>Total</b>	<b>234,37.13</b>	<b>171,46.70</b>

## NOTE 26 - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE

	2013-14	2012-13	Increase / Decrease
<b>Opening Stock</b>			
a) Work-in-progress	27,21.06	31,88.22	(4,67.16)
b) Finished Goods	282,73.89	234,78.72	47,95.17
c) Traded Goods	4,39.81	5,71.72	(1,31.91)
	<b>314,34.76</b>	<b>272,38.66</b>	<b>41,96.10</b>
<b>Closing Stock</b>			
a) Work-in-progress	31,90.79	27,21.06	4,69.73
b) Finished	377,69.35	282,73.89	94,95.46
c) Traded Goods	17,45.55	4,39.81	13,05.74
	<b>427,05.69</b>	<b>314,34.76</b>	<b>112,70.93</b>
	<b>(112,70.93)</b>	<b>(41,96.10)</b>	
<b>Differential Excise Duty on Opening and closing stock of Finished Goods</b>	<b>11,47.62</b>	<b>7,76.79</b>	
<b>Total</b>	<b>(101,23.31)</b>	<b>(34,19.31)</b>	



# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

## NOTE 27 - EMPLOYEE BENEFITS EXPENSE

(₹ in Lacs)

	2013-14	2012-13
Salaries, Wages and Bonus	242,60.78	211,04.36
Contribution to Provident and other Funds	13,82.59	13,02.07
Gratuity Expenses (Refer note 30 (18))	2,47.44	19,18.88
Staff Welfare Expenses	30,16.38	25,84.43
<b>Total</b>	<b>289,07.19</b>	<b>269,09.74</b>

## NOTE 28 - FINANCE COSTS

(₹ in Lacs)

	2013-14	2012-13
Interest	138,96.06	147,06.71
Other Borrowing cost	30,19.83	30,82.36
<b>Total</b>	<b>169,15.89</b>	<b>177,89.07</b>

## NOTE 29 - OTHER EXPENSES

(₹ in Lacs)

	2013-14	2012-13
Conversion charges	218,42.45	147,86.64
Stores and spares consumed	39,13.82	38,91.95
Provision for obsolescence of stores and spares	0.91	5,72.39
Power and fuel	172,66.85	166,77.25
Freight and delivery charges	195,36.63	158,68.33
Rent for Premises	4,56.08	3,89.49
Lease rent - Vehicles	1,40.60	1,77.62
Rates and taxes	2,18.13	2,71.92
Insurance	3,74.01	3,20.94
Repairs :		
Plant and Machinery	34,46.22	30,41.71
Buildings	4,87.67	4,20.45
Others	38.40	48.86
	<b>39,72.29</b>	<b>35,11.02</b>
Travelling and conveyance	23,75.13	18,98.05
Printing and stationery	1,89.01	1,65.16
Directors' fees	7.35	8.10
Auditors' Remuneration (Refer details below)	63.62	63.82
Cost audit fees	2.20	1.10
Advertisement and sales promotion expenses	71,47.47	69,70.06
Rebates and discounts	79,25.12	54,39.26
Commission on sales	4,35.37	5,23.71

# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

## NOTE 29 - OTHER EXPENSES (Contd.)

(₹ in Lacs)

	2013-14	2012-13
Communication expenses	5,62.64	4,74.67
Advances written off	-	30.54
Bad Debts written off	31.41	5.86
Less : Provision for doubtful debts written back to the extent provided	(14.25)	-
	17.16	5.86
Provision for doubtful debts and advances	3,70.19	3,17.61
Loss on Assets Sold / Discarded	-	28.68
Premium on Sale and Purchase of forward contract (Net)	1,32.80	1,58.48
Legal charges	1,72.33	1,23.80
Foreign Exchange Fluctuations (Net)	1,85.43	-
Professional and consultancy charges	14,42.31	24,18.46
Commission to directors	3,80.00	1,70.00
Training and conference expenses	10,32.34	6,85.71
Bank Charges	14,60.36	14,90.09
Miscellaneous expenses	63,84.96	52,15.31
<b>Total</b>	<b>980,07.56</b>	<b>826,56.02</b>

(₹ in Lacs)

	2013-14	2012-13
<b>Auditors' Remuneration</b>		
As Auditor		
Audit fee	33.00	33.00
Limited review	18.00	16.20
In Other capacity :		
Other services (certification fees)	8.03	9.00
Reimbursement of expenses	4.59	5.62
	63.62	63.82

# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

## NOTE - 30

1) Contingent Liabilities:		(₹ in Lacs)	
		As at 31.03.2014	As at 31.03.2013
a) Direct and Indirect Taxation Matters *			
Income Tax		127,71.64	19,41.01
Wealth Tax		6.73	6.73
Excise Duty / Service Tax		41,76.33	57,56.53
Sales Tax		34,79.40	46,95.99
b) Show cause notices		155,10.03	165,09.78
c) Bills discounted with Banks		61,26.45	24,55.14
d) Corporate Guarantee			
i) Corporate Guarantees given in favour of AB Bank Limited on behalf of CEAT Bangladesh Limited amounting to Bangladesh Taka 16,50.00 Lacs (Previous year Bangladesh Taka 16,50.00 Lacs)		12,78.26	11,48.24
ii) Letter of Comfort given to The City Bank Limited on behalf of CEAT Bangladesh Limited amounting to Bangladesh Taka 16,00.00 Lacs (Previous year Bangladesh Taka Nil)		9,29.64	-
iii) Covered by indemnity undertaking from RPG Enterprises Ltd.		25,50.00	25,50.00
2) Claims against the Company not acknowledged as debts *			
i) In respect of labour matters		7,15.79	7,04.68
ii) Rental disputes		1,80.00	1,80.00
iii) Customer disputes		4,46.00	4,46.00
iv) Vendor disputes		2,93.83	2,93.83
v) Other claims		1,87.30	1,95.63
* In respect of above matters, future cash outflows are determinable only on receipt of judgments pending at various forums/authorities. The amount of expected reimbursement to the Company is not ascertainable as on Balance Sheet date.			
3) Capital Commitments		(₹ in Lacs)	
		As at 31.03.2014	As at 31.03.2013
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance payments).		17,00.03	21,40.43
4) The Board of Directors recommended a Dividend of ₹ 10/- per share (Previous year ₹ 4 per share), the total amount to be distributed as Dividend is ₹ 35,95.57 Lacs (Previous year ₹ 13,69.74 Lacs)			

# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

## NOTE - 30 (Contd.)

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

	(₹ in Lacs)	
	2013-14	2012-13
(a) Principal Amount Due	5,57.37	3,60.23
(b) Interest paid during the year beyond the appointed day	-	-
(c) Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act	-	-
(d) Amount of interest accrued and remaining unpaid at the end of the year	2,36.71	1,16.00
(e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small Enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the Act.	1,50.62	-

The information disclosed above is to the extent available with the Company.

- 6) a) Loans and advances in the nature of loans given to subsidiary and associate in which directors are interested. Loans and Advances in the nature of Loans to subsidiary ₹ 1,89.17 Lacs (Previous year ₹ 2,15.00 Lacs) repayable in 36 equal installment starting from April, 2013.
- b) During the year pursuant to Order of Board for Industrial and Financial Reconstruction (BIFR), Rado Tyres Limited (Rado), has allotted 75,00,000 Equity shares of ₹ 4/-each fully paid up to the company on conversion of loan given to it by the company. The company's stake in Rado Tyres Limited now stands increased to 58.56% and accordingly Rado Tyres Limited has become a subsidiary of the company w.e.f. 27th September, 2013. (Refer Note 15)

### 7) Other Commitments

- a) The Company has availed the Sales Tax Deferral Loan and Octroi refund from the Directorate of Industries for Nasik Plant. Hence, the Company has to take prior permission of the appropriate authority for removal/transfer of any asset (falling under the above Schemes) from Nasik Plant. In case of violation of terms & conditions, the Company is required to refund the entire loan/benefit along with the interest @ 22.50% on account of Sales Tax deferral Loan and @ 15% on account of Octroi refund.
- b) The Company has agreed for a minimum conversion charge of ₹ 29.50 per kg. up to March 31, 2015 to Rado Tyres Limited.
- 8) On 15th December 2013, CEAT Bangladesh Limited, has obtained the approval from Bangladesh Securities and Exchange Commission to increase its Equity Share Capital to 15,00,00,000 equity shares @ Bangladeshi Taka 10/- each. Pursuant to this approval CEAT Bangladesh Limited has increased the Share capital to 15,00,00,000 equity shares and CEAT Limited has subscribed to additional 4,82,00,000 shares @ Bangladeshi Taka 10/- each and issued 4,50,00,000 equity shares (being 30% of total share capital) @ Bangladeshi Taka 10/- each to A. K. Khan & Company Limited (JV Partner) as per the JV agreement. Pursuant to this allotment, the Company is now holding 70% stake in CEAT Bangladesh Limited (previous year Wholly owned subsidiary) (Refer Note 15).

# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

## NOTE - 30 (Contd.)

### 9) Provision for Warranty:

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

	(₹ in Lacs)	
	31.03.2014	31.03.2013
At the beginning of the year	15,92.71	-
Arising during the year	48,93.63	* 56,41.38
Utilised during the year	44,32.72	40,48.67
At the end of the year	20,53.62	15,92.71
Current portion	16,74.68	13,44.57
Non-Current portion	3,78.94	2,48.14

During the previous year, the company had changed its method of recognising provision for warranty from actual claim basis to expected cost based on past trend.

\* The provision based on such parameters as at the beginning of the previous year i.e. April 1, 2012 amounting to ₹ 14,04.23 Lacs had been disclosed as an exceptional expense in the previous year.

### 10) Purchase and Sale of Traded Goods

	(₹ in Lacs)	
	2013-14	2012-13
Traded Goods Purchases - Tyres	117,08.21	68,70.93
Traded Goods Sales - Tyres and Tubes (Gross)	119,02.52	83,21.23

### 11) Value of Imports calculated on CIF basis:

	(₹ in Lacs)	
	2013-14	2012-13
Raw Materials	1,590,54.65	1,348,90.09
Traded Goods	33,39.21	26,40.68
Components and Spares	4,22.40	6,81.56
Capital Goods	21,97.83	15,60.69

### 12) Expenditure in Foreign Currency (accrual basis)

	(₹ in Lacs)	
	2013-14	2012-13
Interest	13,50.59	20,05.04
Travelling	2,19.05	1,44.39
Others	8,16.69	6,84.03

# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

## NOTE - 30 (Contd.)

(₹ in Lacs)

### 13) Dividend remittance in foreign currency

	2013-14	2012-13
Amount remitted (Net)	71.30	17.82
Number of Non- resident shareholder	2	2
Number of Shares on which remittance was made	17,82,385	17,82,385
Year for which the Dividend was paid	2012-13	2011-12

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

(₹ in Lacs)

	2013-14		2012-13	
	%	Value	%	Value
<b>Raw Materials</b>				
Imported	48.56	1,675,97.31	48.09	1,607,87.22
Indigenous	51.44	1,775,41.52	51.91	1,735,39.04
	100.00	3,451,38.83	100.00	3,343,26.26
<b>Stores and Spares</b>				
Imported	20.28	7,93.82	10.60	4,12.68
Indigenous	79.72	31,20.00	89.40	34,79.27
	100.00	39,13.82	100.00	38,91.95

### 15) Earnings in Foreign Currency (accrual basis)

(₹ in Lacs)

	2013-14	2012-13
Export Sales calculated on FOB basis	1,074,94.29	1,089,95.87
Royalty	4,32.99	3,69.84
Dividend	8,37.16	5,68.47
Technical Development Charges	3,34.23	-

### 16) Research and Development Fees

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
Revenue expenditure	18,32.73	17,14.65

The above expenditure of research & development have been determined on the basis of information available with the Company.



# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

## NOTE - 30 (Contd.)

### 17) Operating Lease

(₹ in Lacs)

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

Lease rental on the said lease of ₹ 1,40.60 Lacs (Previous year ₹ 1,77.62 Lacs) has been charged to Statement of Profit and Loss.

	As on 31.03.2014	As on 31.03.2013
Future Minimum Lease Payment		
For a period not later than one year	1,07.80	1,25.21
For a period later than one year but not later than five years	1,00.37	1,15.40
For a period later than five year	-	-

There are no restriction placed upon the company by entering into these leases

### 18) Post Retirement Benefits Plan

#### Gratuity

The Company operates a defined plan of Gratuity for its employees under the Gratuity plan, every employee who has completed five years of service gets a gratuity on separation @ 15 days of last drawn salary for each completed year of service. The Scheme is funded with an Insurance company in the form of qualifying Insurance policy.

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

(₹ in Lacs)

Sr. No.	Particulars	2013-14	2012-13
		Gratuity (Funded)	Gratuity (Funded)
1.	Opening present value of Defined Benefit obligation	60,69.25	49,54.95
2.	Current Service Cost	3,02.70	6,68.65
3.	Interest Cost	4,26.15	3,58.96
4.	Benefits paid	(5,31.84)	(12,07.91)
5.	Actuarial (Gain) / Loss on obligation	(2,19.07)	12,94.60
6.	Closing present value of obligation	60,47.19	60,69.25

#### ii) Changes in Fair value of Plan Assets during the year ended March 31, 2014

Sr. No.	Particulars	2013-14	2012-13
		Gratuity (Funded)	Gratuity (Funded)
1.	Fair value of plan assets as at April 1, 2013	41,77.46	46,25.09
2.	Expected return on plan assets	4,54.77	3,96.86
3.	Contributions made	18,01.67	3,56.95
4.	Benefits paid	(5,31.84)	(12,07.91)
5.	Actuarial gain / (Loss) on plan assets	(19.78)	6.47
6.	Fair value of plan assets as at March 31, 2014	58,82.28	41,77.46

# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

## NOTE - 30 (Contd.)

### iii) Net employee benefits expenses recognized in the employee cost (₹ in Lacs)

Sr. No.	Particulars	2013-14	2012-13
		Gratuity (Funded)	Gratuity (Funded)
1.	Current Service Cost	3,02.70	6,68.65
2.	Interest Cost on benefit obligation	4,26.15	3,58.96
3.	Actuarial (gains) and losses (Net)	(1,99.29)	12,88.13
4.	Expected return on plan assets	(4,54.77)	(3,96.86)
5.	Net benefit expense *	74.79	19,18.88

\*The amount disclosed in Note no. 27 of ₹ 2,47.44 Lacs includes ₹ 1,72.65 Lacs payable on account of actual Gratuity payable to the employees who have opted for Voluntary retirement scheme announced during the year.

### iv) Net Assets / (Liability) as at March 31, 2014.

Sr. No.	Particulars	2013-14	2012-13
		Gratuity (Funded)	Gratuity (Funded)
1.	Closing Present value of the defined benefit obligation	60,47.19	60,69.25
2.	Closing Fair value of plan Assets	58,82.28	41,77.46
3.	Net Assets / (Liability) recognized in the Balance Sheet	(1,64.91)	(18,91.79)

### v) Actual return on plan assets for the year ended March 31, 2014

Sr. No.	Particulars	2013-14	2012-13
		Gratuity (Funded)	Gratuity (Funded)
1.	Expected return on plan assets	4,54.77	3,96.86
2.	Actuarial gain / (loss) on plan assets	(19.78)	6.47
3.	Actual return on plan assets	4,34.99	4,03.33

### vi) The major categories of Plan Assets as a percentage of the Fair Value of plan Assets are as follows.

Sr. No.	Particulars	2013-14	2012-13
		Gratuity (Funded)	Gratuity (Funded)
1.	Investment with Insurer	100%	100%

# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

## NOTE - 30 (Contd.)

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

Sr. No.	Particulars	2013-14	2012-13
		Gratuity (Funded)	Gratuity (Funded)
1.	Discount Rates	9.00%	8.25%
2.	Expected rate of return on assets	9.45%	9.45%
3.	Annual increase in salary	7.00%	5.50%
4.	Employee turnover	9.58%	9.58%
5.	Mortality Rate	Indian Assured Lives Mortality (2006-08) Modified Ultimate	LIC(1994-96) Ultimate

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

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

viii) Details of Previous Years (₹ in Lacs)

Gratuity Funded	2013-14	2012-13	2011-12	2010-11	2009-10
Present value of Defined Benefit obligation as at the year end.	60,47.19	60,69.25	49,54.95	47,82.50	47,68.75
Fund value as at the year end	58,82.28	41,77.46	46,25.09	42,36.09	40,95.30
Surplus / (Deficit)	(1,64.91)	(18,91.79)	(3,29.86)	(5,46.41)	(6,73.45)
Net Assets / (Liability) recognised in the Balance Sheet	(1,64.91)	(18,91.79)	(3,29.86)	(5,46.41)	(6,73.45)

## 19) Derivatives instruments and unhedged foreign currency exposure

a) Foreign exchange contracts outstanding as at year end. (₹ in Lacs)

			As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
Type	Currency	Cross Currency	Buy	Sell	Buy	Sell
Forward Contracts	USD	INR	8,37.25	1,84.50	9,53.42	1,96.30
POS	USD	INR	12.35	-	70.40	-
Derivatives	USD	INR	1,07.03	-	1,50.00	-

b) Unhedged Foreign exchange exposures (₹ in Lacs)

		As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
Currency	Cross Currency	Buy	Sell	Buy	Sell
USD	INR	9.09	50.37	4.33	70.90
EURO	INR	0.68	-	0.60	-
JPY	INR	21.15	-	11.40	-
GBP	INR	0.01	-	-	-

# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

## NOTE - 30 (Contd.)

### 20) Related party disclosures:

#### a) Names of related parties and related party relationship:

##### Related parties where control exists:

- Associated CEAT Holdings Company (Pvt.) Limited (ACHL) (Subsidiary Company)
- CEAT Bangladesh Limited (CEAT Bangladesh) (Subsidiary Company)
- Rado Tyres Limited (Subsidiary Company) (w.e.f. 27th September, 2013)

##### Related parties with whom transactions have taken place during the year :-

- CEAT-Kelani Holding Company (Pvt.) Limited (CKHL) (Joint Venture of ACHL)
- Associated CEAT (Pvt.) Limited (ACPL) (Subsidiary of CKHL)
- CEAT-Kelani International Tyres (Pvt.) Limited, (CKITL) (Subsidiary of CKHL)
- CEAT Kelani Radials Limited (CKRL) (Subsidiary of CKHL)
- Asian Tyres (Pvt) Limited (ATPL) (Subsidiary of CKITL) (w.e.f. 14th November, 2012)
- Instant Holdings Limited (Investing entity in respect of which CEAT Limited is an Associate)
- Key Management Personnel:
  - i) Mr. Anant Vardhan Goenka, Managing Director
  - ii) Mr. Arnab Banerjee, Whole-time Director (w.e.f. 7th May, 2013)
  - iii) Mr. Harsh Vardhan Goenka, Relative of key management personnel
  - iv) Mr. Paras Kumar Chowdhary, Whole-time Director (Retired on 1st April, 2013)

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

(₹ in Lacs)

Transactions	Related parties	2013-14	2012-13
1. Reimbursement of Expenses	ACPL	34.66	20.69
	CKITL	6.65	0.68
	CKRL	7.79	1.42
	Rado	6,94.31	-
	CEAT Bangladesh	-	10.08
	<b>Total</b>	<b>7,43.41</b>	<b>32.87</b>
2. Dividend Income	ACHL	8,37.16	5,68.47
3. Royalty Income	ACPL	1,32.70	1,25.98
	CKITL	1,70.95	1,45.20
	ATPL	2.02	-
	CKRL	1,27.31	98.67
	<b>Total</b>	<b>4,32.98</b>	<b>3,69.85</b>
4. Purchase of traded goods	ACPL	28,30.36	25,84.27
	CKITL	1,25.33	33.17
	CKRL	-	9.70
	<b>Total</b>	<b>29,55.69</b>	<b>26,27.14</b>
5. Sales	CKITL	8,56.15	4,97.85
	CEAT Bangladesh	20,27.97	2,58.56
	<b>Total</b>	<b>28,84.12</b>	<b>7,56.41</b>

# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

## NOTE - 30 (Contd.)

Transactions	Related parties	2013-14	2012-13
6. Conversion charges expense	Rado	9,56.53	7,61.56
7. Loan given	Rado	10.00	65.00
8. Loan repaid	Rado	(35.83)	-
9. Interest income on Loan	Rado	21.04	19.19
10. Investments (including share application money) made during the year	CEAT Bangladesh	38,66.38	38,50.68
	Rado (Refer note 30(6))	3,00.00	-
	<b>Total</b>	<b>41,66.38</b>	<b>38,50.68</b>
11. Technical Development fees	CKRL	50.56	-
	CEAT Bangladesh	1,99.40	-
	ATPL	84.27	-
	<b>Total</b>	<b>3,34.23</b>	<b>-</b>
12. Dividend Paid	Instant Holdings Ltd.	4,60.43	-
	<b>Total</b>	<b>4,60.43</b>	<b>-</b>
13. Issue of Equity Shares (Refer note 5)	Instant Holdings Ltd.	3,63.97	92.41
	<b>Total</b>	<b>3,63.97</b>	<b>92.41</b>

(₹ in Lacs)

Amount due to / from related parties	Related parties	2013-14	2012-13
1. Advance receivable in cash or in kind	ACPL	11.75	10.36
	CKITL	-	3.23
	Rado	-	25.53
	ATPL	74.46	-
	CEAT Bangladesh	2,09.48	10.08
	<b>Total</b>	<b>2,95.69</b>	<b>49.20</b>
2. Advances given	Rado	-	9.34
3. Royalty Receivable	ACPL	63.15	56.13
	CKITL	77.44	71.75
	CKRL	60.38	49.95
	ATPL	1.98	-
	<b>Total</b>	<b>2,02.95</b>	<b>1,77.83</b>
4. Trade payables	ACPL	(6,88.13)	(6,87.45)
	Rado	(56.17)	(2.27)
	<b>Total</b>	<b>(7,44.30)</b>	<b>(6,89.72)</b>
5. Trade Receivables	CKITL	2,02.11	1,63.48
	CEAT Bangladesh	5,40.64	1,54.06
	<b>Total</b>	<b>7,42.75</b>	<b>3,17.54</b>
6. Loans given	Rado	1,89.17	2,15.00
7. Interest receivable	Rado	33.63	25.53

# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

## NOTE - 30 (Contd.)

Transactions with key managerial personnel and their relative.		(₹ in Lacs)	
		2013-14	2012-13
1) Mr. Harsh Vardhan Goenka			
Commission		3,44.00	1,54.00
Director sitting fees		0.80	1.00
Dividend		5.36	1.34
<b>Total</b>		<b>3,50.16</b>	<b>1,56.34</b>
2) Mr. Anant Vardhan Goenka			
Salaries		1,90.13	1,76.76
Allowances and Perquisites		8.52	3.16
Performance Bonus		33.00	-
Contribution to Provident & Superannuation Fund		17.65	16.41
Dividend		0.57	0.14
<b>Total</b>		<b>2,49.87</b>	<b>1,96.47</b>
3) Mr. Arnab Banerjee			
Salaries		1,33.19	-
Allowances and Perquisites		7.12	-
Performance Bonus		17.48	-
Contribution to Provident & Superannuation Fund		6.57	-
<b>Total</b>		<b>1,64.36</b>	<b>-</b>
4) Mr. Paras K. Chowdhary			
Salaries		-	2,18.69
Allowances and Perquisites		-	21.94
Performance Bonus		-	-
Contribution to Provident & Superannuation Fund		-	35.40
Dividend		-	0.04
<b>Total</b>		<b>-</b>	<b>2,76.07</b>
<b>Grand Total</b>		<b>7,64.39</b>	<b>6,28.88</b>

The Managerial remuneration is computed as per the provisions of Section 198 of the Companies Act, 1956 read along with the provisions of Schedule XIII there to.

Provision for gratuity, leave encashment on retirement and other defined benefits which are made based on actuarial valuation on an overall Company basis are not included in remuneration to key management personnel

### 21) Exceptional Items:

- The Company had introduced a Voluntary Retirement Scheme (VRS) for employees across the company during the year, 105 employees (Previous year 188 employees) opted for the VRS. The Compensation in this respect aggregates ₹ 6,89.19 Lacs (Previous year ₹ 13,65.33 Lacs) which is disclosed as an exceptional Item.
- During the previous year, the company had changed its method of recognising provision for warranty from actual claim basis to expected cost based on past trend. The provision based on such parameters as at the beginning of the previous year i.e. April 1, 2012 amounting to ₹ 14,04.23 Lacs had been disclosed as an exceptional expense in the previous year.



# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

## NOTE - 30 (Contd.)

- c) The Company's Plant at Bhandup, Mumbai, had an incident of Fire at its Raw Material Store on 23rd February, 2014.

Fixed assets of Gross value of ₹ 3,29.67 Lacs with its written down value of ₹ 2,30.87 Lacs and stock valuing ₹ 25,38.16 Lacs, aggregating to ₹ 27,69.03 Lacs were destroyed in the fire. The assets were covered under the insurance policy. The amount of ₹ 25,56.40 Lacs is expected to be recovered from the insurance company and shown as insurance claim receivable. The management is confident of recovering the same. The balance amount of ₹ 2,12.63 Lacs along with the expenditure incurred of ₹ 1,02.11 Lacs (including net incidental charges) has been charged to the Statement of Profit and Loss and aggregate amount of ₹ 3,14.74 Lacs has been treated as an exceptional item.

## 22) Segment Reporting:

The Company's operations comprise of only one business segment –Automotive Tyres, Tubes & Flaps as its primary segment in the context of reporting business/geographical segment as required under mandatory accounting standards AS -17 "Segment Reporting". The accounting policies adopted for segment reporting are in line with the accounting policies of the Company.

The geographical Segments considered for disclosure are in India and Outside India. All the manufacturing facilities are located in India.

### Secondary Segment

	(₹ in Lacs)	
Particulars	2013-14	2012-13
<b>Revenue by Geographical market</b>		
India	4,272,11.28	3,787,78.76
Outside India	1,082,69.77	1,093,65.71
<b>Total</b>	<b>5,354,81.05</b>	<b>4,881,44.47</b>
<b>Carrying amount of segment Assets</b>		
India	3,233,24.56	2,872,21.67
Outside India	144,42.63	183,93.29
<b>Total</b>	<b>3,377,67.19</b>	<b>3,056,14.96</b>
<b>Additions to Fixed Assets and Intangible Assets</b>		
India	57,73.37	57,55.45
Outside India	-	-
<b>Total</b>	<b>57,73.37</b>	<b>57,55.45</b>

# Notes

forming part of the Financial Statements for the year ended March 31, 2014.

## NOTE - 30 (Contd.)

### 23) Earnings Per Share (EPS):

(₹ in Lacs)

	2013-14	2012-13
Net Profit for calculation of basic and diluted EPS	253,78.22	106,35.15
Weighted average number of equity shares (face value per share ₹ 10/-) in calculating basic EPS	3,54,16,257	3,42,43,534
Effect of dilution :		
Convertible share warrants	2,08,574	6,81,500
Weighted average number of equity shares (face value per share ₹ 10/-) in calculating diluted EPS	3,56,24,831	3,49,25,034
Basic EPS	71.66	31.06
Diluted EPS	71.24	30.44

24) Previous year's figures have been regrouped / reclassified, where necessary to conform to this year's classification.

The accompanying notes are an integral part of the financial statements  
As per our report of even date

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

For **S.R. Batliboi & Associates LLP**  
Chartered Accountants  
Firm Registration No.: 101049W

**Subba Rao A**  
Chief Financial Officer

**H.V. Goenka**  
Chairman

**Anant Goenka**  
Managing Director

**per Sudhir Soni**  
Partner  
Membership Number : 41870

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

Place : Mumbai  
Date : April 29, 2014

Place : Mumbai  
Date : April 29, 2014

# Statement Pursuant to section 212(3)

of the Companies Act, 1956 relating to subsidiary Company

Name of the Subsidiary	₹ In lacs		
	Associated CEAT Holdings Company (Pvt.) Limited	CEAT Bangladesh Limited	Rado Tyres Limited
1 Number of shares held in the Subsidiary Company	1,00,00,000 ordinary shares of LKR 10/- each fully paid	15,00,00,000 ordinary shares of BDT 10/- each fully paid	94,16,350 ordinary shares of ₹ 4/- each fully paid
2 Percentage of holding in the subsidiary company	100.00%	70.00%	58.56%
3 Financial year ended	31st March, 2014	31st March, 2014	31st March, 2014
4 Profits/(losses) of the subsidiary company for its financial year so far as it concerns the members of CEAT Limited Which have not been dealt with in the accounts of CEAT Limited For the year ended 31st March, 2014			
For the year	-0.88	-3,78.40	-58.93
For the previous financial year	13.43	-1,02.99	-2,03.23
<b>Total accumulated upto the year</b>	<b>12.55</b>	<b>-4,81.39</b>	<b>-2,62.16</b>
5 The net aggregate of profits/(losses) of the subsidiary Co. Which have been dealt within the accounts of CEAT Limited For the year ended 31st March, 2014			
For the year	7,83.30	-	-
For the previous financial year	0.88	-	-
Total accumulated upto the year	7,84.18	-	-

## Notes

1 The profit for the period has been converted at the average rate during the period i.e. 1 LKR = ₹ 0.4647 and 1 BDT = ₹ 0.7781

# Statement Pursuant to section 212(8)

of the Companies Act, 1956 relating to subsidiary Company

Details of Subsidiaries	
Name - Associated CEAT Holdings Company (Pvt.) Limited	Name - CEAT Bangladesh Limited
Country - Sri Lanka	Country - Bangladesh
Reporting Currency - LKR	Reporting Currency - BDT
Exchange Rate - 1 LKR = ₹ 0.4596 (as on 31.03.2014)	Exchange Rate - 1 BDT = ₹ 0.7747 (as on 31.03.2014)

Financial Information	Associated CEAT Holdings Company (Pvt.) Limited		CEAT Bangladesh Limited		RADO Tyres Limited
	Amt in LKR (Lacs)	Amt in INR (Lacs)	Amt in BDT (Lacs)	Amt in INR (Lacs)	Amt in INR (Lacs)
Capital	10,00.00	4,59.60	1,50,00.00	1,16,20.50	6,43.16
Reserves	27.00	12.41	(6,22.30)	(4,82.10)	(2,90.69)
Total Assets	10,27.86	4,72.40	1,60,85.80	1,24,61.67	8,50.29
Total Liabilities	10,27.86	4,72.40	1,60,85.80	1,24,61.67	8,50.29
Investment Other than Investment in Subsidiary	-	-	-	-	-
Turnover	16,87.50	7,75.58	27,31.79	21,16.32	9,78.57
Profit Before Taxation	16,85.78	7,74.78	(3,08.67)	(2,39.13)	(1,49.08)
Provision for Taxation	0.18	0.08	1,81.27	1,40.43	-
Profit After Taxation	16,85.60	7,74.70	(4,89.94)	(3,79.56)	(1,49.08)
Dividend	16,87.50	7,75.58	-	-	-

# Independent Auditors' Report

## To the Board of Directors of CEAT Limited

We have audited the accompanying consolidated financial statements of CEAT Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the

entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

## Other Matter

We did not audit total assets of ₹ 266,56 lacs as at March 31, 2014, total revenues of ₹ 228,59 lacs and net cash outflows amounting to ₹ 10,03.44 lacs for the year then ended, included in the accompanying consolidated financial statements in respect of certain subsidiaries and joint ventures, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries and joint ventures is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W

per Sudhir Soni

Partner

Place of Signature: Mumbai

Date: April 29, 2014

Membership Number: 41870

# Consolidated Balance Sheet

as at March 31, 2014

		(₹ in Lacs)	
	Note No.	As at 31.03.2014	As at 31.03.2013
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
a) Share Capital	3	35,95.57	34,24.35
b) Reserves and Surplus	4	992,65.49	747,58.27
c) Money Received Against Share Warrants	5	-	3,63.97
		<b>1,028,61.06</b>	<b>785,46.59</b>
<b>(2) Preference Shares issued by Subsidiaries</b>		-	8.12
<b>(3) Minority Interest</b>		36,29.40	-
<b>(4) Non-Current Liabilities</b>			
a) Long-term Borrowings	6	423,33.20	424,04.05
b) Deferred Tax Liabilities (Net)	7	114,83.56	78,63.39
c) Other Long-term Liabilities	8	1,42.20	1,42.20
d) Long-term Provisions	9	24,58.02	14,22.83
		<b>564,16.98</b>	<b>518,32.47</b>
<b>(5) Current Liabilities</b>			
a) Short-term Borrowings	10	596,86.06	404,78.84
b) Trade Payables	11	694,28.90	792,50.15
c) Other Current Liabilities	12	554,17.88	577,29.20
d) Short-term Provisions	13	71,76.66	68,54.50
		<b>1,917,09.50</b>	<b>1,843,12.69</b>
<b>Total</b>		<b>3,546,16.94</b>	<b>3,146,99.87</b>
<b>II ASSETS</b>			
<b>(1) Non-Current Assets</b>			
a) Fixed Assets	14		
(i) Tangible Assets		1,480,16.18	1,490,05.28
(ii) Intangible Assets		62,19.88	61,15.80
(iii) Capital Work In Progress		82,31.47	27,37.33
		<b>1,624,67.53</b>	<b>1,578,58.41</b>
b) Goodwill on Consolidation		22,70.74	21,56.32
c) Non-current Investments	15	0.43	58.86
d) Long-term Loans and Advances	16	86,08.44	80,66.15
e) Other Non-current Assets	17	10,04.81	10,57.28
		<b>1,743,51.95</b>	<b>1,691,97.02</b>
<b>(2) Current Assets</b>			
a) Inventories	18	753,57.80	558,82.37
b) Trade Receivables	19	754,53.22	662,84.96
c) Cash and Bank balances	20	167,87.32	112,07.65
d) Short-term Loans and Advances	21	92,45.91	104,54.99
e) Other Current Assets	22	34,20.74	16,72.88
		<b>1,802,64.99</b>	<b>1,455,02.85</b>
<b>Total</b>		<b>3,546,16.94</b>	<b>3,146,99.87</b>
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.  
As per our report of even date

For **S.R. Batliboi & Associates LLP**  
Chartered Accountants  
Firm Registration No.: 101049W

**Subba Rao A**  
Chief Financial Officer

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

**H.V. Goenka**  
Chairman

**Anant Goenka**  
Managing Director

**per Sudhir Soni**  
Partner  
Membership Number : 41870

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

Place : Mumbai  
Date : April 29, 2014

Place : Mumbai  
Date : April 29, 2014

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2014

(₹ in Lacs)

	Note No.	2013-2014	2012-2013
<b>INCOME</b>			
1 Revenue From Operations (Gross)	23	6,095,96.84	5,520,54.00
Less : Excise Duty		541,98.98	468,32.53
Revenue From Operations (Net)		5,553,97.86	5,052,21.47
2 Other Income	24	13,99.49	17,67.12
<b>3 Total Revenue (1 + 2)</b>		<b>5,567,97.35</b>	<b>5,069,88.59</b>
<b>4 EXPENSES</b>			
a) Consumption of Raw Materials, Traded Goods & Increase/decrease in stock		3,565,74.97	3,475,76.04
b) Employee Benefits Expense	25	310,91.61	283,03.89
c) Finance Costs	26	172,04.49	180,80.96
d) Depreciation and amortization expense	14	86,54.34	80,62.00
e) Other Expenses	27	1,019,44.54	855,46.36
<b>Total Expenses</b>		<b>5,154,69.95</b>	<b>4,875,69.25</b>
<b>5 Profit Before Exceptional Items and Tax (3 - 4)</b>		<b>413,27.40</b>	<b>194,19.34</b>
<b>6 Exceptional Items (Refer Note 28 (13))</b>		<b>10,03.93</b>	<b>27,69.56</b>
<b>7 Profit Before Tax (5-6)</b>		<b>403,23.47</b>	<b>166,49.78</b>
<b>8 Tax Expense :</b>			
1) Current Tax		96,29.66	37,02.45
2) Less : MAT Credit entitlement		-	(31,78.05)
3) Short / (Excess) Provision of earlier years		(5.34)	(1,59.19)
4) Deferred Tax - current year		36,20.17	49,75.81
5) Deferred Tax - prior years		-	(7,10.23)
<b>9 Profit after tax and before minority interest (7-8)</b>		<b>270,78.98</b>	<b>120,18.99</b>
<b>10 Minority Interest</b>		<b>(44.52)</b>	<b>-</b>
<b>11 Profit for the year (9 - 10)</b>		<b>271,23.50</b>	<b>120,18.99</b>
<b>12 Earnings Per Equity Share (Refer Note 28 (15))</b> [Nominal value of share ₹ 10 (Previous year ₹ 10)]			
(1) Basic	₹	76.59	35.10
(2) Diluted	₹	76.14	34.40
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.  
As per our report of even date

For **S.R. Batliboi & Associates LLP**  
Chartered Accountants  
Firm Registration No.: 101049W

**Subba Rao A**  
Chief Financial Officer

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

**H.V. Goenka**  
Chairman

**Anant Goenka**  
Managing Director

**per Sudhir Soni**  
Partner  
Membership Number : 41870

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

Place : Mumbai  
Date : April 29, 2014

Place : Mumbai  
Date : April 29, 2014



# Consolidated Cash Flow Statement

for the year ended March 31, 2014

(₹ in Lacs)

	2013-2014	2012-2013
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit Before Tax and Minority Interest	403,23.47	166,49.78
Adjustments for :		
Depreciation	86,54.34	80,62.00
Interest income	(6,05.02)	(7,06.22)
Interest expense	141,84.66	150,11.58
Dividend income	(54.73)	(1,58.71)
Provision for doubtful debts and Advances	4,02.36	3,54.96
Advance/Bad debts Written Off	32.83	36.40
Impairment of Assets	-	13.20
(Profit) / Loss on sale of fixed assets - (Net)	58.14	42.96
(Profit) / Loss on Sale of Investment	(26.78)	(0.48)
Foreign Currency Translation Reserve on Consolidation	5,54.86	2,92.45
Unrealised exchange variation (Net)	19.74	45.47
Other borrowing cost	30,19.83	30,69.38
<b>Operating Profit Before Working Capital Changes</b>	<b>262,40.23</b>	<b>260,62.99</b>
Adjustments for :	<b>665,63.70</b>	<b>427,12.77</b>
Decrease/(Increase) Inventory	(194,75.21)	43,86.10
Decrease/(Increase) Trade receivables	(97,85.45)	(30,15.71)
Decrease/(Increase) Short -term Loans and Advances	12,81.63	7,72.65
Decrease/(Increase) Other Current Assets	(25,51.28)	(64.81)
(Decrease)/Increase Trade Payables	(96,16.06)	137,71.15
(Decrease)/Increase Other Current Liabilities	33,19.06	(4,22.67)
(Decrease)/Increase Short-term Provisions	(20,42.64)	31,26.54
(Decrease)/Increase in Long -term Provisions	10,35.19	4,53.59
(Decrease)/Increase in Long -term Loans and Advances	(1,64.35)	5,44.36
<b>Cash generated from operations</b>	<b>285,64.59</b>	<b>622,63.97</b>
Direct taxes paid	(89,06.51)	(38,20.63)
<b>Net Cash Flow From Operating Activities (A)</b>	<b>(89,06.51)</b>	<b>(38,20.63)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>	<b>196,58.08</b>	<b>584,43.34</b>
Purchase of Fixed Assets (including capital work in progress and capital advance)	(147,84.17)	(84,77.35)
Sale of fixed assets	3,28.66	9.83
Sale of Current Investments (Net)	26.79	30,32.44
Purchase of Non Current Investment	(0.43)	-
Withdrawal of Bank Deposit (having original maturity of more than three months)	8,46.38	-
Investment in Bank Deposits (having original maturity of more than three months)	(50,84.25)	(3,66.41)
Withdrawal of Margin Money Deposit	2,55.70	-
Investment in Margin Money Deposit	(67.84)	(1,50.00)
Loans & Advance to Related Parties	-	(65.00)
Interest received	5,79.03	5,65.70
Dividend received	54.73	1,58.71
Proceeds from Sale of Investment in Subsidiaries	36,73.92	-
<b>Net Cash used in Investing Activities ( B )</b>	<b>(141,71.48)</b>	<b>(52,92.08)</b>

## Consolidated Cash Flow Statement

(₹ in Lacs)

	2013-2014	2012-2013
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issuance of Equity Capital	10,91.91	-
Interest paid	(142,15.23)	(152,58.81)
Other Borrowing cost paid	(30,15.19)	(30,69.38)
Change in other Short-term Borrowings (Net)	236,61.06	(51,65.83)
Proceeds from Short-term Buyers Credit	1,039,83.71	840,74.68
Repayment of Short-term Buyers Credit	(1,083,70.97)	(907,10.21)
Proceeds from Long-term Borrowings	188,33.41	-
Repayment of Long-term Borrowings	(242,15.40)	(158,90.00)
Dividend paid	(14,38.23)	(3,42.44)
Dividend Distribution Tax paid	(2,33.99)	(55.55)
Redemption of Preference Shares	(8.12)	(7.04)
Preference Dividend paid	-	(3.90)
<b>Net Cash used in Financing Activities (C)</b>	<b>(39,27.04)</b>	<b>(464,28.48)</b>
<b>Net Increase in Cash or Cash Equivalents (A+B+C)</b>	<b>15,59.56</b>	<b>67,22.78</b>
<b>Components of Cash and Cash Equivalents</b>		
On Current Accounts	65,30.68	26,66.07
On Deposits with maturity less than 3 months	28,27.23	-
On Unpaid Dividend Accounts *	55.27	52.84
On Unpaid Interest and Fixed Deposit *	4,05.91	3,72.12
Cheques in Hand	-	5.14
Cash in Hand	16.24	16.38
Cash and Cash Equivalents at beginning of the year	98,35.33	31,12.55
Cash Adjustment for Subsidiary (Refer Note 2 (B)(2) to the financial statements)	29.90	-
<b>Adjusted Cash and Cash Equivalents at beginning of the year</b>	<b>98,05.43</b>	<b>31,12.55</b>
<b>Cash and Cash Equivalents at the end of the year</b>		
On Current Accounts	108,49.57	65,30.68
On Deposits with maturity less than 3 months	-	28,27.23
On Unpaid Dividend Accounts *	87.61	55.27
On Unpaid Interest and Fixed Deposit *	4,11.03	4,05.91
Cash in Hand	16.78	16.24
<b>Adjusted Cash and Cash Equivalents at end of the year</b>	<b>113,64.99</b>	<b>98,35.33</b>
<b>Net increase as disclosed above</b>	<b>15,59.56</b>	<b>67,22.78</b>

\* The Company can utilise these balances only towards settlement of unpaid dividend account and unpaid interest and fixed deposit account.

**Note :**

1. Previous Years Figures have been regrouped wherever necessary.
2. All Figures in brackets are Outflows.

As per our report of even date

For **S.R. Batliboi & Associates LLP**  
Chartered Accountants  
Firm Registration No.: 101049W

**per Sudhir Soni**  
Partner  
Membership Number : 41870  
Place : Mumbai  
Date : April 29, 2014

**Subba Rao A**  
Chief Financial Officer

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

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

**H.V. Goenka**  
Chairman

**Anant Goenka**  
Managing Director

Place : Mumbai  
Date : April 29, 2014

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

## 1. CORPORATE INFORMATION

CEAT Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company's principal business is manufacturing of automotive tyres, tubes and flaps. The company started operations in 1958 as CEAT Tyres of India Limited and was renamed as CEAT Limited in 1990. The company caters to both domestic and international markets.

## 2. BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

### A) i) Basis of preparation

The Consolidated financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting, unless stated otherwise and comply with the mandatory Accounting Standards (AS) prescribed under the Companies Act, 1956 read with the General Circular 08/2014 dated 04 April 2014 issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year.

The consolidated financial statements relate to CEAT Limited (the company) and its subsidiary companies (referred to as "the group").

### ii) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from the estimates. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

### iii) Principles of consolidation

The consolidated financial statements have been prepared on the following basis:

- The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Company i.e. year ended March 31, 2014.
- The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits have been fully eliminated.
- The financial statements of the joint venture companies have been combined by using proportionate consolidation method in accordance with Accounting Standard 27 – "Financial reporting of interests in joint ventures" and accordingly, venture's share of each of the assets, liabilities, income and expenses of jointly controlled entity is reported as separate line items in the Consolidated Financial Statements
- The excess of cost to the Company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Goodwill arising out of consolidation is not amortised. However, the same is tested for impairment at each Balance Sheet date. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.
- Minority Interest in the net assets of Subsidiaries consists of :
  - i. the amount of equity attributable to the minorities at the date on which investment in Subsidiary is made, and
  - ii. the minorities' share of movements in equity since the date the parent-subsidiary relationship came into existence.

# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

- Foreign Subsidiary – Revenue items have been consolidated at the average rate of foreign exchange prevailing during the year, where such rates approximate the exchange rate at the date of transaction. The assets, liabilities, goodwill or capital reserve of the non-integral foreign operation are translated at the closing rate. Exchange differences arising on monetary and non-monetary items that in substance forms part of the Company's net investments in non-integral foreign operation are accumulated in the Foreign Currency Translation Reserve (FCTR) and shown under the head Reserve and Surplus.
- In case of associates, where Company holds directly or indirectly through subsidiaries 20% or more equity or / and exercises significant influence, Investments are accounted for by using equity method in accordance with Accounting Standard (AS) 23 – "Accounting for Investments in Associates in Consolidated Financial Statements", and accordingly, the share of profit / loss of each of the associate companies (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments

## B) The following subsidiaries, associate and their joint ventures have been considered in the consolidated financial statements.

### 1. Direct Subsidiaries:

Name of the subsidiary	Country of incorporation	% of holding	
		2013-14	2012-13
Associated CEAT Holdings Co. (Pvt.) Limited.	Sri Lanka	100.00%	100.00%
CEAT Bangladesh Limited*	Bangladesh	70.00%	100.00%
RADO Tyres Limited	India	58.56%	**

\* During the year, CEAT Bangladesh Limited has issued 30% Equity Shares to AK Khan & Company Limited ('JV Partner') pursuant to the Joint venture Agreement and the balance 70% shares are held by the company.

### 2. Associate:

Name of the subsidiary	Country of incorporation	% of holding	
		2013-14	2012-13
RADO Tyres Limited.	India	**	22.34%

\*\* During the year pursuant to Order of Board for Industrial and Financial Reconstruction (BIFR), Rado Tyres Limited (Rado), has allotted 75,00,000 Equity shares of ₹ 4 /-each fully paid up to the company on conversion of loan given to it by the company. The company's stake in Rado Tyres Limited now stands increased to 58.56% and accordingly Rado Tyres Limited has become a subsidiary of the company w.e.f. 27th September, 2013 and accounting has done as per the provisions of Accounting Standard 21, Consolidated Financial statements.

### 3. Joint Ventures:

Name of the joint ventures	Country of incorporation	% of holding either directly or through subsidiaries	
		2013-14	2012-13
CEAT-Kelani Holdings Company (Pvt.) Limited (CKHL) (Joint Venture of ACHL)	Sri Lanka	50%	50%
Associated CEAT (Pvt.) Limited (ACPL) (Subsidiary of CKHL)	Sri Lanka	50%	50%
CEAT-Kelani International Tyres (Pvt.) Limited, (CKITL) (Subsidiary of CKHL)	Sri Lanka	50%	50%
CEAT Kelani Radials Limited (CKRL) (Subsidiary of CKHL)	Sri Lanka	50%	50%
Asian Tyres (Pvt) Ltd (ATPL) (Subsidiary of CKITL)	Sri Lanka	50%	-

# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

## C) Tangible fixed assets and Intangible assets

### i) Tangible Assets

- a) Fixed assets are stated at cost of acquisition or construction or revalued amount whichever is applicable, net of accumulated depreciation / amortization and impairment losses, if any.
- b) The cost comprises, cost of acquisition, borrowing cost and any attributable cost of bringing the asset to the condition for its intended use. Cost also includes direct expenses incurred upto the date of capitalisation / commissioning.
- c) Machinery spares procured along with the plant and machinery or subsequently and whose use is expected to be irregular are capitalised separately, if cost of such spares is known and depreciated fully over the residual useful life of the related plant and machinery. If the cost of such spares is not known particularly when procured along with the mother plant, these are capitalised and depreciated along with the mother plant. The written down value (WDV) of the spares is charged as revenue expenditure in the year in which such spares are consumed. Similarly, the value of such spares, procured and consumed in a particular year is charged as revenue expenditure in that year itself.
- d) Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standards of performance.
- e) All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.
- f) Gains and losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.
- g) Tangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Capital work-in-progress".

- h) In case of revaluation of fixed assets, any revaluation surplus is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the Statement of Profit and Loss, in which case the increase is recognized in the Statement of Profit and Loss. A revaluation deficit is recognized in the Statement of Profit and Loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

### ii) Intangible Assets

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

## D) Borrowing Cost

Borrowing cost includes interest, fees and other ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition of or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognized in the Statement of Profit & Loss.

## E) Depreciation

### i) Tangible Assets

Depreciation on fixed asset is calculated on Straight Line Method (SLM) using the rates arrived at based on the useful lives estimated by the management, or those prescribed under Schedule XIV to the Companies Act, 1956, whichever is higher. The rates of depreciation considered for the major assets are as under

Asset Class	Rates(SLM)
Buildings	1.63% - 5.00%
Plant & Equipments	4.75% - 20.00%
Moulds	16.21%
Computers Hardware	16.21% - 30.00%
Furniture & Fixtures	6.33% - 10.00%
Office Equipments	4.75% - 20.00%
Motor Vehicles	7.07% - 20.00%

Leasehold land – amortised over the period of the lease ranging from 95 years – 99 years.

# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

Depreciation is not recorded on capital work-in-progress until construction and installation are complete. Assets acquired/purchased costing less than Rupees five thousand have been depreciated at the rate of 100%. Depreciation on revalued amount of a particular asset is calculated on straight line method over the remaining estimated useful life of the asset from the date of revaluation.

## ii) Intangible Assets

Intangible assets are amortized on a straight line basis over the estimated useful economic life.

- Software expenditure have been amortised over a period of three years.
- Technical Know-how and Brands are amortised over a period of twenty years.

The group has acquired technical know-how and assistance for setting up for Halol radial plant. Considering the life of the underlying plant/facility, this technical know-how, is amortised on a straight line basis over a period of twenty years.

The group has acquired global rights of "CEAT" brand from the Italian tyre maker, Pirelli. Prior to the said acquisition, the group was the owner of the brand in only a few Asian countries including India. With the acquisition of the brand which is renowned worldwide, new and hitherto unexplored markets will be accessible to the Group. The group will be in a position to fully exploit the export market resulting in increased volume and better price realization. Therefore, the management believes that the Brand will yield significant benefits for a period of at least twenty years.

## F) Impairment of tangible and intangible assets:

The group assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. After impairment,

depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

## G) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current Investments are carried in the financial statement at lower of cost or fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

## H) Inventories

- Raw materials, components, stores and spares** are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis. Cost of raw material is net of duty benefits under Duty Entitlement Exemption Certificate (DEEC) scheme.
- Work-in-progress and finished goods** are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a



# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

- iii) **Traded goods** are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

## I) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group and revenue can be reliably measured.

### i) Sale of Goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership are passed on to the customer which generally coincides with delivery. Sales taxes and value added taxes (VAT) are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

### ii) Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the Statement of Profit and Loss.

### iii) Dividends

Dividend income is recognized when the shareholder's right to receive dividend is established by the reporting date.

### iv) Royalty & Technology Development fees

Royalty and Technology development fees income are accounted for as per the terms of contracts.

## J) Government Grants and Export Incentives

Government grants are recognised when there is reasonable assurance that the group will comply with the conditions attached to them and the grants will be received. Government grants related to revenue are recognized on a systematic basis in the Statement of Profit and Loss as a part of other operating revenues.

Export Incentives such as focus market scheme, Focus products scheme and special focus market scheme are recognized in the Statement of Profit and Loss as a part of other operating revenues.

## K) Foreign Currency Transactions

### i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

### ii) Conversion

Foreign currency monetary items are translated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

### iii) Exchange differences

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

### iv) Forward exchange contracts entered into to hedge foreign currency risk.

Forward premium in respect of forward exchange contracts is amortised and recognised over the life of the contract. Exchange differences in such contract are recognized in the Statement of Profit and Loss in the period in which the exchange rates change.

# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

## L) Leases

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the Statement of Profit and Loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

## M) Research and Development

Research and development expenditure is charged to revenue under the natural heads of accounts in the year in which it is incurred. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for tangible assets and Intangible assets.

## N) Employee Benefits

### i) Defined Contribution plan

Retirement benefits in the form of provident fund, Superannuation, Employees State Insurance Contribution and Labour Welfare Fund are defined contribution schemes. The company has no obligation, other than the contribution payable to these funds/schemes. The company

recognizes contribution payable to these funds/schemes as expenditure, when an employee renders the related service. If the contribution payable to these funds/schemes for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the funds/schemes are recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

### ii) Defined Benefit plan

The Group provides for retirement benefits in the form of gratuity. The company's liability, towards these benefits is determined on the basis of actuarial valuation using Project Unit Credit Method at the date of balance sheet. Actuarial gains/losses are recognised in the Statement of Profit and Loss in the period in which they occur.

### iii) Compensated absences

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

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

### iv) Terminal Benefits

The group recognizes termination benefit as a liability and an expense when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

## O) Taxes on Income

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

**Minimum alternate tax (MAT)** paid in a year is charged to the Statement of Profit and Loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

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

Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

## P) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus

issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## Q) Provisions and Contingent Liabilities

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

## R) Cash and cash equivalents

Cash comprises cash in hand and demand deposit with banks. Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

## S) Derivative Instruments and hedge accounting

The company uses derivative financial instruments, such as, foreign currency forward contracts to hedge foreign currency risk arising from future transactions in respect of which firm commitments are made or

# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

which are highly probable forecast transactions. It also uses interest rate swaps to hedge interest rate risk arising from variable rate loans. The company designates these forward contracts and interest rate swaps in a hedging relationship by applying the hedge accounting principles of AS 30 Financial Instruments: Recognition and Measurement.

For the purpose of hedge accounting, hedges are classified as, Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment

At the inception of a hedge relationship, the company formally designates and documents the hedge relationship to which the company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the company will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as described below:

## Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly under shareholders fund in the hedging reserve, while any ineffective portion is recognized immediately in the Statement of Profit and Loss.

The company uses foreign currency forward contracts as hedges of its exposure to foreign currency risk in forecasted transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognized immediately in the Statement of Profit and Loss.

Amounts recognized in the hedging reserve are transferred to the Statement of Profit and Loss when the hedged transaction affects profit or loss, such as when the hedged income or expense is recognized or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in the hedging reserve is transferred to the Statement of Profit and Loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in the hedging reserve remains in the hedging reserve until the forecast transaction or firm commitment affects profit or loss.

## T) Provision for Warranty

The estimated liability for warranty is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence based on corrective actions on product failure. The timing of outflows will vary as and when the obligation will arise - being typically upto three years.

## U) Segment reporting

The Company's operations comprise of only one business segment "Automotive Tyres, Tubes & Flaps" as its primary segment. The analysis of Geographical segments is based on the areas in which the Company operates. The accounting policies adopted for segment reporting are in conformity with the accounting policies of the Company.

# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

## NOTE 3 - SHARE CAPITAL

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
<b>a) Authorised :</b>		
4,61,00,000 (Previous year 4,61,00,000) Equity Shares of ₹ 10 each	46,10.00	46,10.00
39,00,000 (Previous year 39,00,000) Preference Shares of ₹ 10 each	3,90.00	3,90.00
1,00,00,000 (Previous year 1,00,00,000) Unclassified Shares of ₹ 10 each	10,00.00	10,00.00
	<b>60,00.00</b>	<b>60,00.00</b>
<b>b) Issued :</b>		
3,59,56,398 (Previous year 3,42,44,222) Equity Shares of ₹ 10 each (Includes 688 (Previous year 688) Shares offered on right basis and kept in abeyance)	35,95.64	34,24.42
<b>Total issued Share Capital</b>	<b>35,95.64</b>	<b>34,24.42</b>
<b>c) Subscribed and paid-up :</b>		
3,42,43,534 (Previous year 3,42,43,534) Equity Shares of ₹ 10 each fully paid-up	34,24.35	34,24.35
Add: 17,12,176 (Previous year -Nil) Equity Shares allotted during the Year (Refer Note 5)	1,71.22	-
<b>Total Subscribed and paid-up Share Capital</b>	<b>35,95.57</b>	<b>34,24.35</b>

### i) Reconciliation of Equity Share and outstanding

	2013-14		2012-13	
Equity Shares	Number	₹ In Lacs	Number	₹ In Lacs
Shares outstanding at the beginning of the year	3,42,43,534	34,24.35	3,42,43,534	34,24.35
Shares issued during the year	17,12,176	1,71.22	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	3,59,55,710	35,95.57	3,42,43,534	34,24.35

### ii) Terms and rights attached to Equity Shareholders:

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

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

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

# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

## iii) Shares in the Company held by each shareholder holding more than 5% of the number of equity shares.

	As at 31.03.2014		As at 31.03.2013	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Instant Holdings Limited	1,15,10,812	32.01%	96,06,636	28.06%
Goodhope Sales Private Limited *	-	-	-	-
Swallow Associates LLP #	44,84,624	12.47%	44,84,624	13.10%
Societe Ceat D Investissements Asie S A	-	-	17,82,348	5.20%

\* Merged with Instant Holdings Limited w.e.f. 15th May, 2012

# Swallow Associates Limited upto 30th October, 2012.

## NOTE 4 - RESERVES AND SURPLUS

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
<b>a) Capital Reserve</b>		
Balance as per last financial statements	8,76.87	8,76.87
Add : Addition during the year	3,00.00	-
Closing Balance	11,76.87	8,76.87
<b>b) Capital Redemption Reserve</b>	3,90.00	3,90.00
<b>c) Securities Premium Reserve</b>		
Balance as per last financial statements	165,23.65	165,23.65
Add : Addition during the year	12,84.65	-
Closing Balance	178,08.30	165,23.65
<b>d) Revaluation Reserve</b>	9,01.19	9,01.19
<b>e) Cash Flow Hedging Reserve</b>		
Balance as per last financial statements	(1.90)	-
Add : Addition during the year	(5,34.99)	(1.90)
Closing Balance	(5,36.89)	(1.90)
<b>f) Foreign Currency Translation Reserve</b>		
Balance as per last financial statements	(20.56)	(3,95.24)
Add : Addition during the year	6,10.39	3,74.68
Closing balance	5,89.83	(20.56)
<b>g) General Reserve</b>		
Balance as per last financial statements	198,00.97	187,00.97
Add : Amount transferred from surplus balance in the Statement of Profit and Loss	25,38.00	11,00.00
Closing balance	223,38.97	198,00.97
<b>h) Surplus in the statement of profit and loss</b>		
Balance as per last financial statements	362,88.05	269,75.49
Add : Profit for the year	271,23.50	120,18.99
<b>Amount available for Appropriations</b>	634,11.55	389,94.48
Less: Appropriations		
Proposed Dividend (Amount per share ₹ 10 (Previous year ₹ 4))	36,64.06	13,69.74
Tax on Proposed Dividend (Including Dividend Distribution Tax of Subsidiary)	6,12.27	2,32.79
Dividend on Preference Shares of Subsidiary	-	3.90
Amount transferred to General Reserve	25,38.00	11,00.00
<b>Net Surplus in the statement of profit and loss</b>	565,97.22	362,88.05
<b>Total</b>	992,65.49	747,58.27



# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

## NOTE 5 - MONEY RECEIVED AGAINST SHARE WARRANTS

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
Balance as per last financial statements	3,63.97	3,63.97
Less : Converted into Equity Share Capital	3,63.97	-
<b>Total</b>	<b>-</b>	<b>3,63.97</b>

### Money received against convertible warrants

On 24th July, 2013 the Company has converted 1,712,176 warrants of face value ₹ 10/- each into equity shares issued to Instant Holdings Limited, an entity belonging to the Promoter Group of Companies at a price of ₹ 85.03 per warrant which includes a premium of ₹ 75.03 per share on preferential basis in accordance with the terms of the issue

## NOTE 6 - LONG TERM BORROWINGS

(₹ in Lacs)

	Non- Current portion		Current Maturities	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
<b>1 SECURED :</b>				
<b>Term Loans</b>				
a) Indian Rupee Loan from Banks				
Bank of India (Note 1)	100,00.00	-	-	-
ICICI Bank Ltd. (Note 2)	70,00.00	-	-	-
ICICI Bank Ltd. (Note 3)	33,75.00	91,00.00	13,50.00	26,00.00
ICICI Bank Ltd. (Note 4)	11,66.67	35,00.00	23,33.33	23,33.33
Bank of India (Note 5)	34,13.58	49,13.58	20,00.00	20,00.00
IDBI Bank Ltd. (Note 6)	7,53.89	12,56.48	5,02.59	5,02.59
Bank of Baroda (Note 7)	17,50.00	-	10,00.00	1,99.96
Export Import Bank of India (Note 8)	9,88.35	24,49.88	6,58.90	9,79.95
Corporation Bank (Note 9)	-	-	-	6,24.89
b) Foreign Currency Loan from Banks				
Bank of Baroda (Note 7)	-	25,79.55	-	8,26.16
Export Import Bank of India (Note 8)	24,58.28	29,85.68	16,38.85	11,94.27
ICICI Bank Ltd. - ECB Loan (Note 10)	18,71.87	28,27.34	12,47.92	11,30.94
c) Buyer's Credit (Note 11)	-	6,70.47	7,39.82	31,50.95
d) From Banks - Sri Lanka (Note 12)	84.02	2,37.16	2,18.55	1,01.50
	<b>328,61.66</b>	<b>305,20.14</b>	<b>116,89.96</b>	<b>156,44.54</b>
<b>2 UNSECURED :</b>				
Term Loan from Banks (Note 13)	-	-	-	25,00.00
Public Deposits (Note 14)	52,87.30	73,89.86	33,90.89	25,61.33
Deferred Sales Tax Incentive (Note 15)	41,84.24	44,94.05	2,78.79	1,78.60
	<b>94,71.54</b>	<b>118,83.91</b>	<b>36,69.68</b>	<b>52,39.93</b>
Less : Amount classified under other current Liabilities	-	-	(153,59.64)	(208,84.47)
<b>Total</b>	<b>423,33.20</b>	<b>424,04.05</b>	<b>-</b>	<b>-</b>
Share of Joint Venture Included in above total	84.02	2,37.16	-	-

# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

## NOTE 6 - LONG TERM BORROWINGS (Contd.)

### Note on Secured Long Term Borrowings (includes non-current portion and current maturities)

1. New Term Loan from Bank of India ₹ 100,00.00 Lacs (Previous year ₹ Nil) was disbursed on 19th March, 2014. It is secured by first *pari passu* charge on company's immovable assets located at Bhandup and Nasik plants. It is repayable in 20 equal quarterly installment of ₹ 5,00.00 Lacs each starting from 17th June, 2016.
2. New Term Loan from ICICI Bank Ltd. of ₹ 70,00.00 Lacs (Previous year ₹ Nil) was disbursed on 3rd February, 2014. It is secured by first *pari passu* charge on Company's immovable assets situated at Bhandup & Nasik plant. It is repayable in 20 equal quarterly installments of ₹ 3,50.00 Lacs starting from 3rd May, 2016.
3. Term Loan from ICICI Bank Ltd. of ₹ 47,25.00 Lacs (Previous year ₹ 117,00.00 Lacs) is secured by first *pari passu* charge on movable (except current assets) both present and future and immovable properties both present & future located at Bhandup, Halol and Nasik plants and second *pari passu* charge on the current assets of the company both present and future. It is repayable in 10 equal semi-annual installment of ₹ 6,75.00 Lacs each starting from 12th January, 2013. During the year the Company has prepaid ₹ 50,00.00 Lacs and rescheduled the installment amount to ₹ 6,75.00 Lacs from ₹ 13,50.00 Lacs.
4. Term Loan from ICICI Bank Ltd. of ₹ 35,00.00 Lacs (Previous year ₹ 58,33.33 Lacs) is secured by first *pari passu* charge on immovable properties both present & future situated at Bhandup plant. It is repayable in 12 equal quarterly installments of ₹ 5,83.33 Lacs starting from 10th November, 2012.
5. Term Loan from Bank of India ₹ 54,13.58 Lacs (Previous year ₹ 69,13.58 Lacs) is secured by first *pari passu* charge on company's movable (except current assets) both present and future and immovable properties both present & future located at Bhandup, Halol and Nasik plants and second charge over current assets both present and future. It is repayable in 20 equal quarterly installment of ₹ 5,00.00 Lacs each starting from 1st January, 2012.
6. Term Loan from IDBI Bank Ltd. of ₹ 12,56.48 Lacs (Previous year ₹ 17,59.07 Lacs) is secured by first *pari passu* charge on movable properties (except current assets) both present and future and immovable properties of the company both present & future situated at Bhandup, Halol and Nasik plants and second *pari passu* charge over current assets both present and future. It is repayable in 20 equal quarterly installment of ₹ 1,25.65 Lacs starting from 1st January, 2012.
7. The FCNR-B loan from Bank of Baroda was valid for one year and was reconverted into rupee loan on 9th October, 2013. Term Loan from Bank of Baroda of ₹ 27,50.00 Lacs (Previous year ₹ 36,05.67 Lacs) is secured by first *pari passu* charge on movable (except current assets) both present and future and immovable properties both present & future located at Bhandup, Halol and Nasik plant and second *pari passu* charge over current assets both present and future. It is repayable in 20 equal quarterly installment of ₹ 2,50.00 Lacs each starting from 1st January, 2012.
8. Term Loan in Indian rupee & in foreign currency from Export Import Bank of India of ₹ 57,44.38 Lacs (Previous year ₹ 76,09.78 Lacs) is secured by first *pari passu* charge on movable properties (except Current Assets) both present and future and immovable properties both present & future located at Bhandup, Halol and Nasik plants and second *pari passu* charge over current assets both present and future.  
  
Rupee loan is repayable in 20 equal quarterly installment of ₹ 2,44.99 Lacs starting from 1st November, 2011 and foreign currency loan is also repayable in 20 equal quarterly installment of USD 5.50 Lacs equivalent to ₹ 3,29.45 Lacs (restated at rate of INR/USD as on 31st March, 2014) starting from 1st November, 2011.
9. Term Loan from Corporation Bank ₹ Nil (Previous year ₹ 6,24.89 Lacs) was secured by first *pari passu* charge on immovable property of the company both present & future situated at RPG House, Mumbai. The said loan has no longer exist, since being repaid.
10. ECB loan from ICICI Bank Ltd. of ₹ 31,19.79 Lacs (Previous ₹ 39,58.28 Lacs) is secured by first *pari passu* charge on movable properties (except current assets) both present and future and immovable properties of the Company both present & future situated at Bhandup, Halol and Nasik Plants and second charge over current assets both present and future. It is repayable in 24 equal quarterly installment of USD 5.21 Lacs equivalent to ₹ 3,11.78 Lacs (restated at rate

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

of INR/USD as on 31st March, 2014) starting from 23rd December, 2010.

11. Buyer's credit is secured by way of first *pari passu* charge on all its current assets and by way of second *pari passu* charge on immovable and all movable properties (excluding current assets) of the Company situated at Bhandup, Nasik, Halol plants and RPG House, Mumbai. It is repayable within 3 years from the date of draw down.
12. Term Loan Availed from Banks, Srilanka is secured by first *pari passu* charge on immovable property and Machinery of the subsidiaries.

## Note on Unsecured Long Term Borrowings.

13. Loan from Ratnakar Bank Ltd. was repaid during the year on 17th August, 2013.
14. Public Deposit is repayable after 2 or 3 years from the date of acceptance of public deposit
15. Interest free Deferred Sales Tax is repayable in annual installment commencing from 26th April, 2011 and ending on 30th April, 2025.

## NOTE 7 - DEFERRED TAX LIABILITIES (NET)

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
<b>Major components of Deferred Tax Assets and Deferred Tax Liabilities:</b>		
<b>Assets</b>		
Carried forward unabsorbed tax loss / depreciation	28.43	15,65.83
Expenses allowable for tax purpose when paid	9,15.78	16,26.46
Voluntary Retirement Scheme	6,29.91	5,95.79
Provision for doubtful debts and advances	4,99.97	3,66.42
Others	12,50.37	16,38.25
	<b>33,24.46</b>	<b>57,92.75</b>
<b>Liability</b>		
Difference between book and tax depreciation	148,08.02	136,56.14
<b>Deferred Tax Liabilities (Net)</b>	<b>114,83.56</b>	<b>78,63.39</b>
Share of Joint Venture Included in above total	5,68.65	4,11.31

## NOTE 8 - OTHER LONG TERM LIABILITIES

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
Security deposits	1,42.20	1,42.20
<b>Total</b>	<b>1,42.20</b>	<b>1,42.20</b>
Share of Joint Venture Included in above total	-	-

## NOTE 9 - LONG - TERM PROVISIONS

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
Provision for Warranty (Refer note 28 (7))	3,78.94	2,48.14
Gratuity (Refer Note 28 (10))	4,36.98	2,22.14
Provision for compensated absences	16,42.10	9,52.55
<b>Total</b>	<b>24,58.02</b>	<b>14,22.83</b>
Share of Joint Venture Included in above total	3,27.78	2,22.14

# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

## NOTE 10 - SHORT - TERM BORROWINGS :

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
<b>1 Secured</b>		
a) Term Loans from Bank (Note 2)	20,00.00	-
b) Working Capital Demand Loan (Note 1)	-	5,29.48
c) Cash Credit Facilities from Banks (Note 2)	37,72.03	47,12.87
d) Export Packing Credit (Note 2)	213,93.79	72,07.65
e) Buyer's Credit (Note 2)	229,60.37	267,99.08
<b>2 Unsecured</b>		
a) Term Loans from Bank	55,02.93	3,30.20
b) Export Packing Credit	38,76.82	-
c) Buyer's Credit	-	6,16.41
d) Public Deposits	1,80.12	2,83.15
<b>Total</b>	<b>596,86.06</b>	<b>404,78.84</b>
Share of Joint Venture Included in above total	13,72.93	18,45.39

### Note :

- 1) Working Capital Demand Loan availed from Consortium of Bank is secured by first pari passu charge on immovable property and machinery of the Subsidiaries and joint ventures.
- 2) Term Loans, Cash Credit, Export Packing Credit and Buyers Credit facilities are part of working capital facilities availed from Consortium of Bank as well as outside Consortium. Consortium limits are secured by hypothecation by way of first pari passu charge on all its Current Assets and by way of second pari passu charge on immovable and all movable properties (excluding Current Assets) of the Company situated at Bhandup, Nashik, Halol Plants and RPG House Mumbai and outside consortium limits facilities are unsecured in nature.

## NOTE 11 - TRADE PAYABLES

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
<b>Trade Payables</b>		
Acceptances	133,27.43	321,25.49
Due to Micro, Small and Medium enterprises		
Overdue	-	-
Not due	5,63.27	3,60.23
Other Trade Payables	555,38.20	467,64.43
<b>Total</b>	<b>694,28.90</b>	<b>792,50.15</b>
Share of Joint Venture Included in above total	25,43.10	19,44.57

# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

## NOTE 12 - OTHER CURRENT LIABILITIES

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
1 Current Maturities of Long-term Borrowings (Refer Note 6)	153,59.64	208,84.47
2 Interest Accrued but not due on Borrowings	7,93.23	8,24.57
3 Unclaimed Dividends*	87.61	55.27
4 Unclaimed Interest on Public Deposit & Matured Public Deposits *	6,83.50	7,16.74
5 Other Payables :		
a) Payable to Capital Vendors	3,15.72	1,28.98
b) Deposits From Dealers & Others	294,72.34	265,27.22
c) Statutory Dues	60,16.39	59,87.76
d) Advance received from Customers	11,44.21	12,65.29
e) Premium on forward contracts	14,68.43	13,38.90
f) Others	67.28	-
6 Revaluation of Hedging Instrument	9.53	-
<b>Total</b>	<b>554,17.88</b>	<b>577,29.20</b>
Share of Joint Venture Included in above total	2,18.66	2,69.08

\* Will be transferred to Investor Education & Protection fund as and when due

## NOTE 13 - SHORT-TERM PROVISIONS

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
1 Provision for Employee Benefits		
a) Provision for compensated absences	2,27.00	8,72.86
b) Provision for Gratuity (Refer note 28 (10))	1,64.91	18,91.79
2 Provision for Proposed Dividend	35,95.57	13,69.74
3 Provision for Tax on Proposed Dividend	6,11.07	2,32.79
4 Provision for Income Tax (Net of Advance Tax)	9,03.43	11,42.75
5 Provision For Warranty (Refer note 28 (7))	16,74.68	13,44.57
<b>Total</b>	<b>71,76.66</b>	<b>68,54.50</b>
Share of Joint Venture Included in above total	3,71.91	2,84.48

# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

NOTE 14 - FIXED ASSETS												(₹ in Lacs)
Assets	Gross Block					Depreciation / Amortisation					Net Block	
	As at 01.04.2013	Additions	Deductions	Acquisition through Business Combination	Foreign Exchange Adjustment	As at 31.03.2014	As at 01.04.2013	For the year 2013-14	On Deductions	Acquisition through Business Combination	Foreign Exchange Adjustment	As at 31.03.2014
<b>Tangible</b>												
<b>Owned Assets</b>												
Land	433,20.10	-	-	91.90	1,15.03	435,27.03	-	-	-	-	-	435,27.03
	(431,73.71)	(28.01)	-	-	(1,18.38)	(433,20.10)	-	-	-	-	-	(433,20.10)
Buildings	236,76.92	2,08.35	18.49	2,66.63	28.12	241,61.53	52,11.48	6,07.55	6.71	99.35	-	182,36.63
	(231,67.81)	(5,08.39)	(28.43)	-	(29.15)	(236,76.92)	(46,28.18)	(6,00.33)	(29.66)	-	-	(184,65.44)
Plants & Equipments	1,378,33.22	60,78.89	11,27.93	13,89.52	3,06.23	1,444,79.93	576,09.05	72,85.22	8,07.54	9,46.29	-	793,29.10
	(1,331,96.71)	(53,36.24)	(1,76.68)	-	(-5,23.05)	(1,378,33.22)	(516,80.92)	(67,42.19)	(1,34.21)	-	(13.20)	(802,24.17)
Furniture & Fixtures	12,21.79	1,38.75	29.07	8.23	-19.17	13,20.53	7,84.55	67.56	15.23	8.23	-	4,71.92
	(10,02.10)	(1,24.32)	(1.15)	-	(96.52)	(12,21.79)	(6,59.34)	(54.06)	(1.13)	-	(72.28)	(4,37.24)
Office Equipments	4,48.21	56.19	28.65	7.90	4.95	4,88.60	2,41.30	23.68	27.72	6.81	-	2,54.76
	(4,82.50)	(8.82)	(10.17)	-	(-32.94)	(4,48.21)	(2,57.86)	(19.93)	(4.68)	-	(-10.23)	(2,06.91)
Vehicles	8,35.26	73.46	92.23	0.02	2.46	8,18.97	4,35.42	54.70	52.47	0.02	-	3,85.59
	(7,29.84)	(1,20.36)	(18.05)	-	(3.11)	(8,35.26)	(3,98.04)	(48.19)	(12.05)	-	(1.24)	(3,99.84)
<b>Lease Assets</b>												
Land	61,79.99	-	-	-	-	61,79.99	3,66.91	43.18	-	-	-	57,69.90
	(62,63.00)	-	-	-	(-83.01)	(61,79.99)	(3,37.02)	(43.18)	-	-	(-13.29)	(58,13.08)
Plants & Equipments	10,86.43	-	-	-	-82.33	10,04.10	9,47.93	25.90	-	-	-10.98	41.25
	(10,04.10)	-	-	-	(82.33)	(10,86.43)	(9,05.68)	(36.65)	-	-	(5.60)	(1,38.50)
<b>Total Tangible Asset</b>	2,146,01.92	65,55.64	12,96.37	17,64.20	3,55.29	2,219,80.68	655,96.64	81,07.79	9,09.67	10,60.70	-	1,480,16.18
	(2,090,19.77)	(61,26.14)	(2,34.48)	-	(-3,09.51)	(2,146,01.92)	(588,67.04)	(75,44.53)	(18,1.73)	-	(13.20)	(1,490,05.28)
<b>Intangible</b>												
Software	11,96.24	6,08.27	-	-	-	18,04.51	8,33.99	2,21.78	-	-	-0.05	7,48.79
	(10,34.34)	(1,61.90)	-	-	-	(11,96.24)	(6,44.96)	(1,89.03)	-	-	-	(3,62.25)
Brand	56,29.80	-	-	-	-	56,29.80	6,80.27	2,81.49	-	-	-	46,68.04
	(56,29.80)	-	-	-	-	(56,29.80)	(3,98.78)	(2,81.49)	-	-	-	(49,49.53)
Technical Knowhow	8,84.27	-	-	-	1,06.46	9,90.73	80.25	43.28	-	-	64.15	1,87.68
	(8,65.51)	-	-	-	(18.76)	(8,84.27)	(33.22)	(46.95)	-	-	(0.08)	(8,04.02)
<b>Total Intangible Asset</b>	77,10.31	6,08.27	-	-	1,06.46	84,25.04	15,94.51	5,46.55	-	-	64.10	62,19.88
	(75,29.65)	(1,61.90)	-	-	(18.76)	(77,10.31)	(10,76.96)	(5,17.47)	-	-	(0.08)	(61,15.80)
<b>Total</b>	2,223,12.23	71,63.91	12,96.37	17,64.20	4,61.75	2,304,05.72	671,91.15	86,54.34	9,09.67	10,60.70	-	1,542,36.06
	(2,165,49.42)	(62,88.04)	(2,34.48)	-	(-2,90.75)	(2,223,12.23)	(599,44.00)	(80,62.00)	(18,1.73)	-	(13.20)	(1,551,21.08)
Capital Work-in-Progress												82,31.47
												(27,37.33)
<b>Total</b>												1,624,67.53
												(1,578,58.41)

Figures in Brackets represents amounts pertains to Previous Year

# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

## NOTE 14 - FIXED ASSETS (Contd.)

- Buildings includes ₹ 0.11 lacs (Previous year ₹ 0.11 lacs ) being value of shares held in Co-operative Housing societies
- Free Hold Land includes Land aquired at Halol, Gujarat vide Memorandum of Understanding (MOU) for ₹ 1.75 Lacs which is subject to registration formalities.
- Lease Hold Land includes Land acquired at Additional Ambernath Industrial Area, Ambernath, Dist. Thane, Maharashtra from Maharashtra Industrial Development Corporation (MIDC) vide sanction letter dated October 13, 2009. The Company has taken physical possession of this Land on September 1, 2010 which is subject to registration formalities.
- Gross book value includes ₹ 6,95.77 Lacs (Previous Year ₹ 6,97.06 Lacs ) on account of revaluation of Land, Building and Plant and equipment in 2007 based on the report issued by independent valuer.

The fixed assets of Subsidiary Companies in Srilanka have been revalued in FY 2011-12 by independent valuers.

- The pre-operative expenses (POE) apportion over the Fixed Assets of Halol project.

Particulars	2013-14	2012-13
Borrowing Cost	-	7.00
Personnel cost	26.84	-
Consultancy & Professional fees	15.17	-
General Expenses	1.35	-
Travelling & Conveyance	2.05	-
<b>Total</b>	<b>45.41</b>	<b>7.00</b>

## NOTE 15 - NON-CURRENT INVESTMENTS

(₹ in Lacs)

	Face Value	Holdings Nos.	As at 31.03.2014	Holdings Nos.	As at 31.03.2013
<b>Long Term - Fully Paid</b>					
<b>Equity Shares</b> (valued at cost unless stated otherwise)					
<b>Unquoted (Trade)</b>					
<b>a) Investment in Associates</b>					
Rado Tyres Limited	₹ 10	-	-	19,16,350	58.86
<b>b) Investment in Others</b>					
Maestro Comtrade Private Limited	₹ 10	1,800	0.18	-	-
National Saving Certificates VIII issue			0.15		-
Rado Employees Co-operative Society			0.10		-
<b>Total</b>			<b>0.43</b>		<b>58.86</b>
Share of Joint Venture Included in above total			-		-



# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

## NOTE 16 - LONG-TERM LOANS AND ADVANCES

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
<b>Unsecured, Considered Good</b>		
Capital Advances	16,22.69	2,93.79
Security Deposits	10,79.16	6,86.38
Loans & Advance to related parties	-	2,15.00
Prepaid Expenses	-	7.27
Advance payment of Tax (Net of provision)	24,06.83	25,87.09
MAT Credit Entitlement	34,99.76	42,76.62
<b>Unsecured, Considered doubtful</b>		
Balances with Government Authorities	2,18.13	2,18.13
Less : Provision for Doubtful Balances	(2,18.13)	(2,18.13)
<b>Total</b>	<b>86,08.44</b>	<b>80,66.15</b>
Share of Joint Venture Included in above total	62.51	33.11

## NOTE 17 - OTHER NON-CURRENT ASSETS

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
Unamortised Ancillary Cost of Borrowing	1,27.99	-
Revaluation of Hedging Instrument	8,76.82	10,57.28
<b>Total</b>	<b>10,04.81</b>	<b>10,57.28</b>
Share of Joint Venture Included in above total	-	-

## NOTE 18 - INVENTORIES

(₹ in Lacs)

(Valued at lower of cost and net realisable value)

	As at 31.03.2014	As at 31.03.2013
a) Raw Materials	242,89.79	179,41.17
Goods-in transit	11,84.90	8,70.45
	254,74.69	188,11.62
b) Work-in-progress	34,30.61	28,41.92
c) Finished goods	385,97.78	297,05.09
d) Traded Goods Stock	30,00.33	4,91.14
Goods-in transit	4,62.40	73.72
	34,62.73	5,64.86
e) Stores and spares	44,29.94	45,62.18
Goods-in transit	-	0.52
	44,29.94	45,62.70
Less : Provision for obsolescence of stores and spares	(37.95)	(6,03.82)
	43,91.99	39,58.88
<b>Total</b>	<b>753,57.80</b>	<b>558,82.37</b>
Share of Joint Venture Included in above total	24,62.40	26,69.17

# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

## NOTE 19 - TRADE RECEIVABLES

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
<b>A Debts Outstanding for a period exceeding 6 months from the date they are due for payment:</b>		
Secured, Considered Good	-	13.03
Unsecured, Considered Good	2,16.84	1,47.43
Unsecured, Considered Doubtful	13,80.49	10,13.88
Less : Provision for Doubtful Debts	(13,80.49)	(10,13.88)
	<b>2,16.84</b>	<b>1,60.46</b>
<b>B Other Debts</b>		
Secured, Considered Good	239,69.87	205,77.75
Unsecured, Considered Good	512,66.51	455,46.75
	<b>752,36.38</b>	<b>661,24.50</b>
<b>Total</b>	<b>754,53.22</b>	<b>662,84.96</b>
Share of Joint Venture Included in above total	33,87.32	27,98.90

## NOTE 20 - CASH AND BANK BALANCES

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
<b>Cash and Cash Equivalents :</b>		
<b>Balances with Banks :</b>		
On Current Accounts	108,49.57	65,30.68
Deposits with maturity of less than 3 months	-	28,27.23
On Unpaid Dividend Accounts	87.61	55.27
On Unpaid Public Fixed Deposit and interest there on	4,11.03	4,05.91
Cash in Hand	16.78	16.24
	<b>113,64.99</b>	<b>98,35.33</b>
<b>Other Bank Balances</b>		
Deposits with maturity of more than 3 months but less than 12 months	49,34.45	6,96.58
Margin Money Deposits *	4,87.88	6,75.74
	<b>54,22.33</b>	<b>13,72.32</b>
<b>Total</b>	<b>167,87.32</b>	<b>112,07.65</b>
Share of Joint Venture Included in above total	13,74.40	23,12.55

\* Lien with Banks

# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

## NOTE 21 - SHORT-TERM LOANS AND ADVANCES

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
<b>Unsecured, Considered Good</b>		
Advance Receivable in cash or kind or for value to be received	35,07.79	37,25.20
Balance with Statutory / Government Authorities	56,76.02	65,85.72
Other Deposits	62.10	1,44.07
<b>Unsecured, Considered Doubtful</b>		
Loans, Advances and Deposits	1,82.55	1,32.00
Less : Provision for doubtful loans, advances and deposits	(1,82.55)	(1,32.00)
<b>Total</b>	<b>92,45.91</b>	<b>104,54.99</b>
Share of Joint Venture Included in above total	-	-

## NOTE 22 - OTHER CURRENT ASSETS

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
<b>Unsecured, Considered Good</b>		
Interest Receivable	2,53.19	1,98.94
Unamortised premium on forward contracts	6,11.15	6,44.55
Recoverable against Fire loss (Refer Note No 28 (13)(c))	25,56.40	-
Revaluation of Hedging Instrument	-	8,29.39
<b>Total</b>	<b>34,20.74</b>	<b>16,72.88</b>
Share of Joint Venture Included in above total	-	-

## NOTE 23 - REVENUE FROM OPERATIONS

(₹ in Lacs)

	2013-14	2012-13
1 Sale of products	6,049,75.69	5,477,32.63
2 Other operating revenues		
a) Royalty Income	2,16.49	1,84.92
b) Sale of Scrap	14,56.37	15,82.52
c) Government Grants # (Refer note 28(5)(a))	21,40.32	22,94.18
d) Others	8,07.97	2,59.75
<b>Revenue From Operations (Gross)</b>	<b>6,095,96.84</b>	<b>5,520,54.00</b>
Share of Joint Venture Included in above total	208,94.17	177,60.73

# Includes ₹ 10,13.13 Lacs (Previous year ₹ 11,22.07 Lacs) on account of Octroi duty refund from Directorate of Industries, Maharashtra for Nashik Plant and ₹ 11,27.19 Lacs (Previous year ₹ 11,72.11 Lacs) on account of export incentives.

# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

## NOTE 24 - OTHER INCOME

(₹ in Lacs)

	2013-14	2012-13
Interest income on		
Bank Deposit	2,71.07	1,83.78
Others	3,33.95	5,22.43
Dividend income on		
Current Investments	54.73	1,58.71
Foreign Exchange Fluctuation (Net)	-	2,88.70
Profit on Sale of Current Investments	26.78	0.48
Other non-operating income	7,12.96	6,13.02
<b>Total</b>	<b>13,99.49</b>	<b>17,67.12</b>
Share of Joint Venture Included in above total	11.69	5.76

## NOTE 25 - EMPLOYEE BENEFITS EXPENSE

(₹ in Lacs)

	2013-14	2012-13
Salaries, Wages and Bonus	259,62.60	222,31.72
Contribution to Provident and other Funds	15,01.64	13,86.38
Gratuity Expenses (Refer note 28 (10))	3,74.46	19,81.08
Staff Welfare Expenses	32,52.91	27,04.71
<b>Total</b>	<b>310,91.61</b>	<b>283,03.89</b>
Share of Joint Venture Included in above total	17,48.85	13,61.68

## NOTE 26 - FINANCE COSTS

(₹ in Lacs)

	2013-14	2012-13
Interest	141,84.66	150,11.58
Other Borrowing cost	30,19.83	30,69.38
<b>Total</b>	<b>172,04.49</b>	<b>180,80.96</b>
Share of Joint Venture Included in above total	1,63.41	3,04.71

# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

## NOTE 27 - OTHER EXPENSES

(₹ in Lacs)

	2013-14	2012-13
Conversion charges	216,10.80	148,23.85
Stores and spares consumed	40,99.73	40,98.43
Provision for obsolescence of stores and spares	4.18	5,72.71
Power and fuel	180,77.76	173,20.89
Freight and delivery charges	199,35.73	161,13.18
Rent	6,16.53	4,43.71
Lease rent	1,40.84	1,81.02
Rates and taxes	2,19.48	2,71.92
Insurance	4,16.32	3,33.19
Repairs :		
Plant and Machinery	34,97.68	30,75.74
Buildings	5,60.23	4,59.55
Others	39.35	50.79
	40,97.26	35,86.08
Travelling and conveyance	27,41.68	21,06.13
Printing and stationery	2,16.72	1,82.07
Directors' fees	8.40	8.10
Auditors' Remuneration (Refer Details below)	63.62	63.82
Cost audit fees	2.20	1.10
Advertisement and sales promotion expenses	75,40.74	74,25.25
Rebates and discounts	90,39.74	60,54.99
Commission on sales	4,35.37	5,23.71
Communication expenses	6,76.06	5,40.43
Advances written off	1.42	30.54
Bad Debts written off	31.41	5.86
Less : Provision for doubtful debts written back to the extent provided	(14.25)	-
	17.16	5.86
Provision for doubtful debts and advances	4,02.36	3,54.96
Impairment loss on fixed assets	-	13.20
Loss on Assets Sold / Discarded	58.14	42.96
Legal charges	1,75.08	1,26.96
Foreign Exchange Fluctuations (Net)	1,63.36	-
Professional and consultancy charges	14,73.41	24,32.76
Commission to directors	3,80.00	1,70.00
Training and conference expenses	10,77.60	7,01.70
Premium on sale and purchase of forward contract (Net)	1,32.80	1,58.48
Bank Charges	14,98.69	15,17.95
Miscellaneous expenses	66,21.36	53,40.41
<b>Total</b>	<b>1,019,44.54</b>	<b>855,46.36</b>
Share of Joint Venture Included in above total	36,32.88	26, 39.90

# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

	(₹ in Lacs)	
	2013-14	2012-13
<b>Auditor's Remuneration</b>		
As Auditor		
Audit Fee	33.00	33.00
Limited Review	18.00	16.20
In other Capacity		
Other Services (Certification Fees)	8.03	9.00
Reimbursement of Expenses	4.59	5.62
<b>Total</b>	<b>63.62</b>	<b>63.82</b>

## NOTE - 28

<b>1) Contingent Liabilities:</b>	(₹ in Lacs)	
	As at 31.03.2014	As at 31.03.2013
a) Direct and Indirect Taxation Matters		
Income Tax	127,71.64	19,41.01
Wealth Tax	6.73	6.73
Excise Duty / Service Tax	41,76.33	57,56.53
Sales Tax	34,79.40	46,95.99
b) Show cause notices	155,10.03	165,09.78
c) Bills discounted with Banks	61,26.45	24,55.14
d) Corporate Guarantee		
Covered by indemnity undertaking from RPG Enterprises Ltd.	25,50.00	25,50.00
<b>2) Claims against the Company not acknowledged as debts *</b>		
i) In respect of labour matters	7,15.79	7,04.68
ii) Rental disputes	1,80.00	1,80.00
iii) Customer disputes	4,46.00	4,46.00
iv) Vendor disputes	2,93.83	2,93.83
v) Other claims	1,87.30	1,95.63

In respect of above matters, future cash outflows are determinable only on receipt of judgments pending at various forums / authorities. The amount of expected reimbursement to the Company is not ascertainable as on Balance Sheet date.

<b>3) Capital Commitments</b>	(₹ in Lacs)	
	As at 31.03.2014	As at 31.03.2013
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advance payments.)	17,00.03	21,40.43
Commitment for Land purchase by CEAT Bangladesh Limited Bangladesh Taka 40,00.00 Lacs	-	27,83.60
Commitment for Project implementation by CEAT Bangladesh Limited Bangladesh Taka 35,30.00 Lacs	27,34.59	-

# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

## NOTE - 28 (Contd.)

- 4) The Board of Directors recommended a Dividend of ₹ 10/- per share (Previous year ₹ 4 per share), the total amount to be distributed as Dividend is ₹ 35,95.57 Lacs (Previous year ₹ 13,69.74 Lacs)

### 5) Other Commitments

- a) The Company has availed the Sales Tax Deferral Loan and Octroi refund from the Directorate of Industries for Nasik Plant. Hence, the Company has to take prior permission of the appropriate authority for removal/transfer of any asset (falling under the above Schemes) from Nasik Plant. In case of violation of terms & conditions, the Company is required to refund the entire loan/benefit along with the interest @ 22.50% on account of Sales Tax deferral Loan and @ 15% on account of Octroi refund.
- b) The Company has contractual commitments in respect of Letter of Credit with AB Bank Limited and State Bank of India amounting to Taka 3,62.00 Lacs and Taka 2,26.90 Lacs respectively at the Balance Sheet date for import of tyres.

- 6) On 15th December 2013, CEAT Bangladesh Limited, has obtained the approval from Bangladesh Securities and Exchange Commission to increase its Equity Share Capital to 15,00,00,000 Equity Shares @ Bangladeshi Taka 10/- each. Pursuant to this approval CEAT Bangladesh Limited has increased the Share capital to 15,00,00,000 Equity Shares and CEAT Limited has subscribed to additional 4,82,00,000 shares @ Bangladeshi Taka 10/- each and issued 4,50,00,000 Equity Shares (being 30% of total share capital) @ Bangladeshi Taka 10/- each to A. K. Khan & Company Limited (JV Partner) as per the JV agreement. Pursuant to this allotment, CEAT Bangladesh Limited has become 70% subsidiary of CEAT Limited.(previous year Wholly owned subsidiary).

### 7) Provision for Warranty:

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

	(₹ in Lacs)	
	31.03.2014	31.03.2013
At the beginning of the year	15,92.71	-
Arising during the year	48,93.63	*56,41.38
Utilised during the year	44,32.72	40,48.67
At the end of the year	20,53.62	15,92.71
Current portion	16,74.68	13,44.57
Non-Current portion	3,78.94	2,48.14

During the previous year, the company had changed its method of recognising provision for warranty from actual claim basis to expected cost based on past trend.

\*The provision based on such parameters as at the beginning of the year i.e. April 1, 2012 amounting to ₹ 14,04.23 Lacs had been disclosed as an exceptional expense in the previous year.



# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

## NOTE - 28 (Contd.)

### 8) Purchase and Sale of Traded Goods

(₹ in Lacs)

	2013-14	2012-13
Traded Goods Purchases - Tyres	124,66.15	58,79.23
Traded Goods Sales - Tyres (Gross)	149,39.49	88,97.99

### 9) Operating Lease

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

Lease rental on the said leases of ₹ 1,40.84 Lacs (Previous year ₹ 1,81.02 Lacs) of which ₹ 0.24 Lacs (Previous year ₹ 3.40 Lacs) related to Subsidiary companies, has been charged to Statement of Profit and Loss.

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
Future Minimum Lease Payment		
For a period not later than one year	1,07.80	1,30.40
For a period later than one year but not later than five years	1,00.37	1,15.40
For a period later than five year	-	-

There are no restrictions placed upon the company by entering into these leases.

### 10) Post Retirement Benefits Plan

#### Gratuity

- Funded: - The Company operates a defined plan of Gratuity for its employees under the Gratuity plan, every employee who has completed five years of service gets a gratuity on separation @ 15 days of last drawn salary for each completed year of service. The Scheme is funded with an Insurance company in the form of qualifying Insurance policy.
- Unfunded:- The subsidiary company operates a defined plan of Gratuity for its employees under the Gratuity plan, every employee who has completed five years of service gets a gratuity on separation @15 days of last drawn salary for each completed year of service. The liability under this Scheme is unfunded and not actuarially valued.

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

(₹ in Lacs)

Sr. No.	Particulars	2013-14		2012-13	
		Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)
1.	Opening present value of Defined Benefit obligation	*61,97.70	2,22.14	49,54.95	1,66.32
2.	Current Service Cost	3,09.05	37.36	6,68.65	21.51
3.	Interest Cost	4,37.39	23.77	3,58.96	15.04
4.	Benefits paid	(5,38.55)	(6.01)	(12,07.91)	(6.38)
5.	Actuarial (Gain) / Loss on obligation	(2,18.56)	50.52	12,94.60	25.65
6.	Closing present value of obligation	61,87.03	3,27.78	60,69.25	2,22.14

\*Includes ₹ 1,28.45 Lacs pertaining to Rado Tyres Limited (Subsidiary Company) w.e.f 27th September 2013.

# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

## NOTE - 28 (Contd.)

### ii) Changes in Fair value of Plan Assets during the year ended March 31, 2014 (₹ in Lacs)

Sr. No.	Particulars	2013-14 Gratuity (Funded)	2012-13 Gratuity (Funded)
1.	Fair value of plan assets as at April 1, 2013	* 42,11.08	46,25.09
2.	Expected return on plan assets	4,57.50	3,96.86
3.	Contributions made	18,02.67	3,56.95
4.	Benefits paid	(5,38.55)	(12,07.91)
5.	Actuarial gain / (Loss) on plan assets	(19.78)	6.47
6.	Fair value of plan assets as at March 31, 2014	59,12.92	41,77.46

\*Includes ₹ 33.62 Lacs pertaining to Rado Tyres Limited (Subsidiary Company) w.e.f 27th September 2013.

### iii) Net employee benefits expenses recognized in the employee cost

Sr. No.	Particulars	2013-14 Gratuity (Funded)	2013-14 Gratuity (Unfunded)	2012-13 Gratuity (Funded)	2012-13 Gratuity (Unfunded)
1.	Current Service Cost	3,09.05	37.36	6,68.65	21.51
2.	Interest Cost on benefit obligation	4,37.39	23.77	3,58.96	15.04
3.	Actuarial (gains) and losses (Net)	(1,98.78)	50.52	12,88.13	25.65
4.	Expected return on plan assets	(4,57.50)	-	(3,96.86)	-
5.	Net benefit expense *	90.16	1,11.65	19,18.88	62.20

\*The amount disclosed in Note No. 25 of ₹ 3,74.46 Lacs includes ₹ 1,72.65 Lacs payable on account of actual gratuity payable to the employees who have opted for voluntary retirement scheme announced during the year.

### iv) Net Assets / (Liability) as at March 31, 2014.

Sr. No.	Particulars	2013-14 Gratuity (Funded)	2013-14 Gratuity (Unfunded)	2012-13 Gratuity (Funded)	2012-13 Gratuity (Unfunded)
1	Closing Present value of the defined benefit obligation	61,87.03	3,27.78	60,69.25	2,22.14
2	Closing Fair value of plan Assets	59,12.92	-	41,77.46	-
3	Net Assets / (Liability) recognized in the Balance Sheet **	(2,74.11)	(3,27.78)	(18,91.79)	(2,22.14)

\*\*Total Gratuity Liability is ₹ 6,01.89 Lacs (Long-term Provisions ₹ 4,36.98 Lacs (Previous year ₹ 2,22.14 Lacs) and Short-term Provision of ₹ 1,64.91 Lacs. (Previous year ₹ 18,91.79 Lacs)

# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

## NOTE - 28 (Contd.)

(₹ in Lacs)

### v) Actual return on plan assets for the year ended March 31, 2014

Sr. No.	Particulars	2013-14 Gratuity (Funded)	2012-13 Gratuity (Funded)
1.	Expected return on plan assets	4,57.50	3,96.86
2.	Actuarial gain / (loss) on plan assets	(19.78)	6.47
3.	Actual return on plan assets	4,37.72	4,03.33

### vi) The major categories of Plan Assets as a percentage of the Fair Value of plan Assets are as follows. (₹ in Lacs)

Sr. No.	Particulars	2013-14		2012-13	
		Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)
1	Investment with Insurer	100%	-	100%	-

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

Sr. No.	Particulars	2013-14		2012-13	
		Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)
1.	Discount Rates	8.00%-9.00%	10.61%	8.00%	13.00%
2.	Expected rate of return on assets	9.45%	-	9.45%	-
3.	Annual increase in salary	7.00%	13%-15%	5.50%	15.00%
4.	Employee turnover	1.00%- 9.58%	-	9.58%	-
5.	Mortality Rate	Indian Assured Lives Mortality (2006-08) Modified Ultimate	-	LIC (1994-96) Ultimate	-

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

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

### viii) Details of Previous Years

	2013-14	2012-13	2011-12	2010-11	2009-10
Gratuity (Funded)					
Present value of Defined Benefit obligation as at the year end.	*61,87.03	60,69.25	49,54.95	47,82.50	47,68.75
Fund value as at the year end	59,12.92	41,77.46	46,25.09	42,36.09	40,95.30
Surplus / (Deficit)	(2,74.11)	(18,91.79)	(3,29.86)	(5,46.41)	(6,73.45)

\*Includes ₹ 1,39.84 Lacs pertaining to Rado Tyres Limited (Subsidiary Company) w.e.f 27th September 2013.

# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

## NOTE - 28 (Contd.)

### 11) Derivatives instruments and Unhedged foreign currency exposure

#### a) Foreign exchange contracts outstanding as at year end.

(₹ in Lacs)

Type	Currency	Cross Currency	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
			Buy	Sell	Buy	Sell
Forward Contracts	USD	INR	8,37.25	1,84.50	9,53.42	1,96.30
POS	USD	INR	12.35	-	70.40	-
Derivatives	USD	INR	1,07.03	-	1,50.00	-

#### b) Unhedged foreign currency exposures

(₹ in Lacs)

Currency	Cross Currency	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
		Buy	Sell	Buy	Sell
USD	INR	33.03	51.41	7.63	76.74
Euro	INR	0.68	-	0.60	-
JPY	INR	21.15	-	11.40	-
GBP	INR	0.01	-	-	-

### 12) Related party disclosures:

#### a) Names of related parties and related party relationship:

Related parties with whom transactions have taken place during the year

- Rado Tyres Limited(Rado) (Associate Company till 26th September, 2013 and Subsidiary Company w.e.f 27th September, 2013)
- Instant Holding Ltd (Investing entity in respect of which CEAT Limited is an Associate).

Key Management Personnel:

- Mr. Anant Vardhan Goenka, Managing Director
- Mr. Arnab Banerjee, Whole-time Director (w.e.f. 7th May, 2013)
- Mr. Harsh Vardhan Goenka, Relative of key manager personnel
- Mr. Paras Kumar Chowdhary, Whole-time Director (Retired on 1st April, 2013)

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

(₹ in Lacs)

Transactions	Related party	April 1, 2013 to September 27, 2013	2012-13
1. Conversion charges	Rado	4,28.90	7,61.56
2. Expenses Reimbursed	Rado	2,71.34	-
3. Loan given	Rado	-	65.00
4. Interest income on Loan	Rado	10.75	19.19
Transactions	Related party	2013-14	2012-13
1. Dividend paid	Instant Holding Ltd	4,60.43	92.41
2. Issue of Equity shares (Refer Note 5)	Instant Holding Ltd	3,63.97	-

# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

## NOTE - 28 (Contd.)

		(₹ in Lacs)	
Amount due to/from related parties	Related party	Apr 1, 2013 to Sept 27, 2013	2012-13
1. Advance receivable in cash or in kind	Rado	35.21	25.53
2. Advances given	Rado	6.74	9.34
3. Trade payables-Conversion charges	Rado	(30.08)	(2.27)
4. Trade payable- Expense Reimbursable	Rado	(15.35)	-
5. Loans given	Rado	2,15.00	2,15.00

Transactions with key managerial personnel and their relative.		(₹ in Lacs)	
		2013-14	2012-13
1	Mr. Harsh Vardhan Goenka		
	Commission	3,44.00	1,54.00
	Director sitting fees	0.80	1.00
	Dividend	5.36	1.34
	<b>Total</b>	<b>3,50.16</b>	<b>1,56.34</b>
2	Mr. Anant Vardhan Goenka		
	Salaries	1,90.13	1,76.76
	Allowances and Perquisites	8.52	3.16
	Performance Bonus	33.00	-
	Contribution to Provident & Superannuation Fund	17.65	16.41
	Dividend	0.57	0.14
	<b>Total</b>	<b>2,49.87</b>	<b>1,96.47</b>
3	Mr. Arnab Banerjee		
	Salaries	1,33.19	-
	Allowances and Perquisites	7.12	-
	Performance Bonus	17.48	-
	Contribution to Provident & Superannuation Fund	6.57	-
	<b>Total</b>	<b>1,64.36</b>	<b>-</b>
4	Mr. Paras K. Chowdhary		
	Salaries	-	2,18.69
	Allowances and Perquisites	-	21.94
	Performance Bonus	-	-
	Contribution to Provident & Superannuation Fund	-	35.40
	Dividend	-	0.04
	<b>Total</b>	<b>-</b>	<b>2,76.07</b>
	<b>Grand Total</b>	<b>7,64.39</b>	<b>6,28.88</b>

The Managerial remuneration is computed as per the provisions of Section 198 of the Companies Act, 1956 read along with the provisions of Schedule XIII there to.

Provision for gratuity, leave encashment on retirement and other defined benefits which are made based on actuarial valuation on an overall Company basis are not included in remuneration to key management personnel.

# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

## NOTE - 28 (Contd.)

### 13) Exceptional Items:

- The Company had introduced a Voluntary Retirement Scheme (VRS) for employees across the company during the year, 105 employees (Previous Year 188 employees) opted for the VRS. The Compensation in this respect aggregates ₹ 6,89.19 Lacs (Previous year ₹ 13,65.33 Lacs) which is disclosed as an exceptional Item.
- During the previous year, the company had changed its method of recognising provision for warranty from actual claim basis to expected cost based on past trend. The provision based on such parameters as at the beginning of the previous year i.e. April 1, 2012 amounting to ₹ 14,04.23 Lacs has been disclosed as an exceptional expense in the previous year.
- The Company's Plant at Bhandup, Mumbai, had an incident of Fire at its Raw Material Store on 23 February, 2014.

Fixed assets of Gross value of ₹ 3,29.67 Lacs with its written down value of ₹ 2,30.87 Lacs and stock valuing ₹ 25,38.16 Lacs, aggregating to ₹ 27,69.03 Lacs were destroyed in the fire. The assets were covered under the insurance policy. The amount of ₹ 25,56.40 Lacs is expected to be recovered from the insurance company and shown as insurance claim receivable. The management is confident of recovering the same. The balance amount of ₹ 2,12.63 Lacs along with the expenditure incurred of ₹ 1,02.11 Lacs (including net incidental charges) has been charged to the Statement of Profit and Loss and aggregate amount of ₹ 3,14.74 Lacs has been treated as an exceptional item.

### 14) Segment reporting

The Company's operations comprise of only one business segment -Automotive Tyres, Tubes & Flaps in the context of reporting business/geographical segment as required under mandatory Accounting Standard AS 17 "Segment Reporting". The accounting policies adopted for segment reporting are in line with the accounting policies of the Company.

The Geographical Segments considered for disclosure are in India and Outside India.

#### Secondary Segment- Geographical

(₹ in Lacs)		
Particulars	2013-14	2012-13
<b>A. Revenue from operations by Geographical Market</b>		
India	4,272,11.27	3,787,78.75
Outside India	1,281,86.59	1,264,42.72
<b>Total</b>	<b>5,553,97.86</b>	<b>5,052,21.47</b>
<b>B. Carrying Amount of Segment Assets</b>		
India	3,241,29.89	2,872,21.64
Outside India	304,86.85	274,78.23
<b>Total</b>	<b>3,546,16.74</b>	<b>3,146,99.87</b>
<b>C. Additions to Fixed Assets and Intangible Assets</b>		
India	64,67.35	57,55.45
Outside India	6,96.56	5,32.59
<b>Total</b>	<b>71,63.91</b>	<b>62,88.04</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2014.

## NOTE - 28 (Contd.)

### 15) Earnings Per Share (EPS):

(₹ in Lacs)

	2013-14	2012-13
Net Profit for calculation of basic and diluted EPS	271,23.50	120,18.99
Weighted average number of equity shares (face value per share ₹ 10/-) in calculating basic EPS	3,54,16,257	3,42,43,534
Effect of dilution		
Convertible share warrants	2,08,574	6,81,500
Weighted average number of equity shares (face value per share ₹ 10/-) in calculating diluted EPS	3,56,24,831	3,49,25,034
Basic EPS	76.59	35.10
Diluted EPS	76.14	34.40

16) Previous year's figures have been regrouped / reclassified, where necessary to conform to this year's classification.

The accompanying notes are an integral part of the financial statements  
As per our report of even date

For **S.R. Batliboi & Associates LLP**  
Chartered Accountants  
Firm Registration No.: 101049W

**Subba Rao A**  
Chief Financial Officer

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

**H.V. Goenka**  
Chairman

**Anant Goenka**  
Managing Director

**per Sudhir Soni**  
Partner  
Membership Number : 41870  
Place : Mumbai  
Date : April 29, 2014

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

Place : Mumbai  
Date : April 29, 2014



# CEAT LIMITED

Registered Office: 463, Dr. Annie Besant Road, Worli, Mumbai - 400 030.  
CIN: L25100MH1958PLC011041  
Website: www.ceat.in; Tel: (022) 24930621 Fax: (022) 24938933

## FORM NO. MGT-11

## PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**55TH ANNUAL GENERAL MEETING TO BE HELD ON FRIDAY, SEPTEMBER 26, 2014, 2014 AT 3:30 PM**

Name of the Member(s): \_\_\_\_\_

Registered address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Folio No./ Client ID: \_\_\_\_\_ DP ID: \_\_\_\_\_

I/We, being the member (s) of \_\_\_\_\_ shares of the above named company, hereby appoint:

1. Name: \_\_\_\_\_  
Address : \_\_\_\_\_  
E-mail Id : \_\_\_\_\_ Signature: \_\_\_\_\_, or failing him
2. Name: \_\_\_\_\_  
Address : \_\_\_\_\_  
E-mail Id : \_\_\_\_\_ Signature: \_\_\_\_\_, or failing him
3. Name: \_\_\_\_\_  
Address : \_\_\_\_\_  
E-mail Id : \_\_\_\_\_ Signature: \_\_\_\_\_, or failing him

as my/ our proxy to attend and vote (on a poll) for me/us and on my/ our behalf at the 55th Annual General Meeting of the Company to be held on Friday, September 26, 2014 at 03:30 p.m. at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025 and at any adjournment thereof in respect of such resolutions as are indicated below:

- 1 Adoption of Audited Financial Statements including the Consolidated Financial Statements for the year ended March 31, 2014.
- 2 Declaration of dividend on Equity shares.
- 3 Reappointment of Mr. Paras K Chowdhary (DIN: 00076807) as a Director of the Company.
- 4 Appointment of Messrs S R B C & Co., LLP in place of the retiring auditors Messrs S. R. Batliboi & Associates, LLP.
- 5 Appointment of Mr. Atul Choksey (DIN:00002102) as an Independent Director of the Company.
- 6 Appointment of Mr. Haigreve Khaitan (DIN:00005290) as an Independent Director of the Company
- 7 Appointment of Mr. S. Doreswamy (DIN:00042897) as an Independent Director of the Company.
- 8 Appointment of Mr. Mahesh Gupta (DIN:00046810) as an Independent Director of the Company.
- 9 Appointment of Mr. K. R. Podar (DIN:00086038) as an Independent Director of the Company.
- 10 Appointment of Mr. Vinay Bansal (DIN:01674284) as an Independent Director of the Company.
- 11 Appointment of Ms. Punita Lal (DIN:03412604) as an Independent Director of the Company.
- 12 Ratification of remuneration to M/s N I Mehta & Co., Cost Auditors.
- 13 Authority to obtain loan/borrowings.
- 14 Creation of mortgage and/or charge on all or any of the moveable and/or immovable properties of the Company.
- 15 Acceptance or Renewal of deposits from its members and person other than its members.
- 16 Payment of Remuneration to the Director(s) of the Company who is/are neither in the whole time employment with the Company nor Managing Director(s) of the Company
- 17 Further Issue of securities.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature of Member: \_\_\_\_\_

Signature of Proxy holder(s): \_\_\_\_\_

Affix  
Revenue  
Stamp

### Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and notes please refer to the Notice of the 55th Annual General Meeting.
3. Please complete all the details including details of member(s) in above box before submission.



# CEAT LIMITED

Registered Office: 463, Dr. Annie Besant Road, Worli, Mumbai - 400 030

CIN: L25100MH1958PLC011041

Website: www.ceat.in; Tel: (022) 24930621 Fax: (022) 24938933

## ATTENDANCE SLIP

55TH ANNUAL GENERAL MEETING TO BE HELD ON FRIDAY SEPTEMBER 26, 2014 AT 3:30 PM

PLEASE FILL IN THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint member(s) may obtain additional Attendance Slip(s) at the venue of the meeting

*DP ID		*Client ID	
#Folio No.		No. of share(s) held	

Name and address of the member

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I certify that I am a registered member/proxy for the registered member of the Company.

I hereby record my presence at the 55th Annual General Meeting of the Company at Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025 on Friday, September 26, 2014 at 03:30 p.m.

.....

Member's/ Proxy's Signature

\*Applicable for members holding shares in dematerialised form

#Applicable for members holding shares in physical form.







**GRIP AISI TOH  
FIKR KAISI**



**SIDEWALL PROTECTOR**  
Provides strength and protects  
sidewall from cuts and damages



**2D TEETH SIPES**  
Provides better  
cornering and superior grip

**CEAT**  
SUV TYRES