

CEAT

RPG



ANNUAL REPORT 2014 -15

PASSION

FOR SAFETY. FOR CONTROL.

'One of India's most trusted brands, CEAT combines the strength of its legacy with the new age mantra of youth, dynamism and aggression.'

Continuous innovation leading to the creation of best-in-class products with safety as top priority is at the heart of CEAT's business model. Striving to be the employer of choice, the Company is constantly striving to nurture the growth, empowerment and satisfaction of its employees, inspiring them in turn to excel and deliver value to its customers and other stakeholders. CEAT's culture of passion has imbued it with the strength to challenge established norms and achieve new heights of success through the spirit of collaboration. CEAT's journey towards excellence is driven by mutual respect which spurs all employees to give their best.

Contents

01-17

Corporate Overview

- 02 Chairman's Message
- 04 RPG Group - Powered by Passion, Driven by Ethics
- 05 CEAT - Passionate pursuit of quality, safety & control
- 06 Expanding global footprint through exports
- 08 Products steered by passion
- 10 Operational and financial highlights
- 14 Board of Directors

18-28

Strategic Review

- 18 Branded by passion
- 20 Passion for sustained OEM relationships
- 22 Driving R&D with passion
- 24 Passionate about social responsibility
- 26 Passion for human relationships
- 27 Passion for achievement

28

Corporate Information

29-101

Statutory Reports

102-187

Financial Statements

- 102 Standalone Financial Statements
- 145 Consolidated Financial Statements

Forward-looking statements

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.

Passion drives success just as an engine drives a vehicle.

With a strong belief in this adage, we are steered by passion to deliver products that are scaled to the best yardsticks of safety and control. We are obsessive in our pursuit of safety for our customers, passengers and cargo, and believe our tyres should offer the highest levels of control in traction.

Our passion nurtures our relationships with our stakeholders, lending them a strong sense of control over their investment, along with safety of capital. It makes a difference to the depth of our R&D, and to the strength of our relationships with OEMs and the communities we work with. It is the platform on which is built the success of our brand and which creates an environment for the collective growth of the organisation and its stakeholders.

We do not 'use' passion to drive our efforts, we are driven by it.

Chairman's Message



Harsh Vardhan Goenka

Chairman

We are working on leveraging the benefits of digital technology particularly in manufacturing, supply chain and other key business processes.

While global growth has seen a gradual revival post the economic recession, the recovery has been slow and there have been continuing macroeconomic adjustments throughout FY 2014-15.

The global automobile sector, whose fortunes are closely linked with the performance of the global economy remained muted, having a domino effect on demand in the tyre industry.

The situation in India was mixed with the auto sector showing moderate demand, particularly in commercial and farm segments as well as exports. Sectors like IT, pharma and financial services continued to perform well. The well-laid macro foundations by the new government together with the latest trends of revival in capital expenditure augur well for a turnaround in the economy.

At CEAT, we continue with our strategic initiatives focussing on market share expansion in profitable segments and creation of a strong brand both locally and globally. We have also embarked on an expansion in our capacities which should be completed during FY 2015-16. Our emphasis has been on building tyres which are not just world-class but also the safest on the road and the most environment-friendly. We are also working on leveraging the benefits of digital technology particularly in manufacturing, supply chain and other key business processes. The volatility in commodity prices especially rubber remains a challenge.

On the people front, CEAT continues its efforts to create an exciting workplace adopting pioneering practices. CEAT has also embarked on several social initiatives including education, employability and environment protection.

CEAT's transformational journey has yielded success leading to visible value creation for customers and shareholders alike.

Regards,

Harsh Vardhan Goenka

Chairman, Non-Executive Director

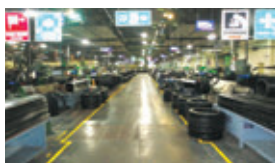
RPG Group – Powered by Passion, Driven by Ethics

RPG Enterprises was founded in 1979 by Shri Rama Prasad Goenka, popularly known as RP Goenka, a pioneering fifth generation business leader from the Goenka family. The Goenkas have a history of business dating back to 1820 AD in banking, textiles, jute and tea. Under RP Goenka's dynamic leadership, the Group grew in size and strength with several acquisitions in the 1980s and 1990s. CEAT became a part of the RPG Group in 1981. RPG Enterprises is today one of India's fastest growing diversified groups with revenues of ₹ 20,000 Crores (US\$ 3 Bn). A brief profile of the Group is presented below.

RPG Enterprises is one of India's fastest growing business groups today.

CEAT Limited

CEAT is the flagship Company of the RPG Group and is a leading manufacturer of automobile tyres in India.



KEC International

KEC is a billion-dollar diversified global infrastructure Engineering, Procurement & Construction (EPC) major and a world leader in Power Transmission EPC space.



Zensar Technologies

Zensar is among the top 15 software services providers from India and is spread across twenty countries servicing over 400 active customers.



RPG Life Sciences

RPG Life Sciences is a pharmaceutical company producing a wide range of quality and affordable medicines in global generics and synthetic APIs.



Raychem RPG

Raychem RPG is involved in engineering products and services catering to the infrastructure segments of the economy.



Harrisons Malayalam

Harrisons Malayalam is one of the most diversified agro-based companies in India.



1979

Year of establishment

100+ countries

Global presence

₹ 20,000 Crores

Group Turnover

~45%

45% of turnover is from international business substantiating its global status

6

Operating companies, 5 of which are listed on stock exchanges present in key sectors of the economy, involved in diverse businesses of Automotive Tyres, Infrastructure, IT, Pharmaceuticals, Plantations, and Power ancillaries

20,000+

Human capital

The Group blends its modern management philosophy with its core values of Customer Sovereignty, People Orientation, Innovation & Entrepreneurship, Transparency & Integrity, Passion for Superior Performance, Anticipation, Speed and Flexibility.

CEAT - Passionate pursuit of quality, safety & control

One of India's leading tyre companies, CEAT is committed to the passionate pursuit of excellence in performance and quality through a range of distinctive products.

~800 MT/day

Combined manufacturing capacity at plants in Halol, Nashik, Bhandup and outsourced capacities

Making deep inroads across geographies

Superior grip and the most outstanding of safety features have enabled CEAT to continuously expand its presence in the domestic market with its bias tyres as well as high performance radial tyres for a range of vehicles. The Company has a rapidly growing market share in various passenger tyre categories and has established decades-long presence in all categories of commercial vehicle tyres.

Built on a corporate ethos of passion, reliability, dynamism and toughness, the Company is committed to innovation and helping millions of vehicles travel the distances safely and with control. Every CEAT tyre carries the hallmark of distinction, which ensures safe travel for millions of passengers at every mile across geographies. The Company caters to a large market globally as well as in India.

Pan-India Network



3,500+

Dealers

250+

Distributors

300+

Franchisees
(CEAT Shoppe and CEAT Hubs)

460+

Districts covered

Multi-brand outlets and shop-in-shop concepts are the Company's newest innovations aimed at delivering safe solutions across India through enhanced product penetration and brand visibility

Values

At CEAT, values are the Way of Life. CEAT's values are codified in the acronym **CAIRO** and shape the culture and character of the Company. CEAT has established adequate processes to inculcate its chosen CAIRO culture in its employees, with awards for employees who demonstrate exemplary practice of values.

Challenger

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

Aspiration led

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

Integrity

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

Result-obsession

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

Openness

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

During the year, a CEAT Shoppe was set up in UAE to cater to the Company's expanding market in the Gulf region. With improved visibility and customer addition, this has reaped rich benefits for the Company, promising greater traction in business, going forward.

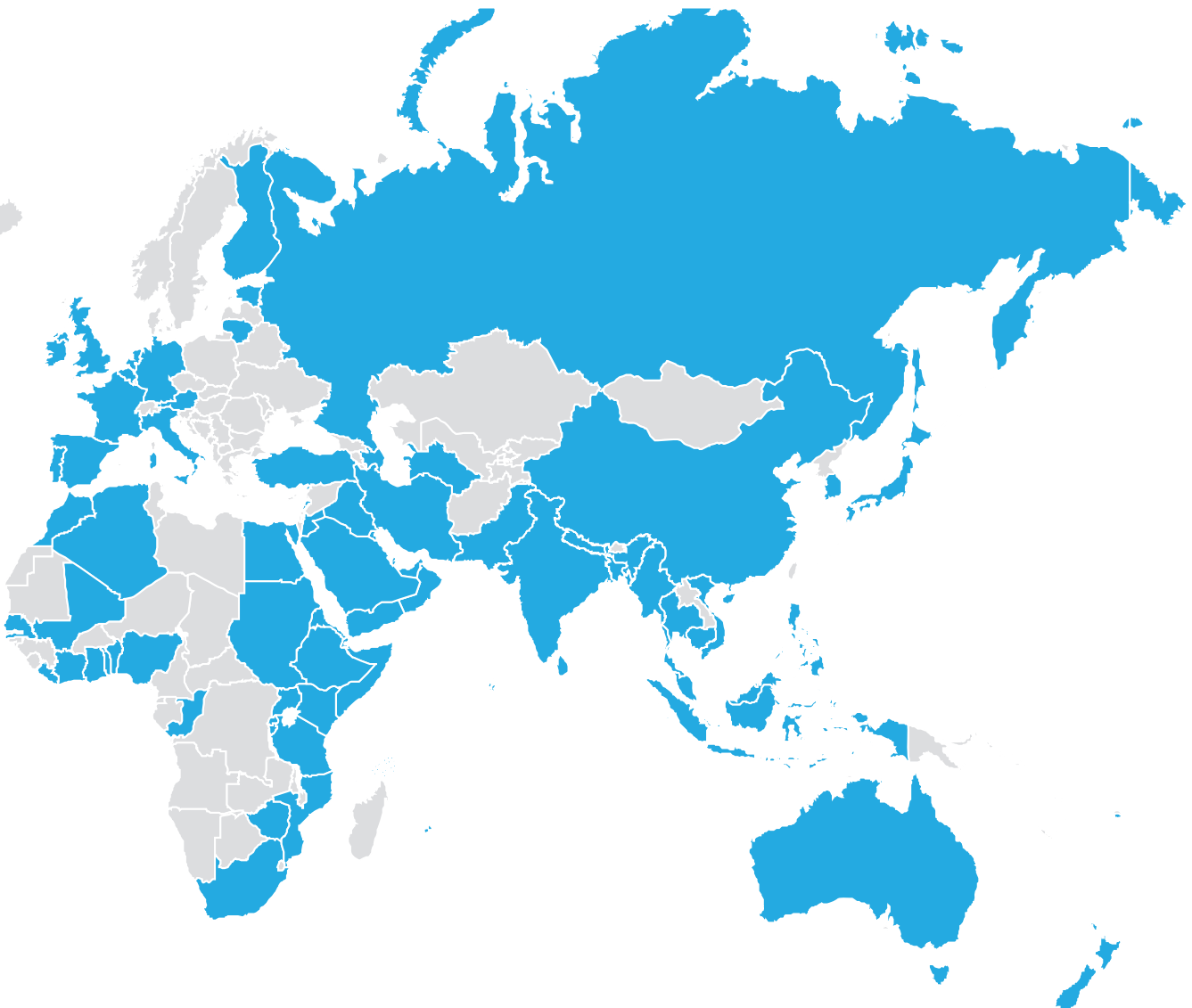
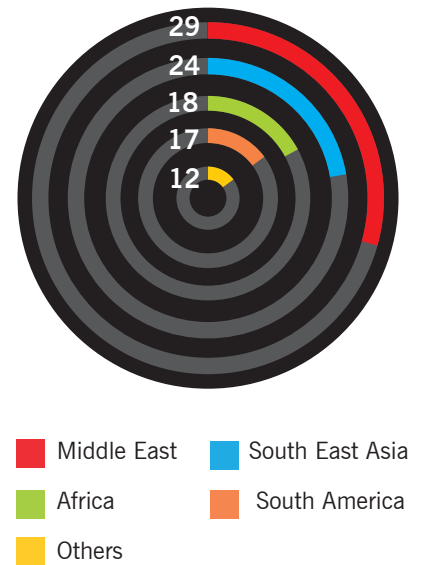
Export Markets





CEAT is a major exporter of tyres for trucks, off-the-road (OTR) vehicles and Light Commercial Vehicle categories. It exports products to various markets across the world, with many of the exported tyres exclusively developed for these markets. Specially designed tyres for export markets include tyres with excellent mileage, ride comfort and low noise for the Dubai taxi market, as well as the low noise tyres that surpass the stringent requirements under European regulations.

CEAT's export sales break-up (%)



Products steered by passion

CEAT's products are a showcase of its distinctive passion, customised to different market segments with their unique needs. The Company continuously invests in strengthening its brand connect with its consumers through targeted communication highlighting the special features of its products.



Products for Two-Wheeler segment Gripp

All season tyres with superior grip for unpredictable driving conditions prevalent in India

Milaze

Tyres with longer life targeted for commuter use



Products for Passenger Cars segment Gripp LN car radial

A premium, high grip and low noise range of tyres



Products for Tyres for SUVs (Jeep) segment Czar

Tyres for SUVs spanning highways and all terrain drive



Products for Truck & Bus segment

Mile XL Rib Pro

Tyres with longer life, better retreadability and for high load operations

Mile XL Pro

Tyres for customers looking for high mileage and high speed

295/80 R 22.5 Pro R10

Tyres for customers seeking superior mileage, good retreadability and high fuel efficiency



Products for Farm segment

Aayushmaan

Tyres for customers seeking higher life, especially in hard soil operations

A man in a dark suit and white shirt is leaning against the front of a red SUV. The vehicle is parked on a rocky, uneven surface. The background shows a hilly landscape with green vegetation under a blue sky with light clouds.

 RPG

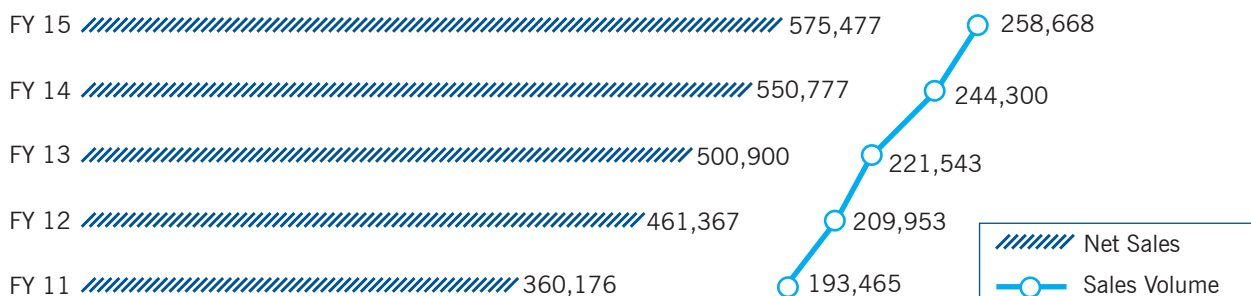
**GRIP THAT KEEPS YOU
WORRY FREE** 

SUPERIOR GRIP

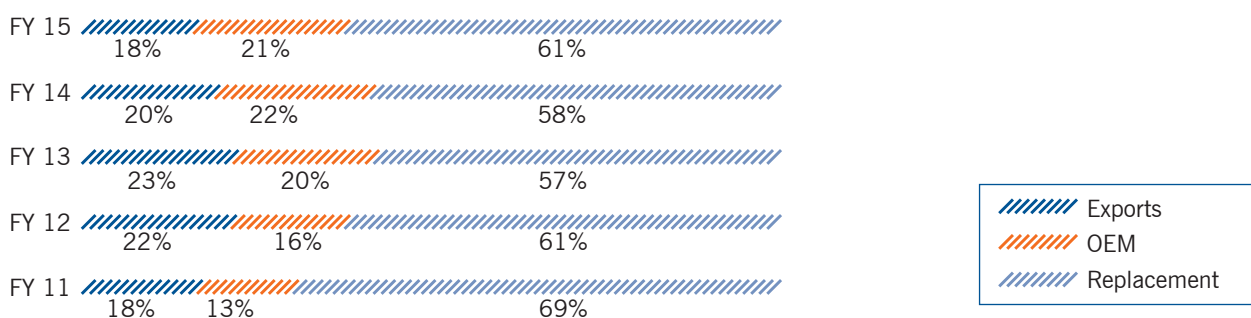
CEAT

Operational and financial highlights (Consolidated)

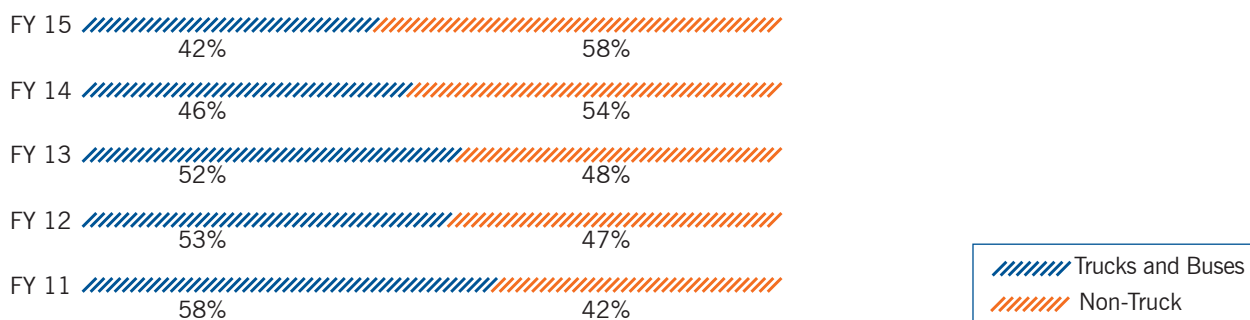
Net Sales (₹ in lacs) & Sales Volume (MT)



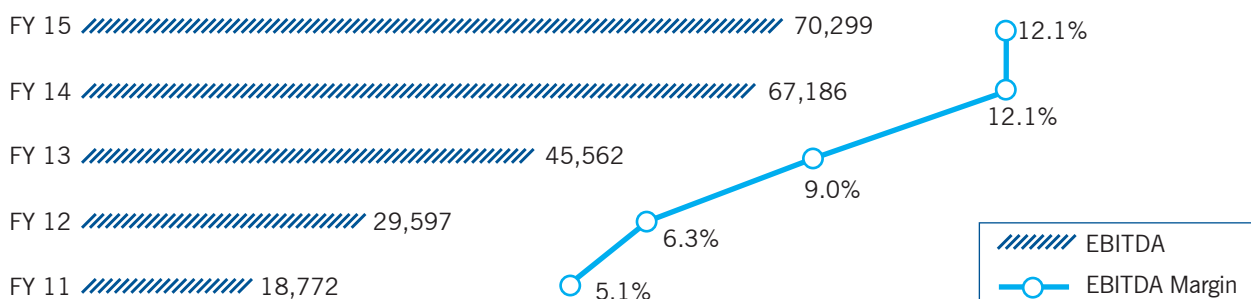
Revenue (Segmental break-up) (%)



Revenue segments (By Type) (%)

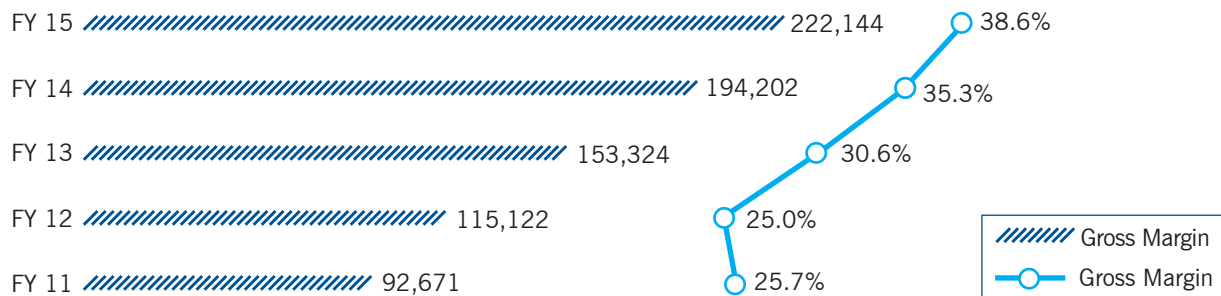


EBITDA* (₹ in lacs) and EBITDA Margin* (%)

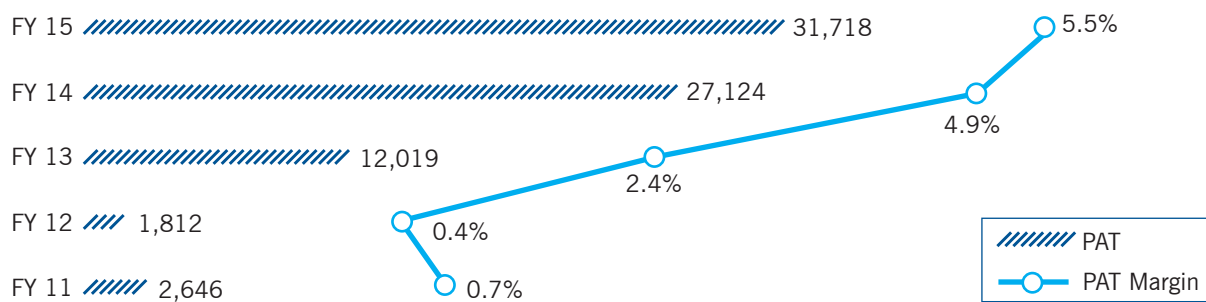


* Includes non-operating income

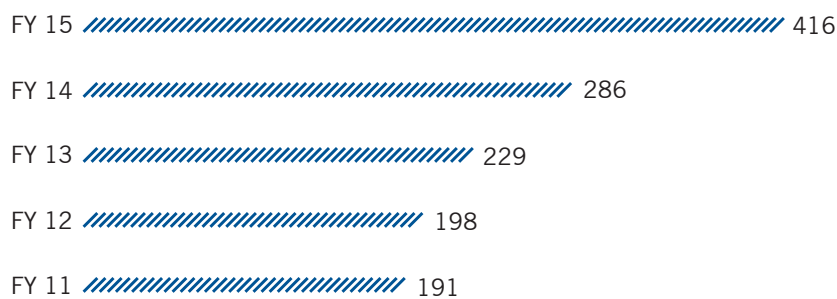
Gross Margin to Net Sales (₹ in lacs) (%)



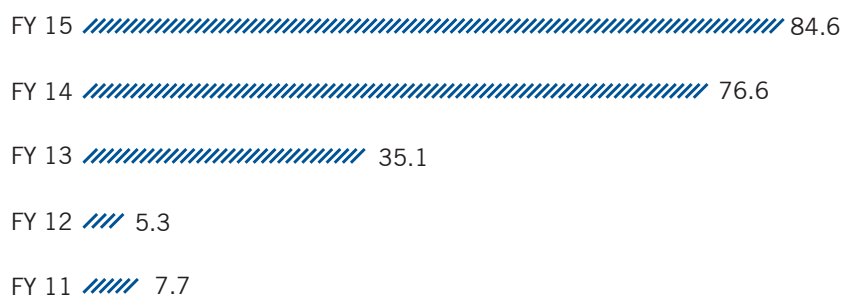
PAT (₹ in lacs) and PAT Margin (%)



Book value per share (₹)

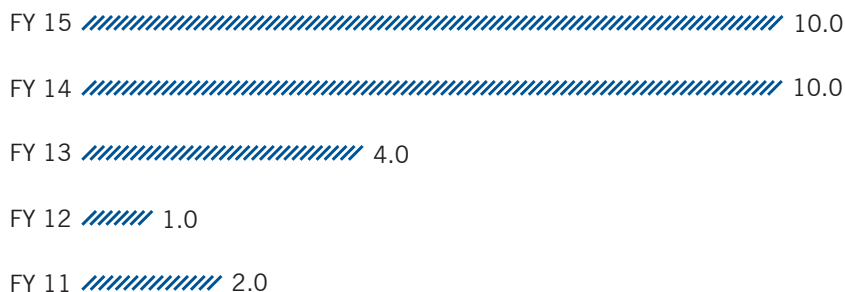


Earnings Per Share (₹)

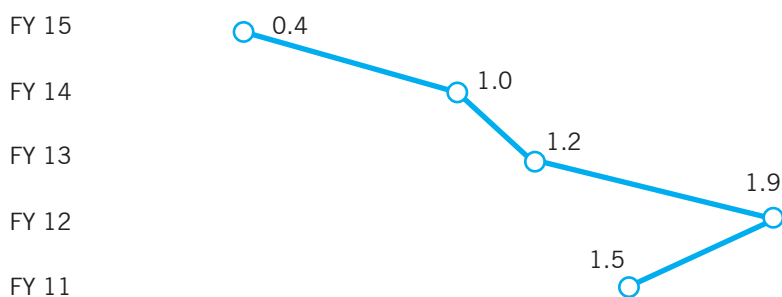


Operational and financial highlights (Consolidated)

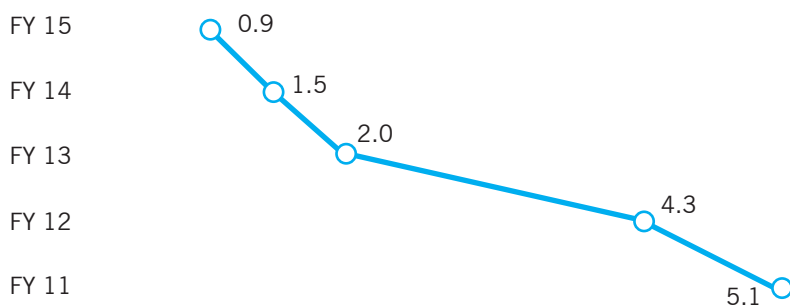
Dividend per share (₹)



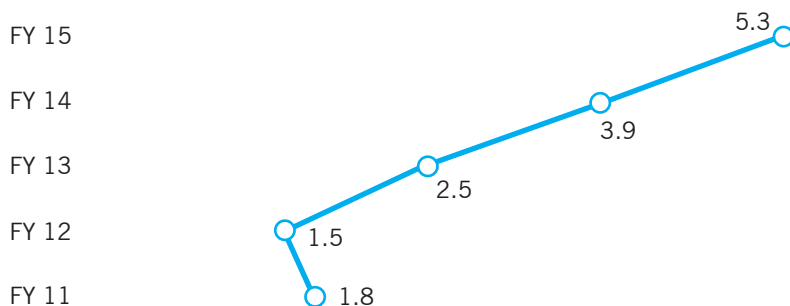
Net Debt / Equity Ratio



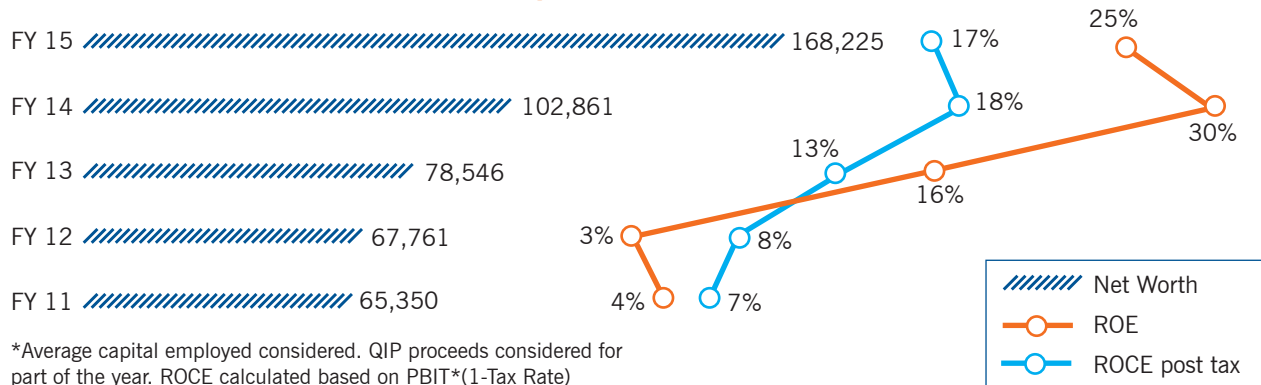
Net Debt / EBITDA Ratio



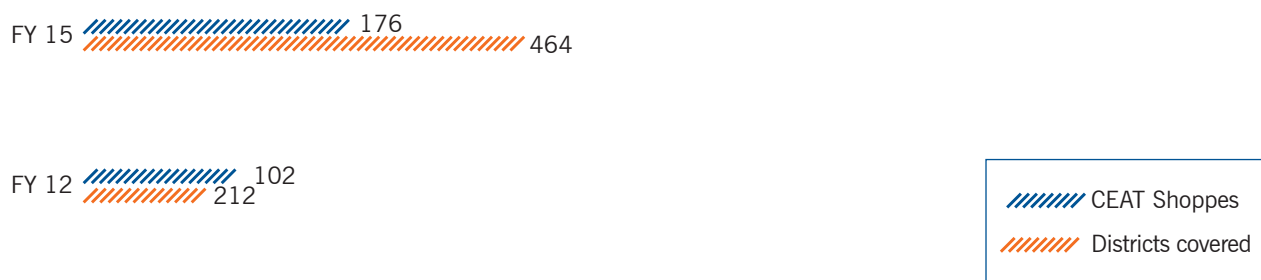
EBITDA / Interest Ratio



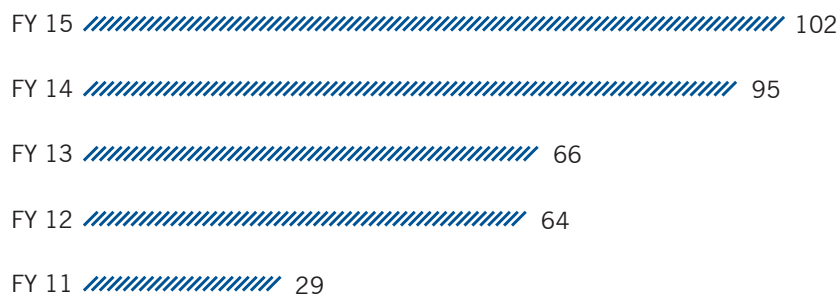
Net worth (₹ in lacs), ROE and ROCE post tax (%)*



CEAT Shoppes and Districts Covered



New products developed



Total Production (MT)



Board of Directors



Harsh Vardhan Goenka

Chairman, Non-Executive, Non-Independent Director

Mr. Harsh Vardhan Goenka is the Group Chairman of RPG Enterprises, one of the leading and oldest business groups in India. The elder son of late Shri R P Goenka, founder of RPG Group, he has inherited two centuries of entrepreneurial business acumen of the well-known Goenkas of Kolkata. He is a graduate in Economics and an MBA from IMD, Switzerland. He has served as President of the Indian Merchants' Chambers and as member on the Executive Committee of the Federation of Indian Chambers of Commerce and Industry (FICCI). He is currently a member of the Foundation Board of IMD, Lausanne, Switzerland. Mr. Goenka has been on the Company's Board since 1981.



Anant Vardhan Goenka

Managing Director

Mr. Anant Vardhan Goenka is one of the youngest CEO's of corporate India. He is an MBA from the Kellogg School of Management and a B.Sc in Economics from the Wharton School. Grandson of Late Shri R P Goenka, he is the Managing Director of the Company since 2012. Prior to joining CEAT's Board in 2009, Mr. Goenka worked with RPG Group's KEC International Limited as an Executive Director – Supply Chain, in-charge of manufacturing, procurement, planning, logistics and quality department. In the past, he has also worked with Hindustan Unilever, Accenture and Morgan Stanley. He also served as the Chairman of Automotive Tyre Manufacturers' Association (ATMA).



Arnab Banerjee

Executive Director - Operations

Mr. Arnab Banerjee is the Executive Director Operations and spearheads the Sales, Marketing and Manufacturing functions. He is responsible for driving revenue in domestic, exports and OE markets and handles the integrated supply chain of CEAT. He is an engineering graduate from IIT Kharagpur and did his PGDM from the Indian Institute of Management, Kolkata. He has been on the Company's Board since 2013. With a total experience of over 28 years, Mr. Banerjee worked with Berger Paints and Marico Ltd., prior to joining CEAT in November 2005.



Atul C. Choksey

Independent Director

Mr. Atul C. Choksey has been on the Company's Board since 2000. He holds a Bachelor's degree in Chemical Engineering from Illinois Institute of Technology Chicago. Mr. Choksey was earlier the Whole Time Director of Asian Paints (India) Ltd from May 1979, and served as its Managing Director from 1984 till 1997. His other directorships include Board positions in Marico Industries, Finolex Cables etc. In his illustrious career, he also served as a President of the Indian Paints Association and President of Bombay Chamber of Commerce and Industry.



Haigreve Khaitan

Independent Director

Mr. Haigreve Khaitan belongs to the Founders' family of one of India's most prestigious law firms - Khaitan & Co and is a Managing Partner of the firm. He is an LLB from University of Calcutta. He has been on Company's Board since 1999. He has expertise in commercial and corporate laws, tax laws, mergers and acquisitions, restructuring, foreign collaborations and licensing. He also serves on the Boards of several listed companies.



Hari L. Mundra

Non Independent Director

Mr. Hari Mundra, 65, is an MBA from the Indian Institute of Management, Ahmedabad. He has been on the Company's Board since 1995. In the past, Mr. Mundra has held various senior positions in Hindustan Lever Limited where he had the distinction of being the youngest Vice President/ED to be appointed to the National Management Committee. He then joined the RPG Group as Group CFO/Group President, Carbon Black and was a member of the Management Board. Prior to his retirement from active career, he was also the Executive Vice Chairman of Wockhardt Group and later Deputy Managing Director and Director Finance of Essar Oil Limited where he was instrumental in its resurrection. As the Group Advisor, he also helped in the turnaround of Wockhardt. He is currently on the Boards of Allcargo Logistics (Chairman, NRC) and Tata Autocomp Systems (Chairman, Audit Committee) as an Independent Director and the Chairman of Future Focus Infotech Pvt Ltd. He has also been the Visiting Professor at IIM, Ahmedabad for the last 6 years.



K. R. Podar

Independent Director

Mr. K.R. Podar is an eminent industrialist and a renowned philanthropist, with many decades of entrepreneurial expertise. He has been on the Company's Board since 1984. He is a graduate from Sydenham College of Commerce and Economics, Mumbai. He was the youngest Sheriff of Mumbai. He was also Justice of Peace and Special Executive Magistrate, appointed by the Government of Maharashtra. Mr. Podar was the President of the SAARC Chamber of Commerce and Industry and Chairman of many joint business councils and member of many trade and industry bodies.

Board of Directors



Mahesh S. Gupta

Independent Director

Mr. Mahesh S. Gupta is an Independent director on the Company's Board since 2002 and is an eminent Chartered Accountant and Company Secretary. Mr. Gupta is the Group Managing Director of the Ashok Piramal Group and oversees all businesses of the Group – including Real Estate, Textiles, Engineering and Entertainment. Previously, Mr. Gupta was associated with the RPG Group as Group CFO and Management Board Member and also as Whole time Director of Nicholas Piramal India Limited.



Paras K. Chowdhary

Non-Independent Director

Mr. Paras K. Chowdhary, a veteran of the Indian tyre industry, is a Non Executive Director of the Company since 2012. Prior to this, he served as the Managing Director of the Company, holding the position for 12 years. He holds a Bachelors degree in Physics (Hons.) from St. Stephen's College, Delhi and has around 35 years of experience at senior management positions in the tyre industry. Earlier in his career, Mr. Chowdhary spearheaded the telecom business of the RPG Group and also worked with Apollo Tyres as President and Whole Time Director.



Punita Lal

Independent Director

Ms. Punita Lal is an MBA from Indian Institute of Management, Calcutta. She joined the Company's Board during the year under review. Ms. Lal's last held role was CEO for NourishCo Beverages – a strategic joint venture between the Tata's and PepsiCo. Earlier, she was Executive Director – Marketing, PepsiCo Beverages and a key member of the Executive Committee of PepsiCo Indian Beverages. Her work experience spans multiple disciplines, geographies and cultures and she has many recognitions to her credit including being chosen as one of India's top 20 Business Women by Business Today and awarded the Corporate Woman of the Year by the FICCI Women's organisation.



Ranjit Pandit

Additional Director

Mr. Ranjit Pandit holds an MBA degree from Wharton School. He joined the Company's Board in March 2015. He earlier served as Managing Director at General Atlantic LLC - a leading private equity firm. Prior to this, he was Managing Director and Chairman of McKinsey & Company in India. He also served on a variety of governments and regulatory bodies on policy.



S. Doreswamy

Independent Director

Mr. S. Doreswamy is a B.L. from the University of Mysore and B.Sc. from University of Bangalore. A professional banker with about 35 years of experience, he has been on the Board since 2000. Earlier, he has served as Chairman and Managing Director of Dena Bank and Central Bank of India and made significant contributions to their growth and progress. He is currently engaged in corporate and financial consultancy, Mr. Doreswamy serves on the Boards of several well-known companies.



Vinay Bansal

Independent Director

Mr. Vinay Bansal is an IAS officer of 1969 batch and retired as the Secretary in the Department of Chemicals in the Government of India. He has been on the Company's Board since 2009. Earlier, he has served as Additional Secretary Commerce, Government of India, Chairman, Maharashtra State Electricity Board, Principal Secretary Industries and Principal Secretary to Chief Minister Maharashtra. He has represented Government of India in Joint Commissions to several countries. Mr. Bansal is currently working as a consultant with Reliance Industries Ltd.

Branded by passion

At CEAT, brand building initiatives extend beyond the need to establish a differentiated identity. It reflects the passion with which the Company has imbibed its brand promise of tyre safety and control, and wants to make driving across the world safer through better quality tyres and with safe and controlled driving habits.

Enhanced brand focus on UVR category

With special focus on the UVR Category, a new brand campaign was launched in FY 2015 which gave the brand a celebrity face in the form of Actor Irrfan Khan. The new campaign revolved around role of “superstition versus tyre quality” in ensuring road safety. The campaign was well received by the consumers as well as the advertising & marketing fraternity and won one of India’s topmost creative impact awards - “Effies”, under the automobile and auto parts category.



Branding on the small screen

CEAT’s travel show titled ‘CEAT MTV Chase – the Monsoon Campaign’ was recognised as the best TV show and was awarded with an Abby’s award and the Indian Telly Award.



Leveraging Bollywood for brand salience

Taking forward its Bollywood connect, built as a branding platform over the last two years, CEAT tied up with three super hit blockbuster movies – “Dhoom3” for CEAT motorcycle tyres, “Singham Returns” and “PIKU” for SUV tyres. The associations brought alive the brand experience through innovative in-film placements, multimedia co-promotions and licensing tie-ups.



Drive Safe Dad – a campaign with a difference

Cognizant of the role played by children in creating road safety awareness, CEAT undertook a promotion programme with Mumbai kids during the Road Safety Week that began on January 10, 2015. The programme highlighted the need for adopting safety measures while driving to make India's roads safer. The brand engaged with more than 500 children in Mumbai, across the 5-10-year age group, with the campaign titled – "Drive Safe Dad". As part of the campaign, CEAT recorded safety messages from the kids that were then relayed to their parents on their mobile phones throughout the Road Safety Week. Apart from sensitising young customers who will later become vehicle users, the campaign served to communicate the message of safe driving to their parents. This campaign won the Gold Abby's for the best use of mobile technology.

Biking to the sports arena



CEAT launched its first motorsports tyre during the CEAT Pune Dirt Bike racing mega event during the year. It also launched a large range of tubeless tyres for the premium and entry levels, and was the first to launch and market tubeless tyres for commuter bikes.

Getting into new vehicles

CEAT Tyres got approval from many leading OEMs in passenger and commercial category including Maruti (Swift), Honda (Activa 3G), Daimler Benz (Bharat Benz), Hero Motocorp (I-smart) and Bajaj (Discover 150).

Leveraging cricket mania for brand outreach



The Company launched CEAT Cricket Gear, comprising bats, helmet, gloves and pads, with product placements in CEAT Shoppes, sports stores and availability on e-commerce sites like Amazon & Flipkart. It also signed cricketing legend Brett Lee as a brand ambassador for CEAT cricket rating. This association was leveraged in online and PR communication to strengthen CEAT's connect with cricket lovers across the globe.

CEAT also entered into 3-year partnership with Pepsi IPL as a sponsor for "Strategic TimeOut". This partnership gives CEAT opportunity to reach out to cricket lovers with multi-media impact spanning TV, on-ground and digital activations during the season. Given the cult-like following for the tournament, both in India and abroad, this association provides the Company with a great platform to reach out to its multiple markets, and effectively engaging with the youth

Reaching out to Fleet owners

CEAT conducted large-scale fleet meets in association with OEM dealers to build greater equity for its TBR range. It also developed an app-based customer education module for truck / bus segment - a tool for pitching the right product to the customer, as per his application. For truck & bus tyre customers, the Company also launched a revamped driver-training programme - a comprehensive guide to help truck drivers optimise on tyre mileage and fuel efficiency, and hence enhance their earnings.

Connecting with farmers with Tractor meets

Aayushman Tractor Meets were launched in farm tyres segment to engage with farmers to educate them on their operations and to promote CEAT. The programme, backed with a revamped communication module, has been appreciated by the farm community and has now been institutionalised across the country.

The various brand initiatives help CEAT connect with road users, engendering in them increased awareness about the need to promote road safety through use of quality tyres and better driving practices.

Passion for sustained OEM relationships

CEAT's culture of passion seeps through its entire fabric, extending across its partnerships with OEMs, which play a pivotal role in sustaining the organisation's motto of safety and control.

The Company is aware that every vehicle is built to serve a particular kind of need. While a sedan is built for comfort and luxury, an SUV is built for rugged terrains. A two-wheeler could be an urban commuter vehicle or a rural cross country mobility option. Each of these vehicles require a different kind of tyre to maintain its utility, as well as the safety and control of the vehicle on the move.

CEAT is committed to serving the OEMs with the exact kind of tyre that they require for a range of vehicles. The organisation's inherent passion for its

OEM relationships enables it to sustain these bonds with dedication for quality, service and efficiency. The Company's partnership-based approach for the OEMs goes far beyond the transactional dealings and it works closely with OEMs to develop new products that lend strength and stability to their vehicles and the necessary pitch for their marketing and branding campaign. It's a mutually enabling relationship as the stringent specifications provided by the OEMs help CEAT strengthen its technical capability in delivering products that rank high on performance and safety.





The Company sees in its OEM relationships a gateway to replacement demand by giving customers a first-hand experience of the quality and safety of the CEAT brands. Strong OEM presence in any product category helps generate replacement demand, gives access to latest technological development & learning in the industry and enhances the CEAT brand equity. The Company is thus focussed on expanding the ambit of its OEM relationships and increasing the range and categories of its tyres.

In line with this commitment, the Company strengthened its long-standing relationships with leading OEMs during the year. Increase in OEMs in the passenger car segment, entry into new models and emergence as the partner of choice in the Two-Wheeler segment were key developments in this regard.

Development programmes with OEMs resulted in product approvals from many leading OEMs including Honda Motorcycles and Scooters India and Yamaha in two-wheeler tyres, Renault in car radial tyres and Tata Motors in MUV tyres, meeting stringent rolling resistance and grip targets. With these approvals, the Company has augmented its OEM strength as it already has tie-ups with other leading passenger and commercial vehicle manufacturers like Tata Motors, Mahindra & Mahindra, Ashok Leyland, Volvo-Eicher, Maruti Suzuki, Hyundai, Force Motors, as well as two-wheeler manufacturers like Bajaj Auto, Hero MotoCorp, Royal Enfield and Suzuki. Similarly, in farm equipment segment, CEAT partners with Mahindra & Mahindra, International Tractors, John Deere, TAFE and Escorts.

Driving R&D with passion



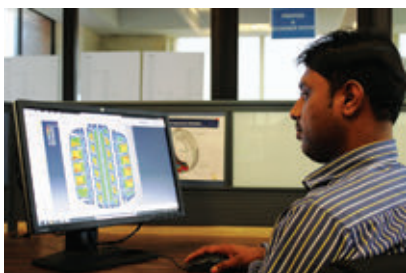
Safety and control is a key objective at CEAT and Research and Development (R&D) a means to achieve this objective. The Company's innovative R&D systems help design tyres suited to perform in the most adverse of conditions, delivering on the platforms of safety and control across all parameters.

Established in 2011, CEAT's modern state-of-the-art R&D facility at Halol plant has some of the industry-best features that include:

- Capability for virtual performance prediction
- Advanced indoor and vehicle dynamics testing of tyres
- 3-dimensional modelling and prototyping
- Structural and noise simulations
- Reverse engineering, nanotechnology and advanced materials development capabilities etc

The Company's R&D capabilities are focussed on development of new products & alternate materials, development of green tyres, reduction of tyre weight and material cost and performance improvement of existing compounds, leading to improved durability, tread life, grip, rolling resistance, ride and handling of tyres. The resultant superior design, engineering, material development and process engineering ensure superior safety and control across the complete range of products in the CEAT portfolio to enrich customer experience. All CEAT products are subjected to stringent tests on the road in real-time conditions before they are launched in the market.

The R&D team has several strategic joint development programmes with premium institutes and global vendors to work on projects in nanotechnology and bio-based, hybrid materials.



70

The R&D team comprises over 70 talented and innovative members.



100+ new products in FY 2014-15

The R&D team introduced 102 new products/variants in FY 2014-15, building on CEAT's position as a premium innovative player in the OEM market for TW, PC tyres and CV tyres. The Company also introduced additional products in its premium tyre range. Plans are on the anvil to expand the export business by leveraging the strong R&D capabilities to introduce region-specific targeted products.

Highlights of FY 2014-15

- Launch of new tyres for premium models for Maruti Suzuki and premium UV of Mahindra & Mahindra in car & UV radial tyres and Daimler in truck radial tyres
- Development for 'CZAR SPORT', an asymmetric sports tread pattern for 'cross-over' vehicles and Motocross tyres for motorcycles resulting in entry into emerging and niche segments
- In Truck & Bus Radials(TBR) segment, durability improvement and development of resistant radial tyre compounds were carried out to meet the demanding conditions in Indian market
- Development of a special TBR for meeting high-heat, high-speed and overload performance was carried out for the Middle East region
- Enhanced usage of Product Life Cycle Management (PLM) software resulted in reduction of new product development time and improvement in noise performance level, handling and grip
- Patents were filed and many technical presentation/publications were made at leading forums and journals

CEAT's basket of innovative and superior products stands testimony to its commitment to the safety and control of vehicles on the road as it surges forward in its progressive journey.

Passionate about social responsibility

Impactful and sustained growth is possible only in a supporting ecosystem. CEAT has embraced social responsibility measures with the same passion and dedication that it shows in achieving business goals. As a responsible corporate driven by the zeal for creating a better world, the Company is consistently investing in promoting the well-being of not only the communities it operates in but the society at large.

To drive “holistic empowerment” of the community, through implementation of sustainable initiatives, which will have maximum societal impact by identifying the critical needs and gaps.

Employees at CEAT have a strong passion for serving the society through voluntary philanthropic initiatives. CSR activities at CEAT are aimed at building strong community relationships, while partnering India's social and environmental development. With a partnership approach to create social impact, the Company works closely with individuals, institutions, NGOs and local government bodies. **RPG Foundation**, a non-profit organisation, is the Company's implementation partner to create cross-company/NGOs synergies to encourage exchange of CSR ideas, best practices and learning.

The Company engaged Tata Institute of Social Sciences (TISS), National CSR (NCSR) hub to identify social needs and gaps in and around the geographies it operates in. According to the needs identified by TISS in its report, the Company for achieving its CSR objectives operates at three tiers of the ecosystem, which it believes encircles its philosophy & values. The Company carries out several CSR

activities notified under Section 135 of the Companies Act, 2013 and some of the projects are in alignment with the United Nations' Millennium Development Goals (MDGs).

Some of the key CSR initiatives undertaken by the Company include:

Project Netranjali - Preventive Eye Care

The flagship programme was launched in FY 2014-15 to work towards preventing avoidable blindness in India. This is a key need as India has the world's largest blind population (18 Million), with 80% cases of blindness being preventable with early stage interventions.



In FY 2014-15, 1,44,000 beneficiaries were covered in total through eye check-up camps and awareness sessions. 10,161 beneficiaries were screened with 3,229 receiving free spectacles.

Three different target groups were covered via the Netranjali Camps – school children, slum community/elderly and truckers. With the trucker community identified as the most susceptible to refractive errors, the programme aims to sensitise more truckers pan-India to get their eyes screened and avail early intervention, in case of medical exigencies.

SWAYAM - Women Empowerment and Gender Equality

SWAYAM works towards promotion of Gender Equality and Women's Empowerment by driving powerful social change in the motor driving/transport industry. Women from less privileged strata are trained in driving skills to enhance their livelihood opportunities as drivers across various sectors like Taxi, School vans, entrepreneurs, etc.



In FY 2014-15, more than 2,000 less privileged women are mobilised from slums and 361 were trained all across Mumbai and Pune for the training. Out of which about 300 are being placed.

Various linkages have been created for future placement of women drivers. Going forward, the Company aims to implement the programme in 13 locations across the country to drive greater opportunities for self-sufficiency of women.

PEHLAY AKSHAR - Primary Education

CEAT's commitment towards quality education is manifested through the support it lends to RPG Group's PEHLAY AKSHAR, a large-scale programme for Primary Education. The programme aims to enhance the spoken and reading English skills of children so as to enhance their employability, thereby, giving them an equal opportunity for making their lives brighter.



PEHLAY AKSHAR operates at all Company locations across India. In FY 2014-15, the Company reached out to 2,580 children across 19 schools in Bhandup, Worli and Halol.

Pehlay Akshar sessions are conducted in government schools during school hours. The sessions are conducted by facilitators who are hired and trained by the project team. Regular trainings and internal evaluations are conducted to maintain the quality of the programme.

SAKSHAM - Empowerment through self-sufficiency

CEAT empowers youth, particularly women, through skill enhancement courses via its programme – SAKSHAM. The Company is an active member in providing vocational and technical training to youth and women from the less privileged sections of society gearing them towards alternate employment/ livelihood opportunities.



During FY 2014-15, 447 individuals were trained under the programme in tailoring, embroidery, mobile phone repairing, bag making, etc. 331 persons are now supplementing their household income through joining an existing establishment or by starting their own small enterprises. Additionally, 186 youth were given technical training, 55 women were trained in Patient Care Assistance Programme and 10 children from special groups were given Rehabilitative skilling under this project.

JEEVAN - Community Development

JEEVAN is an integrated community project which focusses on improving all-round quality of life through the provision of clean drinking water, sanitation and overall health & nutrition-based interventions amongst others.



Under the project, nutritional support was provided to 500 school children and 250 adolescent girls. Sessions were also conducted to increase awareness on good health and hygiene practices. Accident victims were rehabilitated by providing them with artificial limbs. Provision of safe and clean drinking water through installation of water purification units was done at 9 Municipal schools reaching out to 8,141 children. Rain water harvesting units were installed in 3 rural communities benefiting 3,850 people.

Passion for human relationships

At CEAT, the focus is on consistently making sincere, substantive and sustained efforts towards building an eco-system which promotes the development and advancement of all its employees.

The establishment of institutionalised academies, such as Sales, Manufacturing, Marketing, etc., across different functions is a key initiative to improve operational excellence. These academies are directed by expert coaches who can identify and bridge talent gap, run a system of continuous improvement, and encourage and prepare employees for higher positions.

Initiatives under these academies include the Leadership Development Programme for supervisors; Development Action Plan (DAP) to meet career aspirations of employees and to provide them with a growth path that is transparent and visible; and Coaching Intervention Programme for Managers and Self-training programmes for enhancing competencies and capabilities of employees at various levels.

Well-designed training programmes, consisting of classroom sessions and workshops, are also conducted to strengthen employee engagement.

The Company's HR function has a MIS system in place, leading to greater efficiency and better control. Further, a 360-degree feedback process helps people managers ensure continuous improvement in the processes and systems.

From FY 2014-15, the Company has started the practice of documentation of all training programmes to ensure effective coverage and no ambiguity in their success and scope.

The Company takes the widest possible view on diversity and ensures that assignments and opportunities for advancement are accessible to everyone. To enrich the quality of life of the workforce, equal importance is given to the development of life skills such as managing stress, self-discipline and conflict resolutions, as is given to functional and behavioural development.

Expansion of the physical infrastructure was undertaken across plants during the year to improve health, safety and physical well-being of the employees.

Focussed interventions have enabled the Company to enhance team cohesiveness, productivity and performance. Employees are kept motivated and dedicated through well-laid down policies, HR initiatives and various welfare measures.



Passion for achievement

CEAT's passionate drive for achievement has frequently been recognised by different institutions and the Company is a proud recipient of various awards and honours. Awards won during the year include:

Emerging Corporate with best Investor Relations practice

Researchbytes IC Awards 2014

Amongst top 100 Franchisee Opportunities for CEAT Shoppe

Franchise India Publication

Two awards at this year's Goa fest (Abbys) - India's definitive honour that recognises creativity

Gold - Best use of Mobile media for our DriveSafeDad campaign

IMark Recipients Award 2014 for CEATGripp

Indian Design Mark Award

Amongst Asia's Top 100 marketing brands

World Consulting and Research Corporation (WCRC)

Bronze - Best use of Social media for CEAT MTV Chase the Monsoon - 2

Ad Club Bombay

Bronze at EFFIES, for UVR (Irrfan campaign)

Ad Club Bombay



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

Haigreva Khaitan

Punita Lal

Hari L. Mundra

K. R. Podar

Ranjit V. Pandit

Audit Committee

Mahesh S. Gupta
(Chairman)

S. Doreswamy (Member)

Hari L. Mundra (Member)

Vinay Bansal (Member)

Stakeholders Relationship Committee

S. Doreswamy (Chairman)

Paras K. Chowdhary (Member)

Mahesh S. Gupta (Member)

Nomination and Remuneration Committee

Mahesh S. Gupta (Chairman)

Paras K. Chowdhary (Member)

S. Doreswamy (Member)

Corporate Social Responsibility Committee

Anant Vardhan Goenka (Chairman)

Hari L. Mundra (Member)

Vinay Bansal (Member)

Risk Management Committee

Mahesh S. Gupta (Chairman)

S. Doreswamy (Member)

Hari L. Mundra (Member)

Vinay Bansal (Member)

Company Secretary

H. N. Singh Rajpoot

Registered Office:

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

Plants

Village Road, Bhandup,
Mumbai - 400 078

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

Village Gate Muvala, Halol,
Panchmahal, Gujarat - 389 350

Legal Advisors

Mulla & Mulla and Craige, Blunt &
Caroe

Auditors

S R B C & Co LLP

Registrar and Share Transfer Agents

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

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

Statutory Reports

- 30 Notice
- 36 Directors' Report
- 67 Management Discussion and Analysis
- 76 Discussion on the Financial Performance
- 86 Corporate Governance Report

Financial Statements

Standalone Financial Statements

- 102 Independent Auditors' Report
- 106 Balance Sheet
- 107 Statement of Profit and Loss
- 108 Cash Flow Statement
- 110 Notes

Consolidated Financial Statements

- 145 Independent Auditors' Report
- 150 Balance Sheet
- 151 Statement of Profit and Loss
- 152 Cash Flow Statement
- 154 Notes

Notice

NOTICE is hereby given that the fifty-sixth 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 Wednesday, August 12, 2015 at 3.00 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, 2015, 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. Hari L. Mundra (DIN: 00287029), who retires by rotation and, being eligible, has offered himself for re-appointment.
4. To consider and, if thought fit, to pass 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, the appointment of Messrs S R B C & Co, LLP, Chartered Accountants (Firm Registration No. 324982E) who were appointed as the Statutory Auditors of the Company, in place of the retiring auditors Messrs S. R. Batliboi & Associates, LLP, Chartered Accountants, pursuant to the resolution of the Members passed at the fifty-fifth Annual General Meeting, to hold office from the conclusion of the fifty-fifth Annual General meeting until the conclusion of the fifty-eighth Annual General Meeting of the Company, be and is hereby ratified at the fifty-sixth Annual General Meeting on such remuneration as may be mutually decided by the Board of Directors of the Company and the Statutory Auditors."

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Ranjit V. Pandit (DIN:00782296) who was appointed as an Additional Director of the Company by the Board of Directors with effect from March 3, 2015 and who holds office upto the date of the forthcoming Annual General Meeting under Section 161 of the Companies Act, 2013 ('the Act') and Articles of Association of the Company, but who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

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

(Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement entered into with the Stock Exchanges, Mr. Ranjit V. Pandit (DIN:00782296), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) consecutive years from the date of the fifty-sixth 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 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 Lacs Twenty Thousand only) and reimbursement of out-of-pocket expenses at actual plus applicable taxes for the financial year ending March 31, 2016, 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."

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

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the new set of draft Articles as contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion of the regulations contained in the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company (including a Committee thereof) or Company Secretary of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution."

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% of the total share capital carrying voting rights. In case, a proxy is appointed by a member holding more than 10% 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. None of the Directors seeking appointment/re-appointment hold any 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 Wednesday, August 5, 2015 to Wednesday, August 12, 2015 (both days inclusive).
7. Important notice for Members:
For convenience of the members and for proper conduct of the Meeting, the members are required to deposit the Attendance Slip duly signed at the counter at entry place of the meeting. Members can avail 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 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 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 (DP).
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 DP and members holding shares in physical form are requested to register their email addresses with the Company at investors@ceat.in or with the Registrar and Share Transfer Agents viz. TSR Darashaw Limited by sending duly signed request.
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, DP. Members who wish to claim their equity shares are therefore, requested to write to the Company or to the Registrar and Share Transfer Agents viz. TSR Darashaw 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, 2008, 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, 2008 or any subsequent financial years are requested to make their claims to the office of our Registrar and Share Transfer Agents, TSR Darashaw 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, 2008, will be transferred to the aforesaid account on or before August 30, 2015.
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 August 9, 2015 and will end at 5.00 p.m. on August 11, 2015. The Company has appointed Mr. P. N. Parikh, or failing him Ms. Jigyasa Ved of M/s. Parikh & Associates, Practising Company Secretaries, to act as the Scrutinizer, to scrutinize the

voting and remote e-voting process (including the Ballot Form received from the members who do not have access to the e-voting process) in a fair and transparent manner. 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. The Company has signed an agreement with CDSL for facilitating e-voting.

The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least 2 (two) witnesses not in the employment of the Company and make not later than 3 (three) days of conclusion of the meeting, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman and/or Managing Director or a person authorised by him in writing who shall countersign the same.

The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.ceat.com and on the website of CDSL and communicated to the Stock Exchanges where the shares of the Company are listed.

The instructions for members for voting electronically are as under:

The voting period begins at 9.00 a.m. on August 9, 2015 and will end at 5.00 p.m. on August 11, 2015. 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 5, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on

a resolution is cast by the members, the members shall not be allowed to change it subsequently.

The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of August 5, 2015. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of electronic voting, (remote e-voting), voting through Ballot Form as well as voting at the meeting. The members who have not cast vote through remote e-voting or through Ballot Form shall be entitled to vote at the meeting.

Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date, may login using the procedure provided below.

A. In case of members receiving e-mail:

- i. Log on to the e-voting website www.evotingindia.com during the voting period.
- ii. Click on "Shareholders" tab.
- iii. 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 share in Physical Form should enter Folio Number registered with the Company.
- iv. Next enter the Image Verification as displayed and click on Login.
- v. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

- vi. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN	Enter your 10 (ten) digit alpha-numeric PAN issued by Income Tax Department. Members who have not updated their PAN with the Company/ DP are requested to use the first 2 (two) letters of their name and folio no in the PAN field. In case the folio no. is less than 8 (eight) digits, enter the applicable number of 0's (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.
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 Bank Account Number	OR 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. 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 by you as on cut-off date in the Bank Account Number field.

- vii. After entering these details appropriately, click on "SUBMIT" tab.
- viii. Members holding shares in physical form will then reach directly to 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.
- ix. For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x. Click on the EVSN for "CEAT Limited" on which you choose to vote.
- xi. 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.
- xii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire resolution details.
- xiii. 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.
- xiv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xv. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvi. 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.
- xvii. Note for Non-Individual members and custodians
 - Non-individual members (Institutional members) (i.e. other than Individuals,

HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be e-mailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details, a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be e-mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

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

In case of members receiving the physical copy:

- A. Please follow all steps from sl. no. (i) to sl. no. (xvii) 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.com under help section or write an email to helpdesk.evoting@cdslindia.com.

17. A copy of this Notice has been placed on the website of the Company and the website of CDSL.
18. Members who do not have access to e-voting may write to the Company for a Ballot Form. The Ballot Form can also be downloaded from the website of the Company under the investors section. The duly completed Ballot Form shall reach the scrutinizer not later than 5.00 p.m. on August 11, 2015. Ballot Form(s) received after this date will be strictly treated as if the reply from the member has not been received.

Under the Authority of the Board of Directors

Place: Mumbai
Date: May 22, 2015

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 May 22, 2015.

1. Item No. 5:

Mr. Ranjit V. Pandit was appointed as an Additional Director by the Board of Directors of the Company at its meeting held on March 3, 2015.

Mr. Ranjit V. Pandit holds an M.B.A. degree from the Wharton School at the University of Pennsylvania and a B.E. degree in Electrical Engineering from VJTI, University of Bombay, India. He has served as a Managing Director at the General Atlantic, LLC, a leading private equity firm with over USD 1 billion invested in India and USD 15 billion invested worldwide. Prior to this, he has served as Managing Director and Chairman of McKinsey & Company in India, which he joined in the year 1980 and was co-founder of McKinsey India practice that was established in 1992. He led McKinsey India for 11 years, first as Managing Director between 1997-2005 and as Chairman between 2005-2007. He has also served on a variety of Government and regulatory bodies on policy. He is currently practicing as an Independent Consultant.

The Company has received a notice along with a deposit of ₹ 1,00,000/- (Rupees One Lac only) as required by Section 160 of the Companies Act, 2013 ('the Act') from a member proposing Mr. Pandit for his appointment as an Independent Director of the Company. Mr. Pandit has consented to act as a Director of the Company and has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act.

In the opinion of the Board, Mr. Pandit, fulfills the conditions specified in the Act and the Rules made thereunder for appointment as Independent Director and he is Independent of the management.

Mr. Pandit, qualifies to be an Independent Director pursuant to Section 149 (6) and Clause 49 of the Listing Agreement. Pursuant to Section 149 (10) of the Act, Mr. Pandit, if appointed, shall hold office of Independent Director for a term of 5 (five) consecutive years with effect from the date of fifty-sixth Annual General Meeting.

The Board of Directors recommend the resolution at Item No. 5 of the accompanying Notice as an Ordinary Resolution, for appointment of Mr. Pandit as an Independent Director of the Company.

A copy of the draft Letter of Appointment of Mr. Pandit 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, and their respective relatives except Mr. Pandit himself, is concerned with or interested in the aforesaid resolution.

2. Item No. 6:

Pursuant to Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, and on recommendation of the Audit Committee, the Board of Directors has at its meeting

held on May 22, 2015, considered and recommended the appointment of M/s N. I. Mehta & Co., Cost Accountants, to conduct audit of Cost Accounts of the Company at a remuneration of ₹ 2,20,000/- (Rupees Two Lac Twenty Thousand only) and reimbursement of out of pocket expenses at actual plus applicable taxes for the financial year ending March 31, 2016.

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.

The Board of Directors recommend the resolution at Item No. 6 of the accompanying Notice as an Ordinary Resolution for ratification of the remuneration of Cost Auditors.

None of the Directors or Key Managerial Personnel of the Company or their respective relatives is concerned with or interested in the aforesaid resolution.

3. Item No. 7:

The Articles of Association of the Company as currently in force was originally adopted when the Company was incorporated under the Companies Act, 1956 and further amendments were adopted pursuant to the provisions under the Companies Act, 1956, from time to time, over the past several years.

Substantive changes made through the Companies Act, 2013 require suitable changes in the existing Articles of Association of the Company. Further, the references to the specific sections of the Companies Act, 1956 in the existing Articles of Association, being no longer in conformity with the Companies Act, 2013, also require changes.

Accordingly, the Company proposes to approve and adopt a new set of Articles of Association prepared after taking into account all the provisions of the Companies Act, 2013 and Rules made thereunder.

None of the Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at item No. 7 of the Notice.

The Board recommends the Special Resolution set out at item No. 7 of the Notice for approval by the members.

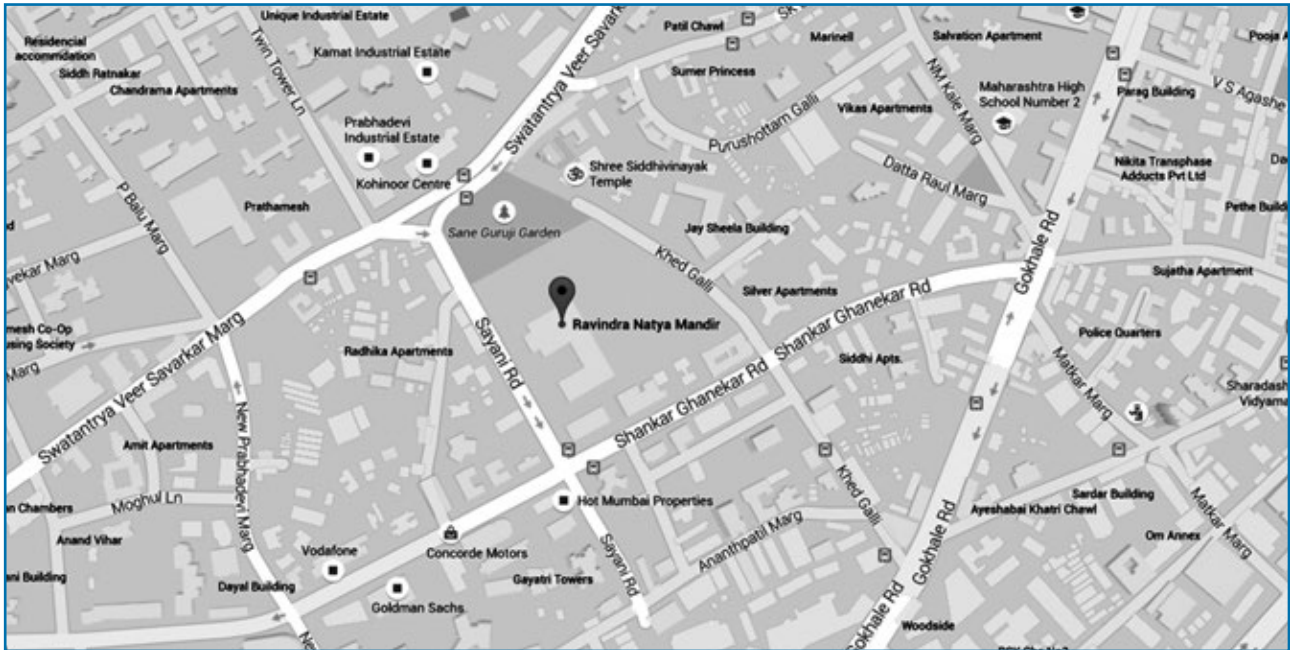
A copy of the existing Articles of Association and of the proposed new set of Articles of Association will be open for inspection by Members at the Registered Office of the Company during normal working hours between 11.00 a.m. and 1.00 p.m. on all working days (except Saturdays, Sundays and Public Holidays).

Under the Authority of the Board of Directors

Place: Mumbai
Date: May 22, 2015

H. N. Singh Rajpoot
Company Secretary

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

CEAT Limited Route Map for the 56th Annual General Meeting

Prominent Landmark: Siddhivinayak Temple

Directors' Report

To,

The Members of CEAT Limited

Your Directors are pleased to present their fifty-sixth report, together with the Audited Financial Statements for the year ended March 31, 2015.

FINANCIAL HIGHLIGHTS

(₹ in lacs)

	Standalone	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Revenue from operations (net) and other income	5,62,029.71	5,37,535.11
Profit before Taxation	44,286.26	37,713.49
Provision for:		
– Current Tax	13,248.69	8,877.82
– Short/(Excess) Provision for earlier years	-	-
– Deferred Tax	1,140.18	3,457.45
Net Profit	29,897.39	25,378.22
Surplus brought forward from previous year	51,937.23	33,287.17
Sum available for Appropriation	81,834.62	58,665.39
Appropriations:		
– Proposed Dividend on Equity Shares	4,045.01	3,664.06
– Corporate Tax on Proposed Dividend	487.66	526.10
– Transfer to General Reserve	-	2,538.00
Balance carried forward	77,301.95	51,937.23

(₹ in lacs)

	Consolidated	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Revenue from operations (net) and other income	5,82,473.31	5,56,797.35
Profit before Taxation	47,156.83	40,323.47
Provision for:		
– Current Tax	14,433.54	9,629.66
– Short/(Excess) Provision for earlier years	-	(5.34)
– Deferred Tax	1,331.09	3,620.17
Net Profit	31,717.98	27,123.50
Surplus brought forward from previous year	56,597.22	36,288.05
Sum available for Appropriation	88,315.20	63,411.55
Appropriations:		
– Proposed Dividend on Equity Shares	4,045.01	3,664.06
– Corporate Tax on Proposed Dividend	487.63	612.27
– Transfer to General Reserve	-	2,538.00
Balance carried forward	83,782.56	56,597.22

In the preparation of financial statements, no treatment different from that prescribed in an Accounting Standard has been followed.

During the year under review, CEAT continued to be one of the fastest growing tyre Companies in India.

On standalone basis, your Company recorded total income of ₹ 5,59,166.46 Lacs with a growth of 4.42 % over ₹ 5,35,481.05 Lacs of the last fiscal. The Company recorded a net profit of ₹ 29,897.39 Lacs reflecting a growth of 17.81 % over net profit of ₹ 25,378.22 Lacs of the last fiscal.

On consolidated basis, your Company recorded net revenue from operations of ₹ 5,80,238.33 Lacs with a growth of 4.47 % over ₹ 5,55,397.86 Lacs of the last fiscal. The Company recorded a net profit of ₹ 31,717.98 Lacs reflecting a growth of 16.94 % over net profit of ₹ 27,123.50 Lacs of the last fiscal.

INDUSTRY UPDATE

The Indian automobile industry faced a contracted demand during the year under review, particularly in commercial and farm segments. However, demand for passenger cars and 2-wheelers vehicles registered a positive growth. This had a corresponding impact on the domestic tyre industry as well, with the respective tyre categories matching the demand pattern of the corresponding automobile categories.

Contraction in demand was experienced in the export market also, on account of the increased demand for radial tyres being supplied by other countries, and corresponding shrinkage in demand for bias tyres. Further, the prices realised from export markets also registered continued reduction, due to competition from low cost Chinese tyres.

A slowdown in demand from China, the world's biggest consumer of rubber, along with increased supply in markets such as Thailand, has kept international rubber prices on a tight leash during the year under review. The drop in the crude oil prices triggered a price decline for the crude based raw materials as well. This helped the industry register respectable margins

STATE OF COMPANY'S AFFAIRS

The Company continued its focus on development of new products and launched a number of new products in FY 2014-15, which included tubeless tyres for 2-Wheelers, new size introduction for compact SUVs and off-road biking tyres. These products have received good responses in their respective markets and segments and contributed to 27% of the turnover. The Company has continued its focus on expansion of dealer and distribution network to ensure enhanced and easy availability of its product range. The dealer network comprises of 3500+ dealers, with 300+ CEAT Franchisees (Shoppes & Hubs) and over 250 distributors. The CEAT Shoppe network, an exclusive retail channel of the Company, is now nearing 200 outlets as compared to 125 plus outlets at the end of March 31, 2014. The Shoppe has not only contributed in improving the brand image of the Company, but also the sales which continued to show strong double digit growths. The Company has also launched the Multi Brand Outlet and Shop in Shop concepts which aims at improving the product penetration in replacement market via enhanced product and brand visibility across select dealer counters. Further, to increase the reach

to replacement market in lower pop strata, the Company has also expanded its presence in the sub-urban and rural areas, mainly for 2-wheeler and passenger car tyres. As a result of this distribution drive the number of districts covered has gone up to 460 from almost 375 in last financial year.

The Company also increased its advertising spends and participated in key properties like Cricket World Cup 2015, MTV Roadies, MTV Chase the Monsoon and Mahindra Adventure, thereby improving the product recall in the minds of end consumers.

Cricket being passion for many in India CEAT strengthened its association with the game to promote its brand image and expanded its business to introduce a new line of 'CEAT' branded cricketing gear.

The presence of an extensive distribution network combined with the right mix in product portfolio, and the extensive marketing activities during the year under review has helped the Company in increasing its volumes in the more profitable passenger segment.

For export markets, the Company has developed tyres tailored to specific export markets. Further to boost international presence, the Company has focussed its attention in developing certain export markets through the liaison offices set up in Indonesia and Middle East. These offices have helped the Company to improve sales by establishing local connect with the dealers.

In the OEM market, the Company has a strong presence, which has had a positive impact over the years. In this year the Company has further strengthened its relationship with OEMs via increased share of business in passenger car segment; entering into new models and becoming the partner of choice across the 2-wheeler segment. The Company has also added Honda Scooters & Motorcycles India, Yamaha and Renault to its OEM kitty in the current year. The Company would be supplying Scooter tyres to Honda; Motorcycle radial tyres in premium models to Yamaha and Passenger Car tyres for the newly launched Renault KWID. These additions have considerably enhanced the Company's visibility in the OEM business.

Further during the year, the R&D team worked on several projects to reduce tyre weight and material cost which has aided in improving the margins. Additionally, the team tied up with premium institutes and global vendors to work on projects in nanotechnology and bio-based, hybrid materials.

An important milestone in our journey of "Safer, Cleaner and Healthier Workplace" was the ISO 140001 & OHSAS 18001 Certifications received by our manufacturing plants at Bhandup, Nashik & Halol. This has helped us in strengthening our EHS processes and would aid in reaching our targeted "Zero Accidents" levels.

During the year under review, the Company won the bronze award at the prestigious Effies for the best campaign in the category; automobile and auto parts, two wheelers and auto related. CEAT also won 2 (two) awards at this years' Goa fest (Abbys), India's definitive honour that recognizes creativity. CEAT was awarded Silver in the Best Digital Campaign for

the Social Cause and Bronze for Best Digital Campaign in the Experiential Marketing category.

All of the above initiatives have enabled the Company to maintain higher capacity utilisation of 80-90% during FY 2014-15. Further, moderate raw material cost and reduced finance cost have helped the Company in maintaining reasonable margins during the year under review.

DIVIDEND

Considering the profits for the year under review and also the capital expenditure requirements of the Company, the Board of Directors are pleased to recommend a dividend of ₹ 10.00 per equity share of ₹ 10.00 each (i.e.100 %) for the financial year ended March 31, 2015 for approval of members.

TRANSFER TO RESERVE

Your Directors have proposed not to transfer any sum to the General Reserve.

MATERIAL CHANGES AND COMMITMENTS, IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments, affecting the financial position of the Company which have occurred between the close of the financial year on March 31, 2015 to which the financial statements relate and the date of this Report.

CAPACITY EXPANSION

The Company has undertaken a capacity expansion of 11,000 Tyres / day in its plant at Halol in the State of Gujarat at an estimated capital outlay of ₹ 65,000 Lacs to produce passenger radial tyres. Further, the Company proposes to set up a green field project of an initial capacity of 40,500 Tyres / day near Nagpur in the State of Maharashtra at a capital outlay of ₹ 42,000 Lacs to manufacture 2/3 Wheeler tyres. The Halol and Nagpur projects are expected to commence commercial production during first half of the current and next fiscal years respectively.

FUTURE OUTLOOK

The Indian Tyre Industry is expected to register a better growth during the fiscal 2016, considering the optimistic macro-economic conditions and projected growth of automobile industry. Passenger car, Motorcycle and Truck/Bus are expected to register a growth of 7 – 9%, while scooter and small commercial vehicles are expected to register double digit growth in coming years. The demand for tractor tyres is dependent on season and is not expected to show any significant growth in coming year.

The reduction of prices in key base commodities (like crude) in the second half of the year under review, is yet to be reflected fully. The raw material prices are expected to be stable and may assist tyre manufacturing companies in maintaining operating margins. However, recent regulatory changes viz. increase in basic import customs duty on natural rubber [raised from 20% or ₹ 30/kg (whichever is lower), to 25% or ₹ 30/kg

(whichever is lower)], will have an impact on the raw material procurement costs. To mitigate the impact of the above, the Company's aim is to improve its product mix further by shifting towards the more profitable product categories, focus on key international geographies and increase operational efficiency through its 'Total Quality Management' initiative to counter changes in the operating environment. With a constant focus on profitable product categories, market segments and key international geographies, CEAT is strategically poised to achieve its vision of being amongst the most profitable tyre companies in India by 2016.

SUBSIDIARY COMPANIES

At the end of the year under review, the Company had following four subsidiaries namely, CEAT Speciality Tyres Limited (CSTL) (became subsidiary on December 8, 2014) Mumbai and Rado Tyres Limited, Cochin, (RTL) Associated CEAT Holdings Company (Private) Limited, Colombo, Sri Lanka (ACHL), CEAT AKKHAN Limited, Dhaka, Bangladesh (CAL)

OVERSEAS SUBSIDIARIES:

The Company does not have any material subsidiary whose net worth exceeds 20% of the consolidated net worth of the holding company in the immediately preceding financial year or has generated 20% of the consolidated income of the Company during the previous financial year. A policy on material subsidiaries has been formulated by the Company and posted on the website of the Company at the link http://www.ceat.com/Investors_intimation.aspx

CEAT SPECIALTY TYRES LIMITED (CSTL)

During the year under review, CSTL became a wholly owned subsidiary of the Company with effect from December 8, 2014. Its business is currently marketing and sale of off-the-road tyres, which find application across industries including port, construction, mining and agriculture.

RADO TYRES LIMITED (RTL)

RTL works as captive manufacturing facility and supplies its tyres only to the Company as being a very old and inefficient plant, it has encountered a frequent breakdown of its equipments and therefore could not manufacture tyres at its rated capacity. As such, its could not help the Company to meet event part of its requirement. During the year under review, Rado registered a revenue from operations of ₹ 1,147.76 lacs as compared to a revenue of ₹ 957.42 Lacs in FY 2013-14, a growth of 19.88%. The net loss for the year under review has been significantly lower at ₹ 22.77 Lacs as against ₹ 149.08 lacs for the previous year. RTL continues to supply its entire production to the Company.

A report on the performance and financial position of each of the Company's aforesaid subsidiaries is annexed in the prescribed Form AOC-1 to this Report as 'Annexure –I'

Overseas Subsidiaries:

Details of ACHL and CAL are given below under the heads 'Joint Ventures in Sri Lanka' and 'Joint Venture in Bangladesh'

JOINT VENTURE IN SRI LANKA (ACHL)

ACHL, the Company's investment arm in Sri Lanka, has a 50:50 Joint Venture (JV) company viz. CEAT-Kelani Holdings Company Private Limited which operates 4 (four) manufacturing plants through its wholly owned subsidiaries in Sri Lanka.

During the year under review, ACHL has registered a higher revenue of LKR 2,025.00 lacs (₹ 952.76 lacs) as compared to LKR 1,687.50 Lacs (₹ 784.18 Lacs) in FY 2013-14. However, the profit after tax has grown by 20.05% to LKR 2,023.73 lacs (₹ 952.17 lacs) as compared to LKR 1,685.68 lacs (₹ 783.33 lacs) in FY 2013-14. The ACHL's joint venture continues to enjoy the overall market leadership in all categories of tyres in Sri Lanka.

ACHL has been consistently paying dividends and it has, during the year under review, paid a dividend of ₹ 950.60 Lacs to the Company.

JOINT VENTURE IN BANGLADESH (CAL)

As reported in the previous year, the Company has a 70:30 Joint Venture (JV) company, CAL, which is setting up a green field facility for manufacture of automotive bias tyres in Bangladesh with initial capacity of 65 MT per day at an investment of ₹ 7,717.06 Lacs and is the first major investment for tyre manufacturing in Bangladesh.

While the land for the project has already been purchased and orders for critical equipment have been placed, the civil work is currently on hold due to a civil case filed by the Forest Department, claiming its title on a small piece of the said land, which has been contested by the JV.

CONSOLIDATED FINANCIAL STATEMENT

In accordance with Section 129(3) of the Companies Act, 2013 and Clause 32 of the Listing Agreement entered into with the Stock Exchanges, the Consolidated Financial Statements of the Company, including the financial details of all the subsidiary companies of the Company, forms part of this Annual Report. The Consolidated Financial Statements have been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India.

BUSINESS RISK MANAGEMENT

Pursuant to the requirement of Clause 49 of the Listing Agreement, the Company has constituted a Risk Management Committee (RMC). The details of this Committee and its terms of reference are set out in the Corporate Governance Report, which forms part of this Report.

The Company has a Business Risk Management framework to identify risks and strive to create transparency, minimize adverse impact on the business and enhance the Company's competitive advantage.

Pursuant to the aforesaid business risk framework, the Company has already identified the business risks and action plan for mitigation of the same is already in place. The business risk and its mitigation have been dealt with in the Management Discussion and Analysis section of this Report.

CORPORATE SOCIAL RESPONSIBILITY

As part of its initiatives under 'Corporate Social Responsibility' (CSR) and the Company's vision to drive 'holistic empowerment' of the community around the local vicinity of our plants, and society at large, the Company has undertaken following projects in accordance with CSR policy of the Company, pursuant to provisions of Section 135 read with Schedule VII of the Companies Act, 2013

- i. Vision/Eye Care (Project-Netranjali) – CEAT through RPG Foundation launched this flagship programme in FY 2014-15, to work towards the cause of preventing avoidable blindness in India. This is a key need in India, as India has the world's largest blind population, with 80% of cases of blindness being preventable with early stage interventions. Three different target groups were covered via this project – school children, slum communities and truckers. In FY 2014-15 1,44,000 beneficiaries were covered in total through eye check-up camps and awareness sessions. 10,161 beneficiaries were screened with 3,229 receiving free spectacles. A research carried out during the camps revealed that truckers were the most vulnerable amongst the groups covered, with 74% of the population (over 40 years) having refractive errors. This can have an impact on their livelihood as well as overall road safety. It therefore be imperative to have Netranjali camps for this susceptible community.
- ii. Women Empowerment (Project-Swayam) – This project is working on Promotion of Gender Equality and Women's Empowerment by driving powerful social change in the motor driving/transport industry. It aims to empower less privileged women by training them in driving skills to enhance their livelihood across various sectors like taxi, school vans, entrepreneurial ventures, etc. In FY 2014-15, more than 2,000 less privileged women were mobilised from slum communities and 361 were trained all across Mumbai and Pune for the training of which about 300 are being placed in Priyadarshini Cab Services, Meru Cabs, Uber Cabs, School van Services, On-call driver service, V-Link, etc.
- iii. Primary Education (Project-PehlayAkshar) – This project is a large scale program for Primary Education with special focus on practical English speaking and reading skills to enhance employability, thereby, giving these children, an equal opportunity for making their lives brighter. In FY 2014-15, the Company reached out to 2,580 children across 19 schools in Bhandup, Worli and Halol.
- iv. Community Development- Water and Malnutrition (Project-Jeevan) - This is an integrated community development project which focuses on improving all round quality of life in the areas of clean drinking water, sanitation and overall health and nutrition based interventions amongst others. In FY 2014-15, the project reached out to 750 children and adolescent girls to provide nutrition supplements and awareness sessions

on health and hygiene. Besides this the project also reached out to 8,141 children in 9 schools for providing safe drinking water, while also carrying out installations of rain harvesting structures in 3 schools benefiting 3,850 people.

- v. **Employability - Skill Development (Project-Saksham)** – This project is a skill development program, which focuses on alternate livelihoods training economically empowering women and technical training for youth. In FY 2014-15 the project trained 688 less privileged women and youth from slums and rural communities in tailoring, embroidery, mobile phone repairing, bag making, patient care assistance programme etc. as an alternate livelihood option.

The Annual Report on CSR activities in pursuance of Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed herewith as **'Annexure-II'**.

The amount of ₹ 77.35 Lacs out of the mandatory CSR expenditure amount, which remained unspent during the financial year 2014-15, has been carried forward to the next financial year 2015-16 and shall be spent on ongoing CSR projects.

VIGIL MECHANISM /WHISTLE BLOWER POLICY

Pursuant to Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement entered into with the Stock Exchanges, the Board has adopted vigil mechanism in the form of Whistle Blower Policy, to deal with instances of fraud or mismanagement, if any. The Policy can be accessed at the website of the Company at the link http://www.ceat.com/Investors_intimation.aspx.

RELATED PARTY TRANSACTIONS

The Company has developed a Related Party Transactions policy for purpose of identification and monitoring of such transactions. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website.

All Related Party Transactions are placed before the Audit Committee and also the Board/Members for their approval, wherever necessary. The related party transactions entered during the financial year were on an arm's length basis and were in the ordinary course of business except the contracts/arrangements or transactions entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 during the course of business but which were not at arm's length basis. The details of the same are annexed herewith as **'Annexure-III'** in the prescribed Form AOC-2.

There were no materially significant related party transactions during the financial year.

None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

SHARE CAPITAL

The paid up equity capital of the Company as on March 31, 2014 was ₹ 35,95,57,100/-. During the year under review, the Company had, pursuant to the special resolution passed

by the members at the AGM held on September 26, 2014 and through Postal Ballot on November 24, 2014, issued and allotted 44,94,382 Equity shares at a price of ₹ 890/- per share aggregating to ₹ 40,000.00 Lacs (₹ Forty Thousand Lacs only) to the eligible investors by way of Qualified Institutional Placement in accordance with the Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (ICDR).

The said shares were listed on the BSE Limited and the National Stock Exchange of India Limited on December 1, 2014.

Consequently, the share capital of the Company has increased to ₹ 40,45,00,920/- during the year under review.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in the prescribed Form MGT 9 is annexed herewith as **'Annexure-IV'**.

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 Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, is annexed hereto as **'Annexure-V'** and forms part of this report.

PARTICULARS OF EMPLOYEES

The statement required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (said Rules) in respect of employees of the Company, are required to be set out in this report. However, the second proviso of the sub rule (3) of Rule 5 of said Rules permits the Company to provide the said statement on specific request of member in writing. Therefore, the Annual Report excluding the said statement is being sent to all the members of the Company and such statement shall be made available to the members on request.

The prescribed particulars of employees required under Section 134(3)(q) and Rule 5(1) of the said Rules are attached as **'Annexure-VI'** and forms part of this report.

FIXED DEPOSITS

Your Company is eligible to accept deposits from the public pursuant to Section 76 of the Companies Act, 2013 ('the Act') and the Companies (Acceptance of Deposits) Rules, 2014 ('the Rules'). Pursuant to the Special Resolution passed by the members at the Annual General Meeting (AGM) of the Company held on September 26, 2014, the Board of Directors of the Company, approved the Fixed Deposit Scheme for acceptance of deposits from members and persons other than members in accordance with the requirements of the Act and the Rules. Pursuant thereto, the Company accepted deposits for an amount of ₹ 2,461.49 Lacs during the year under review, which remained outstanding as on March 31, 2015.

In accordance with Rule 19 of the Rules, the deposits accepted under the Companies Act, 1956 and the Rules made

thereunder (Earlier Deposits), the Company shall continue to repay such Earlier Deposits and the interest due thereon for the remaining period in accordance with the terms and conditions and period of such Earlier Deposits in compliance of the Act and the Rules. The amount of Earlier Deposits outstanding as on March 31, 2015 was ₹ 5,238.00 Lacs.

There were no defaults in respect of repayment of any deposits or payment of interest thereon during the year under review. The Company has not accepted any deposits which are not in compliance with the requirements of the Act.

The Company has no overdue deposits, other than the unclaimed deposits as at the end of the year under review.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

In terms of Section 134 (3) (g), the Report of the Board of Directors shall include the details of particulars of Loans, Guarantees and Investments under Section 186 of the Companies Act, 2013 granted are given in the Note no. 15, 16, 22, 31 and 34 of notes to the Financial Statements. The loans and/or advances given to the employees bear interest at applicable rates.

DIRECTORS

Messrs Vinay Bansal, A. C. Choksey, S. Doreswamy, Mahesh S. Gupta, Haigreave Khaitan, K. R. Podar and Ms. Punita Lal were appointed as Independent Directors at the Annual General Meeting held on September 26, 2014, whereupon, the composition of the Board of Directors duly meets the criteria stipulated in Section 152 of the Companies Act, 2013.

Further, Mr. Ranjit V. Pandit, was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on March 3, 2015. He would therefore hold office upto the date of the ensuing AGM. Mr. Pandit, qualifies to be an Independent Director and his appointment has been recommended by the Nomination and Remuneration Committee. Accordingly, it is proposed to appoint Mr. Pandit as an Independent Director for a term of 5 (five) consecutive years with effect from the date of the ensuing AGM of the Company and he shall not be liable to retire by rotation.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

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

PECUNIARY RELATIONSHIP OR TRANSACTIONS OF THE NON-EXECUTIVE DIRECTORS AND DISCLOSURES ON THE REMUNERATION OF THE DIRECTORS

All pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company, along with criteria for such payments and disclosures on the remuneration of the Directors along with their shareholding are disclosed in Form MGT-9 which forms a part of this Report.

KEY MANAGERIAL PERSONNEL

The Company had in the previous years, appointed Mr. Anant Vardhan Goenka as Managing Director, Mr. Arnab Banerjee as Executive Director-Operations, Mr. Subba Rao Amarthaluru as Chief Financial Officer and Mr. H. N. Singh Rajpoot as Company Secretary. Pursuant to the provisions of Section 203 of the Companies Act, 2013, they are deemed to have become Key Managerial Personnel, defined in Section 2(51) w.e.f April 1, 2014.

INTER SE RELATIONSHIPS BETWEEN THE DIRECTORS

There are no relationships between the Directors inter se except Mr. H. V. Goenka, Chairman and Anant Vardhan Goenka, Managing Director who is the son of Mr. H. V. Goenka, Chairman.

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

Pursuant to the Code of Conduct for Independent Directors specified under the Companies Act, 2013 and the revised Clause 49(II) (B) (7) of the Listing Agreement entered into with the Stock Exchanges, the Company has framed a familiarisation programme for all its Independent Directors to familiarize them on their roles, rights and responsibilities in the Company, the nature of the industry in which the Company operates and its business model. The familiarisation programme posted on the website of the Company at the link http://www.ceat.com/Investors_intimation.aspx.

POLICY ON APPOINTMENT, TRAINING EVALUATION AND REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a policy on Appointment, Training, Evaluation and Remuneration of Directors and Senior Management Personnel (SMP) and their remuneration which is enclosed as 'Annexure VII'.

EVALUATION OF BOARD, ITS COMMITTEES AND DIRECTORS

For the purpose of evaluation, the board finalised a questionnaire and engaged a third party to conduct an independent online confidential survey using the said questionnaire. The results of the survey were then deliberated at Board Meeting and evaluation of the Board, its committees and the Directors were approved.

MEETINGS OF THE BOARD OF DIRECTORS

During the year 7 (seven) Board Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and Clause 49 of the Listing Agreement.

BOARD COMMITTEES

Detailed composition of the mandatory Board Committees viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee, Risk Management Committee and non-mandatory committee viz. Finance & Banking Committee, Special Investments/Projects Committee and QIP Committee numbers, number of meetings held during the year under review and other related details are set out in the Corporate Governance Report which forms a part of this Report.

There have been no situations where the Board has not accepted any recommendations of the Audit Committee.

The Company has formed Audit Committee comprising of Mr. Mahesh S. Gupta (Independent Director), Mr. S. Doreswamy (Independent Director) and Mr. Hari L. Mundra (Non-Independent Director) as members.

Mr. Mahesh S. Gupta has been appointed as the Chairman of the Audit Committee.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors, to the best of their knowledge and belief, make following statements that:

- i. The applicable Accounting Standards have been followed in the preparation of the annual accounts alongwith the proper explanation relating to material departure, if any.
- 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, 2015 and the Statement of Profit and Loss for the said financial year ended March 31, 2015.
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 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.
- v. The proper internal financial controls were in place and that such internal financial controls are adequate and were operating effectively.
- vi. The systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

MANAGEMENT DISCUSSION AND ANALYSIS AND CORPORATE GOVERNANCE REPORT

In compliance with Clause 49 of the Listing Agreement entered into with the Stock Exchanges, separate Section on management Discussion and Analysis, as approved by the Board of Directors, which includes details on the state of affairs of the Company as required to be disclosed in the Directors' Report, forms part of this Annual Report. Further,

the Corporate Governance Report, duly approved by the Board of Directors together with the certificate from the Statutory Auditors confirming the compliance with the requirements of Clause 49 forms part of this Annual Report.

STATUTORY AUDITORS

The members of the Company had, at its AGM held on September 26, 2014 appointed Messrs S R B C & Co., LLP as the Statutory Auditors for a period of 3 (three) consecutive years from the conclusion of the fifty-fifth AGM to the conclusion of the fifty-eight AGM subject to ratification of their appointment every year. They have confirmed that their appointment, if ratified at the ensuing AGM, will be in compliance with Section 139 and 141 of the Companies Act, 2013.

INTERNAL AUDITORS

The Board has appointed M/s KPMG as Internal Auditors for the period of 15 months ending on March 31, 2016 under Section 138 of the Companies Act, 2013 and they have completed the internal audit as per scope given by the Audit Committee.

SECRETARIAL AUDITORS

The Company has appointed M/s Parikh and Associates, Company Secretaries to conduct the Secretarial Audit for the financial year ended March 31, 2015. As required by Section 204 of the Companies Act, 2013 and rules made thereunder, the Secretarial Audit Report furnished by M/s Parikh and Associates is annexed to this report as 'Annexure-VIII'.

COST AUDITORS

The Board has appointed Messrs N. I. Mehta & Co., Cost Accountants, as Cost Auditors of the Company for FY 2015-16 and recommends ratification of their remuneration by the members at the ensuing AGM.

EXPLANATION AND COMMENTS ON AUDITORS AND SECRETARIAL AUDIT REPORT

There is no qualification, disclaimer, reservation or adverse remark made either by the Statutory Auditors in Auditors Report or by the Company Secretary in practice (Secretarial Auditor) in Secretarial Audit Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS

There are no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

CHANGE IN THE NATURE OF BUSINESS

During the year under review, there was no change in the nature of the business.

INTERNAL FINANCIAL CONTROL

Details in respect of adequacy on internal financial controls with reference to the Financial Statements are stated in

Management Discussion and Analysis which forms part of this Report.

HUMAN RESOURCES

CEAT continues to be a people focused organization continuously building next generation leadership, by promoting and developing internal talent to meet its long-term vision. This year, the Company increased its investments in training and development to substantially develop high potential employees and technical capabilities.

The Company has entered in to long-term wage settlements with its internal union substantially improving labour relations.

The Company has been persistent on achieving process and quality excellence by building internal academies and involving employees at the grassroot level in continuous improvement through Total Quality Management (TQM) initiatives.

DISCLOSURE UNDER SEXUAL HARRASEMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

In accordance with the provisions of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013, Internal Complaints Committee (ICC) has been set up to redress complaints. ICC has not received any complaints during the year under review.

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: May 22, 2015

Annexure-I**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part “A”: Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ Lacs)

1.	SI No.	1	2	3	4
2.	Name of the subsidiary	Associated CEAT Holdings Company (Pvt.) Limited	CEAT AKKhan Limited	CEAT Speciality Tyres Limited	Rado Tyres Limited (RTL)
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Uniform reporting period	Uniform reporting period	Uniform reporting period	Uniform reporting period
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	LKR 0.4705	BDT 0.8050	INR Not applicable	INR Not applicable
5.	Share capital	470.50	12,075.00	5.00	643.16
6.	Reserves & surplus	11,140.42	(1,621.90)	(31.57)	(325.90)
7.	Total assets	16,864.93	13,145.27	1,311.83	820.21
8.	Total Liabilities	5,254.02	2,692.17	1,338.40	502.95
9.	Investments	-	-	-	-
10.	Turnover	22047.03	4,429.25	0.06	1,147.76
11.	Profit before taxation	4610.58	(755.80)	(31.40)	(22.77)
12.	Provision for taxation	1077.83	298.69	(0.75)	0
13.	Profit after taxation	3532.74	(1,054.49)	(30.65)	(22.77)
14.	Proposed Dividend	952.76	0	0	0
15.	% of shareholding	100%	70%	100%	58.56%

1. Names of subsidiaries which are yet to commence operations - CEAT Specialty Tyres Limited.

2. Names of subsidiaries which have been liquidated or sold during the year – Not Applicable.

Part "B": Associates and Joint Ventures - Not Applicable

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

	Name of Associates/Joint Ventures	Name 1	Name 2	Name 3
1.	Latest audited Balance sheet Date			
2.	Shares of Associate/Joint Ventures held by the company on the year end			
	No.			
	Amount of Investment in Associates/Joint Venture			
	Extent of holding %			
3.	Description of how there is a significant influence			
4.	Reason by the associate/joint venture is not consolidated			
5.	Networth attributable to Shareholding as per latest audited Balance Sheet			
6.	Profit / Loss for the year			
	i. Considered in Consolidation			
	ii. Not Considered in Consolidation			

- Names of associates or joint ventures which are yet to commence operations.
- Names of associates or joint ventures which have been liquidated or sold during the year.

Subba Rao Amarthaluru
Chief Financial Officer

H.N.Singh Rajpoot
Company Secretary

Place : Mumbai
Date : May 22, 2015

H. V. Goenka
Chairman

Mahesh S. Gupta
Chairman - Audit Committee

Anant Vardhan Goenka
Managing Director

Annexure -II

ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The Board of Directors of the Company approved the CSR Policy with aim and object to fight hunger, poverty and malnutrition, promote education, employment, health care, gender equality, Rural Development and sanitation etc. as embodied in Schedule VII of the Companies Act, 2013. The Company has undertaken activities as CSR activities within the CSR policy of the Company particularly:-

- (i) Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
- (ii) Promoting education including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- (iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- (iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining quality of soil, air and water;

Web-link: http://www.ceat.com/Investors_intimation.aspx

2. The Composition of the CSR Committee.

Mr. Anant Vardhan Goenka, Chairman (Managing Director)

Mr. Vinay Bansal (Independent Director)

Mr. Hari L. Mundra (Non-Executive Non Independent Director)

3. Average net profit of the company for last three financial years: ₹ 20,079.32 Lacs

Sr.	Computation of Profit for CSR	Amount (₹ in lacs)	Amount (₹ in lacs)
1.	Net profit as per section 198:		
	• FY 2011-12	2,593.10	
	• FY 2012-13	17,513.86	
	• FY 2013-14	40,131.00	60,237.96
2.	Average Net Profit of last 3 years		20,079.32
3.	Funds to be allocated for CSR		401.58

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 402.00 Lacs

5. Details of CSR spent during the financial year 2014-15.

- a. Total amount spent for the financial year; ₹ 323.66 Lacs

		Amount (₹ in lacs)
Directly by the Company	:	19.93
Through RPG Foundation	:	303.73
Total		323.66

- b. Amount unspent; ₹ 77.35 Lacs
- c. Manner in which the amount spent during the financial year is detailed below.

Sr.	CSR project or activity identified	Sector in which the project is covered	Project Location (Area/ District and State)	Amount Outlay (Budget) Project or Programs Wise	Amount Spent on the project or programs	Cumulative Expenditure upto reporting period	Amount spent: Direct(D) or through implementing agency (IA)*
				₹ In Lacs	₹ In Lacs	₹ In Lacs	₹ In Lacs
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Pehlay Akshar	Primary Education	Bhandup, Mumbai (MH) Nasik (MH) Halol (GJ)	150.00	65.21	65.21	D-61.21 IA-4.00
2	Swayam	Women Empowerment:	Mumbai (MH)	65.00	61.82	61.82	D-61.82 IA-0.00
3	Saksham	Employability Skill Development:	Bhandup, Mumbai (MH) Nasik (MH) Halol (GJ)	41.00	47.34	47.34	D-47.19 IA-0.15
4	Netranjali	Eye Care	Nasik (MH)	70.00	58.36	58.36	D-53.36 IA-5.00
5	Jeevan	Community Development	Bhandup, Mumbai (MH)	48.00	54.18	54.18	D-51.36 IA-2.82
6	Admin. Expenses.	-	-	27.00	23.94	23.94	D-15.25 IA-8.69
				401.00	310.85	310.85	310.85

*RPG Foundation

Note: The unspent amount is ₹ 12.81 Lacs out of the contribution of ₹ 303.72 Lacs made to RPG Foundation for CSR activities which has not been included in the total amount spent on the project or programs shown above in column no. 6, 7 & 8.

CSR activities are implemented and monitored in compliance with CSR objectives and Policy of the Company.

For CEAT Limited

Anant Vardhan Goenka

Chairman of CSR Committee
(DIN: 02089850)

Hari L. Mundra

Member- CSR Committee
(DIN: 00287029)

Vinay Bansal

Member- CSR Committee
(DIN: 01674284)

Annexure-III

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

Sr.	(a) Name (s) of the related party and nature of relationship	(b) Nature of contracts arrangements transactions	(c) Duration of the contracts / arrangements/ transactions	(d) Salient terms of the contracts or arrangements or transactions including the value, if any (₹ in Lacs)	(e) Justification for entering into such contracts or arrangements or transactions	(f) date(s) of approval by the Board	(g) Amount paid as advances, if any:	(h) Date on which the special resolution was passed in general meeting as required u/s 188
1	Associated CEAT Holdings Company Private Limited (ACHL) and CEAT AKKhan Limited (CAL) Wholly owned Subsidiary/ies	Technical Development Fees received from Joint Venture Companies in Sri Lanka and Bangladesh.	-FY 2014-15 -FY 2015-16	₹ 200 ₹ 200	Fees received are based on the technology agreement. Technical Development Fees received for the in-house technical developments are charged, as per Technology Agreements signed with the Joint Venture Companies and are determined considering the cost of such in-house technical developments for which quote from external parties are not available.	Feb. 5, 2015	N. A.	N. A.
2	Associated CEAT Holdings Company Private Limited Wholly owned Subsidiary	Imports from joint venture companies in Sri Lanka (JV companies).	-FY 2014-15 -FY 2015-16	₹ 3600 ₹ 4500	The tyres from Sri Lanka JV Companies are imported at a price formula agreed to between the two joint venture partners and are arrived at after considering cost + fixed mark up. Hence, they may not always compare to the prices of the other sourcing parties, particularly from Chinese manufacturers. These rates being contractual obligation of the Company are fully justified.	Feb. 5, 2015	N. A.	N. A.

2. Details of material contracts or arrangement or transactions at arm's length basis

Sr.	Name (s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any:
		NOT APPLICABLE				

On behalf of the Board of Directors

H. V. Goenka

Chairman

Annexure-IV**Form MGT-9****EXTRACT OF ANNUAL RETURN**

As on the financial year ended on March 31, 2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i.	CIN	L25100MH1958PLC011041
ii.	Registration Date	10th March, 1958
iii.	Name of the Company	CEAT Limited
iv.	Category/ Sub-Category of the Company	Company having Share Capital
v.	Address of the Registered office and contact details	463, Dr. Annie Besant Road, Worli Mumbai-400 030 Tel No: 91-22-24930621/66606375 Fax: +91-22-24970127 E-mail : investors@ceat.in Web: www.ceat.com
vi.	Whether listed Company	Yes (NSE & BSE)
vii.	Name Address and Contact details of Registrar and Transfer Agent, if any	TSR Darashaw Limited 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai – 400 011 Email: csg-unit@tsrdarashaw.com Web: www.tsrdarashaw.com Tel.: 022-66568484; Fax: 022-66568494

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the Business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the Company
1	Manufacturing and sale of automotive Tyres, tubes and flaps	22111	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Associated CEAT Holdings Co. (Private) Limited	Foreign Company	Subsidiary Company	100%	2(87)
2	AKKhan Limited	Foreign Company	Subsidiary Company	70%	2(87)
3	CEAT Specialty Tyres Limited	U25199MH2012PLC236623	Subsidiary Company	100%	2(87)
4	Rado Tyres Ltd.	U25111KL1986PLC004449	Subsidiary Company	58.56%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as Percentage Of Total Equity)

i) Category- wise Share Holding

	Category of Shareholders	No. of Shares held at the beginning of the year i.e. 01.04.2014				No. of Shares held at the end of the year i.e. 31.03.2015				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
(a)	Individuals / Hindu Undivided Family	1,48,118	0	1,48,118	0.41	1,48,118	0	1,48,118	0.37	-0.05
(b)	Central Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	1,86,03,272	0	1,86,03,272	51.74	1,86,03,272	0	1,86,03,272	45.99	-5.75
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (specify)									
	Sub-Total (A) (1)	1,87,51,390	0	1,87,51,390	52.15	1,87,51,390	0	1,87,51,390	46.36	5.80
(2)	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	17,82,348	17,82,348	4.96	0	17,82,348	17,82,348	4.41	-0.55
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (specify)									
	Sub-Total (A) (2)	0	17,82,348	17,82,348	4.96	0	17,82,348	17,82,348	4.41	-0.55
	Total Shareholding of Promoter and Promoter Group (A)	1,87,51,390	17,82,348	2,05,33,738	57.11	1,87,51,390	17,82,348	2,05,33,738	50.76	-6.35
(B)	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds / UTI	14,26,618	12,550	14,39,168	4.00	20,89,579	12,550	21,02,129	5.20	1.19
(b)	Financial Institutions / Banks	7,332	5,113	12,445	0.03	17,105	5,113	22,218	0.05	0.02
(c)	Central Government / State Governments(s)	0	9,700	9,700	0.03	0	9,700	9,700	0.02	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	8,10,911	75	8,10,986	2.26	9,78,911	75	9,78,986	2.42	0.16
(f)	Foreign Institutional Investors	31,85,834	7,610	31,93,444	8.88	90,06,388	7,610	90,13,998	22.28	13.40
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Foreign Portfolio Investors (Corporate)	0	0	0	0.00	0	0	0	0.00	0.00
(j)	Any Other (specify)									
	Sub-Total (B) (1)	54,30,695	35,048	54,65,743	15.20	1,20,91,983	35,048	1,21,27,031	29.98	14.78

	Category of Shareholders	No. of Shares held at the beginning of the year i.e. 01.04.2014				No. of Shares held at the end of the year i.e. 31.03.2015				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2)	Non-Institutions									
(a)	Bodies Corporate	30,72,581	21,994	30,94,575	8.61	15,06,594	21,893	15,28,487	3.78	-4.83
(b)	Individuals -									
i	Individual shareholders holding nominal share capital upto ₹ 1 lakh	42,29,870	742,728	49,72,598	13.83	38,74,444	6,97,345	45,71,789	11.30	-2.53
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	17,31,497	0	17,31,497	4.82	9,17,722	0	9,17,722	2.27	-2.55
(c)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
i	Foreign Portfolio Investors (Corporate)	0	0	0	0.00	6,25,012	0	6,25,012	1.55	1.55
(d)	Any Other	0	0	0	0.00	0	0	0	0.00	0.00
i	Trusts	3,604	0	3,604	0.01	3,855	0	3,855	0.01	0.00
ii	Unclaimed Securities Suspense Account	1,40,918	0	1,40,918	0.39	1,39,421	0	1,39,421	0.34	-0.05
iii	Director & relatives	13,000		13,000	0.04	3,000		3,000	0.01	-0.03
iv	Foreign Companies	0	37	37	0.00	0	37	37	0.00	0.00
	Sub-total (B) (2)	91,91,470	7,64,759	99,56,229	27.69	70,70,048	7,19,275	77,89,323	19.26	-8.43
	Total Public Shareholding (B) = (B)(1)+(B)(2)	1,46,22,165	7,99,807	1,54,21,972	42.89	1,91,62,031	7,54,323	1,99,16,354	49.24	6.35
	TOTAL (A)+(B)	3,33,73,555	25,82,155	3,59,55,710	100.00	3,79,13,421	25,36,671	4,04,50,092	100.00	0.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A)+(B)+(C)	3,33,73,555	25,82,155	3,59,55,710	100.00	3,79,13,421	2,536,671	4,04,50,092	100.00	0.00

ii) Shareholding of promoters

Sr no	Shareholder's Name	Shareholding at the beginning of the year 01.04.2014			Shareholding at the end of the year 31.03.2015			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Chattarpati Investments Limited	2,75,876	0.77	0.00	2,75,876	0.68	0.00	0.09
2	Instant Holdings Limited	1,15,10,812	32.01	0.00	1,15,10,812	28.46	0.00	3.56
3	SocieteCeat D InvestissementsAsie S A	17,82,348	4.96	0.00	17,82,348	4.41	0.00	0.55
4	Stel Holdings Limited	13,72,835	3.82	0.00	13,72,835	3.39	0.00	0.42
5	Summit Securities Limited	9,59,125	2.67	0.00	9,59,125	2.37	0.00	0.30
6	Swallow Associates LLP	44,84,624	12.47	0.00	44,84,624	11.09	0.00	1.39
7	Mr. H. V. Goenka	1,33,933	0.37	0.00	1,33,933	0.33	0.00	0.04
8	Mr. Anant Vardhan Goenka	14,185	0.04	0.00	14,185	0.04	0.00	0.00
		2,05,33,738	57.11	0.00	2,05,33,738	50.76	0.00	6.35

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr no		Shareholding at the Beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	At the beginning of the year				
	• Chattarpati Investments Limited	2,75,876	0.77	2,75,876	0.68
	• Instant Holdings Limited	1,15,10,812	32.01	1,15,10,812	28.46
	• SocieteCeat D InvestissementenAsie S A	17,82,348	4.96	17,82,348	4.41
	• Stel Holdings Limited	13,72,835	3.82	13,72,835	3.39
	• Summit Securities Limited	9,59,125	2.67	9,59,125	2.37
	• Swallow Associates LLP	44,84,624	12.47	44,84,624	11.09
	• Mr. H. V. Goenka	1,33,933	0.37	1,33,933	0.33
	• Mr. Anant Vardhan Goenka	14,185	0.04	14,185	0.04
		2,05,33,738	57.11	2,05,33,738	50.76
2.	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for Increase/decrease (e.g allotment/ transfer/bonus/sweat equity etc) :	There were no transactions during the year but overall promoters holding reduced to 50.76% from 57.11% due to allotment of 44,94,382 Equity shares to the eligible investors by way of Qualified Institutional Placement in accordance with the Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.			
3.	At the end of the year				
	• Chattarpati Investments Limited	2,75,876	0.68	2,75,876	0.68
	• Instant Holdings Limited	1,15,10,812	28.46	1,15,10,812	28.46
	• SocieteCeat D InvestissementenAsie S A	17,82,348	4.41	17,82,348	4.41
	• Stel Holdings Limited	13,72,835	3.39	13,72,835	3.39
	• Summit Securities Limited	9,59,125	2.37	9,59,125	2.37
	• Swallow Associates LLP	44,84,624	11.09	44,84,624	11.09
	• Mr. H. V. Goenka	1,33,933	0.33	1,33,933	0.33
	• Mr. Anant Vardhan Goenka	14,185	0.04	14,185	0.04
		2,05,33,738	50.76	2,05,33,738	50.76

iv) Shareholding pattern of top ten shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Sr. No.	For each of the top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	KOTAK MAHINDRA (INTERNATIONAL) LIMITED	0	0.00	25,15,700	6.22
2	TIAA-CREF INSTITUTIONAL MUTUAL FUNDS-INTERNATIONAL EQUITY FUND	0	0.00	21,60,298	5.34
3	UTI-EQUITY TAX SAVINGS PLAN	5,95,075	1.66	15,42,130	3.81
4	MORGAN STANLEY ASIA (SINGAPORE) PTE.	4,53,858	1.26	7,82,650	1.93
5	DSP BLACKROCK MICRO CAP FUND	0	0.00	5,21,401	1.29
6	THE NEW INDIA ASSURANCE COMPANY LIMITED	4,15,873	1.16	4,15,873	1.03
7	GENERAL INSURANCE CORPORATION OF INDIA	3,95,038	1.10	3,95,038	0.98
8	THE WELLINGTON TRUST COMPANY, NATIONAL ASSOCIATION MULTIPLE COLLECTIVE INVESTMENT FUNDS TRUST, OPPORTUNISTIC EQUITY PORTFOLIO	0	0.00	3,73,760	0.92
9	CAUSEWAY EMERGING MARKETS FUND	0	0.00	3,25,959	0.81
10	MANULIFE GLOBAL FUND ASIAN SMALL CAP EQUITY FUND	4,46,895	1.24	3,00,555	0.74

Note: The shares of the Company are traded on daily basis. Hence the date wise increase/ decrease in the shareholding of the above shareholders is consolidated based on the Permanent Account Number (PAN) of the shareholder.

v) Shareholding of Directors and Key Managerial Personnel:

Name : Mr. Paras K. Chowdhary, Director

Sr. No.	For each of the Directors and KMP	Shareholding at the Beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	At the beginning of the year 01-Apr-2014	3000	0.01	3000	0.01
2	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for Increase/decrease (e.g allotment/ transfer/bonus/sweat equity etc) :	Nil	-	-	-
3	At the end of the year 31-Mar-2015	3000	0.01	3000	0.01

Note:

- i) No other Director hold shares in the Company except Mr. Harsh V. Goenka, Non Executive Director and Mr. Anant V. Goenka, Managing Director, are also promoters of the Company and whose holding has been given in promoter holding column of this form.
- ii) Mr. Subba Rao A., CFO and Mr. H.N.Singh Rajpoot, Company Secretary, Key Managerial Personnel, do not hold any share of the Company in their own name.

V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial year				
i) Principal Amount	92,310.65	13,564.20	9,141.11	1,15,015.96
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	171.72	154.08	631.05	956.86
Total (i + ii + iii)	92,482.37	13,718.29	9,772.16	1,15,972.82
Change in Indebtedness during the Financial year				
• Addition (Includes only Principal)	1,08,785.08	11,667.84	2,461.49	1,22,914.41
• Reduction (Includes only Principal)	(1,38,899.34)	(19,257.82)	(3,903.11)	(1,62,060.26)
Net Changes	(30,114.26)	(7,589.98)	(1,441.62)	(39,145.86)
i) Principal Amount	62,196.39	5,974.23	3,903.11	72,073.73
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not paid	86.36	46.06	503.35	635.78
Total (i + ii + iii)	62,282.75	6,020.29	4,406.46	72,709.51

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole- time Directors and/or Manager

Sl No.	Particulars of Remuneration	Mr. Anant Vardhan Goenka, MD	Mr. Arnab Banerjee, Executive Director	Total Amount
1	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	2,90,80,800	2,01,86,716	4,92,67,516
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	24,34,164	28,800	24,62,964
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	• As % of profit			
	• Others, specify	-	-	-
5	Other please specify	19,40,951	7,97,343	27,38,294
	Total (A)	3,34,55,915	2,10,12,859	5,44,68,774
	Ceiling as per the Act			46,51,61,717

B. Remuneration to other Directors

Particulars of Remuneration	Name of Director								Total Amount
	Mr. Mahesh S. Gupta	Mr. S. Doreswamy	Mr. Haigreve Khaitan	Mr. A. C. Choksey	Mr. K. R. Podar	Mr. Vinay Bansal	Mrs. Punita Lal	Mr. Bansi Mehta	
Independent Directors									
• Fee for attending board/ committee meetings	5,60,000	6,65,000	3,00,000	3,00,000	2,45,000	4,80,000	4,50,000	2,45,000	32,45,000
• Commission	5,00,000	5,00,000	5,00,000	5,00,000	5,00,000	5,00,000	4,60,000	-	34,60,000
• Others, please specify	-	-	-	-	-	-	-	-	-
Total (1)	10,60,000	11,65,000	8,00,000	8,00,000	7,45,000	9,80,000	9,10,000	2,45,000	67,05,000
Other Non-Executive Directors									
• Fee for attending board / committee meetings	4,40,000	Mr. Paras Chowdhary	Mr. Hari L. Mundra	-	-	-	-	-	13,60,000
• Commission	5,00,000	Mr. H V Goenka	5,00,000	-	-	-	-	-	4,25,40,000
• Others, please specify									
Total (2)	9,40,000	4,19,35,000	10,25,000	-	-	-	-	-	4,39,00,000
Total (B) = (1+2)	20,00,000	4,31,00,000	18,00,000	8,00,000	7,45,000	9,80,000	9,10,000	2,45,000	5,06,05,000
Total Managerial Remuneration									5,06,05,000
Overall Ceiling as per the Act*									4,65,16,172

* Sitting Fees have not been considered as a component for reckoning as per the Companies Act, 2013.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WT

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Subba Rao A. (CFO)	Mr. H. N. Singh Rajpoot (Company Secretary)	Total
1	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	3,33,33,831	66,85,561	4,00,19,392
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	21,600	21,600
	c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	• As % of profit			
	• Others, specify	-	-	-
5	Other please specify	13,70,173	5,86,169	19,56,342
	Total (A)	3,47,04,004	72,93,330	4,19,97,334

VII) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of penalty/punishment/Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any(give Details)
A. Company					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. Directors					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. Other officers in Default					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

Annexure-V

ANNEXURE TO THE DIRECTORS' REPORT

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

[Pursuant to Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]

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 utilization 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:

- Valve module change in curing presses for thermal energy saving.
- Replacement of inefficient slip ring motor with AC induction motor & drive for mixer.
- Replacement of inefficient high steam consumption VAM chiller.
- Replacement of POP insulation of pipeline to prevent losses to atmosphere.
- Combined bead filling and flipping machine (two operations combined to one operation) reducing power consumption.
- Main drain header replacement to prevent thermal losses.
- Installation of magnetic induction lamps which are energy efficient and high life.
- Energy efficient hot water pumps.
- Installation of energy efficient instrument air screw compressor with VFD.
- Replacement of air line from size 3" to 4" and stopping of one PCI compressor.
- Installed energy efficient hot water booster pump and stopped one pump.
- Installed energy efficient pump for boiler feed water to save power.
- Installed economiser to boiler.
- Replaced economiser and Buyd heating surface to other boiler.
- Replaced old hydraulic pumps with energy efficient pumps.
- Optimization of cooling water and chilled water flow at VAM.
- Change in compressor loading pattern by change in sequence of operation of plant air compressor.
- HP air leakage arrested and optimized HP air compressor pressure from 10.5kg/cm² to 10.3/kgcm².
- Optimization of heating effect at dehumidifier with maintaining customer specification by automation pannel.

- Installation of energy efficient boiler feed water system.
- Installation of energy efficient pumps at cooling tower.
- Boiler fan optimization by VFD trim (VFD run from 47 Hz to 42 Hz).
- Installation of energy efficient electrical power drive chiller in place of steam drive chiller.
- ETP/STP automation for level based operation.

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

- Replacement of reciprocating compressors with energy efficient screw compressors.
- Installing timers for tea-tables and isolated areas fans.
- Non conventional insulation of dome for curing presses to prevent thermal loss.
- Installation of magnetic induction lamps which are energy efficient and high life.
- Enhancement in capacity of 7kg air receiver to conserve air compressor power.
- Installation of 7kg process air compressor with VFD.
- Installation of higher capacity ID fans for boiler.
- Replacement of vapor absorption machine with vapor compressor machine for chilled water generation.
- Curing presses hose insulation.
- Replacement of high bay & tube road lights with energy efficient lighting system.
- Multi VFD system for hydraulic system.
- Optimization of instrument air pressure from 5.2 kg/cm² to 4.5 kg/cm²
- Identification of vacuum leakage points & correction.
- Dedicated instrument air compressor for instrument air.
- Shutting of process water at duplex holding mill, feed mill & 4 roll cooling drum, chiller.
- Replacement of inefficient slip ring motor with AC induction motor & drive for other mixer.
- Insulating pads fixing for curing platen presses.

FORM A**A. POWER & FUEL CONSUMPTION**

(₹ in lacs)

	2014-15	2013-14
1. Electricity		
a) Purchased		
Units (KWH)	11,90,01,415	12,50,69,947
Total Amount (₹ in Lacs)	7,840.53	8548.18
Rate Per unit (₹)	6.59	6.83
b) Own generation		
(i) Through diesel generator:		
Units (KWH)	65,649	1,96,290
Units per Litre of diesel oil (KWH)	1.42	2.19
Cost per unit (₹)	58.92	31.31
2. Briquettes		
Quantity (Tonnes)	54,142	55,214
Total Cost (₹ in Lacs)	3,802.60	3,834.1
Average Rate (₹ per Kg)	7.02	6.94
3. Furnance Oil		
Quantity (K.Ltrs.)	1609	2,009
Total Cost (₹ in Lacs)	685.69	902.26
Average Rate (₹ per Litre)	42.63	44.90
4. Coal		
Quantity (MT)	434	938
Total Cost (₹ in Lacs)	27.09	68.79
Average Rate (₹ per Litre)	6.24	7.34
5. Other/Internal Generation (PNG and other gases)		
Quantity (SCM)	89,00,584	94,69,623
Total Cost (₹ in Lacs)	3742.29	3,690.91
Average Rate (₹ per SCM)	42.05	38.98
B. CONSUMPTION PER UNIT OF PRODUCTION		
(i) Electricity (KWH/MT)	713.20	718.14
(ii) Furnance Oil (Ltrs./MT)	9.63	11.52
(iii) Coal/Briquettes (Kg./MT)	324.31	316.54
(iv) Gas (SCM/MT)	53.31	54.29

TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**Research and Development (R&D)****1. Specific areas in which R&D activities were carried out by the Company:**

Research & Development activities were carried out with mid-term and long-term views in order to proactively achieve technological edge continuously. New product developments were carried out in all the product categories ranging from scooter tyres to giant earthmover tyres for customers like OEM, domestic replacement and export markets. This included development of new tread patterns and designs, and timely development of products to meet the customer requirements. Activities were also carried out to improve key performance characteristics such as durability, tread life, grip, ride, handling and rolling resistance. Development of new formulations and materials and alternate sources were also done to meet specific performance and cost targets. Development and

improvement of processes and equipment/machineries was another key area targeting quality, consistency, productivity and energy efficiency. Several strategic joint development programmes were carried out with premier research institutes and global vendors on innovative technologies and materials.

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

Several projects carried out by the R&D centre resulted in over 27% of turn joint ventures over coming out of new products. The development programmes with OEMs resulted in product approvals from many leading OEMs including Honda and Yamaha in two wheeler tyres, Renault in car radial tyres and TATA motors in SUV tyres meeting stringent rolling resistance and grip targets. Entry into premium models of Maruti Suzuki and premium UV of Mahindra & Mahindra in car & UV radial tyres and Daimler in truck radial tyres were other key milestones. Development of 'CZAR SPORT', an asymmetric sports tread pattern for "cross-over" vehicles and Motocross

tyres for motorcycles resulted in entry into emerging and niche segments.

In TBR(Truck-Bus radial tyre) category, durability improvement and development of chipping and chunking resistant compounds meeting demanding conditions in Indian market were carried out. Development of TBR in 12.00R24 meeting high-heat, high-speed and overload performance in Middle East market was another noticeable milestone.

Activities of Design and Advanced engineering team and enhanced usage of Product Life cycle Management (PLM) software resulted in reducing the new product development time and improved level of performance in Noise, handling & grip. Patents were filed and many technical presentations / publications made in leading forums and journals.

3. Future plan of action

The stringent demand in fuel efficiency, grip, durability and meeting continuously evolving environmental, health and safety standards are key challenges. R&D centre is all set to meet these challenges with a highly motivated team, knowledge enhancement programmes and technology development initiatives. Efforts are being put to develop tyres for cars and CUV/SUVs of premium OEMs of MNCs. In view of a footprint in the highly evolved European market, new technologies are being developed and design and development capability is being enhanced for car radial tyres.

Technology development for high performance motorcycle radial tyres for new generation motorcycles is being carried out. Improved durability, mileage and retreadability in truck radial tyres is a focus area. New products are being developed for off-the-road and niche speciality segment for export markets. Various technologies are being developed to improve tyre performance prediction in the very early stages of development to cut development time and cost.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

Partnership and product development with automobile OEMs like Maruti Suzuki, Hyundai, Renault, Honda, Yamaha, Mahindra & Mahindra & Tata helped in taking-up emerging challenges in automobile industry and developing technological innovations to meet current and future customer requirements. Strategic partnerships and external research projects with research institutions and global material and equipment/machinery suppliers enabled us to innovate in many emerging areas of materials, compounding and design technologies to effectively apply in products and processes to improve performance, productivity, efficiency and also to meet customer specified requirements.

Sophisticated and modern experimentation methods and simulation techniques helped us in trying-out many innovative concepts in virtual mode in conceptual and prototyping stages to improve performance and cut-down both cost and development time.

2 Benefits of the above are:

a. Product Development:

Development of new tread patterns, designs, materials and formulations to meet specific customer requirements of replacement, OEM and export markets.

b. Product Improvements:

Continuous Improvement of product performance through design, material and formulation modifications. This also resulted in reduction of carbon footprint contributing to sustainability initiatives.

c. Cost reduction:

New raw material development and alternative and indigenous sources helped reducing cost. Development of economic formulations keeping performance in mind also yielded cost reduction.

d. Import Substitution

Indigenous development of raw materials, process equipment, machinery, toolings and accessories resulted in substantial cost reduction and development time.

e. Process Development

In-house new process development and improvement resulted in improved consistency, productivity and energy efficiency.

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: NA

FOREIGN EXCHANGE EARNINGS AND OUTGO

- a) Activities relating to exports, initiatives taken to Buy 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 Lacs)	
	2014-15	2013-14
Foreign exchange earned	99,264.29	1,09,098.67
Foreign exchanged used	1,48,420.81	1,67,471.72

Annexure -VI

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 134(3(q)) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**Particulars**

i) the ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year;	Mr. H. V. Goenka - 89.29 Mr. Anant V. Goenka - 71.07 Mr. Arnab Banerjee - 44.71 Mr. Hari L. Mundra - 2.18 Mr. Paras Chowdhary - 2.00 Mr. Mahesh Gupta - 2.26 Mr. S. Doreswamy - 2.48 Mr. H. Khaitan - 1.70 Mr. A. C. Choksey - 1.70 Mr. K. R. Podar - 1.59 Mr. Vinay Bansal - 2.09 Mrs. Punita Lal - 2.02												
(ii) the percentage Increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Mr. Anant Vardhan Goenka, MD- 34.20% Mr. Arnab Banerjee, ED-27.85% Mr. Subba Rao A., CFO-156.05% Mr. H.N.Singh Rajpoot, CS-11.95%												
(iii) the percentage Increase in the median remuneration of employees in the financial year;	There has been increased by the median remuneration of the employees in the financial year by 26.76%												
(iv) the number of permanent employees on the rolls of Company;	4,850 Employees as on 31st March, 2015												
(v) the explanation on the relationship between average increase in remuneration and Company performance;	Turnover and net profit of the Company increased by 4.4% and 18.12% as against the previous year. The average increase in remuneration of all employees was 15.54% for the FY 2014-15.												
(vi) comparison of the remuneration of the Key Managerial Personnel against the performance of the Company;	Total Remuneration of KMP (₹ in Lacs): ₹ 964.97 Consolidated Revenue (₹ in Lacs): ₹ 5,59,166.46 Remuneration of KMPs (as % of Revenue): 0.17% Consolidated Profit after tax (₹ in Lacs): ₹ 29,897.39 Remuneration of KMPs (as % PBDT): 3.23%												
(vii) variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies;	Variation in Market capitalisation and PE Ratio is as below: BSE <table><tr><th>Particulars</th><th>31/03/2014</th><th>31/03/2015</th><th>% change</th></tr><tr><td>Market capitalisation (₹ In lacs)</td><td>1,58,494.00</td><td>3,25,482.00</td><td>105.36%</td></tr><tr><td>PE Ratio</td><td>5.80</td><td>9.50</td><td>65.24%</td></tr></table> The Company has in recent past not come out with a Public Offer. PE Ratio is calculated as: BSE Share price as on March 31, 2015 Weighted Average EPS (Refer note 50 of Consolidated Financial Statements)	Particulars	31/03/2014	31/03/2015	% change	Market capitalisation (₹ In lacs)	1,58,494.00	3,25,482.00	105.36%	PE Ratio	5.80	9.50	65.24%
Particulars	31/03/2014	31/03/2015	% change										
Market capitalisation (₹ In lacs)	1,58,494.00	3,25,482.00	105.36%										
PE Ratio	5.80	9.50	65.24%										

(viii) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	The increase in Remuneration of each of the Key Managerial Personnel is as below: ANANT GOENKA: 34.04% ARNAB BANERJEE: 27.85% The average increase in Remuneration during the year has been 18.34% other than managerial personnel
(ix) comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company;	Refer point (vi) above
(x) the key parameters for any variable component of remuneration availed by the directors;	The Executive Directors (ED) of the Company are entitled for performance bonus as variable component based on performance of the individual Directors as well as Company's performance. All non-executive directors (NED) are entitled to receive commission as variable component and sitting fee for attending meeting of the Board and committee of the Board of the Company. The remuneration by way of commission to such NEDs is not exceeding 1% of net profit of the Company earned during the year.
(xi) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; and	Mr. Subba Rao A., CFO has been paid remuneration over and above the remuneration what has been paid to Mr. Anant Vardhan Goenka, Managing Director and the ratio of which is 1.04:1
(xii) affirmation that the remuneration is as per the remuneration policy of the Company.	Remuneration paid during the financial year 2014-15 is as per the Remuneration policy of the Company.

Annexure VII**Policy on Appointment, Training, Evaluation and Remuneration of Directors and Senior Managerial Personnel****1. Objective:**

- a) Ensure Compliance of the applicable provisions of the Companies Act 2013 and the Listing Agreement related to the Appointment, Training, Evaluation and Remuneration of the Directors, Senior Management Personnel, including Key Managerial Personnel.
- b) To adopt best practices and achieve good Corporate Governance as well as long term value creation for stakeholder.

2. Constitution of the Nomination and Remuneration Committee:

The Board has constituted the Nomination and Remuneration Committee (NRC) on 8th April, 2014 as per Companies Act, 2013.

3. Definition:

- a) "Managing Director (MD)" means a Director who, by virtue of the Articles of the Company or an agreement with the Company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the Company and includes a director occupying the position of managing, by whatever name called.
- b) "Whole time director (WTD)" in relation to Company means and includes a director in whole time employment of the Company.
- c) "Independent Director (ID)" in relation to Company shall have the same meaning as defined under section 149(6) of the act and Clause 49 of the Listing Agreement.
- d) "Non Executive director (NED)" in relation to Company means a member of a Company's Board of Directors who is not in whole time employment of the Company.
- e) "Key Managerial Personnel (KMP)" mean:
 - i. The Chief Executive Officer (CEO) or the Managing Director(MD) or the Manager;
 - ii. The Company Secretary;
 - iii. The Whole- time Director;
 - iv. The Chief Financial Officer (CFO); and
 - v. Such other officer as may be prescribed by the Board of Directors from time to time.
- f) "Senior Management Personnel" (SMP) in relation to Company includes all the employees of the Company at Senior Vice-President Grade and above.

4. Diversity in the Board Of Directors:

Diversity refers to the variety of attributes of diverse nature between people and encompasses acceptance, respect and an understanding that each individual is unique. These differences can include age, gender, ethnicity, physical abilities, marital status, ideologies, background, knowledge and skills.

5. Requirement relating to appointment of Directors:

- i. The Company shall appoint only those persons who possess requisite qualifications and experience and positive attributes within overall framework of diversity and are able to provide policy direction to the Company, including directions on good Corporate Governance. Prior experience of being a CEO, MD or a WTD of any company shall be given importance while considering appointment.
- ii. Additional requirements for appointment of Audit Committee member:
 - a) He/she should be financially literate and possess the ability to read and understand basic financial statements i.e. Balance Sheet, Statement of Profit and Loss and Cash Flow Statement.
 - b) He/she should have accounting or related financial management expertise. A person will be considered to have accounting or related financial management expertise if he/she possesses experience in finance or accounting or requisite professional certification in accounting, or any other comparable experience or background which results in the financial sophistication.
 - c) He /she is or has been CEO, CFO or other senior officer with financial oversight responsibilities.
- iii. Disqualifications:

Any person to be appointed as Director shall not possess the following disqualifications prescribed in Section 164 (1) of the Companies Act, 2013:

 - (a) He/she shall not be less than 21 years of age.
 - (b) He/she shall not be of unsound mind nor stand so declared by a competent court.
 - (c) He/she shall not be an undischarged insolvent.
 - (d) He/she has not applied to be adjudicated as an insolvent and his/her application is pending.

- (e) He/she has not been convicted of an offense, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence.
- (f) A person shall however not be appointed as director of the Company, if he is a director in a Company which has failed to:
 - i. File Financial Statements or Annual Returns for any continuous period of three financial years;
 - ii. Repay deposits or pay interest thereon on due date
 - iii. Redeem debentures on due date or pay interest due thereon
 - iv. Pay dividend already declared by the said Company, and such defaults continue for one year or more.
 - iv. Automatic vacation of the office:
A Director shall automatically vacate his office in the following cases:
 - a) He/ she attracts any disqualification prescribed herein above;
 - b) He/ she absents from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board of Directors;
 - c) He/ she acts in contravention of the provisions of section 184 relating to entering into contracts or arrangements in which he is directly or indirectly interested.
 - d) He/ she fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of section 184.
 - v. Applicability of Policies:
All persons appointed as Directors of the Company, including the MD and the Executive Director(s), KMPs and SMPs shall ensure compliance with the Policies and Procedures adopted by the Company, from time to time such as the Code of Conduct for Directors and Senior Management Personnel, the Code of Conduct for Prevention of Insider Trading, Whistle Blower Policy, Code of Corporate Governance and Ethics or any other Company's policy applicable to them.

6. Appointment of KMPs/SMPs:

- a) The appointment of the MD, CEO, WTD and the CS shall be approved by the Board of Directors by means of a resolution.
- b) The appointments of SMP shall be approved by MD on recommendation of the Human Resources Department (HRD).

7. Evaluation of Performance:

- a) The NRC shall carry out the evaluation of performance of every Director as under:
 - Before re-appointment of Executive and Non- Executive Directors.
 - At the time of recommendation of any remuneration payable to Executive and Non- Executive Directors or changes therein.
 - At such time, as the applicable laws or the circumstances may require.
- b) The evaluation of KMPs and SMPs shall be carried out by the MD, excluding himself/ herself and the WTD.

8. Remuneration to NEDs, KMPs and SMPs:

- a) The remuneration of MD and WTD shall be proposed by the NRC and subsequently approved by the Board of Directors and the shareholders of the Company, whenever required.
- b) The NEDs shall be entitled to receive the following within overall limits prescribed in the Companies Act, 2013:
 - Sitting fees as may be decided by the Board of Directors from time to time for attending the meeting of the Board and Committee thereof.
 - Payment of Commission as upto the limits permitted under Section 197 and also approved by the shareholders from time to time.
- c) Remuneration payable to KMPs shall recommend by NRC considering evaluation mechanism and guiding principles of remuneration as mentioned in the Policy.
- d) The remuneration paid to the SMPs shall be determined by the MD considering the evaluation mechanism.
- e) The NRC may consider grant of Stock options to KMPs and SMPs pursuant to any Stock Option Plan adopted by the Company.
- f) The IDs shall not be eligible for any Stock Options, pursuant to any Stock Option Plan adopted by the Company.

9. Directors and Officer Liability Insurance:

The Company shall provide an insurance cover to NEDs, KMPs and SMPs for indemnifying them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust shall not be treated as a part of remuneration paid to them.

Annexure-VIII

FORM No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

(Pursuant to Section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,
The Members,
CEAT LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by CEAT Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the CEAT Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2015 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by CEAT Limited for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made there under;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; and
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (vi) Other laws as are applicable to the Company as per representations made by the Company.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards with respect to board and general meetings of The Institute of Company Secretaries of India are not in force as on the date of this report.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review and as per the representations and clarifications made by the management and as per the legal opinion obtained, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above. However, the Company has an unspent amount during the year in the amount to be spent towards Corporate Social Responsibility.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all Directors at least 7 (seven) days in advance to schedule the Board Meetings. Agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings were taken unanimously.

We further report that as represented by the Company and relied upon by us there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company had following events which had major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc :

- i. Issue and allotment of 44,94,382 Equity shares at a price of ₹ 890/- per shares aggregating to ₹ 400.00 Crore (₹ Four Hundred Crores only) on private placement basis to the eligible investors by way of Qualified Institutional Placement in accordance with the Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (ICDR)
- ii. Acceptance of public deposit in pursuance of Section 76 of the Companies Act, 2013 and rules made thereunder
- iii. The Company has acquired the entire equity shares of CEAT Specialty Tyres Limited (formerly known as Unitgro Comtrade Private Limited) to make it Company's wholly owned subsidiary company on December 8, 2014.
- iv. The Company has passed special resolutions under section 180(1)(a) and 180(1)(c) of the Companies Act, 2013 in its previous AGM held on 26th September, 2014 in respect of borrowing money beyond the prescribed limit and creating charge over the assets of the Company respectively.

For **Parikh & Associates**
Company Secretaries

P. N. Parikh

Partner

Place : Mumbai

Date: 22nd May, 2015

FCS No: 327 CP No: 1228

This Report is to be read with our letter of even date which is annexed as Annexure A and Forms an integral part of this report.

'Annexure A'

To,
The Members,
CEAT LIMITED

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Whereever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Parikh & Associates**
Company Secretaries

P. N. Parikh

Partner

Place : Mumbai
Date: 22nd May, 2015

FCS No: 327 CP No: 1228

This Report is to be read with our letter of even date which is annexed as Annexure A and Forms an integral part of this report.

Management Discussion and Analysis

Over the last few years, CEAT has undertaken a transformational journey with differentiated strategy to grow and add value to the shareholders. With re-invented thrust on research and development, new product launches, reinforced partnerships with Original Equipment Manufacturers (OEMs), growing channel network and increased brand investments, CEAT has been bettering industry growth.

Inadequate monsoon and consequent weak rural demand coupled with a moderate uptick in the Indian economy cast its shadow on the Automobile industry during FY 2014-15. Growth in the auto industry remained sluggish, adversely impacting the demand for tyres for OEMs, though later part of the year witnessed a revival in the demand for commercial vehicles. Replacement tyres demand, however, continued to remain firm, lending stability for the industry.

Despite the twilight industry conditions, CEAT, in-line with its strategy and focus, continued to expand its share in the relatively higher-profit generating two and four wheeler passenger tyre segments, both in the OEM and Replacement markets. Concurrently, the thrust on sustaining the capacity utilization in the Commercial Vehicles (CVs) tyre segment also continued. The Company's continuous initiatives for market share expansion in the passenger segments, are resulting in sustained revenue growth and stronger profitability. With new investments in the passenger segments, CEAT is well poised to leverage the market potential and further expand its market shares.

GLOBAL ECONOMY

The financial crisis of 2008 triggered a freefall of the world economy. The resultant widespread damage raised concerns over the efficacy of the prevailing financial and regulatory framework and corporate governance, and also posed serious questions as to the risk management processes in global financial institutions. Additionally, it powered the new belief that economies, which till then had been playing a dominant role in global growth might not, henceforth, be the future leaders.

While global growth has seen revival post the 2008-12 economic recession, the recovery has been slow as the global economy is still saddled with unfinished post-crisis adjustments. In FY 2014-15, global economy remained sluggish, to finally stabilise at a moderate ~3.4% growth. Further, divergent trends were witnessed among major economies. Specifically, in the United States, revival was stronger on expected lines, while performance in Japan and Euro zone fell short of expectations, resulting in dollar appreciation vis-à-vis other G7 countries. The Chinese economy slowed in the second half of the year and growth dipped slightly below the government's 7.5% target.

(Source: World Economic Outlook, International Monetary Fund, April 2015; Global Economic Prospects Report released by the World Bank)

US Shale revolution

Strong growth in oil output due to the 'shale revolution' in the United States, coupled with weak demand in the key consumption countries, led to an oversupplied oil market and sharp decline in oil prices, especially in the second half of 2014. The sharp fall was further led by OPEC's decision not to cut back production for the respective countries. The reduction in energy prices decelerated growth in major oil producing countries and weakened their currencies due to fiscal and trade imbalances. On the other hand, declining crude oil prices overshadowed the prevailing geo-political tensions and unrest in many countries, and improved the overall fiscal landscape, including that of India. Lower oil

prices are expected to support consumer spending and hold inflation at lower levels; however, the impact is likely to be witnessed only in the medium term.

Sluggish global economy

The sluggishness of 2014 is expected to persist during 2015, with stagnating GDPs and low inflation continuing to plague the developed Euro region and Japan, coupled with expected deceleration of the Chinese economy. The prevailing uncertainty and instability in several regions, including the Middle East, Russia, Ukraine and parts of Africa, are also expected to hit global trade and economy. Among the major advanced economies, however, the United States, with a substantial advancement in the shale gas industry and supported by currency appreciation, is expected to continue with economic growth revival.

(Source: World Economic Outlook, International Monetary Fund; Global Economic Prospects Report released by the World Bank)

The weak growth across economies, coupled with surplus production and subdued demand, led to sluggishness in prices of other commodities as well, apart from crude oil. However, the benefits of the low commodity prices have not yet been fully passed onto the consumers, which is reflected in low consumption levels which in turn has resulted in stagnant demand for the capital goods. Going ahead, the emerging markets slowdown, supplemented with a strong US Dollar, is expected to restrain commodity prices. While the low prices are likely to impact the revenues of commodity exporting countries, importing countries will be able to reduce current account and fiscal deficits.

The global auto sector, whose fortunes are closely intertwined with the performance of the global economy, correspondingly remained flat. Auto being the parent industry, had a domino effect on demand in the tyre industry. However, the low commodity prices are supporting the tyre industry to post good returns, despite a weak demand.

(Source: Global Economic Prospects Report, published by the World Bank)

INDIAN ECONOMY

Slow economic revival

A challenging global macro environment, coupled with internal policy inertia over the last half-a-decade or so, hit India's economic growth during FY 2014-15, as reflected in its gradual uptick rather than a sharp increase. As per the advance estimates of the Central Statistical Office, based on the new series, real GDP growth rate for FY 2014-15 was 7.3%, against a growth of 6.9% in fiscal 2013-14. The laggards have been consumption and credit growth, which in fact have been at 10-year and 13-year lows respectively, reflecting weak bank balance sheets.

While economic revival has been moderate, there have been plenty of positives during FY 2014-15 which augur well for the economy, going forward. Fiscal consolidation efforts, well supported by the decline in global oil prices, narrowed the fiscal deficit in India to 3.99% of GDP in FY 2014-15 to ₹ 5.01 lakh crores, reflecting savings from the elimination of diesel subsidies, higher fuel excise duties and underperformance in capital spending. The oil price decline has enabled lower inflationary levels and provided comfort in budgetary and fiscal management. The gradual reforms undertaken in India have enhanced business and investor confidence, encouraging capital inflows. Foreign Direct Investment (FDI) inflows are gaining traction, mirroring the increased confidence of foreign investors in the Indian economy. As per recent statistics, FDIs are likely to be around US\$ 34.9 billion in FY 2014-15 – accounting for 1.7% of the GDP. The Indian rupee is also likely to remain stable, with foreign exchange reserves recording an all-time high of US\$ 351.86 billion for the week ended May 1, 2015. In addition, the Current Account Deficit (CAD) reduced to 0.2% of the GDP in the last quarter of FY 2014-15 – the lowest in a year. Trade deficit was also under control, shrinking to \$10.41 billion in May 2015.

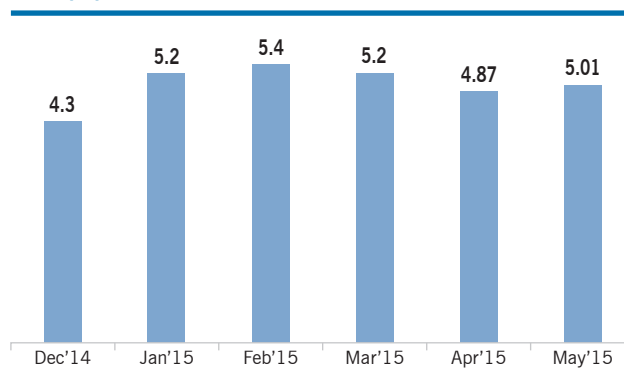
(Source: Various articles published in The Economic Times, Reuters)

Recent policy improvement

Recent months have seen the policy environment turn more favourable for higher economic activity. Faster clearances for projects in infrastructure and industry is expected to facilitate investment, while the manufacturing sector is likely to get a boost, driven by the Central Government's 'Make in India' campaign. The Government's clear focus on simplifying procedures for doing business in India, bringing in a straightforward and transparent taxation system, de-licensing of defence items, allowing auction of coal mines to the private sector, closing allocations in the telecom sector at a fast pace, proposal for development of 100 smart cities and resolving structural bottlenecks to facilitate investment are likely to improve business sentiment. Additionally, robust fiscal management, lower borrowing costs by keeping inflation expectations down, higher revenues from coal and telecom auctions and collection of higher taxes will enable the government to spend more on value creating assets and pass on the price benefits to the consumers, thereby increasing their purchasing power. In fact, the last couple of months have witnessed higher government spending, which is also likely to spur confidence for the private sector, thereby reviving the economy.

Another favourable economic indicator is the moderation in the inflation rate, a key stimulus for reviving consumer demand. Lower rates of inflation have driven improved performance of the consumer durables sector.

Inflation – Consumer inflation remains within RBI comfort zone (%)



Growing industrial activity

Driven by the strong changing fundamentals, the capital goods sector has started witnessing growth, as indicated by various recent media reports. Manufacturing activity rose at its fastest pace in four months in May 2015 to 5.1% growth, buoyed by the increase in domestic demand despite rising costs for firms and consumers. The Index of Industrial Production (IIP) rose to a two-month high on the back of this growth in manufacturing and 11.1% expansion in capital goods. Responding to the subdued inflation, the RBI has cut interest rates to 7.50% – second cut this year in March to lend more support to the economy. The RBI is likely to continue further easing of rates, despite its mild hawkish stance, if the inflation remains within acceptable range. This easing of monetary control is likely to drive consumer demand further.

Driven by these positives, FY 2015-16 is expected to be a positive year for the Indian economy, which is likely to build a bridge between the despair of the past and optimism for the future. The International Monetary Fund (IMF) projects India's economic growth to rise to 7.5% in the FY2015-16. It also forecasts that India will emerge as the fastest growing large economy in the world at the end of the same financial year. This is likely to be a year of august run for the Indian economy, spilling over the effects to all the core sectors, including automobiles and its ancillary sectors.

(Source: Ministry of Statistics and Programme Implementation, IMF, World Bank: Various articles published in The Economic Times; Reuters)

THE GLOBAL TYRE INDUSTRY

Slow growth of automobile industry

Tyre demand is a derived demand, which has a strong linkage with the automobile industry. Therefore, it is necessary to study the automobile industry trends to understand the tyre industry demands. With global growth still not gaining the desired momentum, growth for the automobile industry remained sluggish. This in turn affected the demand for tyres from OEMs.

Except for a few economies, where the annual sales of automobiles have reached pre-recession levels, uncertainty still prevails regarding the growth prospects of the automobile

industry worldwide. Notwithstanding this, the tyre industry is expected to grow at a steady pace, driven by the consistent replacement demand.

Shift to emerging economies

As per a report published by Freedonia, the global tyre market is forecasted to grow by 4.3% every year to reach 2.9 billion units in 2017, translating into a size of \$276 billion in value terms. A key global trend is the shifting of balance from the developed economies to the developing economies. This is likely to lead to the developing countries becoming strong manufacturing hubs for the global market, and the same trend is expected to extend to the tyre business as well.

In the year under review, decline in crude prices and the cost of Natural Rubber (NR) led to lower input costs, translating into comparatively higher profit margins for most tyre manufacturers across the globe.

Chinese tyre market

China is the world's largest vehicle market. However, in the past couple of years, automobile sales have come down, clocking the slowest growth in the past couple of years even though investments by OEMs continue to ramp up. With China accounting for one-third of the global tyre industry, any developments in the Chinese tyre sector trigger a global impact. Currently, demand in the Chinese tyre industry is depressed and the anti-dumping duty imposed on Chinese tyres in some critical countries like the United States has accentuated the global demand-supply gap. As a result, surplus tyre production at lower costs from China is now flooding other countries, leading to high degree of competition. China poses a threat to India as well as other developing countries, as it has around 40-50% of excess capacity in most categories.

North American tyre market

The North American region is expected to witness higher tyre demand, going forward, on account of a positive outlook for the US automobile market, on account of improving consumer confidence and credit availability. The annualised sales for cars in the US are expected to go up to 16 million, from 13 million in 2008.

(Source: PriceWaterHouseCoopers' Strategy&)

European tyre market

The outlook in Europe for the automobile industry is much weaker as the region is still showing sporadic economic recovery. Correspondingly, the demand for tyres is expected to take time to gather momentum in this region.

Asia-Pacific

Going forward, the growth of Chinese and Indian economies are likely to spur the tyre demand. However, in the commercial vehicles space, overflow of Chinese tyres in the exports market has put pricing under pressure. Japanese manufacturers are also contributing to the declining price trend. These challenges notwithstanding, the profitability of the tyre companies is expected to remain positive, given the soft Natural Rubber and crude prices. Demand for automobiles, though unevenly distributed across the global map, is expected to be on the upward trend on overall basis. The automobile industry,

driving the bulk of the tyre demand, is likely to contribute about 73% of the global tyre demand by 2017.

(Source: Freedonia)

THE INDIAN TYRE INDUSTRY

The Indian tyre industry caters to OEM, Replacement and Export markets through three broad product categories: Commercial Vehicles (CV), Passenger Vehicles (PV), Two-wheelers (TW) and others.

As per the ICRA Report on tyre industry, published in March 2015, the tyre industry is pegged at ₹ 46,000 crores (FY 2013-14), with exports contributing ~9-10%. In volume (tonnage) terms, the industry size is estimated at ~1.6 million MT, with exports accounting for ~7-8%.

Volume growth was flat during the first three quarters of FY 2014-15 on account of subdued global auto demand and rising competition from Chinese tyre makers, though overall indicators for growth remained intact. To tackle the challenging environment in the initial nine-month period, the industry resorted to some price reductions in the Truck & Buses' Radials (TBR), Light Commercial Vehicles (LCVs), Light Motor Vehicles (LMVs) and Farm segments. Declining Natural Rubber (NR) and crude oil prices also gave a fillip to the industry, which posted historic high margins during the year.

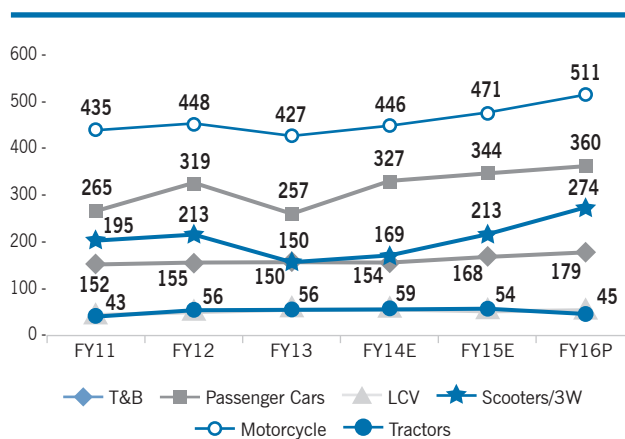
(Source: ICRA Report on Tyre Industry, March 2015)

Positive outlook

Growth prospects for FY 2015-16 remain good, with an improving economy, positive consumer sentiment, pick-up in auto demand, as well as moderate raw material costs; coupled with these trends, declining interest rates are expected to push up volume growth to 9-10%. The domestic tyre industry is expected to get a further boost as a result of increasing radialisation, with strong thrust from OEMs, steady aftermarket demand, improved fleet utilisation and increased focus on geographical diversification. Original Equipment (OE) demand is expected to pick up by 10% and replacement by 8-9% during the year. This anticipated demand potential has encouraged the industry to invest significantly in capacities, particularly in the consumer segment.

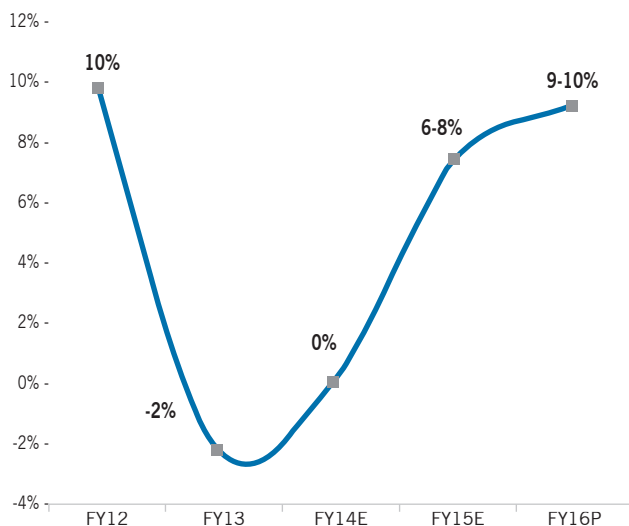
(Source: ICRA Report on tyre industry)

Volume trends in demand for tyres (Volume in Lacs)



Source: ICRA Report on Tyre Industry, March 2015

Industry volume growth estimates

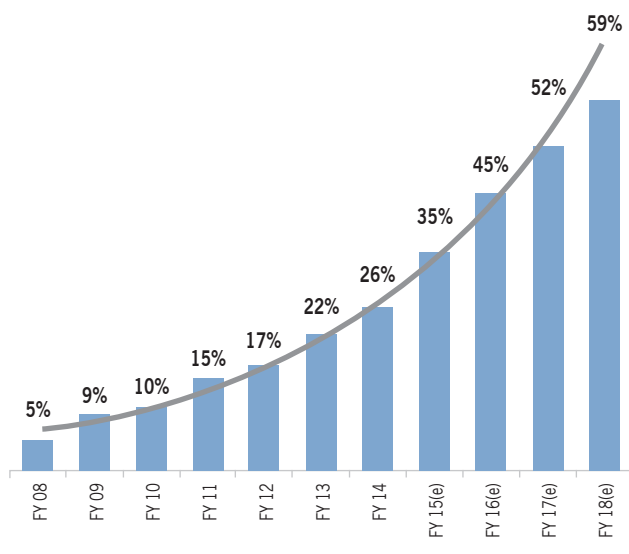


Source: ICRA Report on Tyre Industry, March 2015

Growing radialisation

Radialisation has emerged as a key factor contributing to the Indian tyre industry growth. Given the global phenomenon of radialisation in the CV segment, bias exports are losing momentum, leading to a trigger effect on bias capacity utilisations. The Indian tyre industry is also reflecting the global trend. Backed by growing awareness of cost benefits, continuously improving road infrastructure and stringent implementation of overloading norms, radialisation levels in the commercial vehicle space are likely to double to 50% over the next four years. Increased investments in radial capacities, in the backdrop of the growing radialisation, are expected to yield significant benefits, moving ahead.

Trends and estimates in T&B Radialisation levels

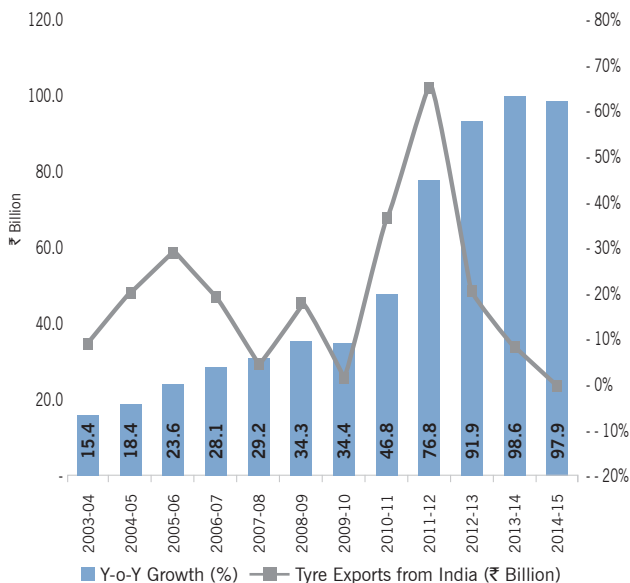


Source: ICRA Report on Tyre Industry, March 2015

Exports & Imports - The China factor

Rising competition from Chinese tyre markers, with their discounted rates supplemented by the subdued global auto demand, resulted in flat growth for the Indian tyre exporters during FY 2014-15.

Export sales (in value terms)

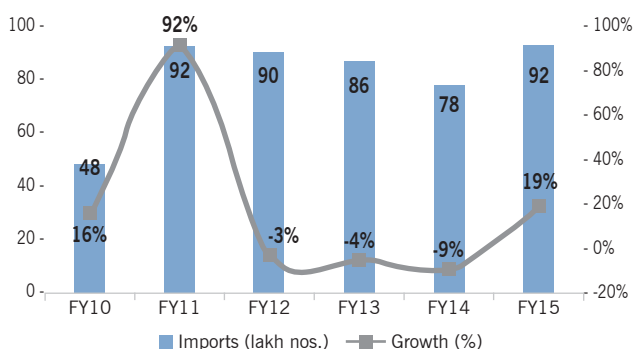


Source: Department of Commerce, ICRA estimates

*annualised

China has also emerged as the largest tyre import source for India across all segments because of flooding of its tyres at dumping prices, despite the perceived inferior quality and shorter life of its tyres. A subdued domestic market in China, coupled with US anti dumping duties on Chinese tyre (Passenger and Light Vehicles) imports, led to diversion of surplus capacities from China to countries like India. This led to a sharp 22% year-on-year annualised growth in Indian tyre imports during the first nine months of FY 2014-15 - a trend that is likely to see further strengthening, going forward.

Imports expected to surge in 2014-15 after a three-year slowdown



Source: DGFT, ICRA estimates

Shifting category focus

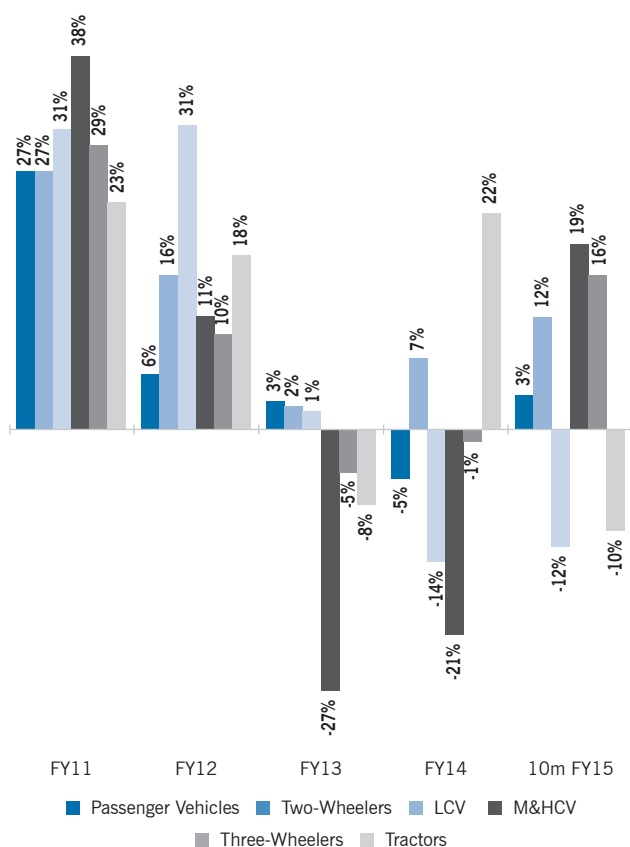
With the industry gradually shifting focus from the commercial to the consumer segment, capex investments and capacity additions are also progressively shifting gear to Two-wheeler (2W) and Passenger Vehicles (PV) segments. As a result, the TBR (Truck and Bus Radial Tyre) segment is expected to witness only 15% of the capacity augmentations (in volume terms) between 2015 and beyond, as against 40+% between 2000 and 2014. In cost terms, however, the bulk of the investments will continue to be focused on the TBR segment in view of the highest per tonne investment needed.

The 2W and PV segments are expected to see total capacity additions beyond 2015 at 50+% and 25+% respectively. The respective capacity augmentations in 2000-14 were only 32% and 17%.

(Source: ICRA Report on tyre industry, published in March, 2015)

With both 2W and PV playing a pivotal role in driving the Indian consumption story in the automobile sector, the focus on these segments will continue. The current trends show a marked movement towards consumer vehicles. According to the Society of Indian Automobile Manufacturers (SIAM), the Indian auto industry produced a total of 23,366,246 vehicles in FY 2014-15 across all categories, marking a growth of 8.68% over the previous fiscal. While the Commercial Vehicles (CVs) segment registered a de-growth of (-) 2.83%, the sales of Three-Wheelers and Two-Wheelers grew 10.8% and 8.09% respectively in the same period.

Automobile industry growth trend



Source: ICRA Estimates

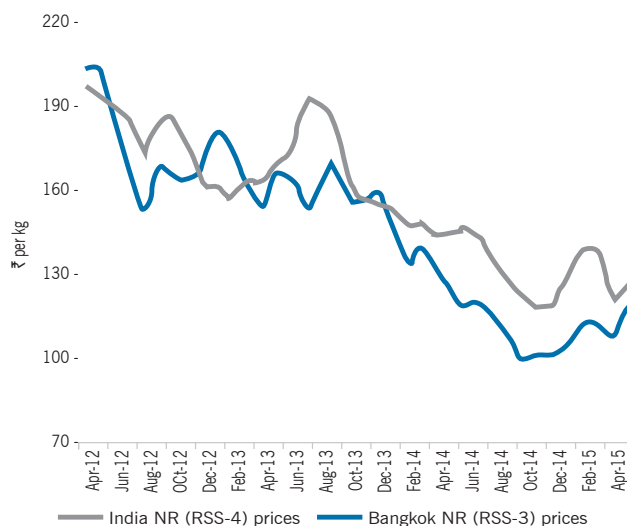
These trends will impact the industry composition ratios to a significant extent, moving ahead.

Raw material prices

Natural Rubber (NR) and crude derivatives form the most significant constituent of cost of tyre manufacturing. Price fluctuations and availability of raw material with regard to above commodities have a major impact on the industry. The rubber prices were at a multi-year low during FY 2014-15, on account of increased production of natural rubber globally, coupled with subdued demand from China. Declining crude oil prices, along with subdued global auto demand lowered

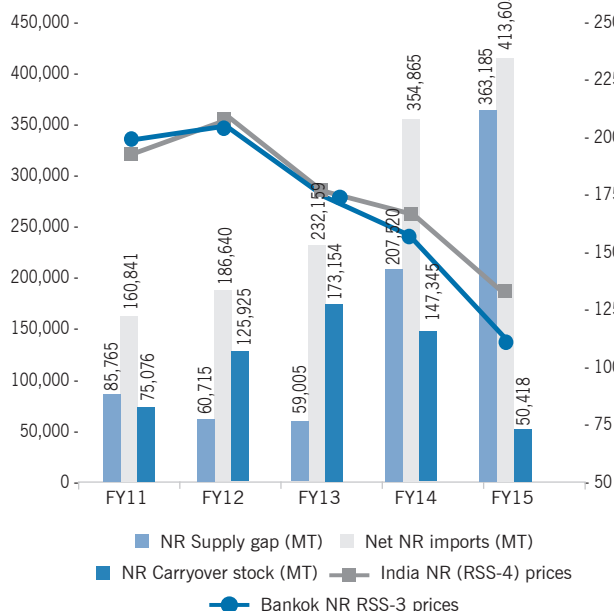
the prices of synthetic rubber and other crude-related raw materials in the six months ended December 2014. Domestic NR prices during this period remained at the levels of ₹ 115 to ₹ 130 per kg., but started showing upward movement thereafter. Government intervention in the form of support to rubber farmers contributed majorly to the price rise, which was also partly driven by increase in the global prices of this raw material. By March 2015, NR price had risen to ₹ 135-140 per kg. While NR consumption increased with improving auto demand, production showed a sharp decline.

Monthly NR prices (domestic and global prices)



Source: ICRA's Estimates

Trends in NR supply gap and price movements



Source: ICRA's Estimates

In the coming months, domestic NR prices are expected to remain range-bound, driven by global NR price movement. Recent months have also seen marked decline in the prices of crude price derivatives, such as carbon black, rubber chemicals and synthetic rubber. Their prices have moved in tandem with the crude oil prices, as well as currency rates and are expected to remain closely linked to crude prices.

Regulatory Environment

Given the adverse impact of low rubber prices on the income levels of the rubber farmers in Kerala, the Indian government initiated several measures towards the end of the third quarter of FY 2014-15 to protect their interests, leading to higher rubber prices. Sustained lower levels of NR prices have caused farmers to cut down on rubber production in recent times, impacting the tyre industry.

Some of the key measures taken by the Central & State Governments, impacting raw material prices were:

- (i) In order to incentivise tyre OEMs to procure NR locally, the Kerala government formulated a pricing mechanism to determine the daily reference price for NR, to support the rubber producing farmers of the state at concessional sales tax rate till 31st March, 2015.
- (ii) Reduction in export obligation period (from 18 months to 6 months from the date of clearance of such consignment by the customs authority), in order to meet export obligations (where NR is procured through advance license scheme).
- (iii) Hike in basic customs duty from 20%/Rs. 30 per kg, whichever is lower, to 25%/Rs. 30 per kg, whichever is lower, effective May 2015 to protect farmers' interest and regulate imports.
- (iv) Continuation of Anti Dumping Duty on Nylon Fabrics, Carbon Black and Rubber Chemicals.

OPPORTUNITIES AND THREATS FOR THE TYRE INDUSTRY

OPPORTUNITIES

Government impetus to infrastructural growth

With the increased government thrust on road infrastructure development, road transportation shall get a fillip, leading to greater demand for tyres. Increased focus on agriculture and manufacturing is also expected to boost growth in the Indian economy as well the automobile sector/tyre industry.

Purchasing power

The increasing disposable incomes in the hands of the Indian middle class have, in recent past, increased demand for two- wheeler and led to a marked shift towards Passenger segments in recent years. The trend is likely to further accentuate, going forward. Since tyre sales are directly related to car sales, both through OEMs and the Replacement market, the tyre industry will also witness corresponding increase in sales figures.

Radialisation of tyres

The global phenomenon of radialisation of tyres is catching up in the MHCV and the LCV segments in India. With the LCVs and T&B segments having reached an estimated 25% and 33% of radialisation levels respectively in the country, the potential for market expansion for radial tyres is huge.

Anti Dumping Duties (ADD) policy adopted by the US

The US Commerce Department's International Trade Administration had in January 2015 proposed ADD on import of Chinese tyres (Passenger and Light vehicles) into the US

market. If the preliminary anti-dumping duties are finalised, it will provide a good opportunity for Indian tyre manufacturers to divert their exports to the US over the medium term.

THREATS

Chinese tyre manufacturers

The Indian tyre industry is facing increased competition from China and other South East Asian countries in export to other countries. The increased competition, resulting from the flooding of imported Chinese tyres across all segments, is further aggravating the situation. Though Indian tyres have wider acceptance on the back of their better quality, the Chinese tyres are cutting into the share of the Indian tyre exports due to cheaper pricing, higher volumes and subsidies. This being a major threat, there is urgent need to promote Brand India as the one that spells quality and high standards of tyres.

Duties

The imposition of ADD/countervailing duties against Chinese tyre imports by many countries necessitates correction on the prevalent duty structure in India. Currently, the peak import duty on Natural Rubber stands at 25%, whereas the duty on imported tyres is just 8%, providing an advantage to the Chinese manufacturers. As a result of this, the landed price is approximately 25% lower than that of corresponding Indian truck/LCV tyres. This poses a threat and highlights the need to invert the duty structure to make the domestic manufacturers more competitive. As a result, there is increase in import of Chinese tyres especially in the radial segment, with Chinese radials estimated to have share of nearly 20% in Indian truck & bus tyre segment

(Source: ATMA)

Raw material prices volatility

Raw material constitutes approx. 60% of the production costs of tyres. With a global demand drop, the prices of some of the key inputs had touched all time lows during FY 2014-15. The ICRA Report, published in March 2015, claims that the key input prices are expected to gradually increase in the next couple of quarters. The continuous volatility in the prices of natural rubber poses a sharp threat to the tyre manufacturers. In the medium term, judicious purchase timing and discreet inventory management would be critical to sustain margins.

INDUSTRY OUTLOOK

Growth prospects for the tyre industry are bright, given the optimistic outlook in terms of macroeconomic conditions and projected automobile industry growth. The domestic demand for automobiles is likely to be driven by the improving economic fundamentals, lowering interest rates and increased public sector spend on infrastructure led by improving consumer confidence. Going forward, 2Ws and PV hold great potential, supporting the Indian consumption story to take it towards a brand driven market.

As per an ICRA Report, the Indian tyre industry is expected to maintain a favourable outlook through the next fiscal. The industry growth is likely to be supported by continued benefits of moderate raw material prices and anticipated augmentation in export demand. The overall tyre market, including Original Equipment, Replacement and Exports, is expected to pick up owing to various factors covered earlier.

As per a report by RNCOS, the Indian tyre production is likely to touch 191 million units by the end of FY 2015-16. A substantial chunk of the investments is likely to be directed towards radial tyre capacity expansion. While the PV segment enjoys almost 100% radialisation, LCVs and T&B segments have reached 25% and 20% levels respectively in the last few years. ICRA estimates that it is further likely to breach 50% levels in the next few years.

The radialisation trend is slowly and gradually catching up, owing to the demand for premium products for the next generation trucks in the commercial OEM segment. The penetration of the Replacement segment has been increasing due to the awareness of the cost-benefit metrics of radial tyres.

The declining trend of Natural Rubber (NR) prices and crude oil prices has provided requisite headroom for the benefits to be passed onto the consumers. The prices are expected to increase gradually over the next two-three quarters. However, they are not expected to touch the past highs, at least in the medium term.

BUSINESS OVERVIEW

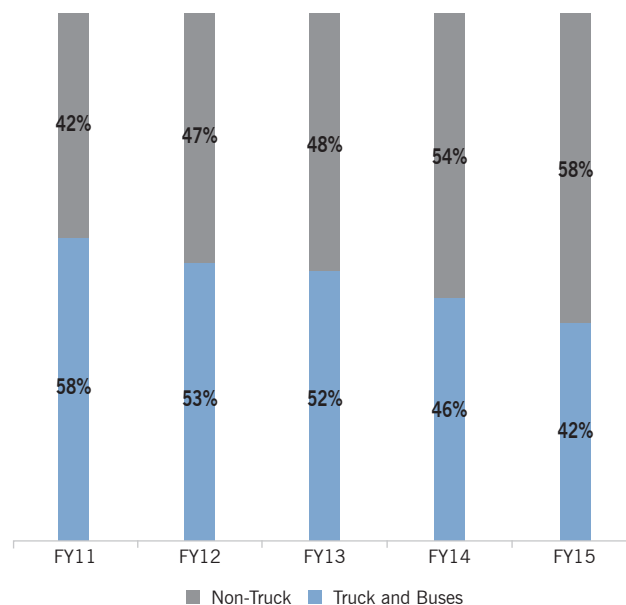
Background

Part of the RPG Group, CEAT is one of India's leading tyre manufacturers with a diverse product portfolio encompassing all varieties of tyres. The Company's manufacturing plants, located in Nashik & Bhandup (Mumbai) in Maharashtra and Halol in Gujarat, have a total manufacturing capacity of ~595 MT/day. Together with the manufacturing partnerships with several conversion agencies, chiefly Ace Tyres, Hyderabad, the total effective capacity of the Company is ~800 tonnes per day. The Company also operates in Sri Lanka through a JV - CEAT Kelani Holdings, having a capacity of 61 tonnes/day. The Company operates in India through a robust distribution network of more than 3,500 dealers, 33 regional offices and more than 100 C&F agents. The Company's consolidated revenues have significantly grown over the last five years at a CAGR of 15%. The Company has achieved a remarkable turnaround in profitability over the last two years mainly due to shift to a favourable non-truck product mix, lower finance costs and moderate raw material costs. With increasing capacities, robust focus on R&D, new product launches, fast-paced brand investments, growing channel strengths, improving market shares and a stronger balance sheet, the Company is well positioned and poised for climbing on sustained growth trajectory.

Changing product mix

Over the last few years, the Company has been strategically focusing on increased diversification into passenger tyres, both two-wheelers and four-wheelers. This relentless thrust on consumer product segments, aided by several new and innovative product launches and higher brand investments, led to higher price realisations, improved margins and profitability growth. In Fiscal 2011, approximately 42% of the Company's consolidated gross sales revenue came from non-truck product categories, while in fiscal 2015 non-truck product categories accounted for approximately 58% of the consolidated gross sales revenue. The Company believes that it can sustain the benefits of this improved product mix by reinforced efforts on building brand loyalty in these non-

truck tyre product categories through product innovation and customer services. Similarly, the Company has been focussing on maintaining a good mix of sales between the OEM and replacement tyre markets.



Capacity expansion

CEAT owns manufacturing units at Bhandup (Bias tyre), Nashik (Bias & Radial) and Halol (Radial). The Company also procures close to 30% of its sales volume from various manufacturing partners on conversion cost basis. The Company's product innovation, new launches and brand surge has increased the demand for various passenger tyres, creating significant capacity shortages. To meet this unmet demand and also to further increase the market share, during the year, the Company has embarked on a major capital expenditure programme at two locations to manufacture four wheeler passenger vehicle tyres and two / three wheeler tyres. The 120 tonnes/day passenger four wheeler radial tyre factory at Halol will commission production during the second quarter of the FY 2015-16. The 120 tonnes per day two / three-wheeler tyre factor at Nagpur will go into production phase during the last quarter the FY 2015-16. Adequate land has been procured at Nagpur to facilitate multi-phase expansion of the capacity. Together with the new capacities, including the factory under construction in Bangladesh, and outsourced capacities, the total capacity of the Company will rise to ~1100 tonnes/day.

Outsourcing

CEAT has been following an "asset-light-approach" to its manufacturing to conserve capital and increase the returns to shareholders. Over the years, the Company's outsourcing business has grown substantially both in terms of volumes and quality systems. Focus at the outsourcing units continues to be on two and three wheeler tyre categories. During the year, key OEMs gave their approval to CEAT's outsourcing locations, which indicates the confidence on the quality of control systems initiated by the Company at its outsourcing partner's locations. The Company is scaling up its operations in line with the category growth.

Branding

The Company believes that effective marketing and branding is critical to the success of its products, apart from quality and innovation. The consolidated advertisement and sales promotion expenses increased by CAGR of 33.16% from FY 2011-12 to FY 2014-15. The Company intends to promote its products and brands and competitively position them in the market by continuing to invest in innovative marketing campaign, particularly related to the two-wheeler and passenger car tyres. The marketing spends are directed towards sharply defined target product categories with differentiated positioning strategies. In line with the increasing brand building focus, in FY 2014-15 the company participated in key events like the Cricket World Cup 2015, MTV Roadies, MTV Chase the Monsoon and Mahindra Adventure. Further the Company plans to increase its marketing spend in fiscal 2016 and will continue to invest higher outlays on branding over the years to drive the expansion of the market share of its passenger tyres.

New Product Development, Technology and R&D

Innovative product launches remained at the forefront of the Company's product expansion strategy in both, the domestic and exports markets. Like earlier years, there were around 100 new/upgraded product launches, mostly in the margin-accretive two-wheeler and passenger car segments. The innovations included new varieties of tubeless tyres as well.

The Company is consistently investing in upgradation of its technological capabilities and R&D to deliver high-quality, innovative and specialised products across categories. The focus for the year was on developing products with superior grip, manifested in the dry and wet surface braking distance, to promote user safety without compromising on comfort. Better fuel efficiency and reduced noise are other key features that the Company is constantly striving to enhance through technological advancements. To reduce carbon footprint, the CEAT R&D team is continuously upgrading products with lower rolling resistance and manufacturing process with reduced energy intensity.

CEAT's R&D investment spans infrastructure, processes (software tools) and people. A well-structured, fully integrated R&D centre at Halol, with a qualified and stable team, complements modern equipment and tools used to analyse tyre composition and to simulate tyre performance through various software tools. The Company interacts with professional institutions like the Indian Institute of Technology (IIT) to continuously upgrade knowledge and capabilities; it also works with some key global technology consultants to procure inputs on tyre design and compounding.

Going forward, CEAT's focus will be on further augmenting competencies and capabilities, particularly in the PV category where business is growing faster.

RISK MANAGEMENT

The current economic environment, in combination with the high growth target set by the Company, carries with it an evolving set of risks. CEAT recognises that these risks need to be managed to protect its customers, employees, shareholders and other stakeholders.

The Company has a well-defined Enterprise Risk Management (ERM) framework in place. The primary objective of the ERM function is to implement a framework that augments risk response decisions and reduces surprises while benefiting from any possible opportunity. ERM programme involves risk identification, assessment and risk mitigation planning for strategic, operational, financial and compliance-related risks across various levels of the organisation. This includes selecting the most effective way to manage business risks.

Risk identification and mitigation

The first step in the risk management process is the identification of risks. Under this, events which may have an adverse impact on the realisation of business objectives are described. 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.

Reviewing the status of mitigation and residual risks

Once risks are identified, they are prioritised based on the impact and likelihood. 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 along 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

This risk is mitigated by the Company through a commodity desk that gathers intelligence on the market and guides procurement. A robust vendor management system is in place to strengthen relations with suppliers with a view to building mutually beneficial long-term relations. Meanwhile, the Company continues to explore the possibility of new sourcing partners to widen its supplier base.

Competition

Increased competition from other players in the industry may affect growth potential. Through deep domain knowledge, technology prowess and branding, the Company has created strong differentiators in terms of quality and product offerings. This reduces the threat of this risk to a considerable extent.

Radialisation in Truck & Bus segment

A slower than expected increase in radialisation in the truck and bus tyre segment may impact margins. To ease this risk, the Company is converting its truck and bus bias capacities into other segments that have higher demand. The focus is also on penetrating the overseas markets where acceptability for bias tyres is higher.

Industrial Relations

Increased labour activism across the country may pose a challenge to the Company's operations. To mitigate this risk, the Company continually engages with the workforce to build their trust and strengthen the labour relations at its manufacturing facilities.

ENVIRONMENT, OCCUPATIONAL HEALTH AND SAFETY

The Company's goal is to be the most preferred supplier by adopting Quality Based Management to deliver its products to markets in a safe and environment-friendly manner and at competitive costs. It is committed to complying with applicable occupational health, safety and environmental regulations and other requirements in its operations. It believes that accidents and occupational health illness cases can be significantly reduced through a proactive and systematic approach involving hazard identification and risk assessment, and by providing appropriate training to employees and contractors.

Environment

The Company's environment protection principle is - Reduce, Reuse and Recycle of Waste, while its approach is Pollution Prevention instead of Control. Periodic monitoring and review of consent conditions is its topmost priority. The Company has implemented various projects to reduce Green House Gases (GHG) emissions such as Briquette Boiler and use of cleaner fuel such as Piped Natural Gas. Water consumption reduction projects are implemented at all the plants. The Halol & Nashik plants are 'zero discharge facilities'. The Halol, Bhandup and Nashik manufacturing plants are ISO 14001 certified.

Occupational Health

The Company's objective is 'Zero Occupational Illness Cases' and it has carried out Occupational Health Risk Assessment in all the plants. Ergonomic study is carried out and recommendations given are implemented. Cross Functional Teams have been formed to implement fatigue reduction projects to boost productivity. The Company has full-fledged Occupational Health Centres manned by Medical Staff 24x7. Ambulances and First-aid medical facilities are provided in all the three plants. Periodical medical check-ups of all employees, including contractor employees, are carried out periodically.

Safety

The Company's objective is 'Zero Accident'. To achieve this objective, it has adopted a proactive approach of risk management that includes risk elimination, substitution and control by implementing engineering measures. Safety Induction Training to new entrants and periodical training to all employees including contractors is a continuous activity. Consultation and Communication is the driver for involvement of employees in the safety management system. The Halol, Bhandup & Nashik manufacturing plants are OHSAS 18001 certified. Put together, the three facets of sensitised safety culture, high quality safety infrastructure and strong management practices will help the Company produce consistent results in safety.

HUMAN CAPITAL

CEAT has always made sincere, substantive and sustained efforts towards building an eco-system which promotes the development and advancement of all its employees. The establishment of institutionalised academies, in Sales and Manufacturing functions is a key initiative to improve operational excellence. The Company takes the widest possible view on diversity and ensures that assignments and opportunities for advancement are accessible to everyone.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

CEAT has a strong internal control system in place, which 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 system comprises various components. Internal Financial Reporting Control, Legal Compliance, IT Compliance, Fraud Risk Controls, Asset Controls etc. are the key components. A proper structure is in place that identifies the plan and scope of controls, documents risks and controls, evaluates these controls, and eventually helps as a tool for reporting.

All the key components are monitored on a regular basis and are being strengthened on a constant basis. An Enterprise Risk Management policy is documented and key risks are reviewed by the Management on a half yearly basis and presented to the Audit Committee.

Whistle Blower Policy, Code of Conduct and Fraud Response Plan have all been documented. There is a review of all the key processes as a part of the IA plan. All key issues arising out of Audits are monitored on a regular basis and presented to the Audit Committee as well.

All the processes and controls will be revisited, reviewed and further strengthened in the next financial year to comply with the necessary requirements.

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.

Discussion on the Financial Performance

The consolidated financial statements, the analysis whereof is presented hereunder and in the following pages pursuant to the requirements of Clause 49 of the Equity Listing Agreement of SEBI, have been prepared in accordance with the requirements of the Companies Act, 2013 and applicable accounting standards issued by the Institute of Chartered Accountants of India. The management of CEAT Limited accepts the integrity and objectivity of these financial statements as well as the various estimates and judgements used therein. The estimates and judgements relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements are reflected in a true and fair manner and also reasonably to present the Company's state of affairs and profit for the year.

The consolidated financials consist of the operations of CEAT Limited, its two Indian subsidiaries, Rado Tyres Limited and CEAT Specialty Tyres Limited, 50% of the Sri Lankan operations (ACHL) and 100% of the operations of its subsidiary in Bangladesh (CEAT AKKHAN Limited). Since the operations of CEAT's subsidiaries and the Sri Lankan Joint Venture constitute only 3.51% of the consolidated revenues, the analysis does not present any significant details thereof.

SUMMARY OF PROFIT AND LOSS ACCOUNT

(₹ in Lacs)				
Particulars	FY 2014-15	FY 2013-14	Change	Change %
Total revenue	5,82,473.31	5,56,797.35	25,675.96	4.61
Cost of materials / finished goods consumed	3,53,332.73	3,56,574.97	(3,242.24)	(0.91)
Employee benefit expenses	37,889.26	31,091.61	6,797.65	21.86
Other expenses	1,20,952.28	1,01,944.54	19,007.74	18.65
EBITDA (before exceptional items)	70,299.04	67,186.23	3,112.81	4.63
Finance cost	13,186.49	17,204.49	(4,018.00)	(23.35)
Depreciation and amortisation	9,342.52	8,654.34	688.18	7.95
Exceptional items	613.20	1,003.93	(390.73)	(38.92)
Profit after tax (before attributable to minority interest)	31,392.20	27,078.98	4,313.22	15.93

Revenue analysis (Note 24, page 174)

Revenue comprises of the following:

(₹ in Lacs)				
Particulars	FY 2014-15	FY 2013-14	Change	Change %
Sale of products (net of excise duty)	5,75,476.76	5,50,776.71	24,700.05	4.48
Royalty	221.35	216.49	4.86	2.24
Sale of scrap	1,658.98	1,456.37	202.61	13.91
Government grants	1,992.87	2,140.32	(147.45)	(6.89)
Others	888.37	807.97	80.40	9.95
Others income	2,234.98	1,399.49	835.49	59.70
Total	5,82,473.31	5,56,797.35	25,675.96	4.61

The sales revenue for the year has grown up by 4.48% in FY 2014-15 over FY 2013-14, whereas the sales volume increased by 5.88%. The lower growth of sales value in comparison to volume growth is due to lower realisation in Exports and OEM market segments. However, the average price realisation in the replacement market segment has slightly improved due to positive change in the product mix.

The market segment-wise sales value of standalone financials is tabulated below:

(₹ in Lacs)				
Channels	FY 2014-15	FY 2013-14	Change	Change %
Replacement	3,77,930.79	3,47,474.59	30,456.20	8.77
OEM	1,37,638.83	1,29,645.64	7,993.19	6.17
Exports	97,805.36	1,07,494.13	(9,688.77)	(9.01)
Total	6,13,374.98	5,84,614.36	28,760.62	4.92

The growth in the replacement market is substantially due to significant growth in passenger tyre categories; the sluggish economic conditions and the delinquent monsoon resulted in the negative replacement market growth in the commercial and farm tyre categories. Intense competition from the Chinese tyres at the dumping prices and the currency depreciation in certain export markets caused marked deceleration in the export market segment.

Other income primarily includes interest received from banks, dividend from mutual fund investments, recovery of building maintenance, interest on delayed payments from customers etc. The significant increase during the year is on account of dividend received from liquid mutual funds invested from unutilised portion of the Qualified Institutional Placement (Refer No 45) and internal accruals.

Cost of materials / finished goods consumed analysis (Note 26, page 174, Note 27, page 175)

Cost of materials / finished goods consumed comprises of the following items:

(₹ in Lacs)				
Particulars	FY 2014-15	FY 2013-14	Change	Change %
Cost of materials consumed	3,36,261.03	3,56,499.33	(20,238.30)	(5.68)
Purchase of stock-in-trade	11,433.10	11,273.51	159.59	1.42
Changes in inventory	5,638.60	(11,197.87)	16,836.47	150.35
Total	3,53,332.73	3,56,574.98	(3,242.25)	(0.91)

Consistent with the downward trend in the global commodity prices and crude prices, the raw material prices have further declined during the year. As a result, the cost of materials consumed as a percentage of sales has declined to 61.40% for the year as compared to 64.74% for the previous year.

Employee benefits expense analysis (Note 28, page 175)

Employee benefits expense comprises of the following:

(₹ in Lacs)				
Particulars	FY 2014-15	FY 2013-14	Change	Change %
Salaries, wages and bonus	30,515.28	25,962.60	4,552.68	17.54
Contribution to provident fund and other funds	1,845.91	1,501.64	344.27	22.93
Gratuity expenses	2,051.24	374.46	1,676.78	447.79
Staff welfare expenses	3,476.83	3,252.91	223.92	6.88
Total	37,889.26	31,091.61	6,797.65	21.86

Total employee benefit expenses recorded an increase of 21.86% over the previous year. Salaries, wages and bonus increased by 17.54% mainly on account of long-term wage settlement at two of our plants in Bhandup and Nashik. Gratuity went up significantly due to revised higher wages pursuant to long-term wage settlement and decrease in the applicable discounting rate from 9.00% to 7.85%, as lower interest rate requires higher contribution to provide for comparable future liability. Also the previous year's gratuity amount is strictly not comparable as it included a reversal of ₹ 852.85 lacs, being excess provision arrived at based on the applicable discounting rate for the year.

Other expenses analysis (Note 30, page 176)

Other Expenses primarily include the following expenses, constituting 87.39% (Previous Year 86.92%) thereof:

(₹ in Lacs)				
Particulars	FY 2014-15	FY 2013-14	Change	Change %
Conversion charges	29,473.39	21,610.80	7,862.59	36.38
Stores and spares	4,470.28	4,099.73	370.55	9.04
Power & fuel	17,339.91	18,077.76	(737.85)	(4.08)
Freight & delivery charges	23,845.84	19,935.73	3,910.11	19.61
Repairs	6,005.00	4,097.26	1,907.74	46.56
Travelling & conveyance	2,789.05	2,741.68	47.37	1.73
Advertisement and sales promotion	10,421.35	7,540.74	2,880.61	38.20
Professional & consultancy charges	1,646.64	1,473.41	173.23	11.76
Rebates & discounts	9,714.58	9,039.74	674.84	7.47

Conversion charges, representing charges paid to various vendors for conversion of the raw material into various two / three wheeler tyres etc., have increased by 36.38% over the previous year mainly on account of higher volume of 25.93% and the balance due to periodic upward revision to meet the higher costs incurred by the vendors. Freight and delivery charges went up by 19.61% primarily on account of significant increase in two-wheeler sales volumes and overall sales volume growth by 5.88%. Lower density of two wheeler tyres leads to higher outflow of freight and delivery charges. Various safety measures taken by the Company during the year resulted in higher outlay on repairs by 46.56%. Company's increased thrust on brand-building led to 38.20% higher spending on advertisement and sales and promotion expenses. Increase in the professional and consultancy expenses is due to market studies undertaken for new products and markets.

EBITDA (before exceptional items) analysis

The EBITDA has gone up by 4.63% for the year, while margins remained flat around ~12%. The increased manpower costs and other overheads as explained above have set off the gains on account of higher gross margins due to lower raw material costs.

Finance cost analysis (Note 29, page 175)

(₹ in Lacs)				
Particulars	FY 2014-15	FY 2013-14	Change	Change %
Interest	10,895.07	14,184.66	(3,289.59)	(23.19)
Other borrowing cost	2,291.42	3,019.83	(728.41)	(24.12)
Total	13,186.49	17,204.49	(4,018.00)	(23.35)

Interest comprises interest on term loans and various forms of working capital loans, primarily dealer deposits, public deposit, buyers' credit, bill discounting etc. Other borrowing costs mostly comprise currency hedging cost of buyers' credit and processing fees.

Interest and other borrowing costs have come down due to reduction in interest rates and bank charges pursuant to higher credit rating, scheduled repayment of loans also brought down the outstanding loans, leading to lower interest.

Depreciation & amortisation expenses analysis (Note 14, page 169)

(₹ in Lacs)				
Particulars	FY 2014-15	FY 2013-14	Change	Change %
Depreciation & Amortisation Expenses	9,342.52	8,654.34	688.18	7.95

Depreciation has increased on account of re-assessment of the useful life of assets as required by Schedule II of the Companies Act, 2013 and other additions to the gross block on account of regular capital expenditure. Also, on re-assessment of the useful life of the assets, a depreciation of ₹ 2,174.08 lacs has been charged to general reserve.

Exceptional items (Note 39, page 184)

Refer note for complete details on exceptional items.

Profit after tax

PAT grew by 15.93% as compared to the previous year mainly due to reduction in the finance cost as explained above and exceptional items. Previous year's exceptional items included the estimated loss on account of fire in raw material stores of our Bhandup plant.

Balance Sheet**Share capital (Note 3, page 161)**

(₹ in Lacs)				
Particulars	As at 31.03.2015	As at 31.03.2014	Change	Change %
Issued	4,045.08	3,595.64	449.44	12.50
Subscribed and paid-up	4,045.01	3,595.57	449.44	12.50

The increase in the subscribed and paid-up capital is on account of issuance of 44,94,382 fully paid-up equity shares of face value ₹ 10/- each @ ₹ 890/- each during the quarter ended December 31, 2014 pursuant to Qualified Institutional Placement (QIP).

Issued capital includes 688 shares, which were offered on rights basis in FY 2005-06, kept in abeyance due to title disputes and pending in courts.

Reserves and surplus (Note 4, page 162)

(₹ in Lacs)

Particulars	As at 31.03.2015	As at 31.03.2014	Change	Change %
Capital reserve	1,176.87	1,176.87	-	0.00
Capital redemption reserve	390.00	390.00	-	0.00
Securities premium reserve	56,702.93	17,808.30	38,894.63	218.41
Revaluation reserve	901.19	901.19	-	0.00
Cash flow hedge reserve	59.89	(536.89)	596.78	111.16
Foreign currency translation reserve	1,002.19	589.83	412.36	69.91
General reserve	20,164.89	22,338.97	(2,174.08)	(9.73)
Surplus in the statement of profit and loss	83,782.56	56,597.22	27,185.34	48.03
Total	1,64,180.52	99,265.49	64,915.03	65.40

Capital reserve

Capital reserve comprises of Government Subsidies amounting to ₹ 65.00 lacs received during FY 1982-83, FY 1996-97 and FY 1997-98, surplus arising out of the amalgamation of Deccan Fibre Glass Limited with the Company amounting to ₹ 218.87 lacs during FY 1982-83, forfeiture of shares and convertible warrants amounting to ₹ 607.74 lacs during FY 2007-08 and FY 2011-12, receipt of shares from Rado Tyres Limited pursuant to BIFR order amounting to ₹ 300.00 lacs during FY 2013-14 and miscellaneous balance sheet adjustments amounting to ₹ (14.74) lacs during FY 2005-06.

Capital redemption reserve

Capital redemption reserve represents amount transferred from profit and loss account on redemption of preference shares during FY 1998-99.

Securities premium reserve

The opening balance of securities premium reserve pertains to premium (net of issue expenses) on conversion of partly convertible debentures during FY 1987-88 and FY 1990-91 to FY 1994-95, issue of shares during FY 2005-06 on rights basis, and conversion of share warrants during FY 2013-14.

The increase in securities premium reserve represents premium on the issue of 44,94,382 equity shares of ₹ 10/- each at a premium of ₹ 880/- per equity share aggregating to ₹ 39,550.56 lacs under Qualified Institutional Placements (QIP) during FY 2014-15. Out of the total proceeds, the Company spent ₹ 655.93 lacs (net of tax) towards issue expenses.

Revaluation reserve

The revaluation reserve represents the revaluation amount over the book value of the freehold land and plant & machinery of Sri Lanka joint venture during FY 2011-12.

Cash flow hedge reserve

It represents mark-to-market valuation of effective hedges as required by AS 30. The significant movement under this head pertains to lower foreign currency exposure and volatility of Rupee vs US Dollar.

Foreign currency translation reserve

It represents the aggregate exchange difference arising on consolidation of our foreign subsidiaries. For the purpose of consolidation, the balance sheet items are translated at closing exchange rate as at the balance sheet date and revenue items are translated at average exchange rate prevailing during the year, where such rates approximate the exchange rate at the date of transaction, including the difference of rupee and subsidiaries / joint ventures reporting currency is accumulated to foreign currency translation reserve.

General reserve

The opening balance of general reserve mostly represents the amounts transferred on dividend declaration pursuant to Section 205(2A) of the Companies Act, 1956.

The reduction in the general reserve for the year represents the excess of the book value over residual value of the fixed assets whose life had expired as on April 1, 2014, written down to their residual value during the year; on the reassessment of useful lives of the fixed assets of the Company and its subsidiary, Rado Tyres Limited, pursuant to Schedule II of the Companies Act, 2013.

Surplus

The balance represents the remainder of the net profits or the losses, as the case may be, of various years, including the current year, after declaration of dividends, distribution taxes thereon and transfers to the general reserve, if any.

Minority interest

The minority interest of ₹ 3,267.40 lacs represents the aggregate share of the minority shareholders' net worth in the Company's two subsidiaries, being ₹ 131.47 lacs in Rado Tyres Limited for 41.44% shareholding and ₹ 3,135.93 lacs in CEAT AKKHAN Limited for 30% shareholding.

Long-term borrowings (Note 6, page 163)

The detailed composition of long-term borrowings together with the security details therefore is furnished in the said Note 6 to the Consolidated Financial Statements.

Deferred tax assets/liabilities (Note 7, page 166)

(₹ in Lacs)

Particulars	As at 31.03.2015	As at 31.03.2014	Change	Change %
Deferred tax assets	3,848.71	3,324.46	524.25	15.77
Deferred tax liabilities	16,343.77	14,808.02	1,535.75	10.37
Net	12,495.06	11,483.56	1,011.50	8.81

Deferred tax assets primarily represent deferred taxes on provisions for employee retirals benefits, voluntary retirement expenses, provision for doubtful debts and advances, provision for slow moving stocks and difference in closing stock valuation as per Accounting Standard-2 and Section 145 of the Income Tax Act.

Deferred tax liabilities pertain to the tax payable on the difference between depreciation as per Companies Act, 2013 and Income Tax Act.

Other long-term liabilities (Note 8, page 166)

(₹ in Lacs)

Particulars	As at 31.03.2015	As at 31.03.2014	Change	Change %
Deposits	142.20	142.20	-	-

These are interest-free deposits received from the occupants of the Company's premises in Mumbai towards maintenance of premises.

Long-term provisions (Note 9, page 166)

(₹ in Lacs)

Particulars	As at 31.03.2015	As at 31.03.2014	Change	Change %
Provision for warranty	482.48	378.94	103.54	27.32
Provision for compensated absences	2,223.36	1,642.10	581.26	35.40
Provision for gratuity	532.27	436.98	95.29	21.81
Total	3,238.11	2,458.02	780.09	31.74

Provision for gratuity consists of unfunded gratuity provision of the Company's joint venture in Sri Lanka. Gratuity is not applicable for Company's Bangladesh subsidiary.

CEAT's gratuity scheme is funded with an insurance company in the form of qualifying insurance policy and the corresponding provision is included in "Short-term Provisions", refer Note 13 to the Consolidated Financial Statements.

Short-term borrowings (Note 10, page 166)

(₹ in Lacs)

Particulars	As at 31.03.2015	As at 31.03.2014	Change	Change %
Secured				
Working capital loan from banks	-	2,000.00	(2,000.00)	(100.00)
Cash credit facilities from banks	1,330.66	3,772.03	(2,441.37)	(64.72)
Export packing credit	7,012.59	21,393.79	(14,381.20)	(67.22)
Buyers' credit	16,877.27	22,960.37	(6,083.10)	(26.49)
Unsecured				
Export packing credit	-	3,876.82	(3,876.82)	(100.00)
Term loan from banks	1,839.40	5,502.93	(3,663.53)	(66.57)
Public deposits	94.90	180.12	(85.22)	(47.31)
Total	27,154.82	59,686.06	(32,531.24)	(54.50)

The detailed composition of short-term borrowings together with the security details therefor is furnished in the said Note 10 to the Consolidated Financial Statements.

Trade payables (Note 11, page 167)

(₹ in Lacs)

Particulars	As at 31.03.2015	As at 31.03.2014	Change	Change %
Due to Micro, Small and Medium Enterprise:				
overdue				
not due	528.17	563.27	(35.10)	(6.23)
Other trade payables	65,299.97	68,321.26	(3,021.29)	(4.42)
Total	65,828.14	68,884.53	(3,056.39)	(4.44)

Other trade payables primarily include amount payable for material supplies, acceptances, conversion charges, C&FA service charges etc. There were no material overdues in "Other Trade Payables".

Other current liabilities (Note 12, page 167)

(₹ in Lacs)

Particulars	As at 31.03.2015	As at 31.03.2014	Change	Change %
Current maturities of long-term borrowing	14,905.96	15,359.64	(453.68)	(2.95)
Interest accrued but not due on borrowings	735.22	1,107.67	(372.45)	(33.62)
Unclaimed dividends	110.11	87.61	22.50	25.68
Unclaimed interest & matured deposits	400.21	683.50	(283.29)	(41.45)
Other payables:				
Payable to capital vendors	1,258.03	315.72	942.31	298.46
Deposits from dealers & others	30,618.43	29,472.34	1,146.09	3.89
Statutory dues	5,985.65	5,677.56	308.09	5.43
Advance received from customers	936.67	1,144.21	(207.54)	(18.14)
Premium on forward contracts	401.15	857.28	(456.13)	(53.21)
Total	55,351.43	54,705.53	645.90	1.18

'Current Maturities of Long-term borrowing' are instalments payable to the lenders of long-term loans till March 31, 2016.

'Interest Accrued but not due on borrowings' consists of interest on public deposit, term loans, bill discounting and buyers' credit.

'Payables to capital vendors' represent the amount payable for procurement of capital goods. The significant increase is due to procurement of capital goods for Halol phase II radial tyre project.

'Deposits from dealers & others' are interest-bearing security deposits received from tyre dealers and C&F Agents. Credit to the dealers is limited to the amount of security deposits received from them. Interest on these deposits is payable quarterly.

'Statutory Dues' represent taxes accrued but not due and primarily includes dues payable for value added tax, excise duty, customs duty, tax deductible at source, provident fund, professional tax, local body tax, etc.

'Premium on forward contracts' is premium accrued but not due on the unexpired forward contracts for hedging all buyers' credit liabilities, all suppliers' credit liabilities and partially foreign currency exposure on account of purchase orders for import of raw material.

Short-term provisions (Note 13, page 168)

(₹ in Lacs)				
Particulars	As at 31.03.2015	As at 31.03.2014	Change	Change %
Provision for compensated absences	230.49	227.00	3.49	1.54
Provision for gratuity	2,054.04	164.91	1,889.13	1145.55
Provision for proposed dividend	4,045.01	3,595.57	449.44	12.50
Provision for tax on proposed dividend	629.95	611.07	18.88	3.09
Provision for income tax (net of advance tax)	1,003.60	903.43	100.17	11.09
Provision for warranty	2,018.71	1,674.68	344.03	20.54
Provision for indirect tax	320.00	300.00	20.00	6.67
Provision for tax and labour matters	749.09	336.04	413.05	122.92
Provision for mark-to-market losses on derivative contracts	46.10	9.53	36.57	383.74
Total	11,096.99	7,822.23	3,274.76	41.86

'Provision for Compensated Absences' is the liability for employees unutilised encashable leave, based on actuarial valuation.

'Provision for Income Tax (net of advance tax)' is unadjusted tax provisions for various years where either assessments or appeals are pending.

Refer Note 13 for explanation of all other items.

Fixed assets – net block (Note 14, page 169)

(₹ in Lacs)				
Particulars	As at 31.03.2015	As at 31.03.2014	Change	Change %
Tangible assets	1,50,113.34	1,48,016.18	2,097.26	1.42
Intangible assets	5,813.70	6,219.88	(406.18)	(6.53)
Capital work-in-progress	22,902.43	8,231.47	14,670.96	178.23
Total	1,78,829.57	162,467.53	16,362.04	10.88

Tangible assets

These mostly include land, buildings, plant and machinery etc. The marginal increase therein is mainly due to land purchased at Nagpur and regular capital expenditure, as reduced by depreciation for the year and amount transferred to general reserve pursuant to application of Schedule II of the Companies Act, 2013.

During the year, ₹ 2,185.37 lacs were also reduced from gross block on account of the disposal of various assets. For complete details, please refer to the Note 14 to the Consolidated Financial Statements.

Intangible assets

Intangible assets consist of software, brand acquisitions and technical knowhow. The lower net block as at the end of the year is due to the amortisation for the year.

Capital work-in-progress

Capital work-in-progress mostly includes the project capital expenditure of the radial tyre factory under construction in Halol, Gujarat, India and Bangladesh subsidiary's bias tyre factory. The increase during the year pertains to Halol phase II radial tyre project.

Goodwill on consolidation

The goodwill on consolidation of ₹ 2,153.11 lacs represents the excess of acquisition cost over the book value of the assets of the Company's three subsidiaries/joint venture, being ₹ 2,366.02 lacs in Sri Lanka Joint Venture (FY 2009-10), ₹ 93.51 lacs in Rado Tyres Limited (FY 2013-14) and ₹ 0.92 lacs in Ceat Specialty Tyres Limited (FY 2014-15), as reduced by capital reserve of ₹ 307.34 lacs arising on consolidation of the Company's Bangladesh subsidiary, CEAT AKKHAN Limited (FY 2013-14). The capital reserve arose on the second tranche of equity investment in CEAT AKKHAN Limited by the Company thereby reducing its stake to 70%, while the balance 30% was subscribed by JV partner A.K. Khan and Company Limited. The exchange fluctuation as on the said second tranche of equity infusion, followed by accumulated losses resulted in the capital reserve. Prior to this, CEAT Limited had 100% stake in CEAT AKKHAN Limited.

Non-current investments (Note 15, page 171)

The composition of non-current investments is furnished in the said Note 15 to the Consolidated Financial Statements.

Non-current assets: long-term loans and advances (Note 16, page 171)

Particulars	(₹ in Lacs)			
	As at 31.03.2015	As at 31.03.2014	Change	Change %
Capital advances	4,515.17	1,622.69	2,892.48	178.25
Security deposits	1,103.40	1,173.69	(70.29)	(5.99)
Other deposits	119.39	-	119.39	100.00
Advance payment of tax (net of provisions)	2,569.58	2,406.83	162.75	6.76
MAT credit entitlement	-	3,499.76	(3,499.76)	(100.00)
Total	8,307.54	8,702.97	(395.43)	(4.54)

The increase in the capital advance is on account of the advances given to the suppliers of equipment mainly for the Halol phase II radial tyre project and the Bangladesh subsidiary's bias tyre project.

Security deposits primarily comprise deposits given to various statutory / government authorities and rental deposits.

MAT Credit was utilised towards the normal tax liability for the year.

Other non-current assets (Note 17, page 171)

Particulars	(₹ in Lacs)			
	As at 31.03.2015	As at 31.03.2014	Change	Change %
Unamortised ancillary cost of borrowing	329.33	127.99	201.34	157.31
Revaluation of hedging instruments	348.18	876.82	(528.64)	(60.29)
Total	677.51	1,004.81	(327.30)	(32.57)

Unamortised ancillary cost is the prepaid finance charges such as loan processing fees, bank guarantee charges etc. The increase is due to the processing fees paid for obtaining the term loans during the year primarily for Halol expansion project.

The revaluation of hedging instrument is the mark-to-market valuation of long-term hedging instrument. The reduction is due to transfer of current maturity portion to other current liabilities.

Current investments (Note 18, page 171)

These investments of ₹ 31,243.32 lacs (Previous year Nil), held in the form of liquid mutual funds, are from unutilised portion of the Qualified Institutional Placements (Refer note 45) and internal accruals.

Inventories (Note 19, page 172)

Particulars	(₹ in Lacs)			
	As at 31.03.2015	As at 31.03.2014	Change	Change %
Raw materials	23,692.84	25,474.69	(1,781.85)	(6.99)
Work-in-progress	2,226.46	3,430.61	(1,204.15)	(35.10)
Finished goods	34,556.91	38,597.78	(4,040.87)	(10.47)
Traded goods	3,294.96	3,462.73	(167.77)	(4.85)
Stores and spares	4,243.36	4,391.99	(148.63)	(3.38)
Total	68,014.53	75,357.80	(7,343.27)	(9.74)

CEAT's raw material inventory is about ~95% of the consolidated raw material inventory. As a measure of the cost of material consumption for goods sold, the raw material inventory has slightly inched up to 23 days as for the year as compared to 22 days for the previous year.

Work-in-progress of CEAT is ~91% of consolidated work-in-progress. As a percentage of finished goods inventory, WIP has declined to 6.44% for the year as compared 8.89% for the previous year.

CEAT's finished goods inventory is about ~98% of the consolidated finished goods inventory. As a measure of goods sold, the finished goods inventory has become better at 23 days for the year as compared to 25 days for the previous year.

Trade Receivables (Note 20 , page 172)

(₹ in Lacs)				
Particulars	As at 31.03.2015	As at 31.03.2014	Change	Change %
Debts outstanding for a period exceeding 6 months from the date they are due for payment:				
Unsecured, considered good	139.74	216.84	(77.10)	(35.56)
Unsecured, considered doubtful	1,497.10	1,026.35	470.75	45.87
Less : provision for doubtful debts	(1,497.10)	(1,026.35)	(470.75)	(45.87)
Total (A)	139.74	216.84	(77.10)	(35.56)
Other debts:				
Secured, considered good	23,999.50	23,969.87	29.63	0.12
Unsecured, considered good	46,355.74	51,266.51	(4,910.77)	(9.58)
Total (B)	70,355.24	75,236.38	(4,881.14)	(6.49)
Total (A+B)	70,494.98	75,453.22	(4,958.24)	(6.57)

As a percentage of the consolidated trade receivables, CEAT's receivables amounting to ₹ 66,692.72 lacs, constitute ~95%. The receivables position for the current year has improved to 43 days sales outstanding as compared to 49 days for the previous year.

While 95.72% of the total receivables were not due as at March 31, 2015, 94.67% thereof were not due as at March 31, 2014.

The ageing profile of the overdue receivables (net of provisions) is given below:

Days	As at 31.03.2015	As at 31.03.2014
1-30 days	71.46%	61.79%
31-90 days	22.95%	20.01%
Above 90 days	5.59%	18.20%

Cash and Bank Balances (Note 21, page 172)

(₹ in Lacs)				
Particulars	As at 31.03.2015	As at 31.03.2014	Change	Change %
Balances with banks:				
On current accounts	9,680.48	10,849.57	(1,169.09)	(10.78)
On unpaid dividend accounts	109.53	87.61	21.92	25.02
On unpaid public fixed deposit and interest thereon	454.11	411.03	43.08	10.48
Cash in hand	14.71	16.78	(2.07)	(12.34)
Total (A)	10,258.83	11,364.99	(1,106.16)	(9.73)
Other bank balances:				
Deposits with maturity of more than 3 months but less than 12 months	2,103.98	4,934.45	(2,830.47)	(57.36)
Margin money deposits	264.78	487.88	(223.10)	(45.73)
Total (B)	2,368.76	5,422.33	(3,053.57)	(56.31)
Total (A+B)	12,627.59	16,787.32	(4,159.73)	(24.78)

Please refer footnote to Note 21 for detailed information on the cash and bank balances.

The liquidity of the Company, measured through current ratio, has improved to 1.21 times of its current liabilities as compared to 0.94 in the previous year indicating higher solvency.

Short-term loans and advances (Note 22, page 173)

(₹ in Lacs)				
Particulars	As at 31.03.2015	As at 31.03.2014	Change	Change %
Advance receivable in cash or kind or for value to be received	2,737.49	3,507.79	(770.30)	(21.96)
Balance with statutory / government authorities	5,467.14	5,581.49	(114.35)	(2.05)
Other deposits	152.72	62.10	90.62	145.93
Total	8,357.35	9,151.38	794.03	(8.68)

Advances receivable in cash or kind or for value to be received majorly include advances to material vendors; export benefits receivable, prepaid expenses, rent deposits etc.

Balance with statutory / government authorities mostly include octroi refunds, cenvat receivable, service tax receivable, advance customs duty etc.

Other deposit constitutes earnest money deposits placed along with the tenders for supply of tyres to Government/Semi-Government undertakings.

Other Current Assets (Note 23, page 173)

(₹ in Lacs)				
Particulars	As at 31.03.2015	As at 31.03.2014	Change	Change %
Interest receivable	195.10	253.19	(58.09)	(22.94)
Recoverable against fire loss	442.29	2,556.40	(2,114.11)	(82.70)
Revaluation of hedging instrument	899.99	-	899.99	100.00
Total	1,537.38	2,809.59	(1,272.21)	(45.28)

Interest receivable primarily includes interest earned on margin money deposited.

The amount recoverable against fire loss relates to the estimated insurance claim due to the incidence of fire in raw material stores of our Bhandup plant in FY 2013-14. Out of the total insurance claim of ₹ 2,556.40 lacs in FY 2013-14, the Company received on-account payments of ₹ 1,899.81 lacs from the New India Assurance Company Limited and balance ₹ 214.30 lacs from the sale of scrap generated on account of fire. The residual amount of ₹ 442.29 lacs is considered good and recoverable from the Insurance Company.

Revaluation of hedging instrument signifies mark-to-market short-term valuation of the hedging instruments as at March 31, 2015.

Corporate Governance Report

The Corporate Governance Report for the year 2014-15, which forms a part of Directors' Report, is prepared pursuant to Clause 49 of 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 interests of members, while respecting interests of other stakeholders and society at large. It aims to align interests of the Company with its members and other key stakeholders. Accordingly, this Company's philosophy extends beyond what is being reported under this Report and it has been the Company's constant endeavour to attain the highest levels of Corporate Governance.

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

II. BOARD OF DIRECTORS

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 and Ethics Policy. All statutory and other significant and material information including information mentioned in Annexure X 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 Managing Director and Executive Director 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:

As on March 31, 2015, the Board of Directors of the Company consisted of 13 (thirteen) members of whom, 2 (two) were 'Executive' Directors and 11 (eleven) 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 there at:

During the Financial Year ended March 31, 2015, 7 (seven) meetings of the Board of Directors were held on April 8, 2014; April 29, 2014; July 22, 2014; August 26, 2014; October 30, 2014; February 5, 2015 and March 3, 2015. 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	Attendance at last AGM held on September 26, 2014	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	6	Yes	6	-	-
Mr. Anant Vardhan Goenka	Executive Non-Independent	7	Yes	3	-	-
Mr. Arnab Banerjee	Executive Non-Independent	7	Yes	Nil	-	-

Name	Category	No. Of Board Meetings attended during the year	Attendance at last AGM held on September 26, 2014	No. Of Directorships in other public limited companies	No. Of Committee positions held in other public limited companies*	
					Chairman	Member**
Mr. Paras K. Chowdhary	Non-Executive Non-Independent	5	Yes	2	-	1
Mr. Mahesh S. Gupta	Non-Executive Independent	6	Yes	4	1	4
Mr. A. C. Choksey	Non-Executive Independent	4	No	9	1	1
Mr. S. Doreswamy	Non-Executive Independent	7	No	1	1	1
Mr. Haigreve Khaitan	Non-Executive Independent	4	No	9	1	7
Mr. Bansi S. Mehta#	Non-Executive Independent	4	No	#	#	#
Mr. Hari L. Mundra	Non-Executive Non-Independent	6	No	3	1	4
Mr. K. R. Podar	Non-Executive Independent	4	No	2	-	-
Mr. Vinay Bansal	Non-Executive Independent	7	Yes	Nil	-	-
Ms. Punita Lal	Non-Executive Independent	6	No	1	-	-
Mr. Ranjit V. Pandit##	Non-Executive Independent	1	N.A.	2	-	-

* Only Audit Committee, Stakeholders' Relationship Committee is reckoned for this purpose.

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

Retired, did not seek re-appointment at the Annual General Meeting held on September 26, 2014.

Appointed as an Additional Director w.e.f. March 3, 2015.

Details of the Directors proposed for Appointment / Re-appointment at the forthcoming Annual General Meeting of the Company:

i) Mr. Hari L. Mundra:

Mr. Hari L. Mundra, 65, is B.A. (Economics) from Mumbai University and MBA from Indian Institute of Management (IIM) Ahmedabad. He initially served Hindustan Lever Limited for 24 years in various positions namely Treasurer, Group Commercial Controller and Vice-President / Executive Director - Exports. Later, he joined RPG Group as Group CFO and President & CEO

-Carbon Black Business. Here, he handled ₹ 3,000 Crores worth of Mergers & Amalgamation deals and inter-alia launched the strategic initiatives viz. Asset Productivity Improvement, Total cost Management and Market Capitalization. Thereafter, he served Wockhardt Group as Executive Vice-Chairman for 2 years and led the company through a number of domestic brand launches in various therapeutic areas, some of which are now the mega brands. In 2003, he joined Essar Group as Dy. Managing Director and Director Finance-Essar Oil Limited. Here, he was instrumental for Essar clocking a turnover of ₹ 18,000 crores and market capitalization of ₹ 30,000 crores.

He has also served as the

- Group Financial Advisor (to the Chairman, Wockhardt Group during 2009-2013 period, helping them to overcome their financial crisis).

- ii. Senior Advisor to Hospira Inc, USA for acquisition of their Indian assets.

He also closely worked with professional bodies in Finance, Taxation and Export fields and also played a key role in CII, FICCI, ASSOCHAM and BCCI. Currently, he is a Member of Management Committee of Indian Cancer Society since 2008 and visiting Professor of IIM Ahmedabad since 2009.

Other Directorships:

- Future Focus Infotech Private Limited
- Tata Autocomp Systems Limited
- Allcargo Logistics Limited
- Hindustan Cargo Limited
- Transindia Logistics Park Private Limited

Member / Chairman of the following Committees:

Sr. No.	Name of the Company	Name of Board Committee	Member/ Chairman
1.	Allcargo Logistics Limited	Audit Committee Nomination and Remuneration Committee	Member Chairman
2.	Tata Autocomp Systems Limited	Audit Committee CSR Committee	Chairman Chairman
3.	Hindustan Cargo Limited	Audit Committee Nomination and Remuneration Committee	Member Member
4.	Transindia Logistics Park Private Limited	Audit Committee Nomination and Remuneration Committee	Member Member

ii) Mr. Ranjit V. Pandit:

During the year under review, Mr. Ranjit V. Pandit has been appointed as an Additional Director of the Company w.e.f. March 3, 2015. Nomination and Remuneration Committee has evaluated the candidature of Mr. Ranjit V. Pandit for appointment as a director of the Company pursuant to the criteria contained in the Policy on Appointment, Training, Evaluation and Remuneration for the Directors, Senior Management Personnel and accordingly recommended the name of Mr. Ranjit V. Pandit as a Director of the Company.

Mr. Pandit holds an M.B.A. degree from the Wharton School at the University of Pennsylvania and a B.E. degree in Electrical Engineering from VJTI, University of Bombay, India. Mr. Pandit has served as a Managing Director at the General Atlantic, LLC, a leading private equity firm with over USD 1 billion invested in India and USD 15 billion invested worldwide. Prior to this, he has

served as Managing Director and Chairman of McKinsey & Company in India, which he joined in the year 1980 and was co-founder of McKinsey India practice that was established in 1992. He led the practice for 11 years, as Managing Director between 1997 - 2005 and as Chairman between 2005-2007. He has also served on a variety of Governments and regulatory bodies on policy.

Other Directorships:

- Pratap Pandit Limited
- The Industrial Leather Company Private Limited
- Bombay Footware Private Limited
- ABP Private Limited
- Rhodia Specialty Chemicals India Limited

Membership / Chairmanship of Committees in other Companies: NIL

III. COMMITTEES OF THE BOARD

(i) Audit Committee:

The Company has complied with the requirements of Clause 49 (III) (A) as regards to the composition of the Audit Committee. The Audit Committee has 3 (three) members; Mr. Mahesh S. Gupta, Mr. S. Doreswamy and Mr. Hari L. Mundra. All the members of the Audit Committee are financially literate.

Mr. Gupta is the Chairman of the Audit Committee.

During the financial year ended March 31, 2015, 6 (six) meetings of the Audit Committee were held on April 29, 2014; July 2, 2014; July 22, 2014; October 29, 2014; February 5, 2015 and March 3, 2015.

Attendance at the Audit Committee Meetings:

Name of the Member	No. of Meetings attended
Mr. Mahesh S. Gupta	5
Mr. S. Doreswamy	6
Mr. Hari L. Mundra	5

The requisite quorum was present at the meetings.

The terms of reference of Audit Committee included the matters specified under Clause 49 (III) (D) and (E) of the Listing Agreement as well as in Section 177 of the Companies Act, 2013 ('the Act'). The terms of reference of the Audit Committee, inter alia, include the following:

- (a) To recommend the appointment / re-appointment / re-placement, remuneration and terms of appointment of the Statutory Auditors and the Internal Auditors of the Company.

- (b) To review and monitor independence and performance of the Statutory and Internal Auditors.
- (c) To review effectiveness of the audit process and adequacy of the internal audit function, including structure / staffing and reporting process and frequency of the internal audit.
- (d) To examine Financial Statements and Auditors' Report thereon and for this purpose, to call, if necessary, the comments of the Auditors about the following:
 - (i) Internal control systems;
 - (ii) Scope of audit, including observations of Auditors.
- (e) To recommend the Financial Statement to the Board for approval, after carrying out the procedure mentioned at (d) above.
- (f) To approve transactions of the Company with Related Parties, including any subsequent modifications.
- (g) To scrutinise inter-corporate loans and investments made by the Company.
- (h) To carry out valuation of undertakings and the assets of the Company, as and when necessary.
- (i) To evaluate the Internal Financial Control systems.
- (j) To evaluate the Risk Management Systems.
- (k) To monitor end use of funds raised through public offers (including public issue, rights issue, preferential issue, etc.) and related matters.
- (l) To investigate into any matter specified under serial nos. (a) to (k) above and for this purpose to obtain advise of external professionals, if necessary, and accord them full access to the information contained in the records of the Company.
- (m) To give personal hearing to the Auditors and Key Managerial Personnel when, if necessary, while reviewing the Auditor's Report.
- (n) To oversee the Company's financial reporting process and disclosure of the financial information to ensure that the financial statements are correct, sufficient and creditable.
- (o) To review the Annual Financial Statements with the Management before submitting the same to the Board particularly the following:
 - (i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Section 134 (5) of the Companies Act, 2013;
 - (ii) Changes, if any, in accounting policies and practices and reasons for the same;
 - (iii) Major accounting entries involving estimates based on the exercise of judgement by management;
 - (iv) Significant adjustments made in the financial statements arising out of audit findings;
 - (v) Compliance with listing and other legal requirements relating to financial statements;
 - (vi) Disclosure of any related party transactions;
 - (vii) Qualifications in the draft Audit Report.
- (p) To review with the Management the Quarterly Financial Statements before submitting the same to the Board.
- (q) To discuss with the Internal Auditors any significant findings and follow-up thereof.
- (r) To review findings of the internal investigation, including the matters of suspected frauds or irregularities or failure of internal control systems.
- (s) To discuss with the Statutory Auditors the nature and scope of internal audit before commencement of the internal audit and also after completion of the internal audit, to ascertain any internal area of concern.
- (t) To look into the regions for substantial defaults for payment to the deposit holders, debenture holders and creditors.
- (u) To review the functioning of the Whistle Blower Mechanism.
- (v) To approve appointment of CFO, including the whole-time Finance Director, after assessing the qualifications, experience and background, etc. of the candidate.
- (w) To carry out any other function, as may be assigned to Audit Committee pursuant to any amendments to the Listing Agreement and the applicable provisions of the Companies Act, 2013.
- (x) To review the following information/document:
 - (i) Management Discussion and Analysis of financial condition and results of operation;
 - (ii) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

- (iii) Management letter / letters of internal control weakness issued by the Statutory Auditors;
- (iv) Internal audit reports relating to internal control weakness; and
- (v) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

- (y) Investigate any activity within its terms of reference.
- (z) Seek information from any employee.
- (aa) Obtain outside legal or other professional advice.
- (ab) To secure attendance of outsiders with relevant expertise, if it considers necessary.

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-Finance.

Mr. H. N. Singh Rajpoot, 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(III) (A) (4) the Chairman of the Audit Committee shall be present at the Annual General Meeting (AGM) to answer shareholder queries. Mr. Gupta, the Chairman of the Audit Committee has attended the AGM of the Company held on September 26, 2014 to answer the queries of the shareholders.

(ii) Nomination and Remuneration Committee (NRC):

The Company through its Board of Directors have constituted Nomination and remuneration Committee (hereinafter referred 'NRC') in terms of Clause 49 (IV) of the Listing Agreement. The terms of reference of NRC include the matters specified under Clause 49 (IV) (B) of the Listing Agreement as well as in Section 178 of the Companies Act, 2013 ('the Act').

The Committee comprises of 3 (three) members, Mr. Mahesh S. Gupta, Mr. Paras K. Chowdhary and Mr. S. Doreswamy. Mr. Gupta is the Chairman of the NRC. This Committee meets the criteria laid down in Section 178 of the Companies Act, 2013 and Clause 49 (IV) of the Listing Agreement.

During the financial year ended March 31, 2015, 4 (four) meetings of the NRC were held on April 28, 2014; July 22, 2014; October 30, 2014 and February 5, 2015.

Attendance at NRC Meetings:

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

The terms of reference of the NRC, inter alia, include the following:

- a) To lay down criteria such as qualification, positive attributes and independence for appointment of persons as directors or in the senior management.
- b) To identify persons who are qualified to become directors and who may be appointed in senior management positions, as per the criteria laid down.
- c) To recommend to the Board the appointment and removal of the Directors, including Independent Directors.
- d) To carry out evaluation of every director's performance.
- e) To recommend to the Board a policy relating to the remuneration for directors, including Managing Director(s) (MD) and Whole-time Director(s) (WTD), Key Managerial Personnel and other employees. While formulating the policy, the NRC shall ensure that:
 - (i) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
 - (ii) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
 - (iii) Remuneration to directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- f) To recommend remuneration to be paid to a Director for any service rendered by him to the Company which are of a professional nature and provide an opinion, whether such Director possess the requisite qualification for the practice of such profession.

As per Clause 49 (IV) (C), the Chairman of the NRC could be present at the AGM to answer shareholder queries. Mr. Gupta, the Chairman of the NRC has attended the AGM of the Company held on September 26, 2014.

The NRC reviews the remuneration payable to the MD/ WTD and Commission payable to the Non-Executive Directors and recommends it to the Board.

On the recommendations of the NRC, the Board has formulated a Policy on Appointment, Training, Evaluation and Remuneration of Directors and Senior Management Personnel which is enclosed as 'Annexure VII' of Directors' Report.

PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement read with aforesaid policy:

- A) The NRC has carried out the evaluation of performance of every Director as under:
 - (a) Before re-appointment of executive and non-executive directors (NED);
 - (b) At the time of recommendation of remuneration payable to executive and non-executive directors or changes therein;
 - (c) the performance of Executive Directors i.e. Managing Director / Whole-time Director, taking into account the appropriate benchmarks set as per industry standards, the performance of the Director and also of the Company.
- B) The Board thereafter carried out the annual performance evaluation of its own performance, individual Directors and of its Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Finance & Banking Committee, Corporate Social Responsibility Committee, Project & Investment Committee. The Company had for this purpose appointed HR Craft Business Consultancy Private Limited for carrying out the said evaluation process in a transparent manner by using the questionnaire approved by the Board which inter-alia included the following:
 - (a) Attendance at meetings of the Board and Committees thereof,
 - (b) Participation in Board meetings or Committee thereof,
 - (c) Contribution to strategic decision making,
 - (d) Review of risk management framework, risk assessment and risk mitigation,
 - (e) Review of financial statements, business performance.
 - (f) Advise on business investments and Mergers and Acquisitions and contribution to the enhancement of brand image of the Company etc.
 - (g) Guidance for organisation health and talent management
 - (h) Review of Compliance of laws of the Land

- (i) Assurance of Board agenda to be transparent, realistic to current needs.

The performance of individual Directors including the Chairman of the Board was evaluated on parameters such as active and consistent participation in the meeting, adequate preparation thereof, level of engagement and contribution to Company's Strategy, independence of judgement, safeguarding the interest of the Company and its minority shareholders, individuals experience and credibility to bear on the critical areas of performance of the organisation, updation of knowledge of his/her area of expertise and open communication, fair chance to other members to participate in meetings, assistance in building positive image and growth of the Company etc. The performance evaluation of the Independent Directors was carried out by the entire Board excluding the directors being evaluated. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

Directors Remuneration

Details of remunerations paid to the Directors are given in MGT-9 Annexure IV of Directors' report.

The remuneration paid to the MD and the WTD was duly recommended by the NRC 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 AGM on August 10, 2012 for Mr. Anant Vardhan Goenka and August 22, 2013 for Mr. Arnab Banerjee.

Shareholding of Director

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

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS:

The Company has prepared familiarization programme for its Independent Directors on their roles, rights and responsibilities in the Company, nature of its industry and the business model of the Company, etc. and the same was approved by the Board of Directors at their meeting held on February 5, 2015.

The said programme has been uploaded on the Company's website http://www.ceat.com/Investors_intimation.aspx.

iii) Stakeholders' Relationship Committee (SRC)

The Committee reviews and deals with complaints and queries received from 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 SRC comprises of 3 (three) members, Mr. S. Doreswamy, Mr. Mahesh S. Gupta, and Mr. Paras K. Chowdhary. Mr. S. Doreswamy is the Chairman of the Committee.

Mr. H. N. Singh Rajpoot, Company Secretary functions as the Secretary of the Committee.

During the financial year ended March 31, 2015, 5 (five) meetings of the Stakeholders' Relationship Committee were held on April 29, 2014; July 22, 2014; October 30, 2014; February 5, 2015 and March 3, 2015.

Attendance at Stakeholders' Relationship Committee Meetings:

Name of the Member	No. of Meetings attended
Mr. S. Doreswamy	5
Mr. Mahesh S. Gupta	4
Mr. Paras K. Chowdhary	4

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

Shareholders/Investors Complaints

Particulars of Complaints	Complaint Nos.
Complaints as on April 1, 2014	0
Complaints received during FY 2014-15	19
Complaints disposed off during FY 2014-15	19
Complaints remaining unresolved as on March 31, 2015	0

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

iv) Risk Management Committee (RMC)

The Board of Directors of the Company have constituted the RMC at its meeting held on February 5, 2015 comprising of Mr. Mahesh S. Gupta, Mr. S. Doreswamy, Mr. Hari L. Mundra as its members. Mr. Gupta is appointed as the Chairman of the Committee. The Board of Directors at its meeting held on July 22, 2014 delegated the function of Risk management to the Audit Committee. On constitution of the RMC, the Board has delegated the said function to the RMC thereby deleting the said function from terms of the Audit Committee.

As the RMC was constituted on February 5, 2015, no meeting of RMC was held during the year under review.

The scope and duties of the Committee are as under:

- To identify and review the actual risks and the control deficiencies in the organization.
- To assist the Board of Directors in defining the risk appetite of the Company.
- Framing of Risk Management and Mitigation Plan inter-alia to ensure that risk is not higher than the risk appetite determined by the Board of Directors.

- Implementing the Risk Management and Mitigation plan approved by the Board through periodical reviews.
- Monitor the effectiveness of Risk Management and Mitigation Plan.
- Ensure that infrastructure, resources and systems are in place for risk management and mitigation and ensure their adequacy to maintain satisfactory level of risk management discipline.
- Review the strategies, policies, frameworks, models and procedures for the identification, measurement, reporting and mitigation of risks.

Business Risk Evaluation and Management is an ongoing process within the Organization to identify, monitor and minimize risks associated with the business.

v) Finance & Banking Committee (FBC) (Non-Mandatory Committee)

The Board of Directors of the Company have constituted this committee to delegate some of its powers to the FBC.

The FBC comprises of 3 (three) members, Mr. Anant Vardhan Goenka, Mr. Arnab Banerjee and Mr. Paras K. Chowdhary. Mr. Anant Vardhan Goenka is the Chairman of the Committee.

During the financial year ended March 31, 2015, 9 (nine) meetings of the FBC were held on April 29, 2014; June 17, 2014; July 22, 2014; August 26, 2014; September 26, 2014; October 30, 2014; December 8, 2014; February 5, 2015 and March 3, 2015.

Attendance at FBC Meetings:

Name of the Member	No. of Meetings attended
Mr. Anant Vardhan Goenka	9
Mr. Arnab Banerjee	8
Mr. Paras K. Chowdhary	6

The terms of reference of the FBC, inter alia, include the following:

- To Approve fresh borrowing(s) to be obtained by the Company;
- To approve the documents; such as Loan Agreements, Deed of Hypothecation, Agreements for security creation, and other Deeds, Indemnities, Undertakings, letters, writings, power of attorneys and any other documents required to be executed on behalf of the Company;
- To approve short term investments in the units of Mutual Funds and / or in the fixed deposits of

Scheduled Banks and authorise the officials of the Company to sign any bills of exchange or hundis that may be required for any temporary borrowing.

- d. To authorise opening and closing of bank account(s) with any bank as well as Demat Account(s) with any Depository Participant and change of signatories, wherever required.
- e. To authorize the Company's officials to represent and to execute, sign, submit and file any applications including affidavits, undertakings or any other writings before any Magistrate, Court of Law, Tribunal, Government Authorities and judicial/non-judicial Bodies and any other authority.
- f. 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.

vi) Corporate Social Responsibility (CSR) Committee:

The Board of Directors has formed committee on CSR. The CSR Committee comprises of 3 (three) members, Mr. Anant Vardhan Goenka, Mr. Hari L. Mundra and Mr. Vinay Bansal. Mr. Anant Vardhan Goenka is the Chairman of the Committee.

During the financial year ended March 31, 2015, 2 (two) meetings of the CSR Committee were held on September 26, 2014 and February 5, 2015.

Attendance at CSR Committee Meetings:

Name of the Member	No. of Meetings attended
Mr. Anant Vardhan Goenka	2
Mr. Hari L. Mundra	1
Mr. Vinay Bansal	2

The terms and reference of the Committee of the CSR include the followings:

- a. To formulate and recommend to the Board the Corporate Social Responsibility Policy (CSR Policy) as specified in Schedule VII of the Companies Act, 2013 ('the Act') read with Companies (Corporate Social Responsibility) Rules, 2014 and Schedule VII.
- b. To recommend to the Board the amount of expenditure to be incurred on the activities undertaken by the Company as per the CSR Policy within the overall limit specified in Section 135 (5) of the Act, as amended from time to time, but not less than 2% of the average net profits of the Company during the 3 (three) immediately preceding financial years, (calculated pursuant to Section 198 of the Act) or any other sum, as may be prescribed under Section 135 of the Act from time to time.
- c. To monitor the CSR Policy of the company from time to time.

vii) Special Investment / Project Committee (Non-Mandatory Committee)

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, 2015, 2 (two) meetings of the Special Investment / Project Committee were held on July 25, 2014 and August 26, 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	1

The terms and reference of the Committee, inter-alia, includes the following:

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

viii) QIP Committee: (Non-Mandatory Committee)

The Board of Directors at their meeting held on October 30, 2014 constituted a QIP Committee to consider and approve all matters including appointment of bankers / agents / intermediaries etc and also documents including agreements with said parties, obtaining approvals required from relevant authorities etc related to the issue of equity shares by the Company through Qualified Institutions Placement (QIP). The said committee comprises of 3 (three) members, Mr. H. V. Goenka, Mr. Anant Vardhan Goenka, Mr. Arnab Banerjee. Mr. H. V. Goenka is the Chairman of the Committee. No fees are paid to the members of the Committee.

Attendance at QIP Committee Meetings:

Name of the Member	No. of Meetings attended
Mr. H. V. Goenka	5
Mr. Anant Vardhan Goenka	5
Mr. Arnab Banerjee	5

During the financial year ended March 31, 2015 5 (five) meetings of the QIP Committee were held on November 6, 2014; November 24, 2014 (2 meetings); November 26, 2014 and November 28, 2014.

The Function of this Committee has ceased to exist post completion of QIP activity.

INDEPENDENT DIRECTORS MEETING:

As per clause 49 of the Listing Agreement, as well as pursuant to Section 149(8) of the Companies Act, 2013 read with Schedule IV and in accordance with the Policy on Appointment, Training, Evaluation and Remuneration of Directors and Senior Management Personnel, the Independent Directors have, at their meeting held on March 3, 2015:

- (a) Reviewed the performance of Non-Independent Directors and the Board as a whole;
 - (b) Reviewed the performance of the Chairperson taking into account the views of Executive Directors (EDs) and Non Executive Directors (NEDs) and
 - (c) Assessed the quality, quantity and timelines of flow of information between the Company Management and the Board.
- 6 (Six) Independent Directors were present at the said meeting.

IV. DETAILS ON GENERAL BODY MEETINGS

The details of the last 3 (three) AGMs are as follows:

Meeting	Day, Date	Time	Venue
53 rd AGM	Friday, August 10, 2012	03:00 p.m.	P. L. Deshpande Maharashtra Kala Academy, Mumbai.
54 th AGM	Thursday, August 22, 2013	10:00 a.m.	P. L. Deshpande Maharashtra Kala Academy, Mumbai.
55 th AGM	Friday, September 26, 2014	03.30 p.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
53 rd 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. - 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.
54 th 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. - 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.
55 th AGM Friday, September 26, 2014	- Approval under Section 180(1)(a) of the Companies Act, 2013 to create mortgage and/or hypothecation, on any of movable and/ or immovable properties wherever situated, whether present or future, 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), 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. - Approval of borrowings under Section 180(1)(c) of the Companies Act ,2013 for borrowing not exceeding 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, from time to time. - Acceptance of Deposits under Section 73 and 76 of the Companies Act, 2013. - Remuneration to Non- Executive Directors under Section 197 and 198 of the Companies Act, 2013. - To raise the funds through capital infusion of up to ₹ 5,00,00,00,000/- (Rupees Five Hundred Crores only) by way of issue, offer and allotment of equity shares, American Depository Receipts, Global Depository Receipts, Foreign Currency Convertible Bonds, convertible or non-convertible debentures and such other securities including by way of Qualified Institutions Placement pursuant to Section 62 of Companies Act, 2013 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulation, 2009.

Postal Ballot

During the year under review, the Company has passed 2 (two) resolutions as Special Resolutions through Postal Ballot in accordance to the procedure prescribed in Section 110 of the Companies Act, 2013 ('the Act') read with the Companies (Management and Administration) Rules, 2014.

Procedure of Postal Ballot:

The Company has passed following 2 (two) Special Resolutions on November 24, 2014, the details of which are as follows:

- a) Alteration of objects clause of the Memorandum of Association:

The Company sought approval of members vide special resolution passed on November 24, 2014 for alteration of objects clause of the Memorandum of Association of the Company. Mr. P. N. Parikh, Practicing Company Secretary was appointed as Scrutinizer for the postal ballot process for conducting the entire activity in a fair and transparent manner. The said resolution was passed as a Special Resolution on November 24, 2014 with the votes cast in favour of the resolution being 99.99% as against 0.0017% votes against the resolution.

- b) To increase the shareholding of Foreign Institutional Investors from 24% to 45% of the total paid up capital of the Company.

The Company sought approval of members vide special resolution passed on November 24, 2014 for permitting Foreign Institutional Investors to acquire and hold equity shares not exceeding 45% of the total paid up capital of the Company through Qualified Institutional Placement (QIP). Mr. P. N. Parikh, Practicing Company Secretary was appointed as the Scrutinizer for the postal ballot process for conducting the entire activity in a fair and transparent manner. The said resolution was passed as a Special Resolution on November 24, 2014 with the votes cast in favour of the resolution being 99.99% as against 0.0015% votes against the resolution.

Scrutinizer for e-voting and vote on ballot paper:

Mr. P. N. Parikh, Practicing Company Secretary was appointed as Scrutinizer for conducting electronic voting and the postal ballot process in a fair and transparent manner and to give his report to the Chairman of the Company.

There were no material and/or significant related party transactions during the FY 2014-15 that were prejudicial to the interest of the Company.

2. Whistle Blower Policy

The Company has also adopted a 'Whistle Blower Policy' for its employees to report to the Chairperson of the Audit Committee instances of unethical behaviour, actual or suspected fraud or violation of the Company's Corporate Governance and Ethics policy and the policy is displayed on the website of the Company www.ceat.com. No personnel/employee of the Company denied access to the Audit Committee for reporting instances of unethical behaviour or suspected fraud or violation of the policy.

3. Disclosure of Related Party Transactions

The Company follows the policy on Related Party Transactions 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 and on arm length basis is placed before the Audit Committee.
- b) The transactions entered into with Related Parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year which were in the ordinary course of business and on an arms' length pricing basis placed before the Audit Committee, and those related party transaction which were in the ordinary course of business but not on arms' length pricing basis placed before the Board.
- c) There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company.
- d) Suitable disclosure as required by the Accounting Standards (AS18 - Related Party Disclosures) has been made in the notes to the Financial Statements.
- e) Details of transactions with related parties, if any, which are:
 - i. not in the normal course of business;
 - ii. not at arms' length basis;
 - iii. exceeding the threshold limits prescribed under the Companies Act, 2013 and the Rules made thereunder or the Clause 49 of the Listing Agreement are placed before the Audit Committee, Board and Members for their approval.

V. DISCLOSURES

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

The Company has formulated a policy on Related Party Transactions and the same has been displayed on the Company's website [www.ceat.com](http://www.ceat.com/Investors_intimation.aspx) at the link http://www.ceat.com/Investors_intimation.aspx

4. Disclosure of Accounting Treatment

The Company has followed the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent applicable, in the preparation of the financial statements.

5. 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.

6. Proceeds of Preferential allotment of equity shares

During the year under review, the Company has, pursuant to the special resolution passed by the members at the AGM held on September 26, 2014, allotted 44,94,382 Equity shares at a price of ₹ 890/- per share aggregating to ₹ 40,000.00 Lacs (₹ Forty Thousand Lacs only) to the eligible investors by way of Qualified Institutional Placement in accordance with the Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (ICDR) and the proceeds of the same shall be utilised for various expansion of projects of the Company viz. capacity expansion at the Halol Plant, specialty tyres project (through a subsidiary company) and two-three wheeler tyres project and also for augmentation of the long term working capital required for business growth and in the units of mutual funds for the short term period.

7. 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.

8. 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 so obtained with the Directors' Report. The Company has obtained a certificate from its Statutory Auditors to this effect and the same is annexed to the Directors' Report.

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

VI. MEANS OF COMMUNICATION

The Un-audited Quarterly Results are announced within 45 (forty-five) days from the end of the quarter and the Annual Audited Results are announced within 60 (sixty) days from the end of the financial year as per the Listing Agreement entered into 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
- Maharashtra Times

The Quarterly Results of the Company and the Investors Presentations are displayed on the Company's Website www.ceat.com.

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-sixth AGM of the Company will be held on Wednesday, August 12, 2015 at 3.00 p.m. at Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025.

Financial Year

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

Date of Book Closure

Wednesday, August 5, 2015 to Wednesday, August 12, 2015 (both days inclusive).

Dividend Payment Date

On or before September 11, 2015.

Listing on Stock Exchanges

The Equity shares of the Company are listed on BSE Limited and the National Stock Exchange of India Limited. The Listing fees have been paid to both the Stock Exchanges for the FY 2014-15 and 2015-16 as well.

Stock Code

BSE Limited - 500878

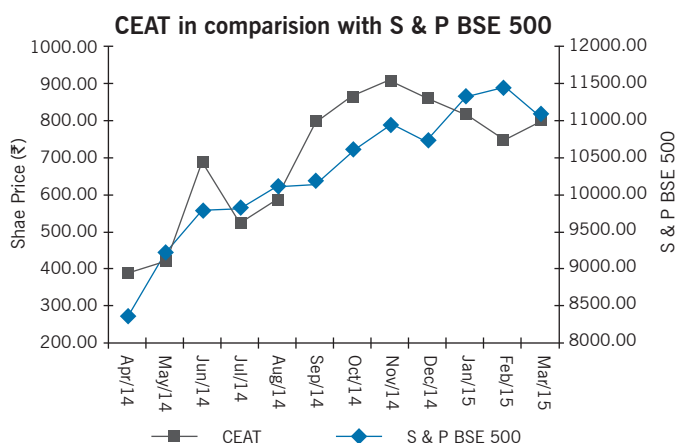
National Stock Exchange of India Limited - CEATLTD

Market Price Data For Equity share of face value of 10/- each

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2014	447.00	363.35	446.40	364.90
May 2014	475.00	371.10	476.65	366.10
June 2014	731.00	421.10	730.00	420.05
July 2014	705.25	512.00	704.50	511.20
August 2014	601.00	486.50	601.00	485.00
September 2014	848.90	589.50	848.80	588.60
October 2014	919.00	751.20	919.00	750.55
November 2014	1009.00	857.40	1010.00	856.90
December 2014	917.00	790.50	919.70	790.00
January 2015	891.00	790.00	891.85	790.10
February 2015	841.80	699.00	844.30	696.20
March 2015	841.00	735.05	841.00	734.25

Share Performance of the Company in comparison to S & P BSE 500

CEAT IN COMPARISON WITH S & P BSE 500



Branch Offices:

1. Bangalore

TSR Darashaw Limited
503, Barton Centre (5th Floor),
84, Mahatma Gandhi Road,
Bangalore – 560 001
Email: tsrdlbg@tsrdarashaw.com
Tel: 080 – 25320321
Fax: 080 – 25580019

2. Jamshedpur

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

Registrar and Share Transfer Agents

[A] For equity shares:

The share management work, both physical and demat, is handled by the Registrar and Share Transfer Agent of the Company whose name and address is given below:

TSR Darashaw Limited
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road,
Mahalaxmi,
Mumbai – 400 011
Email: csg-unit@tsrdarashaw.com
Web: www.tsrdarashaw.com
Tel.: 022-66568484; Fax: 022-66568494

3. Kolkata

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

4. New Delhi

TSR Darashaw Limited
2/42, Ansari Road, 1st Floor Daryaganj,
SantVihar, New Delhi – 110 002
Email: tsrdldel@tsrdarashaw.com
Tel: 011-23271805
Fax: 011-2327180

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.

[B] For Deposits

KISU CORPORATE SERVICES PVT.LTD.
186, Khetwadi Main Road, (8th Lane Corner)
First Floor, Nr. Pitale Maruti Temple
Mumbai - 400 004
Tel. No.: 022 2381 0486, 2388 6255,
Email ID: kisucorporate@gmail.com

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

Distribution of shareholding as at March 31, 2015

No. of Equity Shares held	No. of Members		No. of shares		% of Equity Capital	
	Physical	Demat	Physical	Demat	Physical	Demat
1 to 500	21,709	36,409	5,82,072	24,05,081	1.44	5.95
501 to 1,000	84	787	56,867	5,76,930	0.14	1.43
1,001 to 2,000	39	300	55,272	4,30,368	0.14	1.06
2,001 to 3,000	10	90	25,400	2,26,510	0.06	0.56
3,001 to 4,000	4	48	13,525	1,69,140	0.03	0.42
4,001 to 5,000	1	33	4,530	1,52,041	0.01	0.38
5,001 to 10,000	2	73	16,657	5,30,930	0.04	1.31
Greater than 10,000	1	118	17,82,348	3,34,22,421	4.41	82.63
Total	21,850	37,858	25,36,671	3,79,13,421	6.27	93.73

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. INE482A01020 for both NSDL and CDSL.

93.73% of equity share capital corresponding to 3,79,13,421 equity shares is held in dematerialised form as of March 31, 2015.

Categories of Shareholding as of March 31, 2015

Category	No. of Shares	Percentage (%)
Promoter		
Promoters Holdings (Indian and Foreign)	2,05,33,738	50.76%
Public		
Mutual Funds	20,75,142	5.13%
Banks, Financial Institutions, Insurance Companies and Others	10,37,891	2.57%
Foreign Institutional Investors	96,39,010	23.83%
Non Resident Indians	1,64,731	0.41%
Corporate Bodies, Indian Public and Others	69,99,580	17.30%
Total	4,04,50,092	100.00%

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

The Company do not have any outstanding GDRs / ADRs / Warrants / Any other Convertible Instruments as on March 31, 2015.

Equity shares in CEAT Limited - Unclaimed Securities Suspense Account:

Pursuant to Clause 5A of the Listing Agreement, 1,40,918 equity shares of the Company were transferred on January 23, 2014 to 'CEAT Limited-Unclaimed Securities Suspense Account' ('the Suspense Account') of the Company.

Particulars	Number of Members	Number of Shares
Aggregate number of members and the outstanding shares lying in the suspense account as on April 1, 2014.	4,738	1,40,918
Members to whom shares were transferred from the suspense account during the year.	22	1,497
Aggregate number of members and the outstanding shares lying in the suspense account as on March 31, 2015.	4,716	1,39,421

The voting rights on the equity shares lying in the Suspense Account as on March 31, 2015 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 encashment of Dividend Warrants, members are requested to avail of facility whereby the dividends will be directly credited in electronic form to their respective bank accounts. This will ensure speedier credit of dividend and the Company will duly inform the concerned members when the credits are passed to their respective bank accounts. The requisite application form can be obtained from the office of TSR Darashaw Limited, the Registrar and Share Transfer Agents, of the Company.

The Company proposes to credit dividend to the 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, 2015. A declaration to this effect signed by the Managing Director forms part of this Report.

All Board Members and the Senior Management Personnel have, for the year ended March 31, 2015, affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of the Listing Agreement entered into with the Stock Exchanges.

For **CEAT Limited**

Place: Mumbai

Date: May 22, 2015

Anant Vardhan Goenka
Managing Director

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

Place: Mumbai

Date: May 22, 2015

H. N. Singh Rajpoot

Company Secretary

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 March 31, 2015, 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 B C & CO LLP**

Chartered Accountants

ICAI Firm registration number: 324982E

per **Vinayak Pujare**

Partner

Membership No.:101143

Place: Mumbai

Date: May 22, 2015

Independent Auditor's Report

To the Members of CEAT Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of CEAT Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, 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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the 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 whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, its profit, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
- As required by section 143 (3) of the Act, we report that:
 - We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - 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;
 - In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

- (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 13(8) and Note 31(a)(1) & (4) to the financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses,

if any, on long-term contracts including derivative contracts – Refer Note 13(2) to the financial statements;

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E

per **Vinayak Pujare**

Partner

Membership Number: 101143

Place: Mumbai

Date: May 22, 2015

Annexure referred to in paragraph 1 of the section on “Report on other legal and regulatory requirements” of our report of 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.
- (b) All fixed assets have not been physically verified by the management during the year 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.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. Inventories lying with outside parties have been confirmed by them as at year end.
- (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.
- (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) The Company has granted loan to two of its subsidiaries covered in the register maintained under section 189 of the Companies Act, 2013. In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest has been regular.
- (b) Based on our audit procedures and the information and explanations made available to us, there is no instance where overdue amount is more than rupees one lakh.
- (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) 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 section 73 to 76 or any other relevant provisions of the Companies Act, 2013, 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.
- (vi) 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 148(1) of the Companies Act, 2013, related to the manufacture of rubber tyres and tubes for all types of vehicles, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

Annexure referred to in paragraph 1 of the section on "Report on other legal and regulatory requirements" of our report of even date

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)							
Name of the Statute (Nature of dues)	Period to which the amounts relates	Commissionerate	Appellate Authorities and Tribunal	High Court	Supreme Court	Deposit	Net Amount
Central Excise Act/ Customs Act (Tax/ Interest/ Penalty)	1978 to 2007	1,112.04	3,745.36	-	519.00	2.00	5,374.40
Service tax under Finance Act, 1994 (Tax/Interest/ Penalty)	1997 to 2013	-	1,899.91	-	-	-	1,899.91
Income Tax Act (Tax/ Penalty/ Interest)	1985 to 2012	6,572.66	1,754.23	165.66	-	-	8,492.54
Sales Tax (Tax/Penalty/ Interest)	1993 to 2013	3,137.41	1,824.97	-	-	59.35	4,903.03
Wealth Tax (Tax)	2002-03	-	6.73	-	-	-	6.73

- (c) According to the information and explanations given to us, the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder, have been transferred to such fund within time.
- (viii) 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.
- (ix) 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.
- (x) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks and financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company.
- (xi) 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.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **S R B C & CO LLP**
Chartered Accountants
Firm registration number: 324982E

per **Vinayak Pujare**
Partner
Membership No.: 101143

Place: Mumbai
Date: May 22, 2015

Balance Sheet

as at March 31, 2015

		(₹ in Lacs)	
Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
a) Share capital	3	4,045.01	3,595.57
b) Reserves and surplus	4	1,55,808.96	93,114.48
c) Money received against share warrants	5	-	-
		1,59,853.97	96,710.05
(2) Non-current liabilities			
a) Long-term borrowings	6	35,432.41	42,249.18
b) Deferred tax liabilities (Net)	7	11,714.73	10,909.50
c) Other long-term liabilities	8	142.20	142.20
d) Long-term provisions	9	2,705.84	2,021.04
		49,995.18	55,321.92
(3) Current liabilities			
a) Short-term borrowings	10	25,684.03	57,478.16
b) Trade payables	11	63,310.92	66,314.33
c) Other current liabilities	12	54,351.00	54,045.71
d) Short-term provisions	13	10,426.84	7,285.89
		1,53,772.79	1,85,124.09
Total		3,63,621.94	3,37,156.06
II ASSETS			
(1) Non-current assets			
a) Fixed Assets :	14		
(i) Tangible assets		1,42,495.27	1,41,295.57
(ii) Intangible assets		5,633.70	6,125.48
(iii) Capital work-in-progress		16,406.59	3,023.04
		1,64,535.56	1,50,444.09
b) Non-current investments	15	12,438.56	12,433.56
c) Long-term loans and advances	16	6,121.87	7,551.55
d) Other non-current assets	17	876.92	1,004.81
		1,83,972.91	1,71,434.01
(2) Current Assets			
a) Current investments	18	31,243.32	-
b) Inventories	19	64,210.70	71,827.81
c) Trade receivables	20	66,692.72	71,584.24
d) Cash and bank balances	21	6,449.78	10,295.60
e) Short-term loans and advances	22	9,520.38	9,298.41
f) Other current assets	23	1,532.13	2,715.99
		1,79,649.03	1,65,722.05
Total		3,63,621.94	3,37,156.06
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 B C & CO LLP**

Chartered Accountants

ICAI Firm Registration No.324982E

per **Vinayak Pujare**

Partner

Membership Number : 101143

Place : Mumbai

Date : May 22, 2015

Subba Rao Amarthaluru

Chief Financial Officer

H.N.Singh Rajpoot

Company Secretary

For and on behalf of Board of Directors of CEAT Limited

H.V.Goenka

Chairman

Anant Goenka

Managing Director

Mahesh Gupta

Chairman - Audit Committee

Place : Mumbai

Date : May 22, 2015

Statement of Profit and Loss

for the year ended March 31, 2015

		(₹ in Lacs)	
Particulars	Note No.	2014-15	2013-14
INCOME			
1 Revenue from operations (Gross)	24	6,18,316.27	5,89,680.03
Less : Excise duty		59,149.81	54,198.98
Revenue from operations (Net)		5,59,166.46	5,35,481.05
2 Other income	25	2,863.25	2,054.06
3 Total revenue (1 + 2)		5,62,029.71	5,37,535.11
4 EXPENSES			
a) Cost of materials consumed	26	3,25,899.32	3,45,138.83
b) Purchases of stock-in-trade		11,976.28	12,170.62
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	5,627.39	(10,585.72)
d) Employee benefits expense	28	34,985.33	28,907.19
e) Finance costs	29	13,046.30	16,915.89
f) Depreciation and amortization expense	14	8,784.87	8,263.32
g) Other expenses	30	1,16,810.76	98,007.56
Total expenses		5,17,130.25	4,98,817.69
5 Profit before exceptional items and tax (3 - 4)		44,899.46	38,717.42
6 Exceptional items	47	613.20	1,003.93
7 Profit before tax (5 - 6)		44,286.26	37,713.49
8 Tax expenses			
1) Current tax		13,248.69	8,877.82
2) Deferred tax		1,140.18	3,457.45
9 Profit for the year (7 - 8)		29,897.39	25,378.22
10 Earnings per equity share (Refer note 50)			
[Nominal value of share ₹ 10 (Previous year ₹ 10)]			
(1) Basic	₹	79.76	71.66
(2) Diluted	₹	79.76	71.24
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 B C & CO LLP

Chartered Accountants

ICAI Firm Registration No.324982E

per **Vinayak Pujare**

Partner

Membership Number : 101143

Place : Mumbai

Date : May 22, 2015

Subba Rao Amarthaluru

Chief Financial Officer

H.N.Singh Rajpoot

Company Secretary

For and on behalf of Board of Directors of CEAT Limited

H.V.Goenka

Chairman

Anant Goenka

Managing Director

Mahesh Gupta

Chairman - Audit Committee

Place : Mumbai

Date : May 22, 2015

Cash Flow Statement

for the year ended March 31, 2015

(₹ in Lacs)

Particulars	2014-15	2013-14
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	44,286.26	37,713.49
Adjustments for :		
Depreciation and amortisation	8,784.87	8,263.32
Interest income	(494.92)	(452.88)
Finance Cost	13,046.30	16,915.89
Dividend income	(1,694.71)	(891.89)
Provision for obsolescence of stores and spares	150.84	0.91
Provision for doubtful debts/advances	482.90	370.19
Credit balances written back	(583.54)	(616.95)
Provision for doubtful debts and advances - written back	-	(14.25)
Advances/Bad debts written off	62.27	31.41
(Profit) / Loss on sale of fixed assets (Net)	83.08	(21.42)
Unrealised foreign exchange (gain) / loss (Net)	30.80	19.73
	19,867.89	23,604.06
Operating profit before working capital changes	64,154.15	61,317.55
Adjustments for :		
Decrease/(Increase) in inventory	7,466.27	(18,684.73)
Decrease/(Increase) in trade receivables	4,794.02	(8,754.37)
Decrease/(Increase) in other current assets	2,103.66	(2,523.00)
Decrease/(Increase) in short-term loans and advances	946.43	1,164.45
Decrease/(Increase) in long-term loans and advances	(208.99)	(20.28)
(Decrease)/Increase in trade payables	(2,770.99)	(9,830.54)
(Decrease)/Increase in other current liabilities	918.99	2,426.86
(Decrease)/Increase in short-term provisions	2,715.82	(2,042.65)
Decrease/(Increase) in non current asset	(255.34)	-
(Decrease)/Increase in long-term provisions	684.80	820.36
Cash generated from operations	80,548.81	23,873.65
Direct taxes paid	(10,028.16)	(8,349.99)
	(10,028.16)	(8,349.99)
Net Cash flow from operating activities (A)	70,520.66	15,523.66
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including capital work in progress and capital advance)	(26,612.17)	(8,109.65)
Proceeds from sale of fixed assets	284.31	403.41
Investment in subsidiary	-	(3,866.39)
Withdrawal of bank deposits (having original maturity of more than three months)	1,246.69	846.39
Investment in bank deposits (having original maturity of more than three months)	(1,954.69)	(650.00)
Withdrawal of margin money deposit with banks	755.70	255.70
Investment in margin money deposit with banks	(518.56)	(49.67)
Purchase of non current investments	(5.00)	(0.18)
Interest received	464.66	451.10
Repayment of Loan given to subsidiary	71.67	25.83
Loan given to Subsidiary	(1,300.00)	-
Dividend received on investment	744.11	54.73
Dividend received from subsidiary	950.60	837.16
Net cash (used) in investing activities (B)	(25,872.68)	(9,801.57)

Particulars	(₹ in Lacs)	
	2014-15	2013-14
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of equity capital (including share premium)	40,000.00	1,091.91
Qualified Institutional Placement (QIP) expenses paid (net of tax)	(655.93)	-
Interest paid	(14,024.32)	(16,823.69)
Proceeds from public deposit	2,461.49	-
Repayment of public deposit	(3,816.35)	(1,400.54)
Proceeds from working capital demand loan	-	2,000.00
Repayment of working capital demand loan	(2,000.00)	-
Change in other short term borrowings (Net)	(23,814.59)	22,099.91
Proceeds from short-term buyers credit	76,072.99	1,03,739.22
Repayment of short-term buyers credit	(82,425.27)	(1,07,668.29)
Proceeds from long-term borrowings	6,944.90	19,602.46
Repayment of long-term borrowings	(12,422.41)	(24,214.03)
Dividend paid	(3,573.07)	(1,438.23)
Dividend distribution tax paid	(468.79)	(147.82)
Net cash (used) in financing activities (C)	(17,721.35)	(3,159.10)
Net Increase In cash or cash equivalent (A+B+C)	26,926.63	2,563.00
Cash and cash equivalents at the beginning of the year	9,325.69	6,762.69
Cash and cash equivalents at the end of the year	36,252.32	9,325.69
Components of cash and cash Equivalents		
Cash in hand	11.95	15.82
Balance with banks		
On current accounts	4,433.41	8,811.23
On unpaid dividend accounts *	109.53	87.61
On unclaimed fixed deposit and interest thereon*	454.11	411.03
Cash and cash equivalents (Refer note 21)	5,009.00	9,325.69
Current investments	31,243.32	-
Adjusted Cash and cash equivalents in the cash flow statement	36,252.32	9,325.69

* 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.

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No.324982E

per **Vinayak Pujare**

Partner

Membership Number : 101143

Place : Mumbai

Date : May 22, 2015

Subba Rao Amarthaluru

Chief Financial Officer

H.N.Singh Rajpoot

Company Secretary

For and on behalf of Board of Directors of CEAT Limited

H.V.Goenka

Chairman

Mahesh Gupta

Chairman - Audit Committee

Place : Mumbai

Date : May 22, 2015

Anant Goenka

Managing Director

Notes to the Financial Statements

for the year ended March 31, 2015

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 Preparation and Summary of significant Accounting Policies

A) Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention except for land, building and plant and equipments acquired before 2007 which are carried at revalued amounts and derivative financial instruments which have been measured at fair value.

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 revenues, expenses, assets and liabilities and the disclosures of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumption and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

C) Tangible fixed assets and Intangible assets

i) Tangible assets

- 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.
- 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. Any trade discounts and rebates are deducted in arriving at the purchase price.
- 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.

- 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.
- All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure, are charged to the statement of profit and loss for the period during which such expenses are incurred.
- Replacement of any part of plant and machinery, which are of capital nature, are capitalised along with the main plant and machinery and cost of the replaced part is written off. In case the cost of replaced part is not identifiable, the equal value of replacement is deducted from the existing gross block of that asset.
- Gains and losses arising from disposal/ derecognition of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.
- Tangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Capital work-in-progress".
- 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.

Notes to the Financial Statements

for the year ended March 31, 2015

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

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

Depreciation on fixed assets is calculated on a straight line basis using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its fixed assets.

Asset Class	Useful life	Previous Year's - useful Life
Buildings	50 - 60 years	30 - 60 years
Plant & Machinery	15 - 20 years	10 - 20 years
Moulds	6 years	6 years
Computers	3 years	6 years
Furniture & Fixtures	10 years	15 years
Office Equipment	5 years	20 years
Motor Vehicles	8 years	8 - 13 years
Carpeted Roads - RCC	10 years	10 years
Computer Servers	6 years	6 years
Electrical Installations	20 years	10 - 20 years
Hand Carts, Trolleys	15 years	10 - 20 years

The management has estimated, supported by independent assessment by professional, the useful lives of the following class of assets.

- Factory buildings - 50 years (Higher than those indicated in Schedule II of the Companies Act, 2013)
- Plant & Machinery - 20 years (Higher than those indicated in Schedule II of the Companies Act, 2013)
- Moulds - 6 years (Lower than those indicated in Schedule II of the Companies Act, 2013)
- Electrical Installations - 20 years (Higher than those indicated in Schedule II of the Companies Act, 2013)
- Air conditioner having capacity of > 2 tons - 15 years (Higher than those indicated in Schedule II of the Companies Act, 2013)
- Serviceable materials like trolleys, iron storage racks skids - 15 years (Higher

than those indicated in Schedule II of the Companies Act, 2013)

- Batteries used in fork lifts trucks - 5 years (Lower than those indicated in Schedule II of the Companies Act, 2013)

The management believes that the depreciation rates fairly reflect its estimation of the useful lives and residual values of the fixed assets.

Depreciation is not recorded on capital work-in-progress until construction and installation are complete.

ii) Intangible assets

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

- iii) Software expenditure have been amortised over a period of three years.
- iv) 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 of 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 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.

The Company bases its impairment calculations of detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast

Notes to the Financial Statements

for the year ended March 31, 2015

calculations are generally covering a period of 5 years. For longer period, a long term growth rate is calculated and applied to project future cash flows after the 5th year.

Impairment losses for continuing operations, including impairment on inventories, are recognised on the Statement of Profit and Loss, except for the previously revalued tangible fixed asset, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognised in revaluation reserve up to the amount of any previous revaluation.

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

i) Recognition and Measurement

Investments which are readily realizable and intended to be held for not more than a year, from the date of acquisition, are classified as long term investments and are carried at cost.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerages, fees and duties. If an investment is acquired, or partly acquired, by the issue of share or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

However, provision for diminution in value of investments is made to recognise a decline, other than temporary, in the value of investments. Investments other than long term investments being current investments are valued at cost or fair value whichever is lower, determined on an individual basis.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds, is charged to or credited to the Statement of Profit & Loss

ii) Presentation and disclosure

Investments, which are readily realisable and intended to be held for not more than one year from balance sheet date, are classified as current investments. All other investments are classified as non-current 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.

iv) 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. The following specific recognition criteria must also be met before revenue is recognized.

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. 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

Notes to the Financial Statements

for the year ended March 31, 2015

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 on the date of the transaction.

ii) Conversion

Foreign currency monetary items are translated using the exchange rate prevailing on 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 on 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 on 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 exposure as at Balance Sheet date.

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. 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 estimated useful life of the asset or lease term, whichever is earlier.

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 costs are expensed as incurred. Development expenditure incurred on individual project is recognised as an intangible asset when the Company can demonstrate all the following:-

- The technical feasibility of completing the intangible assets so that it will be available for use or sale.
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate the future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

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

Notes to the Financial Statements

for the year ended March 31, 2015

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 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 Projected 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 and this is shown under short term provision in the Balance Sheet. 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 and this is shown under long term provisions in the Balance Sheet. 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. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

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. If the termination benefit falls due more than 12 months after the balance sheet date, they are measured at present value of the future cash flows using the discount rate determined by reference to market yields at the balance sheet date on the government bonds.

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 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 reporting 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

Notes to the Financial Statements

for the year ended March 31, 2015

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 cash 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 loans and cross currency interest rate swaps to hedge both foreign currency loan and interest risk arising from foreign exchange fluctuations and 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.

Other derivatives

Derivative financial instruments which are not designated as cash flow hedge have been measured at fair value as per AS 30 and the loss/(gain) on the same is charged to the Statement of Profit and 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 to the Financial Statements

for the year ended March 31, 2015

Note 3 - Share capital

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Authorised :		
4,61,00,000 (Previous year 4,61,00,000) Equity Shares of ₹ 10 each	4,610.00	4,610.00
39,00,000 (Previous year 39,00,000) Preference Shares of ₹ 10 each	390.00	390.00
1,00,00,000 (Previous year 1,00,00,000) Unclassified Shares of ₹ 10 each	1,000.00	1,000.00
	6,000.00	6,000.00
Issued, Subscribed and paid-up :		
3,59,55,710 (Previous year 3,42,43,534)	3,595.57	3,424.35
Equity Shares of ₹ 10 each fully paid-up (Includes 688 (Previous year 688) Equity Shares offered on right basis and kept in abeyance)		
Add : Alloted during the year 44,94,382 shares (Refer note 51 (b)) (Previous year 17,12,176 shares) (Refer note 5)	449.44	171.22
Total Subscribed and paid-up Share Capital (4,04,50,092 (Previous year 3,59,55,710))	4,045.01	3,595.57

i) Reconciliation of equity shares outstanding

	2014-15		2013-14	
	Number	₹ In Lacs	Number	₹ In Lacs
Shares outstanding at the beginning of the year	3,59,55,710	3,595.57	3,42,43,534	3,424.35
Shares issued during the year (Refer note 51(b), Previous year (Refer note 5))	44,94,382	449.44	17,12,176	171.22
Shares outstanding at the end of the year	4,04,50,092	4,045.01	3,59,55,710	3,595.57

ii) Terms and rights attached to Equity Shares:

The Company has only one class of equity shares having 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 share holders have all other rights as available to equity shareholders as per the provision of the Companies Act, 2013 and 1956 read together with the Memorandum of Association and Articles of Association of the Company, as applicable.

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

	As at 31.03.2015		As at 31.03.2014	
Particulars	No. of shares held	% of holding	No. of shares held	% of holding
Instant Holdings Limited	1,15,10,812	28.46%	1,15,10,812	32.01%
Swallow Associates LLP	44,84,624	11.09%	44,84,624	12.47%
Kotak Mahindra (International) Limited	25,15,700	6.22%	-	-
TIAA-CREF Institutional Mutual Fund International	21,60,298	5.34%	-	-

Notes to the Financial Statements

for the year ended March 31, 2015

Note 4 - Reserves and surplus

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
a) Capital reserve		
Balance as per last financial statements	1,176.87	876.87
Add : Addition during the year	-	300.00
Closing Balance	1,176.87	1,176.87
b) Capital redemption reserve	390.00	390.00
c) Securities premium reserve		
Balance as per last financial statements	17,808.30	16,523.65
Add : Premium on shares issued during the year through Qualified Institutional Placement (QIP) (Refer note 51 (b))	39,550.56	-
Add : Conversion of warrants (Refer note 5)	-	1,284.65
	57,358.86	17,808.30
Less : Share issue expenses on account of Qualified Institutional Placement (QIP) (Net of tax) (Refer note 51(b))	655.93	-
Closing Balance	56,702.93	17,808.30
d) Cash flow hedge reserve		
Balance as per last financial statements	(536.89)	(1.90)
Gain / (Loss) arising during the year	596.78	(534.99)
Closing Balance	59.89	(536.89)
e) General reserve		
Balance as per last financial statements	22,338.97	19,800.97
Add : Amount transferred from surplus balance in the Statement of Profit and Loss	-	2,538.00
Less : Impact of revision of useful life of fixed assets (Net of tax) (Refer note 14(6))	(2,161.65)	-
Closing balance	20,177.32	22,338.97
f) Surplus in the Statement of Profit and Loss		
Balance as per last financial statements	51,937.23	33,287.17
Add : Profit for the year	29,897.39	25,378.22
Amount available for appropriation	81,834.62	58,665.39
Less Appropriations:		
Proposed dividend (Amount per share ₹ 10) (previous year ₹ 10)	4,045.01	3,664.06
Tax on proposed dividend	487.66	526.10
Amount transferred to general reserve	-	2,538.00
Net surplus in the Statement of Profit and Loss	77,301.95	51,937.23
Total	1,55,808.96	93,114.48

Notes to the Financial Statements

for the year ended March 31, 2015

Note 5 - Money received against share warrants

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Balance as per last financial statements	-	363.97
Less : Converted into equity share capital	-	363.97
Total	-	-

Money received against convertible warrants

On 24th July, 2013 the Company had 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 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 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
Balance as per last financial statements				
1. Secured :				
Term Loans				
a) Indian rupee loan from banks				
Bank of India (Refer note 6 (1))	10,000.00	10,000.00	-	-
ICICI Bank Ltd. (Refer note 6(2))	7,000.00	7,000.00	-	-
ICICI Bank Ltd. (Refer note 6 (3))	2,025.00	3,375.00	1,350.00	1,350.00
ICICI Bank Ltd. (Refer note 6(4))	-	1,166.67	1,166.67	2,333.33
Bank of India (Refer note 6(5))	1,413.58	3,413.58	1,500.00	2,000.00
IDBI Bank Ltd. (Refer note 6(6))	376.94	753.89	376.94	502.59
Bank of Baroda (Refer note 6(7))	750.00	1,750.00	1,000.00	1,000.00
Export Import Bank of India (Refer note 6(8))	489.98	1,469.93	979.95	979.95
Hongkong Shanghai Banking Corporation Limited (Refer note 6(10))	2,812.50	-	1,250.00	-
b) Foreign currency loan from banks				
Export Import Bank of India (Refer note 6(8))	687.50	1,976.70	1,375.00	1,317.80
ICICI Bank Ltd. - ECB Loan (Refer note 6(9))	651.04	1,871.87	1,302.08	1,247.92
c) Buyer's credit (Refer note 6(11))	1,944.90	-	-	739.82
	28,151.44	32,777.64	10,300.64	11,471.41
2. Unsecured :				
a) Public deposits (Refer note 6(12))	3,450.06	5,287.30	4,154.33	3,390.89
b) Deferred sales tax incentive (Refer note 6(13))	3,830.91	4,184.24	364.10	278.79
	7,280.97	9,471.54	4,518.43	3,669.68
Less : Amount classified under other current Liabilities	-	-	(14,819.07)	(15,141.09)
Total	35,432.41	42,249.18	-	-

Notes to the Financial Statements

for the year ended March 31, 2015

Note 6 - Long - term borrowings (Continued)

Note on secured long term borrowings (includes non-current portion and current maturities)

1. Term loan from Bank of India ₹ 10,000.00 Lacs (Previous year ₹ 10,000.00 Lacs) is secured by first *pari passu* charge on Company's immovable assets located at Bhandup and Nasik plants. It carries interest at 11.50% p.a. as on 31st March 2015 and is repayable in 20 equal quarterly installment of ₹ 500.00 Lacs each starting from 17th June, 2016.
2. Term loan from ICICI Bank Ltd. of ₹ 7,000.00 Lacs (Previous year ₹ 7,000.00 Lacs) is secured by first *pari passu* charge on Company's immovable assets situated at Bhandup & Nasik plant. It carries interest at 11.50% p.a. as on 31st March 2015 and is repayable in 20 equal quarterly installment of ₹ 350.00 Lacs each starting from 3rd May, 2016.
3. Term loan from ICICI Bank Ltd. of ₹ 3,375.00 Lacs (Previous year ₹ 4,725.00 Lacs) is secured by first *pari passu* charge on movable properties (except current assets) both present and future and immovable properties both present and 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 carries interest at 12 % p.a. as on 31st March, 2015 and is repayable in 10 equal semi-annual installment of ₹ 675.00 Lacs each starting from 12th January, 2013.
4. Term loan from ICICI Bank Ltd. of ₹ 1,166.67 Lacs (Previous year ₹ 3,500.00 Lacs) is secured by first *pari passu* charge on immovable properties both present and future situated at Bhandup plant. It carries interest at 12% p.a. as on 31st March, 2015 and is repayable in 12 equal quarterly installment of ₹ 583.33 Lacs each starting from 10th November, 2012.
5. Term loan from Bank of India ₹ 2,913.58 Lacs (Previous year ₹ 5,413.58 Lacs) is secured by first *pari passu* charge on Company's movable (except current assets) both present and future and immovable properties both present and future located at Bhandup, Halol and Nasik plants and second *pari passu* charge over current assets of the Company both present and future. It carries interest at 11.50% p.a. as on 31st March, 2015 and is repayable in 20 equal quarterly installment of ₹ 500.00 Lacs each starting from 1st January, 2012.
6. Term loan from IDBI Bank Ltd. of ₹ 753.88 Lacs (Previous year ₹ 1,256.48 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 and future situated at Bhandup, Halol and Nasik plants and second *pari passu* charge on current assets of the Company both present and future. It carries interest at 12% p.a. as on 31st March, 2015 and is repayable in 20 equal quarterly installment of ₹ 125.65 Lacs each 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 ₹ 1,750.00 Lacs (Previous year ₹ 2,750.00 Lacs) is secured by first *pari passu* charge on Company's movable (except current assets) both present and future and immovable properties both present and future located at Bhandup, Halol and Nasik plant and second *pari passu* charge over current assets of the Company both present and future. It carries interest at 12% p.a. as on 31st March, 2015 and is repayable in 20 equal quarterly installment of ₹ 250.00 Lacs each starting from 1st January, 2012.
8. Term loan in Indian rupee and in foreign currency from Export Import Bank of India of ₹ 3,532.43 Lacs (Previous year ₹ 5,744.38 Lacs) is secured by first *pari passu* charge on Company's movable properties (except current assets) both present and future and immovable properties both present and future located at Bhandup, Halol and Nasik plants and second *pari passu* charge over current assets of the Company both present and future.

Rupee loan carries interest at 12.35% p.a. as on 31st March 2015 and is repayable in 20 equal quarterly installment of ₹ 244.99 Lacs starting from 1st November, 2011 and foreign currency loan carries interest at 6 months LIBOR plus 500 bps p.a. as on 31st March, 2015 and is also repayable in 20 equal quarterly installment of USD 5.50 Lacs each equivalent to ₹ 343.75 Lacs (restated at rate of INR/USD as on 31st March, 2015) starting from 1st November, 2011.

Notes to the Financial Statements

for the year ended March 31, 2015

Note 6 - Long - term borrowings (Continued)

9. ECB loan from ICICI Bank Ltd. of ₹ 1,953.13 Lacs (previous ₹ 3,119.79 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 and future situated at Bhandup, Halol and Nasik Plants and second *pari passu* charge over current assets of the Company both present and future. It carries interest at 3 months LIBOR plus 250 bps p.a. as on 31st March, 2015 and is repayable in 24 equal quarterly installment of USD 5.21 Lacs each equivalent to ₹ 325.52 Lacs (restated at rate of INR/USD as on 31st March, 2015) starting from 23rd December, 2010.
10. New term loan from Hongkong and Shanghai Banking Corporation Limited of ₹ 5,000.00 Lacs was disbursed on 20th June, 2014. The outstanding balance of this loan as on 31st March, 2015 is ₹ 4,062.50 Lacs (Previous year ₹ Nil). The said loan is secured by first *pari passu* charge on Company's fixed assets to the extent of a minimum asset cover of 1.25 times. It carries interest at 10.20% p.a. as on 31st March 2015 and is repayable in 16 equal quarterly installment of ₹ 312.50 Lacs each starting from 20th September, 2014. (The creation of security is pending as on 31st March, 2015).
11. Long term buyer's credit is secured by way of first *pari passu* charge on all immovable and movable properties (excluding current assets) both present and future of the Company situated at Halol plant and second *pari passu* charge over the current assets of the Company both present and future. It is repayable within 3 years from the date of disbursement. (The creation of security for immovable properties situated at Halol is pending as on 31st March, 2015). The long term buyer's credit carries interest in the range of 12 months LIBOR plus 50 bps to 12 months LIBOR plus 70 bps.

Note on unsecured long term borrowings.

12. Public deposits included under the long term borrowings are repayable after 2 or 3 years from the date of acceptance of public deposit. Long term public deposits carries interest in the range of 9.50% p.a. to 10.75% p.a.
13. Interest free deferred sales tax is repayable in ten equal annual installment commencing from 26th April, 2011 and ending on 30th April, 2025.

Notes to the Financial Statements

for the year ended March 31, 2015

Note 7 - Deferred tax liabilities (Net)

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Major components of deferred tax assets and deferred tax liabilities:		
Assets		
Expenses allowable for tax purpose when paid	1,334.73	915.78
Voluntary retirement scheme	566.18	561.94
Provision for doubtful debts and advances	540.48	499.97
Others	1,293.61	1,250.37
	3,735.00	3,228.06
Liabilities		
Difference between book depreciation and tax depreciation	15,449.73	14,137.56
Deferred tax liabilities (Net)	11,714.73	10,909.50

Note 8 - Other long - term liabilities

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Security deposits	142.20	142.20
Total	142.20	142.20

Note 9 - Long - term provisions

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Provision for warranty (Refer note 35)	482.48	378.94
Provision for compensated absences	2,223.36	1,642.10
Total	2,705.84	2,021.04

Note 10 - Short - term borrowings:

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
1. Secured : (Refer foot note (a))		
a) Working capital loan from bank	-	2,000.00
b) Cash credit facilities from banks (repayable on demand)	19.55	2,480.51
c) Export packing credit from banks	7,012.59	20,725.73
d) Buyer's credit from banks	16,731.72	22,855.36
2. Unsecured :		
a) Export packing credit from banks	-	3,876.82
b) Term loan from banks (Refer foot note (b))	1,825.27	5,359.62
c) Public deposit (Refer foot note (c))	94.90	180.12
Total	25,684.03	57,478.16

Note :

- a) Working capital term loan, cash credit facilities from bank, export packing credit and buyers credit are part of working capital facilities availed from Consortium of Banks as well as outside Consortium. Consortium limits are secured by hypothecation by way of first *pari passu* charge on Company's current assets present and future and by way of second *pari passu* charge on immovable and all movable properties (excluding current assets) of the Company situated at Bhandup, Nashik and Halol Plants.

Notes to the Financial Statements

for the year ended March 31, 2015

The facilities outside the Consortium are unsecured in nature except the outstanding balance of export packing credit availed from Hongkong and Shanghai Banking Corporation Limited (HSBC) which is secured by way of first *pari passu* charge on current assets, present and future, of the Company and by way of second *pari passu* charge on immovable and movable properties (except current assets) of the Company situated at Bhandup, Nasik and Halol plants. However the security in favour of HSBC is pending to be created as on 31st March 2015.

All Short term borrowings availed in Indian rupee carry interest in the range of 9% p.a. to 15% p.a. and all short term borrowings availed in foreign currency carry interest in the range of LIBOR plus 30 bps p.a. to LIBOR plus 400 bps p.a. (LIBOR is set corresponding to the period of the loan).

- b) The term loan from bank is outstanding balance of the bill discounting facility availed from scheduled bank.
- c) These public deposits are accepted for the maturity of one year from the date of receipt.

Note 11 - Trade payables

	As at 31.03.2015	(₹ in Lacs) As at 31.03.2014
Due to micro, small and medium enterprises (Refer note 33)		
Overdue	-	-
Not due	502.03	557.37
Other trade payables	62,808.89	65,756.96
Total	63,310.92	66,314.33

Note 12 - Other current liabilities

	As at 31.03.2015	(₹ in Lacs) As at 31.03.2014
1) Current maturities of long-term borrowing (Refer note 6)	14,819.07	15,141.09
2) Interest accrued but not due on borrowings	700.94	1,091.06
3) Unclaimed dividends*	110.11	87.61
4) Unclaimed interest & matured deposits * #	400.21	683.50
5) Other payables :		
a) Payable to capital vendors	1,131.33	315.98
b) Deposits from dealers & others	29,905.34	29,117.47
c) Statutory dues	5,946.18	5,607.51
d) Advance received from customers	936.67	1,144.21
e) Premium on forward contracts	401.15	857.28
Total	54,351.00	54,045.71

* Will be transferred to investor education & protection fund as and when due

Refer foot note below Note No. 21 - Cash and bank balances

Notes to the Financial Statements

for the year ended March 31, 2015

Note 13 - Short-term provisions

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
1) Provision for employee benefits		
a) Provision for compensated absences	230.49	227.00
b) Provision for gratuity (Refer note 44)	2,054.04	164.91
2) Provision for mark-to-market losses on derivative contracts	46.10	9.53
3) Provision for proposed dividend (Refer note 32)	4,045.01	3,595.57
4) Provision for tax on proposed dividend	629.95	611.07
5) Provision for income tax (net of advance tax)	333.45	367.09
6) Provision for warranty (Refer note 35)	2,018.71	1,674.68
7) Provision for indirect tax (Refer foot note (a))	320.00	300.00
8) Provision for tax and labour matters (Refer foot note (b))	749.09	336.04
Total	10,426.84	7,285.89

Note :

a) Movement in provision for indirect tax

(₹ in Lacs)

Particulars	As at 31.03.2015 Excise, Customs and Service Tax	As at 31.03.2014 Excise, Customs and Service Tax
Balance as at 1 st April	300.00	-
Addition during the year	320.00	300.00
Reversed / paid during the year	300.00	-
Balance as at 31 st March	320.00	300.00

b) Movement in provision for tax and labour matters

(₹ in Lacs)

Particulars	As at 31.03.2015		31.03.2014	
	Excise, Customs and Service Tax	Sales Tax and VAT	Excise, Customs and Service Tax	Sales Tax and VAT
Balance as at 1 st April	179.90	156.14	100.58	-
Addition during the year	88.08	324.97	79.32	156.14
Reversed / paid during the year	-	-	-	-
Balance as at 31 st March	267.98	481.11	179.90	156.14
Total	749.09		336.04	

The Company is party to various lawsuits that are at administrative or judicial level or in their initial stages, involving labour, tax and civil matters. The Company contests all claim in the court / tribunals / appellate authority levels and based on their assessments and that of their legal counsel, records a provision when the risk or loss is considered probable. The outflow is expected on cessations of the respective events.

Notes to the Financial Statements

for the year ended March 31, 2015

Assets	As at 01.04.2014	Additions	Gross Block Deductions	Reclassification	As at 31.03.2015	As at 01.04.2014	Transferred to Reserve *	Depreciation / Amortisation		Reclassification	As at 31.03.2015	Net Block As at 31.03.2015
								For the year 2014-15	On Deductions			
Tangible assets												
Owned assets												
Land (Refer note 14(3))	41,718.71	-	-	-	41,718.71	-	-	-	-	-	-	41,718.71
	(41,718.71)	-	-	-	(41,718.71)	-	-	-	-	-	-	(41,718.71)
Buildings (Refer note 14(1))	23,458.30	858.93	(0.86)	-	24,316.37	5,600.40	18.84	812.98	0.81	-	6,431.41	17,884.96
	(23,282.99)	(193.80)	(18.49)	-	(23,458.30)	(5,024.11)	-	(583.00)	(6.71)	-	(5,600.40)	(17,857.90)
Plants & Equipments	1,38,238.03	7,407.97	(1,659.55)	(877.17)	1,43,109.28	63,288.30	2,122.44	7,052.27	1,373.88	(495.32)	70,593.81	72,515.47
	(1,34,525.37)	(4,840.63)	(1,127.97)	-	(1,38,238.03)	(57,135.69)	-	(6,960.15)	(807.54)	-	(63,288.30)	(74,949.73)
Furniture & Fixtures	1,115.95	474.12	(166.58)	-	1,423.49	725.34	21.53	72.07	145.07	-	673.87	749.62
	(1,038.37)	(106.65)	(29.07)	-	(1,115.95)	(687.97)	-	(52.60)	(15.23)	-	(725.34)	(390.61)
Office Equipments	439.22	109.23	-	877.17	1,425.62	232.72	81.07	35.41	-	495.32	844.52	581.10
	(445.46)	(22.85)	(29.09)	-	(439.22)	(240.75)	-	(18.70)	(26.73)	-	(232.72)	(206.50)
Vehicles	757.56	248.92	(103.79)	-	902.69	396.59	3.45	117.38	102.07	-	415.35	487.34
	(797.79)	(48.95)	(89.18)	-	(757.56)	(408.16)	-	(43.98)	(55.55)	-	(396.59)	(360.97)
Lease assets												
Land (Refer note 14(2 & 3))	6,179.99	2,799.73	-	-	8,979.72	410.09	-	45.52	-	-	455.61	8,524.11
	(6,179.99)	-	-	-	(6,179.99)	(366.91)	-	(43.18)	-	-	(410.09)	(5,769.90)
Plants & Equipments	1,004.10	-	(226.52)	-	777.58	962.85	0.32	6.97	226.52	-	743.62	33.96
	(1,004.10)	-	-	-	(1,004.10)	(936.95)	-	(25.90)	-	-	(962.85)	(41.25)
	2,12,911.86	11,898.90	(2,157.30)	-	2,22,653.46	71,616.29	2,247.65	8,142.60	1,848.35	-	80,158.19	1,42,495.27
	(2,08,992.78)	(5,212.88)	(1,293.80)	-	(2,12,911.86)	(64,800.54)	-	(7,727.51)	(911.76)	-	(71,616.29)	(1,41,295.57)
Intangible assets												
Software	1,756.73	152.35	-	-	1,909.08	1,045.03	1.86	336.39	-	-	1,383.28	525.80
	(1,196.24)	(560.49)	-	-	(1,756.73)	(833.99)	-	(211.04)	-	-	(1,045.03)	(711.70)
Brand (Refer note 14(7))	5,629.80	-	-	-	5,629.80	961.76	-	264.52	-	-	1,226.28	4,403.52
	(5,629.80)	-	-	-	(5,629.80)	(680.27)	-	(281.49)	-	-	(961.76)	(4,668.04)
Technical Knowhow (Refer note 14(8))	865.51	-	-	-	865.51	119.77	-	41.36	-	-	161.13	704.38
	(865.51)	-	-	-	(865.51)	(76.49)	-	(43.28)	-	-	(119.77)	(745.74)
	8,252.04	152.35	-	-	8,404.39	2,126.56	1.86	642.27	-	-	2,770.69	5,633.70
	(7,691.55)	(560.49)	-	-	(8,252.04)	(1,590.75)	-	(535.81)	-	-	(2,126.56)	(6,125.48)
	2,21,163.90	12,051.25	(2,157.30)	-	2,31,057.85	73,742.85	2,249.51	8,784.87	1,848.35	-	82,928.88	1,48,128.97
	(2,16,684.33)	(5,773.37)	(1,293.80)	-	(2,21,163.90)	(66,391.29)	-	(8,263.32)	(911.76)	-	(73,742.85)	(1,47,421.05)
Capital work-in-progress												
												16,406.59
												(3,023.04)
Total												1,64,535.56
												(1,50,444.09)

Figures in brackets refer amount pertaining to Previous year

* Refer note 14(6)

Notes to the Financial Statements

for the year ended March 31, 2015

Note 14 - Fixed Assets (Continued)

- Building includes ₹ 0.10 lakhs (Previous Year ₹ 0.11 lakhs) being value of shares held in co-operative housing societies.
- Leasehold land includes land of ₹ 3,543.63 Lacs (Previous Year ₹ 3,543.63 lacs) acquired at Additional Ambernath Industrial Area, Ambernath, District Thane, Maharashtra from Maharashtra Industrial Development Corporation (MIDC) vide sanction letter dated October 30, 2009. The Company has taken physical possession of this land on September 1, 2010 which is subject to registration formalities.
- The Company has held following assets for sale :-
 - Leasehold Land at Additional Ambernath Industrial Area, Ambernath having book value of ₹ 3,543.63 Lacs.
 - Freehold land at Gujarat having book value of ₹ 0.60 Lacs.

Accordingly these assets are carried at lower of net book value and net realisable value

- Gross book value includes ₹ 695.77 lacs (Previous year ₹ 695.77 lacs) on account of revaluation of Land, Building and Plant and machinery in 2007 based on the report issued by independent valuer.
- During the year, the Company has capitalised the following expenses which is attributable to the construction activity in general and included in the cost of Capital work in progress (CWIP). Consequently expenses disclosed under the respective notes are net of amount capitalized by the Company.

(₹ in Lacs)			
Particulars	Note No.	2014-15	2013-14
Finance cost	29	145.73	-
Professional and consultancy charges	30	3.16	15.17
Miscellaneous expenses	30	84.03	1.35
Employee benefits expenses	28	545.55	26.84
Travelling and conveyance	30	36.56	2.05
Total		815.03	45.41

- Pursuant to the Companies Act, 2013 ("the Act"), the management, based on external technical evaluation has reassessed the useful life of fixed assets. Consequently, the depreciation charge for the year ended March 31, 2015 was higher by ₹ 418.00 Lacs. In accordance with the Act, the carrying value of the fixed assets as at April 1, 2014 is depreciated over the revised residual life of the fixed assets and where the revised residual life of the fixed assets is nil as at that date, the carrying value of the fixed assets, after retaining the residual value, has been adjusted to the General Reserve. Consequently, the General Reserve has been reduced by ₹ 2,161.64 Lacs (Net of Deferred Tax ₹ 87.87 Lacs).
- 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 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
- The Company has acquired technical know-how and assistance from International Tire Engineering Resources LLC, for setting up 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.

Notes to the Financial Statements

for the year ended March 31, 2015

Note 15 - Non current investments

(₹ in Lacs)

	Face Value	Holdings Nos.	As at 31.03.15	Holdings Nos.	As at 31.03.14
Long term - fully paid					
Equity shares (valued at cost unless stated otherwise)					
Unquoted (Trade)					
Investment in subsidiaries					
Associated CEAT Holdings Company (Pvt.) Limited	10 LKR	1,00,00,000	4,357.46	1,00,00,000	4,357.46
CEAT AKKHAN Limited. (Refer note 51 (c))	10 Taka	10,49,99,994	7,717.06	10,49,99,994	7,717.06
Rado Tyres Limited	₹ 10	94,16,350	358.86	94,16,350	358.86
CEAT Specialty Tyres Limited (Refer note 51 (a))	₹ 10	50,000	5.00	-	-
Investment in others					
Maestro Comtrade Private Limited	₹ 10	1,800	0.18	1,800	0.18
Total			12,438.56		12,433.56

Note 16 - Long-term loans and advances

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Unsecured, considered good		
Capital advances	2,706.76	772.49
Security deposits	880.05	790.46
Loans & advance to related parties (Refer note 34)	45.83	117.50
Other deposits	119.39	-
Advance income tax (Net of provision)	2,369.84	2,371.34
MAT credit entitlement	-	3,499.76
Unsecured, considered doubtful		
Balances with Government authorities / other deposit	268.68	218.13
Less : Provision made for doubtful balances	(268.68)	(218.13)
Total	6,121.87	7,551.55

Note 17 - Other non current assets

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Unamortised ancillary cost of borrowing	309.05	127.99
Revaluation of hedging instruments	348.18	876.82
Other receivables from subsidiaries (Refer note 34)	219.69	-
Total	876.92	1,004.81

Notes to the Financial Statements

for the year ended March 31, 2015

Note 18 - Current investments

(Valued at lower of cost and fair value, unless stated otherwise)

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Quoted Mutual Funds (Market Value ₹ 31,243.32 Lacs (Previous year Nil))	31,243.32	-
Total	31,243.32	-

Note 19 - Inventories

(Valued at lower of cost and net realisable value)

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
a) Raw materials	18,555.60	23,437.13
Goods-in transit	3,957.63	1,177.59
	22,513.23	24,614.72
b) Work-in-progress	2,024.48	3,190.79
c) Finished goods	33,837.52	37,769.35
d) Traded goods stock	1,575.80	1,745.55
Goods-in transit	328.72	462.41
	1,904.52	2,207.96
e) Stores and spares	3,923.70	4,044.99
Goods-in transit	7.25	-
	3,930.95	4,044.99
Total	64,210.70	71,827.81

Note 20 - Trade receivables

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
A) Debts Outstanding for a period exceeding 6 months from the date they are due for payment :		
Unsecured, considered good	139.74	216.64
Unsecured, considered doubtful	1,379.18	896.28
Less : provision for doubtful debts	(1,379.18)	(896.28)
	139.74	216.64
B) Other Debts		
Secured, considered good *	23,999.50	23,847.45
Unsecured, considered good	42,553.48	47,520.15
	66,552.98	71,367.60
Total	66,692.72	71,584.24

* These debts are secured to the extent of security deposits obtained from the dealers

Notes to the Financial Statements

for the year ended March 31, 2015

Note 21 - Cash and bank balances

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Cash and Cash Equivalents :		
Balances with Banks :		
On current accounts (Refer note (a))	4,433.41	8,811.23
On unpaid dividend accounts (Refer note (b))	109.53	87.61
Unclaimed public fixed deposit and interest there on (Refer note (c))	454.11	411.03
Cash in hand	11.95	15.82
	5,009.00	9,325.69
Other bank balances		
Deposits with maturity of more than 3 months but less than 12 months (Refer note (e))	1,208.20	500.20
Margin money deposits (Refer note (d))	232.58	469.71
	1,440.78	969.91
Total	6,449.78	10,295.60

Note :

- Includes ₹ 4.53 Lacs outstanding for a period exceeding seven years. This amount is no longer payable as the Company has adjusted this amount towards call-in arrears of partly paid-up equity shares of the Company held by the share holders, pursuant to the resolution passed by the Board of Directors at its meeting on 23rd September, 2005.
- These balances are available for use only towards settlement of corresponding unpaid dividend liabilities
- These balances are available for use only towards settlement of matured deposits and interest on deposits, also includes ₹ 0.20 Lacs outstanding for a period exceeding seven years, in respect of which a government agency has directed the Company to hold and not transfer / repay the amount
- The margin deposit are kept with bank for bank guarantees given to statutory authorities for the period ranging between 3-5 years
- Deposit to the extent of ₹ 637.41 lacs (Previous Year ₹ 42.42 lacs) is created for the purpose of deposit repayment reserve account and cannot be used for any other purpose

Note 22 - Short-term loans and advances

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Unsecured, considered good		
Advance receivable in cash or kind or for value to be received	2,839.32	3,749.87
Balance with statutory / government authorities	5,179.86	5,366.46
Loans & advances to related parties (Refer note 34)	1,371.67	71.67
Other deposits	129.53	110.41
Unsecured, considered doubtful		
Loans advances and deposits	132.00	182.55
Less : provision for doubtful advances and deposits	(132.00)	(182.55)
Total	9,520.38	9,298.41

Note 23 - Other current assets

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Unsecured, considered good		
Interest receivable	189.85	159.59
Recoverable against fire loss (Refer note 47 (b))	442.29	2,556.40
Revaluation of hedging instrument	899.99	-
Total	1,532.13	2,715.99

Notes to the Financial Statements

for the year ended March 31, 2015

Note 24 - Revenue from operations

	(₹ in Lacs)	
	2014-15	2013-14
1) Sale of products	6,13,374.98	5,84,614.36
2) Other operating revenues		
a) Royalty income	442.71	432.99
b) Sale of scrap	1,604.51	1,417.58
c) Government grants # (Refer note 31 (c))	1,992.87	2,140.32
d) Others	901.20	1,074.78
Total revenue from operation (Gross)	6,18,316.27	5,89,680.03

The Company has recognised a Government grant of ₹ 1,041.70 Lacs (Previous year ₹ 1,013.13 Lacs) as income on refund of Octroi duty under the Package Scheme of Incentive received from Directorate of Industries, Government of Maharashtra for Nasik Plant (Refer note 31 (c)).

The Company has also recognised a Government grant of ₹ 951.17 Lacs (Previous year ₹ 1,127.19 Lacs) as income on account of export incentives under focus product scheme and focus market scheme from Directorate General of Foreign Trade, Government of India.

	(₹ in Lacs)	
Details of sales under broad heads	2014-15	2013-14
Automotive Tyres	5,42,473.57	5,19,839.96
Tubes and others	70,901.41	64,774.40
Sale of products	6,13,374.98	5,84,614.36

Note 25 - Other income

	(₹ in Lacs)	
	2014-15	2013-14
Profit on sale of fixed assets (Net)	-	21.42
Interest income on		
Bank deposit	134.01	109.57
Others	360.91	343.31
Dividend income on		
Investment in subsidiary	950.60	837.16
Current investments	744.11	54.73
Other non-operating income	673.62	687.87
Total	2,863.25	2,054.06

Note 26 - Cost of material consumed

	(₹ in Lacs)	
	2014-15	2013-14
Raw materials		
Opening stock	24,614.72	17,146.70
Add : Purchases	3,23,797.83	3,52,606.85
	3,48,412.55	3,69,753.55
Less : Closing stock	22,513.23	24,614.72
Total	3,25,899.32	3,45,138.83

Notes to the Financial Statements

for the year ended March 31, 2015

	(₹ in Lacs)	
Details of raw materials consumed	2014-15	2013-14
Rubber	1,63,846.95	1,91,580.18
Fabrics	51,240.69	51,353.41
Carbon Black	50,146.00	47,778.13
Chemicals	36,279.11	31,900.37
Others	24,386.57	22,526.74
Total	3,25,899.32	3,45,138.83

	(₹ in Lacs)	
Details of inventories	2014-15	2013-14
Rubber	12,418.78	16,971.68
Fabrics	2,548.09	2,186.45
Carbon Black	2,122.76	1,709.70
Chemicals	3,055.90	2,083.52
Others	2,367.70	1,663.37
Total	22,513.23	24,614.72

Note 27 - Changes in inventories of finished goods, work-in-progress and stock in trade

	2014-15	2013-14	(₹ in Lacs) Increase / Decrease
Opening Stock			
a) Work-in-progress	3,190.79	2,721.06	469.73
b) Finished goods	37,769.35	28,273.89	9,495.46
c) Traded goods	2,207.96	439.81	1,768.15
	43,168.10	31,434.76	11,733.34
Closing Stock			
a) Work-in-progress	2,024.48	3,190.79	(1,166.31)
b) Finished goods	33,837.52	37,769.35	(3,931.83)
c) Traded goods	1,904.52	2,207.96	(303.44)
	37,766.52	43,168.10	(5,401.58)
	5,401.58	(11,733.34)	
Differential excise duty on opening and closing stock of finished goods	225.81	1,147.62	
Total	5,627.39	(10,585.72)	

Note 28 - Employee benefits expenses

	(₹ in Lacs)	
	2014-15	2013-14
Salaries, wages and bonus	28,158.34	24,260.78
Contribution to provident and other funds (Refer note 44)	1,572.20	1,382.59
Gratuity expenses (Refer note 44)	2,044.13	247.44
Staff welfare expenses	3,210.66	3,016.38
Total	34,985.33	28,907.19

Note 29 - Finance costs

	(₹ in Lacs)	
	2014-15	2013-14
Interest	10,754.88	13,896.06
Other borrowing cost	2,291.42	3,019.83
Total	13,046.30	16,915.89

Notes to the Financial Statements

for the year ended March 31, 2015

Note 30 - Other expenses

	2014-15	(₹ in Lacs) 2013-14
Conversion charges	30,568.13	21,842.45
Stores and spares consumed	4,231.73	3,913.82
Provision for obsolescence of stores and spares	150.84	0.91
Power and fuel	16,136.88	17,266.85
Freight and delivery charges	23,450.65	19,536.63
Rent	586.18	456.08
Lease rent - Vehicles	128.68	140.60
Rates and taxes	127.61	218.13
Insurance	683.70	374.01
Repairs :		
Plant and machinery	4,944.96	3,446.22
Buildings	811.84	487.67
Others	31.81	38.40
	5,788.61	3,972.29
Travelling and conveyance	2,375.54	2,375.13
Printing and stationery	184.88	189.01
Directors' fees	46.05	7.35
Payment to Statutory Auditor (Refer details below)	70.18	63.62
Cost audit fees	2.20	2.20
Advertisement and sales promotion expenses	9,660.78	7,147.47
Rebates and discounts	8,751.86	7,925.12
Commission on sales	250.72	435.37
Communication expenses	754.85	562.64
Advances written off	62.27	-
Bad Debts written off	-	31.41
Less : Provision for doubtful debts written back to the extent provided	-	(14.25)
	-	17.16
Provision for doubtful debts and advances	482.90	370.19
Loss on assets sold / discarded (Net)	83.08	-
Premium on sale and purchase of forward contract (Net)	246.73	132.80
Legal charges	262.32	172.33
Foreign exchange fluctuations (Net)	377.79	185.43
Professional and consultancy charges	1,587.59	1,442.31
Corporate Social Responsibility (CSR) expenses (Refer note 48)	323.66	37.87
Commission to directors	460.00	380.00
Training and conference expenses	840.17	1,032.34
Bank Charges	1,005.52	1,460.36
Miscellaneous expenses#	7,128.66	6,347.09
Total	1,16,810.76	98,007.56

Miscellaneous expenses includes donation of ₹ 135.00 Lacs (Previous year ₹ Nil) in the nature of political contribution to an Electoral Trust (Janpragati Electoral Trust)

	2014-15	(₹ in Lacs) 2013-14
Payment to Statutory Auditor		
As Auditor :		
Audit fee	36.00	33.00
Limited review	22.00	18.00
In Other capacity :		
Other services (certification fees)	7.36	8.03
Reimbursement of expenses	4.82	4.59
	70.18	63.62

The above amount does not include fees amounting to ₹ 35.43 Lacs towards services provided in respect of Qualified Institutional Placement (QIP) which has been netted off against share premium (Refer note 51(b)).

Notes to the Financial Statements

for the year ended March 31, 2015

31) Contingent liabilities and commitments (to the extent not provided for):

a. Contingent Liabilities:

(₹ in Lacs)		
Particulars	As at 31.03.2015	As at 31.03.2014
1. Direct and Indirect Taxation Matters		
Income Tax	8,492.54	12,771.64
Wealth Tax	6.73	6.73
Excise Duty / Service Tax	8,846.44	19,686.36
Sales Tax	4,554.66	3,479.40
2. Bills discounted with Banks	8,698.31	6,126.46
3. Corporate Guarantee		
i) Corporate Guarantees given in favour of AB Bank Limited on behalf of CEAT AKKHAN Limited amounting to Bangladesh Taka Nil (Previous year Bangladesh Taka 1,650.00 Lacs)	-	1,278.26
ii) Letter of Comfort given to The City Bank Limited on behalf of CEAT AKKHAN Limited amounting to Bangladesh Taka 1,600.00 Lacs (Previous year Bangladesh Taka 1,600.00 Lacs)#	929.64	929.64
iii) Corporate Gurantee given to Muzuho Corporate Bank, Tokyo on behalf of RPG Enterprises Ltd.	-	2,550.00
4. Claims against the Company not acknowledged as debts*		
i) In respect of labour matters	353.43	715.79
ii) Rental disputes	180.00	180.00
iii) Customer disputes	446.00	446.00
iv) Vendor disputes	293.83	293.83
v) Other claims	199.85	187.30

*in respect of above matters, future cash outflows are determinable only on receipt of judgements pending at various forums / authorities. The amount of expected reimbursement to the Company is not ascertainable as on Balance Sheet date.

Loans availed by CEAT AKKHAN Limited against the Corporate Gurantee issued by the Company, have been utilized for the purpose of working capital requirement.

b. Commitments

(₹ in Lacs)		
Particulars	As at 31.03.2015	As at 31.03.2014
Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advance payments)	23,100.43	1,700.03

c. Others

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 and 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. (Refer note 24(2)(c)).

32) The Board of Directors have recommended a Dividend of ₹ 10 per share pursuant to which, the total amount to be distributed as Dividend is ₹ 4,045.01 Lacs (Previous year ₹ 3,595.57 Lacs).

Notes to the Financial Statements

for the year ended March 31, 2015

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

		(₹ in Lacs)	
		2014-15	2013-14
(a)	Principal Amount Due	502.03	557.37
(b)	Interest paid during the year beyond the appointed day	236.71	-
(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	6.76	236.71
(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.	-	150.62

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

34) Loans and advances in the nature of loans given to subsidiaries and associates and firms / Companies in which Directors are interested as required under clause 32 of the Listing Agreement and disclosure required under section 186 (4) of the Companies Act, 2013.

(a) **CEAT Specialty Tyres Limited**

The loan balance as at 31 March, 2015 is ₹ 1,300.00 Lacs (Previous year ₹ Nil Lacs)

The maximum amount outstanding during the year is ₹ 1,300.00 Lacs (Previous year ₹ Nil Lacs)

The repayment schedule for the above loan is of one year and the rate of interest charged is 10%

The loan will be utilized for meeting the working capital requirements

(b) **Rado Tyres Limited**

The loan balance as at 31 March, 2015 is ₹ 117.50 Lacs (Previous year ₹ 189.17 Lacs)

The maximum amount outstanding during the year is ₹ 189.17 Lacs (Previous year ₹ 215.00 Lacs)

The repayment schedule for the above loan is 36 equal monthly instalments with the last instalment due in November 2016 and the rate of interest charged is 10%

The loan is utilized for meeting the working capital requirements

35) **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 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)	
Particulars	As at 31.03.2015	As at 31.03.2014	
At the beginning of the year	2,053.62	1,592.71	
Arising during the year	6,235.90	4,893.63	
Utilised during the year	5,788.33	4,432.72	
At the end of the year	2,501.19	2,053.62	
Current portion	2,018.71	1,674.68	
Non-Current portion	482.48	378.94	

36) **Purchase and Sale of Traded Goods**

		(₹ in Lacs)	
Particulars	2014-15	2013-14	
Traded Goods Purchases - Tyres	11,976.28	12,170.62	
Traded Goods Sales – Tyres (Gross)	13,644.21	11,902.52	

Notes to the Financial Statements

for the year ended March 31, 2015

37) Value of imports calculated on CIF basis:

(₹ in Lacs)

Particulars	2014-15	2013-14
Raw Materials	1,36,631.65	1,59,054.65
Traded Goods	3,546.05	3,339.21
Components and Spares	509.53	422.40
Capital Goods	5,778.87	2,197.83

38) Expenditure in foreign currency (accrual basis)

(₹ in Lacs)

Particulars	2014-15	2013-14
Interest	313.40	1,350.59
Travelling	228.64	219.05
Others	1,234.43	816.69

39) Dividend remittance in foreign currency

(₹ in Lacs)

Particulars	2014-15	2013-14
Amount remitted (Net)	178.24	71.30
Number of non-residence share holders	2	2
Number of shares on which remittance was made	17,82,385	17,82,385
Year for which the Dividend was paid	2013-14	2012-13

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

	2014-15		2013-14	
	%	Value	%	Value
Raw Materials				
Imported	47.36	1,54,341.84	48.56	1,67,597.31
Indigenous	52.64	1,71,557.48	51.44	1,77,541.52
	100.00	3,25,899.32	100.00	3,45,138.83

	2014-15		2013-14	
	%	Value	%	Value
Stores and Spares				
Imported	20.48	866.77	20.28	793.82
Indigenous	79.52	3,364.96	79.72	3,120.00
	100.00	4,231.73	100.00	3,913.82

41) Earnings in foreign currency (accrual basis)

(₹ in Lacs)

Particulars	2014-15	2013-14
Export Sales calculated on FOB basis	97,800.98	1,07,494.29
Royalty	442.71	432.99
Dividend	950.60	837.16
Technical Development Charges	70.00	334.23

42) Research and development fees

(₹ in Lacs)

Particulars	2014-15	2013-14
Revenue expenditure	2,085.31	1,832.73

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

Notes to the Financial Statements

for the year ended March 31, 2015

43) 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 lease of ₹ 128.68 Lacs (Previous year ₹ 140.60 Lacs) has been charged to Statement of Profit and Loss.

	(₹ in Lacs)	
	As at 31.03.2015	As at 31.03.2014
Future Minimum Lease Payments		
For a period not later than one year	88.53	107.80
For a period later than one year but not later than five years	81.13	100.37
For a period later than five year	-	-

There are no restriction placed upon the Company by entering into these leases. The lease term ranges from one year to five years and are renewable at the option of the Company.

44) Post-Retirement benefits plan

a) Defined contribution plan

The Company has recognised and included in Note No.28 "Contribution to Provident and other funds" expenses towards the defined contribution plan as under:

	(₹ in Lacs)	
Particulars	2014-15	2013-14
Contribution to Provident fund (Government)	1,354.18	1,187.97

b) Defined benefit 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)	
	As at 31.03.2015	As at 31.03.2014
Sr. Particulars No.	Gratuity (Funded)	Gratuity (Funded)
1. Opening present value of Defined Benefit obligation	6,047.19	6,069.25
2. Current Service Cost	350.04	302.70
3. Interest Cost	516.84	426.15
4. Benefits paid	(652.12)	(531.84)
5. Actuarial (Gain) / Loss on obligation	1,904.00	(219.07)
6. Closing present value of obligation	8,165.95	6,047.19

ii) Changes in Fair value of Plan Assets during the year ended March 31, 2015

	As at 31.03.2015	As at 31.03.2014
Sr. Particulars No.	Gratuity (Funded)	Gratuity (Funded)
1. Fair value of plan assets as at April 1	5,882.28	4,177.46
2. Expected return on plan assets	555.87	454.77
3. Contributions made	155.00	1,801.67
4. Benefits paid	(652.12)	(531.84)
5. Actuarial gain / (Loss) on plan assets	170.88	(19.78)
6. Fair value of plan assets as at March 31	6,111.91	5,882.28

Notes to the Financial Statements

for the year ended March 31, 2015

iii) Net employee benefits expenses recognized in the employee cost

(₹ in Lacs)

Sr. No.	Particulars	2014-15 Gratuity (Funded)	2013-14 Gratuity (Funded)
1.	Current Service Cost	350.04	302.70
2.	Interest Cost on benefit obligation	516.84	426.15
3.	Actuarial (gains) and losses (Net)	1,733.12	(199.29)
4.	Expected return on plan assets	(555.87)	(454.77)
5.	Net benefit expense *	2,044.13	74.79

* Previous Year amount disclosed in Note No. 28 of ₹ 247.44 Lacs includes ₹ 172.65 Lacs payable on account of actual Gratuity payable to the employees who have opted for voluntary retirement scheme announced during the previous year.

iv) Net Assets / (Liability) as at March 31, 2015

(₹ in Lacs)

Sr. No.	Particulars	As at 31.03.2015 Gratuity (Funded)	As at 31.03.2014 Gratuity (Funded)
1.	Closing Present value of the defined benefit obligation	8,165.95	6,047.19
2.	Closing Fair value of plan Assets	6,111.91	5,882.28
3.	Net Assets / (Liability) recognized in the Balance Sheet	(2,054.04)	(164.91)

v) Actual return on plan assets for the year ended March 31, 2015

(₹ in Lacs)

Sr. No.	Particulars	2014-15 Gratuity (Funded)	2013-14 Gratuity (Funded)
1.	Expected return on plan assets	555.87	454.77
2.	Actuarial gain / (loss) on plan assets	170.88	(19.78)
3.	Actual return on plan assets	726.75	434.99

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	2014-15 Gratuity (Funded)	2013-14 Gratuity (Funded)
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:

(₹ in Lacs)

Sr. No.	Particulars	Gratuity (Funded)	Gratuity (Funded)
1.	Discount Rates	7.85%	9.00%
2.	Expected rate of return on assets	9.10%	9.45%
3.	Annual increase in salary	7.00%	7.00%
4.	Employee turnover	9.58%	9.58%
5.	Mortality Rate	Indian Assured Lives Mortality (2006-08) Modified Ultimate	Indian Assured Lives Mortality (2006-08) Modified 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.

Notes to the Financial Statements

for the year ended March 31, 2015

viii) Details of previous years

(₹ in Lacs)

Gratuity Funded	2014-15	2013-14	2012-13	2011-12	2010-11
Present value of Defined Benefit obligation as at the year end	8,165.95	6,047.19	6,069.25	4,954.95	4,782.50
Fund value as at the year end	6,111.91	5,882.28	4,177.46	4,625.09	4,236.09
Surplus / (Deficit)	(2,054.04)	(164.91)	(1,891.79)	(329.86)	(546.41)
Net Assets / (Liability) recognised in the Balance Sheet	(2,054.04)	(164.91)	(1,891.79)	(329.86)	(546.41)

ix) Experience adjustment

(₹ in Lacs)

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
Benefit Obligation	8,165.95	6,047.19	6,069.25	4,954.95	4,782.50
Fair Value of plan assets	6,111.91	5,882.28	4,177.45	4,625.09	4,236.09
Funded status – deficit / (surplus)	2,054.04	164.91	1,891.79	329.86	546.41
Experience adjustment on plan liabilities	1,390.95	(532.13)	1,294.60	225.85	380.36
% of plan liabilities	17.03%	(8.80%)	21.33%	4.55%	7.95%
Experience adjustment on plan assets	170.88	(19.77)	6.47	-	-
% of plan assets	2.80%	(0.34%)	0.15%	-	-

45) Derivatives contracts and unhedged foreign currency exposure:

a) Derivatives outstanding as at the reporting date

Derivative	Currency	2014-15	2013-14	Purpose
Forward Contracts to sell foreign currency	USD	123.00	184.50	Hedge of foreign currency sales
	USD	291.00	-	Hedge of foreign currency highly probable sales
Forward Contracts to buy foreign currency	USD	83.22	127.03	Hedge of foreign currency purchase
	USD	247.51	381.56	Hedge of foreign currency buyer's credit
	EURO	2.71	-	Hedge of foreign currency buyer's credit
	USD	42.14	238.42	Hedge of foreign currency firm commitment - PO's
	USD	-	90.00	Hedge of PCFC loan
Cross currency interest rate swaps	USD	33.00	55.00	Hedge of term loan
Principal only swaps	USD	31.25	52.08	Hedge of term loan
Cross currency interest rate swaps	USD	30.98	-	Hedge of foreign currency buyer's credit
Principal only swaps	USD	-	12.35	Hedge of foreign currency buyer's credit
Options contract to buy foreign currency	USD	17.18	-	Hedge of foreign currency buyer's credit

Notes to the Financial Statements

for the year ended March 31, 2015

b) Unhedged foreign exchange exposures

Particulars	Currency	Amount in foreign currency (in lacs)	
		2014-15	2013-14
Short term borrowing	USD	96.20	-
Trade payable	USD	56.03	7.57
	EURO	4.51	0.68
	JPY	6.30	21.15
	GBP	-	0.01
Trade receivable	USD	55.20	42.40
	EURO	1.36	-
Advances recoverable in cash or kind	USD	8.68	7.97
Interest accrued and not due on borrowings	USD	0.40	1.52

46) 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 AKKHAN Limited (previously known as CEAT Bangladesh Limited) (Subsidiary Company)
- Rado Tyres Limited ("Rado") (Subsidiary Company) (w.e.f. 27th September, 2013)
- CEAT Specialty Tyres Limited ("CSTL") (Subsidiary Company) (w.e.f. 8th December 2014)

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)
- RPG Foundation (Directors, KMP or their relatives are interested)
- Raychem RPG (Pvt.) Limited ("Raychem") (Directors, KMP or their relatives are interested)
- KEC International Limited ("KEC") (Directors, KMP or their relatives are interested)
- Vinar Systems Pvt. Limited ("Vinar") (Directors, KMP or their relatives are interested)
- B.N. Elias & Co. LLP ("B.N. Elias") (Directors, KMP or their relatives are interested)
- Atlantus Dwellings & Infrastructure LLP ("Atlantus") (Directors, KMP or their relatives are interested)
- Chattarpati Apartments LLP ("Chattarpati") (Directors, KMP or their relatives are interested)
- Allwin Apartments LLP ("Allwin") (Directors, KMP or their relatives are interested)
- Palacino Properties LLP ("Palacino") (Directors, KMP or their relatives are interested)
- Amber Apartments LLP ("Amber") (Directors, KMP or their relatives are interested)
- Swallow Associate LLP ("Swallow") (Directors, KMP or their relatives are interested)
- Janpragati Electrolal Trust ("Janpragati") (Directors, KMP or their relatives are interested)
- Khaitan & Co. ("Khaitan") (Directors, KMP or their relatives are interested)
- Mr. Kunal Mundra (Relative of Director)
- **Key Management Personnel (KMP):**
 - i) Mr. Harsh Vardhan Goenka, Chairman
 - ii) Mr. Anant Vardhan Goenka, Managing Director
 - iii) Mr. Arnab Banerjee, Whole-time Director (w.e.f. 7th May, 2013)
 - iv) Mr. Subba Rao Amarthaluru, Chief Financial Officer.
 - v) Mr. H. N. Singh Rajpoot, Company Secretary.

Notes to the Financial Statements

for the year ended March 31, 2015

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

		(₹ in Lacs)	
Transactions	Related Party	2014-15	2013-14
Reimbursement / (Recovery) of expenses (net)	ACPL	(59.33)	34.66
	CKITL	-	6.65
	CKRL	-	7.79
	Rado	754.96	694.31
	Raychem	(26.53)	(15.12)
	KEC	(82.11)	(61.48)
	Atlantus	0.60	-
	Amber	1.86	2.71
	Total	589.45	669.52
Dividend income	ACHL	950.60	837.16
Royalty income	ACPL	115.11	132.70
	CKITL	169.60	170.95
	ATPL	26.55	2.02
	CKRL	131.45	127.32
	Total	442.71	432.99
Purchase of traded goods	ACPL	2,515.58	2,830.36
	CKITL	29.33	125.33
	CKRL	814.34	-
	Total	3,359.25	2,955.69
Sales	CKITL	863.16	856.15
	CEAT AKKHAN Limited	3,041.44	2,027.97
	CSTL	0.06	-
	Total	3,904.66	2,884.12
Conversion charges	Rado	1,147.76	956.53
Loan given	Rado	-	10.00
	CSTL	1,300.00	-
	Total	1,300.00	10.00
Repayment of loan given	Rado	(71.67)	(35.83)
Interest income on loan	Rado	15.63	21.04
	CSTL	2.11	-
	Total	17.74	21.04
Investments (including share application money) made during the year	CEAT AKKHAN Limited	-	3,866.38
	CSTL	4.00	-
	Rado	-	300.00
	Swallow	-	0.18
	Total	4.00	4,166.56
Technical development fees received	CKRL	-	50.56
	CEAT AKKHAN Limited	-	199.40
	ATPL	70.00	84.27
	Total	70.00	334.23

Notes to the Financial Statements

for the year ended March 31, 2015

Transactions	Related Party	2014-15	2013-14
Rent paid on residential premises	Allwin	16.85	16.85
	KEC	3.00	9.00
	Amber	15.00	15.00
	Atlantus	18.00	18.00
	Chattarpati	43.20	43.20
	Palacino	9.04	10.31
	B N Elias	12.00	12.00
	Total	117.09	124.36
Building maintenance recovery	Raychem	107.29	96.56
	KEC	430.42	427.27
	Total	537.71	523.83
Rent recovery on residential premises	KEC	30.12	41.24
	Total	30.12	41.24
Purchase of capex / spares	Raychem	134.96	-
	KEC	487.62	-
	Vinar	4.32	1.79
	Total	626.90	1.79
Legal fees paid	Khaitan & Co.	55.77	-
Advances given	Rado	84.00	-
Interest on loan given recovered	Rado	(23.24)	-
	CSTL	(1.99)	-
	Total	(25.23)	-
Corporate Social Responsibility (CSR) expenses	RPG	-	-
	Foundation	303.73	-
Donations	Janpragati	135.00	-

Balance as at year ended

			(₹ in Lacs)
Amount due to / from related party	Related party	As at 31.03.2015	As at 31.03.2014
Advances recoverable in cash or kind	ACPL	19.56	11.75
	CKRL	5.02	-
	ATPL	70.37	74.46
	CEAT	-	-
	AKKHAN	-	-
	Limited	219.69	209.48
	Raychem	11.49	10.21
	KEC	53.41	31.59
	Total	379.54	337.49
Advance given	Rado	84.00	-
Royalty receivable	ACPL	51.31	63.15
	CKITL	83.95	77.44
	CKRL	65.37	60.38
	ATPL	28.67	1.98
	Total	229.30	202.95
Trade payables	ACPL	721.45	688.13
	CKRL	113.81	-
	Rado	92.61	56.17
	B N Elias	0.90	-
	Atlantus	1.35	(0.67)
	Raychem	0.25	-
	Chattarpati	3.24	-
	Allwin	1.28	-
	Palacino	0.68	(0.58)
	KEC	2.93	-
	Total	938.50	743.05

Notes to the Financial Statements

for the year ended March 31, 2015

Amount due to / from related party	Related party	As at 31.03.2015	As at 31.03.2014
Trade receivables	CKITL	324.61	202.11
	CSTL	0.06	-
	CEAT AKKHAN Limited	290.32	540.64
	Total	614.99	742.75
Loans given	CSTL	1,300.00	-
	Rado	117.50	189.17
	Total	1,417.50	189.17
Interest receivable	Rado	26.02	33.63

Transactions with key management personnel and their relatives:

		(₹ in Lacs)	
Sr. No.	Related party	2014-15	2013-14
1)	Mr. Harsh Vardhan Goenka		
	Commission	415.40	344.00
	Director sitting fees	3.95	0.80
	Dividend	13.40	5.36
	Total	432.75	350.16
2)	Mr. Anant Vardhan Goenka		
	Salaries	209.50	190.13
	Allowances and Perquisites	24.34	8.52
	Performance Bonus	81.30	33.00
	Contribution to Provident & Superannuation Fund	19.42	17.65
	Dividend	1.42	0.57
	Total	335.98	249.87
3)	Mr. Arnab Banerjee		
	Salaries	152.67	133.19
	Allowances and Perquisites	0.44	7.12
	Performance Bonus	49.05	17.48
	Contribution to Provident & Superannuation Fund	7.97	6.57
	Total	210.13	164.36
4)	Mr. Subba Rao Amarthaluru		
	Salaries	205.24	-
	Allowances and Perquisites	0.15	-
	Performance Bonus	127.95	-
	Contribution to Provident & Superannuation Fund	13.70	-
	Total	347.04	-
5)	Mr. H. N. Singh Rajpoot		
	Salaries	51.43	-
	Allowances and Perquisites	0.37	-
	Performance Bonus	15.27	-
	Contribution to Provident & Superannuation Fund	5.86	-
	Total	72.93	-
6)	Mr. Kunal Mundra		
	Salaries	64.87	-
	Allowances and Perquisites	0.15	-
	Performance Bonus	29.43	-
	Contribution to Provident & Superannuation Fund	4.31	-
	Total	98.76	-
	Grand Total	1,497.59	764.39

The Managerial remuneration is computed as per the provisions of Section 197 of the Companies Act, 2013.

Notes to the Financial Statements

for the year ended March 31, 2015

47) Exceptional Items:

- The Company had introduced a Voluntary Retirement Scheme (VRS) for employees across the Company during the year, 70 employees (Previous year 105 employees) opted for the VRS. The Compensation in this respect aggregates ₹ 613.20 Lacs (Previous year ₹ 689.19 Lacs) which is disclosed as an exceptional Item.
- During the previous year 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 ₹ 329.67 Lacs with its written down value of ₹ 230.87 Lacs and stock valuing ₹ 2,538.16 Lacs, aggregating to ₹ 2,769.03 Lacs were destroyed in the fire. The assets were covered under the insurance policy. The amount of ₹ 2,556.40 Lacs was expected to be recovered from the insurance company and shown as insurance claim receivable. The balance amount of ₹ 212.63 Lacs along with the expenditure incurred of ₹ 102.11 Lacs (including net incidental charges) has been charged to the Statement of Profit and Loss and aggregate amount of ₹ 314.74 Lacs has been treated as an exceptional item.

48) Corporate Social Responsibility (CSR) Expenses:

- Gross amount required to be spent As Per Section 135 of Companies Act, 2013 ₹ 401.58 Lacs
- Amount spent during the year:

Sr. No.	Particular	In cash	Yet to be paid in cash	Total
1	Construction / acquisition of any assets	Nil	Nil	Nil
2	On purposes other than (1) above	323.66	77.92	401.58

49) 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 - Geographical segment

Particulars	2014-15	(₹ in Lacs) 2013-14
Revenue by geographical market		
India	4,61,497.60	4,27,899.13
Outside India	98,342.08	1,08,269.79
Total*	5,59,840.08	5,36,168.92
Carrying amount of segment Assets		
India	3,38,625.55	3,10,638.93
Outside India	24,996.35	26,517.13
Total	3,63,621.90	3,37,156.06
Additions to Fixed Assets and Intangible Assets		
India	12,051.26	5,773.32
Outside India	-	-
Total	12,051.26	5,773.32

* Segment revenue includes "Total revenue" less "Interest income and Dividend income" included in "Other income".

Notes to the Financial Statements

for the year ended March 31, 2015

50) Earnings per Share (EPS):

Particulars	₹ in Lacs	
	2014-15	2013-14
Net Profit for calculation of basic and diluted EPS	29,897.39	25,378.22
Weighted average number of equity shares (face value per share ₹ 10) in calculating basic EPS	3,74,82,569	3,54,16,257
Effect of dilution:		
Convertible share warrants	-	2,08,574
Weighted average number of equity shares (face value per share ₹ 10) in calculating diluted EPS	3,74,82,569	3,56,24,831
Basic EPS	79.76	71.66
Diluted EPS	79.76	71.24

51) Other Information:

- During December 2014, the Company has acquired 100% stake in CEAT Specialty Tyres Limited (previously known as CEAT Specialty Tyres Private Limited) by purchasing 10,000 shares of ₹ 10 each at face value. Subsequently the Company purchased additional 40,000 shares. The subsidiary will focus exclusively on 'Off-the-Road' and specialty tyres, for sales in India and abroad.
- On 28th November, 2014 the Company allotted 44,94,382 equity shares of ₹ 10 each at a premium of ₹ 880 per equity share aggregating to ₹ 39,999.99 Lacs pursuant to shares issued under a Qualified Institutional Placement (QIP). Out of the total proceeds, the Company spent ₹ 655.93 Lacs (net of tax) towards issue expenses.
- During the previous year, the Company has acquired 70% share in CEAT AKKHAN LIMITED (Previously known as CEAT Bangladesh Limited) by purchasing additional 4,82,000 shares @ Bangladeshi Taka 10 each. The balance 30% share of 4,50,000 shares were allotted to A. K. Khan & Company Limited (JV Partner) at Bangladeshi Taka 10 each.

52) Utilisation of money raised through Qualified Institutional Placement (QIP):

During the year ended 31st March, 2015, the Company has raised ₹ 39,999.99 Lacs through Qualified Institutional Placement, specifically to meet its share in the cost of setting up of various expansion projects viz. capacity expansion of Halol plant, specialty tyres project (through its subsidiary company) and two-three wheeler tyres project and also for augmentation of the long term working capital required for business growth.

Particulars	₹ in Lacs	
	2014-15	2013-14
Amount utilised during the year :		
1. QIP expenses (gross of tax)	903.02	-
2. Capacity expansion at Halol plant	6,129.83	-
3. Specialty Tyres project	427.81	-
4. Two-Three wheeler project	3,003.93	-
Unutilised amount at the end of the year	29,535.40	-

Notes to the Financial Statements

for the year ended March 31, 2015

Details of short term investments made from unutilised portion of Qualified Institutional Placements raised during the year ended 31st March, 2015.

Particulars	(₹ in Lacs)	
	As at 31 st March, 2015	As at 31 st March, 2014
Investments in mutual funds	29,533.41	-
Bank Balance – Yes Bank	1.99	-
Unutilised amount at the end of the year	29,535.40	-

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

As per our report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration No.324982E

per **Vinayak Pujare**

Partner

Membership Number : 101143

Place : Mumbai

Date : May 22, 2015

Subba Rao Amarthaluru

Chief Financial Officer

H.N.Singh Rajpoot

Company Secretary

For and on behalf of Board of Directors of CEAT Limited

H.V.Goenka

Chairman

Anant Goenka

Managing Director

Mahesh Gupta

Chairman - Audit Committee

Place : Mumbai

Date : May 22, 2015

Independent Auditor's Report

To the Members of CEAT Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of CEAT Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its jointly controlled entities, comprising of the consolidated Balance Sheet as at March 31, 2015, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on

Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, 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 financial control relevant to the Holding Company's preparation 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 whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group and its jointly controlled entities as at March 31, 2015, their consolidated profit, and their consolidated 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, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditor's report of the Holding company, its subsidiaries and jointly controlled entities incorporated in India, to whom the Order applies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies and jointly controlled companies incorporated in India, none of the directors of the Group's companies and its jointly controlled companies incorporated in India is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its jointly controlled entities – Refer Note 13(7) and Note 31(a)(1) & (4) to the consolidated financial statements;
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for

material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 13(8) to the consolidated financial statements in respect of such items as it relates to the Group and jointly controlled entities;

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and jointly controlled companies incorporated in India.

Other Matter

The accompanying consolidated financial statements include total assets of Rs 31,230 Lacs as at March 31, 2015, and total revenues and net cash inflows of Rs 24,799 lacs and Rs 3,211 lacs for the year ended on that date, in respect of four subsidiaries, and its five jointly controlled entities, which have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and jointly controlled entities, is based solely on the report(s) of such other auditors.

Our opinion on the consolidated financial statements, and our Report on other legal and regulatory requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E

per **Vinayak Pujare**

Partner

Membership Number: 101143

Place : Mumbai

Date : May 22, 2015

Annexure referred to in paragraph 1 of the section on "Report on other legal and regulatory requirements" of our report of even date

Re: The Group, comprising CEAT Limited ('Holding Company') and its subsidiaries incorporated in India and to whom the provisions of the Order apply (together referred to as "the Covered entities" in this report)

- (i) (a) The Holding Company and the Covered entities of the Group have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management of the Holding company during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Holding Company and the nature of its assets. No material discrepancies were noticed on such verification. Fixed assets have been physically verified by the Covered entities of the Group during the year and no material discrepancies were identified on such verification as reported by the other auditors who audited the financial statements of the aforesaid subsidiaries.
- (ii) (a) The management of the Holding Company and Rado Tyres Limited have conducted physical verification of inventory at reasonable intervals during the year. Inventories lying with outside parties have been confirmed by them as at year end. Considering the scale of operations of CEAT Specialty Tyres Limited, as reported by the other auditor who audited the financial statements, conducting physical verification of inventory does not arise. Accordingly, the requirements under paragraph 3(ii)(b) and (c) of the Order are not applicable to the said subsidiary.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Holding Company and the Covered entities of the Group and the nature of their business.
- (c) The Holding Company and the Covered entities of the Group are 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 of the respective Covered entities of the Group.
- (iii) (a) The Holding Company has granted loan to two of its subsidiaries covered in the register maintained under section 189 of the Companies Act, 2013. In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest has been regular. As reported by the other auditors who audited the financial statements of Covered entities of the Group, the Covered entities of the Group have not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the requirements under paragraph 3(iii)(b) of the Order are not applicable in respect of the Covered entities.
- (b) There is no overdue amount more than rupees one lakh of loans granted by the Holding Company to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us and as reported by the other auditors who audited the financial statements of Covered entities of the Group, there is an adequate internal control system commensurate with the size of the Holding Company and the Covered entities of the Group and the nature of its businesses, for the purchase of inventory and fixed assets and for the sale of goods and services, to the extent applicable to the nature of the business of the Covered entities of the Group. During the course of our audit and as reported by the other auditors who audited the financial statements of Covered entities of the Group, no major weakness was observed or continuing failure to correct any major weakness in the internal control system of the Holding Company and the Covered entities of the Group in respect of these areas.
- (v) In respect of deposits accepted by the Holding Company, 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 section 73 to 76 or any other relevant provisions of the Companies Act, 2013, 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. The Covered entities of the Group have not accepted any deposits from the public as reported by the other auditors who audited the financial statements of the Covered entities.
- (vi) We have broadly reviewed the books of account maintained by the Holding Company pursuant to the rules made by the Central Government for the maintenance of

cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of rubber tyres and tubes for all types of vehicles, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

To the best of our knowledge and as reported by the other auditors who audited the financial statements of Covered entities of the Group, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products of the Covered entities of the Group.

- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities by the Holding Company.

The Covered entities of the Group are regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable to them, as reported by the other auditors who audited the financial statements of Covered entities of the Group.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable for the Covered entities of the Group.

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

₹ in Lacs

Name of the Statute (Nature of dues)	Period to which the amounts relates	Commissionerate	Appellate authorities and Tribunal	High Court	Supreme Court	Deposit	Net Amount
Central Excise Act/ Customs Act (Tax/ Interest/ Penalty)	1978 to 2007	1,112.04	3,745.36	-	519.00	2.00	5,374.40
Service tax under Finance Act, 1994 (Tax/Interest/ Penalty)	1997 to 2013	-	1,899.91	-	-	-	1,899.91
Income Tax Act (Tax/Interest/ Penalty)	1985 to 2012	6,572.66	1,754.23	165.66	-	-	8,492.54
Sales Tax (Tax/ Interest/ Penalty)	1993 to 2013	3,137.41	1,824.97	-	-	59.35	4,903.03
Wealth Tax (Tax)	2002-03	-	6.73	-	-	-	6.73

As reported by the other auditors who audited the financial statements of Covered entities of the Group, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.

- (c) According to the information and explanations given to us and as reported by the other auditors who audited the financial statements of Covered entities of the Group, the amount required to be transferred to investor education and protection

fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time to the extent applicable to the Covered entities.

- (viii) The Holding Company has no accumulated losses at the end of the financial year and has not incurred cash losses in the current and immediately preceding financial year. As reported by the other auditors who audited the financial statements of Covered entities of the Group, the accumulated losses of Rado Tyres Limited at the end of

the financial year are more than fifty percent of its net worth and that it has not incurred cash losses during the year and in the immediately preceding financial year. CEAT Specialty Tyres Limited has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in the current financial year and in the immediately preceding financial year.

- (ix) Based on our audit procedures and as per the information and explanations given by the management and as reported by the other auditors who audited the financial statements of Covered entities of the Group, we are of the opinion that the Covered entities of the Group have not defaulted in their repayment of dues to a financial institution, bank or debenture holders.
- (x) According to the information and explanations given to us, the Holding Company has given guarantee for loans taken by others from banks and financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Holding Company. Based on the report of other auditors who audited the financial statements of Covered entities of the Group, these covered entities have not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) Based on the information and explanations given to us by the management and the report of other auditors who audited the financial statements of Covered entities of

the Group, term loans were applied for the purpose for which the loans were obtained by the Holding Company and the covered entities of the Group.

- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the consolidated financial statements and as per the information and explanations given by the management and reports of the other auditors who audited the financial statements of Covered entities of the group, which we have relied upon, we report that no fraud on or by the Holding Company and the Covered entities of the Group have been noticed or reported during the year.

For **S R B C & CO LLP**

Chartered Accountants

Firm registration number: 324982E

per **Vinayak Pujare**

Partner

Membership No.: 101143

Place: Mumbai

Date: May 22, 2015

Consolidated Balance Sheet

as at March 31, 2015

Particulars	Note No.	(₹ in Lacs)	
		As at 31.03.2015	As at 31.03.2014
I EQUITY AND LIABILITIES			
(1) Shareholder's funds			
a) Share capital	3	4,045.01	3,595.57
b) Reserves and surplus	4	1,64,180.52	99,265.49
c) Money received against share warrants	5	-	-
		1,68,225.53	1,02,861.06
(2) Minority interest		3,267.40	3,629.40
(3) Non-current liabilities			
a) Long-term borrowings	6	35,443.63	42,333.20
b) Deferred tax liabilities (Net)	7	12,495.06	11,483.56
c) Other long-term liabilities	8	142.20	142.20
d) Long-term provisions	9	3,238.11	2,458.02
		51,319.00	56,416.98
(4) Current liabilities			
a) Short-term borrowings	10	27,154.82	59,686.06
b) Trade payables	11	65,828.14	68,884.53
c) Other current liabilities	12	55,351.43	54,705.53
d) Short-term provisions	13	11,096.99	7,822.23
		1,59,431.38	1,91,098.35
Total		3,82,243.31	3,54,005.79
II ASSETS			
(1) Non-current assets			
a) Fixed assets	14		
(i) Tangible assets		1,50,113.44	1,48,016.18
(ii) Intangible assets		5,813.70	6,219.88
(iii) Capital work-in-progress		22,902.43	8,231.47
		1,78,829.57	1,62,467.53
b) Goodwill on consolidation		2,153.11	2,270.74
c) Non-current investments	15	0.43	0.43
d) Long-term loans and advances	16	8,307.54	8,702.97
e) Other non-current assets	17	677.51	1,004.81
		1,89,968.16	1,74,446.48
(2) Current assets			
a) Current investments	18	31,243.32	-
b) Inventories	19	68,014.53	75,357.80
c) Trade receivables	20	70,494.98	75,453.22
d) Cash and bank balances	21	12,627.59	16,787.32
e) Short-term loans and advances	22	8,357.35	9,151.38
f) Other current assets	23	1,537.38	2,809.59
		1,92,275.15	1,79,559.31
Total		3,82,243.31	3,54,005.79
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 B C & CO LLP**

Chartered Accountants

ICAI Firm Registration No.324982E

per **Vinayak Pujare**

Partner

Membership Number : 101143

Place : Mumbai

Date : May 22, 2015

Subba Rao Amarthaluru

Chief Financial Officer

H.N.Singh Rajpoot

Company Secretary

For and on behalf of Board of Directors of CEAT Limited

H.V.Goenka

Chairman

Anant Goenka

Managing Director

Mahesh Gupta

Chairman - Audit Committee

Place : Mumbai

Date : May 22, 2015

Consolidated Statement of Profit and Loss

for the year ended March 31, 2015

		(₹ in Lacs)	
Particulars	Note No.	2014 - 15	2013 - 14
INCOME			
1 Revenue from operations (Gross)	24	6,39,388.14	6,09,596.84
Less : Excise duty		59,149.81	54,198.98
Revenue from operations (Net)		5,80,238.33	5,55,397.86
2 Other income	25	2,234.98	1,399.49
3 Total revenue (1 + 2)		5,82,473.31	5,56,797.35
4 EXPENSES			
a) Cost of materials consumed	26	3,36,261.03	3,56,499.33
b) Purchases of stock-in-trade		11,433.10	11,273.51
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	5,638.60	(11,197.87)
d) Employee benefits expense	28	37,889.26	31,091.61
e) Finance costs	29	13,186.49	17,204.49
f) Depreciation and amortization expense	14	9,342.52	8,654.34
g) Other expenses	30	1,20,952.28	1,01,944.54
Total expenses		5,34,703.28	5,15,469.95
5 Profit before exceptional items and tax (3 - 4)		47,770.03	41,327.40
6 Exceptional items	39	613.20	1,003.93
7 Profit before tax (5-6)		47,156.83	40,323.47
8 Tax expense :			
1) Current tax		14,433.54	9,629.66
2) Excess provision of earlier years		-	(5.34)
3) Deferred tax		1,331.09	3,620.17
9 Profit after tax (7-8)		31,392.20	27,078.98
Profit attributable to minority interest		(325.78)	(44.52)
Profit attributable to share holders of the parent company		31,717.98	27,123.50
Profit for the year		31,392.20	27,078.98
10 Earnings per equity share	42		
[Nominal value of share ₹ 10 (Previous year ₹ 10)]			
(1) Basic	₹	84.62	76.59
(2) Diluted	₹	84.62	76.14
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 B C & CO LLP

Chartered Accountants

ICAI Firm Registration No.324982E

per **Vinayak Pujare**

Partner

Membership Number : 101143

Place : Mumbai

Date : May 22, 2015

Subba Rao Amarthaluru

Chief Financial Officer

H.N.Singh Rajpoot

Company Secretary

For and on behalf of Board of Directors of CEAT Limited

H.V.Goenka

Chairman

Anant Goenka

Managing Director

Mahesh Gupta

Chairman - Audit Committee

Place : Mumbai

Date : May 22, 2015

Consolidated Cash Flow Statement

for the year ended March 31, 2015

(₹ in Lacs)

Particulars	2014-15	2013-14
A CASH FLOWS FROM OPERATING ACTIVITIES :		
Net Profit Before Tax and Minority Interest	47,156.85	40,323.47
Adjustments for:		
Depreciation	9,342.52	8,654.34
Interest income	(803.44)	(605.02)
Finance cost	13,186.49	17,204.49
Dividend income	(744.11)	(54.73)
Provision for doubtful debts / advances	476.59	402.36
Advances/bad debts written off	62.27	32.83
Credit balances written back	(583.54)	(616.95)
Provision for obsolete inventory	196.31	4.18
(Profit) / Loss on sale of fixed assets - Net	71.34	58.14
(Profit) / Loss on Sale of Investment	-	(26.78)
Foreign Currency Translation Reserve on Consolidation	493.78	554.86
Unrealised foreign exchange (gain) / loss (net)	99.70	19.74
	21,797.91	25,627.46
Operating profit before working capital changes	68,954.76	65,950.93
Adjustments for:		
Decrease/(Increase) inventory	7,146.95	(19,479.40)
Decrease/(Increase) trade receivables	4,867.04	(9,785.45)
Decrease/(Increase) short - term loans and advances	662.44	1,281.63
Decrease/(Increase) other current assets	2,114.10	(2,551.28)
(Decrease)/Increase trade payables	(2,296.07)	(8,999.11)
(Decrease)/Increase other current liabilities	1,246.62	3,343.57
(Decrease)/Increase short-term provisions	2,669.70	(2,042.64)
(Decrease)/Increase in long - term provisions	780.09	1,035.19
(Decrease)/Increase in long - term loans and advances	(49.10)	(164.35)
Cash generated from operations	86,096.53	28,589.09
Direct taxes paid	(11,228.09)	(8,906.51)
	(11,228.09)	(8,906.51)
Net Cash flow from operating activities (A)	74,868.44	19,682.58
B CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets (including capital work in progress and capital advance)	(30,279.48)	(14,784.17)
Proceeds from sale of fixed assets	291.45	328.66
Proceeds from sale of current investments (Net)	-	26.79
Purchase of non current investment	-	(0.43)
Withdrawal of bank deposit (having original maturity of more than three months)	4,785.16	846.38
Investment in bank deposits (having original maturity of more than three months)	(1,954.69)	(5,084.25)
Withdrawal of margin money deposits with banks	741.66	255.70
Investment in margin money deposit with banks	(518.56)	(67.84)
Interest received	861.54	579.03
Dividend received on investments	744.11	54.73
Proceeds from sale of investments	-	3,673.92
Net Cash (used) in investing activities (B)	(25,328.81)	(14,171.48)
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of equity capital (including share premium)	40,000.00	1,091.91
Qualified Institutional Placement (QIP) expenses paid (net of tax)	(655.93)	-
Interest paid	(14,763.15)	(17,230.41)
Change in other short-term borrowings (Net)	(24,592.23)	21,764.09
Proceeds from working capital demand loan	-	2,000.00
Repayment of working capital demand loan	(2,000.00)	-

Particulars	(₹ in Lacs)	
	2014-15	2013-14
Proceeds of short-term buyers credit	72,283.01	103,983.71
Repayment from short-term buyers credit	(78,595.52)	(1,08,370.98)
Proceeds from long-term borrowings	6,944.90	18,833.41
Repayment of long-term borrowings	(12,626.87)	(22,942.40)
Proceeds from public deposits	2,461.49	-
Repayment of public deposits	(3,816.35)	(1,400.54)
Dividend paid	(3,573.07)	(1,438.23)
Dividend distribution tax paid	(468.75)	(233.99)
Redemption of preference shares	-	(8.12)
Net Cash (used) in financing activities (C)	(19,402.47)	(3,951.55)
Net increase in cash and cash equivalents (A+B+C)	30,137.16	1,559.55
Cash and cash equivalents at the beginning of the year	11,364.99	9,835.34
Cash adjustment for subsidiary (Refer foot note 3)	-	29.90
Adjusted Cash and cash equivalents at beginning of the year	11,364.99	9,805.44
Adjusted Cash and cash equivalents at the end of the year	41,502.15	11,364.99
Components of Cash and cash equivalents		
Cash in hand	14.71	16.78
Balances with banks		
On current accounts	9,680.48	10,849.57
On Unpaid Dividend Accounts*	109.53	87.61
On Unclaimed fixed deposit and interest there on*	454.11	411.03
Cash and cash equivalents (Refer Note 21)	10,258.83	11,364.99
Current investments	31,243.32	-
Adjusted Cash and cash equivalents in the cash flow statement	41,502.15	11,364.99

* 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 Rado Tyres Limited has become a subsidiary of the company w.e.f. 27th September, 2013 and accounting has done as per provision of Accounting Standard 21, Consolidated Financial Statements

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No.324982E

per **Vinayak Pujare**

Partner

Membership Number : 101143

Place : Mumbai

Date : May 22, 2015

Subba Rao Amarthaluru

Chief Financial Officer

H.N.Singh Rajpoot

Company Secretary

For and on behalf of Board of Directors of CEAT Limited

H.V.Goenka

Chairman

Mahesh Gupta

Chairman - Audit Committee

Anant Goenka

Managing Director

Place : Mumbai

Date : May 22, 2015

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

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') notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014 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.

Consolidated financial statements are prepared using uniform accounting policy for all like transaction and event under similar circumstances. 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 revenues, expenses, assets and liabilities and the disclosures of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumption and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

iii) Principles of consolidation

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

- 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.
- 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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

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

i) Direct Subsidiaries

Name of the subsidiary	Country of incorporation	% of holding	
		2014-15	2013-14
Associated CEAT Holdings Co. (Pvt.) Limited	Sri Lanka	100%	100%
CEAT AKKHAN Limited*	Bangladesh	70%	70%
RADO Tyres Limited	India	58.56%	58.56%
CEAT Specialty Tyres Limited	India	100%	-

- During the previous year, CEAT Bangladesh Limited has issued 30% Equity Shares to AKKHAN & Company Limited ('JV Partner') pursuant to the Joint venture Agreement and the balance 70% shares are held by the Company and CEAT Bangladesh Limited has been renamed to CEAT AKKHAN Limited.

ii) Joint Ventures

Name of the joint ventures	Country of incorporation	% of holding either directly or through subsidiaries	
		2014-15	2013-14
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%	50%

C) Tangible fixed assets and Intangible assets

i) Tangible Assets

- 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.
- 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.
- 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.
- 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.
- 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.
- Replacement of any part of plant and machinery, which are of capital nature, are capitalised along with the main plant and machinery and cost of the replaced part is written off. In case the cost of replaced part is not identifiable, the equal value of replacement is deducted from the existing gross block of that asset.
- Gains and losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.
- Tangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Capital work-in-progress".

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

- i) 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

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

Depreciation on fixed assets is calculated on the straight line basis using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its fixed assets.

Asset Class	Useful life	Previous year's useful Life
Buildings	50 - 60 years	30 - 60 years
Plant & Machinery	15 - 20 years	10 - 20 years
Moulds	6 years	6 years
Computers	3 years	6 years
Furniture & Fixtures	10 years	15 years
Office Equipment	5 years	20 years
Motor Vehicles	8 years	8 - 13 years
Carpeted Roads- RCC	10 years	10 years
Computer Servers	6 years	6 years
Electrical Installations	20 years	10 - 20 years
Hand Carts, Trolleys	15 years	10 - 20 years

The management has estimated, supported by independent assessment by professional, the useful lives of the following class of assets.

- Factory buildings - 50 years (Higher than those indicated in Schedule II of the Companies Act, 2013)
- Plant & Machinery – 20 years (Higher than those indicated in Schedule II of the Companies Act, 2013)
- Moulds – 6 years (Lower than those indicated in Schedule II of the Companies Act, 2013)
- Electrical Installations – 20 years (Higher than those indicated in Schedule II of the Companies Act, 2013)
- Air conditioner having capacity of > 2 tons – 15 years (Higher than those indicated in Schedule II of the Companies Act, 2013)
- Serviceable materials like trollies, iron storage racks skids – 15 years (Higher than those indicated in Schedule II of the Companies Act, 2013)
- Batteries used in fork lifts trucks - 5 years (Lower than those indicated in Schedule II of the Companies Act, 2013)

The management believes that the depreciation rates fairly reflect its estimation of the useful lives and residual values of the fixed assets.

Depreciation is not recorded on capital work-in-progress until construction and installation are complete.

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 to five 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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

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.

The group bases its impairment calculations of detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of 5 years. For longer period, a long term growth rate is calculated and applied to project future cash flows after the 5th year.

Impairment losses for continuing operations, including impairment on inventories, are recognised on the Statement of Profit and Loss, except for the previously revalued tangible fixed asset, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognised in revaluation reserve up to the amount of any previous revaluation

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

i) Recognition and measurement

Investments which are readily realizable and intended to be held for not more than a year, from the date of acquisition, are classified as long term investments and are carried at cost.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerages, fees and duties. If an investment is acquired, or partly acquired, by the issue of share or other

securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

However, provision for diminution in value of investments is made to recognise a decline, other than temporary, in the value of investments. Investments other than long term investments being current investments are valued at cost or fair value whichever is lower, determined on an individual basis.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds, is charged to or credited to the Statement of Profit & Loss

ii) Presentation and disclosure

Investments, which are readily realisable and intended to be held for not more than one year from balance sheet date, are classified as current investments. All other investments are classified as non-current 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.
- iv) 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. The following specific recognition criteria must also be met before revenue is recognized.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

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. 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 shareholders' 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 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 exposure as at Balance Sheet date

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. 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 whichever is earlier.

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 costs are expensed as incurred. Development expenditure incurred on individual project is recognised as an intangible asset when the Company can demonstrate all the following:-

- The technical feasibility of completing the intangible assets so that it will be available for use or sale.
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate the future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

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 Projected 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 and shown under Short-term provisions in the Balance Sheet. 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. The group presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

iv) Termination 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. If the termination benefit fall due more than 12 months after the balance sheet date, they are measured at present value of the future cash flows using the discount rate determined

by reference to market yields at the balance sheet date on the government bonds.

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 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 reporting 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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

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 group 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 group 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 loans and cross currency interest rate swaps to hedge both foreign currency loan and interest risk arising from foreign currency exchange fluctuation and variable rate loan. 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.

Other Derivatives

Derivative financial instruments which are not designated as cash flow hedge have been measured at fair value as per AS 30 and the loss/(gain) on the same is charged to the Statement of Profit and 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 to the Consolidated Financial Statements

for the year ended March 31, 2015

Note 3 - Share Capital

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Authorised :		
4,61,00,000 (Previous year 4,61,00,000) Equity Shares of ₹ 10 each	4,610.00	4,610.00
39,00,000 (Previous year 39,00,000) Preference Shares of ₹ 10 each	390.00	390.00
1,00,00,000 (Previous year 1,00,00,000) Unclassified Shares of ₹ 10 each	1,000.00	1,000.00
	6,000.00	6,000.00
Issued, Subscribed and paid-up :		
3,59,55,710 (Previous year 3,42,43,534) Equity Shares of ₹ 10 each fully paid-up (Includes 688 (Previous year 688) Shares offered on right basis and kept in abeyance)	3,595.57	3,424.35
Add : Alloted during the year 44,94,382 shares (Refer note 44(b)) (Previous year 17,12,176 shares (Refer note 5))	449.44	171.22
Total Subscribed and paid-up Share Capital (4,04,50,092 (Previous year 3,59,55,710))	4,045.01	3,595.57

i) Reconciliation of equity share and outstanding

Equity Shares	2014-15		2013-14	
	Number	₹ In Lacs	Number	₹ In Lacs
Shares outstanding at the beginning of the year	3,59,55,710	3,595.57	3,42,43,534	3,424.35
Shares issued during the year (Refer note 44 (b)), Previous year (Refer note 5)	44,94,382	449.44	17,12,176	171.22
Shares outstanding at the end of the year	4,04,50,092	4,045.01	3,59,55,710	3,595.57

ii) Terms and rights attached to Equity Shares:

The Company has only one class of equity shares having 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, 2013 and 1956 read together with the Memorandum of Association and Articles of Association of the Company, as applicable.

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

Particulars	As at 31.03.2015		As at 31.03.2014	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Instant Holdings Limited	1,15,10,812	28.46%	1,15,10,812	32.01%
Swallow Associates LLP	44,84,624	11.09%	44,84,624	12.47%
Kotak Mahindra (International) Limited	25,15,700	6.22%	-	-
TIAA-CREF Institutional Mutual Fund International	21,60,298	5.34%	-	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

Note 4 - Reserves and Surplus

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
a) Capital reserve		
Balance as per last financial statements	1,176.87	876.87
Add : Addition during the year	-	300.00
Closing balance	1,176.87	1,176.87
b) Capital redemption reserve	390.00	390.00
c) Securities premium reserve		
Balance as per last financial statements	17,808.30	16,523.65
Add : Premium on share issued during the year through Qualified Institutional Placement (QIP) (Refer note 44(b))	39,550.56	-
Add : Conversion of warrents (Refer note 5)	-	1,284.65
	57,358.86	17,808.30
Less : Share issue expenses on account of Qualified Institutional Placement (QIP) (net of tax) (Refer note 44(b))	655.93	-
Closing Balance	56,702.93	17,808.30
d) Revaluation reserve	901.19	901.19
e) Cash flow hedge reserve		
Balance as per last financial statements	(536.89)	(1.90)
Gain / (Loss) arising during the year	596.78	(534.99)
Closing Balance	59.89	(536.89)
f) Foreign currency translation reserve		
Balance as per last financial statements	589.83	(20.56)
Add : Addition during the year	412.36	610.39
Closing balance	1,002.19	589.83
g) General reserve		
Balance as per last financial statements	22,338.97	19,800.97
Add : Amount transferred from surplus balance in the Statement of Profit and Loss	-	2,538.00
Less : Impact of revision of useful life of fixed assets (Net of tax) (Refer note 14 (6))	(2,174.08)	-
Closing balance	20,164.89	22,338.97
h) Surplus in the Statement of Profit and Loss		
Balance as per last financial statements	56,597.22	36,288.05
Add : Profit for the year	31,717.98	27,123.50
Amount available for appropriations	88,315.20	63,411.55
Less: Appropriations		
Proposed dividend (amount per share ₹ 10) (Previous year ₹ 10)	4,045.01	3,664.06
Tax on proposed dividend (Including dividend distribution tax of subsidiary)	487.63	612.27
Amount transferred to general reserve	-	2,538.00
Net Surplus in the Statement of Profit and Loss	83,782.56	56,597.22
Total	1,64,180.52	99,265.49

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

Note 5 - Money received against share warrants

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Balance as per last financial statements	-	363.97
Less : Converted into equity share capital	-	363.97
Total	-	-

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 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 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
1. Secured:				
Term Loans				
a) Indian rupee loan from banks				
Bank of India (Refer note 6 (1))	10,000.00	10,000.00	-	-
ICICI Bank Ltd. (Refer note 6 (2))	7,000.00	7,000.00	-	-
ICICI Bank Ltd. (Refer note 6 (3))	2,025.00	3,375.00	1,350.00	1,350.00
ICICI Bank Ltd. (Refer note 6 (4))	-	1,166.67	1,166.67	2,333.33
Bank of India (Refer note 6 (5))	1,413.58	3,413.58	1,500.00	2,000.00
IDBI Bank Ltd. (Refer note 6 (6))	376.94	753.89	376.94	502.59
Bank of Baroda (Refer note 6 (7))	750.00	1,750.00	1,000.00	1,000.00
Export Import Bank of India (Refer note 6 (8))	489.98	1,469.93	979.95	979.95
Hongkong Shanghai Banking Corporation Limited (Refer note 6 (10))	2,812.50	-	1,250.00	-
b) Foreign currency loan from banks				
Export Import Bank of India (Refer note 6 (8))	687.50	1,976.70	1,375.00	1,317.80
ICICI Bank Ltd. - ECB Loan (Refer note 6 (9))	651.04	1,871.87	1,302.08	1,247.92
c) Buyer's credit (Refer note 6 (11))	1,944.90	-	-	739.82
d) From banks - Sri Lanka (Refer note 6 (12))	11.21	84.02	86.89	218.55
	28,162.65	32,861.66	10,387.53	11,689.96
2. Unsecured:				
a) Public deposits (Refer note 6 (13))	3,450.06	5,287.30	4,154.33	3,390.89
b) Deferred sales tax incentive (Refer note 6 (14))	3,830.92	4,184.24	364.10	278.79
	7,280.98	9,471.54	4,518.43	3,669.68
Less : Amount classified under other current liabilities	-	-	(14,905.96)	(15,359.64)
Total	35,443.63	42,333.20	-	-
Share of Joint Venture included in above total	11.21	84.02	-	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

Note 6 - Long - term borrowings (Continued)

Note on secured long term borrowings (includes non-current portion and current maturities)

1. Term loan from Bank of India ₹ 10,000.00 Lacs (Previous year ₹ 10,000.00 Lacs) is secured by first *pari passu* charge on Company's immovable assets located at Bhandup and Nasik plants. It carries interest at 11.50% p.a. as on 31st March, 2015 and is repayable in 20 equal quarterly installment of ₹ 500.00 Lacs each starting from 17th June, 2016.
2. Term loan from ICICI Bank Ltd. of ₹ 7,000.00 Lacs (Previous year ₹ 7,000.00 Lacs) is secured by first *pari passu* charge on Company's immovable assets situated at Bhandup & Nasik plant. It carries interest at 11.50% p.a. as on 31st March, 2015 and is repayable in 20 equal quarterly installment of ₹ 350.00 Lacs each starting from 3rd May, 2016.
3. Term loan from ICICI Bank Ltd. of ₹ 3,375.00 Lacs (Previous year ₹ 4,725.00 Lacs) is secured by first *pari passu* charge on movable properties (except current assets) both present and future and immovable properties both present and 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 carries interest at 12 % p.a. as on 31st March, 2015 and is repayable in 10 equal semi-annual installment of ₹ 675.00 Lacs each starting from 12th January, 2013.
4. Term loan from ICICI Bank Ltd. of ₹ 1,166.67 Lacs (Previous year ₹ 3,500.00 Lacs) is secured by first *pari passu* charge on immovable properties both present and future situated at Bhandup plant. It carries interest at 12% p.a. as on 31st March, 2015 and is repayable in 12 equal quarterly installment of ₹ 583.33 Lacs each starting from 10th November, 2012.
5. Term loan from Bank of India ₹ 2,913.58 Lacs (Previous year ₹ 5,413.58 Lacs) is secured by first *pari passu* charge on Company's movable (except current assets) both present and future and immovable properties both present and future located at Bhandup, Halol and Nasik plants and second *pari passu* charge over current assets of the Company both present and future. It carries interest at 11.50% p.a. as on 31st March, 2015 and is repayable in 20 equal quarterly installment of ₹ 500.00 Lacs each starting from 1st January, 2012.
6. Term loan from IDBI Bank Ltd. of ₹ 753.88 Lacs (Previous year ₹ 1,256.48 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 and future situated at Bhandup, Halol and Nasik plants and second *pari passu* charge on current assets of the Company both present and future. It carries interest at 12% p.a. as on 31st March, 2015 and is repayable in 20 equal quarterly installment of ₹ 125.65 Lacs each 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 ₹ 1,750.00 Lacs (Previous year ₹ 2,750.00 Lacs) is secured by first *pari passu* charge on Company's movable (except current assets) both present and future and immovable properties both present and future located at Bhandup, Halol and Nasik plant and second *pari passu* charge over current assets of the Company both present and future. It carries interest at 12% p.a. as on 31st March, 2015 and is repayable in 20 equal quarterly installment of ₹ 250.00 Lacs each starting from 1st January, 2012.
8. Term loan in Indian rupee & in foreign currency from Export Import Bank of India of ₹ 3,532.43 Lacs (Previous year ₹ 5,744.38 Lacs) is secured by first *pari passu* charge on Company's movable properties (except current assets) both present and future and immovable properties both present and future located at Bhandup, Halol and Nasik plants and second *pari passu* charge over current assets of the Company both present and future.

Rupee loan carries interest at 12.35% p.a. as on 31st March, 2015 and is repayable in 20 equal quarterly installment of ₹ 244.99 Lacs starting from 1st November, 2011 and foreign currency loan carries interest at 6 months LIBOR plus 500 bps p.a. as on 31st March, 2015 and is also repayable in 20 equal quarterly installment of USD 5.50 Lacs each equivalent to ₹ 343.75 Lacs (restated at rate of INR/USD as on 31st March, 2015) starting from 1st November, 2011.
9. ECB loan from ICICI Bank Ltd. of ₹ 1,953.13 Lacs (Previous ₹ 3,119.79 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 and future situated at Bhandup, Halol and Nasik Plants and second *pari passu* charge over current assets of the Company both present and future. It carries interest at 3 months LIBOR plus 250 bps p.a. as on 31st March, 2015 and is repayable in 24 equal quarterly installment of USD 5.21 Lacs each equivalent to ₹ 325.52 Lacs (restated at rate of INR/USD as on 31st March, 2015) starting from 23rd December, 2010.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

Note 6 - Long - term borrowings (Continued)

10. New term loan from Hongkong and Shanghai Banking Corporation Limited of ₹ 5,000 Lacs was disbursed on 20th June, 2014. The outstanding balance of this loan as on 31st March, 2015 is ₹ 4,062.50 Lacs (Previous year ₹ Nil). The said loan is secured by first *pari passu* charge on Company's fixed assets to the extent of a minimum asset cover of 1.25 times. It carries interest at 10.20% p.a. as on 31st March, 2015 and is repayable in 16 equal quarterly installment of ₹ 312.50 Lacs each starting from 20th September, 2014. (The creation of security is pending as on 31st March, 2015)
11. Long term buyer's credit is secured by way of first *pari passu* charge on all immovable and movable properties (excluding current assets) both present and future of the Company situated at Halol plant and second *pari passu* charge over the current assets of the Company both present and future. It is repayable within 3 years from the date of disbursement. (The creation of security for immovable properties situated at Halol is pending as on 31st March, 2015). The long term buyer's credit carries interest in the range of 12 months LIBOR plus 50 bps to 12 months LIBOR plus 70 bps.
12. Term loan of ₹ 98.10 Lacs (Previous year ₹ 302.57 Lacs) availed from various Banks in Sri Lanka is secured by primary mortgage over plant and machinery and first *pari passu* charge on immovable property and machinery of the subsidiary. The balance of the loan is repayable within 2 years and it carries interest in the range of 4% p.a. to 7% p.a.

Note on unsecured long - term borrowings.

13. Public Deposits included under the long term borrowings are repayable after 2 or 3 years from the date of acceptance of public deposit. Long term public deposits carries interest in the range of 9.50% p.a. to 10.75% p.a.
14. Interest free Deferred Sales Tax is repayable in 10 equal annual installment commencing from 26th April, 2011 and ending on 30th April, 2025.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

Note 7 - Deferred Tax Liabilities (Net)

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Major components of deferred tax assets and deferred tax liabilities:		
Assets		
Carried forward unabsorbed tax loss / depreciation	27.87	28.43
Expenses allowable for tax purpose when paid	1,334.73	915.78
Voluntary retirement scheme	652.02	629.91
Provision for doubtful debts and advances	540.48	499.97
Others	1,293.61	1,250.37
	3,848.71	3,324.46
Liabilities		
Difference between book depreciation and tax depreciation	16,343.77	14,808.02
Deferred tax liabilities (Net)	12,495.06	11,483.56
Share of Joint Venture included in above total	783.37	568.65

Note 8 - Other Long - term liabilities

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Security deposits	142.20	142.20
Total	142.20	142.20
Share of Joint Venture included in above total	-	-

Note 9 - Long - term provisions

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Provision for warranty (Refer note 34)	482.48	378.94
Gratuity (Refer note 37)	532.27	436.98
Provision for compensated absences	2,223.36	1,642.10
Total	3,238.11	2,458.02
Share of Joint Venture included in above total	414.81	327.78

Note 10 - Short - term borrowings :

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
1. Secured (Refer foot note (a) to (c))		
a) Working capital loan from banks	-	2,000.00
b) Cash credit facilities from banks (repayable on demand)	1,330.66	3,772.03
c) Export packing credit from banks	7,012.59	21,393.79
d) Buyer's credit from banks	16,877.27	22,960.37
2. Unsecured		
a) Term loans from banks (Refer foot note (d))	1,839.40	5,502.93
b) Export packing credit from banks	-	3,876.82
c) Public deposits (Refer foot note (e))	94.90	180.12
Total	27,154.82	59,686.06
Share of Joint Venture included in above total	727.34	1,372.93

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

Note 10 - Short - term borrowings (Continued)

Note :

- a) Working capital term loan, Cash credit facilities from bank, export packing credit and buyer's credit 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 Company's current assets present and future and by way of second *pari passu* charge on immovable and all movable properties (excluding current assets) of the Company situated at Bhandup, Nashik and Halol Plants.

The facilities outside the consortium are unsecured in nature except the outstanding balance of export packing credit availed from Hongkong and Shanghai Banking Corporation Limited (HSBC) which is secured by way of first *pari passu* charge on current assets, present and future, of the Company and by way of second *pari passu* charge on immovable and movable and immovable (except current assets) of the Company situated at Bhandup, Nasik and Halol plants. However the security is favour of HSBC is pending to be created as on 31st March, 2015.

All short term borrowing availed in Indian rupee carry interest in the range of 9% p.a. to 15% p.a. and all short term borrowings availed in foreign currency carry interest in the range of LIBOR plus 30bps p.a. to LIBOR plus 400bps points (LIBOR is set corresponding to the period of the loan).

- b) Cash credit facility availed by subsidiaries is secured on hypothecated stocks, book debts, bills receivables and other current assets (present and future) and charge on immovable property and machinery of the subsidiaries.
- c) Buyer's credit facility availed by subsidiary is secured on hypothecated stocks, book debts and bills receivables (present and future) of the subsidiary.
- d) The term loan from bank is outstanding balance of the bill discounting facility availed from the scheduled bank.
- e) These public deposits are accepted for the maturity of one year from the date of receipt.

Note 11 - Trade payables

	As at 31.03.2015	As at 31.03.2014
Due to micro, small and medium enterprises (Refer note 33)		
Overdue	-	-
Not due	528.17	563.27
Other trade payables	65,299.97	68,321.26
Total	65,828.14	68,884.53
Share of Joint Venture included in above total	2,552.18	2,543.10

Note 12 - Other current liabilities

	As at 31.03.2015	As at 31.03.2014
1. Current maturities of long-term borrowings (Refer note 6)	14,905.96	15,359.64
2. Interest accrued but not due on borrowings	735.22	1,107.67
3. Unclaimed dividends*	110.11	87.61
4. Unclaimed interest & matured deposits * #	400.21	683.50
5. Other payables :		
a) Payable to capital vendors	1,258.03	315.72
b) Deposits from dealers & others	30,618.43	29,472.34
c) Statutory dues	5,985.65	5,677.56
d) Advance received from customer	936.67	1,144.21
e) Premium on forward contracts	401.15	857.28
Total	55,351.43	54,705.53
Share of Joint Venture included in above total	86.89	218.66

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

Refer foot note below Note No. 21 - Cash and bank balances

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

Note 13 - Short-term provisions

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
1) Provision for employee benefits		
a) Provision for compensated absences	230.49	227.00
b) Provision for gratuity (Refer note 37)	2,054.04	164.91
2) Provision for proposed dividend (Refer note 32)	4,045.01	3,595.57
3) Provision for tax on proposed dividend	629.95	611.07
4) Provision for income tax (Net of advance tax)	1,003.60	903.43
5) Provision For warranty (Refer note 34)	2,018.71	1,674.68
6) Provision for indirect tax (Refer foot note (a))	320.00	300.00
7) Provision for Tax and Labour matters (Refer foot note (b))	749.09	336.04
8) Provision for mark-to-market losses on derivative contracts	46.10	9.53
Total	11,096.99	7,822.23
Share of Joint Venture included in above total	352.17	371.91

Note :

a) Movement in provision for Indirect Tax

(₹ in Lacs)

Particulars	As at 31.03.2015 Excise, Customs and Service Tax	As at 31.03.2014 Excise, Customs and Service Tax
Balance as at 1 st April	300.00	-
Addition during the year	320.00	300.00
Reversed / paid during the year	300.00	-
Balance as at 31 st March	320.00	300.00

b) Movement in provision for tax and labour matters

(₹ in Lacs)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Excise, Customs and Service Tax	Sales Tax and VAT	Excise, Customs and Service Tax	Sales Tax and VAT
Balance as at 1 st April	179.90	156.14	100.58	-
Addition during the year	88.08	324.97	79.32	156.14
Reversed / paid during the year	-	-	-	-
Balance as at 31 st March	267.98	481.11	179.90	156.14
Total		749.09		336.04

The Company is party to various lawsuits that are at administrative or judicial level or in their initial stages, involving labour, tax and civil matters. The Company contests all claim in the court / tribunals / appellate authority levels and based on their assessments and that of their legal counsel, records a provision when the risk or loss is considered probable. The outflow is expected on cessations of the respective events.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

Note 14 - Fixed Assets :

Assets		Gross Block						Depreciation / Amortisation						Net Block				
		As at 01.04.2014	Additions	Deductions	Acquisition through Business Combination	Foreign Exchange Adjustment	Reclassification	As at 31.03.2015	As at 01.04.2014	For the year 2014-15	Transfer to Reserves *	Depreciation for the period	On Deductions	Acquisition through Business Combination	Foreign Exchange Adjustment	Reclassification	As at 31.03.2015	As at 31.03.2015
Tangible Assets																		
Owned Assets																		
Land	43,527.03	-	-	-	40.70	-	43,567.73	-	-	-	-	-	-	-	-	-	-	43,567.73
(Refer note 14 (3))	(43,320.10)	-	-	(91.90)	(115.03)	-	(43,527.03)	-	-	-	-	-	-	-	-	-	-	(43,527.03)
Buildings	24,161.53	938.03	0.86	-	11.08	-	25,109.78	5,924.90	865.72	22.01	843.71	0.81	(99.35)	5.44	-	6,795.25	18,314.53	
(Refer note 14(1))	(23,676.92)	(208.35)	(18.49)	(266.63)	(28.12)	-	(24,161.33)	(5,211.48)	(607.55)	-	-	(6.71)	(99.35)	(13.23)	-	(5,924.90)	(18,236.63)	
Plants & Equipments	1,44,479.93	8,478.51	1,670.22	-	125.34	(877.17)	1,50,536.39	65,150.83	9,604.67	2,131.36	7,473.31	1,363.21	-	(11.40)	(495.32)	72,885.57	77,650.82	
(Refer note 14 (3))	(1,37,833.22)	(6,078.89)	(1,127.93)	(1,389.52)	(306.23)	-	(1,44,479.93)	(57,609.05)	(7,285.22)	-	-	(807.54)	(946.29)	(117.81)	-	(65,150.83)	(79,329.10)	
Furniture & Fixtures	1,320.53	539.05	167.22	-	5.09	-	1,697.45	848.61	120.52	21.53	98.99	144.87	-	2.38	-	826.64	870.81	
(Refer note 14 (3))	(1,221.79)	(138.75)	(29.07)	(8.23)	(-19.17)	-	(1,320.53)	(784.55)	(67.56)	-	-	(15.23)	(8.23)	(3.50)	-	(848.61)	(471.92)	
Office Equipments	488.60	140.24	0.44	-	3.17	877.17	1,508.74	233.84	135.20	81.42	53.78	1.14	-	14.88	495.32	878.10	630.64	
(Refer note 14 (3))	(448.21)	(56.19)	(28.65)	(7.90)	(4.95)	-	(488.60)	(241.30)	(23.68)	-	-	(27.72)	(6.81)	(-10.23)	-	(233.84)	(254.76)	
Vehicles	818.97	267.77	120.11	-	1.48	-	968.11	433.38	131.18	3.45	127.73	86.03	-	(31.25)	-	447.28	520.83	
(Refer note 14 (3))	(835.26)	(73.46)	(92.23)	(0.02)	(2.46)	-	(818.97)	(435.42)	(54.70)	-	-	(52.47)	(0.02)	(-4.29)	-	(433.38)	(385.59)	
Leased Assets																		
Land	6,179.99	2,799.73	-	-	-	-	8,979.72	410.09	45.52	-	45.52	-	-	-	-	455.61	8,524.11	
(Refer note 14 (2 & 3))	(6,179.99)	-	-	-	-	-	(6,179.99)	(366.91)	(43.18)	-	-	-	-	-	-	(410.09)	(5,769.90)	
Plants & Equipments	1,004.10	-	226.52	-	-	-	777.58	962.85	7.29	0.32	6.97	226.52	-	-	-	743.62	33.96	
(Refer note 14 (3))	(1,086.43)	-	-	-	(-82.33)	-	(1,004.10)	(947.93)	(25.90)	-	-	-	-	(-10.98)	-	(962.85)	(41.25)	
Intangible Assets	2,21,980.68	13,163.33	2,185.37	-	186.86	-	2,33,145.50	73,964.50	10,910.10	2,260.09	8,650.01	1,822.58	-	(19.95)	-	83,032.07	150,113.44	
(Refer note 14 (3))	(2,14,601.92)	(6,555.64)	(1,296.37)	(1,764.20)	(355.29)	-	(2,21,980.68)	(65,596.64)	(8,107.79)	-	-	(909.67)	(1,060.70)	(109.04)	-	(73,964.50)	(1,48,016.18)	
Software	1,804.51	152.35	-	-	1.66	-	1,958.52	1,055.72	354.37	1.86	352.51	-	-	0.76	-	1,410.85	547.67	
(Refer note 14 (3))	(1,196.24)	(608.27)	-	-	-	-	(1,804.51)	(833.99)	(221.78)	-	-	-	-	(-0.05)	-	(1,055.72)	(748.79)	
Brand	5,629.80	-	-	-	-	-	5,629.80	961.76	264.52	-	264.52	-	-	-	-	1,226.28	4,403.52	
(Refer note 14 (7))	(5,629.80)	-	-	-	-	-	(5,629.80)	(680.27)	(281.49)	-	-	-	-	-	-	(961.76)	(4,668.04)	
Technical Knowhow	990.73	46.04	-	-	54.77	-	1,091.54	187.68	75.48	-	75.48	-	-	(34.13)	-	229.03	862.51	
(Refer note 14(8))	(884.27)	-	-	-	(106.46)	-	(990.73)	(80.25)	(43.28)	-	-	-	-	(64.15)	-	(187.68)	(803.05)	
Capital Work-in-Progress	8,425.04	198.39	-	-	56.43	-	8,679.86	2,205.16	694.37	1.86	692.51	-	-	(33.37)	-	2,866.16	5,813.70	
(Refer note 14 (3))	(7,710.31)	(608.27)	-	-	(106.46)	-	(8,425.04)	(1,594.51)	(546.55)	-	-	-	-	(64.10)	-	(2,205.16)	(6,219.88)	
Total	2,30,405.72	13,361.72	2,185.37	-	243.29	-	2,41,825.36	76,169.66	11,604.47	2,261.95	9,342.52	1,822.58	-	(53.32)	-	85,898.23	1,55,927.14	
(Refer note 14 (3))	(2,22,312.23)	(7,163.91)	(1,296.37)	(1,764.20)	(461.75)	-	(2,30,405.72)	(67,191.15)	(6,654.34)	-	(8,654.34)	(909.67)	(1,060.70)	(173.14)	-	(76,169.66)	(1,54,236.06)	
Capital Work-in-Progress																	22,902.43	
(Refer note 14 (3))																	(8,231.47)	
Total																	1,78,829.57	
(Refer note 14 (3))																	(1,62,467.53)	

Figures in brackets refer amount pertaining to Previous year

* Refer note 14 (6)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

Note 14 - Fixed Assets (Continued)

- Building includes ₹ 0.10 lakhs (Previous year ₹ 0.11 lakhs) being value of shares held in co-operative housing societies.
- Leasehold land includes land of ₹ 3,543.63 Lacs (Previous year ₹ 3,543.63 Lacs) acquired at Additional Ambernath Industrial Area, Ambernath, District Thane, Maharashtra from Maharashtra Industrial Development Corporation (MIDC) vide sanction letter dated October 30, 2009. The Company has taken physical possession of this land on September 1, 2010 which is subject to registration formalities.
- The Company has held the following assets for sale :-
 - Leasehold Land at Additional Ambernath Industrial Area, Ambernath, having book value of ₹ 3,543.63 Lacs.
 - Freehold land at Gujarat having book value of ₹ 0.60 Lacs

Accordingly these assets are carried at lower of net book value and net realisable value

- Gross book value includes ₹ 695.77 Lacs (Previous year ₹ 695.77 Lacs) on account of revaluation of Land, Building and Plant and machinery in 2007 based on the report issued by independent valuer.

The Freehold land of Subsidiary Companies in Srilanka have been revalued at ₹ 3,514.26 Lacs and the Plant & Machinery has been revalued at ₹ 2,865.15 Lacs in FY 2011-12 by independent professional valuers. Books of accounts have been adjusted on above revaluation during the year ended March 31, 2012. The valuation was made on the basis of market value. The book value of the revalued asset was adjusted to the extent of revaluation and the resultant surplus was credited to Revaluation reserve.

- During the year, the Company has capitalised the following expenses which are attributable to the construction activity in general and included in the cost of capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amount capitalised by the Company.

Particulars	Note No.	(₹ in Lacs)	
		2014-15	2013-14
Employee benefits expenses	28	545.55	26.84
Finance cost	29	147.03	-
Professional and consultancy charges	30	34.09	15.17
Miscellaneous expenses	30	84.06	1.35
Travelling and conveyance	30	36.55	2.05
Total		847.28	45.41

- Pursuant to the Companies Act, 2013 ("the Act"), the management, based on external technical evaluation has reassessed the useful life of fixed assets. Consequently, the depreciation charge for the year ended March 31, 2015 was higher by ₹ 418 lacs. In accordance with the Act, the carrying value of the fixed assets as at April 1, 2014 is depreciated over the revised residual life of the fixed assets and where the revised residual life of the fixed assets is nil as at that date, the carrying value of the fixed assets, after retaining the residual value, has been adjusted to the General Reserve. Consequently, the General Reserve has been reduced by ₹ 2,174.08 Lacs (Net of Deferred Tax ₹ 87.87 Lacs).
- 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 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.
- The Company has acquired technical know-how and assistance from International Tire Engineering Resources LLC, for setting up 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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

Note 15 - Non - current investments

(₹ in Lacs)

	Face Value	Holding Nos.	As at 31.03.2015	Holding Nos.	As at 31.03.2014
Long term - fully paid					
Equity Shares					
(valued at cost unless stated otherwise)					
Unquoted (Trade)					
Maestro Comtrade Private Limited	₹ 10	1,800	0.18	1,800	0.18
National Saving Certificates VIII issue	-	-	0.15	-	0.15
(Pledged as security for sales tax purpose)					
Rado Employees Cooperative Society	-	-	0.10	-	0.10
Total			0.43		0.43
Share of Joint Venture included in above total					-

Note 16 - Long - term loans and advances

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Unsecured, Considered Good		
Capital advances	4,515.17	1,622.69
Security deposits	1,103.40	1,173.69
Other deposits	119.39	-
Advance income tax (Net of provision)	2,569.58	2,406.83
MAT credit entitlement	-	3,499.76
Unsecured, Considered doubtful		
Balances with Government authorities / Other deposits	268.68	218.13
Less : Provision for doubtful balances	(268.68)	(218.13)
Total	8,307.54	8,702.97
Share of Joint Venture Included in above Total	79.89	62.51

Note 17 - Other non-current assets

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Unamortised ancillary cost of borrowing	329.33	127.99
Revaluation of hedging instruments	348.18	876.82
Total	677.51	1,004.81
Share of Joint Venture included in above total	-	-

Note 18 - Current investments

(Valued at lower of cost and fair value, unless stated otherwise)

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Quoted Mutual Funds	31,243.32	-
(Market Value ₹ 31,243.32 Lacs (Previous year Nil))		
Total	31,243.32	-
Share of Joint Venture included in above total	-	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

Note 19 - Inventories

(Valued at lower of cost and net realisable value)

	As at 31.03.2015	(₹ in Lacs) As at 31.03.2014
a) Raw materials	19,733.80	24,289.79
Goods-in transit	3,959.04	1,184.90
	23,692.84	25,474.69
b) Work-in-progress	2,226.46	3,430.61
c) Finished goods	34,556.91	38,597.78
d) Traded goods stock	2,624.57	3,000.33
Goods-in transit	670.39	462.40
	3,294.96	3,462.73
e) Stores and spares	4,236.11	4,391.99
Goods-in transit	7.25	-
	4,243.36	4,391.99
Total	68,014.53	75,357.80
Share of Joint Venture included in above total	2,681.95	2,462.40

Note 20 - Trade receivables

	As at 31.03.2015	(₹ in Lacs) As at 31.03.2014
A) Debts outstanding for a period exceeding 6 months from the date they are due for payment :		
Unsecured, considered good	139.74	216.84
Unsecured, considered doubtful	1,497.10	1,026.35
Less : Provision for doubtful debts	(1,497.10)	(1,026.35)
	139.74	216.84
B) Other Debts		
Secured, considered good*	23,999.50	23,969.87
Unsecured, considered good	46,355.74	51,266.51
	70,355.24	75,236.38
Total	70,494.98	75,453.22
Share of Joint Venture included in above total	3,339.24	3,387.32

* These debts are secured to the extent of security deposit obtained from the dealers

Note 21 - Cash and bank balances

	As at 31.03.2015	(₹ in Lacs) As at 31.03.2014
Cash and cash equivalents :		
Balances with banks :		
On current accounts (Refer note (a))	9,680.48	10,849.57
On unpaid dividend accounts (Refer note (b))	109.53	87.61
On unpaid public fixed deposit and interest there on (Refer note (c))	454.11	411.03
Cash in hand	14.71	16.78
	10,258.83	11,364.99
Other bank balances		
Deposits with maturity of more than 3 months but less than 12 months (Refer note (e))	2,103.98	4,934.45
Margin money deposits (Refer note (d) & (f))	264.78	487.88
	2,368.76	5,422.33
Total	12,627.59	16,787.32
Share of Joint Venture included in above total	2,637.43	1,374.40

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

Note 21 - Cash and bank balances (Continued)

Note :

- Includes ₹ 4.53 lakhs outstanding for a period exceeding seven years. This amount is no longer payable as the Company has adjusted this amount towards call-in arrears of the partly paid-up equity shares of the Company held by the share holders, pursuant to the resolution passed by the Board of Directors at its meeting on 23rd September, 2005.
- These balances are available for use only towards settlement of corresponding unpaid dividend liabilities.
- These balances are available for use only towards settlement of matured deposits and interest on deposits, also includes ₹ 0.20 Lacs outstanding for a period exceeding seven years, in respect of which a government agency has directed the Company to hold and not transfer / repay the amount.
- The margin deposits are kept with bank for Bank Guarantees given to Statutory Authorities for the period ranging from 3 to 5 years.
- Deposit to the extent of ₹ 637.41 Lacs (Previous year ₹ 42.42 Lacs) is created for the purpose of deposit repayment reserve account and cannot be used for any other purposes.
- Lien with bank to the extent of ₹ 10 lakhs.

Note 22 - Short-term loans and advances

	As at 31.03.2015	(₹ in Lacs) As at 31.03.2014
Unsecured, considered good		
Advance receivable in cash or kind or for value to be received	2,737.49	3,507.79
Balance with statutory / government authorities	5,467.14	5,581.49
Other deposits	152.72	62.10
Unsecured, considered doubtful		
Loans, advances and deposits	132.00	182.55
Less : Provision for doubtful loans, advances and deposits	(132.00)	(182.55)
Total	8,357.35	9,151.38
Share of Joint Venture included in above total	-	-

Note 23 - Other current assets

	As at 31.03.2015	(₹ in Lacs) As at 31.03.2014
Unsecured, considered good		
Interest receivable	195.10	253.19
Recoverable against fire loss (Refer note 39(b))	442.29	2,556.40
Revaluation of hedging instrument	899.99	-
Total	1,537.38	2,809.59
Share of Joint Venture included in above total	-	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

Note 24 - Revenue from operations

		(₹ in Lacs)
	2014-15	2013-14
1) Sale of products	6,34,626.57	6,04,975.69
2) Other operating revenues		
a) Royalty income	221.35	216.49
b) Sale of scrap	1,658.98	1,456.37
c) Government grants # (Refer note 31(c))	1,992.87	2,140.32
d) Others	888.37	807.97
Revenue from operations (Gross)	6,39,388.14	6,09,596.84
Share of Joint Venture included in above	20,369.96	20,894.17

The Company has recognized a Government grant of ₹ 1,041.70 lacs (Previous year ₹ 1,013.13 Lacs) as income on account of refund of Octroi duty under the Package Scheme of Incentive received from Directorate of Industries, Government of Maharashtra for Nasik Plant (Refer note No 31(c)).

The Company has also recognized a Government Grant of ₹ 951.17 Lacs (Previous year ₹ 1,127.19 Lacs) as income on account of export incentive under focus product scheme and focus market scheme from Directorate General of Foreign Trade, Government of India.

Details of sales under broad heads

		(₹ in Lacs)
	2014-15	2013-14
Automotive Tyres	5,62,648.39	5,39,334.89
Tubes and others	71,978.18	65,640.80
	6,34,626.57	6,04,975.69

Note 25 - Other income

		(₹ in Lacs)
	2014-15	2013-14
Interest income on :		
Bank deposit	460.28	271.07
Others	343.17	333.95
Dividend income on :		
Current investments	744.11	54.73
Profit on sale of current investments	-	26.78
Other non-operating income	687.42	712.96
Total	2,234.98	1,399.49
Share of Joint Venture included in above total	49.55	11.69

Note 26 - Cost of material consumed

		(₹ in Lacs)
	2014-15	2013-14
Raw Materials		
Opening stock	25,474.69	18,811.62
Add : Purchases	3,34,479.18	3,63,162.40
	3,59,953.87	3,81,974.02
Less : Closing stock	23,692.84	25,474.69
Total	3,36,261.03	3,56,499.33

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

Note 26 - Cost of material consumed (Continued)

Details of raw materials consumed

	2014-15	2013-14
		(₹ in Lacs)
Rubber	1,68,622.63	1,97,886.18
Fabrics	53,243.32	53,043.75
Carbon Black	51,509.98	49,350.78
Chemicals	37,457.00	32,950.39
Others	25,428.10	23,268.22
Total	3,36,261.03	3,56,499.32

Details of inventories

	2014-15	2013-14
		(₹ in Lacs)
Rubber	12,835.98	17,200.27
Fabrics	2,796.34	2,431.17
Carbon Black	2,271.35	1,819.44
Chemicals	3,420.05	2,353.12
Others	2,369.12	1,670.69
Total	23,692.84	25,474.69

Note 27 - Changes in inventories of finished goods, Work-in-progress and stock in trade

	2014-15	2013-14	Increase / Decrease
			(₹ in Lacs)
Opening Stock			
a) Work-in-progress	3,430.61	2,841.92	588.69
b) Finished goods	38,597.78	29,705.09	8,892.68
c) Traded goods	3,462.73	564.86	2,897.87
	45,491.12	33,111.87	12,379.24
Closing Stock			
a) Work-in-progress	2,226.46	3,430.61	(1,204.15)
b) Finished goods	34,556.91	38,597.78	(4,040.87)
c) Traded goods	3,294.96	3,462.73	(167.77)
	40,078.33	45,491.12	(5,412.79)
	5,412.79	(12,379.25)	
Differential Excise Duty on opening and closing stock of finished goods	225.81	1,181.38	
Total	5,638.60	(11,197.87)	

Note 28 - Employee benefits expense

	2014-15	2013-14
		(₹ in Lacs)
Salaries, wages and bonus	30,515.28	25,962.60
Contribution to provident and other funds (Refer note 37)	1,845.91	1,501.64
Gratuity expenses (Refer note 37)	2,051.24	374.46
Staff welfare expenses	3,476.83	3,252.91
Total	37,889.26	31,091.61
Share of Joint Venture included in above total	1,939.22	1,748.85

Note 29 - Finance costs

	2014-15	2013-14
		(₹ in Lacs)
Interest	10,895.07	14,184.66
Other borrowing cost	2,291.42	3,019.83
Total	13,186.49	17,204.49
Share of Joint Venture included in above total	35.12	163.41

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

Note 30 - Other expenses

	2014-15	2013-14
		(₹ in Lacs)
Conversion charges	29,473.39	21,610.80
Stores and spares consumed	4,470.28	4,099.73
Provision for obsolescence of stores and spares	196.31	4.18
Power and fuel	17,339.91	18,077.76
Freight and delivery charges	23,845.84	19,935.73
Rent	760.31	616.53
Lease rent- Vehicles	128.68	140.84
Rates and taxes	129.89	219.48
Insurance	731.04	416.32
Repairs :		
Plant and Machinery	5,056.50	3,497.68
Buildings	915.42	560.23
Others	33.08	39.35
	6,005.00	4,097.26
Travelling and conveyance	2,789.05	2,741.68
Printing and stationery	219.18	216.72
Directors' fees	48.24	8.40
Payment to Statutory Auditor (Refer details below)	70.18	63.62
Cost audit fees	2.20	2.20
Advertisement and sales promotion expenses	10,421.35	7,540.74
Rebates and discounts	9,714.58	9,039.74
Commission on sales	250.72	435.37
Communication expenses	904.20	676.06
Advances written off	62.27	1.42
Bad Debts written off	-	31.41
Less : Provision for doubtful debts written back to the extent provided	-	(14.25)
	-	17.16
Provision for doubtful debts and advances	476.59	402.36
Loss on assets sold / discarded (Net)	71.34	58.14
Legal charges	269.50	175.08
Foreign exchange fluctuations (Net)	473.51	163.36
Professional and consultancy charges	1,646.64	1,473.41
Corporate Social Responsibility (CSR) expenses (Refer note 40)	340.40	37.87
Commission to directors	460.00	380.00
Training and conference expenses	868.48	1,077.60
Premium on sale and purchase of forward contract (net)	246.73	132.80
Bank Charges	1,045.32	1,498.69
Miscellaneous expenses#	7,491.15	6,583.49
Total	1,20,952.28	1,01,944.54
Share of Joint Venture included in above total	2,749.16	3,632.88

Miscellaneous expenses includes donation of ₹ 135.00 Lacs (Previous year ₹ Nil) in the nature of political contribution to an Electoral Trust (Janpragati Electoral Trust)

Payment to Statutory Auditor

	2014-15	2013-14
		(₹ in Lacs)
As Auditor :		
Audit fee	36.00	33.00
Limited review	22.00	18.00
In other Capacity :		
Other services (Certification fees)	7.36	8.03
Reimbursement of Expenses	4.82	4.59
	70.18	63.62

The above amount does not include fees amounting to ₹ 35.43 Lacs toward services provided in respect of Qualified Institutional Placement (QIP) which has been netted off against share premium (Refer note 44(b))

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

31) Contingent Liabilities & Commitments (to the extent not provided for)

a. Contingent Liabilities:

		(₹ in Lacs)	
Particulars	As at 31.03.2015	As at 31.03.2014	
1. Direct and Indirect Taxation Matters			
Income Tax	8,492.54	12,771.64	
Wealth Tax	6.73	6.73	
Excise Duty / Service Tax	8,846.44	19,686.36	
Sales Tax	4,554.66	3,479.40	
2. Bills discounted with Banks	8,698.31	6,126.46	
3. Corporate Guarantee given to Muzuho Corporate Bank, Tokyo, on behalf of RPG Enterprises Ltd.	-	2,550.00	
4. Claims against the Company not acknowledged as debts *			
i) In respect of labour matters	353.43	715.79	
ii) Rental disputes	180.00	180.00	
iii) Customer disputes	446.00	446.00	
iv) Vendor disputes	293.83	293.83	
v) Other claims	199.85	187.30	

*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. Commitments

		(₹ in Lacs)	
Particulars	As at 31.03.2015	As at 31.03.2014	
1. Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advance payments)	43,338.00	4,435.00	
2. Contractual commitments in respect of Letter of Credit for import of tyres	417.80	456.22	

c. Others

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. (Refer note 24 (2)(c))

32) The Board of Directors recommended a Dividend of ₹ 10 per share (Previous year ₹ 10 per share) pursuant to which the total amount to be distributed as Dividend is ₹ 4,045.01 Lacs (Previous year ₹ 3,595.57 Lacs)

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

		(₹ in Lacs)	
	2014-15	2013-14	
(a) Principal Amount Due	528.17	563.27	
(b) Interest paid during the year beyond the appointed day	236.71	-	
(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	6.87	236.71	
(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.	-	150.62	

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

34) 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)	
Particulars	As at 31.03.2015	As at 31.03.2014
At the beginning of the year	2,053.62	1,592.71
Arising during the year	6,235.90	4,893.63
Utilised during the year	5,787.18	4,432.72
At the end of the year	2,502.34	2,053.62
Current portion	2,019.86	1,674.68
Non-Current portion	482.48	378.94

35) Purchase and sale of traded goods

	(₹ in Lacs)	
Particulars	2014-15	2013-14
Traded goods purchases - Tyres	11,433.10	11,273.50
Traded goods sales - Tyres (gross)	12,518.99	10,547.75

36) Operating lease

The group 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 ₹ 128.68 Lacs (Previous year ₹ 140.84 Lacs) of which ₹ Nil (Previous year ₹ 0.24 Lacs) related to Subsidiary companies, has been charged to Statement of Profit and Loss.

	(₹ in Lacs)	
	As at 31.03.2015	As at 31.03.2014
Future Minimum Lease Payments:		
For a period not later than one year	88.53	107.80
For a period later than one year but not later than five years	81.13	100.37
For a period later than five year	-	-

There are no restrictions placed upon the Company by entering into these leases. The lease term ranges from one year to five years and are renewable at the option of the Company.

37) Post retirement benefits plan

a) Defined contribution to plan

The Group has recognised and included in Note no. 28 "Contribution to Provident and other funds" expenses towards the defined contribution plan as under:

	(₹ in Lacs)	
Particulars	2014-15	2013-14
Contribution to Provident Fund (Government)	1,528.56	1,319.33

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

b) Defined benefit 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:** - ACHL, Sri Lanka 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	As at 31.03.2015		As at 31.03.2014	
		Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)
1.	Opening present value of Defined Benefit obligation	6,187.03	327.78	* 6,197.70	222.14
2.	Current Service Cost	356.34	43.81	309.05	37.36
3.	Interest Cost	528.32	30.86	437.39	23.77
4.	Benefits paid	(656.81)	(19.08)	(538.55)	(6.01)
5.	Actuarial (Gain) / Loss on obligation	1,904.56	31.44	(218.56)	50.52
6.	Closing present value of obligation	8,321.44	414.81	6,187.03	327.78

* includes ₹ 128.45 Lacs pertains to Rado Tyres Limited (Subsidiary company) w.e.f 27th September 2013.

ii) Changes in fair value of plan assets during the year ended March 31, 2015 (₹ in Lacs)

Sr. No.	Particulars	As at 31.03.2015	As at 31.03.2014
		Gratuity (Funded)	Gratuity (Funded)
1.	Fair value of plan assets as at April 1	5,912.92	*4,211.08
2.	Expected return on plan assets	565.93	457.50
3.	Contributions made	155.00	1,802.67
4.	Benefits paid	(656.81)	(538.55)
5.	Actuarial gain / (Loss) on plan assets	172.90	(19.78)
6.	Fair value of plan assets as at March 31	6,149.94	5,912.92

* includes ₹ 33.62 Lacs pertains to Rado Tyres Limited (Subsidiary company) w.e.f 27th September 2013.

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

Sr. No.	Particulars	2014-15		2013-14	
		Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)
1.	Current Service Cost	356.34	43.81	309.05	37.36
2.	Interest Cost on benefit obligation	528.32	30.86	437.39	23.77
3.	Actuarial (gains) and losses (Net)	1,733.66	31.43	(198.78)	50.52
4.	Expected return on plan assets	(565.93)	-	(457.50)	-
5.	Net benefit expense *	2,052.39	106.10	90.16	111.65

*The previous year amount disclosed in Note No.28 of ₹ 374.46 Lacs includes ₹ 172.65 lacs payable on account of actual gratuity payable to the employees who have opted for voluntary retirement scheme announced during the previous year.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

iv) Net Assets / (Liability) as at March 31, 2015.

(₹ in Lacs)

Sr No.	Particulars	As at 31.03.2015		As at 31.03.2014	
		Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)
1.	Closing Present value of the defined benefit obligation	8,321.44	414.81	6,187.03	327.78
2.	Closing Fair value of plan Assets	6,149.94	-	5,912.92	-
3.	Net Assets / (Liability) recognized in the Balance Sheet **	(2,171.50)	(414.81)	(274.11)	(327.78)

**Total Gratuity Liability is ₹ 2,586.31 Lacs (Previous year ₹ 601.89 Lacs) (Long- term Provisions ₹ 532.27 Lacs (Previous year ₹ 436.98 Lacs) and Short -term Provision of ₹ 2,054.04 Lacs. (Previous year ₹ 164.91 Lacs)

v) Actual return on plan assets for the year ended March 31, 2015

(₹ in Lacs)

Sr. No.	Particulars	2014-15	2013-14
		Gratuity (Funded)	Gratuity (Funded)
1.	Expected return on plan assets	565.93	457.50
2.	Actuarial gain / (loss) on plan assets	172.90	(19.78)
3.	Actual return on plan assets	738.83	437.72

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

Sr. No.	Particulars	As at 31.03.2015		As at 31.03.2014	
		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	2014-15		2013-14	
		Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)
1.	Discount Rates	7.85%	9.73%	8.00%-9.00%	10.61%
2.	Expected rate of return on assets	9.10%	-	9.45%	-
3.	Annual increase in salary	7.00%	13%-15%	7.00%	13%-15%
4.	Employee turnover	9.58%	-	1.00%- 9.58%	-
5.	Mortality Rate	Indian Assured Lives Mortality (2006-08) Modified Ultimate	-	Indian Assured Lives Mortality (2006-08) Modified 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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

viii) Details of previous years

(₹ in Lacs)

Gratuity (Funded)	2014-15	2013-14	2012-13	2011-12	2010-11
Present value of Defined Benefit obligation as at the year end.	8,321.44	*6,187.03	6,069.25	4,954.95	4,782.50
Fund value as at the year end	6,149.94	5,912.92	4,177.46	4,625.09	4,236.09
Surplus / (Deficit)	(2,171.50)	(274.11)	(1,891.79)	(329.86)	(546.41)
Net Assets / (Liability) recognised in the Balance Sheet	(2,171.50)	(274.11)	(1,891.79)	(329.86)	(546.41)

* Includes ₹ 139.84 Lacs pertaining to Rado Tyres Limited (Subsidiary Company) w.e.f. 27th September 2013.

ix) Experience adjustment (funded)

(₹ in Lacs)

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
Benefit Obligation	8,321.44	6,187.03	6,069.25	4,954.95	4,782.50
Fair Value of plan assets	6,149.94	5,912.92	4,177.45	4,625.09	4,236.09
Funded status – deficit / (surplus)	2,171.50	274.11	1,891.79	329.86	546.41
Experience adjustment on plan liabilities	1,390.95	(532.13)	1,294.60	225.85	380.36
% of plan liabilities	17.03%	(8.80%)	21.33%	4.55%	7.95%
Experience adjustment on plan assets	170.88	(19.77)	6.47	-	-
% of plan assets	2.80%	(0.34%)	0.15%	-	-

x) Experience adjustment (unfunded)

(₹ in Lacs)

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
Benefit Obligation	414.81	327.78	222.14	165.05	124.57
Fair Value of plan assets	-	-	-	-	-
Funded status – deficit / (surplus)	414.81	327.78	222.14	165.05	124.57
Experience adjustment on plan liabilities	23.15	35.18	5.45	12.99	7.02
% of plan liabilities	5.58%	10.73%	2.45%	7.87%	5.64%
Experience adjustment on plan assets	-	-	-	-	-
% of plan assets	-	-	-	-	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

38) Related party disclosures:

a) Names of related parties and related party relationship:

Related parties with whom transactions have taken place during the year

- RPG Foundation (Directors, KMP or their relatives are interested.)
- Raychem RPG (Pvt.) Limited ("Raychem") (Directors, KMP or their relatives are interested.)
- KEC International Limited ("KEC") (Directors, KMP or their relatives are interested.)
- Vinar Systems Pvt. Limited ("Vinar") (Directors, KMP or their relatives are interested.)
- B.N. Elias & Co. LLP ("B.N. Elias") (Directors, KMP or their relatives are interested.)
- Atlantus Dwellings & Infrastructure LLP ("Atlantus") (Directors, KMP or their relatives are interested.)
- Chattarpati Apartments LLP ("Chattarpati") (Directors, KMP or their relatives are interested.)
- Allwin Apartments LLP ("Allwin") (Directors, KMP or their relatives are interested.)
- Palacino Properties LLP ("Palacino") (Directors, KMP or their relatives are interested.)
- Amber Apartments LLP ("Amber") (Directors, KMP or their relatives are interested.)
- Swallow Associate LLP ("Swallow") (Directors, KMP or their relatives are interested.)
- Janpragati Electoral Trust ("Janpragati") (Directors, KMP or their relatives are interested.)
- Khaitan & Co. ("Khaitan") (Directors, KMP or their relatives are interested.)
- Mr. Kunal Mundra (relative of Director)

Key Management Personnel (KMP):

- Mr. Harsh Vardhan Goenka, Chairman
- Mr. Anant Vardhan Goenka, Managing Director
- Mr. Arnab Banerjee, Whole-time Director (w.e.f. 7th May, 2013)
- Mr. Subba Rao Amarthaluru, Chief Financial Officer
- Mr. H. N. Singh Rajpoot, Company Secretary

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	2014-15	2013-14
Reimbursement / (recovery) of expenses (net)	Raychem	(26.53)	(15.12)
	Atlantus	0.60	-
	KEC	(82.11)	(61.48)
	Amber	1.86	2.71
	Total	(106.18)	(73.89)
Rent paid on residential premises	Allwin	16.85	16.85
	KEC	3.00	9.00
	Amber	15.00	15.00
	Atlantus	18.00	18.00
	Chattarpati	43.20	43.20
	Palacino	9.04	10.31
	B N Elias	12.00	12.00
	Total	117.09	124.36
Building maintenance recovery	Raychem	107.29	96.56
	KEC	430.42	427.27
	Total	537.71	523.83
Rent recovery on residential premises	KEC	30.12	41.24
Purchase of capex / spares	Raychem	134.96	-
	KEC	487.62	-
	Vinar	4.32	1.79
	Total	626.90	1.79
Legal fees paid	Khaitan & Co.	55.77	-
Corporate Social Responsibility (CSR) expenses	RPG	303.73	-
	Foundation	-	-
Donation	Janpragati	135.00	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

Balance as at year ended

(₹ in Lacs)

Amount due / from related party	Related Party	As at 31.03.2015	As at 31.03.2014
Advances recoverable in cash or kind	Raychem	11.49	10.21
	KEC	53.41	31.59
	Total	64.90	41.80
Trade payable	B N Alias	0.90	-
	Altantus	1.35	(0.67)
	Raychem	0.25	-
	Chattarpati	3.24	-
	Allwin	1.28	-
	Palacino	0.68	(0.58)
	KEC	2.93	-
	Total	10.63	(1.25)

Transactions with key management personnel and their relatives:

(₹ in Lacs)

Sr. No.	Related party	2014-15	2013-14
1)	Mr. Harsh Vardhan Goenka		
	Commission	415.40	344.00
	Director sitting fees	3.95	0.80
	Dividend	13.40	5.36
	Total	432.75	350.16
2)	Mr. Anant Vardhan Goenka		
	Salaries	209.50	190.13
	Allowances and Perquisites	24.34	8.52
	Performance Bonus	81.30	33.00
	Contribution to Provident & Superannuation Fund	19.42	17.65
	Dividend	1.42	0.57
	Total	335.98	249.87
3)	Mr. Arnab Banerjee		
	Salaries	152.67	133.19
	Allowances and Perquisites	0.44	7.12
	Performance Bonus	49.05	17.48
	Contribution to Provident & Superannuation Fund	7.97	6.57
	Total	210.13	164.36
4)	Mr. Subba Rao Amarthaluru		
	Salaries	205.24	-
	Allowances and Perquisites	0.15	-
	Performance Bonus	127.95	-
	Contribution to Provident & Superannuation Fund	13.70	-
	Total	347.04	-
5)	Mr. H. N. Singh Rajpoot		
	Salaries	51.43	-
	Allowances and Perquisites	0.37	-
	Performance Bonus	15.27	-
	Contribution to Provident & Superannuation Fund	5.86	-
	Total	72.93	-
6)	Mr. Kunal Mundra		
	Salaries	64.87	-
	Allowances and Perquisites	0.15	-
	Performance Bonus	29.43	-
	Contribution to Provident & Superannuation Fund	4.31	-
	Total	98.76	-
	Grand Total	1,497.59	764.39

The Managerial remuneration is computed as per the provisions of Section 197 of the Companies Act, 2013

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

39) Exceptional items:

- The Company had introduced a Voluntary Retirement Scheme (VRS) for employees across the Company during the year, 70 employees (Previous Year 105 employees) opted for the VRS. The Compensation in this respect aggregates ₹ 613.20 Lacs (Previous year ₹ 689.19 Lacs) which is disclosed as an exceptional item.
- During the previous year 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 ₹ 329.67 Lacs with its written down value of ₹ 230.87 Lacs and stock valuing ₹ 2,538.16 Lacs, aggregating to ₹ 2,769.03 Lacs were destroyed in the fire. The assets were covered under the insurance policy. The amount of ₹ 2,556.40 Lacs was expected to be recovered from the insurance company and shown as insurance claim receivable. The balance amount of ₹ 212.63 Lacs along with the expenditure incurred of ₹ 102.11 Lacs (including net incidental charges) has been charged to the Statement of Profit and Loss and aggregate amount of ₹ 314.74 Lacs has been treated as an exceptional item.

40) Corporate Social Responsibility (CSR) Expenses:

- Gross amount required to be spent As Per Section 135 of Companies Act, 2013 ₹ 401.58 Lacs
- Amount spent during the year:

Sr. No.	Particular	In cash	Yet to be paid in cash	Total
1	Construction / acquisition of any assets	Nil	Nil	Nil
2	On purposes other than (1) above	323.66	77.92	401.58

41) 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. All the manufacturing facilities are located in India.

Secondary Segment - Geographical segment

			(₹ in Lacs)
Particulars	2014-15	2013-14	
A. Revenue by Geographical Market			
India	4,61,497.60	4,27,211.27	
Outside India	1,19,428.15	1,28,899.55	
Total*	5,80,925.75	5,56,110.82	
B. Carrying amount of Segment Assets			
India	3,40,747.70	3,11,444.24	
Outside India	41,495.61	42,561.55	
Total	3,82,243.31	3,54,005.79	
C. Additions to Fixed Assets and Intangible Assets			
India	12,070.63	5,794.06	
Outside India	1,291.10	1,369.85	
Total	13,361.73	7,163.91	

* Segment revenue includes "Total revenue" less "Interest income and Dividend income" included in "Other income".

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

42) Earnings Per Share (EPS):

(₹ in Lacs)

Particulars	2014-15	2013-14
Net Profit for calculation of basic and diluted EPS	31,717.98	27,123.50
Weighted average number of equity shares (face value per share ₹ 10) in calculating basic EPS	3,74,82,569	3,54,16,257
Effect of dilution:		
Convertible share warrants	-	2,08,574
Weighted average number of equity shares (face value per share ₹ 10) in calculating diluted EPS	3,74,82,569	3,56,24,831
Basic EPS (Rs/share)	84.62	76.59
Diluted EPS (Rs/share)	84.62	76.14

43) Additional disclosure under the Companies Act, 2013 (Schedule III)

Name of the entity	Relationship	Net Assets, i.e. Total Asset minus Total Liabilities		Share in Profit or loss	
		As % of Consolidated net assts	Rupees in Lacs	As % of Consolidated profit or loss	Rupees in Lacs
CEAT Limited	Parent	87.67%	1,47,479.06	92.28%	28,967.33
Rado Tyres Limited	Indian Subsidiary	0.12%	206.44	-0.04%	(13.34)
CEAT Specialty Tyres Limited	Indian Subsidiary	0.76%	1,272.20	-0.10%	(30.65)
Associated CEAT Holding (Pvt) Limited (ACHL)	Foreign Subsidiary	0.01%	11.94	0.00%	(0.76)
CEAT AKKHAN Limited	Foreign Subsidiary	2.74%	4,602.52	-2.35%	(736.45)
Minority interest in All subsidiaries					
Rado Tyres Limited	Indian Subsidiary	0.08%	131.47	-0.03%	(9.44)
CEAT AKKHAN Limited	Foreign Subsidiary	1.86%	3,135.93	-1.01%	(316.35)
Joint Venture (as per proportionate consolidation/investment as per the equity method)					
CEAT Kelani Holding Company Pvt Limited (CKHL)	Joint venture of ACHL	-0.25%	(415.04)	-0.34%	(105.49)
Associated CEAT Pvt Limited (ACPL)	Subsidiary of CKHL	2.23%	3,755.34	3.87%	1,213.95
CEAT-Kelani International Tyres Pvt Limited (CKITL)	Subsidiary of CKHL	2.83%	4,766.56	4.30%	1,348.92
CEAT Kelani Radials Limited (CKRL)	Subsidiary of CKHL	1.22%	2,059.06	2.97%	933.13
Asian Tyres Pvt Limited (ATPL)	Subsidiary of CKITL	0.73%	1,220.05	0.45%	141.33
Total		100.00%	1,68,225.53	100.00%	31,392.20

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

44) Other information

- During December 2014 the Company has acquired 100% stake in CEAT Specialty Tyres Limited (previously known as CEAT Specialty Tyres Private Limited) by purchasing 10,000 shares of ₹ 10 each at face value. Subsequently the Company purchased additional 40,000 shares. The subsidiary will focus exclusively on 'Off-the-Road' and specialty tyres, for sales in India and abroad.
- On 28th November, 2014 the Company allotted 44,94,382 equity shares of ₹ 10 each at a premium of ₹ 880/- per equity shares aggregating to ₹ 39,999.99 Lacs pursuant to shares issued under a Qualified Institutional Placement (QIP). Out of the total proceeds, the Company spent ₹ 655.93 Lacs (net of tax) towards issue expenses.
- During the previous year, the Company has acquired 70% share in CEAT AKKHAN LIMITED (Previously known as CEAT Bangladesh Limited) by purchasing additional 4,82,000 shares @ Bangladeshi Taka 10 each. The balance 30% share of 4,50,000 shares were allotted to A. K. Khan & Company Limited (JV Partner) at Bangladeshi Taka 10 each.

45) Utilisation of money raised through Qualified Institutional Placement (QIP):

During the year ended 31st March, 2015, the Company has raised ₹ 39,999.99 Lacs through Qualified Institutional Placement, specifically to meet its share in the cost of setting up of various expansion projects viz. capacity expansion of Halol plant, specialty tyres project (through its subsidiary company) and two-three wheeler tyres project and also for augmentation of the long term working capital required for business growth.

(₹ in Lacs)		
Particulars	2014-15	2013-14
Amount utilised during the year :		-
1. QIP Expenses (Gross of tax)	903.02	-
2. Capacity expansion of Halol plant	6,129.83	-
3. Specialty Tyres project	427.81	-
4. Two-Three wheeler project	3,003.93	-
Unutilised amount at the end of the year	29,535.40	-

Details of short term investments made from unutilised portion of Qualified Institutional Placements raised during the year ended 31st March, 2015.

(₹ in Lacs)		
Particulars	As at 31.03.2015	As at 31.03.2014
Investments in mutual funds	29,533.41	-
Bank Balance – Yes Bank	1.99	-
Unutilised amount at the end of the year	29,535.40	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

46) The effect of acquisition of subsidiary

Particulars	As at 31.03.2015	As at 31.03.2014
Liabilities as at 31st March, 2015		
Non-current liabilities	-	-
Current liabilities	38.34	-
Assets as at 31st March, 2015		
Non-current assets	717.27	-
Current assets	593.27	-
Revenue for post-acquisition period	0.11	-
Expenses for post-acquisition period	30.46	-
Profit / (Loss) before tax	(30.35)	-
Profit / (Loss) after tax	(29.60)	-

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

As per our report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration No.324982E

per **Vinayak Pujare**

Partner

Membership Number : 101143

Place : Mumbai

Date : May 22, 2015

Subba Rao Amarthaluru

Chief Financial Officer

H.N.Singh Rajpoot

Company Secretary

For and on behalf of Board of Directors of CEAT Limited

H.V.Goenka

Chairman

Anant Goenka

Managing Director

Mahesh Gupta

Chairman - Audit Committee

Place : Mumbai

Date : May 22, 2015





CEAT Limited
RPG House
463, Dr Annie Besant Road, Worli
Mumbai - 400 030

www.ceat.com