

» RPG

**CEAT**

annual  
report 2010-11

# *Excelleration»*

## 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.

# *vroom!*

## CORPORATE OVERVIEW

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Attendance Slip and Proxy Form are enclosed at the end of this report.



# **Excelleration**

Can excellence and acceleration converge?

Can technology and human Ingenuity extend the limits of the 'possible'?

Can collective dynamism and youthfulness drive momentum in business and life?

**At CEAT, the answer is an emphatic 'yes'.  
Welcome to perpetual motion.**



For nearly five decades, we have traversed challenging roads to expand our presence in the national and international markets, on the strength of our product innovation and deep customer centricity. Our customer delivery model revolves around a futuristic formula: excelleration. Putting it simply, accelerated delivery of excellence.

Product innovation, at CEAT, starts with a deep customer insight and a keen understanding of the global markets. This is supported by a culture that encourages employees to respond nimbly with new ideas to solve varied customer challenges. As perfectionists, we value the role of technological

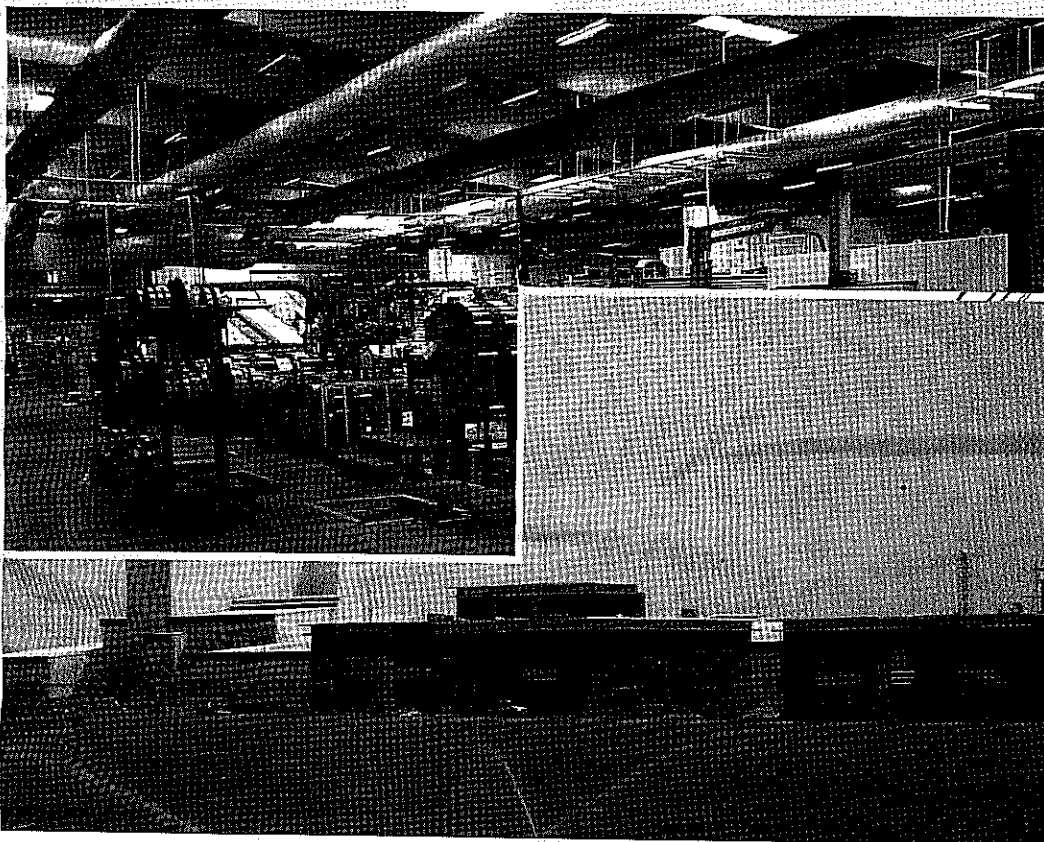
brilliance and innovation in our industry; concurrently, we have a deep regard for teamwork and stamina.

We have been all-weather friends of our customers across multiple roads; and yet road friction and fatigue has not corroded our youthful confidence and dynamism to grow. We are unrelenting in our growth approach, gaining access to new customers and markets globally; enriching products portfolio; enhancing quality benchmarks through investments in research and development; and extending our brand retail and respect in all spheres of life.

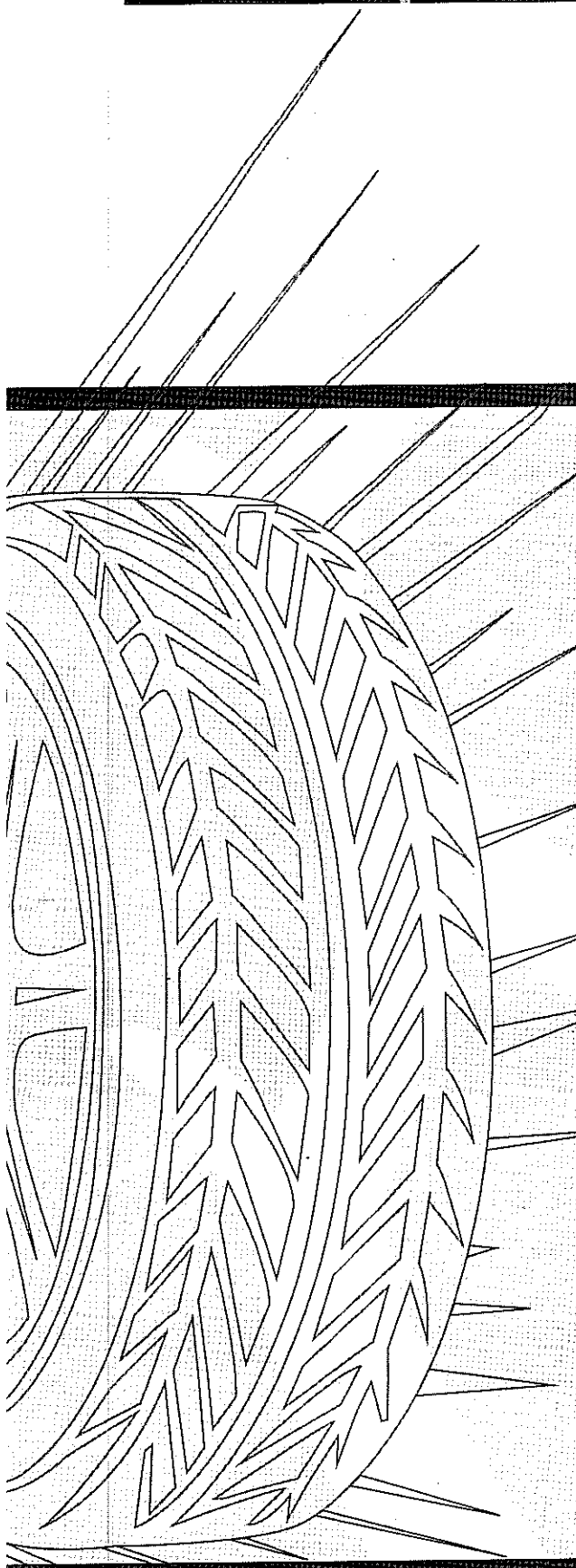
Today, CEAT is more than a global brand for tyres, tubes and flaps. It represents the courage and confidence of young Indians to help create a better India and a humane world.

# Company Snapshot

**CEAT**, the flagship company of the **RPG Enterprises**, is among India's leading tyre manufacturers producing over 10 million tyres annually. We are widening our visibility nationally and internationally with our wide range of tyres, tubes and flaps. The CEAT brand stands for superior quality and durability, so that our customers can have a hassle-free ride, even on the roads less travelled.

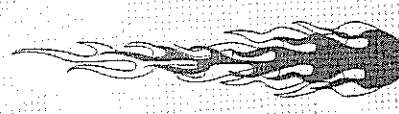







### »» **RPG** - a snapshot

RPG Enterprises is one of India's leading business groups with a turnover of ₹ 18,500 crore (USD 4.16 billion). RPG Enterprises has a strong presence in multiple sectors: infrastructure, power, tyres, retail, information technology, carbon black, speciality and entertainment.



# *Vision*



To be amongst the **most profitable tyre companies** in India by 2016 through: Market leadership in select categories in India and market leadership in significant countries outside India.



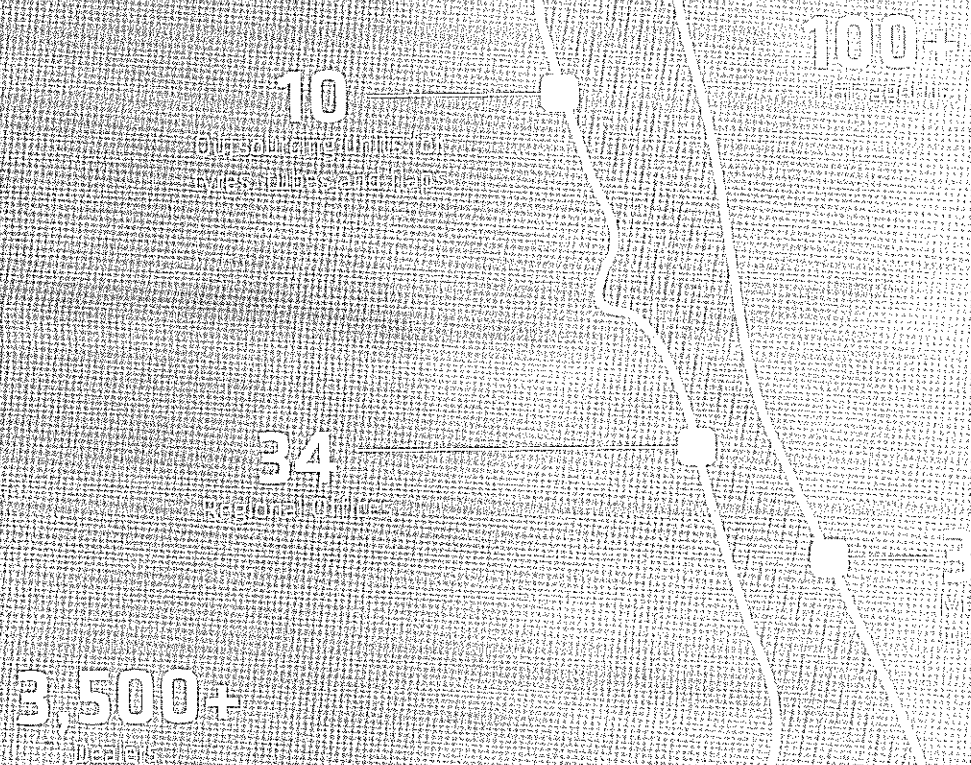
# *Core Values*



Challenger Aspiration-led Integrity Result obsession Openness



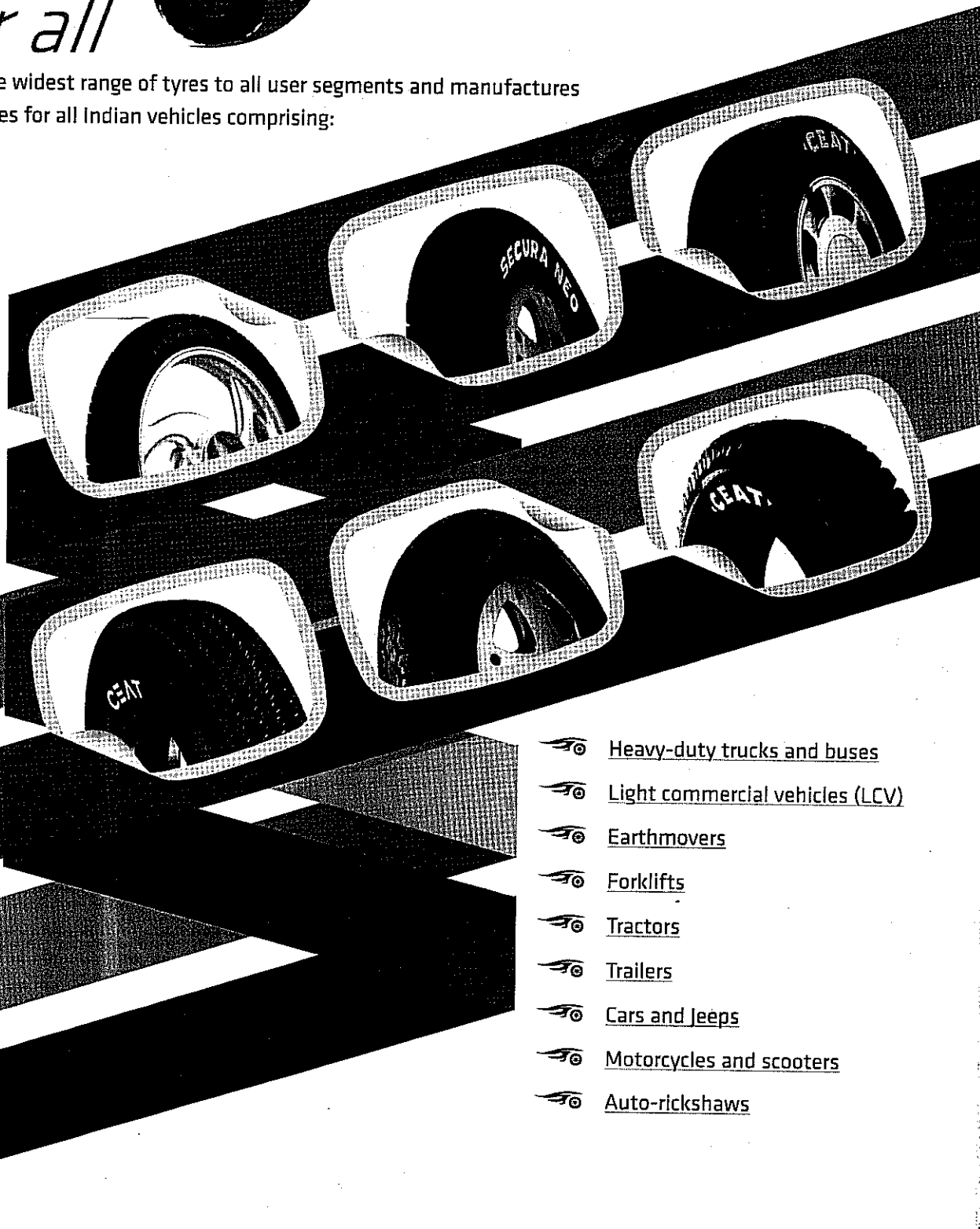
# National presence



# Tyres for all



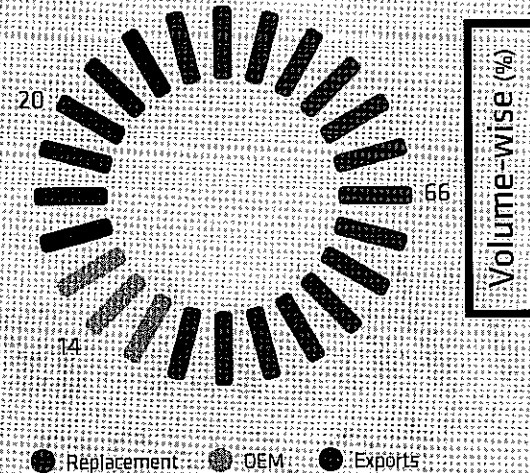
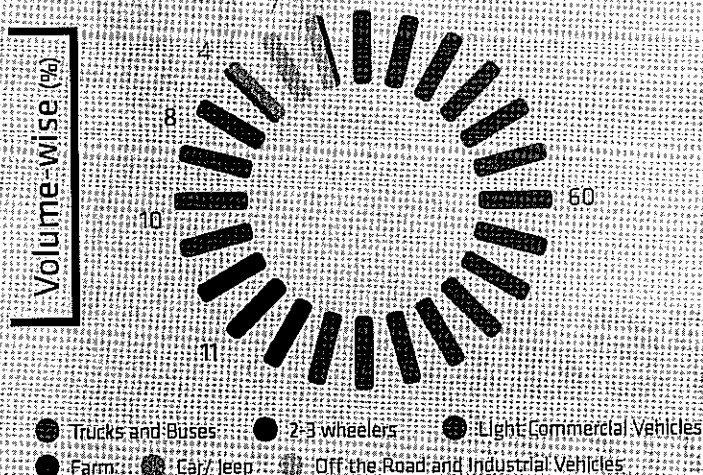
CEAT offers the widest range of tyres to all user segments and manufactures world-class tyres for all Indian vehicles comprising:



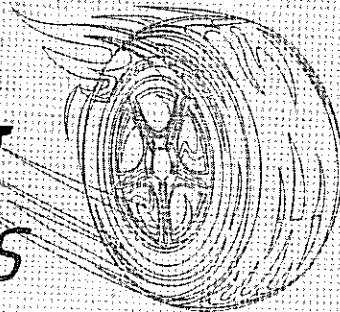
- Heavy-duty trucks and buses
- Light commercial vehicles (LCV)
- Earthmovers
- Forklifts
- Tractors
- Trailers
- Cars and Jeeps
- Motorcycles and scooters
- Auto-rickshaws



# Segment-wise Product distribution

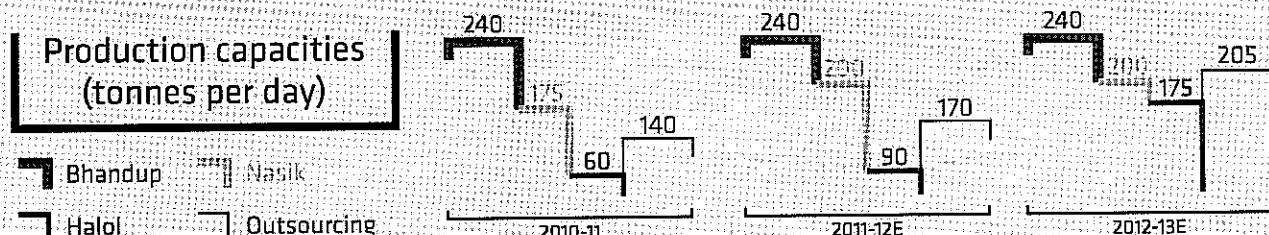


## Manufacturing facilities



CEAT owns two tyre manufacturing facilities in Maharashtra (Bhandup and Nasik) and has also set up a greenfield radial tyre manufacturing facility at Gujarat (Halol).

CEAT has three manufacturing plants in Sri Lanka in Joint Venture and it also outsources certain amount of automotive tubes, tyres and flaps.





# *Think ahead to even out the odds*

CEAT's objective is to think ahead of its customers to deliver better value, even in a resource-scarce environment. As a part of this strategy, we often question conventional approaches, think laterally and revisit old strategies.



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⑤ Opposed to conventional thinking, micro focus sometimes yields mega benefits. We take a minute look at every aspect of the organisation for opportunities to get better. Each and every process and product at CEAT is approved by appropriate certification. CEAT is India's first organisation to get the ISO/TS 16949:2002 certification by the International Automotive Task Force (IATF) and Japan Automobile Manufacturers Association. This certification ensures quality management and a smooth supply chain, minimising anomalies and wastage.

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⑤ CEAT's advanced technology leverage and high-end research and development enhance the on-road pleasure of end customers. The tyres are tested for best endurance and performance, and are accredited by the Department of Scientific and Industrial Research (DSIR).

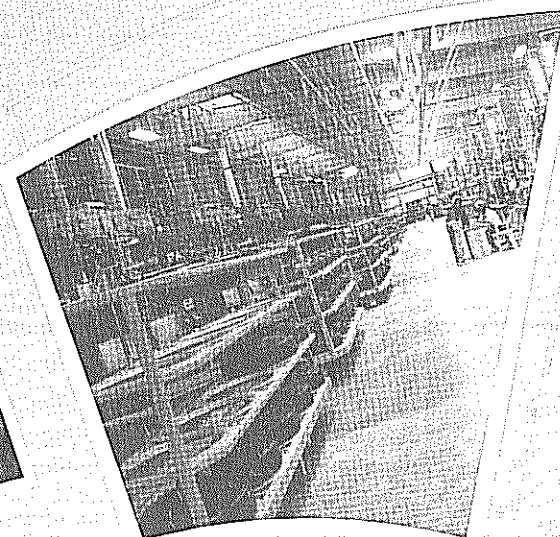
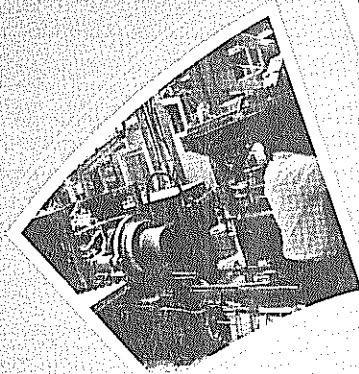
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⑤ For CEAT, customers are more than product buyers; they are also part of the society we live and cherish. Our 'Be Idiotsafe' campaign enhances awareness on road safety and helps create a mass movement against unsafe road conditions created by rash drivers. CEAT bike tyres 'with superior grip' are positioned as a part of this pervasive campaign against 'road idiots'.

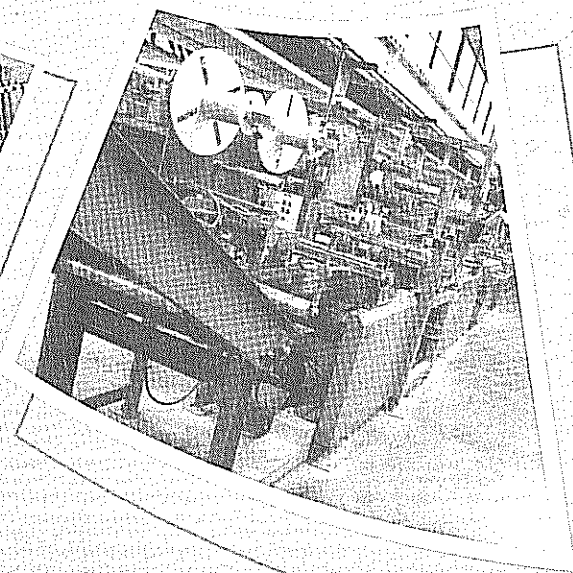
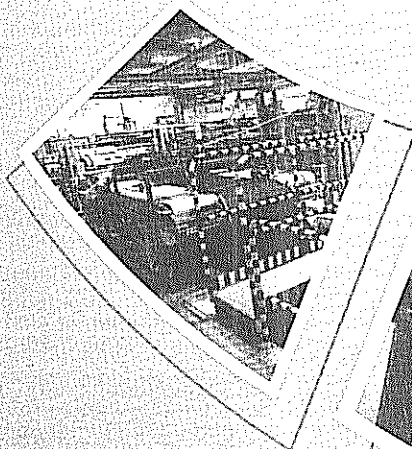
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⑤ The 'Be Idiotsafe' advertisement was ranked as the fourth best advertisement by rediffmail after Vodafone, Volkswagen and Cadbury's. Besides, CEAT Cricket rating enjoys wide acceptance, reinforcing the brand globally.

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- ⊙ In order to enhance visibility significantly, the organisation is focusing on capacity enhancement of its current manufacturing units in India. Besides, the Halol plant in Gujarat has also commenced operation. The plant's advanced technology will help enhance the production of radial tyres, which has an immense market potential.
- ⊙ We have also acquired the CEAT brand from Pirelli & C. SpA for 9 million Euro. The acquisition will help CEAT enter new markets, such as Latin America, Europe and the US in the radial tyre segment. Further, it allows CEAT to outsource tyres from any country under the CEAT brand.





# *Sustained Acceleration, our future strategy*

Our business approach is to formulate a possible growth strategy, consolidate resources and evolve a defocused business model by closely monitoring internal efficiencies and market factors.



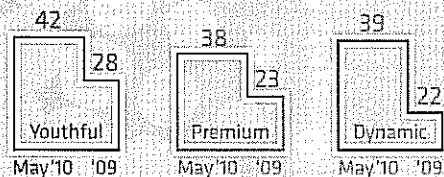
# Racing ahead with *strength & vigour*

CEAT is all about strength and vigour and this reflected in our differentiated branding, targeting the young population, who represent India's driving force.

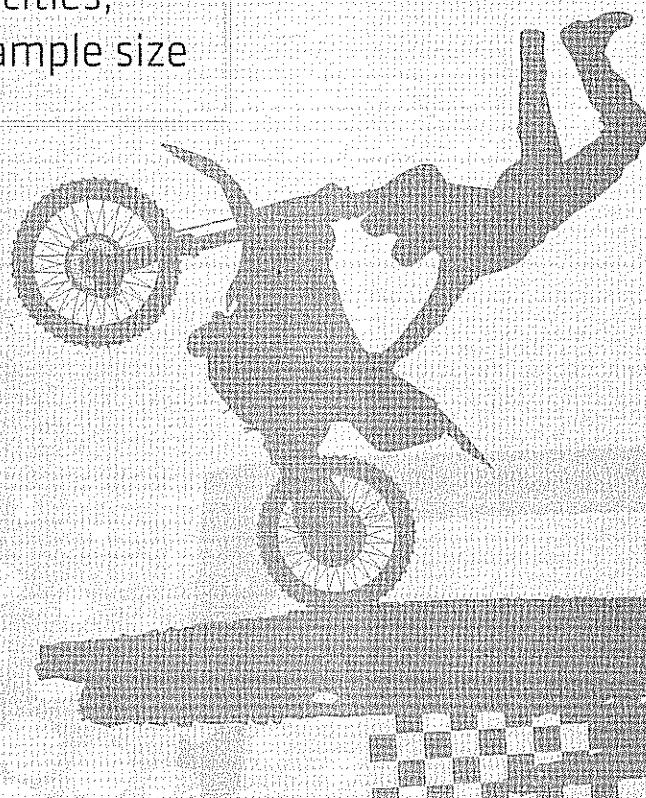
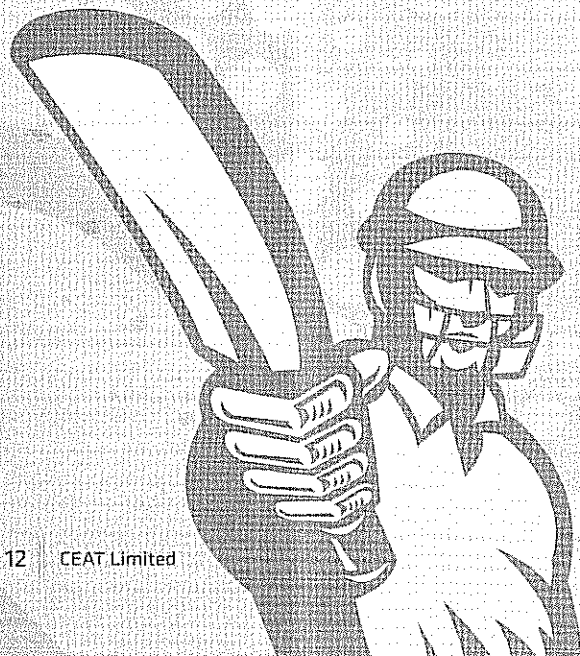
- We sponsor multiple youth-focused television programmes (MTV Roadies, MTV Roadies Battle Ground, MTV Stunt Mania and *Khatron Ke Khiladi*) to make the brand relevant to Indian Youth, who comprise around 50% of the population. This differentiated branding has enabled CEAT to gain enhanced eye share and higher recall in India. Besides, CEAT's long association with cricket has endeared it to a cricket-obsessed nation like India; and even to the young people of other cricket-loving nations globally.
- CEAT's dynamism is also reflected in its employee profile. The average employee age is around 36 years; and if we consider the age of trainees it is only 32. Adequate emphasis is laid to the training and development of each employee in the organisation, and a vibrant culture of continuous learning keeps the professionals young at heart.

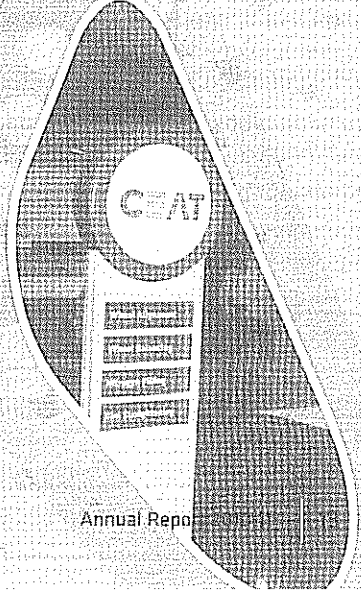
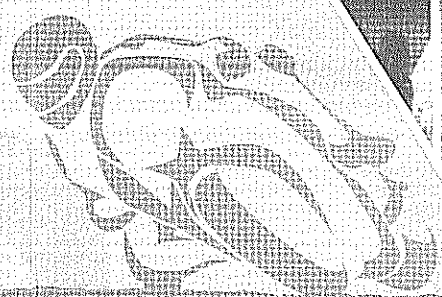
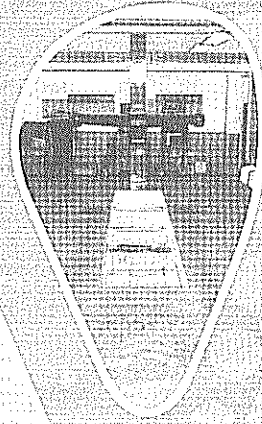
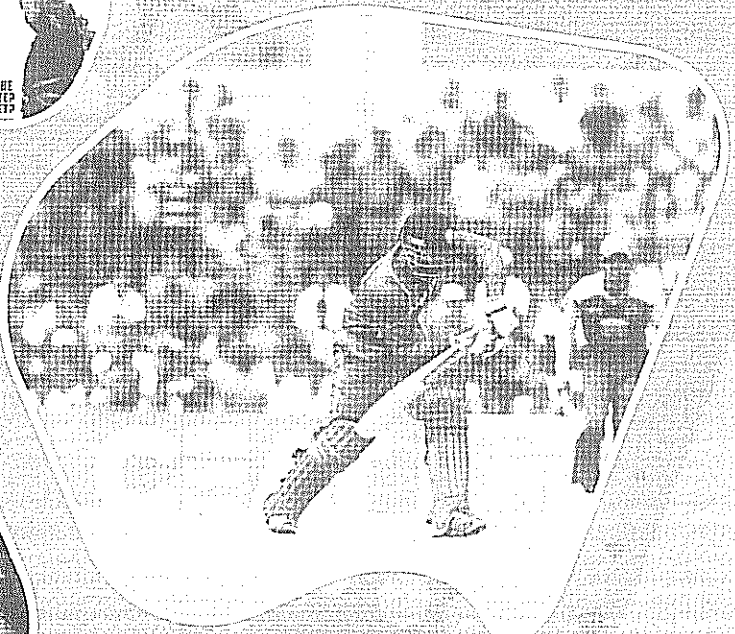
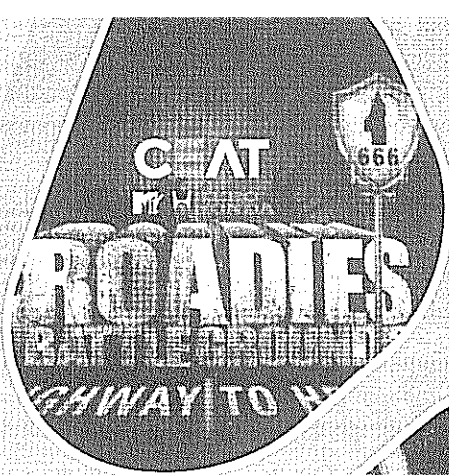
## CEAT brand health research in May 2010

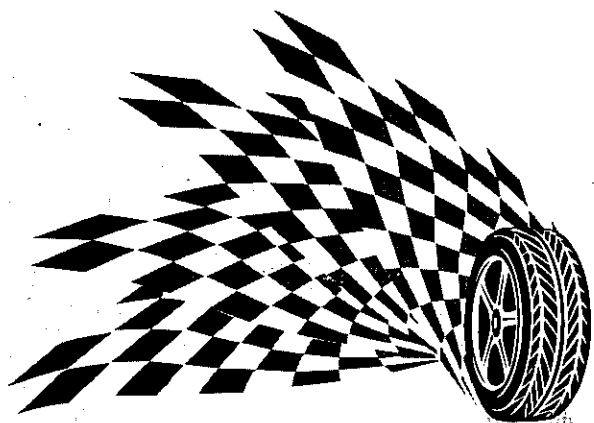
(Brand Score %)



10 cities,  
1519 sample size







# Financial Highlights

Total Income  
(₹ lacs)

	'07	'08	'09	'10	'11
	2,159,22.15	2,352,50.18	2,415,61.92	2,849,61.12	3,529,14.53

EBIDTA  
(₹ lacs)

	'07	'08	'09	'10	'11
	1,52,40.65	287,24.04	58,14.31	322,71.08	145,90.28

PBT  
(₹ lacs)

	'07	'08	'09	'10	'11
	60,91.88	197,31.04	(37,17.22)	238,99.65	33,24.19

PAT  
(₹ lacs)

	'07	'08	'09	'10	'11
	39,24.85	148,60.44	(16,11.16)	161,04.15	22,28.33



### Shareholder's funds (₹ lacs)

	'07	'08	'09	'10	'11
	378,63.79	513,25.73	488,38.15	628,71.45	649,14.52

### Net Current Assets (₹ lacs)

	'07	'08	'09	'10	'11
	56,22.14	218,45.80	312,21.55	241,45.48	121,11.96

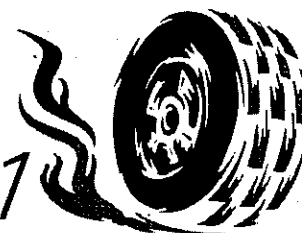
### Earnings per Share (₹)

	'07	'08	'09	'10	'11
	8.60	40.06	(4.71)	47.03	6.51

### Dividend (₹ per Share)

	'07	'08	'09	'10	'11
	1.80	4	0	4	2

# *Operational breakthroughs of 2010-11*



Expanded capacity at the Nasik plant by over  
**1000 tonnes per month**

Piloted the **new-age CEAT Shoppe**,  
to enhance the tyre retailing experience

Commenced the first phase of **production  
of radial tyres at Halol, Gujarat**

**Launched highly effective  
advertisement campaigns:**

Gross Rating Point (GRP) of first campaign is  
1000; Cricket World Cup campaign generated  
800 GRP; smart leverage of digital platform  
to connect with youth

Acquired the global rights of the CEAT  
brand from **Pirelli & C. SpA for 9  
million Euro (₹ 55 crore)**

Introduced India's first tractor tyre, meant  
especially **for rice field application**


Enhanced rural visibility and channel  
expansion: **750 dealers were  
appointed in the rural markets**  
in the third and fourth quarters of 2010-11


**Launched India Road  
Transportation Awards**, first of  
its kind in the Indian automobile industry, to  
recognise and honour high-performing truck  
fleet and logistics companies for their  
Innovations


Achieved elevated productivity levels, a  
result of organisational initiatives, such as  
**Total Quality Management** in  
the entire workforce

# Strategies to stay ahead

To elevate development of design capabilities, CEAT uses the above tools in their R&D Centre

 **CATIA and Unigraphics**  
software for 3D modelling







 **ABACUS and Hypermesh** software for finite element modelling

 **PLM** to integrate all aspects of the product from customer inputs to product performance

## New product development

New product development is driven by two objectives: keep pace with competition and improve the existing product range; and develop innovative products to elevate industry standards.

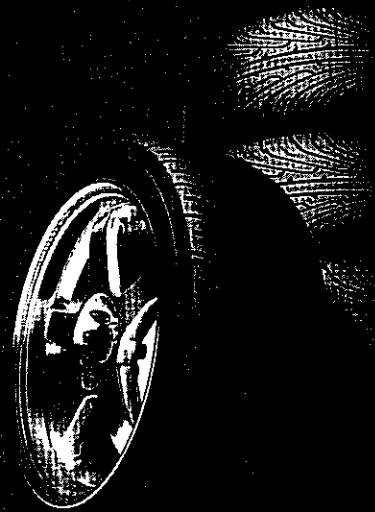
CEAT believes in comprehensive innovation, encompassing products, processes, services, communications and channels. Therefore, new product development requires considerable understanding of the customer requirement and their feedback. The product managers are trained regularly to understand and observe the customers, dealers and vendors. Besides, research agencies, like ACNielsen are also involved to conduct surveys. Critically, a new product development includes the following processes:

-  Customer input
-  Product development
-  In-house testing
-  On-field testing
-  Corrections
-  Commercial production and market introduction



The more  
closely we are  
customers  
perspectives  
the more likely we  
are to meet their  
demands

CUSTOMER ASSOCIATION IS AN ESSENTIAL PART OF CEAT'S  
BUSINESS STRATEGY. UNDERSTANDING OUR CUSTOMERS'S  
PERSPECTIVES AND INSIGHTS, CEAT DEVELOPES AND  
DELIVERS PRODUCTS



## 'Aayushmaan' R2-the 'Rice special' tractor real tyre: first of its kind in the country

### Customer requirements...

- Should avoid slippage of tractors in the field
- Should not burn more fuel in muddy fields during harvesting
- Should not be pierced and punctured by different plant stubs like sugarcane

...have been addressed in Aayushmaan R2 tyres.

### Direct advantages

- The tyres don't get stuck in the wet soil
- The farmer can puddle more acres at the same time, thus increasing productivity
- Saves fuel for tractor owner
- Better crop yield

## LCV Buland Series

### Customer needs...

- Longevity, reliability and economic price
- Should not wear off early
- Should take maximum time without bursting
- Smooth journey

...have catalysed the development of LUG XL and MIL XL RIB

### Direct advantages

- Wonder Bead for high-load carrying capacity
- Wider tread width for higher mileage
- Continuous shoulder rib to withstand heavy strains at shoulder
- ETC system to absorb shock and provide a smooth ride

## Truck PRO series

### Customer demands...

- High mileage at high load
- High mileage at high speed
- No failure with super-heavy load

...have spearheaded the development of MILE XL PRO and LUG XL PRO

### Direct advantages

- High load carrying capacity
- Higher surface contact
- Survives high service contact
- Excellent initial mileage
- High fuel efficiency

## Innovation in motor cycle tyres

Biking on city roads can be a dangerous affair, if we encounter jay walkers and careless drivers. CEAT introduced the premium Gripp series to deal with the frequent problems faced by the bikers on road. In the current fiscal, it has completed the Gripp range across key sizes. Besides, it has launched Millaze and Zoom patterns in select sizes and a special tyre for mud terrain for Hero Honda.

### Direct advantages

- Excellent grip and free rolling of tyre
- Excellent water pumping even while cornering
- Maximum leaning at corners and stability at high speed
- High grip on wet and dry surfaces

# ***Innovation in services*** for enhanced customer engagement

## **CEAT Tyre Retread Centre**

Spiralling rubber prices made it imperative for truck owners to seek new ways to get the most out of the old tyre. Retreads are significantly cheaper than new tyres. CEAT has developed its own brand of treads to provide high quality retread to the truck owners through the CEAT Tyre Retread Centres (CTRC).

The CTRCs will be having an agreement with CEAT for retreading of trucks, buses and LCV tyres for customers. The Pre-cured CEAT Tread Rubber belts as well as the allied materials – Bonding Gum and Black Vulcanising Cement (BVC) – will be provided to CTRCs, whereby the CTRCs will use only CEAT treads and raw materials for tyre retreading.

CEAT is focusing on a pan-India presence for CTRCs, with an initial target of launching 90 Tyre Retread Centres by the end of FY11-12. In terms of Pre-cured Tread Rubber (PCTR) volume, it aims to achieve sales of around 140 tonnes by the end of this fiscal.

## **CEAT Hub & CEAT Shoppe**

To provide a platform for direct customer interaction and offer quality products and services, CEAT has launched a one-stop tyre shop called CEAT HUB (for Truck and LCV tyres) and CEAT Shoppe (for passenger cars). These retail outlets act as a suitable platform to attract new customers, and also exert control over distribution networks.

The number of Hubs has increased to 335 in the current year, compared with 265 in the previous year. Similarly, the number of CEAT Shoppes is expected to touch 200, including those in Tier II and Tier III cities.



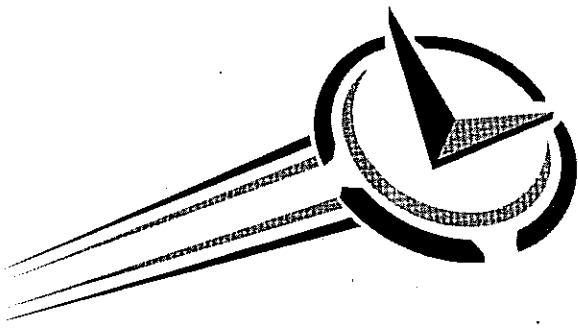
## CEAT PRO

To empower the fleet owners with access of information and resources, CEAT launched its knowledge series – CEAT PRO. High level representatives from logistics, finance, HR, commercial vehicle and other related sectors address a variety of issues, such as driver training and shortage, new technologies, controlling credit to manage business and developing a platform to charge better rates for minimising acquisition cost.

In the past 20 months, CEAT PRO has covered 58 cities and benefited 4250 transporters, enjoying wide media publicity.

## The Dealer Portal

For improved communication between dealers and the Company, CEAT has launched a web interface on January 1, 2011. A unique user ID and password is provided to each business partner, enabling first-hand information access of dealers' Statement of Accounts with the Company, their claim status, their invoice-wise sales, and their Credit/ Debit Notes. The dealer portal also provides updates about discounts, schemes and new product launch details and alerts on price hikes and roll backs.



# **Branding** *strategies*



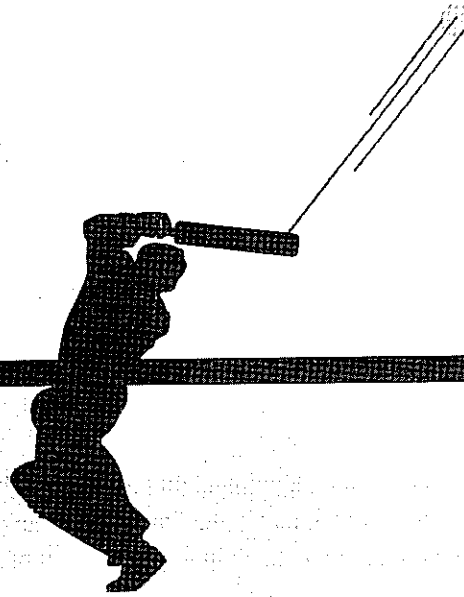
## **Be Idiotsafe Campaign**

The Above The Line (ATL) campaign in bike tyre category had two bursts of 800+ GRPs in the pan India target group. It has created high impact during the ICC Cricket World Cup, 2011. The digital association with the campaign engaged 77,000+ fans on facebook and 250,000+ visitors on [www.beidiotsafe.com](http://www.beidiotsafe.com) website. It was further supported by Below The Line (BTL) campaign at Cafe Coffee Day outlets, hoardings and Point of Sales deployments.



## **India Road Transportation Awards**

To recognise the transporters who have contributed immensely to India's growth story and to set a benchmark of excellence in the industry, CEAT organises the India Road Transportation Awards. The IRTA 2010 was a resounding success with direct participation of over 7000 eligible fleet owners. It reinforced our brand visibility and facilitated the sharing of industry knowledge and enhanced customer satisfaction.

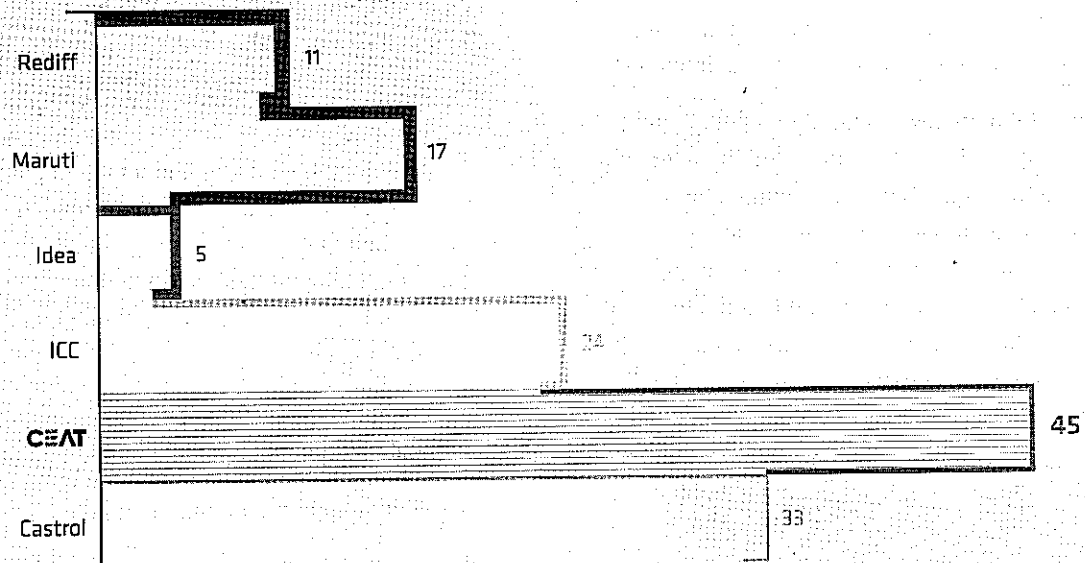


## CEAT Cricket Rating

CEAT is one of the top five brands associated with cricket. The CEAT International Cricket Rating System was formulated with direct intervention of cricketing legends (Clive Llyod, Ian Chappel and Sunil Gavaskar), and today the CCR is highly respected among the cricket fans globally. Furthermore, tie-up with Neo for the whole year for Asia Cup, TOI score card and points tally branding during IPL and T20 World Cup created a strong footprint for CEAT in the international cricketing space.

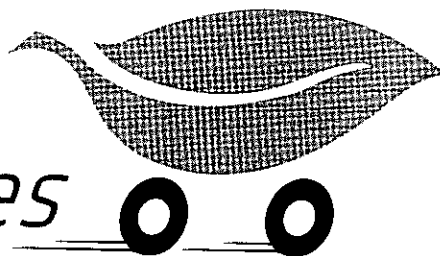
### Brands associated with Cricket Rating

(Brand Recall %)



Source: TNS India Private Limited, June 2010

# *Spirited ventures*



At RPG Group CSR is not a random list. We embrace responsibility for the Company's actions and encourage positive impact through core business operations. Our deliberate promotion and inclusion of public interest seeks to honour the 'triple bottom line': people, planet and profit. This culture is reflected notably at CEAT.

The year-round stakeholder priorities at CEAT cover workplace, community, and environment. Through our social programmes, we strengthen our ties with the people we touch.

From the various activities CEAT conducted during the last one year, we pick some that reflect our values and bear direct significance to the society.

## *Environment*

Sustainability or 'triple bottom line' is incomplete without active efforts to preserve nature's elements and conserve natural resources.

CEAT commemorated World Environment Day at the Bhandup Plant by distributing badges, organising art competitions for employee children, tree plantation and a screening of the documentary The Inconvenient Truth. CFL distribution cells were also set up for employees so they could switch to energy conserving illumination at highly subsidised prices.



They say it is always in season for the old to learn. The trick is to bring home the learning. CEAT organises workshops, government certified training programmes, and conducts skill-building sessions.

- Workshop by LIC for employees on financial planning
- Skills development for women employees
- Government recognised courses for assistant wiremen and basic electricians to improve employability
- Tailoring classes to empower women

*Workplace*







## Health

Healthcare and awareness are constant initiatives on the CEAT CSR cell calendar. We organised multiple health check-ups for employees. These included bone density tests, thyroid examination, eyes and ENT checks and a bone densitometry camp.

Blood donation and yoga camps were also organised for employees. Apart from these, to create awareness on various aspects of health, we observed the World Heart Day to create awareness about cardiac ailments, World No-Tobacco Day to bring to fore the ill effects of tobacco, gutkha and cigarette smoking and World AIDS Day.

CEAT also supports underprivileged cancer patients with monetary aid, to which our employees contribute generously.

At CEAT, we believe today's children will to the line of enterprising endeavours of tomorrow. We have adopted the Gyananubhava Vidyalaya at Karjat. Through the year, we celebrated Teachers' day, and conducted sessions on domestic and general safety, pollution and its control, art of living, yoga and health and hygiene.

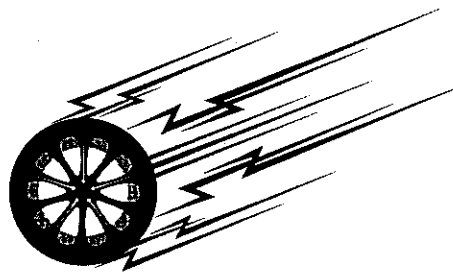
We also celebrated Senior Citizens' day with Runanubandh, a get together for the elderly of the community where we had organised entertainment and felicitations for all attendees.

Children of employees and the community were engaged in an art and craft workshop during their Diwali break.



## Community Welfare

# Corporate Information



## BOARD OF DIRECTORS

R. P. GOENKA  
Chairman

H. V. GOENKA  
Vice Chairman

PARAS K. CHOWDHARY  
Managing Director

ANANT VARDHAN GOENKA  
Deputy Managing Director

VINAY BANSAL

A. C. CHOKSEY

S. DORESWAMY

MAHESH S. GUPTA

HAIGREVE KHAITAN

BANSI S. MEHTA

HARI L. MUNDRA

K. R. PODAR

## AUDIT COMMITTEE

HARI L. MUNDRA  
Chairman

S. DORESWAMY  
Member

MAHESH S. GUPTA  
Member

## SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

MAHESH S. GUPTA  
Chairman

PARAS K. CHOWDHARY  
Member

S. DORESWAMY  
Member

## COMPANY SECRETARY

H. N. SINGH RAJPOOT

## REGISTERED OFFICE

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

## PLANTS

Village Road, Bhandup,  
Mumbai - 400 078.

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

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

## LEGAL ADVISORS

Mulla & Mulla and Craige, Blunt & Caroe

## AUDITORS

N. M. RAJJI & CO.

## REGISTRAR & SHARE TRANSFER AGENTS

TSR DARASHAW LIMITED

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

## BANKERS

BANK OF BARODA

BANK OF INDIA

CORPORATION BANK

EXIM BANK

ICICI BANK LIMITED

INDIAN BANK

INDUSTRIAL DEVELOPMENT BANK OF  
INDIA

STATE BANK OF INDIA

THE KARNATAKA BANK LIMITED

UCO BANK

YES BANK LIMITED

# Notice

NOTICE is hereby given that the fifty-second Annual General Meeting of the Company will be held at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai - 400 025, on Friday, August 26, 2011 at 3.30 p.m. to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2011 and Profit and Loss Account for the financial year ended on that date, the Report of the Auditors thereon and the Report of the Directors.
2. To declare dividend on Equity shares.
3. To appoint a Director in place of Mr. H. V. Goenka who retires by rotation and, being eligible, has offered himself for re-appointment.
4. To appoint a Director in place of Mr. S. Doreswamy who retires by rotation and, being eligible, has offered himself for re-appointment.
5. To appoint a Director in place of Mr. Bansi S. Mehta who retires by rotation and, being eligible, has offered himself for re-appointment.
6. To appoint Messrs N. M. Raiji & Co., as Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting and to fix their remuneration.

## SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.  
"RESOLVED THAT Mr. Vinay Bansal, who was appointed as a Director of the Company with effect from July 24, 2009 in the casual vacancy caused due to the demise of Mr. M. A. Bakre, and who holds office under the provisions of Section 262 of the Companies Act, 1956 upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director and who is eligible for appointment, be and is hereby appointed as Director of the Company whose term of office shall be liable to retirement by rotation."

## NOTES

- a) 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.
- b) 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.
- c) Members are requested to kindly refer the Chapter on Corporate Governance Report in the Annual Report for the information in respect of re-appointment/appointment of Directors, under Clause 49 of the Listing Agreement. Out of the Directors seeking re-appointment, only Mr. H. V. Goenka holds 13,932 equity shares in the Company.
- d) Mr. H. V. Goenka is the father of Mr. Anant Vardhan Goenka, Deputy Managing Director of the Company and the son of Dr. R. P. Goenka, the Chairman of the Company. None of the other Directors seeking re-appointment is related to any member of the Board of Directors or to any Management Personnel.

» 28 | CEAT Limited //////////////////////////////////////



## ***Annexure to the Notice***

EXPLANATORY STATEMENT pursuant to Section 173(2) of the Companies Act, 1956.

1. In terms of Section 173 of the Companies Act, 1956, the following explanatory statement sets out all the material facts relating to Item No. 7 of the accompanying Notice dated May 2, 2011.

2. Item No. 7

At the meeting of the Board of Directors held on July 24, 2009, Mr. Vinay Bansal was appointed as a Director in Casual Vacancy with effect from July 24, 2009 caused due to the demise of Mr. M. A. Bakre, Director of the Company, in terms of Section 262 of the Companies Act, 1956. The Company has received a notice along with a deposit of ₹ 500/- as required by Section 257 of the Companies Act, 1956, from a member proposing Mr. Bansal for his appointment as a Director of the Company liable to retire by rotation.

The Board of Directors recommends the appointment of Mr. Bansal as a Director of the Company, liable to retire by rotation.

None of the Directors except Mr. Vinay Bansal is deemed to be concerned with or interested in the above resolution.

Under the Authority of the Board of Directors

Place : Mumbai

Dated : May 2, 2011.

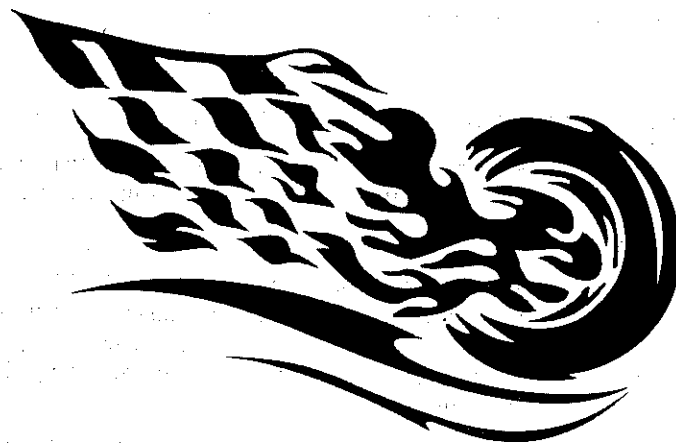
H. N. Singh Rajpoot  
Company Secretary

Registered office:

463, Dr. Annie Besant Road, Worli,

Mumbai - 400 030

# Directors' Report



To,  
The members of  
CEAT Limited

The Directors present their fifty-second report, together with the audited accounts for the year ended March 31, 2011.

₹ in Crores

	For the year ended March 31, 2011	For the year ended March 31, 2010
Profit before Taxation	33.24	238.99
Provision for:		
Current Tax	7.14	74.09
Short/(Excess) Provision for earlier years	(0.12)	-
Deferred Tax	3.94	3.86
Net Profit	22.28	161.04
Surplus brought forward from previous year	237.31	108.44
Sum available for Appropriation	259.59	269.48
Appropriations:		
Proposed Dividend on Equity Shares	6.85	13.70
Corporate Tax on Proposed Dividend	1.06	2.32
Transfer to General Reserve	1.70	16.15
Balance carried forward	249.98	237.31

The Company's revenue saw a growth of 23.5 per cent from ₹ 2,808 Crores in the previous to ₹ 3,469 Crores during the year under review. Good growth was visible in all three market segments viz. Replacement, Original Equipment Manufacturers (OEM) and Exports.

#### DIVIDEND

The Directors are pleased to recommend a dividend of ₹ 2.00 per equity share of ₹ 10/- each (i.e. 20 per cent) for the financial year ended March 31, 2011.

#### CEAT'S PERFORMANCE

The year under review was one of the most challenging in recent times with regard to raw material cost. Natural rubber prices touched an all time high both in the international and domestic markets. Poor crop in key rubber producing countries and strong surge in demand led to an unprecedented increase in the price. Natural Rubber and the entire spectrum of other raw materials showed a rising trend in costs as compared to the previous year with Natural Rubber prices surging up by 67 per cent, synthetic rubber by 44 per cent, carbon black by 14 per cent and nylon fabric by 16 per cent. The overall basket of raw materials escalated by 40 per cent and the upward trend continues in the current year as well.

With domestic competition intensifying further, despite best efforts, the Company could not pass on the entire cost increase to the customers. Consequently, margins saw significant erosion and the net profit declined from ₹ 161.04 Crores in the previous year to ₹ 22.28 Crores during the year under review.

The Company's revenue saw a growth of 23.5 per cent from ₹ 2,808 Crores in the previous year to ₹ 3,469 Crores

during the year under review. Good growth was visible in all three market segments viz. Replacement, Original Equipment Manufacturers (OEM) and Exports. The industry also grew at about the same rate resulting in market share of the Company remaining at the same levels.

CEAT continues to be one of the largest exporters of tyres. With better thrust and continued focus, the Company was able to increase its exports to ₹ 624 Crores, as against ₹ 479 Crores for the previous year registering a healthy growth of more than 30 per cent. The market mix for exports also improved significantly, leading to higher price realisation.

The Company has attained greater strength in supply chain management and logistics. Hence, it is now better placed to outsource and develop a large base of vendors who supply finished products under technical and manufacturing supervision of the Company. As a result, the Company has succeeded in generating 23 per cent of its revenue through outsourcing. CEAT will continue its endeavor to explore the outsourcing option to improve its market share in key segments.

#### RADIAL PLANT AT HALOL, GUJARAT

The Company's state of the art radial plant with an overall planned capacity of 150 MT/day at Halol, Gujarat has successfully been commissioned during the year under review with an installed capacity of 60 MT/day. Full capacity

is expected to be commissioned during July-September 2011 quarter. This is one of the most eco-friendly and highly efficient plants in India and will manufacture both Truck and Bus Radials (TBR) and Passenger Car Radials (PCR). Commercial production has commenced from March 25, 2011 which is expected to gradually reach full capacity utilisation by the end of the current financial year.

With the commencement of production of Radial Tyres from the Halol plant, the Company is now in a position to cater to the rapidly growing domestic market for Commercial and Passenger segments as well as exploit its extensive channels in key export markets. Going forward, this plant is expected to become the main source of revenue for the Company.

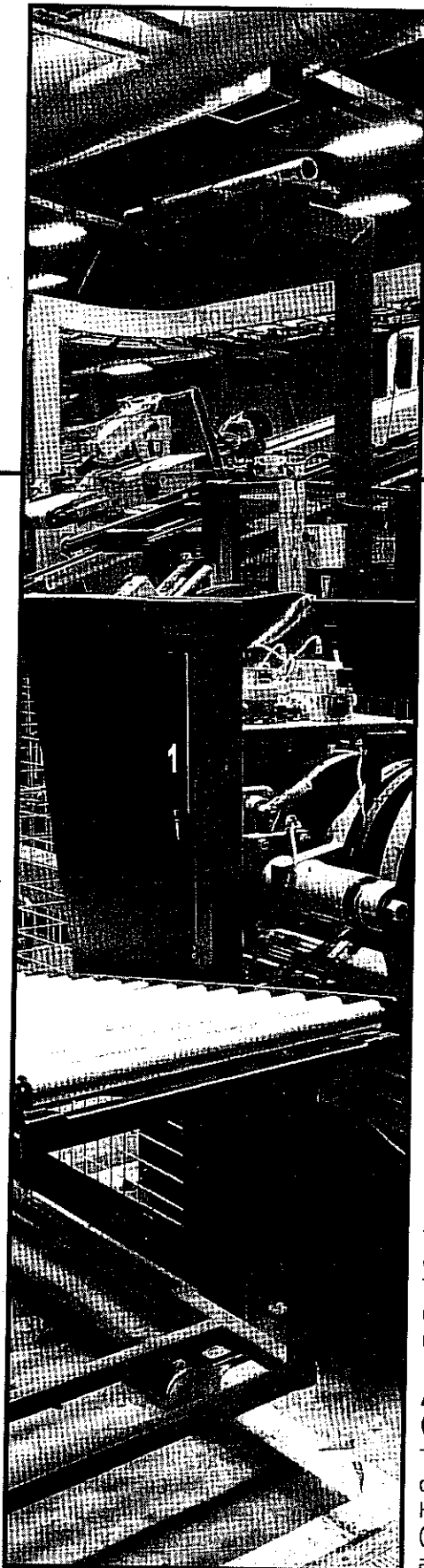
#### BRAND ACQUISITION

The Company historically had ownership rights on the "CEAT" trademark in India and 8 other Asian countries. During the year under review, the Company successfully acquired worldwide ownership rights of the "CEAT" trademark from Pirelli & C. S.p.A, Italy for Euro 9 million. With the acquisition of the brand which is renowned worldwide, new and hitherto unexplored markets will be accessible to the Company and the Company would be in a position to fully exploit the export market resulting in increased volume and better price realisation from the year 2012.

## INDUSTRY SCENARIO AND FUTURE OUTLOOK

The Indian economy has emerged from the global financial crisis remarkably and rapidly, with a robust growth of over 8 per cent. The growth was exhibited across all segments of the economy and the growth of the automotive sector has exceeded expectations. The tyre industry being an ancillary of the automotive sector also experienced increased demand. The tyre industry is a USD 140 billion industry globally and the Indian Tyre Industry commands a share of only 4.5 per cent at USD 6.8 billion. The industry is projected to grow at a CAGR of over 15 per cent over the next five years. As the Company embarks on a new phase of its journey, it is better poised to accept new challenges and take full advantage of favourable market conditions. The Company expects to grow at a good pace in the next few years and hopes to increase market share in all segments particularly PCR and Motorcycle.

A dampener on the good demand conditions, however, is the raw material scenario, particularly that of Natural Rubber, which is expected to continue to exert pressure on margins in the first quarter of 2012. We are hopeful that the raw material prices will stabilise thereafter.



## RESEARCH & DEVELOPMENT

Along with the radial plant at Halol, Gujarat, the Company has set up a new state-of-the-art Research and Development Centre at the same location. This centre has the most contemporary equipment for testing and development of all types of tyres, including tyres manufactured for markets having difficult weather conditions. This will reduce the dependency of the Company on external testing centres and will reduce the need for field testing of tyres.

The year 2010-11 also saw significant R&D efforts to develop new raw materials, new range of products and also to enhance the quality of tyres. Innovative launches of first of its kind concepts in the truck and farm category during the year under review have set into motion the process of thought leadership by CEAT. In light of the increasing raw material costs, successful efforts were made in development of cheaper substitutes for costly raw materials without compromising on quality parameters. This has helped the Company to not only reduce cost but also in optimising material consumption.

## ASSOCIATED CEAT KELANI VENTURE (Joint Venture in Sri Lanka)

The Company has acquired a stake of 45.16 per cent in Associated CEAT Holdings Company Private Limited (ACHL), the Company's investment arm in Sri Lanka during the year. With



Along with the radial plant at Halol, Gujarat, the Company has set up a new state-of-the-art Research and Development Centre at the same location. This centre has the most contemporary equipment for testing and development of all types of tyres, including tyres manufactured for markets having difficult weather conditions.

this acquisition, ACHL has become a wholly owned subsidiary of the Company. ACHL controls 50 per cent stake in the joint venture company viz. CEAT Kelani Holding Private Limited which in turn has three wholly owned tyre manufacturing companies. ACHL consolidates 50 per cent of the joint venture in its accounts as per Sri Lankan laws.

During the year under review, ACHL has registered a revenue of LKR 3,790.83 million during 2010-11 as compared to LKR 2,702.66 million in the previous year, registering a growth of 51.90 per cent. Profit after tax stood at LKR 277.89 million as compared to profit after tax of LKR 261.48 million. The Company has dominant market share in all categories of tyres.

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

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

#### **HUMAN RESOURCES**

The Company continues to focus on performance management through leveraging the Balanced Business Score Card and triggering Culture Transformation. Initiatives have also

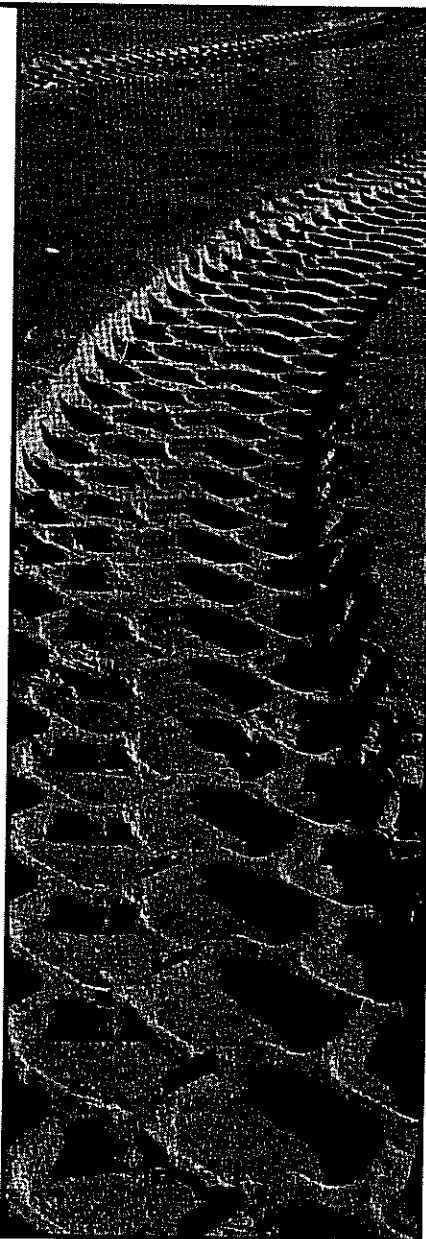
been taken towards driving productivity through Total Quality Management (TQM) and in developing and retaining critical talent through coaching and mentoring. The TQM movement has taken roots in the manufacturing area and a culture of strong continuous improvements as well as breakthrough results are setting in.

The Company has kick-started a campaign of improvement in employee engagement through "MRM Connect" a forum where the top management of the Company engages with the employees on a quarterly basis and share and exchange views on Company performance. The Company has also started a programme of rewards and recognition for employees through quarterly awards for excellence in performance, leadership and improvement in cross functional collaboration.

#### **EMPLOYEE STATEMENT**

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

During the year under review, the Company successfully acquired worldwide ownership rights of the "CEAT" trademark from Pirelli & C. S.p.A, Italy for Euro 9 million.



#### **SUBSIDIARY COMPANY**

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

#### **DIRECTORS**

In accordance with the Companies Act, 1956 and Articles of Association, Mr. H. V. Goenka, Mr. S. Doreswamy and Mr. Bansil S. Mehta retire by rotation and being eligible, have offered themselves for re-appointment.

Mr. Vinay Bansal was appointed as director of the Company in the casual vacancy caused due to the demise of Mr. M. A. Bakre. He would hold office up to the date of this Annual General

Meeting. A Notice has been received from a member proposing the name of Mr. Vinay Bansal as Director retiring by rotation. Members are requested to appoint Mr. Vinay Bansal as Director at this Annual General Meeting and the Board of Directors recommends the appointment of Mr. Vinay Bansal as Director.

Mr. Paras K. Chowdhary was re-appointed as the Managing Director of the Company for a period from January 18, 2011 to March 31, 2012. This re-appointment was approved by the Board of Directors at their meeting held on October 20, 2010 and by the shareholders vide a resolution passed through Postal Ballot on March 11, 2011.

#### **ISSUE OF PREFERENTIAL WARRANTS**

Pursuant to the Special Resolution passed by the shareholders through Postal Ballot on September 17, 2010, the Company has on September 30, 2010 issued and allotted 17,12,170 Warrants to the Promoters on a preferential basis convertible into an equal number of equity shares at a price of ₹ 141.44 per Warrant. Of the said price, 25 per cent has been received up-front at the time of allotment i.e. on September 30, 2010 and the Warrants are convertible into equity shares at the option of the allottees within a period of 18 months from the date of allotment, the last day for conversion being March 31, 2012.

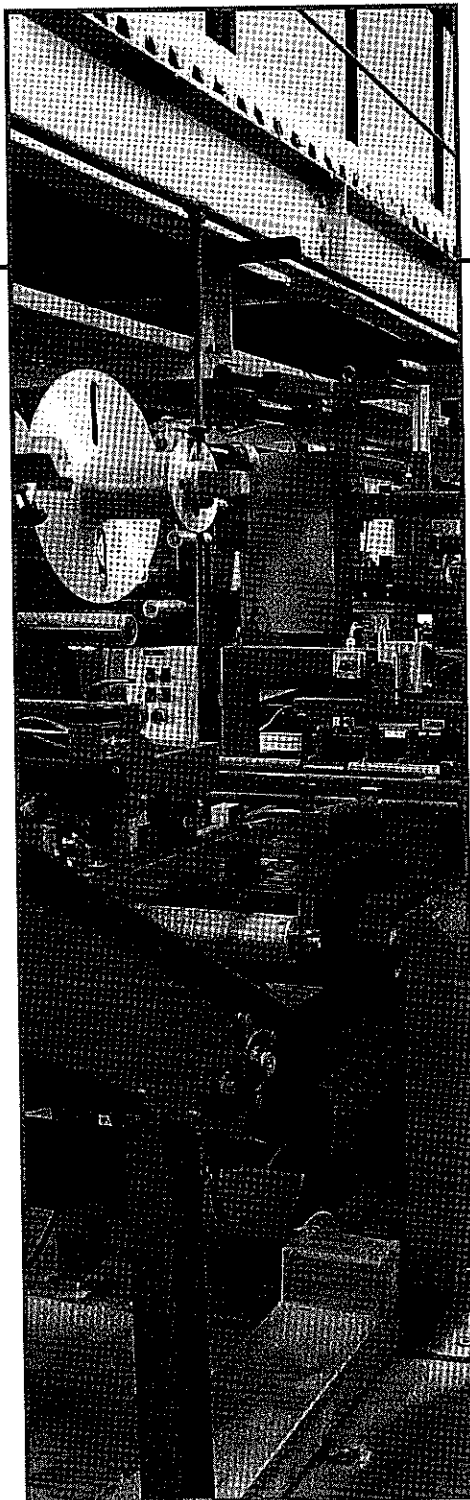
**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i) the applicable Accounting Standards have been followed in the preparation of the annual accounts
- ii) such accounting policies have been selected and applied consistently and such judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company in the Balance Sheet as at March 31, 2011 and of the Profit and Loss Account for the said financial year viz. April 1, 2010 to March 31, 2011
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- iv) the annual accounts have been prepared on a going concern basis.

**CORPORATE GOVERNANCE**

A report on corporate governance, along with a certificate from the auditors of the Company, regarding the



compliance of conditions of corporate governance, as also the Management Discussion and Analysis Report, as stipulated under Clause 49 of the Listing Agreement, are annexed to this report.

**AUDITORS**

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

**ACKNOWLEDGEMENT**

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

On behalf of the Board of Directors,

H. V. Goenka      Paras K. Chowdhary  
Vice Chairman      Managing Director

Place : Mumbai

Dated : May 2, 2011

# Annexure

## to the Directors' Report

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

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

#### CONSERVATION OF ENERGY

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

- ☞ Identification and monitoring of operation of high energy consuming load centers and also specific loads like Compressors and Briquette boiler etc.
- ☞ Use of Energy Efficient Lighting systems like T5 lamps, Compact fluorescent lamps and T8 fluorescent tube lights with electronic ballasts
- ☞ Switching off machines/ equipment when not in use and switching off lights in areas not having adequate activity by regrouping/repositioning the activity so that there will not be any wastage of energy due to lighting
- ☞ 12 Pneumatic hoist replaced with electrical hoist
- ☞ Automatic power factor correction (KVAR) panel connected in plant to achieve unity power factor and reduction in subsequent energy loss
- ☞ Installation of compressor controller system

- ☞ Centralised Plant lighting circuit and fixing of energy saving lighting controller unit
- ☞ Installation of energy efficient screw compressor in utility area
- ☞ Replacement of old compressed air pipe lines with new pipe lines
- ☞ Banbury 2 speed reduction through recipe
- ☞ Dual fire burner with VFD
- ☞ 65 watts CFL lamp for street and dusting area lighting
- ☞ Conversion of Pneumatic poking drill heads with electromechanically drill head- 5 nos.
- ☞ Installation of APFC for reactive power management
- ☞ Energy efficient ballast in place of copper ballast
- ☞ Fine tuning of the LT transformer voltages
- ☞ Introduced heat recovery unit in briquette boiler system to save energy, saved 2 per cent fuel
- ☞ Improved Condensate recovery by 20 per cent
- ☞ Reduction in steam/production ratio by 30 per cent
- ☞ Replaced TD traps with ball flap traps
- ☞ New plate type heat exchangers installed

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

- ☞ Harmonic controller Panels
- ☞ 37 kw Cold feed extruder in place of 90 kw BC mill
- ☞ Centralised office lighting circuit and fixing of energy saving lighting controller unit
- ☞ Replacement of old inefficient compressor of instrumentation air with energy efficient screw compressor
- ☞ Installation of energy efficient pumps
- ☞ Compressed air lines replacement
- ☞ Energy efficient pump for HPCW system
- ☞ Pneumatic poking machines drill heads to be replaced with electric on remaining machines
- ☞ Energy efficient screw compressors in place of reciprocating compressors
- ☞ Maximising the capacity utilisation of 8 x 10 CFE line
- ☞ Energy efficient air knife for water removing on extruding line
- ☞ Conversion of oil fired boilers to gas (PNG) fired boilers



⊙ Replacement of Briquette Boiler with Gas (PNG) fired Boiler

⊙ New LP dome line for truck presses

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

The above efforts have helped in reduction of power-consumption per kg. of production. However, the actual power consumption has gone up due to change in product-mix.

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



### FORM "A"

	2010-11	2009-10
<b>A. POWER AND FUEL CONSUMPTION</b>		
1. ELECTRICITY		
(a) Purchased		
Units (KWH)	9,94,24,200	9,53,72,595
Total Amount (₹ in Crores)	56.65	49.73
Rate per unit (₹)	5.70	5.21
(b) Own generation		
(i) Through Diesel Generator :		
Units (KWH)	2,14,824	2,56,855
Units/ Litre of Diesel (KWH)	2.76	2.50
Cost per unit (₹)	14.25	13.63
2. FURNACE OIL		
Quantity ( K.Ltrs.)	11,331	11,644
Total amount ( ₹ in Crores)	29.33	27.59
Average rate ( ₹ per Litre)	25.88	23.69
3. L.S.H.S.		
Quantity ( K.Ltrs.)	3,409	9,212
Total amount ( ₹ in Crores)	8.80	19.68
Average rate ( ₹ per Litre)	25.83	21.37
4. BRIQUETTES		
Quantity (Tonnes)	50,429	23,407
Total amount (₹ in Crores)	27.37	11.55
Average rate ( ₹ per Kg)	5.43	4.94
5. GAS		
Quantity (SCM)	60,758	-
Total amount ( ₹ in Crores)	0.12	-
Average rate (₹ per SCM)	19.96	-
<b>B. CONSUMPTION/ UNIT OF PRODUCTION</b>		
(i) Electricity (KWH/MT.)	680.67	690.27
(ii) Furnace Oil ( Ltrs./ MT)	77.41	84.05
(iii) Briquettes (KG / MT)	344.50	168.96
(iv) Gas (SCM / MT)	0.42	-
(v) L.S.H.S ( Ltrs./ MT)	23.29	66.49



# ***Management***

## *Discussion and Analysis*

### **ECONOMIC REVIEW**

The Indian economy has once again emerged as one of the most successful performers globally with the GDP growth of 8.6 per cent. The growth has been broad with a rebound in the agricultural (5.4 per cent), industrial (8.6 per cent), and manufacturing sectors (9.1 per cent). Although there have been few threats and crises in the Indian economy due to the high rates of inflation and increase in expenses of essential commodities like food and oil, the Indian policy makers are routing a way to ensure sustainable long term growth.

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
GDP trend* (%)	9.5	9.6	9.3	6.8	8.0	8.6

(Source: CSO \* Growth in GDP at factor cost at 2004-05 prices)

The pace of economic activity in the country is directly reflected in the tyre offtake by different automobile segments. The prospects of the Indian economy have thus augured well for the Indian tyre industry.

Global Tyre market is worth approx USD 140 billion, with the OEM segment and replacement segment constituting 30 per cent and 60 per cent respectively of the overall tyre markets.

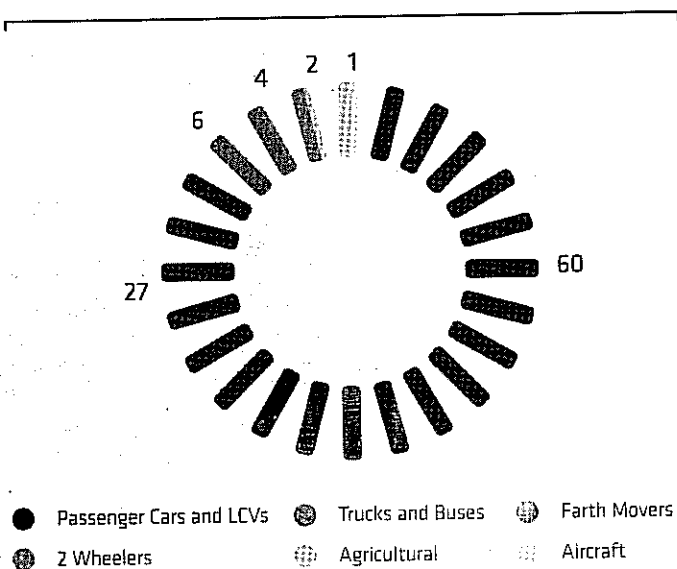
## TYRE INDUSTRY REVIEW

### GLOBAL SCENARIO

As of April 2011, the Global Tyre market is worth approx USD 140 billion, with the Original Equipment Manufacturer (OEM) segment and replacement segment constituting 30 per cent and 60 per cent respectively of the overall tyre markets. Owing to excellent road infrastructure, the extent of radialisation is much higher in the developed nations. The average radialisation levels in the medium to heavy commercial vehicles is around 60 per cent, whereas in geographies like North America and Europe it is as high as 95 per cent.

(Source: Investment Information and Credit Rating Agency of India Limited, April 2011)

### GLOBAL TYRE INDUSTRY COMPOSITION (%) (AS OF FEBRUARY, 2011)



(Source: CRISIL)

### INDIAN SCENARIO

The chronicle of Indian tyre industry started in 1926. Since then, the industry has grown rapidly, harmonising with the growth of automobile industry. A highly capital and raw material intensive and predominantly cross ply (or bias) tyre manufacturing industry, produces all categories of tyres, except snow tyres and aero tyres. The industry is dominated by the organised sector while the unorganised sector holds control over bicycle tyres. After the abysmal performance post slowdown in FY 2009, the industry has witnessed considerable rebound in FY 2010, driven by the economic revival, resurgence in automobile demand, rising per capita income and ease of interest rates.

### SNAPSHOT ON THE INDIAN TYRE INDUSTRY

₹ 25,000 Crores - Total turnover

₹ 1,430 Crores - Imports

₹ 3,000 Crores - Exports

5% - of Global tyre demand

36 - Number of companies

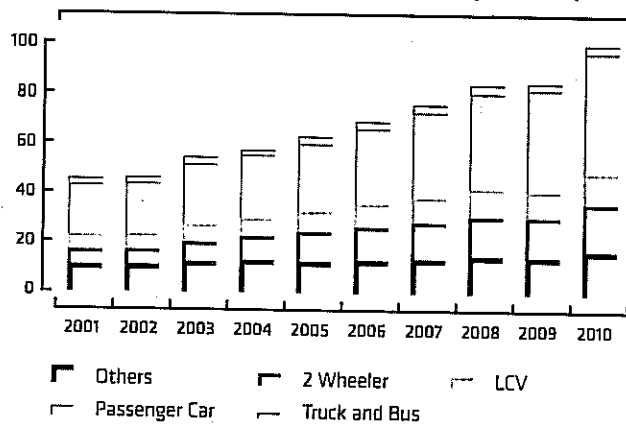
60 - Manufacturing plants

Top 10 companies - account for 85-90% of the total production

(Source: Investment Information and Credit Rating Agency of India Limited, April 2011)

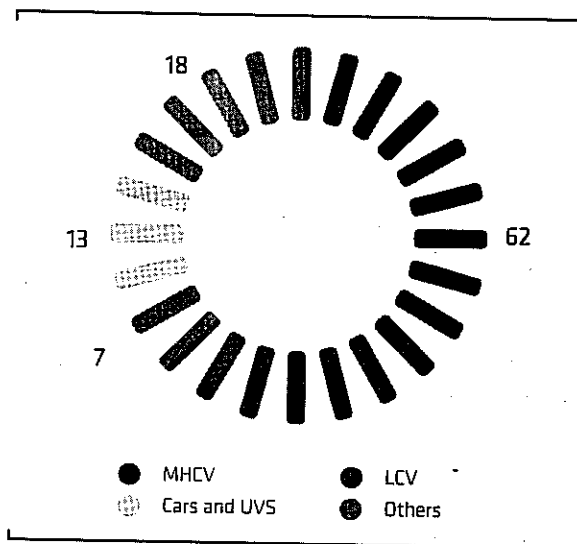
While more and more people opt for two-wheelers, value-wise, the sector is strongly dominated by the Medium to Heavy Commercial Vehicle (MHCV) and Light Commercial Vehicle (LCV) segment, a reflection directly linked to the country's economic development. With greater access to, and introduction of, affordable Passenger Vehicles (PV), Cars and Utility Vehicles (UV) follow a close second. The two-wheeler, three-wheeler, exports and other segments such as Off The Road (OTR), tractors, construction equipment, etc. collectively constitute the remaining pie.

**TYRE PRODUCTION IN INDIA (Number of Tyres in '000)**

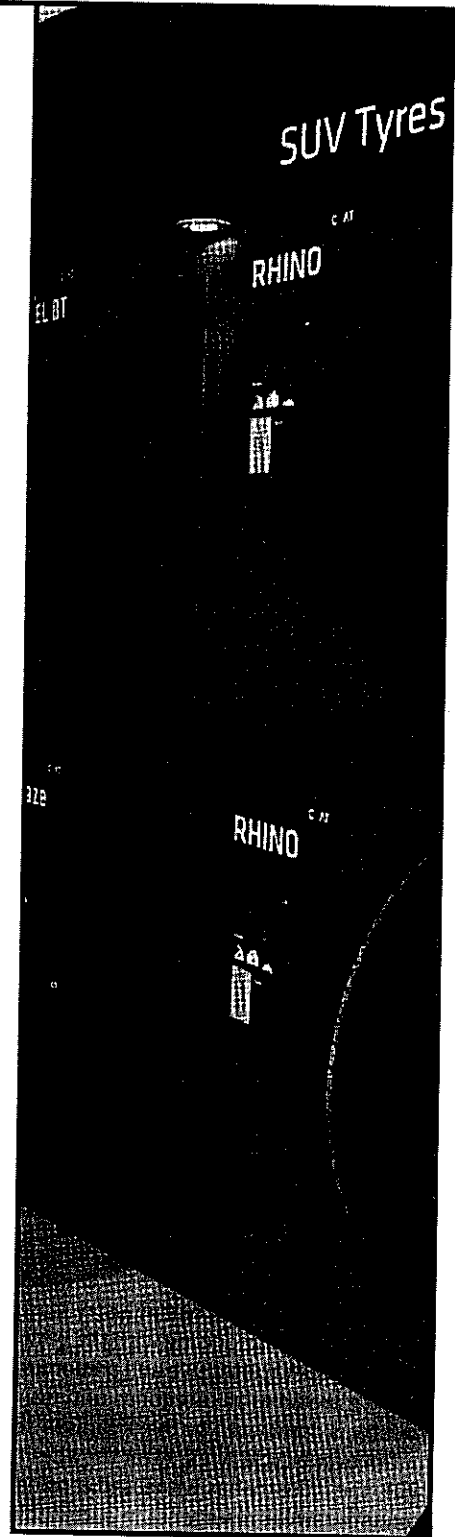


(Source: ATMA, April 2011)

**VALUE-WISE SEGMENT ALLOCATION (%)**



(Source: Crisil Research, February, 2011)



## INDUSTRY COMPOSITION

### REPLACEMENT MARKET

The replacement market dominates the Indian tyre industry accounting for 71 per cent of the total tyre off-take. This segment is most sought after in India as it provides a better margin compared to the OEM segment.

### ORIGINAL EQUIPMENT MANUFACTURERS (OEM)

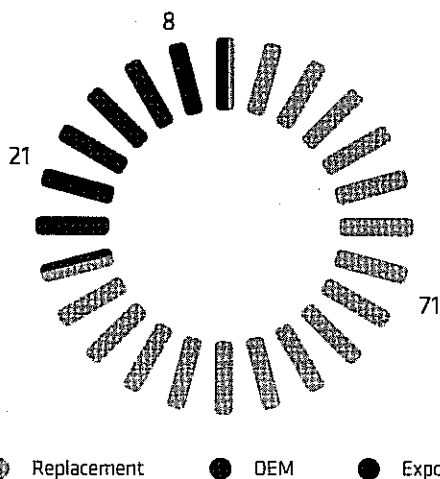
This segment constitutes 21 per cent of the total market demand. With increased launch of new cars, the OEM segment is expected to grow around 17-18 per cent in 2011-12.

### EXPORTS

Exports comprise the remaining 8 per cent. The Indian tyres are exported mainly to Asia, Africa, Middle East and Latin America. Commercial Vehicle (CV) tyres dominate the exports, with more than 60 per cent share, for which the primary export destinations are Latin America, UAE, Bangladesh, Iran, Philippines, and Vietnam. PV tyres constitute around 18 per cent of the market demands (export destination UAE and Nigeria).

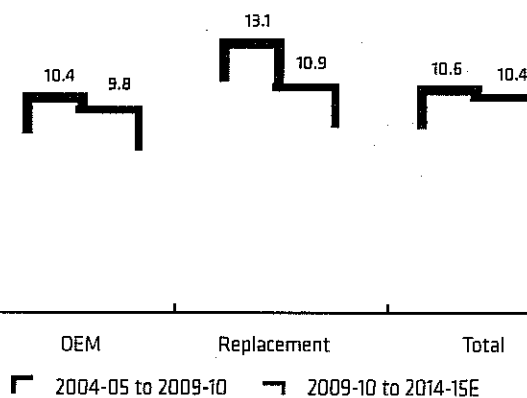
(Source: Investment Information and Credit Rating Agency of India Limited, April 2011)

TYRE MARKETS BREAK-UP (%)



(Source: Crisil Research, February 2011)

INDUSTRY GROWTH (%)





## ROBUST GROWTH OF AUTOMOBILE INDUSTRY

India continues to consolidate its position in the global space. It is the seventh largest vehicle producing nation in the world, accounting for 5 per cent of global auto production, up from 1.4 per cent at the beginning of 2000. The industry as a whole is expected to grow around 15-20 per cent annually in the coming years. It expects PV sales, including exports, to touch 5.1 million units by 2015. Again, CV sales (which accounts for more than 70 per cent of CEAT's total revenue) including small, medium and large commercial vehicles are expected to touch 1.42 million. The rise in auto demand would increase the demand for OEM tyres, which will further transpire into replacement demand in next two years. The overall demand growth would drive revenue visibly for tyre manufacturers like CEAT for next two years.

(Source: SIAM, April 2011)

## PRODUCTION AND SALES TREND OF INDIAN AUTOMOBILE INDUSTRY

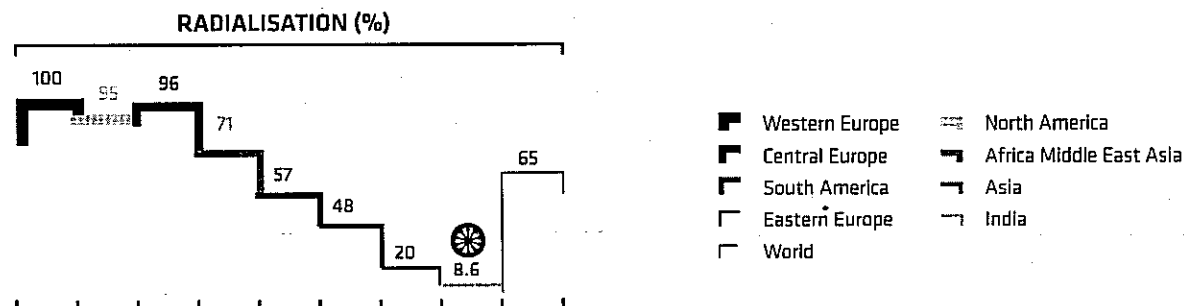
(Total Numbers)						
Domestic trend	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Production	97,43,503	1,10,87,997	1,08,53,930	1,11,72,275	1,40,57,064	1,79,16,035
Sales	89,06,428	1,01,23,988	96,54,435	97,24,243	1,22,95,397	1,55,13,156

(Source: Society of Indian Automobile Manufacturers, April 2011)

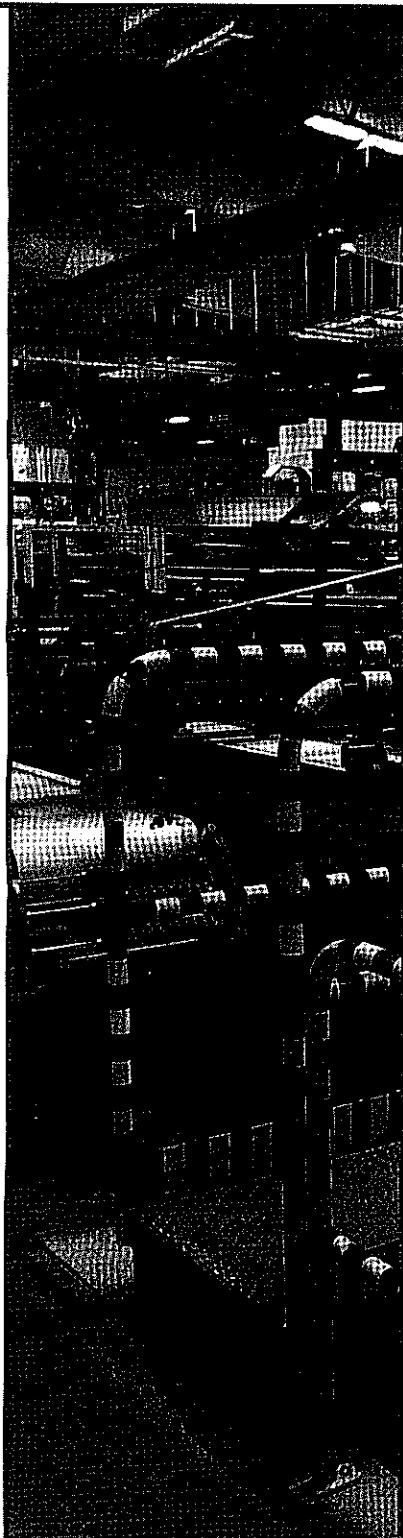
## RADIALISATION

In recent times, radialisation is the most important innovation in tyre industry as it improves driving, saves fuel and provides additional mileage. In India, the radialisation has been only seen in the PV segment (98 per cent), while the MHCV segment has only 8.6 per cent of radialised tyres as compared to the global average of 65 per cent.

The reason for lower radialisation was poor road infrastructure and overloading of freight corridors which made radial tyres unviable in India. However, the Government has now begun to emphasise on the improvement of road infrastructure through its National Highway Development Programme. It has also laid curbs against overloading of trucks on major freight corridors. These measures would lead to a stronger demand for radial tyres in the coming years.



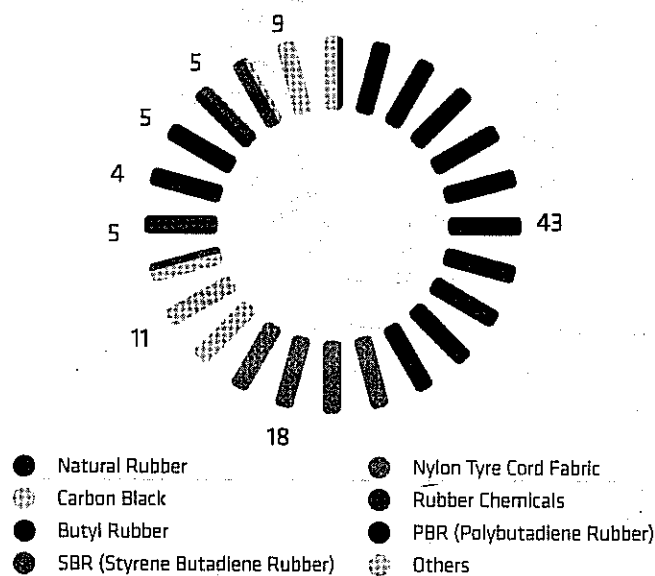
(Source: CRISIL Research, February 2011)



### RAW MATERIALS

The tyre industry is highly raw material intensive. Thus, raw materials play a pivotal role in Indian tyre industry, constituting around 72 per cent of the cost of production and 63 per cent of tyre industry turnover.

PRICE COMPOSITION OF GENERAL COMMERCIAL TYRE (%)



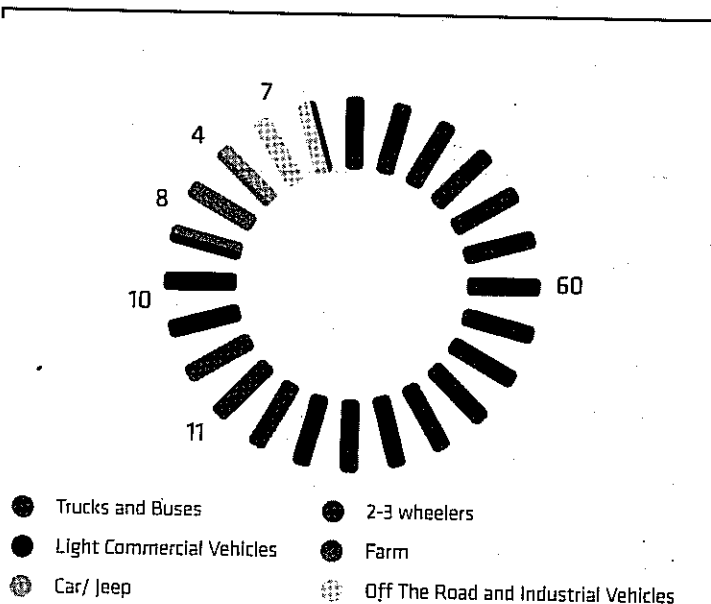
(Source: Automotive Tyre Manufacturers Association, April 2011)

### BUSINESS OVERVIEW

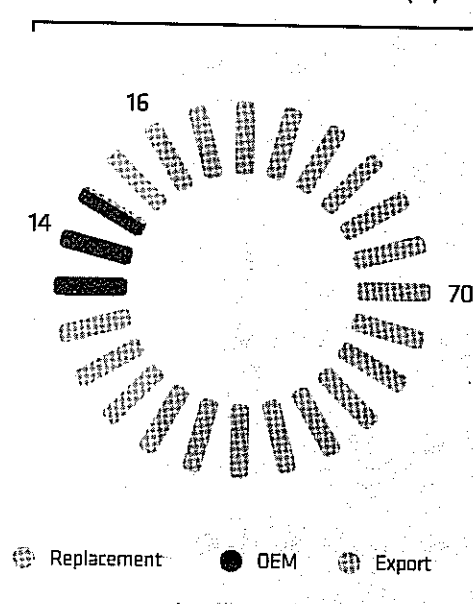
CEAT Limited is geared to meet customer needs in every segment. It offers a wide array of tyres, which include heavy duty Trucks and Buses (T&B), Light Commercial Vehicles (LCVs), Passenger Cars (PC), earthmovers and forklifts (Specialty segment), tractors, trailers, scooters, motorcycles, auto-rickshaws and 2/3 wheelers. The Company markets flaps and tubes outsourced from partners, thereby becoming a one-stop shop to cater to its wide consumer base.

Truck and Bus tyres are the highest contributor to the annual turnover of the Company (61 per cent). In terms of market segments, replacement market contributes around 75 per cent in the topline.

SEGMENT-WISE PRODUCT PORTFOLIO (%)



MARKET-WISE VALUE BREAKUP (%)



## PERFORMANCE OVERVIEW

### OPERATIONAL OVERVIEW

To enrich customer experience, the Company continuously expands its range of products and services. To facilitate the paddy farmer, CEAT launched India's first Rice Special tyre (Aayushman R2) last year for tractors used in paddy fields. Besides this, the Company was also involved in the following activities to act upon various learning from its consumer feedback.

### NEW PRODUCT LAUNCHES

Truck	High mileage ; high load front tyre – 10.00-20 1 RD 12
LCV	Premium Buland Range of Tyres across all sizes
Last Mile	Rib tyre in 165 D 12 and 165 D 13 sizes
Motorcycle	Premium 'Gripp' range across key sizes; Launched 'Milaze' and 'Zoom' patterns in select sizes. Special tyre for mud terrain for Hero Honda developed
Passenger	New sizes introduced in 'Milaze' range

### CEAT PRO

CEAT actively organises educational sessions known as CEAT PRO to spread awareness among truck owners about the best business practices to improve operational efficiency. The Company has conducted 58 such seminars last year with expert speakers on lubes, auto finance and insurance, vehicle AMCs, telematics, and other related topics for better customer satisfaction, resulting in higher profit margins.

### Tyre Service Centre (TSC)

The backbone of CEAT's TBR channel strategy, its Tyre Service Centre (formerly the Wheel Management Centre) caters to all service requirements of a truck fleet owner. The current two TSCs provide end-to-end solutions to customers to buy, fit, service, retread and dispose tyres at a single point. The Company aims to provide the convenience of 10 other TSCs in FY 12.

### FINANCIAL OVERVIEW

- Net sales increased 23 per cent from ₹ 2,80,747.60 lacs in 2009-10 to ₹ 3,46,892.25 lacs in 2010-11. The growth is attributed to expanded product portfolio, increased sales volume, superior customer service and improved capacity utilisation.

- Secured loan almost doubled from ₹ 31,205.11 lacs in 2009-10 to ₹ 62,413.46 lacs in 2010-11, mainly utilised for Capacity expansion at Halol and acquisition of "CEAT" brand from Pirelli & C. S.p.A, Italy.

- Operating expense increased by 39 per cent because of the 54 per cent hike in cost of raw materials, which impacted the PAT. PAT decreased from ₹ 16,104.15 lacs in 2009-10 to ₹ 2,228.33 lacs in 2010-11.

### OPPORTUNITIES AND THREATS

Owing to increased awareness among consumers and the steady growth of Global and Indian economy, the automobile industry is all set for robust growth, which will in turn contribute to healthy OEM demand. On the other hand, the growing vehicle population will augment demand in the replacement tyre market proportionately. Investment in infrastructure and projects of National Highway Development Programme further nurtures industry escalation. Besides, the low radialisation in CV tyres provides ample scope for industry expansion. However, increased imports, especially of cheap Chinese tyres, in the Indian Truck and Bus radial tyre segment poses a considerable threat to the industry.



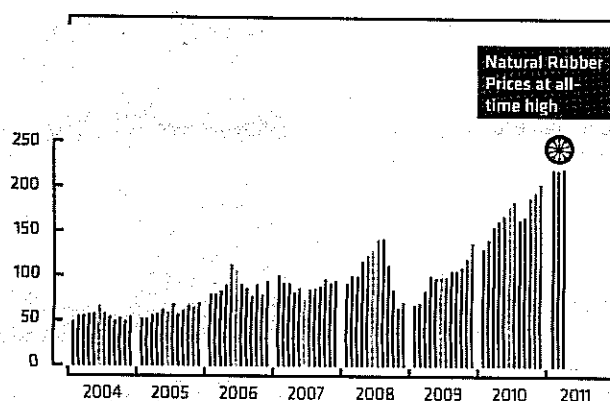
## INDUSTRY RISKS AND CONCERNS

### INCREASED COST OF NATURAL RUBBER

As tyres are mainly composed of natural rubber (72 per cent of the total production cost), increased prices highly influence the industry. Tyre sector is the largest consumer of rubber (total consumption of rubber by tyre industry: 60 per cent), with a monthly demand of 75,000-80,000 tonne. Though the total rubber production is expected to touch 8.6 lakh tonne in FY 2011, there will still be a deficit of 85,000-90,000 tonnes. Recent floods in Thailand pushed the price of rubber to a record height of ₹ 243/kg which is a serious concern for the whole industry.

(Source: The Economic Times, March 2011)

MONTHLY RUBBER PRICE MOVEMENT (Price per Kg. in ₹)



(Source: Reuters, March 2011)

### NON TARIFF MEASURES ON IMPORT OF TYRES AND RAW MATERIALS

Though import of natural rubbers is under Open General Licence (OGL), the domestic rubber price is set up by the Government through the mechanism of Minimum Statutory Price (MSP). Often, that leads to a domestic price higher than the International price. The import duty on natural rubbers is also quite high. Alternatively, the custom duty on import of tyres is very less (nil for Bangladesh, Bhutan, Maldives and Nepal). So even if there is scope for raw material import, the option is not very feasible for the Indian players and they have to depend on domestic rubber production.

(Source: ICRA Report, June 2009)

### INCREASED CRUDE OIL PRICE

Rising crude oil price is also a threat to the tyre industry, as carbon, synthetic rubber and nylon tyre cords are petroleum by-products.

### INCREASED COMPETITION

After liberalisation, several manufacturers are expanding globally by acquiring or setting up manufacturing bases overseas, which escalates domestic competition.

### UNCERTAINTIES IN EXTERNAL ENVIRONMENT

The Indian tyre industry faces major concerns such as rising inflation, turbulent economic environment, competition from imports, and rise in interest rates.

### OUTLOOK

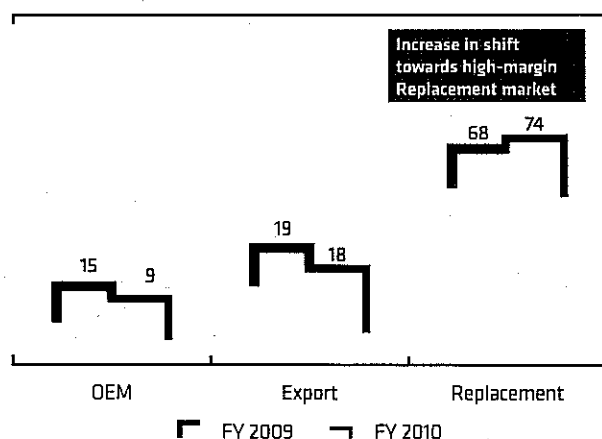
Following strategies demonstrate CEAT's strong motivation and potential to capitalise the growth opportunities prevailing in the industry.

### INCREASED PRESENCE IN REPLACEMENT MARKET TO IMPROVE MARGINS

Lower bargaining power of tyre manufacturers with OEMs result in a low profit margin of the segment compared to the replacement market. CEAT Shoppes and CEAT Hubs result in wider reach among end users. This enhanced accessibility has increased the replacement market share for CEAT. To leverage the opportunity and to improve the overall margin, the Company is gradually shifting towards improved product mix in the replacement segment.

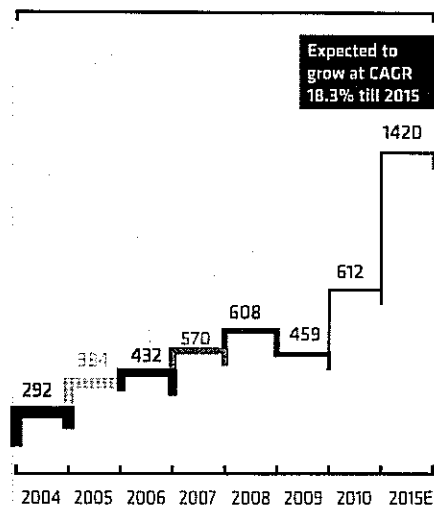
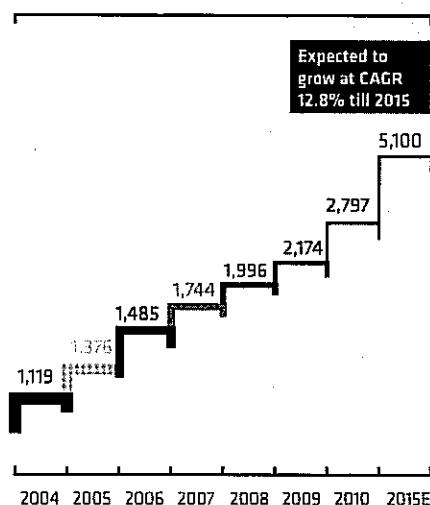


## SHIFT OF CEAT TOWARDS HIGHER MARGIN REPLACEMENT MARKET (% of Sales)



## EMPHASISING COMMERCIAL VEHICLES SEGMENT

CV segment contributes more value to revenues. It therefore registers a higher CAGR compared to the PV segment. Moreover, CV tyres are generally replaced at an interval of 12 to 14 months, a shorter time span as compared to the 24 to 48 month replacement period of the PV tyre. Further, usage of radial tyres is still at a stage of infancy in CVs, which opens a huge scope for expansion. CEAT thus capitalises on this opportunity with a greater focus on CV tyres. In FY 2010, more than 70 per cent of the total revenue of the Company came from this segment.

COMMERCIAL VEHICLE  
(Number of Vehicles in '000)PASSENGER VEHICLE  
(Number of Vehicles in '000)

(Source: SIAM, April 2011)



#### CAPACITY EXPANSION

Till FY 2010, the capacity of CEAT stood at 410 tonnes per day. The Company has set up a green field radial manufacturing facility at Halol (of 150 tonnes per day Truck and Bus, Light Trucks and Passenger Vehicle radials), which will increase the capacity of the Company to 560 tonnes per day. A further value addition of 35 tonnes per day radial tyre at Nasik plant is expected to lead the total production of the Company to 595 tonnes per day by the end of Q4 of FY 2012.

#### ACQUISITION OF BRAND CEAT FROM PIRELLI

The Company has acquired global rights of "CEAT" brand from the Italian tyre maker, Pirelli for Euro 9 million. This acquisition is expected to double the export revenues over the next three years. Prior to the said acquisition, the Company was the owner of the brand in nine South Asian countries. Pirelli has exclusive rights to the "CEAT" brand in Europe, Latin America, Mexico and Turkey upto December 31, 2011, post which the Company shall have complete rights to the brand.

#### RISK MANAGEMENT

**Risk:** Rising raw materials prices could considerably affect the profit margin.

**Mitigation:** CEAT's long presence and experience in the industry contribute to the wisdom of planning in advance to keep the risk to the minimum.

**Risk:** Demand fluctuation in different product categories.

**Mitigation:** Strong presence across all tyre categories and extensive domestic and international network eases the risk considerably.

**Risk:** Rising domestic competition as well as imports from China.

**Mitigation:** Superior after sales service, extended credit period in addition to the anti-dumping duty imposed on Chinese tyres will help the Company to manage domestic competition to a great extent.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

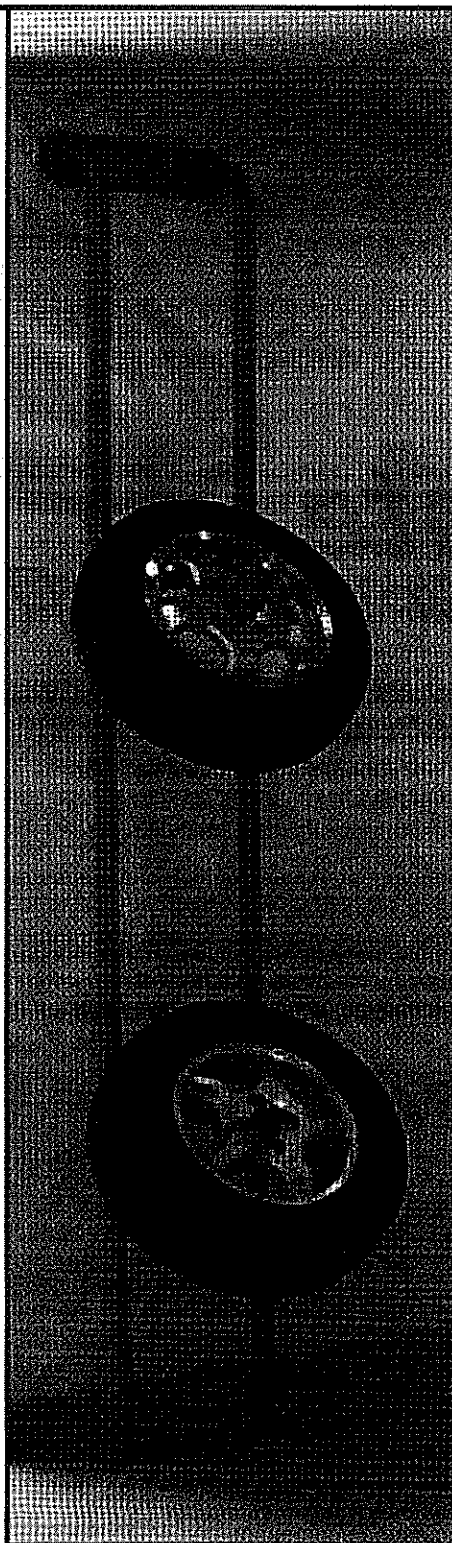
In any industry, the processes and internal control systems play a critical role in the health of the Company. CEAT's well defined organisational structure, documented policy guidelines, defined authority matrix and internal controls ensure efficiency of operations, compliance with internal policies and applicable laws and regulations as well as protection of resources. Moreover, the Company continuously upgrades these systems in line with the best available practices. The internal control system is supplemented by extensive internal audits, regular reviews by management and standard policies and guidelines to ensure reliability of financial and all other records to prepare financial statements and other data. The management information system provides timely and accurate information for effective control. Reports on key performance indicators and variance analysis vis-à-vis the budgets are discussed and action plans are drawn for proper follow up at regular Management Committee meetings. At each Board Meeting, operational reports are tabled after being discussed at Audit Committee Meetings.

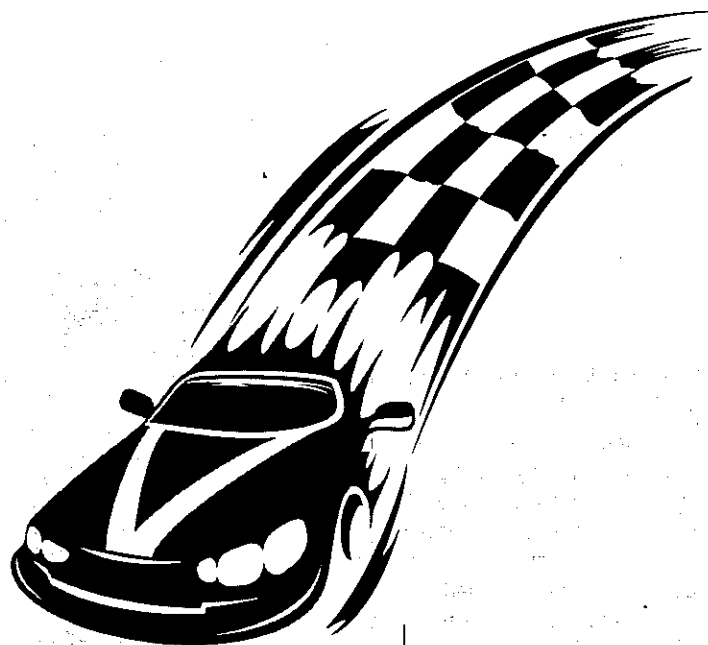
### MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

The Company recognises the value of its work force for continuous growth. A well drawn recruitment policy, clearly defined roles and responsibilities, individual performance management systems, and performance-based compensation policies facilitate the employee progress and encourage innovative thinking. The Company has also identified requirements for training and development opportunities, to boost credibility of manpower as well as business process. Such initiatives also develop a sense of ownership within the organisation.

### CAUTIONARY STATEMENT

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





# Corporate Governance Report

## I COMPANY PHILOSOPHY

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

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

## II BOARD OF DIRECTORS

In terms of the Company's Corporate Governance Policy, all statutory and other significant and material information including information mentioned in Annexure 1A of Clause 49 of the Listing Agreement are placed before the Board to enable it to discharge its responsibilities of strategic supervision of the Company with due compliance of laws and as trustees of stakeholders.

### 1. COMPOSITION

At present the Board of Directors of the Company consists of twelve (12) members, of whom two (2) are 'Executive' Directors and ten (10) are 'Non-Executive' Directors.

The Chairman, Dr. R. P. Goenka is a Non-Executive Director. Mr. Paras K. Chowdhary, the Managing Director and Mr. Anant Vardhan Goenka, the Deputy Managing Director are the Executives 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 Para II-2 below, as independent directors.

### 2. BOARD MEETINGS HELD DURING THE YEAR AND ATTENDANCE THEREAT

During the financial year ended March 31, 2011, five (5) meetings of the Board of Directors were held on April 29, 2010, July 27, 2010, September 30, 2010, October 20, 2010 and January 25, 2011.

Details of Directors and their attendance in the said Board Meetings and also at the last Annual General Meeting are given below:

Name	Category	No. of Board Meetings attended during the year	Whether attended last AGM held on July 27, 2010	No. of Directorships in other public limited companies	No. of Committee positions held in other public limited companies*	
					Chairman	Member
Dr. R. P. Goenka	Non-Executive Non-Independent	0	No	2	-	-
Mr. H. V. Goenka	Non-Executive Non-Independent	5	Yes	8	-	-
Mr. Paras K. Chowdhary	Executive Non-Independent	5	Yes	7	-	2
Mr. Anant Vardhan Goenka	Executive Non-Independent	5	Yes	5	-	-
Mr. Mahesh S. Gupta	Non-Executive Independent	5	Yes	13	3	4
Mr. A. C. Choksey	Non-Executive Independent	4	Yes	8	-	-
Mr. S. Doreswamy	Non-Executive Independent	4	Yes	6	3	4
Mr. Halgreve Khaitan	Non-Executive Independent	1	No	14	-	9
Mr. Bansi S. Mehta	Non-Executive Independent	4	Yes	14	5	5
Mr. Hari L. Mundra	Non-Executive Independent	5	Yes	1	1	-
Mr. K. R. Podar	Non-Executive Independent	3	No	4	-	-
Mr. Vinay Bansal	Non-Executive Independent	4	Yes	1	-	-

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

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

**i) Mr. H. V. Goenka**

Mr. H. V. Goenka is the Chairman of RPG Enterprises Limited, one of the leading business groups in India with over USD 3.7 billion in annual sales. RPG Enterprises has interests in Sectors like

Power, Tyres, Transmission, Retail, Technology and Entertainment.

Mr. Goenka comes from the well known family of industrialists of Kolkata and is the son of Dr. Rama Prasad Goenka. Mr. Goenka graduated in Economics and is an MBA from IMD, Switzerland. He is Chairman of KEC International Limited, RPG Life Sciences Limited, Zensar Technologies Limited and Vice Chairman of CEAT Limited. Mr.

Goenka, a past President of the Indian Merchant's Chamber (IMC) serves on the Executive Committee of the Federation of Indian Chambers of Commerce and Industry (FICCI) and is a Member of the Foundation Board of IMD, Lausanne, Switzerland.

He is 53 years of age, married and has a son and a daughter, both of whom are married. His interests are art and sports.






<p><b>Other Directorships</b></p> <ul style="list-style-type: none"> <li>✎ Bajaj Electricals Limited</li> <li>✎ Zensar Technologies Limited</li> <li>✎ KEC International Limited</li> <li>✎ RPG Enterprises Limited</li> <li>✎ Raychem RPG Private Limited</li> <li>✎ RPG Life Sciences Limited</li> <li>✎ Spencer International Hotels Limited</li> <li>✎ The State Industrial &amp; Investments Corporation of Maharashtra Limited (SICOM)</li> </ul>	<p>Mr. Goenka is not Chairman or Member of any Audit or Shareholders/Investors Grievance Committee.</p> <p>ii) <b>Mr. S. Doreswamy</b></p> <p>Mr. S. Doreswamy is a professional banker with about 35 years of experience. He has held a variety of senior operational and administrative assignments. He was the Chairman and Managing Director of two large public sector banks- Dena Bank and Central Bank of India, making significant contribution to their growth and progress during his tenure.</p>	<p>He is currently engaged in corporate and financial consultancy and is on the Boards of a few well known companies.</p> <p><b>Other Directorships</b></p> <ul style="list-style-type: none"> <li>✎ Pantaloon Retail India Limited</li> <li>✎ Shakti Sugar Limited</li> <li>✎ Hexaware Technologies Limited</li> <li>✎ Caliber Point Business Solutions Limited</li> <li>✎ Rama Newsprint &amp; Papers Limited</li> <li>✎ DSP Black Rock Trustee Limited</li> </ul>
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**Member/Chairman of the following Committees**

Name of the Company	Name of the Committee	Member/Chairman
Caliber Point Business Solutions Limited	Audit	Chairman
Pantaloon Retail India Limited	Audit	Chairman
Pantaloon Retail India Limited	Investors Grievance	Member
Shakti Sugar Limited	Audit	Member
Rama Newsprints and Paper Limited	Audit	Chairman
Hexaware Technologies Limited	Audit	Member
Hexaware Technologies Limited	Investors Grievance	Member

<p>iii) <b>Mr. Bansi S. Mehta</b></p> <p>Mr. Mehta is a graduate in commerce and a Fellow of the Institute of Chartered Accountants of India. Mr. Mehta is an accountant in practice dealing with taxation, accountancy and valuation of mergers and acquisitions. He is a director on the boards of several prominent companies in</p>	<p>India. He has been a director of the Company since 1996.</p> <p><b>Other Directorships</b></p> <ul style="list-style-type: none"> <li>✎ Atul Limited</li> <li>✎ Bharat Bijlee Limited</li> <li>✎ Century Enka Limited</li> <li>✎ Clariant Chemicals (India) Limited</li> </ul>	<ul style="list-style-type: none"> <li>✎ Gillette India Limited</li> <li>✎ Housing Development Finance Corporation Limited</li> <li>✎ IL &amp; FS Investment Managers Limited</li> <li>✎ J. B. Chemicals and Pharmaceuticals Limited</li> <li>✎ National Securities Depository Limited</li> </ul>
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 Pidilite Industries Limited  
 Proctor & Gamble Hygiene and Health Care Limited

 Sasken Communication Technologies Limited  
 SBI Capital Markets Limited

 Sudarshan Chemical Industries Limited  
 Udhe India Limited (Alternate Director)

#### Member/Chairman of the following Committees

Name of the Company	Name of the Committee	Member/Chairman
Gillette India Limited	Audit	Member
Housing Development Finance Corporation Limited	Audit	Member
Atul Limited	Audit	Member
Century Enka Limited	Audit	Member
Proctor & Gamble Hygiene and Health Care Limited	Audit	Member
IL & FS Investment Managers Limited	Audit	Chairman
J. B. Chemicals & Pharmaceuticals Limited	Audit	Chairman
Sudarshan Chemicals Limited	Audit	Chairman
Sasken Communication Technologies Limited	Audit	Chairman
Pidilite Industries Limited	Audit	Chairman

#### iv) Mr. Vinay Bansal

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



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

He has represented the Government of India in Joint Commissions to several countries and negotiated the Comprehensive Economic Cooperation Agreement between Government of India and Singapore. Currently, he

is working as consultant in Reliance Industries Limited.

Mr. Bansal holds a Master's degree in Mathematics from the University of Allahabad, a Diploma in Petroleum Management from Arthur D'Little, MDI, Boston in US and also Diplomas in Business Administration and French.

#### Other Directorships

 Rewas Ports Limited  
 Navi Mumbai SEZ Private Limited

Mr. Bansal is not a Chairman or Member of any Audit or Shareholders/Investors Grievance Committee.

### III COMMITTEES OF THE BOARD

#### 1. AUDIT COMMITTEE

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

- 1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- 2) Reviewing with the management the financial statements at the end of the quarter, half year and the annual statements before submission



## 2. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

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

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

The Company Secretary functions as the Secretary of the Committee.

During the financial year ended March 31, 2011, four (4) meetings of the Shareholders/Investors Grievance Committee were held on April 29, 2010, July 27, 2010, October 20, 2010 and January 25, 2011.

### Attendance at Shareholders/Investors Grievance Committee Meetings

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

The status of the complaints received from investors is as follows

### Shareholders/Investors Complaints

Shareholders/Investors Complaints	Complaint Nos.
Complaints as on April 1, 2010	0
Complaints received during 2010-11	7
Complaints identified and reported under Clause 41 of the Listing Agreement	7
Complaints disposed off during the year ended March 31, 2011	7
Complaints remaining unresolved as on March 31, 2011	0

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

## 3. REMUNERATION COMMITTEE

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

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

During the financial year ended March 31, 2011, three (3) meetings of the Committee were held on April 29, 2010, October 20, 2010 and January 12, 2011.

#### Number of Meetings attended by the Members

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

#### Remuneration Policy

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

The remuneration structure of Mr. Paras K. Chowdhary, Managing Director and Mr. Anant Vardhan Goenka, Deputy Managing Director, comprises of salary, perquisites and allowances, contributions to provident fund, superannuation and gratuity.

During the year under review, apart from the Sitting Fees paid for attending the meetings of the Board and the Committees, the Non-Executive Directors have been paid a Commission in recognition of their services to the Board of Directors. The said Commission was duly recommended by the Remuneration Committee and approved by the Board of Directors. The Shareholders have vide their Special Resolution passed on July 25, 2008 approved the payment of the Commission.

#### Directors Remuneration

#### Non-Executive Directors

Director	Relationship with other Directors (if any)	Sitting Fees paid during 2010-11 (All figures in ₹)	Commission Paid to Non-Executive Directors for the year 2009-10 (All figures in ₹)
Dr. R. P. Goenka, Chairman	Father of Mr. H. V. Goenka	-	2,00,000
Mr. H. V. Goenka, Vice-Chairman*	Son of Dr. R. P. Goenka	1,10,000	1,82,00,000
Mr. Mahesh S. Gupta*	-	1,55,000	2,00,000
Mr. A. C. Choksey	-	80,000	2,00,000
Mr. S. Doreswamy*	-	1,35,000	2,00,000
Mr. Haigreve Khaitan	-	20,000	2,00,000
Mr. Bansi S. Mehta	-	80,000	2,00,000
Mr. Hari L. Mundra*	-	1,55,000	2,00,000
Mr. K. R. Podar	-	60,000	2,00,000
Mr. Vinay Bansal	-	80,000	2,00,000

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



## Executive Directors

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

## All elements of remuneration package

Name	Mr. Paras K. Chowdhary	Mr. Anant Vardhan Goenka
Description	For April 1, 2010 to March 31, 2011	For April 1, 2010 to March 31, 2011
Salary	1,72,94,290.00	89,64,000.00
Perquisites and allowances	80,76,944.00	42,460.00
Others including retinals	31,79,497.00	8,77,892.00
TOTAL	2,85,50,731.00	98,84,352.00

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

The Board of Directors of the Company at its meeting held on October 20, 2010 re-appointed Mr. Paras K. Chowdhary as the Managing Director of the Company for a further period commencing from January 18, 2011 and ending on March 31, 2012. The shareholders of the Company have vide a resolution passed through Postal Ballot on March 16, 2011, accorded their approval to the said re-appointment. According to the Agreement for re-appointment of Mr. Paras K. Chowdhary as Managing Director dated January 11, 2011 either party to the Agreement is entitled to terminate the Agreement by giving not less than 4 months notice to either party, provided however, that the Company shall be entitled to terminate the appointment at any time by payment to him 1 month's salary in lieu of such notice.

## Shareholding of Directors

Name of the Director	No. of Shares
Mr. H. V. Goenka, Vice-Chairman	13,932 Equity Shares
Mr. Paras K. Chowdhary, Managing Director	3,000 Equity Shares
Mr. Anant Vardhan Goenka, Deputy Managing Director	14,185 Equity Shares

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

#### IV DETAILS ON GENERAL BODY MEETINGS

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

Meeting	Day/Date	Time	Venue
49th AGM	Friday, July 25, 2008	11.30 a.m.	Patkar Hall, Mumbai.
50th AGM	Tuesday, August 25, 2009	3.00 p.m.	P. L. Deshpande Maharashtra Kala Academy, Mumbai.
51st AGM	Tuesday, July 27, 2010	11.00 a.m.	P. L. Deshpande Maharashtra Kala Academy, Mumbai.

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

Date of AGM	Description of Special Resolution
49th AGM, July 25, 2008	Payment of Commission to Non-Executive Directors as per Section 309 of the Companies Act, 1956.
50th AGM, August 25, 2009	No Special Resolution was passed in the Annual General Meeting.
51st AGM, July 27, 2010	Appointment of Mr. Anant Vardhan Goenka as the Whole Time Director designated as the Deputy Managing Director of the Company for a period of five (5) years commencing from January 4, 2010 and ending on January 3, 2015 upon the terms and conditions set out in the Agreement dated January 4, 2010 entered into by the Company with Mr. Anant Vardhan Goenka.

#### POSTAL BALLOT

During the year, the Company has passed two resolutions as Special Resolutions through Postal Ballot in accordance with the procedure prescribed in Section 192 of the Companies Act, 1956, read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001. The details of the same are as follows:

- a) Allotment of Convertible Warrants to Promoters on Preferential Basis

The Company sought the approval of members under Section 81(A) of the Companies Act, 1956 for issue and allotment of 17,12,170 Warrants of face value ₹ 10/- each to the entities of the Promoter Group on a preferential basis which shall be converted into an equal number of equity shares at the option of the

allottees, within 18 months from the date of the allotment. Mr. P. N. Parikh, Practicing Company Secretary was appointed as a Scrutinizer for the entire postal ballot process for conducting the process in a fair and transparent manner. The said resolution was passed as a Special resolution on September 16, 2010, with the votes casted in favour of the resolution being 99.90 per cent as against 0.10 per cent votes cast against the resolution.

- b) Re-appointment of Mr. Paras K. Chowdhary as Managing Director and approval of remuneration paid to him and payment of remuneration to Mr. Anant Vardhan Goenka, Deputy Managing Director of the Company

The Company sought the approval of the members for re-appointment of Mr. Paras K. Chowdhary as the Managing Director of the Company for the period from January 18, 2011 to March 31, 2012 and for payment of remuneration to him for the said period under Sections 198, 269, 309 and 310 of the Companies Act, 1956 and also for payment of remuneration to Mr. Anant Vardhan Goenka, Deputy Managing Director of the Company for the financial year 2010-11 under Sections 198 and 309 read with Schedule XIII of the Companies Act, 1956. Mr. P. N. Parikh, Practicing Company Secretary was appointed as a Scrutinizer for the entire postal ballot process for conducting the process in a fair and transparent manner. These resolutions were passed as Special Resolutions on

March 11, 2011 with the votes cast in favour of the resolutions being 99.88 per cent as against 0.12 per cent votes cast against the resolutions.

## V DISCLOSURES

### 1. DISCLOSURES ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS THAT MAY HAVE POTENTIAL CONFLICT WITH THE INTERESTS OF COMPANY AT LARGE

There were no material and/or significant transactions during the financial year 2010-11 that were prejudicial to the interest of the Company.

During the year under review, the Company made a payment of ₹ 13,57,736/- to Khaitan & Co. of which Mr. Haigreve Khaitan, a Director of the Company is a partner.

### 2. DISCLOSURE OF RELATED PARTY TRANSACTIONS

The Company follows the following policy 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 are placed periodically before the Audit Committee.
- b) Details of material individual transactions with related parties, which are not in the normal course of business, if any, are placed before the Audit Committee.
- c) Details of material individual transactions with related parties or others, which are not on arm length basis, if any, are placed

before the Audit Committee, together with Management's justification for the same.

- d) No material, financial and commercial transactions were reported by the management to the Board, in which the management had personal interest having a potential conflict with the interest of the Company at large.
- e) Details of related party transactions are included in the Notes to the Accounts as per Accounting Standard (AS-18) issued by the Institute of Chartered Accountants of India.

### 3. DISCLOSURE OF ACCOUNTING TREATMENT

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

### 4. DISCLOSURE OF RISK MANAGEMENT

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

### 5. PROCEEDS FROM PREFERENTIAL ISSUES

During the year the Company has allotted 17,12,170 Warrants of face value ₹ 10/- each on a preferential basis to entities of the Promoter Group viz. RPG Cellular Investments and Holdings Private Limited and

Summit Securities Limited. The said Warrants, convertible into an equal number of equity shares, were allotted at a price of ₹ 141.44 per Warrant on September 30, 2010. The said warrants are convertible within a period of 18 months at the option of the allottee, the last date for exercising the option being March 31, 2012. Of the said price 25 per cent i.e. ₹ 35.36 per Warrant was received at the time of allotment i.e. on September 30, 2010 and the balance shall be receivable upon conversion. ₹ 6.05 Crores received from the issue has been utilised to augment long term resources of the Company.

### 6. DETAILS OF NON-COMPLIANCE BY THE COMPANY, PENALTIES, STRICTURES IMPOSED ON THE COMPANY BY STOCK EXCHANGE(S) OR SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) OR ANY OTHER STATUTORY AUTHORITY OR ANY MATTERS RELATED TO CAPITAL MARKETS.

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

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

### 7. DETAILS OF COMPLIANCE WITH MANDATORY REQUIREMENT

Clause 49 of the Listing Agreement mandates to obtain a certificate

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

#### 8. ADOPTION OF THE NON-MANDATORY REQUIREMENTS

The Clause states that the non-mandatory requirements may be implemented as per the discretion of the Company. The Company maintains an office for the Chairman, which is regularly used by the Chairman for interactions with the Management. The Company






has also adopted a "Whistle Blower Policy" for employees to report to the management instances of unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics policy.

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

#### VI MEANS OF COMMUNICATION

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

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

-  Business Standard
-  The Economic Times
-  The Free Press Journal
-  Maharashtra Times
-  Navshakti

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

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

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

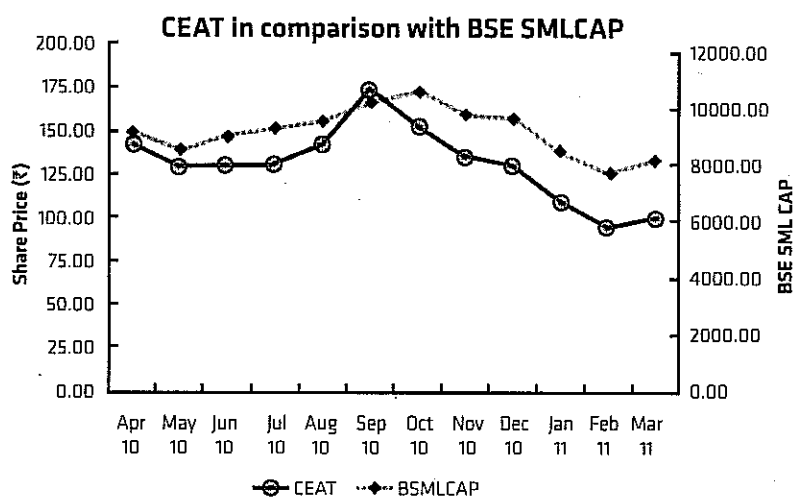
#### VII GENERAL SHAREHOLDER INFORMATION

AGM: DATE, TIME AND VENUE	As indicated in the notice accompanying this Annual Report the 52 <sup>nd</sup> Annual General Meeting of the Company will be held on August 26, 2011 at 3.30 pm at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Pravadevi, Mumbai - 400 025.
FINANCIAL YEAR	The Company follows April 1 to March 31 as the financial year.
DATE OF BOOK CLOSURE	Friday, August 12, 2011 to Friday, August 26, 2011 (both days inclusive).
DIVIDEND PAYMENT DATE	On or before September 24, 2011.
LISTING ON STOCK EXCHANGES	The Equity shares of the Company are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. The Listing fees have been paid to both the Stock Exchanges for the financial year 2011-12.
STOCK CODE	Bombay Stock Exchange Limited - 500878 National Stock Exchange of India Limited - CEATLTD

## MARKET PRICE DATA

For Equity Share of face value of ₹ 10/- each				
Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2010	166.10	144.10	165.95	144.05
May 2010	144.50	124.00	145.00	111.00
June 2010	142.50	128.65	142.45	116.80
July 2010	143.00	129.00	143.25	128.70
August 2010	165.80	130.05	165.85	130.05
September 2010	195.40	146.55	195.00	146.25
October 2010	180.95	154.55	180.50	154.60
November 2010	164.50	127.00	164.70	128.35
December 2010	145.80	124.00	145.80	124.00
January 2011	141.40	110.35	141.35	110.00
February 2011	115.00	85.60	114.00	87.45
March 2011	112.55	94.35	112.40	92.90

## SHARE PERFORMANCE OF THE COMPANY IN COMPARISON TO BSE SMLCAP



## REGISTRAR AND TRANSFER AGENTS

TSR Darashaw Limited  
6-10, 1<sup>st</sup> Floor, Haji Moosa Patrawala Industrial Estate,  
20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011  
Email: [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com)  
Web: [www.tsrdarashaw.com](http://www.tsrdarashaw.com)  
Tel.: 022-66568484; Fax: 022-66568494

### BRANCH OFFICES

#### BANGALORE

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

#### JAMSHEDPUR

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

#### KOLKATA

TSR Darashaw Limited  
Tata Centre, 1<sup>st</sup> Floor,  
43, J. L. Nehru Road, Kolkata - 700 071  
Email: [tsrdlcal@tsrdarashaw.com](mailto:tsrdlcal@tsrdarashaw.com)  
Tel: 033- 22883087  
Fax: 033-22883062

#### NEW DELHI

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

#### AGENTS

Shah Consultancy Services Limited  
3, Sumatinath Complex, 2<sup>nd</sup> Dhal,  
Pritam Nagar, Ellisbridge,  
Ahmedabad - 380 006  
Email: [shahconsultancy@hotmail.com](mailto:shahconsultancy@hotmail.com)

### SHARE TRANSFER SYSTEM

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

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

**DISTRIBUTION OF SHAREHOLDING AS AT MARCH 31, 2011**

No. of Equity shares held	No. of Shareholders		No. of shares		% of Equity Capital	
	Physical	Demat	Physical	Demat	Physical	Demat
1 to 500	30,640	39,728	8,19,108	36,13,755	2.39	10.55
501 to 1,000	128	1,509	86,348	11,50,117	0.25	3.36
1,001 to 2,000	51	543	70,490	7,96,673	0.21	2.33
2,001 to 3,000	13	154	33,015	3,90,843	0.10	1.14
3,001 to 4,000	5	66	16,585	2,37,122	0.05	0.69
4,001 to 5,000	1	52	4,530	2,44,320	0.01	0.71
5,001 to 10,000	5	89	40,150	6,68,830	0.12	1.95
10,001 to 3,42,43,534	3	84	18,15,298	2,42,56,350	5.30	70.84
<b>TOTAL</b>	<b>30,846</b>	<b>42,225</b>	<b>28,85,524</b>	<b>3,13,58,010</b>	<b>8.43</b>	<b>91.57</b>

**DEMATERIALISATION OF SHARES**

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

Approximately 91.57 per cent of Equity share capital corresponding to 3,13,58,010 equity shares is held in dematerialised form as of March 31, 2011.

**CATEGORIES OF SHAREHOLDING AS OF MARCH 31, 2011**

Category	No. of shares	Percentage
Promoters Holdings (Indian and Foreign)	1,66,86,578	48.73
Mutual Funds	23,79,308	6.95
Banks, Financial Institutions, Insurance Companies and others	39,28,568	11.47
Foreign Institutional Investors	8,24,028	2.41
Non Resident Indians	2,26,800	0.66
Corporate Bodies, Indian Public and Others	1,01,98,252	29.78
<b>TOTAL</b>	<b>3,42,43,534</b>	<b>100.00</b>



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

The Company has Issued 17,12,170 Convertible Warrants to its promoters viz. Summit Securities Limited and RPG Cellular Investments and Holdings Private Limited

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 Shareholders residing in the cities where such facility is available.

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

The Company proposes to credit dividend to the shareholder's bank account directly through NECS where such facility is available in case of shareholders holding shares in demat account and who have

furnished their MICR Code to their Depository Participant (DP).

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

#### CODE OF CONDUCT

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

All Board Members and Senior Management Personnel have affirmed compliance with the Code for the financial year ended March 31, 2011. A declaration to this effect signed by the Managing Director forms part of this Report.

#### DECLARATION- CODE OF CONDUCT

All Board Members and the Senior Management Personnel have, for the year ended March 31, 2011,

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  
Dated : April 21, 2011

Paras K. Chowdhary  
Managing Director

#### COMPLIANCE OFFICER

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

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

Place : Mumbai  
Dated : May 2, 2011

H. N. Singh Rajpoot  
Company Secretary

## ***Certificate on Corporate Governance Report***

To The Members of

**CEAT LIMITED**

We have examined the compliance of conditions of Corporate Governance by CEAT Limited (the Company) for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that based on the report issued by the Registrars of the Company to the Shareholders/Investors Grievance Committee, as on March 31, 2011 there were no investor grievance matters against the Company remaining unattended/pending for more than 30 days.

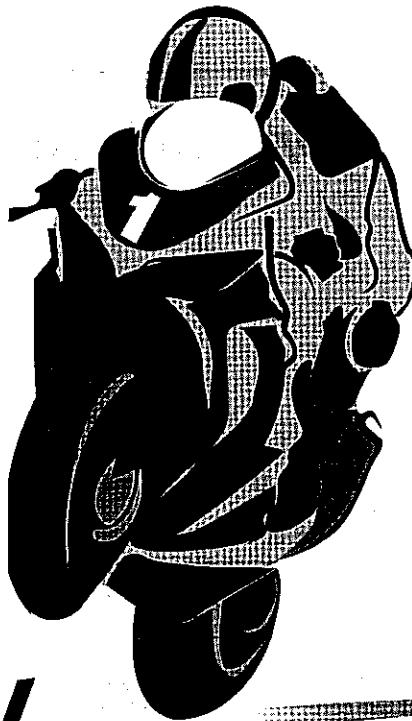
We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place : Mumbai

Dated : May 2, 2011

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

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



# ***Financial*** *Statements*

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## STANDALONE

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## CONSOLIDATED

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# Auditors' Report

## To the Members of CEAT Limited

1. We have audited the attached Balance Sheet of **CEAT LIMITED**, as at March 31, 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above and our comments in paragraph 3 above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
    - (b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
    - (c) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

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

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

Place: Mumbai  
Date : May 2, 2011.

## ***Annexure to the Auditors' Report***

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a programme of physical verification of fixed assets. As per the said programme, certain assets were physically verified during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size and operations of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company has not disposed off substantial part of fixed assets during the year.
- (ii) (a) The inventories have been physically verified by the management at reasonable intervals during the year.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, sub-clause (b), (c), (d), (f) and (g) are not applicable.
- (iv) In our opinion, there are adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal controls.
- (v) There are no particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained in pursuance of section 301 of the Companies Act, 1956. Accordingly, sub-clause (b) is not applicable.
- (vi) In our opinion, the Company has complied with the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, with regard to the deposits accepted from the public. As informed to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any other court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed, without carrying out a detailed examination, the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records are being maintained.
- (ix) (a) According to the records of the Company, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues applicable to it. Based on our audit procedures and according to the information and explanations given to us, there are no arrears of undisputed statutory dues which remained outstanding as at March 31, 2011 for a period of more than six months from the date they became payable.
- (b) According to the records made available to us and the information and explanations given by the management, the details of the dues of Income tax / Sales tax / Wealth tax / Service Tax / Custom duty / Excise duty / cess, which have not been deposited with the appropriate authorities on account of any dispute, are given in the Appendix to this report.
- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) According to the records made available to us and the information and explanations given by the management, the Company has not defaulted in the repayment of dues to financial institution or banks.

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

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

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

Place: Mumbai

Date : May 2, 2011.

## Appendix to Auditors' Report

Name of the Statute	Nature of the Dues	Amount (₹ in crores)	Financial year to which the matter pertains	Forum where dispute is pending
The Central Excise Act, 1944	Cenvat Duty, Interest and, Penalty	1.55	1997-2005, 2006-08, 2009-10	CESTAT *
		0.20	1996-97, 2004-05, 2007-08	Commissioner (Appeals)
Central Sales Tax Act, 1956 and Sales Tax Act of various States	Tax, Interest and Penalty	0.29	1999-2000	High Court
		1.29	1987-90, 1998-2008	Tribunal
		41.26	1993-2010	Commissioner (Appeals)
Income Tax Act, 1961	Tax	3.36	2007-08	CIT (Appeals)

\* The Customs, Excise and Service Tax Appellate Tribunal

# Balance Sheet

as at March 31, 2011

₹ in lacs

	SCHEDULE	As at March 31, 2011	As at March 31, 2010
<b>SOURCES OF FUND</b>			
<b>SHAREHOLDERS' FUND</b>			
Share Capital	1	34,24.35	34,24.35
Convertible Warrants (Refer note no. 27 of Schedule 20)		6,05.42	-
Reserves and Surplus	2	608,84.75	594,47.10
		649,14.52	628,71.45
<b>LOAN FUNDS</b>			
Secured Loans	3	624,13.46	312,05.11
Unsecured Loans	4	394,75.34	341,79.44
		1,018,88.80	653,84.55
<b>DEFERRED TAX LIABILITY (Net)</b>		24,10.54	20,16.83
		<u>1,692,13.86</u>	<u>1,302,72.83</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>	5		
Gross Block		1,881,55.44	1,256,41.14
Less : Depreciation		520,46.15	487,48.36
Net Block		1,361,09.29	768,92.78
Capital Work-in-progress		123,39.63	233,83.80
		1,484,48.92	1,002,76.58
<b>INVESTMENTS</b>	6	86,52.98	58,50.77
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	7	567,46.30	406,07.58
Sundry Debtors	8	468,67.97	376,31.61
Cash and Bank Balances	9	47,88.06	139,98.90
Loans and Advances	10	131,55.59	109,39.45
		1,215,57.92	1,031,77.54
Less :			
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	11	1,067,34.27	753,96.24
Provisions	12	27,11.69	36,35.82
		1,094,45.96	790,32.06
<b>NET CURRENT ASSETS</b>		121,11.96	241,45.48
		<u>1,692,13.86</u>	<u>1,302,72.83</u>
Notes forming part of the Accounts	20		

As per our report attached

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

CA Y.N. Thakkar  
Partner

Place : Mumbai  
Dated : May 2, 2011

Sunil S. Sapre  
Chief Financial Officer

H.N. Singh Rajpoot  
Company Secretary

On behalf of the Board of Directors

H.V. Goenka  
Vice Chairman

Hari L. Mundra  
Chairman - Audit Committee

Paras K. Chowdhary  
Managing Director

Place : Mumbai  
Dated : May 2, 2011



# Profit and Loss Account

for the year ended March 31, 2011

		₹ in lacs	
	SCHEDULE	2010-11	2009-10
<b>INCOME</b>			
Sales		3,751,61.61	2,989,97.20
Less : Excise duty on Sales		282,69.36	182,49.60
Net Sales		3,468,92.25	2,807,47.60
Other Income	13	60,22.28	42,13.52
		<u>3,529,14.53</u>	<u>2,849,61.12</u>
<b>EXPENDITURE</b>			
Materials	14	2,649,69.78	1,717,49.89
Cost of Traded Goods Sold	15	93,85.68	163,13.64
Personnel	16	204,08.09	192,66.68
Other Expenses	17	576,87.50	465,39.78
Interest	18	78,49.52	56,83.14
Depreciation		34,23.23	31,58.79
Less : Transferred from Revaluation Reserve		-	4,68.32
Less : Transferred to Pre-Operative Expenses		6.66	2.18
		34,16.57	26,88.29
		3,637,17.14	2,622,41.42
Add / (Less) : Decrease / (Increase) in stock	19	(149,09.03)	(11,79.95)
		<u>3,488,08.11</u>	<u>2,610,61.47</u>
<b>PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEM</b>		41,06.42	238,99.65
Less : Exceptional Item (Voluntary Retirement Compensation)		7,82.23	-
<b>PROFIT BEFORE TAXATION</b>		33,24.19	238,99.65
Less : Provision for Taxation			
Current Tax		714.01	74,09.05
Short / (Excess) Provision of earlier years		(11.86)	-
Deferred Tax		3,93.71	3,86.45
		10,95.86	77,95.50
<b>PROFIT AFTER TAX</b>		22,28.33	161,04.15
Add : Balance brought forward		237,31.02	108,44.40
		<u>259,59.35</u>	<u>269,48.55</u>
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>			
<b>APPROPRIATIONS</b>			
Proposed Dividend		6,84.87	13,69.74
Tax on Proposed Dividend		1,05.81	2,32.79
Transferred to General Reserve		1,70.00	16,15.00
		9,60.68	32,17.53
Balance carried to Balance Sheet		249,98.67	237,31.02
		<u>259,59.35</u>	<u>269,48.55</u>
Earnings Per Share - Basic & Diluted (₹)			
(Refer Note No.25 of Schedule 20)		6.51	47.03
Notes forming part of the Accounts	20		

As per our report attached

For N.M. Rajji & Co.,  
Chartered AccountantsCA Y.N. Thakkar  
PartnerPlace : Mumbai  
Dated : May 2, 2011Sunil S. Sapre  
Chief Financial OfficerH.N. Singh Rajpoot  
Company Secretary

On behalf of the Board of Directors

H.V. Goenka  
Vice ChairmanHari L. Mundra  
Chairman - Audit CommitteeParas K. Chowdhary  
Managing DirectorPlace : Mumbai  
Dated : May 2, 2011

# Cash Flow Statement

for the year ended March 31, 2011

₹ in lacs

	March 31, 2011	March 31, 2010
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>		
NET PROFIT BEFORE TAX	33,24.19	238,99.65
Adjustments for :		
Depreciation	34,16.57	26,88.29
Interest income	(12,46.50)	(17,09.39)
Unrealised exchange variation (net)	17.02	(9,46.23)
Dividend Income	(7,56.53)	(1,91.10)
Provision for Doubtful debt	57.08	88.83
Provision for Doubtful debt - Written Back	(55.32)	-
Provisions no longer required Written back	(40.17)	(2,57.95)
Provision for Expenses	7,60.47	8,39.24
Advance/Bad debts written Off	41.28	8.88
Loss on sale of fixed assets - Net	7.04	65.91
Interest expense	78,49.52	56,83.14
	100,50.46	62,69.62
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	133,74.65	301,69.27
Adjustments for :		
Trade and other receivables	(282,08.26)	(280,54.73)
Trade payable / provisions	302,59.16	271,85.72
	20,50.90	(8,69.01)
CASH GENERATED FROM OPERATIONS	154,25.55	293,00.26
Direct taxes paid	(15,61.22)	(60,32.30)
	(15,61.22)	(60,32.30)
NET CASH FLOW FROM OPERATING ACTIVITIES ( A )	138,64.33	232,67.96
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of fixed assets	(491,54.50)	(234,97.57)
Sale of fixed assets	35.21	73.83
Purchase of Investments	(70,98.97)	(56,94.90)
Sale of Investments	43,00.40	41,06.67
Interest received	27,10.44	9,59.28
Dividend received	8,39.58	1,95.29
NET CASH FROM INVESTING ACTIVITIES ( B )	(483,67.84)	(238,57.40)

# Cash Flow Statement

for the year ended March 31, 2011

	₹ in lacs	
	March 31, 2011	March 31, 2010
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Convertible Warrants	6,05.42	-
Interest paid	(102,27.40)	(64,28.09)
(Decrease)/Increase in borrowings	365,04.24	8,70.13
Dividend paid ( Inclusive of Dividend Distribution Tax )	(16,02.53)	-
<b>NET CASH RECEIVED/(USED) IN FINANCING ACTIVITIES (C)</b>	<b>252,79.73</b>	<b>(55,57.96)</b>
<b>NET (DECREASE) / INCREASE IN CASH OR CASH EQUIVALENT (A+B+C)</b>	<b>(92,23.78)</b>	<b>(61,47.40)</b>
Cash and cash equivalents - Opening balance	139,64.44	201,11.84
Cash and cash equivalents - Closing balance	47,40.66	139,64.44
<b>NET (DECREASE) / INCREASE AS DISCLOSED ABOVE</b>	<b>(92,23.78)</b>	<b>(61,47.40)</b>

## Notes :

- 1) Previous year's Figures have been regrouped wherever necessary.
- 2) Closing cash & cash Equivalents represents " Cash and Bank Balances" except ₹ 47.40 lacs ( Previous year ₹ 34.46 lacs ) lying in separate bank accounts on account of unclaimed dividend which is not available for use by the Company.
- 3) All Figures in brackets are Outflows.

As per our report attached

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

CA Y.N. Thakkar  
Partner

Place : Mumbai  
Dated : May 2, 2011

Sunil S. Sapre  
Chief Financial Officer

H.N. Singh Rajpoot  
Company Secretary

On behalf of the Board of Directors

H.V. Goenka  
Vice Chairman

Hari L. Mundra  
Chairman - Audit Committee

Paras K. Chowdhary  
Managing Director

Place : Mumbai  
Dated : May 2, 2011

# Schedules

forming part of the Balance Sheet as at March 31, 2011

₹ in lacs		
	As at March 31, 2011	As at March 31, 2010
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
Authorised :		
4,61,00,000 (4,61,00,000) Equity Shares of ₹ 10 each	46,10.00	46,10.00
39,00,000 (39,00,000) Preference Shares of ₹ 10 each	3,90.00	3,90.00
1,00,00,000 (1,00,00,000) Unclassified Shares of ₹ 10 each	10,00.00	10,00.00
	60,00.00	60,00.00
Issued :		
3,42,44,222 (3,42,44,222) Equity Shares of ₹ 10 each (Includes 1,463 (1,463) Shares offered on Right basis and kept in abeyance)	34,24.42	34,24.42
	34,24.42	34,24.42
Subscribed and paid-up :		
3,42,43,534 (3,42,43,534) Equity Shares of ₹ 10 each, fully paid-up	34,24.35	34,24.35
	34,24.35	34,24.35

## Notes :

of the above Equity Shares

- 6,90,576 Shares were allotted pursuant to Schemes of Amalgamation without payment being received in cash.
- 40,40,223 Shares were allotted as fully paid Bonus Shares by capitalisation of Share Premium and General Reserve.

₹ in lacs		
	As at March 31, 2011	As at March 31, 2010
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
Capital Reserve :	2,71.45	2,71.45
Share Premium :	165,23.65	165,23.65
Capital Redemption Reserve :	3,90.00	3,90.00
General Reserve :		
Balance - April 1, 2010	185,30.98	169,15.98
Add : Transfer from Profit and Loss Account	1,70.00	16,15.00
	187,00.98	185,30.98
Revaluation Reserve :		
Balance - April 1, 2010	-	4,68.32
Less : Depreciation transferred to Profit and Loss Account	-	(4,68.32)
	-	-
Profit and Loss Account	249,98.67	237,31.02
	608,84.75	594,47.10

# Schedules

forming part of the Balance Sheet as at March 31, 2011

	₹ in lacs	
	As at March 31, 2011	As at March 31, 2010
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
Term Loans from Banks / Institution	514,87.00	214,96.53
Working Capital Borrowings		
Working Capital Demand Loan	-	40,00.00
Cash Credit Facilities	10,98.77	23,56.85
Export Packing Credit	98,27.69	33,39.58
Vehicle loan	-	12.15
	<b>624,13.46</b>	<b>312,05.11</b>

In respect of the above loans, ₹ 62,30.67 lacs (Previous year ₹ 41,99.46 lacs) due and repayable within a year

## NOTES:

- 1) Term loan availed from Banks amounting to ₹ 20,63.00 lacs (Previous year ₹ 33,57.00 lacs) is secured by first *pari passu* charge on movable (except Current Assets) and immovable properties of the Company situated at Bhandup and Nasik plants both present and future.
- 2) Terms loans aggregating to ₹ 367,99.00 lacs (Previous year ₹ 100,14.53 lacs) from Banks / Institution is secured by a first *pari passu* charge on the movable (Except Current Assets) and immovable properties of the Company, situated at Bhandup, Nasik and Halol both present and future and second charge ranking *pari passu* inter se on all its Current Assets both present and future wherever located.
- 3) Term Loan availed from Banks/Institution of ₹ 56,25.00 lacs (Previous year ₹ 81,25.00 lacs) has been secured by a first *pari passu* charge on the immovable property of the Company situated at RPG House, Worli, Mumbai.
- 4) Term Loan availed from Bank of ₹ 70,00.00 lacs (Previous year ₹ NIL) is secured by first *pari passu* charge on the immovable properties of the Company situated at Bhandup Plant. The Company is in the process of creating the charge on its immovable properties located at Bhandup.
- 5) Working Capital Borrowings availed from Consortium of Banks led by Bank of India are secured by hypothecation by way of first *pari passu* charge on all its Current Assets and by way of second *pari passu* charge on immovable and all movable properties (excluding Current Assets) of the Company situated at Bhandup, Nasik and Halol Plants and RPG House at Worli, Mumbai.
- 6) The vehicle loans availed from Banks and Financial Companies were secured by way of hypothecation of the vehicles financed by them.

	₹ in lacs	
	As at March 31, 2011	As at March 31, 2010
<b>SCHEDULE 4</b>		
<b>UNSECURED LOANS</b>		
Public Deposits	83,23.84	76,52.53
Deferred Sales Tax Incentive - (SICOM LTD)	47,54.32	40,79.90
Deposit from Dealers	263,97.18	224,47.01
	<b>394,75.34</b>	<b>341,79.44</b>

In respect of the above loans, ₹ 18,92.42 lacs (Previous year ₹ 21,08.22 lacs) due and repayable within a year

# Schedules

forming part of the Balance Sheet as at March 31, 2011

## SCHEDULE 5

### FIXED ASSETS

₹ in lacs									
ASSETS	COST				DEPRECIATION				NET VALUE
	As at April 1, 2010	Additions / Adjustments	Deductions / Adjustments	As at March 31, 2011	As at April 1, 2010	For the year 2010-11	On deductions / Adjustments	As at March 31, 2011	As at March 31, 2011
<b>OWNED</b>									
Land									
Freehold	408,32.24	8,22.63	-	416,54.87	-	-	-	-	416,54.87
	(407,98.45)	(33.79)	(-)	(408,32.24)	(-)	(-)	(-)	(-)	(408,32.24)
Leasehold	26,36.36	35,42.38	-	61,78.74	2,37.36	43.18	-	2,80.54	58,98.20
	(26,36.36)	(-)	(-)	(26,36.36)	(1,94.18)	(43.18)	(-)	(2,37.36)	(23,99.00)
Buildings	128,78.49	80,96.77	-	209,75.26	36,23.67	2,87.89	-	39,11.56	170,63.70
	(128,59.59)	(18.90)	(-)	(128,78.49)	(33,63.51)	(2,60.16)	(-)	(36,23.67)	(92,54.82)
Plant and Machinery	664,45.87	436,24.39	94.21	1,099,76.05	426,84.62	27,75.44	90.78	453,69.28	646,06.77
	(641,32.04)	(25,23.34)	(2,09.51)	(664,45.87)	(402,63.51)	(25,83.85)	(1,62.74)	(426,84.62)	(237,61.25)
Furniture and Fixtures	6,83.09	43.27	1.71	7,24.65	5,41.05	36.17	1.15	5,76.07	1,48.58
	(7,11.47)	(22.83)	(51.21)	(6,83.09)	(5,46.92)	(31.40)	(37.27)	(5,41.05)	(1,42.04)
Vehicles	5,97.56	2,03.62	71.17	7,30.01	3,66.99	34.17	32.90	3,68.26	3,61.75
	(7,42.45)	(11.67)	(1,56.56)	(5,97.56)	(4,02.01)	(42.50)	(77.52)	(3,66.99)	(2,30.57)
Software	5,63.43	1,04.55	0.61	6,67.37	4,52.26	96.85	0.61	5,48.50	1,18.87
	(5,21.51)	(42.20)	(0.28)	(5,63.43)	(2,86.50)	(1,66.04)	(0.28)	(4,52.26)	(1,11.17)
Brand	-	56,29.80	-	56,29.80	-	1,17.29	-	1,17.29	55,12.51
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Technical Knowhow	-	6,14.59	-	6,14.59	-	0.59	-	0.59	6,14.00
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	1,246,37.04	626,82.00	1,67.70	1,871,51.34	479,05.95	33,91.58	1,25.44	511,72.09	1,359,79.25
	(1,224,01.87)	(26,52.73)	(4,17.56)	(1,246,37.04)	(450,56.63)	(31,27.13)	(2,77.81)	(479,05.95)	(767,31.09)
<b>LEASED</b>									
Plant and Machinery	10,04.10	-	-	10,04.10	8,42.41	31.65	-	8,74.06	1,30.04
	(10,04.10)	(-)	(-)	(10,04.10)	(8,10.76)	(31.65)	(-)	(8,42.41)	(1,61.69)
	10,04.10	-	-	10,04.10	8,42.41	31.65	-	8,74.06	1,30.04
	(10,04.10)	(-)	(-)	(10,04.10)	(8,10.76)	(31.65)	(-)	(8,42.41)	(1,61.69)
	1,256,41.14	626,82.00	1,67.70	1,881,55.44	487,48.36	34,23.23	1,25.44	520,46.15	1,361,09.29
	(1,234,05.97)	(26,52.73)	(4,17.56)	(1,256,41.14)	(458,67.39)	(31,58.78)	(2,77.81)	(487,48.36)	(768,92.78)
Capital Work-in-Progress - Includes Advances against Capital Account									123,39.63
									(233,83.80)
									1,484,48.92
									(1,002,76.58)

#### Notes :

- 1) Building includes ₹ 0.11 lacs (Previous Year ₹ 0.11 lacs) being value of shares held in co-operative housing societies.
- 2) Freehold Land includes Land acquired at Halol, Gujarat vide Memorandum of Understanding (MOU) for ₹ 1.75 lacs which is subject to registration formalities.
- 3) Leasehold Land includes Land 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.

# Schedules

forming part of the Balance Sheet as at March 31, 2011

## SCHEDULE 5

### FIXED ASSETS (Contd.)

- 4) Fixed assets cost includes assets revalued during last five years on the basis of valuation report submitted by approved valuers about their market value as summarised below :

₹ in lacs			
	Gross amount written up on revaluation (Net of deletions / adjustments)	Depreciation provided upto March 31, 2011 (Net of deletions / adjustments)	Amount written up (Net of depreciation / adjustments)
Land	280,62.13	25.33	280,36.80
Buildings	742.90	11.43	7,31.47
Plant & Machinery	90.59	3.23	87.36
	288,95.62	39.99	288,55.63

- 5) The Pre-operative expenses (POE) apportioned over the Fixed Assets of Halol Project capitalised on commencement of Commercial Production

₹ in lacs	
Particulars	Amount
Borrowing Cost	32,58.49
Material Consumption	21,25.05
Personnel Cost	14,48.26
Consultancy & Professional Fees	8,78.41
Power & Fuel Consumption	6,29.17
General Expenses	5,87.13
Bank Charges	3,13.11
Excise Duty	2,97.32
Travelling & Conveyance	2,91.35
Repairs & Maintenance	90.57
<b>TOTAL</b>	<b>99,18.86</b>
Less :	
Sales During Trial Run	21,31.94
Interest/Dividend earned	1,65.86
<b>NET POE CAPITALISED</b>	<b>76,21.06</b>



# Schedules

forming part of the Balance Sheet as at March 31, 2011

## SCHEDULE 6

### INVESTMENTS (AT COST)

₹ in lacs					
	Face Value	Holdings (Nos.)	As at March 31, 2011	Holdings (Nos.)	As at March 31, 2010
<b>A LONG TERM - FULLY PAID</b>					
EQUITY SHARES					
UNQUOTED (TRADE)					
Associated CEAT Holdings Co. Pvt. Limited. (Subsidiary) #	10 LKR	100,00,000	43,57.47	54,84,211	15,08.60
Rado Tyres Limited.	₹ 10	16,06,350	41.77	16,06,350	41.77
			43,99.24		15,50.37
# 45,15,789 (Previous year 36,84,211) Shares acquired during the year					
<b>B CURRENT</b>					
UNQUOTED (NON-TRADE)					
	Face Value (₹)	Units (Nos.)		Units (Nos.)	
<b>LIQUID</b>					
Reliance Liquid Fund - Treasury Plan - Institutional	10	-	-	32,71,038.86	5,00.05
IDFC Cash Fund - Super Institutional Plan	10	-	-	49,99,270.22	5,00.05
Templeton India Treasury Management Account					
Super Institutional Plan - DDR *	1,000	60,005.62	6,00.46	-	-
Kotak Floater Short Term - DDR*	10	98,93,977.07	10,00.89	-	-
ICICI Prudential Liquid Super IP - DDR*	10	10,00,616.65	10,00.84	-	-
Peerless Liquid Fund - Super Institutional - DDR*	10	1,00,06,685.57	10,00.82	-	-
Taurus Liquid Fund - Super Institutional Plan - DDR*	1,000	65,070.16	6,50.73	-	-
<b>LIQUID PLUS</b>					
Birla Sun Life Short Term Fund - Institutional	10	-	-	49,97,935.80	5,00.07
ICICI Prudential Flexible Income Plan Premium	100	-	-	2,83,728.19	3,00.00
UTI Treasury Advantage Fund - Institutional Plan	1,000	-	-	99,989.63	10,00.12
LICMF Savings Plus Fund	10	-	-	1,00,00,780.69	10,00.07
SBI-SHF- Ultra Short Term Fund - Institutional Plan	10	-	-	49,97,541.76	5,00.04
			42,53.74		43,00.40
<b>AGGREGATE COST OF UNQUOTED INVESTMENT (A + B)</b>			<b>86,52.98</b>		<b>58,50.77</b>

\* Daily Dividend Reinvestment

# Schedules

forming part of the Balance Sheet as at March 31, 2011

## SCHEDULE 6

### INVESTMENTS (Contd.)

#### Notes :

Following investments were acquired and sold during the year

Non trade Current unquoted	Face Value (₹)	Units
<b>LIQUID DAILY DIVIDEND REINVEST PLAN</b>		
Axis Liquid Fund - Institutional	1,000	71,291.04
Birla Sun Life Savings Fund - Institutional	10	70,22,489.81
Birla Sun Life Cash Plus - Institutional Premium	10	3,99,46,151.07
Baroda Pioneer Liquid Fund - Institutional	10	1,84,96,845.81
Baroda Pioneer Treasury Advantage Fund - Institutional	10	1,00,11,668.55
Canara Robeco Liquid Fund - Institutional	10	29,85,124.39
Canara Robeco Liquid Super Institutional Fund	10	4,72,60,804.79
DSP BlackRock Liquidity Fund - Institutional Plan	1,000	6,70,457.46
DWS Insta Cash Plus Fund - Super Institutional Plan	10	9,25,50,393.53
BNP Paribas Overnight Fund - Institutional	10	2,63,46,194.89
Templeton India Treasury Management Account - Super Institutional Plan	1,000	8,55,279.84
HDFC Cash Management Fund - Savings Plan	10	1,69,30,215.87
HDFC Liquid Fund Premium Plan	10	16,31,906.92
IDBI Liquid Fund	10	1,80,19,148.68
Kotak Liquid (Institutional Premium)	10	7,18,04,108.61
Kotak Floater Short Term	10	1,43,45,477.72
L & T Liquid Institutional Fund	10	1,03,81,908.09
ICICI Prudential Liquid Super Institutional Plan	100	29,01,508.92
IDFC Cash Fund - Super Institutional Plan	10	3,479.75
LIC Nomura MF Liquid Fund	10	3,91,68,015.51
Peerless Liquid Fund - Super Institutional	10	4,06,28,312.32
Reliance Liquid Fund - Treasury Plan - Institutional	10	2,15,93,669.82
Reliance Liquidity Fund	10	2,15,42,825.68
SBI - Magnum Insta Cash Fund	10	1,73,26,797.92
SBI - Premier Liquid Fund - Super Institutional	10	1,19,66,725.08
Sundaram Money Fund - Super Institutional	10	49,53,506.29
TATA Liquid Super High Investment Fund	1,000	1,16,787.88
Taurus Liquid Fund - Super Institutional Plan	1,000	4,86,309.99
UTI Money Market Mutual Fund	1,000	1,34,633.63
<b>LIQUID PLUS - DAILY DIVIDEND REINVEST PLAN</b>		
Birla Sunlife Ultra Short Term Fund - Institutional	10	11,443.65
DWS Ultra Short Term Fund - Institutional	10	49,99,829.53
Templeton India Ultra Short Bond Fund Institutional Plan	10	50,04,672.54
Kotak Flexi Debt Scheme Institutional	10	50,05,119.85
ICICI Prudential Ultra Short Term Premium Plus	10	1,50,04,683.18
ICICI Prudential Flexible Income Plan Premium	100	406.33
LIC Nomura MF Income Plus Fund	10	1,30,22,378.90
LIC Nomura MF Savings Plus Fund	10	70,12,843.96
Reliance Medium Term Fund	10	29,28,567.17
RELIANCE MONTHLY INTERVAL FUND SERIES I-Institutional	10	50,41,186.43
Reliance Money Manager Fund - Institutional	1,000	99,970.73
SBI-SHF- Ultra Short Term Fund - Institutional Plan	10	4,096.26
Sundaram Ultra Short Term Fund - Super Institutional	10	49,96,827.83
Taurus Ultra Short Term Bond - Super Institutional	1,000	50,170.75
UTI Treasury Advantage Fund - Institutional Plan	1,000	96.60

# Schedules

forming part of the Balance Sheet as at March 31, 2011

₹ in lacs		
	As at March 31, 2011	As at March 31, 2010
<b>SCHEDULE 7</b>		
<b>INVENTORIES</b>		
Stores and Spares (Net)	25,09.30	27,72.29
Stock - in - Trade :		
Raw Materials [(Including in transit ₹ 49,47.08 lacs) (Previous year ₹ 36,65.80 lacs)]	248,25.14	235,00.90
Semi-Finished Goods	26,89.97	10,57.92
Finished Goods [(including in transit ₹ 98.82 lacs) (Previous year ₹ 1,95,43 lacs)]	267,21.89	132,76.47
	567,46.30	406,07.58
<b>SCHEDULE 8</b>		
<b>SUNDRY DEBTORS</b>		
Debts outstanding for a period exceeding six months		
Considered Good	72.73	1,14.63
Considered Doubtful	1,47.87	1,56.86
Less : Provided for	(1,47.87)	(1,56.86)
	72.73	1,14.63
<b>Other Debts</b>		
Considered Good	467,95.24	375,16.98
	468,67.97	376,31.61
	<b>As at March 31, 2011</b>	<b>As at March 31, 2010</b>
<b>Sundry Debtors</b>		
Secured	191,08.47	182,87.22
Unsecured	277,59.50	193,44.39
<b>TOTAL</b>	<b>468,67.97</b>	<b>376,31.61</b>

# Schedules

forming part of the Balance Sheet as at March 31, 2011

₹ in lacs

	As at March 31, 2011	As at March 31, 2010
<b>SCHEDULE 9</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on Hand	18.00	19.70
Remittance in Transit	32,39.04	29,64.64
With Scheduled Banks :		
In Current Accounts	11,57.37	5,75.91
In Deposit Accounts	3,20.86	103,99.18
In Margin Deposit Accounts *	5.39	5.01
In Unclaimed Dividend Accounts	47.40	34.46
	<b>47,88.06</b>	<b>139,98.90</b>
* Lien with Bank		
<b>SCHEDULE 10</b>		
<b>LOANS AND ADVANCES</b>		
Advances receivable in Cash or Kind or for Value to be received	40,89.61	50,35.08
Balances with Customs, Port Trust, Excise, etc.	75,66.50	37,90.79
Advance payment of Tax (net of provision)	13,79.50	5,30.45
Interest Receivables	30.56	14,93.71
Other Receivables	89.42	89.42
Loans, Advances and Deposits (considered doubtful)	13.33	33.33
Less : Provided for	(13.33)	(33.33)
	<b>131,55.59</b>	<b>109,39.45</b>
<b>SCHEDULE 11</b>		
<b>CURRENT LIABILITIES</b>		
Acceptances	638,25.21	418,02.81
Sundry Creditors :		
Due to Micro, Small and Medium Enterprise	-	-
Due to Others	283,08.34	228,53.14
Interest Accrued but not due	5,93.22	4,06.95
Deposit from Others	62.52	55.52
Other Liabilities	138,97.50	102,43.04
Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956.		
Due as at end of the year	-	-
Not due as on March 31, 2011		
Unclaimed Dividends	47.40	34.46
Unclaimed interest and matured Deposits	0.08	0.32
	<b>1,067,34.27</b>	<b>753,96.24</b>
<b>SCHEDULE 12</b>		
<b>PROVISIONS</b>		
Proposed Dividend	6,84.87	13,69.74
Corporate Tax on Proposed Dividend	1,11.10	2,32.79
Retirement and other Employee Benefits	19,15.72	20,33.29
	<b>27,11.69</b>	<b>36,35.82</b>

## *Schedules*

*forming part of the Profit and Loss Account for the year ended March 31, 2011*

	2010-11	2009-10
<b>SCHEDULE 13</b>		
<b>OTHER OPERATING INCOME</b>		
Sale of Scrap	11,61.74	10,04.07
Profit on Sale of Assets	9.11	0.38
Profit on Sale of Investment	-	0.07
Interest (Tax deducted at Source ₹. 83.94 lacs (Previous year ₹ 2,71.56 lacs))	12,46.50	17,09.39
Royalty	2,71.62	1,81.75
Provisions for Doubtful Debts / Advances Written Back	55.32	-
Provisions no longer required written back	40.17	2,57.95
Dividend on Investments		
Subsidiary Company (Trade)	7,20.26	77.37
Others (Non Trade)	36.27	1,13.74
Government Grant	13,71.46	-
Miscellaneous	11,09.83	8,68.80
	<b>60,22.28</b>	<b>42,13.52</b>
<b>SCHEDULE 14</b>		
<b>MATERIALS</b>		
Raw Materials		
Stock - April 1, 2010	198,35.10	70,85.03
Add : Purchases	2,650,12.74	1,844,99.96
	<b>2,848,47.84</b>	<b>1,915,84.99</b>
Less : Stock - March 31, 2011	198,78.06	198,35.10
	<b>2,649,69.78</b>	<b>1,717,49.89</b>
<b>SCHEDULE 15</b>		
<b>COST OF TRADED GOODS SOLD</b>		
Stock - April 1, 2010	16,03.58	9,17.17
Add : Purchases	84,58.97	170,00.05
	<b>100,62.55</b>	<b>179,17.22</b>
Less : Stock - March 31, 2011	6,76.87	16,03.58
	<b>93,85.68</b>	<b>163,13.64</b>
<b>SCHEDULE 16</b>		
<b>PERSONNEL</b>		
Salaries, Wages and Bonus	168,35.55	158,11.98
Provident Fund, Gratuity Fund and Superannuation Scheme etc.	16,78.13	17,04.57
Welfare Expenses	18,94.41	17,50.13
	<b>204,08.09</b>	<b>192,66.68</b>

# Schedules

forming part of the Profit and Loss Account for the year ended March 31, 2011

₹ in lacs

	2010-11	2009-10
<b>SCHEDULE 17</b>		
<b>OTHER EXPENSES</b>		
Conversion Charges	105,03.32	74,80.88
Stores and Spares Consumed	26,28.42	20,19.79
Power and Fuel	122,60.51	108,90.74
Freight and Delivery Charges	76,00.27	63,75.59
Rent	4,67.72	5,28.30
Lease Rent	2,21.30	2,56.91
Rates and Taxes	1,32.46	1,17.11
Insurance	2,26.33	2,18.31
Repairs :		
Machinery	26,07.87	20,81.11
Buildings	3,49.28	1,50.72
Others	83.32	90.33
	30,40.47	
Travelling and Conveyance	11,81.70	11,77.92
Printing and Stationery	1,30.51	1,07.97
Directors' Fees	8.75	10.35
Auditors' Remuneration :		
Audit Fees	22.00	22.00
Taxation Matters	2.52	5.55
Other Services (Certification, Tax Audit, etc.)	22.16	18.43
Reimbursement of Expenses	2.37	4.39
	49.05	
Advertisement and Sales Promotion	44,86.01	21,93.27
Rebates and Discounts	40,24.23	31,55.63
Commission	41,95.83	36,55.34
Communication Expenses	5,51.79	5,58.28
Bad Debts Written off	72.02	2,10.17
Less : Provision for doubtful debts written back to the extent provided	(30.74)	(2,01.29)
	41.28	
Provision for Doubtful Debts / Advances	57.08	88.83
Loss on Asstes Sold / Discarded	15.35	51.17
Factory Expenses	4,67.30	2,13.57
Legal Charges	1,23.80	1,15.22
Finance Charges	21,79.20	15,43.69
Foreign Exchange Fluctuations (Net)	81.84	6,35.28
Professional and Consultancy Charges	9,65.05	7,16.18
Commission to Directors	35.00	2,00.00
General Expenses	20,12.93	18,48.04
	576,87.50	465,39.78

# Schedules

forming part of the Profit and Loss Account for the year ended March 31, 2011

	₹ in lacs	
	2010-11	2009-10
<b>SCHEDULE 18</b>		
<b>INTEREST</b>		
On Term Loans	26,16.44	21,42.06
Others	52,33.08	35,41.08
	<b>78,49.52</b>	<b>56,83.14</b>
<b>SCHEDULE 19</b>		
<b>DECREASE / (INCREASE) IN STOCK</b>		
Stock - April 1, 2010		
Semi-Finished	10,57.92	1,94.25
Finished	114,77.46	108,77.89
	<b>125,35.38</b>	<b>110,72.14</b>
Stock - March 31, 2011		
Semi-Finished	26,89.98	10,57.92
Finished	259,46.20	114,77.46
	<b>286,36.18</b>	<b>125,35.38</b>
	<b>(161,00.80)</b>	<b>(14,63.24)</b>
Differential Excise Duty on Opening and		
Closing Stock of Finished Goods	11,91.77	2,83.29
	<b>(149,09.03)</b>	<b>(11,79.95)</b>



# Schedules

*forming part of the Accounts for the year ended March 31, 2011*

## SCHEDULE 20

### NOTES FORMING PART OF THE ACCOUNTS

#### 1) SIGNIFICANT ACCOUNTING POLICIES

##### A) BASIS OF ACCOUNTING

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

##### B) FIXED ASSETS

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

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

##### C) BORROWING COST

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

##### D) DEPRECIATION

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

Leasehold land is amortised over the period of the lease.

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

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

##### E) INVESTMENTS

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

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

##### F) INVENTORIES

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

##### G) REVENUE RECOGNITION

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

Interest is accounted on an accrual basis.

Dividend is accounted when right to receive payment is established.

# Schedules

forming part of the Accounts for the year ended March 31, 2011

## SCHEDULE 20 (Contd.)

### H) EXPORT INCENTIVE

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

### I) GOVERNMENT GRANTS

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

### J) FOREIGN CURRENCY TRANSACTIONS

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

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

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

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

### K) LEASE RENTALS

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

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

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

### L) RESEARCH AND DEVELOPMENT

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

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

### M) EMPLOYEE BENEFITS

#### a) Defined Contribution plan

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

#### b) Defined Benefit plan

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

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

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

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

# Schedules

forming part of the Accounts for the year ended March 31, 2011

## SCHEDULE 20 (Contd.)

### N) TAXES ON INCOME

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

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

₹ in lacs		
	2010-11	2009-10
<b>2) Contracts remaining to be executed:</b>		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for - net of advance payments	91,65.87	268,13.38
Investment commitment	-	10,96.52
<b>3) Contingent Liabilities:</b>		
a) Direct and Indirect Taxation Matters on which there are decisions of the appellate authorities in the Company's favour, but appeals made by tax authorities		
Income Tax	2,41.36	2,04.60
Wealth Tax	6.73	6.73
Excise Duty / Service Tax	40,72.31	40,75.05
Sales Tax	47.59	1.56
b) Direct and Indirect Taxation matters in respect of which the Company is in appeal		
Income Tax	14,41.26	10,33.41
Excise Duty / Service Tax	2,62.07	1,64.96
Sales Tax	43,70.18	60,14.86
c) Disputed demands of Octroi Duty	1,70.77	1,56.86
d) Bills discounted with Banks and Finance Companies	27,52.04	20,35.86
e) Corporate Guarantees given on behalf of others - Covered by indemnity undertakings from RPG Enterprises Ltd.	25,50.00	25,50.00
f) The Company has given Indemnity in respect of Lease transactions entered into with ICICI Bank Ltd., liability for which is indeterminable	-	-
g) Export obligation under Export Promotion Council Guarantee Scheme	396,07.89	-
<b>4) Claims against the Company not acknowledged as Debts (Estimated):</b>		
i) in respect of labour matters	6,48.00	6,27.24
ii) other claims	12,35.10	11,06.18

*forming part of the Accounts for the year ended March 31, 2011*

₹ in lacs		
	2010-11	2009-10
5) Managerial Remuneration		
Salaries	3,22.58	1,95.29
Allowances and Perquisites	21.19	22.26
Contribution to Provident and Superannuation Funds	40.57	29.77
	3,84.34	2,47.32

- 1) Managerial Remuneration is subject to approval of the Central Government.
- 2) The Managerial remuneration is computed as per the provisions of Section 198 of the Companies Act, 1956 read along with the provisions of Schedule XIII there to.
- 6) Computation of Net Profits in accordance with Section 349 of the Companies Act, 1956.

₹ in lacs		
Particulars	2010-11	2009-10
Net Profit as per Profit & Loss Account	22,28.33	161,04.15
Add / (Less) :		
Provision for tax	10,95.86	77,95.50
Remuneration to Executive Directors	3,84.34	2,47.32
Commission to Non Executive Directors	35.00	2,00.00
Sitting Fee to Directors	8.75	10.35
Provision for Doubtful Debts / Advances (Net)	26.34	(1,12.46)
Loss on Assets sold / discarded	15.35	51.17
Profit on sale of Assets	(9.11)	(0.38)
Profit on sale of Investments	-	(0.07)
Excess of Expenditure over Income of the preceding year	-	(33,53.34)
Net Profit for Section 349 of the Companies Act, 1956	37,84.86	209,42.24
1% Commission to Non Executive Directors restricted to	35.00	2,00.00

# Schedules

forming part of the Accounts for the year ended March 31, 2011

## SCHEDULE 20 (Contd.)

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

₹ in lacs							
Class of goods	Licensed Capacity	Installed Capacity	Opening Stock	Production	Purchase	Closing Stock	Gross Sales
		(1)		(2)			
Automotive Tyres							
Nos. in Lakhs	65.59	65.59	3.36	94.00	2.49	6.98	92.87
	(49.47)	(47.26)	(4.82)	(84.50)	(2.73)	(3.36)	(88.70)
Value	-	-	98,61.38	-	84,51.17	219,90.54	3,345,20.85
	(-)	(-)	(82,57.97)	(-)	(86,93.57)	(98,61.38)	(2,646,54.58)
Automotive Tube							
Nos. in Lakhs	49.47	-	10.09	110.46	0.01	17.26	103.29
	(49.47)	(-)	(10.66)	(70.56)	(23.72)	(10.09)	(94.84)
Value	-	-	25,55.45	-	6.71	39,74.10	350,88.21
	(-)	(-)	(30,58.82)	(-)	(77,78.31)	(25,55.45)	(294,70.64)
Automotive Flaps							
Nos. in Lakhs	-	-	3.91	26.92	-	3.11	27.71
	(-)	(-)	(2.89)	(25.20)	(2.40)	(3.91)	(26.58)
Value	-	-	6,63.41	-	-	6,58.07	55,51.40
	(-)	(-)	(4,77.47)	(-)	(5,28.17)	(6,63.41)	(48,71.82)
Others - Value	-	-	0.80	-	1.09	0.36	1.15
	(-)	(-)	(0.80)	(-)	(-)	(0.80)	(0.16)
Total Value	-	-	130,81.04	-	84,58.97	266,23.07	3,751,61.61
	-	-	(117,95.06)	(-)	(170,00.05)	(130,81.04)	(2,989,97.20)

1) Installed Capacity is as certified by the Management.

2) Production quantity includes the following procured under conversion basis.

Nos. in lacs		
	Current year	Previous year
Automotive Tyres	55.23	46.29
Automotive Tubes	1,10.46	70.56
Automotive Flaps	26.92	25.20
TOTAL	1,92.61	1,42.05

# Schedules

forming part of the Accounts for the year ended March 31, 2011

## SCHEDULE 20 (Contd.)

### 8) Raw Materials Consumed:

₹ in lacs				
	2010-11		2009-10	
	Quantity (M.T)	Value	Quantity (M.T)	Value
Rubber	96,853	1,706,93.69	88,538	966,98.86
Fabrics	17,298	414,09.42	16,064	331,65.74
Carbon Black	46,049	256,58.04	41,161	200,86.37
Chemicals	23,951	184,71.27	21,056	144,92.07
Others		87,37.36		73,06.85
<b>TOTAL</b>		<b>2,649,69.78</b>		<b>1,717,49.89</b>

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

₹ in lacs		
Particulars	2010-11	2009-10
Raw Materials	934,20.70	594,92.11
Traded Goods	48,79.42	58,43.47
Components and Spares	1,82.50	1,97.34
Capital Goods	228,91.03	6,02.64

### 10) Expenditure in Foreign Currency:

₹ in lacs		
Particulars	2010-11	2009-10
Interest	5,34.64	4,24.39
Travelling	90.51	1,17.04
Others	4,59.12	2,78.38

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

₹ in lacs				
	2010-11		2009-10	
	%	Value	%	Value
<b>Raw Materials</b>				
Imported	38.77	1,027,22.09	32.20	556,58.02
Indigenous	61.23	1,622,47.69	67.80	1,160,91.87
	100.00	2,649,69.78	100.00	1,717,49.89
<b>Stores and Spares</b>				
Imported	13.93	3,66.03	13.31	2,68.92
Indigenous	86.07	22,62.39	86.69	17,50.87
	100.00	26,28.42	100.00	20,19.79

# Schedules

forming part of the Accounts for the year ended March 31, 2011

## SCHEDULE 20 (Contd.)

### 12) Dividend Remittance in Foreign Currency :

₹ in lacs		
Particulars	2010-11	2009-10
Amount remitted (Net)	71.30	-
Number of Non-resident Shareholders	2	-
Number of Shares on which remittance was made	17,82,385	-
Year for which the Dividend was paid	2009-10	-

### 13) Earnings in Foreign Currency:

₹ in lacs		
Particulars	2010-11	2009-10
Export Sales calculated on FOB basis	621,94.95	480,24.50
Royalty	2,71.62	1,81.75
Dividend	7,20.26	77.37

### 14) Research & Development Expenses

₹ in lacs		
Particulars	2010-11	2009-10
Capital	1,55.02	40.77
Revenue	4,17.49	2,81.85

### 15) Operating Lease

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

Lease rental on the said lease of ₹ 2,21.30 lacs (Previous year ₹ 2,56.91 lacs ) has been charged to Profit and Loss Account.

₹ in lacs		
Future Minimum Lease Payment	As on March 31, 2011	As on March 31, 2010
For a period not later than one year	1,56.33	81.91
For a period later than one year but not later than five years	1,40.22	2,28.86

# Schedules

forming part of the Accounts for the year ended March 31, 2011

## SCHEDULE 20 (Contd.)

- 16) Consequent to commencement of commercial production for Radial Tyres on March 25, 2011 at Halol Plant near Vadodara, Pre-Operative expenditure of ₹ 76,21.06 lacs has been capitalised on various Fixed Assets which are put to use.

- 17) Pre-Operative Expenses pending capitalisation

₹ in lacs		
Particulars	2010-11	2009-10
General Expenses	1,61.00	2,68.89
Depreciation	3.22	15.53
Travelling and Conveyance	49.37	1,62.25
Technical Know-how	-	1,31.24
Consultancy and Professional Fees	1,48.85	2,93.95
Borrowing Cost	10,39.73	19,04.78
Personnel Cost	2,45.42	4,67.40
Power & Fuel	1,06.62	-
	17,54.21	32,44.04
Less : Interest / Dividend earned	28.11	1,06.46
<b>TOTAL</b>	<b>17,26.10</b>	<b>31,37.58</b>

- 18) Exchange Differences recognised in Profit and Loss Account

Net foreign exchange gain recognised in Profit and Loss Account is ₹ 6,18.80 lacs (Previous year loss ₹ 1,75.36 lacs) out of which ₹ 81.84 lacs loss (Previous year loss ₹ 6,35.28 lacs) has been shown separately whereas net gain of ₹ 7,00.64 lacs (Previous year gain ₹ 4,59.92 lacs) are included under appropriate heads of items in Profit and Loss accounts.

- 19) Retirement Benefits

The required disclosure under the Revised Accounting Standard 15 is given below

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

### Gratuity

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

### Leave Encashment

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



# Schedules

forming part of the Accounts for the year ended March 31, 2011

## SCHEDULE 20 (Contd.)

### i) Change in Defined Benefit obligation during the year ended March 31, 2011

		₹ in lacs			
		2010-11		2009-10	
Sr.No.	Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
1.	Present value of Defined Benefit obligation as at April 1, 2010	47,68.74	7,64.12	42,33.88	7,29.66
2.	Current Service Cost	1,89.18	3,74.75	1,96.30	3,41.87
3.	Interest Cost / Actuarial (gain) / Loss on obligation	3,81.50	54.91	8,48.99	(59.71)
4.	Benefits paid	(9,37.28)	(2,71.96)	(5,10.42)	(2,47.70)
5.	Present value of obligation as at March 31, 2011.	47,82.50	7,66.39	47,68.75	7,64.12

### ii) Changes in Fair value of Plan Assets during the year ended March 31, 2011

		₹ in lacs			
		2010-11		2009-10	
Sr.No.	Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
1.	Fair value of plan assets as at April 1, 2010	40,95.29	-	36,62.03	-
2.	Expected return on plan assets	3,94.23	-	3,57.04	-
3.	Contributions made	6,83.85	1,55.43	5,86.65	2,47.70
4.	Benefits paid	(9,37.28)	(1,55.43)	(5,10.42)	(2,47.70)
5.	Actuarial gain / (Loss) on plan assets	-	-	-	-
6.	Fair value of plan assets as at March 31, 2011	42,36.09	-	40,95.30	-

### iii) Expenses recognised in the statement of Profit & Loss Account for the year March 31, 2011

		₹ in lacs			
		2010-11		2009-10	
Sr.No.	Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
1.	Current Service Cost	1,89.18	3,74.75	1,96.30	3,41.87
2.	Interest Cost / Actuarial (gains) and losses (Net)	3,81.50	54.91	8,48.99	(59.71)
3.	Expected return on plan assets	(3,94.23)	-	(3,57.04)	-
4.	Total included in employee benefit expense	5,56.81	1,57.70	6,88.25	2,82.16

Amount recognised as an expense / (income) and included in Schedule 16 "Salaries, Wages and Bonus" includes ₹ 1,99.36 lacs (Previous year ₹ 5,23.36 lacs) towards Leave Encashment, "Provident Fund, Gratuity Fund and Superannuation Scheme, etc" includes ₹ 5,70.07 lacs (Previous year ₹ 6,93.15 lacs) towards Gratuity.

# Schedules

forming part of the Accounts for the year ended March 31, 2011

## SCHEDULE 20 (Contd.)

### iv) Net Assets / (Liability) recognised in the Balance Sheet as at March 31, 2011.

₹ in lacs					
		2010-11		2009-10	
Sr.No.	Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
1.	Present value of the defined benefit obligation as at March 31, 2011	47,82.50	7,66.39	47,68.75	7,64.12
2.	Fair value of plan Assets as at March 31, 2011	42,36.09	-	40,95.30	-
3.	Net Assets / (Liability) recognised in the Balance Sheet	(5,46.41)	(7,66.39)	(6,73.45)	(7,64.12)

### v) Actual return on plan assets for the year ended March 31, 2011

₹ in lacs					
		2010-11		2009-10	
Sr.No.	Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
1.	Expected return on plan assets	3,94.23	-	3,57.04	-
2.	Actuarial gain / (loss) on plan assets	-	-	-	-
3.	Actual return on plan assets	3,94.23	-	3,57.04	-

### vi) Percentage of each category of Plan Assets to Total Fair Value of plan Assets

₹ in lacs					
		2010-11		2009-10	
Sr.No.	Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
1.	Insurer Managed Fund	100%	-	100%	-

# Schedules

forming part of the Accounts for the year ended March 31, 2011

## SCHEDULE 20 (Contd.)

### vii) Principal Actuarial assumption at the Balance Sheet date

		2010-11		2009-10	
Sr.No.	Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
1.	Discount Rates	8.00%	8.00%	8.00%	8.00%
2.	Annual increase in salary	4.00%	4.00%	4.00%	4.00%
	LIC	LIC	LIC	LIC	LIC
	(1994-96)	(1994-96)	(1994-96)	(1994-96)	(1994-96)
3.	Mortality Rate	Ultimate	Ultimate	Ultimate	Ultimate

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

### viii) Details of Previous Years

₹ in lacs					
Particulars	2010-11	2009-10	2008-09	2007-08	2006-07
<b>GRATUITY FUNDED</b>					
Present value of Defined Benefit obligation as at the year end.	47,82.50	47,68.75	42,33.88	36,60.48	34,94.48
Fund value as at the year end	42,36.09	40,95.30	36,62.03	36,91.58	33,01.05
Surplus / (Deficit)	(5,46.41)	(6,73.45)	(5,71.85)	31.10	(1,93.44)
Net Assets / (Liability) recognised in the Balance Sheet	5,46.41	(6,73.45)	(5,71.85)	-	(1,95.00)
<b>LEAVE ENCASHMENT (UNFUNDED)</b>					
Present value of Defined Benefit obligation as at the year end.	7,66.39	7,64.12	7,29.66	6,48.95	7,52.53
Fund value as at the year end	-	-	-	-	-
Surplus / (Deficit)	(7,66.39)	(7,64.12)	(7,29.66)	(6,48.95)	(7,52.53)
Net Assets / (Liability) recognised in the Balance Sheet	(7,66.39)	(7,64.12)	(7,29.66)	(6,48.95)	(7,52.53)

- ix) The contribution expected to be paid to the Gratuity fund during the annual period beginning after the Balance Sheet date is ₹ 8,21.18 lacs (Previous year ₹ 8,84.76 lacs).
- x) Long term liability includes ₹ 61.32 lacs (Previous year ₹ 70.56 lacs) on account of Compensated Sick Leave absences.

# Schedules

forming part of the Accounts for the year ended March 31, 2011

## SCHEDULE 20 (Contd.)

### 20) Micro and Small Scale Business Entities:

There are no Micro and Small Enterprise, to whom the Company owes dues, which are outstanding for more than 30 days as at March 31, 2011. This information as required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

### 21) Major components of Deferred Tax Assets and Deferred Tax Liabilities:

₹ in lacs		
Particulars	2010-11	2009-10
<b>Assets</b>		
Carried forward tax losses	10,86.18	-
Disallowance under section 43B of the Income Tax Act	7,85.57	6,88.20
Voluntary Retirement Scheme	2,29.88	35.07
Minimum Alternative Tax	7,14.01	-
	28,15.64	7,23.27
<b>Liability</b>		
Difference between book and tax depreciation	52,26.18	27,40.10
	52,26.18	27,40.10
Deferred Tax Liability (Net)	(24,10.54)	(20,16.83)

### 22) Disclosure of related parties/related party transactions:

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

##### i) Enterprises directly/indirectly controlled

- ☞ Associated CEAT Holdings Company (Pvt.) Limited
- ☞ CEAT-Kelani Associated Holdings Company (Pvt.) Limited (\*),
- ☞ Associated CEAT (Pvt.) Limited,
- ☞ CEAT-Kelani International Tyres (Pvt.) Limited,
- ☞ Associated CEAT Kelani Radials Limited
- ☞ Rado Tyres Limited

##### ii) Key Management Personnel

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

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

# Schedules

forming part of the Accounts for the year ended March 31, 2011

## SCHEDULE 20 (Contd.)

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

₹ in lacs		
Enterprises Directly/Indirectly Controlled	2010-11	2009-10
<b>TRANSACTIONS</b>		
1. Reimbursement of Expenses	61.19	43.16
2. Dividend received	7,20.26	77.37
3. Royalty Received/Receivable	2,71.62	1,81.75
4. Imports of traded goods	43,04.65	38,41.82
5. Conversion charges paid/payable	8,81.67	6,83.95
6. Advance net of recovery	35.00	1,39.04
<b>AMOUNT DUE TO / FROM RELATED PARTIES</b>		
1. Debtors for Expenses	20.98	10.07
2. Loans, Advances and Deposits given	1,92.36	1,86.68
3. Royalty receivable	1,47.91	1,03.37
4. Creditors	7,97.90	11,53.24

Transactions with Mr. Paras K. Chowdhary, Managing Director and Mr. Anant Vardhan Goenka, Deputy Managing Director, being the remuneration paid to them have been given in Note No. 5 of Schedule 20.

### 23) Disclosures as required under clause 32 of listing agreement.

- Loans and Advances in the nature of Loans to Associates ₹ Nil (Previous year ₹ Nil)
- Loans and Advances in the nature of Loans where there is no repayment schedule, or no interest or interest below Section 372A of Companies Act, 1956: ₹ Nil (Previous year ₹ Nil)
- Loans and Advances in the nature of Loans to firms / Companies in which Directors are interested: ₹ Nil (Previous year ₹ Nil)
- Investment by the Loan in shares of the Company as at March 31, 2011 is ₹ Nil (Previous year ₹ Nil)

### 24) Segment Reporting:

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

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

₹ in lacs		
Particulars	2010-11	2009-10
a) Weighted Average Number of shares at the beginning and end of the year	3,42,43,534	3,42,43,534
b) Net Profit after Tax available for Equity Shareholders	22,28.33	161,04.15
c) Face value Per Share (₹)	10	10
d) Basic and Diluted Earnings Per Share (₹)	6.51	47.03

# Schedules

forming part of the Accounts for the year ended March 31, 2011

## SCHEDULE 20 (Contd.)

### 26) Auditor's Remuneration:

Other Services shown in Schedule 17 includes an Amount of ₹ 1.00 lacs (Previous year ₹ 0.80 lacs) Audit Fees paid to Cost Auditor.

27) The Company has allotted 17,12,170 Convertible Warrants of face value ₹ 10 each at a price of ₹ 1,41.44 per warrant, on September 30, 2010 to the promoters of the Company on a preferential basis (25% of the price i.e. ₹ 35.36 received by the Company). The warrants are convertible into an equal number of equity shares at the option of the allottee within a period of 18 months from the date of allotment (i.e. before March 31, 2012).

28) Provision for Taxation includes provision for Wealth Tax ₹ 6.64 lacs (Previous year ₹ 9.05 lacs).

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

# Balance Sheet Abstract

and Company's General Business Profile (in term of amendment to schedule VI part IV) is given below.

## I. REGISTRATION DETAILS

Registration No. 11041

State Code 11

Balance Sheet Date 31 03 2011  
Date Month Year

## II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN ₹ lacs)

Public Issue  
NIL

Rights Issue  
NIL

Bonus Issue  
NIL

Convertible Warrants  
60542

## III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN ₹ lacs)

Total Liabilities  
16921386

Total Assets  
16921386

### Sources of Funds

Paid-Up Capital  
342435

Reserves and surplus  
6088475

Secured Loans  
6241346

Unsecured Loans  
3947534

Deferred Tax Liability (net)  
241054

Convertible Warrants  
60542

### Application of Funds

Net Fixed Assets  
14844892

Investments  
865298

Net Current Assets  
1211196

Miscellaneous Expenditure  
NIL

Accumulated Losses  
NIL

## IV. PERFORMANCE OF COMPANY (AMOUNT IN ₹ lacs)

Turnover  
35291453

Total Expenditure  
34959034

(Includes other income)

Profit before tax  
332419

Profit after tax  
222833

Earning per share in ₹:

651

Dividend rate (%)  
20

## V. GENERIC NAMES OF THREE PRINCIPLE PRODUCTS / SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Items Code No. (ITC Code) 4011

4012

4013

Product Description

Automotive Tyres

Flaps

Tubes

Signatories to Schedules "I" to "20"

As per our report attached

On behalf of the Board of Directors

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

Sunil S. Sapre  
Chief Financial Officer

H.V. Coenka  
Vice Chairman

Paras K. Chowdhary  
Managing Director

CA Y.N. Thakkar  
Partner

H.N. Singh Rajpoot  
Company Secretary

Hari L. Mundra  
Chairman - Audit Committee

Place : Mumbai  
Dated : May 2, 2011

Place : Mumbai  
Dated : May 2, 2011

**Statement Pursuant to Section 212(3)**  
of the Companies Act, 1956 relating to subsidiary company

NAME OF THE SUSIDIARY		₹ in lacs
		<b>ASSOCIATED CEAT HOLDINGS COMPANY (PVT.) LIMITED</b>
1	Number of shares held in the subsidiary company	1,00,00,000 Ordinary shares of LKR 10/- each fully paid
2	Percentage of holding in the subsidiary company	100.00%
3	Financial year ended	March 31, 2011
4	Profits/(losses) of the subsidiary company for its financial year so far as it concerns the members of CEAT Ltd. which have not been dealt with in the accounts of CEAT Ltd. for the year ended March 31, 2011	
	For the year	43.36
	For the previous financial year	-
	Total accumulated upto the year	43.36
5	The net aggregate of profits/(losses) of the Subsidiary Co. which have been dealt within the accounts of CEAT Ltd. for the year ended March 31, 2011	
	For the year	3,95.25
	For the previous financial year	2,52.98
	Total accumulated upto the year	6,48.23

**Note :**

The profit for the period has been converted at the average rate during the period i.e. 1 LKR = ₹ 0.4063

Sunil S. Sapre  
Chief Financial Officer

H.N. Singh Rajpoot  
Company Secretary

On behalf of the Board of Directors

H.V. Goenka  
Vice Chairman

Hari L. Mundra  
Chairman - Audit Committee

Paras K. Chowdhary  
Managing Director

Place : Mumbai  
Dated : May 2, 2011

Place : Mumbai  
Dated : May 2, 2011

**Statement pursuant to exemption received under Section 212 (8)**  
of the Companies Act, 1956 relating to subsidiary company

**DETAILS OF SUBSIDIARY**

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

Country - Sri Lanka

Reporting Currency - LKR

Exchange Rate - 1 LKR = Rs. 0.4051 (as on March 31, 2011)

₹ in lacs		
	Amt in LKR	Amt in INR
Capital	10,00.00	4,05.10
Reserves	31.89	12.92
Total Assets	10,31.89	4,18.02
Total Liabilities	10,31.89	4,18.02
Investment Other than Investment in Subsidiary	-	-
Turnover	10,84.05	4,40.45
Profit Before Taxation	10,79.27	4,38.61
Provision for Taxation	-	-
Profit After Taxation	10,79.27	4,38.61
Dividend	16,70.00	6,48.23



# Auditors' Report

**To the Board of Directors of CEAT Limited on the Consolidated Financial statements of CEAT Limited and its subsidiary.**

We have audited the attached Consolidated Balance Sheet of **CEAT Limited and its Subsidiary** (herein after referred as CEAT Group) as at March 31, 2011 and also the Consolidated Profit and Loss Account for the period from April 1, 2010 to March 31, 2011 annexed thereto and the Consolidated Cash Flow Statement for the period ended on that date. These financial statements are the responsibility of CEAT Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We did not audit the financial statements of CEAT Limited's subsidiary whose financial statements reflect total assets of ₹60,83.17 lacs as at March 31, 2011, total revenues of ₹ 154,42.95 lacs and cash flows amounting to ₹ 42.64 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us and our opinion is based solely on the report of other auditors.

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

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

- (a) In the case of the Consolidated Balance Sheet, of the state of affairs of CEAT Group as at March 31, 2011;
- (b) In the case of the Consolidated Profit and Loss Account, of the Profit for the year ended on that date; and
- (c) In the case of the Consolidated Cash Flow Statement, of the Cash flow for the year ended on that date.

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

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

Place: Mumbai

Date : May 2, 2011.

# Consolidated Balance Sheet

as at March 31, 2011

		₹ in lacs	
SCHEDULE		As at March 31, 2011	As at March 31, 2010
<b>SOURCES OF FUND</b>			
<b>SHAREHOLDERS' FUND</b>			
Share Capital	1	34,24.35	34,24.35
Convertible Warrants (Refer note no. 13 of Schedule 20)		6,05.42	-
Reserves and Surplus	2	613,20.04	594,96.42
		653,49.81	629,20.77
<b>PREFERENCE SHARES ISSUED BY SUBSIDIARIES</b>			
		23.03	88.78
<b>MINORITY INTEREST</b>			
		-	10,40.99
<b>LOAN FUNDS</b>			
Secured Loans	3	644,04.69	345,04.86
Unsecured Loans	4	406,46.80	347,97.01
		1,050,51.49	693,01.87
<b>DEFERRED TAX LIABILITY (NET)</b>			
		25,55.37	20,40.42
		1,729,79.70	1,353,92.83
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	1,923,49.93	1,292,84.71
Less : Depreciation and Impairment		530,29.49	495,25.69
Net Block		1,393,20.44	797,59.02
Capital Work-in-progress		127,23.41	234,00.83
		1,520,43.85	1,031,59.85
<b>GOODWILL ON CONSOLIDATION</b>			
		20,48.03	3,27.73
<b>INVESTMENTS</b>			
	6	42,95.52	43,42.17
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	7	586,93.96	417,19.90
Sundry Debtors	8	489,77.72	390,32.96
Cash and Bank Balances	9	48,90.36	160,37.08
Loans and Advances	10	130,69.93	114,78.22
		1,256,31.97	1,082,68.16
<b>Less :</b>			
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	11	1,081,87.09	769,73.25
Provisions	12	28,52.58	37,31.83
		1,110,39.67	807,05.08
<b>NET CURRENT ASSETS</b>			
		145,92.30	275,63.08
Notes forming part of the Accounts		1,729,79.70	1,353,92.83
	20		

As per our report attached

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

CA Y.N. Thakkar  
Partner

Place : Mumbai  
Dated : May 2, 2011

Sunil S. Sapre  
Chief Financial Officer

H.N. Singh Rajpoot  
Company Secretary

On behalf of the Board of Directors

H.V. Goenka  
Vice Chairman

Hari L. Mundra  
Chairman - Audit Committee

Paras K. Chowdhary  
Managing Director

Place : Mumbai  
Dated : May 2, 2011

# Consolidated Profit and Loss Account

for the year ended March 31, 2011

₹ in lacs

SCHEDULE	2010-11	2009-10
<b>INCOME</b>		
Sales	3,885,08.49	3,032,92.28
Less : Excise duty on Sales	282,69.36	182,49.60
Net Sales	3,602,39.13	2,850,42.68
Other Income	52.13.12	41,05.88
	<b>3,654,52.25</b>	<b>2,891,48.56</b>
<b>EXPENDITURE</b>		
Materials	2,750,50.98	1,733,32.00
Cost of Traded Goods Sold	77,19.03	154,46.63
Personnel	213,63.93	196,33.08
Other Expenses	600,24.72	473,80.69
Interest	79,95.83	57,27.59
Depreciation	36,00.65	32,19.83
Less : Transferred from Revaluation Reserve	-	4,68.32
Less : Transferred to Pre-Operative Expenses	6.66	2.18
	35,93.99	27,49.33
	3,757,48.48	2,642,69.32
Add / (Less) : Decrease / (Increase) in stock	(152,64.91)	3,98.84
	<b>3,604,83.57</b>	<b>2,646,68.16</b>
<b>PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEM</b>	<b>49,68.68</b>	<b>244,80.40</b>
Less : Exceptional Item (Voluntary Retirement Compensation)	7,82.23	-
<b>PROFIT BEFORE TAXATION</b>	<b>41,86.45</b>	<b>244,80.40</b>
Less : Provision for Taxation		
Current Tax	9,82.56	74,89.34
Short / (Excess) Provision of earlier years	(11.86)	30.28
Deferred Tax	4,71.40	4,43.12
	14,42.10	79,62.74
<b>PROFIT AFTER TAX</b>	<b>27,44.35</b>	<b>165,17.66</b>
Less : Dividend on Subsidiaries Preference Shares	10.17	1,37.52
	27,34.18	163,80.14
Less : Minority Interest	87.57	1,32.41
<b>PROFIT AFTER MINORITY INTEREST</b>	<b>26,46.61</b>	<b>162,47.73</b>
Add : Balance brought forward	238,74.60	108,44.40
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>	<b>265,21.21</b>	<b>270,92.13</b>
<b>APPROPRIATIONS</b>		
Proposed Dividend	6,84.87	13,69.74
Tax on Proposed Dividend	1,05.81	2,32.79
Transferred to General Reserve	1,70.00	16,15.00
	9,60.68	32,17.53
Balance carried to Balance Sheet	255,60.53	238,74.60
	<b>265,21.21</b>	<b>270,92.13</b>
Earnings Per Share - Basic & Diluted (₹)		
(Refer Note No.12 of Schedule 20)	7.73	47.45
Notes forming part of the Accounts	20	

As per our report attached

On behalf of the Board of Directors

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

Sunil S. Sapre  
Chief Financial Officer

H.V. Goenka  
Vice Chairman

Paras K. Chowdhary  
Managing Director

CA Y.N. Thakkar  
Partner

H.N. Singh Rajpoot  
Company Secretary

Hari L. Mundra  
Chairman - Audit Committee

Place : Mumbai  
Dated : May 2, 2011

Place : Mumbai  
Dated : May 2, 2011

# Consolidated Cash Flow Statement

for the year ended March 31, 2011

	₹ in lacs	
	March 31, 2011	March 31, 2010
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>		
NET PROFIT BEFORE TAX	41,86.45	244,80.40
Adjustments for :		
Depreciation	35,93.99	27,49.33
Interest income	(12,47.88)	(17,09.39)
Unrealised exchange variation (net)	8.57	(9,46.23)
Foreign Currency Translation Reserve on Consolidation	(90.82)	(94.27)
Dividend income	(36.27)	(1,15.92)
Provision for Doubtful debt	57.08	86.97
Provision for Doubtful debt - Written Back	(55.32)	-
Provisions no longer required Written back	(40.17)	(2,57.95)
Provision for Expenses	7,83.10	2.83
Advance/Bad debts written Off	41.28	9.31
Loss on sale of fixed assets - Net	7.86	50.79
Impairment of Assets	30.37	-
Interest expense	79,95.83	57,27.59
	110,47.62	55,03.06
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	152,34.07	299,83.46
Adjustments for :		
Trade and other receivables	(290,96.72)	(290,81.35)
Trade payable / provisions	301,41.16	273,32.05
	10,44.44	(17,49.30)
CASH GENERATED FROM OPERATIONS	162,78.51	282,34.16
Direct taxes paid	(19,09.30)	(54,63.54)
	(19,09.30)	(54,63.54)
NET CASH FLOW FROM OPERATING ACTIVITIES ( A )	143,69.21	227,70.62
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of fixed assets	(500,76.09)	(236,41.38)
Fixed Assets Adjustment due to Consolidation	-	(34,45.45)
Sale of fixed assets	36.52	88.95
Purchase of Investments	(42,50.10)	(56,90.72)
Sale of Investments	43,00.40	56,15.30
Interest received	27,82.66	8,88.47
Dividend received	1,19.32	1,15.82
Goodwill on Consolidation	(17,20.31)	(3,27.73)
NET CASH FROM INVESTING ACTIVITIES ( B )	(488,07.60)	(263,96.74)

# Consolidated Cash Flow Statement

for the year ended March 31, 2011

	₹ in lacs	
	March 31, 2011	March 31, 2010
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Convertible Warrants	6,05.42	-
Interest paid	(103,73.72)	(64,30.19)
(Decrease)/Increase in borrowings	357,49.62	49,43.88
Dividend paid ( Inclusive of Dividend Distribution Tax )	(15,95.84)	(1,26.58)
Preference Shares on Consolidation	(65.76)	88.78
Minority Interest on Consolidation	(10,40.99)	10,40.99
NET CASH RECEIVED/(USED) IN FINANCING ACTIVITIES (C)	232,78.73	(4,83.12)
NET (DECREASE) / INCREASE IN CASH OR CASH EQUIVALENT (A+B+C)	(111,59.66)	(41,09.24)
Cash and cash equivalents - Opening balance	160,02.62	201,11.86
Cash and cash equivalents - Closing balance	48,42.96	160,02.62
NET (DECREASE) / INCREASE AS DISCLOSED ABOVE	(111,59.66)	(41,09.24)

## Notes :

- 1) Previous year's Figures have been regrouped wherever necessary.
- 2) Closing cash & cash Equivalents represents " Cash and Bank Balances " except ₹ 47.40 lacs ( Previous year ₹ 34.46 lacs ) lying in separate bank accounts on account of unclaimed dividend which is not available for use by the Company.
- 3) All Figures in brackets are Outflows.

As per our report attached

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

CA Y.N. Thakkar  
Partner

Place : Mumbai  
Dated : May 2, 2011

Sunil S. Sapre  
Chief Financial Officer

H.N. Singh Rajpoot  
Company Secretary

On behalf of the Board of Directors

H.V. Goenka  
Vice Chairman

Hari L. Mundra  
Chairman - Audit Committee

Place : Mumbai  
Dated : May 2, 2011

Paras K. Chowdhary  
Managing Director

# Schedules

forming part of the Consolidated Balance Sheet as at March 31, 2011

	₹ in lacs	
	As at March 31, 2011	As at March 31, 2010
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
Authorised :		
4,61,00,000 (4,61,00,000) Equity Shares of ₹ 10 each	46,10.00	46,10.00
39,00,000 (39,00,000) Preference Shares of ₹ 10 each	3,90.00	3,90.00
1,00,00,000 (1,00,00,000) Unclassified Shares of ₹ 10 each	10,00.00	10,00.00
	60,00.00	60,00.00
Issued :		
3,42,44,222 (3,42,44,222) Equity Shares of ₹ 10 each	34,24.42	34,24.42
(Includes 1,463 (1,463) Shares offered on Right basis and kept in abeyance)		
	34,24.42	34,24.42
Subscribed and paid-up :		
3,42,43,534 (3,42,43,534) Equity Shares of ₹ 10 each, fully paid-up	34,24.35	34,24.35
	34,24.35	34,24.35
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
Capital Reserve :	2,71.45	2,71.45
Share Premium :	165,23.65	165,23.65
Capital Redemption Reserve :	3,90.00	3,90.00
General Reserve :		
Balance - April 1, 2010	185,30.98	169,15.98
Add : Transfer from Profit and Loss Account	1,70.00	16,15.00
	187,00.98	185,30.98
Revaluation Reserve :		
Balance - April 1, 2010	-	4,68.32
Add : Revalued during the year	58.52	-
(Net of Deferred tax on Revaluation Surplus)		
Less : Depreciation	-	(4,68.32)
	58.52	-
Foreign Currency Translation Reserve (Arising out of Consolidation)	(1,85.09)	(94.26)
Profit and Loss Account	255,60.53	238,74.60
	613,20.04	594,96.42
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
Term Loans from Banks / Institution	533,45.11	226,86.77
Working Capital Borrowings		
Working Capital Demand Loan	-	40,00.00
Cash Credit Facilities	12,31.89	44,66.36
Export Packing Credit	98,27.69	33,39.58
Vehicle loan	-	12.15
	644,04.69	345,04.86

In respect of the above loans, ₹ 82,22.52 lacs (Previous year ₹ 53,87.85 lacs) due and repayable within a year

# Schedules

forming part of the Consolidated Balance Sheet as at March 31, 2011

## SCHEDULE 3

### SECURED LOANS (Contd.)

#### NOTES:

- 1) Term loan availed from Banks amounting to ₹ 20,63.00 lacs (Previous year ₹ 33,57.00 lacs) is secured by first *pari passu* charge on movable (except Current Assets) and immovable properties of the Company situated at Bhandup and Nasik plants both present and future.
- 2) Terms loans aggregating to ₹ 367,99.00 lacs (Previous year ₹ 100,14.53 lacs) from Banks /Institution is secured by a first *pari passu* charge on the movable (Except Current Assets) and immovable properties of the Company, situated at Bhandup, Nasik and Halol both present and future and second charge ranking *pari passu* inter se on all its Current Assets both present and future wherever located.
- 3) Term Loan availed from Banks/Institution of ₹ 56,25.00 lacs (Previous year ₹ 81,25.00 lacs) has been secured by a first *pari passu* charge on the immovable property of the Company situated at RPG House, Worli, Mumbai.
- 4) Term Loan availed from Bank of ₹ 70,00.00 lacs (Previous year ₹ NIL) is secured by first *pari passu* charge on the immovable properties of the Company situated at Bhandup Plant. The Company is in the process of creating the charge on its immovable properties located at Bhandup,
- 5) Working Capital Borrowings availed from Consortium of Banks led by Bank of India are secured by hypothecation by way of first *pari passu* charge on all its Current Assets and by way of second *pari passu* charge on immovable and all movable properties (excluding Current Assets) of the Company situated at Bhandup, Nasik and Halol Plants and RPG House at Worli, Mumbai.
- 6) The vehicle loans availed from Banks and Financial Companies were secured by way of hypothecation of the vehicles financed by them.
- 7) Term Loan availed from Banks of ₹ 8,40.76 lacs (Previous Year ₹ 11,15.58 lacs) is secured by *pari passu* charge on the Land, Building and Plant and Machinery of Subsidiaries.
- 8) Term Loan availed from Banks of ₹ 36.20 lacs (Previous Year ₹ 55.25 lacs) is secured by Stocks and Debtors of Subsidiaries and secondary mortgage over their Plant and Machinery.
- 9) Term Loan availed from Banks of ₹ 2,18.79 lacs (Previous Year ₹ 14.94 lacs) is secured by Stocks and Debtors of Subsidiaries and corporate guarantee.
- 10) Term Loan availed from Banks of ₹ 5,97.50 lacs (Previous Year ₹ Nil lacs) is secured by Land, Building and Plant and Machinery of two Subsidiaries.
- 11) Term Loan availed from Banks of ₹ 1,64.85 lacs (Previous Year ₹ 4.47 lacs) is secured by Plant and Machinery of Subsidiaries.

₹ in lacs

	As at March 31, 2010	As at March 31, 2010
<b>SCHEDULE 4</b>		
<b>UNSECURED LOANS</b>		
Term Loan from Bank	5,11.55	1,54.39
Public Deposits	83,23.84	76,52.53
Deferred Sales Tax Incentive - (SICOM LTD)	47,54.32	40,79.90
Deposit from Dealers	270,57.09	229,10.19
	<b>406,46.80</b>	<b>347,97.01</b>

In respect of the above loans, ₹ 18,48.63 lacs (Previous year ₹ 22,38.52 lacs) due and repayable within a year

# Schedules

forming part of the Consolidated Balance Sheet as at March 31, 2011

## SCHEDULE 5

### FIXED ASSETS

₹ in lacs										
ASSETS	COST				DEPRECIATION				Impairment	NET VALUE
	As at April 1, 2010	Additions / Adjustments	Deductions / Adjustments	As at March 31, 2011	As at April 1, 2010	For the year 2010-11	On deductions / Adjustments	As at March 31, 2011	As at March 31, 2011	As at March 31, 2011
<b>OWNED</b>										
Land										
Freehold	414,71.19	8,23.03	-	422,94.22	-	-	-	-	-	422,94.22
	(414,37.75)	(33.79)	(0.35)	(414,71.19)	(-)	(-)	(-)	(-)	(-)	(414,71.19)
Leasehold	26,36.36	35,42.38	-	61,78.74	2,37.36	43.18	-	2,80.54	-	58,98.20
	(26,36.36)	-	(-)	(26,36.36)	(1,94.18)	(43.18)	(-)	(2,37.36)	(-)	(23,99.00)
Buildings	131,94.65	81,05.48	-	213,00.13	37,46.19	3,04.38	-	40,50.57	-	172,49.56
	(131,62.72)	(31.93)	(-)	(131,94.65)	(34,79.87)	(2,66.32)	(-)	(37,46.19)	(-)	(94,48.46)
Plant and Machinery	690,10.54	441,55.77	97.84	1,130,68.47	432,77.30	29,18.18	92.36	461,03.12	30.37	669,34.98
	(665,14.03)	(27,06.02)	(2,09.51)	(690,10.54)	(408,01.30)	(26,38.74)	(1,62.74)	(432,77.30)	(-)	(257,33.24)
Furniture and Fixtures	7,72.48	57.60	1.93	8,28.15	5,95.55	48.19	1.31	6,42.43	-	1,85.72
	(8,00.85)	(22.83)	(51.20)	(7,72.48)	(6,01.42)	(31.40)	(37.27)	(5,95.55)	(-)	(1,76.93)
Vehicles	6,31.96	2,03.62	71.22	7,64.36	3,74.62	40.35	32.95	3,82.02	-	3,82.34
	(7,74.44)	(14.08)	(1,56.56)	(6,31.96)	(4,09.64)	(42.50)	(77.52)	(3,74.62)	(-)	(2,57.34)
Software	5,63.43	1,04.55	0.61	6,67.37	4,52.26	96.85	0.61	5,48.50	-	1,18.87
	(5,21.51)	(42.20)	(0.28)	(5,63.43)	(2,86.50)	(1,66.04)	(0.28)	(4,52.26)	(-)	(1,11.17)
Brand	-	56,29.80	-	56,29.80	-	1,17.29	-	1,17.29	-	55,12.51
	(-)	(-)	(-)	-	(-)	(-)	(-)	(-)	(-)	(-)
Technical Knowhow	-	6,14.59	-	6,14.59	-	0.59	-	0.59	-	6,14.00
	(-)	(-)	(-)	-	(-)	(-)	(-)	(-)	(-)	(-)
	1,282,80.61	632,36.82	1,71.60	1,913,45.83	486,83.28	35,69.01	1,27.23	521,25.06	30.37	1,391,90.40
	(1,258,47.66)	(28,50.85)	(4,17.90)	(1,282,80.61)	(457,72.91)	(31,88.18)	(2,77.81)	(486,83.28)	-	(795,97.33)
<b>LEASED</b>										
Plant and Machinery	10,04.10	-	-	10,04.10	8,42.41	31.65	-	8,74.06	-	1,30.04
	(10,04.10)	(-)	(-)	(10,04.10)	(8,10.76)	(31.65)	(-)	(8,42.41)	(-)	(1,61.69)
	10,04.10	-	-	10,04.10	8,42.41	31.65	-	8,74.06	-	1,30.04
	(10,04.10)	(-)	(-)	(10,04.10)	(8,10.76)	(31.65)	(-)	(8,42.41)	(-)	(1,61.69)
	1,292,84.71	632,36.82	1,71.60	1,923,49.93	495,25.69	36,00.66	1,27.23	529,99.12	30.37	1,393,20.44
	(1,268,51.76)	(28,50.85)	(4,17.90)	(1,292,84.71)	(465,83.67)	(32,19.83)	(2,77.81)	(495,25.69)	(-)	(797,59.02)
Capital Work-in-Progress - Includes Advances against Capital Account										127,23.41
										(234,00.83)
										1,520,43.85
										(1,031,59.85)



# Schedules

forming part of the Consolidated Balance Sheet as at March 31, 2011

## SCHEDULE 5

### FIXED ASSETS (Contd.)

#### Notes :

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

	₹ in lacs		
	Gross amount written up on revaluation (Net of deletions / adjustments)	Depreciation provided upto March 31, 2011 (Net of deletions / adjustments)	Amount written up (Net of depreciation / adjustments)
Land	280,73.68	25.33	280,48.35
Buildings	7,42.90	11.43	7,31.47
Plant & Machinery	1,92.18	3.23	1,88.95
	290,08.76	39.99	289,68.77

- 5) The pre-operative expenses (POE) apportioned over the fixed assets of Halol Project capitalised on commencement of Commercial Production

₹ in lacs	
Particulars	Amount
Borrowing Cost	32,58.49
Material Consumption	21,25.05
Personnel Cost	14,48.26
Consultancy & Professional Fees	8,78.41
Power & Fuel Consumption	6,29.17
General Expenses	5,87.13
Bank Charges	3,13.11
Excise Duty	2,97.32
Travelling & Conveyance	2,91.35
Repairs & Maintenance	90.57
TOTAL	99,18.86
Less :	
Sales During Trial Run	21,31.94
Interest / Dividend earned	1,65.86
NET POE CAPITALISED	76,21.06

- 6) During the year an impairment charge of ₹ 30.37 lacs was made on Plant & Machinery of Subsidiaries that were identified as non-performing Assets
- 7) The Plant & Machineryes of the Subsidiary Companies were revalued during the year 2010-11 by an independent Valuer & Surplus of ₹ 1,02.06 lacs arising from revaluation was transferred to Revaluation Reserve.

# Schedules

forming part of the Consolidated Balance Sheet as at March 31, 2011

## SCHEDULE 6

### INVESTMENTS (AT COST)

₹ in lacs					
	Face Value (₹)	Holdings (Nos.)	As at March 31, 2011	Holdings (Nos.)	As at March 31, 2010
<b>A LONG TERM - FULLY PAID</b>					
EQUITY SHARES					
UNQUOTED (TRADE)					
Rado Tyres Limited.	10	16,06,350	41.77	16,06,350	41.77
			41.77		41.77
<b>B CURRENT</b>					
UNQUOTED (NON-TRADE)					
	Face Value (₹)	Units (Nos.)		Units (Nos.)	
<b>LIQUID</b>					
Reliance Liquid Fund - Treasury Plan - Institutional	10	-	-	32,71,038.86	5,00.05
IDFC Cash Fund - Super Institutional Plan	10	-	-	49,99,270.22	5,00.05
Templeton India Treasury Management Account					
Super Institutional Plan - DDR *	1,000	60,005.62	6,00.46	-	-
Kotak Floater Short Term - DDR*	10	98,93,977.07	10,00.89	-	-
ICICI Prudential Liquid Super IP - DDR*	10	10,00,616.65	10,00.84	-	-
Peerless Liquid Fund - Super Institutional - DDR*	10	1,00,06,685.57	10,00.82	-	-
Taurus Liquid Fund - Super Institutional Plan - DDR*	1,000	65,070.16	6,50.74	-	-
<b>LIQUID PLUS</b>					
Birla Sun Life Short Term Fund - Institutional	10	-	-	49,97,935.80	5,00.07
ICICI Prudential Flexible Income Plan Premium	100	-	-	2,83,728.19	3,00.00
UTI Treasury Advantage Fund - Institutional Plan	1,000	-	-	99,989.63	10,00.12
LICMF Savings Plus Fund	10	-	-	1,00,00,780.69	10,00.07
SBI-SHF- Ultra Short Term Fund - Institutional Plan	10	-	-	49,97,541.76	5,00.04
			42,53.75		43,00.40
<b>AGGREGATE COST OF UNQUOTED INVESTMENT (A + B)</b>			42,95.52		43,42.17

\* Daily Dividend Reinvestment

# Schedules

forming part of the Consolidated Balance Sheet as at March 31, 2011

## SCHEDULE 6

### INVESTMENTS (Contd.)

#### Notes :

Following investments were acquired and sold during the year

Non-trade Current Unquoted	Face Value (₹)	Units
<b>LIQUID DAILY DIVIDEND REINVEST PLAN</b>		
Axis Liquid Fund - Institutional	1,000	71,291.04
Birla Sun Life Savings Fund - Institutional	10	70,22,489.81
Birla Sun Life Cash Plus - Institutional Premium	10	3,99,46,151.07
Baroda Pioneer Liquid Fund - Institutional	10	1,84,96,845.81
Baroda Pioneer Treasury Advantage Fund - Institutional	10	1,00,11,668.55
Canara Robeco Liquid Fund - Institutional	10	29,85,124.39
Canara Robeco Liquid Super Institutional Fund	10	4,72,60,804.79
DSP BlackRock Liquidity Fund - Institutional Plan	1,000	6,70,457.46
DWS Insta Cash Plus Fund - Super Institutional Plan	10	9,25,50,393.53
BNP Paribas Overnight Fund - Institutional	10	2,63,46,194.89
Templeton India Treasury Management Account - Super Institutional Plan	1,000	8,55,279.84
HDFC Cash Management Fund - Savings Plan	10	1,69,30,215.87
HDFC Liquid Fund Premium Plan	10	16,31,906.92
IDBI Liquid Fund	10	1,80,19,148.68
Kotak Liquid (Institutional Premium)	10	7,18,04,108.61
Kotak Floater Short Term	10	1,43,45,477.72
L & T Liquid Institutional Fund	10	1,03,81,908.09
ICICI Prudential Liquid Super Institutional Plan	100	29,01,508.92
IDFC Cash Fund - Super Institutional Plan	10	3,479.75
LIC Nomura MF Liquid Fund	10	3,91,68,015.51
Peerless Liquid Fund - Super Institutional	10	4,06,28,312.32
Reliance Liquid Fund - Treasury Plan - Institutional	10	2,15,93,669.82
Reliance Liquidity Fund	10	2,15,42,825.68
SBI - Magnum Insta Cash Fund	10	1,73,26,797.92
SBI - Premier Liquid Fund - Super Institutional	10	1,19,66,725.08
Sundaram Money Fund - Super Institutional	10	49,53,506.29
TATA Liquid Super High Investment Fund	1,000	1,16,787.88
Taurus Liquid Fund - Super Institutional Plan	1,000	4,86,309.99
UTI Money Market Mutual Fund	1,000	1,34,633.63
<b>LIQUID PLUS - DAILY DIVIDEND REINVEST PLAN</b>		
Birla Sunlife Ultra Short Term Fund - Institutional	10	11,443.65
DWS Ultra Short Term Fund - Institutional	10	49,99,829.53
Templeton India Ultra Short Bond Fund Institutional Plan	10	50,04,672.54
Kotak Flexi Debt Scheme Institutional	10	50,05,119.85
ICICI Prudential Ultra Short Term Premium Plus	10	1,50,04,683.18
ICICI Prudential Flexible Income Plan Premium	100	406.33
LIC Nomura MF Income Plus Fund	10	1,30,22,378.90
LIC Nomura MF Savings Plus Fund	10	70,12,843.96
Reliance Medium Term Fund	10	29,28,567.17
RELINCE MONTHLY INTERVAL FUND SERIES I-Institutional	10	50,41,186.43
Reliance Money Manager Fund - Institutional	1,000	99,970.73
SBI-SHF- Ultra Short Term Fund - Institutional Plan	10	4,096.26
Sundaram Ultra Short Term Fund - Super Institutional	10	49,96,827.83
Taurus Ultra Short Term Bond - Super Institutional	1,000	50,170.75
UTI Treasury Advantage Fund - Institutional Plan	1,000	96.60

# Schedules

forming part of the Consolidated Balance Sheet as at March 31, 2011

₹ in lacs		
	As at March 31, 2011	As at March 31, 2010
<b>SCHEDULE 7</b>		
<b>INVENTORIES</b>		
Stores and Spares (Net)	27,15.61	29,18.72
Stock - in - Trade :		
Raw Materials [(including in transit ₹ 50,46.27 lacs) (Previous year ₹ 36,83.59 lacs)]	254,80.35	211,87.92
Semi-Finished Goods	29,48.94	38,81.13
Finished Goods [(including in transit ₹ 1,02.94 lacs) (Previous year ₹ 1,95.43 lacs)]	275,49.06	137,32.13
	586,93.96	417,19.90
<b>SCHEDULE 8</b>		
<b>SUNDRY DEBTORS</b>		
Debts outstanding for a period exceeding six months		
Considered Good	72.73	1,14.63
Considered Doubtful	1,77.77	2,13.77
Less : Provided for	(1,77.77)	(2,13.77)
	72.73	1,14.63
Other Debts		
Considered Good	489,04.99	389,18.33
	489,77.72	390,32.96
	As at March 31, 2011	As at March 31, 2010
Sundry Debtors		
Secured	197,68.39	196,88.57
Unsecured	292,09.33	193,44.39
<b>TOTAL</b>	<b>489,77.72</b>	<b>390,32.96</b>

# Schedules

forming part of the Consolidated Balance Sheet as at March 31, 2011

	₹ in lacs	
	As at March 31, 2011	As at March 31, 2010
<b>SCHEDULE 9</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on Hand	18.00	19.70
Remittance in Transit	32,39.04	29,64.65
With Scheduled Banks :		
In Current Accounts	12,59.67	26,14.08
In Deposit Accounts	3,20.86	103,99.18
In Margin Deposit Accounts *	5.39	5.01
In Unclaimed Dividend Accounts	47.40	34.46
	<b>48,90.36</b>	<b>160,37.08</b>
* Lien with Bank		
<b>SCHEDULE 10</b>		
<b>LOANS AND ADVANCES</b>		
Advances receivable in Cash or Kind or for Value to be received	40,89.61	56,72.76
Balances with Customs, Port Trust, Excise, etc.	75,66.50	37,90.79
Advance payment of Tax (net of provision)	12,93.84	3,43.14
Interest Receivables	30.56	15,64.52
Other Receivables	89.42	1,07.01
Loans, Advances and Deposits (considered doubtful)	13.33	33.33
Less : Provided for	(13.33)	(33.33)
	<b>130,69.93</b>	<b>114,78.22</b>
<b>SCHEDULE 11</b>		
<b>CURRENT LIABILITIES</b>		
Acceptances	638,25.21	418,02.81
Sundry Creditors :		
Due to Micro, Small and Medium Enterprise	-	-
Due to Others	297,07.45	235,91.99
Interest Accrued but not due	5,93.22	4,06.95
Deposit from Others	62.52	55.52
Other Liabilities	139,51.21	110,81.20
Not due as on March 31, 2011		
Unclaimed Dividends	47.40	34.46
Unclaimed interest and matured Deposits	0.08	0.32
	<b>1,081,87.09</b>	<b>769,73.25</b>
<b>SCHEDULE 12</b>		
<b>PROVISIONS</b>		
Proposed Dividend	7,01.75	13,69.74
Corporate Tax on Proposed Dividend	1,11.10	2,32.79
Retirement and other Employee Benefits	20,39.73	21,29.30
	<b>28,52.58</b>	<b>37,31.83</b>

# Schedules

forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2011

	₹ in lacs	
	2010-11	2009-10
<b>SCHEDULE 13</b>		
<b>OTHER OPERATING INCOME</b>		
Sale of Scrap	11,86.09	10,04.07
Profit on Sale of Assets	9.32	0.38
Profit on Sale of Investment	-	0.07
Interest	12,47.88	17,09.39
Royalty	1,35.81	1,34.90
Provisions for Doubtful Debts / Advances Written Back	55.32	-
Provisions no longer required written back	40.17	2,57.95
Dividend on Investments	36.27	1,15.92
Government Grant	13,71.46	-
Miscellaneous	11,30.80	8,83.20
	<b>52,13.12</b>	<b>41,05.88</b>
<b>SCHEDULE 14</b>		
<b>MATERIALS</b>		
Raw Materials		
Stock - April 1, 2010	201,06.67	60,97.61
Add : Purchases	2,753,78.39	1,873,41.06
	2,954,85.06	1,934,38.67
Less : Stock - March 31, 2011	204,34.08	201,06.67
	<b>2,750,50.98</b>	<b>1,733,32.00</b>
<b>SCHEDULE 15</b>		
<b>COST OF TRADED GOODS SOLD</b>		
Stock - April 1, 2010	16,68.40	9,43.63
Add : Purchases	68,41.91	161,71.40
	85,10.31	171,15.03
Less : Stock - March 31, 2011	7,91.28	16,68.40
	<b>77,19.03</b>	<b>154,46.63</b>
<b>SCHEDULE 16</b>		
<b>PERSONNEL</b>		
Salaries, Wages and Bonus	176,25.77	161,22.74
Provident Fund, Gratuity Fund and Superannuation Scheme etc.	17,77.91	17,35.21
Welfare Expenses	19,60.25	17,75.13
	<b>213,63.93</b>	<b>196,33.08</b>

# Schedules

forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2011

	₹ in lacs	
	2010-11	2009-10
<b>SCHEDULE 17</b>		
<b>OTHER EXPENSES</b>		
Conversion Charges	105,67.55	74,99.48
Stores and Spares Consumed	28,15.88	21,09.21
Power and Fuel	128,68.59	111,26.71
Freight and Delivery Charges	77,85.85	64,31.48
Rent	4,83.70	5,33.88
Lease Rent	2,34.34	2,63.93
Rates and Taxes	1,32.46	3,87.08
Insurance	2,36.88	2,23.29
Repairs :		
Machinery	26,60.70	20,98.32
Buildings	3,81.41	1,67.82
Others	84.82	91.35
	31,26.93	
Travelling and Conveyance	13,28.97	12,30.26
Printing and Stationery	1,41.96	1,12.34
Directors' Fees	8.75	10.35
Auditors' Remuneration :		
Audit Fees	23.99	22.87
Taxation Matters	2.52	5.55
Other Services (Certification, Tax Audit, etc.)	23.03	19.03
Reimbursement of Expenses	2.37	4.40
	51.91	
Advertisement and Sales Promotion	46,57.24	22,43.79
Rebates and Discounts	46,56.94	33,88.47
Commission	41,95.83	36,55.34
Communication Expenses	5,73.28	5,67.02
Bad Debts Written off	72.02	2,10.60
Less : Provision for doubtful debts written back to the extent provided	(30.74)	(2,01.29)
	41.28	
Provision for Doubtful Debts / Advances	57.08	86.97
Loss on Asstes Sold / Discarded	47.55	51.17
Factory Expenses	5,16.43	2,27.07
Legal Charges	1,26.01	1,16.44
Finance Charges	22,06.29	15,52.48
Foreign Exchange Fluctuations (Net)	73.38	6,26.57
Professional and Consultancy Charges	9,71.83	7,17.29
Commission to Directors	35.00	2,00.00
General Expenses	20,82.81	16,01.42
	600,24.72	473,80.69

## *Schedules*

*forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2011*

₹ in lacs		
	2010-11	2009-10
<b>SCHEDULE 18</b>		
<b>INTEREST</b>		
On Term Loans	27,37.87	21,86.51
Others	52,57.96	35,41.08
	<b>79,95.83</b>	<b>57,27.59</b>
<b>SCHEDULE 19</b>		
<b>DECREASE / (INCREASE) IN STOCK</b>		
Stock - April 1, 2010		
Semi-Finished	12,78.79	18,77.69
Finished	118,68.30	113,84.96
	<b>131,47.09</b>	<b>132,62.65</b>
Stock - March 31, 2011		
Semi-Finished	29,48.94	12,78.79
Finished	266,54.83	118,68.30
	<b>296,03.77</b>	<b>131,47.09</b>
	<b>(164,56.68)</b>	<b>1,15.56</b>
Differential Excise Duty on Opening and Closing Stock of Finished Goods	11,91.77	2,83.29
	<b>(152,64.91)</b>	<b>3,98.84</b>



# Schedules

forming part of the Consolidated Accounts for the year ended March 31, 2011

## SCHEDULE 20

### NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

#### 1) PRINCIPLES OF CONSOLIDATION

Consolidated Financial Statements of CEAT Limited and its subsidiary company incorporated outside India are prepared based on line by line consolidation by adding together the book values of like items of assets, liabilities, income and expenditure as per audited consolidated financial statement of the subsidiary.

The consolidated financial statements are drawn up by using accounting policies as disclosed in the notes below and are prepared to the extent possible in the same manner as the Company's individual financial statements. Intra-company receivables and payables, income and expenses are eliminated. Separate disclosure is made of minority interest. Minority interest represents the minority shareholders' proportionate share of net assets and income of Company's subsidiary. The financial statements of the following subsidiary have been considered for consolidation along with its interest in other Subsidiaries/Associates.

Name of the subsidiary	Country of Incorporation	Shareholding	
		2010-11	2009-10
Associated CEAT Holdings Co. (Pvt.) Ltd.	Sri Lanka	100.00%	54.84%

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

The financial statements of the foreign subsidiary for the year ended March 31, 2011 were converted into Indian currency as per Accounting Standard (AS11) "The effect of changes in Foreign Exchange Rates".

#### 2) SIGNIFICANT ACCOUNTING POLICIES

##### A) FIXED ASSETS

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

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

##### B) BORROWING COST

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

##### C) DEPRECIATION

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

Leasehold land is amortised over the period of the lease.

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

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

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

*forming part of the Consolidated Accounts for the year ended March 31, 2011*

The principle annual rates of depreciation used are as follows:

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

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

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

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

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

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

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

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

Interest is accounted on an accrual basis.

Dividend is accounted when right to receive payment is established.

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

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

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

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

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

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

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

# Schedules

forming part of the Consolidated Accounts for the year ended March 31, 2011

## SCHEDULE 20 (Contd.)

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

Income statement items at the average rate for the year.

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

### K) LEASE RENTALS

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

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

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

### L) RESEARCH AND DEVELOPMENT

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

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

### M) EMPLOYEE BENEFITS

#### a) Defined Contribution plan

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

#### b) Defined Benefit plan

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

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

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

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

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

### N) TAXES ON INCOME

#### a) Current Tax

Indian Company: Current Tax is determined in accordance with the provisions of Income Tax Act, 1961.

Foreign Company: Tax on Income is recognised in accordance with the applicable local laws

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

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

# Schedules

forming part of the Consolidated Accounts for the year ended March 31, 2011

## SCHEDULE 20 (Contd.)

	₹ in lacs	
	2010-11	2009-10
<b>3) CONTRACTS REMAINING TO BE EXECUTED:</b>		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for - net of advance payments	91,65.87	268,13.38
Investment commitment	-	10,96.52
<b>4) CONTINGENT LIABILITIES:</b>		
a) Direct and Indirect Taxation Matters on which there are decisions of the appellate authorities in the Company's favour, but appeals made by tax authorities		
Income Tax	2,41.36	2,04.60
Wealth Tax	6.73	6.73
Excise Duty / Service Tax	40,72.31	40,75.05
Sales Tax	47.59	1.56
b) Direct and Indirect Taxation matters in respect of which the Company is in appeal		
Income Tax	14,41.26	10,33.41
Excise Duty / Service Tax	2,62.07	1,64.96
Sales Tax	43,70.18	60,14.86
c) Disputed demands of Octroi Duty	1,70.77	1,56.86
d) Bills discounted with Banks and Finance Companies	27,52.04	20,35.86
e) Corporate Guarantees given on behalf of others - Covered by indemnity undertakings from RPG Enterprises Ltd.	25,50.00	25,50.00
Corporate Guarantee given to Indian Bank & Hatton National Bank by CEAT Kelani Holdings (Pvt.) Ltd. On behalf of Associated CEAT (Pvt.) Ltd.	4,53.68	4,71.85
f) The Company has given Indemnity in respect of Lease transactions entered into with ICICI Bank Ltd., liability for which is Indeterminable	-	-
g) Export obligation under Export Promotion Council Guarantee Scheme	396,07.89	-
<b>5) CLAIMS AGAINST THE COMPANY NOT ACKNOWLEDGED AS DEBTS (ESTIMATED):</b>		
i) In respect of labour matters	6,48.00	6,27.24
ii) other claims	12,35.10	11,06.18
<b>6) RESEARCH &amp; DEVELOPMENT EXPENSES</b>		
Capital	1,55.02	40.77
Revenue	4,17.49	2,81.85

# Schedules

forming part of the Consolidated Accounts for the year ended March 31, 2011

## SCHEDULE 20 (Contd.)

### 7) OPERATING LEASE

Lease rental of ₹ 2,34.34 lacs (Previous year ₹ 2,63.93 lacs), of which ₹ 13.04 lacs (Previous year ₹ 7.02 lacs) related to Subsidiary Companies, has been charged to Profit & Loss account.

₹ in lacs		
Future Minimum Lease Payment	As on March 31, 2011	As on March 31, 2010
For a period not later than one year	1,78.57	81.91
For a period later than one year but not later than five years	1,71.68	2,28.86

### 8 A) RETIREMENT BENEFITS - HOLDING COMPANY

The required disclosure under the Revised Accounting Standard 15 is given below

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

#### GRATUITY

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

#### LEAVE ENCASHMENT

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

#### i) Change in Defined Benefit obligation during the year ended March 31, 2011

₹ in lacs					
Sr.No.	Particulars	2010-11		2009-10	
		Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
1.	Present value of Defined Benefit obligation as at April 1, 2010	47,68.74	7,64.12	42,33.88	7,29.66
2.	Current Service Cost	1,89.18	3,74.75	1,96.30	3,41.87
3.	Interest Cost / Actuarial (gain) / Loss on obligation	3,81.50	54.91	8,48.99	(59.71)
4.	Benefits paid	(9,37.28)	(2,71.96)	(5,10.42)	(2,47.70)
5.	Present value of obligation as at March 31, 2011.	47,82.50	7,66.39	47,68.75	7,64.12

# Schedules

forming part of the Consolidated Accounts for the year ended March 31, 2011

## SCHEDULE 20 (Contd.)

### ii) Changes in Fair value of Plan Assets during the year ended March 31, 2011

		₹ in lacs			
Sr.No.	Particulars	2010-11		2009-10	
		Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
1.	Fair value of plan assets as at April 1, 2010	40,95.29	-	36,62.03	-
2.	Expected return on plan assets	3,94.23	-	3,57.04	-
3.	Contributions made	6,83.85	1,55.43	5,86.65	2,47.70
4.	Benefits paid	(9,37.28)	(1,55.43)	(5,10.42)	(2,47.70)
5.	Actuarial gain / (Loss) on plan assets	-	-	-	-
6.	Fair value of plan assets as at March 31, 2011	42,36.09	-	40,95.30	-

### iii) Expenses recognised in the statement of Profit & Loss Account for the year March 31, 2011

		₹ in lacs			
Sr.No.	Particulars	2010-11		2009-10	
		Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
1.	Current Service Cost	1,89.18	3,74.75	1,96.30	3,41.87
2.	Interest Cost / Actuarial (gains) and losses (Net)	3,81.50	54.91	8,48.99	(59.71)
3.	Expected return on plan assets	(3,94.23)	-	(3,57.04)	-
4.	Total included in employee benefit expense	5,56.81	1,57.70	6,88.25	2,82.16

Amount recognised as an expense / (Income) and included in Schedule 16 "Salaries, Wages and Bonus" includes ₹ 1,99.36 lacs (Previous year ₹ 5,23.36 lacs) towards Leave Encashment, "Provident Fund, Gratuity Fund and Superannuation Scheme, etc" Includes ₹ 5,70.07 lacs (Previous year ₹ 6,93.15 lacs) towards Gratuity.

### iv) Net Assets / (Liability) recognised in the Balance Sheet as at March 31, 2011.

		₹ in lacs			
Sr.No.	Particulars	2010-11		2009-10	
		Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
1.	Present value of the defined benefit obligation as at March 31, 2011	47,82.50	7,66.39	47,68.75	7,64.12
2.	Fair value of plan Assets as at March 31, 2011	42,36.09	-	40,95.30	-
3.	Net Assets / (Liability) recognised in the Balance Sheet	(5,46.41)	(7,66.39)	(6,73.45)	(7,64.12)

# Schedules

forming part of the Consolidated Accounts for the year ended March 31, 2011

## SCHEDULE 20 (Contd.)

### v) Actual return on plan assets for the year ended March 31, 2011

		2010-11		2009-10	
		Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
1.	Expected return on plan assets	3,94.23	-	3,57.04	-
2.	Actuarial gain / (loss) on plan assets	-	-	-	-
3.	Actual return on plan assets	3,94.23	-	3,57.04	-

### vi) Percentage of each category of Plan Assets to Total Fair Value of plan Assets

		2010-11		2009-10	
		Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
1.	Insurer Managed Fund	100%	-	100%	-

### vii) Principal Actuarial assumption at the Balance Sheet date

		2010-11		2009-10	
		Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
1.	Discount Rates	8.00%	8.00%	8.00%	8.00%
2.	Annual increase in salary	4.00%	4.00%	4.00%	4.00%
	LIC	LIC	LIC	LIC	LIC
	(1994-96)	(1994-96)	(1994-96)	(1994-96)	(1994-96)
3.	Mortality Rate	Ultimate	Ultimate	Ultimate	Ultimate

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

# Schedules

forming part of the Consolidated Accounts for the year ended March 31, 2011

## SCHEDULE 20 (Contd.)

### viii) Details of Previous Years

₹ in lacs					
Particulars	2010-11	2009-10	2008-09	2007-08	2006-07
<b>GRATUITY FUNDED</b>					
Present value of Defined Benefit obligation as at the year end.	47,82.50	47,68.75	42,33.88	36,60.48	34,94.48
Fund value as at the year end	42,36.09	40,95.30	36,62.03	36,91.58	33,01.05
Surplus / (Deficit)	(5,46.41)	(6,73.45)	(5,71.85)	31.10	(1,93.44)
Net Assets / (Liability) recognised in the Balance Sheet	5,46.41	(6,73.45)	(5,71.85)	-	(1,95.00)
<b>LEAVE ENCASHMENT (UNFUNDED)</b>					
Present value of Defined Benefit obligation as at the year end.	7,66.39	7,64.12	7,29.66	6,48.95	7,52.53
Fund value as at the year end	-	-	-	-	-
Surplus / (Deficit)	(7,66.39)	(7,64.12)	(7,29.66)	(6,48.95)	(7,52.53)
Net Assets / (Liability) recognised in the Balance Sheet	(7,66.39)	(7,64.12)	(7,29.66)	(6,48.95)	(7,52.53)

ix) The contribution expected to be paid to the Gratuity fund during the annual period beginning after the Balance Sheet date is ₹ 8,21.18 lacs (Previous year ₹ 8,44.76 lacs).

x) Long term liability includes ₹ 61.32 lacs (Previous year ₹ 70.56 lacs) on account of Compensated Sick Leave absences.

### B) RETIREMENT BENEFITS - SUBSIDIARY COMPANIES

₹ in lacs		
Particulars	2010-11	2009-10
Balance as at April 1, 2010	96.02	78.27
Provision for the year	31.12	25.47
Payments made during the year	1,27.14	1,03.74
Balance as at March 31, 2011	(5.94)	(7.72)
	1,21.20	96.02

Retirement Benefit Obligation as at year end has been computed based on the Gratuity formula Method.

The Principal assumptions used in the computation are as follows

Particulars	2010-11	2009-10
Discount rate	10%	12%
Expected Annual salary increment rate	10%	12%
Retirement Age	55 Years	55 Years



# Schedules

forming part of the Consolidated Accounts for the year ended March 31, 2011

## SCHEDULE 20 (Contd.)

Provision for the year is made up as follows.

₹ in lacs		
Particulars	2010-11	2009-10
Current Service Cost	14.87	11.93
Interest Cost	9.33	8.44
Under / (Over) provision in previous year	6.92	5.10
	31.12	25.47

## 9 MAJOR COMPONENTS OF DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES:

₹ in lacs		
Particulars	2010-11	2009-10
<b>Assets</b>		
Carried forward tax losses	10,86.18	70.99
Disallowances	7,85.57	6,98.31
Voluntary Retirement Scheme	2,29.88	35.07
Minimum Alternative Tax	7,14.01	-
	28,15.64	8,04.37
<b>Liability</b>		
Difference between book and tax depreciation	53,27.46	28,44.79
	53,27.46	28,44.79
<b>Sub Total</b>	(25,11.82)	(20,40.42)
Less : Deferred Tax on Revaluation Surplus	43.55	-
<b>Deferred Tax Liability (Net)</b>	(25,55.37)	(20,40.42)

## 10 DISCLOSURE OF RELATED PARTIES/RELATED PARTY TRANSACTIONS:

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

i) Enterprises directly/indirectly controlled

☞ Rado Tyres Limited

ii) Key Management Personnel

☞ Mr. Paras K. Chowdhary, Managing Director

☞ Mr. Anant Vardhan Goenka Deputy Managing Director

# Schedules

forming part of the Consolidated Accounts for the year ended March 31, 2011

## SCHEDULE 20 (Contd.)

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

₹ in lacs		
Enterprises Directly/Indirectly Controlled	2010-11	2009-10
<b>TRANSACTIONS</b>		
1. Conversion charges paid/payable	8,81.67	6,83.95
2. Advance net of recovery	35.00	-
<b>AMOUNT DUE TO / FROM RELATED PARTIES</b>		
1. Loans, Advances & Deposit given	1,92.36	1,86.68
2. Creditors	22.73	36.14

## 11. SEGMENT REPORTING

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

## 12. EARNINGS PER SHARE (EPS)

₹ in lacs		
Particulars	2010-11	2009-10
a) Weighted Average Number of shares at the beginning and end of the year	3,42,43,534	3,42,43,534
b) Net Profit after Tax available for Equity Shareholders	26,46.61	162,47.73
c) Face value per shares (₹)	10	10
d) Basic and Diluted Earnings Per Share (₹)	7.73	47.45

- 13 The Company has allotted 17,12,170 Convertible Warrants of face value ₹ 10 each at a price of ₹ 1,41.44 per warrant, on September 30, 2010 to the promoters of the Company on a preferential basis (25% of the price i.e. ₹ 35.36 received by the Company). The warrants are convertible into an equal number of equity shares at the option of the allottee within a period of 18 months from the date of allotment (i.e. before March 31, 2012).

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

### Signatories to Schedules "1" to "20"

As per our report attached

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

CA Y.N. Thakkar  
Partner

Place : Mumbai  
Dated : May 2, 2011

Sunil S. Sapre  
Chief Financial Officer

H.N. Singh Rajpoot  
Company Secretary

On behalf of the Board of Directors

H.V. Goenka  
Vice Chairman

Hari L. Mundra  
Chairman - Audit Committee

Paras K. Chowdhary  
Managing Director

Place : Mumbai  
Dated : May 2, 2011

Persons constituting group coming within the definition of "group" for the purpose of Regulation 3 (1) (e) (i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 include the following:

Accurate Commodore Private Limited	Pedriano Investments Limited
Adapt Investments Limited	Peregrine Enterprises Limited
Adorn Investments Limited	Petrochem International Limited
Alipore Towers Private Limited	Phillips Carbon Black Limited
Allwin Apartments LLP	RPG Cellular Investments & Holdings Private Limited
Amber Apartments Private Limited	RPG Enterprises Limited
Atlantic Holdings Limited	RPG Industries Private Limited
B N Elias & Company Private Limited	RPG Infrastructure Investment Private Limited
Best Apartments Private Limited	RPG Life Sciences Limited
Blue Niles Holdings Limited	Saregama India Limited
Brabourne Investments Limited	Secura India Trust
Carnival Investments Limited	Sentinel Tea & Exports Limited
CESC Limited	Shaft Investments Private Limited
Chhatrapati Investments Limited	Solty Commercial Private Limited
Crescent Power Limited	South Asia Electricity Holdings Limited
Crystal India Tech Trust	Spencer & Co Limited
Dakshin Bharat Petrochem Private Limited	Spencer International Hotels Limited
Doon Doors Plantations Limited	Spencer's Travel Services Limited
Dotex Mercandise Private Limited	Spencer's Retail Limited
Eastern Aviation & Industries Private Limited	Spotboy Tracom Private Limited
Ektara Enterprises Private Limited	Sri Krishna Chaitanya Trading Co Private Limited
FGP Limited	Sri Parvathi Suthan Trading Co LLP
Goodhope Sales Private Limited	Stellar Energy Trust
Goodluck Dealcom Private Limited	Stylefile Events Limited
Haldia Energy Limited	Summit Securities Limited
Harrisons Malayalam Limited	Swallow Associates Limited
Highway Apartments Private Limited	Tirumala Dealtrade Private Limited
Horizon Master Trust	Trade Apartments Limited
Idea Tracom Private Limited	Ujala Agency Private Limited
Indent Investments Private Limited	Universal Industrial Fund Limited
Instant Holdings Limited	Vayu Udaan Aircraft Private Limited
Integrated Coal Mining Limited	Wonder Land Limited
KEC International Limited	Zensar Technologies Limited
Kestrel Investments Limited	Rama Prasad Goenka & Sons (HUF)
Kutub Properties Private Limited	Harsh Anant Goenka (HUF)
Malabar Coastal Holdings Limited	Sanjiv Goenka & Others (HUF)
Monitor Portfolio Trust	Sri. Rama Prasad Goenka
Noida Power Company Limited	Smt. Sushila Goenka
Nucleus Life Trust	Sri. Harsh Vardhan Goenka
Prism Estates Trust	Smt. Mala Goenka
Puffin Investments Limited	Sri. Sanjiv Goenka
Rainbow Investments Limited	Smt. Preeti Goenka
Ritushree Vanija Private Limited	Sri. Anant Vardhan Goenka
Off Shore India Limited	Smt. Radha Goenka
Organised Investments Limited	Sri. Shashwat Goenka

## This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There is no handwriting or other markings on the paper.

# ATTENDANCE SLIP

## CEAT LIMITED

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

### Registrar & Share Transfer Agents

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

### 52<sup>nd</sup> Annual General Meeting

**Friday, August 26, 2011 - 3.30 p.m. - Ravindra Natya Mandir, Mumbai**

Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signatures registered with the Company. The admission will, however, be subject to verification of signature(s) and such other checks, as may be necessary. Under no circumstances will any duplicate slip be issued at the entrance to the meeting hall.

I/We hereby record my/our attendance at the 52<sup>nd</sup> Annual General Meeting being held on August 26, 2011 and/or at any adjournment thereof.

\_\_\_\_\_  
Name of the Shareholder (In Block Capitals)

\_\_\_\_\_  
Signature of the Shareholder or Proxy

**Note:** Refreshment Coupons, if any, will be given only against this Attendance Slip.

## PROXY FORM CEAT LIMITED

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

### Registrar & Share Transfer Agents

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

I/We \_\_\_\_\_ of \_\_\_\_\_  
being member(s) of CEAT

Limited hereby appoint 1) \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ or failing him 2) \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ or failing him 3) \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on August 26, 2011 and/or at any adjournment thereof.

Their respective signature(s) is/are as under:

As witness my/our hand(s) this

day of

2011.

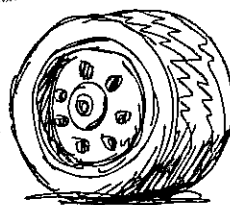
- 1) \_\_\_\_\_
- 2) \_\_\_\_\_
- 3) \_\_\_\_\_

Signed by the said

Affix  
₹ 1/-  
Revenue  
Stamp

Folio No.	DP ID No.	Client ID No.
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**NOTE:** The proxy must be returned so as to reach the Registered Office of the Company or the office of the Company's Registrars not less than 48 hours before the commencement of the meeting.

**CEAT****Panna Lal Shaw**

Fleet Owners and Transport Contractor, West Bengal

We were previously using brands such as Birla and MRF. However on request from your sales team and regional manager we have been continuously using your product for the past one year. The service of the product is satisfactory. The marketing team is very good as they continuously interact with us. Moreover the service engineers and the regional manager is easily accessible and therefore our grievances are easily addressed.

**Satpal Jeetu**

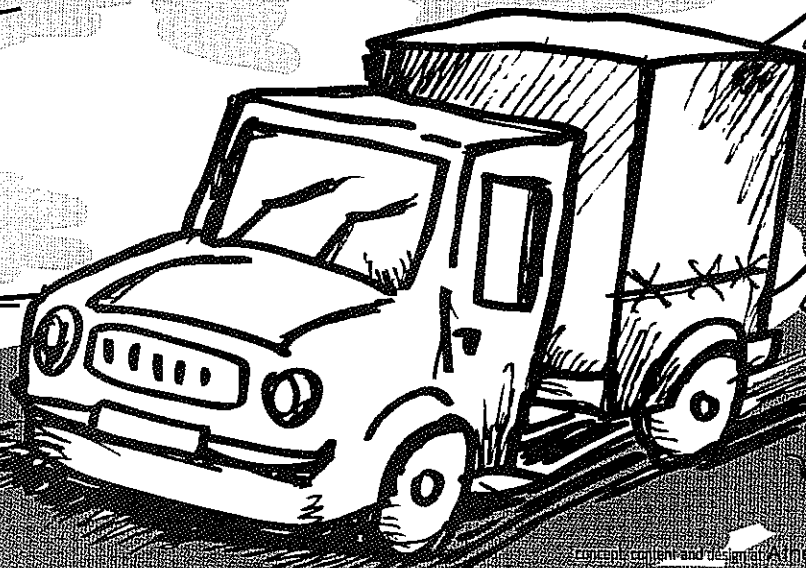
Truck owner, Haryana

This is to certify that we are using CEAT Mile XL and Mile XL RIB for last six months. We have 8 trucks flying on North from Haryana to Delhi with the payload in 25 tonnes. Mileage of above tyre is quite satisfactory.

**B. K. Kesarwani**

Owner of a transport company, U.P.

I am an owner of 45 vehicles and all are 10 wheelers. My vehicles operate from Faizabad to Lucknow - Kanpur - Jhansi. Our complete operation is on sand and stone. My trucks carry load of 40 tonnes. Since last 1 year I am using CEAT tyres (FM Super, Lug XL, HL and RD Super). I am fully satisfied with the service of the tyre. Company officials are also helpful and they help me in my need.



concept, content and design by A. K. Jaiswal (mumbai)

www.ceatindia.com

[www.beidiotsafe.com](http://www.beidiotsafe.com)



**BECAUSE THE STREETS  
ARE FILLED WITH IDIOTS**

 **CEAT**  
**BIKE TYRES**  
WITH SUPERIOR GRIP