

A dense collection of orange icons on a dark background, representing various themes: industry (factories, gears), science (microscopes), communication (speech bubbles, news icons), safety (no smoking, hand washing), and general business (checkmarks, people icons).

Faster. Safer. Smarter.



Rama Prasad Goenka

March 1, 1930 – April 14, 2013

Visionary, Industrialist, Humanitarian

He mixed foresight with finesse, intellect with intuition and passion with prudence. Modern India's original M & A strategist and one of its greatest achievers, Dr. R. P. Goenka possessed humility and a youthful charm that is cherished by all those whose lives he touched. At a time when investors were cautious about making significant acquisitions, Dr. R. P. Goenka conceived and executed numerous takeovers and created an industrial group that spans India and beyond. A man of impeccable grace and amazing depth of knowledge, Dr. R. P. Goenka lives forever in the enthusiasm, the resilience and the determination, of every member of RPG Enterprises, the conglomerate that he built.

CEAT salutes Dr. R. P. Goenka's indomitable spirit and continues to be guided by his vision.



AMID THE SHIFTING DYNAMICS OF GLOBAL BUSINESSES, CUSTOMERS NEED REASSURANCE THAT THEIR EVOLVING ASPIRATIONS CAN BE CATERED TO WITH EVER MORE ACUMEN AND ALACRITY.

This is the hallmark of CEAT. Our products inspire confidence in customers with their on-road performance and safety standards. Superior road grip, steering control and safe handling at high speeds are just a few of the features which make our products preferred by customers across the country and beyond.

For over five decades, CEAT has consistently focused on, innovation in products and processes, expansion of global networks, improvement in brand stature and cost efficiency in order to help global customers find the right tyres for their vehicles.

We are leveraging our strengths to accelerate growth momentum, reinforce safety initiatives and embrace global opportunities with smart technical and operational expertise.

Our stakeholders have faith in our ability, and their trust helps us move ahead with a firm grip on roads.



CONTENTS

CORPORATE OVERVIEW

Can tyres talk of passion? We think they do.	02
Vision & Values	04
Living our vision. Loving the journey.	06

STRATEGIC REVIEW

Faster.	08
Safer.	10
Smarter.	12
Community Initiatives	14
Corporate Information	16

STATUTORY REPORTS

Notice	18
Directors' Report	24
Management Discussion and Analysis	32
Corporate Governance Report	38

FINANCIAL STATEMENTS

Standalone Financial Statements	53
Consolidated Financial Statements	95

Can tyres talk of passion?

AT CEAT, OUR PRODUCTS REPRESENT THE PASSION TO ACHIEVE HIGH STANDARDS OF EXCELLENCE. PASSION HELPS US NAVIGATE ROUGH AND SMOOTH ROADS.

Five decades is a long time, it changes customer's perspectives, technology paradigms and business priorities. For CEAT, however, some things have not changed since inception: ability to foresee market trends, identify customer aspirations and create products

that deliver delightful customer experiences and ensure safer rides. Our tyres trot the globe, as we have strengthened our footprint to over 100 countries across the world, catering to Original Equipment Manufacturers (OEM) and individuals.

TYRE RANGE

TWO WHEELERS / THREE WHEELERS

CARS / SUVs

FARM VEHICLES / TRAILERS

LIGHT & HEAVY COMMERCIAL VEHICLES / TRUCKS

EARTHMOVERS

SPECIALITY TYRES

We think they do.

RPG ENTERPRISES

₹ **17,000**

CRORES TURNOVER

IS AMONGST INDIA'S FASTEST
GROWING CONGLOMERATES

Since 1979, RPG Enterprises serves
diverse business verticals including
**Infrastructure, Automotive tyres, IT,
Pharmaceuticals, Plantations and Power
Ancillaries.**

3

MANUFACTURING FACILITIES
IN MUMBAI, NASIK (MAHARASHTRA)
AND HALOL (GUJARAT)

10

MILLION +

TYRES PRODUCED ANNUALLY

#1

PLAYER IN SRI LANKA

8

ZONES

3,500+

DEALERS

50

SERVICE ENGINEERS ASSISTING
THE DEDICATED CUSTOMER
SERVICE TEAM

37

REGIONAL OFFICES

110+

EXPORT DESTINATIONS,
INCLUDING USA, AFRICA, LATIN
AMERICA, AUSTRALIA AND ASIA



Vision & Values



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



CHALLENGER	ASPIRATION-LED	INTEGRITY	RESULT-OBSSESSION	OPENNESS
We attempt to try new things and not fear failure, we question existing ways of working and we are open to critique and suggestions from the team and others in the organisation.	We encourage our people to dare to dream. Our aim is to deliver exceptional service to our customers. This we do by trying to excel at our work.	We take responsibility for our actions and ensure our behaviour matches our words. Being honest and transparent in our work is our continuous endeavour.	We respect the time of others and strive to display a sense of urgency in taking decisions.	We value the skills, strengths and views of others and have a passion for learning and sharing ideas. We appreciate and are responsible with the information the company shares with us.



Living our vision. Loving the journey.

**OUR VISION GUIDES
US FORWARD
ACROSS FAMILIAR &
UNFAMILIAR ROADS.
FASTER. SAFER.
SMARTER.**

60+

ADDITIONAL NEW
LOOK CEAT SHOPPES

37%

GROWTH IN OEM SEGMENT
DESPITE THE OVERALL
INDUSTRY SHOWING FLAT
GROWTH

24%

GROWTH IN MOTORCYCLE
CATEGORY

Operational highlights FY 2013

Expanded footprint in Bangladesh; Joint Venture (70:30) with A. K. Khan & Company Limited to set up a tyre manufacturing facility in Bangladesh

CEAT Sri Lanka Joint Venture retained its market leadership across all categories in Sri Lanka

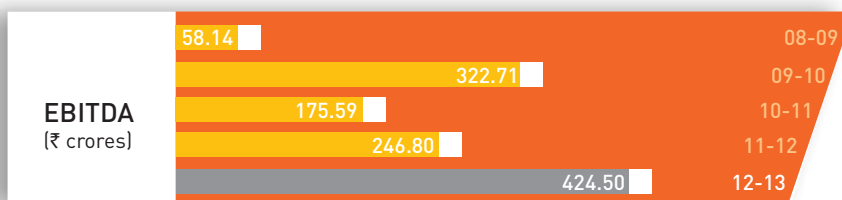
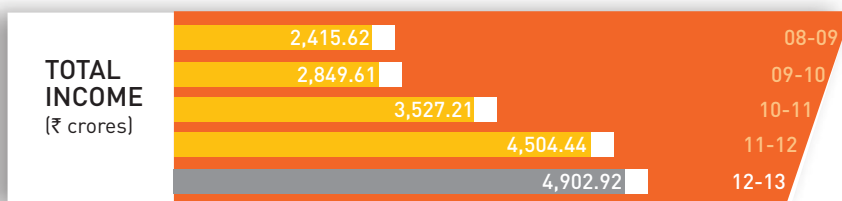
Adopted BS OHSAS 18001:2007 and ISO 14001:1994 framework to enrich Environment Health and Safety Performance

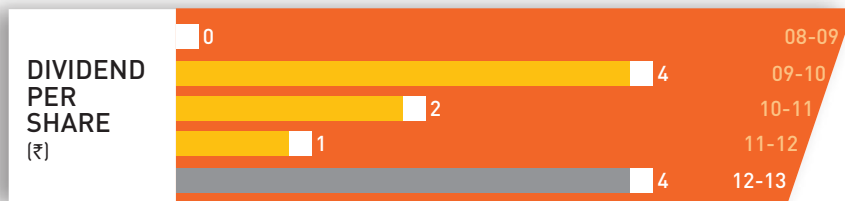
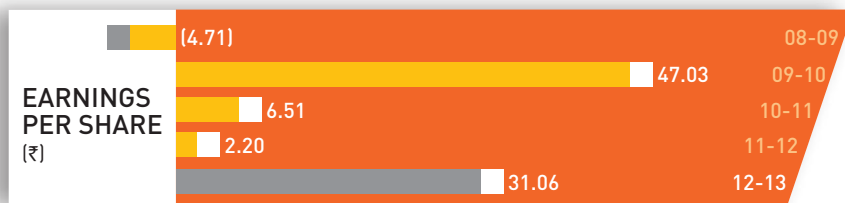
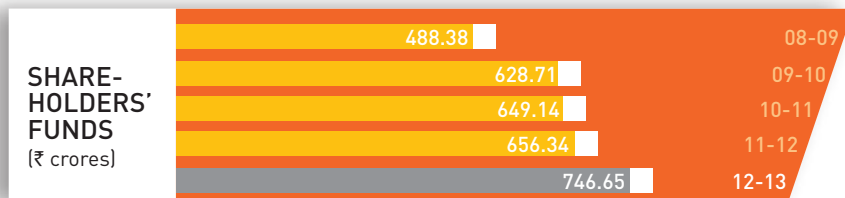
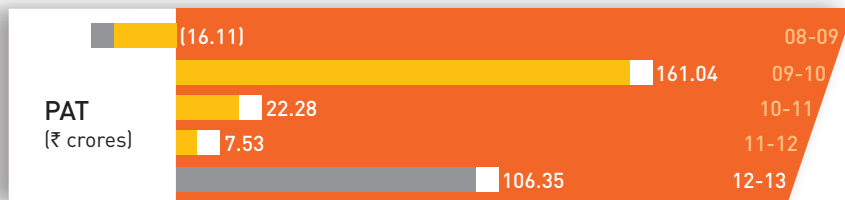
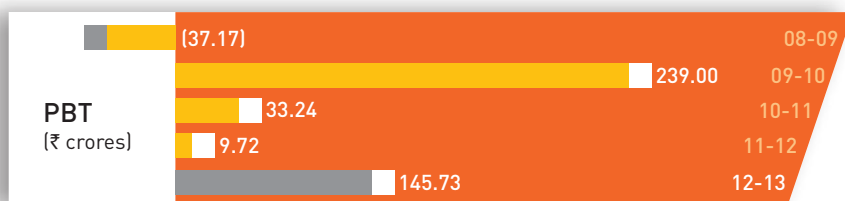
27 %

GROWTH IN PASSENGER
CAR AND UTILITY
VEHICLE CATEGORY

70 +

NEW PRODUCTS
LAUNCHED







“My tyre should help me move faster,

THESE ARE JUST FEW THINGS THAT OUR CUSTOMERS AROUND THE WORLD EXPECT FROM US. EVERY DAY. AND WHEN OUR PERFORMANCE MATCHES THEIR EXPECTATIONS, OUR CUSTOMERS SMILE.

FASTER.

Fast is not good enough. In an environment of moderate economic growth, **WE ACCELERATED OUR MOMENTUM.** We added capacities, enhanced efficiencies and delivered a solid performance during the year. We are **PUSHING THE BOUNDARIES** of ‘what’s possible’ at CEAT.

Our prudent business strategies, including scaling up and extending our business, assimilating and applying new knowledge to products and enhancing **CUSTOMER SATISFACTION** have ensured faster growth.



FASTER DELIVERY

At CEAT, we have always focused on our scalability. Fiscal 2013 was not an exception. We saw good increase in our Customer Satisfaction Score over last year. A more responsive supply chain with a 50% reduction in material stock out helped drive this achievement. All three manufacturing plants have also supported us well with high capacity utilisation levels and speedy production ramp-up.

50%

REDUCTION IN
STOCK OUT

safer and smarter.”

Channel Management

Strategic planning to ensure better visibility of our direct and in-direct dealer network

Rigorous follow-up and resolution of channel partner complaints

Design of channel architecture to improve coverage



EXPANDING NETWORKS

Our wide network of dealers and CEAT Shoppes ensure that we reach out to the customers faster. Expansion of CEAT Shoppe is a key initiative for developing an exclusive retail channel to improve service levels and reach in the market. At present, we have 100+ CEAT Shoppes, of which 60 Shoppes with new look were incorporated in FY 2013.

We are further expanding the CEAT Shoppe network to 200 concentrating on towns with a population of 5 to 10 lakhs.

Our distributor network also grew by a healthy 40% in FY 2013.

200

CEAT SHOPPE
EXPANSION IN TOWNS

ELIMINATING KEY PROCESS CONSTRAINTS

To carry out operational efficiency improvement in manufacturing, we introduced several improvement projects. These include Operational Equipment Efficiency (OEE) Tracking, Single Minute Exchange of Die (SMED), efficient performance review dialogue process, idea generation & tracking, line speed improvement and tracking of reliability KPIs.

The result: we sustained throughput levels at maximum tonnage; ensured improvements across critical machines; reduced change-over times by 50%, improved power and fuel efficiency and reduced process scrap.

50%

REDUCTION IN
CHANGE-OVER TIME



“My tyre should help me move faster,

‘Be Idiotsafe’ Campaign

To generate road awareness in India, we have been running the ‘Be Idiotsafe’ campaign that encourages people to follow road etiquettes, good road habits, traffic laws and regulation.

SAFER.



Safe is passé. At CEAT, we are never complacent about safety standards of our tyres. Therefore, we relentlessly attempt to enhance their safety quotient, giving customers the reassuring feeling: ‘you are safer with us on roads’.

For safer products, we undertook the following initiatives during fiscal 2013.

UNVEILING INNOVATION

Good tyre grip is extremely important to ensure the safety of travellers. Over the years, we have introduced innovative and quality products. In fiscal 2013, we developed 89 new products with the help of our state-of-the-art R&D facility situated at Halol. To introduce first-time-right products without compromising on quality, we have adopted the TQM way for new product development.

We launched several new products including winter tyres in the passenger vehicle segment. The winter tyre is characterised by a combination of multi-dimensional sipes,

rounder profile integrated with innovative polymer blend and low dynamic stiffness at low temperatures which enhance its snow grip. All tyres were evaluated under extreme conditions to understand their safety aspects.

In the Middle East, our GRIPP-LN passenger vehicle tyre series with low noise, high durability and good ride comfort, guarantee a safe ride. Our UVR-CZAR range for all terrain (A/T) and highway terrain (H/T) is another example of our safer and innovative tyres.

safer and smarter.”

‘Kahan Rukna Hai Pata Hai’ Campaign

To highlight the grip attribute of SUV radials, the ‘**Kahan rukna hai pata hai**’ campaign was launched in September 2012. The campaign highlighted how the tyre knows where to stop as does the individual who drives the SUV.



R&D INITIATIVES

To deliver better safety, we have consistently worked in our Research and Development (R&D) facilities. Our Quality Function Deployment (QFD) process not only introduces new products in the market considering the stated and unstated customer requirements, but also ensures the safety of the customers through better quality.

89

NEW PRODUCTS
DEVELOPED WITH HELP
OF R&D FACILITY

AWARENESS FOR A SAFER TOMORROW

AT CEAT, we also provide safe solutions to our customers. Our first of its kind platform, ‘CEAT PRO’ provides fleet owners the information access to industry best practices, thus safeguarding them from the day-to-day operating challenges. Advanced knowledge on logistics, finance, marketing, human resource management, commercial vehicle OEM, technology, brand building and customer service help the fleet owners to improve their efficiency and reduce operational costs.

CEAT PRO has successfully conducted over 90 events till March 31, 2013, of which 26 events were conducted in FY 2013.

90+

EVENTS CONDUCTED
BY CEAT PRO

QUALITY CONTROL MEASURES

We are India’s first tyre manufacturing organisation to get the ISO/TS 16949:2002 certification by the International Automotive Task Force (IATF) and Japan Automobile Manufacturers Association (JAMA) for quality management. Our Quality Management System with advanced technologies and modern design tools develop, test and process our products. Besides preventing defects and reducing waste, the quality control measures make our products safer.



"My tyre should help me move faster,

Outsourcing ventures

Our smart outsourcing strategy helped capacity building without any significant investment. In FY 2013, we generated 26% of our revenue through outsourcing.

SMARTER.



Smart is the old normal.
Smarter is the new normal.
At CEAT, we have built a competent business model that encourages innovation and efficiency, so that the customer can always expect best-in-class products from our repertoire.

A few of our smarter moves that ensured our competitive edge in FY 2013 include:

EXPANDING PRESENCE

We have expanded our footprint in Bangladesh, with the formation of 'CEAT Bangladesh Limited' (CBL). CBL is 70:30 Joint Venture (JV) between CEAT and A. K. Khan & Company Limited, one of the oldest and most reputed business conglomerates in Bangladesh. The bias tyre manufacturing plant will have an initial installed capacity of 65 metric tonnes per day requiring an investment of USD 55 million.

The JV will leverage our technical, operational and business expertise and A. K. Khan & Company's vast knowledge of Bangladesh market, their goodwill and local presence.

STRATEGIC OEM INTRODUCTIONS

During FY 2013, we strategically enhanced our OEM networks, which significantly contribute to our growth, especially in the two-wheeler segment. To get the approval of coveted international auto manufacturers after meeting their stringent performance requirements demonstrates our technical capabilities. The associations will further open the way to number of joint developments with global leaders.

AIMING

FOR LEADERSHIP IN BANGLADESH

safer and smarter.”



BETTER BRAND VISIBILITY

Over the years, we have established a strong brand identity. CEAT Cricket Rating (CCR) is the first international rating mechanism to acknowledge outstanding performances across every sphere of cricket - batting, bowling, fielding & wicket-keeping. 'CEAT International Cricketer of the Year' and the 'CEAT International Team of the Year' are considered the best acknowledgements in cricket today. During the year, we undertook the following initiatives to further enhance our brand equity:

- Official tyre sponsor of the youth reality show – MTV Roadies
- Associate sponsor of the renowned television game show – Kaun Banega Crorepati
- Partnered Mahindra Adventure as official tyre partner for the Monastery Escape
- Partnering the country's largest community of bikers – XBHP
- Organising the 3rd edition of India Road Transportation Awards 2012 (IRTA) to recognise & felicitate the road transport industry's achievers



HUMAN EXCELLENCE

Technology and business strategies cannot accomplish much without human talent and endeavour. Therefore, at CEAT, we look into ways and means to accomplish more with our people.

We implement the best industry practices in recruitment, training and performance appraisals. During the year, we formed Self-Managed Teams (SMT) to create a culture of empowerment, transparency and participation. The SMTs encourage the concept of employee empowerment, which empowers them to have the requisite authority and resources required to carry out their responsibilities. Additionally, it further supports employee engagement through Job Rotation, Career Advancement, Job Enrichment and Empowerment (STAR Caps),

Reward and Recognition, Rigorous Communication, among others.

The initiative contributed significantly by improving our throughput, reliability, conversion cost and employee engagement. Besides, our Sales Academy enhanced our capabilities with the implementation of the following:

- Best performing frontline selected as sales excellence coaches
- Coaches to provide on-field support and training to frontline
- Revamped goal induction module to build frontline capability

Community initiatives



HEALTH AWARENESS

- Organising various **health check-up camps**, including general health check-up, eye check-up, obesity, diabetes check-up, haemoglobin check-up and blood donation camps
- Generating awareness to deal with transitional adolescence
- Raising awareness about **AIDS and its prevention**, in association with Mumbai District AIDS Control Society and HLL Life Care Limited
- Conducting lectures on '**Diet & Healthy Lifestyle**' to develop health awareness and incorporation of healthy diet
- Launching '**Swasthy Jana-Jagruti Abhiyan**' as a preventive healthcare mission targeted at employees, people and students
- Campaigning **against tobacco hazards**, especially among students
- Organising **Mineral Bone Density Check-up** Camp and free sample distribution

AS A RESPONSIBLE CORPORATE CITIZEN, WE HAVE UNDERTAKEN SEVERAL INITIATIVES TO HELP UPLIFT THE COMMUNITY.

EDUCATION

- Improved career guidance and development programmes, including art and craft workshop, income generation skills, tailoring, phenyl making, beautician course, mobile repairing, basic electrician course and jewellery making
- Helping students with techniques to improve memory and retention
- Conducting environment awareness sessions for community children

EMPLOYABILITY

- Organising training session on 'Employability Skills' to improve the knowledge, skill and attitude of students in line with industry requirements
- Launching Akshar Project for six BMC Schools to improve English proficiency and Saksham Project to enhance employability
- Conducting personality development and confidence building sessions at Industrial Training Institute (ITI) at Ulhasnagar

COMMUNITY OUTREACH

- Organising the Consumer Guidance Awareness programme to create awareness on Consumer Rights, including the Right to Safety, Right to Information, Right to be Heard and Right to Redressal
- Implementing Bal-Vikas Project to train school children on self-defence and martial arts and to instil discipline, fitness and right mindset
- Organising monetary donation for cancer patients

Corporate information

◉ BOARD OF DIRECTORS

H. V. Goenka (Chairman)
Anant Vardhan Goenka (Managing Director)
Arnab Banerjee (Executive Director - Operations)
Vinay Bansal
A. C. Choksey
Paras K. Chowdhary
S. Doreswamy
Mahesh S. Gupta
Haigreve Khaitan
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

S. R. Batliboi & Associates LLP

◉ REGISTRAR & SHARE TRANSFER AGENTS

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

◉ BANKERS

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





Statutory Reports and Financial Statements

CONTENTS

STATUTORY REPORTS

Notice	18
Directors' Report	24
Management Discussion and Analysis	32
Corporate Governance Report	38

STANDALONE FINANCIAL STATEMENTS

Auditors' Report	53
Balance Sheet	56
Statement of Profit and Loss	57
Cash Flow Statement	58
Notes	60
Statement Pursuant to Section 212(3)	93
Statement pursuant to exemption received under Section 212 (8)	94

CONSOLIDATED FINANCIAL STATEMENTS

Auditors' Report	95
Balance Sheet	96
Statement of Profit and Loss	97
Cash Flow Statement	98
Notes	100



Notice

NOTICE is hereby given that the fifty-fourth 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 Thursday, August 22, 2013 at 10:00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss 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. Atul C. Choksey who retires by rotation and, being eligible, has offered himself for re-appointment.
4. To appoint a Director in place of Mr. Hari L. Mundra who retires by rotation and, being eligible, has offered himself for re-appointment.
5. To appoint a Director in place of Mr. H. V. Goenka who retires by rotation and, being eligible, has offered himself for re-appointment.
6. To appoint Messrs S. R. Batliboi & Associates LLP, Chartered Accountants, as Statutory 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. Arnab Banerjee, who was appointed as an Additional Director of the Company with effect from May 7, 2013 and holds office upto the conclusion of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member in terms of Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director and who is eligible for appointment, be and is hereby appointed as a Director of the Company."
8. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to provisions of Section 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof, ("the Act") and subject to the approval of the Central Government and subject to all approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed

by any of the authorities in granting such approvals, permissions and sanctions, the Company hereby approves the appointment of Mr. Arnab Banerjee as the Whole-time Director (designated as the Executive Director – Operations) for a period of 5 (five) years commencing from May 7, 2013, and ending on May 6, 2018 upon the terms and conditions set out in the Agreement dated May 8, 2013, and submitted to this meeting (which is also hereby ratified and approved).

RESOLVED FURTHER THAT the Board of Directors ("the Board" which expression shall also include a Committee thereof for the time being exercising the powers conferred on the Board by this resolution) be and is hereby authorised to pay the remuneration to Mr. Banerjee, within the maximum limits prescribed in Section I of Part II of Schedule XIII of the Act, as per details given below, as may be recommended by the Remuneration Committee from time to time, within overall limit of ₹ 2.75 crores per annum during the tenure of the appointment mentioned above:

1. **Salary:**
 - a. Basic Salary: ₹ 2,82,560/- per month with an increase of not exceeding 25 per cent every year with effect from July 1.
 - b. Management Supplement: ₹ 2,63,740/- per month with an increase of not exceeding 25 per cent every year with effect from July 1.
2. **Allowances:** ₹ 4,65,000/- per month with an increase of not exceeding 25 per cent every year with effect from July 1.
3. **Performance Bonus:** Not exceeding six months' Salary (Basic plus Management Supplement), subject to the performance of the appointee.
4. **Perquisites:** The Whole-time Director shall be entitled to the following perquisites:
 - a) House Rent Allowance – Included in (2) above.
 - b) Reimbursement of domiciliary Medical Expenses – Included in (2) above.
 - c) Car/Telephone at residence for business use at actual. Personal use shall, however, be recovered from the salary of the appointee.
 - d) Other Perquisites: As may be granted from time to time, as per the Company's policies, monetary value of which shall not exceed ₹ 1,00,000/- per annum.
5. In addition to the above, the Whole-time Director shall be eligible for the following perquisites, the value of which shall not be considered for computation of aggregate remuneration:

- a. Company's Contribution to Provident Fund, Superannuation or Annuity Fund - As per Company Policy.
- b. Gratuity - As per Company Policy.
- c. Encashment of unavailed leave at the end of tenure - As per Company Policy.

RESOLVED FURTHER THAT pursuant to Section II of Part II of Schedule XIII and other applicable provisions of the Act, if any, and subject to such approvals as may be necessary, the Company may pay Mr. Banerjee, the remuneration specified supra, as minimum remuneration in case the Company has no profits or its profits are inadequate during any of the financial years during the tenure mentioned hereinabove.

RESOLVED FURTHER THAT the Board be and is hereby also authorised to increase, vary or amend the remuneration and other terms of appointment of Mr. Banerjee as it may deem expedient or necessary during his tenure mentioned hereinabove or as may be prescribed by the authorities giving their sanction or approval.

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

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

"RESOLVED THAT pursuant to Section 314 (1B) and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof ("the Act") and the Rules made there under and subject to the approval of the Central Government and such other approvals as may be necessary, consent of the Company be and is hereby accorded to Mr. Kunal Mundra, a relative of Mr. Hari L. Mundra, Director of the Company, to hold an office or place of profit in the Company with effect from January 1, 2014 or the date of approval of Central Government, whichever is earlier on the following remuneration/ terms:

1. Salary:

- a. Basic: ₹ 1,93,650/- per month with an increase of not exceeding 25 per cent every year on July 1.
- b. Management Supplement: ₹ 1,93,650/- per month with an increase of not exceeding 25 per cent every year on July 1.

2. **Allowances:** ₹ 1,08,500/- per month with an increase of not exceeding 25 per cent every year on July 1.

3. **Performance Bonus:** Not exceeding six months' of Salary (Basic plus Management Allowance) subject to the performance of the appointee.

4. Perquisites:

- a. House Rent Allowance - Included in (2) above
- b. Reimbursement of Domiciliary Medical Expenses - Included in (2) above.
- c. Car/Telephone at residence for business use at actual. Personal use shall, however, be recovered from the salary of the appointee.
- d. Other Perquisites: As may be granted from time to time as per the Company's Policies, monetary value of which shall not exceed ₹ 1,00,000/- per annum.

5. Retiral Benefits:

- a. Company's Contribution to Provident Fund, Superannuation or Annuity Fund - As per Company Policy.
- b. Gratuity - As per Company Policy.
- c. Encashment of privilege leave on retirement - As per Company Policy.

6. Other Terms:

- a. Mr. Kunal Mundra shall be governed by the existing Corporate Governance and Ethics Policy and some other Policies that may be framed and / or adopted by the Company from time to time.
- b. Notice Period - 4 months on either side.
- c. Entitlement of Leaves - As per Company Policy.

RESOLVED FURTHER THAT if the Central Government, while granting the approval, varies any terms of the appointment of Mr. Kunal Mundra (including the remuneration payable to him), the said variation shall be deemed to have been made ab-initio and the terms of appointment (including remuneration) of Mr. Kunal Mundra shall stand modified accordingly.

RESOLVED FURTHER THAT the Board of Directors ("the Board" which expression shall also include a Committee thereof for the time being exercising the powers conferred on the Board by this resolution) be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion,



Notice

deem necessary, proper or desirable to give effect to this resolution and to settle any questions or doubts that may arise in this regard.”

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

“RESOLVED THAT pursuant to Section 309 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof (“the Act”), and subject to all approvals, permissions and sanctions as may be necessary, approval of the Company be and is hereby accorded for payment of commission to the Director(s) of the Company who is/are neither in the whole-time employment with nor Managing Director(s) of the Company, for a period of 5 (five) years with effect from April 1, 2013 in accordance with the provisions of Section 309 of the Act, in such manner and up to such extent as the Board of Directors of the Company (“the Board” which expression shall also include a Committee thereof for the time being exercising the powers conferred on the Board by this resolution) may so determine from time to time, provided that prior approval of the Central Government shall be obtained by the Company if the commission to be paid exceeds the limits laid down in Section 309(4) of the Act.

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

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Members are requested to kindly refer the Chapter on Corporate Governance Report in the Annual Report for the information in respect of appointment/re-appointment of Directors, under Clause 49 of the Listing Agreement. Out of the Directors seeking appointment/re-appointment, Mr. H. V. Goenka holds 1,33,932 equity shares in the Company.

4. Mr. H. V. Goenka, is the father of Mr. Anant Vardhan Goenka, Managing Director of the Company. None of the other Directors seeking appointment/re-appointment is related to any member of the Board of Directors or to any Management Personnel.

5. The Register of Members and the Share Transfer Books of the Company shall be closed from Wednesday, August 14, 2013 to Thursday, August 22, 2013 (both days inclusive).

6. Important notice for Members:

- For convenience of the Members and for proper conduct of the Meeting, entry to the place of the Meeting will be regulated by the Attendance Slip, which is annexed to the Proxy Form. Members are requested to affix their signature at the place provided on the Attendance Slip and hand it over at the entrance.
- Members can avail of the nomination facility, under Section 109A of the Companies Act, 1956, by filing Form No.2B with the Company. Blank forms will be supplied on request.

7. Consolidation of Folios:

The members holding shares in the same name or in the same order of names, under different folios, are requested to notify the relevant details of the said holdings to TSR Darashaw Private Limited at 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011 for consolidation of their shareholding into a single folio.

8. Change in address:

Members are requested to notify immediately any change in their address:

- a) If the shares held in physical form to:

- (i) The Company at its Registered Office at:
CEAT Limited
463, Dr. Annie Besant Road,
Worli, Mumbai 400 030.

OR

- (ii) The Registrar and Share Transfer Agents of the Company at the following address:

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

- b) If the shares held in demat form to: The respective Depository Participants.

9. Members holding shares in physical form are requested to convert their holdings into dematerialised mode to avoid loss of shares, quick credit of dividend and fraudulent transactions.

10. Green Initiative:

As per Circulars issued by the Ministry of Corporate Affairs (MCA) bearing nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively, members holding shares in dematerialised form are requested to register their email addresses with their Depository Participant (DP) and members holding shares in physical form are requested to register their email addresses with the Company at investors@ceat.in or with the Registrar and Share Transfer Agents viz. TSR Darashaw Private Limited at csg-green@tsrdarashaw.com

- 11.** To ensure speedy credit of dividend and avoid fraudulent encashment, members are requested to kindly inform their Bank Account Details for payment of dividend through NECS. Forms shall be supplied on request.

- 12.** Securities and Exchange Board of India (SEBI) has, vide circular ref. no. MRD/DoP/Cir-05/2007 dated April 27, 2007 made the submission of a copy of PAN card of the transferee mandatory for transfer of shares held in physical form.

- 13.** The Company proposes to transfer the shares covered under the share certificates, which remain unclaimed by members, to a "Suspense Demat Account" to be opened with a Depository Participant after sending 3 (three) notices/reminders as per the procedure prescribed in Clause 5A of the Listing Agreement. Members are, therefore, requested to intimate their updated addresses to the Company or to the Registrar and Share Transfer Agents viz. TSR Darashaw Private Limited with requisite documentary proof to claim their shares, failing which the shares shall be transferred to the "Suspense Demat Account" and voting rights on such shares shall remain frozen. Such shares shall however, be released to the members as and when they are rightfully claimed by them.

Under the Authority of the Board of Directors

Place: Mumbai

Date: July 18, 2013

H. N. Singh Rajpoot

Company Secretary

Registered office:

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

Annexure to the Notice

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT pursuant to Section 173(2) of the Companies Act, 1956 to the accompanying Notice dated July 18, 2013.

1. Item No. 7 and 8:

Mr. Arnab Banerjee was appointed by the Board of Directors as an Additional Director of the Company with effect from May 7, 2013 in terms of Section 260 of the Companies Act, 1956 ("the Act") and was later also appointed as the Whole-time Director (designated as the Executive Director – Operations), for a period of 5 (five) years with effect from May 7, 2013 on the terms and conditions set out in the Agreement dated May 8, 2013, submitted to this meeting for ratification. The appointment of Mr. Banerjee is in accordance with the conditions specified in Part I and Part II of Schedule XIII as provided under Section 269 of the Act.

In accordance with the provisions of Section 302 of the Act, the abstract of the Agreement with Mr. Banerjee as referred to above has been sent to the members.

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. Banerjee for his appointment as a Director of the Company. The Board of Directors recommends the appointment of Mr. Banerjee as a Director of the Company.

Members are also, pursuant to the provisions of Section 198, 269, 309, 310 and 311 and all other applicable provisions of the Act, including Schedule XIII, requested to approve the resolution for appointment of Mr. Banerjee as Whole-time Director (designated as the Executive Director – Operations) and payment of remuneration to him as set out in the resolution at Item No. 8 of the Notice by way of a special resolution.

None of the Directors, except Mr. Banerjee himself, is concerned with or interested in the above resolution.

The following documents are open for inspection by members at the Registered Office of the Company between 11.00 a.m. to 5.00 p.m. on all working days except Saturdays, Sundays and public holidays upto the date of this Annual General Meeting:

- Copy of the Agreement dated May 8, 2013 with Mr. Arnab Banerjee.
- Abstract under Section 302 referred to above.

2. Item No. 9

Mr. Kunal Mundra, son of Mr. Hari L. Mundra, Director of the Company, is proposed to be appointed as the Vice President-Specialty Tyres in the Company. Mr. Kunal Mundra has done his MBA from the Indian Institute of Management (IIM), Bangalore. In addition, he is

also a Merit Lister in Bachelor of Technology, Mumbai University and was a rank holder at IIM, Bangalore.

Mr. Mundra has approx. 8 (eight) years experience in Business Strategy Consulting in sectors like Financial Services, Telecom Media & Technology, with the Boston Consulting Group as a Principal. Prior to that, he has also worked with Tata Administrative Service for a brief period.

As per section 309 of the Companies Act, 1956, ("the Act") and the Director's Relative (Office or Place of Profit) Rules, 2011 read with the notification no. GSR (E) dated May 2, 2011, issued by the Government of India (the Rules), appointment of a relative of a Director requires prior consent of the members by way of a special resolution and also the prior approval of the Central Government, if the remuneration paid to such person exceeds ₹ 2,50,000/- per month. Approval of the members is therefore sought for appointment of Mr. Kunal Mundra as aforesaid. The approval of the Central Government for his appointment will be sought thereafter. As required under the Act and Rules, appointment of Mr. Mundra and remuneration payable to him has duly been approved by the Selection Committee, constituted by the Board, at its meeting held on May 2, 2013.

The Board of Directors therefore, recommends the appointment of Mr. Kunal Mundra (to be designated as Vice President- Specialty Tyres), to the office or place of profit, as per Section 314 of the Act.

None of the Directors except Mr. Hari L. Mundra, is concerned with or interested in the above resolution.

3. Item No.10

Currently, the Board of Directors consists of 10 (ten) Non-Executive Directors and 2 (two) Executive Directors including the Managing Director. Non-Executive Directors are paid sitting fees for attending the meetings of the Board of Directors or any Committees of the Board.

The Non-Executive Directors of the Company, with their varied and rich experience, are playing a greater role in the expansion of the Company's business. This requires them to devote more time and attention to the Company. Their responsibility and accountability has also increased manifold in the recent past due to changed regulatory requirements. The Board, therefore, recognises the need to suitably remunerate its Director(s), who are neither in whole time employment of the Company nor are appointed as the Managing Director(s) drawing any remuneration from the Company. It is therefore proposed to pay remuneration to these Directors by way of a commission, to be determined by the Board considering the net profit of



the Company, computed in the manner specified in the Companies Act, 1956 ("the Act"). Prior approval of the Central Government shall, however, be obtained if the commission so paid to the Non-Executive Director(s) exceeds the limits laid down in Section 309(4) of the Act.

The quantum of the said commission payable to the Non-Executive Director(s) inter-se shall be decided by the Board of Directors ("the Board" which expression shall also include a Committee thereof) from time to time considering their role and responsibility.

The Board of Directors accordingly, recommends the resolution set out at Item No. 10 of the accompanying Notice for the approval of the members.

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

Under the Authority of the Board of Directors

Place: Mumbai
Date: July 18, 2013

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-fourth report, together with the audited accounts for the year ended March 31, 2013.

With deep and profound sorrow, the Board of Directors record that Dr. R. P. Goenka, Chairman, ceased to be a Director of the Company due to his sad demise on April 14, 2013. The Directors place on record their sincere appreciation for the invaluable guidance provided by Dr. Goenka to the Company during his tenure as the Chairman of the Company.

FINANCIAL HIGHLIGHTS

(₹ in crores)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Turnover	4,836.7	4,435.4
Profit before Taxation	145.7	9.7
Provision for:		
- Current Tax	31.7	3.8
Less: MAT Credit Entitlement	(31.7)	(3.8)
- Short/(Excess) Provision for earlier years	(1.7)	-
- Deferred Tax	41.0	2.2
Net Profit	106.4	7.5
Surplus brought forward from previous year	253.5	250.0
Sum available for Appropriation	359.9	257.5
Appropriations:		
- Proposed Dividend on Equity Shares	13.7	3.4
- Corporate Tax on Proposed Dividend	2.3	0.6
- Transfer to General Reserve	11.0	-
Balance carried forward	332.9	253.5

A FAVOURABLE
PRODUCT MIX
TOWARDS CATEGORIES
OF MOTORCYCLE,
SCOOTER, PASSENGER
CAR, UTILITY VEHICLES
AND LAST MILE
TYRES CONTRIBUTED
POSITIVELY TO THE
BOTTOM LINE.

DIVIDEND

In view of the improved performance of the Company during the year under review, the Board of Directors are pleased to recommend a dividend of ₹ 4.00 per equity share of face value of ₹ 10/- each (i.e. 40 per cent) for the financial year ended March 31, 2013.

INDUSTRY SCENARIO

The Indian economy registered a modest growth of 5 per cent in FY 2013 in terms of Gross Domestic Product (GDP). This was attributable mainly to weakening industrial growth in the context of tight monetary policy through most of the year and continued uncertainty in the global economy.

The global automobile industry witnessed a slump in demand which impacted the tyre industry as well.

Volumes across almost all segments either declined or remained flat. The demand from Original Equipment Manufacturers (OEM) as well as the Replacement Market was sluggish given the reduction in demand of automobiles and unsold inventory.

On the other hand, decline in input costs helped improve margins during the year under review. Almost all major raw materials witnessed a steady decline over the year.

CEAT'S PERFORMANCE

The Company registered a growth of 9.1 per cent in turnover from ₹ 4,435.4 crores in the year 2011-12 to ₹ 4,836.7 crores in 2012-13. Manufacturing operations at the radial plant at Halol, near Baroda in Gujarat ramped up to 80 per cent capacity utilisation by Q4 of the year under review thereby improving the financial performance of the Company.

A favourable product mix towards categories of motorcycle, scooter, passenger car, utility vehicles and last mile tyres contributed positively to the bottom line.

In spite of a shrinking OEM market, the Company's performance in this segment was impressive with a 37 per cent volume growth posted against last year.

During 2012-13, prices of key raw materials like Natural Rubber and Synthetic Rubber fell by 8 to 10 per cent and helped increase profits for the Company.

The operating margins of the Company improved by 3.2 per cent with the operating profit increasing from ₹ 246.8 crores in the year 2011-12 to ₹ 424.5 crores in the year 2012-13. Net Profit increased from ₹ 7.5 crores in 2011-12 to ₹ 106.4 crores in 2012-13.

The Company also expanded its product portfolio with the 'CZAR' range of Utility Vehicle tyres being a key development. An advertising campaign was launched for this new product range while the successful motorcycle tyre 'Be Idiotsafe' campaign also continued.

FUTURE OUTLOOK

The tyre industry in India is passing through a challenging phase much like the overall economy. Such a drastic fall in the sales of commercial vehicles during the year under review has not been witnessed in a long time. In the short term, therefore, the outlook for tyre industry is not a very optimistic one. The tyre industry's growth is expected to be in sync with the GDP growth. However, replacement demand from vehicle sales over the past two years can provide an opportunity.

The Company expects tyre demand to revive over medium term.

A weakening Rupee and high interest rates are currently the areas of concern for the tyre industry, but are expected to improve during the course of the year ahead. With the stable forecast of raw material prices, the Company expects a positive year ahead.

JOINT VENTURE IN SRI LANKA

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

During the year under review, ACHL has registered a revenue of LKR 4,569.3 million (₹ 191.9 crores) as compared to LKR 4,357.4 million (₹ 185.3 crores) in 2011-12, a growth of 4.9 per cent. Profit after tax has grown by 48.3 per cent to LKR 468.98 million (₹ 19.7 crores) as compared to LKR 316.21 million (₹ 13.4 crores) in 2011-12. The joint venture continues to enjoy the overall market leadership in all categories of tyres in Sri Lanka.

With a view to service the growing market in Sri Lanka, the Company's joint venture is expanding its capacity from 16,000 radial tyres per month to 28,000 radial tyres per month.

ACHL has been consistently paying dividends and for the year 2012-13 the Company received ₹ 5.7 crores as dividend from ACHL.

JOINT VENTURE IN BANGLADESH

The Company is setting up a green field facility for manufacture of automotive bias tyres in Bangladesh with an initial capacity of 65 MT per day by investing USD 55 million. The capacity of the said plant will be scaled to 110 MT per day in due course with an additional investment of USD 15 million. This plant, which is the first major investment for tyre manufacturing in Bangladesh, is expected to become operational by early 2015.

The Company has decided to implement the project as a joint venture and accordingly, has signed a Joint Venture (JV) agreement with A.K. Khan & Company Limited (AKK), one of the leading business groups of Bangladesh and CEAT

Annexure to the Directors' Report

Bangladesh Limited, the JV Company, during the year under review. While the Company will hold 70 per cent shareholding of the JV Company, AKK will hold the balance. The Company has also signed the Technology, Trademark and Name License Agreement with the JV Company whereunder, it will provide the technology and operational support to the JV Company. Once the plant becomes operational, the JV Company will be in a position to cater to the growing domestic market of Bangladesh and South East Asia as well.

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

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

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

HUMAN RESOURCES

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

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

EMPLOYEE STATEMENT

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

SUBSIDIARY COMPANY

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 Act, provided conditions specified in the said circular are fulfilled. The Company has fully complied with all the conditions mentioned in the above circular. Therefore, the Annual Accounts of the wholly owned subsidiary of the Company i.e. Associated CEAT Holdings Company (Private) Limited (ACHL) and those of the subsidiary company i.e. CEAT Bangladesh Limited (CBL)

have not been annexed to this Report. However, the same are available for inspection at the Registered Office of the Company and also at the Registered Office of ACHL and CBL. Any member desirous of obtaining the same may request the Company in writing.

FIXED DEPOSITS

The Company has no overdue deposits, other than the unclaimed deposits of ₹ 3.07 Crores from 844 depositors as at the end of the year under review.

DIRECTORS

Mr. Paras K. Chowdhary, was appointed as the Whole-time Director for a period of one year with effect from April 1, 2012. Accordingly, the term of Mr. Chowdhary as the Whole-time Director has expired on March 31, 2013. He however, continues to be a Director on the Board of Directors of the Company.

In terms of Article 172 of the Articles of Association of the Company, Mr. Arnab Banerjee was appointed as an Additional Director on the Board of Directors. He would therefore hold office upto the date of the ensuing Annual General Meeting. A Notice has been received under Section 257 of the Act from a member proposing the name of Mr. Banerjee as Director.

Mr. Banerjee has also been appointed as Whole-time Director designated as Executive Director-Operations of the Company, for a period of 5 (five) years with effect from May 7, 2013.

In accordance with the Act, and Articles of Association, Mr. H. V. Goenka, Mr. Hari L. Mundra and Mr. Atul C. Choksey retire by rotation and being eligible offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Act, 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, 2013 and of the Statement of Profit and Loss for the said financial year viz. April 1, 2012 to March 31, 2013.
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

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

AUDITORS

Messrs S. R. Batliboi & Associates LLP, Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The Board has, subject to the approval of the Central Government, appointed Messrs N. I. Mehta & Co., Cost Accountants, as Cost Auditors of the Company for FY 2013-14.

ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

H. V. Goenka

Chairman

Place: Mumbai

Date: July 18, 2013

ANNEXURE TO THE DIRECTORS' REPORT

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

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

CONSERVATION OF ENERGY

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

- Horizontal replacement of energy efficient screw compressor in place of reciprocating compressors.
- VFD fixed for duplex hold mill for main motor, blender and mill to mill conveyor.
- Idle run interlock put for master mixer, final mixer, triplex blowers, duplex blowers, triplex spray pumps.
- Lighting timer based switch off put in the areas of Stock 1, Stock 2, Tyre Building, Tyre Curing, Final Finish, FGS, RMS.
- PCR batches mixing ratio reduced from 1.7 to 1.47 by various activities.
- Line speeds increased on Duplex, PCR Inner Liner, PCR Body Ply Cutter.
- Trench pipe line insulation.
- Stainless Steel pipe lines for few trenches.
- Replacement of existing BOM water motor pump with energy efficient motor pump and AC Drive.
- Installation of lighting controller to control voltage supply for illumination.
- Installation of VFD for Calendar warm up and feed mills to optimise Calendar power consumption.
- Conversion of bull gear drive to uni-drive in mixing mills to eliminate transmission losses.
- Replacement of Boiler economiser to increase boiler efficiency.
- Replacement of old underground pipe lines with new overhead pipelines.
- Insulation of hot pipelines.
- Insulation of Curing Press pipe module with ceramic insulation tape.
- Replacement of old Boiler with energy efficient Boiler to reduce exhaust flue gas temperature from 200 degree centigrade to 100 degree centigrade.
- Replacement of existing supply recovery pumps in mixing and utility by energy efficient pumps.

Annexure to the Directors' Report

- Improved steam to production (specific steam consumption) over FY 2012.
- (b) Additional investments / proposals for reduction of consumption of energy.
 - Replacement of existing obsolete Voltas chiller with new chiller to save thermal energy.
 - Replacement of existing hot water and industrial cooling pumps with energy efficient pumps and motors.
 - Replacement of conventional tube lights with energy efficient induction lamps.
 - Installation of DM Plant to reduce Boiler blow down heat losses.
 - Horizontal deployment of non-conventional insulation of dome.
 - Horizontal deployment bottom dome thermoplate insulation.
 - Horizontal replacement of 59J Hot Water Recovery line from utility to SS from MS.
 - Press module change in 20 presses.
 - Revamping of condensate return headers MS to SS.
 - Horizontal replacement of Drain Header in Main curing of all trenches from MS to SS.
 - Replacement of florescent tube rod of 36W by LED 16W.
 - Replacement of old package AC by energy efficient AC.
 - Stopping of existing 60" mill by introducing slitter m/c in mixing.
 - VFD's for dust collector blowers of master and final mixers, process cooling tower motor, HVAC cooling tower motor.
 - Energy efficient pumps / motors EE1 for process cooling supply water pumps, HVAC cooling water pumps, mixer cooling supply water pumps, chilled water supply pumps.
 - Insulation on PCR bead apex TCU, 4 roll calendar poke chop extruder TCU, PCR IL extruder TCU pipe line.

Form A

A. POWER & FUEL CONSUMPTION		2012-13	2011-12
1	ELECTRICITY		
(a)	Purchased		
	Units (KWH)	12,34,40,220	11,83,12,758
	Total amount (₹ in crores)	88.71	78.29
	Rate per unit (₹)	7.19	6.62
(b)	Own generation		
(i)	Through diesel generator		
	Units (KWH)	1,08,477	1,61,447
	Units per Litre of diesel oil (KWH)	2.10	2.55
	Cost per unit (₹)	22.46	16.61
2	Briquettes (White Coal)		
	Quantity (Tonnes)	58,570	59,630
	Total Cost (₹ in crores)	37.66	36.32
	Average rate (₹ per Kg.)	6.43	6.09
3	Furnace Oil		
	Quantity (K.Ltrs.)	2,391	3,514
	Total amount (₹ in crores)	9.46	12.17
	Average rate (₹ per Litre)	39.57	34.64
4	L.S.H.S.		
	Quantity (K.Ltrs.)	0	156
	Total amount (₹ in crores)	0.00	0.43
	Average rate (₹ per Litre)	0.00	27.81

**Form A**

A. POWER & FUEL CONSUMPTION		2012-13	2011-12
5	Coal		
	Quantity (MT)	0	173
	Total amount (₹ in crores)	0.00	0.12
	Average rate (₹ per Kg.)	0.00	7.22
6	Other/Internal Generation (PNG and other gases)		
	Quantity (SCM)	97,62,156	92,83,312
	Total Cost (₹ in crores)	30.70	23.87
	Rate per Unit (₹ per SCM)	31.45	25.71
B. CONSUMPTION PER UNIT OF PRODUCTION			
(i)	Electricity (KWH/MT)	754.32	764.55
(ii)	Furnace Oil (Ltrs./MT)	14.60	22.68
(iii)	Coal/Briquettes (Kg./MT)	357.60	385.92
(iv)	Gas (SCM/MT)	59.60	59.91
(v)	L.S.H.S (Ltrs./MT)	0.00	1.00

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

- Design and development of new range of UVR tyres in the upcoming 15" and 16" sizes as CZAR series in A/T (All Terrain) and H/T (Highway Terrain) pattern for high growth SUV segment.
- Fuel efficient PCR tyres in high volume segments of domestic and OEMs through optimised tread design, new generation Polymer /Filler combination in tread compound.
- Development of advanced simulation technique in different domain areas and integration with new product development, product/process innovations and problem solving activities.
- Joint development projects with premium institutes like IIT's and global vendors in emerging technologies like Nano-technology, Bio-based materials, hybrid materials, advanced simulations.
- High end 'Winter tyres' with advanced tread design having multitude of sipes and high traction, low temperature flexible tread compound.

- PCR design and materials development for summer tyres meeting even the stringent European regulations.
- Improvement of Wet and Dry traction properties of passenger car and SUV radial tread compounds through new generation polymer/filler blends.
- 'Gripp-LN' series of passenger car radial tyres for higher grip, low noise and better ride comfort, higher durability for high end vehicles for Middle East and European market.
- Alternate raw materials and indigenous sources for cost advantage without compromising performance.
- Re-engineered truck radial tyres for the highly demanding - high speed, high temp, moderate overload - markets of Middle East, South America and Africa have performed very well.
- Truck radial tyres re-engineering for performing at overloading market by improving the belt profile, reducing the belt strain, improving the belt to belt adhesion to meet the higher endurance level.
- Truck radials with high cut resistant tread compound developed to ensure tread life and durability in 'on-off highway' operations.
- Development and customisation of the 'Super Single' truck radial tyres for Indian applications with improved fuel efficiency and loadability.

Annexure to the Directors' Report

- Design and development of tubeless truck rear/drive tyre [295/80R22.5 Pro B10] for first time in India with tread pattern having large blocks, higher NSD, optimised channel design for effective heat dissipation and low rolling resistance leading to improved fuel efficiency, compared to tube type drive tyre series.
- Focused research on increased usage of green/environmental friendly raw materials like earthen fillers and recycled and renewable materials.
- Development of 140/70-17 ZOOM XL, the first 'H'speed rated [210 km/h] motorcycle tyre in India.
- Design and development of a series of the high traction 'CEAT GRIPP' tyres in all popular motorcycle and scooter sizes.
- Development of complete range of high mileage 'Milaze' motorcycle tyres for Moped to Bullet models (2.50-16, 3.25-19, 100/90-17 etc).
- Development and customisation of motorcycle and scooter tyres especially to match the requirement of OEM.
- Development of new directional scooter pattern, 3.50-10 ZOOM -D tubeless, to meet demanding performance requirements of OEM.
- Development of 10.00-20/16 PR MILE XL SL, 10.00-20/16 PR FM SUPER XL+HD, 7.50-16/14 PR Mile XL SL+ HD BULAND tyres for highly overloading Indonesian and Bangladesh market.
- Development of tread compound with 15 per cent higher mileage for PORT PRO series OTR tyres.
- Development of 'Float Max series', the extra light weight farm tyre series for Specialty EU market.
- Providing technical know-how to –
 - Associated CEAT (Private) Limited, Sri Lanka
 - CEAT Kelani Radials (Private) Limited, Sri Lanka
 - CEAT Kelani International Tyres (Private) Limited, Sri Lanka
 - ACE Tyres Limited, Hyderabad
 - Innovative Tyres & Tubes Project, Baroda
 - Zahi Rubbers, Kozhikode, Kerala

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

- Improved customer satisfaction through improvement in quality, cost, delivery and safety.

- Significant growth in TBR exports to Middle East, South America and Africa.
- Significant growth in 2/3 Wheeler, PCR and UV OEM business.
- Advancement in simulation technique for product design, process design and product improvement resulted in reduced iterations and improved success rate.
- Wider product portfolio offering to customers in PCR and TBR tyres for India, Middle East and European markets.
- Improved performance of TBR tyres in overloading markets of India.
- CZAR series products in UVR sizes with broader look and superior performance suitable for latest SUVs in wide range.
- Approvals by major vehicle manufacturers for original fitment in motorcycle, scooter, car, SUV and truck tyres.
- Higher customer acceptance achieved in replacement as well as in OE markets in motor cycle and UV category.
- Improved sustainability by reduction of carbon foot print through fuel efficient low rolling resistant tyres, usage of renewable/recycled/bio materials.
- Better insight on advanced materials and technologies to keep pace with the ongoing and future global demands.
- Significant material cost reduction to the tune of 0.5 per cent of material cost.

3. Future plans of action

- Further joint research work on advanced technology and materials with premium institutes and global vendors.
- Extended range of PCR for global market by meeting stringent labeling requirements for further foot hold in the export market.
- Reduction of rolling resistance of PCR and UVR tyres further for better fuel efficiency.
- Improvement of grip of motorcycle, PCR and UVR tyres for better safety.
- Focus on green/renewable/recycled and bio raw materials to ensure sustainable development.



4. Expenditure on R&D (₹ in crores)

	2012-13	2011-12
a) Capital	0.54	31.51
b) Recurring	17.15	11.09
c) Total	17.69	42.60
d) R&D expenditure as per cent of total turn over	0.33	0.95

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

Continuous knowledge upgradation and joint research efforts and study of customer requirements for different products, markets and application enabled development of products to meet :

- Higher level of performance globally.
- National and international regulations.
- Specifically Indian application conditions.
- Future challenges.

2 Benefits of the above are:

- Improved product performance.
- Improved customer acceptance.
- Product durability.
- Improved ride and handling.
- Entry into new markets – Global and widening the markets in India.
- Reduced carbon foot print.

3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) following information may be furnished:

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Please refer to the main report.

- b) Total foreign exchange used and earned :-

	(₹ in crores)	
	2012-13	2011-12
i) Foreign exchange earned	1,099.34	1,003.30
ii) Foreign exchange used	1,426.06	1,514.04

On behalf of the Board of Directors

H. V. Goenka

Chairman

Place: Mumbai

Date: July 18, 2013



Management Discussion and Analysis

TOTAL TYRE PRODUCTION IN INDIA HAS GROWN AT A CAGR OF ~10 PER CENT IN THE LAST DECADE (FY 2003 TO FY 2012). IN FY 2012, THE INDIAN TYRE INDUSTRY GREW BY 5.3 PER CENT IN TERMS OF VOLUMES DESPITE ECONOMIC SLOWDOWN AND HIGH INPUT COSTS.

GLOBAL ECONOMIC REVIEW

The global economy still projects a weak outlook. The recent Cyprus bailout by the European Union underlines the fear of financial crisis for most European countries. The US economy, on the other hand, is slowly recovering. However, the growth is vulnerable to headwinds. According to the International Monetary Fund (IMF), global growth declined to 3 per cent in 2012, compared to 4 per cent in 2011. The governments and central banks in USA and Europe are adopting considerable policy measures to bring stability to the relatively volatile financial market.

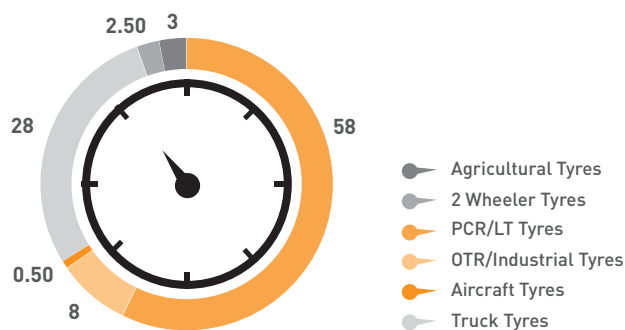
Declining global growth affected Indian economic development during FY 2013 as well, combined with weak foreign direct investment scenario and sluggish global trade. The service sector registered a growth of 6.6 per cent in 2012-13, as compared to the growth rate of 8.2 per cent in 2011-12. Lower growth in agricultural and industrial activities further affected the scenario. While most countries in Europe and the US will yearn for India's 5 per cent growth in FY 2013, the country still has major challenges to overcome. However, the Government's recent focus on reforms and policy implementation augurs well for the economy. The revival of private sector consumption growth aided by higher growth in agriculture, high Government spending and lower interest rates, project a modest rebound of 6.7 per cent growth in 2013-14. [Source: CRISIL Report and Economic Survey 2012-13]

GLOBAL TYRE INDUSTRY

A disturbed financial market and floating exchange rates have constrained the volumes of tyre sales, especially in advanced economies such as North America and Western Europe. In 2012, the global tyre market size approximated USD 185.8 billion, up 2.6 per cent from a year earlier. For 2013, the global industry growth estimate is no more than 0.5 per cent. [Source: Yahoo Finance]

Nevertheless, declining raw material costs project a positive industry outlook in the long run. Global tyre demand is anticipated to increase steadily during 2013-2018, with annualised sales volumes set to reach over 3.6 billion units by end of 2018. Passenger car and light truck market segments, which together accounted for close to 60 per cent of the world markets' value in 2012, are predicted to fuel the global demand for tyres over the forecast period. Region-wise, the Asia Pacific nations, especially China, India and Thailand are expected to drive the demand. [Source: Bloomberg]

GLOBAL TYRE MARKET (Approx. USD 139 billion) (per cent)



[Source: Automotive Tyre Manufacturers Association]

INDIAN TYRE INDUSTRY

Overview

Being a capital intensive sector, the Indian tyre industry is mostly organised (excluding the bicycle tyre industry) and is dominated by cross ply tyres. Commercial Vehicle (CV), Passenger Vehicle (PV), two and three wheelers, tractor, construction equipment and other off-the-road (OTR) tyres are the various categories of the industry. CV tyre segment is the primary demand driver for the Indian market while PV tyre segment works as the key demand driver for mature markets like North America and Western Europe. The three major segments for the tyre industry are Original Equipment Manufacturers, Replacement and Exports.

Total tyre production in India has grown at a CAGR of ~10 per cent in the last decade (FY 2003 to FY 2012). In FY 2012, the Indian tyre industry grew by 5.3 per cent in terms of volumes despite economic slowdown and high input costs. FY 2012 reflected a decline in replacement demand in terms of volume, subdued Original Equipment Manufacturer (OEM) demand growth and a healthy export growth. [Source: ICRA]

In FY 2013, the overall production marginally de-grew by 2-3 per cent from 125 million tonnes to around 123 million tonnes. PV segment gained over 11 per cent while Truck & Bus segment gained over 5 per cent in FY 2013. The de-growth can be attributed to the economic moderation, weak domestic demand for automobiles, further lowering tyre off-take from OEMs and preventing significant recovery in replacement demand. Imports, especially in the Truck & Bus segment, are expected to decline in 2012-13 as well, mainly due to increase in domestic radial capacities, implementation of BIS norms and depreciation in the rupee. [Source: CRISIL]

Snapshot of the Indian tyre industry

Total turnover – ₹ 43,000 crores

Tyre Production (Tonnage) – 15 lacs MT

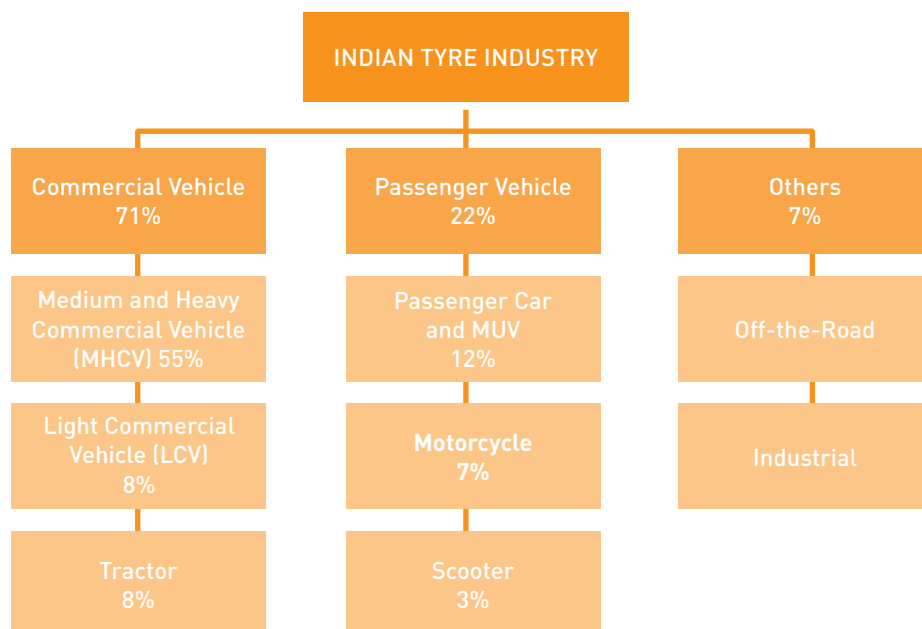
Tyre Production – All Categories (Nos.) – 2,254 lacs

Exports – ₹ 4,209 crores

Number of companies – 39

Top 10 companies – Account for over 95 per cent of the total production

[Source: Automotive Tyre Manufacturers Association]



Management Discussion and Analysis

Industry composition

Replacement market

The Indian tyre industry is dominated by the replacement market which is largely dependent on the Truck & Bus segment. This segment in turn depends on commercial activity and economic growth of the country. Muted GDP growth over the last 1 (one) year stopped the replacement market from reaping the benefits of a vibrant OEM market in the 2009-2011 timeframe.

Original Equipment Manufacturers (OEM)

Due to the economic slowdown, several automobile majors had to undertake production cuts during 2012-13. Growth for all categories except Utility Vehicles and scooters was either flat or negative. The Medium & Heavy Commercial Vehicle (MHCV) category was the worst affected with a 23 per cent decline. The scenario is not expected to be positive in the coming year either.

Exports

In 2012-13, exports in value terms grew 10 per cent year-over-year, with a healthy CAGR of around 18 per cent in the last decade. In volume terms, export has registered a growth of 8 per cent as compared to last year. Truck & Bus segment (14 per cent) and Light Commercial Vehicle (LCV) (22 per cent) were the major segments having a higher exports share. Indian tyres are exported to more than 100 (hundred) countries and primarily to Latin America, Middle East, South Asia and Far East.

Key industry trends

Sluggish automobile industry growth

The automobile industry produced 16,85,355 vehicles in March 2013 as against 18,45,868 vehicles in March 2012 resulting in a de-growth of 8.70 per cent. The overall growth in domestic sales in 2012-13 was 2.61 per cent.

Passenger Vehicle segment grew at 2.15 per cent in 2013. Passenger Car segment declined by 6.69 per cent, while Utility Vehicle Segment grew by 52.20 per cent and Vans Segment grew only by 1.08 per cent during FY 2013 as compared to the same period last year. The overall Commercial Vehicle segment registered de-growth of 2.02 per cent in FY 2013 as compared to the same period last year. While MHCV segment growth declined by 23.18 per cent, LCV Segment grew at 14.04 per cent.

Three wheeler sales grew by 4.87 per cent in 2012-13. Passenger Carriers grew by 8.58 per cent during FY 2013 and Goods Carriers registered de-growth at 9.20 per cent during this period.

Two wheeler sales registered growth of only 2.90 per cent in 2012-13. However, in March 2013 all sub-segments of two wheelers i.e. scooters, motorcycles and mopeds registered de-growth of 3.18 per cent, 8.32 per cent and 4.54 per cent respectively.

Slowdown in Exports

During FY 2013, overall automobile exports registered de-growth of 1.34 per cent compared to the same period last year. Passenger Vehicle exports grew by 9.02 per cent, while the other segments like CV, three wheelers and two wheelers fell by 13.35 per cent, 16.22 per cent and 0.72 per cent respectively.

[Source: Society of Indian Automobile Manufacturers]

Overall, the international market witnessed a slowdown too with tyre companies slashing prices to increase sales. Countries like Brazil were affected due to currency devaluation. Developed economies like Europe were the worst affected in terms of demand.

Declining imports

Indian government implemented the Bureau of Indian Standards (BIS) norms in May 2011, which makes it mandatory for tyres that are imported, stocked or sold, to obtain a BIS certification. As a result, global players exporting tyres to the Indian market are facing procedural delays. However, these norms helped eliminate low quality Chinese imports, which had flooded the market between 2009 and 2011. Implementation of these norms, coupled with sharp currency depreciation, has rendered imports unviable. Collectively, these factors resulted in an estimated 7-10 per cent import decline in 2012-13.

Key raw material price movement

Raw material cost accounts for 70 per cent of the industry's turnover with natural rubber being the key raw material. Despite being the fourth largest natural rubber producer, the demand-supply gap in the industry impacts the overall margins and profitability of the entire industry. However, during FY 2013, improvement in supply situation and slow recovery in demand exerted a downward pressure on rubber prices. After having reached a peak of ₹ 240 per kg in April 2011, rubber prices have fallen to around ₹ 162 per kg during March 2013.

Composition of Indian tyres

Natural Rubber	44 %
Nylon Tyre Cord Fabric	19 %
Carbon Black	12 %
Rubber Chemicals	5 %
Butyl Rubber	4 %
PBR (Poly Butadiene Rubber)	5 %
SBR (Styrene Butadiene Rubber)	5 %
Others	6 %

[Source: Automotive Tyre Manufacturers Association]

Radialisation in India

Radialisation has now slowly started picking up in India. The Indian passenger car segment was almost completely radialised (98 per cent) by 2008-09. However, radial penetration in the Truck & Bus segment has been low at around 22 per cent. Contrary to the global scenario, where the Truck & Bus segment is highly radialised with most developed nations reaching over 90 per cent levels, Indian Truck & Bus segment witnessed single digit growth in radialisation. However, this trend is expected to pick up rapidly over the next 5 (five) years. In view of that, healthy capacity additions in the Truck & Bus radial segment were witnessed in 2012-13, which will drive the future radial tyre demand.

BUSINESS OVERVIEW

CEAT Limited offers a wide array of tyres, which includes heavy duty Truck & Bus, LCV, PV, tractor, trailer, scooter, motorcycle, auto-rickshaw and OTR product categories.

Product-wise revenue break-up

Particulars	Contribution (%)
Tyres	90
Tubes	9
Flaps	1

Industry composition wise revenue break-up

Particulars	Contribution (%)
Replacement market	59
OEM	21
Export	20

Vehicle-wise Product mix (in terms of volume)

Particulars	Contribution (%)
Truck & Bus	52
Light Commercial Vehicle	9
Two-Three wheeler	13
Car / Utility Vehicle	8
Farm	6
Off-the-Road / Speciality	7
Other	5

PERFORMANCE OVERVIEW**Operational overview**

Despite the economic headwinds and industry challenges, CEAT continuously invested in every aspect of its business. The future-focused strategies, investment and capability-building activities yielded significant results in FY 2013. The Halol plant, which made the Company a significant player in

the radial tyre industry, touched a capacity of 115 tonnes per day. The performance of the OEM segment was particularly impressive with increased supply to several new OEMs.

During the year under review, the Company has also entered into a Joint Venture (70:30) with A. K. Khan & Company Limited (AKK), one of the leading business houses of Bangladesh, to set up a tyre manufacturing facility in Bangladesh. The Company has already finalised the blue print of the plant. The plant will start catering to the domestic demand of Bangladesh and neighbouring countries from early 2015. On the other hand, Associated CEAT Holdings Company Private Limited (ACHL) - the Sri Lanka Joint Venture of the Company continued to enjoy overall market leadership in Sri Lanka.

New product launches

Over 70 new products were launched in the year 2012-13 across all product categories.

Most notably, CEAT has launched 'CZAR', a premium range for Utility Vehicle tyres. Low noise and less wear and tear are the primary features of this product range. These tyres are also puncture resistant and enhance off-road stability that ensures a smoother ride. The television advertising campaign for 'CZAR' was launched earlier in the year and received a good response from the market.

CEAT PRO

In order to spread awareness among truck owners about the best business practices to improve operational efficiency, CEAT actively organises educational sessions known as CEAT PRO. Since the commencement of the initiative in June 2009, CEAT Pro has successfully conducted 99 seminars 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.

CEAT PRO is, the first of its kind programme for fleet owners, to spread awareness regarding the best industry practices to enhance operational efficiency. In FY 2013, it has conducted 26 seminars to educate fleet owners on new technological advancements for better information access, advanced concepts of brand building and customer service. Key personalities from logistics, finance, marketing, human resource management, commercial vehicle OEMs and other related sectors also addressed the major concerns of the fleet owners.

CEAT SHOPPE

CEAT Shoppe is a 'one stop tyre shop' exclusive retail channel that positively contributed to the Company's sales, especially in the passenger tyre segment.

During the year under review, the Company has successfully added more than 60 Shoppes in the new look. By FY 2014, CEAT plans to increase the number of Shoppes to 200, concentrating on towns with population of 5 to 10 lacs.

Management Discussion and Analysis

Financial overview

- Income** : The Company recorded a Total Revenue of ₹ 4,902.92 crores, as compared to ₹4,504.44 crores for the previous year, a growth of 8.9 per cent.
- EBITDA** : The Company's EBITDA stood at ₹ 424.5 crores against ₹ 246.8 crores during the previous year.
- PAT** : The profit after tax (PAT) stood at ₹106.35 crores against ₹ 7.53 crores during the previous year.

OPPORTUNITIES

Stable raw material prices

The stabilisation in natural rubber price in 2013-14 is expected to have a positive impact on margins and profitability of the tyre industry.

Healthy tyre demand in the long term

In the medium and long term, the tyre demand is expected to be healthy in spite of a temporary slowdown in the short term. The automobile industry is expected to grow at a CAGR of 9-10 per cent over a 5 (five) year time horizon and is expected to fuel growth in the automobile components sector.

Growth in radialisation

Overall radialisation will report sharp growth, from an estimated 20-21 per cent in 2011-12, to 41-43 per cent over next 5 (five) years, largely due to higher acceptance from OEMs, expansion of service network and investments in road infrastructure. The share of radial tyres in buses will outgrow that of trucks, with more State Transport Undertakings (STUs) and private bus operators shifting to radial tyres. The share of radial tyres in the bus category is estimated to increase from 32 per cent in 2011-12 to around 55-56 per cent by 2016-17, mainly due to higher usage by OEMs. On the other hand, the share of radial tyres in the truck category is estimated to increase from 18 per cent in 2011-12 to 39-40 per cent by 2016-17, as preference will shift slowly towards radial tyres. [Source: CRISIL]

CHALLENGES

Fluctuating crude prices

Of the total raw material costs, Nylon Tyre Cord Fabric (NTCF) constitutes 13-14 per cent, while synthetic rubber accounts for 19-20 per cent. NTCF prices are closely linked to prices of its key feedstock, caprolactum. Prices of caprolactum, in turn, follow crude oil prices, the former being a derivative of the latter. Hence, volatility in crude oil prices is a threat to the tyre industry.

Changing regulations

As India imports natural rubber substantially, proposal to hike rubber import duty could hit domestic tyre manufacturers in the near term.

Enhanced competition

Post globalisation, several foreign manufacturers, including Michelin and Bridgestone, are expanding globally by acquiring or setting up manufacturing bases overseas, which escalates domestic competition.

Environmental uncertainties

The domestic tyre industry faces major concerns, such as rising inflation, economic uncertainty, competition from imports and firm interest rates.

OUTLOOK

According to latest estimates by the Society of Indian Automobile Manufacturers (SIAM), while Passenger Car and UV segments are expected to grow at 5-7 per cent and 11-13 per cent respectively during 2013-14, MHCV and LCV segments are expected to grow at a rate 1-3 per cent and 10-12 per cent respectively. The two and three wheeler segments are expected to grow at 6-8 per cent and 3-5 per cent respectively in this period. This is expected to improve demand for tyres in the domestic market by approximately 5 per cent during the current year.

CEAT is well positioned to seize the market opportunities, leveraging its key strengths – state-of-the-art products, diverse offerings, improved operational efficiency, extended network across the country and access to international markets and the expertise of its management team.

RISK MANAGEMENT

Risk	Mitigation
Demand fluctuation in different product categories	CEAT has a diverse product range across all categories. Also, continuous new product launches along with a widespread domestic and international distribution network reduce this risk considerably.
Late entrant in Truck & Bus and Passenger Vehicle radials segments	The Halol plant's state-of-the-art technology produces superior radial tyres, which has already captured a reasonable market share.
Rising domestic competition	Enhanced after-sales service, unconditional warranty offered on products, superior quality, good brand pull and aggressive channel expansion help mitigate this risk.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

At CEAT, internal control systems play a critical role. Well defined organisational structure and authority matrix, documented policy guidelines, extensive internal audits and regular management reviews ensure the Company's compliance with internal policies, applicable laws and regulations and protection of resources. To further strengthen transparency and strict adherence of the internal control system, CEAT has adopted an Online Corporate Compliance Management System 'Legatrix', in association with Legasis Services Private Limited. 'Legatrix' is a secure, sophisticated and easy to use IT enabled legal support solution, where the updated information system automates the required compliance management activities with IT integration, eliminating enterprise and operational risk related to compliances.

The Company also organises regular Management Committee meetings to discuss budgets and decide on the future action plans, based on key performance indicators and variance analysis. At each Board Meeting, operational reports are tabled after being discussed at Audit Committee Meetings.

HUMAN RESOURCES

A young and motivated workforce is one of the key drivers of CEAT's growth. A well drawn-out recruitment policy, clearly defined roles and responsibilities, individual performance management systems and performance-based compensation policies help retain the best human capital in the industry and ensure career progression of each and every employee. In order to enhance human efficiency and accelerate business process, the Company regularly identifies the areas of improvement and scope of training. Environment, Health and Safety (EHS) was top most priority for CEAT during the financial year. Key achievements were:

- a. Reframing EHS Policy.
- b. Adopting frame work of BS OHSAS 18001:2007 and ISO 14001:1994 as standards for enriching EHS Performance.
- c. Total Employee Involvement of people in EHS.
- d. Improved compliance to EHS statutory requirements.
- e. Improved key performance parameters of EHS .
- f. Capability building among team for EHS .
- g. Improved safety performance.

The process for obtaining BS OHSAS 18001:2007 and ISO 14001:1994 certification for all manufacturing plants has been implemented and will assist continual and sustained improvement of EHS Performance.

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

THE COMPANY BELIEVES THAT THE DISCIPLINE OF CORPORATE GOVERNANCE PERTAINS TO SYSTEMS, BY WHICH COMPANIES ARE DIRECTED AND CONTROLLED, KEEPING IN MIND LONG-TERM INTERESTS OF MEMBERS, WHILE RESPECTING INTERESTS OF OTHER STAKEHOLDERS AND SOCIETY AT LARGE.

I. COMPANY PHILOSOPHY

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

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

II. BOARD OF DIRECTORS

The Board of Directors ensures that the Company runs on fair and ethical principles and plays an important role in creation of value for its stakeholders, in terms of the Company's Corporate Governance Policy. All statutory and other significant and material information including information mentioned in Annexure IC of Clause 49 of the Listing Agreement is placed before the Board to enable it to discharge its responsibilities of strategic supervision of the Company with due compliance of laws and as trustees of stakeholders. The Executive Directors are responsible for the day-to-day management of the Company subject to the supervision, direction and control of the Board of Directors. The Executive Directors are ably assisted by the Management Committee and Operating Committee, which implement the decisions and the strategic policies of the Board of Directors.

1. Composition:

During the year ended March 31, 2013, the Board of Directors of the Company consisted of 12 (twelve) members of whom 2 (two) were 'Executive' Directors and 10 (ten) were 'Non-Executive' Directors.

Mr. Anant Vardhan Goenka, Managing Director and Mr. Paras K. Chowdhary, Whole-time Director (designated as the Chief Management Advisor) were the Executive Directors. Mr. Chowdhary ceased to be a Whole-time Director on the Board on March 31, 2013. However, Mr. Chowdhary continues to be a Non-Executive Director on the Board.

Dr. R. P. Goenka, Chairman of the Company ceased to be a Director on the Board due to his sad demise on April 14, 2013. Mr. H. V. Goenka has since been appointed as the Chairman of the Board of Directors.

Mr. Arnab Banerjee was appointed as an Additional Director as well as a Whole-time Director (designated as the Executive Director-Operations) on the Board of Directors of the Company with effect from May 7, 2013.

At present the Board of Directors of the Company consists of 12 (twelve) members of whom 2 (two) are 'Executive' Directors and 10 (ten) are 'Non-Executive' Directors. The Chairman, Mr. H. V. Goenka is a Non-Executive Director. Mr. Anant Vardhan Goenka and Mr. Arnab Banerjee are Executive Directors. The Directors are eminent industrialists/professionals with experience in industry/business/finance/law and bring with them the reputation of independent judgment and experience,

which they exercise and also satisfy the criteria of independence. However, the Board of Directors, adopting a more exacting view, has decided to treat only the Directors, as indicated in the para below, as Independent Directors.

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

During the financial year ended March 31, 2013, 5 (five) meetings of the Board of Directors were held on May 8, 2012, July 6, 2012, August 1, 2012, November 5, 2012 and February 7, 2013. Details of Directors and their attendance in the said Board Meetings and also at the last Annual General Meeting are given below:

Name	Category	No. of Board Meetings attended during the year	Whether attended last AGM held on August 10, 2012	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	0	0	0
Mr. H. V. Goenka	Non-Executive Non-Independent	5	Yes	6	0	0
Mr. Paras K. Chowdhary	Executive Non-Independent	4	Yes	2	0	1
Mr. Anant Vardhan Goenka	Executive Non-Independent	5	Yes	5	0	0
Mr. Mahesh S. Gupta	Non-Executive Independent	5	Yes	14	3	7
Mr. A. C. Choksey	Non-Executive Independent	3	No	8	0	0
Mr. S. Doreswamy	Non-Executive Independent	4	No	5	3	6
Mr. Haigreve Khaitan	Non-Executive Independent	2	No	14	0	10
Mr. Bansi S. Mehta	Non-Executive Independent	4	No	14	5	10
Mr. Hari L. Mundra	Non-Executive Independent	4	Yes	2	1	1
Mr. K. R. Podar	Non-Executive Independent	2	No	3	0	0
Mr. Vinay Bansal	Non-Executive Independent	5	Yes	1	0	0

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

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

*** Dr. R. P. Goenka expired on April 14, 2013.



Corporate Governance Report

3. Details of Directors proposed for Appointment/ Re-Appointment at the forthcoming Annual General Meeting [Pursuant To Clause 49 (IV) (G)]

i) Mr. H. V. Goenka

Mr. Harsh Vardhan Goenka, 55, is the Chairman of RPG Enterprises, one of the leading business groups in India with over USD 3 billion in annual sales. RPG Enterprises has interests in sector like Infrastructure, Automotive Tyres, IT, Pharmaceuticals, Plantation and Power Ancillaries.

Mr. Harsh Vardhan Goenka comes from the well known family of industrialists of Kolkata and is the son of Late Rama Prasad Goenka. Mr. Goenka graduated in Economics and is an MBA from IMD, Switzerland. Mr. Goenka, a past President of the Indian Merchants' Chambers, served 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.

Other Directorships:

- Bajaj Electricals Limited
- Zensar Technologies Inc.
- Zensar technologies Limited
- KEC International Limited
- RPG Enterprises Limited
- Raychem RPG Private Limited
- RPG Life Sciences Limited
- Spencer International Hotels Limited

Member/Chairman of Committees: Nil

ii) Mr. A. C. Choksey

Mr. A. C. Choksey, 58, has done his Bachelor's in Chemical Engineering from Illinois Institute of Technology, Chicago, USA and has also done Management courses in Finance, Personnel, Micro and Macro Economics etc. He joined Asian Paints (India) Limited (APIL) as a Junior Executive in July, 1973 and was subsequently appointed as Whole time Director of the company with effect from May 1979.

He also served as the Managing Director of APIL from April 15, 1984 to August 22, 1997. He is the Chairman of Apcotex Industries Limited and other Group Companies. He, jointly with ANZ Grindlays Bank Limited, (presently known as Standard Chartered Grindlays Bank) promoted ANZ Asset Management Company Private Limited, of which he was the Director until May 2008. He is a member of Asian Executive Board of the Wharton Business School of the University of Pennsylvania,

Philadelphia, USA since November 2000. From 1980 to 1997, he took active interest and held several positions including the position of the President in the Indian Paint Associations (IPA), a representative body of paint manufacturers in India. He was the President of Bombay Chamber of Commerce and Industry as well as Deputy President of Associated Chamber of Commerce and Industry of India for 1993-1994.

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

Other Directorships:

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

Member/Chairman of Committees: Nil

iii) Mr. Hari L. Mundra

Mr. Hari L. Mundra, 63, is B.A. (Economics) from Mumbai University and MBA from IIM Ahmedabad. He has served Hindustan Lever Limited in various positions namely Treasurer, Group Commercial Controller and Vice-President /Executive Director -Exports. When he left Hindustan Lever Limited, after 24 years, its exports was a very large business. Later, he joined RPG Group as Group CFO and President & CEO -Carbon Black Business. Here, he handled ₹ 3,000 Crores worth of Mergers & Amalgamation deals and raised long term funds of ₹ 750 crores. Later, he served Wockhardt Group as Executive Vice-Chairman for 2 years and joined Essar Group in Sept 2003 as Dy. Managing Director and Director Finance-Essar Oil Limited. He was instrumental for Essar clocking a turnover of ₹ 18,000 crores and market cap of ₹ 30,000 crores. He also closely worked with professional bodies in Finance, Taxation and Export fields and also played a key role in

CII, FICCI, ASSOCHAM and BCCI. Currently, he is Group Financial Advisor-Wockhardt Group; Advisor-All Cargo Logistics and Punj Lloyd Group; Member-National Management Committee of Indian Cancer Society and visiting Professor of IIM Ahmedabad.

Other Directorships:

- Future Focus Info Tech Private Limited
- Tata Autocomp Systems Limited
- Allcargo Logistics Limited

Member/ Chairman of the following Committees

Sr. No.	Name of the Company	Name of Board Committee	Member/ Chairman
1.	Tata Autocomp Systems Limited	Audit Committee	Chairman

iv) Mr. Arnab Banerjee

Mr. Arnab Banerjee, 48, is designated as the Executive Director - Operations CEAT Limited, one of India's premier Tyre manufacturers. At CEAT, Mr. Banerjee spearheads the Sales & Marketing and Manufacturing functions and is responsible for driving revenue in Domestic, Exports and OE market and developing CEAT as the most Premium, Dynamic and Youthful Brand. He also handles integrated supply chain of CEAT.

Mr. Banerjee comes with a vast experience and knowledge of FMCG and Paints sector and has more than 25 years of experience having worked in diverse industries at various locations.

Mr. Banerjee completed his graduation from Indian Institute of Technology, Kharagpur in Mechanical Engineering in 1985. Subsequently, he did his PGDM from Indian Institute of Management, Calcutta in 1987. Prior to joining CEAT Limited, Mr. Banerjee worked with Berger Paints and Marico Limited.

Other Directorships:

- Associated CEAT (Private) Limited
- CEAT- Kelani International Tyres (Private) Limited
- CEAT Kelani Holdings (Private) Limited
- CEAT Kelani Radial (Private) Limited
- Associated CEAT Holdings Company (Private) Limited

Member/Chairman of Committees: Nil

III. COMMITTEES OF THE BOARD

1. Audit Committee

The terms of reference of Audit Committee include the matters specified under Clause 49 (III) (D) and (E) of the Listing Agreement as well as in Section 292A of the

Companies Act, 1956 ("the Act"). The terms of reference of the Audit Committee, inter alia, include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Considering and recommending the appointment, re-appointment of the Statutory Auditors, fixation of the audit fee and fee for any other services rendered by the Statutory Auditors and if required, the replacement or removal of the Statutory Auditors.
3. Approval of payment to the Statutory Auditors for any other services rendered by the Statutory Auditors.
4. Considering and recommending the appointment, re-appointment of the Cost Auditors, fixation of the cost audit fees and fee for any other services rendered by the Cost Auditors and if required, the replacement or removal of the Cost Auditors.
5. Reviewing with the management the financial statements at the end of the quarter, half year and the annual statements before submission to the Board for approval with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement which forms part of the Board's Report in terms of Clause (2AA) of Section 217 of the Act.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting policies and practices.
 - d) Major accounting entries involving estimates based on exercise of judgment by the management.
 - e) Significant adjustments made in the financial statements arising out of audit findings.
 - f) Compliance with the listing and other legal requirements relating to financial statements.
 - g) Disclosure of any related party transactions.
 - h) Qualifications in the draft audit report.
6. Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.

Corporate Governance Report

7. Reviewing with the management, performance of the Statutory and Internal Auditors and adequacy of the internal control systems.
8. Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department reporting structure coverage and frequency of the internal audit.
9. Discussion with Internal Auditors, any significant findings and follow up thereon.
10. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
11. Discussion with Statutory Auditors' before commencement of audit, regarding the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. Looking into the reasons for substantial defaults in payment to the depositors, debenture holders, shareholders and creditors, if any.
13. Approval of appointment of the Chief Financial Officer or Whole-time Finance Director or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background etc. of the candidate.
14. Reviewing of the information prescribed under Clause 49II (E) of the Listing Agreement.

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

Mr. Mundra is the Chairman of the Audit Committee.

During the financial year ended March 31, 2013, 5 (five) meetings of the Audit Committee were held on May 8, 2012, July 5, 2012, August 1, 2012, November 5, 2012 and February 7, 2013.

Attendance at the Audit Committee Meetings:

Name of the Member	No. of Meetings attended
Mr. Hari L. Mundra	5
Mr. S. Doreswamy	3
Mr. Mahesh S. Gupta	5

The requisite quorum was present at the meetings.

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

The Company Secretary functions as the Secretary of the Committee.

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

2. Shareholders/Investors Grievance Committee

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

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

The Company Secretary functions as the Secretary of the Committee.

During the financial year ended March 31, 2013, 4 (four) meetings of the Shareholders/Investors Grievance Committee were held on May 8, 2012, August 1, 2012, November 5, 2012 and February 7, 2013.

Attendance at Shareholders/Investors Grievance Committee Meetings:

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

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

Shareholders/Investors Complaints

Particulars of Complaints	No. of Complaints
Complaints as on April 1, 2012	0
Complaints received during 2012-13	7
Complaints disposed off during the year ended March 31, 2013	7
Complaints remaining unresolved as on March 31, 2013	0

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

3. Remuneration Committee

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

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

During the financial year ended March 31, 2013, no meetings of the Remuneration Committee were held.

Remuneration Policy

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

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

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

Directors Remuneration

Non-Executive Directors

Director	Relationship with other Directors (if any)	Sitting Fees paid during 2012-13 (All figures in ₹)	Commission to Non-Executive Directors for the year 2012-13 (All figures in ₹)
Dr. R. P. Goenka	Father of Mr. H. V. Goenka	-	-
Mr. H. V. Goenka	Son of Late Dr. R. P. Goenka	1,00,000	1,54,00,000
Mr. Mahesh S. Gupta*	-	1,50,000	2,00,000
Mr. A. C. Choksey	-	60,000	2,00,000
Mr. S. Doreswamy*	-	1,10,000	2,00,000
Mr. Haigreve Khaitan	-	40,000	2,00,000
Mr. Bansi S. Mehta	-	80,000	2,00,000
Mr. Hari L. Mundra*	-	1,30,000	2,00,000
Mr. K. R. Podar	-	40,000	2,00,000
Mr. Vinay Bansal	-	1,00,000	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. Anant Vardhan Goenka	Mr. Paras K. Chowdhary
Relationship with other Directors	Grandson of Late Dr. R. P. Goenka and son of Mr. H. V. Goenka	None
Business Relationships with the Company, if any	Managing Director	Whole-time Director designated as Chief Management Advisor (till March 31, 2013)

Corporate Governance Report

Description	[All figures in ₹]	
	Mr. Anant Vardhan Goenka	Mr. Paras K. Chowdhary
Salary	1,76,76,000	2,18,68,800
Perquisites and allowances	3,15,686	4,79,792
Others including retirals	16,41,277	35,39,613
Total	1,96,32,963	2,76,02,981

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

Shareholding of Directors (As on March 31, 2013)

Mr. H. V. Goenka	1,33,932 Equity Shares
Mr. Paras K. Chowdhary	3,000 Equity Shares
Mr. Anant Vardhan Goenka	14,185 Equity Shares

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

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

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

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

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

During the financial year ended March 31, 2013, 2 (two) meeting of the Special Investment/Project Committee was held on June 26, 2012 and September 24, 2012.

Attendance at Special Investment/Project Committee Meetings:

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

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

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

1. To approve the borrowings by way of Term Loans and Working Capital Facilities from Banks and Other Institutions; within the limits fixed by the Board of Directors from time to time on such terms and conditions as it deems fit in the interest of the Company.
2. To approve raising of funds required by the Company from time to time through issue of commercial paper, non-convertible debentures and any other financial instruments within the limits fixed by the Board of Directors from time to time on such terms and conditions as it deems fit in the interest of the Company.
3. To review the Foreign Exchange (Forex) Policy from time to time and approve any modification(s)

- therein, as and when necessary in the interest of the Company. Also, to approve changes in signatories for executing the Forex transactions and agreements/documents etc. from time to time within the ambit of Forex Policy.
4. To approve short term investments in the units of Mutual Funds (Liquid funds) and/or in the fixed deposits of Scheduled Banks upto an aggregate limit of ₹ 100 crores.
 5. To authorise the officials of the Company to execute documents; such as Loan Agreements, Agreements for security creation, Deeds, Indemnities, Undertakings, and any other document required to be executed on behalf of the Company for the above mentioned purposes and also to comply with the terms and conditions so approved by the Committee while approving the above referred borrowings/raising of fund.
 6. Opening of bank account(s) with any the Bank(s) and close any existing bank account(s) with them.
 7. Opening of demat account(s) with any Depository Participant and close any existing Demat account(s) with any Depository Participant.
 8. Change in signatories of the bank, demat accounts.
 9. To consider and grant Power of Attorney in favour of the officials of the Company or any other person for management of its day to day affairs.
 10. To approve execution of any agreements, deeds, contracts or any other document that may be required to be executed by the Company from time to time for management of its day to day affairs.
 11. To approve affixation of the Common Seal on any document required to be executed by the Company for management of its day to day affairs.
 12. To authorise the Company's officials to execute, sign, submit and file any applications, affidavits, undertakings, pleadings or any other writings before any Magistrate, Court of Law, Tribunal, Government Authority, judicial/non-judicial Body and any other authority and also to represent the Company before the said Magistrate, Court of Law, Tribunal, Government Authority, Judicial/Non-Judicial body and other Authority.
 13. To approve issue of the collaterals; including letter of comfort, corporate guarantee, etc.; to any lender of the Company and its subsidiaries/joint venture companies.
 14. Signing of Hundis, etc.
 15. To attend to any other administrative matters requiring specific authority of the Board.
 16. Approval of any fresh borrowings by the Company (including term loan and working capital limits) from the Banks/FI and any other sources, (including through issue of commercial papers/ non-convertible debentures and other financial instruments etc.), limited to such an amount which, along with net outstanding of the existing borrowings from all sources, as aforesaid, shall not exceed ₹ 2,500 crores at any point of time.
 17. Investments in the units of Mutual Funds shall be restricted to short term debt funds only.
 18. Issue of the collaterals; including letter of comfort, corporate guarantee, etc., to any lender of the Company and its subsidiaries/joint venture companies shall henceforth be approved by the Board.
 19. To do such acts, deeds and things that may be required to be done by the Company in the normal course of business of the Company.
- The Finance and Banking Committee comprises of 3 (three) members, Mr. Mahesh Gupta, Mr. S. Doreswamy, and Mr. Anant Vardhan Goenka. Mr. Mahesh Gupta is the Chairman of the Committee. No fees are paid for attending the meeting of the Finance & Banking Committee.
- During the financial year ended March 31, 2013, 2 (two) meetings of the Finance & Banking Committee were held on January 29, 2013 and March 13, 2013.
- Attendance at the Finance and Banking Committee Meetings:

Name of the Member	No. of Meetings attended
Mr. Anant Vardhan Goenka	2
Mr. Mahesh S. Gupta	2
Mr. S. Doreswamy	0

Corporate Governance Report

IV. DETAILS ON GENERAL BODY MEETINGS

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

Meeting	Day, Date	Time	Venue
51st AGM	Tuesday, July 27, 2010	11.00 a.m.	P. L. Deshpande Maharashtra Kala Academy, Mumbai
52nd AGM	Friday, August 26, 2011	03.30 p.m.	P. L. Deshpande Maharashtra Kala Academy, Mumbai
53rd AGM	Friday, August 10, 2012	03:00 p.m.	P. L. Deshpande Maharashtra Kala Academy, Mumbai

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

Date of AGM	Description of Special Resolution
51st AGM, Tuesday, 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 5 (five) 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.
52nd AGM, Friday, August 26, 2011	No Special Resolution was passed in the Annual General Meeting.
53rd AGM, Friday, August 10, 2012	Appointment of Mr. Paras K. Chowdhary as a Whole-time Director of the Company for a period of 1 (one) year commencing from April 1, 2012 and ending on March 31, 2013 upon the terms and conditions set out in the Agreement dated April 2, 2012 entered into by the Company and Mr. Paras K. Chowdhary.
	Appointment of Mr. Anant Vardhan Goenka as Managing Director of the Company for a period of 5 (five) years commencing from April 1, 2012 and ending on March 31, 2017 upon the terms and conditions set out in the Agreement dated April 2, 2012 entered into by the Company and Mr. Anant Vardhan Goenka.

Postal Ballot

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

V. DISCLOSURES

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

There were no material and/or significant transactions during the financial year 2012-13 that were prejudicial to the interest of the Company.

During the year under review, the Company made a payment of ₹ 10,96,950/- 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 statement in summary form of transactions with related parties in the ordinary course of business is placed periodically before the Audit Committee.

- Details of material individual transactions with related parties, not in the normal course of business, if any, are placed before the Audit Committee.
- Details of material individual transactions with related parties or others, not on arm's length basis, if any, are placed before the Audit Committee, together with management's justification for the same.
- No material, financial and commercial transactions were reported by the management to the Board, in which the management had personal interest having a potential conflict with the interest of the Company at large.
- 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 2011-12, the Company had allotted 17,12,176 Warrants of face value ₹ 10/- each on a preferential basis to an entity of the Promoter Group viz. Instant Holdings Limited. The said Warrants, convertible into an equal number of equity shares, were allotted at a price of ₹ 85.03 per Warrant on March 12, 2012. The said Warrants are convertible within a period of 18 months at the option of the allottee, which can be exercised anytime before September 11, 2013. Of the said price, 25 per cent i.e. ₹ 21.26 per Warrant was received at the time of allotment i.e. on March 7, 2012 and the balance is receivable upon conversion.

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

The Company has complied with all the requirements of the Stock Exchanges, SEBI and Statutory Authorities on all matters related to the capital markets during the last 3 (three) years. There are no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authorities relating to the above.

There were no instances of non-compliance of any matter related to the capital market during the last 3 (three) years.

7. Details of compliance with mandatory requirement

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

8. Adoption of the non-mandatory requirements

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

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

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

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

- The Free Press Journal
- Navshakti

The quarterly results of the Company and the Investors Presentations are displayed on the Company's Website www.ceat.in.

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

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

VII. GENERAL SHAREHOLDER INFORMATION

AGM: Date, Time and Venue

As indicated in the notice accompanying this Annual Report the fifty-fourth Annual General Meeting of the Company will be held on Thursday, August 22, 2013 at 10:00 a.m. at Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025.

Financial Year

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

Corporate Governance Report

Date of Book Closure

Wednesday, August 14, 2013 to Thursday, August 22, 2013 (both days inclusive).

Dividend Payment Date

On or before September 21, 2013.

Listing on Stock Exchanges

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

The Listing fees have been paid to both the Stock Exchanges for the financial year 2012-13 and 2013-14 as well.

Stock Code

BSE Limited - 500878

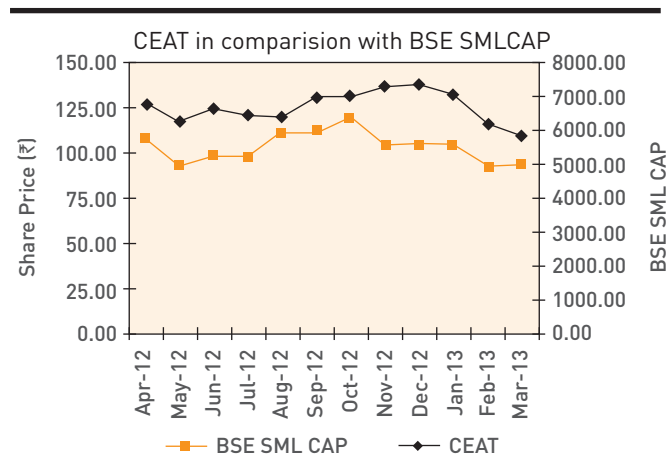
National Stock Exchange of India Limited - CEATLTD

Market Price Data

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

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2012	114.30	90.00	114.50	89.10
May 2012	113.20	90.00	113.00	90.00
June 2012	104.30	88.65	104.15	88.50
July 2012	104.00	93.25	103.60	93.00
August 2012	125.00	98.10	125.15	98.05
September 2012	120.90	108.00	120.85	106.50
October 2012	124.90	110.75	124.85	110.10
November 2012	123.00	97.00	122.80	97.50
December 2012	110.80	103.40	110.80	103.20
January 2013	114.55	102.50	114.85	100.10
February 2013	111.55	91.00	111.25	91.05
March 2013	99.95	87.15	110.00	87.45

Share Performance of the Company in comparison to BSE SMLCAP



Registrar and Share Transfer Agents:

TSR Darashaw Private Limited

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

Email: csg-unit@tsrdarashaw.com

Web: www.tsrdarashaw.com

Tel.: 022-66568484; Fax: 022-66568494

Branch Offices:

1. Bangalore

TSR Darashaw Private Limited

503, Barton Centre (5th Floor)

84, Mahatma Gandhi Road, Bangalore – 560 001

Email: tsrdlbang@tsrdarashaw.com

Tel: 080 – 25320321

Fax: 080 – 25580019

2. Jamshedpur

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

3. Kolkata

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

4. New Delhi

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

Agents:

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

Share Transfer System

All valid requests for transfer of equity shares in physical mode received for transfer at the office of the Registrar and Share Transfer Agents or at the Registered Office of the Company are processed and returned within a period of 15 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, 2013

No. of Equity shares held	No. of Shareholders		No. of shares		% of Equity Capital	
	Physical	Demat	Physical	Demat	Physical	Demat
1 to 500	29,148	38,602	7,59,568	36,15,946	2.22	10.56
501 to 1,000	111	1,598	74,551	12,32,761	0.22	3.60
1,001 to 2,000	48	663	66,928	9,91,888	0.20	2.90
2,001 to 3,000	11	187	28,400	4,72,537	0.08	1.38
3,001 to 4,000	5	92	16,585	3,29,610	0.05	0.96
4,001 to 5,000	1	68	4,530	3,26,217	0.01	0.95
5,001 to 10,000	3	99	24,704	7,24,944	0.07	2.12
Greater than 10000	1	102	17,82,348	2,37,92,017	5.20	69.48
Total	29,328	41,411	27,57,614	3,14,85,920	8.05	91.95

Dematerialization of shares

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

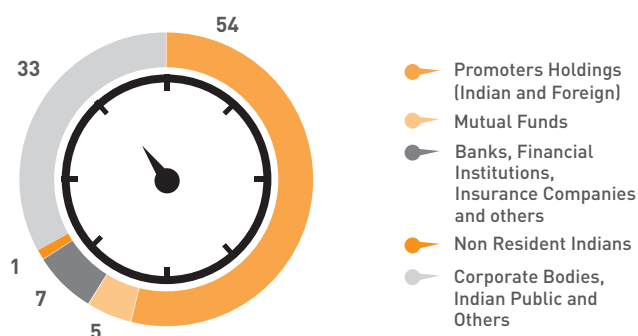
91.95 per cent of equity share capital corresponding to 3,14,85,920 equity shares is held in dematerialized form as of March 31, 2013.

Categories of Shareholding as of March 31, 2013

Category	No. of shares	Percentage
Promoters Holdings (Indian and Foreign)	1,85,72,561	54.24
Mutual Funds	15,63,479	4.57
Banks, Financial Institutions, Insurance Companies and others	22,91,881	6.69
Foreign Institutional Investors	11,276	0.03
Non-Resident Indians	3,69,821	1.08
Corporate Bodies, Indian Public and Others	1,14,34,516	33.39
Total	3,42,43,534	100.00

Corporate Governance Report

SHAREHOLDING PATTERN AS ON MARCH 31, 2013 (per cent)



Outstanding GDRs/ADRs/Warrants/Any other Convertible Instruments

The Company has issued 17,12,176 Convertible Warrants to Instant Holdings Limited, one of the Companies of the Promoter Group of companies.

Plant Locations

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

National Electronic Clearing Service (NECS) Facility

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

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

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

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

CEO & CFO Certification

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

Code of Conduct

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

All Board Members and Senior Management Personnel have affirmed compliance with the Code for the financial year ended March 31, 2013. 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, 2013, affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of the Listing Agreement entered into with the Stock Exchanges.

For **CEAT Limited**

Place: Mumbai

Date: April 12, 2013

Anant Vardhan Goenka

Managing Director

Prevention of Insider Trading

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

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

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

Compliance Officer

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

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

Place: Mumbai
Date: July 18, 2013

H. N. Singh Rajpoot
Company Secretary



Auditors' Certificate

To

The Members of CEAT Limited

We have examined the compliance of conditions of Corporate Governance by CEAT Limited for the year ended on March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W

per Sudhir Soni

Partner

Membership No.: 41870

Place: Mumbai

Date : July 18, 2013

Independent Auditors' Report

To the Members of CEAT Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **CEAT Limited**, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required

and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors and other information available with the Company, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W

per **Sudhir Soni**

Partner

Place: Mumbai

Date: May 07, 2013

Membership No.: 41870

Independent Auditors' Report

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

Re: CEAT Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (i) (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (i) (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (ii) (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (ii) (c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause (iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (iii) (e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause (iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (v) (b) None of the transactions made in pursuance of such contracts or arrangements exceed the value of Rupees five lakh in respect of any one such party in the financial year.
- (vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956, and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, related to the manufacture of automotive tyres, tubes and flaps and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.
- (ix) (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (ix) (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Independent Auditors' Report

Sr.	Nature of Dues	Period	Authority with which Appeal is pending	Disputed Amount	Deposit Amount	₹ in lacs Net Amount
1	Central Excise	1978-2006	Commissioner-High Court	45,91	-	45,91
2	Service Tax	1996-2012	Commissioner / Custom Excise & Service Tax Appellate Tribunal	11,65	-	11,65
3	Sales Tax	2000-2012	Sales Tax Appellate Tribunal	46,97	1,84	45,13
4	Income Tax	1985-2009	High Court	19,41	-	19,41
5	Wealth Tax	2002-2003	Income Tax Appellate Tribunal	7	-	7
	Total			124,01	1,84	122,17

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company did not raise money by public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W

per Sudhir Soni

Partner

Membership No.: 41870

Place: Mumbai

Date: May 07, 2013

Balance Sheet

as at March 31, 2013

₹ in lacs

	Note No.	As at 31.03.2013	As at 31.03.2012
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
a) Share Capital	3	34,24.35	34,24.35
b) Reserves and Surplus	4	708,76.76	618,46.04
c) Money Received Against Share Warrants	5	3,63.97	3,63.97
		746,65.08	656,34.36
(2) Non-Current Liabilities			
a) Long-term Borrowings	6	421,66.89	579,34.23
b) Deferred Tax Liabilities (Net)	7	74,52.07	33,42.84
c) Other Long-term Liabilities	8	1,42.20	1,42.20
d) Long-term Provisions	9	12,00.69	8,04.18
		509,61.85	622,23.45
(3) Current Liabilities			
a) Short-term Borrowings	10	382,15.81	501,15.87
b) Trade Payables	11	776,06.12	644,32.90
c) Other Current Liabilities	12	576,22.51	577,66.50
d) Short-term Provisions	13	65,43.59	20,91.84
		1,799,88.03	1,744,07.11
Total		3,056,14.96	3,022,64.92
II ASSETS			
(1) Non-Current Assets			
a) Fixed Assets	14		
(i) Tangible Assets		1,441,92.24	1,459,53.74
(ii) Intangible Assets		61,00.80	64,52.69
(iii) Capital Work In Progress		9,93.54	13,41.59
(iv) Intangible Assets Under Development		-	2.00
		1,512,86.58	1,537,50.02
b) Non-current Investments	15	44,70.84	44,16.32
c) Long-term Loans and Advances	16	118,29.19	45,27.55
d) Other Non-current Assets	17	10,57.28	11,34.73
		1,686,43.89	1,638,28.62
(2) Current Assets			
a) Current Investments	18	-	30,31.96
b) Inventories	19	531,44.01	579,60.59
c) Trade Receivables	20	635,74.59	614,22.76
d) Cash and Bank Balances	21	81,35.01	37,15.34
e) Short-term Loans and Advances	22	104,85.70	112,27.63
f) Other Current Assets	23	16,31.76	10,78.02
		1,369,71.07	1,384,36.30
Total		3,056,14.96	3,022,64.92
Summary of significant accounting policies			
	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

For S.R. Battliboi & Associates LLP

Manish Dugar

H.V.Goenka

Anant Goenka

Firm Registration No.101049W
Chartered Accountants

Chief Financial Officer

Vice Chairman

Managing Director

per Sudhir Soni

H.N.Singh Rajpoot

H.L .Mundra

Partner

Company Secretary

Chairman -Audit Committee

Membership Number 41870

Place : Mumbai

Date : May 7, 2013

Place : Mumbai

Date : May 7, 2013

Statement of Profit and Loss for the year ended March 31, 2013

₹ in lacs

Particulars	Note No.	2012-2013	2011-2012
INCOME			
1 Revenue From Operations (Gross)	24	5,349,77.00	4,827,64.66
Less : Excise Duty		468,32.53	351,91.48
Revenue From Operations (Net)		4,881,44.47	4,475,73.18
2 Other Income	25	21,47.59	28,70.98
3 Total Revenue (1 + 2)		4,902,92.06	4,504,44.16
4 EXPENSES			
a) Cost of Materials Consumed	26	3,343,26.26	3,271,60.56
b) Purchases of Stock-in-trade		68,70.93	51,60.73
c) Changes in Inventories of finished goods, work-in-progress and Stock-in-trade	27	(34,19.31)	25,89.96
d) Employee Benefits Expense	28	269,09.74	216,52.81
e) Finance Costs	29	194,37.64	192,16.15
f) Depreciation and amortization expense		78,16.48	70,47.41
g) Other Expenses	30	810,07.45	663,28.75
Total Expenses		4,729,49.19	4,491,56.37
5 Profit Before Exceptional Items and Tax (3 - 4)		173,42.87	12,87.79
6 Exceptional Item (Refer Note 31 (21))		27,69.56	3,15.64
7 Profit Before Tax (5 - 6)		145,73.31	9,72.15
8 Tax Expense :			
1) Current Tax		31,78.05	3,84.56
2) MAT Credit entitlement		(31,78.05)	(3,84.56)
3) Short / (Excess) Provision of earlier years		(1,71.06)	-
4) Deferred Tax - current year		48,19.45	2,18.30
5) Deferred Tax - prior years		(7,10.23)	-
9 Profit for the year (7 - 8)		106,35.15	7,53.85
10 Earnings Per Equity Share (Refer Note 31 (23)) [Nominal value of share ₹ 10 (Previous year ₹ 10)]			
1) Basic		31.06	2.20
2) Diluted		30.44	2.20
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

For **S.R. Batliboi & Associates LLP**
Firm Registration No.101049W
Chartered Accountants**Manish Dugar**
Chief Financial Officer**H.V.Goenka**
Vice Chairman**Anant Goenka**
Managing Director**per Sudhir Soni**
Partner
Membership Number 41870**H.N.Singh Rajpoot**
Company Secretary**H.L .Mundra**
Chairman -Audit CommitteePlace : Mumbai
Date : May 7, 2013Place : Mumbai
Date : May 7, 2013

Cash Flow Statement

for the year ended March 31, 2013

₹ in lacs

	2012-2013	2011-2012
A CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax	145,73.31	9,72.15
Adjustments for :		
Depreciation	78,16.48	70,47.41
Interest income	(6,51.70)	(5,95.26)
Unrealised exchange variation (net)	45.47	(36.64)
Dividend income	(7,27.17)	(7,81.92)
Provision for Doubtful debts	3,17.61	2,55.07
Provision for Doubtful debts - Written Back	-	(10.98)
Profit on Sale of Investment	(0.48)	-
Advance/Bad debts written Off	5.86	-
(Profit) / Loss on sale of fixed assets - Net	28.68	43.58
Interest expense	147,06.71	153,17.26
Other Borrowing Cost	32,40.84	20,73.86
	247,82.30	233,12.38
Operating Profit Before Working Capital Changes	393,55.61	242,84.53
Adjustments for :		
Decrease/(Increase) in Inventory	48,16.58	(12,14.28)
Decrease/(Increase) in Trade receivables	(26,66.53)	(134,76.12)
Decrease/(Increase) in Short term Loans and Advances	7,41.93	(7,36.84)
Decrease/(Increase) in Other Current Assets	(64.81)	(3,86.09)
(Decrease)/Increase in Trade payables	133,34.03	(96,07.56)
(Decrease)/Increase in Other Current Liabilities	89.25	23,14.54
(Decrease)/Increase in Short term Provisions	31,38.41	53.86
(Decrease)/Increase in Long Term Provisions	3,96.51	(23.54)
(Decrease)/Increase in Long term Loans and Advances	5,49.80	(1,64.39)
CASH GENERATED FROM OPERATIONS	596,90.78	10,44.11
Direct taxes paid	(35,71.29)	(3,66.79)
	(35,71.29)	(3,66.79)
CASH FLOW BEFORE EXCEPTIONAL ITEMS	561,19.49	6,77.32
Net Cash Flow From Operating Activities (A)	561,19.49	6,77.32
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed assets including CWIP and capital advance	(63,24.30)	(147,24.44)
Loans & Advances to Related Parties	(65.00)	(1,50.00)
Sale of fixed assets	23.69	18.08
Profit on sale of Investment	0.48	-
Purchase of Current Investments	(460,89.50)	(468,50.42)
Investment in Associates	-	(17.09)
Investment in Ceat Bangladesh Limited (Including Application Money)	(38,50.68)	-
Sale of Current Investments	491,21.46	480,72.22
Investment in Bank Deposits (having Original Maturity of more than three months)	(3,66.41)	(9.30)
Investment in Margin Money Deposit	(1,50.00)	(5,20.35)
Interest received	5,52.30	5,67.37
Dividend received	7,27.17	7,81.92
Net Cash From Investing Activities (B)	(64,20.79)	(128,32.01)

Cash Flow Statement for the year ended March 31, 2013

₹ in lacs

	2012-2013	2011-2012
C CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Convertible Warrants	-	3,63.97
Interest paid	(149,59.13)	(148,38.69)
Other Borrowing cost paid	(32,40.84)	(20,73.86)
Change in other Short term Borrowings (Net)	(53,57.33)	45,10.15
Proceeds from Short term Buyers Credit	840,74.66	876,19.10
Repayment of Short term Buyers Credit	(907,10.21)	(723,11.90)
Repayment of Long term Borrowings	(152,04.61)	(72,40.62)
Proceeds from Long term Borrowings	-	152,89.48
Dividend paid	(3,42.44)	(6,84.87)
Dividend Distribution Tax Paid	(55.55)	(1,11.10)
(Decrease)/Increase in Long Term Liability	-	30.66
Net Cash Received/(Used) in Financing Activities (C)	(457,95.45)	105,52.32
Net (Decrease) / Increase In Cash or Cash Equivalent (A+B+C)	39,03.25	(16,02.37)
Components of Cash and Cash Equivalents		
On Current Accounts	24,12.96	39,75.65
On Unpaid Dividend Accounts *	52.84	47.40
On Unpaid Interest and Fixed Deposit *	3,72.12	4,20.76
Cheques in Hand	5.14	-
Cash in Hand	16.38	18.00
Adjusted Cash and Cash Equivalents at beginning of the year	28,59.44	44,61.81
Cash and Cash Equivalents at the end of the year		
On Current Accounts	62,85.53	24,12.96
On Unpaid Dividend Accounts *	55.27	52.84
On Unpaid Interest and Fixed Deposit *	4,05.91	3,72.12
Cheques in Hand	-	5.14
Cash in Hand	15.98	16.38
Adjusted Cash and Cash Equivalents at end of the year	67,62.69	28,59.44
Net (Decrease) / Increase as Disclosed above	39,03.25	(16,02.37)

* The Company can utilise these balances only towards settlement of Unpaid Dividend Account and Unpaid Interest and Fixed Deposit account.

Note :

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

As per our report of even date

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

per Sudhir Soni
Partner
Membership Number 41870

Place : Mumbai
Date : May 7, 2013

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

Manish Dugar
Chief Financial Officer

H.N.Singh Rajpoot
Company Secretary

H.V.Goenka
Vice Chairman

H.L .Mundra
Chairman -Audit Committee

Anant Goenka
Managing Director

Place : Mumbai
Date : May 7, 2013



Notes

forming part of the Financial Statements for the year ended March 31, 2013

1. CORPORATE INFORMATION

CEAT Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company's principal business is manufacturing of automotive tyres, tubes and flaps. The company started operations in 1958 as CEAT Tyres of India Limited and was renamed as CEAT Limited in 1990. The company caters to both domestic and international markets. The company has two main overseas subsidiary companies – Associated CEAT Holdings Company (Pvt) Limited incorporated in Sri Lanka and CEAT Bangladesh Limited incorporated in Bangladesh.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Basis of Accounting and preparation of Financial Statements

The financial statements of the company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) under the historical cost convention on accrual basis, except for certain tangible assets which are being carried at revalued amounts. These financial statements have been prepared to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and other relevant provisions of the Companies Act, 1956.

The accounting policies adopted in the preparation of financial statements are consistent with those used in previous year.

B) Use of Estimates

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

C) Fixed Assets

i) Tangible Assets

Fixed Assets are stated at cost / revalued amount wherever applicable, net of accumulated depreciation and accumulated

impairment losses, if any. The cost comprises cost of acquisition, borrowing cost and any attributable cost of bringing the asset to the condition for its intended use. Cost also includes direct expenses incurred upto the date of capitalisation / commissioning.

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

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standards of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

ii) Intangible Assets

Intangible Assets are reflected at the cost of acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any.

D) Borrowing Cost

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

E) Depreciation

i) Tangible Assets

Depreciation on fixed asset is calculated on Straight Line Method (SLM) using the rates arrived at based on the useful lives estimated

Notes forming part of the Financial Statements for the year ended March 31, 2013

by the management, or those prescribed under Schedule XIV to the Companies Act, 1956, whichever is higher. The rates of depreciation considered for the major assets are as under

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

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

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

ii) Intangible Assets

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

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

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

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

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

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

The above intangible assets with an estimated useful economic life exceeding 10 years are tested for impairment annually.

F) Impairment of tangible and intangible assets:

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

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

G) Investments

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



Notes

forming part of the Financial Statements for the year ended March 31, 2013

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

H) Inventories

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

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

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

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

I) Revenue Recognition

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

1. Sale of Goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership are passed on to the customer which generally coincides with delivery. Sales taxes and value added taxes (VAT) are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue

(gross) and not the entire amount of liability arising during the year.

2. Interest

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

3. Dividends

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

4. Royalty

Royalty income is accounted for as per the terms of contract.

J) Government Grants and Export Incentives

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

Export Incentives such as focus market scheme, Focus products scheme and special focus market scheme are recognized in the statement of profit and loss as a part of other operating revenues.

K) Foreign Currency Transactions

(i) Initial recognition

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

(ii) Conversion

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

Notes forming part of the Financial Statements for the year ended March 31, 2013

(iii) Exchange differences

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

(iv) Forward exchange contracts entered into, to hedge foreign currency risk

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

L) Leases

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

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

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

M) Research and Development

Research and development expenditure is charged to revenue under the natural heads of accounts in the year in which it is incurred. Fixed

assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for tangible assets and Intangible assets.

N) Employee Benefits

i) Defined Contribution plan

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

ii) Defined Benefit plan

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

iii) Compensated absences

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

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term



Notes

forming part of the Financial Statements for the year ended March 31, 2013

compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

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

O) Taxes on Income

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

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

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

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

the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

P) Earnings Per Share

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

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

Q) Provisions and Contingent Liabilities

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

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

Notes forming part of the Financial Statements for the year ended March 31, 2013

R) Cash and cash equivalents

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

S) Hedge Accounting

The Company designates some of the new forward contracts in a cash flow hedging relationship by applying the hedge accounting principles.

These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flow are recognized directly in Cash Flow Hedge Reserve under Reserves and Surplus, net of applicable deferred income taxes and the ineffective portion is recognized immediately in the statement of profit and loss.

Amounts accumulated in Cash Flow Hedge Reserve are reclassified to profit and loss in the same periods during which the forecasted transaction affects profit and loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognized in Hedging Reserve Account is retained there until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognized in Cash Flow Hedge Reserve is immediately transferred to the statement of profit and loss for the period

T) Provision for Warranty

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

U) Derivative Contracts

The Company enters into derivative contracts in the nature of foreign currency swaps, currency options,

forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions in foreign currency. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for foreign currency transactions and translations.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions / firm commitments are accounted as per the policy stated for Hedge Accounting.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

V) Segment reporting

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



Notes

forming part of the Financial Statements for the year ended March 31, 2013

	As at 31.03.2013	₹ in Lacs As at 31.03.2012
Note 3 SHARE CAPITAL		
a) 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
b) Issued :		
3,42,44,222 (3,42,44,222) Equity Shares of ₹10 each (Includes 688 (688) Shares offered on right basis and kept in abeyance)	34,24.42	34,24.42
Total issued Share Capital	34,24.42	34,24.42
c) 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
Total Subscribed and paid-up Share Capital	34,24.35	34,24.35

i) Reconciliation of equity share and outstanding

	2012-2013		2011-2012	
Equity Shares	Number	₹ In Lacs	Number	₹ In Lacs
Shares outstanding at the beginning of the year	3,42,43,534	34,24.35	3,42,43,534	34,24.35
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	3,42,43,534	34,24.35	3,42,43,534	34,24.35

ii) Terms and rights attached to Equity Shareholders:

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

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

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

Notes forming part of the Financial Statements for the year ended March 31, 2013

NOTE 3 SHARE CAPITAL (cont.)

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

	As at 31st Mar 2013		As at 31st Mar 2012	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Instant Holdings Limited	96,06,636	28.06%	50,09,185	14.63%
Goodhope Sales Private Limited *	-	-	41,55,743	12.14%
Swallow Associates LLP #	44,84,624	13.10%	44,84,624	13.10%
Societe Ceat D Investissemanten Asie S A	17,82,348	5.20%	17,82,348	5.20%

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

Swallow Associates Limited upto 30th October, 2012.

₹ in Lacs

	As at 31.03.2013	As at 31.03.2012
NOTE 4 RESERVES AND SURPLUS		
a) Capital Reserve		
Balance as per last financial statements	8,76.87	2,71.45
Add : Forfeiture of Convertible Warrants (Refer note 5)	-	6,05.42
Closing Balance	8,76.87	8,76.87
b) Capital Redemption Reserve	3,90.00	3,90.00
c) Securities Premium Reserve	165,23.65	165,23.65
d) Cash Flow Hedging Reserve		
Balance as per last financial statements	-	-
Gains / (Losses) arising during the year	-	-
Foreign Currency forward contract	(1.90)	-
Closing Balance	(1.90)	-
e) General Reserve		
Balance as per last financial statements	187,00.97	187,00.97
Add : Amount transferred from surplus balance in the statement of profit and loss	11,00.00	-
Closing balance	198,00.97	187,00.97
f) Surplus in the statement of profit and loss		
Balance as per last financial statements	253,54.55	249,98.68
Add : Profit for the year	106,35.15	7,53.85
Amount available for Appropriation	359,89.70	257,52.53
Less : Appropriations		
Proposed Dividend (amount per share ₹ 4) (Previous year ₹ 1))	13,69.74	3,42.44
Tax on Proposed Dividend	2,32.79	55.54
Amount Transfer to General Reserve	11,00.00	-
Net Surplus in the statement of profit and loss	332,87.17	253,54.55
Total	708,76.76	618,46.04



Notes

forming part of the Financial Statements for the year ended March 31, 2013

	As at 31.03.2013	₹ in Lacs As at 31.03.2012
NOTE 5 MONEY RECEIVED AGAINST SHARE WARRANTS		
Balance as per last financial statements	3,63.97	6,05.42
Add: Received during the year	-	3,63.97
	3,63.97	9,69.39
Less : Forfeited and transfer to Capital Reserve	-	6,05.42
Total	3,63.97	3,63.97

Forfeiture of Warrants allotted in 2010

The Company had on September 30, 2010 allotted 17,12,170 Warrants of face value ₹ 10/- each to entities belonging to the Promoter Group on a preferential basis at ₹ 141.11 per Warrant. The allottees failed to exercise their option within the stipulated time period i.e. upto March 29, 2012. Consequently the Warrants had lapsed and the amount paid by the entities of the Promoter Group was forfeited by the Company and Credited to Capital Reserve Account.

Money received against convertible warrants

On March 12, 2012 the Company allotted 17,12,176 warrants of face value ₹ 10/- each to Instant Holdings Limited, an entity belonging to the Promoter Group of Companies at a price of ₹ 85.03 per warrant on a preferential basis. The Company has received 25% of the price of warrant i.e. ₹ 21.26 per warrant at the time of allotment. The warrants are convertible into an equivalent number of equity shares at the option of the allottee on the payment of the remaining 75% amount within a period of 18 months from the date of allotment i.e. up to September 11, 2013.

Notes forming part of the Financial Statements for the year ended March 31, 2013

₹ in Lacs

	Non- Current portion		Current Maturities	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
NOTE 6 LONG TERM BORROWINGS				
1 Secured :				
Term Loans				
a) Indian Rupee Loan from Banks				
ICICI Bank Ltd. (Note 1)	91,00.00	117,00.00	26,00.00	13,00.00
ICICI Bank Ltd. (Note 2)	35,00.00	58,33.33	23,33.33	11,66.67
Bank of India (Note 3)	49,13.58	69,13.58	20,00.00	20,00.00
Corporation Bank (Note 4)	-	6,24.89	6,24.89	12,50.00
IDBI Bank Ltd. (Note 5)	12,56.48	17,59.07	5,02.59	5,02.59
Bank of Baroda (Note 6)	-	34,99.96	1,99.96	10,00.00
Export Import Bank of India (Note 7)	24,49.88	34,29.83	9,79.95	9,79.95
Export Import Bank of India (Note 8)	-	-	-	12,50.00
b) Foreign Currency Loan from Banks				
Bank of Baroda (Note 6)	25,79.55	-	8,26.16	-
Export Import Bank of India (Note 7)	29,85.68	39,17.76	11,94.27	11,19.36
ICICI Bank Ltd. - ECB Loan (Note 9)	28,27.34	37,10.00	11,30.94	10,60.00
ICICI Bank Ltd. - ECB Loan (Note 10)	-	-	-	10,17.60
c) Buyer's Credit (Note 11)	6,70.47	35,81.72	31,50.95	30,99.39
	302,82.98	449,70.14	155,43.04	157,45.56
2 Unsecured :				
Term Loan from Banks (Note 12)	-	25,00.00	25,00.00	-
Public Deposits (Note 13)	73,89.86	58,05.01	25,61.33	41,48.81
Deferred Sales Tax Incentive (Note 14)	44,94.05	46,59.08	1,78.60	89.62
	118,83.91	129,64.09	52,39.93	42,38.43
Less : Amount classified under other current Liabilities	-	-	(207,82.97)	(199,83.99)
Total	421,66.89	579,34.23	-	-

Note on Secured Long Term Borrowings.

- Term Loan from ICICI Bank Ltd. of ₹117,00.00 Lacs (Previous year ₹ 130,00.00 Lacs) is secured by first pari passu charge on movable (except current assets) both present and future and immovable properties both present & future located at Bhandup, Halol and Nasik plants and second pari passu charge on the current assets of the company both present and future. It is repayable in 10 equal semi-annual installment of ₹ 13,00.00 Lacs each starting from 12th January, 2013.
- Term Loan from ICICI Bank Ltd. of ₹ 58,33.33 Lacs (Previous year ₹ 70,00.00 Lacs) is secured by first pari passu charge on immovable properties both present & future situated at Bhandup plant. It is repayable in 12 equal quarterly installment of ₹ 5,83.33 Lacs starting from 10th November 2012.
- Term Loan from Bank of India ₹ 69,13.58 Lacs (Previous year ₹ 89,13.58 Lacs) is secured by first pari passu charge on company's movable (except current assets) both present and future and immovable properties both



Notes forming part of the Financial Statements for the year ended March 31, 2013

present & future located at Bhandup, Halol and Nasik plants and second charge over current assets both present and future. It is repayable in 20 equal quarterly installment of ₹ 5,00.00 Lacs each starting from 1st January, 2012.

4. Term Loan from Corporation Bank ₹ 6,24.89 Lacs (Previous year ₹18,74.89 Lacs) is secured by first pari passu charge on immovable property of the company both present & future situated at RPG House, Mumbai. It is repayable in 16 equal quarterly installment of ₹ 3,12.50 Lacs starting from 26th December, 2009.
5. Term Loan from IDBI Bank Ltd. of ₹ 17,59.07 Lacs (Previous year ₹ 22,61.66 Lacs) is secured by first pari passu charge on movable properties (except current assets) both present and future and immovable properties of the company both present & future situated at Bhandup, Halol and Nasik plants and second pari passu charge on current assets both present and future. It is repayable in 20 equal quarterly installment of ₹ 1,25.65 Lacs starting from 1st January, 2012.
6. The FCNR-B loan from Bank of Baroda is valid for one year and will be converted into rupee loan on 9th October 2013. Term Loan from Bank of Baroda of ₹ 36,05.67 Lacs (Previous year ₹ 44,99.96 Lacs) is secured by first pari passu charge on movable (except current assets) both present and future and immovable properties both present & future located at Bhandup, Halol and Nasik plant and second pari passu charge over current assets both present and future. It is repayable in 20 equal quarterly installment of ₹ 2,50.00 Lacs each starting from 1st January, 2012.
7. Term Loan in Indian rupee & in foreign currency from Export Import Bank of India of ₹ 76,09.78 lacs (Previous year ₹ 94,46.90 lacs) is secured by first pari passu charge on movable properties (except Current Assets) both present and future and immovable properties both present & future located at Bhandup, Halol and Nasik plants and second pari passu charge over current assets both present and future.

Rupee loan is repayable in 20 equal quarterly installment of ₹ 2,50.00 Lacs starting from 1st November, 2011

and foreign currency loan is also repayable in 20 equal quarterly installment of USD 5.50 lacs equivalent to ₹ 2,98.57 lacs (restated at rate of INR/USD as on 31.03.2013) starting from 1st November, 2011.

8. Term loan from Export Import Bank of India of ₹ Nil (Previous year ₹ 12,50.00 lacs) is secured by first pari passu charge on immovable properties of the Company situated at RPG house, Mumbai.
9. ECB loan from ICICI Bank Ltd. of ₹ 39,58.28 lacs (Previous year ₹ 47,70.00 lacs) is secured by first pari passu charge on movable properties (except current assets) both present and future and immovable properties of the Company both present & future situated at Bhandup, Halol and Nasik Plants and second charge over current assets both present and future. It is repayable in 24 equal quarterly installment of USD 5.20 lacs equivalent to ₹2,82.73 lacs (restated at rate of INR/USD as on 31.03.2013) starting from 23rd December, 2010.
10. ECB loan from ICICI Bank Ltd. of ₹ Nil (Previous year ₹ 10,17.60 lacs using exchange rate of ₹ 50.88 per USD as on 31.03.2013) is secured by first pari passu charge on movable and immovable properties of the company situated at Bhandup and Nasik plants both present & future.
11. Buyer's credit is secured by way of first pari passu charge on all its current assets and by way of second pari passu charge on immovable and all movable properties (excluding current assets) of the Company situated at Bhandup, Nasik, Halol plants and RPG House, Mumbai. It is repayable within 3 years from the date of draw down.

Note on Unsecured Long Term Borrowings.

12. Loan from Ratnakar Bank Ltd. is repayable after 18 months from the date of disbursement i.e. 17th August, 2013.
13. Public Deposit is repayable after 2 or 3 years from the date of acceptance of public deposit
14. Interest free Deferred Sales Tax is repayable in annual installment commencing from 26th April, 2011 and ending on 30th April, 2025.

Notes forming part of the Financial Statements for the year ended March 31, 2013

₹ in Lacs

	As at 31.03.2013	As at 31.03.2012
NOTE 7 DEFERRED TAX LIABILITY (NET)		
Major components of Deferred Tax Assets and Deferred		
Tax Liabilities:		
Assets		
a) Carried forward unabsorbed tax losses / depreciation	15,65.83	48,40.16
b) Expenses allowable for tax purpose when paid	16,26.40	5,83.85
c) Voluntary Retirement Scheme	5,49.48	2,48.50
d) Provision for doubtful debts and advances	3,66.42	-
e) Others	16,38.25	-
	57,46.38	56,72.51
Liability		
Difference between book and tax depreciation	131,98.45	90,15.35
Deferred Tax Liability (Net)	74,52.07	33,42.84

₹ in Lacs

	As at 31.03.2013	As at 31.03.2012
NOTE 8 OTHER LONG TERM LIABILITY		
Security Deposits	1,42.20	1,42.20
Total	1,42.20	1,42.20

₹ in Lacs

	As at 31.03.2013	As at 31.03.2012
NOTE 9 LONG - TERM PROVISIONS		
Provision for Warranty (Refer note 31 (9))	2,48.14	-
Provision for Compensated Absences	9,52.55	8,04.18
Total	12,00.69	8,04.18

₹ in Lacs

	As at 31.03.2013	As at 31.03.2012
NOTE 10 SHORT - TERM BORROWINGS		
1 Secured		
a) Cash Credit Facilities from Banks	33,09.52	23,29.91
b) Export Packing Credit	72,07.65	133,54.77
c) Buyer's Credit	274,15.49	339,56.96
2 Unsecured		
Public Deposits	2,83.15	4,74.23
Total	382,15.81	501,15.87

Note :

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



Notes

forming part of the Financial Statements for the year ended March 31, 2013

	As at 31.03.2013	₹ in Lacs As at 31.03.2012
NOTE 11 TRADE PAYABLES		
Trade Payables		
Acceptances	321,25.49	239,53.00
Due to Micro, Small and Medium enterprises (Refer note 31 (5))		
Overdue	-	11.90
Not due	3,60.23	2,84.24
Other Trade Payables	451,20.40	401,83.76
Total	776,06.12	644,32.90

	As at 31.03.2013	₹ in Lacs As at 31.03.2012
NOTE 12 OTHER CURRENT LIABILITIES		
1 Current Maturities of long-term debt (Refer Note 6)	207,82.97	199,83.99
2 Interest Accrued but not due on Borrowings	8,19.38	10,71.80
3 Unclaimed Dividends*	55.27	52.84
4 Unclaimed Interest & Matured Deposits *	7,16.74	5,65.69
5 Other Payables :		
a) Payable to Capital Vendors	1,28.98	9,08.79
b) Deposits From Dealers & Others	265,27.22	278,55.18
c) Statutory Dues	59,87.76	52,68.67
d) Advance received from Customers	12,65.29	9,83.67
e) Premium on Forward Contracts	13,38.90	10,75.87
Total	576,22.51	577,66.50

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

	As at 31.03.2013	₹ in Lacs As at 31.03.2012
NOTE 13 SHORT-TERM PROVISIONS		
1 Provision for Employee Benefits		
a) Provision for Compensated Absences	8,72.86	8,10.04
b) Provision for Gratuity	18,91.79	3,31.83
2 Provision for Proposed Dividend	13,69.74	3,42.44
3 Provision for Tax on Proposed Dividend	2,32.79	55.54
4 Provision for Income Tax	8,31.84	5,51.99
5 Provision For Warranty (Refer note 31(9))	13,44.57	-
Total	65,43.59	20,91.84

Notes forming part of the Financial Statements for the year ended March 31, 2013

₹ in Lacs

NOTE 14 FIXED ASSETS

Assets	Cost				Depreciation / Amortisation				Net Value
	As at 01.04.2012	Additions	Deductions	As at 31.03.2013	As at 01.04.2012	For the year 2012-13	On Deductions	As at 31.03.2013	As at 31.03.2013
Tangible									
Owned Assets									
Land	416,90.70	28.01	-	417,18.71	-	-	-	-	417,18.71
Buildings	228,41.67	4,69.75	28.43	232,82.99	44,71.63	5,82.14	(29.66)	50,24.11	182,58.88
Plants & Equipments	1,297,89.42	49,06.27	1,70.32	1,345,25.37	507,23.54	65,40.39	(1,28.24)	571,35.69	773,89.68
Furniture & Fixtures	9,76.52	63.00	1.15	10,38.37	6,44.91	44.19	(1.13)	6,87.97	3,50.40
Office Equipments	4,49.48	6.16	10.18	4,45.46	2,26.03	19.40	(4.68)	2,40.75	2,04.71
Vehicles	6,95.49	1,20.36	18.06	7,97.79	3,78.10	42.11	(12.05)	4,08.16	3,89.63
Lease Assets									
Land	61,79.99	-	-	61,79.99	3,23.73	43.18	-	3,66.91	58,13.08
Plants & Equipments	10,04.10	-	-	10,04.10	9,05.68	31.27	-	9,36.95	67.15
	2,036,27.37	55,93.55	2,28.14	2,089,92.78	576,73.62	73,02.68	(1,75.76)	648,00.54	1,441,92.24
	(1,812,43.66)	(227,88.35)	(4,04.64)	(2,036,27.37)	(513,79.78)	(66,36.83)	(3,42.99)	(576,73.63)	(1,459,53.74)
Intangible									
Software	10,34.34	1,61.90	-	11,96.24	6,44.96	1,89.03	-	8,33.99	3,62.25
Brand	56,29.80	-	-	56,29.80	3,98.78	2,81.49	-	6,80.27	49,49.53
Technical Knowhow	8,65.51	-	-	8,65.51	33.22	43.28	-	76.49	7,89.02
	75,29.65	1,61.90	-	76,91.55	10,76.96	5,13.80	-	15,90.75	61,00.80
	(69,11.77)	(6,17.88)	-	(75,29.65)	(6,66.38)	(4,10.58)	-	(10,76.96)	(64,52.69)
	2,111,57.02	57,55.45	2,28.14	2,166,84.33	587,50.59	78,16.48	(1,75.76)	663,91.29	1,502,93.04
	(1,881,55.43)	(234,06.23)	(4,04.64)	(2,111,57.02)	(520,46.16)	(70,47.41)	(3,42.99)	(587,50.59)	(1,524,06.43)
Capital Work-in-Progress									9,93.54
									(13,41.59)
									1,512,86.58
									(2.00)
Intangible Assets under Development									(1,537,50.02)



Notes

forming part of the Financial Statements for the year ended March 31, 2013

Note 14 - FIXED ASSETS (Contd.)

- 1 Buildings 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 aquired at Halol, Gujarat vide Memorandum of Understanding (MOU) for ₹ 1.75 Lacs which is subject to registration formalities.
- 3 Lease Hold Land includes Land acquired at Additional Ambernath Industrial Area, Ambernath, Dist. Thane, Maharashtra from Maharashtra Industrial Development Corporation (MIDC) vide sanction letter dated October 13, 2009. The Company has taken physical possession of this Land on September 1, 2010 which is subject to registration formalities.
- 4 Fixed Asset 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 (Net of deletions / Adjustments)	Depreciation provided (Deletions / Adjustments)	Amount written up (Adjustments)
Land	115,18.48	5.00	115,13.48
Buildings	2,34.21	20.52	2,13.69
Plant & Machinery	90.59	18.60	71.99

- 5 The pre-operative expenses (POE) apportioned over the Fixed Assets of Halol project.

Particulars	2012-13	2011-12
Borrowing Cost	7.00	10,95.38
Personnel cost	-	2,45.42
Consultancy & Professional fees	-	1,48.85
Power & Fuel consumption	-	1,06.62
General Expenses	-	1,61.00
Depreciation	-	3.22
Travelling & Conveyance	-	49.37
Total	7.00	18,09.86
Less: Interest received	-	28.11
Net POE capitalised	7.00	17,81.75

Notes forming part of the Financial Statements for the year ended March 31, 2013

₹ in Lacs

	Face Value	Holdings Nos.	As at 31.03.2013	Holdings Nos.	As at 31.03.2012
NOTE 15 NON CURRENT INVESTMENTS					
Long Term - Fully Paid					
Equity Shares (valued at cost unless stated otherwise)					
Unquoted (Trade)					
Investment in Subsidiaries					
Associated CEAT Holdings Company Pvt. Ltd.	10 LKR	1,00,00,000	43,57.46	1,00,00,000	43,57.46
CEAT Bangladesh Ltd.	10 Taka	7,99,994	54.52	-	-
Investment in Associates					
Rado Tyres Limited	₹ 10	19,16,350	58.86	19,16,350	58.86
Aggregate amount of unquoted Investments			44,70.84		44,16.32

₹ in Lacs

	As at 31.03.2013	As at 31.03.2012
NOTE 16 LONG-TERM LOAN AND ADVANCES		
Unsecured, Considered Good		
Capital Advances	2,78.67	1,39.58
Security Deposits	6,68.39	10,84.57
Loans & Advances to related parties (Refer Note 31(6))	2,15.00	1,50.00
Prepaid Expenses	7.27	1,40.88
Advance payment of Tax (Net of provision)	25,87.08	19,13.95
MAT Credit Entitlement	42,76.62	10,98.57
Application for Shares not allotted CEAT Bangladesh Ltd.	37,96.16	-
Unsecured, Considered doubtful		
Balances with Government Authorities	2,18.13	-
Less : Provision made for Deposits	[2,18.13]	-
Total	118,29.19	45,27.55

₹ in Lacs

	As at 31.03.2013	As at 31.03.2012
NOTE 17 OTHER NON CURRENT ASSETS		
Revaluation of Hedging Instrument	10,57.28	11,34.73
Total	10,57.28	11,34.73



Notes

forming part of the Financial Statements for the year ended March 31, 2013

	Face Value ₹	Holdings Nos.	As at 31.03.2013	Holdings Nos.	₹ in Lacs As at 31.03.2012
NOTE 18 CURRENT INVESTMENTS					
Investment In Mutual Funds					
CURRENT (Valued at lower of cost or fair value)					
Unquoted (Non-Trade)					
Pearless Liquid Fund Super Institutional	10	-	-	1,51,63,530	15,16.58
Taurus Liquid Fund Super Institutional	1000	-	-	1,51,524	15,15.38
Total aggregate amount of unquoted investments			-		30,31.96

	As at 31.03.2013	₹ in Lacs As at 31.03.2012
NOTE 19 INVENTORIES		
(Valued at lower of cost and net realisable value)		
a) Raw Materials	171,46.70	202,94.84
Goods-in transit	8,27.09	68,69.43
	179,73.79	271,64.27
b) Work-in-progress	27,21.06	31,88.22
c) Finished goods	282,73.89	234,78.72
d) Traded Goods Stock	4,39.81	5,71.72
Goods-in transit	73.72	90.66
	5,13.53	6,62.38
e) Stores and spares	42,65.04	33,76.63
Goods-in transit	0.52	1,21.85
	42,65.56	34,98.48
Less :		
Provision for obsolescence of stores and spares	6,03.82	31.48
	36,61.74	34,67.00
Total	531,44.01	579,60.59

Notes forming part of the Financial Statements for the year ended March 31, 2013

	As at 31.03.2013	₹ in Lacs As at 31.03.2012
NOTE 20 TRADE RECEIVABLES		
A Debts Outstanding for a period exceeding 6 months from the date they are due for payment :		
Secured, Considered Good	13.03	3.69
Unsecured, Considered Good	1,47.43	1,88.35
Unsecured, Considered Doubtful	9,46.04	6,42.68
Less : Provision for Doubtful Debts	(9,46.04)	(6,42.68)
	1,60.46	1,92.04
B Other Debts		
Secured, Considered Good	205,77.75	209,91.77
Unsecured, Considered Good	428,36.38	402,38.95
	634,14.13	612,30.72
Total	635,74.59	614,22.76

	As at 31.03.2013	₹ in Lacs As at 31.03.2012
NOTE 21 CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Balances with Banks		
On current Accounts	62,85.53	24,12.96
On Unpaid Dividend Accounts	55.27	52.84
On Unpaid Interest and Fixed Deposit	4,05.91	3,72.11
Cheques in Hand	-	5.14
Cash in Hand	15.98	16.38
	67,62.69	28,59.43
Other Bank Balances		
Deposits with maturity of more than 3 months but less than 12 months	6,96.58	3,30.17
Margin Money Deposits *	6,75.74	5,25.74
	13,72.32	8,55.91
Total	81,35.01	37,15.34

* Lien with Banks



Notes

forming part of the Financial Statements for the year ended March 31, 2013

	As at 31.03.2013	₹ in Lacs As at 31.03.2012
NOTE 22 SHORT-TERM LOANS AND ADVANCES		
Unsecured, Considered Good		
Advance Receivable in cash or kind or for value to be received	37,55.91	37,95.26
Balance with Statutory / Government Authorities	65,85.72	73,44.63
Other Deposits	1,44.07	87.74
Unsecured, Considered doubtful		
Loans Advances and Deposits	1,32.00	1,17.75
Provision for doubtful advances and deposits	(1,32.00)	(1,17.75)
Total	104,85.70	112,27.63

	As at 31.03.2013	₹ in Lacs As at 31.03.2012
NOTE 23 OTHER CURRENT ASSETS		
Unsecured, Considered Good		
Interest Receivable	1,57.82	58.42
Unamortised premium on Forward Contracts	6,44.55	5,79.75
Revaluation of Hedging Instrument	8,29.39	4,39.85
Total	16,31.76	10,78.02

	2012-2013	₹ in Lacs 2011-2012
NOTE 24 REVENUE FROM OPERATIONS		
1 Sale of products	5,305,04.37	4,787,26.79
2 Other operating revenues		
a) Royalty Income	3,69.84	3,62.64
b) Sale of Scrap	15,48.85	13,81.61
c) Government Grants #	22,94.18	20,75.54
d) Others	2,59.76	2,18.08
Revenue From Operations (Gross)	5,349,77.00	4,827,64.66

Includes ₹ 11,22.07 Lacs (Previous year ₹ 11,96.90 Lacs) on account of Octroi duty refund from Directorate of Industries, Maharashtra for Nashik Plant & ₹ 11,72.11 Lacs (Previous year ₹ 8,78.65 Lacs) on account of export incentives.

Notes forming part of the Financial Statements for the year ended March 31, 2013

	2012-2013	₹ in Lacs 2011-2012
NOTE 25 OTHER INCOME		
Interest income on		
Bank Deposit	1,29.26	36.90
Others	5,22.43	5,58.36
Dividend income on		
Investment in Subsidiary	5,68.47	6,46.41
Current Investments	1,58.71	1,35.52
Foreign Exchange Fluctuation (net)	1,60.37	8,70.32
Profit on Sale of current investments	0.48	-
Other non-operating income	6,07.87	6,23.47
Total	21,47.59	28,70.98

	2012-2013	₹ in Lacs 2011-2012
NOTE 26 COST OF MATERIAL CONSUMED		
Raw Materials		
Opening stock	202,94.84	198,78.06
Add : Purchases	3,311,78.12	3,275,77.34
	3,514,72.96	3,474,55.40
Less : Closing Stock	171,46.70	202,94.84
Total	3,343,26.26	3,271,60.56

	2012-2013	2011-2012
Details of Raw materials consumed		
Rubber	2,030,00.94	2,105,57.25
Fabrics	457,63.23	448,65.77
Carbon Black	402,42.82	335,23.41
Chemicals	258,53.89	228,73.97
Others	194,65.38	153,40.16
Total	3,343,26.26	3,271,60.56

	2012-2013	2011-2012
Details of Inventories		
Rubber	104,95.19	137,59.17
Fabrics	23,64.63	22,09.89
Carbon Black	13,96.12	14,23.31
Chemicals	17,24.42	13,76.75
Others	11,66.34	15,25.72
Total	171,46.70	202,94.84



Notes

forming part of the Financial Statements for the year ended March 31, 2013

	2012-2013	2011-2012	₹ in Lacs Increase / (Decrease)
Note 27 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE			
Opening Stock			
a) Work-in-progress	31,88.22	26,89.98	4,98.24
b) Finished Goods	234,78.72	259,46.21	(24,67.49)
c) Traded Goods	5,71.72	6,76.87	(1,05.15)
	272,38.66	293,13.06	(20,74.40)
Closing Stock			
a) Work-in-progress	27,21.06	31,88.22	(4,67.16)
b) Finished	282,73.89	234,78.72	47,95.17
c) Traded Goods	4,39.81	5,71.72	(1,31.91)
	314,34.76	272,38.66	41,96.10
	(41,96.10)	20,74.40	(62,70.50)
Differential Excise Duty on Opening and closing stock of Finished Goods	7,76.79	5,15.56	2,61.23
Total	(34,19.31)	25,89.96	(60,09.27)

	2012-2013	₹ in Lacs 2011-2012
NOTE 28 EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages and Bonus	211,04.36	175,43.61
Contribution to Provident and other Funds	12,94.18	11,89.92
Gratuity Expenses	19,26.77	4,59.74
Staff Welfare Expenses	25,84.43	24,59.54
Total	269,09.74	216,52.81

	2012-2013	₹ in Lacs 2011-2012
NOTE 29 FINANCE COSTS		
Interest	147,06.71	153,17.26
Bank charges	14,90.09	18,25.03
Other Borrowing cost	32,40.84	20,73.86
Total	194,37.64	192,16.15

Notes forming part of the Financial Statements for the year ended March 31, 2013

		₹ in Lacs
	2012-2013	2011-2012
NOTE 30 OTHER EXPENSES		
Conversion charges	147,86.64	120,48.54
Stores and spares consumed	38,91.95	32,61.80
Provision for obsolescence of stores and spares	5,72.39	27.17
Power and fuel	166,77.25	151,47.05
Freight and delivery charges	158,68.33	131,33.39
Rent	3,89.49	3,85.66
Lease rent	1,77.62	1,79.94
Rates and taxes	2,71.92	1,23.57
Insurance	3,20.94	2,74.78
Repairs :		
Plant and Machinery	30,41.71	29,80.90
Buildings	4,20.45	3,12.14
Others	48.86	66.99
	35,11.02	33,60.03
Travelling and conveyance	18,98.05	15,85.32
Printing and stationery	1,65.16	1,71.08
Directors' fees	8.10	8.45
Auditors' Remuneration :		
Audit fees	33.00	27.00
Taxation matters	-	6.00
Other services	25.20	16.56
Reimbursement of expenses	5.62	10.07
	63.82	59.63
Cost audit fees	1.10	1.00
Advertisement and sales promotion expenses	71,83.92	42,44.02
Rebates and discounts	52,25.40	51,68.78
Commission on sales	5,23.71	4,04.55
Communication expenses	4,74.67	4,72.67
Advances written off	30.54	4,43.70
Bad Debts written off	5.86	-
Provision for doubtful debts and advances	3,17.61	2,55.07
Loss on Assets Sold / Discarded	28.68	43.58
Legal charges	1,23.80	2,17.96
Professional and consultancy charges	24,18.46	6,09.74
Commission to directors	1,70.00	-
Training and conference expenses	6,85.71	5,11.12
Miscellaneous expenses	52,15.31	41,90.15
Total	810,07.45	663,28.75



Notes

forming part of the Financial Statements for the year ended March 31, 2013

	As at 31.03.2013	₹ in Lacs As at 31.03.2012
NOTE 31		
1) Contingent Liabilities:		
a) Direct and Indirect Taxation Matters		
Income Tax	19,41.01	16,40.69
Wealth Tax	6.73	6.73
Excise Duty / Service Tax	57,56.53	45,60.43
Sales Tax	46,95.99	44,12.36
b) Disputed demands of Octroi Duty	-	2,22.10
c) Show cause notices	165,09.78	145,74.36
d) Bills discounted with Banks	24,55.14	18,12.11
e) Corporate Guarantees given on behalf of others AB Bank Limited on behalf of CEAT Bangladesh Limited amounting to Bangladesh Taka 16,50.00 Lacs	11,48.24	-
2) Claims against the Company not acknowledged as debts		
i) In respect of labour matters	7,04.68	5,81.30
ii) Rental dispute	1,80.00	1,75.00
iii) Customer dispute	4,46.00	4,46.00
iv) Vendor dispute	2,93.83	2,93.83
v) Other claims	1,95.63	2,66.51
3) Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for – net of advance payments.	21,40.43	12,99.85
4) The Board of Directors recommended a Dividend of ₹ 4 per share (Previous year ₹ 1 per share), the total amount to be distributed as a Dividend is ₹ 13,69.74 Lacs (Previous year ₹ 3,42.44 Lacs)		
5) Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given as follows:		
	2012-2013	2011-2012
(a) Principal Amount Due	3,60.23	2,96.14
Interest due on the above	-	-
(b) Interest paid during the year beyond the appointed day	-	-
(c) Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act	-	-
(d) Amount of interest accrued and remaining unpaid at the end of the year	1,16.00	-
(e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small Enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the ACT.	-	-

The above information is based on the information available with the Company.

Notes forming part of the Financial Statements for the year ended March 31, 2013

NOTE 31 (Contd.)

- 6) Loans and advances in the nature of loans given to subsidiaries and associates and firms / companies in which directors are interested.

Loans and Advances in the nature of Loans to Associates ₹ 2,15.00 Lacs (Previous year ₹ 1,50.00 Lacs) repayable in 36 equal installment starting from April, 2013.

7) Other Commitments

- a) The Company has availed the Sales Tax Deferral Loan and Octroi refund from the Directorate of Industries for Nasik Plant. Hence, the Company has to take prior permission of the appropriate authority for removal/transfer of any asset (falling under the above Schemes) from Nasik Plant. In case of violation of terms & conditions, the Company is required to refund the entire loan/benefit along with the interest @ 22.50% on account of Sales Tax deferral Loan and @ 15% on account of Octroi refund.
- b) Rado Tyres Limited is an Associate Company, in which CEAT holds 22% share as on 31st March, 2013. As per the Draft Rehabilitation Scheme filed by the Operating Agency with BIFR, the Company has committed to give Rado Tyres Limited a loan of ₹ 2,25.00 Lacs (Previous year ₹ 1,50.00 Lacs) paid during the year, repayable in 36 equal installment starting from April, 2013 and an advance of up to ₹ 2,25.00 Lacs (Previous year ₹ 50.00 Lacs) already

given and the same have been recovered). The Company has also agreed for a minimum conversion charge of ₹ 29.50 per kg. up to March 31, 2015.

- c) As per the Joint Venture agreement with A. K. Khan & Company Limited (JV Partner), the Company will subscribe 2,50,000 equity shares of CEAT Bangladesh Limited amounting to ₹ 17.39 Lacs The date of subscription is not finalised.

- 8) During the previous year the company has issued 17,12,176 convertible warrants on preferential basis to promoter's / Promoter's group with an object to augment long term resources of the Company and the amount is being utilised for the intended purpose.

9) Provision for Warranties

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

	31.03.2013	₹ in Lacs 31.03.2012
At the beginning of the year	-	-
Arising during the year *	56,41.38	-
Utilised during the year	40,48.67	-
At the end of the year	15,92.71	-
Current portion	13,44.57	-
Non-Current portion	2,48.14	-

* includes exceptional item of ₹ 14,04.23 Lacs (Refer Note No. 31 (21)(b)).

The company has changed its method of recognising provision for warranty from actual claim basis to expected cost based on past trend and accordingly the Company has recognized a provision of ₹ 15,92.71 lacs. The provision based on such parameters as at the beginning of the year i.e. April 1, 2012 amounting to ₹ 14,04.23 Lacs has been disclosed as an exceptional expense.



Notes

forming part of the Financial Statements for the year ended March 31, 2013

NOTE 31 (Contd.)

	₹ in Lacs	
	2012-2013	2011-2012
10) Traded Goods Purchases		
Tyres	68,70.93	51,60.73
11) Value of Imports calculated on CIF basis		
Raw Materials	1,348,90.09	1,387,41.72
Traded Goods	26,40.68	13,74.52
Components and Spares	6,81.56	2,79.13
Capital Goods	15,60.69	77,04.88
12) Expenditure in Foreign Currency (accrual basis)		
Interest	20,05.04	17,59.21
Travelling	1,44.39	1,06.20
Others	6,84.03	14,38.51
13) Dividend remittance in foreign currency		
Amount remitted (Net)	17.82	35.65
Number of Non- resident shareholder	2	2
Number of Shares on which remittance was made	17,82,385	17,82,385
Year for which the Dividend was paid	2011-12	2010-11

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

	2012-2013		2011-2012	
	%	Value	%	Value
Raw Materials				
Imported	48.09	1,607,87.22	44.07	1,441,81.48
Indigenous	51.91	1,735,39.04	55.93	1,829,79.08
	100.00	3,343,26.26	100.00	3,271,60.56
Stores and Spares				
Imported	10.60	4,12.68	12.43	4,05.60
Indigenous	89.40	34,79.27	87.57	28,56.20
	100.00	38,91.95	100.00	32,61.80

	₹ in Lacs	
	2012-2013	2011-2012
15) Earnings in Foreign Currency (accrual basis)		
Export Sales calculated on FOB basis	1,089,95.87	992,75.88
Royalty	3,69.84	3,62.64
Dividend	5,68.47	6,46.41
Technical Development Charges	-	45.00
16) Research & Development Expenses		
Revenue	17,14.65	11,08.77

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

Notes forming part of the Financial Statements for the year ended March 31, 2013

NOTE 31 (Contd.)

₹ in Lacs

17) 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 ₹ 1,77.62 Lacs (Previous year ₹ 1,79.94 Lacs) has been charged to Statement of Profit and Loss

Future Minimum Lease Payment	2012-2013	As at 31.03.2012
For a period not later than one year	1,25.21	1,43.47
For a period later than one year but not later than five years	1,15.40	1,36.39
For a period later than five year	-	-

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

18) Post Retirement Benefits Plans

Gratuity

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

Leave Encashment

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

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

Sr. No.	Particulars	2012-2013		2011-2012	
		Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
1.	Opening present value of Defined Benefit obligation	49,54.95	16,14.22	47,82.50	15,56.46
2.	Current Service Cost	6,68.65	4,68.64	2,51.08	5,36.30
3.	Interest Cost	3,58.96	59.82	3,82.60	58.67
4.	Benefits paid	(12,07.91)	(2,75.31)	(6,87.08)	(1,88.70)
5.	Actuarial (Gain) / Loss on obligation	12,94.60	(41.96)	2,25.85	(3,48.51)
6.	Closing present value of obligation	60,69.25	18,25.41	49,54.95	16,14.22

Notes

forming part of the Financial Statements for the year ended March 31, 2013

NOTE 31 (Contd.)

₹ in Lacs

ii) Changes in Fair value of Plan Assets during the year ended March 31, 2013

Sr. No.	Particulars	2012-2013		2011-2012	
		Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
1.	Fair value of plan assets as at April 1, 2012	46,25.09	-	44,39.17	-
2.	Expected return on plan assets	3,96.86	-	3,96.07	-
3.	Contributions made	3,56.95	-	6,78.04	-
4.	Benefits paid	(12,07.91)	-	(6,87.08)	-
5.	Actuarial gain / (Loss) on plan assets	6.47	-	(2,01.11)	-
6.	Fair value of plan assets as at March 31, 2013	41,77.46	-	46,25.09	-

iii) Net employee benefits expenses recognized in the employee cost

Sr. No.	Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
1.	Current Service Cost	6,68.65	4,68.64	2,51.08	5,36.30
2.	Interest Cost on benefit obligation	3,58.96	59.82	3,82.60	58.67
3.	Actuarial (gains) and losses (Net)	12,88.13	(41.96)	2,25.85	(3,48.51)
4.	Expected return on plan assets	(3,96.86)	-	(3,96.07)	-
5.	Net benefit expense	19,18.88	4,86.50	4,63.46	2,46.46

iv) Net Assets / (Liability) as at March 31, 2013.

Sr. No.	Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
1.	Opening Present value of the defined benefit obligation	60,69.25	18,25.41	49,54.95	16,14.22
2.	Closing Fair value of plan Assets	41,77.46	-	46,25.09	-
3.	Net Assets / (Liability) recognized in the Balance Sheet	(18,91.79)	(18,25.41)	(3,29.86)	(16,14.22)

v) Actual return on plan assets for the year ended March 31, 2013

Sr. No.	Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
1.	Expected return on plan assets	3,96.86	-	3,96.07	-
2.	Actuarial gain / (loss) on plan assets	6.47	-	(2,01.11)	-
3.	Actual return on plan assets	4,03.33	-	1,94.96	-

Notes forming part of the Financial Statements for the year ended March 31, 2013

NOTE 31 (Contd.)

₹ in Lacs

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

Sr. Particulars No.	2012-2013		2011-2012	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
1. Investment with Insurer	100%	-	100%	-

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

Sr. Particulars No.	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
1. Discount Rates	8.25%	8.25%	8.00%	8.00%
2. Expected rate of return on assets	9.45%	-	9.45%	-
3. Annual increase in salary	5.50%	5.50%	4.00%	4.00%
4. Employee turnover	9.58%	9.58%	1% to 3%	0.65%
5. Mortality Rate	LIC(1994-96) Ultimate	LIC(1994-96) Ultimate	LIC(1994-96) Ultimate	LIC(1994-96) 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.

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

- viii) Details of Previous Years

	2012-13	2011-12	2010-11	2009-10	2008-09
Gratuity Funded					
Present value of Defined Benefit obligation as at the year end.	60,69.25	49,54.95	47,82.50	47,68.75	42,33.88
Fund value as at the year end	41,77.46	46,25.09	42,36.09	40,95.30	36,62.03
Surplus / (Deficit)	(18,91.79)	(3,29.86)	(5,46.41)	(6,73.45)	(5,71.85)
Net Assets / (Liability) recognised in the Balance Sheet	(18,91.79)	(3,29.86)	(5,46.41)	(6,73.45)	(5,71.85)
Leave Encashment (Unfunded)					
Present value of Defined Benefit obligation as at the year end.	18,25.41	16,14.22	13,54.72	13,56.60	10,80.91
Fund value as at the year end	-	-	-	-	-
Net Assets / (Liability) recognised in the Balance Sheet	(18,25.41)	(16,14.22)	(13,54.72)	(13,56.60)	(10,80.91)

Notes

forming part of the Financial Statements for the year ended March 31, 2013

NOTE 31 (Contd.)

19) Derivatives instruments and unhedged foreign currency exposure

Derivative instruments

Sr. No.	Derivative	USD in Lacs		Remarks
		As at 31.03.2013	As at 31.03.2012	
1.	Forward contract to sell US\$	19,63.00	16,69.00	Hedge of foreign currency sales
2.	Forward contract to buy US\$	18,43.00	16,94.00	Hedge of foreign currency purchase
		50,50.00	66,74.00	Hedge of foreign currency Buyers credit
		14,00.00	-	Hedge of foreign currency highly probable purchases
		6,27.00	-	Hedge of FCNR-B Loan from Bank of Baroda
		6,08.00	-	Hedge of foreign currency PreShipment credit in foreign currency
		95,28.00	83,68.00	
3	Principal only Swap (POS) to buy US\$	7,04.00	13,13.00	Hedge of foreign currency Capex buyers credit
4	Swap deal to purchase US\$	15,00.00	21,28.00	Hedge of term loan

Unhedged foreign currency

Sr. No.	Derivative	Currency	Amount in Lacs	
			As at 31.03.2013	As at 31.03.2012
1	Pre Shipment credit in foreign currency	US\$	13.00	-
2	Trade payable	US\$	20.00	60.00
		Euro	6.00	86.00
		JPY	1,14.00	20,49.00
3	Trade receivable	US\$	6,63.00	4,34.00
4	Royalty receivable	US\$	33.00	35.00

20) Related party disclosures

a) Names of related parties and related party relationship:

Related parties where control exists:

- Associated CEAT Holdings Company (Pvt.) Limited (ACHL) (Subsidiary Company)
- CEAT Bangladesh Limited (CEAT Bangladesh) (Subsidiary Company)

Notes forming part of the Financial Statements for the year ended March 31, 2013

NOTE 31 (Contd.)

₹ in Lacs

Related parties with whom transactions have taken place during the year

- CEAT-Kelani Holdings Company (Pvt.) Limited (CKHL) (Joint Venture of ACHL)
- Associated CEAT (Pvt.) Limited (ACPL) (Subsidiary of CKHL)
- CEAT-Kelani International Tyres (Pvt.) Limited, (CKITL) (Subsidiary of CKHL)
- CEAT Kelani Radials Limited (CKRL) (Subsidiary of CKHL)
- Rado Tyres Limited (Associate Company)
- Key Management Personnel:
 - i) Mr. Paras K. Chowdhary, Whole Time Director (retired on 01.04.2013)
 - ii) Mr. Anant Goenka, Managing Director
 - iii) Mr. Harsh Vardhan Goenka, Relative of key management personnel

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

Transactions	Related parties	2012-2013	2011-2012
1. Reimbursement of Expenses	ACPL	20.69	24.47
	CKITL	0.68	3.12
	CKRL	1.42	46.11
	CEAT Bangladesh	10.08	-
	Total	32.87	73.70
2. Dividend Income	ACHL	5,68.47	6,46.41
3. Royalty Income	ACPL	1,25.98	1,29.77
	CKITL	1,45.20	1,45.73
	CKRL	98.67	87.14
	Total	3,69.85	3,62.64
4. Purchase of traded goods	ACPL	25,84.27	10,89.41
	CKITL	33.17	8.49
	CKRL	9.70	18.79
	Total	26,27.14	11,16.69
5. Sales	CKITL	4,97.85	2,18.92
	CEAT Bangladesh	2,58.56	-
	Total	7,56.41	2,18.92
6. Conversion charges expense	Rado	7,61.56	7,60.46
7. Loan given	Rado	65.00	1,50.00
8. Interest income on Loan	Rado	19.19	9.17
9. Investments (including share application money) made during the year	CEAT Bangladesh	38,50.68	-



Notes

forming part of the Financial Statements for the year ended March 31, 2013

NOTE 31 (Contd.)

		₹ in Lacs	
Amount due to / from related parties	Related parties	2012-2013	2011-2012
1. Advance receivable in cash or in kind	ACPL	10.36	-
	CKITL	3.23	-
	CKRL	-	33.34
	Rado	25.53	8.26
	CEAT	10.08	-
	Bangladesh		
	Total	49.20	41.60
2. Advances given	Rado	9.34	60.79
3. Royalty Receivable	ACPL	56.13	63.99
	CKITL	71.75	73.24
	CKRL	49.95	44.37
	Total	1,77.83	1,81.60
4. Trade payables	ACPL	(6,87.45)	(2,57.42)
	CKRL	-	(1.91)
	Rado	(2.27)	(43.36)
	Total	(6,89.72)	(3,02.69)
5. Trade Receivables	CKITL	1,63.48	79.55
	CEAT	1,54.06	-
	Bangladesh		
	Total	3,17.54	79.55
6. Loans given	Rado	2,15.00	1,50.00

Transactions with key managerial personnel and their relative.

		₹ in Lacs	
		2012-2013	2011-2012
1) Mr. Paras K. Chowdhary			
Salaries		2,18.69	2,15.02
Allowances and Perquisites		21.94	21.82
Performance Bonus		-	21.50
Contribution to Provident & Superannuation Fund		35.40	34.80
Total		2,76.03	2,93.14
2) Mr. Anant Vardhan Goenka			
Salaries		1,76.76	1,04.76
Allowances and Perquisites		3.16	2.33
Performance Bonus		-	-
Contribution to Provident & Superannuation Fund		16.41	10.78
Total		1,96.33	1,17.87
3) Mr. Harsh Vardhan Goenka			
Commission		1,54.00	-
Director sitting fees		1.00	1.10
Total		1,55.00	1.10
Grand Total		6,27.36	4,12.11

Notes forming part of the Financial Statements for the year ended March 31, 2013

NOTE 31 (Contd.)

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.

21) Exceptional Items:

- a) The Company had introduced a Voluntary Retirement Scheme (VRS) for employees of its Bhandup Unit during the year, 188 employees opted for the VRS. The Compensation in this respect aggregates ₹ 13,65.33 Lacs (Previous year ₹ 3,15.64 Lacs) which is disclosed as an exceptional item.
- b) The Company changed its method of recognizing provision for warranty from actual claim basis to expected cost based on past trends. The provision up to March 31, 2012 amounting to ₹ 14,04.23 Lacs has been disclosed as an exceptional item.

22) Segment Reporting:

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

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

Secondary Segment- Geographical by location of Customers

₹ in Lacs

Particulars	2012-2013	2011-2012
Revenue by Geographical market		
India	3,787,78.76	3,479,98.00
Outside India	1,093,65.71	995,75.18
Total	4,881,44.47	4,475,73.18
Carrying amount of segment Assets		
India	2,872,21.67	2,891,12.93
Outside India	183,93.29	131,51.99
Total	3,056,14.96	3,022,64.92
Additions to Fixed Assets and Intangible Assets		
India	57,55.45	234,06.23
Outside India	-	-
Total	57,55.45	234,06.23



Notes

forming part of the Financial Statements for the year ended March 31, 2013

NOTE 31 (Contd.)

₹ in Lacs

23) Earnings Per Share (EPS):

Particulars	2012-2013	2011-2012
Net Profit for calculation of basic and diluted EPS	106,35.15	7,53.85
Weighted average number of equity shares (face value per share ₹ 10/-) in calculating basic EPS	342,43,534	342,43,534
Effect of dilution :		
Convertible share warrants	6,81,500	-
Weighted average number of equity shares (face value per share ₹ 10/-) in calculating diluted EPS	349,25,034	-
Basic EPS	31.06	2.20
Diluted EPS	30.44	2.20

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

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

per Sudhir Soni
Partner
Membership Number 41870

Place : Mumbai
Date : May 7, 2013

Manish Dugar
Chief Financial Officer

H.N.Singh Rajpoot
Company Secretary

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

H.V.Goenka
Vice Chairman

H.L .Mundra
Chairman -Audit Committee

Anant Goenka
Managing Director

Place : Mumbai
Date : May 7, 2013

STATEMENT PURSUANT TO SECTION 212(3) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY

		₹ In Lacs	
Name of the Subsidiary	Associated Ceat Holdings Company (Pvt) Limited	Ceat Bangladesh Limited	
1 Number of shares held in the Subsidiary Company	1,00,00,000 Ordinary Shares Of LKR 10/- each fully paid	8,00,00,000 Ordinary Shares of BDT 10/- each fully paid	
2 Percentage of holding in the Subsidiary Company	100.00%	100.00%	
3 Financial year ended	March 31, 2013	March 31, 2013	
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, 2013			
For the year	10.27	-89.58	
For the previous financial year	-	-	
Total accumulated upto the year	10.27	-89.58	
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	5,55.65	-	
For the previous financial year	12.81	-	
Total accumulated upto the year	5,68.47	-	

Notes -

- The profit for the period has been converted at the average rate during the period i.e. 1 LKR = ₹ 0.4199 and 1 BDT = ₹ 0.6767

STATEMENT PURSUANT TO EXEMPTION RECEIVED UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY

Details of Subsidiaries

Name - Associated CEAT Holdings Company (Pvt.) Ltd.	Name - CEAT Bangladesh Limited
Country - Sri Lanka	Country - Bangladesh
Reporting Currency - LKR	Reporting Currency - BDT
Exchange Rate - 1 LKR = ₹ 0.4288 (as on 31.03.2013)	Exchange Rate - 1 LKR = ₹ 0.6959 (as on 31.03.2013)

Financial Information

	ASSOCIATED CEAT HOLDINGS COMPANY (PVT) LIMITED		CEAT Bangladesh Limited	
	Amt in LKR (Lacs)	Amt in INR (Lacs)	Amt in BDT (Lacs)	Amt in INR (Lacs)
Capital	10,00.00	4,28.80	80,00.00	55,67.20
Reserves	28.31	12.14	(1,32.36)	(92.11)
Total Assets	10,30.95	4,42.07	55,54.52	38,65.39
Total Liabilities	10,30.95	4,42.07	55,54.52	38,65.39
Investment Other than Investment in Subsidiary	-	-	-	-
Turnover	15,75.00	6,75.36	-	-
Profit Before Taxation	15,73.70	6,74.80	(94.38)	(65.68)
Provision for Taxation	0.07	0.03	37.98	26.43
Profit After Taxation	15,73.63	6,74.77	(1,32.36)	(92.11)
Dividend	15,75.00	6,75.36	-	-

Independent Auditor's Report

To the Board of Directors of CEAT Limited

We have audited the accompanying consolidated financial statements of CEAT Limited (the "Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

- in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
- in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of two subsidiaries, included in the consolidated financial statements, whose consolidated financial statements reflect total assets of ₹ 153,21 lacs as at 31st March 2013, total revenue of ₹ 177,61 lacs and net cash inflows amounting to ₹ 28,20 lacs for year ended 31st March 2013. These financial statements and other financial information, prepared under Sri Lanka Accounting Standards and Bangladesh Financial Reporting Standards, have been audited by other auditors in accordance with their local accounting standards and their reports have been furnished to us. For the purpose of preparation of the Group's consolidated financial statements, the audited financial statements of the subsidiaries, prepared under their respective accounting frameworks, have been converted by the management to accounting principles generally accepted in India. Our opinion, thus, insofar it relates to amounts included in respect of the subsidiaries, is based solely on the reports of the other auditors and the aforesaid conversion undertaken by the management, examined by us on a test basis.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W

per Sudhir Soni

Partner

Place: Mumbai

Date: May 07, 2013

Membership No.: 41870

Consolidated Balance Sheet

as at March 31, 2013

₹ in lacs

	Note No.	As at 31.03.2013	As at 31.03.2012
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
a) Share Capital	3	34,24.35	34,24.35
b) Reserves and Surplus	4	747,58.27	639,72.93
c) Money Received Against Share Warrants	5	3,63.97	3,63.97
		785,46.59	677,61.25
(2) Preference Shares issued by Subsidiaries		8.12	15.16
(3) Non-Current Liabilities			
a) Long-term Borrowings	6	424,04.05	582,98.68
b) Deferred Tax Liabilities (Net)	7	78,63.39	35,77.84
c) Other Long-term Liabilities	8	1,42.20	1,42.20
d) Long-term Provisions	9	14,22.83	9,69.23
		518,32.47	629,87.95
(4) Current Liabilities			
a) Short-term Borrowings	10	404,78.84	521,87.43
b) Trade Payables	11	792,50.15	656,33.15
c) Other Current Liabilities	12	577,29.20	589,38.03
d) Short-term Provisions	13	68,54.50	21,04.17
		1,843,12.69	1,788,62.78
Total		3,146,99.87	3,096,27.14
II ASSETS			
(1) Non-Current Assets			
a) Fixed Assets	14		
(i) Tangible Assets		1,490,05.28	1,501,52.73
(ii) Intangible Assets		61,15.80	64,52.69
(iii) Capital Work In Progress		27,37.33	17,59.74
(iv) Intangible Assets Under Development		-	2.00
		1,578,58.41	1,583,67.16
b) Goodwill on Consolidation		21,56.32	20,48.03
c) Non-current Investments	15	58.86	58.86
d) Long-term Loans and Advances	16	80,66.15	46,15.96
e) Other Non-current Assets	17	10,57.28	11,34.73
		1,691,97.02	1,662,24.74
(2) Current Assets			
a) Current Investments	18	-	30,31.96
b) Inventories	19	558,82.37	602,68.47
c) Trade Receivables	20	662,84.96	638,27.86
d) Cash and Bank Balances	21	112,07.65	39,68.46
e) Short-term Loans and Advances	22	104,54.99	112,27.63
f) Other Current Assets	23	16,72.88	10,78.02
		1,455,02.85	1,434,02.40
Total		3,146,99.87	3,096,27.14
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

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

Manish Dugar
Chief Financial Officer

H.V.Goenka
Vice Chairman

Anant Goenka
Managing Director

per **Sudhir Soni**
Partner
Membership Number 41870

H.N.Singh Rajpoot
Company Secretary

H.L .Mundra
Chairman -Audit Committee

Place : Mumbai
Date : May 7, 2013

Place : Mumbai
Date : May 7, 2013

Consolidated Statement of Profit and Loss for the year ended March 31, 2013

₹ in lacs

Particulars	Note No.	2012-2013	2011-2012
INCOME			
1 Revenue From Operations (Gross)	24	5,520,54.00	5,004,62.31
Less : Excise Duty		468,32.53	351,91.48
Revenue From Operations (Net)		5,052,21.47	4,652,70.83
2 Other Income	25	17,67.12	22,28.16
3 Total Revenue (1 + 2)		5,069,88.59	4,674,98.99
4 EXPENSES			
a) Cost of Materials Consumed	26	3,455,39.81	3,392,57.40
b) Purchases of Stock-in-trade		58,79.23	46,89.07
c) Changes in Inventories of finished goods, work-in-progress and Stock-in-trade	27	(38,43.00)	22,98.96
d) Employee Benefits Expense	28	283,03.89	227,56.00
e) Finance Costs	29	197,57.39	195,80.20
f) Depreciation and amortization expense		80,62.00	72,80.21
g) Other Expenses	30	838,69.93	689,00.94
Total Expenses		4,875,69.25	4,647,62.78
5 Profit Before Exceptional Items and Tax (3 - 4)		194,19.34	27,36.21
6 Exceptional Item (Refer Note 31 (14))		27,69.56	3,15.64
7 Profit Before Tax (5 - 6)		166,49.78	24,20.57
8 Tax Expense :			
1) Current Tax		37,02.45	6,79.78
2) MAT Credit entitlement		(31,78.05)	(3,84.56)
3) Short / (Excess) Provision of earlier years		(1,59.19)	5.03
4) Deferred Tax - current year		49,75.81	3,01.84
5) Deferred Tax - prior years		(7,10.23)	-
9 Profit for the year (7 - 8)		120,18.99	18,18.48
10 Earnings Per Equity Share (Refer Note 31 (16)) [Nominal value of share ₹ 10 (Previous year ₹ 10)]			
1) Basic		35.10	5.31
2) Diluted		34.40	5.31
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

For **S.R. Battliboi & Associates LLP**
Firm Registration No.101049W
Chartered Accountants**Manish Dugar**
Chief Financial Officer**H.V.Goenka**
Vice Chairman**Anant Goenka**
Managing Director**per Sudhir Soni**
Partner
Membership Number 41870**H.N.Singh Rajpoot**
Company Secretary**H.L .Mundra**
Chairman -Audit CommitteePlace : Mumbai
Date : May 7, 2013Place : Mumbai
Date : May 7, 2013

Consolidated Cash Flow Statement for the year ended March 31, 2013

	2012-2013	2011-2012
		₹ in Lacs
A CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax	166,49.78	24,20.57
Adjustments for :		
Depreciation	80,62.00	72,80.21
Interest income	(7,06.22)	(5,95.53)
Unrealised exchange variation (net)	45.47	(36.63)
Dividend income	(1,58.71)	(1,35.52)
Foreign Currency Translation Reserve on Consolidation	2,92.45	(2,10.15)
Provision for Doubtful debts	3,54.96	2,71.45
Provision for Doubtful debts - Written Back	-	(10.98)
Profit on Sale of Investment	(0.48)	-
Advance/Bad debts written Off	36.40	4,54.21
Impairment of Assets	13.20	(17.51)
(Profit) / Loss on sale of fixed assets - Net	42.96	54.34
Interest expense	150,11.58	156,00.78
Other Borrowing Cost	32,27.86	20,73.86
	262,21.47	247,28.53
Operating Profit Before Working Capital Changes	428,71.25	271,49.10
Adjustments for :		
Decrease/(Increase) in Inventory	43,86.10	(15,74.51)
Decrease/(Increase) in Trade receivables	(30,15.71)	(142,50.05)
Decrease/(Increase) in Short term Loans and Advances	7,72.65	(2,59.06)
Decrease/(Increase) in Other Current Assets	(64.81)	(3,86.08)
(Decrease)/Increase in Trade payables	137,71.15	(104,74.86)
(Decrease)/Increase in Other Current Liabilities	(4,22.67)	27,95.84
(Decrease)/Increase in Short term Provisions	31,26.54	48.85
(Decrease)/Increase in Long Term Provisions	4,53.59	17.51
(Decrease)/Increase in Long term Loans and Advances	5,44.36	(6,40.40)
CASH GENERATED FROM OPERATIONS	624,22.45	24,26.34
Direct taxes paid	(38,20.63)	(7,32.85)
	(38,20.63)	(7,32.85)
CASH FLOW BEFORE EXCEPTIONAL ITEMS	586,01.82	16,93.49
Net Cash Flow From Operating Activities (A)	586,01.82	16,93.49
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed assets including CWIP and capital advance	(84,77.35)	(152,30.73)
Loans & Advances to Related Parties	(65.00)	(1,50.00)
Sale of fixed assets	9.83	40.48
Purchase of Current Investments	(460,89.50)	(468,50.42)
Sale of Current Investments	491,21.46	480,72.22
Profit on sale of Investment	0.48	-
Investment in Associates	-	(17.08)
Investment in Bank Deposits (having Original Maturity of more than three months)	(3,66.41)	(9.30)
Investment in Margin Money Deposit	(1,50.00)	(5,20.35)
Interest received	5,65.70	5,67.65
Dividend received	1,58.71	1,35.52
Net Cash From Investing Activities (B)	(52,92.08)	(139,62.01)

Consolidated Cash Flow Statement for the year ended March 31, 2013

	2012-2013	2011-2012
		₹ in Lacs
C CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Convertible Warrants	-	3,63.97
Interest paid	(152,58.81)	(151,22.20)
Other Borrowing cost paid	(32,27.86)	(20,73.86)
Change in other Short term Borrowings (Net)	(51,65.83)	51,69.57
Proceeds from Short term Buyers Credit	840,74.68	874,53.63
Repayment of Short term Buyers Credit	(907,10.21)	(721,46.23)
Repayment of Long term Borrowings	(158,90.00)	(72,40.63)
Proceeds from Long term Borrowings	-	151,91.42
Dividend paid	(3,42.44)	(6,84.87)
Dividend Distribution Tax Paid	(55.55)	(1,11.10)
Redemption of Preference Shares	(7.04)	(7.86)
Preference Dividend paid	(3.90)	(5.53)
(Decrease)/Increase in Long Term Liability	-	30.66
Net Cash Received/(Used) in Financing Activities (C)	(465,86.96)	108,16.97
Net (Decrease) / Increase In Cash or Cash Equivalent (A+B+C)	67,22.78	(14,51.55)
Components of Cash and Cash Equivalents		
On Current Accounts	26,66.07	12,59.66
On Unpaid Dividend Accounts *	52.84	47.40
On Unpaid Interest and Fixed Deposit *	3,72.12	-
Cheques in Hand	5.14	-
Cash in Hand	16.38	18.00
Remittance In transit	-	32,39.04
Adjusted Cash and Cash Equivalents at beginning of the year	31,12.55	45,64.10
Cash and Cash Equivalents at the end of the year		
On Current Accounts	65,30.68	26,66.07
On Deposits with maturity less than 3 months	28,27.23	-
On Unpaid Dividend Accounts *	55.27	52.84
On Unpaid Interest and Fixed Deposit *	4,05.91	3,72.12
Cheques in Hand	-	5.14
Cash in Hand	16.24	16.38
Adjusted Cash and Cash Equivalents at end of the year	98,35.33	31,12.55
Net (Decrease) / Increase as disclosed above	67,22.78	(14,51.55)

* The Company can utilise these balances only towards settlement of Unpaid Dividend Account and Unpaid Interest and Fixed Deposit account

Note :

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

As per our report of even date

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

per Sudhir Soni
Partner
Membership Number 41870

Place : Mumbai
Date : May 7, 2013

Manish Dugar
Chief Financial Officer

H.N.Singh Rajpoot
Company Secretary

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

H.V.Goenka
Vice Chairman

H.L .Mundra
Chairman -Audit Committee

Anant Goenka
Managing Director

Place : Mumbai
Date : May 7, 2013



Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2013

1. CORPORATE INFORMATION

CEAT Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company's principal business is manufacturing of automotive tyres, tubes and flaps. The company started operations in 1958 as CEAT Tyres of India Limited and was renamed as CEAT Limited in 1990. The company caters to both domestic and international markets. The company has two main overseas subsidiary companies – Associated CEAT Holdings Company (Pvt) Limited incorporated in Sri Lanka and CEAT Bangladesh Limited incorporated in Bangladesh.

2. BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

A) Basis of Consolidation

The consolidated financial statements relates to CEAT Limited (the company), its subsidiary companies, joint ventures and associates (referred as "the group")

i) Basis of preparation

The financial statements are prepared under the historical cost convention on an accrual basis of accounting in accordance with the generally accepted accounting principles, Accounting Standards notified under Section 211 (3C) of the Companies Act, 1956 and the relevant provisions thereof

ii) Use of Estimates

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

iii) Principles of consolidation

- The financial statements of the subsidiary companies / joint ventures used in the consolidation are drawn up to the same reporting date as of the Company i.e. year ended March 31, 2013.
- The financial statements of the Company

and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits have been fully eliminated.

- The excess of cost to the Company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.
- Foreign Subsidiary – Revenue items have been consolidated at the average rate of foreign exchange prevailing during the year. The assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate. Exchange differences arising on monetary and non-monetary items that in substance forms part of the Company's net investments in non-integral foreign operation are accumulated in the Foreign Currency Translation Reserve.
- In case of associates, where Company holds directly or indirectly through subsidiaries 20% or more equity or / and exercises significant influence, Investments are accounted for by using equity method in accordance with Accounting Standard (AS) 23 – "Accounting for Investments in Associates in Consolidated Financial Statements", and accordingly, the share of profit / loss of each of the associate companies (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments
- Interests in Joint Ventures have been accounted by using the proportionate consolidation method as per Accounting Standard 27 – "Financial Reporting of Interests in Joint Ventures".

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2013

B) The following subsidiary company, associates and their joint venture have been considered in the consolidated financial statements.

1. Direct Subsidiary:

Name of the subsidiary	Country of incorporation	% of holding	
		2012-2013	2011-2012
Associated CEAT Holdings Co. (Pvt.) Ltd.	Sri Lanka	100.00%	100.00%
CEAT Bangladesh Ltd*	Bangladesh	100.00%	-

* During the year the company has entered into a Joint Venture agreement with the AK Khan & Company Limited ('JV Partner'), Bangladesh and CEAT Bangladesh Limited ('the JV Company'). Pursuant to the Joint Venture Agreement, the company will hold 70% of the equity capital of the JV Company while balance 30% will be held by the JV partner.

2. Associate:

Name of the Associates	Country of incorporation	% of holding	
		2012-2013	2011-2012
RADO Tyres Limited.	India	22.34%	22.34%

3. Joint Ventures:

Name of the Joint Ventures	Country of incorporation	% of holding either directly or through subsidiaries	
		2012-2013	2011-2012
CEAT-Kelani Holdings Company (Pvt.) Limited (CKHL) (Joint Venture of ACHL)	Sri Lanka	50%	50%
Associated CEAT(Pvt.)Limited (ACPL) (Subsidiary of CKHL)	Sri Lanka	50%	50%
CEAT-Kelani International Tyres (Pvt.) Limited, (CKITL) (Subsidiary of CKHL)	Sri Lanka	50%	50%
CEAT Kelani Radials Limited (CKRL) (Subsidiary of CKHL)	Sri Lanka	50%	50%

C) Tangible fixed assets and Intangible assets

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

In case of revaluation of fixed assets, any revaluation surplus is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized

in the statement of profit and loss, in which case the increase is recognized in the statement of profit and loss. A revaluation deficit is recognized in the statement of profit and loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standards of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement



Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2013

of profit and loss for the period during which such expenses are incurred.

Intangible Assets are reflected at the cost of acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any.

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

D) Borrowing Cost

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

E) Depreciation

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

Asset Class	Rates(SLM)
Buildings	1.63% - 5%
Plant & Equipments	4.75% - 20%
Moulds	16.21%
Computers Hardware	16.21%-30%
Furniture & Fixtures	6.33%-10%
Office Equipments	4.75%-20%
Motor Vehicles	7.07% - 20%

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

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

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

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

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

The above intangible assets with an estimated useful economic life exceeding 10 years are tested for impairment annually. Depreciation is not recorded on capital work-in-progress until construction and installation are complete. Assets acquired/purchased costing less than Rupees five thousand have been depreciated at the rate of 100%. Depreciation on revalued amount of a particular asset is calculated on straight line method over the remaining estimated useful life of the asset from the date of revaluation.

F) Impairment of tangible and intangible assets:

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

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2013

a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

G) Investments

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

H) Inventories

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

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

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

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

I) Revenue Recognition

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

1. Sale of Goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership are passed on to the customer which generally coincides with delivery. Sales taxes and value added taxes (VAT) are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

2. Interest

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

3. Dividends

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

4. Royalty

Royalty income is accounted for as per the terms of contract.

J) Government Grants and Export Incentives

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

Export Incentives such as focus market scheme, Focus products scheme and special focus market scheme are recognized in the statement of profit and loss as a part of other operating revenues.



Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2013

K) Foreign Currency Transactions

(1) Initial recognition

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

(2) Conversion

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

(3) Exchange differences

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

(4) Forward exchange contracts entered into, to hedge foreign currency risk

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

L) Leases

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

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

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

M) Research and Development

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

N) Employee Benefits

i) Defined Contribution plan

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

ii) Defined Benefit plan

The Company also provides for retirement benefits in the form of gratuity. The company's

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2013

liability towards these benefits is determined on the basis of actuarial valuation using Project Unit Credit Method at the date of balance sheet. Actuarial gains/losses are recognised in the statement of profit and loss in the period in which they occur.

iii) **Compensated absences**

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

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

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

O) **Taxes on Income**

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

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-

tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

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

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

P) **Earnings Per Share**

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

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

Q) **Provisions and Contingent Liabilities**

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made



Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2013

of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

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

R) Cash and cash equivalents

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

S) Hedge Accounting

The Company designates some of the new forward contracts in a cash flow hedging relationship by applying the hedge accounting principles.

These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flow are recognized directly in Cash Flow Hedge Reserve under Reserves and Surplus, net of applicable deferred income taxes and the ineffective portion is recognized immediately in the statement of profit and loss.

Amounts accumulated in Cash Flow Hedge Reserve are reclassified to profit and loss in the same periods during which the forecasted transaction affects profit and loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any

cumulative gain or loss on the hedging instrument recognized in Hedging Reserve Account is retained there until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognized in Cash Flow Hedge Reserve is immediately transferred to the statement of profit and loss for the period

T) Provision for Warranty

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

U) Derivative Contracts

The Company enters into derivative contracts in the nature of foreign currency swaps, currency options, forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions in foreign currency. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for foreign currency transactions and translations.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions / firm commitments are accounted as per the policy stated for Hedge Accounting.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

V) Segment reporting

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

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2013

	As at 31.03.2013	As at 31.03.2012
Note 3 SHARE CAPITAL		
a) 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
b) Issued :		
3,42,44,222 (3,42,44,222)Equity Shares of ₹10 each	34,24.42	34,24.42
(Includes 688 (688) Shares offered on right basis and kept in abeyance)		
Total issued Share Capital	34,24.42	34,24.42
c) 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
Total Subscribed and paid-up Share Capital	34,24.35	34,24.35

i) Reconciliation of equity share and outstanding

	2012-2013		2011-2012	
Equity Shares	Number	₹ In Lacs	Number	₹ In Lacs
Shares outstanding at the beginning of the year	3,42,43,534	34,24.35	3,42,43,534	34,24.35
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	3,42,43,534	34,24.35	3,42,43,534	34,24.35

ii) Terms and rights attached to Equity Shareholders:

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

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

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



Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2013

NOTE 3 SHARE CAPITAL (cont.)

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

	As at 31st Mar 2013		As at 31st Mar 2012	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Instant Holdings Limited	96,06,636	28.06%	50,09,185	14.63%
Goodhope Sales Private Limited *	-	-	41,55,743	12.14%
Swallow Associates LLP #	44,84,624	13.10%	44,84,624	13.10%
Societe Ceat D Investissemanten Asie S A	17,82,348	5.20%	17,82,348	5.20%

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

Swallow Associates Limited upto 30th October, 2012.

	₹ in Lacs	
	As at 31.03.2013	As at 31.03.2012
NOTE 4 RESERVES AND SURPLUS		
a) Capital Reserve		
Balance as per last financial statements	8,76.87	2,71.45
Add : Forfeiture of Convertible Warrants (Refer note 5)	-	6,05.42
Closing Balance	8,76.87	8,76.87
b) Capital Redemption Reserve	3,90.00	3,90.00
c) Securities Premium Reserve	165,23.65	165,23.65
d) Revaluation Reserve		
Balance as per last financial statements	9,01.19	58.52
Add: Revalued during the year	-	8,46.43
Less: Depreciation	-	3.76
Closing Balance	9,01.19	9,01.19
e) Cash Flow Hedging Reserve		
Balance as per last financial statements	-	-
Gains / (Losses) arising during the year	-	-
Foreign Currency forward contract	(1.90)	-
Closing Balance	(1.90)	-
f) Foreign Currency Translation Reserve		
Balance as per last financial statements	(3,95.24)	(1,85.09)
Add : Addition during the year	3,74.68	(2,10.15)
Closing balance	(20.56)	(3,95.24)
g) General Reserve		
Balance as per last financial statements	187,00.97	187,00.97
Add : Amount transferred from surplus balance in the statement of profit and loss	11,00.00	-
Closing balance	198,00.97	187,00.97

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2013

NOTE 4 RESERVES AND SURPLUS (cont.)

	As at 31.03.2013	₹ in Lacs As at 31.03.2012
h) Surplus in the statement of profit and loss		
Balance as per last financial statements	269,75.49	255,60.53
Add : Profit for the year	120,18.99	18,18.48
Amount available for Appropriation	389,94.48	273,79.01
Less : Appropriations		
Proposed Dividend (amount per share ₹ 4 (Previous year ₹ 1))	13,69.74	3,42.44
Tax on Proposed Dividend	2,32.79	55.55
Dividend on Subsidiaries Preference Shares	3.90	5.53
Amount Transfer to General Reserve	11,00.00	-
Net Surplus in the statement of profit and loss	362,88.05	269,75.49
Total	747,58.27	639,72.93

	As at 31.03.2013	₹ in Lacs As at 31.03.2012
NOTE 5 MONEY RECEIVED AGAINST SHARE WARRANTS		
Balance as per last financial statements	3,63.97	6,05.42
Add: Received during the year	-	3,63.97
	3,63.97	9,69.39
Less : Forfeited and transfer to Capital Reserve	-	6,05.42
Total	3,63.97	3,63.97

Forfeiture of Warrants allotted in 2010

The Company had on September 30, 2010 allotted 17,12,170 Warrants of face value ₹ 10/- each to entities belonging to the Promoter Group on a preferential basis at ₹ 141.11 per Warrant. The allottees failed to exercise their option within the stipulated time period i.e. upto March 29, 2012. Consequently the Warrants had lapsed and the amount paid by the entities of the Promoter Group was forfeited by the Company and Credited to Capital Reserve Account.

Money received against convertible warrants

On March 12, 2012 the Company allotted 17,12,176 warrants of face value ₹ 10/- each to Instant Holdings Limited, an entity belonging to the Promoter Group of Companies at a price of ₹ 85.03 per warrant on a preferential basis. The Company has received 25% of the price of warrant i.e. ₹ 21.26 per warrant at the time of allotment. The warrants are convertible into an equivalent number of equity shares at the option of the allottee on the payment of the remaining 75% amount within a period of 18 months from the date of allotment i.e. up to September 11, 2013.



Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2013

₹ in Lacs

	Non- Current portion		Current Maturities	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
NOTE 6 LONG TERM BORROWINGS				
1 Secured :				
Term Loans				
a) Indian Rupee Loan from Banks				
ICICI Bank Ltd. (Note 1)	91,00.00	117,00.00	26,00.00	13,00.00
ICICI Bank Ltd. (Note 2)	35,00.00	58,33.33	23,33.33	11,66.67
Bank of India (Note 3)	49,13.58	69,13.58	20,00.00	20,00.00
Corporation Bank (Note 4)	-	6,24.89	6,24.89	12,50.00
IDBI Bank Ltd. (Note 5)	12,56.48	17,59.07	5,02.59	5,02.59
Bank of Baroda (Note 6)	-	34,99.96	1,99.96	10,00.00
Export Import Bank of India (Note 7)	24,49.88	-	9,79.95	9,79.95
Export Import Bank of India (Note 8)	-	34,29.83	-	12,50.00
From Banks, Sri Lanka (Note 9)	2,37.16	3,64.45	1,01.50	6,59.61
b) Foreign Currency Loan from Banks				
Bank of Baroda (Note 6)	25,79.55	-	8,26.16	-
Export Import Bank of India (Note 7)	29,85.68	39,17.76	11,94.27	11,19.36
ICICI Bank Ltd. - ECB Loan (Note 10)	28,27.34	37,10.00	11,30.94	10,60.00
ICICI Bank Ltd. - ECB Loan (Note 11)	-	-	-	10,17.60
c) Buyer's Credit (Note 12)	6,70.47	35,81.72	31,50.95	30,99.39
	305,20.14	453,34.59	156,44.54	164,05.17
2 Unsecured :				
Term Loan from Banks (Note 13)	-	25,00.00	25,00.00	-
Public Deposits (Note 14)	73,89.86	58,05.01	25,61.33	41,48.81
Deferred Sales Tax Incentive (Note 15)	44,94.05	46,59.08	1,78.60	89.62
	118,83.91	129,64.09	52,39.93	42,38.43
Less : Amount classified under other current Liabilities	-	-	(208,84.47)	(206,43.60)
Total	424,04.05	582,98.68	-	-

Note on Secured Long Term Borrowings.

1. Term Loan from ICICI Bank Ltd. of ₹ 117,00.00 Lacs (Previous year ₹ 130,00.00 Lacs) is secured by first pari passu charge on movable (except current assets) both present and future and immovable properties both present & future located at Bhandup, Halol and Nasik plants and second pari passu charge on the current assets of the company both present and future. It is repayable in 10 equal semi-annual installment of ₹13,00.00 Lacs each starting from 12th January, 2013.
2. Term Loan from ICICI Bank Ltd. of ₹ 58,33.33 Lacs (Previous year ₹ 70,00.00 Lacs) is secured by first pari passu charge on immovable properties both present & future situated at Bhandup plant. It is repayable in 12 equal quarterly installment of ₹ 5,83.33 Lacs starting from 10th November 2012.
3. Term Loan from Bank of India ₹ 69,13.58 Lacs (Previous year ₹ 89,13.58 Lacs) is secured by first pari passu charge on company's movable (except current assets)

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2013

both present and future and immovable properties both present & future located at Bhandup, Halol and Nasik plants and second charge over current assets both present and future. It is repayable in 20 equal quarterly installment of ₹ 5,00.00 Lacs each starting from 1st January, 2012.

4. Term Loan from Corporation Bank ₹ 6,24.89 Lacs (Previous year ₹18,74.89 Lacs) is secured by first pari passu charge on immovable property of the company both present & future situated at RPG House, Mumbai. It is repayable in 16 equal quarterly installment of ₹ 3,12.50 Lacs starting from 26th December, 2009.
5. Term Loan from IDBI Bank Ltd. of ₹ 17,59.07 Lacs (Previous year ₹ 22,61.66 Lacs) is secured by first pari passu charge on movable properties (except current assets) both present and future and immovable properties of the company both present & future situated at Bhandup, Halol and Nasik plants and second pari passu charge on current assets both present and future. It is repayable in 20 equal quarterly installment of ₹ 1,25.65 Lacs starting from 1st January, 2012.
6. The FCNR-B loan from Bank of Baroda is valid for one year and will be converted into rupee loan on 9th October 2013. Term Loan from Bank of Baroda of ₹ 36,05.67 Lacs (Previous year ₹ 44,99.96 Lacs) is secured by first pari passu charge on movable (except current assets) both present and future and immovable properties both present & future located at Bhandup, Halol and Nasik plant and second pari passu charge over current assets both present and future. It is repayable in 20 equal quarterly installment of ₹ 2,50.00 Lacs each starting from 1st January, 2012.
7. Term Loan in Indian rupee & in foreign currency from Export Import Bank of India of ₹ 76,09.78 lacs (Previous year ₹ 94,46.90 lacs) is secured by first pari passu charge on movable properties (except Current Assets) both present and future and immovable properties both present & future located at Bhandup, Halol and Nasik plants and second pari passu charge over current assets both present and future.

Rupee loan is repayable in 20 equal quarterly installment of ₹ 2,50.00 Lacs starting from 1st November, 2011 and foreign currency loan is also repayable in 20 equal quarterly installment of USD 5.50 lacs equivalent to ₹2,98.57 lacs (restated at rate of INR/USD as on 31.03.2013) starting from 1st November, 2011.

8. Term loan from Export Import Bank of India of ₹ Nil (Previous year ₹ 12,50.00 lacs) is secured by first pari passu charge on immovable properties of the Company situated at RPG house, Mumbai.
9. Term loan availed from Banks, Sri Lanka is secured by first pari passu charge on the immovable property and machinery of the subsidiaries.
10. ECB loan from ICICI Bank Ltd. of ₹ 39,58.28 lacs (Previous year ₹ 47,70.00 lacs) is secured by first pari passu charge on movable properties (except current assets) both present and future and immovable properties of the Company both present & future situated at Bhandup, Halol and Nasik Plants and second charge over current assets both present and future. It is repayable in 24 equal quarterly installment of USD 5.20 lacs equivalent to ₹ 2,82.73 lacs (restated at rate of INR/USD as on 31.03.2013) starting from 23rd December, 2010.
11. ECB loan from ICICI Bank Ltd. of ₹ Nil (Previous year ₹ 10,17.60 lacs using exchange rate of ₹ 50.88 per USD as on 31.03.2013) is secured by first pari passu charge on movable and immovable properties of the company situated at Bhandup and Nasik plants both present & future.
12. Buyer's credit is secured by way of first pari passu charge on all its current assets and by way of second pari passu charge on immovable and all movable properties (excluding current assets) of the Company situated at Bhandup , Nasik, Halol plants and RPG House , Mumbai. It is repayable within 3 years from the date of draw down.

Note on Unsecured Long Term Borrowings.

13. Loan from Ratnakar Bank Ltd. is repayable after 18 months from the date of disbursement i.e. 17th August, 2013.
14. Public Deposit is repayable after 2 or 3 years from the date of acceptance of public deposit
15. Interest free Deferred Sales Tax is repayable in annual installment commencing from 26th April, 2011 and ending on 30th April, 2025.



Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2013

	As at 31.03.2013	₹ in Lacs As at 31.03.2012
NOTE 7 DEFERRED TAX LIABILITY (NET)		
Major components of Deferred Tax Assets and Deferred Tax Liabilities:		
Assets		
a) Carried forward unabsorbed tax losses / depreciation	15,65.83	49,28.46
b) Expenses allowable for tax purpose when paid	16,26.46	5,84.60
c) Voluntary Retirement Scheme	5,95.79	2,84.22
d) Provision for doubtful debts and advances	3,66.42	-
e) Others	16,38.25	-
	57,92.75	57,97.28
Liability		
Difference between book and tax depreciation	136,56.14	93,75.12
Deferred Tax Liability (Net)	78,63.39	35,77.84

	As at 31.03.2013	₹ in Lacs As at 31.03.2012
NOTE 8 OTHER LONG TERM LIABILITY		
Security Deposits	1,42.20	1,42.20
Total	1,42.20	1,42.20

	As at 31.03.2013	₹ in Lacs As at 31.03.2012
NOTE 9 LONG - TERM PROVISIONS		
Provision for Warranty (Refer note 31 (8))	2,48.14	-
Gratuity	2,22.14	1,65.05
Provision for Compensated Absences	9,52.55	8,04.18
Total	14,22.83	9,69.23

	As at 31.03.2013	₹ in Lacs As at 31.03.2012
NOTE 10 SHORT - TERM BORROWINGS		
1 Secured		
a) Working Capital Demand Loan (Note 1)	5,29.48	9,88.04
b) Cash Credit Facilities from Banks (Note 2)	47,12.87	26,59.79
b) Export Packing Credit (Note 2)	72,07.65	133,54.77
c) Buyer's Credit (Note 2)	274,15.49	339,56.96
2 Unsecured		
a) Term Loans from Bank	3,30.20	7,53.64
b) Public Deposits	2,83.15	4,74.23
Total	404,78.84	521,87.43

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2013

NOTE 10 SHORT - TERM BORROWINGS (cont.)

Note :

- 1) Working Capital Demand Loan availed from Consortium of Bank is secured by first pari passu charge on immovable property and machinery of the Subsidiaries.
- 2) Cash credit, export packing credit and buyers credit facilities are part of working capital facilities availed from Consortium of Bank and are secured by hypothecation by way of first pari passu charge on all its Current Assets and by way of second pari passu charge on immovable and all movable properties (excluding Current Assets) of the Company situated at Bhandup, Nashik, Halol Plants and RPG House Mumbai.

	As at 31.03.2013	₹ in Lacs As at 31.03.2012
NOTE 11 TRADE PAYABLES		
Trade Payables		
Acceptances	321,25.49	243,71.37
Due to Micro, Small and Medium enterprises (Refer note 31 (5))		
Overdue	-	11.90
Not due	3,60.23	2,84.24
Other Trade Payables	467,64.43	409,65.64
Total	792,50.15	656,33.15

	As at 31.03.2013	₹ in Lacs As at 31.03.2012
NOTE 12 OTHER CURRENT LIABILITIES		
1 Current Maturities of long-term debt (Refer Note 6)	208,84.47	206,43.60
2 Interest Accrued but not due on Borrowings	8,24.57	10,95.67
3 Unclaimed Dividends*	55.27	52.84
4 Unclaimed Interest & Matured Deposits *	7,16.74	3,73.34
5 Other Payables :		
a) Payable to Capital Vendors	1,28.98	9,08.79
b) Deposits From Dealers & Others	265,27.22	285,30.35
c) Statutory Dues	59,87.76	52,73.90
d) Advance received from Customers	12,65.29	9,83.67
e) Premium on Forward Contracts	13,38.90	10,75.87
Total	577,29.20	589,38.03

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

	As at 31.03.2013	₹ in Lacs As at 31.03.2012
NOTE 13 SHORT-TERM PROVISIONS		
1 Provision for Employee Benefits		
a) Provision for Compensated Absences	8,72.86	8,10.04
b) Provision for Gratuity	18,91.79	3,31.83
2 Provision for Proposed Dividend	13,69.74	3,42.44
3 Provision for Tax on Proposed Dividend	2,32.79	55.55
4 Provision for Income Tax	11,42.75	5,64.31
5 Provision For Warranty (Refer note 31(8))	13,44.57	-
Total	68,54.50	21,04.17

Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2013

₹ in Lacs

NOTE 14 FIXED ASSETS

Assets	Cost					Depreciation / Amortisation						Net Value As at 31.03.2013
	As at 01.04.2012	Additions	Deductions	Foreign Exchange Adjustment	As at 31.03.2013	As at 01.04.2012	For the year 2012-13	On Deductions	Impairment	Foreign Exchange Adjustment	As at 31.03.2013	
Tangible												
Owned Assets												
Land	431,73.71	28.01	-	1,18.38	433,20.10	-	-	-	-	-	-	433,20.10
Buildings	231,67.81	5,08.39	28.43	29.15	236,76.92	46,28.18	6,00.33	29.66	-	12.63	52,11.48	184,65.44
Plants & Equipments	1,331,96.71	53,36.24	1,76.68	(5,23.05)	1,378,33.22	516,80.92	67,42.19	1,34.21	13.20	(6,93.05)	576,09.05	802,24.17
Furniture & Fixtures	10,02.10	1,24.32	1.15	96.52	12,21.79	6,59.34	54.06	1.13	-	72.28	7,84.55	4,37.24
Office Equipments	4,82.50	8.82	10.17	(32.94)	4,48.21	2,57.86	19.93	4.68	-	(31.81)	2,41.30	2,06.91
Vehicles	7,29.84	1,20.36	18.05	3.11	8,35.26	3,98.04	48.19	12.05	-	1.24	4,35.42	3,99.84
Lease Assets												
Land	62,63.00	-	-	(83.01)	61,79.99	3,37.02	43.18	-	-	(13.29)	3,66.91	58,13.08
Plants & Equipments	10,04.10	-	-	82.33	10,86.43	9,05.68	36.65	-	-	5.60	9,47.93	1,38.50
	2,090,19.77	61,26.14	2,34.48	(3,09.51)	2,146,01.92	588,67.04	75,44.53	1,81.73	13.20	(6,46.40)	655,96.64	1,490,05.28
	(1,854,38.15)	(240,24.64)	(4,43.02)	-	(2,090,19.77)	(523,63.11)	(68,69.64)	(3,48.20)	(17.51)	-	(588,67.04)	(1,501,52.73)
Intangible												
Software	10,34.34	1,61.90	-	-	11,96.24	6,44.96	1,89.03	-	-	-	8,33.99	3,62.25
Brand	56,29.80	-	-	-	56,29.80	3,98.78	2,81.49	-	-	-	6,80.27	49,49.53
Technical Knowhow	8,65.51	-	-	18.76	8,84.27	33.22	46.95	-	-	0.08	80.25	8,04.02
	75,29.65	1,61.90	-	18.76	77,10.31	10,76.96	5,17.47	-	-	0.08	15,94.51	61,15.80
	(69,11.77)	(6,17.88)	-	-	(75,29.65)	(6,66.38)	(4,10.58)	-	-	-	(10,76.96)	(64,52.69)
	2,165,49.42	62,88.04	2,34.48	(2,90.75)	2,223,12.23	599,44.00	80,62.00	1,81.73	13.20	(6,46.32)	671,91.15	1,551,21.08
	(1,923,49.92)	(246,42.52)	(4,43.02)	-	(2,165,49.42)	(530,29.49)	(72,80.22)	(3,48.20)	(17.51)	-	(599,44.00)	(1,566,05.42)
Capital Work-in-Progress												27,37.33
												(17,59.74)
												1,578,58.41
Intangible Assets under Development												(2.00)
												1,583,67.16

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2013

Note 14 - FIXED ASSETS (Contd.)

- Buildings includes ₹ 0.11 lacs (Previous year ₹ 0.11 lacs) being value of shares held in Co-operative Housing societies
- Free Hold Land includes Land aquired at Halol, Gujarat vide Memorandum of Understanding (MOU) for ₹ 1.75 Lacs which is subject to registration formalities.
- Lease Hold Land includes Land acquired at Additional Ambernath Industrial Area, Ambernath, Dist. Thane, Maharashtra from Maharashtra Industrial Development Corporation (MIDC) vide sanction letter dated October 13, 2009. The Company has taken physical possession of this Land on September 1, 2010 which is subject to registration formalities.
- Fixed Asset 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 (Net of deletions / Adjustments)	Depreciation provided (Deletions / Adjustments)	Amount written up (Adjustments)
Land	115,18.48	5.00	115,13.48
Buildings	2,34.21	20.52	2,13.69
Plant & Machinery	90.59	18.60	71.99

- The pre-operative expenses (POE) apportioned over the Fixed Assets of Halol project.

₹ in Lacs

Particulars	2012-2013	2011-2012
Borrowing Cost	7.00	10,95.38
Personnel cost	-	2,45.42
Consultancy & Professional fees	-	1,48.85
Power & Fuel consumption	-	1,06.62
General Expenses	-	1,61.00
Depreciation	-	3.22
Travelling & Conveyance	-	49.37
Total	7.00	18,09.86
Less: Interest received	-	28.11
Net POE capitalised	7.00	17,81.75



Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2013

	Face Value	Holdings Nos.	As at 31.03.2013	Holdings Nos.	₹ in Lacs As at 31.03.2012
NOTE 15 NON CURRENT INVESTMENTS					
Long Term - Fully Paid					
Equity Shares (valued at cost unless stated otherwise)					
Unquoted (Trade)					
a) Investment in Associates					
Cost of Investment					
Rado Tyres Limited.(Associate Company from January 2012) (includes ₹ 58,85,773 (₹ 58,85,773) of Goodwill arising on Consolidation).	₹ 10	19,16,350	58.86	19,16,350	58.86
Add: Share of post acquisition profit			-	-	-
Aggregate amount of unquoted Investments			58.86		58.86

	As at 31.03.2013	₹ in Lacs As at 31.03.2012
NOTE 16 LONG-TERM LOAN AND ADVANCES		
Unsecured, Considered Good		
Capital Advances	2,93.79	2,15.44
Security Deposits	6,86.38	10,97.12
Loans & Advances to related parties (Refer Note 31(6.b))	2,15.00	1,50.00
Prepaid Expenses	7.27	1,40.88
Advance payment of Tax (Net of provision)	25,87.09	19,13.95
MAT Credit Entitlement	42,76.62	10,98.57
Unsecured, Considered doubtful		
Balances with Government Authorities	2,18.13	-
Less : Provision made for Deposits	(2,18.13)	-
Total	80,66.15	46,15.96

	As at 31.03.2013	₹ in Lacs As at 31.03.2012
NOTE 17 OTHER NON CURRENT ASSETS		
Revaluation of Hedging Instrument	10,57.28	11,34.73
Total	10,57.28	11,34.73

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2013

₹ in Lacs

	Face Value ₹	Holdings Nos.	As at 31.03.2013	Holdings Nos.	As at 31.03.2012
NOTE 18 CURRENT INVESTMENTS					
Investment In Mutual Funds					
CURRENT (Valued at lower of cost or fair value)					
Unquoted (Non-Trade)					
Pearless Liquid Fund Super Institutional	10	-	-	1,51,63,530	15,16.58
Taurus Liquid Fund Super Institutional	1000	-	-	1,51,524	15,15.38
Total aggregate amount of unquoted investments			-		30,31.96

₹ in Lacs

	As at 31.03.2013	As at 31.03.2012
NOTE 19 INVENTORIES		
(Valued at lower of cost and net realisable value)		
a) Raw Materials	179,41.17	209,33.32
Goods-in transit	8,70.45	68,88.33
	188,11.62	278,21.65
b) Work-in-progress	28,41.92	34,35.71
c) Finished goods	297,05.09	245,40.43
d) Traded Goods Stock	4,91.14	7,21.60
Goods-in transit	73.72	90.65
	5,64.86	8,12.25
e) Stores and spares	45,62.18	35,68.06
Goods-in transit	0.52	1,21.85
	45,62.70	36,89.91
Less :		
Provision for obsolescence of stores and spares	6,03.82	31.48
	39,58.88	36,58.43
Total	558,82.37	602,68.47



Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2013

	As at 31.03.2013	₹ in Lacs As at 31.03.2012
NOTE 20 TRADE RECEIVABLES		
A Debts Outstanding for a period exceeding 6 months from the date they are due for payment :		
Secured, Considered Good	13.03	3.69
Unsecured, Considered Good	1,47.43	1,88.36
Unsecured, Considered Doubtful	10,13.88	6,83.08
Less : Provision for Doubtful Debts	(10,13.88)	(6,83.08)
	1,60.46	1,92.05
B Other Debts		
Secured, Considered Good	205,77.75	209,91.95
Unsecured, Considered Good	455,46.75	426,43.86
	661,24.50	636,35.81
Total	662,84.96	638,27.86

	As at 31.03.2013	₹ in Lacs As at 31.03.2012
NOTE 21 CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Balances with Banks		
On current Accounts	65,30.68	26,66.07
Deposits with maturity of less than 3 months	28,27.23	-
On Unpaid Dividend Accounts	55.27	52.84
On Unpaid Interest and Fixed Deposit	4,05.91	3,72.12
Cheques in Hand	-	5.14
Cash in Hand	16.24	16.38
	98,35.33	31,12.55
Other Bank Balances		
Deposits with maturity of more than 3 months but less than 12 months	6,96.58	3,30.17
Margin Money Deposits *	6,75.74	5,25.74
	13,72.32	8,55.91
Total	112,07.65	39,68.46

* Lien with Banks

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2013

	2012-2013	₹ in Lacs 2011-2012
NOTE 22 SHORT-TERM LOANS AND ADVANCES		
Unsecured, Considered Good		
Advance Receivable in cash or kind or for value to be received	37,25.20	37,95.26
Balance with Statutory / Government Authorities	65,85.72	73,44.63
Other Deposits	1,44.07	87.74
Unsecured, Considered doubtful		
Loans Advances and Deposits	1,32.00	1,17.75
Provision for doubtful Advances and Deposits	(1,32.00)	(1,17.75)
Total	104,54.99	112,27.63

	2012-2013	₹ in Lacs 2011-2012
NOTE 23 OTHER CURRENT ASSETS		
Unsecured, Considered Good		
Interest Receivable	1,98.94	58.42
Unamortised premium on Forward Contracts	6,44.55	5,79.75
Revaluation of Hedging Instrument	8,29.39	4,39.85
Total	16,72.88	10,78.02

	2012-2013	₹ in Lacs 2011-2012
NOTE 24 REVENUE FROM OPERATIONS		
1 Sale of products	5,477,32.63	4,965,57.85
2 Other operating revenues		
a) Royalty Income	1,84.92	1,81.32
b) Sale of Scrap	15,82.52	14,29.52
c) Government Grants #	22,94.18	20,75.54
d) Others	2,59.75	2,18.08
Revenue From Operations (Gross)	5,520,54.00	5,004,62.31

Includes ₹ 11,22.07 Lacs (Previous year ₹ 11,96.90 Lacs) on account of Octroi duty refund from Directorate of Industries, Maharashtra for Nashik Plant and ₹ 11,72.11 Lacs (Previous year ₹ 8,78.65 Lacs) on account of export incentives.



Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2013

	2012-2013	₹ in Lacs 2011-2012
NOTE 25 OTHER INCOME		
Interest income on		
Bank Deposit	1,83.78	37.18
Others	5,22.43	5,58.36
Dividend income on		
Current Investments	1,58.71	1,35.52
Foreign Exchange Fluctuation (net)	2,88.70	8,70.32
Profit on Sale of current investments	0.48	-
Other non-operating income	6,13.02	6,26.78
Total	17,67.12	22,28.16

	2012-2013	₹ in Lacs 2011-2012
NOTE 26 COST OF MATERIAL CONSUMED		
Raw Materials		
Opening stock	209,33.32	204,34.08
Add : Purchases	3,425,47.66	3,397,56.64
	3,634,80.98	3,601,90.72
Less : Closing Stock	179,41.17	209,33.32
Total	3,455,39.81	3,392,57.40

	2012-2013	2011-2012
Details of Raw materials consumed		
Rubber	2,091,93.80	2,178,76.33
Fabrics	476,47.57	467,99.55
Carbon Black	414,92.36	347,47.18
Chemicals	267,09.39	237,39.79
Others	204,96.69	160,94.55
Total	3,455,39.81	3,392,57.40

	2012-2013	2011-2012
Details of Inventories		
Rubber	107,44.79	139,53.97
Fabrics	25,20.99	23,62.36
Carbon Black	15,80.87	15,52.94
Chemicals	19,29.28	15,35.69
Others	11,65.24	15,28.36
Total	179,41.17	209,33.32

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2013

	2012-2013	2011-2012	₹ in Lacs Increase / (Decrease)
Note 27 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE			
Opening Stock			
a) Work-in-progress	34,21.68	29,48.94	4,72.74
b) Finished Goods	243,99.04	266,54.83	(22,55.79)
c) Traded Goods	7,05.10	7,91.28	(86.18)
	285,25.82	303,95.05	(18,69.23)
Closing Stock			
a) Work-in-progress	28,41.92	34,35.71	(5,93.79)
b) Finished	293,99.65	244,54.34	49,45.31
c) Traded Goods	9,04.04	7,21.60	1,82.44
	331,45.61	286,11.65	45,33.96
	(46,19.79)	17,83.40	(64,03.19)
Differential Excise Duty on Opening and closing stock of Finished Goods	7,76.79	5,15.56	2,61.23
Total	(38.43.00)	22,98.96	(61,41.96)

	2012-2013	₹ in Lacs 2011-2012
NOTE 28 EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages and Bonus	222,31.72	184,38.96
Contribution to Provident and other Funds	13,90.01	13,21.24
Gratuity Expenses	19,77.45	4,59.74
Staff Welfare Expenses	27,04.71	25,36.06
Total	283,03.89	227,56.00

	2012-2013	₹ in Lacs 2011-2012
NOTE 29 FINANCE COSTS		
Interest	150,11.58	156,00.78
Bank charges	15,17.95	19,05.56
Other Borrowing cost	32,27.86	20,73.86
Total	197,57.39	195,80.20



Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2013

	₹ in Lacs	
	2012-2013	2011-2012
NOTE 30 OTHER EXPENSES		
Conversion charges	148,23.85	121,15.59
Stores and spares consumed	40,98.43	34,38.81
Provision for obsolescence of stores and spares	5,72.71	32.72
Power and fuel	173,20.89	157,54.90
Freight and delivery charges	161,13.18	133,42.68
Rent	4,43.71	4,08.12
Lease rent	1,81.02	1,85.98
Rates and taxes	2,71.92	1,23.57
Insurance	3,33.19	2,85.71
Repairs :		
Plant and Machinery	30,75.74	30,22.95
Buildings	4,59.55	3,46.05
Others	50.79	68.13
	35,86.08	34,37.13
Travelling and conveyance	21,06.13	17,50.81
Printing and stationery	1,82.07	1,84.03
Directors' fees	8.10	8.45
Auditors' Remuneration :		
Audit fees	37.88	29.34
Taxation matters	1.29	7.09
Other services	25.20	17.13
Reimbursement of expenses	5.62	10.07
	69.99	63.63
Cost audit fees	1.10	1.00
Advertisement and sales promotion expenses	74,25.25	44,13.84
Rebates and discounts	60,54.99	59,97.30
Commission on sales	5,23.71	4,04.54
Communication expenses	5,40.43	4,94.19
Advances written off	30.54	4,43.70
Bad Debts written off	5.86	10.52
Provision for doubtful debts and advances	3,54.96	2,71.45
Impairment loss on fixed assets	13.20	(17.51)
Loss on Assets Sold / Discarded	42.96	54.34
Legal charges	1,26.96	2,29.15
Foreign Exchange Fluctuations (Net)	-	28.90
Professional and consultancy charges	24,32.76	6,14.58
Commission to directors	1,70.00	-
Training and conference expenses	7,01.70	5,18.72
Miscellaneous expenses	53,34.24	43,04.09
Total	838,69.93	689,00.94

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2013

₹ in Lacs

	As at 31.03.2013	As at 31.03.2012
NOTE 31		
1) Contingent Liabilities		
a) Direct and Indirect Taxation Matters		
Income Tax	19,41.01	16,40.69
Wealth Tax	6.73	6.73
Excise Duty / Service Tax	57,56.53	45,60.43
Sales Tax	46,95.99	44,12.36
b) Disputed demands of Octroi Duty	-	2,22.10
c) Show cause notices	165,09.78	145,74.36
d) Bills discounted with Banks	24,55.14	18,12.11
e) Corporate Guarantees given on behalf of others AB Bank Limited on behalf of CEAT Bangladesh Limited amounting to Bangladesh Taka 16,50.00 Lacs	11,48.24	-
2) Claims against the Company not acknowledged as debts		
i) In respect of labour matters	7,04.68	5,81.30
ii) Rental dispute	1,80.00	1,75.00
iii) Customer dispute	4,46.00	4,46.00
iv) Vendor dispute	2,93.83	2,93.83
v) Other claims	1,95.63	2,66.51
	2012-2013	2011-2012
3) Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for – net of advance payments.	21,40.43	12,99.85
Commitment for Land purchase by CEAT Bangladesh LTD Bangladesh Takka 40,00.00 Lacs	27,83.60	-
4) The Board of Directors recommended a Dividend of ₹ 4 per share (Previous year ₹ 1 per share), the total amount to be distributed as a Dividend is ₹ 13,69.74 Lacs (Previous year ₹ 3,42.44 Lacs)		
5) Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given as follows:		
	2012-2013	2011-2012
(a) Principal Amount Due	3,60.23	2,96.14
Interest due on the above	-	-
(b) Interest paid during the year beyond the appointed day	-	-
(c) Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act	-	-
(d) Amount of interest accrued and remaining unpaid at the end of the year	1,16.00	-
(e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small Enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the ACT.	-	-

The above information is based on the information available with the Company.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2013

NOTE 31 (Contd.)

6) Other Commitments

- a) The Company has availed the Sales Tax Deferral Loan and Octroi refund from the Directorate of Industries for Nasik Plant. Hence, the Company has to take prior permission of the appropriate authority for removal/transfer of any asset (falling under the above Schemes) from Nasik Plant. In case of violation of terms & conditions, the Company is required to refund the entire loan/benefit along with the interest @ 22.50% on account of Sales Tax deferral Loan and @ 15% on account of Octroi refund.
- b) Rado Tyres Limited is an Associate Company, in which CEAT holds 22% share as on 31st March, 2013. As per the Draft Rehabilitation Scheme filed by the Operating Agency with BIFR, the Company has committed to give Rado Tyres Limited a loan of ₹ 2,25.00 Lacs (Previous year ₹ 1,50.00 Lacs) paid during the year, repayable in 36 equal installment starting from April, 2013 and an advance of up to ₹ 2,25.00 Lacs (Previous year ₹ 50.00 Lacs) already given and the same have been recovered). The Company has also agreed for a minimum conversion charge of ₹ 29.50 per kg. up to March 31, 2015.

- c) As per the Joint Venture agreement with A. K. Khan & Company Limited (JV Partner), the Company will subscribe 2,50,000 equity shares of CEAT Bangladesh Limited amounting to ₹ 17.39 Lacs. The date of subscription is not finalised.

- 7) During the previous year the company has issued 17,12,176 convertible warrants on preferential basis to promoter's / Promoter's group with an object to augment long term resources of the Company and the amount is being utilised for the intended purpose.

8) Provision for Warranties

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

	31.03.2013	₹ in Lacs 31.03.2012
At the beginning of the year	-	-
Arising during the year *	56,41.38	-
Utilised during the year	40,48.67	-
At the end of the year	15,92.71	-
Current portion	13,44.57	-
Non-Current portion	2,48.14	-

*Includes exceptional item of ₹ 14,04.23 Lacs [Refer Note 31(14)(b)].

The company has changed its method of recognising provision for warranty from actual claim basis to expected cost based on past trend and accordingly the Company has recognized a provision of ₹ 15,92.71 lacs. The provision based on such parameters as at the beginning of the year i.e. April 1, 2012 amounting to ₹ 14,04.23 Lacs has been disclosed as an exceptional expense.

	31.03.2013	₹ in Lacs 2011-2012
9) Traded Goods Purchases		
Tyres	58, 79.23	46, 89.07

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2013

NOTE 31 (Contd.)

10) 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 leases of ₹ 1,81.02 Lacs (Previous year ₹ 1,85.98 Lacs) of which ₹ 3.40 Lacs (Previous year ₹ 6.04 Lacs) related to Subsidiary companies, has been charged to Statement of Profit and Loss.

₹ in Lacs

Future Minimum Lease Payment	As at 31.03.2013	As at 31.03.2012
For a period not later than one year	1,30.40	1,43.47
For a period later than one year but not later than five years	1,15.40	1,36.39
For a period later than five year	-	-

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

11) Post Retirement Benefits Plans

Gratuity

- Funded:** - The Company operates a defined plan of Gratuity for its employees under the Gratuity plan, every employee who has completed five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The Scheme is funded with an Insurance company in the form of qualifying Insurance policy.
- Unfunded:-** The subsidiary company operates a defined plan of Gratuity for its employees under the Gratuity plan, every employee who has completed five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The liability under this Scheme is unfunded and not actuarially valued.

Leave Encashment

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

- Change in present value of the defined benefit obligation are as follows:

₹ in Lacs

Sr. No.	Particulars	2012-13 Gratuity (Funded)	2012-13 Gratuity (Unfunded)	2012-13 Leave Encashment (Unfunded)	2011-12 Gratuity (Funded)	2011-12 Gratuity (Unfunded)	2011-12 Leave Encashment (Unfunded)
1.	Opening present value of Defined Benefit obligation	49,54.95	1,66.32	16,14.22	47,82.50	1,21.20	15,56.46
2.	Current Service Cost	6,68.65	21.51	4,68.64	2,51.08	20.97	5,36.30
3.	Interest Cost	3,58.96	15.04	59.82	3,82.60	14.66	58.67
4.	Benefits paid	(12,07.91)	(6.38)	(2,75.31)	(6,87.08)	(4.29)	(1,88.70)
5.	Actuarial (Gain)/ Loss on obligation	12,94.60	25.65	(41.96)	2,25.85	13.78	(3,48.51)
6.	Closing present value of obligation	60,69.25	2,22.14	18,25.41	49,54.95	1,66.32	16,14.22



Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2013

NOTE 31 (Contd.)

₹ in Lacs

ii) Changes in Fair value of Plan Assets during the year ended March 31, 2013

Sr. No.	Particulars	2012-13	2012-13	2012-13	2011-12	2011-12	2011-12
		Gratuity (Funded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
1.	Fair value of plan assets as at April 1, 2012	46,25.09	-	-	44,39.17	-	-
2.	Expected return on plan assets	3,96.86	-	-	3,96.07	-	-
3.	Contributions made	3,56.95	-	-	6,78.04	-	-
4.	Benefits paid	(12,07.91)	-	-	(6,87.08)	-	-
5.	Actuarial gain / (Loss) on plan assets	6.47	-	-	(2,01.11)	-	-
6.	Fair value of plan assets as at March 31, 2013	41,77.46	-	-	46,25.09	-	-

iii) Net employee benefits expenses recognized in the employee cost

Sr. No.	Particulars	2012-13	2012-13	2012-13	2011-12	2011-12	2011-12
		Gratuity (Funded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
1.	Current Service Cost	6,68.65	21.51	4,68.64	2,51.08	20.97	5,36.30
2.	Interest Cost on benefit obligation	3,58.96	15.04	59.82	3,82.60	14.66	58.66
3.	Actuarial (gains) and losses (Net)	12,88.13	25.65	(41.96)	2,25.85	13.78	(3,48.51)
4.	Expected return on plan assets	(3,96.86)	-	-	(3,96.07)	-	-
5.	Net benefit expense	19,18.88	62.20	4,86.50	4,63.46	49.41	2,46.46

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2013

NOTE 31 (Contd.)

₹ in Lacs

iv) Net Assets / (Liability) as at March 31, 2013.

Sr. No.	Particulars	2012-13	2012-13	2012-13	2011-12	2011-12	2011-12
		Gratuity (Funded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
1.	Opening Present value of the defined benefit obligation	60,69.25	2,22.14	18,25.41	49,54.95	1,66.32	16,14.22
2.	Closing Fair value of plan Assets	41,77.46	-	-	46,25.09	-	-
3.	Net Assets / (Liability) recognized in the Balance Sheet	(18,91.79)	2,22.14	(18,25.41)	(3,29.86)	(1,66.32)	(16,14.22)

v) Actual return on plan assets for the year ended March 31, 2013

Sr. No.	Particulars	2012-13	2012-13	2012-13	2011-12	2011-12	2011-12
		Gratuity (Funded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
1.	Expected return on plan assets	3,96.86	-	-	3,96.07	-	-
2.	Actuarial gain / (loss) on plan assets	6.47	-	-	(2,01.11)	-	-
3.	Actual return on plan assets	4,03.33	-	-	1,94.96	-	-

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

Sr. No.	Particulars	2012-13	2012-13	2012-13	2011-12	2011-12	2011-12
		Gratuity (Funded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
1.	Investment with Insurer	100%	-	-	100%	-	-



Notes

forming part of the Consolidated Financial Statements for the year ended March 31, 2013

NOTE 31 (Contd.)

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

Sr. No.	Particulars	2012-13	2012-13	2012-13	2011-12	2011-12	2011-12
		Gratuity (Funded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
1.	Discount Rates	8.25%	13.00%	8.25%	8.00%	12.00%	8.00%
2.	Expected rate of return on assets	9.45%	-	-	9.45%	-	-
3.	Annual increase in salary	5.50%	15.00%	5.50%	4.00%	13.00%	4.00%
4.	Employee turnover	9.58%	-	9.58%	1% to 3%	-	0.65%
5.	Mortality Rate	LIC(1994-96) Ultimate	-	LIC(1994-96) Ultimate	LIC(1994-96) Ultimate	-	LIC(1994-96) 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.

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

viii) Details of Previous Years

	2012-13	2011-12	2010-11	2009-10	2008-09
Gratuity Funded					
Present value of Defined Benefit obligation as at the year end.	60,69.25	49,54.95	47,82.50	47,68.75	42,33.88
Fund value as at the year end	41,77.46	46,25.09	42,36.09	40,95.30	36,62.03
Surplus / (Deficit)	(18,91.79)	(3,29.86)	(5,46.41)	(6,73.45)	(5,71.85)
Net Assets / (Liability) recognised in the Balance Sheet	(18,91.79)	(3,29.86)	(5,46.41)	(6,73.45)	(5,71.85)
Leave Encashment (Unfunded)					
Present value of Defined Benefit obligation as at the year end.	18,25.41	16,14.22	13,54.72	13,56.60	10,80.91
Fund value as at the year end	-	-	-	-	-
Net Assets / (Liability) recognised in the Balance Sheet	(18,25.41)	(16,14.22)	(13,54.72)	(13,56.60)	(10,80.91)

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2013

NOTE 31 (Contd.)

₹ in Lacs

12) Derivatives instruments and unhedged foreign currency exposure

Derivative instruments

Sr. no.	Derivative	USD in Lacs		Remarks
		As at 31.03.2013	As at 31.03.2012	
1.	Forward contract to sell US\$	19,63.00	16,69.00	Hedge of foreign currency sales
2.	Forward contract to buy US\$	18,43.00	16,94.00	Hedge of foreign currency purchase
		50,50.00	66,74.00	Hedge of foreign currency Buyers credit
		14,00.00	-	Hedge of foreign currency highly probable purchases
		6,27.00	-	Hedge of FCNR-B Loan from Bank of Baroda
		6,08.00	-	Hedge of foreign currency Pre-Shipment credit in foreign currency
		95,28.00	83,68.00	
3	Principal only Swap (POS) to buy US\$	7,04.00	13,13.00	Hedge of foreign currency Capex buyers credit
4	Swap deal to purchase US\$	15,00.00	21,28.00	Hedge of term loan

Unhedged foreign currency

Sr. No.	Derivative	Currency	Amount in Lacs	
			As at 31.03.2013	As at 31.03.2012
1	Pre Shipment credit in foreign currency	US\$	43.64	-
2	Trade payable	US\$	38.99	60.00
		Euro	6.00	86.00
		JPY	1,14.00	20,49.00
3	Trade receivable	US\$	6,90.71	4,34.00
4	Royalty receivable	US\$	33.00	35.00

13) Related party disclosures:

a) Names of related parties and related party relationship:

Related parties with whom transactions have taken place during the year

- Rado Tyres Limited (Associate Company)
- Key Management Personnel:
 - i) Mr. Paras K. Chowdhary, Whole Time Director (retired on 01.04.2013)
 - ii) Mr. Anant Goenka, Managing Director
 - iii) Mr. Harsh Vardhan Goenka, Relative of key manager personnel



Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2013

NOTE 31 (Contd.)

₹ in Lacs

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

Transactions	Related party	2012-2013	2011-2012
1. Conversion charges expense	Rado	7,61.56	7,60.46
2. Loan given	Rado	65.00	1,50.00
3. Interest income on Loan	Rado	19.19	9.17

Amount due to / from related parties	Related party	2012-2013	2011-2012
1. Advance receivable in cash or in kind	Rado	25.53	8.26
2. Advances given	Rado	9.34	60.79
3. Trade payables	Rado	(2.27)	(43.36)
4. Loans given	Rado	2,15.00	1,50.00

Transactions with key managerial personnel and their relative.

₹ in Lacs

	2012-2013	2011-2012
1) Mr. Paras K. Chowdhary		
Salaries	2,18.69	2,15.02
Allowances and Perquisites	21.94	21.82
Performance Bonus	-	21.50
Contribution to Provident & Superannuation Fund	35.40	34.80
Total	2,76.03	2,93.14
2) Mr. Anant Vardhan Goenka		
Salaries	1,76.76	1,04.76
Allowances and Perquisites	3.16	2.33
Performance Bonus	-	-
Contribution to Provident & Superannuation Fund	16.41	10.78
Total	1,96.33	1,17.87
3) Mr. Harsh Vardhan Goenka		
Commission	1,54.00	-
Director sitting fees	1.00	1.10
Total	1,55.00	1.10
Grand Total	6,27.36	4,12.11

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.

14) Exceptional Items:

- a) The Company had introduced a Voluntary Retirement Scheme (VRS) for employees of its Bhandup Unit during the year, 188 employees opted for the VRS. The Compensation in this respect aggregates ₹ 13,65.33 Lacs (Previous year ₹ 3,15.64 Lacs) which is disclosed as an exceptional Item.
- b) The company changed its method of recognizing provision for warranty from actual claim basis to expected cost based on past trends. The provision up to March 31, 2012 amounting to ₹ 14,04.23 Lacs has been disclosed as an exceptional item.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2013

NOTE 31 (Contd.)

₹ in Lacs

15) Segment reporting

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

Secondary Segment- Geographical by location of Customers

Particulars	2012-2013	2011-2012
A. Revenue from operations by Geographical Market		
India	3,787,78.75	3,479,98.00
Outside India	1,264,42.72	1,172,72.83
Total	5,052,21.47	4,652,70.83
B. Carrying Amount of Segment Assets		
India	2,87,221.63	2,89,113.13
Outside India	27,478.24	20,514.01
Total	3,146,99.87	3,096,27.14
C. Additions to Fixed Assets and Intangible Assets		
India	57,55.45	23,406.23
Outside India	532.59	1,236.29
Total	62,88.04	246,42.52

16) Earnings Per Share (EPS):

Particulars	2012-2013	2011-2012
Net Profit for calculation of basic and diluted EPS	120,18.99	18,18.48
Weighted average number of equity shares (face value per share ₹ 10/-) in calculating basic EPS	3,42,43,534	3,42,43,534
Effect of dilution		
Convertible share warrants	681,500	-
Weighted average number of equity shares (face value per share ₹ 10/-) in calculating diluted EPS	3,49,25,034	-
Basic EPS	35.10	5.31
Diluted EPS	34.40	5.31

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

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

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

Manish Dugar
Chief Financial Officer

H.V.Goenka
Vice Chairman

Anant Goenka
Managing Director

per Sudhir Soni
Partner
Membership Number 41870

H.N.Singh Rajpoot
Company Secretary

H.L .Mundra
Chairman -Audit Committee

Place : Mumbai
Date : May 7, 2013

Place : Mumbai
Date : May 7, 2013



Notes

FORWARD LOOKING STATEMENT

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

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

RULE THE ROAD WITH THE *CZAR*



Strong Grip
with 2D
Teeth Sipes



Superior Strength
due to side
wall protector



Premium Style
for the modern
looks of the SUV

CZAR

CEAT
SUPERIOR GRIP