



# MAKING MOBILITY SAFER & SMARTER. EVERY DAY.

ANNUAL REPORT 2015-16

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### Forward-looking statements

This report may 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 'anticipates', 'estimates', '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 these assumptions. The achievements of results are subject to risks, uncertainties and 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. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.



**MAKING  
MOBILITY SAFER &  
SMARTER. EVERY DAY.**

**Driven by our purpose, we have embarked on a journey of innovation and impactful change.**

A journey fuelled by our endeavour to deliver enhanced value to our customers and provide increased benefits to society and the environment.

A journey dotted by our growing range of innovative products and mapped by the aspirations of our ever expanding base of clients.

Today, as we move proactively forward on this journey, we do so with our eyes firmly on the needs of our consumers.

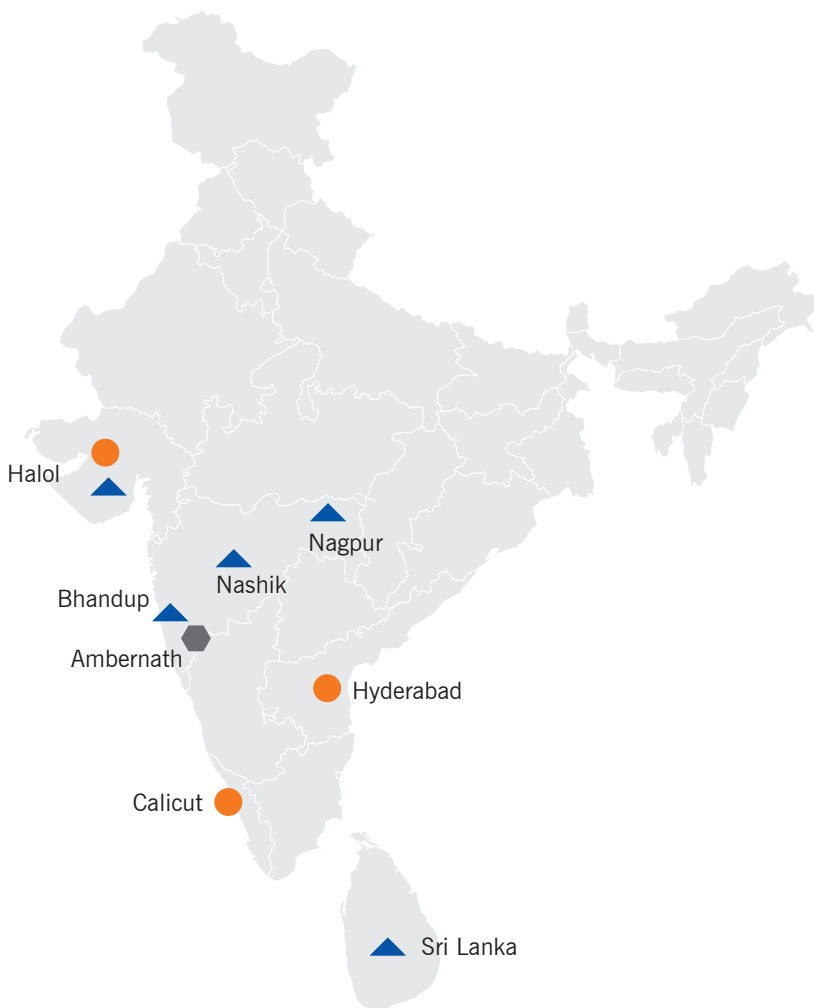
Driven by thought leadership and concerted action, we are focussed on **making mobility safer and smarter, every day.**

**Join us on this journey ...**

# COMMITTED TO SAFER AND SMARTER MOBILITY, EVERY DAY

Established in 1958, CEAT is amongst the leading tyre manufacturers in the country and with safety as the core premise, has been continuously churning out differentiated products across segments. CEAT has a strong global presence spanning across all major continents while the domestic market is serviced through an extensive distribution network. Leading Original Equipment Manufacturers (OEMs) in the country are catered to by the company directly. Manufacturing operations of the company are carried out through a combination of in-house manufacturing facilities and outsourcing units. A state-of-the-art Research & Development (R&D) centre in Halol has enabled the company to come out with smarter products to fulfill the mobility needs of the end consumers.

## MANUFACTURING LANDSCAPE



- ▲ Operational facilities
- ⬡ WIP
- Key Outsourcing facilities

Map not to scale

### WE DRIVE MOBILITY, BUT REMAIN ROOTED IN VALUES

Values are a way of life at CEAT. CAIRO, the acronym used for CEAT's values, epitomises the Company's persona and reflects its character. Our values are imbibed in our people across the organisational hierarchy, and we have strong systems and processes in place to strengthen their implementation.

#### Challenger

We are innovative and agile, and are constantly working to promote experimentation.

#### Aspiration-led

We are purpose-led, with a strong passion for superior performance, and are willing to walk the extra mile in pursuit of our purpose and vision.

#### Integrity

We believe in being authentic and transparent to our stakeholders. We honour our commitments and take responsibility for our actions.

#### Result-Obsession

We are driven by a strong sense of passion, coupled with high energy, speed and collaboration, as we move systematically towards our goals.

#### Openness

We operate cross functionally in an open and boundary-less manner. We are approachable, and involve a larger team to achieve our purpose.

## EXTENSIVE DISTRIBUTION NETWORK TO DELIVER GROWTH

**4,300+**  
Dealers

**250+**  
2-Wheeler  
Distributors

**400+**  
Franchisees  
(CEAT Shoppes  
and CEAT Hubs)

**290+**  
Multi Brand  
Outlets &  
Shop-in-Shop  
Concepts

**600+**  
Districts  
covered



*CEAT Shoppe - an exclusive franchisee, which provides sales and service solutions*



*MBO - a "multi-brand outlet", with a predominant CEAT share*



*SIS - a "shop-in-shop" concept, having demarcated area in high footfalls shops*

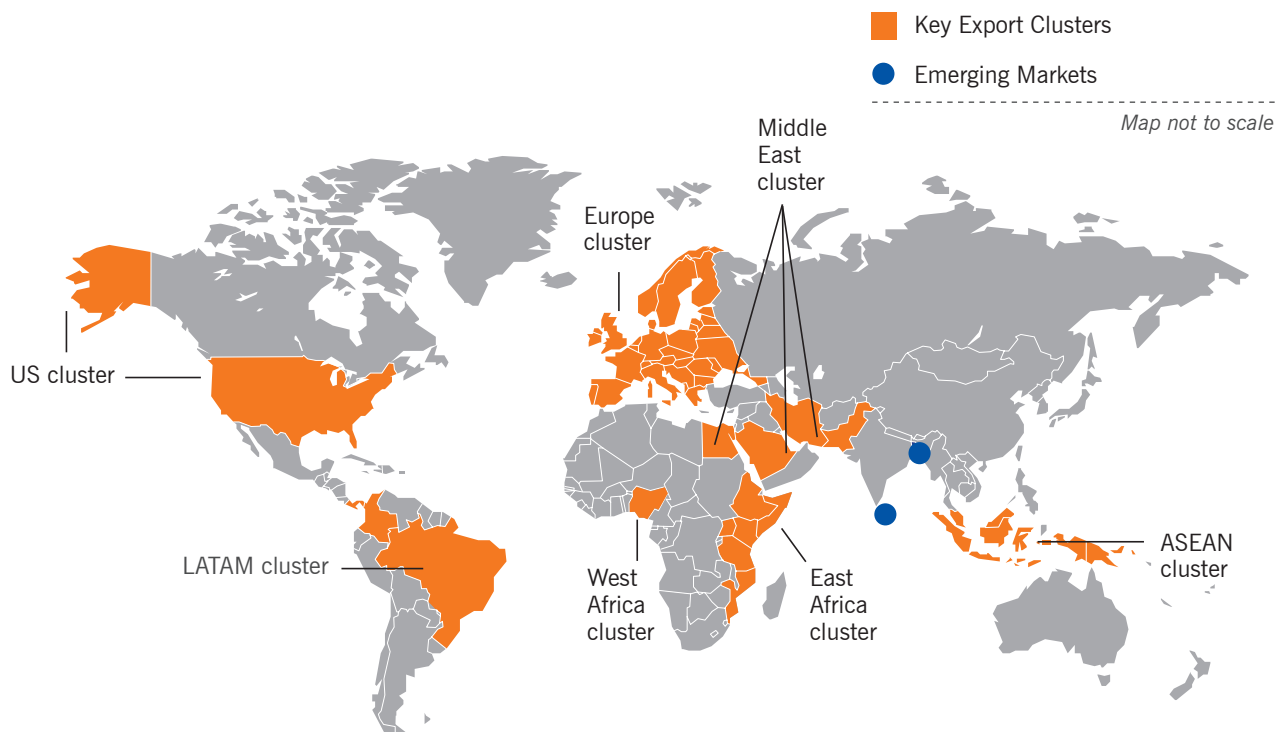
## EXPANDING GLOBAL REACH

CEAT is a leading exporter amongst Indian tyre companies. We are firmly entrenched across all major continents, which are geographically clubbed into 7 clusters. Traditionally, our exports have been primarily focussed on truck

& bus tyres, off-highway tyres and tyres for Light Commercial Vehicles. We have recently launched our passenger car radial tyres for the European market, starting with Italy. With this launch, CEAT returned to Italy after a long duration. CEAT's presence in Europe and US markets would get a further positive boost post

commencement of off-highway tyres' production from upcoming Ambarnath facility.

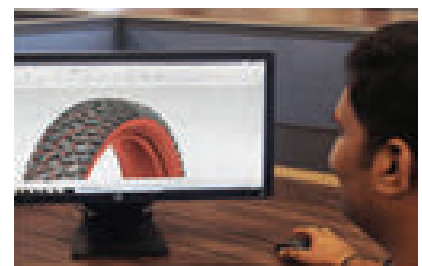
In addition to the 7 clusters, CEAT also has presence in Sri Lanka. In Sri Lanka, CEAT has a leadership position with around 50% market share.



## R&D FOCUS ON SMART INNOVATION

CEAT's state-of-the-art Research & Development (R&D) facility in Halol is primarily focussed on development of innovative products and alternative materials. We also partner with global institutes of repute which helps us in our journey of continuous product and process innovations. In the year gone by, the R&D team introduced 70 new products, with the passenger segment, comprising passenger cars, utility vehicles and two wheelers, being the largest contributor.

of construction, compound formulation and tread pattern design. This tyre has been optimised for high performance sports motorcycles and multiple terrains of India. Another key development was the advanced range of car radial tyres, meeting the demanding requirements of European markets.



One of the key products launched in FY 2015-16 was the motorcycle radial tyre, which is unique in terms



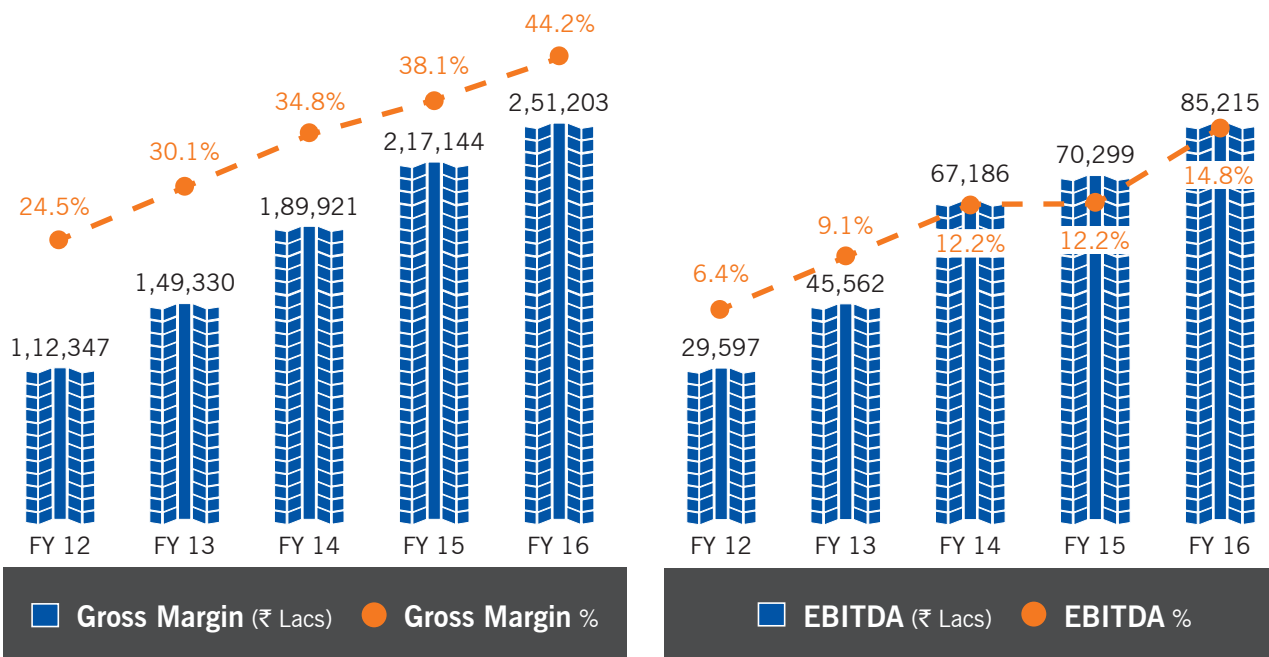
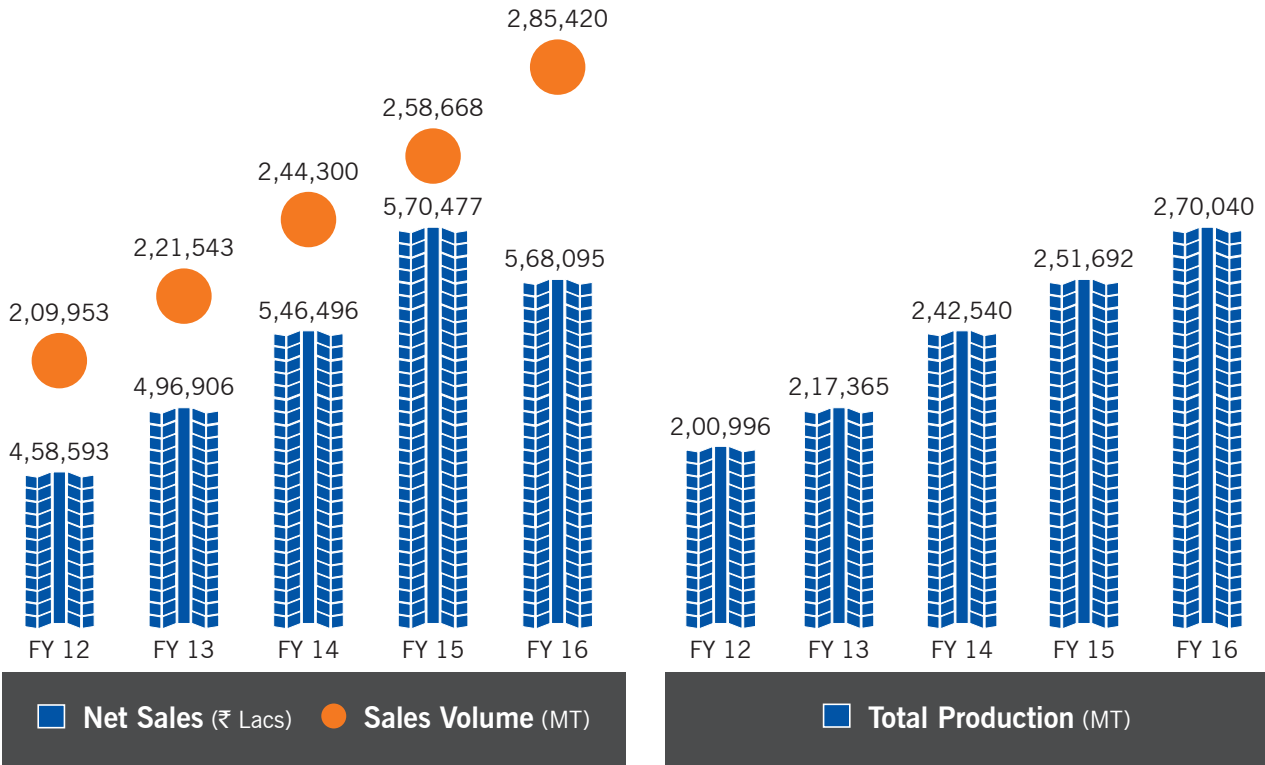


**OUR GRIP.  
YOUR STORIES.**



**CEAT**  
SUPERIOR GRIP  
SUV TYRES

# OPERATIONAL AND FINANCIAL HIGHLIGHTS (Consolidated)

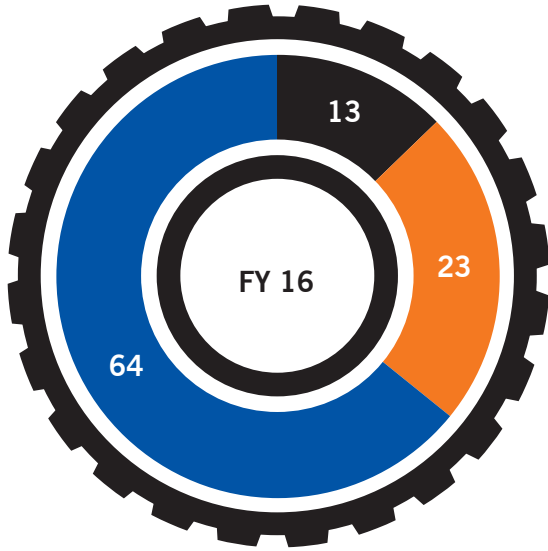


**Notes:**

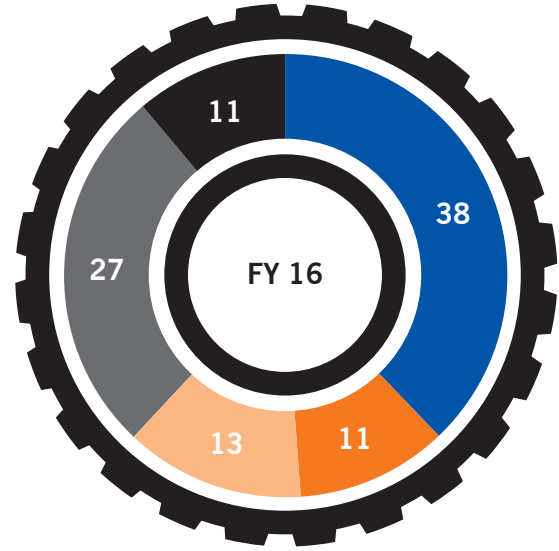
1. Previous year figures have been regrouped where necessary to conform to this year's classification
2. Interest includes interest capitalised
3. Total production figures are only for standalone



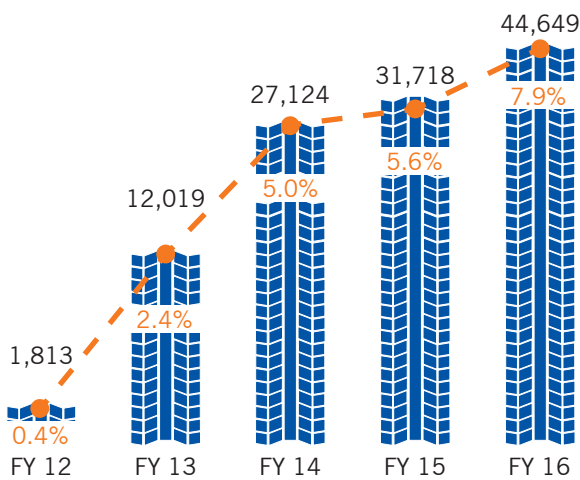
**% of Sales**



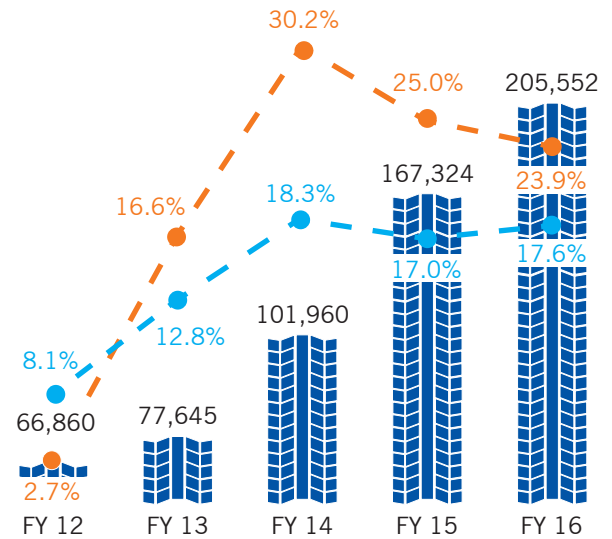
■ Replacement ■ OEM ■ Exports



■ Truck & Bus ■ Speciality / Farm ■ LCV  
 ■ Two Wheeler ■ PC / UV



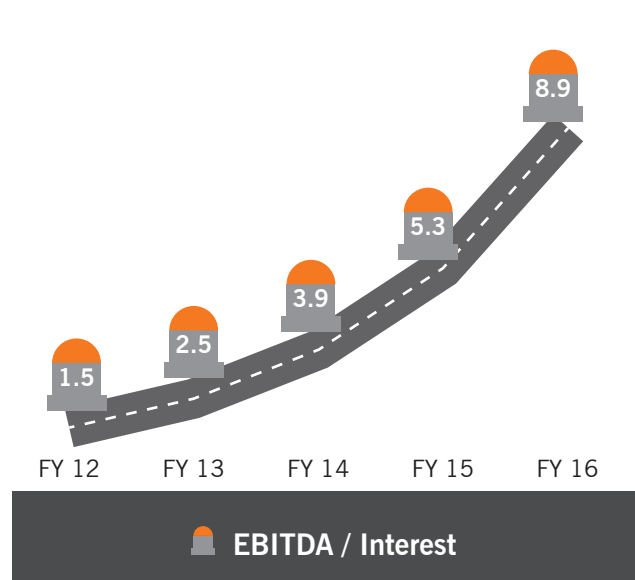
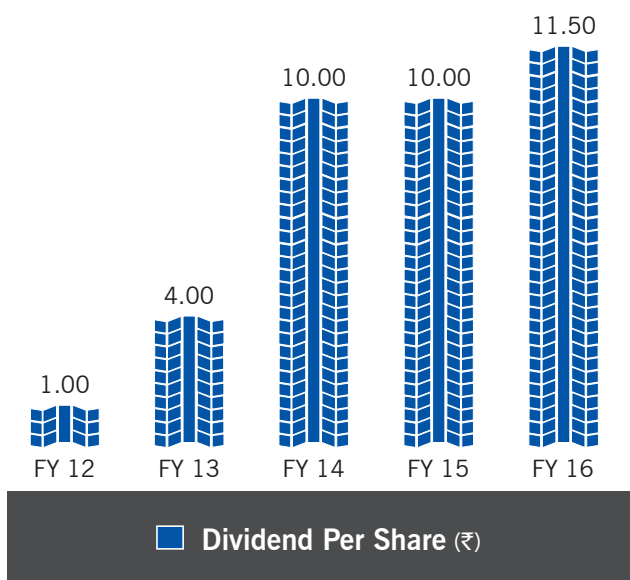
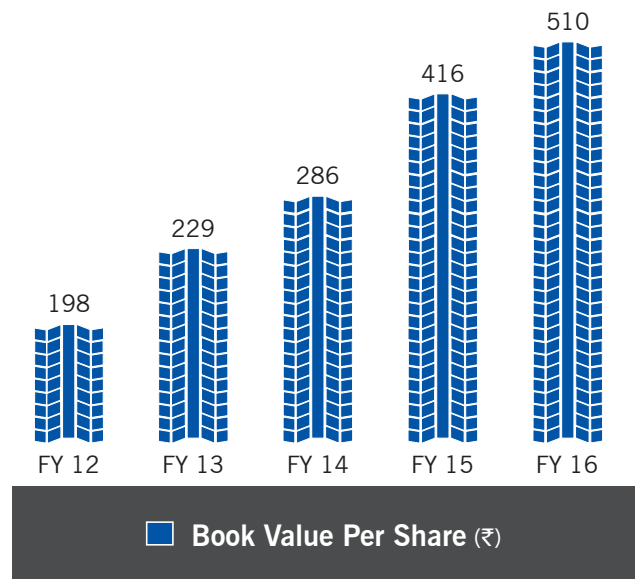
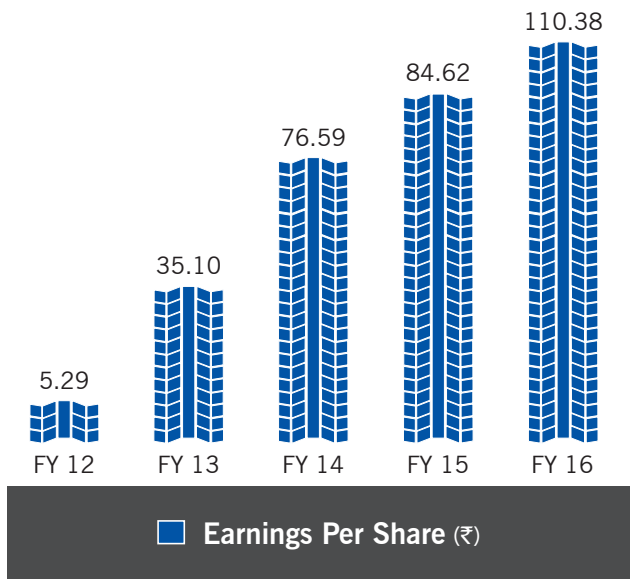
■ PAT (₹ Lacs) ● PAT %



■ Net Worth (₹ Lacs) ● ROE % ● ROCE %

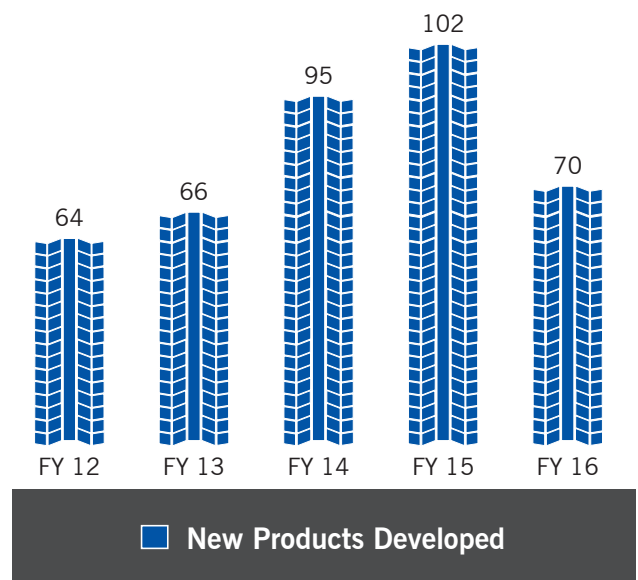
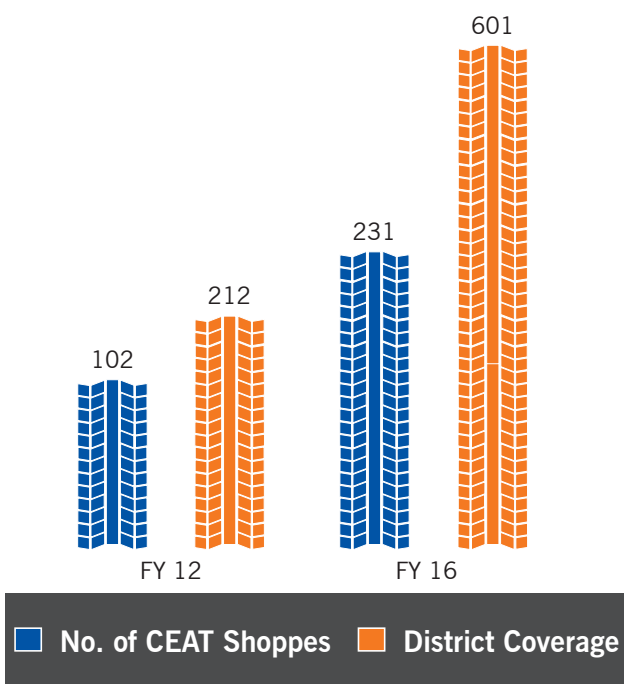
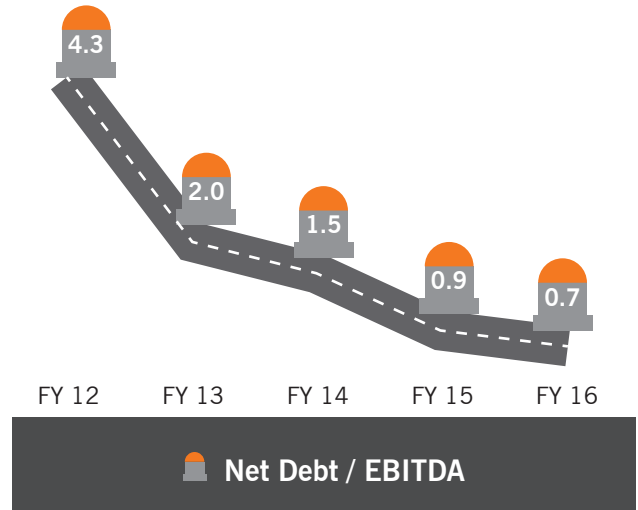
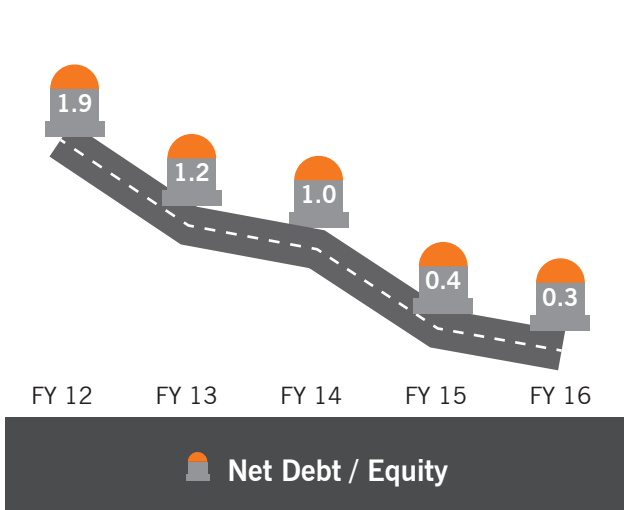
- 4. Net worth excludes revaluation reserve
- 5. EBITDA includes non operating income
- 6. Average capital employed considered for ROCE
- 7. ROCE calculated based on PBIT\* (1-Tax Rate)

# OPERATIONAL AND FINANCIAL HIGHLIGHTS (Consolidated)



**Notes:**

1. Previous year figures have been regrouped where necessary to conform to this year's classification
2. Interest includes interest capitalised
3. Total production figures are only for standalone



- 4. Net worth excludes Revaluation reserve
- 5. EBITDA includes non operating income
- 6. Average capital employed considered for ROCE
- 7. ROCE calculated based on PBIT\* (1-Tax Rate)

## BOARD OF DIRECTORS



**H. V. Goenka**

Chairman, Non-Executive, Non-Independent Director



**Anant V. Goenka**

Managing Director



**Arnab Banerjee**

Executive Director - Operations



**Atul C. Choksey**

Independent Director



**Haigreve Khaitan**

Independent Director



**Hari L. Mundra**

Non-Independent Director



**Kantikumar R. Podar**

Independent Director



**Mahesh S. Gupta**  
Independent Director



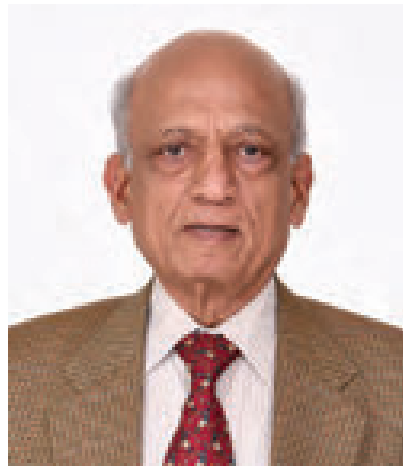
**Paras K. Chowdhary**  
Non-Independent Director



**Punita Lal**  
Independent Director



**Ranjit V. Pandit**  
Independent Director



**S. Doreswamy**  
Independent Director



**Vinay Bansal**  
Independent Director

# ENHANCING MOBILITY WITH SAFER & SMARTER PRODUCTS

Pioneered by our focussed and extensive R&D efforts, our differentiated products are designed to meet the evolving consumer preference. The year under review witnessed the launch of a series of new products, equipped with features suited for a variety of driving conditions.

## MAKING INROADS IN THE PASSENGER SEGMENT IN EUROPE

We are continuously striving to expand our growth frontiers across borders, and our Europe range of passenger car radial tyres underlines our efforts. Launched in Italy in January 2016, this tyre range currently encompasses two new patterns – CEAT EcoDrive & CEAT SecuraDrive. While the EcoDrive is ideal for low rolling resistance tyres needed for city driving, SecuraDrive has been developed for high wet grip tyres for safer highway driving. The range is set to be expanded with more patterns during FY 2016-17.



### Be Fuelsmartt

CEAT's first low rolling resistance pattern for hatch-backs and entry level sedans which saves up to 7% of fuel as compared to normal tyres.



### Sporting a new look with CZAR Sport

First foray into asymmetric pattern, with better wet grip and aquaplaning, for compact SUVs.



### Treading forward with Milaze

Special tyre developed for Toyota Innova with the promise of longer life. It lasts up to 1,00,000 kms making it the champion in tyre mileage.



### Go Carefree with Milaze Tubeless

New age scooter tyres with longer life and higher load carrying capacity, for low downtime.



### Gripped by Pro Gripp

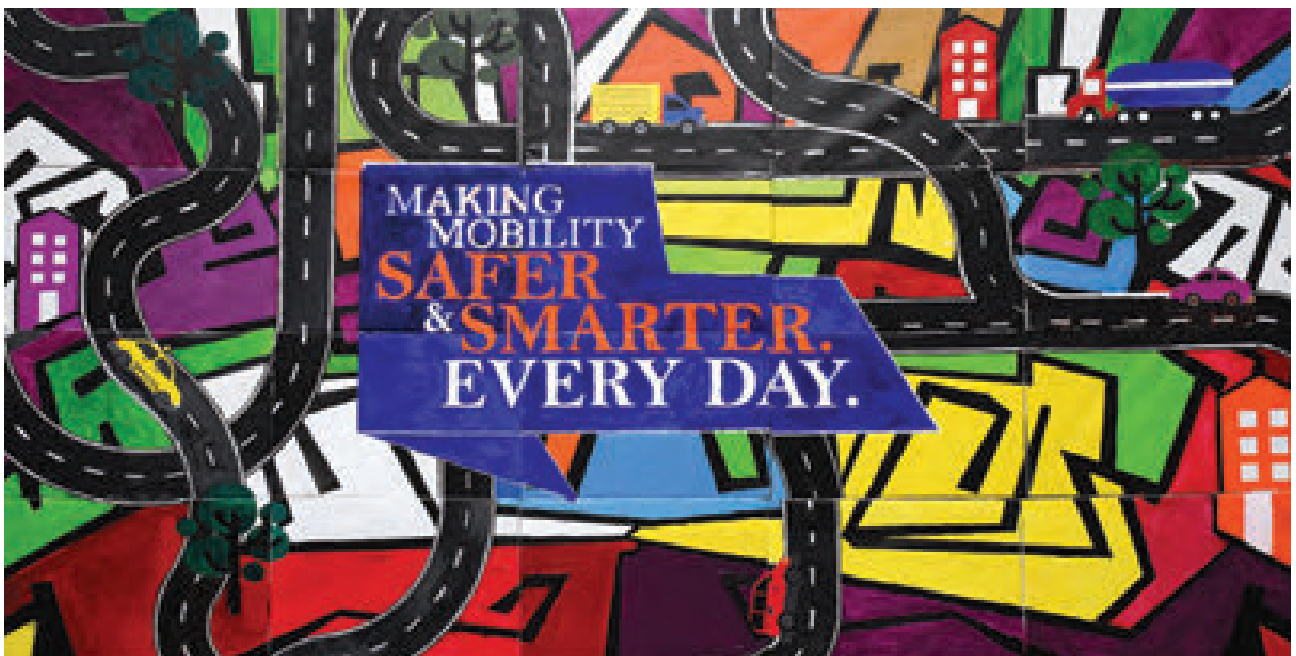
High performance scooter tyre for superior grip and enhanced stability, specially designed to endure extreme on-road / off-road conditions.



# NURTURING OEM PARTNERSHIPS THROUGH SAFER & SMARTER SOLUTIONS

Our commitment towards serving our OEM partners with products that meet the unique requirements of their vehicles makes us their preferred partner. Led by a strong service and quality quotient, we are continuously working with our OEM partners to develop new products that augment the performance and safety of their vehicles. During the year under review, our OEM partnerships, took several leaps forward as we got associated with various new vehicles launched during the year.

With our unwavering focus on nurturing our OEM partnerships, we anticipate increased growth coming from this segment.

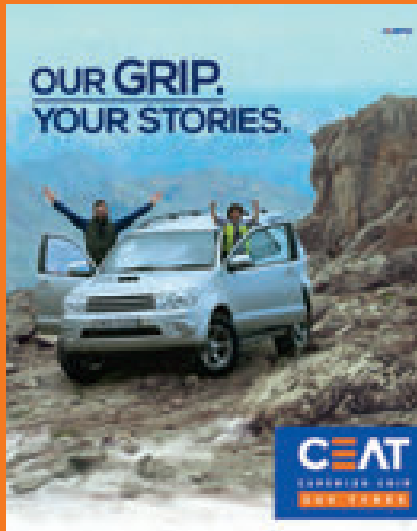


# SAFER & SMARTER BRAND ASSOCIATIONS

Road safety is central to CEAT's business philosophy and we strive to propagate the same through our various brand communications. Smart associations with the game of cricket is another key facet of our brand promotion efforts.

## CEAT SUV campaign – 'Our Grip. Your Stories.'

Centred on highlighting our brand premiumness, this campaign is based on the concept of emotional inheritance. The campaign revolves around the story of the initiation of a child into the world by his father, who is anxious about the challenges that could confront his child. CEAT tyres, with their better grip and control, ensure that the child would have wonderful and larger than life stories and experiences to share about the time spent.



## "Be Monsoon Smart" Campaign



## MTV Chase the Monsoon 3



## Two-wheeler Tubeless campaign

Led by the commitment to safety, our endeavour has been to promote tubeless tyres which are less likely to cause an accident due to sudden air leakage. With the largest range of tubeless tyres and an extensive distribution network, CEAT is running an extremely focussed campaign that brings out the human insight, coupled with the contextual relevance of the product.



## Driving safely with Party Hard Drivers

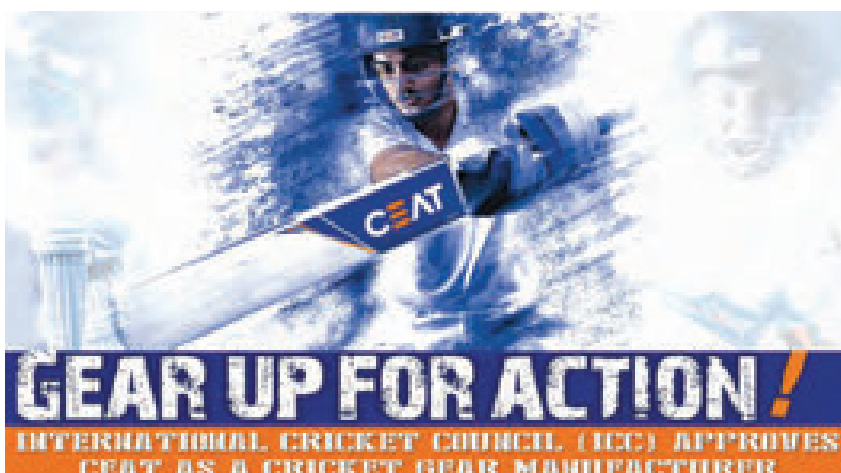
CEAT's alliance with Party Hard Drivers is to promote safe driving, reducing road mishaps and bringing down drunken-driving incidents.





## Associations with Cricket

CEAT has been an early supporter of cricket through the CEAT Cricket Ratings. This was further strengthened when CEAT became the Strategic Timeout Partner for the Indian Premier League. The Company also signed up cricketers Rohit Sharma, Suresh Raina and young Ishan Kishan for bat endorsements. These cricketers were signed up on virtue of the smart and dynamic manner in which they perform on the cricketing field.



# ENABLING A SAFE & SMART WORKPLACE

Making our workplaces safe and smart is a key priority of the organisation. This is ensured through extensive processes and systems which are validated by the certifications awarded by reputed safety accreditation agencies. Digitisation of the workplace systems and interactions with various stakeholders is another aspect which highlights our smart business approach and leads to improved efficiencies at work.

**BSC 5-star rating for Halol plant**

Endorsing our commitment towards occupational safety, our Halol plant has been awarded a five-star rating by the prestigious British Safety Council (BSC). It is the highest grading in Occupational Health & Safety (OH&S) Management System Audits and CEAT Halol is the first tyre manufacturing plant in India to receive this accreditation.

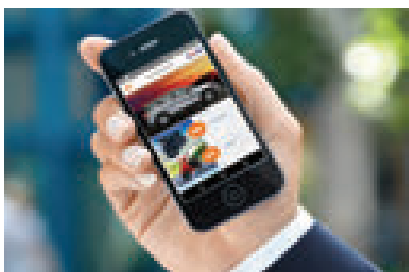


## Paperless Board Meetings

The adoption of a new digital application has enabled the Company to conduct 'Paperless Board Meetings', thereby improving governance while simplifying the process of conducting such meetings. This smart way involves conducting the meetings digitally and efficaciously, with the Board of Directors being able to access information, directly on their digital devices.

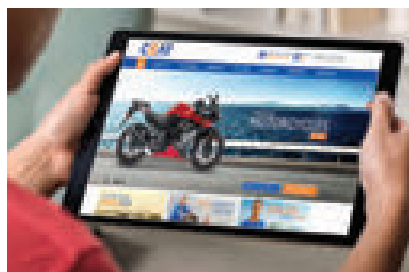
## Mobile App for Customers

The CEAT Mobile app was launched to provide customers all relevant information on our product range, to give them tyre service reminders and locate CEAT authorised dealers, so as to make it convenient for them to choose, maintain and replace their tyres. This app also provides value-added information pertaining to the nearest utility services like ATMs, petrol pumps etc.



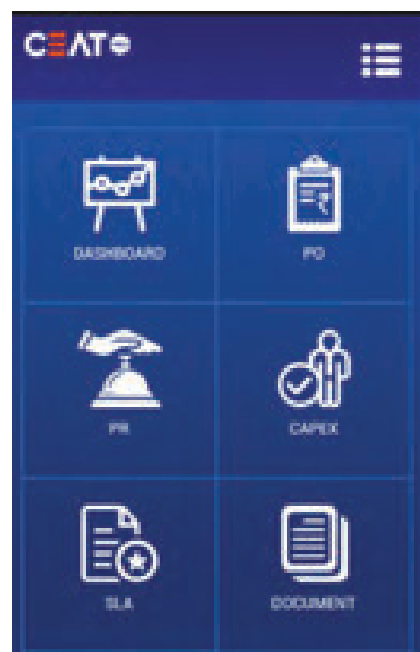
## Dealer Portal

With a strong focus on boosting the efficiencies of our channel partners, we have launched a portal, as a single point for providing our channel partners with various informations, like financial transactions, accounts statements, price lists etc. This portal also has a complaint sub-module, wherein the channel partners can register any complaints/inputs that they want to convey to the Company.



## Mobile Apps for Workplace

Mobile applications have been incorporated for routine administrative jobs like leave approvals, expense approvals etc. and also to monitor various parameters pertaining to the operational performance of the Company.



# REALISING HOPES. MOBILISING CARE.

For us, at CEAT, the concept of smart and safe mobility extends beyond the road, to touch the lives of the people in the communities around which we operate, as also the society at large. Our CSR touch-points encompass a range of activities, extending from education to health care, water and sanitation. During the year under review, we scaled up our CSR interventions to cross new milestones of success.

## NETRANJALI PROJECT

Focussed on preventive eye care, our Netranjali project reached out to an increased number of school children, truckers and elderly patients in slum communities during the year. For effective implementation of the programme, we partnered with two renowned NGOs, SHARP & Sightsavers. Through the year, we held a series of school and community camps to deliver free eye care, including vision testing, early detection of eye problems, first line management of eye emergencies and distribution of free spectacles, through networking with various stakeholders. Our eye care initiatives for truck drivers spanned a range of interventions, including screening for eye defects and refractive errors, dispensation of free spectacles, referrals and periodic follow-ups. An impact study, conducted during the year, also found that the Netranjali Truckers Programme had a very positive impact on road safety and truckers' safety.

Going forward, the project will be scaled up further to increase the number of locations, besides adding to the number of vision centres, beneficiaries and reach.

### Snapshot FY 2015-16

**626**  
camps held

**27,679**  
spectacles given

**168 no.**  
of vision centre days/Diabetic Retinopathy Bike

**3,641**  
no. of referrals via hospital partners

**6,57,880**  
people reached through promotional awareness material

**18**  
cities/towns covered

**66,432**  
no. of persons screened for early stage interventions



*Truckers being screened at a Netranjali Camp at Kolhapur*

## SWAYAM PROJECT

Working towards women's empowerment through promotion of gender equality and social change in the transport and motor driving industry, Swayam impacted a large number of women from the underprivileged sections of the society during the year. These women were trained in driving schools to render them employable as taxi and school van drivers, as well as entrepreneurs. The project implementation was further strengthened through collaborations with Motor Education and Training Association (META), iCare Life and Western India Automobile Association (WIAA).

Going forward, our aim is to augment our existing programmes and provide training to women in auto rickshaw driving, heavy motor vehicle driving and 8-seater auto rickshaw driving. We also plan to expand the project into new cities in the eastern parts of India.

### Snapshot FY 2015-16

**61**  
batches covered

**1,744**  
women completed training

**13**  
cities covered

**1,309**  
women provided livelihood linkages



*Swayam Women in self-defence training*

## PEHLAY AKSHAR PROJECT

Reaching out intensively to school children across all the Company's locations, the Company scaled new frontiers of growth under its Pehlay Akshar project – focussed on primary education during the year. The project is aimed at enhancing the spoken and reading English skills of children, thereby providing them with equal growth opportunities and enhancing their employability. Under this programme, regular classes are conducted in Government schools during school hours by facilitators hired and trained by the project team. The programme quality is sustained through regular training workshops and international evaluations.

Going forward, besides addition of schools and classes, the programme will this year also reach out to train Government school teachers in learning and implementing state-of-the-art pedagogies to make the classroom and learning exciting for all children in FY 2016-17. Introduction of volunteer programmes is also on the anvil.

### Snapshot FY 2015-16

**23**  
schools

**3,300**  
children

**11**  
facilitators



*Pehlay Akshar class in action. Innovative method of teaching being utilised by the facilitator promote learning with fun!!*

## SAKSHAM & SANJEEVANI PROJECTS

Empowerment of youth, particularly women, through skill enhancement is central to these programmes. Vocational and technical training is provided to youth and women from the less privileged sections of the society, thereby empowering them with employment skills and livelihood opportunities.

Going forward, increase in the number of vocational and technical training programmes will be our priority agenda to reach out to women and youth in the coming year. A key focus for the coming year will be providing nursing training to women and youth across the Company's locations.



*Beneficiaries of Project Sanjeevani*

### Snapshot FY 2015-16

**485**

women and youth trained in courses like nursing, tailoring, mobile repairing, beauty care and health care in Nashik, Maharashtra

**110**

young girls trained to be health care professionals under Patient Care Assistant Programme in Bhandup, Mumbai, Maharashtra

**120**

women trained in tailoring, handicrafts and embroidery in Halol, Gujarat

## JEEVAN PROJECT

An integrated community programme, Jeevan focusses on the improvement of all-round on quality of life in the target areas. Key initiatives under this project relate to providing clean drinking water, sanitation and overall health & nutrition-based interventions.

Going forward, installation of RO systems to ensure pure drinking water in schools, health care and awareness programmes for adolescent boys and girls, construction of sanitation units and provision of nutritious supplements in schools are some of the important initiatives planned for FY 2016-17.

### Snapshot FY 2015-16

**5,536**

community people reached out to through sanitation and water initiatives carried out in the target villages

**500**

children provided with supplementary food in order to reduce the prevalence of malnutrition in Halol under the Reduction of Malnutrition Programme

**650**

adolescent girls made aware about their health care and gender issues in Bhandup under Adolescent Health Programme

**55**

household toilets constructed in a neighbouring village in Halol under the Village Sanitation Programme



*Beneficiaries of the adolescent health programme*

# HONOURS & AWARDS



## Best Use of Mobile Media - GOLD

The ABBY's (Goafest)

April 2015

Best use of Mobile Media for #DriveSafeDad Campaign by CEAT during the road safety week

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## Best Use of Social Media - BRONZE

The ABBY's (Goafest)

April 2015

Best use of Social Media for the CEAT MTV Chase the Monsoon Season 2 campaign

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## Best Use of Digital Media for Social Cause - SILVER

Campaign India Digital Crest Award

June 2015

Best use of Mobile Media for a social cause; the award was presented by Campaign India Digital Crest Awards 2015

## Best Use of Digital Media in Experiential Marketing - BRONZE

Campaign India Digital Crest Award

June 2015

Best use of Mobile Media in experiential marketing category; the award was presented by Campaign India Digital Crest Awards 2015

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## Best Use of Digital Media - Mobile - GOLD

Emvies

September 2015

Best use of Mobile Media for #DriveSafeDad Campaign by CEAT during the road safety week

## Best Use of Digital - Multiple Platforms - BRONZE

Emvies

September 2015

Best use of Mobile Media for #DriveSafeDad Campaign by CEAT during the road safety week

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## Bhandup Plant

Employers Federation of India (EFI) National Award for Excellence in Employee Relations

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## Halol Plant

5-Star rating from British Safety Council (BSC)

Highest recognition in 14th ABK-AOTS – CUMI 5S Sustenance award



# OUR GRIP. YOUR STORIES.



**CEAT**

SUPERIOR GRIP

SUV TYRES

# CORPORATE INFORMATION

## Board of Directors

### H. V. Goenka

Chairman

### Anant V. Goenka

Managing Director

### Arnab Banerjee

Executive Director - Operations

### Atul C. Choksey

### Haigreve Khaitan

### Hari L. Mundra

### Kantikumar R. Podar

### Mahesh S. Gupta

### Paras K. Chowdhary

### Punita Lal

### Ranjit V. Pandit

### S. Doreswamy

### Vinay Bansal

## Company Secretary & Compliance Officer

H. N. Singh Rajpoot

## Legal Advisors

Mulla & Mulla and Craige,  
Blunt & Caroe

## Auditors

S R B C & CO LLP

## Audit Committee

Mahesh S. Gupta (Chairman)

Hari L. Mundra (Member)

S. Doreswamy (Member)

Vinay Bansal (Member)

## Stakeholders' Relationship Committee

S. Doreswamy (Chairman)

Mahesh S. Gupta (Member)

Paras K. Chowdhary (Member)

## Nomination and Remuneration Committee

Mahesh S. Gupta (Chairman)

Paras K. Chowdhary (Member)

S. Doreswamy (Member)

## Corporate Social Responsibility Committee

Anant V. Goenka (Chairman)

Hari L. Mundra (Member)

Vinay Bansal (Member)

## Risk Management Committee

Mahesh S. Gupta (Chairman)

Hari L. Mundra (Member)

S. Doreswamy (Member)

Vinay Bansal (Member)

## Registrar and Share Transfer Agents

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

## Debenture Trustee

Axis Trustee Services Limited  
Ground Floor, E Wing, Axis House,  
Bombay Dyeing Mills Compound,  
Pandurang Budhkar Marg,  
Worli, Mumbai - 400 025

## Bankers

Bank of India

Bank of Baroda

State Bank of India

ICICI Bank

IDBI Bank

Corporation Bank

Yes Bank

Axis Bank

The Hong Kong and Shanghai Banking  
Corporation Limited (HSBC)

Standard Chartered Bank

Kotak Mahindra Bank Limited

## CEAT Limited

Corporate Identification Number (CIN): L25100MH1958PLC011041

### Registered Office

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

### Plants

Village Road, Bhandup, Mumbai - 400 078

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

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

Plot No. SZ-39, Butibori MIDC, Nagpur - 441 108



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# Management Discussion and Analysis



## COMPANY OVERVIEW

As an organisation committed to long-term value delivery to all its stakeholders, CEAT is continuously engaged in investing in high-growth areas yielding better returns.

The passenger segment (comprising passenger cars, utility vehicles and two wheeler tyres) has emerged as a high growth segment. The key factors behind this growth are GDP growth, growing disposable income, poor public transportation and lower passenger vehicle penetration in India.

Seeing the huge potential for growth in the passenger segment, the Company repositioned itself to focus more concerted and consistently in this area about five years ago. This was led by steady investments in brand building, new and innovative product developments, robust Research & Development (R&D) initiatives and extensive expansion of distribution network.

Further scaling up its focus on the passenger segment, the Company embarked on large investments in capacity augmentation. A major initiative in this regard included creation of additional capacity of 120 MT/day primarily for Passenger Vehicle Radial Tyres as Halol Phase II, besides another 120 MT/day capacity addition in a Greenfield plant in Nagpur for 2/3 wheeler tyres.

These initiatives have resulted in the contribution of the passenger segment to the overall revenue pie, at CEAT, significantly going up from 15% in FY 2010-11 to 39% in FY 2015-16, with a CAGR of 33%. With increased earnings reported from these segments, CEAT posted a higher growth than the industry over the last 5 years.

In another key investment made during FY 2015-16, the Company, through its subsidiary, invested in capacity for

Off Highway Tyres (OHT) at Ambernath. The civil work for the Ambernath plant is under progress and the production is expected to commence towards the end of FY 2016-17.

The improved product mix coupled with favourable raw material costs boosted the Company's overall EBITDA margins by about 285 basis points (bps) during the year, facilitating reduction in its Debt EBITDA ratio to 0.8x, while EBITDA to Interest ratio improved to 8.9x. CEAT's improved fundamentals were endorsed by its improved long-term credit rating, which were upgraded from A+ to AA- in FY 2015-16.

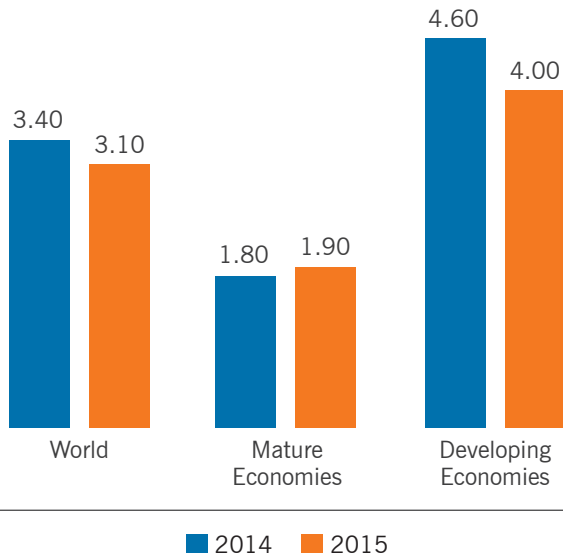
## GLOBAL ECONOMY

Amid persistent sluggishness in the global economy, the overall sentiment remained weak through the year. While advanced economies reported modest and uneven recovery, growth in the emerging markets and developing economies decelerated sharply. Slowly improving growth prospects and favourable policy environment helped advanced economies put up a better show than emerging economies. Emerging economies, which together still represent the 70% of the global growth, found it difficult to adjust to the changing macroeconomic scenario.

The global economy continued to push against continuing macro headwinds during the year 2016. Amidst geo-political turbulence in the Middle East and major macroeconomic realignments across large emerging economies, the world output for the year 2015 increased by 3.1%, marginally lower than the 3.4% growth in 2014, according to World Economic Outlook of the International Monetary Fund (IMF) (April 2016). In the U.S., the GDP grew at 2.4% in 2015, similar to 2014. However, there are distinct positive signs in the largest economy in the form of improving labour market indicators,

## GDP Growth Rate (%)

(Source: International Monetary Fund)



particularly strong employment growth. The ongoing rebalancing in China has resulted in weaker investments and slowing down of growth. The Chinese economy grew by 6.9% in 2015 compared to 7.3% in 2014 as per World Economic Outlook according to IMF.

Although China grew faster than most of other economies of the world, cooling industrial activity and falling exports due to weaker international trade has slowed down growth. The subdued global growth has forced China to cut back its reliance on investment-led economic growth and the country is now focussing on building up domestic demand and addressing the long-standing structural problems.

In the U.S., inflation remained soft in the world's largest economy, improving prospects and steady job market data allowed the Federal Reserve (the Fed) to change the ultra-loose monetary policy stance that lasted for almost eight years. The Fed had injected massive liquidity through Quantitative Easing (QE) in an attempt of staving off sinking economic growth, in the aftermath of the global financial crisis. In December 2015, the Fed raised interest rates by 25bps. Though the monetary authorities hinted at a much slower policy correction, currency markets experienced extreme high volatility. The speculations about the change in the stance of the Fed had started much before the U.S. authorities actually announced the interest rate hikes. US Dollar (US\$) rose substantially against many currencies. The rising US\$ multiplied the problems of China, as the latter pegs

# 10%

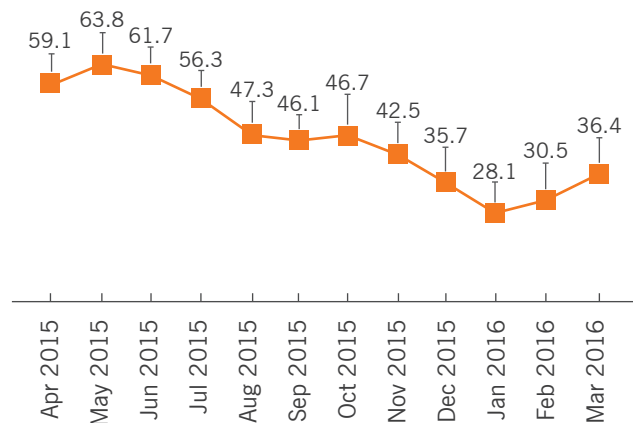
CEAT's consolidated sales CAGR over the past five years

its currency, Yuan, to the Dollar. In a desperate move, Chinese authorities intervened in the forex market and devalued Chinese currency artificially. This caused further disruptions in the currency markets.

Falling oil prices during 2015 was a key factor that affected the global economy in 2015. Many nations in the Middle East, Africa, Russia and the Latin America that depend excessively on their natural resources, especially oil and gas, witnessed a sharp drop in domestic growth. The governmental expenditure was forced to be reduced, further distressing growth. The currency of these oil-dependent economies also came under pressure.

## Crude Oil Prices (US\$/Barrel)

(Source: Petroleum Planning & Analysis Cell)



Notwithstanding these factors, the global economy in 2016 is expected to strengthen on the back of several positive developments. Firming of oil prices, improvement in financial markets, lower capital outflows from China are certainly pointing to an optimistic 2016. The (IMF) expects pickup in global activity to be more gradual than earlier envisaged; it has projected the world to grow at 3.4% in 2016 against 3.1% in 2015. The growth rate in 2017 is expected to be only marginally higher, at 3.6%. The IMF remains hopeful that attractive crude oil prices will create more consumption demand going forward. It is expected that higher demand would ease the oversupply situation in the oil markets.

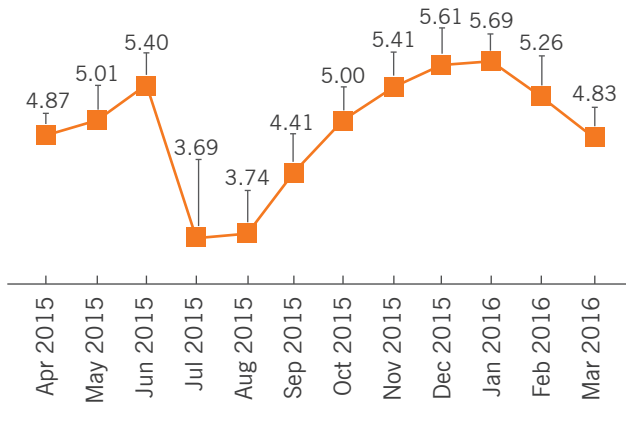
## INDIAN ECONOMY

India remained a shining beacon on the fiscal landscape, overtaking China as the fastest growing economy. Led by revival in manufacturing growth and gains from benign crude oil prices, the Indian economy grew at 7.6% in FY 2015-16. What makes this growth impressive is the fact this was achieved in spite of a sub-par monsoon for the second year in a row in 2015.

India's retail inflation remained within the RBI's comfort zone. The RBI had set a target of curbing the inflation measured

## Retail Inflation (%)

(Source: Ministry of Statistics and Programme Implementation)



by the movement of the Consumer Price Index (CPI) to 6.0% by January 2016. During FY 2015-16, policy stance of the Central Bank remained accommodative. The RBI continued to ease monetary policy. It reduced the repo from 7.50% to 6.75% totalling to a cut of 75bps. The RBI had also insisted that the banks should pass on the benefits of lower policy rates to the borrowers.

As banks went slow on cutting their base rates, the RBI too maintained status quo in the second half of FY 2015-16. The Central Bank was watchful to the fiscal discipline of the Government. The Government adhered to its fiscal deficit target of 3.9% for FY 2015-16 and is on track to achieve 3.5% for FY 2016-17. The Indian Rupee has performed well against US\$, considering the volatility experienced by many other emerging market currencies. Falling inflation and active interventions by RBI helped the Rupee stay on course.

India immensely benefited by the fall in global energy prices. As compared to that at the beginning of FY 2015-16, Indian basket of crude fell a little over 38.0% by the end of the fiscal. This helped India on two fronts. The nation could cut the import bill, which bettered the Current Account position. Deregulation helped slash the subsidies as well. India's Current Account Deficit (CAD) for FY 2015-16 fell to 1.1% of GDP from 1.8% recorded a year before. Between April 2015 and March 2016, India's exports fell 15.85% in US\$ terms, while India's imports declined by 15.28% as compared to those in the last fiscal.

In the Union Budget 2016-17, the Government has allocated close to ₹ 97,000 crores for the road sector under various schemes. Out of the major 70 projects stuck due to legacy problems, as described by the Government, it has revived almost 85% of them. It is estimated that the Government may approve the road construction projects of another 10,000 Kms. It has been trying to revive the Public Private Partnership (PPP) model for the infrastructure development. Although the implementation remains the key, thrust on building more roads and expanding the infrastructure of the country would promote higher growth in days to come. The Government also intends to double the farmers' income by 2022. It is spending

more on irrigation projects and wants to improve the rural incomes. All these efforts, if executed effectively, will help accelerate the industrial growth and in turn lead to overall higher economic growth.

## THE GLOBAL TYRE INDUSTRY

Trends in the automobile industry decide the growth trajectory for tyre companies to a large extent. Today, the global automakers are faced with a number of challenges such as rapidly changing macroeconomic conditions, shift in consumer behaviour, growing environmental concerns and unprecedented technological advancements among others. In the fiscal year under review, developed economies witnessed an uptick in the production and sales of vehicles, whereas emerging markets saw decelerating trends.



### Emerging markets are in the limelight

It is estimated that the world tyre market is likely to reach 2.9 billion units in 2017. This would make the global tyre industry worth US\$276 billion. The centre of gravity in world trade has been shifting from mature markets to emerging economies. As a part of this broader trend, many emerging economies are likely to become manufacturing hubs, and the tyre industry is no exception.

Over the past 12 months, a sharp fall in prices of crude oil and natural rubber (NR) resulted in better profitability for tyre makers across the globe.

(Source: Freedonia)

# AA-

Company's long-term credit ratings were upgraded from A+ to AA- in FY 2015-16

### Chinese tyre market

China is the world's largest vehicle market. In 2015, China recorded a rise of 6% in Passenger Vehicle (PV) sales, while sales of Commercial Vehicles (CV) dropped 9%. China accounts for one-third of the global tyre industry and developments there have huge global implications. In FY 2015-16, the Chinese tyre market faced tough challenges. A combination of overcapacities, anti-dumping probes in major consumer markets such as the U.S., and weaker domestic demand has made Chinese tyre manufacturers sell in a distressed manner. This desperation is disrupting the other markets. China has been the biggest threat to Indian tyre manufacturers, especially in the TBR (Truck-Bus Radial) segment. In the absence of anti-dumping duties being in place, China has been able to supply TBR almost at the cost of TBB (Truck-Bus Bias) tyres. This has earned it a healthy market share in India's TBR replacement market.

(Source: European Automobile Manufacturers Association)

### North American tyre market

In 2015, improving job market situation, cheaper credit, and lower energy prices boosted consumer confidence in the U.S. These favourable developments pushed the auto sales in the world's largest economy to the highest ever levels. The U.S. auto sales had reached the previous peak in the year 2000. As the recovery in the U.S. is likely to remain robust in future, the North American region is likely to see higher tyre demand.

(Source: Wards Auto)

### European tyre market

Vehicle demand has been high in the European Union as well. The region recorded 9.7% growth in auto sales; new registration numbers reached 15.79 million in 2015. As the demand for automobiles is expected to go up steadily in Europe, the outlook for tyre makers has improved to an extent.

(Source: European Automobile Manufacturers Association)

### Asia-Pacific

Going forward, the growth prospects for China and India are likely to drive the tyre demand. However, dumping by Chinese tyre companies in the export markets has put pricing under pressure. In case there is a sharp recovery in raw material prices, that could make it still more difficult for tyre makers from other countries to tackle the challenge posed by Chinese dumping.

(Source: Freedonia)

## INDIAN TYRE INDUSTRY

The Indian tyre industry caters to OEM, replacement and export markets through four broad vehicle categories: Commercial Vehicles (CV), Passenger Vehicles (PV), Two-Wheelers (TW), and others, including tractors.

As per the Automotive Tyre Manufacturers' Association (ATMA), the revenues of the tyre manufacturing firms have grown at a CAGR of 12% between FY 2009-10 and FY 2014-15. The moderated raw material costs resulted into price drops and corresponding realisation drops, leading to a slowdown

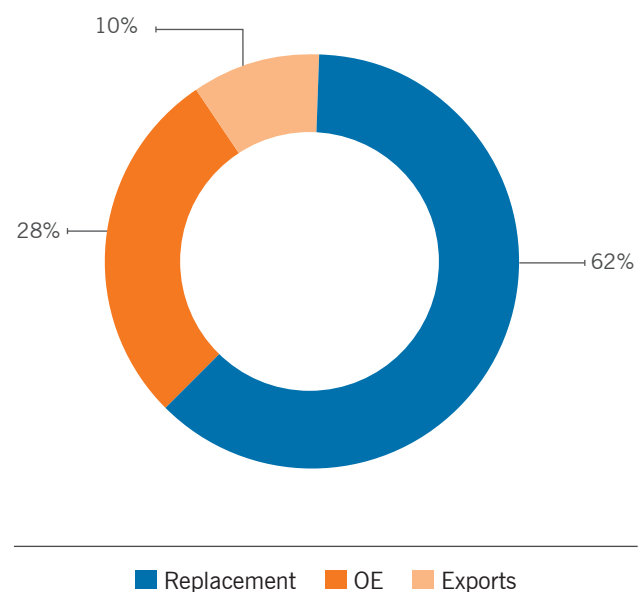
in topline growth of the tyre manufacturers. The revenues of the industry in FY 2015-16 remained muted with almost negligible growth, year-on-year.

In terms of volumes, the industry was almost at par with the previous year's growth, clocking a rate of 5% (FY 2015-16 over FY 2014-15) compared to 6% (FY 2014-15 over FY 2013-14) earlier (including Replacement, OE and Export markets). Taking only Replacement and OE into account, the industry recorded a 6% growth (FY 2015-16 over FY 2014-15) against 8% growth clocked earlier (FY 2014-15 over FY 2013-14).

### Market and Product mix based on volumes in tonnage

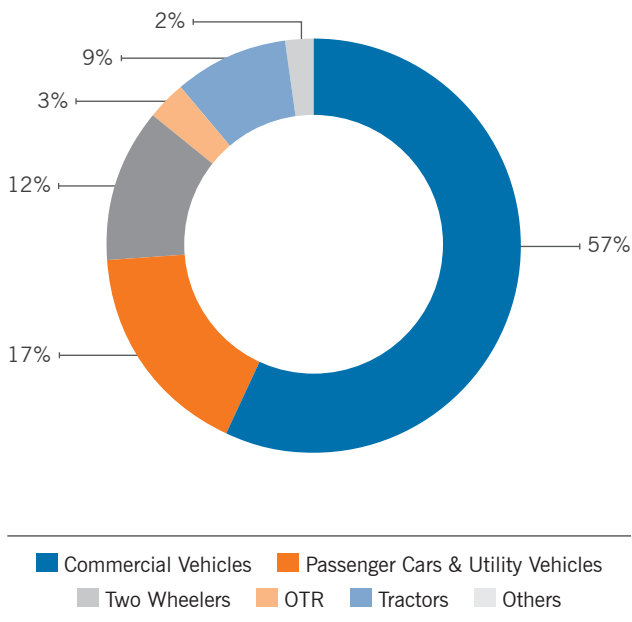
#### Market Mix (in volumes)

(Source: ATMA, Company Estimates)



## Product Mix (in volumes)

(Source: ATMA, Company Estimates)



### Product category volumes share growth trend

Although under pressure, the demand for Truck & Bus tyres witnessed a marginal growth while Light Commercial Vehicle tyres clocked a negative growth in FY 2015-16.

The demand for CV tyres remained muted in FY 2015-16 because of slower progress on infrastructure projects, weaker than expected revival in private sector capex, and falling discretionary incomes in rural areas.

Tyre demand in the PCR and UVR segments has been consistent in FY 2015-16 and the demand is expected to be robust in FY 2016-17.

As far as the Farm segment tyres are concerned, the demand has been weak over the past couple of years. The year 2016, marked a second consecutive year of weak monsoon, resulting into weakening of the farm sentiments. Modest increase in Minimum Support Prices (MSP) and slow pickup in infrastructure and construction activities continued to impact the demand for the sector.

Within the two-wheeler segment, there was a drop in the growth of motorcycle and scooter tyres demand in FY 2015-16, on account of dip in rural consumption and corresponding reduced growth in the vehicle production.

Over the past seven quarters, tyre imports in India have been growing consistently. Truck Bus Radial (TBR) and two-wheeler tyre segments primarily witnessed a sharp rise in imports in the first nine months of FY 2015-16. Market share of TBR imports moved up to ~35% in the replacement market in FY 2015-16. Imports in the two-wheeler segment remain less worrying for Indian manufacturers, as imports here have a market share of only 4% at present.

China has been the biggest contributor to imports into India. This was on account of three main reasons namely India's anti-dumping duties on Chinese tyres ended in early 2015, the U.S. imposed anti-dumping duty on Chinese tyres & the devaluation of Yuan made Chinese tyres cheaper. This has resulted into excess supply into Indian and global markets.

For Indian manufacturers, the situation in export markets remained tough in the past 12 months. In value terms, exports fell 12.8% in 9M FY 2015-16. Exports to both mature and emerging markets slid sharply. This drop in exports has been on account of weak global economic conditions, increasing Chinese competition globally, increased radicalisation and relative currency depreciation in major importing countries from India.

(Source: ICRA Report on Tyre Industry, March 2016)

### Performance of Indian tyre industry reflects the trends in automobile industry

As a result of new product launches in the premium and economy segments, the production of passenger vehicles grew at a healthy rate of 6% in FY 2015-16 despite the higher base effect. Strong demand for scooters counterbalanced the slack in the motorcycle segment.



**4,300+**  
Company's robust dealer network

SEGMENT	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Passenger Vehicles	3,146,069	3,231,058	3,087,973	3,221,419	3,413,859
Growth (%)	5.5%	2.7%	-4.4%	4.3%	6.0%
Commercial Vehicles	929,136	832,649	699,035	698,298	782,814
Growth (%)	22.1%	-10.4%	-16.0%	-0.1%	12.1%
Two Wheelers	15,427,532	15,744,156	16,883,049	18,489,311	18,829,786
Growth (%)	15.6%	2.1%	7.2%	9.5%	1.8%

(Source: Society of Indian Automobile Manufacturers)

After declining for three consecutive years, production of commercial vehicles picked up in FY 2015-16. As the April 17 deadline for the implementation of Bharat Stage IV emission norms neared, replacement of the older fleet provided a fillip to the production of Medium & Heavy Commercial Vehicles (M&HCV). Optimistic scenario in the infrastructure segment and sizeable exports also resulted in better performance of the M&HCV category. However, ICRA expects the momentum to drop slightly as the higher base effect comes into play.

As per the predictions of ICRA, the passenger vehicle segment is likely to grow at a healthy pace. Improved economic outlook and the 'Make in India' thrust would provide many growth opportunities to the Indian automobile industry.

### Capacity utilisation and Capex

The capital expenditure of the Indian tyre industry is in keeping with the trends in the auto industry.

As a result of benign demand, higher imports and falling exports, the capacity utilisation of the Indian tyre industry has fallen for the first time in the past three years. The capacity utilisation for the TBB segment was the lowest while that in two-wheeler was the highest.

In FY 2015-16, the companies operating in India invested ₹ 4,890 crore in capacity additions. In FY 2016-17, the companies are expected to allocate ₹ 9,140 crore for further enhancing capacities. The industry is witnessing a shift of focus from the commercial to the consumer segments, owing to the expectations of a favourable monsoon and a demand recovery led by high discretionary income and higher internal accruals.

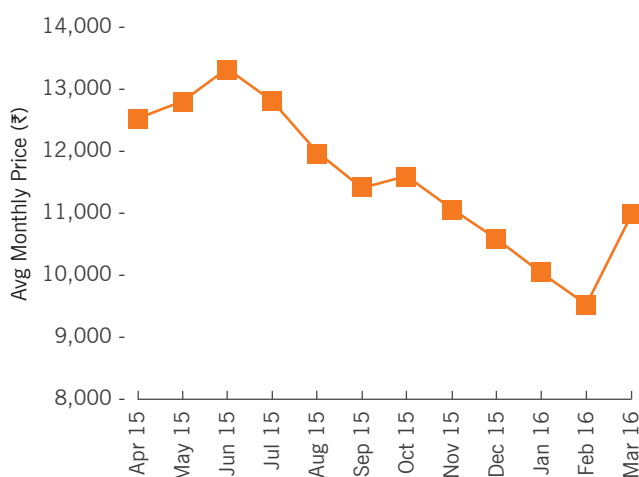
(Source: ICRA Report, March 2016)

### Raw material prices

Due to a marginal dip in demand and unprecedented fall in the International Natural Rubber (NR) prices, the supply gap in the domestic market widened towards the end of FY 2015-16. The import restrictions imposed by the Indian Government further affected the availability of NR. As per the ICRA estimates, stockpiles slipped into negatives by the end of FY 2015-16. If import restrictions continue and tapping levels fail to improve, the prices may rise further.

### RSS-3 (Kottayam)

(Source: Rubber Board, Ministry of Commerce)



A recent survey reveals that China's manufacturing sector expanded for the second month in a row in April but only marginally, raising doubts about the sustainability of this pick-up.

In the coming months, domestic natural rubber prices are expected to remain range-bound, driven by international price movements. Prices of crude derivatives, such as carbon black, rubber chemicals and synthetic rubber, are expected to largely move in line with the crude oil prices.

### REGULATORY ENVIRONMENT

The tyre industry has been impacted by the cut in natural rubber production by farmers in Kerala. Production was cut because of low rubber prices, and while the Indian Government took several measures to protect the farmers' interests, natural rubber prices continued falling, and output was curbed.

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

- The Kerala Government announced a scheme in July 2015 of assured price of ₹ 150 per kg for rubber farmers, who are facing a crisis due to the sharp fall in natural rubber prices. The price support is available to

# > 1,000 MT / day

Company's manufacturing capacity

farmers who grow rubber on two hectares of land or less. According to the new scheme, the difference between the Rubber Board-endorsed daily price and the support price of ₹ 150 per kg would be credited to the farmer's account. Farmers who avail of the scheme would be given a certificate that notes details of their annual rubber production.

- There has been a hike in basic customs duty from 20% / ₹ 30 per kg, whichever is lower, to 25% / ₹ 30 per kg, whichever is lower, effective May 2015, to protect farmers' interest and regulate imports.
- In Jan 2016, the Government introduced restrictions on the choice of ports with respect to the import of natural rubber. The import of Natural Rubber of all varieties is now allowed only through the ports of Chennai and Nhava Sheva (Jawaharlal Nehru Port).
- Directorate General of Foreign Trade (DGFT) issued a notification in January 2016, whereby the facility for import of natural rubber under advance authorisations issued or revalidated on or after January 21, 2016, was not available till March 31, 2016.



## OPPORTUNITIES AND THREATS FOR THE TYRE INDUSTRY

### OPPORTUNITIES

#### Focus of the Government of India on infrastructure growth

In the Union Budget 2016-17, the Government of India has provided ₹ 2.21 lakh crore for infrastructure development, of which ₹ 97,000 crore will be spent on roadways. The

present Government at the Centre had set a target of building 30 km of roads every day. According to a statement made in April 2016 by the transport minister, the present rate was the construction of 20 km of roads per day, and the aim was to touch the target of 30 km per day in the next few months. Greater connectivity would give a fillip to vehicle demand, resulting in greater demand for tyres in both OEM and replacement markets. Besides, massive road construction and infrastructure building activities will provide a boost to tyre demand from the construction industry.

#### High probability of good monsoon

The Indian Meteorological Department has predicted an above normal monsoon in 2016. This will lift farm sector output after two years of below normal rainfall and help the nation achieve a higher GDP growth. This bodes well for the automobile industry and, in turn, for the tyre industry.

#### Purchasing power

The Government has allocated ₹ 87,765 crore to rural development programmes. Moreover, it is likely to implement the recommendations of the Seventh Pay Commission for Central Government employees during FY 2016-17. It is estimated that this implementation may cost the exchequer about ₹ 1.02 lakh crore. The Budget has already provided for almost 70% of the estimated amount. Such a massive infusion of liquidity into the economy by way of pay hikes and the development programmes may well stimulate household consumption. On the back of higher household spending – many people are likely to invest in vehicles if disposable incomes rise – the demand for tyres in the Passenger Segment is expected to go up.

## THREATS

### Chinese tyre manufacturers

Tyre imports from China to India may continue to grow at 10-12% over the next few years. The prevailing trend in the replacement market of low-cost upgradation from TBB (truck-bus bias) to TBR (truck-bus radial) tyres may continue even in future. Strained exports from China to the U.S. market due to the imposition of anti-dumping duties and the devaluation of the Chinese Yuan could make our Asian neighbour go for more aggressive pricing in the export markets, giving stiffer competition to Indian tyre manufacturers.

(Source: ICRA Report, March 2016)

### Anti-dumping Duty and Countervailing Duty (CVD) for OTR & Agricultural Radial Tyres in US

The preliminary ruling from the US Department of Commerce (USDOC) for the OTR & Agricultural Radial Tyres CVD is out. The Anti-dumping duty case ruling has, meanwhile, been postponed to August. The final impact can be ascertained only post the anti-dumping ruling, which would happen in the second quarter of next fiscal.



### Volatility in raw material prices

As a result of the sharp drop in natural rubber prices, and the resultant cut in production, the supply gap is likely to get wider in FY 2016-17. Lower inventory levels and the import restrictions on natural rubber are likely to pose challenges to domestic tyre manufacturers. Rupee volatility and heavy fluctuations in crude oil prices may exacerbate the situation.

### INDUSTRY OUTLOOK

A broadbased economic recovery led by a massive push to infra spends, good monsoon, higher urban discretionary incomes, and a rural income turnaround may provide Indian tyre makers with exciting opportunities in OEM as well as replacement markets. The tyre demand is likely to be higher by 3.5-5.5% in FY 2016-17 and may improve further to 8%-10% in FY 2017-18. China may continue to pose a threat to Indian companies in the domestic TBR market and also in the export markets serviced by Indian tyre manufacturers.

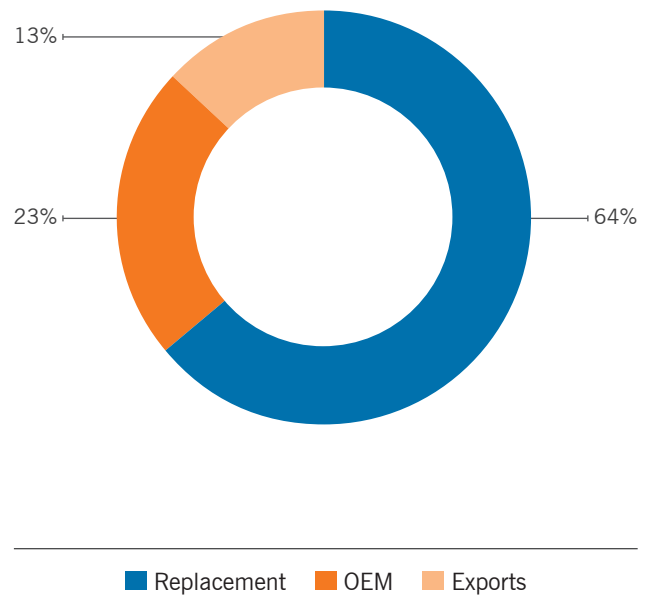
(Source: ICRA Report, March 2016)

### BUSINESS OVERVIEW

#### Background

CEAT, the flagship company of RPG group, is one of India's leading tyre manufacturers, offering best-in-class tyres for two-wheelers, three-wheelers, cars, trucks, buses and OTR (Off-The-Road) vehicles. The Company has manufacturing facilities at Bhandup (Bias tyre), Nashik (Bias & Radial), Halol (Radial) and Nagpur (2/3 Wheeler). CEAT meets

### Market Segmentation



close to two-thirds of its procurement through in-house production and secures the rest from various manufacturing partners on conversion cost basis and bought-out basis. The Company operates in Sri Lanka through a 50:50 JV, named CEAT Kelani Holdings. The Company, through its subsidiary has initiated construction of an off-highway tyre plant at Ambernath.



In total, the Company's manufacturing capacity is more than 1000 MT/day. The Company operates in India through a robust distribution network of 4300+ dealers, 33 regional offices, 400+ CEAT franchisees and 250+ distributors.

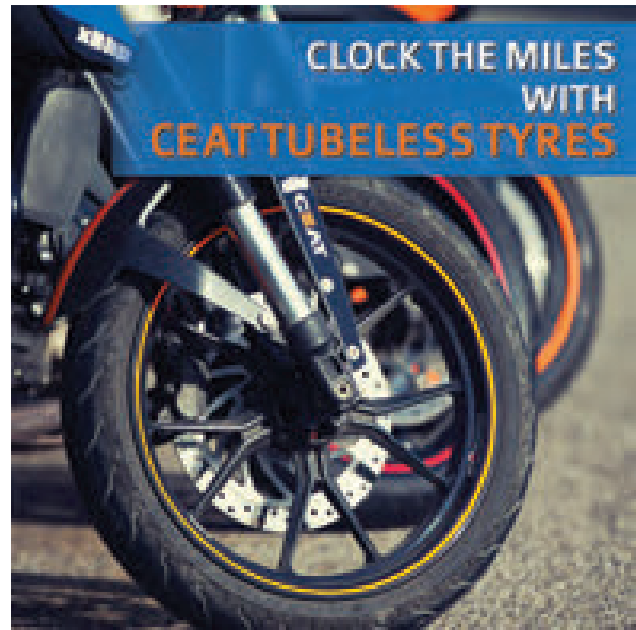
The Company's consolidated sales have grown over the past five years at a CAGR of 10%. The Company has achieved a remarkable turnaround in profitability over the past three years mainly by improving its product mix, lower finance costs and moderate raw material costs. With increasing capacities, robust focus on R&D, new product launches, fast-paced brand investments, growing channel strengths and a stronger balance sheet, the Company is well positioned for a sustained growth trajectory.

As far as the market segmentation is concerned, out of the Company's total Revenue pie, the replacement market, OEM and exports account for 64%, 23% and 13%, respectively.

**Changing product mix**

The CEAT brand has always been relevant with a high top-of-the-mind recall. The growth strategy for the Company is pivoted around having great products and enhancing the customer experience during and after the purchase. The Company is present in all categories of tyres, from commercial vehicles to cars to two wheelers. Within these, the passenger segment (comprising passenger cars, utility vehicles and two wheeler tyres) has emerged as a high growth segment. This has been on account of the GDP growth, growing disposable income, poor public transportation and lower passenger vehicle penetration in India. We have therefore decided to enhance our focus towards the passenger segment.

With focus on these categories and safety as the core premise, we continuously churned out technologically superior products, thanks to the contemporary and state-of-the-art R&D Centre



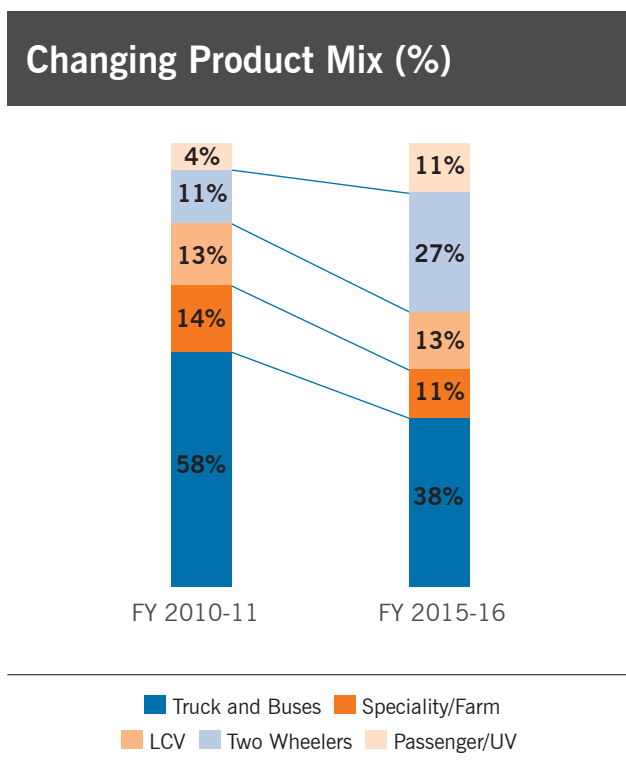
that we set up at Halol in 2011. The distribution network was strengthened to widen our reach. To enhance the customer experience at the point of purchase, we almost doubled the number of CEAT Shoppes – company franchisees for both tyre retailing and service. All of this was backed by investing hugely in the brand – through television commercials, print media campaigns, becoming the Strategic Timeout partner for the Indian Premier League (IPL) and being closely associated with the extremely high-visibility game of cricket.

By allocating a higher share of technology development and brand spends to the passenger segment, we have been able to steadily gain market share. This focus also helped align the management bandwidth.

The revenues from the segment in the total pie have gone up from 15% in FY 2010-11 to 39% in FY 2015-16. In terms of revenues, the two wheeler segments witnessed phenomenal CAGRs of 32%, respectively, between FY 2010-11 and FY 2015-16 whereas, for passenger cars and utility vehicles put together, grew at a CAGR of 34% for the corresponding period.

The Company's endeavour is to have a further increase the share of the Passenger Segment. In the Commercial Segment, the focus will continue to be on improving productivity and continuing to grow and develop radial capability. In a step towards further diversification, the Company has initiated the construction of a greenfield manufacturing facility, through its 100% subsidiary, CEAT Specialty Tyres Limited (CSTL), in Ambarnath, Maharashtra. CSTL will concentrate on Off Highway Tyres primarily with the focus on exports.

The Company believes it can sustain the benefits of its improved product mix through more intensive efforts put into building brand loyalty, adding more OEM relationships, expanding the distribution network, and maintaining the tempo in new product launches. CEAT's long-term goals on products, markets, and margins are supported by watertight strategies.



## New product development, technology and R&D

Innovative product launches remained at the forefront of the Company's strategy in both domestic and export markets. Like in earlier years, there were a number of new/upgraded product launches in FY 2015-16, mostly in the two-wheeler and passenger car tyre segments. The innovations included motorcycle radial tyres and new varieties of tubeless tyres.

The Company is consistently investing in upgrading technological capabilities and R&D to deliver high-quality, innovative and specialised products across categories. The high point for the year under review was product developments with superior grip, manifested in the dry and wet surface braking distance, to promote user safety without compromising on comfort. Fuel efficiency is other key feature that the Company is constantly striving to enhance. To reduce the carbon footprint of tyre manufacturing, the R&D team continuously upgrades products with lower rolling resistance and makes factory processes more energy efficient.

Notable product launches from CEAT in FY 2015-16 were Milaze, FuelSmarrt, CZAR Sport in PCR/UVR and Zoom Rad, Gripp XL, Pro Gripp and Milaze TL in the two-wheeler vehicle category.

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

## Branding

The Company believes that effective marketing and branding is critical to the success of its products, apart from quality and innovation. To competitively position the products, the Company invests in innovative marketing campaigns, particularly those related to two-wheeler and passenger car tyres. Marketing spends are directed towards sharply defined targets with differentiated positioning strategies. The consolidated advertisement and sales promotion expenses increased substantially in the second-half of FY 2015-16.

The Company launched two new television campaigns – the "Our Grip Your Stories" Campaign for utility vehicle tyres and the Tubeless campaign for motorcycle tyres, and also participated in key events like the MTV Roadies, MTV Chase the Monsoon, India Bike Week 2016 and Mahindra Adventure. These initiatives have enhanced the product recalling in the minds of end consumers.

# 39%

Contribution of the passenger segment to the Company's revenue pie in FY 2015-16

CEAT got on board two of India's young and talented international cricketers, Suresh Raina and Rohit Sharma, by signing three-year bat sponsorship deals with them. Their performance and dependability on field, along with their personalities reflect the ethos of CEAT. The Company also signed a deal with Ishan Kishan (Captain of India at 2015 Under-19 World Cup), reflecting on the Company's intent to identify and nurture promising cricket talent. CEAT has also become the Strategic Timeout Partner for Indian Premier League.

In the last quarter, the ad spends rose further as CEAT was a key sponsor for the India-Australia, India-Sri Lanka series and Asia Cup. Moreover, CEAT is also the Strategic Timeout partner for the Indian Premier League.

In its endeavour to recognise achievements and honour international as well as domestic cricket talent, the Company sponsors CEAT Cricket Rating International Awards annually. The cricketers were bestowed with awards based on the performances for the year 2014-15, at a scintillating ceremony at Mumbai.

To promote its association with Motorsports, the Company also signed on CS Santhosh and also continued its association with Supercross in Maharashtra.





### Capacity expansion

With the CEAT's growth in the passenger segments, in FY 2014-15 the Company embarked on capacity enhancement at two locations - Nagpur (a greenfield plant), for 2/3 wheeler tyres and Halol (a brownfield expansion, named Halol phase II), for passenger vehicle radial tyres.

In FY 2015-16, the Nagpur plant has commenced production to the extent of 15 MT/day in March 2016, while the Halol phase II, commercial production has reached 39MT/day by March 2016. The full expansion capacities, on 120 MT/day in each of these plants, are expected to be achieved by the first half of FY 2017-18.

Given the market attractiveness in the space of Off-Highway tyres (OHT) and its synergy with CEAT capabilities, the Company has taken a strategic decision to increase its focus there, by putting up a greenfield plant in Ambarnath. The Ambarnath land was transferred to CEAT Specialty Tyres Ltd (CSTL), a wholly owned subsidiary, in Q3 of FY 2015-16. For an initial capacity of 40 MT/day, CSTL will invest ₹ 330 crore. Commercial production at this facility is expected to begin from Q4 FY 2016-17. This facility will mostly cater to the export demand for OHT radial tyres.

To expand its emerging market business, the Company has initiated the establishment of a manufacturing plant in Bangladesh through the existing JV with AK Khan & Company Ltd. However, the construction of the factory is yet to commence.

### Outsourcing

CEAT has been following an "asset-light approach" for its manufacturing to conserve capital and increase returns to

shareholders. Over the years, the Company's outsourcing business has grown substantially both in terms of volumes and quality systems. Focus at the outsourcing units continues to be on two and three-wheeler vehicle tyre categories. During the year under review, key OEMs gave their approval to CEAT's outsourcing locations, which indicates their confidence in the quality of control systems initiated by the Company at the partner locations. The Company is scaling up its operations inline with the category growth.

### Manufacturing

The Company has been working on making its manufacturing units highly efficient and flexible with highly empowered and engaged work force. To achieve this, the Company uses the Total Quality Management (TQM) approach of thinking, executing and managing operational excellence. Under this approach, the Company is focused on improving the Quality, Cost, Delivery, Safety and Morale (QCDSM) in the manufacturing units.

The TQM approach is based on five pillars viz. 5S, Muri reduction, Quality Improvement Projects & Kaizens, Autonomous Maintenance and Preventive Maintenance. The implementation of these pillars is ensured through a rigorous Daily Work Management.

The Company has also undertaken specific initiatives to enhance the employee engagement in manufacturing units. One of the initiatives is "Red book", wherein employee's voice is heard and converted into compliant or a want. This input is then used for continuous process improvements. Another improvement one is "Jai Ho", an experiential program which works towards improving the work life balance of the employee. Besides, another initiative is the concept of autonomous Self Managed Teams (SMT), which comprises associates who are multi-skilled and empowered to take decisions. These initiatives have resulted in a visible increase in the engagement scores of employees.

### RISK MANAGEMENT

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

The Company has a well-defined Enterprise Risk Management (ERM) framework in place. The primary objective of ERM is to implement a system that augments risk response decisions and reduces surprises. The programme involves identification, assessment and mitigation for strategic, operational, financial and compliance-related risks at various levels.

### Risk identification and mitigation

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

are described. In order to identify risks, a range of potential events is considered, while taking into account past events and trends as well as future exposures.

### Reviewing the status of mitigation and residual risks

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

## BUSINESS RISKS & MITIGATION STRATEGIES

### Commodity price volatility

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

### Competition

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

### Radialisation in truck & bus segment

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

### Industrial relations

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

## ENVIRONMENT, OCCUPATIONAL HEALTH & SAFETY

The Company's vision is to achieve an incident-free work environment and be recognised as a premier health-and safety-oriented organisation. The mission is to achieve sustainable growth by ensuring the security of all employees and physical assets, integrating Environment, Health & Safety best practices into our business model, driving ownership, and implementing systems. The goal is to be the most preferred supplier by adopting Quality-Based Management,

# 24%

Return on Equity in  
FY 2015-16

combining a great safety record, environment-friendly manner measures, and competitive costs. The Company is committed to complying with applicable occupational health, safety and environmental regulations and other requirements. Accidents and occupational ailments can be significantly reduced through a proactive and systematic approach involving hazard identification and risk assessment, and appropriate training for employees and contractors.

### Environment

The Company's environment protection principle is: Reduce, Reuse and Recycle. Its approach is pollution prevention instead of control. Periodic monitoring and review of consent conditions is its topmost priority. The Company has implemented various projects to reduce greenhouse gas (GHG) emissions from Briquette Boiler and to use of cleaner fuel such as piped natural gas. Water consumption reduction projects are implemented at all the plants. The Halol and Nashik plants are 'zero discharge facilities'. The Halol, Bhandup and Nashik manufacturing plants are ISO 14001 certified.

### Occupational health

The Company's objective is 'zero occupational illness cases' and it has carried out an occupational health risk assessment at all the plants. An ergonomic study is carried out and recommendations are implemented. Cross-functional teams have been formed to implement fatigue reduction projects to boost productivity. The Company has full-fledged Occupational Health Centres manned by medical staff 24x7. Ambulances and first-aid medical facilities are provided at all the plants. Medical check-ups of all employees, including contractor employees, are carried out periodically.

### Safety

The Company's objective is 'zero incident'. To achieve this, it has a proactive approach of risk management that includes risk elimination, substitution and control by implementing engineering measures. Safety induction training to new entrants and periodic training to all employees, including contractor



employees, is a continuous activity. The Company has adopted British Safety Council's (BSC) Five Star Occupational Health & Safety Management System, to benchmark its own systems with that of international organisations. Halol plant was awarded a five star rating from BSC. The Halol, Bhandup and Nashik manufacturing plants are OHSAS 18001 certified. Put together, the three facets of sensitised safety culture, high quality safety infrastructure, and strong management practices will help the Company produce consistent results in this area.

**HUMAN CAPITAL**

CEAT has always made sincere, substantive and sustained efforts towards building an eco-system that promotes the development and advancement of all its employees. The establishment of institutionalised academies in sales and manufacturing functions is a key initiative to improve operational excellence.

An online system of performance management ensures transparency and monthly reviews maintain the rigour of achieving goals. People development is valued and employees who are benchmarked as effective leaders in the 360 degree surveys are recognised internally. CEAT is percolating a culture of 'Coaching' to create the next generation of leaders from within & fact that some Management Committee Members are certified coaches stands testimony to this. Leadership development is also done by way of involving Key Talent in business critical projects and giving them opportunities to network with internal & external business leaders.

Employee engagement continues to be a priority and an annual survey is conducted to assess the engagement. The

organisation has seen a consistent rise in scores and yearly action plans are created to address any improvement areas that may arise.

The total number of employees on the rolls of the Company was 5,337 as on March 31, 2016.

**INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY**

The Company has a well placed, proper and adequate Internal Control environment, commensurate with the size, scale and complexity of its operations. This environment inter alia:

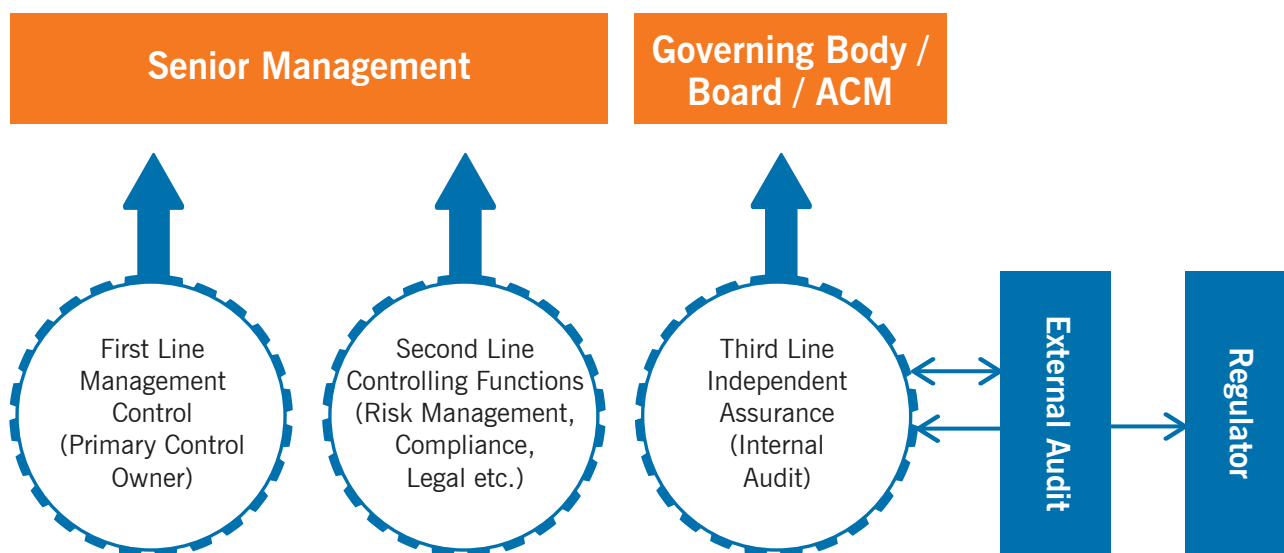
- provides assurance on orderly and efficient conduct of operations;
- security of assets;
- prevention and detection of frauds/errors;
- accuracy and completeness of accounting records; and
- timely preparation of reliable financial information.

The Internal Financial Controls in the Company are implemented in the framework of the 3-Tier Control and Monitoring system, as follows:

**First line**

Management Control: The line managers are directly responsible for ensuring Design and Effective implementation of the Internal Controls framework in the Company. This is achieved by the Line Manager by carrying out their day-to-day operations within the boundaries defined by the Company through its various Policies and Procedures including the following:





- a. Employee Code of Conduct
- b. Whistle Blower policy
- c. Entity Level, Operating Level and IT General Controls
- d. Delegation of Authority Matrix
- e. Policies and Standard Operating Procedures

### Second line

The second line of defence by the Senior Management of the Company is achieved through the following:

- a. Monthly Operation reviews by respective Functional/ Business Managers 'MOR'
- b. Monthly Operating Committee meeting Chaired by Executive Director – Operation 'OpCom'
- c. Monthly Management Committee meeting Chaired by Managing Director 'MCM'

### Third line

Governing Board and Audit Committee: This Independent Assurance and oversight of Internal Controls is achieved through the following governing bodies:

- a. Board of Directors
- b. Audit Committee of the Board of Directors – Their oversight activities include:
  - i. Review of Financial reports and other financial information to regulators

- ii. Review companies established Systems and Procedures for Internal Financial Controls, Governance and Risk Management
  - iii. Reviews the companies Statutory and Internal audit activities
- c. Risk Management committee

The above 3-lines of defence are further strengthened by independent audits being carried out by Statutory audit, Tax audit, Cost audit and Secretarial audit Committees.

### DISCUSSION ON THE FINANCIAL PERFORMANCE

The analysis of the Consolidated Financial Statements, are appended to this report.

### CAUTIONARY STATEMENTS

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

## DISCUSSION ON THE FINANCIAL PERFORMANCE

The consolidated financial statements, the analysis whereof is presented hereunder and in the following pages pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, have been prepared in accordance with the requirements of the Companies Act, 2013 and applicable accounting standards issued by the Institute of Chartered Accountants of India. The management of CEAT Limited accepts the integrity and objectivity of these financial statements as well as the various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements are reflected in a true and fair manner and also reasonably presents the Company's state of affairs and profit for the year.

The consolidated financials consist of the operations of CEAT Limited, its two Indian subsidiaries, Rado Tyres Limited and CEAT Specialty Tyres Limited, 50% of the Sri Lankan operations Associate CEAT Holdings Company (Pvt.) Limited (ACHL) and 100% of the operations of its subsidiary in Bangladesh (CEAT AKKHAN Limited). Since the operations of CEAT's subsidiaries and the Sri Lankan Joint Venture constitute only 3.36% of the consolidated revenues, the analysis does not present any significant details thereof.

### SUMMARY OF PROFIT AND LOSS ACCOUNT

Particulars	(₹ in Lacs)			
	FY 2015-16	FY 2014-15	Change	Change %
Total revenue	5,74,398.57	5,77,473.30	(3,074.73)	(0.53)
Cost of materials / Finished goods consumed	3,16,892.04	3,53,332.73	(36,440.69)	(10.31)
Employee benefit expenses	40,879.94	37,889.26	2,990.68	7.89
Other expenses	1,31,411.23	1,15,952.27	15,458.96	13.33
EBITDA (before exceptional items)	85,215.36	70,299.04	14,916.32	21.22
Other Income	2,986.08	2,259.41	726.67	32.16
Finance cost	9,073.90	13,186.49	(4,112.59)	(31.19)
Depreciation and amortization	10,750.47	9,342.52	1,407.95	15.07
Exceptional items	1,139.99	613.20	526.79	85.91
Profit after tax (before attributable to minority interest)	44,466.57	31,392.20	13,074.37	41.65

### Revenue Analysis (Note 19, Page 190, Note 20, Page 191)

Revenue comprises of the following:

Particulars	(₹ in Lacs)			
	FY 2015-16	FY 2014-15	Change	Change %
Sale of products (Net of excise duty)	5,68,094.57	5,70,476.76	(2,382.19)	(0.42)
Royalty	291.15	221.35	69.80	31.53
Sale of scrap	1,705.07	1,658.98	46.09	2.78
Government grants	1,084.36	1,992.87	(908.51)	(45.59)
Others	237.34	863.93	(626.59)	(72.53)
Add: Other Income	2,986.08	2,259.41	726.67	32.16
<b>Total</b>	<b>5,74,398.57</b>	<b>5,77,473.30</b>	<b>(3,074.73)</b>	<b>(0.53)</b>

There is a marginal decrease in the sale of product (net of excise duty) by 0.42% in 2015-16 over 2014-15. The increase in volumes by 7% has been offset by the decrease in sales realization due to price cuts. The replacement and OEM segment have contributed positively in the volume growth, whereas export has shown de-growth in volumes. In revenue terms also replacement and OEM segment registered a growth which was offset by de-growth in exports.

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

Channels	(₹ in Lacs)			
	FY 2015-16	FY 2014-15	Change	Change %
Replacement	3,91,419.69	3,72,930.44	18,489.25	4.96
OEM	1,47,116.77	1,37,638.83	9,477.94	6.89
Exports	73,566.74	97,805.36	(24,238.62)	(24.78)
<b>Total</b>	<b>6,12,103.20</b>	<b>6,08,374.63</b>	<b>(3,728.57)</b>	<b>(0.61)</b>



The OEM segment showed a good growth over the previous year. There was increase in sales volume with the existing OEM customers. During the current year, the Company has entered in to association with new OEMs like Renault, Nissan, Honda & Royal Enfield. The Company is also associated with Renault Kwid and Mahindra TUV 300 during the current year. These new entries gave impetus to the growth of the revenue in OEM segment to a certain extent. Further the Export segment displayed de-growth of around 24.78% over previous year on account of increasing radialization, relatively higher currency depreciation in most of our exporting countries and increase in sales of Chinese products.

There has been a revision in the royalty agreements with the Joint Venture in Sri Lanka leading to incremental royalty revenue during the year.

The details of Government grants is already explained in note 19 of the financial statements. The package scheme of incentive received from Directorate of Industries, Government of Maharashtra was discontinued from June 2015.

### Cost of materials / finished goods consumed analysis (Note 21, Page 191, Note 22, Page 192)

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

(₹ in Lacs)				
Particulars	FY 2015-16	FY 2014-15	Change	Change %
Cost of materials consumed	3,04,105.20	3,36,261.03	(32,155.83)	(9.56)
Purchase of stock-in-trade	13,766.07	11,433.10	2,332.97	20.41
Changes in Inventory	(979.23)	5,638.60	(6,617.83)	(117.37)
<b>Total</b>	<b>3,16,892.04</b>	<b>3,16,892.04</b>	<b>3,16,892.04</b>	<b>(10.31)</b>

The raw material prices have further declined during the year. As a result, the cost of material consumed as a percentage of sale of products has declined to 55.78% for the year as compared to 61.94% for the previous year.

### Employee benefits expense analysis (Note 23, Page 192)

Employee benefits expense comprises of the following:

(₹ in Lacs)				
Particulars	FY 2015-16	FY 2014-15	Change	Change %
Salaries, wages and bonus	34,542.57	30,515.28	4,027.29	13.20
Contribution to provident fund and other funds	1,885.10	1,845.91	39.19	2.12
Gratuity expenses	414.31	2,051.24	(1,636.93)	(79.80)
Staff welfare expenses	4,037.96	3,476.83	561.13	16.14
<b>Total</b>	<b>40,879.94</b>	<b>37,889.26</b>	<b>2,990.68</b>	<b>7.89</b>

Increase in salaries, wages and bonus by 13.20% is majorly on account of incremental performance bonus given to employees during the year 2015-16. The increase in staff welfare expenses was an outcome of introduction of new staff welfare policies. The gratuity expenses of last year showed surge due to revised higher wages pursuant to long-term wage settlement and decrease in the applicable discounting rate from 9.00% to 7.85%. However the discounting rate movement was not significant in 2015-16. The applicable discounting rate has moved from 7.85% to 7.75%. The contribution for gratuity has inverse relation with the movement in applicable discounting rate as lower interest rate requires higher contribution to provide for comparable future liability.

### Other Expenses Analysis (Note 26, Page 193)

Other expenses primarily include the following expenses, constituting 87.48% (Previous year 87.81%) thereof:

(₹ in Lacs)				
Particulars	FY 2015-16	FY 2014-15	Change	Change %
Conversion charges	36,946.74	29,473.39	7,473.35	25.36
Stores and spares	4,503.59	4,470.28	33.31	0.75
Power & fuel	16,430.59	17,339.91	(909.32)	(5.24)
Freight & delivery charges	26,092.54	23,845.84	2,246.70	9.42
Repairs	5,916.00	6,005.00	(89.00)	(1.48)
Traveling & conveyance	3,338.35	2,789.05	549.30	19.69
Advertisement and sales promotion	11,851.48	10,421.35	1,430.13	13.72
Professional & consultancy charges	2,786.92	1,646.64	1,140.28	69.25
Rebates & discounts	5,340.51	4,714.27	626.24	13.28
Loss on asset sold/ discarded	1,061.69	71.34	990.35	1388.21
Bank charges	664.02	1,045.32	(381.30)	(36.48)

Total other expenses as a percentage of sales has gone up to 20.23% in the current year from 17.85% in the previous year. Conversion charges represent the charges paid to various outsourcing vendors working on job work basis i.e. converting the raw materials to various two/three wheeler tyres, etc. The Company has focused on the two/three wheeler segment and hence there was also increase in the volumes produced through the outsourcing partners. Sales of two/ three wheeler has grown by 19.77% in revenue and from 23.32% to 27.76% in a mix of total revenue. Consequently conversion charges have increased by 25.36 % vs previous year.

Power and fuel charges reduction is an outcome of reduction in the furnace oil prices by nearly 50% and Gas prices by nearly 25%. Freight and delivery charges have increased on account of changes in the sales mix and volumes. Over the last few years, there is a strategic focus to increase the product mix in passenger segment like two/ three wheeler, PCR & UVR. These categories requires higher storage space and are lower in density, thus requiring excess travel resulting in higher freight charges which is a structural shift in the freight charges. There was also slight change in the diesel prices during the year which impacted the freight charges to some extent. The Company has been consciously focusing on enhancing the brand equity through effective marketing. This is witnessed by the innovative ad campaigns, continued association with IPL, association with cricketers for promoting CEAT logo on to their bats, etc. which resulted in the increased advertisement & marketing expenditure. Professional & consultancy charges showed a steep growth on account of services availed in the strategic space.

Rebates and discounts are mainly on account of incentives given to customers for prompt payments which has shown an upward movement. Loss on sale /discard of assets has displayed a surge over the previous year. This is mainly because of the asset discarded in the process of plant set up for Halol Phase II. Further, the company has the policy to procure and keep in custody insurance spares for major machineries. As these spares can be only used in connection with a particular plant & machinery and its use is expected to be irregular, these spares are eligible for capitalization on procurement. On actual usage of these spares, the value of worn out spares are charged to P&L. The bank charges has shown a drastic decline on account of reduced borrowings in the current year vis-à-vis previous year.

#### EBITDA (including other income and before exceptional items) analysis

The EBITDA has gone up by 21.22% for the year, while EBITDA margin as a percentage of total revenue increased to 14.84% in the current year as compared to 12.17% for previous year. The increase in EBITDA is largely on account of lower material cost, improved product mix (higher mix of passenger segment viz. two / three wheeler, passenger car radial, etc) to 39.25% of total revenue as against 33.70% in the previous year and lower raw material cost.

#### Finance cost analysis (Note 24, Page 192)

(₹ in Lacs)				
Particulars	FY 2015-16	FY 2014-15	Change	Change %
Interest	8,334.69	10,895.07	(2,560.38)	(23.50)
Other borrowing cost	739.21	2,291.42	(1,552.21)	(67.74)
<b>Total</b>	<b>9,073.90</b>	<b>13,186.49</b>	<b>(4,112.59)</b>	<b>(31.19)</b>

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

During the year, the average borrowings reduced on account of better profitability and effective use of working capital. The scheduled repayment of old loans coupled with prepayment of some of the high interest bearing loans also reduced the borrowing levels. The Company issued Non-Convertible Debentures on the terms linked with SBI base rate (currently 9.40% p.a. as on March 31, 2016) to refinance these loans bearing higher interest rates. The Company increased the frequency and amount of commercial paper issued during the year as compared to previous year, being the cheaper source of short term funding. The Company took conscious steps to shift from high cost borrowings to low cost borrowings. The lower interest rates, negotiation of finance charges and improved credit rating of the Company reduced the borrowing cost for the Company on the overall level.

#### Depreciation & amortization expenses analysis (Note 25, Page 193)

(₹ in Lacs)				
Particulars	FY 2015-16	FY 2014-15	Change	Change %
Depreciation & amortization expenses	10,750.47	9,342.52	1,407.95	(23.50)

Depreciation has increased on account of change in accounting policy to component accounting as well as the major capitalization of Halol and Nagpur projects during the year. Due to component accounting the depreciation of the current year has increased by ₹ 523.16 Lacs. The remaining increase is on account of partial capitalization of the Halol Phase II and Nagpur projects during the current period.

### Exceptional items (Note 27, Page 194)

The exceptional items have shown the increase on account of increase in the employees opting for the Voluntary Retirement Scheme (VRS) during the current year as compared to the previous year. During the year 96 employees opted for the VRS, whereas this number was 70 for the previous year.

### Profit After Tax (PAT)

PAT grew by 41.65% as compared to the previous year mainly due to reduction in the Finance cost & cost of materials consumed as explained above.

The effective tax rate of the Company improved from 33.4% in the previous year to 30.8% in the current year due to investments made in different projects and research and development expenditure incurred during the year.

### Balance Sheet

#### Share capital (Note 3, Page 176)

Particulars	(₹ in Lacs)			
	As at 31.03.2016	As at 31.03.2015	Change	Change %
Issued	4,045.01	4,045.01	-	-
Subscribed and paid-up	4,045.01	4,045.01	-	-

There is no movement in the share capital during the current year.

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

#### Reserves and surplus (Note 4, Page 177)

Particulars	(₹ in Lacs)			
	As at 31.03.2016	As at 31.03.2015	Change	Change %
Capital reserve	1,176.87	1,176.87	-	-
Capital redemption reserve	390.00	390.00	-	-
Securities premium reserve	56,702.93	56,702.93	-	-
Debenture redemption reserve	1,667.00	-	1,667.00	100.00
Revaluation reserve	901.19	901.19	-	-
Cash flow hedge reserve	5.95	59.89	(53.94)	(90.07)
Foreign currency translation reserve	528.46	1,002.15	(274.33)	(27.37)
General reserve	19,578.17	20,164.89	(586.72)	(2.91)
Surplus in the statement of profit and loss	1,21,457.27	83,782.56	37,674.71	44.97
<b>Total</b>	<b>2,02,407.84</b>	<b>1,64,180.48</b>	<b>38,227.36</b>	<b>23.28</b>

#### Capital reserve

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

#### Capital redemption reserve

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

#### Securities premium reserve

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

Further during FY 2014-15, 44,94,382 equity shares of ₹ 10 each at a premium of ₹ 880/- per equity share aggregating to ₹ 39,999.99 Lacs were issued under Qualified Institutional Placements (QIP). Out of the total proceeds, the company spent ₹ 655.93 Lacs (net of tax) towards issue expenses.

**Debenture redemption reserve**

Debenture redemption reserve (DRR) is required to be created in accordance with section 71 of the Companies Act, 2013 read with Companies (Share capital and Debenture) Rules, 2014 equivalent to 25% of the value of the debentures issued. As per the rules, the Company needs to create Debenture Redemption Reserve for ₹ 5,000 Lacs, before the maturity of the first tranche of debentures commencing from FY 2019-20. For the year under review, the Company has created a DRR to the extent of ₹ 1,667 Lacs.

**Revaluation reserve**

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

**Cash flow hedge reserve**

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

**Foreign currency translation reserve**

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

**General reserve**

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

The reduction in the general reserve for the year represents the charge to general reserve owing to the transitional provision of component accounting for the assets of the Company and its subsidiaries.

The company adopted the approach of component accounting prescribed under Schedule II to the Companies Act, 2013 from April 1, 2015. Pursuant to the adoption, the assets were broken down into significant components having useful life different from the mother asset. The components for which the useful life has expired as on the transition date i.e. April 1, 2015, the depreciable amount (i.e. net book value as on date less residual value) as on April 1, 2015 is charged to general reserve as per the transitional provision.

**Surplus**

The balance represents the remainder of the net profits or the losses, as the case may be, of various years, including the current year, after declaration of dividends, distributions taxes thereon and transfers to the general reserve, if any. During the current year, interim dividend at ₹ 11.50 per share was declared and paid to the shareholders.

**Minority interest**

The minority interest of ₹ 3,224.56 Lacs represents the aggregate share of the minority shareholders' net worth in the Company's two subsidiaries, being ₹ 79.90 Lacs in Rado Tyres Limited for 41.44% shareholding and ₹ 3,144.66 Lacs in CEATAKKHAN Limited for 30% shareholding. The reduction in minority interest is on account of absorption of losses by the subsidiaries during the year and currency fluctuations.

**Long-term borrowings (Note 5, Page 178)**

The detailed composition of long term borrowings together with the security details there fore is furnished in the said Note 5 to the Consolidated Financial Statements. The highlight for the year was issue of non-convertible debentures (NCD) by the Company for the period of 10 years. The NCD replaced the high cost bearing term loans resulting into the reduction in the overall borrowing cost for the Company. During the year, there was additional borrowing on account of project finance. The debt equity ratio has improved to 0.32 as on March 31, 2016 as compared to 0.46 as on March 31, 2015.

**Deferred tax assets / liabilities (Note 6, Page 181)**

Particulars	(₹ in Lacs)			
	As at 31.03.2016	As at 31.03.2015	Change	Change %
Deferred tax assets	4,316.85	3,848.71	468.14	12.16
Deferred tax liabilities	19,986.69	16,343.77	3,642.92	22.29
<b>Net</b>	<b>15,669.84</b>	<b>12,495.06</b>	<b>3,174.78</b>	<b>25.41</b>

Deferred tax assets primarily represent deferred taxes on provisions for employee retirements benefits, voluntary retirement expenses, provision for doubtful debts and advances, provision for slow moving stocks and difference in Closing stock valuation as per Accounting Standard - 2 and section 145 of the Income Tax Act. During the year, there is an increase in deferred tax asset on account of voluntary retirement expenses, provision for doubtful debts and difference in stock valuation.

Deferred tax liabilities pertain to the tax payable on the difference between depreciation as per Companies Act, 2013 and Income Tax Act, 1961.

Deferred tax liability has increased on account of depreciation on additional capitalization of Halol Phase II and Nagpur project.

#### Other Long-term liabilities (Note 7, Page 181)

Particulars	(₹ in Lacs)			
	As at 31.03.2016	As at 31.03.2015	Change	Change %
Deposits	145.20	142.20	3	2.11
Revaluation of hedging Instrument	393.21	-	393.21	100.00

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

The revaluation of the hedging instruments represents unrealized loss on the revaluation of the hedge contracts. In previous year, there was a gain which was included in other non-current assets.

#### Long-term provisions (Note 8, Page 181)

Particulars	(₹ in Lacs)			
	As at 31.03.2016	As at 31.03.2015	Change	Change %
Provision for warranty	673.60	482.48	191.12	39.61
Provision for compensated absences	2,291.35	2,223.36	67.99	3.06
Provision for Gratuity	625.19	532.27	92.92	17.46
<b>Total</b>	<b>3,590.14</b>	<b>3,238.11</b>	<b>352.03</b>	<b>10.87</b>

Provision for gratuity consists of unfunded gratuity provision of the Company's subsidiary, Rado Tyres Limited, Ceat Specialty Tyres Limited (CSTL) and Joint Venture in Sri Lanka. Gratuity is not applicable for Company's Bangladesh subsidiary.

CEAT's gratuity scheme is funded with an insurance company in the form of qualifying insurance policy and the corresponding provision is included in "Short-term provisions", refer Note 8 to the Consolidated Financial Statements.

#### Short-term borrowings (Note 9, Page 182)

Particulars	(₹ in Lacs)			
	As at 31.03.2016	As at 31.03.2015	Change	Change %
<b>Secured:</b>				
Working capital loan from banks	75.51	-	75.51	100.00
Cash credit facilities from banks	2,796.72	1,330.66	1,466.06	110.18
Export packing credit	345.70	7,012.59	(6,666.89)	(95.07)
Buyer's credit	-	16,877.27	(16,877.27)	(100.00)
<b>Unsecured:</b>				
Term loan from banks	641.08	1,839.40	(1,198.32)	(65.15)
Public deposits	-	94.90	(94.90)	(100.00)
<b>Total</b>	<b>3,859.01</b>	<b>27,154.82</b>	<b>(23,295.81)</b>	<b>(85.79)</b>

The detailed composition of short-term borrowings together with the security details therefore is furnished in the said Note 9 to the Consolidated Financial Statements. The overall reduction in the short-term borrowings is on account of improved profitability and cash flows as well as effective working capital management. The Company met its working capital requirements majorly by issuing the commercial papers, being the cheaper source of short-term funding. The public deposits have been repaid as per their scheduled maturity.

#### Trade payables (Note 10, Page 183)

Particulars	(₹ in Lacs)			
	As at 31.03.2016	As at 31.03.2015	Change	Change %
Due to Micro, Small and Medium Enterprise:				
Overdue				
Not Due	717.14	528.17	188.97	35.78
Other Trade Payables	63,631.33	65,299.97	(1,668.64)	(2.56)
<b>Total</b>	<b>64,348.47</b>	<b>65,828.14</b>	<b>(1,479.67)</b>	<b>(2.25)</b>

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

## Other current liabilities (Note 10, Page 183)

Particulars	(₹ in Lacs)			
	As at 31.03.2016	As at 31.03.2015	Change	Change %
Current maturities of long-term borrowing	4,184.83	14,905.96	(10,721.13)	(71.93)
Interest accrued but not due on borrowings	263.41	735.22	(471.81)	(64.17)
Unclaimed dividends	215.79	110.11	105.68	95.98
Unclaimed interest & matured deposits	311.99	400.21	(88.22)	(22.04)
<b>Other payables:</b>				
Payable to capital vendors	4,646.23	1,258.08	3,388.15	269.31
Deposits from dealers & others	31,601.55	30,618.43	983.12	3.21
Statutory dues	6,296.94	5,985.75	311.19	5.20
Advance received from customers	1,097.93	936.67	161.26	17.22
Premium on forward contracts	135.23	401.12	(265.89)	(66.29)
<b>Total</b>	<b>48,753.90</b>	<b>55,351.55</b>	<b>(6,597.65)</b>	<b>(11.92)</b>

'Current maturities of long-term borrowing' are installments payable to the lenders of long-term loans till March 31, 2017. The scheduled repayment of old loans coupled with prepayment of some of the high cost bearing loans also reduced the corresponding current maturities of long-term borrowings.

'Interest accrued but not due on borrowings' consists of interest on public deposit, term loans, Income tax, bill discounting, buyers' credit and micro, small and medium enterprises (MSMEs). The reduction in the amount in the current year vis-à-vis previous year has been majorly due to scheduled redemption of public deposits.

'Payables to capital vendors' represents the amounts payable for procurement of capital goods. The increase in the amounts is on account of capital expenditure for Halol Phase II and Nagpur project.

'Deposits from dealers & others' are interest-bearing security deposits received from tyre dealers and C&F Agents. These deposits are also used to determine the credit limit of dealers. Interest on these deposits is payable quarterly.

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

'Premium on forward contracts' is premium accrued but not due on the unexpired forward contracts for hedging all buyers' credit liabilities, all suppliers' credit liabilities and partially foreign currency exposure on account of purchase orders for import of raw material and capital goods. During the year, exposure to high cost bearing short-term buyer's credit was reduced exhibiting reduction in premium on forward contract.

## Short-term provisions (Note 8, Page 181)

Particulars	(₹ in Lacs)			
	As at 31.03.2016	As at 31.03.2015	Change	Change %
Provision for compensated absences	332.21	230.49	101.72	44.13
Provision for gratuity	217.36	2,054.04	(1,836.68)	(89.42)
Provision for proposed dividend	-	4,045.01	(4,045.01)	(100.00)
Provision for tax on proposed dividend	-	629.95	(629.95)	(100.00)
Provision for income tax (net of advance tax)	3,938.06	1,003.60	2,934.46	292.39
Provision For warranty	2,617.27	2,018.71	598.56	29.65
Provision for indirect tax	380.00	320.00	60.00	18.75
Provision for tax	895.04	749.09	145.95	19.48
Provision for mark-to-market losses on derivative contracts	-	46.10	(46.10)	(100.00)
<b>Total</b>	<b>8,379.94</b>	<b>11,096.99</b>	<b>(2,717.05)</b>	<b>(24.48)</b>

'Provision for compensated absences' is the liability for employees unutilized encashable leave, based on actuarial valuation.

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

Refer Note 8 for explanation of all other items.

**Fixed assets – net block (Note 11, Page 184)**

Particulars	(₹ in Lacs)			
	As at 31.03.2016	As at 31.03.2015	Change	Change %
Tangible assets	2,03,850.11	1,50,113.44	53,736.67	35.80
Intangible assets	5,985.40	5,813.70	171.70	2.95
Capital work-in-progress	30,426.13	22,902.43	7,523.70	32.85
<b>Total</b>	<b>2,40,261.64</b>	<b>1,78,829.57</b>	<b>61,432.07</b>	<b>34.35</b>

**Tangible assets**

These mostly include land, buildings, plant and machinery etc. The increase in the tangible assets is mainly due to partial capitalization of Halol phase II and Nagpur project during the current year. The amounts are net of depreciation for the year and amount transferred to General reserve pursuant to change in accounting policy on account of component accounting as required under the Schedule II to the Companies Act, 2013. During the current year, depreciation was higher by ₹ 523.16 Lacs on account of component accounting.

During the current year, ₹ 4,389.16 Lacs was also reduced from the gross block on account of the disposal of various assets. The disposal was also on account of utilization of various capital spares used in plant and machinery. For complete details, please refer to the Note 11 to the consolidated financial statements.

**Intangible assets**

Intangible assets consist of software, brand acquisitions and technical knowhow.

**Capital work in progress**

Capital work in progress mostly includes the project capital expenditure of phase II of the radial tyre factory under construction in Halol, Gujarat, India, Nagpur project of the Company, Bangladesh subsidiary's bias tyre factory and Ambernath factory of Company's subsidiary CEAT Specialty Tyres Limited.

The increase during the year pertains to Halol Phase II tyre project, Nagpur project and the factory under construction for the Company's subsidiary CEAT Specialty Tyres Limited.

**Goodwill on consolidation**

The goodwill on consolidation of ₹ 2,049.95 Lacs represents the excess of the acquisition cost over the book value of the assets of the Company's three subsidiaries / joint venture, being ₹ 2,278.52 Lacs in Sri Lanka Joint Venture (FY 2009-10), ₹ 93.51 Lacs in Rado Tyres Limited (FY 2013-14) and ₹ 0.92 Lacs in CEAT Specialty Limited (FY 2014-15), as reduced by capital reserve of ₹ 323.00 Lacs arising on the consolidation of the Company's Bangladesh subsidiary, CEAT AKKHAN Limited (FY 2013-14). The capital reserve arose on the second tranche of equity investment in CEAT AKKHAN Limited by the Company thereby reducing its stake to 70% while the balance 30% was subscribed by JV partner A.K.Khan and Company Limited. The exchange fluctuation as on the said second tranche of equity infusion, followed by accumulated losses resulted in the capital reserve. Prior to this, CEAT Limited had 100% stake in CEAT AKKHAN Limited.

During the year, the goodwill and capital reserve on consolidation has been restated at the exchange rates as on March 31, 2016 for the Sri Lanka Joint venture and Bangladesh subsidiary. The movement is on account of the foreign exchange fluctuations.

**Non-current investments (Note 12, Page 186)**

The composition of non-current investments is furnished in the said Note 12 to the Consolidated Financial Statements.

**Non-current assets: Long-term loans and advances (Note 13, Page 186)**

Particulars	(₹ in Lacs)			
	As at 31.03.2016	As at 31.03.2015	Change	Change %
Capital advances	4,341.57	4,515.17	(173.60)	(3.84)
Security deposits	703.37	1,222.80	(519.43)	(42.48)
Advance payment of tax (net of provision)	7,384.51	2,569.45	4,815.06	187.40
<b>Total</b>	<b>12,429.45</b>	<b>8,307.42</b>	<b>4,122.03</b>	<b>49.62</b>

Security deposits primarily comprise deposits given to various statutory / government authorities and rental deposits. The reduction is majorly on account of replacement of security deposit by bank guarantee.

Increase in advance payment of tax is on account of higher profitability.

**Other non-current assets (Note 14, Page 187)**

Particulars	(₹ in Lacs)			
	As at 31.03.2016	As at 31.03.2015	Change	Change %
Unamortized ancillary cost of borrowing	264.08	329.33	(65.25)	(19.81)
Revaluation of hedging instruments	-	348.18	(348.18)	(100.00)
Non-current bank balances	271.16	264.78	6.38	2.41
<b>Total</b>	<b>535.24</b>	<b>942.96</b>	<b>(407.72)</b>	<b>(43.24)</b>

Unamortized ancillary cost is the prepaid finance charges such as loan processing fees, bank guarantee charges etc. The decrease is on account of full amortization of processing fees pertaining to loans prepaid during the year. Further, processing fees paid on the issue of Non-convertible debentures (NCD) which will be amortized over the tenor of the NCD i.e. ten years.

The revaluation of hedging instrument is the mark-to-market valuation of long term hedging instrument. The reduction is due to transfer of current maturity portion to other current liabilities. During the current year, there is loss which is included in the other long term liabilities.

**Current investments (Note 15, Page 188)**

The current investments represent the investment held in the form liquid mutual funds. The current investments of ₹ 4,016.95 Lacs are invested from internal accruals. The proceeds of Qualified Institutional Placements invested in the mutual funds in the previous year had been redeemed & funds were utilized for the purpose of project expenditure during the year.

**Inventories (Note 16, Page 188)**

Particulars	(₹ in Lacs)			
	As at 31.03.2016	As at 31.03.2015	Change	Change %
Raw materials	21,444.48	23,692.84	(2,248.36)	(9.49)
Work-in-progress	2,652.32	2,226.46	425.86	19.13
Finished goods	33,406.37	34,556.91	(1,150.54)	(3.33)
Traded goods	5,217.41	3,294.96	1,922.45	58.35
Stores and spares	3,485.81	4,243.36	(757.55)	(17.85)
<b>Total</b>	<b>66,206.39</b>	<b>68,014.53</b>	<b>(1,808.14)</b>	<b>(2.66)</b>

CEAT's raw material inventory is about ~ 95% of the consolidated raw material inventory. When compared as a measure of the cost of material consumption for goods sold, the raw material inventory continued to be 23 days in line with the previous year.

As a percentage of finished goods inventory, work-in-progress has increased to 7.94% for the current year as compared 6.44% for the previous year.

CEAT's finished goods inventory is about ~ 98% of the consolidated finished goods inventory. As measure of goods sold, the finished goods inventory continued to be 23 days in line with the previous year.



## Trade receivables (Note 17, Page 189)

Particulars	(₹ in Lacs)			
	As at 31.03.2016	As at 31.03.2015	Change	Change %
<b>Debts outstanding for a period exceeding 6 months from the date they are due for payment:</b>				
Unsecured, considered good	576.43	139.74	436.69	312.50
Unsecured, considered doubtful	1,922.37	1,497.10	425.27	28.41
Less : Provision for doubtful debts	(1,922.37)	(1,497.10)	(425.27)	(28.41)
<b>Total (A)</b>	<b>576.43</b>	<b>139.74</b>	<b>436.69</b>	<b>312.50</b>
Other Debts:				
Secured, considered good	22,804.10	23,999.70	(1,195.6)	(4.98)
Unsecured, considered good	38,499.11	46,355.74	(7,856.63)	(16.95)
<b>Total (B)</b>	<b>61,303.21</b>	<b>70,355.44</b>	<b>(9,052.23)</b>	<b>(12.87)</b>
<b>Total (A+B)</b>	<b>61,879.64</b>	<b>70,495.18</b>	<b>(8,615.54)</b>	<b>(12.22)</b>

As a percentage of the consolidated trade receivables, CEAT's receivables constitute ~ 95%. The receivables position for the current year has improved to 40 days sales outstanding as compared to 45 days for the previous year.

While 94.92% of the total receivables were not due as on March 31, 2016, 95.72% were not due as at March 31, 2015.

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

Days	(₹ in Lacs)	
	As at 31.03.2016	As at 31.03.2015
1-30 days	26.78%	71.46
31-90 days	3.85%	22.95
Above 90 days	69.37%	5.59

## Cash and bank balances (Note 18, Page 189)

Particulars	(₹ in Lacs)			
	As at 31.03.2016	As at 31.03.2015	Change	Change %
<b>Balances with banks:</b>				
On current accounts	5,782.24	9,680.48	(3,898.24)	(40.27)
On unpaid dividend accounts	215.79	109.53	106.26	97.01
On unpaid public fixed deposit and interest there on	308.04	454.21	(146.17)	(32.18)
Cash in hand	5.8	14.71	(8.91)	(60.57)
<b>Total (A)</b>	<b>6,311.87</b>	<b>10,258.93</b>	<b>(3,947.06)</b>	<b>(38.47)</b>
<b>Other bank balances:</b>				
Deposits with maturity of more than 3 months but less than 12 months	4,408.01	2,103.98	2,304.03	109.51
Margin money deposits	5.68	-	5.68	100.00
<b>Total (B)</b>	<b>4,413.69</b>	<b>2,103.98</b>	<b>2,309.71</b>	<b>109.78</b>
<b>Total (A+B)</b>	<b>10,725.56</b>	<b>12,362.91</b>	<b>(1,637.35)</b>	<b>(13.24)</b>

Please refer footnote to Note 18 for detailed information on the cash and bank balances.

The liquidity of the company, measured through current ratio, has improved to 1.26 times of its current liabilities as compared to 1.20 in the previous year indicating higher solvency.

## Short-term loans and advances (Note 13, Page 186)

Particulars	(₹ in Lacs)			
	As at 31.03.2016	As at 31.03.2015	Change	Change %
Security deposits	49.67	152.72	(103.05)	(67.48)
Advance receivable in cash or kind or for value to be received	3,940.50	2,082.42	1,858.08	89.23
Balance with statutory / government authorities	9,902.15	5,467.14	4,435.01	81.12
Advance income-tax (net of provision for taxation)	0.97	-	0.97	100.00
Prepaid expenses	882.49	541.11	341.38	63.09
<b>Total</b>	<b>14,775.78</b>	<b>8,243.39</b>	<b>6,532.39</b>	<b>79.24</b>

Security deposits represent the current portion of the earnest money deposits kept with various government bodies.

Advances receivable in cash or kind or for value to be received majorly include advances to material vendors export benefits receivable, prepaid expenses, rent deposits etc. The increase is majorly on account of increase in the export benefit receivable as on March 31, 2016.

Balance with statutory / government authorities mostly include octroi refunds, cenvat receivable, service tax receivable, advance customs duty etc. The increase is mainly on account of cenvat receivable on the capex incurred for Halol Phase II project as well as Nagpur project. As per the Cenvat Credit Rules 2004, the cenvat credit on capital goods is restricted to 50% in the first year.

Prepaid expenses are unamortized expenses towards various license fees, finance charges, insurance charges and other expenses in normal course of business. The increase is on account of prepaid insurance expenses since the renewal of insurance policies were aligned at the year end to have uniformity in the period of all the insurance policies.

## Other current assets (Note 14, Page 187)

Particulars	(₹ in Lacs)			
	As at 31.03.2016	As at 31.03.2015	Change	Change %
Interest receivable	158.97	194.7	(35.73)	(18.35)
Recoverable against fire loss	470.00	442.29	27.71	6.27
Revaluation of hedging instrument	160.11	899.99	(739.88)	(82.21)
Other receivable	128.32	113.5	14.82	13.06
<b>Total</b>	<b>917.40</b>	<b>1,650.47</b>	<b>(733.07)</b>	<b>(44.42)</b>

Interest receivable primarily includes interest earned on margin money deposited.

The amount recoverable against fire loss relates to the estimated insurance claim towards accidental fire to the machinery imported for Halol Phase II. The claim is lodged with the New India Assurance and is considered good and recoverable from the insurance Company. Whereas previous year's claim receivable was due to the incidence of fire in raw material stores of our Bhandup plant in FY 2013-14. The same got settled during the current year.

Revaluation of hedging instrument signifies mark-to-market short-term valuation of the hedging instruments as on March 31, 2016. The short term buyer's credit was nil as on March 31, 2016 and the ECB loan from ICICI Bank, among the foreign currency loan was prepaid during the current year. Hence there was corresponding reduction in revaluation gain on the hedging instruments.

# Notice

NOTICE is hereby given that the Fifty-Seventh Annual General Meeting of the Members of CEAT Limited will be held on Tuesday, August 9, 2016 at 3.00 p.m. at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai - 400 025 to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt:
  - a. the Audited Financial Statements of the Company for the financial year ended March 31, 2016, together with the Reports of the Board of Directors and the Auditors thereon; and
  - b. the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2016, together with the Report of the Auditors thereon.
2. To confirm the Interim Dividend paid by the Company, as final dividend for the year ended March 31, 2016.
3. To appoint a Director in place of Mr. Arnab Banerjee (DIN: 06559516), who retires by rotation and, being eligible, has offered himself for re-appointment.
4. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, (“the Act”) the appointment of Messrs S R B C & CO LLP, Chartered Accountants (Firm Registration No. 324982E/E300003), as the Statutory Auditors of the Company, made pursuant to the resolution of the Members passed at the fifty-fifth Annual General Meeting, to hold office from the conclusion of the fifty-fifth Annual General Meeting until the conclusion of the fifty-eighth Annual General Meeting of the Company, be and is hereby ratified at this fifty-seventh Annual General Meeting on such remuneration as may be mutually decided by the Board of Directors of the Company and the Statutory Auditors.”

## SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 (“the Act”) read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Paras K. Chowdhary (DIN: 00076807), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and who is eligible for appointment, be and is hereby

appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) consecutive years from August 9, 2016 being the date of fifty-seventh Annual General Meeting of the Company.”

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

“RESOLVED THAT pursuant to Sections 148 of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force) (hereinafter referred to as “the Act”), the remuneration of ₹ 3,00,000/- (Rupees Three Lacs only) and reimbursement of out-of-pocket expenses at actual plus applicable taxes, as approved by the Board of Directors of the Company, to be paid to Messrs N. I. Mehta & Co., Cost Accountants, for conducting the audit of the cost records of the Company for the financial year ending March 31, 2017, be and is hereby ratified and confirmed.”

7. To consider and, if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Sections 42, 71 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder including any statutory modification or re-enactment thereof, for the time being in force (hereinafter referred to as “the Act”) and applicable provisions of any other Laws, Rules, Regulations, Guidelines, Circulars, if any, prescribed by the Government of India, Reserve Bank of India, Securities and Exchange Board of India including SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and subject to the provisions of the Memorandum and Articles of Association of the Company and such sanctions, approvals or permissions as may be required from regulatory authorities from time to time, the approval of the Members be and is hereby accorded to the Board of Directors of the Company which expression shall also include a Finance & Banking Committee thereof (“the Board”) for making offer(s) or invitation(s) to subscribe secured/unsecured, non-convertible debentures/bonds or such other debt securities (“debt securities”) through private placement basis in one or more series/tranches, not exceeding ₹ 500 Crores (Rupees Five Hundred Crores only) within the overall borrowing limits of the Company as may be approved by the Members from time to time and at such price or on such terms and conditions as the Board may from time to time determine and consider proper and beneficial to the Company including listing of such debt securities with Stock Exchange(s), size and time of issue, issue price, tenure, interest rate, premium/discount, consideration, utilization of the issue proceeds, and all matters connected with or incidental thereto.

RESOLVED FURTHER THAT for the purpose of giving effect to the said resolution, the Board be and is hereby authorized to take all such actions and 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 question or doubt that may arise in this regard.”

#### NOTES:

1. The Statement setting out material facts pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
2. **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.**
3. **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.**
4. A person can act as proxy on behalf of the Members not exceeding 50 (fifty) and holding in aggregate not more than 10 percent of the total share capital of the Company. In case, a proxy is appointed by a Member holding more than 10% of the total share capital carrying voting rights, such proxy shall not act as proxy for any other person or Member. During the business hours of the Company, proxies are open for inspection for the period beginning before 24 (twenty four) hours from the commencement of the Meeting and ending with the conclusion of the Meeting provided that an advance notice of not less than 3 (three) days is given to the Company.
5. Proxy in prescribed Form No. MGT-11 is enclosed herewith. Proxy shall not have a right to speak at the Meeting and shall not be entitled to vote except on a poll.
6. Corporate Members intending to send their authorized representative to attend the meeting are requested to send certified true copy of the Board resolution to the Company authorizing their representative to attend and vote on their behalf at the Meeting.
7. Securities and Exchange Board of India (SEBI) has, through a circular, directed all the companies to pay dividend through electronic mode. Accordingly, all the Members holding shares in dematerialized form are requested to kindly update their bank account details with their respective Depository Participant (DP). Members holding shares in physical form are requested to kindly inform their bank account details to the Company and/or Registrar and Share Transfer Agents viz. TSR Darashaw Limited.
8. Members are requested to kindly refer to the Corporate Governance Report in the Annual Report for the information in respect of appointment/re-appointment of Directors, as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
9. Pursuant to the provisions of Section 152 of the Companies Act, 2013 (“the Act”) and rules made thereunder and Article of Association of the Company, Mr. Arnab Banerjee retires by rotation and being eligible offers himself for re-appointment. Further, pursuant to Sections 149 and 152 of the Act, Mr. Paras K. Chowdhary is being appointed as an Independent Director for a term of 5 (five) consecutive years from August 9, 2016, being the date of fifty-seventh Annual General Meeting of the Company. A brief resume of Mr. Arnab Banerjee and Mr. Paras K. Chowdhary along with nature of their expertise is given in the Corporate Governance Report. Neither Mr. Arnab Banerjee nor Mr. Paras K. Chowdhary, and their respective relatives are related to any member of the Board of Directors or to any Key Managerial Personnel.
10. The Register of Members and the Share Transfer Books of the Company will be closed from Tuesday, August 2, 2016 to Tuesday, August 9, 2016 (both days inclusive).
11. Important notice for Members:  
For convenience of the Members and for proper conduct of the Meeting, the Members are required to deposit the Attendance Slip duly signed at the counter at entry place of the meeting. Members can avail of the nomination facility, under Section 72 of the Companies Act, 2013 by filing Form No. SH-13 with the Company. Blank forms will be supplied on request.
12. Consolidation of Folios:  
The Members holding shares in the same name or in the same order of names, under different folios, are requested to notify the relevant details of the said holdings to TSR Darashaw Limited at 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011 for consolidation of their shareholding into a single folio.
13. Change in address:  
Members are requested to notify immediately any change in their address:
  - a) If the shares are held in physical form to:
    - (i) The Company at its Registered Office at:  
CEAT Limited  
463, Dr. Annie Besant Road,  
Worli, Mumbai - 400 030  
OR
    - (ii) The Registrar and Share Transfer Agents of the Company at the following address:  
TSR Darashaw Limited  
6-10, Haji Moosa Patrawala Industrial Estate,  
20, Dr. E. Moses Road, Mahalaxmi,  
Mumbai - 400 011.
  - b) If the shares are held in demat form to: The respective Depository Participants

14. Members holding shares in physical form are requested to convert their holdings into dematerialized mode to avoid loss of shares, quick credit of dividend and fraudulent transactions.
15. Green Initiative:  
Members holding shares in dematerialized form are requested to register their email addresses with their Depository Participant (DP) and Members holding shares in physical form are requested to register their email addresses with the Company at [investors@ceat.in](mailto:investors@ceat.in) or with the Registrar and Share Transfer Agents viz. TSR Darashaw Limited by sending duly signed request.
16. As per Regulation 40(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 submission of a copy of PAN card of the transferor and transferee is mandatory for transfer of shares held in physical form.
17. The Company, after compliance with the due procedure laid down under erstwhile Clause 5A of the Listing Agreement entered into with the Stock Exchanges, now Regulation 39 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has transferred the shares covered under the share certificates, which remain unclaimed by Members, to a "Suspense Demat Account" opened with Keynote Capitals Limited, Depository Participant. Members who wish to claim their equity shares are therefore, requested to write to the Company or to the Registrar and Share Transfer Agents viz. TSR Darashaw Limited along with requisite documentary proof to claim their shares.
18. Members who have not encashed their dividend warrant(s) so far for FY 2009-10 or for any subsequent financial years, are however requested to make their claims to the office of the Company's Registrar and Share Transfer Agents, TSR Darashaw Limited, 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011 to avoid transfer of the same to the Investor Education & Protection Fund in subsequent years.
19. Electronic copy of the Annual Report for the FY 2015-16 is being sent to all the Members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any Member has requested for a hard copy of the same. For Members, who have not registered their email address, physical copy of the Annual Report for FY 2015-16 is being sent.
20. Members may also note that the Notice of the fifty-seventh Annual General Meeting and the Annual Report for FY 2015-16 will also be available on the Company's website i.e. [www.ceat.com](http://www.ceat.com) under the tab "Investors" for download by the Members. Further, relevant documents referred to in this Notice are open for inspection at the Registered Office of the Company on all working days (except Saturdays) between 11:00 a.m. and 1:00 p.m. up to the date of the ensuing Annual General Meeting.
21. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which the Directors are interested maintained under Section 189 of the Companies Act, 2013 will be available for inspection at the Annual General Meeting.
22. E-voting:  
Pursuant to Section 108 of the Companies Act, 2013 ("the Act"), read with the relevant Rules under the Act and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The e-voting period will commence at 9.00 a.m. on Saturday, August 6, 2016 and will end at 5.00 p.m. on Monday, August 8, 2016. The Company has appointed Mr. P. N. Parikh, or failing him Mr. Mitesh Dhablywala of Messrs Parikh & Associates, Practicing Company Secretaries, to act as the Scrutinizer, to scrutinize the voting at the Annual General Meeting (AGM) and remote e-voting process in a fair and transparent manner. The members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.  
  
Members have an option to vote either through remote e-voting or through physical Ballot Form at the AGM. If a Member has opted for remote e-voting, then he/she should not vote at the AGM. However, in case Members cast their vote both via physical ballot at AGM and remote e-voting then remote e-voting shall prevail and voting done through physical ballot shall be treated as invalid. The Company has signed an agreement with CDSL for facilitating remote e-voting. The Members who cast their vote by remote e-voting, may attend and participate at the AGM, however, shall not be entitled to cast their vote at the AGM.  
  
The voting rights of Members shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting, as well as voting at the meeting.  
  
Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the notice and holding shares as on the cut-off date, may obtain the login id and password by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)  
  
The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make not later than three days of conclusion of the meeting, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman and/or Managing Director or a person authorized by him in writing who shall countersign the same.

The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website www.ceat.com and on the website of CDSL and communicated to the Stock Exchanges where the shares of the Company are listed. The results shall also be displayed on the Notice Board at the registered office of the Company.

The instructions for Members for voting electronically are as under:

- (i) The voting period begins at 9.00 a.m. on Saturday, August 6, 2016 and will end at 5.00 p.m. on Monday, August 8, 2016. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Tuesday, August 2, 2016 (record date) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, he/she shall not be allowed to change it subsequently or cast vote again.
- (ii) The Members should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID:
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/ folio number in the PAN field.</p> <p>In case the folio number is less than 8 digits enter the applicable number of 0’s before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.</p>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</p> <p>If both the details are not recorded with the depository or Company please enter the number of shares held by you as on the cut-off date in the Dividend Bank details field.</p>

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for CEAT Limited on which you choose to vote.  
**Electronic Voting Sequence Number (EVSN): 160707004**
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image

verification code and click on Forgot Password and enter the details as prompted by the system.

(xviii) Members can also cast their vote using CDSL's mobile app "m-Voting" available for Android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after June 30, 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non – Individual Members and Custodians

- Non-Individual Members (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details, a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

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

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

Under the Authority of the Board of Directors

**H. N. SINGH RAJPOOT**  
Company Secretary

Place: Mumbai  
Date: July 2, 2016

CEAT Limited  
CIN: L25100MH1958PLC011041  
Registered Office:  
463, Dr. Annie Besant Road,  
Worli, Mumbai 400 030  
Telephone no.:022-24930621 Fax: 022-25297423  
E-mail: [investors@ceat.in](mailto:investors@ceat.in)  
Website: [www.ceat.com](http://www.ceat.com)

## Annexure to the Notice

**Explanatory Statement setting out material facts pursuant to Section 102 of the Companies Act, 2013, to the accompanying Notice dated July 2, 2016.**

### 1. ITEM NO. 3

Pursuant to the provisions of Section 152 of the Companies Act, 2013 ("the Act") & rules made thereunder and Article of Association of the Company, Mr. Arnab Banerjee retires by rotation and being eligible offers himself for re-appointment.

Mr. Arnab Banerjee, 52 years, was appointed as the Whole-time Director designated Executive Director - Operations of the Company w.e.f. May 7, 2013.

Mr. Banerjee comes with a vast experience and knowledge of FMCG & Paints sector and has more than 25 years of experience having worked in diverse industries at various locations. He has completed graduation from Indian Institute of Technology, Kharagpur in Mechanical Engineering in 1985. Subsequently, he did PGDM from Indian Institute of Management, Calcutta in 1987. Prior to joining CEAT Limited, Mr. Banerjee worked with Berger Paints and Marico Limited.

At CEAT Limited, Mr. Banerjee spearheads the Sales, Marketing and Manufacturing functions and is responsible for driving revenue in Domestic, Exports & OE markets. He is also developing CEAT as the most Premium, Dynamic & Youthful Brand. At the same time, he also handles integrated supply chain of CEAT. He joined CEAT as Vice President-Sales & Marketing on November 21, 2005 and later elevated as the Whole-time Director of the Company designated as Executive Director-Operations w.e.f. May 7 2013.

Apart from his career in Sales & Marketing, Mr. Banerjee has a keen interest in photography, running & high altitude trekking.

During FY 2015-16, Mr. Banerjee has attended 5 (five) meetings of Board of Directors. Currently, he is holding 7 (seven) equity shares of the Company and is not related to any Director, Manager or Key Managerial Personnel of the Company. He is entitled for such remuneration as may be approved by the Members of the Company from time to time as per the limits prescribed in Companies Act, 2013 and the rules made thereunder. He is also director of following companies:

- CEAT Specialty Tyres Limited, India
- Associated CEAT (Pvt.) Limited, Sri Lanka
- CEAT-Kelani International Tyres (Pvt.) Limited, Sri Lanka
- CEAT Kelani Holdings (Pvt.) Limited, Sri Lanka
- CEAT Kelani Radials Pvt. Limited, Sri Lanka
- Associated CEAT Holdings Company (Pvt.) Limited, Sri Lanka

Mr. Banerjee is neither a Member nor Chairman of any of the committee of any other company.

The Nomination & Remuneration Committee of the Board of Directors of the Company had at its meeting held, on April 27, 2016 considered the re-appointment of Mr. Arnab Banerjee as Director of the Company and also considered the report on his performance evaluation in terms of Policy on Appointment, Training, Evaluation and Remuneration of Directors and Senior Management Personnel, and recommended his re-appointment. Mr. Banerjee will continue to be Whole-time Director of the Company as per terms of his appointment as Executive Director - Operations.

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

### 2. ITEM NO. 5:

Pursuant to Section 149 (6) of the Companies Act, 2013 ("the Act") and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), an Independent Director means a person *inter-alia* who has not held the position of Key Managerial Personnel ("KMP") or has not been an employee of the listed company, in any of the 3 (three) financial years immediately preceding the financial year in which he is proposed to be appointed and who apart from receiving directors remuneration, has or had no material pecuniary relationship with the Company, during the two immediately preceding financial years or during the current financial year.

As per the declaration received from Mr. Paras K. Chowdhary, he meets, the criteria of independence specified under Section 149 (6) of the Act and the Listing Regulations, including, *inter-alia* the following:

- a) his term of Whole-time Director designated as Chief Management Advisor of the Company expired on March 31, 2013. As such, he ceased to be an employee of the Company 3 years back on April 1, 2013.
- b) he does not have any material pecuniary relation with the Company or its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial year or during the current financial year.

Mr. Chowdhary, 65 years, holds a Bachelor's degree in Physics (Hons.) and has over thirty six (36) years' experience in senior management positions in tyre industry, including Managing Director of the Company for more than 11 (eleven) years. Prior to joining the Company in 2001 as the Managing Director, he spearheaded the



Telecom Business of RPG Enterprises from July 1997 to December 2000. Earlier he was employed with Apollo Tyres Limited where he started his career from the junior management position and reached to the position of President and Whole-time Director within a very short time and he was instrumental in turning around of that company. Mr. Chowdhary is one of the few experts of the tyre industry in India.

Mr. Chowdhary was appointed as the Managing Director of the Company on January 18, 2001 and his term as Managing Director ended on April 1, 2012. Mr. Chowdhary who was appointed as an Additional Director of the Company w.e.f. April 1, 2012 was also appointed as the Whole-time Director designated as Chief Management Advisor for a period of one year from April 1, 2012 to March 31, 2013. On expiry of his term as Whole-time Director, he continued as the Non-Executive, Non-Independent Director w.e.f. April 1, 2013.

During FY 2015-16, Mr. Chowdhary has attended 6 (six) meetings of Board of Directors. He holds 3,000 (three thousand) equity shares of the Company and is not related to any Director, Manager or Key Managerial Personnel of the Company. He is entitled for such sitting fees as may be decided by the Board of Directors from time to time for attending the meetings of the Board of Directors and of the Committees thereof and payment of commission upto the limits permitted in the Act and approved by the Members from time to time.

**Other Directorships:**

- RPG Enterprises Limited, India
- Philips Carbon black Limited, India
- CEAT Kelani Holdings (Pvt.) Limited, Colombo, Sri Lanka
- Associated CEAT Holdings Co. (Pvt.) Limited, Colombo, Sri Lanka

Mr. Chowdhary is a member of Audit Committee of Phillips Carbon Black Limited

The Nomination & Remuneration Committee of the Board of Directors of the Company had at its meeting held on April 27, 2016, considered the appointment of Mr. Paras K. Chowdhary as an Independent Director of the Company and also considered the report on his performance evaluation in terms of Policy on Appointment, Training, Evaluation and Remuneration of Directors and Senior Management Personnel, and recommended his appointment as an Independent Director of the Company for a period of 5 (five) years.

The Board of Directors therefore, recommends the resolution at Item No. 5 of the accompanying Notice as an Ordinary Resolution, for appointment of Mr. Chowdhary as an Independent Director of the Company. Further, if appointed, he will hold office as Independent Director for a term of 5 (five) consecutive years with effect from the date of fifty-seventh Annual General Meeting i.e. from August 9, 2016.

A copy of the draft Letter of Appointment of Mr. Chowdhary, setting out the terms and conditions of appointment is available for inspection by the Members at the Registered Office of the Company.

The terms and conditions for the appointment of Independent Directors are available on the website of the Company.

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

**3. ITEM NO. 6:**

Pursuant to Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, and on recommendation of the Audit Committee, the Board of Directors has at its meeting held on April 27, 2016, considered and recommended the appointment of Messrs N. I. Mehta & Co., Cost Accountants, to conduct audit of Cost Accounts of the Company for the financial year ending March 31, 2017, at a remuneration of ₹ 3,00,000/- (Rupees Three Lacs only) and reimbursement of out of pocket expenses at actual plus applicable taxes.

The remuneration so recommended by the Audit Committee has been considered and approved by the Board of Directors and shall be ratified by the Members of the Company at this Annual General Meeting.

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

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

**4. ITEM NO. 7:**

In case an offer of or invitation to subscribe to non-convertible debentures is made by the Company on a private placement basis, pursuant to Sections 42, 71 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014, the Company is required to obtain the previous approval of its shareholders by means of a Special Resolution only once in a year for all the offer(s) or invitation(s) for such debentures during that year.

In order to augment long term resources, *inter-alia*, financing of the ongoing capital expenditure for expansion of capacity, reduction of overall interest and finance cost as well as for general purposes including the restructuring/replacement of high cost debt, the Company intends to offer subscription for secured/unsecured, non-convertible debentures/bonds or such other debt securities, in one or more series/tranches on private placement basis.

The Members of the Company had, vide special resolution passed on July 9, 2015, through postal ballot granted an approval to the Board to offer and issue Non-Convertible Debentures on private placement basis for an aggregate amount up to ₹ 500 Crores, in one or more tranches and the Company had thereafter issued and allotted 2,000 Secured Redeemable Non-Convertible Debentures of ₹ 10 Lacs each for cash at par on private placement basis aggregating to ₹ 200 Crores on July 31, 2015. The above resolution passed through postal ballot will be valid only till July 8, 2016.

Accordingly, the Board of Directors recommend the resolution at Item No. 7 of the Notice as a Special Resolution.

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

Under the Authority of the Board of Directors

**H. N. SINGH RAJPOOT**

Company Secretary

Place: Mumbai  
Date: July 2, 2016

CEAT Limited  
CIN: L25100MH1958PLC011041

Registered Office:  
463, Dr. Annie Besant Road,  
Worli, Mumbai 400 030  
Telephone no.: 022-24930621 Fax: 022-25297423  
E-mail: investors@ceat.in  
Website: www.ceat.com

### CEAT Limited Route Map for 57<sup>th</sup> Annual General Meeting



**Venue:** Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai - 400 025.

Source: Google Map

# Board's Report

To,

The Members of CEAT Limited

Your Directors are pleased to present their Fifty-Seventh report, together with the Standalone and Consolidated Audited Financial Statements of the Company for the year ended March 31, 2016.

## FINANCIAL HIGHLIGHTS

### I) Standalone:

₹ in Lacs

Particulars	2015-16	2014-15
Total Revenue	5,54,131.05	5,57,029.51
Profit before Tax	63,606.94	44,286.26
Provision for:		
– Current Tax	15,057.86	13,248.69
– Deferred Tax	3,296.81	1,140.18
Profit after Tax	45,252.27	29,897.39
Surplus brought forward from previous year	77,301.95	51,937.23
Amount available for appropriation	1,22,554.22	81,834.62
Appropriations:		
– Interim Dividend / Proposed Dividend on Equity Shares	4,651.76	4,045.01
– Tax on Interim Dividend / Proposed Dividend	714.11	487.66
– Amount Transferred to debenture redemption reserve	1,667.00	-
Surplus carried forward	1,15,521.35	77,301.95

### II) Consolidated:

₹ in Lacs

Particulars	2015-16	2014-15
Total Revenue	5,74,398.57	5,77,473.30
Profit before Tax	64,251.00	47,156.83
Provision for:		
– Current Tax	16,269.02	14,433.54
– Adjustment of tax pertaining to earlier years	29.58	-
– Deferred Tax	3,485.83	1,331.09
Profit after Tax & minority interest	44,648.80	31,717.98
Surplus brought forward from previous year	83,782.56	56,597.22
Amount available for Appropriation	1,28,490.14	88,315.20
Appropriations:		
– Interim Dividend / Proposed Dividend on Equity Shares	4,651.76	4,045.01
– Tax on Interim Dividend / Proposed Dividend	714.11	487.63
– Amount transferred to debenture redemption reserve	1,667.00	-
Surplus carried forward	1,21,457.27	83,782.56

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

On consolidated basis, your Company recorded net revenue from operations of ₹ 5,71,412.49 Lacs with a negative growth of 0.67% over ₹ 5,75,213.89 Lacs of the last fiscal. The Company recorded a net profit of ₹ 44,648.80 Lacs reflecting a growth of 40.77% over net profit of ₹ 31,717.98 Lacs of the last fiscal.

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

On standalone basis, your Company recorded net revenue from operations of ₹ 5,49,414.78 with a decrease of 0.85% over ₹ 5,54,142.02 Lacs of the last fiscal. The Company recorded a net profit of ₹ 45,252.27 Lacs reflecting a growth of 51.36% over net profit of ₹ 29,897.39 Lacs of the last fiscal.

## INDUSTRY UPDATE

The global economy witnessed another year of sluggish growth. While advanced economies showed modest recovery, emerging market and developing economies faced challenges. Amidst the global growth challenges, India emerged to be the fastest growing economy at 7.6% outpacing even China.

The Indian Automobile Industry in FY 2015-16 witnessed moderate growth of 2.6% over FY 2014-15, which has been caused primarily on account of sluggish rural demand due to adverse economic conditions and a second consecutive year of poor monsoon.

The vehicle segments that drove overall growth in domestic market include Passenger Segment (Cars and Utility Vehicles), Medium and Heavy Commercial Vehicles (M&HCV) and Scooters, which grew in FY 2015-16 by 7.24%, 29.91% and 11.79% respectively over FY 2014-15. Passenger Segment growth has been highest in the last 5 (five) years, mainly due to new launches and discounts provided by the auto manufacturers. On the flip-side, Light Commercial Vehicles (LCV) and motorcycles pulled down the sales growth.

In Tyre Industry, the revenues remained muted, with almost negligible growth in FY 2015-16 over FY 2014-15, due to deflationary pricing, unfavourable monsoons, muted infrastructure growth and significant increase in imports. Anti-dumping probe in US for Chinese tyres has lead Chinese manufacturers to push tyres to the developing economies. Chinese imports have also impacted the Indian market most in the Truck Bus Radial (TBR) segment with a year on year growth of 64%. This has translated into Chinese TBR tyres capturing ~35% of domestic TBR replacement market.

Increase in radialization globally, China dumping and weakening currencies of some key emerging economy against Indian Rupee caused a significant contraction in export both in volume and realization.

Another year of sluggish global growth aided by slow-down in China resulted in the raw material prices remaining moderate throughout the year, except last quarter of FY 2015-16 which witnessed a spurt in the prices of natural rubber and crude.

Inspite of a sluggish top line growth, the industry profit margins remained healthy on account of overall favourable input raw material costs.

## STATE OF COMPANY'S AFFAIRS

The Company continued its focus on new product development. A total of 70 new products were launched in FY 2015-16. With an objective to penetrate further and improve customer reach, the Company continued to expand its distribution network. The dealer network, currently comprises of 4300+ dealers, with 400+ CEAT Franchisees (Shoppes & Hubs) and over 250 distributors. The CEAT Shoppe network, an exclusive retail channel of the Company, is now at 231 outlets as compared to 176 outlets as at March 31, 2015. CEAT Shoppes have contributed significantly in enhancing CEAT's Brand image. They have also contributed to the growth in sales of the passenger segment. The Company's new initiatives viz. Multi Brand Outlet (MBO) and Shop in Shop (SIS) concepts have reflected a healthy growth and have reached to 240+ and 45+ respectively, in FY 2015-16. The MBO and SIS concept aims at improving the product penetration in replacement market via enhanced product and brand visibility across select dealer counters. Further, to increase the reach in replacement market with lower population strata, the Company has expanded its presence in the smaller towns and rural areas, through an extensive distributor network, mainly for two-wheeler and passenger car tyres. As a result, the number of districts covered has gone up to over 600 from around 460 in FY 2014-15.

The Company launched two new television campaigns – the “Our Grip Your Stories” Campaign for utility vehicle tyres and the Tubeless campaign for motorcycle tyres, and also participated in key events like the MTV Roadies, MTV Chase the Monsoon, India Bike Week 2016 and Mahindra Adventure. These initiatives have enhanced the brand and product recall in the minds of end consumers.

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

In FY 2015-16, the exports volumes for the Company however came down by over 17% on the back of overall global slowdown, sustained impact of low cost Chinese tyres, increasing radialization in global markets and impact of relative currency movement of key emerging and developing economies. While the global economy outlook continues to be sluggish, the Company is relentlessly working to improve exports volume from the current levels.

One key milestone for the Company in the year gone by was adoption of its new purpose “Making Mobility Safer and Smarter, Every day”. Additionally, the Company has also finalised its vision and strategy for the next five years.

The Company continued its journey of “Safer, Cleaner and Healthier Workplace” by successfully clearing the yearly surveillance audit for ISO 140001 and OHSAS 18001 at its Bhandup, Nashik and Halol manufacturing units, with zero non conformity.

During the year under review, the Company won the Gold for Best use of Mobile Media during Drive Safe Dad campaign

and Bronze award for Best use of Social Media during MTV Chase the Monsoon Season 2, at The ABBY's. The Company also won the Gold for Best use of Digital Media and Bronze for the Best use of Digital Platforms, at the Emvies, with both these awards being received for the Drive Safe Dad campaign.

Further, with shift to an increased non-truck product mix, considerable decrease in finance costs and moderate raw material prices, the Company's profit margins have improved during the year under review.

### DIVIDEND

The Board at its meeting held on March 16, 2016 declared an interim dividend of ₹ 11.5 per equity share of ₹ 10.00 each (i.e.115%) for the financial year ended March 31, 2016 and recommends the Members to confirm it as final dividend for the year ended March 31, 2016.

### TRANSFER TO RESERVE

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

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

There are no material changes and commitments, affecting the financial position of the Company which have occurred between the close of financial year on March 31, 2016 to which the financial statements relates and the date of this Report.

### CAPACITY EXPANSION

The Company had undertaken expansion of capacity at its Halol Plant by 120 MT/day for manufacturing with a capital outlay of ₹ 650 Crores, which is expected to be fully ramped up by first quarter of FY 2017-18. Towards this, the Company has already commissioned a capacity of 39 MT/day by the end of March 2016.

Further, the Company had also planned to set-up a green field project, with an initial capacity of 120 MT/day, to manufacture two-three wheeler tyres in Buti Bori near Nagpur in the State of Maharashtra. This project with a capital outlay of ₹ 420 Crores will be implemented in phases. The Company has already implemented the first phase of this project, which has added a capacity of 15 MT/day. The Company expects to reach the full capacity of this project by the second quarter of FY 2017-18.

In addition to the abovementioned capacity enhancements at its own plants, the Company will also be investing ₹ 330 Crores in another greenfield project at Ambernath (near Mumbai), to produce off-highway radial tyres. This project is being set-up by its wholly owned subsidiary namely CEAT Specialty Tyres Limited. The commercial production at this facility is expected to start in the last quarter of FY 2016-17.

### FUTURE OUTLOOK

The Outlook of FY 2016-17 for the auto and auto ancillary sector is stable, with volume growth expected to improve. The passenger car segment is likely to grow by 8% in FY 2016-17 while the utility vehicle segment is expected to grow by 12%.

The Commercial Vehicle (CV) segment is expected to clock single digit volume growth in FY 2016-17, with a Y-o-Y volume growth for M&HCVs expected to moderate to 8-10% from almost 30% levels in FY 2015-16. The key driver for the segment's growth would be in demand for high tonnage vehicles as fleet owners seek to minimise their per ton transportation cost by taking advantage of improved road infrastructure in the country. The focus of Union Budget 2016 on infrastructure improvement is also expected to give a boost to M&HCV segment.

Motorcycles are likely to exhibit annual volume growth of ~3% in FY 2016-17, depending on behaviour of the rural consumer. Scooters are however expected to continue to show a decent volume growth backed by urban-centric demand. However, the growth rate is expected to remain at 12% in FY 2016-17.

The overall outlook for the tyre industry therefore, is estimated to be better in FY 2016-17 with a volume growth of ~8-10%. Radialisation in M&HCV is also expected to grow resulting in an increase in demand for TBR tyres.

The Company expects to continue the growth path in passenger and two wheeler segments. Additionally, it will also work to increase the share of pie in the expanding passenger radial market. As a result, the Company expects to grow in FY 2016-17, on account of the increased demand, with a short term downward bias in profit margins, due to increase in raw material prices from the FY 2015-16 levels. However, the Company is working to mitigate this in future by its focused investments - in passenger segment capacities, enhancing the brand visibility and product differentiation through technology and in new product development.

### SUBSIDIARY COMPANIES

At the end of the year under review, the Company had following four subsidiaries namely CEAT Speciality Tyres Limited, Mumbai, Rado Tyres Limited, Cochin, Associated CEAT Holdings Company (Private) Limited, Colombo, Sri Lanka, (ACHL), CEAT AKKhan Limited, Dhaka, Bangladesh (CAL).

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

### CEAT Specialty Tyres Limited

CEAT Specialty Tyres Limited (CSTL), which is a wholly owned subsidiary of the Company, is engaged in manufacturing and sale of tyres for off-the-road vehicles/equipment, which find application across industries including ports, construction, mining and agriculture. Towards this, it plans to set up a green field project with an initial capacity of 40 MT/day, which would subsequently be ramped up to 100 MT/day. CSTL has already initiated the civil work of the said green field project. During the year under review, CSTL has commenced trading in Off-Highway tyres and sources these tyres from the Company.

CSTL has registered in the year under review, a revenue of ₹ 10,251.39 Lacs (Previous year ₹ 0.11 Lacs) and a net loss of ₹ 1,205.65 Lacs in FY 2015-16 (Previous year ₹ 30.65 Lacs).

#### Rado Tyres Limited

Rado Tyres Limited (RTL) works currently supplies its entire production of automotive tyres to the Company. During the year under review, RTL registered a revenue of ₹ 1,201.40 Lacs as compared to a revenue of ₹ 1,158.23 Lacs in FY 2014-15, registering a growth of 3.73%. The net loss for the year under review has however gone up to ₹ 124.46 Lacs from ₹ 22.77 Lacs in the previous year, mainly due to significant increase in payment of wages to the workmen/employees under the new Long Term Settlement (LTS), huge maintenance cost, increased power cost and accounting for various one time expenditures like employee benefit expenses, (including gratuity provisions, on revised wages paid under new LTS Agreement), etc.

#### Overseas Subsidiaries:

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

#### JOINT VENTURE IN SRI LANKA

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

During the year under review, ACHL has registered a lower revenue of LKR 46,338.11 Lacs (₹ 21,843.79 Lacs) as compared to LKR 47,397.21 Lacs (₹ 22,096.58 Lacs) in FY 2014-15. However, the profit after tax has grown by 6.21% to LKR 7,927.68 Lacs (₹ 3,659.56 Lacs) as compared to LKR 7,463.91 Lacs (₹ 3,532.74 Lacs) in FY 2014-15. The ACHL's joint venture continues to enjoy the overall market leadership in all categories of tyres in Sri Lanka.

ACHL has been consistently paying dividends and it has, during the year under review, paid a dividend of ₹ 1,167.86 Lacs to the Company.

#### JOINT VENTURE IN BANGLADESH

As reported in the previous year, the Company has a 70:30 joint venture (JV) company, CEAT AKKhan Limited (CAL), which is setting up a green field facility for manufacture of automotive bias tyres in Bangladesh. However, CAL has been selling automotive tyres in the local market in the last more than 2 years. For this purpose CAL has been outsourcing CEAT branded automotive tyres from the Company. It has registered, in the year under review, a revenue of BDT 6,704.53 Lacs (₹ 5,617.06 Lacs) as compared to BDT 5,980.76 Lacs (₹ 4,709.25 Lacs) in FY 2014-15. The net loss for the year under review is BDT 594.91 Lacs (₹ 435.50 Lacs) as compare to the net loss of previous years BDT 1,392.48 Lacs (₹ 1,054.49 Lacs).

A report on the performance and financial position of each of the Company's aforesaid subsidiaries forms part of the Annual Report.

## CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Section 129(3) of the Companies Act, 2013 and Regulation 34(2) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Consolidated Financial Statements of the Company, including the financial details of all the subsidiary companies of the Company, forms part of this Annual Report. The Consolidated Financial Statements have been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India.

## BUSINESS RISK MANAGEMENT

Pursuant to the requirement of Regulation 21 of SEBI (Listing Obligations and Disclosure Regulations) Regulations 2015, the Company has constituted a Risk Management Committee. The details of this Committee and its terms of reference are set out in the Corporate Governance Report, which forms part of this Report.

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

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

## CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors has formed a committee on Corporate Social Responsibility in accordance with Companies Act, 2013. The composition of the same has been given in Corporate Governance Report.

As part of its initiatives under "Corporate Social Responsibility" (CSR) and it's vision to drive 'holistic empowerment' of the community & the society at large, the Company has undertaken following projects in accordance with it's CSR policy, read with Schedule VII of the Companies Act, 2013, through RPG Foundation (the Trust), a public charitable trust qualified to undertake CSR activities:

- i. Vision/Eye Care (Project-Netranjali) – the Company through the RPG Foundation launched this flagship programme in FY 2014-15, to work towards the cause of preventing avoidable blindness in India. This is a key need in India, as India has the world's largest blind population, with 80% of cases of blindness being preventable with early stage interventions. Three different target groups were covered via this project – school children, slum communities and truckers/drivers. In FY 2015-16, 6,57,880 beneficiaries were covered through eye check-up camps and awareness sessions. Further, 66,430 beneficiaries were screened with 18,595 receiving free spectacles.
- ii. Women Empowerment (Project-Swayam) – This project is working on Promotion of Gender Equality and Women's Empowerment by driving powerful social change in the

motor driving/transport industry. It aims to empower less privileged women by training them in driving skills to enhance their livelihood across various sectors like Taxi, school vans, entrepreneurial ventures, etc. In FY 2015-16, more than 3,000 less privileged women were mobilised from low income communities and 1,744 were trained in Mumbai, Thane, Pune, Nashik, Nagpur, Hyderabad, Bangalore, Chennai, Madurai, New Delhi, Mathura, and also mobilised women in Coimbatore, Tiruppur.

- iii. Primary Education (Project-Pehlay Akshar) – This project is a large scale program for Primary Education with special focus on practical English speaking and reading skills to enhance employability, thereby, giving these children, an equal opportunity for making their lives brighter. In FY 2015-16, the Company reached out to 2,580 children across 21 schools in Bhandup, Worli, Nashik and Halol.
- iv. Community Development- Water and Malnutrition (Project-Jeevan) - This is an integrated community development project which focuses on improving all round quality of life in the areas of clean drinking water, sanitation and overall health and nutrition based interventions amongst others. In FY 2015-16, the project reached out to 750 children and adolescent girls to provide nutrition supplements and awareness sessions on health and hygiene. Besides this, the project also reached out to 10,000 children in 7 schools for providing safe drinking water, while also carrying out installations of rain harvesting structures in 4 schools benefitting 5,600 people. Further, in response to the Swachh Bharat Abhiyan of the Government of India, the Trust has made sanitation facilities available to 5,000 individuals through construction of individual and community toilets in the communities around the Company's plants.
- v. Employability - Skill Development (Project-Saksham) – This project is a skill development program, which focuses on alternate livelihoods training for empowering the women and technical training to the youth. In FY 2015-16, the project trained 763 less privileged women and youths from slums and rural communities in tailoring, embroidery, mobile phone repairing, bag making, patient care assistance program, etc. as an alternate livelihood option.

The Annual Report on CSR activities in pursuance of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed herewith as **“Annexure A”**.

The Company has spent the entire amount of ₹ 773.35 Lacs towards CSR activities during the FY 2015-16.

#### **VIGIL MECHANISM /WHISTLE BLOWER POLICY**

Pursuant to Section 177 of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has adopted vigil mechanism in the form of Whistle Blower Policy, to deal with instances of fraud or mismanagement, if any. The

Policy can be accessed at the website of the Company at link [http://www.ceat.com/Investors\\_intimation.aspx](http://www.ceat.com/Investors_intimation.aspx).

#### **RELATED PARTY TRANSACTIONS**

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

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

#### **SHARE CAPITAL**

The paid up equity capital of the Company as on March 31, 2016 was ₹ 4,045.01 Lacs. The said shares are listed on the BSE Limited and the National Stock Exchange of India Limited. There is no change in the paid-up capital of the Company, during the year under review.

#### **NON-CONVERTIBLE DEBENTURES**

During the year under review, the Company has issued and allotted 2,000 Secured Redeemable Non-Convertible Debentures of ₹ 10 Lacs each on private placement basis aggregating to ₹ 20,000 Lacs. The said Secured Redeemable Non-Convertible Debentures are listed on BSE limited.

#### **CREDIT RATING:**

Your directors are pleased to inform you that during the year under review, the long term credit rating of the Company improved from A+ to AA- by its rating agencies viz. CARE and India Ratings (Fitch). The rating of AA- indicates high degree of safety regarding timely servicing of financial obligations and very low credit risk.

The short term facilities of the Company have been granted the rating of A1+ by CARE and India Ratings (Fitch). The rating of A1+ indicates very strong degree of safety regarding timely payment of financial obligations and carries the lowest credit risk.

#### **EXTRACT OF ANNUAL RETURN**

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

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

A statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, is annexed hereto as **“Annexure D”** and forms part of this report.

## PARTICULARS OF EMPLOYEES

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

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

## FIXED DEPOSITS

Your Company is eligible to accept deposit from public pursuant to Section 76 of the Companies Act, 2013 (“the Act”) and the Companies (Acceptance of Deposits) Rules, 2014 (“the Rules”). Pursuant to the Special Resolution passed by the members at the Annual General Meeting (AGM) of the Company held on September 26, 2014, the Board of Directors of the Company, approved the Fixed Deposit Scheme for acceptance of deposits from Members and persons other than Members in accordance with the requirements of the Act and the Rules.

The Fixed Deposits of ₹ 3,415.85 Lacs accepted by the Company pursuant to the said Fixed Deposits Scheme were outstanding as on March 31, 2016.

The Company has not accepted any fresh deposits during the year under review.

Further, in accordance with Rule 19 of the Rules, deposits accepted by the Company under the Companies Act, 1956 and the Rules made thereunder, (Earlier Deposits), the Company shall continue to repay such Earlier Deposits and the interest due thereon, for the remaining period in accordance with the terms, conditions and period of such Earlier Deposits in compliance of the Act and the Rules. The amount of Earlier Deposits outstanding as on March 31, 2016 was ₹ 1,067.22 Lacs.

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

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

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

In terms of Section 134 (3) (g), the Report of the Board of Directors shall include the details of particulars of Loans, Guarantees and Investments under Section 186 of the Companies Act, 2013 granted are given in the notes to the Financial Statements. The loans and/or advances given to the employees bear interest at applicable rates.

## DIRECTORS

Messrs Vinay Bansal, Atul C. Choksey, S. Doreswamy, Mahesh S. Gupta, Haigreave Khaitan, Kantikumar R. Podar,

Ms. Punita Lal and Mr. Ranjit V. Pandit are Independent Directors on the Board of the Company whereupon, the composition of the Board of Directors duly meets the criteria stipulated in Section 152 of the Companies Act, 2013.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mr. Paras K. Chowdhary, who was appointed as Non-Executive Director has already completed 3 years from the last date of his employment as the Managing Director/ Whole-time Director of the Company and has furnished a declaration that he is eligible for appointment as an Independent Director as he is not holding the position of key managerial personnel or has been an employee of the Company or any of its subsidiaries or associate company, during the three immediately preceding financial years.

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

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

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

## KEY MANAGERIAL PERSONNEL

During the year under review the Company appointed Mr. Manoj K. Jaiswal as Chief Financial Officer in place of Mr. Subba Rao Amarthaluru, who had resigned as Chief Financial Officer of the Company. The Company had in the previous years appointed Mr. Anant V. Goenka as Managing Director, Mr. Arnab Banerjee as Executive Director-Operations and Mr. H. N. Singh Rajpoot as Company Secretary. Pursuant to the provisions of Section 203 read with Section 2(51) of the Companies Act, 2013, they are deemed to be Key Managerial Personnel.

## INTER-SE RELATIONSHIPS BETWEEN THE DIRECTORS

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

## FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

Pursuant to the Code of Conduct for Independent Directors specified under the Companies Act, 2013 and requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has framed a familiarisation programme for all its Independent Directors to familiarize them on their roles, rights



and responsibilities in the Company, the nature of the industry in which the Company operates and its business model. The familiarisation programme posted on the website of the Company at the link [http://www.ceat.com/Investors\\_intimation.aspx](http://www.ceat.com/Investors_intimation.aspx).

### **POLICY ON APPOINTMENT, TRAINING, EVALUATION AND REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL**

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a policy on Appointment (including criteria thereof), Training, Evaluation and Remuneration of Directors, Key Managerial Personnel and Senior Management Personnel (SMP) and their remuneration, which is enclosed as “Annexure F”.

### **EVALUATION OF BOARD, ITS COMMITTEES AND DIRECTORS**

For the purpose of evaluation, the Board finalised a questionnaire and engaged a third party to conduct an independent online confidential survey using the said questionnaire. The results of the survey were then deliberated at Board Meeting and evaluation of the Board, its Committees and the Directors were reviewed and follow-up actions suggested.

### **MEETINGS OF THE BOARD OF DIRECTORS**

During the year, 6 (Six) Board Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **BOARD COMMITTEES**

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

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

The Company has formed Audit Committee and composition of the same has been given in Corporate Governance Report.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i. The applicable Accounting Standards have been followed in the preparation of the annual accounts along with the proper explanation relating to material departure, if any.
- ii. Such accounting policies have been selected and applied consistently and such judgements and estimates have

been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company in the Balance Sheet as at March 31, 2016 and the Statement of Profit and Loss for the said financial year ended March 31, 2016.

- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The annual accounts have been prepared on a going concern basis.
- v. The proper internal financial controls were in place and that such internal financial controls are adequate and were operating effectively.
- vi. The systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and are operating effectively.

### **MANAGEMENT DISCUSSION AND ANALYSIS AND CORPORATE GOVERNANCE REPORT**

In compliance with the Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, separate section on Management Discussion and Analysis, as approved by the Board of Directors, which includes details on the state of affairs of the Company as required to be disclosed in the Annual Report. Further, the Corporate Governance Report, duly approved by the Board of Directors together with the certificate from the Statutory Auditors confirming the compliance with the requirements of Clause 49 of the Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as the case may be, forms part of this Annual Report.

### **BUSINESS RESPONSIBILITY REPORT**

Pursuant to the Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Report on Business Responsibility for the year under review has not been made, as the Company does not form part of top 100 listed entities based on market capitalization as on March 31, 2016.

### **STATUTORY AUDITORS**

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

### **INTERNAL AUDITORS**

The Board has appointed Messrs KPMG as Internal Auditors for the period of 1 (one) year ending on March 31, 2017 under Section 138 of the Companies Act, 2013 and they have completed the internal audit as per the scope defined by the Audit Committee.

## SECRETARIAL AUDITORS

The Company has appointed Messrs Parikh and Associates, Company Secretaries to conduct the Secretarial Audit for the financial year ended March 31, 2016. As required by Section 204 of the Companies Act, 2013 and rules made thereunder. The Secretarial Audit Report furnished by Messrs Parikh and Associates is annexed to this report as “Annexure G”.

## COST AUDITORS

The Board of Directors has appointed Messrs N. I. Mehta & Co., Cost Accountants, as Cost Auditors of the Company for FY 2016-17 and recommends ratification of their remuneration by the Members at the ensuing AGM.

## EXPLANATION AND COMMENTS ON AUDITORS AND SECRETARIAL AUDIT REPORT

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

The Statutory Auditors have not reported any instances of fraud to the Central Government and Audit Committee as per the provisions of Section 143 (12) of the Companies Act, 2013 read with Rule 13 of the Companies (Audit and Auditors) Rules, 2014.

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

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

## CHANGE IN THE NATURE OF BUSINESS

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

## INTERNAL FINANCIAL CONTROL

Details in respect of adequacy on internal financial controls with reference to the Financial Statements are stated in Management Discussion and Analysis which forms part of Annual Report.

## HUMAN RESOURCES

CEAT continues to be a people focused organization continuously building next generation leadership.

One of the main enablers of achieving CEAT vision 2016-2021, is Unleashing Talent which emphasizes on people focus of the organization. The Company has increased its investment and capacity in training and development to develop people to their maximum potential. Focus on training and development continued through a combination of functional, technical and behavioral training programs adding up to 3.96 man-days per employee of training in 2015-16. The Company has been persistent on achieving process and quality excellence by building internal academies and involving employees at the grass-root level in continuous improvement through Total Quality Management (TQM) initiatives.

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

In accordance with the provisions of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013, 4 (four) Internal Complaints Committee (ICC) have been set up to redress complaints. ICC have not received any complaints during the year under review.

## ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

**H. V. Goenka**

Chairman

Place: Mumbai

Date: April 27, 2016

## ANNEXURE A

### ANNUAL REPORT ON CSR ACTIVITIES

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

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

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

Web-link: [http://www.ceat.com/Investors\\_intimation.aspx](http://www.ceat.com/Investors_intimation.aspx)

2. The Composition of the CSR Committee.

Mr. Anant V. Goenka, Chairman (Managing Director)

Mr. Vinay Bansal, Member (Non-Executive Independent Director)

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

3. Average net profit of the company for last three financial years: ₹ 37,720.29 Lacs

Sr.	Computation of Profit for CSR	Amount (₹ In Lacs)	
1	Net profit as per Section 198:		
	• FY 2012-13	17,513.86	
	• FY 2013-14	40,131.00	
	• FY 2014-15	46,516.00	1,04,160.86
2	Average Net Profit of last 3 years		34,720.29
3	Funds to be allocated for CSR		694.40

4. Prescribed CSR Expenditure (two per cent of the amount as in item 2 above): ₹ 695 Lacs

5. Details of CSR spent during the financial year.

a. Total amount spent for the financial year: ₹ 773.35 Lacs

b. Amount unspent: Nil

c. Manner in which the amount spent during the financial year is detailed below.

Sr.	CSR project or activity identified	Sector in which the project is covered	Project Location (Area/District and State)	Amount Outlay (Budget) Project or Programs Wise	Amount Spent on the project or programs	Cumulative Expenditure upto reporting period	Amount spent: Direct(D) or through implementing agency (IA)*
				₹ In Lacs	₹ In Lacs	₹ In Lacs	₹ In Lacs
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Pehlay Akshar	Primary Education	Bhandup, Worli, Mumbai, Nashik, Halol	103.44	103.44	103.44	IA-103.44
2	Swayam	Women Empowerment	Mumbai, Pune, Nashik, Nagpur, Thane, Bangalore, Hyderabad, Chennai, Madurai, New Delhi, Mathura, Coimbatore, Tiruppur	223.00	223.00	223.00	IA-223.00
3	Saksham	Employability Skill Development	Bhandup, Mumbai, Nashik, Halol	57.46	57.46	57.46	IA-57.46
4	Netranjali	Eye Care	Halol, Nagpur, Hyderabad, Vadodara, Chennai, Mumbai, Nashik, Aurangabad, Sangali, Ashta, Igatpuri, Kolhapur, Dipka, Chakan, Pune, Jalgaon, Bilaspur, Goa, Solapur, Vani, Chandrapur, Vasai, Navi Mumbai, Kolkata, Gaziabad, Noida, Bangalore	218.20	218.20	218.20	IA-218.20
5	Jeevan	Community Development	Bhandup, Nashik, Mumbai, Halol	67.10	67.10	67.10	IA-67.10
6	Donation and Other activities	Donation and Other activities		68.65	68.65	68.65	D-1.00 IA-67.65
7	Other Admin Expenses	Expenditure for CSR activities		35.50	35.50	35.50	IA-35.50
				<b>773.35</b>	<b>773.35</b>	<b>773.35</b>	D-1.00 IA-772.35*

\* Paid to RPG Foundation, the Implementing Agency (IA). At the year end, ₹ 60.97 Lacs remained unspent with RPG Foundation.

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

#### For CEAT Limited

**Anant V. Goenka**  
(Chairman of CSR Committee)  
(DIN: 02089850)

**Vinay Bansal**  
Member-CSR Committee  
(DIN: 01674284)

Place: Mumbai  
Date: April 27, 2016

**ANNEXURE- B****Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)  
**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto**

1. Details of contracts or arrangements or transactions not at arm's length basis								
Sr.	(a) Name (s) of the related party and nature of relationship	(b) Nature of contracts/ arrangements/ transactions	(c) Duration of the contracts / arrangements/ transactions	(d) Salient terms of the contracts or arrangements or transactions including the value, if any (₹ In Lacs)	(e) Justification for entering into such contracts or arrangements or transactions	(f) Date(s) of approval by the Board	(g) Amount paid as advances, if any:	(h) Date on which the special resolution was passed in general meeting as required u/s 188
1	Associated CEAT Holdings Company Private Limited (ACHL) and CEAT AKKhan Limited (CAL) wholly owned subsidiary	Technical Development Fees from Joint Venture companies in Sri Lanka and Bangladesh.	FY 2015-16 FY 2016-17	₹ 200.00 ₹ 200.00	Fees received are based on the technology agreement. Technical Development Fees received for the in-house technical developments are charged, as per Technology Agreements signed with the Joint Ventures Companies and are determined considering the cost of such in-house technical developments for which quote from external parties are not available	February 12, 2016	N.A.	N.A.
2	Associated CEAT Holdings Company Private Limited	Imports from joint venture companies in Sri Lanka	FY 2015-16 FY 2016-17	₹ 4,500.00 ₹ 4500.00	The tyres from Sri Lanka JV Companies are imported at a price formula agreed to between the two joint venture partners and are arrived at after considering cost+mark up. Hence, they may not always compare to the prices of other sourcing parties, particularly from Chinese manufacturers. The rates being contractual obligation of the Company are fully justified.	February 12, 2016	N.A.	N.A.

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

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

On behalf of the Board of Directors

**H. V. Goenka**  
Chairman

Place: Mumbai  
Date: April 27, 2016

**ANNEXURE C**  
**FORM MGT-9**  
**EXTRACT OF ANNUAL RETURN**

As on the financial year ended on March 31, 2016

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

**I. REGISTRATION AND OTHER DETAILS**

i.	CIN	L25100MH1958PLC011041
ii.	Registration Date	March 10, 1958
iii.	Name of the Company	CEAT Limited
iv.	Category/ Sub-Category of the Company	Company having Share Capital
v.	Address of the Registered office and contact details	463, Dr. Annie Besant Road, Worli Mumbai - 400 030 Tel No: 91-22-24930621 Fax: +91-22-25297423 E-mail : investors@ceat.in Web: www.ceat.com
vi.	Whether listed Company	Yes (National Stock Exchange of India Limited & BSE Limited)
vii.	Name Address and Contact details of Registrar and Transfer Agent, if any	TSR Darashaw Limited 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011 Email: csg-unit@tsrdarashaw.com Web: www.tsrdarashaw.com Tel.: 022-66568484; Fax: 022-66568494

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

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

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

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

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

**i) Category-wise Share Holding**

	Category of Shareholders	No. of Shares held at the beginning of the year i.e. 1.4.2015				No. of Shares held at the end of the year i.e. 31.3.2016				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.</b>	<b>Promoters</b>									
(a)	Individuals / Hindu Undivided Family	1,48,118	0	1,48,118	0.37	1,48,118	0	1,48,118	0.37	0.00
(b)	Central Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	1,86,03,272	0	1,86,03,272	45.99	1,86,03,272	0	1,86,03,272	45.99	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (specify)									
	(i) Trust	0	0	0	0.00	4	0	4	0.00	0.00
<b>Sub-Total (A) (1)</b>		<b>1,87,51,390</b>	<b>0</b>	<b>1,87,51,390</b>	<b>46.36</b>	<b>1,87,51,394</b>	<b>0</b>	<b>1,87,51,394</b>	<b>46.36</b>	<b>0.00</b>

	Category of Shareholders	No. of Shares held at the beginning of the year i.e. 1.4.2015				No. of Shares held at the end of the year i.e. 31.3.2016				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2)</b>	<b>Foreign</b>									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	17,82,348	17,82,348	4.41	0	17,82,348	17,82,348	4.41	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (specify)									
<b>Sub-Total (A) (2)</b>		<b>0</b>	<b>17,82,348</b>	<b>17,82,348</b>	<b>4.41</b>	<b>0</b>	<b>17,82,348</b>	<b>17,82,348</b>	<b>4.41</b>	<b>0.00</b>
<b>Total Shareholding of Promoter and Promoter Group (A)</b>		<b>1,87,51,390</b>	<b>17,82,348</b>	<b>2,05,33,738</b>	<b>50.77</b>	<b>1,87,51,394</b>	<b>17,82,348</b>	<b>2,05,33,742</b>	<b>50.77</b>	<b>0.00</b>
<b>(B)</b>	<b>Public Shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
(a)	Mutual Funds / UTI	20,89,579	12,550	21,02,129	5.20	9,27,846	12,550	9,40,396	2.32	-2.87
(b)	Financial Institutions / Banks	17,105	5,113	22,218	0.05	16,229	5,113	21,342	0.05	0.00
(c)	Central Government / State Governments(s)	0	9,700	9,700	0.02	0	9,700	9,700	0.02	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	9,78,911	75	9,78,986	2.42	6,75,897	75	6,75,972	1.67	-0.75
(f)	Foreign Institutional Investors	90,06,388	7,610	90,13,998	22.28	34,81,199	7,610	34,88,809	8.62	-13.66
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Foreign Portfolio Investors (Corporate)	6,25,012	0	6,25,012	1.55	86,42,778	0	86,42,778	21.37	19.82
(j)	Any Other (specify)									
<b>Sub-Total (B) (1)</b>		<b>1,27,16,995</b>	<b>35,048</b>	<b>1,27,52,043</b>	<b>31.53</b>	<b>1,37,43,949</b>	<b>35,048</b>	<b>1,37,78,997</b>	<b>34.06</b>	<b>2.54</b>
<b>(2)</b>	<b>Non-Institutions</b>									
(a)	Bodies Corporate	15,06,594	21,893	15,28,487	3.78	5,22,993	21,919	5,44,912	1.35	-2.43
(b)	Individuals -									
i	Individual shareholders holding nominal share capital upto ₹ 1 Lacs	38,74,444	6,97,345	45,71,789	11.30	31,62,110	6,53,038	38,15,148	9.43	-1.87
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 Lacs	9,17,722	0	9,17,722	2.27	3,49,277	0	3,49,277	0.86	-1.41
(c)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Any Other									
i	Trusts	3,855	0	3,855	0.01	3,604	0	3,604	0.01	0.00
ii	Unclaimed Securities Suspense Account	1,39,421	0	1,39,421	0.34	0	0	0	0.00	-0.34
iii	Director & relatives	3,000	0	3,000	0.01	3,000	0	3,000	0.01	0.00
iv	Foreign Companies	0	37	37	0.00	14,21,375	37	14,21,412	3.51	3.51
<b>Sub-total (B) (2)</b>		<b>64,45,036</b>	<b>7,19,275</b>	<b>71,64,311</b>	<b>17.71</b>	<b>54,62,359</b>	<b>6,74,994</b>	<b>61,37,353</b>	<b>15.17</b>	<b>-2.54</b>
<b>Total Public Shareholding (B) = (B) (1)+(B)(2)</b>		<b>1,91,62,031</b>	<b>7,54,323</b>	<b>1,99,16,354</b>	<b>49.24</b>	<b>1,92,06,308</b>	<b>7,10,042</b>	<b>1,99,16,350</b>	<b>49.24</b>	<b>0.00</b>
<b>TOTAL (A)+(B)</b>		<b>3,79,13,421</b>	<b>25,36,671</b>	<b>4,04,50,092</b>	<b>100.00</b>	<b>3,79,57,702</b>	<b>24,92,390</b>	<b>4,04,50,092</b>	<b>100.00</b>	<b>0.00</b>



	Category of Shareholders	No. of Shares held at the beginning of the year i.e. 1.4.2015				No. of Shares held at the end of the year i.e. 31.3.2016				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0.00	0	0	0	0.00	0.00
<b>GRAND TOTAL (A)+(B)+(C)</b>		<b>3,79,13,421</b>	<b>25,36,671</b>	<b>4,04,50,092</b>	<b>100.00</b>	<b>3,79,57,702</b>	<b>24,92,390</b>	<b>4,04,50,092</b>	<b>100.00</b>	<b>0.00</b>

## ii) Shareholding of promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year 1.4.2015			Shareholding at the end of the year 31.3.2016			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Chattarpati Investments Limited*	2,75,876	0.68	0.00	2,75,876	0.68	0.00	0.00
2	Instant Holdings Limited	1,15,10,812	28.46	0.00	1,15,10,812	28.46	0.00	0.00
3	Societe Ceat D Investissementen Asie S A	17,82,348	4.41	0.00	17,82,348	4.41	0.00	0.00
4	Stel Holdings Limited	13,72,835	3.39	0.00	13,72,835	3.39	0.00	0.00
5	Summit Securities Limited	9,59,125	2.37	0.00	9,59,125	2.37	0.00	0.00
6	Swallow Associates LLP	44,84,624	11.09	0.00	44,84,624	11.09	0.00	0.00
7	Mr. Harsh V. Goenka	1,33,932	0.33	0.00	1,33,932	0.33	0.00	0.00
8	Mr. Anant V. Goenka	14,185	0.04	0.00	14,185	0.04	0.00	0.00
9	Mr. Harsh V. Goenka (in the capacity of Trustee of Secura India Trust)	1	0.00	0.00	1	0.00	0.00	0.00
10	Mr. Harsh V. Goenka (in the capacity of Trustee of Steller Energy Trust)	0	0.00	0.00	1	0.00	0.00	0.00
11	Mr. Harsh V. Goenka (in the capacity of Trustee of Nucleus Life Trust)	0	0.00	0.00	1	0.00	0.00	0.00
12	Mr. Harsh V. Goenka (in the capacity of Trustee of Crystal India Tech Trust)	0	0.00	0.00	1	0.00	0.00	0.00
13	Mr. Harsh V. Goenka (in the capacity of Trustee of Monitor Portfolio Trust)	0	0.00	0.00	1	0.00	0.00	0.00
		<b>2,05,33,738</b>	<b>50.77</b>	<b>0.00</b>	<b>2,05,33,742</b>	<b>50.77</b>	<b>0.00</b>	<b>0.00</b>

\*The name has been changed from Chattarpati Investments Limited to Chattarpati Apartments Limited w.e.f. November 18, 2013, in accordance with the Fresh Certificate of Incorporation consequent upon change of name issued by the Registrar of Companies, Maharashtra, Mumbai. Further Chattarpati Apartments Limited was converted into a Limited Liability Partnership on July 25, 2014 vide Certificate of Registration on conversion of Chattarpati Apartments Limited to Chattarpati Apartments LLP issued by the Registrar of Companies, Maharashtra, Mumbai.

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

Sr. No.		Shareholding at the Beginning of the year 1.4.2015/ end of the year 31.3.2016		Date	Increase/ decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	At the beginning of the year	2,05,33,738	50.77	1.4.2015	-	-	2,05,33,738	50.77
2	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for Increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc.) :							
1	Mr. Harsh V. Goenka (in the capacity of Trustee of Steller Energy Trust)	1	-	22.3.2016	Increase	Market Purchase	2,05,33,739	50.77
2	Mr. Harsh V. Goenka (in the capacity of Trustee of Nucleus Life Trust)	1	-	22.3.2016	Increase	Market Purchase	2,05,33,740	50.77
3	Mr. Harsh V. Goenka (in the capacity of Trustee of Crystal India Tech Trust)	1	-	22.3.2016	Increase	Market Purchase	2,05,33,741	50.77
4	Mr. Harsh V. Goenka (in the capacity of Trustee of Monitor Portfolio Trust)	1	-	22.3.2016	Increase	Market Purchase	2,05,33,742	50.77
3	At the End of the year	2,05,33,742	50.77	31.3.2016			2,05,33,742	50.77

## iv) Shareholding pattern of top ten Shareholders as on March 31, 2016 (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 1.4.2015/end of the year 31.3.2016		Date	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Jwalamukhi Investment Holdings	<b>2,69,662</b>	<b>0.67</b>	<b>1.4.2015</b>				
				17.4.2015	1,10,000	Market Purchase	3,79,662	0.94
				24.4.2015	25,000	Market Purchase	4,04,662	1.00
				15.5.2015	53,300	Market Purchase	4,57,962	1.13
				17.7.2015	4,02,000	Market Purchase	8,59,962	2.13
				15.1.2016	57,314	Market Purchase	9,17,276	2.27
				22.1.2016	3,88,290	Market Purchase	13,05,566	3.23
				29.1.2016	1,37,509	Market Purchase	14,43,075	3.57
				5.2.2016	1,65,482	Market Purchase	16,08,557	3.98
				12.2.2016	87,367	Market Purchase	16,95,924	4.19
		19.2.2016	1,25,020	Market Purchase	18,20,944	4.50		
		<b>18,20,944</b>	<b>4.50</b>	<b>31.3.2016</b>				
2	Kotak Mahindra (International)Limited	<b>25,15,700</b>	<b>6.22</b>	<b>1.4.2015</b>				
				10.4.2015	20,400	Market Purchase	25,36,100	6.27
				17.4.2015	2,00,672	Market Purchase	27,36,772	6.77
				24.4.2015	1,17,500	Market Purchase	28,54,272	7.06
				31.7.2015	(14,21,375)	Market Sale	14,32,897	3.54
		<b>14,32,897</b>	<b>3.54</b>	<b>31.3.2016</b>				
3	Westbridge Crossover fund, LLC	<b>0</b>	<b>0.00</b>	<b>1.4.2015</b>				
				31.7.2015	1,421,375	Market Purchase	14,21,375	3.51
		<b>14,21,375</b>	<b>3.51</b>	<b>31.3.2016</b>				
4	Dimensional Emerging Markets Value Fund	<b>2,80,221</b>	<b>0.69</b>	<b>1.4.2015</b>				
				10.4.2015	1,612	Market Purchase	2,81,833	0.70
				24.4.2015	5,485	Market Purchase	2,87,318	0.71
				1.5.2015	5,446	Market Purchase	2,92,764	0.72
				15.5.2015	11,687	Market Purchase	3,04,451	0.75
				22.5.2015	9,682	Market Purchase	3,14,133	0.78
				12.8.2015	19,337	Market Purchase	3,33,470	0.82
		28.8.2015	39,095	Market Purchase	3,72,565	0.92		

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 1.4.2015/end of the year 31.3.2016		Date	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
				4.9.2015	1,22,534	Market Purchase	4,95,099	1.22
				11.9.2015	87,294	Market Purchase	5,82,393	1.44
				18.9.2015	12,210	Market Purchase	5,94,603	1.47
				25.12.2015	34,364	Market Purchase	6,28,967	1.55
				31.12.2015	14,176	Market Purchase	6,43,143	1.59
				15.1.2016	24,361	Market Purchase	6,67,504	1.65
				22.1.2016	4,317	Market Purchase	6,71,821	1.66
				29.1.2016	7,248	Market Purchase	6,79,069	1.68
				5.2.2016	19,823	Market Purchase	6,98,892	1.73
		<b>6,98,892</b>	<b>1.73</b>	<b>31.3.2016</b>				
5	Mirae Asset Mutual Fund	<b>0</b>	<b>0.00</b>	<b>1.4.2015</b>				
				7.8.2015	2,14,500	Market Purchase	2,14,500	0.53
				12.8.2015	75,000	Market Purchase	2,89,500	0.72
				14.8.2015	38,000	Market Purchase	3,27,500	0.81
				28.8.2015	(3,500)	Market Sale	3,24,000	0.80
				4.9.2015	(12,000)	Market Sale	3,12,000	0.77
				6.11.2015	30,000	Market Purchase	3,42,000	0.85
				13.11.2015	30,000	Market Purchase	3,72,000	0.92
				20.11.2015	5,000	Market Purchase	3,77,000	0.93
				27.11.2015	8,000	Market Purchase	3,85,000	0.95
				4.12.2015	39,000	Market Purchase	4,24,000	1.05
				11.12.2015	10,000	Market Purchase	4,34,000	1.07
				31.12.2015	(8,000)	Market Sale	4,26,000	1.05
				8.1.2016	4,800	Market Purchase	4,30,800	1.07
				19.2.2016	66,531	Market Purchase	4,97,331	1.22
				26.2.2016	18,000	Market Purchase	5,15,331	1.27
		<b>5,15,331</b>	<b>1.27</b>	<b>31.3.2016</b>				

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 1.4.2015/end of the year 31.3.2016		Date	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
6	Commingled Pension Trust (Emerging Markets Equity ) Of JPMorgan Chase Bank	<b>0</b>	<b>0.00</b>	<b>1.4.2015</b>				
				11.9.2015	1,85,549	Market Purchase	1,85,549	0.46
				18.9.2015	35,401	Market Purchase	2,20,950	0.55
				9.10.2015	5,500	Market Purchase	2,26,450	0.56
				23.10.2015	1,53,678	Market Purchase	3,80,128	0.94
				30.10.2015	14,882	Market Purchase	3,95,010	0.98
				15.1.2016	15,390	Market Purchase	4,10,400	1.01
				5.2.2016	13,720	Market Purchase	4,24,120	1.05
		<b>4,24,120</b>	<b>1.05</b>	<b>31.3.2016</b>				
7	Acadian Emerging Markets Small Cap Equity Fund LLC	<b>0</b>	<b>0.00</b>	<b>1.4.2015</b>				
				4.9.2015	22,253	Market Purchase	22,253	0.06
				25.9.2015	20,896	Market Purchase	43,149	0.11
				9.10.2015	85,275	Market Purchase	1,28,424	0.32
				16.10.2015	24,940	Market Purchase	1,53,364	0.38
				30.10.2015	41,979	Market Purchase	1,95,343	0.48
				6.11.2015	40,499	Market Purchase	2,35,842	0.58
				20.11.2015	71,577	Market Purchase	3,07,419	0.76
				4.12.2015	41,709	Market Purchase	3,49,128	0.86
				18.12.2015	10,677	Market Purchase	3,59,805	0.89
				8.1.2016	13,904	Market Purchase	3,73,709	0.92
		<b>3,73,709</b>	<b>0.92</b>	<b>31.3.2016</b>				
8	The New India Assurance Company Limited	<b>4,15,873</b>	<b>1.03</b>	<b>1.4.2015</b>				
				9.10.2015	(33,310)	Market Sale	3,82,563	0.95
				16.10.2015	(16,690)	Market Sale	3,65,873	0.90
				8.1.2016	(10,014)	Market Sale	3,55,859	0.88
		<b>3,55,859</b>	<b>0.88</b>	<b>31.3.2016</b>				

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 1.4.2015/end of the year 31.3.2016		Date	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year		
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company	
9	The Wellington Trust Company, National Association Multiple Collective Investment Fund Trust, Opportunistic Equity Portfolio	<b>3,73,760</b>	<b>0.92</b>	<b>1.4.2015</b>					
				10.4.2015	(4,384)	Market Sale	3,69,376	0.91	
				3.7.2015	(10,500)	Market Sale	3,58,876	0.89	
				3.8.2015	(2,650)	Market Sale	3,56,226	0.88	
				1.1.2016	(3,660)	Market Sale	3,52,566	0.87	
				<b>31.3.2016</b>					
		<b>3,52,566</b>	<b>0.87</b>						
10	Stichting Depository Apg Emerging Markets Equity Pool	<b>0</b>	<b>0.00</b>	<b>1.4.2015</b>					
				21.8.2015	304,052	Market Purchase	3,04,052	0.75	
				4.9.2015	71,165	Market Purchase	3,75,217	0.93	
				25.9.2015	25,276	Market Purchase	4,00,493	0.99	
				9.10.2015	17,785	Market Purchase	4,18,278	1.03	
				16.10.2015	(41,728)	Market Sale	3,76,550	0.93	
				30.10.2015	15,344	Market Purchase	3,91,894	0.97	
				27.11.2015	17,740	Market Purchase	4,09,634	1.01	
				4.12.2015	(65,794)	Market Purchase	3,43,840	0.85	
				18.3.2016	(13,073)	Market Sale	3,30,767	0.82	
				<b>31.3.2016</b>					
				<b>3,30,767</b>	<b>0.82</b>				

Note: The shareholding of the above top 10 shareholders as on March 31, 2016, are consolidated based on the Permanent Account Number (PAN) of the said shareholders.

## v) Shareholding of Directors and Key Managerial Personnel:

Name : Mr. Paras K. Chowdhary, Director

Sr. No.	For Each of the Directors and KMP	Shareholding at the Beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	At the beginning of the year	3,000	0.01	3,000	0.01
2	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for Increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	Nil	-	-	-
3	At the End of the year	3,000	0.01	3,000	0.01

**Note:**

- i) Mr. Manoj K. Jaiswal CFO and Mr. H.N.Singh Rajpoot, Company Secretary, Key Managerial Personnel, do not hold any share of the Company in their own name.

**V) INDEBTEDNESS**

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

(₹ in Lacs)

	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the Financial year</b>				
i) Principal Amount	62,215.94	6,020.29	7,699.29	75,935.52
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	146.16	51.43	503.35	700.94
<b>Total (i+ii+iii)</b>	<b>62,362.10</b>	<b>6,071.72</b>	<b>8,202.64</b>	<b>76,636.46</b>
Change in Indebtedness during the Financial year				
• Addition (Includes only Principal)	52,117.79	0.00	0.00	52,117.79
• Reduction (Includes only Principal)	(56,220.24)	(2,189.36)	(4,274.59)	(62,684.19)
<b>Net Changes</b>	<b>(4,102.45)</b>	<b>(2,189.36)</b>	<b>(4,274.59)</b>	<b>(10,566.40)</b>
<b>Indebtedness at the end of the Financial year</b>				
i) Principal Amount	58,113.49	3,830.93	3,415.85	65,360.27
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	242.17	0.00	173.08	415.25
<b>Total (i + ii + iii)</b>	<b>58,355.66</b>	<b>3,830.93</b>	<b>3,588.93</b>	<b>65,775.52</b>

## VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

## A. REMUNERATION TO MANAGING DIRECTOR, WHOLE- TIME DIRECTORS AND/OR MANAGER

Sr. No.	Particulars of Remuneration	Mr. Anant V. Goenka, Managing Director	Mr. Arnab Banerjee, Executive Director - Operations	Total Amount
1	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	2,78,33,767	2,07,08,845	4,85,42,612
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	26,17,008	57,940	26,74,948
	c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961			
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	• As % of profit			
	• Others, specify	-	-	-
5	Other please specify (retiral benefits)	20,75,463	8,82,039	29,57,502
	<b>Total (A)</b>	<b>3,25,26,238</b>	<b>2,16,48,824</b>	<b>5,41,75,062</b>
	Ceiling as per the Act			<b>64,90,73,740</b>

## B. REMUNERATION TO OTHER DIRECTORS

SI No	Particulars of Remuneration	Name of Director									Total Amount
		Mr. Mahesh S. Gupta	Mr. S. Doreswamy	Mr. Haigreave Khaitan	Mr. Atul C. Choksey	Mr. Kantikumar R. Podar	Mr. Vinay Bansal	Ms. Punita Lal	Mr. Paras K. Chowdhary	Mr. Ranjit V. Pandit #	
	Independent Directors										
	• Fee for attending board/committee meetings	6,65,000	4,25,000	75,000	3,75,000	3,00,000	6,10,000	4,50,000	5,00,000	-	34,00,000
	• Commission	6,00,000	6,00,000	6,00,000	6,00,000	6,00,000	6,00,000	6,00,000	6,00,000	-	48,00,000
	• Others, please specify										
	<b>Total (1)</b>	<b>12,65,000</b>	<b>10,25,000</b>	<b>6,75,000</b>	<b>9,75,000</b>	<b>9,00,000</b>	<b>12,10,000</b>	<b>10,50,000</b>	<b>11,00,000</b>	<b>-</b>	<b>82,00,000</b>
	Other Non-Executive Directors										
	• Fee for attending board committee meetings	4,50,000	5,25,000	-	-	-	-	-	-	-	9,75,000
	• Commission	5,71,00,000	6,00,000	-	-	-	-	-	-	-	5,77,00,000
	• Others, please specify										
	<b>Total (2)</b>	<b>5,75,50,000</b>	<b>11,25,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,86,75,000</b>
	<b>Total (B) = (1+2)</b>										<b>6,68,75,000</b>
	Total Managerial Remuneration										<b>6,68,75,000</b>
	Overall Ceiling as per the Act*										<b>6,49,07,370</b>

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

# Mr. Ranjit V. Pandit has waived off his right to receive remuneration including sitting fees and commission from the Company.



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

SI No.	Particulars of Remuneration	Key Managerial Personnel			
		Mr. Subba Rao (CFO) Period 1.4.15 to 22.7.15	Mr. Manoj K. Jaiswal (CFO) Period 22.7.15 to 31.3.16	Mr. H. N. Singh Rajpoot (Company Secretary)	Total
1	Gross Salary				
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	98,20,312	1,02,96,356	70,24,111	2,71,40,779
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	10,484	31,600	42,084
	c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961				
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	• As % of profit				
	• Others, specify	-	-	-	-
5	Other please specify (Retiral Benefits)	4,42,339	4,51,196	6,31,458	15,24,993
	<b>Total (A)</b>	<b>1,02,62,651</b>	<b>1,07,58,036</b>	<b>76,87,169</b>	<b>2,87,07,856</b>

**VII) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

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

On behalf of the Board of Directors

**H. V. Goenka**

Chairman

Place: Mumbai  
Date: April 27, 2016

**ANNEXURE D****ANNEXURE TO THE BOARD'S REPORT****CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

**A. CONSERVATION OF ENERGY**

- (i) The Company continued to give major emphasis on conservation of energy, and the measures taken during the previous years were continued. The efficiency of energy utilization in each manufacturing unit is monitored at the corporate level every quarter, in order to achieve effective conservation of energy. The significant energy conservation measures during the year were:
- Replacement of reciprocating compressors with screw compressor.
  - Installation of new heat recovery unit with SS Tubes for briquette boiler.
  - Installation of magnetic induction lamps which are energy efficient and high life.
  - Installation of energy efficient motor and gearbox for Banbury mill.
  - Installed energy efficient hot water pump and stopped one pump.
  - Installed economiser in briquette boiler.
  - Converted in-efficient motor with induction motor in 84" Mill Installation of energy efficient pumps at cooling tower.
  - Boiler fan optimization by VFD trim (VFD run from 47 Hz to 42 Hz).
  - Installation of energy efficient electrical power drive chiller in place of steam drive chiller.
  - Valve module change in curing presses for thermal energy saving.
  - Main drain header replacement to prevent thermal losses.
  - Installed energy efficient pump for boiler feed water to save power. Oil fired boiler No 1 & 3.
  - Replaced old hydraulic pumps with energy efficient pumps.
  - Change in compressor loading pattern by change in sequence of operation of plant air compressor.
  - HP air leakage arrested and optimized HP air compressor pressure from 10.5kg/cm<sup>2</sup> to 10.3/kg/cm<sup>2</sup>.
  - Energy Efficient Multi VFD Hydro system installation at tyre curing.
  - Non curing Mixer oil heating tank steam trap replaced from TD to float type.
  - Replacement of steam driven chiller with Power driven chiller for HVAC Energy Cost reduction.
  - Manual Platen steam cut off at PCR & TBR idle tyre curing presses.
  - Dehumidifier auto operation based on PLC panel.
- (ii) Additional investments / Proposals for reduction of Consumption of energy.
- Replacement of inefficient hot water pumps.
  - Separate Cooling towers for 2/3 shift operating machines capacity wise.
  - Replacement of mills by energy efficient Cold Feed Extruder.
  - Conversion of Filler/Flipper machines.
  - Cracker mill conversion to uni-drive for energy conservation.
  - Direct steam injection to be replaced with TCU for roll heating
  - Shutting of process water at duplex holding mill, feed mill and 4 roll cooling drum, chiller.
  - Replacement of inefficient slip ring motor with AC induction motor and drive for other mixer.
  - Insulating pads fixing for curing platen presses.
  - Non-conventional insulation of dome for curing presses to prevent thermal loss. Fabric insulation tape idea explored and bare line insulation done.
  - Enhancement in capacity of 7kg air receiver to conserve air compressor power.
  - Installation of 7kg process air compressor with VFD.
  - VFD system for hydraulic pumps system.
  - Installation of air drier for 7 Kg/cm<sup>2</sup> band for complete dry air.
  - Installation of energy efficient screw air compressor
  - Installation of Energy efficiency Pumps for Water treatment Plant.
  - Compressed air Leakage identification and correction on daily basis.
  - Halol PH # 2 Process cooling tower Pump VFD installation.
  - Insulation of Platen of PCR & TBR Tyre curing Press.
  - Insulation of Steam Hose of PCR & TBR Tyre curing Press.

- Manual Platen steam cut off at PCR & TBR idle tyre curing presses.
- Auto Platen steam cut off at PCR & TBR idle tyre curing presses.
- Vacuum system pump operation with VFD.
- Installation of Steam flowmeters for Halol PH # 2 Tyre curing.
- Instrument air and Plant air pressure reduction to optimize process requirements.
- Hydraulic Pressure reduction to optimize process requirements.
- Dedicated instrument air compressor for instrument air.
- Installation of energy meters for machine wise power tracking.

## B. TECHNOLOGY ABSORPTION

### Research and Development (R&D)

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

Research & Development activities were carried out with mid-term and long-term views, using in-house and collaborative mode, in order to proactively achieve technological edge continuously. New product developments were carried out in all the product categories ranging from scooter tyres to giant earthmover tyres for customers like OEM, domestic replacement and export markets. This included development of new tread patterns and designs and timely development of products to meet the customer requirements. Activities were also carried out to improve key performance characteristics such as durability, tread life, grip, ride, handling, rolling resistance, noise and extended mobility. Development of new formulations and materials and alternate sources were also done to meet specific performance and cost targets. Development and improvement of processes and equipment/machineries was another key area targeting quality, consistency, productivity and energy efficiency. Several strategic collaborative development programmes were carried out with premier research institutes and global vendors on innovative technologies and materials. Specific product and technology developments were carried out in collaboration with Consultants and Domain experts in Passenger tyre category.

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

Several projects carried out by the R&D centre resulted in over 27% of turnover coming out of new products. The development programmes with OEMs resulted in product approvals and continuous supplies to many leading OEMs including Honda, Suzuki and Yamaha in two-wheeler tyres, Renault in car radial tyres, New SUV from Mahindra and

Mahindra and Daimler in Truck radial tyres. Entry into premium models of Maruti Suzuki and premium UV of Mahindra & Mahindra in car & UV radial tyres were other key milestones. Development of 'FUEL SMART' pattern resulted in creating a much awaited high fuel efficient platform for Passenger car tyres.

In Truck-Bus radial tyre category, two concern areas of belt durability and bead durability were addressed through innovative material and design technologies. This has resulted in substantial reduction in tread area failures.

Through joint R&D efforts with European experts, Passenger radial tyres with a premium Europe tyre labelling are achieved for our Ultra high performance tyres Designed for Europe.

Dedicated efforts and focus on introducing new raw materials and reinforcement materials resulted in introducing many high performing and cost effective approaches. In addition to this, special processing technologies were introduced to handle complex materials such as silica. Introduction of a pilot facility helped in fine-tuning many sophisticated processing requirements for new products.

Projects taken up in simulation resulted in improved prediction capability of tyre rolling resistance and noise. 3 Patents were generated and many technical presentations/publications made in leading forums and journals.

#### 3. Future plan of action

Continued focus on passenger segment reinforces the need for developing technologies in fuel efficiency, grip, durability and noise. In a major effort to improve R&D capability in these areas, advanced testing equipments are being added in Tyre testing and Material development laboratories. These efforts once materialized will enhance the predictive testing capabilities, more object oriented tyre testing and advanced characterization of raw materials for its approval. Meeting continuously evolving environmental, health and safety standards is continue to be a key challenge. R&D centre is all set to meet these challenges through a cross functional working approach with a highly motivated team, knowledge enhancement programmes, technology development initiatives and collaborative work with consultants. Advanced softwares are being added in the area of design, engineering and tyre modelling targeting. Atomisation and digitization are going to be a key focus area.

Efforts are being put to develop tyres for cars and CUV/SUVs of premium OEMs of MNCs. Technologies for Europe is going to be another focus area. Technology development for super single Truck tyres, ultra high performance winter tyres, high performance motorcycle radial tyres are planned. As far as performance improvement

is concerned, overloadability, retreadability, high mileage and extended mobility are going to be prime areas. Various technologies are being developed to improve tyre performance at nominal cost.

#### 4. Expenditure on research and development

	(₹ in Lacs)	
	2015-16	2014-15
Capital	116.14	69.33
Recurring	5,106.78	2,085.31
<b>Total</b>	<b>5,222.92</b>	<b>2,154.64</b>

#### Technology absorption, adaptation and innovation

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

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

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

Joint Contracts and development projects were initiated with consultants and domain experts from Europe and Japan. The area of work included development of new Product Patterns and designs, Advanced Material technology, Process development and simulation capability development.

##### 2 Benefits of the above are:

###### a. Product Development:

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

Launching of Passenger radial tyres in Europe meeting tyre Labelling requirements of Fuel efficiency, Grip and Noise.

###### b. Product Improvements:

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

###### c. Cost reduction:

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

###### d. Import Substitution

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

###### e. Process Development

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

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

#### C) FOREIGN EXCHANGE EARNINGS AND OUTGO

	(₹ in Lacs)	
	2015-16	2014-15
Foreign exchange earned	72,703.69	99,264.29
Foreign exchange used	1,57,634.78	1,48,420.81

On behalf of the Board of Directors

**H. V. Goenka**

Chairman

Place: Mumbai

Date: April 27, 2016

## ANNEXURE E

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

Particulars																									
(i) the ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year;	<table border="0"> <tr><td>Mr. H. V. Goenka</td><td>- 121.42</td></tr> <tr><td>Mr. Anant V. Goenka</td><td>- 68.62</td></tr> <tr><td>Mr. Arnab Banerjee</td><td>- 45.67</td></tr> <tr><td>Mr. Hari L. Mundra</td><td>- 2.37</td></tr> <tr><td>Mr. Paras K. Chowdhary</td><td>- 2.32</td></tr> <tr><td>Mr. Mahesh S. Gupta</td><td>- 2.67</td></tr> <tr><td>Mr. S. Doreswamy</td><td>- 2.16</td></tr> <tr><td>Mr. Haigreve Khaitan</td><td>- 1.42</td></tr> <tr><td>Mr. Atul Choksey</td><td>- 2.06</td></tr> <tr><td>Mr. Kantikumar R. Podar</td><td>- 1.90</td></tr> <tr><td>Mr. Vinay Bansal</td><td>- 2.55</td></tr> <tr><td>Ms. Punita Lal</td><td>- 2.22</td></tr> </table>	Mr. H. V. Goenka	- 121.42	Mr. Anant V. Goenka	- 68.62	Mr. Arnab Banerjee	- 45.67	Mr. Hari L. Mundra	- 2.37	Mr. Paras K. Chowdhary	- 2.32	Mr. Mahesh S. Gupta	- 2.67	Mr. S. Doreswamy	- 2.16	Mr. Haigreve Khaitan	- 1.42	Mr. Atul Choksey	- 2.06	Mr. Kantikumar R. Podar	- 1.90	Mr. Vinay Bansal	- 2.55	Ms. Punita Lal	- 2.22
Mr. H. V. Goenka	- 121.42																								
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Mr. Kantikumar R. Podar	- 1.90																								
Mr. Vinay Bansal	- 2.55																								
Ms. Punita Lal	- 2.22																								
(ii) the percentage Increase / (Decrease) in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	<table border="0"> <tr><td>Mr. Anant V. Goenka, MD - (3%)</td></tr> <tr><td>Mr. Arnab Banerjee, ED - 3%</td></tr> <tr><td>Mr. Manoj K. Jaiswal., CFO - NA*</td></tr> <tr><td>Mr. H. N. Singh Rajpoot, CS - 5%</td></tr> </table> <p>* Existing CFO, Mr. Manoj K. Jaiswal was appointed w.e.f. July 22, 2015</p>	Mr. Anant V. Goenka, MD - (3%)	Mr. Arnab Banerjee, ED - 3%	Mr. Manoj K. Jaiswal., CFO - NA*	Mr. H. N. Singh Rajpoot, CS - 5%																				
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Mr. Arnab Banerjee, ED - 3%																									
Mr. Manoj K. Jaiswal., CFO - NA*																									
Mr. H. N. Singh Rajpoot, CS - 5%																									
(iii) the percentage Increase in the median remuneration of employees in the financial year;	There has been increase by the median remuneration of the employees in the financial year 0.01%																								
(iv) the number of permanent employees on the rolls of Company;	5,337 Employees as on March 31, 2016																								
(v) the explanation on the relationship between average increase in remuneration and Company performance;	Turnover and net profit of the Company increased by - 0.85% and 51.36% as against the previous year. The average increase in remuneration of all employees was 0.05% for the FY 2015-16.																								
(vi) comparison of the remuneration of the Key Managerial Personnel against the performance of the Company;	<table border="0"> <tr><td>Total Remuneration of KMP (₹ in Lacs):</td><td>₹ 726.20</td></tr> <tr><td>Consolidated Revenue (₹ in Lacs):</td><td>5,74,398.57</td></tr> <tr><td>Remuneration of KMPs (as % of Revenue):</td><td>0.13%</td></tr> <tr><td>Consolidated Profit after tax (₹ in Lacs):</td><td>44,466.57</td></tr> <tr><td>Remuneration of KMPs (as % PBDT):</td><td>0.97%</td></tr> </table>	Total Remuneration of KMP (₹ in Lacs):	₹ 726.20	Consolidated Revenue (₹ in Lacs):	5,74,398.57	Remuneration of KMPs (as % of Revenue):	0.13%	Consolidated Profit after tax (₹ in Lacs):	44,466.57	Remuneration of KMPs (as % PBDT):	0.97%														
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(vii) variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies;	<p>Variation in Market capitalisation and PE Ratio is as below:</p> <table border="1"> <thead> <tr> <th>BSE</th> <th></th> <th></th> <th></th> </tr> <tr> <th>Particulars</th> <th>31.3.2015</th> <th>31.3.2016</th> <th>% change</th> </tr> </thead> <tbody> <tr> <td>Market capitalisation (₹ In Lacs)</td> <td>3,25,481.67</td> <td>4,38,539.67</td> <td>34.74%</td> </tr> <tr> <td>PE Ratio</td> <td>9.51</td> <td>9.82</td> <td>3.26%</td> </tr> </tbody> </table> <p>The Company has in recent past not come out with a Public Offer. PE Ratio is calculated as follows: BSE share price as on March 31, 2016 Weighted Average EPS (Refer note no. 31 of Consolidated Financial Statements)</p>	BSE				Particulars	31.3.2015	31.3.2016	% change	Market capitalisation (₹ In Lacs)	3,25,481.67	4,38,539.67	34.74%	PE Ratio	9.51	9.82	3.26%								
BSE																									
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Market capitalisation (₹ In Lacs)	3,25,481.67	4,38,539.67	34.74%																						
PE Ratio	9.51	9.82	3.26%																						
(viii) average percentile increase / (decrease) already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	<p>The increase in Remuneration of each of the Key Managerial Personnel is as below:</p> <table border="0"> <tr><td>Mr. Anant V. Goenka: (3%)</td></tr> <tr><td>Mr. Arnab Banerjee: 3%</td></tr> </table> <p>The average increase in Remuneration during the year has been (0.83%) other than managerial personnel</p>	Mr. Anant V. Goenka: (3%)	Mr. Arnab Banerjee: 3%																						
Mr. Anant V. Goenka: (3%)																									
Mr. Arnab Banerjee: 3%																									

(ix) comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company;	Refer point (vi) above
(x) the key parameters for any variable component of remuneration availed by the directors;	The Executive Directors of the Company are entitled for performance bonus as variable component based on performance of the individual Directors as well as Company's performance.  All non-executive directors (NED) are entitled to receive commission as variable component and sitting fee for attending meeting of the Board and committee of the Board of the Company. The remuneration by way of commission to such NEDs is not exceeding 1% of net profit of the Company earned during the year.
(xi) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; and	Not Applicable
(xii) affirmation that the remuneration is as per the remuneration policy of the Company.	Remuneration paid during the FY 2015-16 is as per the Remuneration policy of the Company.

On behalf of the Board of Directors

**H. V. Goenka**

Chairman

Place: Mumbai

Date: April 27, 2016

## ANNEXURE F

### Policy on Appointment, Training, Evaluation and Remuneration of Directors, Key Managerial Personnel and Senior Managerial Personnel

#### 1. Objective:

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

#### 2. Constitution of the Nomination and Remuneration Committee:

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

#### 3. Definition:

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

#### 4. Diversity in the Board Of Directors:

Diversity refers to the variety of attributes of diverse nature between people and encompasses acceptance,

respect and an understanding that each individual is unique. These differences can include age, gender, ethnicity, physical abilities, marital status, ideologies, background, knowledge and skills.

#### 5. Requirement relating to appointment of Directors:

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

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

  - (a) He/she shall not be less than 21 years of age.
  - (b) He/she shall not be of unsound mind nor stand so declared by a competent court.
  - (c) He/she shall not be an undischarged insolvent.
  - (d) He/she has not applied to be adjudicated as an insolvent and his/her application is pending.
  - (e) He/she has not been convicted of an offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence.
  - (f) A person shall however not be appointed as director of the Company, if he is a director in a Company which has failed to:

- i. File Financial Statements or Annual Returns for any continuous period of three financial years;
- ii. Repay deposits or pay interest thereon on due date;
- iii. Redeem debentures on due date or pay interest due thereon;
- iv. Pay dividend already declared by the said Company, and such defaults continue for one year or more.

iv. Automatic vacation of the office:

A Director shall automatically vacate his office in the following cases:

- a) He/she attracts any disqualification prescribed herein above;
- b) He/she absents from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board of Directors;
- c) He/she acts in contravention of the provisions of Section 184 relating to entering into contracts or arrangements in which he is directly or indirectly interested;
- d) He/she fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of Section 184.

v. Applicability of Policies:

All persons appointed as Directors of the Company, including the MD and the Executive Director(s), KMPs and SMPs shall ensure compliance with the Policies and Procedures adopted by the Company, from time to time such as the Code of Conduct for Directors and Senior Management Personnel, the Code of Conduct for Prevention of Insider Trading, Whistle Blower Policy, Code of Corporate Governance and Ethics or any other Company's policy applicable to them.

**6. Appointment of KMPs/SMPs:**

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

**7. Evaluation of Performance:**

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

**8. Remuneration to NEDs, KMPs and SMPs:**

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

**9. Directors and Officer Liability Insurance:**

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



**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016**

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

To,  
The Members,  
CEAT Limited

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company, the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992

and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;(Not applicable to the Company during the audit period)
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;(Not applicable to the Company during the audit period);
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the audit period)
  - (vi) Other laws applicable specifically to the Company namely:
    - a. The Rubber Act, 1947 and The Rubber Rules, 1955
- We have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards issued by the Institute of Company Secretaries of India with respect to board and general meetings.
  - (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive

Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

Decisions at the Board Meetings were taken unanimously.

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

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

- a) Issue and Allotment of 2000 Secured Redeemable Non-Convertible Debentures of the face value of ₹ 10,00,000 (Rupees Ten Lacs) each through private placement and listing of the said Debentures in the Debt Segment of BSE Limited.

For **Parikh & Associates**  
Company Secretaries

**P. N. Parikh**  
Partner

FCS No. 327 CP No: 1228

Place: Mumbai

Date: April 27, 2016

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

## 'ANNEXURE A'

To,  
The Members  
CEAT Limited

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

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

For **Parikh & Associates**  
Company Secretaries

Place: Mumbai  
Date: April 27, 2016

**P. N. Parikh**  
Partner  
FCS No. 327 CP No: 1228

# Corporate Governance Report

The Corporate Governance Report, for Financial Year 2015-16, which forms a part of Boards Report, is prepared pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"). This report is for compliance with the Listing Regulations.

## I. COMPANY PHILOSOPHY

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

## II. BOARD OF DIRECTORS

The Board of Directors ensures that the Company runs its business on fair and ethical principles and plays an important role in creation of value for its stakeholders, in terms of the Company's Corporate Governance and Ethics Policy. All statutory and other significant and material information including information mentioned in Regulation 17(7) read with Part A of Schedule II the Listing Regulations, is placed before the Board of Directors to enable it to discharge its responsibilities of strategic supervision of the Company with due compliance of laws and as trustees of stakeholders. The Managing Director and Executive Director are responsible for the day-to-day management of the Company, subject to the supervision, direction and control of the Board of Directors. The Executive Directors are ably assisted by

the Management Committee and Operating Committee, which implement the decisions and the strategic policies of the Board of Directors.

### 1. Composition:

As on March 31, 2016, the Board of Directors of the Company consisted of 13 (thirteen) Directors of whom, 2 (two) were 'Executive' Directors and 11 (eleven) were 'Non-Executive' Directors.

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

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 (2) below, as Independent Directors.

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

During the Financial Year ended March 31, 2016, 6 (six) meetings of the Board of Directors were held on May 22, 2015; July 22, 2015; September 7, 2015; October 27, 2015; February 12, 2016 and March 16, 2016. Details of Directors and their attendance in the said Board Meetings and also at the last Annual General Meeting are given below:

Name	Category	No. of Board Meetings attended during the year	Attendance at last AGM held on August 12, 2015	No. of Directorships in other public limited companies	No. of Committee positions held in other public limited companies*	
					Chairman	Member#
Mr. H. V. Goenka (Promoter)	Non-Executive Non-Independent	6	Yes	6	-	-
Mr. Anant V. Goenka (Promoter)	Executive Non-Independent	6	Yes	4	-	-
Mr. Arnab Banerjee	Executive Non-Independent	5	Yes	1	-	-

Name	Category	No. of Board Meetings attended during the year	Attendance at last AGM held on August 12, 2015	No. of Directorships in other public limited companies	No. of Committee positions held in other public limited companies*	
					Chairman	Member#
Mr. Paras K. Chowdhary	Non-Executive Non-Independent	6	No	2	-	1
Mr. Mahesh S. Gupta	Non-Executive Independent	6	Yes	5	1	5
Mr. Atul C. Choksey	Non-Executive Independent	5	No	9	1	1
Mr. S. Doreswamy	Non-Executive Independent	4	No	1	1	2
Mr. Haigreve Khaitan	Non-Executive Independent	1	No	9	3	9
Mr. Hari L. Mundra	Non-Executive Non-Independent	5	Yes	4	1	4
Mr. Kantikumar R. Podar	Non-Executive Independent	4	Yes	2	-	-
Mr. Vinay Bansal	Non-Executive Independent	6	Yes	-	-	-
Ms. Punita Lal	Non-Executive Independent	6	No	2	-	-
Mr. Ranjit V. Pandit	Non-Executive Independent	5	No	3	-	-

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

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

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

##### i) Mr. Arnab Banerjee:

Mr. Arnab Banerjee, 52 years, is the Executive Director - Operations of the Company w.e.f. May 7, 2013.

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

At CEAT, Mr. Banerjee spearheads the Sales and 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.

Apart from his career in Sales and Marketing, Mr. Banerjee has a keen interest in photography, running and high altitude trekking. He is also director of following companies / Body Corporates:

- CEAT Specialty Tyres Limited, India
- Associated CEAT (Pvt.) Limited, Sri Lanka
- CEAT-Kelani International Tyres (Pvt.) Limited, Sri Lanka
- CEAT Kelani Holdings (Pvt.) Limited, Sri Lanka
- CEAT Kelani Radials Pvt. Limited, Sri Lanka
- Associated CEAT Holdings Company (Pvt.) Limited, Sri Lanka

Mr. Banerjee is neither a Member nor Chairman of any of the committee of any other company.

##### ii) Mr. Paras K. Chowdhary:

Mr. Paras K. Chowdhary, 65 years, holds a Bachelors degree in Physics (Hons.) and has over 36 years of experience in senior management positions in the tyre industry. He has been the Managing Director of CEAT Limited for more than 11 (eleven) years. Prior to joining the Company, he spearheaded the Telecom Business of RPG Enterprises from July 1997 to December 2000. Earlier, he was employed with Apollo Tyres Limited,

where he started his career from junior management position and reached to the position of President and Whole-time Director within a very short time. He was instrumental in the turning around of that Company. Mr. Chowdhary is one of the few experts of the tyre industry in India.

**Other Directorships:**

- RPG Enterprises Limited, India
- Philips Carbon Black Limited, India
- CEAT Kelani Holdings (Pvt.) Limited, Colombo, Sri Lanka
- Associated CEAT Holdings Company (Pvt.) Limited, Colombo, Sri Lanka

Mr. Chowdhary is a Member of Audit Committee of Phillips Carbon Black Limited

**III. COMMITTEES OF THE BOARD**

**(i) Audit Committee:**

The Company has complied with the requirements of Section 177 of Companies Act, 2013 (“the Act”) and Regulation 18(1) of the Listing Regulations, applicable to the composition of the Audit Committee. The Board at its meeting held on May 22, 2015, reconstituted the Audit Committee in which Mr. Vinay Bansal was inducted as a member on the said Committee. Accordingly, the Audit Committee currently has 4 (four) members, viz Mr. Mahesh S. Gupta; Mr. S. Doreswamy; Mr. Hari L. Mundra and Mr. Vinay Bansal. All the members of the Audit Committee are financially literate.

Mr. Mahesh S. Gupta is the Chairman the Audit Committee, who is an Independent Director.

During the financial year ended March 31, 2016, 5 (five) meetings of the Audit Committee were held on May 22, 2015; July 22, 2015; October 27, 2015; February 12, 2016 and March 16, 2016.

**Attendance at the Audit Committee Meetings:**

Name of the Member	No. of Meetings attended
Mr. Mahesh S. Gupta	5
Mr. S. Doreswamy	3
Mr. Hari L. Mundra	4
Mr. Vinay Bansal	4

The requisite quorum was present at all meetings.

The terms of reference of Audit Committee included the matters specified under Regulation 18 of the Listing Regulation as well as in Section 177 of the Act. The terms of reference of the Audit Committee, *inter-alia*, include the following:

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

- (b) To review and monitor Auditor’s independence and performance and effectiveness of audit process.
- (c) To approve payment to Statutory Auditors for any other services rendered by Statutory Auditors.
- (d) To review effectiveness of the audit process and adequacy of the internal audit function, if any, including structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of the internal audit.
- (e) To examine Financial Statements and Auditors’ Report thereon and for this purpose, to call, if necessary, the comments of the Auditors about the following:
  - (i) Internal control systems;
  - (ii) Scope of audit, including observations of Auditors.
- (f) To recommend the Financial Statement to the Board for approval, after carrying out the procedure mentioned at (e) above.
- (g) To approve transactions of the Company with Related Parties, including any subsequent modifications.
- (h) To scrutinize inter-corporate loans and investments made by the Company.
- (i) To carry out valuation of undertakings and the assets of the Company, wherever it is necessary.
- (j) To evaluate the Internal Financial Controls and Risk Management Systems.
- (k) To review, with the management, performance of Statutory and Internal Auditors, adequacy of the Internal Control System.
- (l) To investigate into any matter specified under serial nos. (a) to (k) above and for this purpose to obtain advise of external professionals, if necessary, and accord them full access to the information contained in the records of the Company.
- (m) To give personal hearing to the Auditors and Key Managerial Personnel, if necessary, while reviewing the Auditor’s Report.
- (n) To oversee the Company’s financial reporting process and disclosure of the financial information to ensure that the financial statements are correct, sufficient and creditable.
- (o) To review the Annual Financial Statements with the Management before submitting the same to the

- Board particularly the following:
- I. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of section 134 of the Act;
  - II. Changes, if any, in accounting policies and practices and reasons for the same;
  - III. Major accounting entries involving estimates based on the exercise of judgment by management;
  - IV. Significant adjustments made in the financial statements arising out of audit findings;
  - V. Compliance with listing and other legal requirements relating to financial statements;
  - VI. Disclosure of any related party transactions;
  - VII. Modified opinion(s) in the draft Audit Report.
- (p) To review with the Management the Quarterly Financial Results before submission to the Board for approval.
  - (q) To review, 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 utilized for purposes other than those stated on the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
  - (r) To discuss with the Internal Auditors any significant findings and follow-up thereon.
  - (s) To review findings of any internal investigations, by the internal auditors into matters where there is suspected frauds or irregularities or a failure of internal control systems of a material nature and reporting the matter to the Board.
  - (t) To discuss with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  - (u) To discuss with the Statutory Auditors the nature and scope of internal audit before commencement of the internal audit and also after completion of the internal audit, to ascertain any internal area of concern.
  - (v) To look into the reasons for substantial defaults in the payment to the depositories, shareholders (in case of non-payment of declared dividends), deposit holders, debenture holders and creditors.
- (w) To review the functioning of the Whistle Blower Mechanism.
  - (x) To approve appointment of Chief Financial Officer, including the whole-time Finance Director, after assessing the qualifications, experience and background etc. of the candidate.
  - (y) To carry out any other function, as may be assigned to Audit Committee pursuant to any amendments to the Listing Regulations and the applicable provisions of the Act.
  - (z) To review the following information/document:
    - i. Management Discussion and Analysis of financial condition and results of operation;
    - ii. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
    - iii. Management letter/letters of internal control weakness issued by the Statutory Auditors;
    - iv. Internal audit reports relating to internal control weakness;
    - v. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee; and
    - vi. Statement of deviations:
      - a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations.
      - b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the Listing Regulations.
- The Audit Committee Meetings are also generally attended by the representatives of Statutory Auditors, Internal Auditors, the Managing Director, the Chief Financial Officer, Head-Internal Audit and the Vice President-Accounts.
- The Company Secretary functions as the Secretary of the Committee.

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

As per Regulation 18(1) (d) of the Listing Regulations, the Chairman of the Audit Committee shall be present at the Annual General Meeting (AGM) to answer shareholder queries. Mr. Mahesh S. Gupta, the Chairman of the Audit Committee has attended the Annual General Meeting of the Company held on August 12, 2015 to answer the queries of the shareholders.

## (ii) Nomination and Remuneration Committee (NRC):

The Company through its Board of Directors have constituted Nomination and remuneration Committee (hereinafter referred as "NRC") in terms of Regulation 19(1) of the Listing Regulations. The terms of reference of NRC include the matters specified under Regulation 19(4) of the Listing Regulations as well as Section 178 of the Act.

The Committee comprises of 3 (three) members, Mr. Mahesh S. Gupta; Mr. Paras K. Chowdhary and Mr. S. Doreswamy. Mr. Mahesh S. Gupta is the Chairman of the NRC who is an Independent Director. The committee meets the criteria laid down in Section 178 of the Act and Regulation 19 of the Listing Regulations.

During the financial year ended March 31, 2016, 3 (three) meetings of NRC were held on May 22, 2015; July 03, 2015 and July 22, 2015.

### Attendance at NRC Meetings:

Name of the Member	No. of Meetings attended
Mr. Mahesh S. Gupta	3
Mr. S. Doreswamy	1
Mr. Paras K. Chowdhary	3

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

- To lay down criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
- To formulate a criteria for evaluation of performance of Independent Directors and the Board of Directors.
- To devise a policy on diversity of the Board of Directors.
- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.
- To decide whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

- To recommend to the Board the appointment and removal of the Directors, including Independent Directors.
- To recommend to the Board, a policy relating to the remuneration for Directors including Managing Director(s) (MD) and Whole-time Director(s) (WTD), Key Managerial Personnel (KMP) and other employees. While formulating the policy, NRC shall ensure that:
  - The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
  - Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
  - Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- To recommend remuneration to be paid to a Director for any service rendered by him to the Company which are of a professional nature and provide an opinion, whether such Director possess the requisite qualification for the practice of such profession.
- Carrying out functions as delegated by the Board of Directors from time to time.

As per Regulation 19(3) of the Listing Regulations, the Chairman of NRC shall be present at the Annual General Meeting (AGM) to answer shareholder queries. Mr. Mahesh S. Gupta, the Chairman of NRC has attended the Annual General Meeting of the Company held on August 12, 2015, to answer the queries of the shareholders.

NRC reviews the remuneration payable to the MD/WTD/KMP(s) and Commission payable to the Non-Executive Directors and recommends it to the Board.

On the recommendations of the NRC, the Board has formulated a Policy on Appointment, Training, Evaluation and Remuneration of Directors and Senior Management Personnel (SMP).

### Training and Evaluation:

Pursuant to provision of the Act, the NRC has carried out the evaluation of performance of every Director as under:

- Before re-appointment of Executive and Non-Executive Directors (NEDs);
- At the time of recommendation of remuneration payable to Executive and Non-Executive Directors or changes therein;



- (c) At such other time, as the applicable laws or the circumstances may require.
- (ii) In addition, the Board of Directors have also evaluated the performance of the individual directors including Independent Directors, its own performance and also of its Committees. For this purpose, a questionnaire *inter-alia* covering the following parameters were circulated to NEDs and their feedback was obtained through an online platform by an Independent Agency.
  - (a) Attendance at meetings of the Board and Committees thereof,
  - (b) Participation in Board meetings or Committee thereof,
  - (c) Contribution to strategic decision making,
  - (d) Sharing of domain knowledge and experience to bear on the critical areas of performance of the organization and keeps updated in the areas of expertise,
  - (e) Communication and contribution in the discussions in a positive and constructive manner,
  - (f) Review of risk management framework, risk assessment and risk mitigation,
  - (g) Review of financial statements, business performance,
  - (h) Contribution to the enhancement of brand image of the Company etc.
- (iii) The performance of Executive Directors i.e. Managing Director/Whole-time Director, are evaluated, in addition to aforesaid parameters, taking into account the appropriate benchmarks set as per industry standards, the performance of the Directors and also of the Company.

#### **Remuneration policy for SMPs and KMPs (other than MD/WTD):**

In determining the remuneration packages for SMP and KMPs, the Committee shall ensure:

- (i) Remuneration shall be competitive and comprising of both fixed and variable components, performance incentives and other benefits such as retiral benefits, health care insurance and hospitalisation benefits, telephone reimbursement etc.
- (ii) Performance of the individual and also of the Company and given due consideration to industry practices/trends,
- (iii) The benchmark of international and domestic companies of similar in size and complexity to the Company,

- (iv) Relevant qualification and experience of the individual as well as the prevailing market condition,
- (v) Attractive to high-flier executives in a competitive global market and commensurate with the roles and responsibilities.

NRC may consider grant of Stock Options to KMPs and SMPs pursuant to any Stock Option Plan adopted by the Company, if any.

#### **Remuneration policy for MD/WTD:**

- (i) Remuneration to the MD and WTD shall be proposed by the NRC and subsequently approved by the Board of Directors and the shareholders of the Company, whenever required.
- (ii) Remuneration shall be evaluated annually against performance and a benchmark of International and Domestic Companies, which are similar in size and complexity.
- (iii) Total remuneration for the MD and WTD shall be comprised of the following:
  - (a) Salary (both fixed and variable),
  - (b) Perquisites like house rent allowance, domiciliary medical expenses and club memberships etc,
  - (c) Retiral benefits in accordance with applicable laws and policies of the Company,
  - (d) Performance Bonus linked to the individual performance vis-à-vis performance of the Company,
  - (e) Total remuneration payable to MD/WTDs shall be within the limit in accordance with Section 198 of the Act.

#### **Remuneration policy for Non-Executive Directors (NEDs):**

- (i) NEDs shall be entitled to such sitting fees as may be decided by the Board of Directors from time to time for attending the meeting of the Board and of the Committee thereof.
- (ii) NEDs shall also be entitled for payment of commission upto the limits permitted in Section 197 of the Act and approved by the shareholders from time to time and shall be payable on pro-rate basis.
- (iii) Independent Directors shall not be eligible for any Stock Options, pursuant to any Stock Option Plan adopted by the Company.

The NEDs shall be eligible for remuneration of such professional services rendered if in the opinion of the NRC, the NED possesses the requisite qualification for rendering such professional services.

The Company has Remuneration policy for Non-Executive Directors (NEDs) and the same has been displayed on the Company's website [www.ceat.com](http://www.ceat.com) at the link [http://www.ceat.com/Investors\\_intimation.aspx](http://www.ceat.com/Investors_intimation.aspx).

### Directors Remuneration

Details of remunerations paid to the Directors are given in Form MGT-9, Annexure C to the Board's report.

The remuneration paid to the MD and the WTD was duly recommended by NRC and approved by the Board of Directors. The Members have also accorded their approval to the said remuneration vide a special resolution passed at the Annual General Meetings on August 10, 2012 for Mr. Anant V. Goenka and August 22, 2013 for Mr. Arnab Banerjee.

### Shareholding of Non-Executive Directors

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

### PERFORMANCE EVALUATION

Pursuant to the provisions of the Act and Regulation 25(4) of the Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, individual Directors and working of its Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, CSR Committee, Special Investment/Project Committee, and Finance and Banking Committee. The Company had appointed HR Craft Business Consulting Private Limited (HR Craft) for carrying out the said evaluation process in a transparent manner by using the questionnaire considered/approved by the Board after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations, compliance and governance.

The performance of individual Directors including the Chairman of the Board was evaluated on parameters such as active and consistent participation in the meeting, adequate preparation thereof, level of engagement and contribution to Company's Strategy, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board excluding the Directors being evaluated. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

### FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS:

The Company has prepared familiarization programme for its Independent Directors on their roles, rights, and responsibilities in the Company, nature of its industry

and the business model of the Company, etc and the same was approved by the Board of Directors at their meeting held on February 5, 2015.

The said programme has been uploaded on the Company's website [http://www.ceat.com/Investors\\_intimation.aspx](http://www.ceat.com/Investors_intimation.aspx).

### iii) Stakeholders Relationship Committee (SRC):

The Company has formed a Stakeholders' Relationship Committee ("SRC") in compliance with Regulation 20 of the Listing Regulations and Section 178 of the Act. 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).

SRC comprises of 3 (three) members, Mr. S. Doreswamy; Mr. Mahesh S. Gupta and Mr. Paras K. Chowdhary. Mr. S. Doreswamy is the Chairman of the Committee.

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

During the financial year ended March 31, 2016, 4 (four) meetings of the Stakeholders' Relationship Committee were held on May 22, 2015; July 22, 2015; October 27, 2015 and January 28, 2016.

Attendance at SRC Meetings:

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

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

### Shareholders/Investors Complaints

Particulars of Complaints	Complaint Nos.
Complaints as on April 1, 2015	0
Complaints received during FY 2015-16	16
Complaints disposed off during FY 2015-16	12
Complaints not solved to the satisfaction of shareholders during FY 2015-16	0*
Complaints remaining unresolved as on March 31, 2016	4

\*Out of the solved complaints, the Company has not received any feedback from shareholders regarding dissatisfaction on resolution of their complaint.

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

#### iv) Risk Management Committee (RMC):

The Board of Directors of the Company, at its Meeting held on February 5, 2015, have constituted the Risk Management Committee(RMC) in compliance with Regulation 21 of the Listing Regulations, comprising of Mr. Mahesh S. Gupta; Mr. S. Doreswamy and Mr. Hari L. Mundra as its members. Mr. Mahesh S. Gupta is appointed as Chairman of the Committee. The Board of Directors at its meeting held on July 22, 2014 delegated the function of risk management to the Audit Committee. Further Board of Directors of the Company reconstituted the Risk Management Committee at its meeting held on May 22, 2015 in which Mr. Vinay Bansal was inducted in the said Committee. On constitution of the Risk Management Committee, the Board has delegated the said function to the Risk Management Committee thereby deleting the said function from terms of reference of the Audit Committee.

During the financial year ended March 31, 2016, 3 (three) meetings of the RMC were held on May 22, 2015; July 22, 2015 and February 12, 2016.

#### Attendance of Members at RMC Meetings:

Name of the Member	No. of Meetings attended
Mr. Mahesh S. Gupta	3
Mr. S. Doreswamy	2
Mr. Hari L. Mundra	2
Mr. Vinay Bansal	2

The scope & duties / functions of RMC, *inter-alia*, include the following:

- To identify and review the actual risks and the control deficiencies in the organization.
- To assist the Board of Directors in defining the risk appetite of the Company.
- Framing of risk management and mitigation plan *inter-alia* to ensure that risk is not higher than the risk appetite determined by the Board of Directors.
- Implementing the risk management and mitigation plan approved by the Board through periodical reviews.
- Monitor the effectiveness of risk management and mitigation plan.
- Ensure that infrastructure, resources and systems are in place for risk management and mitigation and ensure their adequacy to maintain a satisfactory level of risk management discipline.
- Review the strategies, policies, frameworks, models and procedures for the identification, measurement, reporting and mitigation of risks.

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

#### v) Finance & Banking Committee (Non-Mandatory Committee):

The Board of Directors of the Company has constituted this Committee to delegate some of its powers, mentioned under terms of reference below.

The Finance & Banking Committee comprises of 3 (three) members, Mr. Anant V. Goenka; Mr. Arnab Banerjee and Mr. Paras K. Chowdhary. Mr. Anant V. Goenka is the Chairman of the Committee.

During the financial year ended March 31, 2016, 12 (twelve) meetings of the Finance Banking Committee were held on April 20, 2015; May 22, 2015; June 26, 2015; July 22, 2015; July 27, 2015; July 31, 2015; September 1, 2015; September 29, 2015; October 27, 2015; December 1, 2015; January 14, 2016 and February 12, 2016.

#### Attendance at Finance & Banking Committee Meetings:

Name of the Member	No. of Meetings attended
Mr. Anant V. Goenka	12
Mr. Arnab Banerjee	11
Mr. Paras K. Chowdhary	4

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

- To Approve fresh borrowing(s) to be obtained by the Company.
- To approve the documents; such as Loan Agreements, Deed of Hypothecation, Agreements for security creation, and other Deeds, Indemnities, Undertakings, letters, writings and any other document required to be executed on behalf of the Company; for the purposes mentioned at (a) above and also compliance of the terms and conditions so approved by the Committee while approving the borrowings referred to in (a) above.
- To authorise the Company's officials to execute the documents mentioned at (b) above.
- To approve short term investments in the units of Mutual Funds and/or in the fixed deposits of Scheduled Banks upto an aggregate limit of ₹ 100 Crores. However, the investment in the units of Mutual Fund shall be restricted to short term debt funds only.
- To authorise the officials of the Company to sign any bills of exchange or hundis that may be required for any temporary borrowing.

- f. To review the Foreign Exchange (Forex) Policy 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/RBI guidelines.
- g. To authorise opening of bank account(s) with any bank and to close any existing bank account(s).
- h. To authorise opening of Demat Account(s) with any Depository Participant and close any existing Demat Account(s) with any Depository Participant.
- i. To authorise change in authorised signatories of the existing bank accounts and demat accounts and delegate this power to Key Managerial Personnel, if required.
- j. To authorize the Company's officials to execute, sign, submit and file any applications, affidavits, undertakings or any other writings before any Magistrate, Court of Law, Tribunal, Government Authorities and Judicial/Non-Judicial Bodies and any other authority and also to represent the Company before the said Magistrate, Court of Law, Tribunal, Government Authorities Judicial/Non-Judicial bodies and other Authority.
- k. To consider and grant Power of Attorney or authorisations in favour of the Company's officials or any other person for management of its day to day affairs.
- l. To approve execution of any agreements, undertakings, letters, writings, deeds, contracts and any document, (other than that mentioned at (b) above) which may be required to be executed by the Company from time to time for management of its day to day affairs.
- m. 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.
- n. To grant such other authorisations and approvals to any official of the Company or any other person on behalf of the Board of Directors as may be required for day to day management of the Company's business.

#### vi) Corporate Social Responsibility (CSR) Committee:

The Board of Directors has formed a committee on Corporate Social Responsibility (CSR) in accordance with Section 135 of the Act. The CSR Committee comprises of 3 (three) members, Mr. Anant V. Goenka, Mr. Hari L. Mundra and Mr. Vinay Bansal. Mr. Anant V. Goenka is the Chairman of the Committee.

During the financial year ended March 31, 2016, 2 (two) meetings of the CSR Committee were held on May 22, 2015 and February 12, 2016.

#### Attendance at Corporate Social Responsibility Committee Meetings:

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

A brief on the activities undertaken by the Company during the year forms part of the Board's Report.

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

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

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

The Special Project / Investment Committee comprises of 3 (three) members, Mr. H. V. Goenka; Mr. Anant V. 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 Project / Investment Committee.

No meetings of Special Project / Investment Committee were held during the year under review.

The terms and reference of the 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.

#### IV. INDEPENDENT DIRECTORS MEETING:

As per Regulation 25(3) of the Listing Regulations as well as pursuant to Section 149(8) of the Act read with Schedule IV and in accordance with the Policy on Appointment, Training, Evaluation and Remuneration of Directors and Senior Management Personnel, the Independent Directors have at their meeting held on March 16, 2016:

- a) Reviewed the performance of Non-Independent Directors and the Board as a whole;

- b) Reviewed the performance of the Chairperson taking into account the views of Executive Directors and Non-Executive Directors;
- c) Assessed the quality, quantity and timelines of flow of information between the Company Management and the Board.

7 (seven) Independent Directors out of 8 (eight) were present at the said meeting.

#### V. DETAILS ON GENERAL BODY MEETINGS

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

Meeting	Day, Date	Time	Venue
54 <sup>th</sup> AGM	Thursday, August 22, 2013	10:00 a.m.	P. L. Deshpande Maharashtra Kala Academy, Mumbai
55 <sup>th</sup> AGM	Friday, September 26, 2014	03.30 p.m	P. L. Deshpande Maharashtra Kala Academy, Mumbai
56 <sup>th</sup> AGM	Wednesday, August 12, 2015	03.00 p.m	P. L. Deshpande Maharashtra Kala Academy, Mumbai

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

Date of Annual General Meeting	Description of Special Resolution
54 <sup>th</sup> AGM, Thursday, August 22, 2013	<ul style="list-style-type: none"> <li>Appointment of Mr. Arnab Banerjee as Whole-time Director of the Company for a period of 5 (five) years commencing from May 7, 2013 and ending on May 6, 2018.</li> </ul>
	<ul style="list-style-type: none"> <li>Appointment of Mr. Kunal Mundra, a relative of Mr. Hari L. Mundra, Director of the Company, as Vice President-Specialty Tyres, to hold office or place of profit in the Company.</li> </ul>
	<ul style="list-style-type: none"> <li>Approval of remuneration by way of commission paid to the Non-Executive Directors for a period of 5 (five) years commencing from April 1, 2013.</li> </ul>
55 <sup>th</sup> AGM Friday, September 26, 2014	<ul style="list-style-type: none"> <li>Approval under Section 180(1)(a) to create mortgage and/or hypothecation, on any of movable and/or immovable properties wherever situated, whether present or future, on the whole or substantially the whole of any one of the Company's undertaking or all of the Company's undertakings in favour of any Bank(s) or Financial Institution(s) or body(ies) corporate or persons or trustees for the holders of debenture(s)/ bond(s), for securing any loan(s), borrowing(s) including working capital facilities whether fund based or non fund based, foreign currency loan(s), debenture(s), bond(s) or other financial instrument(s) availed or as may be availed from time to time together with interest, costs, charges, expenses and any other monies payable thereon.</li> </ul>
	<ul style="list-style-type: none"> <li>Approval of borrowings under Section 180(1)(c) of the Companies Act, 2013 for borrowing not exceeding the limit of ₹ 1,000 Crores (Rupees One Thousand crores only) in excess of the aggregate of the paid-up capital of the Company and its free reserves, from time to time.</li> </ul>
	<ul style="list-style-type: none"> <li>Acceptance of Deposits under Section 73 and 76 of the Companies Act, 2013.</li> </ul>
	<ul style="list-style-type: none"> <li>Remuneration to Non- Executive Directors under Section 197 and 198 of the Companies Act, 2013.</li> </ul>

	<ul style="list-style-type: none"> <li>To raise the funds through capital infusion of up to ₹ 500 Crores (Rupees Five Hundred Crores only) by way of issue, offer and allotment of equity shares, American Depository Receipts, Global Depository Receipts, Foreign Currency Convertible Bonds, convertible or non-convertible debentures and such other securities including by way of Qualified Institutions Placement pursuant to Section 62 of Companies Act, 2013 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulation, 2009.</li> </ul>
56 <sup>th</sup> AGM Friday, August 12, 2015	<ul style="list-style-type: none"> <li>Adoption of new set of draft Articles as contained in Articles of Association in substitution of existing Articles of Association of the Company pursuant to the provisions of Section 14 of the Companies Act, 2013.</li> </ul>

### Postal Ballot

During the year under review, the Company had passed a following resolution as Special Resolution through Postal Ballot in accordance to the procedure prescribed in Section 110 of the Act read with the Companies (Management and Administration) Rules, 2014:

- Offer and Issue of Non-Convertible Debentures on private placement basis for an aggregate amount upto ₹ 500 Crores, in one or more tranches.

### Procedure of Postal Ballot:

- The Board of Directors of the Company, vide a resolution dated May 22, 2015, had appointed Mr. P. N. Parikh, Practicing Company Secretary as the Scrutinizer for conducting the postal ballot/e-voting process.
- The Company had completed the dispatch of the Postal Ballot Notice dated May 22, 2015 together with the Explanatory Statement on June 05, 2015, along with forms and postage prepaid business reply envelopes to all the Members whose name(s) appeared on the Register of Members/list of beneficiaries as on May 22, 2015.
- The voting under the postal ballot was kept open from 9.00 a.m. on Sunday, June 7, 2015 to 5.00 p.m on Monday, July 6, 2015 (either physically or through electronic mode).
- Particulars of postal ballot forms received from the Members using the electronic platform of CDSL were entered in a register separately maintained for the purpose.
- The postal ballot forms were kept under Scrutinizer's safe custody in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms.
- All postal ballot forms received/receivable up to the close of working hours on Monday, July 6, 2015 the last date and time fixed by the Company for receipt of the forms, had been considered for his scrutiny

- Envelopes containing postal ballot forms received after close of business hours on Monday, July 6, 2015 had not been considered for the scrutiny.
- Mr. H. N. Singh Rajpoot, Company Secretary announced that said resolution was passed as a Special Resolution on July 9, 2015 with the votes casted in favour of the resolution being 99.995% as against 0.005% votes against the resolutions.

### Scrutinizer for e-voting and vote on ballot paper:

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

### Proposed Postal Ballot:

The Company has not made any plans till date, to pass any special resolution through postal ballot.

## VI. 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 related party transactions during FY 2015-16 that were prejudicial to the interest of the Company.

### 2. Whistle Blower Policy (Vigil Mechanism)

The Company has also adopted a "Whistle Blower Policy" for its employees and Directors to report to the Chairperson of the Audit Committee instances of unethical behaviour, actual or suspected fraud or violation of the Company's Corporate Governance and Ethics policy and the policy is displayed on the website of the company [www.ceat.com](http://www.ceat.com) at the link [http://www.ceat.com/Investors\\_intimation.aspx](http://www.ceat.com/Investors_intimation.aspx). No personnel/employee of the Company has been denied access to the Audit Committee for reporting instances of unethical behaviour or suspected fraud or violation of the policy.

### 3. Disclosure of Related Party Transactions

The Company follows the policy on Related Party Transactions in disclosing the related party transactions to the Audit Committee:

- a) A statement in summary form of transactions with related parties in the ordinary course of business and on arms length basis is placed before the Audit Committee.
- b) The transactions entered into with Related Parties as defined under the Act, and Regulation 23 of the Listing Regulations during the financial year which were in the ordinary course of business and on an arms' length basis placed before the Audit Committee and those related party transactions which were in the ordinary course of business but not on arms' length basis placed before the Board.
- c) There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company.
- d) Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements.
- e) Transactions with related parties, if any, which are:
  - i. not in the normal course of business;
  - ii. not at arms' length basis;
  - iii. exceeding the threshold limits prescribed under the Act and the Rules made thereunder or the Listing Regulations are placed before the Audit Committee, Board and Members for their approval.

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

### 4. Disclosure of Accounting Treatment

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

### 5. Disclosure of Risk Management

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

### 6. Offer and Issue of Secured Redeemable Non-Convertible Debentures

During the year under review, the Company has pursuant to the special resolution under Sections 42 and 71 of the Act passed by the Members on July 9, 2015 through postal ballot, approved the offer, issue of Non-Convertible Debentures on private placement basis for an aggregate amount upto ₹ 500 Crores in one or more tranches. Further, the Company on July 31, 2015 allotted 2,000 Secured Redeemable Non-Convertible Debentures (NCDs) of ₹ 10 Lacs each for cash at par aggregating to ₹ 200 Crores on private placement basis. The said NCDs are listed on BSE Limited. The proceeds of the same had been utilised for Company's various expansion projects and also for the augmentation of the long term working capital required for business growth.

### 7. Details of non-compliance by the Company, Penalties, Strictures imposed on the Company by Stock Exchange(s) or Securities and Exchange Board of India (SEBI) or any other statutory authority or any matters related to Capital Markets during the last 3 (three) years

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

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

### 8. Details of compliance with mandatory requirement

Regulation 34(3) read with schedule V of the Listing Regulations 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 Regulation and annex the certificate so obtained with the Boards' Report. The Company has obtained a certificate from its Statutory Auditors to this effect and the same is annexed to the Boards' Report.

## 9. Adoption of the non-mandatory requirements

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 states that the non-mandatory requirements may be implemented as per the discretion of the Company. The disclosures of compliance with other non-mandatory requirements and adoption/non-adoption of the non-mandatory requirements shall be need based.

## 10. Compliance with Discretionary Requirements

- There are no audit qualifications for the Standalone and Consolidated Financial Statement for the year ended March 31, 2016.
- The Position of Chairman of the Board of Directors and Managing Director are separate.
- Internal Auditors report to the Audit Committee directly in all the functional matters.

## 11. Material Subsidiary:

The Company does not have any material subsidiary whose income or net worth exceeds 20% of the consolidated income and net worth respectively of the holding company in immediately preceding accounting year. A policy on subsidiaries has been formulated by the Company and posted on website of the Company at the link [http://www.ceat.com/Investors\\_intimation.aspx](http://www.ceat.com/Investors_intimation.aspx).

## VII. MEANS OF COMMUNICATION

Quarterly Results are announced within 45 (forty-five) days from the end of the quarter and the annual audited results are announced within 60 (sixty) days from the end of the financial year as per the Listing Regulations. The aforesaid financial results are announced to Stock Exchanges within 30 (thirty) minutes from close of the Board meeting at which these were considered and approved. Quarterly Results of the Company are published in a major English Daily as well as in a Marathi Daily.

The Quarterly Results of the Company are normally published in the following newspapers:

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

The Annual Report of the Company, the Quarterly / Half yearly Results and the Audited Financial Statements, the press releases of the Company, the Investors Presentations are also placed on the Company's website [www.ceat.com](http://www.ceat.com).

The Company also provides information to Stock Exchanges where the shares of the Company are listed as per the Listing Regulations.

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

## VIII. GENERAL SHAREHOLDER INFORMATION

### AGM: Date, Time and Venue

As indicated in the notice accompanying this Annual Report the Fifty-Seventh Annual General Meeting of the Company will be held on Tuesday, August 9, 2016 at 3.00 p.m. at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai - 400 025.

### Financial Year

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

### Date of Book Closure

August 2, 2016 to August 9, 2016 (both days inclusive).

### Dividend Payment Date

The Board has not recommended any final dividend.

### 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 FY 2015-16.

### Stock Code

BSE Limited - 500878

National Stock Exchange of India Limited - CEATLTD

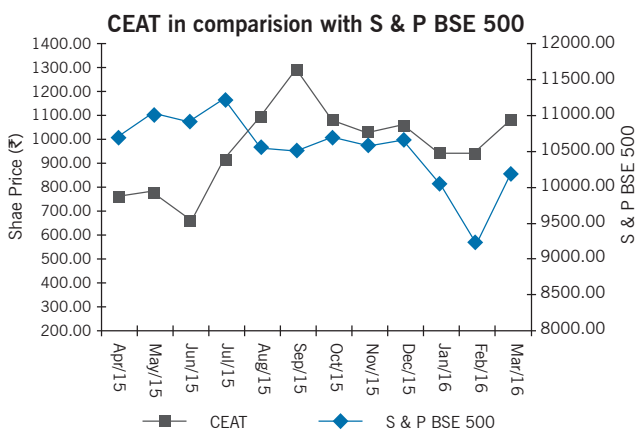
**Market Price Data** for Equity shares of face value of 10/- each

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2015	950.00	722.45	951.55	721.80
May 2015	818.95	707.00	819.75	705.10
June 2015	802.00	596.70	801.95	595.20
July 2015	918.71	651.60	917.95	651.00
August 2015	1,180.10	905.00	1,185.00	904.85
September 2015	1,299.00	1,033.55	1,299.00	1,034.00



Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
October 2015	1,318.30	1,075.20	1,319.90	1,074.30
November 2015	1,128.30	955.00	1,129.40	958.10
December 2015	1,088.20	968.80	1,087.90	968.15
January 2016	1,093.00	875.75	1,093.00	875.10
February 2016	992.45	855.00	993.00	852.00
March 2016	1,150.00	950.50	1,144.40	950.45

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



## Registrar and Transfer Agents

### [A] For equity shares:

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

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

### [B] For Privately placed Redeemable Non-Convertible Debentures:

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

## Branch Offices:

### 1. Bangalore

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

### 2. Jamshedpur

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

### 3. Kolkata

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

### 4. New Delhi

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

## Agents

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

### [C] For Deposits:

KISU CORPORATE SERVICES PVT.LTD.  
186, Khetwadi Main Road, (8<sup>th</sup> Lane Corner)  
First Floor, Nr. Pitale Maruti Temple  
Mumbai - 400 004  
Tel. No.: 022-23810486, 23886255,  
Email: kisucorporate@gmail.com

### [D] Debenture Trustee:

Axis Trustee Services Limited  
Ground Floor, E wing, Axis House  
Bombay Dyeing Mills Compound  
Pandurang Budhakar Marg  
Worli, Mumbai - 400 025  
Tel. No.: 022-24252425  
Fax: 022-43253000  
Email: debenturetrustee@axistrustee.com  
Web: www.axistrustee.com

**Share Transfer System**

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

of 15 (fifteen) days from the date of receipt. The Board of Directors have delegated the power of approval of share transfers to the Company Secretary.

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

**Distribution of shareholding as at March 31, 2016**

No. of Equity Shares hold	No. of Members		No. of shares		% of Equity Capital	
	Physical	Demat	Physical	Demat	Physical	Demat
1 to 500	20,809	34,057	5,47,777	20,34,670	1.35	5.03
501 to 1,000	79	647	53,776	4,70,729	0.13	1.16
1,001 to 2,000	37	265	51,789	3,84,253	0.13	0.95
2,001 to 3,000	10	75	25,400	1,88,935	0.06	0.47
3,001 to 4,000	3	45	10,113	1,59,071	0.03	0.39
4,001 to 5,000	1	27	4,530	1,23,460	0.01	0.31
5,001 to 10,000	2	59	16,657	4,27,460	0.04	1.06
Greater than 10,000	1	127	17,82,348	3,41,69,124	4.41	84.47
<b>Total</b>	<b>20,942</b>	<b>35,302</b>	<b>24,92,390</b>	<b>3,79,57,702</b>	<b>6.27</b>	<b>93.84</b>

**Dematerialisation of shares**

The Company has an arrangement with National Securities Depository Limited (NSDL) as well as Central Depository Services (India) Limited (CDSL) for dematerialisation of shares with ISIN No. INE482A01020 for both NSDL and CDSL.

93.84% of equity share capital corresponding to 3,79,57,702 equity shares is held in dematerialised form as of March 31, 2016.

**Categories of Shareholding as of March 31, 2016**

Category	No. of Shares	Percentage (%)
<b>Promoter</b>		
Promoters Holdings (Indian and Foreign)	2,05,33,742	50.76
<b>Public</b>		
Mutual Funds	9,13,409	2.26
Banks, Financial Institutions, Insurance Companies and Others	7,34,001	1.81
Foreign Institutional Investors	1,35,52,962	33.51
Non Resident Indians	1,31,917	0.33
Corporate Bodies, Indian Public and Others	45,84,061	11.33
<b>Total</b>	<b>4,04,50,092</b>	<b>100.00</b>

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

The Company do not have any outstanding GDRs/ ADRs/ Warrants/Any other Convertible Instruments as on March 31, 2016.

**Commodity Price Risk or Foreign Exchange Risk and hedging activities:**

Volatility in commodity prices are managed by combining a robust price forecast mechanism with a buying model comprising of spot buying, forward buying and strategic long term contracts. Inventory levels are maintained in alignment to this. Since a significant quantum of raw materials are procured from international sources, appropriate hedging mechanisms are in place to insulate forex fluctuations.

The Company manages the volatility in the foreign currency prices through hedging mechanisms. The

exposure risk arises primarily due to the import and export activities of the Company as well as short term and long term borrowings in foreign currency. The Company has put in place a Policy for Foreign Exchange and Interest Risk Management which is duly approved by the Board of Directors of the Company. The Foreign Exchange Risk Management programme of the Company is carried out as per the said Policy and the Company uses forward contracts, derivatives, structured derivatives and swaps as hedging instruments. The Company is suitably insulated against the risk arising out of foreign currency fluctuations through appropriate hedging mechanisms and the same is monitored by the Board of Directors on a timely basis. The Company is in fully compliance with the rules, regulations and guidelines, as may be applicable, prescribed by the Reserve Bank of India, from time to time in this behalf.

### Equity shares in CEAT Limited - Unclaimed Securities Suspense Account:

Details with respect to the shares lying in the Suspense Account are as under:

Particulars	Number of Members	Number of Shares
Aggregate number of shareholders and the outstanding shares lying in the suspense account as on April 1, 2015	4,716	1,39,421
Number of the shareholders who approached the Company for transfer of the shares from suspense account during the FY 2015-16	31	1,492
Shareholders to whom shares were transferred from the suspense account during the year	31	1,492
Aggregate number of shareholders and the outstanding shares lying in the suspense account as on March 31, 2016	4,184	1,37,929

The voting rights on the equity shares lying in the Suspense Account as on March 31, 2016 shall remain frozen till the rightful owner of such shares claim the shares.

### Plant Locations

**Mumbai Plant :** Village Road, Bhandup, Mumbai - 400 078.

**Nashik Plant :** 82, MIDC Industrial Estate Satpur, Nashik - 422 007.

**Halol, Gujarat Plant :** Village Gate Muvala, Halol, Panchmahal - 389 350.

**Nagpur Plant :** Plot No.SZ-39, Butibori MIDC, Nagpur - 441 108.

### National Electronic Clearing Service (NECS) Facility

With respect to payment of dividend, the Company provides the facility of NECS to Members residing in the cities where such facility is available. In order to avoid the risk of loss/interception of Dividend Warrants in postal transit and/or fraudulent encashment of Dividend Warrants, Members are requested to avail of facility whereby the dividends will be directly credited in electronic form to their respective bank accounts. This will ensure speedier credit of dividend and the Company will duly inform the concerned Members when the credits are passed to their respective bank accounts. The requisite application form can be obtained from the office of TSR Darashaw Limited, the Registrar and Share Transfer Agents, of the Company.

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

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

### CEO and CFO Certification

The CEO i.e. the Managing Director and the Chief Financial Officers (CFO) have issued a certificate pursuant to the

provisions of Regulation 17(8) of the Listing Regulations 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 Company's website [www.ceat.com](http://www.ceat.com) at the link [http://www.ceat.com/Investor\\_code\\_of\\_conduct.aspx](http://www.ceat.com/Investor_code_of_conduct.aspx).

All Board Members and Senior Management Personnel have affirmed compliance with the Code for the financial year ended March 31, 2016. A declaration to this effect signed by the Managing Director forms part of this Report.

### Prevention of Insider Trading

The Company has formulated a Code of Fair Disclosure and Conduct (For Regulating, Monitoring and Reporting of Trading by Insiders) ('Code') in accordance with provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 with a view to regulate trading in securities by the Directors and Designated Employees of the Company.

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

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

### Compliance Officer

Mr. H. N. Singh Rajpoot, Company Secretary  
CEAT Limited, CIN: L25100MH1958PLC011041  
463, Dr. Annie Besant Road, Worli, Mumbai 400 030  
Tel: 91-22-2493 0621, Fax: 022-25297423  
Email: [investors@ceat.in](mailto:investors@ceat.in)

**Declaration-Code of Conduct**

All Board Members and the Senior Management Personnel have, for the year ended March 31, 2016, affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of the Listing Regulations.

For **CEAT Limited**

Place: Mumbai

Date: April 27, 2016

**Anant V. Goenka**

Managing Director

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

**H.N. Singh Rajpoot**

Company Secretary

Place: Mumbai

Date: April 27, 2016

# Auditors' Certificate

To

The Members of CEAT Limited

We have examined the compliance of conditions of Corporate Governance by CEAT Limited (“the Company”), for the year ended on March 31, 2016, as stipulated in Clause 49 of the Listing Agreement (“Listing Agreement”) of the Company with the stock exchanges for the period April 1, 2015 to November 30, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) as referred to in Regulation 15(2) of the Listing Regulations, for the period December 1, 2015 to March 31, 2016.

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 above mentioned Listing Agreement/ Listing Regulations, as applicable.

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

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

Chartered Accountants

ICAI Firm Registration Number: 324982E

per **Vinayak Pujare**

Partner

Membership No.:101143

Place: Mumbai

Date: April 27, 2016

# INDEPENDENT AUDITOR'S REPORT

## To the Members of CEAT Limited Report on the Financial Statements

We have audited the accompanying standalone financial statements of CEAT Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give

a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, its profit, and its 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (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 aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 8(f) and Note 28(a)(1) & (3) to the financial statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including

derivative contracts – Refer Note 8(g) to the financial statements;

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

For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E

per **Vinayak Pujare**  
Partner  
Membership Number: 101143

Place: Mumbai  
Date: April 27, 2016

## Annexure 1 referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) 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.
- (c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment / fixed assets are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at year-end.
- (iii) (a) The Company has granted loans to two subsidiaries covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grants and loans are not prejudicial to the Company's interest.
- (b) In respect of loans granted, the repayment of the principal amount is as stipulated and payment of interest has been regular.
- (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are outstanding for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (v) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed thereunder, to the extent applicable, have been complied with. We are informed by the management that no order in this regard has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of rubber tyres, tubes and flaps for all types of vehicles, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year-end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:



Department	Period to which the amounts relates	Commissionerate	Appellate authorities and Tribunal	High Court	Supreme Court	Deposit	Net Amount
Central Excise Act/ Customs Act (Tax/ Interest/ Penalty)	1978 to 2016	601.37	4,563.26	-	-	111.98	5,052.65
Service Tax under the Finance Act, 1994 (Tax/Interest/ Penalty)	2005 to 2015	27.95	2,823.23	-	-	79.58	2,771.60
Income Tax Act (Tax/ Interest/ Penalty)	1985 to 2013	6,162.27	457.29	159.51	-	-	6,779.07
Sales Tax, VAT, CST (Tax/ Interest/ Penalty)	1987 to 2015	4,242.63	1,731.16	-	-	589.82	5,383.98
Wealth Tax (Tax)	2002-03	-	6.73	-	-	-	6.73
		<b>11,034.22</b>	<b>9,581.67</b>	<b>159.51</b>	<b>-</b>	<b>781.38</b>	<b>19,994.03</b>

(viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

(ix) 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.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company, or no fraud on the Company by officers and employees of the Company has been noticed or reported during the year.

(xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related

parties are in compliance with section 177 and 188 of Companies Act, 2013, where applicable, and the details have been disclosed in the notes to the financial statements, as required by the AS-18 (Related Party Disclosures) specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under report and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E

per **Vinayak Pujare**  
Partner  
Membership Number: 101143

Place: Mumbai  
Date: April 27, 2016

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF CEAT LIMITED

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

#### To the Members of CEAT Limited

We have audited the internal financial controls over financial reporting of CEAT Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the

risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016,

based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Companies Act, 2013, the standalone financial statements of CEAT Limited, which comprise the Balance Sheet as at March 31, 2016, and the related 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, and our report dated April 27, 2016 expressed an unqualified opinion thereon.

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

Chartered Accountants

ICAI Firm Registration Number: 324982E

per **Vinayak Pujare**

Partner

Membership Number: 101143

Place: Mumbai

Date: April 27, 2016

# Balance Sheet

as at March 31, 2016

(₹ in Lacs)

Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
a) Share capital	3	4,045.01	4,045.01
b) Reserves and surplus	4	1,95,081.38	1,55,808.96
		<b>1,99,126.39</b>	<b>1,59,853.97</b>
<b>(2) Non-current liabilities</b>			
a) Long-term borrowings	5	58,996.42	35,432.41
b) Deferred tax liabilities (net)	6	14,737.18	11,714.73
c) Other long-term liabilities	7	537.76	142.20
d) Long-term provisions	8	2,929.10	2,705.84
		<b>77,200.46</b>	<b>49,995.18</b>
<b>(3) Current liabilities</b>			
a) Short-term borrowings	9	2,190.95	25,684.03
b) Trade payables	10		
• Total outstanding dues of micro, small and medium enterprises		714.56	502.03
• Total outstanding dues of creditors other than micro, small and medium enterprises		62,288.97	62,810.08
c) Other current liabilities	10	46,395.47	54,350.33
d) Short-term provisions	8	7,857.65	10,426.84
		<b>1,19,447.60</b>	<b>1,53,773.31</b>
<b>Total</b>		<b>3,95,774.45</b>	<b>3,63,622.46</b>
<b>II ASSETS</b>			
<b>(1) Non-current assets</b>			
a) Fixed assets :	11		
(i) Tangible assets		1,90,489.57	1,42,495.27
(ii) Intangible assets		5,765.65	5,633.70
(iii) Capital work-in-progress		21,345.07	16,406.59
		<b>2,17,600.29</b>	<b>1,64,535.56</b>
b) Non-current investments	12	22,788.56	12,438.56
c) Loans and advances	13	9,810.32	6,121.49
d) Other non-current assets	15	716.82	1,109.48
		<b>2,50,915.99</b>	<b>1,84,205.09</b>
<b>(2) Current assets</b>			
a) Current investments	16	4,001.23	31,243.32
b) Inventories	17	61,925.35	64,210.70
c) Trade receivables	14	57,794.30	66,693.24
d) Cash and bank balances	18	2,415.74	6,217.60
e) Loans and advances	13	17,574.74	9,292.47
f) Other current assets	15	1,147.10	1,760.04
		<b>1,44,858.46</b>	<b>1,79,417.37</b>
<b>Total</b>		<b>3,95,774.45</b>	<b>3,63,622.46</b>
<b>Summary of significant accounting policies</b>	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No.: 324982E

per **Vinayak Pujare**

Partner

Membership Number : 101143

Place : Mumbai

Date : April 27, 2016

**Manoj Jaiswal**

Chief Financial Officer

**H.N.Singh Rajpoot**

Company Secretary

For and on behalf of Board of Directors of CEAT Limited

**H.V.Goenka**

Chairman

**Mahesh Gupta**

Chairman - Audit Committee

**Anant Goenka**

Managing Director

Place : Mumbai

Date : April 27, 2016

# Statement of Profit and Loss

for the year ended March 31, 2016

(₹ in Lacs)

Particulars	Note No.	2015-16	2014-15
<b>INCOME</b>			
<b>1</b> Revenue from operations (gross)	19	6,15,651.54	6,13,291.83
Less : excise duty		66,236.76	59,149.81
Revenue from operations (net)		<b>5,49,414.78</b>	<b>5,54,142.02</b>
<b>2</b> Other income	20	4,716.27	2,887.49
<b>3 Total revenue (1+2)</b>		<b>5,54,131.05</b>	<b>5,57,029.51</b>
<b>4 EXPENSES</b>			
a) Cost of materials consumed	21	2,95,378.28	3,25,899.01
b) Purchases of stock-in-trade		13,816.46	11,976.14
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	(232.27)	5,627.39
d) Employee benefits expense	23	36,716.71	34,985.01
e) Finance costs	24	8,915.51	13,046.10
f) Depreciation and amortization expense	25	10,041.95	8,784.87
g) Other expenses	26	1,24,747.48	1,11,811.53
<b>Total expenses</b>		<b>4,89,384.12</b>	<b>5,12,130.05</b>
<b>5 Profit before exceptional items and tax (3-4)</b>		<b>64,746.93</b>	<b>44,899.46</b>
<b>6</b> Exceptional items	27	1,139.99	613.20
<b>7 Profit before tax (5-6)</b>		<b>63,606.94</b>	<b>44,286.26</b>
<b>8 Tax expenses:</b>			
1) Current tax		15,057.86	13,248.69
2) Deferred tax		3,296.81	1,140.18
<b>9 Profit for the year (7-8)</b>		<b>45,252.27</b>	<b>29,897.39</b>
<b>10 Earnings per equity share</b>			
[Nominal value of share ₹ 10 (Previous year ₹ 10)]	44		
(1) Basic	₹	111.87	79.76
(2) Diluted	₹	111.87	79.76
<b>Summary of significant accounting policies</b>	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No.: 324982E

per **Vinayak Pujare**

Partner

Membership Number : 101143

Place : Mumbai

Date : April 27, 2016

**Manoj Jaiswal**

Chief Financial Officer

**H.N.Singh Rajpoot**

Company Secretary

For and on behalf of Board of Directors of CEAT Limited

**H.V.Goenka**

Chairman

**Mahesh Gupta**

Chairman - Audit Committee

Place : Mumbai

Date : April 27, 2016

**Anant Goenka**

Managing Director

# Cash Flow Statement

for the year ended March 31, 2016

(₹ in Lacs)

Particulars	2015-16	2014-2015
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	63,606.94	44,285.26
Adjustments for:		
Depreciation and amortization	10,041.95	8,784.87
Interest income	(838.64)	(494.92)
Finance costs	8,915.51	13,046.10
Dividend income	(2,235.20)	(1,694.71)
Stores and spares - written off	109.01	-
Provision for obsolescence of stores and spares	-	150.84
Provision for doubtful debts / advances	441.97	482.90
Credit balances written back	(76.71)	(583.54)
Advance / bad debts written off	6.26	62.27
(Profit) / Loss on sale of fixed assets (net)	(359.92)	83.08
Unrealised foreign exchange (gain) / loss (net)	27.94	30.80
	16,032.17	19,867.69
<b>Operating profit before working capital changes</b>	<b>79,639.11</b>	<b>64,152.95</b>
Adjustments for :		
Decrease / (Increase) in inventory	2,176.34	7,466.27
Decrease / (Increase) in trade receivables	8,434.34	4,794.02
Decrease / (Increase) in other current assets	(161.68)	2,078.69
Decrease / (Increase) in short-term loans and advances	(6,296.03)	971.40
Decrease / (Increase) in long-term loans and advances	320.60	(209.35)
(Decrease) / Increase in trade payables	(32.29)	(2,769.79)
(Decrease) / Increase in other current liabilities	64.12	919.75
(Decrease) / Increase in other long-term liabilities	3.00	-
(Decrease) / Increase in short-term provisions	(980.63)	2,715.82
Decrease / (Increase) in non current asset	22.85	(255.34)
(Decrease) / Increase in long-term provisions	223.27	684.80
<b>Cash generated from operations</b>	<b>83,413.00</b>	<b>80,549.22</b>
Direct taxes paid	(16,448.13)	(10,028.16)
	(16,448.13)	(10,028.16)
<b>Net cash flow from operating activities (A)</b>	<b>66,964.87</b>	<b>70,521.06</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets (including capital work-in-progress and capital advance)	(65,854.43)	(26,612.17)
Proceeds from sale of fixed assets	6,015.00	284.31
Withdrawal of bank deposits (having original maturity of more than three months)	1,208.00	1,246.69
Investment in bank deposits (having original maturity of more than three months)	(750.00)	(1,954.69)
Withdrawal of margin money deposit with banks	-	755.70
Investment in margin money deposit with banks	-	(518.56)
Purchase of non current investments	(10,350.00)	(5.00)
Interest received	883.82	464.66
Repayment of loan given to subsidiary	117.50	71.67
Loan given to subsidiary	(2,100.00)	(1,300.00)
Dividend received from investment	1,067.34	744.11
Dividend received from subsidiary	1,167.86	950.60
<b>Net cash (used) in investing activities (B)</b>	<b>(68,594.91)</b>	<b>(25,872.68)</b>

# Cash Flow Statement

for the year ended March 31, 2016

Particulars	(₹ in Lacs)	
	2015-16	2014-2015
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of equity capital (including share premium)	-	40,000.00
Qualified Institutional Placement (QIP) expenses paid (net of tax)	-	(655.93)
Interest paid	(9,639.81)	(14,024.32)
Proceeds from public deposit	-	2,461.49
Repayment of public deposit	(4,290.69)	(3,816.35)
Repayment of working capital demand loan	-	(2,000.00)
Change in other short-term borrowings (net)	(6,612.82)	(23,814.59)
Proceeds from short-term buyers credit	14,169.64	76,072.99
Repayment of short-term buyers credit	(31,006.98)	(82,425.27)
Proceeds from long-term borrowings	49,946.40	6,944.90
Repayment of long-term borrowings	(31,586.50)	(12,422.41)
Dividend paid	(8,591.09)	(3,573.07)
Dividend distribution tax paid	(1,344.06)	(468.79)
<b>Net cash (used) in financing activities (C)</b>	<b>(28,955.91)</b>	<b>(17,721.35)</b>
<b>Net (decrease) / increase in cash or cash equivalent (A+B+C)</b>	<b>(30,585.95)</b>	<b>26,927.03</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>36,252.72</b>	<b>9,325.69</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>5,666.77</b>	<b>36,252.72</b>
<b>Components of cash and cash equivalents</b>		
Cash in hand	3.99	12.35
<b>Balance with banks</b>		
On current accounts	1,137.72	4,433.41
On unpaid dividend accounts*	215.79	109.53
On unclaimed fixed deposit and interest thereon*	308.04	454.11
<b>Cash and cash equivalents (Refer note 18)</b>	<b>1,665.54</b>	<b>5,009.40</b>
Current investments (Refer Note 16)	4,001.23	31,243.32
<b>Adjusted cash and cash equivalents in the cash flow statement</b>	<b>5,666.77</b>	<b>36,252.72</b>

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

**Note :**

- 1 Previous years figures have been regrouped wherever necessary.
- 2 All figures in brackets are outflows.
- 3 Cash flow statements has been prepared under indirect method as set out in the Accounting Standards AS-3 "Cash flow statements" as specified in the Companies (Accounts) Rules, 2014.

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No.: 324982E

per **Vinayak Pujare**

Partner

Membership Number : 101143

Place : Mumbai

Date : April 27, 2016

**Manoj Jaiswal**

Chief Financial Officer

**H.N.Singh Rajpoot**

Company Secretary

For and on behalf of Board of Directors of CEAT Limited

**H.V.Goenka**

Chairman

**Anant Goenka**

Managing Director

**Mahesh Gupta**

Chairman - Audit Committee

Place : Mumbai

Date : April 27, 2016

# Notes to the Financial Statements

for the year ended March 31, 2016

## 1. Corporate Information

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

## 2. Basis of Preparation and Summary of Significant Accounting Policies

### A) Basis of accounting and preparation of financial statements

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

The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year, except for the change in accounting policy explained below.

### Component Accounting

The Company has adopted component accounting as required under Schedule II to the Companies Act, 2013 from April 1, 2015. The Company was previously not identifying components of fixed asset separately for depreciation purposes; rather, a single useful life / depreciation rate was used to depreciate each item of fixed asset.

Due to application of Schedule II to the Companies Act, 2013, the Company has changed the manner of depreciation for its fixed asset. Now, the Company identifies and determines cost of each components / part of the asset separately, if the components / part has a cost which is significant to the total cost of the asset and having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. The Company has used transitional provisions of Schedule II to

adjust the impact of component accounting arising on its first application. If a component has zero remaining useful life on the date of component accounting becoming effective, i.e., April 1, 2015, its carrying amount, after retaining any residual value, is charged to the Statement of Profit and Loss. The carrying amount of other components, i.e., components whose remaining useful life is not nil on April 1, 2015, is depreciated over their remaining useful lives.

Had the Company continued to use the earlier policy of depreciating fixed assets, its financial statements for the period would have been impacted as below:

- Depreciation for the current period would have been lower by ₹ 443.17 Lacs. Profit for the current period would have been higher by ₹ 315.28 Lacs (net of tax impact of ₹ 127.90 Lacs). Fixed assets would correspondingly have been higher by ₹ 443.17 Lacs.
- On the date of component accounting becoming applicable, i.e. April 1, 2015, the amount of ₹ 560.04 Lacs (net of deferred tax ₹ 274.36 Lacs) has been directly adjusted against retained earnings on account of depreciable value as on April 1, 2015 for the components having zero remaining useful life.

### B) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosures of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumption and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

### C) Tangible Fixed Assets and Intangible assets

#### i) Tangible Assets

- a) Fixed assets are stated at cost of acquisition or construction or revalued amount whichever is applicable, net of accumulated depreciation / amortization and impairment losses, if any.
- b) The cost comprises cost of acquisition, borrowing cost and any attributable cost of bringing the asset to the condition for its intended use. Cost also includes



# Notes to the Financial Statements

for the year ended March 31, 2016

direct expenses incurred up to the date of capitalisation / commissioning. Any trade discounts and rebates are deducted in arriving at the purchase price.

- c) Machinery spares procured along with the plant and machinery or subsequently and whose use is expected to be irregular are capitalised separately, if cost of such spares is known and depreciated fully over the residual useful life of the related plant and machinery. If the cost of such spares is not known particularly when procured along with the mother plant, these are capitalised and depreciated along with the mother plant. The written down value (WDV) of the spares is charged as revenue expenditure in the year in which such spares are consumed. Similarly, the value of such spares, procured and consumed in a particular year is charged as revenue expenditure in that year itself.
- d) Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standards of performance.
- e) All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.
- f) Replacement of any part of plant and machinery, which are of capital nature, are capitalised along with the main plant and machinery and cost of the replaced part is written off. In case the cost of replaced part is not identifiable, the equal value of replacement is deducted from the existing gross block of that asset.
- g) Gains and losses arising from disposal/derecognition of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.
- h) Tangible assets not ready for the intended use on the date of balance sheet are disclosed as "Capital work-in-progress".
- i) In case of revaluation of fixed assets,

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

- j) The Company identifies and determines cost of asset significant to the total cost of the asset having useful life that is materially different from that of the remaining life.

## ii) Intangible Assets

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

Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

## D) Borrowing Cost

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

## E) Depreciation

### i) Tangible Assets

Leasehold land – amortized on a straight line basis over the period of the lease ranging from 95 years – 99 years.

Depreciation on fixed assets is calculated on a straight line basis using the rates arrived at based on the useful lives estimated by the management.

The Company has used the following rates to provide depreciation on its fixed assets. The identified components are depreciated

## Notes to the Financial Statements

for the year ended March 31, 2016

over their useful lives, the remaining asset is depreciated over the life of the principal asset.

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

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

- Factory buildings - 50 years (Higher than those indicated in Schedule II of the Companies Act, 2013)
- Office buildings- 60 years (Higher than those indicated in Schedule II of the Companies Act, 2013)
- Plant & Machinery – 20 years (Higher than those indicated in Schedule II of the Companies Act, 2013)
- Moulds – 6 years (Lower than those indicated in Schedule II of the Companies Act, 2013)
- Electrical Installations – 20 years (Higher than those indicated in Schedule II of the Companies Act, 2013)
- Air conditioner having capacity of > 2 tons – 15 years (Higher than those indicated in Schedule II of the Companies Act, 2013)
- Serviceable materials like trolleys, iron storage racks skids – 15 years (Higher than those indicated in Schedule II of the Companies Act, 2013)
- Batteries used in fork lifts trucks - 5 years (Lower than those indicated in Schedule II of the Companies Act, 2013)

The management believes that the depreciation rates fairly reflect its estimation of the useful lives. The

management also estimates the residual values of the fixed assets.

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

### ii) Intangible Assets

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

- Software expenditure is amortized over a period of three years.
- Technical know-how and brands are amortized over a period of twenty years.

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

The Company 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 are 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 amortization period and the amortization method are reviewed at least at each financial year-end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS-5 “Net Profit or Loss for the Period”, Prior Period Items and Changes in Accounting Policies.

### F) Impairment of tangible and intangible assets:

The Company assesses at each Balance Sheet date whether there is any indication that an asset

# Notes to the Financial Statements

for the year ended March 31, 2016

may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

The Company bases its impairment calculations of detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of 5 years. For longer period, a long-term growth rate is calculated and applied to project future cash flows after the 5<sup>th</sup> year.

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

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

## G) Investments

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.

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

Current investments are carried in the financial statements at lower of cost and 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.

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

## H) Inventories

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

# Notes to the Financial Statements

for the year ended March 31, 2016

- the inventories to their present location and condition. Cost is determined on a weighted average basis.
- iv) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.
- I) Revenue Recognition**
- Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.
- i) Sale of Goods**
- Revenue from sale of goods is recognised when the significant risks and rewards of ownership are passed on to the customer. Sales taxes and Value Added Taxes (VAT) are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.
- ii) Interest**
- Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the Statement of Profit and Loss.
- iii) Dividends**
- Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.
- iv) Royalty and technology development fees**
- Royalty and technology development fees income are accounted for as per the terms of contract.
- J) Government grants and export incentives**
- Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received. Government grants related to revenue are recognized on a systematic basis in the Statement of Profit and Loss as a part of other operating revenues.
- Export incentives such as focus market scheme, focus products scheme and special focus market scheme, etc., are recognized in the Statement of Profit and Loss as a part of other operating revenues.
- K) Foreign currency translation**
- Foreign currency transactions and balances**
- 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 retranslated using the exchange rate prevailing on the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.
- iii) Exchange differences**
- All exchange gains and losses arising out of translation/restatement, are accounted for in the Statement of Profit and Loss.
- iv) Forward exchange contracts entered into, to hedge foreign currency exposure as at Balance Sheet date**
- The premium or discount arising at the inception of forward exchange contracts is amortized and recognised as income or expense 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. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period.
- L) Leases**
- Where the Company is lessee:**
- 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.

# Notes to the Financial Statements

for the year ended March 31, 2016

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the estimated useful life of the asset or lease term, whichever is earlier.

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

## M) Research and Development

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

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

## N) Employee benefits

### i) Defined contribution plan

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

for example, a reduction in future payment or a cash refund.

### ii) Defined Benefit plan

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

### iii) Compensated absences

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

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes and this is shown under long-term provisions in the Balance Sheet. Such long-term compensated absences are provided for based on the actuarial valuation using the Projected Unit Credit Method at the year-end. Actuarial gains / losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

### iv) Termination benefits

The Company recognizes termination benefit as a liability and an expense when the Company has a present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the termination benefit falls due for more than 12 months after the balance sheet date, they are measured at

# Notes to the Financial Statements

for the year ended March 31, 2016

present value of the future cash flows using the discount rate determined by reference to market yields at the Balance Sheet date on Government bonds.

## O) Taxes on income

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

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

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

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

## P) Earnings per share

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

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

## Q) Provisions and Contingent Liabilities

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

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

## R) Cash and cash equivalents

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

## S) Derivative instruments and hedge accounting

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

# Notes to the Financial Statements

for the year ended March 31, 2016

also uses cross currency interest rate swaps (CCIRS) to hedge interest rate risk arising from variable rate loans and cross currency interest rate swaps to hedge both foreign currency loan and interest risk arising from foreign exchange fluctuations and variable rate loans. The Company designates these forward contracts and interest rate swaps in a hedging relationship by applying the hedge accounting principles of AS-30 "Financial Instruments: Recognition and Measurement".

For the purpose of hedge accounting, hedges are classified as:

1. Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment.
2. Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

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

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

## Fair value hedges

The change in the fair value of a hedging derivative is recognized in the Statement of Profit and Loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the Statement of Profit and Loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the Statement of Profit and Loss.

## Cash flow hedges

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

The Company uses foreign currency forward contracts as hedges of its exposure to foreign currency risk in forecasted transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognized immediately in the Statement of Profit and Loss.

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

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

## Other derivatives

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

## T) Provision for warranty

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

## U) Segment reporting

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

# Notes to the Financial Statements

for the year ended March 31, 2016

## Note 3 - Share capital

(₹ in Lacs)

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
<b>Authorised :</b>		
4,61,00,000 (Previous year 4,61,00,000) Equity shares of ₹ 10 each	4,610.00	4,610.00
39,00,000 (Previous year 39,00,000) Preference shares of ₹ 10 each	390.00	390.00
1,00,00,000 (Previous year 1,00,00,000) Unclassified shares of ₹ 10 each	1,000.00	1,000.00
<b>Total authorised share capital</b>	<b>6,000.00</b>	<b>6,000.00</b>
<b>Issued :</b>		
4,04,50,780 (Previous year 3,59,56,398) Equity shares of ₹ 10 each fully paid up (Includes 688 (Previous year 688) Equity shares offered on right basis and kept in abeyance)	4,045.08	3,595.64
Add : Allotted during the year Nil (Previous year 44,94,382 shares) (Refer note 45(b))	-	449.44
<b>Total issued share capital</b>	<b>4,045.08</b>	<b>4,045.08</b>
<b>Subscribed and paid-up :</b>		
4,04,50,092 (Previous year 3,59,55,710) Equity shares of ₹ 10 each fully paid up	4,045.01	3,595.57
Add : Allotted during the year Nil (Previous year 44,94,382 shares) (Refer note 45(b))	-	449.44
<b>Total subscribed and paid-up share capital</b> (4,04,50,092 (Previous year 4,04,50,092))	<b>4,045.01</b>	<b>4,045.01</b>

### i) Reconciliation of equity shares outstanding

	2015-16		2014-15	
	Number	₹ in Lacs	Number	₹ in Lacs
Shares outstanding at the beginning of the year	4,04,50,092	4,045.01	3,59,55,710	3,595.57
Shares issued during the year (Refer note 45 (b))	-	-	44,94,382	449.44
Shares outstanding at the end of the year	4,04,50,092	4,045.01	4,04,50,092	4,045.01

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

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

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

The shareholders have all other rights as available to equity shareholders as per the provision of the Companies Act, 2013 and 1956 read together with the Memorandum of Association and Articles of Association of the Company, as applicable.

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

Particulars	As at 31.03.2016		As at 31.03.2015	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Instant Holdings Limited	1,15,10,812	28.46%	1,15,10,812	28.46%
Swallow Associates LLP	44,84,624	11.09%	44,84,624	11.09%
Kotak Mahindra (International) Limited	-	-	25,15,700	6.22%
TIAA-CREF Institutional Mutual Fund International	-	-	21,60,298	5.34%



# Notes to the Financial Statements

for the year ended March 31, 2016

## Note 4 - Reserves and surplus

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
<b>a) Capital reserve</b>	<b>1,176.87</b>	<b>1,176.87</b>
<b>b) Capital redemption reserve</b>	<b>390.00</b>	<b>390.00</b>
<b>c) Securities premium reserve</b>		
Balance as per last financial statements	56,702.93	17,808.30
Add : Premium on shares issued during the previous year through Qualified Institutional Placement (QIP) (Refer note 45 (b))	-	39,550.56
	56,702.93	57,358.86
Less : Share issue expenses on account of Qualified Institutional Placement (QIP) (net of tax)(Refer note 45(b))	-	655.93
Closing balance	<b>56,702.93</b>	<b>56,702.93</b>
<b>d) Debenture redemption reserve (Refer foot note 1)</b>		
Balance as per last financial statements	-	-
Add : Amount transferred from surplus balance in the Statement of Profit and Loss	1,667.00	-
Closing balance	<b>1,667.00</b>	-
<b>e) Cash flow hedge reserve</b>		
Balance as per last financial statements	59.89	(536.89)
Gain / (Loss) arising during the year	(53.94)	596.78
Closing balance	<b>5.95</b>	<b>59.89</b>
<b>f) General reserve</b>		
Balance as per last financial statements	20,177.32	22,338.97
Less : Impact of revision of useful life of fixed assets (net of tax) (Refer Note 11(4))	-	(2,161.65)
Less : Impact of componentisation of fixed assets (net of tax) (Refer Note 11(5))	(560.04)	-
Closing balance	<b>19,617.28</b>	<b>20,177.32</b>
<b>g) Surplus in the Statement of Profit and Loss</b>		
Balance as per last financial statements	77,301.95	51,937.23
Add : Profit for the year	45,252.27	29,897.39
<b>Amount available for appropriation</b>	<b>1,22,554.22</b>	<b>81,834.62</b>
Less : Appropriations		
Proposed dividend (amount per share : Nil) (Previous year : ₹ 10)	-	4,045.01
Interim dividend (amount per share : ₹ 11.50) (Previous year : Nil) (Refer note 29)	4,651.76	-
Tax on interim / proposed dividend	714.11	487.66
Amount transferred to debenture redemption reserve	1,667.00	-
<b>Net surplus in the Statement of Profit and Loss</b>	<b>1,15,521.35</b>	<b>77,301.95</b>
<b>Total</b>	<b>1,95,081.38</b>	<b>1,55,808.96</b>

### 1. Debenture redemption reserve:

Debenture redemption reserve (DRR) is required to be created in accordance with section 71 of the Companies Act, 2013 read with Companies (Share capital and Debenture) Rules, 2014 at equivalent to 25% of the value of the debentures issued. As per the rules, the Company needs to create Debenture Redemption Reserve for ₹ 5,000.00 Lacs, before the maturity of the first tranche of debentures commencing from FY 2019-20. For the year under review, the Company has created a DRR to the extent of ₹1,667.00 Lacs and proposes to create an equivalent DRR in the next 2 financial years.

# Notes to the Financial Statements

for the year ended March 31, 2016

## Note 5 - Long-term borrowings

(₹ in Lacs)

	Non-current		Current	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>I Secured</b>				
<b>Debentures</b>				
a) Non convertible debentures (Refer note 5(1))	20,000.00	-	-	-
<b>Term Loans</b>				
a) Indian rupee loan from banks				
Hongkong and Shanghai Banking Corporation Ltd. (Refer note 5(2))	1,562.50	2,812.50	1,250.00	1,250.00
Export Import Bank of India (Refer note 5(3))	7,600.00	-	-	-
Kotak Mahindra Bank Ltd. (Refer note 5(4))	3,000.00	-	-	-
Bank of India (Refer note 5(5))	-	10,000.00	-	-
ICICI Bank Ltd. (Refer note 5(6))	-	7,000.00	-	-
ICICI Bank Ltd (Refer note 5(7))	-	2,025.00	-	1,350.00
ICICI Bank Ltd (Refer note 5(8))	-	-	-	1,166.67
Bank of India (Refer note 5(9))	-	1,413.58	-	1,500.00
IDBI Bank Ltd (Refer note 5(10))	-	376.94	-	376.94
Bank of Baroda (Refer note 5(11))	-	750.00	-	1,000.00
Export Import Bank of India (Refer note 5(12))	-	489.98	489.98	979.95
b) Foreign currency loan from banks				
Export Import Bank of India (Refer note 5(12))	-	687.50	728.77	1,375.00
ICICI Bank Ltd - ECB Loan (Refer note 5(13))	-	651.04	-	1,302.08
c) Buyer's credit (Refer note 5(14))	21,291.29	1,944.90	-	-
<b>II Unsecured</b>				
a) Public deposits (Refer note 5(15))	2,153.76	3,450.06	1,262.09	4,154.33
b) Deferred sales tax incentive (Refer note 5(16))	3,388.87	3,830.91	442.06	364.10
	<b>58,996.42</b>	<b>35,432.41</b>	<b>4,172.90</b>	<b>14,819.07</b>
Less: amount classified under other current liabilities (Refer note 10)	-	-	(4,172.90)	(14,819.07)
<b>Total</b>	<b>58,996.42</b>	<b>35,432.41</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements

for the year ended March 31, 2016

## Note 5 - Long-term borrowings (continued)

### Secured long-term borrowings (includes non-current portion and current maturities)

1. Non-Convertible Debentures (NCD) ₹ 20,000.00 Lacs (Previous year Nil) allotted on July 31, 2015 on private placement basis are secured by a first *pari passu* charge over the movable assets (except current assets) and immovable assets of the Company situated at the Nashik Plant. As at March 31, 2016, the NCDs carry an interest at 9.40% and repayable as under:

- NCD Series 1: ₹ 1,000 Lacs (5% of the issue amount) repayable on July 31, 2019
- NCD Series 2: ₹ 3,000 Lacs (15% of the issue amount) repayable on July 31, 2020
- NCD Series 3: ₹ 3,000 Lacs (15% of the issue amount) repayable on July 31, 2021
- NCD Series 4: ₹ 3,000 Lacs (15% of the issue amount) repayable on July 31, 2022
- NCD Series 5: ₹ 4,000 Lacs (20% of the issue amount) repayable on July 31, 2023
- NCD Series 6: ₹ 4,000 Lacs (20% of the issue amount) repayable on July 31, 2024
- NCD Series 7: ₹ 2,000 Lacs (10% of the issue amount) repayable on July 31, 2025

2. Term Loan from The Hong Kong and Shanghai Banking Corporation Limited of ₹ 2,812.50 Lacs (Previous year ₹ 4,062.50 Lacs) is secured by a first *pari passu* charge over the Company's immovable assets situated at Bhandup plant. (The creation of security for immovable properties situated at Bhandup is pending as on March 31, 2016). It carries interest at 9.65% as on March 31, 2016 and is repayable in 16 quarterly installments starting September 20, 2014.

3. Term Loan from Export and Import Bank of India ₹ 7,600.00 Lacs (Previous year ₹ Nil) is secured by first *pari passu* charge over the Company's movable assets (excluding current assets) and immovable assets situated at the Halol plant and second *pari passu* charge on the current assets of the Company. (The creation of security for immovable properties situated at Halol is pending as on March 31, 2016). It carries interest at 10.45% p.a. as at March 31, 2016 and is repayable as under:

Year	% of loan	Schedule of repayment
2018-19	5%	Over 4 equal quarterly installments
2019-20	10%	Over 4 equal quarterly installments
2020-21	15%	Over 4 equal quarterly installments
2021-22	15%	Over 4 equal quarterly installments
2022-23	15%	Over 4 equal quarterly installments
2023-24	20%	Over 4 equal quarterly installments
2024-25	20%	Over 4 equal quarterly installments

4. Term Loan from Kotak Mahindra Bank Limited of ₹ 3,000.00 Lacs (Previous year ₹ Nil) is secured by first *pari passu* charge over the Company's movable assets (excluding current assets) and immovable assets situated at Halol plant and second *pari passu* charge over the current assets of the Company. (The creation of security for immovable properties situated at Halol is pending as on March 31, 2016). It carries interest at 10.50% p.a. as at March 31, 2016 and is repayable as under:

Year	% of loan	Schedule of repayment
2018-19	5%	Over 4 equal quarterly installments
2019-20	10%	Over 4 equal quarterly installments
2020-21	15%	Over 4 equal quarterly installments
2021-22	15%	Over 4 equal quarterly installments
2022-23	15%	Over 4 equal quarterly installments
2023-24	20%	Over 4 equal quarterly installments
2024-25	20%	Over 4 equal quarterly installments

## Notes to the Financial Statements

for the year ended March 31, 2016

### Note 5 - Long-term borrowings (continued)

5. Term loan from Bank of India of ₹ Nil (Previous year ₹ 10,000.00 Lacs) was pre-paid in full including interest thereon on July 31, 2015.
6. Term loan from ICICI Bank Limited of ₹ Nil (Previous year ₹ 7,000.00 Lacs) was pre-paid in full including interest thereon on August 4, 2015.
7. Term loan from ICICI Bank Limited of ₹ Nil (Previous year ₹ 3,375.00 Lacs) was pre-paid in full including interest thereon on July 11, 2015.
8. Term loan from ICICI Bank Limited of ₹ Nil (Previous year ₹ 1,166.67 Lacs) was repaid in full including interest thereon on August 10, 2015.
9. Term loan from Bank of India of ₹ Nil (Previous year ₹ 2,913.58 Lacs) was pre-paid in full including interest thereon on July 31, 2015.
10. Term loan from IDBI Bank Limited of ₹ Nil (Previous year ₹ 753.38 Lacs) was pre-paid in full including interest thereon on August 31, 2015.
11. Term loan from Bank of Baroda of ₹ Nil (Previous year ₹ 1,750.00 Lacs) was repaid in full including interest thereon on August 31, 2015.
12. Term loan in Indian rupee & in foreign currency from Export Import Bank of India of ₹ 1,218.75 Lacs (Previous year ₹ 3,532.43 Lacs) is secured by first *pari passu* charge on Company's movable assets (except current assets) and immovable assets located at Bhandup, Halol and Nashik plants and second *pari passu* charge over current assets of the Company.

Rupee loan carries interest at 10.45% p.a. as on March 31, 2016 and was repayable in 20 equal quarterly installments starting from November 1, 2011 and foreign currency loan carries interest at 6 months LIBOR plus 275 bps p.a. as on March 31, 2016 and was repayable in 20 equal quarterly installment starting from November 1, 2011.

13. ECB loan from ICICI Bank Ltd. of ₹ Nil (Previous year ₹ 1,953.12 Lacs) was pre-paid in full including interest thereon on September 30, 2015.
14. Long-term buyer's credit (for Halol expansion project) is secured by way of first *pari passu* charge on all movable assets (excluding current assets) and immovable assets of the Company situated at Halol plant and second *pari passu* charge over the current assets of the Company. It is repayable within 3 years from the date of disbursement. (The creation of security for immovable properties situated at Halol is pending as on March 31, 2016). The long-term buyer's credit carries interest in the range of 12 months LIBOR plus 20 bps to 12 months LIBOR plus 122 bps and 6 months LIBOR plus 94 bps to 6 months LIBOR plus 165 bps and 12 months EURIBOR plus 54 bps to 12 months EURIBOR plus 150 bps. (Variation in range due to the movements in LIBOR / EURIBOR and the size of the deals).

Long-term buyer's credit (for Nagpur project) is secured by way of first *pari passu* charge on all movable assets (excluding current assets) and immovable assets of the Company situated at Nagpur plant. It is repayable within 3 years from the date of disbursement. (The creation of security for immovable properties situated at Nagpur is pending as on March 31, 2016). The long-term buyers credit carries interest in the range of 12 months LIBOR plus 95 bps to 12 months LIBOR plus 113 bps and 6 months LIBOR plus 105 bps to 6 months LIBOR plus 175 bps.

### Unsecured long-term borrowings (includes non-current portion and current maturities)

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

# Notes to the Financial Statements

for the year ended March 31, 2016

## Note 6 - Deferred tax liabilities (net)

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
<b>Components of deferred tax assets and deferred tax liabilities:</b>		
<b>Assets</b>		
Expenses allowable for tax purpose when paid	1,269.46	1,334.73
Voluntary retirement scheme	754.21	566.18
Provision for doubtful debts and advances	693.35	540.48
Others	1,495.12	1,293.61
	<b>4,212.14</b>	<b>3,735.00</b>
<b>Liabilities</b>		
Difference between book depreciation and tax depreciation	18,949.32	15,449.73
<b>Deferred tax liabilities (net)</b>	<b>14,737.18</b>	<b>11,714.73</b>

## Note 7 - Other long-term liabilities

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
Security deposits	145.20	142.20
Revaluation of hedging Instrument	392.56	-
<b>Total</b>	<b>537.76</b>	<b>142.20</b>

## Note 8 - Provisions

(₹ in Lacs)

	Long-term		Short-term	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
a) Provision for compensated absences	2,255.50	2,223.36	327.36	230.49
b) Provision for gratuity (Refer note 40(b))	-	-	215.27	2,054.04
c) Provision for warranty (Refer foot note (a))	673.60	482.48	2,620.13	2,018.71
d) Provision for income tax (net of advance tax)	-	-	3,419.85	333.45
e) Provision for indirect tax (Refer foot note (b))	-	-	380.00	320.00
f) Provision for tax matters (Refer foot note (b))	-	-	895.04	749.09
g) Provision for mark-to-market lossess on derivative contracts	-	-	-	46.10
h) Provision for proposed dividend	-	-	-	4,045.01
i) Provision for tax on proposed dividend	-	-	-	629.95
<b>Total</b>	<b>2,929.10</b>	<b>2,705.84</b>	<b>7,857.65</b>	<b>10,426.84</b>

### a) Provision for warranty

A provision is recognized for expected warranty claims on product sold during the last three years, based on past experience of the level of returns and cost of claim. It is expected that significant portion of these costs will be incurred in the next financial year and within three years from the reporting date. Assumptions used to calculate the provision for warranty 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.

# Notes to the Financial Statements

for the year ended March 31, 2016

## Note 8 - Provisions (continued)

(₹ in Lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
At the beginning of the year	2,501.19	2,053.62
Addition during the year	6,621.45	6,235.90
Utilised during the year	5,828.91	5,788.33
<b>At the end of the year</b>	<b>3,293.73</b>	<b>2,501.19</b>

### b) Movement in provision for indirect taxes and tax matters

(₹ in Lacs)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Provision for indirect taxes	Provision for tax matters	Provision for indirect taxes	Provision for tax matters
At the beginning of the year	320.00	749.09	300.00	336.04
Addition during the year	360.00	409.35	320.00	413.05
Reversed / paid during the year	300.00	263.40	300.00	-
<b>At the end of the year</b>	<b>380.00</b>	<b>895.04</b>	<b>320.00</b>	<b>749.09</b>

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

## Note 9 - Short - term borrowings

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
<b>Secured</b>		
a) Cash credit facilities from banks (repayable on demand) (Refer foot note (a))	2,190.95	19.55
b) Export packing credit from banks (Refer foot note (a))	-	7,012.59
c) Buyer's credit from banks (Refer foot note (a))	-	16,731.72
<b>Unsecured</b>		
a) Term loan from bank (Refer foot note (b))	-	1,825.27
b) Public deposit (Refer foot note (c))	-	94.90
<b>Total</b>	<b>2,190.95</b>	<b>25,684.03</b>

Note :

- a) Working capital term loan, cash credit facilities from banks, export packing credit from banks and buyers credit from banks are part of working capital facilities availed from consortium of banks. Consortium limits are secured by way of first *pari passu* charge on the current assets of the Company, wherever situated and by way of second *pari passu* charge on the movable assets (except current assets) and immovable assets of the Company situated at Bhandup, Nashik and Halol Plants.

All short-term borrowings availed in Indian rupees during the current year carry interest in the range of 9.50% to 10.30% and all short-term borrowing availed in foreign currency during the year carry interest in the range of LIBOR plus 30 bps to LIBOR plus 100 bps. (LIBOR is set corresponding to the period of the loan)

- b) The term loan from banks is outstanding balance of the bill discounting facility availed from scheduled bank
- c) The public deposits are accepted for the maturity of the less than one year from the date of receipt.
- d) During the current year, the Company had issued Commercial Papers (total available limit ₹ 20,000.00 Lacs) at regular intervals for working capital purposes with interest ranging from 7.30% to 8.20%. The outstanding as at March 31, 2016 is ₹ Nil.

# Notes to the Financial Statements

for the year ended March 31, 2016

## Note 10 - Trade payables & Other current liabilities

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
<b>a) Trade payables</b>		
1) Due to micro, small and medium enterprises (Refer note 30)		
Overdue	-	-
Not due	714.56	502.03
2) Other trade payables	62,288.97	62,810.08
	<b>63,003.53</b>	<b>63,312.11</b>
<b>b) Other current liabilities</b>		
1) Current maturities of long-term borrowings (Refer note 5)	4,172.90	14,819.07
2) Interest accrued but not due on borrowings	231.31	700.94
3) Investor Education and Protection Fund will be credited by following amounts (as and when due)		
i) Unclaimed dividends	215.79	110.11
ii) Unclaimed interest & matured deposits #	311.99	400.21
4) Other payables :		
i) Payable to capital vendors	4,475.70	1,131.33
ii) Deposits from dealers & others	29,666.08	29,905.34
iii) Statutory dues	6,088.99	5,946.18
iv) Advance received from customers	1,097.48	936.00
v) Premium on forward contracts	135.23	401.15
	<b>46,395.47</b>	<b>54,350.33</b>
<b>Total</b>	<b>1,09,399.00</b>	<b>1,17,662.44</b>

# Refer foot note below Note-18 Cash and bank balances

# Notes to the Financial Statements

for the year ended March 31, 2016

## Note 11 - Fixed Assets

Assets	Gross Block			Depreciation/Amortization			Net Block		
	As at 01.04.2015	Additions	Deletions	As at 31.03.2016	As at 01.04.2015	Depreciation for the year	Transferred to Reserve*	As at 31.03.2016	As at 31.03.2016
<b>Tangible assets</b>									
<b>Owned assets</b>									
Land (Refer note 11(2))	41,718.71	4.50	(0.61)	41,722.60	-	-	-	-	41,722.60
Buildings (Refer note 11(1))	24,316.37	12,167.32	(592.53)	35,951.14	6,431.41	972.94	(125.92)	7,278.43	28,672.71
	(23,458.30)	(858.93)	(-0.86)	(24,316.37)	(5,600.40)	(812.98)	(-0.81)	(6,431.41)	(17,884.96)
Plant & equipments	1,43,109.29	49,541.33	(3,201.82)	1,89,386.60	70,593.81	8,029.36	(2,723.50)	76,740.10	1,12,646.50
	(1,38,238.03)	(7,407.96)	(-1,659.55)	(1,43,109.29)	(63,288.30)	(7,052.27)	(-1,373.88)	(70,593.81)	(72,515.48)
Furniture & fixtures	1,423.49	190.35	(308.06)	1,306.40	673.87	91.71	(300.73)	464.85	841.55
	(1,115.95)	(474.12)	(-166.58)	(1,423.49)	(725.34)	(72.07)	(-145.07)	(673.87)	(749.62)
Office equipments	1,425.62	339.85	(271.99)	1,502.53	844.52	109.68	(250.21)	705.28	797.25
	(439.22)	(109.23)	-	(877.17)	(232.72)	(35.41)	(81.07)	(844.52)	(581.10)
Vehicles	902.68	92.22	(12.34)	982.56	415.35	113.35	(11.76)	516.94	465.62
	(757.56)	(248.93)	(-103.79)	(902.68)	(396.59)	(117.38)	(-102.07)	(415.35)	(487.33)
<b>Leased assets</b>									
Land (Refer note 11(2))	8,979.72	1,535.17	(4,677.79)	5,837.10	455.61	71.53	-	527.14	5,309.96
	(6,179.99)	(2,799.73)	-	(8,979.72)	(410.09)	(45.52)	-	(455.61)	(8,524.11)
Plant & equipments	777.58	0.65	-	770.71	743.62	0.85	-	737.33	33.38
	(1,004.10)	-	(-226.52)	(777.58)	(962.85)	(6.97)	(0.32)	(743.62)	(33.96)
<b>Total tangible assets</b>	<b>2,22,653.46</b>	<b>63,871.39</b>	<b>(9,065.14)</b>	<b>2,77,459.64</b>	<b>80,158.19</b>	<b>9,389.42</b>	<b>(3,412.12)</b>	<b>86,970.07</b>	<b>1,90,489.57</b>
	(2,12,911.86)	(11,898.90)	(-2,157.30)	(2,22,653.46)	(71,616.29)	(8,142.60)	(-1,848.35)	(80,158.19)	(1,42,495.27)
<b>Intangible assets</b>									
Software	1,909.08	784.41	-	2,693.56	1,383.28	346.65	-	1,729.93	963.63
	(1,756.73)	(152.35)	-	(1,909.08)	(1,045.03)	(336.39)	(1.86)	(1,383.28)	(525.80)
Brand	5,629.80	-	-	5,629.80	1,226.28	264.51	-	1,490.79	4,139.01
	(5,629.80)	-	-	(5,629.80)	(961.76)	(264.52)	-	(1,226.28)	(4,403.52)
Technical knowhow	865.51	-	-	865.51	161.13	41.37	-	202.50	663.01
	(865.51)	-	-	(865.51)	(119.77)	(41.36)	-	(161.13)	(704.38)
<b>Total intangible assets</b>	<b>8,404.39</b>	<b>784.41</b>	<b>-</b>	<b>9,188.87</b>	<b>2,770.69</b>	<b>652.53</b>	<b>-</b>	<b>3,423.22</b>	<b>5,765.65</b>
	(8,252.04)	(152.35)	-	(8,404.39)	(2,126.56)	(642.27)	(1.86)	(2,770.69)	(5,633.70)
<b>Grand total</b>	<b>2,31,057.85</b>	<b>64,655.80</b>	<b>(9,065.14)</b>	<b>2,86,648.51</b>	<b>82,928.88</b>	<b>10,041.95</b>	<b>3,412.12</b>	<b>90,393.29</b>	<b>1,96,255.22</b>
	(2,21,163.90)	(12,051.25)	(-2,157.30)	(2,31,057.85)	(73,742.85)	(8,784.87)	(-1,848.35)	(82,928.88)	(1,48,128.97)
Capital work-in-progress									<b>21,345.07</b>
									(16,406.59)
<b>Total</b>									<b>2,17,600.29</b>
									(1,64,535.56)

\* Refer note 11(4) & 11(5)

1 Figures in brackets refer amount pertaining to previous year

2 Adjustments include regrouping of certain assets into other class of assets



# Notes to the Financial Statements

for the year ended March 31, 2016

## Note 11 - Fixed Assets (continued)

1. Building includes ₹ 0.10 Lacs (Previous year ₹ 0.10 Lacs) being value of unquoted fully-paid shares held in various co-operative housing societies.
2. During the year, the Company has sold the following assets that were held for sale in the previous year:
  - a) Leasehold land at Additional Ambernath Industrial Area, Ambernath having book value of ₹ 3,543.63 Lacs.
  - b) Freehold land at Gujarat having book value of ₹ 0.60 Lacs.
3. During the year, the Company has transferred the following expenses which are attributable to the construction activity and are included in the cost of capital work-in-progress (CWIP) / Fixed assets as the case may be. Consequently, expenses disclosed under the respective notes are net of such amounts.

(₹ in Lacs)

Particulars	Note No.	2015-16	2014-15
Finance cost	24	1,447.08	145.73
Professional and consultancy charges	26	933.60	3.16
Miscellaneous expenses	26	2,035.54	84.03
Employee benefit expenses	23	1,563.18	545.55
Travelling & conveyance	26	389.80	36.56
<b>Total</b>		<b>6,369.20</b>	<b>815.03</b>

4. In the previous year, pursuant to the Companies Act, 2013 ("the Act"), the management, based on external technical evaluation has reassessed the useful life of fixed assets. In accordance with the Act, the carrying value of the fixed assets as at April 1, 2014 is depreciated over the revised residual life of the fixed assets and where the revised residual life of the fixed assets is nil as at that date, the carrying value of the fixed assets, after retaining the residual value, was adjusted to the General Reserve. Consequently in the previous year, the General Reserve was reduced by ₹ 2,161.65 Lacs (net of deferred tax ₹ 87.87 Lacs).
5. Pursuant to the Companies Act, 2013 ("the Act"), the management, based on internal technical evaluation has assessed the major components and useful life of fixed assets. In accordance with the Act, the carrying value of the components of fixed assets as at April 1, 2015 is depreciated over the balance residual life of the fixed assets and where the balance residual life of the fixed assets is nil as at that date, the carrying value of the components of fixed assets, after retaining the residual value, has been adjusted to the General Reserve. Consequently, the General Reserve has been reduced by ₹ 560.04 Lacs (net of deferred tax ₹ 274.36 Lacs).
6. The Company has acquired a leasehold land at Butibori Industrial Area, Maharashtra Industrial Development Corporation, Nagpur admeasuring 2,40,000 Sq. Mts. @ ₹ 1,150/- per sq. ft. amounting to ₹ 2,760.00 Lacs for a lease term of ninety five (95) years. The Lease agreement for the same was registered on March 24, 2015.
7. In an earlier year, 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 are accessible to the Company. The Company will be in a position to fully exploit the export market resulting in increased volume and price realization. Therefore, the management believes that the Brand will yield significant benefits for a period of at least twenty years.
8. The Company has acquired technical know-how and assistance from International Tire Engineering Resources LLC, for setting up for Halol radial plant. Considering the life of the underlying plant / facility, this technical know-how, is amortized on a straight line basis over a period of twenty years.
9. As a part of ongoing expansion project at Halol, during the year the Company has capitalised and commissioned assets of ₹ 44,768.09 Lacs. This has resulted in additions of 39 MT per day in the installed capacity. Full expansion project of 120 MT per day is however expected to be commissioned, in phase, by end of FY 2016-17.
10. During the year, the Company has commissioned, its Greenfield Unit, situated at Butibori, near Nagpur, Maharashtra, with effect from March 28, 2016. Accordingly, the Company has capitalised the assets amounting to ₹ 9,375.40 Lacs. This has resulted in additions of 15 MT per day in the installed capacity. Full expansion project of 120 MT per day is expected to be commissioned, in phases, by end of FY 2017-18.
11. Gross book value includes ₹ 68,184.11 Lacs (Previous year ₹ 69,177.84 Lacs) on account of revaluation of Land, Building and Plant and machinery in 2007 based on the report issued by independent valuer.

# Notes to the Financial Statements

for the year ended March 31, 2016

## Note 12 - Non-current investments

(₹ in Lacs)

	Face Value	Holdings Nos.	As at 31.03.2016	Holdings Nos.	As at 31.03.2015
<b>Long-term fully-paid</b>					
<b>Equity instruments</b>					
<b>(valued at cost unless stated otherwise)</b>					
<b>a) Unquoted (Trade)</b>					
<b>1) Investment in subsidiaries</b>					
Associated CEAT Holdings Company (Pvt.) Ltd.	10 LKR	1,00,00,000	4,357.46	1,00,00,000	4,357.46
CEAT AKKhan Limited	10 Taka	10,49,99,994	7,717.06	10,49,99,994	7,717.06
Rado Tyres Limited	₹ 10	94,16,350	358.86	94,16,350	358.86
CEAT Specialty Tyres Limited (Refer note 45(a))	₹ 10	1,00,49,960	10,005.00	49,960	5.00
<b>2) Investment in others</b>					
Maestro Comtrade Private Limited	₹ 10	1,800	0.18	1,800	0.18
<b>b) Unquoted preference shares</b>					
<b>1) Investment in subsidiaries</b>					
Rado Tyres Limited (Refer note 45(c))(12.50 % cumulative redeemable preference shares)	₹ 100	3,50,000	350.00	-	-
			<b>22,788.56</b>		<b>12,438.56</b>
Aggregate amount of unquoted investments			22,788.56		12,438.56

## Note 13 - Loans and advances

(₹ in Lacs)

	Non-current		Current	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>a) Secured, considered good</b>				
Security deposits	193.40	143.95	-	-
<b>b) Unsecured, considered good</b>				
1) Security deposits	461.69	855.49	43.46	129.53
2) Capital advances	2,308.59	2,706.38	-	-
3) Loans to related parties (Refer note 31 & 42(b))	-	45.83	3,400.00	1,371.67
4) Advances recoverable in cash or kind				
i) Related parties (Refer note 42(b))	-	-	246.85	159.85
ii) Others	-	-	3,502.75	1,932.39
5) Advance income-tax (net of provision for taxation)	6,846.64	2,369.84	-	-
6) Prepaid expenses	-	-	859.99	519.16
7) Balances with government authorities / other deposit	-	-	9,521.69	5,179.87
<b>c) Unsecured, considered doubtful</b>				
1) Security deposits	74.29	50.55	-	-
2) Advances recoverable in cash or kind	-	-	132.00	132.00
3) Balances with government authorities / other deposit	218.13	218.13	-	-
Less: Provision for doubtful advances and deposits	(292.42)	(268.68)	(132.00)	(132.00)
<b>Total</b>	<b>9,810.32</b>	<b>6,121.49</b>	<b>17,574.74</b>	<b>9,292.47</b>

# Notes to the Financial Statements

for the year ended March 31, 2016

## Note 14 - Trade receivables

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
<b>a) Debts outstanding for a period exceeding six months from the date they are due for payment :</b>		
Unsecured, considered good	576.42	139.74
Unsecured, considered doubtful	1,797.16	1,379.18
Less: Provision for doubtful receivables	(1,797.16)	(1,379.18)
	<b>576.42</b>	<b>139.74</b>
<b>b) Other debts</b>		
Secured, considered good*	22,804.29	24,000.02
Unsecured, considered good	34,413.59	42,553.48
	<b>57,217.88</b>	<b>66,553.50</b>
<b>Total</b>	<b>57,794.30</b>	<b>66,693.24</b>

\*These debts are secured to the extent of security deposit obtained from the dealers.

## Note 15 - Other assets

(₹ in Lacs)

	Non-current		Current	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>Unsecured, considered good</b>				
<b>a) Non-current bank balances</b> (Refer note 18)	232.58	232.56	-	-
	<b>232.58</b>	<b>232.56</b>	-	-
<b>b) Unamortized expenditure</b>				
1) Ancillary cost of arranging borrowings	251.70	309.05	-	-
2) Revaluation of hedging instruments	-	348.18	160.11	899.99
	<b>251.70</b>	<b>657.23</b>	<b>160.11</b>	<b>899.99</b>
<b>C) Others</b>				
1) Interest receivable	-	-	144.66	189.84
2) Recoverable against fire loss	-	-	470.00	442.29
3) Receivable from subsidiaries / joint venture (Refer note 42(b))	232.54	219.69	372.33	227.92
	<b>232.54</b>	<b>219.69</b>	<b>986.99</b>	<b>860.05</b>
<b>Total</b>	<b>716.82</b>	<b>1,109.48</b>	<b>1,147.10</b>	<b>1,760.04</b>

# Notes to the Financial Statements

for the year ended March 31, 2016

## Note 16 - Current investments

(Valued at lower of cost and fair value, unless stated otherwise)

(₹ in Lacs)

	As at 31.03.2016		As at 31.03.2015	
	No.of holdings	Amount	No.of holdings	Amount
<b>Investments in units of mutual funds</b>				
<b>a) Unit of Face value ₹ 10 each, fully-paid up</b>				
Sundaram Money Fund - Regular - Growth	-	-	1,89,97,090	1,919.18
<b>b) Unit of Face value ₹ 1,000 each, fully-paid up</b>				
Baroda Pioneer Liquid Fund - Plan B - Direct - Growth	57,547	1,000.00	-	-
BOI AXA Treasury Advantage Fund - Direct - Growth	-	-	1,00,563	1,008.57
Franklin India TMA - Direct - Growth	-	-	3,09,265	3,098.38
Franklin India Treasury Management Account- Super Institutional Plan- Daily Dividend Reinvestment	97	0.97	-	-
Indiabulls Liquid Fund - Direct- Growth	-	-	5,91,853	5,921.09
Kotak Floater - Short - Term - Regular - Growth	40,321	1,000.00	3,27,497	4,004.66
Kotak Floater - Short - Term- Daily Dividend	25	0.26	-	-
L&T Liquid Fund - Direct - Growth	48,168	1,000.00	-	-
LIC Nomura MF Liquid Fund - Direct - Growth	36,434	1,000.00	-	-
Reliance Liquid Fund - Cash Plan - Direct - Growth	-	-	1,85,199	2,063.40
Reliance Liquid Fund - TP - Direct - Growth	-	-	6	0.09
SBI Premier Liquid Fund - Direct - Growth	-	-	5,02,771	5,077.54
Taurus Liquid Fund - Direct - Growth	-	-	3,27,526	5,011.83
Taurus Short - Term Income Fund - Direct - Growth	-	-	3,13,776	3,138.58
<b>Total</b>		<b>4,001.23</b>		<b>31,243.32</b>
Aggregate market value of quoted investments		4,005.52		31,243.32

## Note 17 - Inventories

(Valued at lower of cost and net realisable value)

(₹ in Lacs)

	As at	As at
	31.03.2016	31.03.2015
a) Raw materials	15,852.72	18,555.60
Goods-in transit	4,645.39	3,957.63
<b>Total (Refer note 21)</b>	<b>20,498.11</b>	<b>22,513.23</b>
b) Work-in-progress	2,483.83	2,024.48
c) Finished goods (Refer foot note (a))	32,844.07	33,837.52
d) Stock-in-trade	2,016.00	1,575.80
Goods-in transit	873.42	328.72
<b>Total</b>	<b>2,889.42</b>	<b>1,904.52</b>
e) Stores and spares	3,193.26	3,923.70
Goods-in transit	16.66	7.25
<b>Total</b>	<b>3,209.92</b>	<b>3,930.95</b>
<b>Total</b>	<b>61,925.35</b>	<b>64,210.70</b>
	As at	As at
	31.03.2016	31.03.2015
<b>a) Details of finished goods</b>		
Automotive tyres	27,054.23	26,962.15
Tubes and others	5,789.84	6,875.37
<b>Total</b>	<b>32,844.07</b>	<b>33,837.52</b>

# Notes to the Financial Statements

for the year ended March 31, 2016

## Note 18 - Cash and bank balances

(₹ in Lacs)

	Non-current		Current	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>Cash and cash equivalents</b>				
<b>Balances with Banks :</b>				
On current accounts (Refer foot note (a))	-	-	1,137.72	4,433.41
On unpaid dividend account (Refer foot note (b))	-	-	215.79	109.53
Unclaimed public fixed deposits and interest there on (Refer foot note (c))	-	-	308.04	454.11
Cash on hand	-	-	3.99	12.35
	-	-	<b>1,665.54</b>	<b>5,009.40</b>
<b>Other bank balances</b>				
Deposits with remaining maturity of more than 3 months but less than 12 months (Refer foot note (d))	-	-	750.20	1,208.20
Margin money deposits (Refer foot note (e))	232.58	232.58	-	-
	<b>232.58</b>	<b>232.58</b>	<b>750.20</b>	<b>1,208.20</b>
<b>Amount disclosed under non-current assets (Refer note 15)</b>	(232.58)	(232.58)	-	-
<b>Total</b>	-	-	<b>2,415.74</b>	<b>6,217.60</b>

Note :

- Includes ₹ Nil (Previous year ₹ 4.53 Lacs) outstanding for a period exceeding seven years. This amount is no longer payable as the Company has adjusted this amount towards call-in arrears of partly paid-up equity shares of the Company held by the shareholders, pursuant to a resolution passed by the Board of Directors.
- These balances are available for use only towards settlement of corresponding unpaid dividend liabilities.
- These balances are available for use only towards settlement of matured deposits and interest on deposits. Also includes ₹ 0.20 Lacs (Previous year ₹ 0.20 Lacs) outstanding for a period exceeding seven years, in respect of which a Government agency has directed to the Company to hold and not transfer / repay.
- Deposit to the extent of ₹ 750.20 Lacs (Previous year ₹ 637.41 Lacs) is created for the purpose of deposit repayment reserve account and cannot be used for any other purpose.
- The margin deposits are for bank guarantees given to statutory authorities for periods ranging between 3-5 years.

## Note 19 - Revenue from operations

(₹ in Lacs)

	2015-16	2014-15
Sale of products (Refer foot note (a))	6,12,103.20	6,08,374.63
Other operating revenues		
Royalty income	553.12	442.71
Sale of scrap	1,675.58	1,604.51
Government grants # (Refer note 28 (c))	1,084.36	1,992.87
Others	235.28	877.11
<b>Total revenue from operations (gross)</b>	<b>6,15,651.54</b>	<b>6,13,291.83</b>

- # The Company has recognised a government grant of ₹ 223.47 Lacs (Previous year ₹ 1,041.70 Lacs) as refund of octroi duty under the package scheme of incentive received from Directorate of Industries, Government of Maharashtra for Nashik plant (Refer note 28(c)).
- # The Company has also recognised a government grant of ₹ 860.89 Lacs (Previous year ₹ 951.17 Lacs) as income on account of Export Incentive under Merchandise Exports from India Scheme (MEIS) from Directorate General of Foreign Trade, Government of India.

# Notes to the Financial Statements

for the year ended March 31, 2016

## Note 19 - Revenue from operations (continued)

(₹ in Lacs)

	2015-16	2014-15
<b>a) Detail of sales under broad heads</b>		
Automotive tyres	5,39,289.07	5,37,473.22
Tubes and others	72,814.13	70,901.41
<b>Sale of products</b>	<b>6,12,103.20</b>	<b>6,08,374.63</b>

## Note 20 - Other Income

(₹ in Lacs)

	2015-16	2014-15
Interest income on		
Bank deposit	117.12	134.01
Others	721.52	360.91
Dividend income on		
Investment in subsidiaries	1,167.86	950.60
Current investments	1,067.34	744.11
Profit on sale of fixed assets (net)	359.92	-
Profit on sale of current investments	154.72	-
Premium on sale and purchase of forward contract (net)	112.40	-
Other non-operating income	1,015.39	697.86
<b>Total</b>	<b>4,716.27</b>	<b>2,887.49</b>

## Note 21 - Cost of materials consumed

(₹ in Lacs)

	2015-16	2014-15
Raw materials		
Opening stock	22,513.23	24,614.72
Add : Purchases	2,93,363.16	3,23,797.52
	<b>3,15,876.39</b>	<b>3,48,412.24</b>
Less: Closing stock	20,498.11	22,513.23
<b>Total</b>	<b>2,95,378.28</b>	<b>3,25,899.01</b>

(₹ in Lacs)

Details of raw materials consumed	2015-16	2014-15
Rubber	1,45,197.49	1,63,846.64
Fabrics	47,668.37	51,240.69
Carbon Black	41,915.43	50,146.00
Chemicals	33,743.31	36,279.11
Others	26,853.68	24,386.57
<b>Total</b>	<b>2,95,378.28</b>	<b>3,25,899.01</b>

(₹ in Lacs)

Details of Inventories	As at 31.03.2016	As at 31.03.2015
Rubber	11,019.25	12,418.78
Fabrics	3,128.35	2,548.09
Carbon Black	1,575.71	2,122.76
Chemicals	2,718.61	3,055.90
Others	2,056.19	2,367.70
<b>Total</b>	<b>20,498.11</b>	<b>22,513.23</b>

# Notes to the Financial Statements

for the year ended March 31, 2016

## Note 22 - Changes in inventories of finished goods, work-in-progress and stock-in-trade

(₹ in Lacs)

	2015-16	2014-15	(Increase) / Decrease
<b>Opening stock</b>			
a) Work-in-progress	2,024.48	3,190.79	1,166.31
b) Finished goods	33,837.52	37,769.35	3,931.83
c) Stock-in-trade	1,904.52	2,207.96	303.44
	<b>37,766.52</b>	<b>43,168.10</b>	<b>5,401.58</b>
<b>Closing stock</b>			
a) Work-in-progress	2,483.83	2,024.48	(459.35)
b) Finished goods	32,844.07	33,837.52	993.45
c) Stock-in-trade	2,889.42	1,904.52	(984.90)
	<b>38,217.32</b>	<b>37,766.52</b>	<b>(450.80)</b>
	<b>(450.80)</b>	<b>5,401.58</b>	
Differential excise duty on opening and closing stock of finished goods	218.53	225.81	
<b>Total</b>	<b>(232.27)</b>	<b>5,627.39</b>	

## Note 23 - Employee benefits expense

(₹ in Lacs)

	2015-16	2014-15
Salaries, wages and bonus	31,051.67	28,158.34
Contribution to provident and other funds	1,672.77	1,572.20
Gratuity expense (Refer note 40)	307.22	2,044.13
Staff welfare expenses	3,685.05	3,210.34
<b>Total</b>	<b>36,716.71</b>	<b>34,985.01</b>

## Note 24 - Finance costs

(₹ in Lacs)

	2015-16	2014-15
Interest	8,176.30	10,754.90
Other borrowing cost	739.21	2,291.20
<b>Total</b>	<b>8,915.51</b>	<b>13,046.10</b>

## Note 25 - Depreciation and amortization expenses

(₹ in Lacs)

	2015-16	2014-15
Depreciation of tangible assets (Refer note 11)	9,389.42	8,142.60
Amortization of intangible assets (Refer note 11)	652.53	642.27
<b>Total</b>	<b>10,041.95</b>	<b>8,784.87</b>

## Notes to the Financial Statements

for the year ended March 31, 2016

### Note 26 - Other expenses

(₹ in Lacs)

	2015-16	2014-15
Conversion charges	37,330.13	30,568.13
Stores and spares consumed	4,280.88	4,231.73
Power and fuel	15,588.48	16,136.88
Freight and delivery charges	25,027.67	23,450.65
Rent for premises	365.35	586.18
Lease rent - Vehicles	106.41	128.68
Rates and taxes	442.72	127.61
Insurance	382.37	683.70
Repairs :		
Plant and machinery	5,131.97	4,944.96
Buildings	600.26	811.85
Others	47.13	31.80
	<b>5,779.36</b>	<b>5,788.61</b>
Travelling and conveyance	2,760.28	2,375.54
Printing and stationery	201.01	184.88
Directors' fees	43.75	46.05
Payment to Statutory Auditor (Refer foot note (c))	103.11	70.18
Cost audit fees	2.20	2.20
Advertisement and sales promotion expenses	11,264.87	9,660.78
Rebates and discounts	4,192.61	3,751.51
Commission on sales	343.45	250.72
Communication expenses	792.36	754.85
Advances written off	-	62.27
Bad debts	6.26	-
Provision for doubtful debts and advances	441.97	482.90
Loss on assets sold / discarded	-	83.08
Premium on sale and purchase of forward contract (net)	-	246.73
Legal charges	301.69	262.32
Foreign exchange fluctuations (net)	546.87	377.79
Professional and consultancy charges	2,500.74	1,587.59
Corporate Social Responsibility (CSR) expenses (Refer foot note (a))	773.35	323.66
Commission to directors	625.00	460.00
Training and conference expenses	963.46	840.17
Bank charges	614.40	1,005.52
Miscellaneous expenses (Refer foot note (b))	8,966.73	7,280.62
<b>Total</b>	<b>1,24,747.48</b>	<b>1,11,811.53</b>



# Notes to the Financial Statements

for the year ended March 31, 2016

## a) Details of CSR Expenses

Particulars	(₹ in Lacs)		
	2015-16	2014-15	
i) Gross amount required to be spent as per section 135 of Companies Act, 2013	772.32	401.58	
	In cash	Yet to be paid in cash	Total
ii) Amount spent during the year ending on March 31, 2016			
i) Construction / acquisition of any assets	-	-	-
ii) On purpose other than (i) above	773.35	-	773.35
iii) Amount spent during the year ending on March 31, 2015			
i) Construction / acquisition of any assets	-	-	-
ii) On purpose other than (i) above	323.66	77.92	401.58

## b) Donation to political parties

Name of the party to which such amount has been contributed	(₹ in Lacs)	
	2015-16	2014-15
Janpragati Electoral Trust	-	135.00
<b>Total amount contributed</b>	<b>-</b>	<b>135.00</b>

## c) Payment to Statutory Auditor

Particulars	(₹ in Lacs)	
	2015-16	2014-15
As Auditor:		
Audit fee	40.00	36.00
Limited review	21.00	22.00
In Other capacity:		
Other services	35.57	7.36
Reimbursement of expenses	6.54	4.82
<b>Total</b>	<b>103.11</b>	<b>70.18</b>

(The above amount in the previous year does not include fees amounting to ₹ 35.43 Lacs paid towards services provided in respect of Qualified Institutional Placement (QIP) which had been netted off against share premium. (Refer note 45(b))

## Note 27 - Exceptional Items

	(₹ in Lacs)	
	2015-16	2014-15
Voluntary Retirement Scheme expenses (VRS)	1,139.99	613.20
<b>Total</b>	<b>1,139.99</b>	<b>613.20</b>

The Company had introduced VRS for employees across the Company. During the year, 96 employees (Previous year 70 employees) opted for the VRS.

## Notes to the Financial Statements

for the year ended March 31, 2016

### 28. Contingent liabilities and commitments (to the extent not provided for):

#### a. Contingent Liabilities:

Particulars	(₹ in Lacs)	
	As at 31.03.2016	As at 31.03.2015
1. Direct and indirect taxation matters*		
Income tax	6,321.78	8,492.54
Wealth tax	6.73	6.73
Excise duty / Service tax	8,168.21	8,846.44
Sales tax	5,310.67	4,554.66
2. Bills discounted with banks	8,723.33	8,698.31
3. Claims against the Company not acknowledged as debts*		
i) In respect of labour matters	612.20	353.43
ii) Rental disputes	180.00	180.00
iii) Customer disputes	502.08	446.00
iv) Vendor disputes	293.83	293.83
v) Other claims	150.65	199.85

\*in respect of above matters, future cash outflows are determinable only on receipt of judgements pending at various forums / authorities. The amount of expected reimbursement to the Company is not ascertainable as on the balance sheet date.

#### b. Commitments

Particulars	(₹ in Lacs)	
	As at 31.03.2016	As at 31.03.2015
Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advance payments)	24,620.99	23,100.43

#### c. Others

The Company has availed the sales-tax deferral loan and octroi refund from the Directorate of Industries for Nashik 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 Nashik plant. In case of violation of terms & conditions, the Company is required to refund the entire loan / benefit along with the interest @ 22.50% on account of sales-tax deferral loan and @ 15% on account of octroi refund. (Refer note 19(2)(c)).

#### d. Demands and disputes considered as "Remote" by the Company

- The Company has been served with a Show Cause cum Demand Notice from the DGCEI (Directorate General of Central Excise Intelligence) Mumbai, on the ground that, the activity of making tyre set, i.e. inserting Tubes and Flaps inside the Tyres and tied up through Polypropylene Straps, amounts to manufacture / pre-packaged commodity under Section 2(f)(iii) of Central Excise Act, read with Section 2(l) of the Legal Metrology Act, 2009. Accordingly, the authorities worked out the differential duty amounting to ₹ 8,417.79 Lacs i.e., the amount of duty already paid on the basis of transaction value and duty payable on the basis of MRP under Section 4A, for the period from April-2011 to March-2015. The Company believes that Set of TT / TTF (Tyre Tube / Tyre Tube and Flap) is not pre-packaged commodity in terms of provisions of Legal Metrology Act, 2009. The Company has a strong case on the ground that, the said issue has been clarified by the Controller of the Legal Metrology Department vide its letter dated May 1, 1991 that "Tyre with tube & flaps tied with three thin polythene strips may not be treated as a pre-packed commodity within the meaning of rule 2(l) of the Standards of Weights and Measures (Packaged Commodities), Rules, 1977". The above clarification has been re-affirmed vide letter dated November 16, 1992 by the Legal Metrology authorities.

# Notes to the Financial Statements

for the year ended March 31, 2016

2. The Competition Commission of India (CCI) had, while considering the representation made by All India Tyres Dealers Federation (AITDF) made a prima facie view that the major players of tyre industry (including the Company) had some understanding amongst themselves, especially in the replacement market, as they did not pass the benefit of corresponding reduction in prices of major raw material inputs for the period subsequent to the year 2011-12. According to CCI, this practice is in violation of the Competition Act, 2002 ("the Act"). Therefore, CCI had, vide its order passed on June 24, 2014 under Section 26(1) of the Act, directed the Office of the Director General (DG) to investigate the said alleged violation of the Act. DG submitted its Investigation Report to CCI in December 2015, based on which CCI passed an order on February 18, 2016 directing the said tyre manufacturers to file their suggestions / objections by May 5, 2016. The Company's decision to change the price is purely a business decision which depends upon many factors like cost of production, brand value perception, and profit margin of each product, quality perception of each product in the market, demand and supply situation of each product category and market potential and market shares targets of various product categories etc. In view of the above the Company believes that it has a strong case.

29. The Board of Directors have declared an interim dividend of ₹ 11.50 per share pursuant to which, the total amount distributed as dividend is ₹ 4,651.76 Lacs (Previous year final dividend of ₹ 10 per share, amounting to ₹ 4,045.01 Lacs).

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

Sr No. Particulars	₹ in Lacs	
	2015-16	2014-15
(a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	714.56	502.03
- Interest due on above	11.73	6.76
(b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	236.71
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	4.97	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year	11.73	6.76
(e) The 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 enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	6.76	-

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

31. Loans and advances in the nature of loans given to subsidiaries and associates and firms / companies in which directors are interested, as required under Schedule V read with Regulation 34 (3) and 53 (f) of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 and disclosure required under section 186 (4) of the Companies Act, 2013 :

**(a) CEAT Specialty Tyres Limited**

The loan balance as at March 31, 2016 is ₹ 3,400.00 Lacs (Previous year ₹ 1,300.00 Lacs).

Loan given during the year is ₹ 2,100.00 Lacs (Previous year ₹ 1,300.00 Lacs).

The maximum amount outstanding during the year is ₹ 3,400.00 Lacs (Previous year ₹ 1,300.00 Lacs)

The repayment schedule for the above loan is of 18 months and the rate of interest charged is 10%.

The loan will be utilized for meeting the working capital requirements.

**(b) Rado Tyres Limited**

The loan balance as at March 31, 2016 is Nil (Previous year ₹ 117.50 Lacs)

The maximum amount outstanding during the year is ₹ 117.50 Lacs (Previous year ₹ 189.17 Lacs)

The loan has been fully repaid in August 2015, the rate of interest charged on this loan was 10%.

The loan was utilized for meeting the working capital requirements.

For details of loans, advances and guarantees given and securities provided to related parties, refer note 42

## Notes to the Financial Statements

for the year ended March 31, 2016

### 32. Purchase and sale of traded goods:

Particulars	(₹ in Lacs)	
	2015-16	2014-15
Traded goods purchases - tyres	13,816.46	11,976.14
Traded goods sales – tyres (gross)	15,145.36	13,644.21

### 33. Value of imports calculated on CIF basis:

Particulars	(₹ in Lacs)	
	2015-16	2014-15
Raw materials	1,16,083.12	1,36,631.65
Traded goods	7,898.07	3,546.05
Components and spares	446.59	509.53
Capital goods	30,062.61	5,778.87

### 34. Expenditure in foreign currency (accrual basis):

Particulars	(₹ in Lacs)	
	2015-16	2014-15
Interest	391.02	313.40
Travelling	235.39	228.64
Consultancy and professional fees	800.10	168.28
Others	1,334.68	1,066.15

### 35. Dividend remittance in foreign currency

Particulars	(₹ in Lacs)	
	2015-16	2014-15
Amount remitted (net) in INR (₹ in Lacs)	383.21	178.24
Amount remitted (net) in USD (in Lacs)	5.74	2.91
Number of non-resident shareholders	2	2
Number of shares on which remittance was made	17,82,385	17,82,385
Year for which the dividend was paid	2014-15 & 2015-16	2013-14

### 36. Value of imported / indigenous raw materials / stores and spares consumed

Particulars	(₹ in Lacs)			
	2015-16		2014-15	
	%	Value	%	Value
<b>Raw materials</b>				
Imported	46.88	1,38,371.69	47.36	1,54,341.85
Indigenous	53.12	1,56,906.59	52.64	1,71,557.16
	100.00	2,95,378.28	100.00	3,25,899.01
<b>Stores and spares</b>				
Imported	20.47	876.32	20.48	866.77
Indigenous	79.53	3,404.56	79.52	3,364.96
	100.00	4,280.88	100.00	4,231.73

### 37. Earnings in foreign currency (accrual basis):

Particulars	(₹ in Lacs)	
	2015-16	2014-15
Export sales calculated on FOB basis	70,982.71	97,800.98
Royalty	553.12	442.71
Dividend	1,167.86	950.60
Technical development Charges	-	70.00

# Notes to the Financial Statements

for the year ended March 31, 2016

## 38. Research and development expenditure:

Particulars	(₹ in Lacs)	
	2015-16	2014-15
Capital expenditure	116.14	69.33
Revenue expenditure	5,106.78	2,085.31
<b>Total</b>	<b>5,222.92</b>	<b>2,154.64</b>

The above expenditure of research and development has been determined on the basis of information available with the Company and as certified by the management.

## 39. Operating lease

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

Lease rental on the said lease of ₹ 106.41 Lacs (Previous year ₹ 128.68 Lacs) has been charged to Statement of Profit and Loss.

Future minimum lease payments	(₹ in Lacs)	
	2015-16	2014-15
For a period not later than one year	83.38	88.53
For a period later than one year but not later than five years	123.86	81.13
For a period later than five year	-	-

There is no restriction placed upon the Company by entering into these leases. The lease term range from one year to five years and are renewable at the option of the Company.

## 40. Post-retirement benefits plan

### a) Defined contribution plan

The Company has recognised and included in Note no. 23 "Contribution to provident and other funds" expenses towards the defined contribution plan as under:

Particulars	(₹ in Lacs)	
	2015-16	2014-15
Contribution to provident fund (government)	1,468.79	1,354.18

### b) Defined benefit plan - gratuity

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

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

Sr. No. Particulars	(₹ in Lacs)	
	As at 31.03.2016	As at 31.03.2015
	Gratuity (Funded)	Gratuity (Funded)
1. Opening present value of Defined Benefit obligation	8,165.95	6,047.19
2. Current Service Cost	463.96	350.04
3. Interest Cost	626.40	516.84
4. Benefits paid	(700.72)	(652.12)
5. Actuarial (Gain) / Loss on obligation	(164.57)	1,904.00
6. Closing present value of obligation	8,391.02	8,165.95

## Notes to the Financial Statements

for the year ended March 31, 2016

### ii) Changes in Fair value of Plan Assets during the year ended March 31, 2016

(₹ in Lacs)

Sr. No. Particulars	As at 31.03.2016	As at 31.03.2015
	Gratuity (Funded)	Gratuity (Funded)
1. Fair value of plan assets as at April 1	6,111.91	5,882.28
2. Expected return on plan assets	645.79	555.87
3. Contributions made	2,112.89	155.00
4. Benefits paid	(700.73)	(652.12)
5. Actuarial Gain / (Loss) on plan assets	5.89	170.88
6. Fair value of plan assets as at March 31	8,175.75	6,111.91

### iii) Net employee benefits expenses recognized in the employee cost

(₹ in Lacs)

Sr. No. Particulars	2015-16	2014-15
	Gratuity (Funded)	Gratuity (Funded)
1. Current Service Cost	463.96	350.04
2. Interest Cost on benefit obligation	626.40	516.84
3. Actuarial (gain) and loss (net)	(137.35)	1,733.12
4. Expected return on plan assets	(645.79)	(555.87)
5. Net benefit expense	307.22	2,044.13

### iv) Net Assets / (Liability) as at March 31, 2016

(₹ in Lacs)

Sr. No. Particulars	As at 31.03.2016	As at 31.03.2015
	Gratuity (Funded)	Gratuity (Funded)
1. Closing Present value of the defined benefit obligation	8,391.02	8,165.95
2. Closing Fair value of plan Assets	8,175.75	6,111.91
3. Net Assets / (Liability) recognized in the Balance Sheet	(215.27)	(2,054.04)

### v) Actual return on plan assets for the year ended March 31, 2016:

(₹ in Lacs)

Sr. No. Particulars	2015-16	2014-15
	Gratuity (Funded)	Gratuity (Funded)
1. Expected return on plan assets	645.79	555.87
2. Actuarial gain / (loss) on plan assets	5.89	170.88
3. Actual return on plan assets	651.68	726.75

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

Sr. No. Particulars	2015-16	2014-15
	Gratuity (Funded)	Gratuity (Funded)
1. Investment with Insurer	100%	100%

# Notes to the Financial Statements

for the year ended March 31, 2016

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

Sr. No. Particulars	2015-16 Gratuity (Funded)	2014-15 Gratuity (Funded)
1. Discount Rates	7.75%	7.85%
2. Expected rate of return on assets	8.75%	9.10%
3. Annual increase in salary	7.00%	7.00%
4. Employee turnover	9.58%	9.58%
5. Mortality Rate	Indian Assured Lives Mortality (2006-08) Modified Ultimate	Indian Assured Lives Mortality (2006-08) Modified Ultimate

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

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

- viii) Details for current and previous four years

Gratuity Funded	2015-16	2014-15	2013-14	2012-13	2011-12
Present value of Defined Benefit obligation as at the year-end.	8,391.02	8,165.95	6,047.19	6,069.25	4,954.95
Fund value as at the year-end	8,175.75	6,111.91	5,882.28	4,177.46	4,625.09
Surplus / (Deficit)	(215.27)	(2,054.04)	(164.91)	(1,891.79)	(329.86)
Net Assets / (Liability) recognised in the Balance Sheet	(215.27)	(2,054.04)	(164.91)	(1,891.79)	(329.86)

(₹ in Lacs)

- ix) Experience Adjustment:

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Benefit Obligation	8,391.02	8,165.95	6,047.19	6,069.25	4,954.95
Fair Value of plan assets	8,175.75	6,111.91	5,882.28	4,177.45	4,625.09
Funded status – deficit / (surplus)	215.27	2,054.04	164.91	1,891.79	329.86
Experience adjustment on plan liabilities	(224.64)	1,390.95	(532.13)	1,294.60	225.85
% of plan liabilities	(2.67%)	17.03%	(8.80%)	21.33%	4.55%
Experience adjustment on plan assets	4.72	170.88	(19.77)	6.47	-
% of plan assets	0.05%	2.80%	(0.34%)	0.15%	-

(₹ in Lacs)

# Notes to the Financial Statements

for the year ended March 31, 2016

## 41. Derivatives contracts and unhedged foreign currency exposure:

### a) Derivatives outstanding as at the reporting date:

Amount in foreign currency (in Lacs)				
Derivative	Currency	2015-16	2014-15	Purpose
Forward contract to sell foreign currency	USD	113.91	123.00	Hedge of foreign currency sales
	USD	116.00	291.00	Hedge of foreign currency highly probable sales
Forward contract to buy foreign currency	USD	80.36	83.22	
	EURO	3.63	-	Hedge of foreign currency purchase
	USD	27.65	247.51	Hedge of foreign currency buyers credit
	EURO	9.08	2.71	Hedge of foreign currency buyers credit
	USD	193.76	42.14	Hedge of foreign currency firm commitment-Pos
Cross currency interest rate swaps	USD	11.00	33.00	Hedge of term loan
Principal only swaps	USD	-	31.25	Hedge of term loan
Cross currency interest rate swaps	USD	246.09	30.98	Hedge of foreign currency buyers credit
	EURO	33.03	-	Hedge of foreign currency buyers credit
Options contract to buy foreign currency	USD	-	17.18	Hedge of foreign currency buyers credit

### b) Unhedged Foreign exchange exposures

Particulars	Amount in foreign currency (in Lacs)		
	Currency	2015-16	2014-15
Short-term borrowing	USD	-	96.20
Trade payable	USD	67.30	56.03
	EURO	11.86	4.51
	JPY	42.11	6.30
	GBP	0.79	-
Trade receivable	USD	99.14	55.20
	EURO	7.97	1.36
	JPY	38.80	-
	GBP	0.77	-
Advances recoverable in cash or kind	USD	5.46	8.68
Interest accrued and not due on borrowings	USD	-	0.40

## 42. Related party disclosures:

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

#### Related parties where control exists:

- Associated CEAT Holdings Company (Pvt.) Limited ("ACHL") (Subsidiary Company)
- CEAT AKKHAN Limited (previously known as CEAT Bangladesh Limited) (Subsidiary Company)
- Rado Tyres Limited (Subsidiary Company) ("Rado")
- CEAT Specialty Tyres Limited ("CSTL") (Subsidiary Company) (w.e.f. December 8, 2014)

#### Related parties with whom transactions have taken place during the year and / or previous year:

- CEAT-Kelani Holding Company (Pvt.) Limited ("CKHL") (Joint Venture of ACHL)
- Associated CEAT (Pvt.) Limited ("ACPL") (Subsidiary of CKHL)
- CEAT-Kelani International Tyres (Pvt.) Limited ("CKITL") (Subsidiary of CKHL)



# Notes to the Financial Statements

for the year ended March 31, 2016

- CEAT Kelani Radials Limited (“CKRL”) (Subsidiary of CKHL)
- Asian Tyres (Pvt) Limited (“ATPL”) (Subsidiary of CKITL)
- Raychem RPG (Pvt.) Limited (“Raychem”) (Directors, KMP or their relatives are interested)
- KEC International Limited (“KEC”) (Directors, KMP or their relatives are interested)
- Vinar Systems Pvt. Limited (“Vinar”) (Directors, KMP or their relatives are interested)
- B.N. Elias & Co. LLP (“B.N. Elias”) (Directors, KMP or their relatives are interested)
- Atlantus Dwellings & Infrastructure LLP (“Atlantus”) (Directors, KMP or their relatives are interested)
- Chattarpati Apartments LLP (“Chattarpati”) (Directors, KMP or their relatives are interested)
- Allwin Apartments LLP (“Allwin”) (Directors, KMP or their relatives are interested)
- Palacino Properties LLP (“Palacino”) (Directors, KMP or their relatives are interested)
- Amber Apartments LLP (“Amber”) (Directors, KMP or their relatives are interested)
- Swallow Associate LLP (“Swallow”) (Directors, KMP or their relatives are interested)
- Janpragati Electoral Trust (“Janpragati”) (Directors, KMP or their relatives are interested)
- Khaitan & Co. (“Khaitan”) (Directors, KMP or their relatives are interested)
- Mr. Kunal Mundra (Relative of Director) (upto March 31, 2015)
- **Key Managerial Personnel (KMP):**
  - i) Mr. Harsh Vardhan Goenka, Chairman
  - ii) Mr. Anant Vardhan Goenka, Managing Director
  - iii) Mr. Arnab Banerjee, Whole-time Director
  - iv) Mr. Subba Rao Amarthaluru, Chief Financial Officer up to July 22, 2015
  - v) Mr. Manoj Jaiswal, Chief Financial Officer from July 22, 2015 (w.e.f. July 20, 2015)
  - vi) Mr. H. N. Singh Rajpoot, Company Secretary.

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

Transactions	Related Party	₹ in Lacs)	
		2015-16	2014-15
Reimbursement / (recovery) of expenses (net)	ACPL	(35.36)	(59.33)
	CKITL	1.18	-
	Rado	714.45	754.96
	Raychem	(34.46)	(26.53)
	KEC	(65.48)	(82.11)
	Atlantus	-	0.60
	Amber	1.90	1.86
	CSTL	(5.19)	-
	<b>Total</b>	<b>577.04</b>	<b>589.45</b>
Dividend income	ACHL	1,167.86	950.60
Royalty income	ACPL	199.23	115.11
	CKITL	175.64	169.60
	ATPL	34.45	26.55
	CKRL	144.24	131.45
	<b>Total</b>	<b>553.56</b>	<b>442.71</b>

## Notes to the Financial Statements

for the year ended March 31, 2016

		(₹ in Lacs)	
Transactions	Related Party	2015-16	2014-15
Purchase of traded goods	ACPL	2,123.85	2,515.58
	CKITL	7.12	29.33
	ATPL	14.74	-
	CKRL	867.94	814.34
	<b>Total</b>	<b>3,013.65</b>	<b>3,359.25</b>
Sales	CKITL	1,195.01	863.16
	CEAT AKKHAN Limited	3,386.35	3,041.44
	CSTL	9,543.80	0.06
	<b>Total</b>	<b>14,125.16</b>	<b>3,904.66</b>
Conversion charges paid	Rado	1,191.76	1,147.76
Loan given	CSTL	2,100.00	1,300.00
Repayment of loan given	Rado	(117.50)	(71.67)
Interest income on loan	Rado	4.21	15.63
	CSTL	225.41	2.11
	<b>Total</b>	<b>229.62</b>	<b>17.74</b>
Investments (including share application money) made during the year	CSTL	10,000.00	4.00
	Rado	350.00	-
	<b>Total</b>	<b>10,350.00</b>	<b>4.00</b>
Technical development fees received	ATPL	-	70.00
Rent paid on residential premises / guest house	Allwin	15.00	16.85
	KEC	1.04	3.00
	Amber	15.00	15.00
	Atlantus	18.00	18.00
	Chattarpati	43.20	43.20
	Palacino	-	9.04
	B N Elias	12.00	12.00
	<b>Total</b>	<b>104.24</b>	<b>117.09</b>
Building maintenance recovery	Raychem	95.49	107.29
	KEC	430.42	430.42
	CSTL	22.50	-
	<b>Total</b>	<b>548.41</b>	<b>537.71</b>
Rent recovery on residential premises	KEC	42.55	30.12
Purchase of capex / spares	Raychem	111.75	134.96
	KEC	425.16	487.62
	Vinar	150.98	4.32
	<b>Total</b>	<b>687.89</b>	<b>626.90</b>
Legal fees paid	Khaitan & Co.	11.69	55.77
Advances given	Rado	-	84.00
Interest on loan given recovered	Rado	(30.23)	(23.24)
	CSTL	(225.41)	(1.99)
	<b>Total</b>	<b>(255.64)</b>	<b>(25.23)</b>
Donations	Janpragati	-	135.00
Advances recovered	Rado	(84.00)	-
Facility agreement recovery	CSTL	1,023.66	-
Sale of land	CSTL	6,000.00	-

# Notes to the Financial Statements

for the year ended March 31, 2016

## Balance as at year ended

(₹ in Lacs)

Amount due to / from related party	Related Party	As at 31.03.2016	As at 31.03.2015
Advances recoverable in cash or kind	ACPL	16.81	19.56
	CKRL	-	5.02
	ATPL	-	70.37
	CEAT AKKHAN Limited	232.54	219.69
	Raychem	2.95	11.49
	KEC	23.74	53.41
	CSTL	204.53	-
	<b>Total</b>	<b>480.57</b>	<b>379.54</b>
	Advance given	Rado	-
Royalty receivable	ACPL	73.04	51.31
	CKITL	80.78	83.95
	CKRL	67.54	65.37
	ATPL	18.56	28.67
	<b>Total</b>	<b>239.92</b>	<b>229.30</b>
Trade payables	ACPL	562.82	721.45
	CKRL	183.86	113.81
	Rado	86.22	92.61
	B N Elias	-	0.90
	Atlantus	-	1.35
	Raychem	9.71	0.25
	Chattarpati	-	3.24
	Allwin	-	1.28
	Palacino	-	0.68
	CKITL	1.18	-
	KEC	-	2.93
	<b>Total</b>	<b>843.79</b>	<b>938.50</b>
	Trade receivables	CKITL	382.56
CSTL		1,065.13	0.06
CEAT AKKHAN Limited		2.90	290.32
<b>Total</b>		<b>1,450.59</b>	<b>614.99</b>
Loans given	CSTL	3,400.00	1,300.00
	Rado	-	117.50
	<b>Total</b>	<b>3,400.00</b>	<b>1,417.50</b>
Interest receivable	Rado	-	26.02
Payable against purchase of capital asset	Vinar	30.59	-

## Notes to the Financial Statements

for the year ended March 31, 2016

### Transactions with key managerial personnel and their relatives:

		(₹ in Lacs)	
Sr. No.	Related party	2015-16	2014-15
1)	Mr. Harsh Vardhan Goenka		
	Commission	571.00	415.40
	Director sitting fees	4.50	3.95
	Dividend paid	28.80	13.40
	<b>Total</b>	<b>604.30</b>	<b>432.75</b>
2)	Mr. Anant Vardhan Goenka		
	Salaries	241.86	209.50
	Allowances and perquisites	7.71	24.34
	Performance bonus*	54.93	81.30
	Contribution to provident and superannuation fund	20.75	19.42
	Dividend paid	3.05	1.42
	<b>Total</b>	<b>328.30</b>	<b>335.98</b>
3)	Mr. Arnab Banerjee		
	Salaries	163.66	152.67
	Allowances and perquisites	0.43	0.44
	Performance bonus*	43.58	49.05
	Contribution to provident and superannuation fund	8.82	7.97
	<b>Total</b>	<b>216.49</b>	<b>210.13</b>
4)	Mr. Subba Rao Amarthaluru		
	Salaries	65.20	205.24
	Allowances and perquisites	-	0.15
	Performance bonus*	33.00	127.95
	Contribution to provident and superannuation fund	4.42	13.70
	<b>Total</b>	<b>102.62</b>	<b>347.04</b>
5)	Mr. Manoj Jaiswal		
	Salaries	82.96	-
	Allowances and perquisites	0.10	-
	Bonus	20.00	-
	Contribution to provident and superannuation fund	4.51	-
	<b>Total</b>	<b>107.57</b>	-
6)	Mr. H. N. Singh Rajpoot		
	Salaries	54.37	51.43
	Allowances and perquisites	0.32	0.37
	Performance bonus*	15.87	15.27
	Contribution to provident and superannuation fund	6.31	5.86
	<b>Total</b>	<b>76.87</b>	<b>72.93</b>
7)	Mr. Kunal Mundra		
	Salaries	-	64.87
	Allowances and perquisites	-	0.15
	Performance bonus*	-	29.43
	Contribution to provident and superannuation fund	-	4.31
	<b>Total</b>	-	<b>98.76</b>
	<b>Grand Total</b>	<b>1,436.15</b>	<b>1,497.59</b>

\*Represents amount paid during the year.

The remuneration to the key managerial personnel does not include the provision made for gratuity and leave benefit as they are determined on an actuarial basis for the Company as a whole.

The managerial remuneration is computed as per the provisions of Section 197 of the Companies Act, 2013.

# Notes to the Financial Statements

for the year ended March 31, 2016

## 43. Segment reporting:

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

The geographical Segments considered for disclosure are India and outside India. All the manufacturing facilities are located in India. Revenue and receivables are disclosed by location of customers, while the other geographical information is disclosed by location of assets.

### Secondary segment – Geographical segment

Particulars	(₹ in Lacs)	
	2015-16	2014-15
<b>Revenue by geographical market</b>		
India	4,76,606.40	4,56,497.40
Outside India	74,450.81	98,342.48
<b>Total *</b>	<b>5,51,057.21</b>	<b>5,54,839.88</b>
<b>Carrying amount of segment assets</b>		
India	3,72,797.33	3,38,626.11
Outside India	22,977.12	24,996.35
<b>Total</b>	<b>3,95,774.45</b>	<b>3,63,622.46</b>
<b>Additions to fixed assets and intangible assets</b>		
India	64,655.80	12,051.25
Outside India	-	-
<b>Total</b>	<b>64,657.80</b>	<b>12,051.25</b>

\* Segment revenue includes "Total revenue" less "Interest income and Dividend income" included in "Other income".

## 44. Earnings per share (EPS):

Particulars	2015-16	2014-15
Net Profit for calculation of basic and diluted EPS	45,252.27	29,897.39
Weighted average number of equity shares (face value per share ₹ 10) in calculating basic EPS and diluted EPS	4,04,50,092	3,74,82,569
Basic EPS	₹ 111.87	₹ 79.76
Diluted EPS	₹ 111.87	₹ 79.76

## 45. Other Information:

- a) In the previous year, the Company had acquired 100% stake in CEAT Specialty Tyres Limited (previously known as CEAT Specialty Tyres Private Limited) by purchasing 10,000 shares of ₹ 10 each at face value. Subsequently the Company purchased additional 40,000 shares.

During the current year, the Company purchased additional 1,00,00,000 shares ₹ 10 each at a premium of ₹ 90 per equity share aggregating to ₹ 10,000.00 Lacs. The subsidiary will focus exclusively on 'off-the-road' and speciality tyres, for sales in India and abroad.

- b) In the previous year, the Company allotted 44,94,382 equity shares of ₹ 10 each at a premium of ₹ 880 per equity share aggregating to ₹ 39,999.99 Lacs pursuant to shares issued under a Qualified Institutional Placement (QIP). Out of the total proceeds, the Company incurred ₹ 655.93 Lacs (net of tax) towards issue expenses.
- c) In August 2015, the Company acquired 3,50,000 12.5% redeemable cumulative preference shares of ₹ 100 each at par, aggregating to ₹ 350.00 Lacs of Rado Tyres Limited, a subsidiary company.

## Notes to the Financial Statements

for the year ended March 31, 2016

### 46. Utilisation of money raised through Qualified Institutional Placement (QIP):

In the previous year, the Company raised ₹ 39,999.99 Lacs through Qualified Institutional Placement, specifically to meet its share in the cost of setting up of various expansion projects viz. capacity expansion of Halol plant, specialty tyres project (through its subsidiary company) and two-three wheeler tyres project and also for augmentation of the long-term working capital required for business growth.

Particulars	(₹ in Lacs)	
	2015-16	2014-15
<b>Amount utilised during the year :</b>		
1. QIP expenses (gross of tax)	-	903.02
2. Capacity expansion at Halol plant	9,923.51	6,129.84
3. Specialty Tyres project	10,615.82	427.81
4. Two-Three wheeler project	8,996.07	3,003.93
<b>Unutilised amount at the end of the year</b>	<b>-</b>	<b>29,535.40</b>

Details of short-term investments made from unutilised portion of Qualified Institutional Placements raised during the year ended March 31, 2015.

Particulars	(₹ in Lacs)	
	2015-16	2014-15
Investments in mutual funds	-	29,533.41
Bank Balance – Yes Bank	-	1.99
<b>Unutilised amount at the end of the year</b>	<b>-</b>	<b>29,535.40</b>

### 47. Previous year's figures have been regrouped / reclassified, where necessary to conform to current year's classification.

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No.: 324982E

per **Vinayak Pujare**

Partner

Membership Number : 101143

Place : Mumbai

Date : April 27, 2016

**Manoj Jaiswal**

Chief Financial Officer

**H.N.Singh Rajpoot**

Company Secretary

For and on behalf of Board of Directors of CEAT Limited

**H.V.Goenka**

Chairman

**Mahesh Gupta**

Chairman - Audit Committee

**Anant Goenka**

Managing Director

Place : Mumbai

Date : April 27, 2016

# Annexure-I

Form AOC-1

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

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

## Part "A": Subsidiaries

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

1	SI No.	1	2	3	4
2.	<b>Name of the subsidiary</b>	<b>Associated CEAT Holdings Company (Pvt.) Limited</b>	<b>CEAT AKKhan Limited</b>	<b>CEAT Specialty Tyres Limited</b>	<b>Rado Tyres Limited (RTL)</b>
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Uniform Reporting period	Uniform Reporting period	Uniform Reporting period	Uniform Reporting period
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	1 LKR = ₹ 0.4531	1 BDT = ₹ 0.8460	₹ Not applicable	₹ Not applicable
5.	Share capital	453.10	12,690.00	1,005.00	993.16
6.	Reserves & surplus	13,156.51	-2,207.80	7,762.78	-450.36
7.	Total assets	18,348.97	12,160.39	15,344.70	842.99
8.	Total Liabilities	4,739.36	1,678.19	6,576.92	300.19
9.	Investments	14.18	-	-	0.25
10.	Turnover	21,620.21	5,499.96	10,220.07	1,192.31
11.	Profit before taxation	4,843.49	-190.42	-1,204.90	-124.46
12.	Provision for taxation	1,183.93	245.09	0.75	-
13.	Profit after taxation	3,659.56	-435.50	-1,205.65	-124.46
14.	Proposed Dividend	1,137.28	-	-	-
15.	% of shareholding	100%	70%	100%	58.56%

1. Names of subsidiaries which are yet to commence operations - Not Applicable

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

**Part “B”: Associates and Joint Ventures - Not Applicable**

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

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

1. Names of associates or joint ventures which are yet to commence operations - Not Applicable

2. Names of associates or joint ventures which have been liquidated or sold during the year - Not Applicable

**Manoj Jaiswal**  
Chief Financial Officer

**H. V. Goenka**  
Chairman

**Anant Goenka**  
Managing Director

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

**Mahesh Gupta**  
Chairman- Audit Committee

Place: Mumbai

Date: April 27, 2016



# INDEPENDENT AUDITOR'S REPORT

## To the Members of CEAT Limited Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of CEAT Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and joint controlled entities, comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

## Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements,

whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, and jointly controlled entities as at March 31, 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in

India, none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its jointly controlled entities – Refer Note 8(f) and Note 28(a)(1) & (3) to the consolidated financial statements;
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 8(g) to the consolidated financial statements in respect of such items as it relates to the Group and its jointly controlled entities;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the

Holding Company, its subsidiaries and jointly controlled companies incorporated in India.

#### Other Matter

(a) The accompanying consolidated financial statements include total assets of ₹ 30,375 Lacs as at March 31, 2016, and total revenues and net cash outflows of ₹ 25,939 Lacs and ₹ 588 Lacs for the year ended on that date, in respect of three subsidiaries and five jointly controlled entities, which have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and jointly controlled entities, is based solely on the report(s) of such other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the management.

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

Chartered Accountants

ICAI Firm Registration Number: 324982E

per **Vinayak Pujare**

Partner

Membership Number: 101143

Place: Mumbai

Date: April 27, 2016

## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF CEAT LIMITED

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

#### To the Members of CEAT Limited

In conjunction with our audit of the consolidated financial statements of CEAT Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of CEAT Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over

financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the

Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, in so far as it relates to the one subsidiary company, incorporated in India, is based on the corresponding report of the auditor of such subsidiary.

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as specified under section 143(10) of the Act, the consolidated financial statements of the Holding Company, which comprise the Consolidated Balance Sheet as at March 31, 2016, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated April 27, 2016 expressed an unqualified opinion thereon.

For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E

per **Vinayak Pujare**  
Partner  
Membership Number: 101143

Place: Mumbai  
Date: April 27, 2016

# Consolidated Balance Sheet

as at March 31, 2016

(₹ in Lacs)

Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's funds</b>			
a) Share capital	3	4,045.01	4,045.01
b) Reserves and surplus	4	2,02,407.84	1,64,180.48
		<b>2,06,452.85</b>	<b>1,68,225.49</b>
<b>(2) Minority interest</b>		3,224.56	3,267.40
<b>(3) Non-current liabilities</b>			
a) Long-term borrowings	5	58,995.81	35,443.63
b) Deferred tax liabilities (net)	6	15,669.84	12,495.06
c) Other long-term liabilities	7	538.41	142.20
d) Long-term provisions	8	3,590.14	3,238.11
		<b>78,794.20</b>	<b>51,319.00</b>
<b>(4) Current liabilities</b>			
a) Short-term borrowings	9	3,859.01	27,154.82
b) Trade payables	10		
• Total outstanding dues of micro, small and medium enterprises		717.14	528.17
• Total outstanding dues of creditors other than micro, small and medium enterprises		63,631.33	65,299.97
c) Other current liabilities	10	48,753.90	55,351.55
d) Short-term provisions	8	8,379.94	11,096.99
		<b>1,25,341.32</b>	<b>1,59,431.50</b>
<b>Total</b>		<b>4,13,812.93</b>	<b>3,82,243.39</b>
<b>II ASSETS</b>			
<b>(1) Non-current assets</b>			
a) Fixed assets	11		
(i) Tangible assets		2,03,850.11	1,50,113.44
(ii) Intangible assets		5,985.40	5,813.70
(iii) Capital work-in-progress		30,341.77	22,902.43
(iv) Intangible assets under development		84.36	-
		<b>2,40,261.64</b>	<b>1,78,829.57</b>
b) Goodwill on consolidation		2,049.95	2,153.11
c) Non-current investments	12	14.61	0.43
d) Loans and advances	13	12,429.45	8,307.42
e) Other non-current assets	14	535.24	942.96
		<b>2,55,290.89</b>	<b>1,90,233.49</b>
<b>(2) Current assets</b>			
a) Current investments	15	4,016.95	31,243.32
b) Inventories	16	66,206.39	68,014.53
c) Trade receivables	17	61,879.64	70,495.18
d) Cash and bank balances	18	10,725.56	12,362.91
e) Loans and advances	13	14,776.10	8,243.49
f) Other current assets	14	917.40	1,650.47
		<b>1,58,522.04</b>	<b>1,92,009.90</b>
<b>Total</b>		<b>4,13,812.93</b>	<b>3,82,243.39</b>
<b>Summary of significant accounting policies</b>	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No.: 324982E

per **Vinayak Pujare**

Partner

Membership Number : 101143

Place : Mumbai

Date : April 27, 2016

**Manoj Jaiswal**

Chief Financial Officer

**H.N.Singh Rajpoot**

Company Secretary

For and on behalf of Board of Directors of CEAT Limited

**H.V.Goenka**

Chairman

**Mahesh Gupta**

Chairman - Audit Committee

**Anant Goenka**

Managing Director

Place : Mumbai

Date : April 27, 2016

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2016

(₹ in Lacs)

Particulars	Note No.	2015-16	2014-15
<b>INCOME</b>			
<b>1</b> Revenue from operations (gross)	19	6,37,649.25	6,34,363.70
Less : excise duty		66,236.76	59,149.81
Revenue from operations (net)		5,71,412.49	5,75,213.89
<b>2</b> Other income	20	2,986.08	2,259.41
<b>3 Total revenue (1+2)</b>		<b>5,74,398.57</b>	<b>5,77,473.30</b>
<b>4 EXPENSES</b>			
a) Cost of materials consumed	21	3,04,105.20	3,36,261.03
b) Purchases of stock-in-trade		13,766.07	11,433.10
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	(979.23)	5,638.60
d) Employee benefits expense	23	40,879.94	37,889.26
e) Finance costs	24	9,073.90	13,186.49
e) Depreciation and amortization expense	25	10,750.47	9,342.52
g) Other expenses	26	1,31,411.23	1,15,952.27
<b>Total expenses</b>		<b>5,09,007.58</b>	<b>5,29,703.27</b>
<b>5 Profit before exceptional items and tax (3-4)</b>		<b>65,390.99</b>	<b>47,770.03</b>
<b>6</b> Exceptional items	27	1,139.99	613.20
<b>7 Profit before tax (5-6)</b>		<b>64,251.00</b>	<b>47,156.83</b>
<b>8 Tax expense</b>			
1) Current tax			
Pertaining to profit for the current year		16,269.02	14,433.54
Adjustment of tax pertaining to earlier years		29.58	-
2) Deferred tax		3,485.83	1,331.09
<b>9 Profit after tax (7-8)</b>		<b>44,466.57</b>	<b>31,392.20</b>
Profit / (Loss) attributable to minority		(182.23)	(325.78)
Profit attributable to share holders of the parent company		44,648.80	31,717.98
<b>Profit for the year</b>		<b>44,466.57</b>	<b>31,392.20</b>
<b>10 Earnings per equity share</b>			
[Nominal value of share ₹ 10 (Previous year ₹ 10)]	31		
(1) Basic	₹	<b>110.38</b>	<b>84.62</b>
(2) Diluted	₹	<b>110.38</b>	<b>84.62</b>
<b>Summary of significant accounting policies</b>	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No.: 324982E

per **Vinayak Pujare**

Partner

Membership Number : 101143

Place : Mumbai

Date : April 27, 2016

**Manoj Jaiswal**

Chief Financial Officer

**H.N.Singh Rajpoot**

Company Secretary

For and on behalf of Board of Directors of CEAT Limited

**H.V.Goenka**

Chairman

**Mahesh Gupta**

Chairman - Audit Committee

**Anant Goenka**

Managing Director

Place : Mumbai

Date : April 27, 2016

# Consolidated Cash Flow Statement

for the year ended March 31, 2016

(₹ in Lacs)

Particulars	2015-16	2014-2015
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax and minority interest	64,251.00	47,156.83
Adjustments for :		
Depreciation and amortization	10,750.47	9,342.52
Interest income	(949.26)	(803.45)
Finance cost	9,073.90	13,186.49
Dividend income	(1,088.81)	(744.11)
Provision for doubtful debts / advances	464.09	476.59
Advance / bad debts written off	8.99	62.27
Credit balances written back	-	(583.54)
Stores and spares - written off	109.01	-
Provision for obsolescence of stores and spares	36.15	196.31
(Profit) / Loss on sale of fixed assets (net)	1,061.69	71.34
Foreign currency translation reserve on consolidation	(231.15)	493.78
Unrealised foreign exchange (gain) / loss (net)	27.94	99.83
	19,263.02	21,798.03
<b>Operating profit before working capital changes</b>	<b>83,514.02</b>	<b>68,954.86</b>
Adjustments for :		
Decrease / (Increase) in inventory	1,662.98	7,146.95
Decrease / (Increase) in trade receivables	8,120.36	4,867.04
Decrease / (Increase) in short-term loans and advances	(6,572.03)	675.62
Decrease / (Increase) in other current assets	3.56	2,100.92
(Decrease) / Increase in trade payables	(1,222.68)	(2,296.07)
(Decrease) / Increase in other current liabilities	1,455.96	1,246.62
(Decrease) / Increase in other long-term liabilities	3.00	-
(Decrease) / Increase in short-term provisions	(976.55)	2,669.70
(Decrease) / Increase in long-term provisions	352.04	780.09
Decrease / (Increase) in long-term loans and advances	495.68	(49.10)
<b>Cash generated from operations</b>	<b>86,836.34</b>	<b>86,096.63</b>
Direct taxes paid	(18,215.54)	(11,228.09)
	(18,215.54)	(11,228.09)
<b>Net cash flow from operating activities (A)</b>	<b>68,620.80</b>	<b>74,868.54</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets (including capital work in progress and capital advance)	(70,559.71)	(30,279.48)
Proceeds from sale of fixed assets	15.00	291.45
Purchase of non current investment	(14.18)	-
Withdrawal of bank deposit (having original maturity of more than three months)	1,208.00	4,785.16
Investment in bank deposits (having original maturity of more than three months)	(3,512.03)	(1,954.69)
Withdrawal of margin money deposit with banks	-	741.66
Investment in margin money deposit with banks	(12.06)	(518.56)
Interest received	984.99	861.54
Dividend received	1,088.81	744.11
<b>Net cash (used) in investing activities (B)</b>	<b>(70,801.18)</b>	<b>(25,328.81)</b>

# Consolidated Cash Flow Statement

for the year ended March 31, 2016

(₹ in Lacs)

Particulars	2015-16	2014-2015
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of equity capital (including share premium)	-	40,000.00
Qualified Institutional Placement (QIP) expenses paid (net of tax)	-	(655.93)
Interest paid	(9,787.45)	(14,763.15)
Change in other short-term borrowings (net)	(6,345.50)	(24,592.23)
Availment / (repayment) of Working Capital Demand Loan	75.51	(2,000.00)
Proceeds from short-term buyers credit	14,169.64	72,283.01
Repayment of short-term buyers credit	(31,167.90)	(78,595.52)
Proceeds from long-term borrowings	49,946.40	6,944.90
Repayment of long-term borrowings	(31,657.91)	(12,626.87)
Proceeds from public deposit	-	2,461.49
Repayment of public deposit	(4,290.69)	(3,816.35)
Dividend paid	(8,591.09)	(3,573.07)
Dividend distribution tax paid	(1,344.06)	(468.75)
<b>Net cash (used) in financing activities (C)</b>	<b>(28,993.05)</b>	<b>(19,402.47)</b>
<b>Net (decrease) / increase in cash or cash equivalent (A+B+C)</b>	<b>(31,173.43)</b>	<b>30,137.26</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>41,502.25</b>	<b>11,364.99</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>10,328.82</b>	<b>41,502.25</b>
<b>Components of cash and cash equivalents</b>		
Cash in hand	5.80	14.71
<b>Balances with bank</b>		
On current accounts	5,782.24	9,680.48
On unpaid dividend accounts *	215.79	109.53
On unclaimed fixed deposit and interest thereon*	308.04	454.21
<b>Cash and cash equivalents (Refer note 18)</b>	<b>6,311.87</b>	<b>10,258.93</b>
Current investments (Refer note 16)	4,016.95	31,243.32
<b>Adjusted cash and cash equivalents in the cash flow statement</b>	<b>10,328.82</b>	<b>41,502.25</b>

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

**Note :**

- 1 Previous years figures have been regrouped wherever necessary.
- 2 All figures in brackets are outflows.
- 3 Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard AS-3 "Cash Flow Statements" as specified in the Companies (Accounts) Rules, 2014.

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No.: 324982E

per **Vinayak Pujare**

Partner

Membership Number : 101143

Place : Mumbai

Date : April 27, 2016

**Manoj Jaiswal**

Chief Financial Officer

**H.N.Singh Rajpoot**

Company Secretary

For and on behalf of Board of Directors of CEAT Limited

**H.V.Goenka**

Chairman

**Mahesh Gupta**

Chairman - Audit Committee

**Anant Goenka**

Managing Director

Place : Mumbai

Date : April 27, 2016

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

## 1. Corporate Information

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

## 2. Basis of Consolidation and Significant Accounting Policies

### A) Basis of Accounting and preparation of financial statements

The Consolidated financial statements have been prepared and presented under the historical cost convention and on the accrual basis of accounting, unless stated otherwise and comply with the mandatory Accounting Standards ('AS') notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for land, building and plant and equipments acquired before 2007 which are carried at revalued amounts and derivative financial instruments which have been measured at fair value.

The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year, except for the change in accounting policy explained below.

### Component Accounting

The group has adopted component accounting as required under schedule II to the Companies Act, 2013 from April 1, 2015. The group was previously not identifying components of fixed assets separately for depreciation purpose; rather a single useful life / depreciation rate was used to depreciate each item of fixed asset.

Due to application of schedule II to the Companies Act, 2013, the group has changed the manner of depreciation for its fixed assets. Now, the group identifies and determines cost of each component / part of the asset separately, if the component / part has a cost which is significant to the total cost to the asset and having useful life that is materially different from that of the remaining assets. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. The group has used the

transitional provision of schedule II to adjust the impact of component accounting arising on its first application. If a component has zero remaining useful life on the date of component accounting becoming effecting i.e. April 1, 2015, its carrying amount after retaining any residual value is charged to the general reserve. The carrying amount of other components i.e. components whose remaining useful life is not nil as on April 1, 2015, is depreciated over their remaining useful lives.

Had the Company continued to use the earlier policy of depreciating fixed assets, its financial statements for the period would have been impacted as below:

- Depreciation for the current period would have been lower by ₹ 523.16 Lacs. Profit for the current period would have been higher by ₹ 377.48 Lacs (net of tax impact of ₹ 145.68 Lacs). Fixed assets would correspondingly have been higher by ₹ 523.16 Lacs.
- On the date of component accounting becoming applicable, i.e. April 1, 2015, the amount of ₹ 586.72 Lacs (net of deferred tax ₹ 274.52 Lacs) has been directly adjusted against retained earnings on account of depreciable value as on April 1, 2015 for the components having zero remaining useful life.

Consolidated financial statements are prepared using uniform accounting policy for all like transaction and event under similar circumstances. The consolidated financial statements relate to CEAT Limited (the Company) and its subsidiary companies (referred to as "the Group").

### ii) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosures of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumption and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

### iii) Principles of consolidation

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



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

- The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Company i.e. year ended March 31, 2016.
- The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits have been fully eliminated.
- The financial statements of the joint venture companies have been combined by using proportionate consolidation method in accordance with Accounting Standard 27 – “Financial reporting of interests in joint ventures” and accordingly, venture's share of each of the assets, liabilities, income and expenses of jointly controlled entity is reported as separate line items in the Consolidated Financial Statements.
- The excess of cost to the Company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Goodwill arising out of consolidation is not amortized. However, the same is tested for impairment at each Balance Sheet date. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.
- Minority Interest in the net assets of Subsidiaries consists of :
  - The amount of equity attributable to the minorities at the date on which investment in Subsidiary is made, and
  - The minorities' share of movements in equity since the date the parent-subsidiary relationship came into existence.
- Foreign Subsidiary – Revenue items have been consolidated at the average rate of foreign exchange prevailing during the year, where such rates approximate the exchange rate at the date of transaction. The assets,

liabilities, goodwill or capital reserve of the non-integral foreign operation are translated at the closing rate. Exchange differences arising on monetary and non-monetary items that in substance forms part of the Company's net investments in non-integral foreign operation are accumulated in the Foreign Currency Translation Reserve (FCTR) and shown under the head Reserve and Surplus.

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

### i) Direct Subsidiaries:-

Name of the subsidiary	Country of incorporation	% of holding	
		2015-16	2014-15
Associated CEAT Holdings Co. (Pvt.) Limited (ACHL)	Sri Lanka	100%	100%
CEAT AKKHAN Limited	Bangladesh	70%	70%
RADO Tyres Limited	India	58.56%	58.56%
CEAT Specialty Tyres Limited	India	100%	100%

### ii) Joint Ventures:-

Name of the joint ventures	Country of incorporation	% of holding either directly or through subsidiaries	
		2015-16	2014-15
CEAT-Kelani Holdings Company (Pvt.) Limited (CKHL) (Joint Venture of ACHL)	Sri Lanka	50%	50%
Associated CEAT (Pvt.) Limited (ACPL) (Subsidiary of CKHL)	Sri Lanka	50%	50%
CEAT-Kelani International Tyres (Pvt.) Limited (CKITL) (Subsidiary of CKHL)	Sri Lanka	50%	50%
CEAT Kelani Radials Limited (CKRL) (Subsidiary of CKHL)	Sri Lanka	50%	50%
Asian Tyres (Pvt) Ltd (ATPL) (Subsidiary of CKITL)	Sri Lanka	50%	50%

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

## C) Tangible fixed assets and Intangible assets

### i) Tangible assets

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

h) Tangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Capital work-in-progress".

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

j) The Company identifies and determines cost of asset significant to the total cost of the asset having useful life that is materially different from that of the remaining life.

### ii) Intangible assets

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

Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

## D) Borrowing cost

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

## E) Depreciation

### i) Tangible assets

Leasehold land – amortized on a straight-line basis over the period of the lease ranging from 95 years – 99 years.

Depreciation on fixed assets is calculated on the straight line basis using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its fixed assets. The identified components are depreciated over their useful lives, the remaining asset is depreciated over the life of the principal asset.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

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

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

- Factory buildings - 50 years (Higher than those indicated in Schedule II of the Companies Act, 2013)
- Office building – 60 years (Higher than those indicated in Schedule II of the Companies Act, 2013)
- Plant & Machinery – 20 years (Higher than those indicated in Schedule II of the Companies Act, 2013)
- Moulds – 6 years (Lower than those indicated in Schedule II of the Companies Act, 2013)
- Electrical Installations – 20 years (Higher than those indicated in Schedule II of the Companies Act, 2013)
- Air conditioner having capacity of > 2 tons – 15 years (Higher than those indicated in Schedule II of the Companies Act, 2013)
- Serviceable materials like trolleys, iron storage racks skids – 15 years (Higher than those indicated in Schedule II of the Companies Act, 2013)
- Batteries used in fork lifts trucks - 5 years (Lower than those indicated in Schedule II of the Companies Act, 2013)

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

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

## ii) Intangible Assets

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

- Software expenditure is amortized over a period of three years to five years.
- Technical Know-how and Brands are amortized 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 amortization period and the amortization method are reviewed at least at each financial year-end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS-5, “Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies”.

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 amortized on a straight line basis over a period of twenty years.

## F) Impairment of tangible and intangible assets:

The group assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

assets. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

The group bases its impairment calculations of detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of 5 years. For longer period, a long term growth rate is calculated and applied to project future cash flows after the 5<sup>th</sup> year.

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

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

### G) Investments

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.

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

Current investments are carried in the financial statements at lower of cost and 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 investments.

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

### H) Inventories

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

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

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

## I) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group and revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

### i) Sale of Goods

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

### ii) Interest

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

### iii) Dividends

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

### iv) Royalty and Technology Development fees

Royalty and Technology development fees income are accounted for as per the terms of contracts.

## J) Government Grants and Export Incentives

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

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

## K) Foreign Currency Translation

### Foreign currency transactions and balances

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

#### iii) Exchange differences

The Company accounts for exchange differences arising on translation / settlement of foreign currency monetary items as below:

Exchange differences arising on a monetary item that, in substance, forms part of the Company's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.

#### iv) Forward exchange contracts entered into to hedge foreign currency exposure as at Balance Sheet date

The premium or discount arising at the inception of forward exchange contracts is amortized and recognised as an expense or income 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. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

## v) Translation of integral and non-integral foreign operation

The Company classifies all its foreign operations as either “integral foreign operations” or “non-integral foreign operations.”

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their Statement of Profit and Loss are translated at exchange rates prevailing at the dates of transactions or weighted average weekly rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the Statement of Profit and Loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

## L) Leases

### Where the Company is lessee

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

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a

straight-line basis over the shorter of the estimated useful life of the asset or the lease term whichever is earlier.

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

## M) Research and Development

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

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

## N) Employee Benefits

### i) Defined Contribution plan

Retirement benefits in the form of provident fund, Superannuation, Employees State Insurance Contribution and Labour Welfare Fund are defined contribution schemes. The Company has no obligation, other than the contribution payable to these funds / schemes. The Company recognizes contribution payable to these funds / schemes as expenditure, when an employee renders the related service. If the contribution payable to these funds / schemes for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the funds / schemes are recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet 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.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

## ii) Defined Benefit plan

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

## iii) Compensated absences

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

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes and this is shown under long-term provisions in the Balance Sheet. Such long-term compensated absences are provided for based on the actuarial valuation using the Projected Unit Credit Method at the year-end. Actuarial gains / losses are immediately taken to the Statement of Profit and Loss and are not deferred. The group presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

## iv) Termination Benefits

The Group recognizes termination benefit as a liability and an expense when the Company has a present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If termination benefit falls due for more than 12 months after the balance sheet date, they are measured at present value of the future cash flows using the discount rate determined by reference to market yields at the Balance Sheet date on government bonds.

## O) Taxes on Income

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

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

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

The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

## P) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

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

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

## R) Cash and cash equivalents

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

## S) Derivative Instruments and hedge accounting

The group uses derivative financial instruments, such as, foreign currency forward contracts to hedge foreign currency risk arising from future transactions in respect of which firm commitments are made or which are highly probable forecast

transactions. It also uses cross currency interest rate swaps (CCIRS) to hedge interest rate risk arising from variable rate loans and cross currency interest rate swaps to hedge both foreign currency loan and interest risk arising from foreign exchange fluctuations and variable rate loans. The Company designates these forward contracts and interest rate swaps in a hedging relationship by applying the hedge accounting principles of AS-30 "Financial Instruments: Recognition and Measurement".

For the purpose of hedge accounting, hedges are classified as:

1. Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment.
2. Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

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

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

### 1) Fair value hedges

The change in the fair value of a hedging derivative is recognized in the Statement of Profit and Loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the Statement of Profit and Loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the Statement of Profit and Loss.

## 2) Cash flow hedges

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

The Company uses foreign currency forward contracts as hedges of its exposure to foreign currency risk in forecasted transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognized immediately in the Statement of Profit and Loss.

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

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in the hedging reserve is transferred to the Statement of Profit and Loss. If the hedging instrument expires or is sold, terminated or

exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in the hedging reserve remains in the hedging reserve until the forecast transaction or firm commitment affects profit or loss.

## 3) Other Derivatives

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

## T) Provision for Warranty

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

## u) Segment reporting

The Group'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 Group operates. The accounting policies adopted for segment reporting are in conformity with the accounting policies of the Group.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

## Note 3 - Share capital

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
<b>Authorised :</b>		
4,61,00,000 (Previous year 4,61,00,000) Equity shares of ₹ 10 each	4,610.00	4,610.00
39,00,000 (Previous year 39,00,000) Preference shares of ₹ 10 each	390.00	390.00
1,00,00,000 (Previous year 1,00,00,000) Unclassified shares of ₹ 10 each	1,000.00	1,000.00
<b>Total authorised share capital</b>	<b>6,000.00</b>	<b>6,000.00</b>
<b>Issued :</b>		
4,04,50,780 (Previous year 3,59,56,398) Equity shares of ₹ 10 each fully paid up (Includes 688 (Previous year 688) Equity shares offered on right basis and kept in abeyance)	4,045.08	3,595.64
Add : Allotted during the year Nil (Previous year 44,94,382 shares) (Refer note 37)	-	449.44
<b>Total issued share capital</b>	<b>4,045.08</b>	<b>4,045.08</b>
<b>Subscribed and paid-up :</b>		
4,04,50,092 (Previous year 3,59,55,710) Equity shares of ₹ 10 each fully paid up	4,045.01	3,595.57
Add : Allotted during the year Nil (Previous year 44,94,382 shares) (Refer note 37)	-	449.44
<b>Total subscribed and paid-up share capital</b> (4,04,50,092 (Previous year 4,04,50,092))	<b>4,045.01</b>	<b>4,045.01</b>

### i) Reconciliation of equity share and outstanding

	2015-16		2014-15	
	Number	₹ In Lacs	Number	₹ In Lacs
Equity Shares				
Shares outstanding at the beginning of the year	4,04,50,092	4,045.01	3,59,55,710	3,595.57
Shares issued during the year (Refer note 37)	-	-	44,94,382	449.44
Shares outstanding at the end of the year	4,04,50,092	4,045.01	4,04,50,092	4,045.01

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

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

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

The shareholders have all other rights as available to equity shareholders as per the provision of the Companies Act, 2013 and 1956 read together with the Memorandum of Association and Articles of Association of the Company, as applicable.

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

	As at 31.03.2016		As at 31.03.2015	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Instant Holdings Limited	1,15,10,812	28.46%	1,15,10,812	28.46%
Swallow Associates LLP	44,84,624	11.09%	44,84,624	11.09%
Kotak Mahindra (International Limited)	-	-	25,15,700	6.22%
TIAA-CREF Institutional Mutual Fund International	-	-	21,60,298	5.34%

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

## Note 4 - Reserves and surplus

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
<b>a) Capital reserve</b>	<b>1,176.87</b>	<b>1,176.87</b>
<b>b) Capital redemption reserve</b>	<b>390.00</b>	<b>390.00</b>
<b>c) Securities premium reserve</b>		
Balance as per last financial statements	56,702.93	17,808.30
Add : Premium on share issued during the previous year through Qualified Institutional Placement (QIP)	-	39,550.56
	<b>56,702.93</b>	<b>57,358.86</b>
Less : Share issue expenses on account of Qualified Institutional Placement (QIP) (net of tax) (Refer note 37)	-	655.93
Closing balance	<b>56,702.93</b>	<b>56,702.93</b>
<b>d) Debenture redemption reserve</b> (Refer foot note 1)		
Balance as per last financial statements	-	-
Add: Amount transferred from surplus balance in the Statement of Profit and Loss	1,667.00	-
Closing balance	<b>1,667.00</b>	-
<b>e) Revaluation reserve</b>	<b>901.19</b>	<b>901.19</b>
<b>f) Cash flow hedge reserve</b>		
Balance as per last financial statements	59.89	(536.89)
Gain / (Loss) arising during the year	(53.94)	596.78
Closing balance	<b>5.95</b>	<b>59.89</b>
<b>g) Foreign currency translation reserve</b>		
Balance as per last financial statements	1,002.15	589.83
Add : Addition / (deletion) during the year	(473.69)	412.32
Closing balance	<b>528.46</b>	<b>1,002.15</b>
<b>h) General reserve</b>		
Balance as per last financial statements	20,164.89	22,338.97
Less : Impact of revision of useful life of fixed assets (net of tax)(Refer note 11(4))	-	(2,174.08)
Less : Impact of componentisation of fixed assets (net of tax)(Refer note 11(5))	(586.72)	-
Closing balance	<b>19,578.17</b>	<b>20,164.89</b>
<b>i) Surplus balance in the Statement of Profit and Loss</b>		
Balance as per last financial statements	83,782.56	56,597.22
Add : Profit for the year	44,648.80	31,717.98
Other adjustments	58.78	-
<b>Amount available for appropriations</b>	<b>1,28,490.14</b>	<b>88,315.20</b>
Less: Appropriations		
Proposed dividend (amount per share : Nil) (Previous year : ₹ 10)	-	4,045.01
Interim dividend (amount per share : ₹ 11.50) (Previous year : Nil) (Refer note 29)	4,651.76	-
Tax on interim / proposed dividend	714.11	487.63
(Including dividend distribution tax of subsidiary)		
Amount transferred to debenture redemption reserve	1,667.00	-
<b>Net Surplus in the Statement of Profit and Loss</b>	<b>1,21,457.27</b>	<b>83,782.56</b>
<b>Total</b>	<b>2,02,407.84</b>	<b>1,64,180.48</b>

### 1) Debenture redemption reserve :

Debenture redemption reserve (DRR) is required to be created in accordance with section 71 of the Companies Act, 2013 read with Companies (Share Capital and Debenture) Rules, 2014 equivalent to 25% of the value of the debentures issued. As per the rules, the Company needs to create Debenture redemption reserve for ₹ 5,000.00 Lacs, before the maturity of the first tranche of debentures commencing from FY 2019-20. For the year under review, the Company has created a DRR to the extent of ₹ 1,667.00 Lacs and proposes to create an equivalent DRR in the next 2 financial years.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

## Note 5 - Long-term borrowings

(₹ in Lacs)

	Non- Current		Current	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>1 Secured :</b>				
<b>Debentures</b>				
a) Non convertible debentures (Refer note 5(1))	20,000.00	-	-	-
<b>Term Loans</b>				
a) Indian rupee loan from banks				
HSBC Bank (Refer note 5(2))	1,562.50	2,812.50	1,250.00	1,250.00
Export Import Bank of India (Refer note 5(3))	7,600.00	-	-	-
Kotak Mahindra Bank Limited (Refer note 5(4))	3,000.00	-	-	-
Bank of India (Refer note 5(5))	-	10,000.00	-	-
ICICI Bank Ltd. (Refer note 5(6))	-	7,000.00	-	-
ICICI Bank Ltd. (Refer note 5(7))	-	2,025.00	-	1,350.00
ICICI Bank Ltd. (Refer note 5(8))	-	-	-	1,166.67
Bank of India (Refer note 5(9))	-	1,413.58	-	1,500.00
IDBI Bank Ltd. (Refer note 5(10))	-	376.94	-	376.94
Bank of Baroda (Refer note 5(11))	-	750.00	-	1,000.00
Export Import Bank of India (Refer note 5(12))	-	489.98	489.98	979.95
b) Foreign currency long term borrowing				
Export Import Bank of India (Refer note 5(12))	-	687.50	728.77	1,375.00
ICICI Bank Ltd. - ECB Loan (Refer note 5(13))	-	651.04	-	1,302.08
c) Buyer's credit (Refer note 5(14))	21,291.29	1,944.90	-	-
d) From banks - Sri Lanka (Refer note 5(15))	-	11.21	11.93	86.89
<b>2 Unsecured :</b>				
a) Public deposits (Refer note 5(16))	2,153.76	3,450.06	1,262.09	4,154.33
b) Deferred sales tax incentive (Refer note 5(17))	3,388.26	3,830.92	442.06	364.10
	<b>58,995.81</b>	<b>35,443.63</b>	<b>4,184.83</b>	<b>14,905.96</b>
Less : Amount classified under other current liabilities (Refer note 10)	-	-	(4,184.83)	(14,905.96)
<b>Total</b>	<b>58,995.81</b>	<b>35,443.63</b>	<b>-</b>	<b>-</b>
Share of Joint Venture Included in above	-	11.21	11.93	86.89

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

## Note 5 - Long-term borrowings (continued)

### Secured long-term borrowings (includes non-current portion and current maturities)

1. Non-Convertible Debentures (NCD) ₹ 20,000.00 Lacs (Previous year Nil) allotted on July 31, 2015 on private placement basis are secured by a first *pari passu* charge over the movable assets (except current assets) and immovable assets of the Company situated at the Nashik Plant. As at March 31, 2016, the NCDs carry an interest at 9.40% and is repayable as under:
  - NCD Series 1: ₹ 1,000 Lacs (5% of the issue amount) repayable on July 31, 2019
  - NCD Series 2: ₹ 3,000 Lacs (15% of the issue amount) repayable on July 31, 2020
  - NCD Series 3: ₹ 3,000 Lacs (15% of the issue amount) repayable on July 31, 2021
  - NCD Series 4: ₹ 3,000 Lacs (15% of the issue amount) repayable on July 31, 2022
  - NCD Series 5: ₹ 4,000 Lacs (20% of the issue amount) repayable on July 31, 2023
  - NCD Series 6: ₹ 4,000 Lacs (20% of the issue amount) repayable on July 31, 2024
  - NCD Series 7: ₹ 2,000 Lacs (10% of the issue amount) repayable on July 31, 2025
2. Term Loan from The Hong Kong and Shanghai Banking Corporation Limited (HSBC) of ₹ 2,812.50 Lacs (Previous year ₹ 4,062.50 Lacs) is secured by a first *pari passu* charge over the Company's immovable assets situated at Bhandup plant. It carries interest at 9.65% as on March 31, 2016 and is repayable in 16 quarterly installments starting September 20, 2014. (The creation of security for immovable properties situated at Bhandup is pending as on March 31, 2016).

3. Term Loan from Export Import Bank of India (EXIM) ₹ 7,600.00 Lacs (Previous year ₹ Nil) is secured by first *pari passu* charge over the Company's movable assets (excluding current assets) and immovable assets situated at the Halol plant and second *pari passu* charge on the current assets of the Company. (The creation of security for immovable properties situated at Halol is pending as on March 31, 2016). It carries interest at 10.45% p.a. as at March 31, 2016 and is repayable as under:

Year	% of loan	Schedule of repayment
2018-19	5%	Over 4 equal quarterly installments
2019-20	10%	Over 4 equal quarterly installments
2020-21	15%	Over 4 equal quarterly installments
2021-22	15%	Over 4 equal quarterly installments
2022-23	15%	Over 4 equal quarterly installments
2023-24	20%	Over 4 equal quarterly installments
2024-25	20%	Over 4 equal quarterly installments

4. Term Loan from Kotak Mahindra Bank Limited of ₹ 3,000.00 Lacs (Previous year ₹ Nil) is secured by first *pari passu* charge over the Company's movable assets (excluding current assets) and immovable assets situated at Halol plant and second *pari passu* charge over the current assets of the Company. (The creation of security for immovable properties situated at Halol is pending as on March 31, 2016). It carries interest at 10.50% p.a. as at March 31, 2016 and is repayable as under:

Year	% of loan	Schedule of repayment
2018-19	5%	Over 4 equal quarterly installments
2019-20	10%	Over 4 equal quarterly installments
2020-21	15%	Over 4 equal quarterly installments
2021-22	15%	Over 4 equal quarterly installments
2022-23	15%	Over 4 equal quarterly installments
2023-24	20%	Over 4 equal quarterly installments
2024-25	20%	Over 4 equal quarterly installments

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

5. Term loan from Bank of India ₹ Nil (Previous year ₹ 10,000.00 Lacs) was pre-paid in full including interest thereon on July 31, 2015.
6. Term loan from ICICI Bank Limited of ₹ Nil (Previous year ₹ 7,000.00 Lacs) was pre-paid in full including interest thereon on August 4, 2015.
7. Term loan from ICICI Bank Limited of ₹ Nil (Previous year ₹ 3,375.00 Lacs) was pre-paid in full including interest thereon on July 11, 2015.
8. Term loan from ICICI Bank Limited of ₹ Nil (Previous year ₹ 1,166.67 Lacs) was repaid in full including interest thereon on August 10, 2015.
9. Term loan from Bank of India ₹ Nil (Previous year ₹ 2,913.58 Lacs) was pre-paid in full including interest thereon on July 31, 2015.
10. Term loan from IDBI Bank Limited of ₹ Nil (Previous year ₹ 753.38 Lacs) was pre-paid in full including interest thereon on August 31, 2015
11. Term loan from Bank of Baroda of ₹ Nil (Previous year ₹ 1,750.00 Lacs) was repaid in full including interest thereon on August 31, 2015.
12. Term loan in Indian rupee & in foreign currency from Export Import Bank of India of ₹ 1,218.75 Lacs (Previous year ₹ 3,532.43 Lacs) is secured by first *pari passu* charge on Company's movable assets (except current assets) and immovable assets located at Bhandup, Halol and Nashik plants and second *pari passu* charge over current assets of the Company.  
  
Rupee loan carries interest at 10.45% p.a. as on March 31, 2016 and was repayable in 20 equal quarterly installments starting from November 1, 2011 and foreign currency loan carries interest at 6 months LIBOR plus 275 bps p.a. as on March 31, 2016 and was repayable in 20 equal quarterly installment starting from November 1, 2011.
13. External Commercial Borrowing (ECB loan) from ICICI Bank Ltd. of ₹ Nil (Previous year ₹ 1,953.12 Lacs) was pre-paid in full including interest thereon on September 30, 2015.
14. Long-term buyer's credit (for Halol expansion project) is secured by way of first *pari passu* charge on all movable assets (excluding current assets) and immovable assets of the Company situated at Halol plant and second *pari passu* charge over the current assets of the Company. It is repayable within 3 years from the date of disbursement. (The creation of security for immovable properties situated at Halol is pending as on March 31, 2016). The long term buyer's credit carries interest in the range of 12 months LIBOR plus 20 bps to 12 months LIBOR plus 122 bps and 6 months LIBOR plus 94 bps to 6 months LIBOR plus 165 bps and 12 months EURIBOR plus 54 bps to 12 months EURIBOR plus 150 bps. (Variation in range due to the movements in LIBOR/EURIBOR and the size of the deals.)  
  
Long-term buyer's credit (for Nagpur project) is secured by way of first *pari passu* charge on all movable assets (excluding current assets) and immovable assets of the Company situated at Nagpur plant. It is repayable within 3 years from the date of disbursement. (The creation of security for immovable properties situated at Nagpur is pending as on March 31, 2016). The long term buyer's credit carries interest in the range of 12 months LIBOR plus 95 bps to 12 months LIBOR plus 113 bps and 6 months LIBOR plus 105 bps to 6 months LIBOR plus 175 bps.
15. Term Loan of ₹ 11.93 Lacs (Previous year ₹ 98.10 Lacs) availed from various Banks in Sri Lanka is secured by primary mortgage over plant and machinery and first *pari passu* charge on immovable property and machinery of the subsidiary. The balance of the loan is repayable in one year and it carries interest in the range of 4.00 % p.a. to 7.00 % p.a.

### Unsecured long-term borrowings (includes non-current portion and current maturities)

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

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

## Note 6 - Deferred tax liabilities (net)

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
<b>Components of deferred tax assets and deferred tax liabilities:</b>		
<b>Assets</b>		
Carried forward unabsorbed tax loss / depreciation	8.12	27.87
Expenses allowable for tax purpose when paid	1,269.46	1,334.73
Voluntary retirement scheme	850.79	652.02
Provision for doubtful debts and advances	693.36	540.48
Others	1,495.12	1,293.61
	<b>4,316.85</b>	<b>3,848.71</b>
<b>Liabilities</b>		
Difference between book depreciation and tax depreciation	19,986.69	16,343.77
<b>Deferred tax liabilities (net)</b>	<b>15,669.84</b>	<b>12,495.06</b>
Share of Joint Venture Included in above	940.80	783.37

(₹ in Lacs)

## Note 7 - Other long-term liabilities

	As at 31.03.2016	As at 31.03.2015
Security deposits	145.20	142.20
Revaluation of hedging Instrument	393.21	-
<b>Total</b>	<b>538.41</b>	<b>142.20</b>
Share of Joint Venture Included in above	-	-

## Note 8 - Provisions

(₹ in Lacs)

	Long term		Short term	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
a) Provision for compensated absences	2,291.35	2,223.36	332.21	230.49
b) Provision for gratuity (Refer note 33 (b))	625.19	532.27	217.36	2,054.04
c) Provision for warranty (Refer foot note (a))	673.60	482.48	2,617.27	2,018.71
d) Provision for income tax (net of advance tax)	-	-	3,938.06	1,003.60
e) Provision for indirect tax (Refer foot note (b))	-	-	380.00	320.00
f) Provision for tax matters (Refer foot note (b))	-	-	895.04	749.09
g) Provision for mark-to-market lossess on derivative contracts	-	-	-	46.10
h) Provision for proposed dividend	-	-	-	4,045.01
i) Provision for tax on proposed dividend	-	-	-	629.95
<b>Total</b>	<b>3,590.14</b>	<b>3,238.11</b>	<b>8,379.94</b>	<b>11,096.99</b>
Share of Joint Venture Included in above	445.93	414.81	352.17	352.17

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

## Note 8 - Provisions (continued)

Note:

### a) Provision for warranty

A provision is recognized for expected warranty claims on product sold during the last three years, based on past experience of the level of returns and cost of claim. It is expected that significant portion of these costs will be incurred in the next financial year and within three years from the reporting date. Assumptions used to calculate the provision for warranty 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.

#### Movement in provision for warranty

	(₹ in Lacs)	
	As at 31.03.2016	As at 31.03.2015
At the beginning of the year	2,501.19	2,053.62
Addition during the year	6,621.45	6,235.90
Utilised during the year	5,831.77	5,788.33
<b>At the end of the year</b>	<b>3,290.87</b>	<b>2,501.19</b>

### b) Movement in provision for indirect tax and tax matters

	As at 31.03.2016		As at 31.03.2015	
Particulars	Provision for indirect taxes	Provision for tax matters	Provision for indirect taxes	Provision for tax matters
At the beginning of the year	320.00	749.09	300.00	336.04
Addition during the year	360.00	409.35	320.00	413.05
Reversed / paid during the year	300.00	263.40	300.00	-
<b>At the end of the year</b>	<b>380.00</b>	<b>895.04</b>	<b>320.00</b>	<b>749.09</b>

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

## Note 9 - Short - term borrowings

	(₹ in Lacs)	
	As at 31.03.2016	As at 31.03.2015
<b>Secured</b>		
a) Working capital loan from bank (Refer foot note (b))	75.51	-
b) Cash credit facilities from banks (repayable on demand) (Refer foot note (a))	2,796.72	1,330.66
c) Export packing credit from banks (Refer foot note (a))	345.70	7,012.59
d) Buyer's credit from banks (Refer foot note (c))	-	16,877.27
<b>Unsecured</b>		
a) Term loans from bank (Refer foot note (d))	641.08	1,839.40
b) Public deposits (Refer note (e))	-	94.90
<b>Total</b>	<b>3,859.01</b>	<b>27,154.82</b>
<b>Share of Joint Venture Included in above</b>	<b>505.38</b>	<b>727.34</b>

Note :

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



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

## Note 9 - Short - term borrowings (continued)

The facilities outside the consortium are unsecured in nature except the outstanding balance of export packing credit availed from Hongkong and Shanghai Banking Corporation Limited (HSBC) which is secured by way of first *pari passu* charge on current asset, present and future of the Company and by way of second *pari passu* charge on immovable and movable assets (except current assets) of the Company situated at Bhandup, Nashik and Halol plants.

All short-term borrowing availed in Indian rupees during current year, carry interest in the range of 9.50% p.a. to 10.30% p.a. and all short term borrowing availed in foreign currency carry interest in the range of LIBOR+ 30bps p.a. to LIBOR + 100bps points (LIBOR is set corresponding to the period of the loan).

- b) The short-term facilities availed by subsidiaries is secured on hypothecated stocks, book debts, bills receivables and other current assets (present and future) and charge on immovable property and machinery of the subsidiaries.
- c) Buyer's credit facility availed by subsidiary is secured on hypothecated stocks, book debts and bills receivables (present and future) of subsidiary.
- d) The term loan from bank is outstanding balance of the bill discounting facility availed from the scheduled bank.
- e) The public deposits are accepted for the maturity less than one year from the date of receipt.
- f) During the current year, the Company had issued Commercial Papers (total available limit ₹ 20,000.00 Lacs) at regular intervals for working capital purposes with interest ranging from 7.30% to 8.20%. The outstanding as at March 31, 2016 is Nil.

## Note 10 - Trade payables & other current liabilities

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
<b>a) Trade payables</b>		
1) Due to micro, small and medium enterprises (Refer note 30)		
Overdue	-	-
Not due	717.14	528.17
2) Other trade payable	63,631.33	65,299.97
	<b>64,348.47</b>	<b>65,828.14</b>
<b>b) Other current liabilities</b>		
1) Current maturities of long-term borrowings (Refer Note 5)	4,184.83	14,905.96
2) Interest accrued but not due on borrowings	263.41	735.22
3) Investor Education and Protection Fund will be credited by following amounts (as and when due)		
i) Unclaimed dividends	215.79	110.11
ii) Unclaimed interest and matured deposits #	311.99	400.21
4) Other payables :		
i) Payable to capital vendors	4,646.23	1,258.08
ii) Deposits from dealers and others	31,601.55	30,618.43
iii) Statutory dues	6,296.94	5,985.75
iv) Advance received from customers	1,097.93	936.67
v) Premium on forward contracts	135.23	401.12
	<b>48,753.90</b>	<b>55,351.55</b>
<b>Total</b>	<b>1,13,102.37</b>	<b>1,21,179.69</b>
Share of Joint Venture Included in above	2,592.62	2,639.07

# Refer foot note below note 18 - cash and bank balances

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

## Note 11- Fixed Assets

Asset	Gross Block						Depreciation/Amortization				Net Block			
	As at 01.04.2015	Additions	Deletions	Adjustments during the year (Refer note-2)	Foreign exchange adjustment	As at 31.03.2016	As at 01.04.2015	Transferred to reserve*	For the year	On deletions	Adjustments during the year (Refer note-2)	Foreign exchange adjustment	As at 31.03.2016	As at 31.03.2016
<b>Tangible asset</b>														
<b>Owned assets</b>														
Land (Refer note 11(2))	43,567.73	4.50	(0.61)	-	(64.98)	43,506.64	-	-	-	-	-	-	-	43,506.64
	(43,527.03)	-	-	-	(40.70)	(43,567.73)	-	-	-	-	-	-	-	(43,567.73)
Buildings (Refer note 11(1))	25,109.78	12,292.57	(592.53)	59.98	(24.34)	36,845.46	6,795.25	-	993.08	(125.92)	-	(9.65)	7,652.76	29,192.70
	(24,161.53)	(938.03)	(-0.86)	-	(11.08)	(25,109.78)	(5,924.90)	(22.01)	843.71	(-0.81)	-	(5.44)	(6,795.25)	(18,314.53)
Plants & equipments	1,50,536.39	51,191.30	(3,201.82)	(62.22)	(285.07)	1,98,178.58	72,885.57	862.27	8,566.61	(2,635.70)	-	(50.41)	79,628.34	1,18,550.24
	(1,44,479.93)	(8,478.51)	(-1,670.22)	(-877.17)	(125.34)	(1,50,536.39)	(65,150.83)	(2,131.36)	(7,473.31)	(-1,363.21)	(-495.32)	(-11.40)	(72,885.57)	(77,650.82)
Furniture & fixtures	1,697.45	237.97	(308.58)	0.62	(9.53)	1,617.93	826.64	-	120.52	(300.95)	5.85	(11.08)	640.98	976.95
	(1,320.53)	(539.05)	(-1,672.22)	-	(5.09)	(1,697.45)	(848.61)	(21.53)	(98.99)	(-1,44.87)	-	(2.38)	(826.64)	(870.81)
Office equipments	1,508.74	345.03	(273.28)	9.06	(4.78)	1,594.33	878.10	-	129.28	(250.93)	-	2.29	758.74	835.59
	(488.60)	(1,40.24)	(-0.44)	(877.17)	(3.17)	(1,508.74)	(233.84)	(81.42)	(53.78)	(-1.14)	(495.32)	(14.88)	(878.10)	(630.64)
Vehicles	968.11	92.22	(12.34)	-	(2.42)	1,045.57	447.28	-	122.14	(11.76)	1.29	(2.81)	556.14	489.43
	(818.97)	(267.77)	(-120.11)	-	(1.48)	(968.11)	(433.38)	(3.45)	(127.73)	(-86.03)	-	(-31.25)	(447.28)	(520.83)
<b>Leased assets</b>														
Land (refer note 11(2) & 11(6))	8,979.72	1,840.80	-	-	-	10,820.52	455.61	-	92.60	-	-	-	548.21	10,272.31
	(6,179.99)	(2,799.73)	-	-	-	(8,979.72)	(410.09)	-	(45.52)	-	-	-	(455.61)	(8,524.11)
Plants & equipments	777.58	0.65	-	(7.51)	-	770.72	743.62	-	0.85	(6.97)	(7.14)	7.14	744.47	26.25
	(1,004.10)	-	(-226.52)	-	-	(777.58)	(962.85)	(0.32)	(6.97)	(-226.52)	-	-	(743.62)	(33.96)
<b>Total tangible assets</b>	2,33,145.50	66,005.04	(4,389.16)	(0.07)	(381.56)	2,94,379.75	83,032.07	862.27	10,025.08	(3,325.26)	-	(64.52)	90,525.64	2,03,850.11
	(2,21,980.68)	(13,163.33)	(-2,185.37)	-	(186.86)	(2,33,145.50)	(73,964.50)	(2,260.09)	(8,650.01)	(-1,822.58)	-	(19.95)	(83,032.07)	(1,50,113.44)
<b>Intangible assets</b>														
Software	1,958.52	899.26	-	0.07	2.52	2,860.37	1,410.85	-	373.32	-	-	1.57	1,785.74	1,074.63
	(1,804.51)	(152.35)	-	-	(1.66)	(1,958.52)	(1,055.72)	(1.86)	(352.51)	-	-	(0.76)	(1,410.85)	(547.67)
Brand (refer note 11(7))	5,629.80	-	-	-	-	5,629.80	1,226.29	-	264.52	-	-	-	1,490.80	4,139.00
	(5,629.80)	-	-	-	-	(5,629.80)	(961.76)	-	(264.52)	-	-	-	(1,226.28)	(4,403.52)
Technical knowhow (refer note 11(8))	1,091.54	(46.04)	-	-	(8.36)	1,083.18	229.02	-	86.66	-	-	(4.27)	311.41	771.77
	(990.73)	-	-	-	(54.77)	(1,091.54)	(187.68)	-	(75.48)	-	-	(-34.13)	(229.03)	(862.51)
<b>Total intangible assets</b>	8,679.86	899.26	-	0.07	(5.84)	9,573.35	2,866.16	-	724.49	-	-	(2.70)	3,587.95	5,985.40
	(8,425.04)	(198.39)	-	-	(56.43)	(8,679.86)	(2,205.16)	(1.86)	(692.51)	-	-	(33.37)	(2,866.16)	(5,813.70)
<b>Total assets</b>	2,41,825.36	66,904.30	(4,389.16)	-	(387.40)	3,03,953.10	85,898.23	862.27	10,749.57	(3,325.25)	-	(67.22)	94,117.59	2,09,835.51
	(2,30,405.72)	(13,361.72)	(-2,185.37)	-	(243.29)	(2,41,825.36)	(76,169.66)	(2,261.95)	(9,342.52)	(-1,822.58)	-	(53.32)	(85,898.23)	(1,55,927.14)
Capital work-in-progress														30,341.77
														(22,902.43)
Intangible assets under development														84.36
														-
<b>Total</b>														2,40,261.64
														(1,78,829.57)

\* Refer note 11(4) & 11(5)

1. Figures in brackets refer amount pertaining to previous year

2. Adjustments include regrouping of certain assets into other class of assets

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

## Note 11- Fixed Assets (continued)

- Building includes ₹ 0.10 Lacs (Previous year ₹ 0.10 Lacs) being value of unquoted fully paid shares held in various co-operative housing societies.
- During the year, the Company has sold the following assets that were held for sale in the previous year:
  - Freehold land at Gujarat having book value of ₹ 0.60 Lacs.
- During the year, the Company has transferred the following expenses which are attributable to the construction activity and are included in the cost of capital work-in-progress (CWIP) / Fixed assets as the case may be. Consequently, expenses disclosed under the respective notes are net of such amounts.

Particulars	Note No.	(₹ in Lacs)	
		2015-16	2014-15
Finance cost	24	1,447.08	147.03
Professional & consultancy charges	26	933.60	34.09
Miscellaneous expenses	26	2,035.54	84.06
Employee benefit expenses	23	1,563.18	545.55
Travelling & conveyance	26	389.80	36.55
<b>Total</b>		<b>6,369.20</b>	<b>847.28</b>

- In the previous year, pursuant to the Companies Act, 2013 ("the Act"), the management, based on external technical evaluation reassessed the useful life of fixed assets. In accordance with the Act, the carrying value of the fixed assets as at April 1, 2014 is depreciated over the revised residual life of the fixed assets and where the revised residual life of the fixed assets was nil as at that date, the carrying value of the fixed assets, after retaining the residual value, was adjusted to the General Reserve. Consequently in the previous year, the General Reserve was reduced by ₹ 2,174.08 Lacs (net of deferred tax ₹ 87.87 Lacs).
- Pursuant to the Companies Act, 2013 ("the Act"), the management, based on internal technical evaluation has assessed the major components and useful life of fixed assets. In accordance with the Act, the carrying value of the component of fixed assets as at April 1, 2015 is depreciated over the balance residual life of the fixed assets and where the balance residual life is nil as at that date, the carrying value of the component of fixed assets, after retaining the residual value, has been adjusted to the General Reserve. Consequently, the General Reserve has been reduced by ₹ 586.72 Lacs (net of deferred tax ₹ 274.52 Lacs).
- The Company has acquired a leasehold land at Butibori Industrial Area, Maharashtra Industrial Development Corporation, Nagpur admeasuring 2,40,000 Sq. Mts. @ ₹ 1,150/- per sq. ft. amounting to ₹ 2,760.00 Lacs for a lease term of ninety five (95) years. The lease agreement for the same was registered on March 24, 2015.
- In an earlier year, 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 are accessible to the Company. The Company will be in a position to fully exploit the export market resulting in increased volume and price realization. Therefore, the management believes that the Brand will yield significant benefits for a period of at least twenty years.
- The Company has acquired technical know-how and assistance from International Tire Engineering Resources LLC, for setting up for Halol radial plant. Considering the life of the underlying plant / facility, this technical know-how, is amortized on a straight line basis over a period of twenty years.
- As a part of ongoing expansion project at Halol, during the year the Company has capitalised and commissioned assets of ₹ 44,768.09 Lacs. This has resulted in additions of 39 MT per day in the installed capacity. Full expansion project of 120 MT per day is however expected to be commissioned, in phases, by end of FY 2016-17.

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

### Note 11- Fixed Assets (continued)

10. During the year, the Company has commissioned, its Greenfield Unit, situated at Butibori, near Nagpur, Maharashtra, with effect from March 28, 2016. Accordingly, the Company has capitalised the assets amounting to ₹ 9,375.40 Lacs. This has resulted in additions of 15 MT per day in the installed capacity. Full expansion project of 120 MT per day is expected to be commissioned, in phases, by end of FY 2017-18.
11. Gross book value includes ₹ 68,184.11 Lacs (Previous year ₹ 69,177.84 Lacs) on account of revaluation of Land, Building and Plant and machinery conducted in 2007 based on the report issued by independent valuer.

The Freehold land of subsidiary companies in Srilanka includes ₹ 1,525.09 Lacs (Previous year ₹ 1,525.09 Lacs) and the Plant & machinery includes ₹ 238.27 Lacs (Previous year ₹ 238.27 Lacs) on account of revaluation of respective assets conducted in FY 2011-12 by independent professional valuers.

### Note 12 - Non-current investments

(₹ in Lacs)

	Face Value	Holdings Nos.	As at 31.03.2016	Holdings Nos.	As at 31.03.2015
<b>Long-term fully paid</b>					
<b>a) Unquoted equity instruments</b>					
(valued at cost unless stated otherwise)					
Maestro Comtrade Private Limited	₹ 10	1,800	0.18	1,800	0.18
<b>b) Investment in others</b>					
National Saving Certificates VIII issue (Pledged as security for sales-tax purpose)	-	-	0.15	-	0.15
Rado Employees Cooperative Society	-	-	0.10	-	0.10
Investment in Life Insurance Corporation (LIC)	-	-	14.18	-	-
<b>Total</b>	-	-	<b>14.61</b>	-	<b>0.43</b>
Share of Joint Venture Included in above	-	-	14.18	-	-

### Note 13 - Loans and advances

(₹ in Lacs)

	Non - Current		Current	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>a) Secured, considered good</b>				
1) Security deposits	202.18	144.06	-	-
<b>b) Unsecured, considered good</b>				
1) Capital advances	4,341.57	4,515.17	-	-
2) Security deposits	501.19	1,078.74	49.67	152.72
3) Advances recoverable in cash or kind	-	-	3,940.50	2,082.42
4) Advance income-tax (net of provision for taxation)	7,384.51	2,569.45	0.97	-
5) Prepaid expenses	-	-	882.49	541.11
6) Balances with government authorities / other deposit	-	-	9,902.47	5,467.24

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

## Note 13 - Loans and advances (continued)

(₹ in Lacs)

	Non - Current		Current	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>c) Unsecured, considered doubtful</b>				
1) Security deposits	74.30	50.55	-	-
2) Advances recoverable in cash or kind	-	-	132.00	132.00
3) Balances with government authorities / other deposit	218.13	268.68	-	-
Less : Provision made for doubtful balances and security deposits	(292.43)	(319.23)	(132.00)	(132.00)
	<b>12,429.45</b>	<b>8,307.42</b>	<b>14,776.10</b>	<b>8,243.49</b>
Share of Joint Venture Included in above	60.16	79.89	-	-

## Note 14 - Other assets

(₹ in Lacs)

	Non - Current		Current	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>Unsecured, considered good</b>				
<b>a) Non current bank balances (Refer note 18)</b>	271.16	264.78	-	-
	<b>271.16</b>	<b>264.78</b>	-	-
<b>b) Unamortized expenditure</b>				
1) Ancillary cost of arranging the borrowings	264.08	329.76	-	-
2) Revaluation of hedging instruments	-	348.42	160.11	899.99
	<b>264.08</b>	<b>678.18</b>	<b>160.11</b>	<b>899.99</b>
<b>c) Others</b>				
1) Interest receivable	-	-	158.97	194.70
2) Recoverable against fire loss	-	-	470.00	442.28
3) Other receivable	-	-	128.32	113.50
	-	-	<b>757.29</b>	<b>750.48</b>
<b>Total</b>	<b>535.24</b>	<b>942.96</b>	<b>917.40</b>	<b>1,650.47</b>
Share of Joint Venture Included in above	-	-	-	-

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

## Note 15 - Current investments

(Valued at lower of cost and fair value, unless stated otherwise)

(₹ in Lacs)

	As at 31.03.2016		As at 31.03.2015	
	No.of holdings	Amount	No.of holdings	Amount
<b>Investments in units of mutual funds</b>				
<b>a) Unit of Face value ₹ 10 each, fully-paid up</b>				
Sundaram Money Fund - Regular - Growth	-	-	1,89,97,090	1,919.18
<b>b) Unit of Face value ₹ 100 each, fully paid up</b>				
Birla sun life cash plus - Direct - Daily Dividend	15,696	15.72	-	-
<b>c) Unit of Face value ₹ 1,000 each, fully-paid up</b>				
Baroda Pioneer Liquid Fund - Plan B - Direct - Growth	57,547	1,000.00	-	-
BOI AXA Treasury Advantage Fund - Direct - Growth	-	-	1,00,563	1,008.57
Franklin India TMA - Direct - Growth	-	-	3,09,265	3,098.38
Franklin India Treasury Management Account- Super Institutional Plan- Daily Dividend Reinvestment	97	0.97	-	-
Indiabulls Liquid Fund - Direct- Growth	-	-	5,91,853	5,921.09
Kotak Floater - Short Term - Regular - Growth	40,321	1,000.00	3,27,497	4,004.66
Kotak Floater- Short Term- Daily Dividend	25	0.26	-	-
L&T Liquid Fund - Direct - Growth	48,168	1,000.00	-	-
LIC Nomura MF Liquid Fund - Direct - Growth	36,434	1,000.00	-	-
Reliance Liquid Fund - Cash Plan - Direct - Growth	-	-	1,85,199	2,063.40
Reliance Liquid Fund - TP - Direct - Growth	-	-	6	0.09
SBI Premier Liquid Fund - Direct - Growth	-	-	5,02,771	5,077.54
Taurus Liquid Fund - Direct - Growth	-	-	3,27,526	5,011.83
Taurus Short Term Income Fund - Direct - Growth	-	-	3,13,776	3,138.58
<b>Total</b>		<b>4,016.95</b>		<b>31,243.32</b>
Share of Joint Venture Included in above	-	-	-	-
Aggregate market value of quoted investments		4,021.24		31,243.32

## Note 16 - Inventories

(Valued at lower of cost and net realisable value)

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
a) Raw materials	16,796.90	19,733.80
Goods-in transit	4,647.58	3,959.04
<b>Total (Refer note 21)</b>	<b>21,444.48</b>	<b>23,692.84</b>
b) Work-in-progress	2,652.32	2,226.46
c) Finished goods (Refer foot note (a))	33,406.37	34,556.91
d) Stock-in-trade	4,143.88	2,624.57
Goods-in transit	1,073.53	670.39
<b>Total</b>	<b>5,217.41</b>	<b>3,294.96</b>
e) Stores and spares	3,469.15	4,236.11
Goods-in transit	16.66	7.25
<b>Total</b>	<b>3,485.81</b>	<b>4,243.36</b>
<b>Total</b>	<b>66,206.39</b>	<b>68,014.53</b>
Share of Joint Venture Included in above	2,278.89	2,681.95

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

## Note 16 - Inventories (continued)

	(₹ in Lacs)	
	As at 31.03.2016	As at 31.03.2015
<b>a) Details of finished goods inventories</b>		
Automotive tyres	27,612.18	27,672.37
Tubes and others	5,794.19	6,884.54
<b>Total</b>	<b>33,406.37</b>	<b>34,556.91</b>
Share of Joint Venture Included in above	562.30	719.39

## Note 17 - Trade receivables

	(₹ in Lacs)	
	As at 31.03.2016	As at 31.03.2015
<b>A) Debts outstanding for a period exceeding six months from the date they are due for payment :</b>		
Unsecured, considered good	576.43	139.74
Unsecured, considered doubtful	1,922.37	1,497.10
Less : Provision for doubtful receivables	(1,922.37)	(1,497.10)
	<b>576.43</b>	<b>139.74</b>
<b>B) Other debts</b>		
Secured, considered good*	22,804.10	23,999.70
Unsecured, considered good	38,499.11	46,355.74
	<b>61,303.21</b>	<b>70,355.44</b>
<b>Total</b>	<b>61,879.64</b>	<b>70,495.18</b>
Share of Joint Venture Included in above	2,709.09	3,339.24

\* These debts are secured to the extent of security deposits obtained from the dealers.

## Note 18 - Cash and bank balances

	(₹ in Lacs)			
	Non- Current		Current	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>Cash and cash equivalents :</b>				
<b>Balances with banks :</b>				
On current accounts (Refer foot note (a))	-	-	5,782.24	9,680.48
On unpaid dividend accounts (Refer foot note (b))	-	-	215.79	109.53
On unpaid public fixed deposit and interest there on (Refer foot note (c))	-	-	308.04	454.21
<b>Cash in hand</b>	-	-	5.80	14.71
	-	-	<b>6,311.87</b>	<b>10,258.93</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

## Note 18 - Cash and bank balances (continued)

(₹ in Lacs)

	Non- Current		Current	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>Other bank balances</b>				
Deposits with remaining maturity of more than 3 months but less than 12 months (Refer foot note (e))	-	-	4,408.01	2,103.98
Margin money deposits (Refer foot note (d))	271.16	264.78	5.68	-
	<b>271.16</b>	<b>264.78</b>	<b>4,413.69</b>	<b>2,103.98</b>
Amount disclosed under non current assets (Refer note 14)	(271.16)	(264.78)	-	-
<b>Total</b>	-	-	<b>10,725.56</b>	<b>12,362.91</b>
Share of Joint Venture Included in above	-	-	4,422.18	2,637.43

### Note :

- Includes ₹ Nil (Previous year ₹ 4.53 Lacs) outstanding for the period exceeding seven years. This amount is no longer payable as the Company has adjusted this amount towards call-in-arrears of the partly paid-up equity shares of the Company held by the share holders, pursuant to the resolution passed by the board of directors.
- These balances are available for use only towards settlement of corresponding unpaid dividend liabilities.
- These balances are available for use only towards settlement of matured deposits and interest on deposits. Also Includes ₹ 0.20 Lacs (Previous year ₹ 0.20 Lacs) outstanding for a period exceeding seven years, in respect of which a Government agency has directed the Company to hold and not transfer / repay.
- The margin deposits are for bank guarantees given to statutory authorities for the period ranging between 3-5 years.
- Deposit to the extent of ₹ 750.20 Lacs (Previous year ₹ 637.41 Lacs) is created for the purpose of deposit repayment reserve account and cannot be used for any other purposes.

## Note 19 - Revenue from operations

(₹ in Lacs)

	2015-16	2014-15
Sale of products (Refer foot note (a))	6,34,331.33	6,29,626.57
Other operating revenues		
Royalty income	291.15	221.35
Sale of scrap	1,705.07	1,658.98
Government grants # (Refer note 28(c))	1,084.36	1,992.87
Others	237.34	863.93
<b>Revenue from operations (gross)</b>	<b>6,37,649.25</b>	<b>6,34,363.70</b>
Share of Joint Venture Included in above	20,088.90	20,369.96

# The Company has recognized a government grant of ₹ 223.47 Lacs (Previous year ₹ 1,041.70 Lacs) as refund of octroi duty under the package scheme of Incentive received from Directorate of Industries, Government of Maharashtra for Nashik plant (Refer Note No 28(c)).

# The Company has also recognized a government grant of ₹ 860.89 Lacs (Previous year ₹ 951.17 Lacs) as income on account of export incentive under Merchandise Export from India Scheme (MEIS) from Directorate General of Foreign Trade, Government of India.



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

## Note 19 - Revenue from operations (continued)

### a) Details of sales under broad heads

	(₹ in Lacs)	
	2015-16	2014-15
Automotive tyres	5,60,392.14	5,57,648.39
Tubes & others	73,939.19	71,978.18
<b>Sale of products</b>	<b>6,34,331.33</b>	<b>6,29,626.57</b>

## Note 20 - Other income

	(₹ in Lacs)	
	2015-16	2014-15
Interest income on		
Bank deposit	456.20	460.28
Others	493.06	343.17
Dividend income on		
Current investments	1,088.81	744.11
Premium on sale and purchase of forward contract (net)	112.40	-
Profit on sale of current investments	154.72	-
Other non-operating income	680.89	711.85
<b>Total</b>	<b>2,986.08</b>	<b>2,259.41</b>
Share of Joint Venture Included in above	223.57	49.55

## Note 21 - Cost of materials consumed

	(₹ in Lacs)	
	2015-16	2014-15
Raw materials		
Opening stock	23,692.84	25,474.69
Add : Purchases	3,01,856.84	3,34,479.18
	<b>3,25,549.68</b>	<b>3,59,953.87</b>
Less: Closing stock	21,444.48	23,692.84
<b>Total</b>	<b>3,04,105.20</b>	<b>3,36,261.03</b>
Share of Joint Venture Included in above	8,726.93	10,361.71

### Details of Raw materials consumed

	(₹ in Lacs)	
	2015-16	2014-15
Rubber	1,49,142.38	1,68,622.63
Fabrics	49,369.45	53,243.32
Carbon Black	43,083.24	51,509.98
Chemicals	34,723.93	37,457.00
Others	27,786.20	25,428.10
<b>Total</b>	<b>3,04,105.20</b>	<b>3,36,261.03</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

## Note 21 - Cost of materials consumed (continued)

### Details of inventories

	(₹ in Lacs)	
	As at 31.03.2016	As at 31.03.2015
Rubber	11,371.86	12,835.98
Fabrics	3,396.25	2,796.34
Carbon Black	1,664.09	2,271.35
Chemicals	2,953.87	3,420.05
Others	2,058.41	2,369.12
<b>Total</b>	<b>21,444.48</b>	<b>23,692.84</b>
Share of Joint Venture Included in above	946.38	1,179.61

## Note 22 - Changes in inventories finished goods, work-in-progress and stock-in-trade

	(₹ in Lacs)		
	2015-16	2014-15	Increase / (Decrease)
<b>Opening stock</b>			
a) Work-in-progress	2,226.46	3,430.61	(1,204.15)
b) Finished goods	34,556.91	38,597.78	(4,040.87)
c) Stock-in-trade	3,294.96	3,462.73	(167.77)
	<b>40,078.33</b>	<b>45,491.12</b>	<b>(5,412.79)</b>
<b>Closing stock</b>			
a) Work-in-progress	2,652.32	2,226.46	425.86
b) Finished goods	33,406.37	34,556.91	(1,150.54)
c) Stock-in-trade	5,217.41	3,294.96	1,922.45
	<b>41,276.10</b>	<b>40,078.33</b>	<b>1,197.77</b>
	<b>(1,197.77)</b>	<b>5,412.79</b>	
Differential excise duty on opening and closing stock of finished goods	218.54	225.81	
<b>Total</b>	<b>(979.23)</b>	<b>5,638.60</b>	
Share of Joint Venture Included in above	144.45	72.83	

## Note 23 - Employee benefits expense

	(₹ in Lacs)	
	2015-16	2014-15
Salaries, wages and bonus	34,542.57	30,515.28
Contribution to provident and other funds	1,885.10	1,845.91
Gratuity expenses (Refer note 33 (b))	414.31	2,051.24
Staff welfare expenses	4,037.96	3,476.83
<b>Total</b>	<b>40,879.94</b>	<b>37,889.26</b>
Share of Joint Venture Included in above	2,199.21	1,939.22

## Note 24 - Finance costs

	(₹ in Lacs)	
	2015-16	2014-15
Interest	8,334.69	10,895.07
Other borrowing cost	739.21	2,291.42
<b>Total</b>	<b>9,073.90</b>	<b>13,186.49</b>
Share of Joint Venture Included in above	11.62	35.12

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

## Note 25 - Depreciation and amortization expenses

	(₹ in Lacs)	
	2015-16	2014-15
Depreciation of tangible assets (Refer note 11)	10,025.98	8,650.01
Amortization of intangible assets (Refer note 11)	724.49	692.51
<b>Total</b>	<b>10,750.47</b>	<b>9,342.52</b>
Share of Joint Venture Included in above	619.77	489.69

## Note 26 - Other expenses

	(₹ in Lacs)	
	2015-16	2014-15
Conversion charges	36,946.74	29,473.39
Stores and spares consumed	4,503.59	4,470.28
Provision for obsolescence of stores and spares	145.16	196.31
Power and fuel	16,430.59	17,339.91
Freight and delivery charges	26,092.54	23,845.84
Rent	607.21	760.31
Lease rent- vehicles	117.51	128.68
Rates and taxes	446.32	129.89
Insurance	439.26	731.04
Repairs :		
Plant and machinery	5,187.13	5,056.50
Buildings	680.03	915.42
Others	48.84	33.08
	<b>5,916.00</b>	<b>6,005.00</b>
Travelling and conveyance	3,338.35	2,789.05
Printing and stationery	229.74	219.18
Directors' fees	45.32	48.24
Payment to Statutory Auditors (Refer foot note (c))	103.11	70.18
Cost audit fees	2.20	2.20
Advertisement and sales promotion expenses	11,851.48	10,421.35
Rebates and discounts	5,340.51	4,714.27
Commission on sales	343.45	250.72
Communication expenses	932.77	904.20
Advances written off	-	62.27
Bad debts	8.99	-
Provision for doubtful debts and advances	464.09	476.59
Loss on assets sold / discarded (net)	1,061.69	71.34
Legal charges	323.06	269.50
Foreign exchange fluctuations (net)	620.54	473.51
Professional and consultancy charges	2,786.92	1,646.64
Corporate social responsibility (CSR) expenses (Refer foot note (a))	773.35	340.40
Commission to directors	625.00	460.00
Training and conference expenses	991.88	868.48
Premium on sale and purchase of forward contract (net)	-	246.73
Bank charges	664.02	1,045.32
Miscellaneous expenses (Refer foot note (b))	9,259.84	7,491.45
<b>Total</b>	<b>1,31,411.23</b>	<b>1,15,952.27</b>
Share of Joint Venture Included in above	3,973.62	2,749.16

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

### Note 26 - Other expenses (continued)

#### a) Details of CSR expenses

		(₹ in Lacs)	
		2015-16	2014-15
i)	Gross amount required to be spent as per section 135 of Companies Act, 2013	772.32	401.58
		<b>In cash</b>	<b>Yet to be paid in cash</b>
ii)	Amount spent during the year ended on March 31, 2016		
	i) Construction / acquisition of any assets	-	-
	ii) On purpose other than (i) above	773.35	-
iii)	Amount spent during the year ended on March 31, 2015		
	i) Construction / acquisition of any assets	-	-
	ii) On purpose other than (i) above	323.66	77.92
			<b>Total</b>

#### b) Donation to political parties

		(₹ in Lacs)	
Name of the party to which such amount has been contributed		2015-16	2014-15
	Janpragati Electoral Trust	-	135.00
	Total amount contributed	-	<b>135.00</b>

#### c) Payment to Statutory Auditor

		(₹ in Lacs)	
		2015-16	2014-15
As Auditor:			
	Audit fee	40.00	36.00
	Limited review	21.00	22.00
In Other capacity:			
	Other services	35.57	7.36
	Reimbursement of expenses	6.54	4.82
	<b>Total</b>	<b>103.11</b>	<b>70.18</b>

(The above amount in the previous year does not include fees amounting to ₹ 35.43 Lacs paid towards services provided in respect of Qualified Institutional Placement (QIP) which had been netted off against share premium)(Refer note 38).

### Note 27 - Exceptional Items

		(₹ in Lacs)	
		2015-16	2014-15
	Voluntary Retirement Scheme expenses (VRS)	1,139.99	613.20
	<b>Total</b>	<b>1,139.99</b>	<b>613.20</b>

The Company had introduced VRS for employees across the Company. During the year, 96 employees (Previous year 70 employees) opted for the VRS.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

## 28) Contingent liabilities and commitments (to the extent not provided for):

### a. Contingent Liabilities:

Particulars	(₹ in Lacs)	
	As at 31.03.2016	As at 31.03.2015
<b>1. Direct and indirect taxation matters*</b>		
Income tax	6,321.78	8,492.54
Wealth tax	6.73	6.73
Excise duty / Service tax	8,168.21	8,846.44
Sales tax	5,310.67	4,554.66
<b>2. Bills discounted with banks</b>	8,723.33	8,698.31
<b>3. Claims against the Company not acknowledged as debts*</b>		
i) In respect of labour matters	612.20	353.43
ii) Rental disputes	180.00	180.00
iii) Customer disputes	502.08	446.00
iv) Vendor disputes	293.83	293.83
v) Other claims	150.65	199.85

\*in respect of above matters, future cash outflows are determinable only on receipt of judgements pending at various forums / authorities. The amount of expected reimbursement to the Company is not ascertainable as on Balance Sheet date.

### b. Commitments

Particulars	(₹ in Lacs)	
	As at 31.03.2016	As at 31.03.2015
1. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance payments)	37,178.18	43,338.00
2. Other commitments	351.26	417.80

### c. Others

The Company has availed the sales-tax deferral loan and octroi refund from the Directorate of Industries for Nashik 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 Nashik Plant. In case of violation of terms and conditions, the Company is required to refund the entire loan / benefit along with the interest @ 22.50% on account of sales-tax deferral Loan and @ 15% on account of octroi refund (Refer Note 19).

### d. Demands and disputes considered as "Remote" by the Company

- The Company has been served with a Show Cause cum Demand Notice from the DGCEI (Directorate General of Central Excise Intelligence) Mumbai, on the ground that, the activity of making tyre set, i.e. inserting Tubes and Flaps inside the Tyres and tied up through Polypropylene Straps, amounts to manufacture / pre-packaged commodity under Section 2(f)(iii) of Central Excise Act, read with Section 2(l) of the Legal Metrology Act, 2009. Accordingly, the authorities worked out the differential duty amounting to ₹ 8,417.79 Lacs i.e., the amount of duty already paid on the basis of transaction value and duty payable on the basis of MRP under Section 4A, for the period from April-2011 to March-2015. The Company believes that Set of TT / TTF (Tyre and Tube / Tyre, Tube and Flap) is not pre-packaged commodity in terms of provisions of Legal Metrology Act, 2009. The Company has a strong case on the ground that, the said issue has been clarified by the Controller of the Legal Metrology Department vide its letter dated May 1, 1991 that "Tyre with tube & flaps tied with three thin polythene strips may not be treated as a pre-packed commodity within the meaning of rule 2(l) of the Standards of Weights and

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

Measures (Packaged Commodities), Rules, 1977". The above clarification has been re-affirmed vide letter dated November 16, 1992 by the Legal Metrology authorities.

2. The Competition Commission of India (CCI) had, while considering the representation made by All India Tyres Dealers Federation (AITDF) made a prima facie view that the major players of tyre industry (including the Company) had some understanding amongst themselves, especially in the replacement market, as they did not pass the benefit of corresponding reduction in prices of major raw material inputs for the period subsequent to the year 2011-12. According to CCI, this practice is in violation of the Competition Act 2002 (the Act). Therefore, CCI had, vide its order passed on June 24, 2014 under Section 26(1) of the Act, directed the Office of the Director General (DG) to investigate the said alleged violation of the Act. DG submitted its Investigation Report to CCI in December 2015, based on which CCI passed an order on February 18, 2016 directing the said tyre manufacturers to file their suggestions/objections by May 5, 2016. The Company's decision to change the price is purely a business decision which depends upon many factors like cost of production, brand value perception and profit margin of each product, quality perception of each product in the market, demand and supply situation of each product category and market potential and market shares targets of various product categories etc. In view of the above, Company believes that it has a strong case.

29. The Board of Directors have declared an interim dividend of ₹ 11.50 per share pursuant to which, the total amount to be distributed as dividend is ₹ 4,651.76 Lacs (Previous year final dividend of ₹ 10 per share, amounting to ₹ 4,045.01 Lacs).

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

Sr. No. Particulars	(₹ in Lacs)	
	31.03.2016	31.03.2015
(a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	717.14	528.17
- Interest due on above	11.73	6.87
<b>Total</b>	<b>728.87</b>	<b>535.04</b>
(b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	0.11	236.71
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	4.97	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year	11.73	6.87
(e) The 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 enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	6.76	-

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

### 31. Earnings per Share (EPS):

Particulars	(₹ in Lacs)	
	2015-16	2014-15
Net Profit for calculation of basic and diluted EPS	44,648.80	31,717.98
Weighted average number of equity shares (face value per share ₹ 10) in calculating basic and diluted EPS	4,04,50,092	3,74,82,569
Basic EPS	110.38	84.62
Diluted EPS	110.38	84.62

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

## 32. Operating lease

The group has entered into a lease agreement with the leasing Company for vehicles, resulting in a non-cancellable operating lease as defined in AS-19, "Accounting for Leases". Lease rental on the said lease of ₹ 117.51 Lacs (Previous year ₹ 128.68 Lacs) has been charged to Statement of Profit and Loss.

	(₹ in Lacs)	
	As at 31.03.2016	As at 31.03.2015
<b>Future minimum lease payments</b>		
For a period not later than one year	99.11	88.53
For a period later than one year but not later than five years	167.26	81.13
For a period later than five year	-	-

There is no restriction placed upon the Company by entering into these leases. The lease term range from one year to five years and are renewable at the option of the Company.

## 33. Post-retirement benefits plan

### a) Defined contribution plan

The group has recognised and included in Note no. 23 "Contribution to Provident and other funds" expenses towards the defined contribution plan as under:

	(₹ in Lacs)	
Particulars	2015-16	2014-15
Contribution to Provident fund (Government)	1,850.19	1,528.56

### b) Defined benefit plan - gratuity

- **Funded:-** The Company operates a defined plan of gratuity for its employees under the gratuity plan. Every employee who has completed five years of service gets a gratuity on separation @ 15 days of last drawn salary for each completed year of service. The scheme is funded with an Insurance Company in the form of qualifying Insurance policy.
- **Unfunded:-** Associated CEAT Holding Private Limited (ACHL), Sri Lanka operates a defined plan of gratuity for its employees. Under the gratuity plan, every employee who has completed five years of service gets a gratuity on separation @15 days of last drawn salary for each completed year of service. The liability under this Scheme is unfunded and not actuarially valued.

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

		(₹ in Lacs)			
Sr. No.	Particulars	As at 31.03.2016 Gratuity (Funded)	As at 31.03.2015 Gratuity (Funded)	As at 31.03.2016 Gratuity (Unfunded)	As at 31.03.2015 Gratuity (Unfunded)
1.	Opening present value of Defined Benefit obligation	8,321.44	6,187.03	414.81	327.78
2.	Current Service Cost	470.62	356.34	51.33	43.81
3.	Interest Cost	636.39	528.32	42.95	30.86
4.	Benefits paid	(695.17)	(656.81)	(10.75)	(19.08)
5.	Actuarial (Gain) / Loss on obligation	(174.45)	1,904.56	(12.43)	31.44
6.	Net transfer in / (out) (including the effect of any business combinations / divestitures)	-	-	-	-
7.	Closing present value of obligation	8,558.83	8,321.44	485.91	414.81

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

### ii) Changes in Fair value of Plan Assets during the year ended March 31, 2016

(₹ in Lacs)

Sr. No.	Particulars	As at 31.03.2016 Gratuity (Funded)	As at 31.03.2015 Gratuity (Funded)
1.	Fair value of plan assets	6,149.94	5,912.92
2.	Expected return on plan assets	648.19	565.93
3.	Contributions made	2,115.89	155.00
4.	Benefits paid	(706.27)	(656.81)
5.	Actuarial gain / (loss) on plan assets	(5.56)	172.90
6.	Fair value of plan assets	8,202.19	6,149.94

### iii) Net employee benefits expenses recognized in the employee cost

(₹ in Lacs)

Sr. No.	Particulars	2015-16 Gratuity (Funded)	2014-15 Gratuity (Funded)	2015-16 Gratuity (Unfunded)	2014-15 Gratuity (Unfunded)
1.	Current Service Cost	470.62	356.34	51.33	43.81
2.	Interest Cost on benefit obligation	636.39	528.32	42.95	30.86
3.	Actuarial (gains) and losses (net)	(126.36)	1,733.66	(12.43)	31.43
4.	Expected return on plan assets	(648.19)	(565.93)	-	-
5.	Net benefit expense	332.46	2,052.39	81.85	106.10

### iv) Net Assets / (Liability) as at March 31, 2016

(₹ in Lacs)

Sr. No.	Particulars	As at 31.03.2016		As at 31.03.2015	
		Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)
1.	Closing Present value of the defined benefit obligation	8,558.83	485.91	8,321.44	414.81
2.	Closing Fair value of plan Assets	8,202.19	-	6,149.94	-
3.	Net Asset / (Liability) recognized in the Balance Sheet	(356.64)	(485.91)	(2,171.50)	(414.81)

### v) Actual return on plan assets for the year ended March 31, 2016

(₹ in Lacs)

Sr. No.	Particulars	2015-16 Gratuity (Funded)	2014-15 Gratuity (Funded)
1.	Expected return on plan assets	648.19	565.93
2.	Actuarial gain / (loss) on plan assets	(5.56)	172.90
3.	Actual return on plan assets	642.63	738.83



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

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

Sr. No.	Particulars	As at 31.03.2016		As at 31.03.2015	
		Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)
1.	Investment with Insurer	100%	-	100%	-

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

Sr. No.	Particulars	2015-16		2014-15	
		Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)
1.	Discount Rates	7.75%	10.50%	7.85%	9.73%
2.	Expected rate of return on assets	8.75%	-	9.10%	-
3.	Annual increase in salary	7.00%	12% - 15%	7.00%	13% - 15%
4.	Employee turnover	9.58%	-	9.58%	-
5.	Mortality Rate	Indian Assured Lives Mortality (2006-08) Modified Ultimate	-	Indian Assured Lives Mortality (2006-08) Modified Ultimate	-

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

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

viii) Details of current and previous four years

Gratuity Funded	(₹ in Lacs)				
	2015-16	2014-15	2013-14	2012-13	2011-12
Present value of Defined Benefit obligation as at the year-end	8,558.83	8,321.44	6,187.03	6,069.25	4,954.95
Fund value as at the year-end	8,202.19	6,149.94	5,912.92	4,177.46	4,625.09
Surplus / (Deficit)	(356.64)	(2,171.50)	(274.11)	(1,891.79)	(329.86)
Net Assets / (Liability) recognised in the Balance Sheet	(356.64)	(2,171.50)	(274.11)	(1,891.79)	(329.86)

ix) Experience Adjustment (funded)

Particulars	(₹ in Lacs)				
	2015-16	2014-15	2013-14	2012-13	2011-12
Benefit Obligation	8,558.83	8,321.44	6,187.03	6,069.25	4,954.95
Fair Value of plan assets	8,202.19	6,149.94	5,912.92	4,177.46	4,625.09
Funded status – deficit / (surplus)	356.64	2,171.50	274.11	1,891.79	329.86
Experience adjustment on plan liabilities	(224.64)	1,390.95	(532.13)	1,294.60	225.85
% of plan liabilities	(2.67%)	17.03%	(8.80%)	21.33%	4.55%
Experience adjustment on plan assets	4.72	170.88	(19.77)	6.47	-
% of plan assets	0.05%	2.80%	(0.34%)	0.15%	-

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

## x) Experience Adjustment (unfunded)

Particulars	(₹ in Lacs)				
	2015-16	2014-15	2013-14	2012-13	2011-12
Benefit Obligation	485.91	414.81	327.78	222.14	165.05
Fair Value of plan assets	-	-	-	-	-
Funded status – deficit / (surplus)	485.91	414.81	327.78	222.14	165.05
Experience adjustment on plan liabilities	(35.28)	23.15	35.18	5.45	12.99
% of plan liabilities	(7.61%)	5.58%	10.73%	2.45%	7.87%
Experience adjustment on plan assets	-	-	-	-	-
% of plan assets	-	-	-	-	-

## 34. Derivatives contracts and unhedged foreign currency exposure

### a) Derivatives outstanding as at the reporting date

Derivative	Amount in foreign currency (in Lacs)			Purpose
	Currency	2015-16	2014-15	
Forward contract to sell foreign currency	USD	113.91	123.00	Hedge of foreign currency sales
	USD	116.00	291.00	Hedge of foreign currency highly probable sales
Forward contract to buy foreign currency	USD	80.36	83.22	Hedge of foreign currency purchase
	EURO	3.63	-	Hedge of foreign currency purchase
	USD	27.65	247.51	Hedge of foreign currency buyers credit (capital expenditure)
	EURO	9.08	2.71	Hedge of foreign currency buyers credit (capital expenditure)
	USD	193.76	42.14	Hedge of foreign currency firm commitment - Purchase orders
Cross currency interest rate swaps	USD	11.00	33.00	Hedge of term loan
Principal only swaps	USD	-	31.25	Hedge of term loan
Cross currency interest rate swaps	USD	246.09	30.98	Hedge of foreign currency buyers credit (capital expenditure)
	EURO	33.03	-	Hedge of foreign currency buyers credit
Options contract to buy foreign currency	USD	-	17.18	Hedge of foreign currency buyers credit

### b) Unhedged Foreign exchange exposures

Particulars	Amount in foreign currency (in Lacs)		
	Currency	2015-16	2014-15
Short term borrowing	USD	-	96.20
Trade payable	USD	67.30	56.03
	EURO	11.86	4.51
	JPY	42.11	6.30
	GBP	0.79	-
Trade receivable	USD	99.14	55.20
	EURO	7.97	1.36
	JPY	38.80	-
	GBP	0.77	-
Advances recoverable in cash or kind	USD	5.46	8.68
Interest accrued and not due on borrowings	USD	-	0.40

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

## 35. Related party disclosures:

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

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

- Raychem RPG (Pvt.) Limited (“Raychem”) (Directors, KMP or their relatives are interested)
- KEC International Limited (“KEC”) (Directors, KMP or their relatives are interested)
- Vinar Systems Pvt. Limited (“Vinar”) (Directors, KMP or their relatives are interested)
- B.N. Elias & Co. LLP (“B.N. Elias”) (Directors, KMP or their relatives are interested)
- Atlantus Dwellings & Infrastructure LLP (“Atlantus”) (Directors, KMP or their relatives are interested)
- Chattarpati Apartments LLP (“Chattarpati”) (Directors, KMP or their relatives are interested)
- Allwin Apartments LLP (“Allwin”) (Directors, KMP or their relatives are interested)
- Palacino Properties LLP (“Palacino”) (Directors, KMP or their relatives are interested)
- Amber Apartments LLP (“Amber”) (Directors, KMP or their relatives are interested)
- Swallow Associate LLP (“Swallow”) (Directors, KMP or their relatives are interested)
- Janpragati Electoral Trust (“Janpragati”) (Directors, KMP or their relatives are interested)
- Khaitan & Co. (“Khaitan”) (Directors, KMP or their relatives are interested)
- Mr. Kunal Mundra, (relative of Director) (upto March 31, 2015)
- **Key Managerial Personnel (KMP):**
  - i) Mr. Harsh Vardhan Goenka, Chairman
  - ii) Mr. Anant Vardhan Goenka, Managing Director
  - iii) Mr. Arnab Banerjee, Whole-time Director
  - iv) Mr. Subba Rao Amarthaluru, Chief Financial Officer up to July 22, 2015
  - v) Mr. Manoj Jaiswal, Chief Financial Officer w.e.f. July 22, 2015 (w.e.f. July 20, 2015)
  - vi) Mr. H. N. Singh Rajpoot, Company Secretary.

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

Transactions	Related Party	₹ in Lacs)	
		2015-16	2014-15
Reimbursement / (recovery) of expenses (net)	Raychem	34.46	(26.53)
	KEC	(65.48)	(82.11)
	Atlantus	-	0.60
	Amber	1.90	1.86
	<b>Total</b>	<b>(29.12)</b>	<b>(106.18)</b>
Rent paid on residential premises / guest house	Allwin	15.00	16.85
	KEC	1.04	3.00
	Amber	15.00	15.00
	Atlantus	18.00	18.00
	Chattarpati	43.20	43.20
	Palacino	-	9.04
	B N Elias	12.00	12.00
	<b>Total</b>	<b>104.24</b>	<b>117.09</b>
Building maintenance recovery	Raychem	95.49	107.29
	KEC	430.42	430.42
	<b>Total</b>	<b>525.91</b>	<b>537.71</b>
Rent recovery on residential premises	KEC	42.55	30.12
Purchase of capex / spares	Raychem	111.75	134.96
	KEC	425.16	487.62
	Vinar	150.98	4.32
	<b>Total</b>	<b>687.89</b>	<b>626.90</b>
Legal fees paid	Khaitan & Co.	11.69	55.77
Donations	Janpragati	-	135.00

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

## Balance as at year ended

Amount due to / from related party	Related Party	(₹ in Lacs)	
		As at 31.03.2016	As at 31.03.2015
Advances recoverable in cash or kind	Raychem	2.95	11.49
	KEC	23.74	53.41
	<b>Total</b>	<b>26.69</b>	<b>64.90</b>
Trade payables	B N Elias	-	0.90
	Atlantus	-	1.35
	Raychem	9.71	0.25
	Chattarpati	-	3.24
	Allwin	-	1.28
	Palacino	-	0.68
	KEC	-	2.93
	<b>Total</b>	<b>9.71</b>	<b>10.63</b>
	Payable against purchase of capital assets	Vinar	30.59

## Transactions with key managerial personnel and their relatives:

Sr. No.	Related party	(₹ in Lacs)	
		2015-16	2014-15
1)	Mr. Harsh Vardhan Goenka		
	Commission	571.00	415.40
	Director sitting fees	4.50	3.95
	Dividend paid	28.80	13.40
	<b>Total</b>	<b>604.30</b>	<b>432.75</b>
2)	Mr. Anant Vardhan Goenka		
	Salaries	241.86	209.50
	Allowances and perquisites	7.71	24.34
	Performance bonus*	54.93	81.30
	Contribution to provident and superannuation fund	20.75	19.42
	Dividend paid	3.05	1.42
	<b>Total</b>	<b>328.30</b>	<b>335.98</b>
3)	Mr. Arnab Banerjee		
	Salaries	163.66	152.67
	Allowances and perquisites	0.43	0.44
	Performance bonus*	43.58	49.05
	Contribution to provident and superannuation fund	8.82	7.97
	<b>Total</b>	<b>216.49</b>	<b>210.13</b>
4)	Mr. Subba Rao Amarthaluru		
	Salaries	65.20	205.24
	Allowances and perquisites	-	0.15
	Performance bonus*	33.00	127.95
	Contribution to provident and superannuation fund	4.42	13.70
	<b>Total</b>	<b>102.62</b>	<b>347.04</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

		(₹ in Lacs)	
Sr. No.	Related party	2015-16	2014-15
5)	Mr. Manoj Jaiswal		
	Salaries	82.96	-
	Allowances and perquisites	0.10	-
	Bonus	20.00	-
	Contribution to provident and superannuation fund	4.51	-
	<b>Total</b>	<b>107.57</b>	<b>-</b>
6)	Mr. H. N. Singh Rajpoot		
	Salaries	54.37	51.43
	Allowances and perquisites	0.32	0.37
	Performance bonus*	15.87	15.27
	Contribution to provident and superannuation fund	6.31	5.86
	<b>Total</b>	<b>76.87</b>	<b>72.93</b>
7)	Mr. Kunal Mundra		
	Salaries	-	64.87
	Allowances and perquisites	-	0.15
	Performance bonus*	-	29.43
	Contribution to provident and superannuation fund	-	4.31
	<b>Total</b>	<b>-</b>	<b>98.76</b>
	<b>Grand Total</b>	<b>1,436.15</b>	<b>1,497.59</b>

\*Represents amount paid during the year

The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefit as they are determined on an actuarial basis for the Company as a whole.

Managerial remuneration is computed as per the provisions of section 197 of the Companies Act, 2013

## 36. Segment reporting:

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

The geographical Segments considered for disclosure are in India and outside India. All the manufacturing facilities are located in India. Revenue and receivables are disclosed by location of customers while the other geographical information is disclosed by location of assets

### Secondary segment – Geographical segment

		(₹ in Lacs)	
Particulars	2015-16	2014-15	
<b>A. Revenue by geographical market</b>			
India	4,88,025.21	4,56,497.59	
Outside India	84,335.29	1,19,428.15	
<b>Total *</b>	<b>5,72,360.50</b>	<b>5,75,925.74</b>	
<b>B. Carrying amount of Segment Assets</b>			
India	3,88,801.15	3,40,747.78	
Outside India	25,011.78	41,495.61	
<b>Total</b>	<b>4,13,812.93</b>	<b>3,82,243.39</b>	
<b>C. Additions to Fixed Assets and Intangible Assets</b>			
India	63,816.11	12,070.62	
Outside India	3,088.19	1,291.10	
<b>Total</b>	<b>66,904.30</b>	<b>13,361.72</b>	

\* Segment revenue includes "Total revenue" less "Interest income and Dividend income" included in "Other income".

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

### 37. Other Information:

In the previous year, the Company had allotted 44,94,382 equity shares of ₹ 10 each at a premium of ₹ 880 per equity share aggregating to ₹ 39,999.99 Lacs pursuant to shares issued under a Qualified Institutional Placement (QIP). Out of the total proceeds, the Company incurred ₹ 655.93 Lacs (net of tax) towards issue expenses.

### 38. Utilisation of money raised through Qualified Institutional Placement (QIP):

In the previous year, the Company has raised ₹ 39,999.99 Lacs through Qualified Institutional Placement, specifically to meet its share in the cost of setting up of various expansion projects viz. capacity expansion of Halol plant, specialty tyres project (through its subsidiary company) and two-three wheeler tyres project and also for augmentation of the long term working capital required for business growth.

Particulars	(₹ in Lacs)	
	2015-16	2014-15
<b>Amount utilised during the year :</b>		
1. QIP Expenses (gross of tax)	-	903.02
2. Capacity expansion at Halol plant	9,923.51	6,129.84
3. Specialty Tyres project	10,615.82	427.81
4. Two-Three wheeler project	8,996.07	3,003.93
<b>Unutilised amount at the end of the year</b>	<b>-</b>	<b>29,535.40</b>

Details of short term investments made from unutilised portion of Qualified Institutional Placements raised during the year ended March 31, 2015.

Particulars	(₹ in Lacs)	
	2015-16	2014-15
Investments in mutual funds	-	29,533.41
Bank Balance – Yes Bank	-	1.99
<b>Unutilised amount at the end of the year</b>	<b>-</b>	<b>29,535.40</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

## 39. Information required for consolidated financial statement pursuant to Schedule III of the Companies Act, 2013

Name of the entity	Relationship	FY 2015-16				FY 2014-15				
		Net Assets, i.e. Total Assets minus Total Liabilities		Share in Profit or loss		Net Assets, i.e. Total Assets minus Total Liabilities		Share in Profit or loss		
		As % of Consolidated net assets	₹ in Lacs	As % of Consolidated profit or loss	₹ in Lacs	As % of Consolidated net assets	₹ in Lacs	As % of Consolidated profit or loss	₹ in Lacs	
1	2	3	4	5	6	7	8	9	10	
CEAT Limited	Parent	83.91%	1,73,243.30	95.70%	42,554.64	87.67%	1,47,479.02	92.28%	28,967.34	
Rado Tyres Limited	Indian Subsidiary	0.23%	469.87	-0.16%	-72.88	0.12%	206.44	-0.04%	-13.34	
CEAT Speciality Tyres Limited	Indian Subsidiary	5.76%	11,893.25	-2.50%	-1,109.70	0.76%	1,272.20	-0.10%	-30.65	
Associated CEAT Holding Pvt Limited (ACHL)	Foreign Subsidiary	0.01%	11.72	0.00%	-0.86	0.01%	11.94	0.00%	-0.76	
CEAT AKKHAN limited	Foreign Subsidiary	2.04%	4,209.22	-0.76%	-339.21	2.74%	4,602.52	-2.35%	-736.45	
<b>Minority interest in all subsidiaries</b>										
Rado Tyres Limited	Indian Subsidiary	0.04%	79.90	-0.12%	-51.58	0.08%	131.47	-0.03%	-9.44	
CEAT AKKHAN limited	Foreign Subsidiary	1.52%	3,144.66	-0.29%	-130.65	1.86%	3,135.93	-1.01%	-316.34	
<b>Joint Venture (as per proportionate consolidation / investment as per the equity method)</b>										
CEAT Kelani Holding Company Pvt Limited (CKHL)	Joint venture of ACHL	0.00%	-0.38	-0.62%	-278.98	-0.25%	-415.04	-0.34%	-105.49	
Associated CEAT Pvt Limited (ACPL)	Subsidiary of CKHL	2.04%	4,212.61	2.93%	1,301.87	2.23%	3,755.34	3.87%	1,213.95	
CEAT-Kelani International Tyres Pvt Limited (CKITL)	Subsidiary of CKHL	2.73%	5,631.07	3.18%	1,413.35	2.83%	4,766.56	4.30%	1348.92	
CEAT Kelani Radials Limited (CKRL)	Subsidiary of CKHL	1.04%	2,140.05	2.43%	1,080.51	1.22%	2,059.06	2.97%	933.13	
Asian Tyres Pvt Limited (ATPL)	Subsidiary of CKITL	0.69%	1,417.58	0.23%	100.06	0.73%	1,220.05	0.45%	141.33	
<b>Total</b>		<b>100.00%</b>	<b>2,06,452.85</b>	<b>100.00%</b>	<b>44,466.57</b>	<b>100.00%</b>	<b>1,68,225.49</b>	<b>100.00%</b>	<b>31,392.20</b>	

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2016

## 40. The effect of acquisition of subsidiary

Particulars	(₹ in Lacs)	
	As at 31.03.2016	As at 31.03.2015
Liabilities as at (date of acquisition / disposal)		
Non-current liabilities	-	-
Current liabilities	-	38.34
Assets as at (date of acquisition / disposal)		
Non-current assets	-	717.27
Current assets	-	593.27
Revenue for post-acquisition period	-	0.11
Expenses for post-acquisition period	-	30.46
Profit / (Loss) before tax	-	(30.35)
Profit / (Loss) after tax	-	(29.60)

## 41. Previous year's figures have been regrouped / reclassified, where necessary to conform to current year's classification.

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No.: 324982E

per **Vinayak Pujare**

Partner

Membership Number : 101143

Place : Mumbai

Date : April 27, 2016

**Manoj Jaiswal**

Chief Financial Officer

**H.N.Singh Rajpoot**

Company Secretary

For and on behalf of Board of Directors of CEAT Limited

**H.V.Goenka**

Chairman

**Mahesh Gupta**

Chairman - Audit Committee

**Anant Goenka**

Managing Director

Place : Mumbai

Date : April 27, 2016



# CEAT LIMITED

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

Corporate Identification Number (CIN): L25100MH1958PLC011041

Tel: +91-22-24930621 (B)+91-22-25297423 (F) website: www.ceat.com. E-mail: investors@ceat.in

## ATTENDANCE SLIP

(To be presented at the entrance of the meeting hall duly signed)

<b>Registered Folio No./ DP ID/Client ID</b>	
<b>Name and address of the Member(s)</b>	
<b>No. of Share(s)</b>	
<b>Name of the Proxy/ Authorized Representative (In Block letters)</b>	
<b>Signature of the Member(s)/ Proxy/ Authorized Representative</b>	

I, hereby, record my presence at the 57<sup>th</sup> Annual General Meeting of the Company on Tuesday, August 9, 2016 at 3.00 p.m. at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025.

Note: Please refer to the instructions printed under the Notes of the Notice of the 57<sup>th</sup> Annual General Meeting. The voting period starts from 9.00 a.m. on August 6, 2016 and will end at 5:00 p.m. on August 8, 2016. The voting module shall be disabled by CDSL for voting thereafter.

# CEAT LIMITED

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

Corporate Identification Number (CIN): L25100MH1958PLC011041

Tel: +91-22-24930621(B) +91-22-25297423(F) website: www.ceat.com. E-mail: investors@ceat.in

## FORM NO. MGT-11

### PROXY FORM

[Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19 (3) of the Companies  
(Management and Administration) Rules, 2014]

**CIN:** L25100MH1958PLC011041

**Name of the Company:** CEAT Limited

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

<b>Name of the Member(s):</b>		
<b>Registered Address:</b>		
<b>Email Id:</b>		
<b>Folio No.:</b>	<b>DP ID/Client ID:</b>	

I/ We, being the Member(s) of \_\_\_\_\_ share(s) of the above named Company, hereby appoint;

- Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_  
Signature: \_\_\_\_\_ or failing him/ her
- Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_  
Signature: \_\_\_\_\_ or failing him/ her



3. Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 E-mail Id: \_\_\_\_\_

Signature: \_\_\_\_\_ or failing him/ her  
 as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 57<sup>th</sup> Annual General Meeting of the Company, to be held on Tuesday, August 9, 2016 at 3.00 p.m. at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai- 400 025 and at any adjournment thereof in respect of such resolutions as are indicated below:

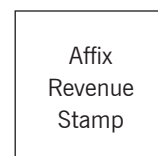
Resolution No.

- 1 Adoption of:
  - a. the Audited Financial Statements of the Company for the financial year ended March 31, 2016, together with the Reports of the Board of Directors and the Auditors thereon; and
  - b. the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2016, together with the Report of the Auditors thereon.
- 2 Confirmation of the Interim Dividend paid by the Company, as final dividend for the financial year ended March 31, 2016.
- 3 Re-appointment of Mr. Arnab Banerjee (DIN: 06559516) as a Director of the Company.
- 4 Ratification of the appointment of Statutory Auditors of the Company.
- 5 Appointment of Mr. Paras K. Chowdhary (DIN: 00076807) as an Independent Director of the Company.
- 6 Ratification of remuneration payable to Messrs N. I. Mehta & Co., Cost Auditors of the Company.
- 7 Approval for making offer(s) or invitation(s) to subscribe secured/unsecured, non-convertible debentures/bonds or such other debt securities ("debt securities") through private placement basis in one or more series/tranches, not exceeding ₹ 500 Crores (Rupees Five Hundred Crores only).

Signed this ..... day of ..... 2016

Signature of the shareholder: \_\_\_\_\_

Signature of Proxy holder(s): \_\_\_\_\_



Signature across the stamp

Note: This form in order to be effective should be duly completed and deposited at the Registered Office of the Company situated at 463, Dr. Annie Besant Road, Worli, Mumbai 400 030, not less than 48 hours before the commencement of the Meeting.

# THE GAME IS ON!





CEAT LIMITED  
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