CEAT

Safer.
Smarter.
Sustainable.

CEAT LIMITED
Integrated Annual Report 2019-20

RPG

About RPG Group

Established in 1979, the RPG Group is a diversified conglomerate with interests in the areas of tyres, infrastructure, information technology, pharmaceuticals, energy and plantations. Founded by Dr. R. P. Goenka, the Group's lineage dates back to the early 19th century. Today, the group has several companies in diverse sectors and the most prominent among them being CEAT, KEC International, Zensar Technologies, and RPG Life Sciences. Built on a solid foundation of trust and tradition, the RPG name is synonymous with steady growth and high standards of transparency, ethics and governance.

hello **happiness**

Happiness is intrinsic to life at RPG. Be it in our product innovations, people policies, business practices or in our community outreach programmes. Our Vision tenets clearly outline the path we traverse – to be an organisation where imagination creates a new future and happiness drives us to achieve more.

"hello happiness", is a bold statement that helps us open our doors to a world of opportunities and possibilities; a statement that signifies our intent to touch and enrich the lives of others, and work collectively towards a common goal that makes each of us rise beyond our limitations.

'Making Mobility Safer & Smarter. Every Day.' is the ethos the Company lives by to create a sustainable future.

From its products to its processes, CEAT has constantly evolved to adapt to a dynamic environment, while remaining committed to its endeavour of making mobility safer and smarter. CEAT has continued to focus on leveraging technology to invent for the future, build a vibrant workplace for its people and uplift the communities in which it operates. This has helped the Company deliver value to its investors and thrive in a competitive business landscape.

The safety of its customers and employees is of paramount importance to CEAT and is reflected in its product offerings and safe workplace. Embracing digitisation has been the driving force behind the Company's efforts to optimise its operations. The Company believes in sustainable conduct of operations. The increased focus in areas of Environment, Social and Governance (ESG) norms and all efforts in this direction are helping the brand minimise its environmental impact and propel positive change with the community interventions towards making communities self-sufficient, healthy and prosperous.

CEAT is happy to commence its journey of **Integrated Reporting** highlighting the Company's ESG performance, which is the first step towards enhancing the value it generates for all its stakeholders. The Company believes that this will offer deeper insight that will help create greater shared value, getting one step closer towards a world that is **Safer**, **Smarter** and **Sustainable**.

Safer

Smarter

Sustainable

CEAT on Social Media:

- @ceattyresindia
- @CEATtyres
- @ceat_tyresindia
- Ceattyres2010
- ceat-tyres-limited

Scan this code with a QR reader app on your smartphones or tablets to access this Integrated Annual Report.

For more details, please visit www.ceat.com

Index

Safer. Smarter. Sustainable.

From its products to its processes, an unwavering commitment to safer and smarter mobility defines the strength of CEAT. It propels the company to define new ways of working, create innovative products and ensure sustained value creation for its diverse stakeholders.

CEAT has constantly evolved to adapt to a dynamic environment, which has not only translated into enhanced product offerings, but also digital adoption, which has been the driving force behind the Company's efforts to optimise its operations, To create a distinctive identity, CEAT understands the need to resort to smarter solutions.

The safety of its end users remains a prime concern for CEAT which has been a driving force behind the Company's efforts to optimise operations. It is also motivating the company to tirelessly lay the foundations for a secure working environment, with a greater emphasis on the health and safety of its employees.

As the world continues to recover amidst chaos, CEAT is adopting disruptive solutions recognising the formidable future, with the need to be productive, proactive and proficient. CEAT's persistent efforts to seek innovative outcomes is reflected in its endeavour to embrace technological interventions and advanced manufacturing capacities, coupled with a growing acceptance of digital tools. It allows the Company to successfully thrive in a competitive environment while increasing its focus on the natural environment as well the surrounding communities, encouraging it to nurture a safer and sustainable world.

Integrated Reporting offers a chance to highlight CEAT's ESG performance, and is yet another step by the Company to enhance the value it generates for all its stakeholders. Never one to rest on its laurels, CEAT believes that this journey will offer deeper insight that will help it create greater shared value, taking us one step closer towards a world that is **Safer**, **Smarter** and **Sustainable**.

ABOUT THE REPORT

CEAT is a leading tyre manufacturer in India, having market presence across the world. It has been publishing annual reports since its inception and this is its 61st report. For the Financial Year 2019-20 (FY 20), the Company has developed its first Integrated Annual Report, based on the International Integrated Reporting Council's (IIRC) <IR> Framework. The IIRC is an international coalition of various industry stakeholders that encourages organisations to communicate their value creation over time. CEAT has embarked on this journey to communicate its integrated thinking and how its business creates sustained value for stakeholders.

Approach to Reporting

This maiden integrated report covers qualitative and quantitative disclosures of CEAT's performance across the six capitals that form the <IR> Framework. It summarises the Company's business strategy, risk management framework, corporate governance and information as per relevant statutory requirements. The report also showcases how the organisation efficiently manages its resource allocation across all six capitals, which has also been captured in its business model. It reflects the importance given to long-term value creation by the Company through its stakeholder relationships, organisational culture and risk management in the face of a dynamic external environment. The contents of this report are based on important Environmental, Social and Governance (ESG) aspects, which have been identified through a stakeholder engagement and materiality assessment exercise. Through this report, CEAT aims to communicate its approach to value creation and performance in FY 20.

This report has been prepared in accordance with the GRI Standards: Core option. In addition to the <IR> Framework, it is also aligned with:

- National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business
- UN Sustainable Development Goals (SDGs)
- UN Global Compact (UNGC) Principles

Report Scope and Boundary

This report covers information on the financial and non-financial performance of CEAT's business operations in India for the period April 1, 2019 to March 31, 2020.

Responsibility Statement

The Management of CEAT has reviewed and approved the contents of this report, based on robust data management systems and interactions with key internal business functions. Therefore, the Management believes that this report reasonably represents the Company's ESG performance for the reporting period.

In this Annual Report, CEAT has disclosed forward-looking information to enable investors to comprehend its prospects and make investment decisions. This Report and other statements - written and oral - that are periodically made contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. The Company has 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. CEAT cannot guarantee that these forward-looking statements will be realised, although it believes that it has been prudent in its assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. CEAT undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

Statutory Audit

Financial information of statutory nature contained in this report has been externally audited as per the regulatory requirements of India by S R B C & CO LLP. The audit statement can be found in the sections Standalone Financial Statements with Auditor's Report and Consolidated Financial Statements with Auditor's Report of this report.

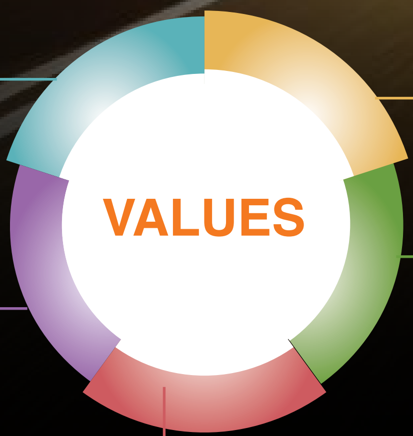
Feedback

Feedback from the stakeholders is sought to help address their challenges and report on material topics that encapsulate their key concerns. Any feedback or suggestions or any stakeholder concerns can be communicated to the Company Secretary, Ms. Vallari Gupte on **cs@ceat.com**.

CEAT at a Glance

Headquartered in Mumbai, CEAT was founded in 1958, and is one of India's leading tyre manufacturers. It has six manufacturing locations across India and a strong reach in global markets, with exports to more than 100 countries. This year CEAT produced more than 35 Million high-performance tyres, catering to various segments like 2/3 Wheelers, Passenger and Utility Vehicles, Commercial Vehicles and Off-Highway Vehicles.

CEAT's customer-centric culture is governed by its core values.



C **Challenger**
Innovative and agile

A **Aspiration-Led**
Purpose-led, passion for superior performance and walking the extra mile

O **Openness**
Approachable, open and boundary-less

I **Integrity**
Being authentic, transparent and keeping commitments

I **Result Obsession**
Passion, high energy, speed and collaboration

TOUCHING SHORES BEYOND BORDERS

Map not to scale

LEAVING A TRAIL

1958
Bhandup, Mumbai
Truck Bus Bias, Off-Highway Tyres

1973
Nashik,
Light Truck Bias, Truck Bus Bias and Off-Highway Tyres

2009
Halol,
Passenger Car Radial, Truck Bus Radial Tyres

2016
Nagpur,
2-Wheeler Tyres

2017
Ambernath, (CSTL)
Off-Highway Radial Tyres

2020
Chennai,
Passenger Car Radial Tyres

IN THE SPOTLIGHT

Financial capital

₹ 6,581 Cr.
Standalone revenue

10.72%
Standalone EBITDA margin

Manufactured capital

35 Mn.+
Tyres produced

120+
New products lauched (by CEAT & CSTL)

Intellectual capital

76
Cumulative patent applications filed

1.77%
R&D spend as a percentage of sales

Human capital

6,474
Permanent employees

9.1%
Permanent women employees

Natural capital

1,427 GJ
Renewable energy consumed

6,906 tCO_2e
Emissions avoided

Social and relationship capital

38,000+
Lives impacted under various CSR activities

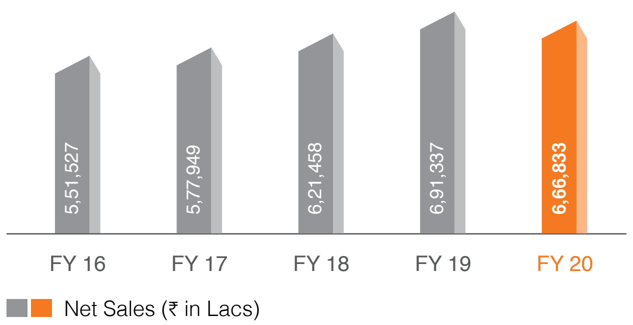
99%
Customer complaints resolved

CEAT ranked 35th amongst India's 100 best companies to work for

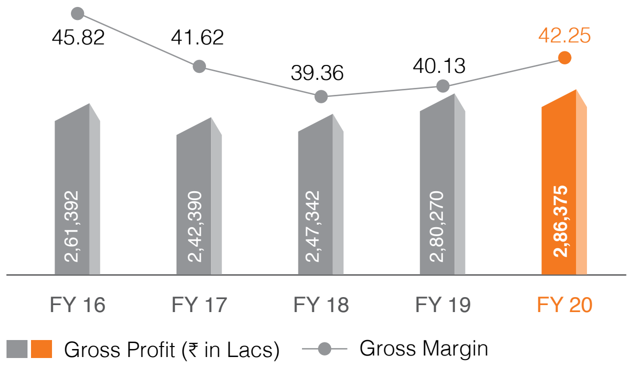
Great Place To Work®
Certified
APR 2020–MAR 2021
INDIA

Prudent Performance (Consolidated)

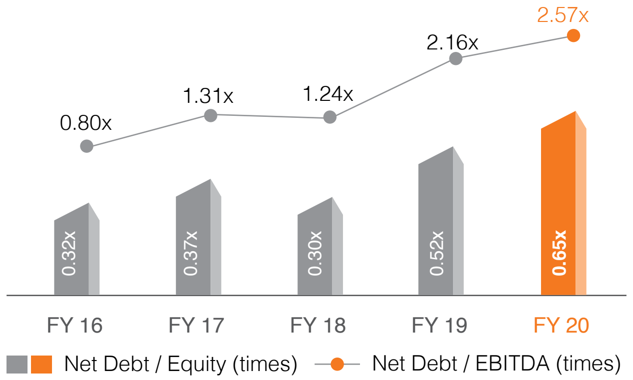
Net Sales



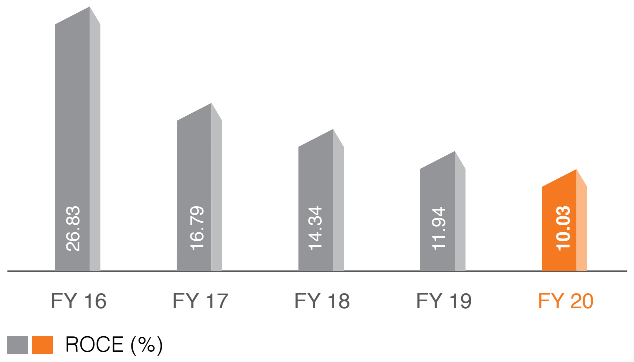
Gross Profit and Gross Margin (%)



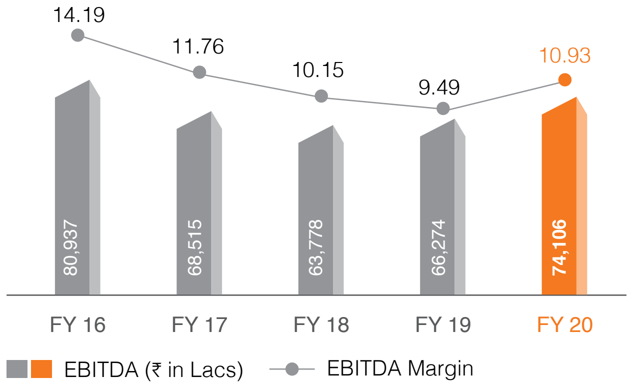
Net Debt/Equity and Net Debt/EBITDA



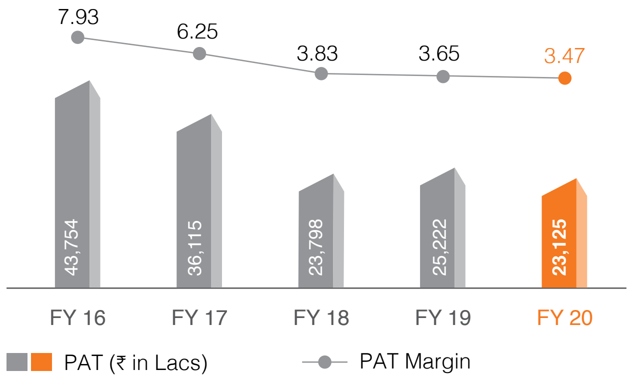
ROCE



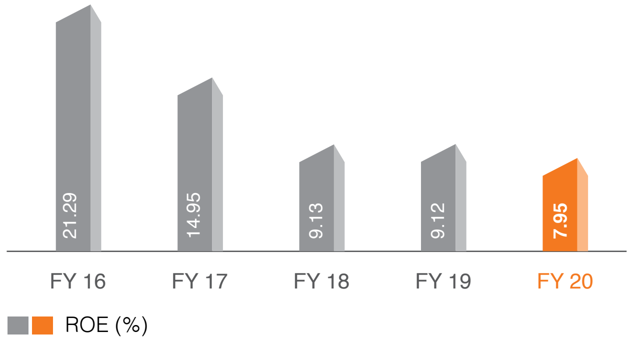
EBITDA[1] and EBITDA Margin (%)



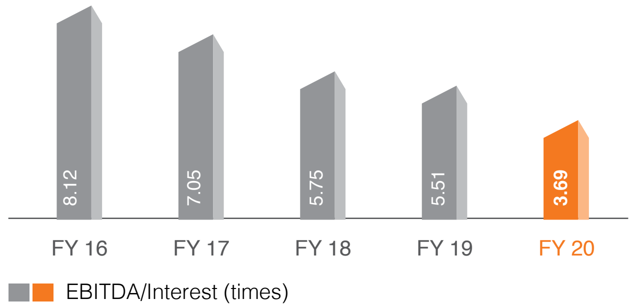
PAT[2] and PAT Margin (%)



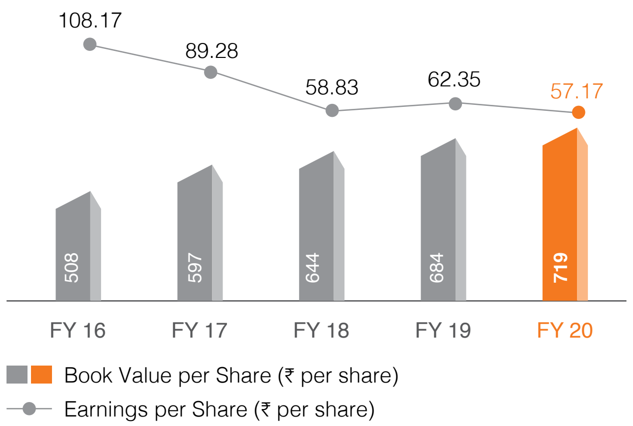
ROE



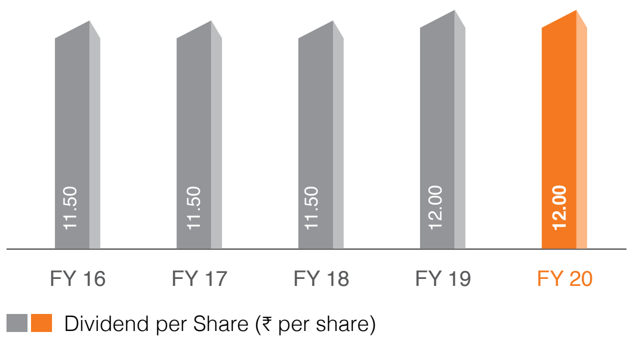
EBITDA/Interest[1]



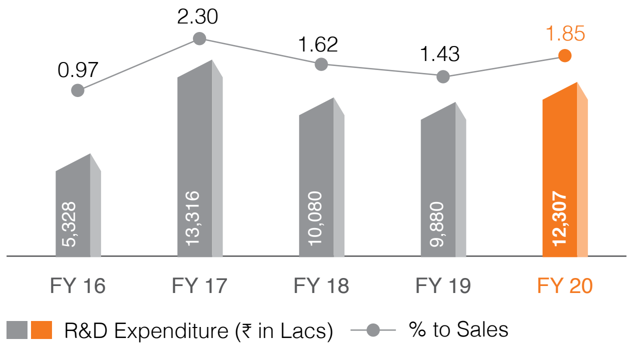
Book Value per Share and Earnings per Share



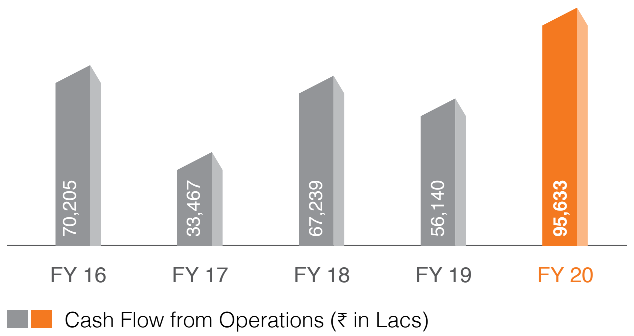
Dividend per Share



R&D Expenditure



Cash Flow from Operations



[1]EBITDA excludes Non-Operating income. I [2]PAT is considered after minority interest

[1] Interest amount includes interest capitalised during the year

Chairman's Message

> CEAT has looked beyond business and has been a strong force in the fight against COVID-19, lending support to frontline workers, migrant labour and also strengthening sanitisation and healthcare infrastructure in India.

Dear Shareholders,

The automobile sector has seen considerable amount of turbulence over the past several months due to a series of events, the most recent being the global pandemic. These are testing times not only for businesses around the world, but also for humanity in general and we believe that in this adversity, reside numerous opportunities to innovate and serve our customers better. Besides improvements to its core processes, CEAT is exploring new business models with a sharp focus on efficiency and sustainability. CEAT's Purpose of 'Making Mobility Safer & Smarter. Every Day.' is closely aligned with all initiatives.

We are leveraging our strong R&D capabilities to reduce fuel consumption, enhance safety and durability of our products, and are reimagining processes to ensure seamless delivery during challenging times such as the present. During the year, we started production at our newest greenfield plant in Chennai and enhanced capacities in some of our other facilities. In keeping with our ESG goals, CEAT is integrating sound environmental practices into its business, which already comprises of a robust governance framework and socially responsible policies and initiatives. We are also harnessing technology and digital capabilities to change the way we do business. We have taken significant steps to ensure the wellbeing of our personnel, dealers, customers and communities during these difficult times.

As India grapples with an unprecedented pandemic, CEAT has looked beyond business and has been a strong force in the fight against COVID-19, lending support to frontline workers, migrant labour and also strengthening sanitisation and healthcare infrastructure in India. With distinguished strengths, a growth mindset and aspiration to touch lives of all our stakeholders, we move forward with confidence as the world adapts to a new normal.

H. V. Goenka
Chairman

> We are leveraging our strong R&D capabilities to reduce fuel consumption, enhance safety and durability of our products, and are reimagining processes to ensure seamless delivery during challenging times such as the present.

MD's Message

> Embarking on the Integrated Reporting journey, CEAT not only hopes to showcase our Environmental, Social and Governance (ESG) performance, but also work on these aspects in earnest.

Dear Shareholders,

Mobility's role in supporting the economy – and arguably, life itself – cannot be overstated. Whether it is delivering life-saving products and services where they are most needed or taking people closer to their loved ones, CEAT is proud to shoulder this responsibility. In today's post-pandemic world, our purpose of 'Making Mobility Safer & Smarter. Every Day.', is more relevant than ever. Through this report, titled '**Safer. Smarter. Sustainable.**', we hope to demonstrate concerted efforts to leverage our unique strengths and capabilities to create value for all our stakeholders.

One of the key tenets upon which our business is built is a commitment to ensuring safety. Our top priority during the pandemic is the safety of our people and partners. We have equipped all our factories to be 'COVID-19 safe' through social distancing and sanitisation of our facilities. In keeping with our commitment to safety, our products also include tailor-made solutions to address the unique safety concerns of the different markets we operate in. In the 2 Wheeler segment, for instance, the most pressing need for the Indian consumer is strong grip on the road for the purpose of safety. We fulfil this need by ensuring the best-in-class braking distance and cornering on wet and dry road conditions. Another one of our key roles is to continuously invent for our customers. We recently launched Puncture-Safe Motorcycle Tyres for the Indian market, where puncture resistance is becoming ever more important as one of the biggest worries of the bike riders is getting stranded on the road. We continue to invest in Research and Development (R&D) in areas such as green technology, nanotechnology, advanced material and novel processing. Moreover, our safety-first approach extends to our operations, which ensure occupational health and safety through a robust framework comprising of risk identification and mitigation, trainings and certifications. As a recognition of our safety efforts, the British Safety Council conferred the 'Sword of Honour', one of the highest safety awards, upon us.

Our people are our most important asset. We truly believe that people excel when given freedom and a purpose beyond making money. Our policies are amongst the most liberal in the corporate world, with no formal working hours, options of working from home even before the pandemic hit us, and care for our people's health and their families. We recently appointed a Chief Fitness Officer, who helps ensure the physical wellbeing of our people. We have also tied up with mental health specialists in light of the pandemic. Diversity and inclusion in CEAT goes well beyond gender diversity to include people with disabilities and those from different educational backgrounds. All this has helped strengthen CEAT's position as an employer of choice, boosting our Great Place to Work® rank to 35, up from 67 in the previous year.

Today, all companies have been impacted by digitisation and we would like to be at the forefront of digital adoption. In our factories, we have been able to supplement our TQM (Total Quality Management) thinking with digital solutions to be even more efficient and consistent. Partnerships and learning from the outside are extremely important, and to do the same, we launched a start-up competition 'Excellerator' to boost innovation in the areas of connected, shared and tech-enabled fleet management. The initiative provided winners with funding and mentorship, along with access to CEAT's wide-reaching business network.

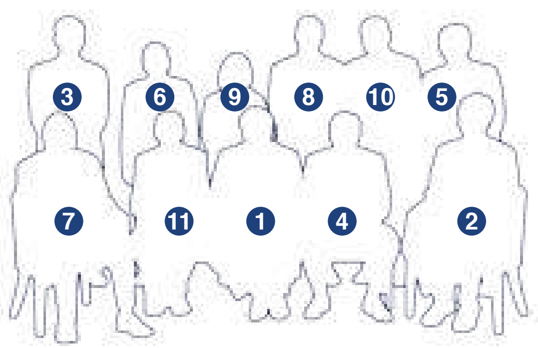
The work that I feel most proud about is the work we do for society. In the reporting year, we continued to impact people's lives through efforts in areas like health, hygiene, providing clean drinking water, road safety, women's empowerment, and skills training for employability. As the country came to a grinding halt due to the COVID-19 pandemic and ensuing lockdown, CEAT focussed its efforts on various fronts that demanded immediate attention. This included the provision of Personal Protective Equipment (PPE) kits, gloves and masks, and dry rations and hot meals to those in need. The Company also undertook truck sanitation drives to ensure the seamless delivery of essential goods in these uncertain times. Recognising the need for strengthening healthcare infrastructure, CEAT funded a start-up to develop a low-cost prototype of a ventilator and leveraged its own prowess to build COVID-19 testing booths for hospitals. In line with the Company's commitment to safety, July 2020 also saw the launch of the GoSafe S95 face mask to help bridge the PPE gap.

Climate change is one of the most serious issues that we face and we believe it is our responsibility to play an essential role in this space, especially considering the sector that we operate in. Therefore, as part of a concerted effort to make the shift to renewable energy, CEAT has collaborated with Greenzest Solar for a captive solar power for its plant in Nashik. We are also launching tyres for electric vehicles, utilising sustainable raw materials like re-used rubber and silica, and optimising packaging and processes to reduce the overall environmental impacts of mobility.

The near future is not devoid of challenges. However, the changing mobility landscape, a global supply chain shift and growth in Indian rural and semi-urban markets present a wealth of opportunity for the Company. We are confident that our commitment to safety and digitisation, culture of freedom and transparency, R&D expertise and strong alliances have positioned us to win the marketplace. Embarking on the Integrated Reporting journey, CEAT not only hopes to showcase our Environmental, Social and Governance (ESG) performance, but also work on these aspects in earnest. We believe that this will take us further on our journey towards excellence and allow us to channel our extensive reach to create a world that is inclusive, sustainable and prosperous.

Anant Goenka
Managing Director

Board of Directors



COMMITTEES OF THE BOARD OF DIRECTORS

Audit Committee	■
Finance and Banking Committee	■
Risk Management Committee	■
Corporate Social Responsibility Committee	■
Nomination and Remuneration Committee	■
Stakeholders' Relationship Committee	■

Chairman ★

1. **Mr. H. V. Goenka** ■
   Chairman
2. **Mr. Anant Goenka** ★★
   Managing Director
3. **Mr. Arnab Banerjee** ■
   Chief Operating Officer
4. **Mr. Atul C. Choksey**
   Independent Director
5. **Mr. Haigreve Khaitan**
   Independent Director
6. **Mr. Mahesh S. Gupta** ★★★■
   Independent Director
7. **Mr. Paras K. Chowdhary** ■■■■
   Independent Director
8. **Mr. Pierre E. Cohade**
   Non-executive Director
9. **Ms. Punita Lal** ■
   Independent Director
10. **Mr. Ranjit V. Pandit**
    Independent Director
11. **Mr. Vinay Bansal** ■■■■★
    Independent Director

Corporate Information

EXECUTIVE COMMITTEE

Mr. Anant Goenka
Managing Director

Mr. Arnab Banerjee
Chief Operating Officer

Mr. Dilip Modak
Sr. Vice President- Manufacturing

Mr. Kumar Subbiah
Chief Financial Officer

Mr. Milind Apte
Sr. Vice President- Human Resources

Mr. Peter Becker
Sr. Vice President- R&D and Technology

Mr. Saurav Mukherjee
Sr. Vice President – Global Sales

Mr. Vijay Gambhire
Managing Director - CSTL

COMPANY SECRETARY AND COMPLIANCE OFFICER

Ms. Vallari Gupte

AUDITORS

S R B C & CO LLP

SECRETARIAL AUDITORS

Parikh & Associates

COST AUDITORS

D.C. Dave & CO.

REGISTRAR AND TRANSFER AGENTS

TSR Darashaw Consultants Private Limited

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

BANKERS

Axis Bank Limited

Bank of Baroda

Bank of India

Citibank N.A.

Citicorp Finance India Limited

HDFC Bank Limited

ICICI Bank Limited

Kotak Mahindra Bank Limited

RBL Bank Limited

State Bank of India

The Hongkong and Shanghai Banking Corporation Limited

Yes Bank Limited

CEAT LIMITED

CIN: L25100MH1958PLC011041

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

Website: www.ceat.com

Email: investors@ceat.com

Plants:
- Subhash Nagar Road, Bhandup (West), Mumbai, Maharashtra - 400 078
- 82, MIDC, Satpur, Nashik, Maharashtra - 422 007
- Village Getmuvala, Taluka Halol, Dist. Panchmahal, Gujarat - 389 350
- Plot No.SZ-39, MIDC, Butibori, Nagpur, Maharashtra - 441 108
- Village Sriperumbudur, Kannanthangal, Maduramangalam, District Kancheepuram, Tamil Nadu - 602 108
- Plot No G-2, Village - Bohonoli, Ambernath MIDC, Ambernath East, Maharashtra - 421 506 (CSTL)

Memorable Milestones

Ranked **35th amongst India's 100 best companies to work** for by the Great Place to Work® Institute

Ranked among **top 20 companies having innovative diversity policies and practices** by DivHERsity Award 2020

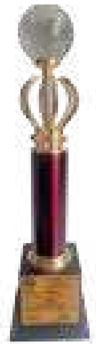
Awarded Silver for the **Bachao Tyre Exchange Offer campaign** in exchange4media Prime Time Awards

Bagged TISS Leapvault CLO Award for **Learning & Development (L&D) Team of the Year and Best Diversity & Inclusion Training Programme**

Awarded as the **Best Investor Relations Team** for the second year in a row by IR Magazine and Forum

Awarded for **Best Risk Management Framework and Systems** in Auto Ancillary segment from CNBC-TV18

Won prestigious CII Award for the **Most Innovative Business Practice in Customer Experience** for e-Claim



Top Export Award by All India Rubber Industries Association for **Excellence in Export** for FY 2018-19

Awarded Gold in **Best Use of AI/ML** category and Silver in **Best Use of Technology** category at the ET DigiPlus Awards

Awarded for **Best Innovation in Employee Engagement** and **Best Use of Technology and Employee Engagement** at Employee Engagement Summit and Awards 2020

Recognised amongst the **top 30 manufacturing workplaces in India** by Great Place to Work® institute

Bagged Campaign India Digital Crest Award 2019 for **Leveraging Blockchain Technology to Reduce Ad Fraud**

Value Creation Model

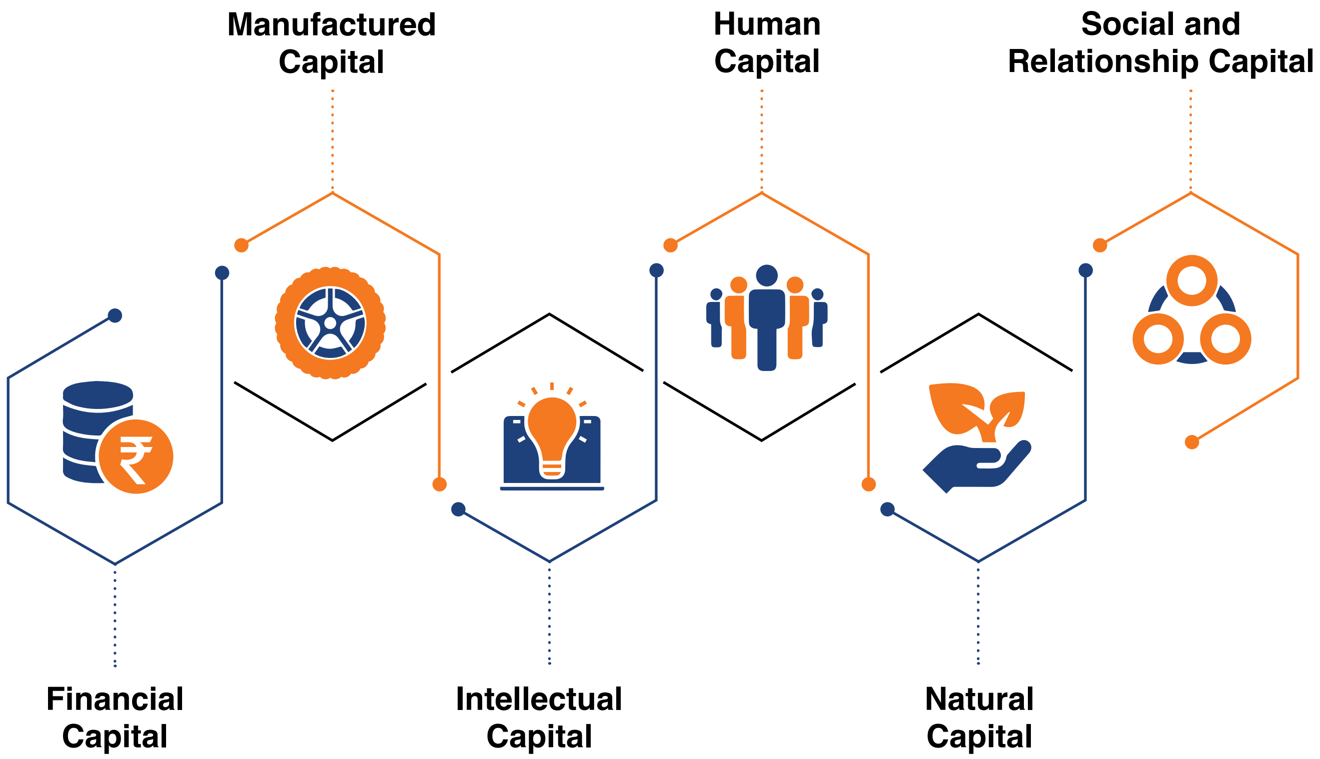
As one of India's leading tyre manufacturers, CEAT is committed to managing its environmental footprint and creating sustained value for its stakeholders. The Company's approach to value creation centres around creating safer, smarter and sustainable products, and can be tailored to meet future challenges and opportunities.

The business model forms the foundation of CEAT's value creation story. It represents how the six capitals are managed to transform inputs to outcomes, in line with the organisation's strategic goals and purpose of 'Making Mobility Safer & Smarter. Every Day'. This model also illustrates how it conducts business to create value for all stakeholders in a responsible and sustainable manner.

The intent is to provide insight into the overall strategy, which is the driving force behind CEAT's ability to create short, medium and long-term value.

The Company's differentiators, like its talent pool and strong R&D, are the inputs that are fed into the system. Coupled with strategic pillars, its business activities help convert these inputs to outputs in the form of products and value-added services. These outputs eventually lead to internal and external outcomes, such as a wider range of products, greater customer satisfaction and an effective supply chain.

The interlinkages between the capitals demonstrate how different elements come together to meet stakeholder requirements.



STRATEGY, RISKS AND OPPORTUNITIES

CEAT is one of the most respected and renowned tyre brands in India and across the globe. The Company's strength lies in its deep distribution, ability to convert customer insights into innovative products and brand strength. The passenger segment in India is ripe for growth, as increasing wealth is leading to people opting for personal mobility. Resounding success in the 2W segment, combined with investment in service and value addition for fleet owners, is expected to translate into success in the passenger and utility vehicle segments as well.

CEAT's strategic framework consists of six pillars:

CEAT operates in a business environment involving dynamic customer demands. Given the scale and geographic spread of operations, it is imperative for the Company to mitigate inherent risks and identify possible opportunities while accomplishing growth plans with the help of a resilient strategic framework.

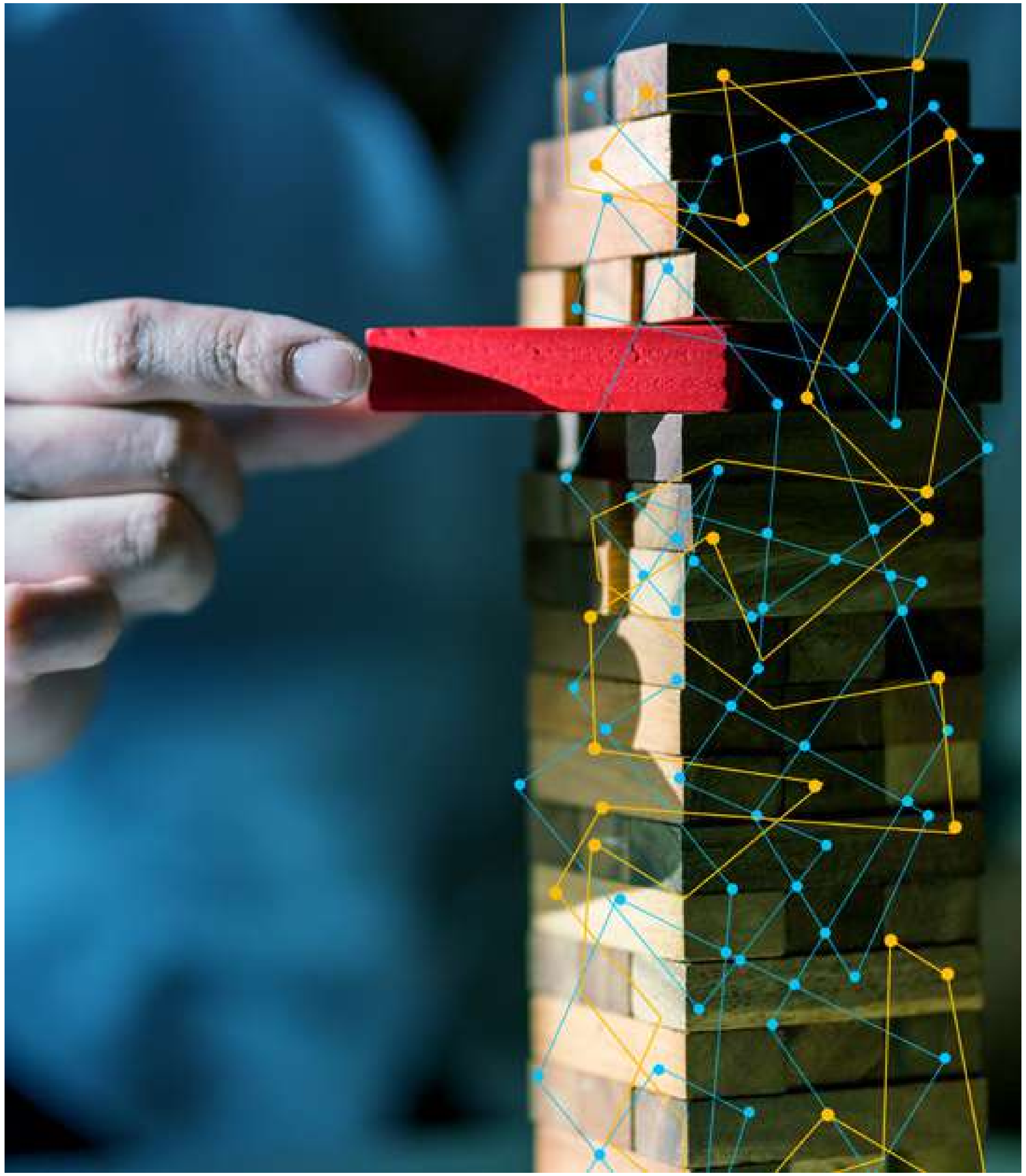
FY 20 was a challenging year for the automobile sector at large. This was due to a decline in customer demand of automobiles, resulting in production shutdowns by various original equipment manufacturers (OEMs). The end of the year also saw the COVID-19 pandemic, which led to various countries going into lockdown, and a consequent global economic slowdown. CEAT's values and strategic framework have helped it deal with this challenging landscape.

CEAT has adopted a robust Enterprise Risk Management framework. It is designed keeping in mind the external challenges and appropriate internal decision-making processes to mitigate those challenges. The risk management process begins with identification of risks followed by assessment of their impact with the help of past trends and future projections. The impacts of identified risks are analysed to develop suitable mitigation measures. Mitigation measures are implemented and the impact of risks are monitored at a regular interval. In addition to the identified risks, the risk management process also involves monitoring of emerging risks.

The Risk Management Committee is one of the important component of internal control systems at CEAT. The committee is responsible for review of business risks, including strategic, operational, financial, cyber security and compliance risks. The Committee also approves the mitigation plans and monitors the implementation and progress at a regular interval.

Key risks identified during the reporting period, along with respective mitigation measures, are as stated in the table below. A detailed explanation of our risk management approach is provided in the Management Discussion and Analysis section of this report.

Value Creation Model



Risks Identified

01 Competition

Mitigation Measures

- Channel expansion.
- Enhanced after-sales service.
- Superior quality of products along with warranty.
- Technology, branding and reach, coupled with deep domain knowledge.
- Strong and long-standing relationships with OEMs.
- Developing new products.
- Entry into new market segments.

Risks Identified

02 Radialisation

Mitigation Measures

- Conversion of truck and bus bias tyre capacities into non-truck segments.
- Foreign market penetration to fully utilise bias tyre capacity.
- Increasing radial tyre manufacturing capacity.

Risks Identified

03 High Investment Risk

Mitigation Measures

- Periodic sensitivity analysis.
- Phased investment planning.

Risks Identified

04 Raw Material Price Volatility

Mitigation Measures

- Strengthening relationships with suppliers.
- Exploring wider supplier base.

Risks Identified

05 Cyber Security Risk

Mitigation Measures

- Periodic cyber risk assessment.
- Preventive and detective measures to mitigate cyber risks.
- Improving robustness of systems and IT platforms.
- Business continuity plan for IT platforms.

Risks Identified

06 Business Disruption, due to external factors such as COVID-19

Mitigation Measures

- Impact analysis of disruption caused.
- Re-assessment of revenue and expenditure projections.

CEAT has also adopted a process to continuously monitor the dynamic business environment and leverage business opportunities. The Company has developed long-standing and strong relationships with its distributors across the domestic and international markets. These relationships are instrumental in understanding latest developments in respective markets and identifying business opportunities.

CEAT's extensive distribution network of more than 3,000 dealers and more than 250 two-wheeler distributors has been instrumental in reaching a wide consumer base. The Company exports its products to more than 100 countries across the globe. These countries are segmented into seven clusters for ease of operations and to gain customer-centric strategic inputs, which are used to devise focussed product and distribution strategies. As a result of its concerted efforts, the Company has become a market leader in Sri Lanka, with more than 50% market share during the reporting period. Meanwhile, strategic associations with the likes of the Indian Premier League and 'Dadagiri' have helped improve the Company's brand equity, which is further strengthened by its efforts towards improving its social and relationship capital. In addition to this, the Company has a structured stakeholder engagement framework, which helps them understand concerns from respective stakeholder groups and address them appropriately.

During the reporting period, the Company developed products specific to new entrants in the market. It was also able to strengthen its foothold across OEMs by developing tyres suitable for existing models. Stressing on innovation as part of its intellectual capital has played an invaluable role in the Company differentiating its key products.

CEAT has a state-of-the-art R&D facility in Halol, Gujarat. Moreover, its R&D center in Germany has helped combine the Company's own expertise and experience with a global technology capabilities for best results.

With the help of upgrades in technology, improvement in processes and digitisation, the Company focuses on developing products for new and premium market segments. The product design is carried out with focus on quality and performance parameters. As a result, the product series launched in Europe have been able to meet the stringent performance requirements of European markets. This approach has helped CEAT leverage its capabilities to become one of the leading players in global market.

Value Creation Model

The business model forms the basis for the entire report, and is aligned with our strategy, risks and opportunities, and performance. Other factors that impact the functioning of the business model are the organisation's key stakeholders and external environment.

The business model clearly outlines how CEAT's strategic objectives are aligned with the six capitals of the <IR> framework. These capitals – along with the inputs, outputs and outcomes associated with them - are as presented below.

External Environment

Risks and Opportunities

Key Business Drivers

Long-Term Value

INPUTS

Financial Capital
- Equity
- Cash flow from operations
- Gross debt

Manufactured Capital
- Installed capacities
- Smart facilities
- Safe, reliable and lean process

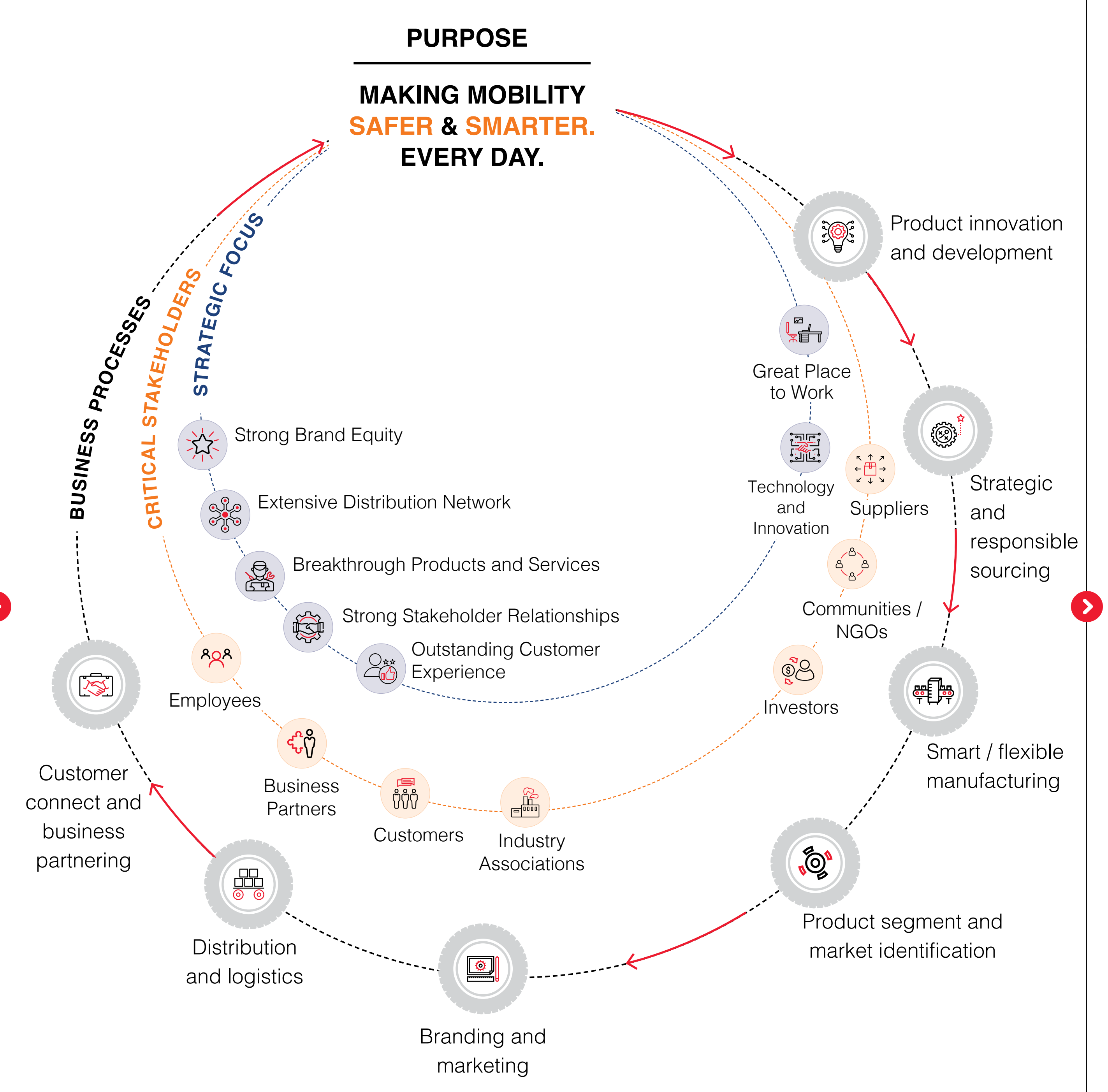
Intellectual Capital
- R&D facilities
- R&D spend
- Digital initiatives
- Skilled resource pool
- Process excellence

Human Capital
- Diverse talent pool
- Employee engagement
- Employee health, safety and wellbeing
- Capability building

Natural Capital
- Green procurement
- Energy management
- Water management
- Environment management system
- Waste management

Social and Relationship Capital
- Community initiatives
- Customer centricity
- Sports partnerships
- Collaboration with channel partners / vendors / suppliers
- Employee engagement

BUSINESS ACTIVITIES



OUTPUTS

Financial Capital
- Revenue
- EBITDA
- PAT
- Dividend payout ratio
- Capital expenditure

Manufactured Capital
- Key category production
- Wide product range

Intellectual Capital
- Patent applications filed
- New products developed
- Intangible assets worth
- Quality innovations
- New OEM entries

Human Capital
- Employee productivity
- Strong succession
- Employee wellbeing / safe workplace

Natural Capital
- Total material recycled
- Specific energy consumption
- Waste generated and recycled
- Specific water consumption
- GHG emission reduction

Social and Relationship Capital
- Lives impacted
- Wider customer base
- Effective supply chain

OUTCOMES

- Shareholder value creation
- Improved credit rating
- Efficient working capital management
- Optimal capital structure
- Capacity expansion

- Planned and timely expansion to meet economies of scale
- Consistently safe and high quality products
- Reduction in rejection of products

- Customer satisfaction
- Business excellence
- Strong OEM relationships
- Leader in innovation
- Diversified product portfolio

- High performance culture
- Aspirational employer brand
- Quality of Life

- Reduced environmental footprint
- Improved relationships with communities and neighbouring industries
- Proactive environmental sustainability plan
- Cost saving due to sustainability initiatives

- Brand recognition
- Deep relationships with partners
- Stronger community relationships
- Improved industrial relations
- Better NPS
- Community satisfaction score

Stakeholder Engagement and Materiality Analysis

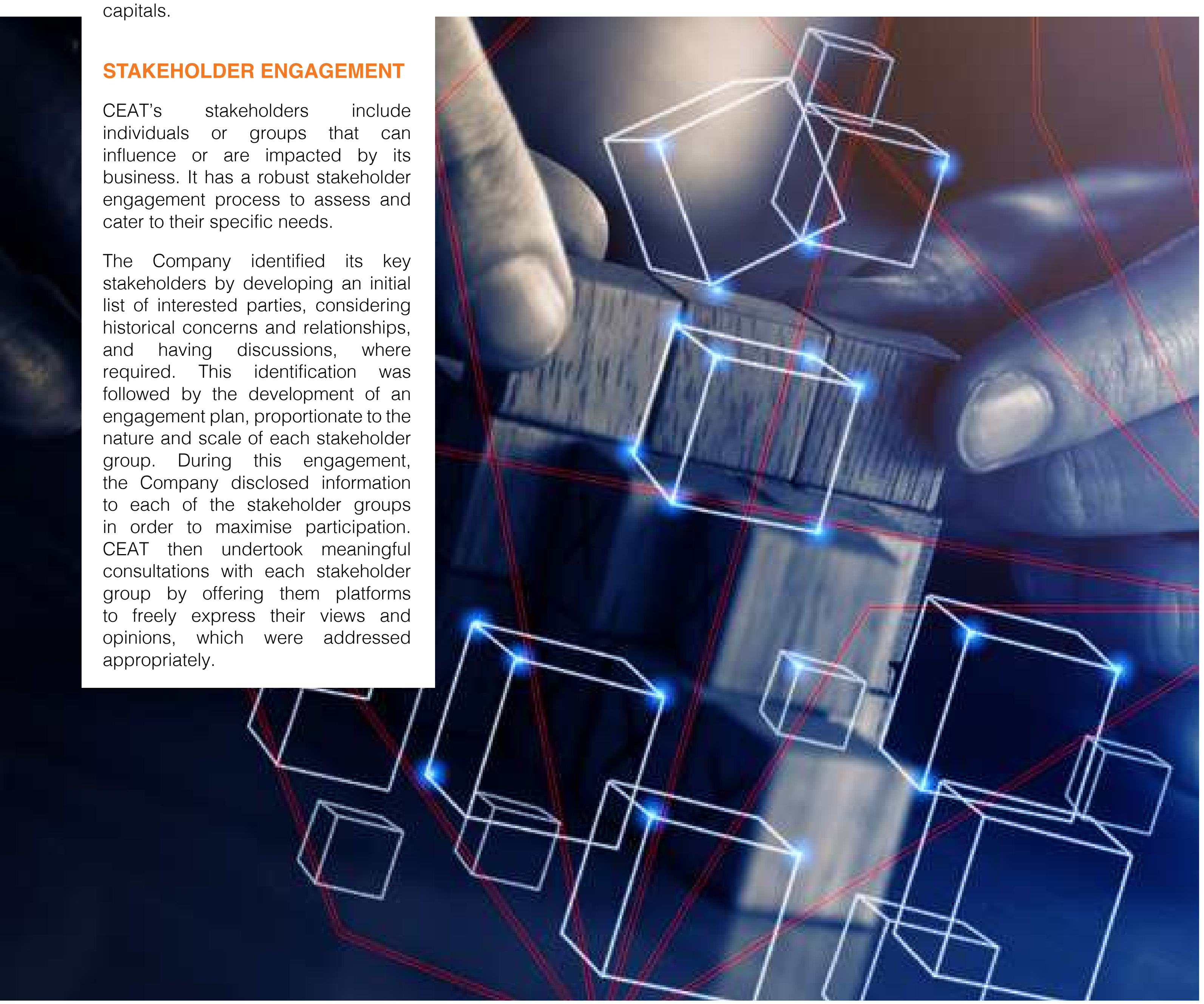
CEAT recognises the importance of engaging with stakeholders on a regular basis, and the need to understand their concerns, for long-term business sustainability.

As a result, the Company takes an inclusive approach towards stakeholders by engaging with them through meaningful dialogue and then identifying the topics that are of high priority. The resultant outcome is used to develop Key Performance Indicators (KPIs), align them with the Company's business model, and communicate their performance across each of the capitals.

STAKEHOLDER ENGAGEMENT

CEAT's stakeholders include individuals or groups that can influence or are impacted by its business. It has a robust stakeholder engagement process to assess and cater to their specific needs.

The Company identified its key stakeholders by developing an initial list of interested parties, considering historical concerns and relationships, and having discussions, where required. This identification was followed by the development of an engagement plan, proportionate to the nature and scale of each stakeholder group. During this engagement, the Company disclosed information to each of the stakeholder groups in order to maximise participation. CEAT then undertook meaningful consultations with each stakeholder group by offering them platforms to freely express their views and opinions, which were addressed appropriately.



Stakeholder Group

01 Investors and Shareholders

Reason for Importance

Provide financial capital

Mode(s) of Engagement

- Annual general meetings
- Quarterly briefings

Concerns

- High ROI

Stakeholder Group

02 Customers (Tyre Dealerships)

Reason for Importance

Support CEAT in reaching end-users

Mode(s) of Engagement

- Net Promoter Score (NPS) survey
- Online feedback surveys

Concerns

- Product quality
- Product price
- Product maintenance
- Loyalty programmes

Stakeholder Group

03 Employees

Reason for Importance

Serve as drivers for all business activities

Mode(s) of Engagement

- Employee engagement survey
- Email / newsletter
- Townhall

Concerns

- Career progression
- Employee benefits
- Safe working environment
- Corporate collaboration

Stakeholder Group

04 Collaborators / Business Partners

Reason for Importance

Enable strategic alliances

Mode(s) of Engagement

- In-person meetings
- Partnership portals

Concerns

- Long-term partnerships
- Fair revenue distribution

Stakeholder Group

05 Industry Associations

Reason for Importance

Provide insight into industry trends

Mode(s) of Engagement

- Industry conferences
- Media releases
- Regional industry events
- Memberships in associations

Concerns

- Compliance with regulations
- Business collaborations

Stakeholder Group

06 Suppliers

Reason for Importance

Provide materials / services for business operations

Mode(s) of Engagement

- Supplier management portals
- Supplier audits

Concerns

- Reliable payment schedules
- Robust procurement policies

Stakeholder Group

07 Communities / NGOs

Reason for Importance

Help in creating shared value

Mode(s) of Engagement

- CSR initiatives
- Community grievance mechanisms
- Public hearings

Concerns

- Contribution to society

Stakeholder Engagement and Materiality Analysis

MATERIALITY ANALYSIS

A materiality analysis activity was conducted by CEAT to determine the reporting needs of various stakeholder groups, in accordance with the requirements of the <IR> Framework. This activity included the following six steps:

01

Sector-Specific Material Topics:
Literature review and peer analysis were performed to arrive at a broad list of material topics relevant to the tyre manufacturing sector

02

Business Impact:
A list of important business impact associated with these material topics was prepared

03

Value Chain Impact:
These were classified as economic, environmental, social and governance-related

04

Stakeholder Responses:
Both internal and external stakeholder groups were consulted to determine their inputs on material topics

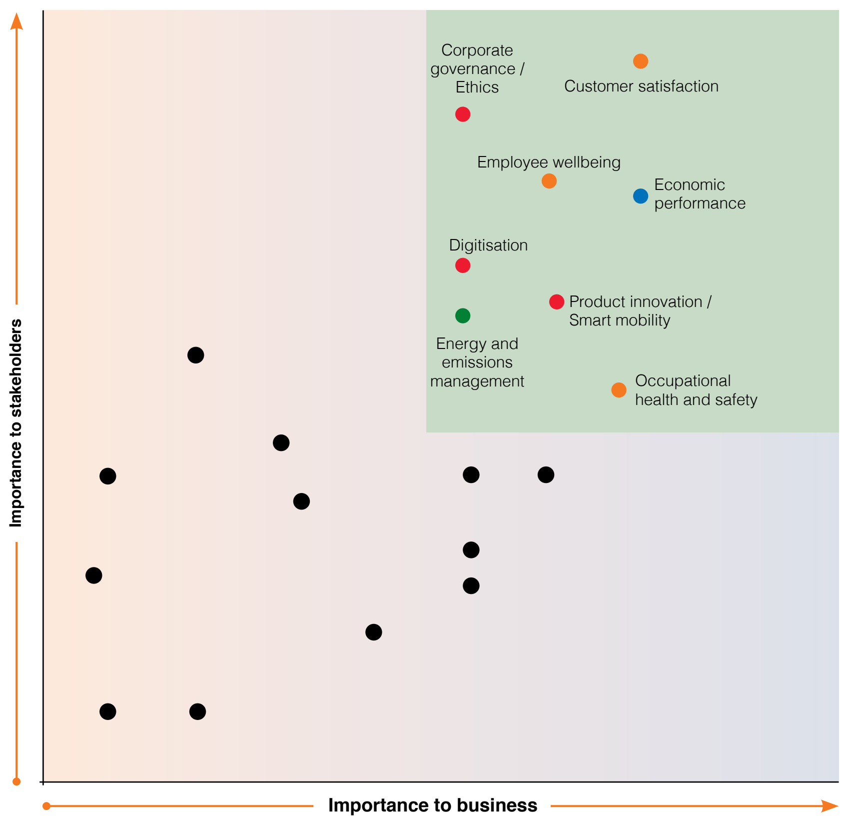
05

Materiality Matrix:
Based on inputs received from various stakeholder groups and a robust materiality assessment tool, CEAT's materiality matrix was developed

06

Report Content:
The material topics in the 'high-high' section of the materiality matrix were mapped onto various sections in this report

CEAT's materiality matrix



Material Topic

01 Customer Satisfaction

CEAT's Response

Produce a wide product range while maintaining quality

KPIs

- Assessment of the health and safety impacts of products
- Incidents of non-compliance concerning the health and safety impacts of products

Linkage to Sections

Social and Relationship Capital

Material Topic

02 Economic Performance

CEAT's Response

Effective management of costs

KPIs

- Revenue
- Profit

Linkage to Sections

Financial Capital

Material Topic

03 Employee Wellbeing

CEAT's Response

Boost employee morale

KPIs

- Employee attrition
- % of women employees
- Engagement score

Linkage to Sections

Human Capital

Material Topic

04 Energy and Emissions Management

CEAT's Response

Effective management of costs

KPIs

- Energy consumption within the organisation
- Reduction of energy consumption
- Scope 1 / 2 / 3 GHG emissions
- Reduction of GHG emissions

Linkage to Sections

Natural Capital

Material Topic

05 Occupational Health and Safety

CEAT's Response

Ensure safety at the workplace

KPIs

- Work-related injuries
- Work-related ill health

Linkage to Sections

Human Capital

Material Topic

06 Digitisation

CEAT's Response

Invest in high-quality digital technology

KPIs

- Total monetary value of company assets

Linkage to Sections

Manufactured Capital

Material Topic

07 Product Innovation / Smart Mobility

CEAT's Response

Enhance product portfolio

KPIs

- No. of patents
- No. of new products launched

Linkage to Sections

Intellectual Capital

Material Topic

08 Corporate Governance / Ethics

CEAT's Response

Conducting business ethically

KPIs

- No. of legal non-compliances
- No. of employee grievances

Linkage to Sections

Corporate Governance Report

Financial Capital

CEAT's capital allocation strategy focuses on maintaining optimum and healthy balance between borrowed capital and internal accruals for the purpose of business requirements, including investments required for manufacturing capacities, brands, R&D and working capital. This serves to enhance revenue, increase market share, and improve operating margin and profitability, thereby creating value for shareholders. The Company's capital allocation is aligned with its broader strategy and intent of conducting business in a responsible and sustainable manner.

₹ 6,581 Cr.
Standalone revenue in FY 20

₹ 929 Cr.
Cash flow from operations in FY 20

18%
Dividend payout ratio in FY 20

₹ 1,028 Cr.
Capex in FY 20

10.72%
EBITDA Margin

₹ 705 Cr.
EBITDA

INPUTS

- Equity: ₹ **2,927 Crores**
- Gross debt: ₹ **1,597 Crores**
- Cash flow from operations: ₹ **929 Crores**

OUTPUTS

- Revenue: ₹ **6,581 Crores**
- EBITDA: ₹ **705 Crores**
- PAT: ₹ **271 Crores**
- Dividend payout ratio: **18%**
- Capital expenditure: ₹ **1,028 Crores**

OUTCOMES

- Shareholder value creation
- Improved credit rating
- Efficient working capital management
- Optimal capital structure
- Capacity expansion

Interlinkages with other capitals:

- Intellectual
- Natural
- Human
- Manufactured
- Social and Relationship Capital

Areas of focus in FY 20:

- Improving operating efficiency
- Stakeholder value creation

FINANCIAL CAPITAL MANAGEMENT AND VALUE CREATION APPROACH

CEAT is currently in a growth phase, focusing on adding capacities to capitalise on opportunities across segments including PCR, OHT, TBR and 2W radials for domestic and export markets. In this evolving scenario, CEAT continues to strengthen its value-added offerings through effective customer service, thereby widening cash-generating and profitable opportunities.

The investments made towards expanding capacities, R&D and brands over the next few years will optimally set the Company up to increase its global market share in the long term.

Over the past few years, CEAT has gradually increased the rate of dividend declared to 120% of face value. It endeavours to share the Company's earnings with the providers of equity capital appropriately.

CEAT's constant endeavour is to ensure zero defaults in periodic payments to lenders and maintain a stable credit rating. CEAT is comfortably placed with respect to its liquidity position and is adequately equipped to manage uncertainties associated with crisis situations such as COVID-19 and others.

CEAT has ensured maximum utilisation of internal accruals to finance the capacity expansion projects along with long-term borrowings, which have increased over the past two years. While the incremental borrowings have resulted in higher interest payments in the concerned financial years, the higher proportion of low-cost capital in the financial mix is expected to have a positive impact on the business' capital structure.

Expanded capacities will optimally set the Company up to increase its global market share.

Financial Capital

ECONOMIC VALUE CREATION

In ₹ Crores

Particulars	FY 20	FY 19
Direct economic value generated	**6,622.4**	**6,886.6**
Revenues	6,581.1	6,831.3
Other Income	41.3	55.3
Economic value distributed	**6,217.4**	**6,417.4**
Operating costs	5,378.5	5,691.6
Employee benefits	514.4	503.9
Payment to providers of capital	221.1	111.0
Payments to governments (incl. taxes)	94.3	100.4
Community investments	9.1	10.5
Economic value retained*	**405.0**	**469.2**

* Economic value retained = Direct economic value generated - Economic value distributed

Manufacturing Plant at Halol

CAPITAL EXPENDITURE

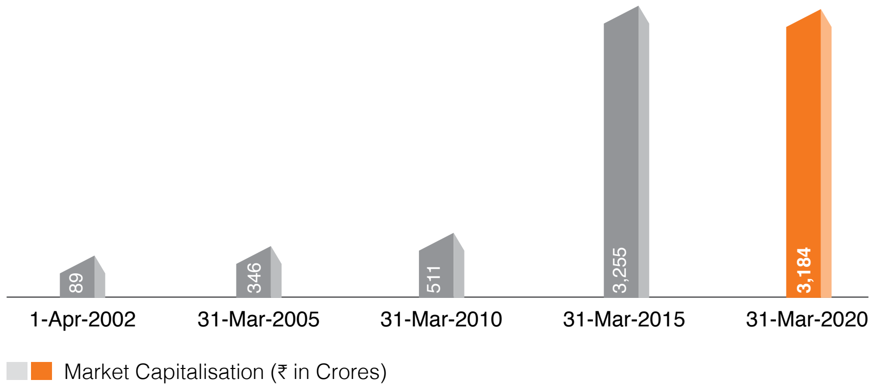
CEAT has invested ₹ 3,561 Crores in additional capacities from FY 16 till FY 20, which has contributed towards revenue growth.

With a defined strategy to increase domestic and export market share, CEAT will continue to make investments towards increasing capacities across two-wheeler, PCR, TBR and Off-Highway Tyres segments, including the recently commissioned greenfield facility in Chennai for PCRs. The additional production lines will help the Company diversify its product portfolio and customise offerings, bearing in mind the local and global market's requirements.

SHAREHOLDER VALUE CREATION

The market capitalisation of the Company has grown at a robust CAGR of 22 %, since listing on the bourses on April 1, 2002 at a capitalisation of ₹ 89 Crores to ₹ 3,184 Crores, as on March 31, 2020.

An investment of ₹ 1,000 on listing day would be valued at ₹ 35,667 on March 31, 2020, excluding the dividend payouts. With dividend payout ratio in the range of 17% to 18% of profits since FY 18. CEAT continues to work towards one of its core objectives of creating value for shareholders.



Outlook

Kumar Subbiah
Chief Financial Officer

"Considering the challenging times ahead, it is imperative that CEAT continues to effectively monitor its cash and liquidity position. This additional surveillance is facilitated by frequent and granular analysis of cash inflows and outflows. CEAT's efficacious utilisation of cash in FY 20 is highlighted by the availability of unutilised bank lines that can be drawn in case of exigencies arising out of leveraging internal accruals.

Ensuring timely payments to all concerned stakeholders, including employees and vendors, remains a top priority. CEAT will also continue to focus on cost rationalisation and efficient working capital management and will witness deferment of a portion of capital expenditure scheduled for FY 21, with the intent of conserving cash."

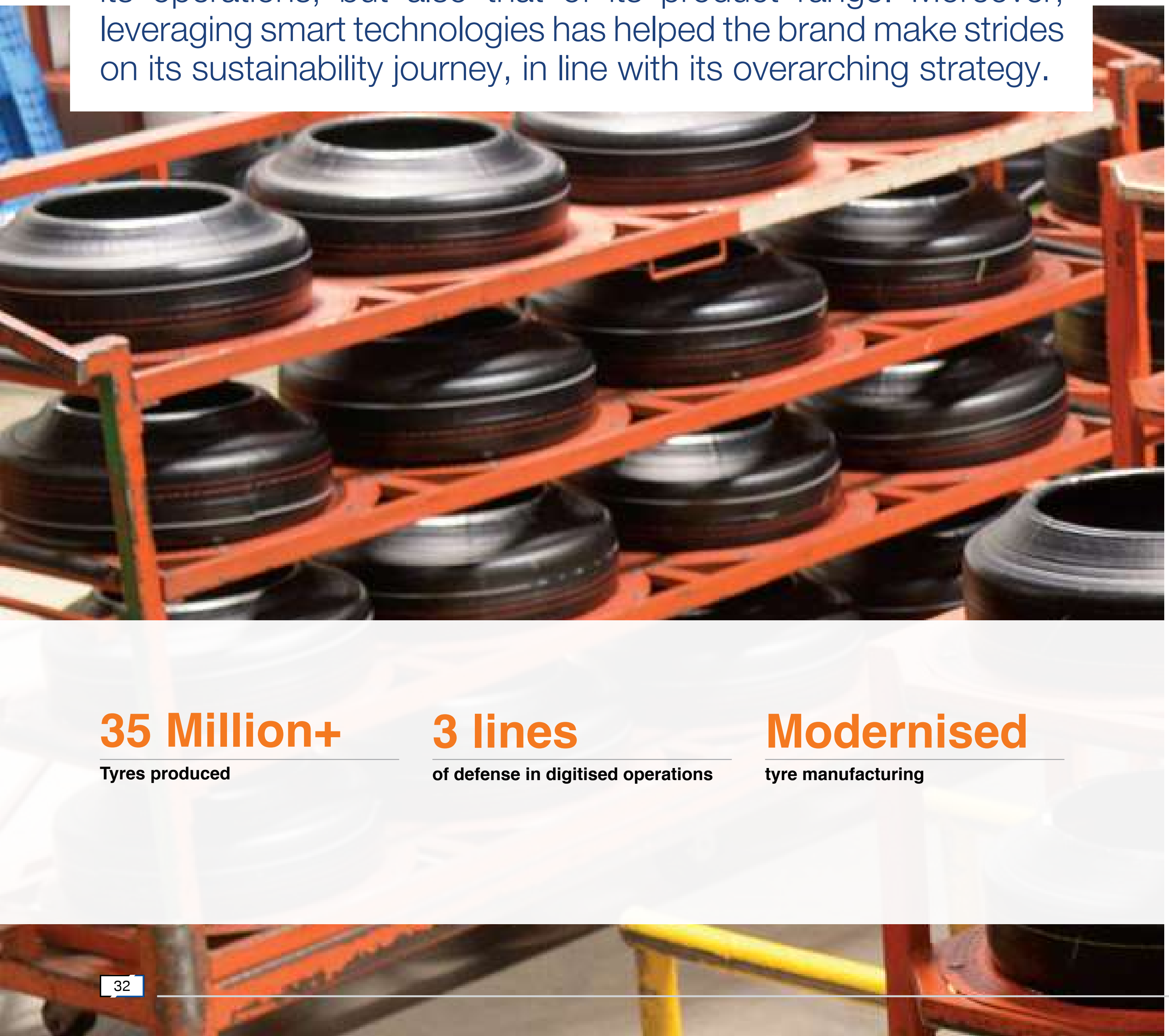
EFFICIENT WORKING CAPITAL MANAGEMENT

In FY 20, CEAT's working capital cycle stood at 14 days vis-à-vis 29 days in FY 19. This improvement was facilitated by a stable accounts receivables level, reduction in inventory and an increase in accounts payables. CEAT has established lasting partnerships with its vendors based on the core foundation of mutual trust and the concrete relationships facilitated by favourable credit term renegotiations.

Product Display at R&D Centre, Halol

Manufactured Capital

CEAT endeavours to build its manufacturing capabilities in ways that maximise its output, while simultaneously minimising environmental impacts. The Company adapts to keep up with the ever-evolving regulatory landscape by enhancing its tyre manufacturing processes. It is also continuously investing in best-in-class technology and robust monitoring mechanisms across its operations. This has not only helped enhance the safety of its operations, but also that of its product range. Moreover, leveraging smart technologies has helped the brand make strides on its sustainability journey, in line with its overarching strategy.



35 Million+
Tyres produced

3 lines
of defense in digitised operations

Modernised
tyre manufacturing

INPUTS

- Installed capacities
- Smart facilities
- Safe, reliable and lean process

OUTPUTS

- Key category production: ~35 **Million tyres**
- Wide product range **380+ SKUs**

OUTCOMES

- Planned and timely expansion to meet economies of scale
- Consistently safe and high quality products
- Reduction in rejection of products

Interlinkages with other capitals:

- Intellectual
- Natural

Areas of focus in FY 20:

- Digitisation of operations
- Tyre manufacturing

MANUFACTURING PLANTS

CEAT's commitment to safety, digitisation and sustainability is not only reflected in its products, but also its manufacturing plants. Cutting-edge technology is leveraged at the Company's plants in Nashik, Mumbai, Halol, Nagpur and Chennai, to ensure the sustainability of operations and the safety of its personnel and customers. This is translating into reliable and sturdy products for its customers, helping millions of vehicles travel safely.

It is the first company to deploy female operators on the shop floor. Moreover, the Bhandup, Nashik, Halol and Nagpur plants are among the most energy efficient in their respective categories. The plants in Halol and Nagpur have also received the Sword of Honour for Safety and Health, making CEAT the first Indian tyre company to receive it.

The Company has invested heavily in cutting-edge technology in its plants, the newest of which is the one near Chennai.

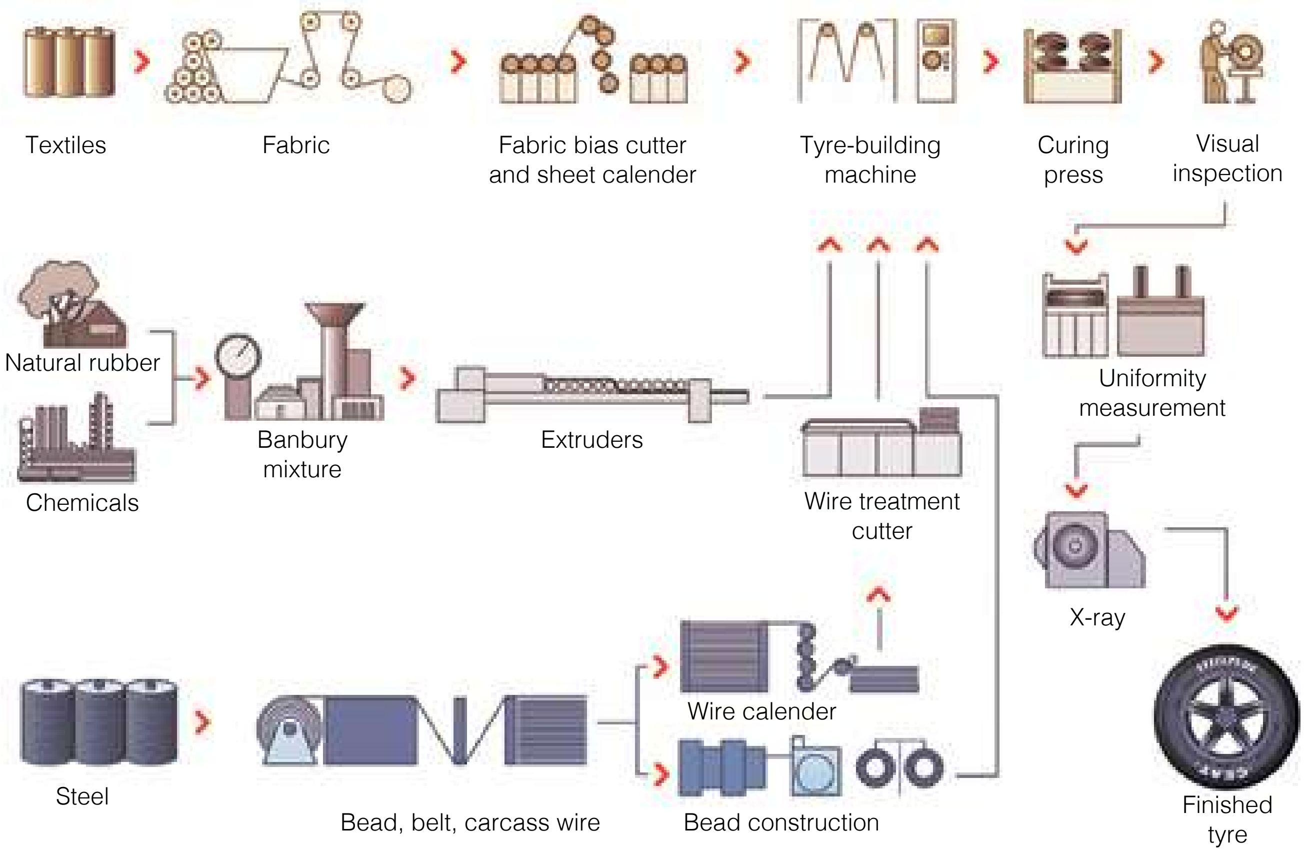
In early 2020, CEAT unveiled its 163-acre greenfield manufacturing plant in Kanchipuram near Chennai. The plant, with an installed capacity of approximately 96 Lac tyres per annum. It is CEAT's sixth plant within the country and will initially have a staff of 350, which is expected to ramp up in the near future to create over 1,000 new jobs. Within India, the plant will cater to the requirements of brands such as Hyundai and Nissan-Renault. It also envisages supplying to other automotive manufacturers in South Asia, Europe and North America.

CEAT has invested heavily in cutting-edge technology at its plants, the newest of which is the one near Chennai.

Manufactured Capital

TYRE MANUFACTURING

Tyre is a composite product made of rubber, steel, fabric and chemicals. From expertise garnered through years of experience, CEAT has divided its tyre manufacturing process into five steps:



Rubber Compound Mixing

Rubber is mixed with chemicals such as carbon black, silica, stearic acid and metallic oxides and fed into a Banbury mixer to produce rubber compounds. These compounds are used to make various tyre components.

Tyre Component Preparation

The various components required for the specific tyre product category are prepared according to specifications.

Tyre Assembly

The components are assembled using the 'tyre-building' machine. At this stage, the tyre is referred to as a 'green tyre'.

Tyre Curing

A moulding operation is performed using the curing press on the green tyre. At this stage, heat from boilers is used to reach the high temperatures required for curing.

Tyre Inspection

The final step comprises of three types of inspections: visual, x-ray and uniformity. The first of these aims to identify any significant visual defects, while x-ray inspection detects abnormalities in the tyre's steel belt. Uniformity tests determine mass distribution across the dimensions of balance, force and movement. Tyres that pass all three quality checks are sent to a warehouse, from where they are eventually dispatched to the market.

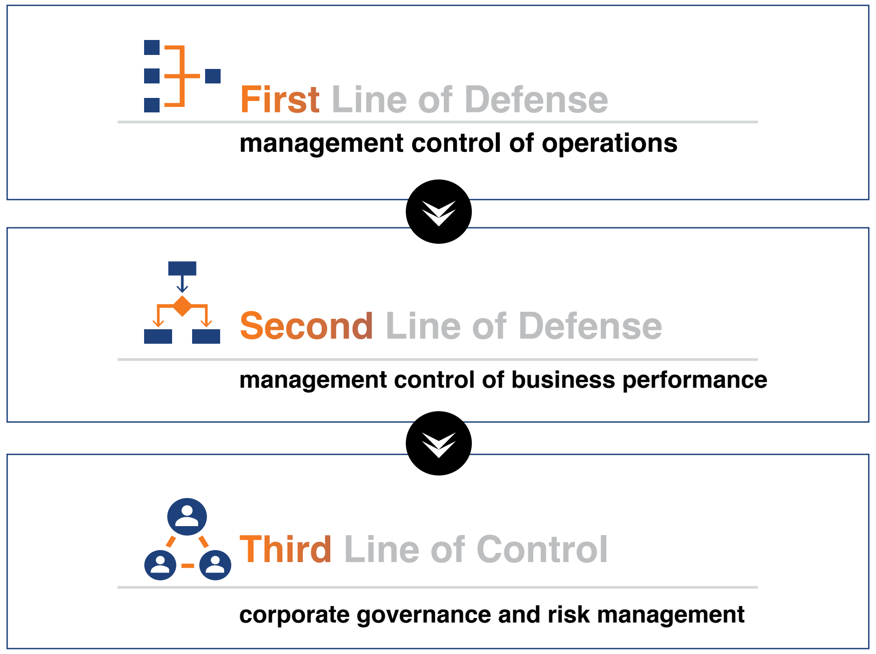
DIGITISATION OF OPERATIONS

CEAT's technological capabilities revolve around green technology, nanotechnology, and advanced material and novel processing. Through capability enhancement in simulation, the lead time in original equipment and new product development projects was considerably lowered. The organisation is developing multi-site manufacturing plant support systems, with upgraded modules in product lifecycle management software. Big data is also being leveraged to uncover valuable on-field insights.

The Company has installed robust cybersecurity systems to take preventive measures against new-age risks. All IT systems will soon be linked to its business continuity plan.

CEAT's internal control systems are proportionate to its scale and operational complexity, and are divided into three parts:

Internal Control Systems



Digital Solutions for Early Warning Signals

Action: To get early warning signals, CEAT developed in-house digital solutions such as Cleaning, Lubrication, Inspection and Tightening (CLIT) check-sheets, predictive maintenance, machine component life monitoring and IOT condition-based maintenance.

Outcome: **With these solutions, CEAT successfully eliminated paper check-sheets, reduced downtime of component failure and enhanced the skills of shop-floor executives. Consequently, Overall Equipment Effectiveness (OEE) improved.**

Automation in Green Tyre (GT) Manufacturing

Action: In its GT manufacturing process, a 15 kg paddle assembly must be lifted manually to a height of about 2 m to apply the belts on carcass in every manufacturing cycle. CEAT implemented automation in this tyre lifting process by developing the first-of-its-kind strip winding machine and integrating pneumatic technology in a telescopic cylinder.

Outcome: **Muri (overburden) involved in the tyre lifting process was completely eliminated, leading to zero breakdowns in the foot paddle assembly. Furthermore, all non-value adding activities were eliminated.**

Design Review Using Virtual Reality (VR)

Action: To reduce its iterative design review process, CEAT integrated design thinking with new digital platforms by involving customers into the review process to make it more agile. Now, product design review is possible at the OEM site.

Outcome: **This has enabled instant user feedback on virtual tyre designs without the need to make 3D-printed models. The prototype development time has reduced by over 90%. This is the first time an Indian tyre manufacturer has made use of VR.**

SAFETY CERTIFICATIONS

All of the Company's manufacturing plants are ISO 45001:2018 certified. Additionally, CEAT has adopted the British Safety Council's Health and Safety Management System at all plants, and achieved the 'Sword of Honour' for its Nagpur Plant in the year 2018 and Halol plant in the year 2016.

Intellectual Capital

CEAT's Intellectual Capital supports its purpose of 'Making Mobility Safer & Smarter. Every Day.' The aim is to continuously innovate and stay agile to create products that cater to dynamic consumer needs. The Company strives to stay relevant in the competitive market by leveraging digital technology to improve research and efficiency, as well as to enhance customer experience. It continues to strengthen its Intellectual Capital, with focus on innovation, sustainability, digitisation and smart mobility to deliver safer, smarter and sustainable products and services.

~20%
Revenue generated from new products

25
New design registrations

1.77%
R&D spend as a percentage of sales

76
Patent applications filed as on March 31, 2020

63
New products developed

INPUTS

- R&D facilities (**Halol and Germany**)
- R&D spend: **₹ 114.27 Crores**
- Skilled resource pool: **185-member R&D team**
- Digital initiatives
- Process excellence

OUTPUTS

- Patent applications filed: **76** (cumulative)
- New products developed: **63**
- Intangible assets worth
- Quality Innovations: **41 projects**
- New OEM entries: **40**

OUTCOMES

- Customer satisfaction
- Business excellence
- Strong OEM relationships
- Leader in innovation
- Diversified product portfolio

Interlinkages with other capitals:

- Financial
- Human
- Manufactured
- Natural

Areas of focus in FY 20:

- Creating sustainable products
- Product innovation / smart mobility

RESEARCH AND DEVELOPMENT

CEAT's R&D activities are focused on developing innovative materials and processes to achieve breakthroughs in product development. All research initiatives are customer-centric and begin with understanding customer requirements. Depending on the requirement, development is done either in-house or in collaboration with other institutions.

The R&D team has a skilled talent pool consisting of 185 researchers. Research and development facilities are located in Halol in India. There is also a dedicated team to cater to the European markets, based out of the CEAT European Technical Centre (CETC) in Frankfurt, Germany. Further, CEAT collaborates with IITs in India and some German universities for advanced research projects and PhD programmes. This year, an investment of ₹ 114.27 Crores was made towards research and development.

CEAT's research efforts and investment have translated into a cumulative of 76 patent applications filed as on March 31, 2020. 27 patent applications and 25 design registrations were filed in FY 20. The patent portfolio has increased by 8 times in the last three years. The patent portfolio is a testament to the organisation's efforts towards innovation and development.

The R&D function adheres to the Total Quality Management (TQM) approach adopted by CEAT. Its activities are carried out as per a five-year rolling roadmap, aligned with a vision that ensures the forecasting and development of emerging technologies in mobility, keeping in mind future requirements in the areas of rolling resistance, mileage, noise and grip.

CEAT is the first tyre company in the world (outside Japan) to win the Deming Prize.

Intellectual Capital

QUALITY-BASED MANAGEMENT (QBM) - CEAT'S WAY OF BUSINESS EXCELLENCE

Winning the Deming Prize in 2017 was a significant milestone and testimony to CEAT's journey of Total Quality Management and customer-centricity. The Deming Prize is a global quality award that recognises organisations, for their contributions to the field of Total Quality Management (TQM). CEAT's capability as an organisation has improved significantly by further widening and deepening of TQM adoption and implementation. The Company has experienced a paradigm shift in its thinking towards being vision-driven, on both the operational as well as strategic fronts. At CEAT, all activities and processes are geared towards enhancing end-to-end quality to achieve customer delight.

QBM (Quality-Based Management) is CEAT way of implementing TQM/ Business Excellence. It enables systematic operations to achieve business objectives effectively and efficiently. It consists of a philosophy, systems, tools and technique from Total Quality Management, Total Productive Maintenance (TPM) and Toyota Production System (TPS). The end-to-end quality is also reflected in living our 'Purpose'. The journey continues every day.

Fundamental processes such as policy management, daily management and cross-functional management have been further strengthened to support performance improvement across all functions. In FY 20, 52,620 continuous improvement projects, called Kaizens, have been implemented. As a part of Lean Management, value stream mapping has been done, eliminating 181 Muda (waste) and 4000 plus Muri (overburden) from various processes.

Systematic problem-solving and involvement of everyone is one of the key areas of focus. Towards this, CEAT has completed 272 QIPs (Quality Improvement Projects) to solve problems in line with business objectives. An internal competition, QIP Mahasangram 2.0, was held covering themes on Customer Focus, Operational Excellence and People Power, where 21 teams across functions participated. SPARSH (Sustainable, Productive, Accurate, Reliable, Safe and Healing) is a unique approach being followed in CEAT with 12 steps of problem-solving. Under this programme, associates / workmen form a team of 5 to 6 members called a SPARSH circle and identify key areas of improvement in their own areas. There are more than 450 SPARSH circle active teams across the manufacturing plants, and 519 projects have been completed under this programme in FY 20. CEAT teams have also participated in external forums and won 7 Super Gold, 37 Gold and 15 Silver awards in Chapter Convention on Quality Concepts, and 4 Par Excellence, 22 Excellence awards in National Convention on Quality Concepts held by the Quality Circle Forum of India at the state and national level.

QIP Mahasangram 2.0- External Jury Members addressing the participants

CREATING SUSTAINABLE PRODUCTS

CEAT endeavours to incorporate sustainability considerations in all business activities, starting from the designing of products to end-of-life tyres. Measures are taken to ensure that raw materials used in the production process have a minimal environmental and social footprint. Recycled rubber, which is either devulcanized or reclaimed, is used in tyres to reduce virgin resource consumption. CEAT's tyres are also designed to have a higher mileage and fuel efficiency, in addition to lower rolling resistance and a longer life, making them sustainable.

In FY 2019-20, there have been no incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of CEAT's products.

A tread life that lasts upto 1 Lac km*

The flagship CEAT Milaze X3 tyre is a unique product, offering multiple benefits, making it a stronger value proposition than its rivals. It provides a longer life and ensures safety on road. A regular tyre has a life span of 50,000 km, after which it requires replacement. The CEAT Milaze X3 provides twice the tread life, lasting up to 1 Lac km. Owing to its long life, it cuts cost for customers and reduces the carbon footprint in its lifecycle.

The tyre has been designed using a special abrasion-resistant compound which, along with rigid shoulders and high rubber content, ensures long tread life and uncompromised safety. The CEAT Milaze X3 range of tyres are available for 82 vehicles.

*Projected mileage based on controled-tests on Indian roads. Actual performance may vary basis road, terrain, vehicle and driving conditions

Arnab Banerjee
COO on Innovation at CEAT

"CEAT leverages its R&D prowess in continuing to develop technologies in the realms of green technology, nanotechnology, advanced material and novel processing, while offering innovative products and services in light of the COVID-19 pandemic. For instance, the avenues of no-touch tyre service and car disinfection are being explored to ensure a superior customer experience irrespective of what the future holds. CEAT recognises the wide-reaching social and environmental impacts it can have due to its intrinsic nature of facilitating mobility and is mindful in its operations to ensure a positive impact it could leave on the planet.

Intellectual Capital

PRODUCT INNOVATION AND SMART MOBILITY

Product innovation and smart mobility lie at the core of CEAT's business. The revenue generated is directly impacted by how CEAT evolves with changing customer needs. It is essential to continue to focus on innovation and smart mobility to push the envelope. The Company taps into digitisation, analytics and design thinking to make development efficient and agile, towards this end.

In FY 20, CEAT has developed 63 new products across various categories and geographies globally. These developments had a considerable impact on profitability and growth, resulting in 20% of the revenue being generated from new products.

The global product portfolio has been expanded by developing new SportDrive SUV tyres for premium SUVs.

Other successful launches include:

- New truck-bus radial tyres WIN X3 Series for domestic market
- Super heavy load truck bus tyre to cater to heavy load markets
- Premium rib tyre for high mileage in the bias segment
- New directional pattern in the motorcycle category "ZOOM-X3" in 90/90-17 (Front) and 120/80-17 (Rear) size

Best Rolling Resistance in PCR category

In the Passenger Car Radial (PCR) category, CEAT has once again proved its technological competence by achieving the best rolling resistance levels for fuel economy of the vehicles ahead of the annual target. This was achieved using the Taguchi method of statistical design of experiments technique, finite element simulation, advanced materials, construction and design combinations. The learnings from this project can be used for future products meeting new EU label regulations and Global Original Equipment requirements. CEAT is gearing up for the Automotive Industry Standard 142 norms star labelling concept for India, which is expected to be implemented in FY 21.

Zoom RAD Tubeless Tyres in Three Sidewall Colours

Limited-edition Zoom RAD tubeless tyres in three sidewall colours (blue, orange, blue and orange) was launched on the occasion of Holi. The tyres are compatible with and available for sports bikes such as the Yamaha FZ, Yamaha Fazer, Suzuki Gixxer and Suzuki Intruder. The tyres proved to be more exciting and engaging for consumers. Their unique design boasts of wide shoulder grooves and high rubber content, providing excellent cornering ability, good grip, smoothness and stability, along with a long tyre life.

Colour Sidewall Tyres

In the two- and three-wheeler categories, development programmes with OEMs resulted in product approvals and continuous supplies to many leading OEMs, including Honda, Suzuki, Yamaha, Bajaj and Royal Enfield. In FY 20, 10 key OEM approvals were secured like Jawa Perak, Aprilia SR 150cc, Hero Glamour upgrade and Xpulse exclusive supply. First-time entry was achieved in Kawasaki (911 model). 16 OEM approvals – including small and major electric vehicle (EV) manufacturers – helped CEAT achieve leadership in the EV segment.

All season tyres, suitable for usage all year round for Central Europe, were also key additions. These products are safe in normal driving conditions and moderate snow, and are gaining popularity in Europe.

CEAT is also prepared for the inevitable EV revolution, with the development of a new EV tyre platform for passenger cars and its evaluation, for the Indian and European markets. EV tyres are being developed for two-wheelers and other commercial categories, using various technologies developed in the last few years, in the areas of reducing rolling resistance, reducing noise, improving grip and tyre life. These products are also specifically designed to meet high torque requirements, along with improving battery life of EVs.

Additionally, the Company is working on developing intelligent tyres. There is active development of technologies, along with a technology roadmap for each of the following categories to create products of superior quality in FY 21:

- Ultra-low fuel efficient tyres
- Low noise tyres
- Fossil-free tyres
- Virtual prototyping
- Process simulations
- Tandem mixers for silica mixing for ultra-high performance tyres and EV tyres

DIGITAL INNOVATION

In order to keep pace in the ever-evolving digital landscape, CEAT periodically updates its systems and processes with new technological integrations. The use of new technologies like automation, virtual reality, laser carving and finite element simulation has helped reduce product development time. The capability of virtual development has been augmented to all product ranges including adoption of virtual reality for design reviews.

New technologies have been developed in the spheres of green technology, nanotechnology, advanced material and novel processing. Basic research has developed new technologies like new epoxy resin, new accelerator, and nano materials for tyre compounds, which are meeting requirements related to grip, rolling resistance and noise. Developments have also been made in biomaterials and biodegradable wraps for packaging, instead of plastic packaging, which will contribute to environmental sustainability.

New investments in the areas of predictive testing and advanced raw material characterisation have resulted in significant technological edge over competition. A new, single-step, continuous, simple, quick, and cost-effective method of manufacturing latex-carbon black master batch has been developed to improve production efficiency going forward.

CEAT has also digitised its claims management system, making the system efficient and reducing human error.

The Product Lifecycle Management (PLM) software has also been updated this year to a web-based version, enabling better collaborations between stakeholders, thus improving overall efficiency.

Considering the likely impacts of the COVID-19 pandemic, consumers are expected to shift from buying in-store to online purchases. Going forward, CEAT is exploring new business models like online buying and doorstep fitment and fleet advisory services.

Won the CII Award for Digital Transformation for the e-Claim initiative

Annual Festival on Innovation

CEAT organised the second RPG Innovation Festival in FY 2019- 20, to foster a culture of innovation across the organisation. This year, the festival received 57 entries. Some of the top ideas generated were in the areas of virtual reality, intelligent tyres, continuous process of manufacturing, among others.

Human Capital

CEAT is cognizant of the fact that an organisation is only as good as its people. Its employees and their varied life and work experiences, technical prowess, soft skills and dedication have set the Company apart from its peers. It has, therefore, actively worked to cultivate a diverse workforce that reflects the world within which it functions. This, combined with a culture centred on learning, wellbeing and openness, has brought out the best in its employees. This increase in their Professional Net Worth has been instrumental in helping CEAT work towards its goal of making the organisation and its offerings safer, smarter and more sustainable.

6,474
Permanent employees

33
Average employee age (in years)

35th
Great Place to Work® ranking in 2020

44%
Share of millennials in CEAT's workforce

100%
Employees returned to work after parental leave

9.1%
Permanent Women Employees

INPUTS

- Diverse talent pool: **9.1% permanent women employees**
- Employee engagement
- Employee health, safety and wellbeing
- Capability building

OUTPUTS

- Employee productivity
- Strong succession
- Employee wellbeing / safe workplace

OUTCOMES

- High performance culture
- Aspirational employer brand
- Quality of Life

Interlinkages with other capitals:

- Intellectual
- Financial
- Manufactured

Areas of focus in FY 20:

- Aspirational Employer Brand
- Diversity and Equal opportunity
- Capability Building
- Employee Wellbeing, Health and Safety
- Community and Employee Engagement

ASPIRATIONAL EMPLOYER BRAND

CEAT strives to become an aspirational employer, and has accordingly undertaken a number of initiatives in the reporting period. CEAT believe in creating 'Professional Net Worth' of its employees by focusing on their physical and mental health, enabling them to build meaningful relationships at work, providing them with the flexibility to hone their 'whole self' and equipping them with ample learning opportunities. Moreover, the Company has put forth a number of initiatives to improve the physical, mental and emotional wellbeing of its personnel. Measures like providing flexible hours, the ability to work from home, and enhancing infrastructure availability at offshore satellite offices have also contributed towards this end. CEAT is also leveraging technology through platforms like PULSE, which facilitates better communication between employees and their managers. All this is combined with effective employer branding by tracing employees' journeys and mapping them to template personas. This is helping the Company chart a trajectory of employees' foreseeable future at CEAT, allowing it to customise policies and plans for each segment.

91% of all new recruits this year were under the age of 30.

Human Capital

DIVERSITY AND EQUAL OPPORTUNITY

Meeting the demands of an increasingly diverse, global clientele is nearly impossible without a workforce that mirrors its customer base. Diversity is the pillar that CEAT's people practices are built upon, and it is continuously striving to make the organisation as inclusive as possible. To this end, the company has broadened its definition of the term 'diversity' to include the differently abled, and people from different generations.

An Overview of CEAT's Workforce

	Management	Non-Management
FY 18 – Male	1,150	4,067
FY 18 – Female	62	333
FY 19 – Male	1,192	4,179
FY 19 – Female	68	376
FY 20 – Male	1,317	4,566
FY 20 – Female	84	507

Employee Hires in FY 20

No. of New Recruits

	<30 years	30-50 years
Male	852	95
Female	209	8

CEAT recognises the value that a diverse workforce and the unique perspectives that come with it can add to an organisation. The Company has, therefore, taken a concerted effort to foster gender diversity in the workplace.

Age-Wise Breakdown of CEAT's Staff in FY 20

<30 years old	50.4%
30-50 years old	39.1%
>50 years old	10.5%

91.2% of all new recruits this year were under the age of 30, whereas women accounted for 18.6% of all new hires.

Beyond just providing gainful employment to marginalised communities, the Company is fostering a culture that recognises the different needs of each group. It is embracing digital transformation to provide its staff with the freedom and flexibility they need to maximise their efficiency. It is also one of the few players in the sector to extend its 5-day working policy across manufacturing locations. This, in turn, has been instrumental for the retention of millennial and Gen Z workers. 44% of CEAT's workforce is comprised of millennials, with an average employee age of 33 years. The Company also employs seven people with disabilities on a permanent basis.

As part of its efforts to retain the talented women on its workforce, CEAT has introduced the option of flexi-working for new mothers. This gives them the freedom of half-day working until their child is one year old, in addition to 26 weeks of maternity leave. The Company has also extended its parental leave to both adoptive mothers and fathers. In FY 20, 162 employees availed of parental leave and returned to work after it. Less than 12 months have passed since their return to work; however, 100% were still employed with the Company as on March 31, 2020.

958 employees, 11% of whom were women, separated from the Company in the reporting period.

> For the first three years of my life, I was a 'normal' active child. One day, I was diagnosed with meningitis, and the doctor said there were zero chances of recovery. Fortunately, I started responding to the treatment but not before it led to a permanent loss of my ability to hear and speak. However, I studied and the struggle to find jobs began after completing my education. I tried in Bengaluru, Hyderabad and Pune for three long years, but was not able to get a permanent job because of my condition, until CEAT gave me an opportunity. I am confident that I will put 100% effort into this job, and aim for organisational growth, always!
>
> **Vidyadhar**, Associate, Nagpur Plant

Female workforce at Chennai Plant

Milind Apte
CHRO on Diversity at CEAT

> At CEAT, 'diversity' goes beyond just gender. The Company has taken concerted efforts to provide members of different marginalised groups with gainful employment as well. It has also expanded the scope of its hiring to include people from varied educational backgrounds. This diversity of skillsets, coupled with a laser-sharp focus on training and development, has proven invaluable in boosting creativity and innovation within the organisation. Understanding and catering to the unique needs of CEAT's employees through wellbeing and engagement initiatives has further allowed the Company to thrive in the volatile and competitive business landscape of the 21st century.

CAPABILITY BUILDING

The technical prowess and skills of CEAT's employees form the cornerstone of its success. The Company endeavours to provide its people with all the support, resources and incentives to build their Professional Net Worth. One of the key pillars of this is constant learning, which has allowed both CEAT and its workforce to keep pace with a changing world, and stand out from its contemporaries.

Average Training Hours Per Year Per Employee in FY 20, by Employee Category

Management	9.5
Non-Management	8.3
Permanent Female Employees	7.6

Human Capital

Key Initiatives

Percipio

This online learning platform caters to the unique learning needs of each of CEAT's employees. In FY 20, 1,077 employees undertook courses in communication, presentation, quality management and Six Sigma, among others, through Percipio.

Zero Hour

CEAT recognises that learning is most effective when it is continuous. To help its employees make learning a habit, despite their demanding lifestyles, it launched the online learning platform, Zero Hour. This facilitates the ease and effectiveness of learning by encouraging employees to invest one hour each month towards their personal learning and development. Different groups, formed at each location, receive content support from the Learning Team. To further build upon this culture of learning, CEAT also subsidised the cost of books related to these courses for its employees by 50%. Different types of trainings undertaken as part of Zero Hour include:

- Behavioural training
- Technical training
- General knowledge
- Financial knowledge
- Book reviews
- Understanding of new technologies
- TED Talks
- Podcasts

Leadership Development

CEAT has undertaken various initiatives to ensure the growth and development of its workforce. Employees have access to management development programmes and certifications at premiere educational institutions.

Employees are also encouraged to take up new assignments every four years, to build cross-functional capacity. Furthermore, senior leaders engage with team members on a regular basis, with 78% of the workforce participating in these dialogues with their superiors in the last financial year.

CEAT also seeks to groom its people to fine-tune their leadership skills, and consequently, help them achieve career growth. As part of INSPIRE, its people leadership intervention, senior managers and general managers in the sales and manufacturing functions were offered blended learning over a period of 6-8 months, to aid their professional development.

Future Leader Board (FLB)

Formerly known as Young Executive Board, the Future Leader Board is an aspirational forum, which gives young managers a chance to work closely with top management on projects pertaining to business excellence. This platform facilitates access to interaction with industry experts, mentorship, and a glimpse into management meetings, to hone their skills.

Female Associate working at Shop Floor

> FLB was a great experience for me, as I got to work on multiple cross- functional projects that helped me understand, in depth, how different functions work and enabled me to work on current and future business challenges
>
> **Ankur Arora,**
> Senior Manager - Business Development

HUMAN RIGHTS AND LABOUR RELATIONS

Protecting the fundamental rights of its employees is crucial to fostering a sense of security among them. This is integral to ensuring that they can perform to the best of their abilities, lending a much-needed impetus to both their careers and the Company's performance.

The freedom of association is the foundation upon which workers' rights are built. It allows for seamless, two-way dialogue between the management and staff, which provides them with the requisite social security. 32.89% of CEAT's total permanent workforce is part of a recognised union. Further, there have been no complaints alleging child labour, forced involuntary labour or discriminatory employment at CEAT during the reporting period.

OCCUPATIONAL HEALTH AND SAFETY

The provision of a safe working environment is one of CEAT's key priorities. The Company has put a number of identification and mitigation measures in place to reduce accidents at the worksite and occupational illnesses.

Risk Identification and Mitigation

CEAT identifies work-related hazards through job safety analyses, job hazard analyses, hazard and operability studies, and occupational health and safety inspections. Additionally, work-related risks are gauged through assessments of activity risk, control of substances hazardous to health, manual material handling, display screen equipment, and fire and traffic risks. The Company also conducts ergonomic assessments and task hazard analyses through work permits to assess risks on a routine and non-routine basis.

The Company's risk mitigation plan has been prepared considering hierarchy of controls. First priority is, therefore, given to elimination or substitution, and engineering controls. This includes measures like the elimination of manual material handling by providing conveyors for green tyre handling, provision of automatic carbon charging system in the mixing section, and setting up a ventilation system on the shop floor.

The risk control plan is reviewed by the Vice President – Operations and Senior Vice President – Manufacturing on a monthly basis. Periodic workplace and personal monitoring is carried out through industrial hygienists on heat stress and ventilation, noise levels, illumination and Respirable Suspended Particulate Matter (RSPM). An action plan is prepared on the basis of their findings, and reviewed in monthly operations review and safety committee meetings.

Commitment to 'Zero Accidents'

The Company has established, implemented and maintained a health and safety management process that factors in legal requirements as well the recommendations of the ISO 31000 standard for risk management. This system covers 8,146 permanent and contractual workers. This includes workers at the Bhandup, Nashik, Halol and Nagpur plants, which are engaged in the activities of manufacturing tyres, tubes and flaps, as well as the R&D facility at Halol that looks into product design and development. CEAT's safety management system, which has been internally and externally audited, also covers truck drivers, cleaners, contractual annual maintenance employees, visitors, transporters, vendors and suppliers. The scope of the system does not cover CEAT's sales offices, DC warehouses, CFA and RPG House.

This commitment to 'Zero Accidents' has also translated into a bespoke mobile application, which allows workers to report hazards and hazardous situations, in addition to the provision of registers and forms on the shop floor. Each accident, incident and near miss is investigated, and the '5 Why' method is used to conduct a root cause analysis.

The work-related injuries in FY 20, which saw a total of 2,12,17,382 manhours worked, are detailed below:

Particulars	Total for FY 20
Work-Related Injuries	19
Lost Time Injuries	1
Rate of Recordable Work-Related Injuries[1]	0.9
Lost Time Injury Frequency Rate[1]	0.05
Fatalities	0
Fatality Rate	0

[1]The rate of recordable work-related injuries and lost time injury frequency rate has been calculated based on 1,000,000 hours worked.

Safety Training

Safety training is another key tenet of CEAT's commitment to eliminating accidents at its worksites. New recruits are put through mandatory sessions, in addition to periodic training sessions for all permanent and contractual employees. Each of the 5,073 staff members working in manufacturing went through safety training in FY 20.

In the reporting period, CEAT conducted the following work-related health and safety trainings:

- IMS (ISO 14001:2015 and ISO 45001:2018) Internal Auditors training
- Lock Out, Tag Out (LOTO)
- Machine guarding
- Work permit system
- Electrical safety
- Fire safety
- Noise and vibration hazard
- Chemical safety
- Ergonomics

Human Capital

- Control of substances hazardous to health
- Hazard identification and risk assessment
- Accident reporting and investigation
- Emergency preparedness
- Environment aspect impact analysis
- Environment, health and safety laws
- Safety in manual material handling
- PPE
- Material safety data sheets
- Waste management
- Work at height safety

Safety Committees

CEAT has a central safety committee, which meets on a quarterly basis, as well as a departmental safety committee that convenes on a monthly basis. These are chaired by the Plant Head and Department Head, respectively, and constitute of permanent as well as contractual employees. These committees are entrusted with the responsibilities of assisting and co-operating with the management to achieve the objectives of the Company's Health and Safety Policy. They also deal with matters concerning health, safety and environment to arrive at practical solutions, and undertake educational, training and promotional activities. The Committees investigate the cause behind any incidents that take place and look into complaints, to suggest corrective measures. They also deliberate upon the findings of relevant surveys, audits and assessments, and oversee the implementation of their recommendations.

However, safety does not function in silo at CEAT. All employees are given an open forum to discuss issues related to health and safety performance at an Open House. Further, anyone can raise health and safety issues through the mobile application 'Bol-Bindas' or the messaging application, WhatsApp. Safety is also a key topic of discussion at shift assembly meetings and daily work management meetings. Communication is also encouraged through informal channels such as safety circles, which allow employees to discuss any relevant issues in as open a manner as possible.

EMPLOYEE WELLBEING

For the last two years, CEAT has worked extensively to improve the work-life balance of its employees. The Company has rolled out relevant policies, and instituted a five-day work week in the manufacturing and satellite offices, towards this end. This year, CEAT extended the concept of employee wellness and added another dimension called 'Quality of Life'. The concept stands firm on the belief that quality of life has a direct correlation to an employee's productivity, and focussing only on the quality of work will not suffice. CEAT has defined quality of life as a component of physical as well as mental health and has, thus, started its journey to make its employees physically and mentally fit.

Onboarding of Chief Fitness Officer

In FY 20, the Company onboarded its Chief Fitness Officer (CFitO), to oversee the health of its employees. Under her guidance, a number of initiatives have been undertaken, to boost the quality of employees' lives.

Physical Health

Running Cohorts

The need for having a group for like-minded people was sensed in the organisation, which is how the thought of launching various Passion Cohorts came to the table. Focusing on the physical health aspect of the employees, Running Cohorts were launched across the company. The cohorts have been formed at the plant, sales and corporate locations. The respective teams organise bi-weekly runs that end with a healthy breakfast. Apart from these runs, they will be organising a mini marathon that will finally culminate in a national-level CEAT Marathon. The national marathon will see top runners from all locations competing for the title at the central level. Also, winners of the national-level marathon will be sponsored for other renowned national and international marathons.

Nutrition Counselling

The CFitO provided group as well as one-on-one health counselling to employees. The CFitO extensively travelled to all the plants to conduct group counselling sessions, with a special focus on female employees who work on the shop floor. During visits, she also conducted a detailed audit of the canteen facilities and recommended the changes to the menu. In order to extend her reach to sales personnel, who are present across the country, the CFitO addressed their doubts and concerns through conference calls and webinars. Employees also have the option of blocking her time for a dedicated one-on-one counselling sessions, which are duly backed by follow-up sessions. In these sessions, the CFitO goes deeper into the issues of an employee and provides a holistic and tailor-made approach to tackle them.

Mental Health

CARE

This is CEAT's flagship Employee Assistance Programme, which seeks to support its staff and their friends and family in matters related to their personal and professional lives. This includes extending counselling services, and providing references to services related to travel, dependent care, relocation, fitness, and financial and legal services.

EMPLOYEE ENGAGEMENT

Keeping employees motivated is of paramount importance when it comes to personal and organisational growth. CEAT is acutely aware of this, and strives to make its staff feel at home, while at work. A culture characterised by transparency and togetherness, supplemented by a host of initiatives, has helped it attract and retain high-performing talent, and become a household name.

Great Place to Work®

Great Place To Work®
Certified
APR 2020-MAR 2021
INDIA

CEAT adheres to global best practices in the people management realm, which earned it the Great Place to Work® certification. Assessed on the Trust Index© and Culture Audit©, the organisation's performance was deemed to be superlative on the five parameters of credibility, respect, fairness, pride and camaraderie. Efforts in these areas have been instrumental in CEAT's improved ranking on the list of India's best companies to work for, earning it the 35th rank in FY 20, up from 67 in FY 19.

CV of Your Kid

At CEAT, employee engagement extends to personnel's families as well. As part of this initiative, the Company asked staff members to provide fun details about their children, such as their hobbies, talents and co-curricular activities. These were modelled into CVs for the kids, which were then framed and mailed to them as a surprise. The initiative received an overwhelming response as well as appreciation from employees across locations.

Women's Empowerment

CEAT instituted a special forum to engage with its female workforce on the unique issues faced by them. It served as a platform for the women to share their suggestions and feedback, to help make the Company a better place for them. This resulted in several health, safety and wellbeing interventions, such as the installation of a CCTV camera on the shop floor, self-defence training for women, and the provision of childcare facilities.

Sherlock

Equipped to address queries related to company policies and employee grievances, this chatbot has been instrumental in reducing query resolution time. In cases that are beyond the bot's scope, a ticket mapped to the relevant process owner is automatically raised. These queries are then escalated to the management, if they are not resolved in the stipulated time, bringing transparency to grievance redressal. Sherlock handled 324 queries during the reporting period.

CHAMP

Launched in April 2019, this digital rewards and recognition platform aims to celebrate the accomplishments of CEAT's workforce. It consists of three modules, each of which recognises achievements at a different level. SPOT awards and e-cards are used for immediate gratification, whereas quarterly and annual awards are given out as scheduled. A total of 1,212 unique employees were awarded in FY 20, with 12,923 SPOT awards and 3,542 e-cards being given out.

PULSE

This initiative aims to strengthen the connection between skip-level managers and frontline employees, by leveraging technology. The web portal and mobile app ensure that management interaction with frontline staff is in the right context by recording conversations, and making them visible to the relevant stakeholders. This allows management to pick up where they left off, ensuring continuity, and making sure that no crucial information is left out in their communication. The application also has an option to assign action items on the basis of the conversation, ensuring that there are no loose ends. In the reporting period, close to 7,000 such conversations and managers' feedback were recorded in the system.

Natural Capital

CEAT recognises the responsibility towards people and the planet that accompanies its wide reach. The Company's environmental vision is centered on minimising its impacts on the planet and geographies that it exists and works in, and sources from. It has, therefore, prioritised the preservation and efficient management of natural resources while conducting its business, in addition to undertaking interventions related to waste management and the streamlining of business operations. The Company is leveraging its R&D capabilities to take it one step further in the journey towards a safer, smarter and more sustainable future. It has defined strategic priorities such as management of compliances, risks and sustainability in operations.

1,427 GJ
Renewable energy consumed

6,906 tCO_2e
Emissions avoided

₹ 4.18 Cr.
Spend on energy-saving equipment

~744 TJ
Total energy consumption

8,92,886 m^3
Water consumption

19,413 m^3
Wastewater discharge

INPUTS

- Green procurement
- Energy management
- Water management
- Environment management system
- Waste management

OUTPUTS

- Total material recycled
- Specific energy consumption: **0.21 GJ per tyre produced**
- Waste generated and recycled: **15,634 MT waste disposed**
- Specific water consumption: **0.26 m^3 per tyre produced**
- GHG emission reduction: **7% (Scope 1 + Scope 2)**

OUTCOMES

- Reduced environmental footprint
- Proactive environmental sustainability plan
- Cost saving due to sustainability initiatives
- Improved relationships with communities and neighbouring industries

Interlinkages with other capitals:

- Financial
- Manufactured

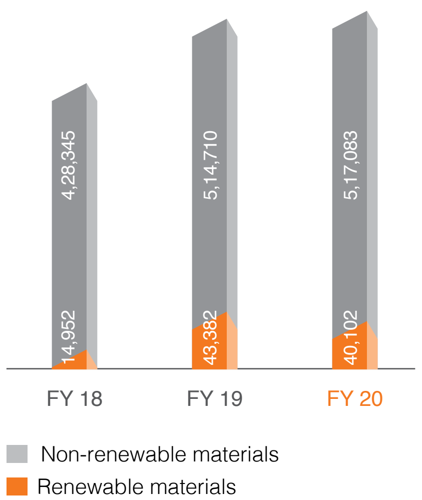
Areas of focus in FY 20:

- Materials management
- Environmental impacts
- Energy and emissions management

MATERIALS MANAGEMENT

CEAT's material procurement process is carefully designed to provide a high value, cost-optimised proposition to its customers. This is done by continuously engaging with key vendors through joint developments and the use of advanced characterisation techniques. The continuous focus on sustainability resulted in increased usage of green materials like silica and recycled materials. Introduction of new products optimised with advanced engineering tools like simulation, design of experiments and Taguchi Robust Design approach led to the conservation of materials while improving product performance.

Material Consumption (MT)



All of CEAT's operational plants are ISO 14001:2015 (Environmental management systems) certified

Natural Capital

ENERGY AND EMISSIONS MANAGEMENT

In line with global agreements such as the Paris Accord, CEAT endeavours to contribute to the mitigation of climate change through a combination of initiatives on renewable energy usage and energy efficiency. Owing to the nature of its operations, energy costs contribute to business expenses. Hence, energy management is vital to the Company. It is also putting in dedicated efforts to move to less carbon-intensive energy sources.

Energy Performance

Energy consumption is primarily governed by production, which is directly related to materials consumed. As seen in the graph below, the energy consumption trend follows that of materials consumption. While calculating energy consumed, CEAT made use of the calorific values for various fuels, as mentioned in the 2006 IPCC Guidelines for National Greenhouse Gas Inventories. Additionally, CEAT made use of energy from biomass and solar energy to reduce its non-renewable energy consumption. It plans to expand activities in this domain in the near future.

The organisation is largely dependent on electricity (~60%) and natural gas (~25%) to meet its annual energy requirements. A breakdown of energy consumption for the last three years can be found below:

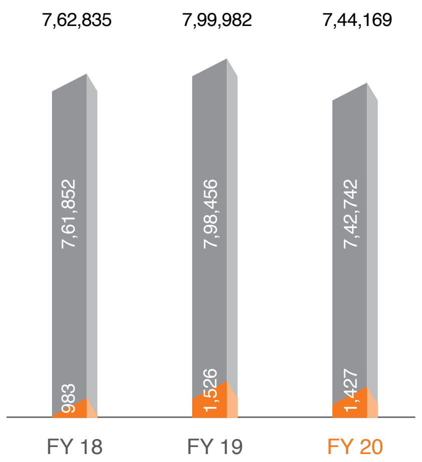
GHG Emissions

Energy consumed within CEAT governs its Scope 1 and Scope 2 GHG emissions. As seen in the graph, these two trends follow each other. The emissions factors and Global Warming Potentials used in these calculations were taken from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories. Electricity emissions factor was assumed to be 0.82 tCO_2e/MWh, as per the CO_2 Baseline Database for the Indian Power Sector User Guide – June 2018, developed by the Central Electricity Authority, Government of India.

Since electricity accounts for a majority of the Company's non-renewable energy consumption, its Scope 2 emissions are consistently high. Natural gas consumption is the most significant component of Scope 1 GHG emissions.

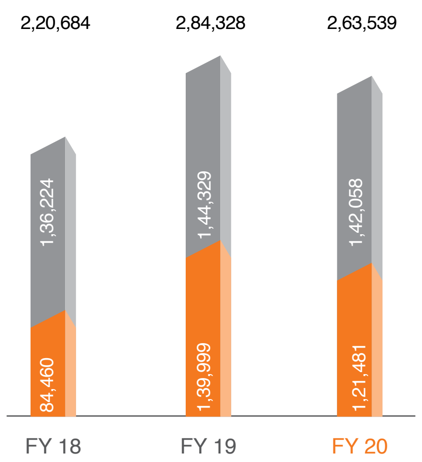
CEAT used The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard to calculate its Scope 3 GHG emissions. Components of Scope 3 emissions included employee commute, business travel, inbound logistics, outbound logistics and electricity sold to distribution centres. Of these, inbound logistics form the most significant component (>95%). The Company's Scope 3 GHG emissions over the last three years can be found below:

Energy Component (GJ)



Non-renewable energy
Renewable energy

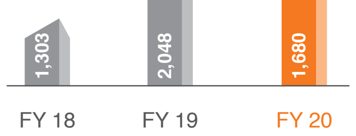
GHG Emissions Scope (tCO_2e)



Scope 2 GHG emissions
Scope 1 GHG emissions

GHG Emissions Scope (Mn. tCO_2e)

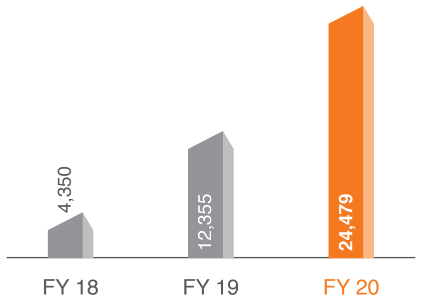
Scope 3 GHG Emissions



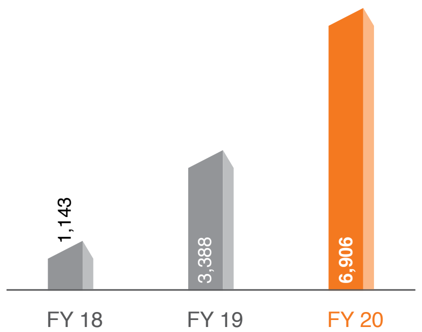
Energy Savings and Emissions Avoided

During the year, CEAT invested in and implemented a range of energy conservation initiatives. This comprised of retrofitting of old equipment, in addition to the utilisation of energy-efficient equipment and lighting, and alternate fuels (such as piped natural gas). Through such stewardship, the Company has nearly doubled its Y-o-Y energy savings, over the last three years. The base for energy savings calculation for any given year is the corresponding energy consumption of the previous year. Owing to these efforts, the avoided emissions have also seen a proportional rise. It was assumed that all initiatives would have run on grid electricity, and the corresponding emissions factor was considered.

Energy Savings (GJ)



Emissions Avoided (tCO_2e)



Steam-Saving Initiatives at Halol Plant

Action: To reduce the utilisation of HP and LP steam, the Halol plant increased insulation applied, installed a steam flow meter, removed an extra HPS steam header from the curing process, and replaced a steam-VAM with an electric chiller. The plant also set up steam traps and leakage correction systems.

Outcome: The total steam savings achieved was 13 MT/ day.

Other Emissions

Over many years, CEAT has installed, maintained and upgraded air pollution control equipment at all its manufacturing plants. Last year, six upgrades were implemented across various locations. These included electrostatic precipitators, dry scrubbers, enhancements in briquette boilers, catalytic converters and advanced air filters. Consequently, there has been a downward trend in its emissions over the years.

Other emissions for CEAT constitute SOx, NOx and Particulate Matter (PM). The monitoring of these is based on third-party stack emissions reports. Based on the flow rates from these, the total values for the entire year are arrived at. The figures for the last three years are:

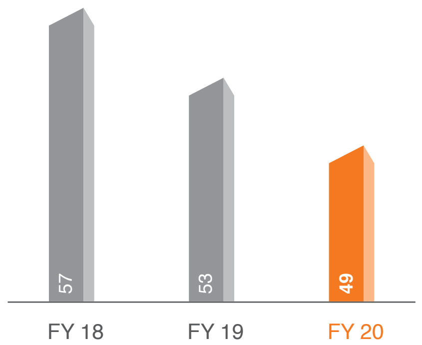
Other Emissions Component

	SPM	NOx	SOx
FY 18 (MT)	207	13	241
FY 19 (MT)	167	18	211
FY 20 (MT)	197	16	168

Ozone-Depleting Substances

As a policy, CEAT does not use Ozone-Depleting Substances (ODS) in any of its manufacturing processes. However, ODS is used for refilling during maintenance of cooling equipment, such as air-conditioners, refrigerators, water coolers and other cooling units. The Company has gradually phased out ODS in favour of new coolants that do not damage the ozone layer. Hence, there has been a Y-o-Y decrease in ODS consumption.

ODS Consumption (kgCFC-11eq)



Natural Capital

ENVIRONMENTAL IMPACTS

Aside from impacts related to materials, energy and emissions, as captured in the previous sections, CEAT acknowledges environmental impacts arising from its water consumption and waste generation. The Company has deployed modern technology to reduce its water and waste burdens.

It did not identify any non-compliance with relevant environmental laws and regulations during the reporting period.

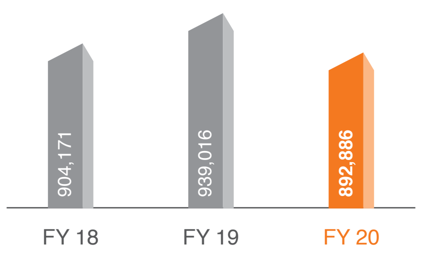
Water Management

The organisation understands the criticality of water, which is used in all its operations and manufacturing processes, as a natural resource. To maximise its water-use efficiency, CEAT employs best-in-class technology. Its main source of water is the direct supply received from the Maharashtra Industrial Development Corporation (MIDC). Like energy, water also follows the consumption trend of materials.

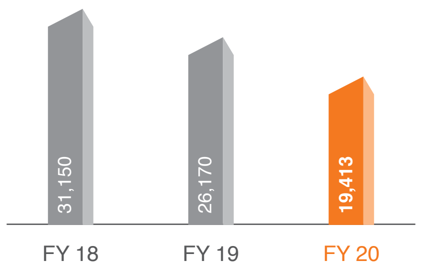
Except for the Bhandup plant, all plants do not discharge any wastewater. The water is treated and used for domestic purposes such as horticulture. As a policy, the Bhandup plant has set its discharge limits to 50% of permissible legal limits. Care is also taken to ensure that the water discharge does not significantly affect the surrounding environment.

CEAT has set a 10% Y-o-Y reduction target for its water consumption. Targets are set as per the Company's Integrated Management System Manual. Emphasis is given to set quantitative targets for reduction or improvement, and corresponding monitoring protocols are developed.

Water Consumption (m³)



Wastewater Discharge (m³)



Reduction in Water Consumption at Bhandup Plant

Action: To reduce overall water consumption for domestic purposes and sanitation, the Bhandup plant undertook activities such as replacement of old water storage containers, installation of level transmitter and retrofitting of stop-jacket cooling system.

Outcome: Water consumption of the plant reduced from 737 kL/day in FY 18 to 562 kL/day in FY 20, and treated effluent discharged reduced from 89 kL/day in FY 18 to 64 kL/day in FY 20.

Zero Liquid Discharge (ZLD) System at Nagpur Plant

Action: To eliminate water discharge, the Nagpur plant installed a state-of-the-art ZLD system with a 20 kL/day capacity. To maximise efficiency, this system was designed to separately process effluents and sewage.

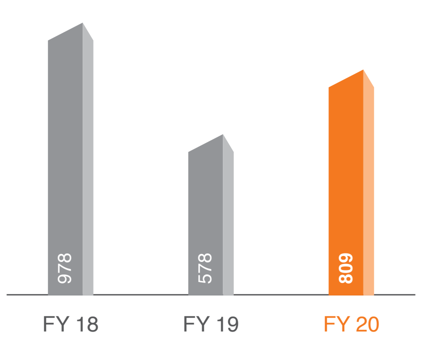
Outcome: The specific water consumption of the plant reduced from 5.4 kL/Ton in FY 18 to 4.03 kL/Ton in FY 20.

Waste Management

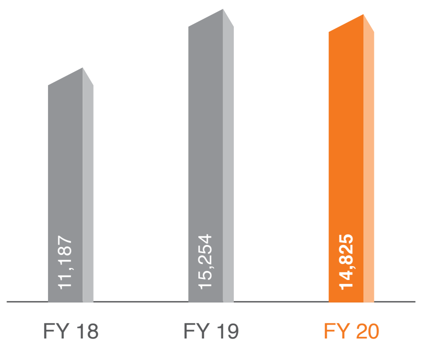
In line with the 3Rs of waste management, CEAT strives to minimise waste at the source by stringently monitoring processes that lead to its generation. A small proportion of the annual waste generated is hazardous in nature, while the rest is non-hazardous. During the year, initiatives such as reduction in naphtha consumption and recycling of packaging materials brought down overall waste generation. The trend of non-hazardous waste generation has largely been in sync with material consumption.

All hazardous waste is handled as per relevant government guidelines and regulations. Hazardous waste is only disposed of through government-authorised recyclers or agencies.

Hazardous Waste Disposed (MT)



Non-Hazardous Waste Disposed (MT)



Zero Liquid Discharge (ZLD) Effluent Treatment Plant

Social and Relationship Capital

The performance of a business is inextricably linked to the prosperity of its customers and the communities within which it operates. As a responsible corporate citizen, CEAT endeavours to leverage its strengths to create smarter products that make the world a safer place. In addition to a host of community development initiatives, the Company is constantly working towards reducing the environmental impact of its offerings and operations. Together, these have helped strengthen its relationships with its customers and surrounding communities, and driven progress towards a future that is safer, smarter and sustainable.

₹ 9.13 Cr.
CEAT's contribution to the RPG Foundation in FY 20

99%
Customer complaints resolved in FY 20

17,000+
Beneficiaries impacted by the eye care programme, 'Netranjali'

2,395
Women and youth trained under various Skill Development Programmes

4,949
Students benefitted from the programme 'Pehlay Akshar'

INPUTS
- Community initiatives
- Customer centricity
- Sports partnerships
- Collaboration with channel partners / vendors / suppliers
- Employee engagement

OUTPUTS
- Lives impacted : **38,000+**
- Wider customer base
- Effective supply chain

OUTCOMES
- Brand recognition
- Deep relationships with partners
- Stronger community relationships
- Improved industrial relations
- Better NPS
- Community satisfaction score

Interlinkages with other capitals:
- Human
- Financial
- Natural

Areas of focus in FY 20:
- Customer satisfaction
- Community engagement
- Responsible procurement

CUSTOMER SATISFACTION

Customer centricity is the foundation upon which CEAT's operations have been built. The Company strives to provide its distributors, clearing and forwarding agents, OEMs, dealers, fleet operators and end users with a superlative sales and after-sales experience.

It is also working to improve its distribution channels to ensure product and service availability in remote areas. To this end, the Company is constantly fine-tuning its distribution network, and has launched initiatives like CEAT Shoppes and CEAT TSH to provide superior customer experience.

However, at CEAT, the customer satisfaction journey doesn't end at the closing of a sale. The brand has undertaken a number of initiatives to ensure that its customers get the maximum value for their money. This includes, but is not limited to, the establishment of call centers, and providing value-added services like fleet advisory. It has also reinvented the replacement claim process through the launch of an e-Claim mobile app for on-spot resolution. An industry first, this application has reduced resolution time to less than an hour. The Company exited FY 20 with a spot resolution of 56% in dealer channel, up from 35% in April 2019.

An industry first, the e-Claim application has reduced replacement claim resolution time to less than an hour.

Social and Relationship Capital

CEAT Customer Day

The Company hosted the first edition of 'CEAT Customer Day' in October 2019. This first-of-its-kind customer engagement initiative saw nearly 400 personnel, including top management, visit 162 CEAT Shoppes to interact with channel partners in 28 Indian cities. The initiative was undertaken to reinforce the customer-centric culture of the organisation and understand the evolving needs of the market.

MD Anant Goenka noted, "With Customer Day, we wanted to drive customer centricity across the company through meaningful engagement and inclusive participation. It has acted as a great opportunity for us to interact with our customers and understand their needs, while including our channel partners in the journey with us. The knowledge we have gained from this initiative will help us get closer to our purpose of making mobility safer and smarter every day."

RESPONSIBLE PROCUREMENT

An organisation's social and environmental impact extends far beyond its own activities. This is especially true for a company like CEAT, which works closely with a wide-ranging network of distributors, clearing and forwarding agents, OEMs, dealers, fleet operators and suppliers, among others.

Given its wide reach, the Company is acutely aware of the responsibility it has towards people and the planet as well as the influence it exerts over partners. It has, therefore, put into place a number of controls to ensure sustainability throughout its value chain. 92% of CEAT's new suppliers in the period were screened for their environmental performance. Meanwhile, efforts have also been dedicated towards working with local suppliers, who account for 61% of its overall supply chain spend.

Taking cognizance of its own role as a tyre supplier, the brand also engages with dealers and OEMs on a regular basis. These interactions have proved invaluable in gaining a more in-depth understanding of its own strengths and weaknesses, and improving the quality of CEAT's products.

SPORTS PARTNERSHIPS

CEAT has been unwavering in its commitment to supporting the growth of sport in India. The Company continues to be the Official Strategic Time Out Partner for the Indian Premier League, and is making its presence felt with football and table tennis associations. In FY 20, the brand continued to celebrate achievers in the sporting world, as well as support up-and-coming stars.

The Company has partnered with top-order batsman Shreyas Iyer, whose style of play has earned him comparisons to the legendary Virender Sehwag. The rising star joins the likes of Rohit Sharma, Ajinkya Rahane, Shubman Gill, Mayank Agarwal and Harmanpreet Kaur, who are all part of the CEAT family.

Celebrating the Best of Cricket

CEAT has been unwavering in its commitment to celebrating and encouraging India's most beloved sport, cricket. The brand honoured some of the most exemplary players at the CEAT Cricket Rating (CCR) International Awards, held in May 2019. In line with the CCR's recognition of the sport at both a domestic and international level, the awards honoured performances across the gamut. Virat Kohli was awarded the prestigious title of CEAT International Cricketer and Batsman of the Year, whereas Jasprit Bumrah, Rohit Sharma and Aaron Finch also took home awards. The ceremony also celebrated junior cricketer Yashasvi Jaiswal, and Smriti Mandhana from the Indian women's national team.

COMMUNITY ENGAGEMENT

CEAT aims to help communities lead purposeful, healthy and dignified lives, thereby driving their holistic empowerment and wellbeing. It has partnered with several NGOs, local governance bodies and other private entities through the implementation agency RPG Foundation to ensure maximum social impact. Its Corporate Social Responsibility (CSR) initiatives are also aligned with the Sustainable Development Goals (SDGs) put forth by the United Nations (UN) to bring about peace and prosperity for people and the planet. These initiatives leverage the strength of CEAT and its partnerships to drive progress towards ensuring a safer, smarter and more sustainable future.

The CSR Committee, constituted by the Board of Directors, is responsible for giving strategic direction to the initiatives, formulating and reviewing programmes and recommending the expenditure on various activities. It also oversees the implementation of various initiatives through programme planning, implementation schedules and plans, and situational and other assessment tools. In the reporting period, the CSR committee met twice to ensure effective implementation and compliance with the Company's CSR objectives and policy.

To maximise the impact of CSR initiatives, it is essential to understand the unique needs of and problems faced by the communities within which a business functions. Working with the relevant agencies to conduct an in-depth need assessment helps organisations design and implement effective interventions, and monitor and maximise their outcomes.

In 2014, CEAT engaged the Tata Institute of Social Sciences to conduct a need assessment in and around the areas where it operates. The findings were used to determine the key focus areas around which its activities are built – **eye health care, education, women's empowerment** and **community development**. Subsequent exercises have since been undertaken to make sure that the brand's initiatives evolve along with the communities' needs. Based on this, the scope of CEAT's CSR activities has been aligned to focus on employability and livelihoods, including provision of clean water. All of CEAT's operational locations had community engagement, impact assessment and/or development programmes in the financial year.

● Programme/Vertical ● Spend in FY 20 (₹ in Lacs)

Programme/Vertical	Spend in FY 20 (₹ in Lacs)
Netranjali	60.64
Pehlay Akshar	135.92
Swayam and Sanjeevani	203.21
Jeevan and Saksham	352.64
Heritage Conservation	20.92

Social and Relationship Capital

Eye Health Care

Netranjali

According to the National Blindness and Visually Impaired Survey, India was home to around 4.8 Million blind people, as of October 2019. This initiative by the RPG Foundation, powered by CEAT, seeks to help prevent avoidable blindness, which is estimated to account for over 75% of all cases globally. It conducts comprehensive eye check-ups, followed by promotive, preventive, rehabilitative and curative care to the underprivileged. The range of interventions includes free eye screenings, hospital referrals and the provision of free spectacles to those in need. These activities are conducted in schools and communities, with special emphasis on drivers, whose vision is crucial to ensuring road safety and a sustainable livelihood.

In FY 20, 17,286 bus drivers were screened as part of this project. 7,877 pairs of glasses were distributed, and 454 hospital referrals provided for severe cases.

Eye camp conducted as part of 'Netranjali'.

Road Safety

Road Smarrt

Making mobility safer and smarter is the ethos upon which CEAT has been built. This is even more imperative now that road accidents result in 1.35 Million fatalities annually, making them the leading cause of death of people between the ages of 5 and 29 years. Road Smarrt was launched with the aim of raising awareness about the need for road safety from an early age. The initiative works closely with schools to engage with students from class 7 to 9, who will soon have a say in influencing their own mobility choices. Through fun-filled interactive sessions, the programme teaches children about road safety and the consequences of accidents.

In addition to telling attendees about dos and don'ts, and imparting values for responsible behaviour, the sessions include Q&As, quizzes and games to maximise their impact.

[1] 5th UN Global Road Safety Week highlights need for strong leadership 6-12 May 2019, WHO: https://www.who.int/roadsafety/week/2019/en/ (Accessed on May 16, 2020)

City Road Runners

CEAT organised the third edition of 'City Road Runners' in Vadodara in September 2019, to raise awareness about the menace of child trafficking. This run sought to show solidarity with victims of the crime and their families, and signify India's will to fight against it and create a safer future. Funds were also mobilised to provide assistance to the victims and their families, further aiding their rehabilitation.

Education

Pehlay Akshar

Education is a fundamental right, and the foundation upon which a life of prosperity can be built. This initiative by CEAT takes a two-pronged approach to improving the quality of education.

The Pehlay Akshar programme seeks to address the education gap. This project works with children from government schools for six continuous years, with the intervention beginning from the fourth standard and continuing till the ninth standard. Its goal is to impart English language proficiency, both spoken and read, thereby increasing the students' future employability. Improving spoken English makes a plethora of career options accessible to them, while practical reading skills help them participate in the online revolution and make them future-ready. In the reporting period, the programme had impacted 4,949 students across 40 schools in Mumbai, Halol and Nashik. The interventions undertaken ranged from the development of a virtual classroom – including the donation of a projector, screen, educational games and books – to the painting of murals.

This initiative also works with teachers from government-run schools to help them create 'Magic Classrooms', where children feel safe and motivated to learn. **In FY 20, 1,260 teachers from government and municipal schools were trained under Pehlay Akshar.** Out of these, 481 teachers were trained as a part of a partnership with the Brihanmumbai Municipal Corporation (BMC) to train teachers from BMC-run schools across Mumbai. This included three training sessions spread across the academic year, with weekly group coaching sessions focussed on implementing the 'Magic Classroom' principles.

'Pehlay Akshar' seeks to make children feel safe and motivated to learn.

Employability

Gainful employment is the foundation upon which peace and prosperity of communities is built. This will be especially true in a post-COVID-19 landscape that will present a whole new set of challenges and opportunities when it comes to employment. CEAT is acutely aware of the economic benefits it stands to reap if the communities within which it operates have access to sustainable livelihoods. Additionally, working towards this end also gives it access to a higher quality talent pool, further driving the Company's success. This, combined with the social benefits of peace and harmony, have made skilling and employment key focus areas for the Company, within which it operates have access to sustainable livelihoods. Additionally, working towards this end also gives it access to a higher quality talent pool, further driving the Company's success. This, combined with the social benefits of peace and harmony, have made skilling and employment key focus areas for the Company.

Sanjeevani (Skilling Women in Healthcare)

Skilling healthcare workers serves the dual purpose of providing gainful employment as well as ensuring good health and wellbeing for all. This is especially necessary in India, where there is one nurse for every 1,200 people, in stark contrast to the WHO's recommendation of one for every 100-150 people. RPG Foundation has, therefore, implemented Sanjeevani, a programme that trains youth and women to pursue careers such as general duty assistants, bedside assistants and patient care assistants.

In FY 20, 783 women were trained as general duty assistants, bedside assistants and patient care assistants under this programme. 310 women have been employed at hospitals and medical facilities across locations.

Social and Relationship Capital

Women being trained as healthcare workers, as part of 'Sanjeevani'.

I had completed my education till class 10 and wanted to continue on, but had to drop out because of my family's financial condition. Then, I found out about the bedside assistant course and enrolled in it. I earn ₹ 8000 per month, and used my first salary to buy a mobile, and a bike with the second. I am thankful to RPG Foundation and CEAT for giving me this opportunity.

Arfia Shaikh

My father runs a tea stall, while my mother works as domestic help, and my sister is in the sixth standard. I was studying part-time and looking for a job to manage my expenses. I took admission in the 2/3-wheeler course, after the completion of which I was awarded a government certificate that helped me land a job at a two-wheeler dealer. I now earn a monthly salary of ₹ 7000, and am grateful to the RPG Foundation and CEAT Tyres.

Shubham Ghode

We are four members in the family, who were finding it difficult to meet our basic needs through my father's salary of ₹ 9000 per month. I came to know about and signed up for the Solar PV technician course run by the RPG Foundation. After completing my training, I got a job in a leading solar PV manufacturing company in Gujarat. My monthly salary of ₹ 10,500 is helping me support my family. I am very happy and thankful to the RPG Foundation and CEAT Tyres.

Vikas Chandekar

Swayam (Skilling Women in Driving)

This women's empowerment programme goes beyond conventional livelihood training initiatives to encourage women to pursue a career in the male-dominated driving industry. It imparts driving training to women, and helps them find employment as taxi, school van, auto rickshaw and delivery drivers. The initiative also supports these women in securing their licenses, and provides placement support.

Understanding the unique set of challenges that women face in situations like these, Swayam also includes self-defence training. Allied skills like spoken English, first aid, mechanics and grooming are also included in the programme to boost their employability.

Swayam has garnered immense support from the transport sector, with beneficiaries being employed as valets, forklift operators, on-call drivers and instructors, in addition to the aforementioned roles. In this reporting period, 600 women enrolled in the programme across Mumbai, Chennai, Nashik, Nagpur and Delhi. 395 of them trained as two-wheeler riders, whereas 205 beneficiaries completed the four-wheeler driving course. 347 candidates were successfully placed in FY 20.

'Swayam' imparts driving training to women.

Community Development

Jeevan (Plant-Level Development Initiatives)

CEAT's community development efforts focus on elevating the quality of people's lives through interventions in the areas of clean drinking water, sanitation, health and nutrition, skilling and employability.

Initiatives in FY 20:

- As a part of the Bal Vikas programme, 100 children attended workshops on topics such as yoga, art and craft and storytelling in Bhandup.
- Installation of four clean drinking water units was completed in FY 20, with one each in Nashik and Chennai, and two in Nagpur. These are expected to impact over 8,764 beneficiaries.
- 3 rainwater harvesting systems were installed in Zilla Parishad schools in Nashik.
- As part of the POTALI programme, 1,220 sessions on healthcare awareness for children and their parents were conducted in the Bhandup area.
- 1,302 saplings – 450 in Nashik and 852 in Nagpur – were planted, benefitting more than 4,000 community members.
- CEAT provided training support to five athletes, including one para-athlete and two female shooters, along with the Abhinav Bindra Foundation. The Company supported them with world-class equipment and coaching, which helped them hone their skills. The two swimmers, Virdhawal Khade and Harsh Saroha, have gone on to win medals at the South Asian Games in Nepal and the National School Games, respectively.

Saksham (Skill Development for Youth)

This initiative trains youth and women in skills necessary for employment in industries like textile, technology, and food and beverages. It works in close conjunction with training partners to equip workers with the skills they need to boost employability and income generation capabilities.

Its enterprise development initiatives also provide newly skilled workers with the know-how they need to transition into small business owners. Further, the programme is tailored based on the findings of the need assessment activity, to make it as impactful as possible. In Halol, for instance, capacity-building was expanded to include skills such as welding, mobile and refrigerator repairing, air-conditioner repairing, and electrical wiring. Meanwhile, participants in Nagpur were trained in the skills needed for careers as two- and three-wheeler mechanics and solar PV technicians.

In FY 20, 1,012 youth were trained under various trades and 532 have been placed in different sectors.

Skills training being imparted to youth as part of 'Saksham'.

COVID-19 Response

The highly infectious novel coronavirus has rapidly spread across the globe since it was detected in December 2019 - January 2020. Aside from the public health implications of the pandemic, subsequent lockdowns have also led to socioeconomic fallout in many parts of the world, including India.

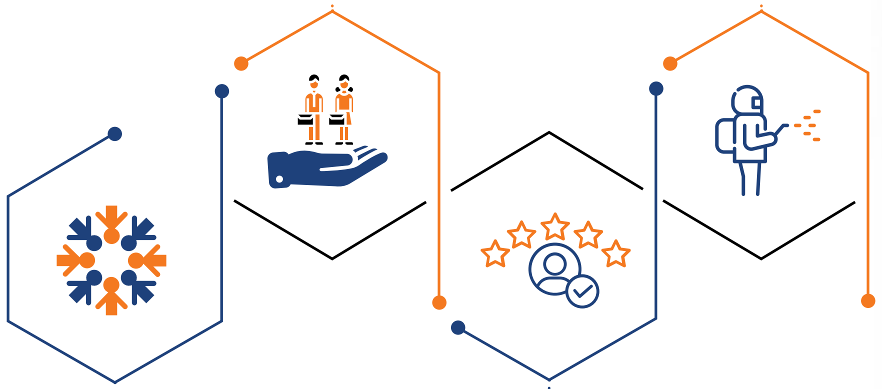
CEAT's culture is built on an ethos of safety, and protecting and serving the interests of its customers, employees and communities has always been of paramount importance to it. This has taken on even more importance in the wake of the COVID-19 pandemic, and the Company is working to ensure the wellbeing of its personnel, while exploring new avenues to best serve its customers. It is also leveraging its innovative prowess and wide network to manage and mitigate the aftermath of the crisis on society's most vulnerable sections. Some of CEAT's initiatives undertaken until this reporting have been outlined in this section.

Wall of Gratitude -

Words fall short to express our gratitude to the COVID-19 warriors in our country. RPG's token of appreciation for the doctors, nurses, policemen, media persons, delivery executives and our very own COVID-19 warriors for braving the situation and undertaking their duty. This artwork was created by Mumbai-based graphic designer and illustrator, Sameer Kulavoor at our head office, RPG House.

EMPLOYEE WELLBEING AND ENGAGEMENT

PLANT HEALTH AND SAFETY



COMMUNITY OUTREACH

SUPERIOR CUSTOMER EXPERIENCE

COVID-19 Response

COMMUNITY OUTREACH

Ventilators, Masks, Sanitisers

- COVID-19 testing booths developed in collaboration with RPG Foundation provided to 75 hospitals across Maharashtra, Andhra Pradesh, Tamil Nadu, Gujarat and Kerala
- Funded a start-up, Promethean Energy, to develop low-cost prototype of a ventilator, to distribute about 25 ventilators to hospitals and medical facilities across India
- Around 2,500 masks contributed to the Bhandup police station in Mumbai
- Around 1.25 Lac pairs of gloves, 10,000 PPE kits, 50,000 N95 masks and 500 litres of sanitiser donated to frontline workers in Mumbai

Distribution of Food and Meals

- CEAT distributed over 3.7 Lac cooked hot meals from its plants in Nashik, Bhandup, Ambernath, Chennai, Halol and the head office in Worli
- Donated dry rations worth ₹4,00,000 to migrant labourers in Mumbai, and worth ₹10,00,000 to 2,270 families in Tamil Nadu

Truck Sanitisation

- The Company undertook sanitisation of close to 200 trucks in FY 20, towards the goal of sanitising over 8,000 trucks, which had already been surpassed with over 9,000 trucks as of July 2020, at various locations across India
- Face masks, sanitisers and food packets were distributed to truck drivers and other daily-wage workers; over 4,670 food packets were distributed in FY 20 alone

Donations

- Donated ₹10,00,000 to the COVID-19 response fund in Tamil Nadu

Other Initiatives

- CEAT's employees and their family members supported the RPG Foundation's 'A Story A Day' initiative by reading simple English stories to children
- CEAT contributed ₹25,00,000 to Milkar, a collaborative platform that distributes food kits to underserved communities in Mumbai

EMPLOYEE WELLBEING AND ENGAGEMENT

- A weekly podcast hosted by the Chief Fitness Officer (CFitO) guides employees on staying healthy while working from home, boosting immunity and other relevant subjects
- The CFitO connects with employees' families to answer queries and guide them on the precautions to be taken to prevent COVID-19
- Two slots of two-hours each are available for employees to reach out to the Chief Fitness Officer directly
- CEAT onboarded a physical trainer to conduct virtual workout sessions for its employees under the series 'CoFit 20'
- A different health-related contest, such as the 'Push-Up Challenge' or 'Exercise Selfie with Family' is rolled out each week to motivate employees
- The CFitO, along with an Employee Assistance Programme psychologist, are extending counselling services to employees, in addition to hosting webinars on mental health-related topics
- Training and development content is being delivered to employees in formats such as case studies, e-books, TED Talks, online courses and articles
- 6th July was announced as Wellbeing Day for the employees to take a break from the 'Work from Home' monotony and connect with their families
- A photography cohort has been formed for employees to learn new techniques and follow their passion

SUPERIOR CUSTOMER EXPERIENCE

- The avenues of no-touch tyre service and car disinfection are being explored to provide a hassle-free customer experience
- CEAT is exploring new business models like online buying and doorstep fitment and fleet advisory services
- Introduced the GoSafe S95 masks with formidable six-layer filter protection, having soft anti-bacterial fabric, microbe protection and consisting of small particle filters for added safety

CEAT GO SAFE

PLANT HEALTH AND SAFETY

- Risk-based approach to prevent safety incidents during plant shutdown and start-up
- Prepared Plant Start-up Manual comprising of Safe Start-up SOP, government orders, Pandemic Checklist and COVID-19 suspect handling and contact tracing procedure, and ensured compliance through daily inspections
- Audio-visual training module prepared on precautions to be taken at home and the workplace

Management Discussion and Analysis

CEAT, established in 1958, is one of the largest tyre manufacturers and is one of the fastest growing tyre companies in India. For the year 2020, CEAT ranked 35th amongst India's 100 best companies to work for by the Great Place to Work® Institute and was recognised as one of the best companies amongst the auto and auto component industry category.

CEAT produces best-in-class, high performance tyres for a wide range of vehicles, including tyres for 2 / 3 Wheelers, Passenger Vehicles and Utility Vehicles, Commercial Vehicles and Off-Highway Vehicles and produces over 35 Million tyres in a year. Replacement, Original Equipment Manufacturing (OEM) and International Business segments accounted for 61%, 26% and 13% of CEAT's revenue, respectively, in FY 20.

Currently, CEAT's footprint spans over 100 countries across the world. CEAT has plants in Nashik, Mumbai, Halol, Ambernath, Nagpur and with commencement of operations in the Chennai plant in February 2020, CEAT has 6 (six) plants in India. CEAT also has a manufacturing facility in Sri Lanka through its overseas joint ventures. The Company is working on expanding its manufacturing capacities across product categories for 2-Wheeler tyres in Nagpur, Commercial Vehicles Radial tyre plant in Halol and Off-Highway tyres in Ambernath.

CEAT has dedicated state-of-the-art R&D centres in Halol, Gujarat and Frankfurt, Germany. Built on the corporate purpose of 'Making Mobility Safer & Smarter. Every Day.' CEAT is committed to innovate, rebuild and help millions of vehicles travel safely.

6,66,833

Net Sales (₹ in Lacs) (Consolidated)

10.93%

EBITDA Margin (Consolidated)

35

Ranked 35th amongst India's 100 best companies to work for by the Great Place to Work® Institute

Global Economy

Global economy and trade continued to maintain a slow growth trajectory until mid-January 2020 when China recorded the initial cases of COVID-19 virus. Pre COVID-19, the world GDP grew by 2.9% in 2019. The uncertainties surrounding the US-China trade deal for most part of 2019 had a negative bearing on business sentiment globally. UK continued to hold post-Brexit trade discussions with the EU, in a challenging scenario. Since the onslaught of COVID-19 in China, the cases grew manifold across continents, thereby disrupting operations of thousands of businesses and lives of millions.

The Fed rates, proxy for the US economic outlook, witnessed three downward revisions in 2019, to the tune of 75 bps. This shed light upon the Federal Reserve's concerns on the global slowdown's impact on the US Economy, which made them adopt a conservative approach by way consistent cuts which continued in FY 20, witnessing a further downward revision of 150 bps in March 2020.

The COVID-19 pandemic has affected the core fundamentals of global economies with disruptions in global supply chains and international trade. The widespread shutdown in operations across nations and disruption of normal life has led to muted earnings' visibility for corporates across the spectrum, which in turn has led to hiring freeze, pay cuts and job losses depending upon the sector and the extent of impact. While the Central Banks of most nations have stepped in to provide monetary relief to cushion the impact, this will have to be the first of many measures required to return to business as usual scenario.

Outlook

Economies around the world continue to fight the COVID-19 pandemic by enforcing stringent protective measures and announcing fiscal packages for recovery and revival. Given the layoffs by companies across developed and developing economies, private consumption is expected to witness corresponding decline. According to IMF, the developed markets are expected to witness higher disruption as the GDP decline is slated at 8.0% vis-à-vis decline of 3.0% forecasted for emerging markets, in 2020. The global GDP growth is expected to surpass pre-COVID levels in 2021, with current projection at 5.4%.

Emerging markets are expected to drive recovery at 5.9% with developed markets expected to grow at 4.8% in 2021.

Global Growth

%

Particulars	Actual 2019	Projections 2020	2021
World	2.9	-4.9	5.4
Emerging Markets	3.7	-3.0	5.9
Advanced Economies	1.7	-8.0	4.8
Euro Area	1.3	-10.2	6.0
US	2.3	-8.0	4.5
Japan	0.7	-5.8	2.4
UK	1.4	-10.2	6.3
China	6.1	1.0	8.2

Source: IMF World Economic Outlook June 2020

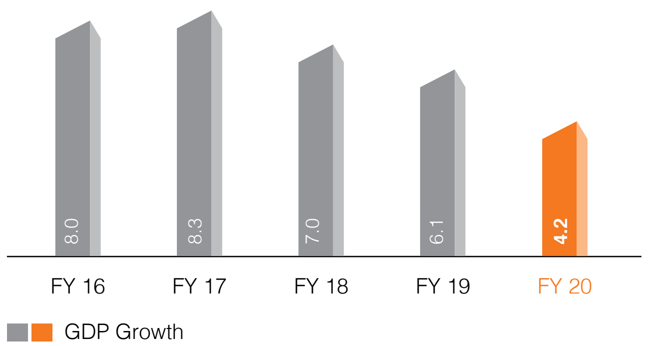
Indian Economy

The Indian GDP growth witnessed a declining trend in FY 20. While the GDP grew by 5.2% in Q1 FY 20, the rate declined by 82 bps in the second and a further 34 bps in the third quarter. GDP grew by 3.1% in Q4 FY 20, a further decline of 99 bps over the previous quarter. Slowdown in the manufacturing and construction sectors coupled with muted demand growth from consumers overall, led to the 11-year low GDP growth rate figure in the fourth quarter. Big-ticket discretionary spend i.e. the auto sector also witnessed a challenging year demand-wise across the passenger and commercial vehicle segments, which led to multiple instances of 'production halts' during the year.

The Government introduced several initiatives during the year in its efforts to revive the economy and boost market sentiments and global confidence in India as a stable investment destination. These include ₹ 70,000 Crores earmarked for re-capitalising public sector banks as a liquidity enhancement measure. ₹ 1,00,00,000 Crores allocated for infrastructure spend. And more importantly, the reduction in corporate tax rate from 30% to 22%; the benefit of which is yet to reflect in the economy given the natural lag of a few quarters and the COVID-19 impact. Interest rates reduced as the RBI reduced the Repo Rate by 160 bps since April 2019, including the latest revision of 75 bps in March 2020. On the foreign investment front, FY 20 ended with a net FPI outflow of ₹ 27,529 Crores compared to the net outflow of ₹ 38,931 Crores in FY 19. The net negative position in the recently concluded financial year was due to heavy selling by FPIs in the month of March 2020.

CPI inflation maintained an upward trajectory from the beginning of the fiscal year. The rate for the month of March 2020 was 5.84% compared to 2.99% in April 2019. This significant rise in inflation is attributable to the impact of off-season rainfall on agricultural output, leading to spike in prices of essentials.

India GDP Growth Rate (%)



Source: The Ministry of Statistics and Programme Implementation (MOSPI)

5.9%

Emerging markets are expected to drive recovery at 5.9% in 2021.

Outlook

India entered FY 21 with a projected GDP decline of 4.5% for the year 2020, according to IMF. This factors in the impact of global recession phase the world economy is on the verge of entering, on India. The imposed lockdown on account of COVID-19 pandemic impacted import of key raw materials for manufacturing processes in India and export of finished goods to countries worldwide.

At the ground level, the reduced income in the hands of the mid-to-low income groups is expected to impact their loan-repayment capabilities, which will put pressure on the asset quality of the NBFCs and micro-lenders.

On a positive note, India has further moved up 14 places to the 63rd position among 190 nations in World Bank's ease of doing business ranking. The reduction in corporate taxation is further expected to fuel investments in manufacturing setup, thereby leading to job creation and eventual transgression into increased industrial and retail consumption.

Although the IMF expects the growth rate to assume its normal path in 2021 with an estimated growth rate of 7.4% for India, a lot would depend upon the global and domestic developments.

Global Automobile Industry

The year 2019 was a challenging year for the global automobile industry which witnessed production cuts across facilities to align the inventory level with muted passenger and commercial demand.

Global sales of Passenger and Commercial vehicles declined by 4.0% Y-o-Y in 2019 compared to 0.6% Y-o-Y decline witnessed in 2018. A total of 91,296,738 units were sold in 2019, across classes of vehicles. Over 2010-19, de-growth was witnessed only in 2018 and 2019. This highlights the fact that the slowdown in 2019 was just a continuation of the minor signs of stress which were visible in 2018. This degrowth was primarily driven by Y-o-Y sales decline witnessed in Turkey (-23.3%), Argentina (-47.2%), Australia (-7.8%), China (-8.2%), India (-13.3%), Iran (-31.7%) and Thailand (-7.3%) partially negated by growth in key markets like Germany (5.1%), Brazil (12.9%) and Saudi Arabia (31.0%).

Key Trends in Global Automotive Industry

The R&D think-tank of global OEMs has laid emphasis on technical innovations, in the recent past. The use of Big data, Cloud Computing, Artificial Intelligence ('AI') and the Internet of Things ('IoT'), has enhanced connectivity and automation in a modern vehicle.

In a bid to improve customer engagement and retention, the automobile manufacturers are offering ancillary services like leasing, usage-based vehicle insurance, automation in new finance plans and car health tracker, to complete their basket of offerings.

Connected Vehicles

With the advancement of technology in personal mobility, OEMs are focusing on R&D with respect to aspects or parts

of the vehicle where the use of sensors will enhance the level of safety while driving, by providing key information to the driver on various parameters. Technologies like lane-assist, parking sensors and blind-spot detection systems have already made way into the passenger vehicle segment.

Autonomous Vehicles

The sales of autonomous vehicles are expected to grow at a CAGR of 43% between 2025 and 2035, from 0.6 Million units to 21 Million units. While the long-term targets in this space should remain in place, the short to medium term targets could witness downward revisions due to the slow-down.

Shared Mobility

The global Robotaxi fleet market is expected to be worth at least USD 2 Trillion by 2030. In 2018, Indian shared mobility market was valued at USD 630.7 Million and with a CAGR of 27.6% over the next 5 years from 2019 to 2024, is expected to attain the USD 3.5 Billion mark. This is expected to be driven by the intent to reduce congestion in urban areas caused due to rise in daily commuters. The cost of shared mobility is expected to be slashed from USD 3 per mile to USD 1 per mile by 2025, with the aid of autonomous driving.

Electric Vehicles

More than 2 Million units of electric vehicles were sold in the year 2018. This figure is expected to attain the 10 Million mark in 2025 and further to 28 Million in 2030. China is expected to account for 48% and 34% of Passenger EV sales market, in the respective years. The European markets are expected to outpace the EV growth rate in US due to stringent fuel economy regulations in the EU. APAC region EV growth will shadow that of the advanced economies due to the slower adoption rate and preference for electrification of two and three wheelers, especially in the context of markets like India.

Outlook

Global auto sales witnessed a downward revision of 160 bps to a degrowth rate of 2.5%, for the year 2020, accounting for the impact of the pandemic. The projections for the Chinese, West Europe and US markets remain negative with the only

exception of Japan, which is expected to witness a modest growth in 2020 driven by 0.4% growth in Light Vehicle sales. Overall, global auto sales are expected to register a growth rate of 1.5% in 2021.

Sustained efforts are being made by the passenger car makers around the globe to revive demand and strengthen relationship with existing customers by extending warranties and digital fulfillment of orders. While it may take a few more months for markets in Europe, Latin America and Middle East to gain momentum and get back on its usual course, the auto ancillary sector including tyres and auto spare-parts should witness faster recovery as any delays in new purchases would be replaced with overhaul of the existing vehicle in terms of necessary upgrades.

Indian Automobile Industry

The FY 20 was a turbulent year for the Indian auto industry as it witnessed production shutdown announcements by leading OEMs between July and September 2019.

In line with the global effort to arrest the spread of COVID-19, all OEMs in India announced suspension of production activities w.e.f. March 22, 2020 in adherence to Government directives, until the end of the month, subject to further extensions.

These shutdowns had a negative impact on the production and the Indian auto industry witnessed a Y-o-Y decline of 14.73% during the period April-March 2020. The number of all vehicles produced during April-March 2020 stood at 2,63,62,284 vis-à-vis 3,09,14,874 produced during the previous year. The Y-o-Y production decline in the month of March 2020 was 33.61%, attributable to the shut-down.

Despite the positive stimulus in terms of reduction in the borrowing rate for end customers along with the deferral of one-time vehicle registration hike, the industry witnessed Y-o-Y decline in sales in FY 20, across classes of vehicles.

In addition to the ₹ 6,000 Lacs farm income support announced in the union budget, which now encompasses all farmers, the reduction in income tax rates is expected the boost availability of funds in the hands of people across income groups, for discretionary spend, which is expected to benefit the auto sector. The additional tax deduction to the tune of ₹ 1.5 Lacs on loans taken for purchase of Electric Vehicles, should help OEMs manufacturing EVs.

Also, the Government's announcement as part of the budget to support auto component manufacturers in the areas of technology upgradation and R&D, is expected to benefit CEAT and the auto-ancillary sector overall.

Domestic Sales

Particulars	FY 20	FY 19	% Change
Passenger Vehicles	27,75,679	33,77,389	-17.82
Commercial Vehicles	7,17,688	10,07,311	-28.75
2-Wheelers	1,74,17,616	2,11,79,847	-17.76
Tractors*	7,81,065	8,78,476	-11.1

Source: SIAM; *Tractor and Mechanization Association (TMA)

Outlook of Indian Automotive Industry

For the first time in the history of the Indian automobile industry, the major 2W, PV and CV manufacturers have reported nil domestic sales in the month of April 2020. Having said that, the automobile sector including the ancillary suppliers are chalking out blueprints to set operations on the path towards normalcy.

Bharat Stage (BS) VI emission norms which come into effect from April 1, 2020, will bring about some key changes in the Indian automotive landscape. While the higher cost of ownership due to rise in prices of compliant vehicles and fuel is a given the consumers will also have fewer models to pick from as not all models from the OEMs' product line- up will witness a revamped BS-VI compliant model.

Government's announcement to support auto component manufacturers in the areas of technology upgradation and R&D, is expected to benefit CEAT.

Global Tyre Industry

The Global Tyre market clocked a volume of 3.2 Billion Units in 2019. The market grew at a CAGR of 4% between 2014 and 2019. The global growth in sales to OEMs was partially driven by the average annual growth rate of 2.7% in global automotive sales from 2014 to 2017 with 2018 and 2019 witnessing degrowth. In value terms, the global tyre Replacement market is slated to grow at a CAGR of 1.8% from USD 101.7 Billion in 2019 to USD 113.1 Billion in 2025. The driving factors behind this expected growth are enhanced average life of vehicles, steady growth in distance covered by vehicles per year and prioritising vehicle maintenance and safety.

The Global Off-the-Road ('OTR') Tyre market stood at USD 19 Billion in 2019 and is expected to scale-up to USD 31 Billion by 2025. This growth is expected to be fueled by enhanced construction and mining activities along with mechanisation of agricultural activities, all of which will boost the sales of off-road vehicles, eventually benefitting ('OTR') tyre suppliers.

While Europe overall witnessed 0.5% growth in vehicle sales driven by growth in Germany, the US and Chinese market sales contracted by 1.3% and 8.2%, respectively. While the near-term outlook in these markets have a negative bias due to the on-going pandemic, recovery to healthy growth levels is expected in the medium-term, and tyre sales growth to OEMs in these markets are expected to align with auto sales.

The European green tyre market is expected to grow at a CAGR of 14% between 2019 and 2024, backed by growth in vehicle sales and local government regulations pertaining to tyre energy labelling. The use of renewable light-weight materials in the manufacturing process of green tyres, thereby reducing the overall weight of the vehicle leading to fuel efficiency and lower rolling resistance.

The industry volume is expected to attain the 4.0 Billion mark by 2025, growing at a CAGR of 3.7%. The attainment of this figure would depend on the growth rate recorded by OEMs during the forecast period. Given the production cuts by both tyre manufacturers and OEMs and muted demand witnessed in short term due to negative impact on personal and commercial income, global market expansion is expected to be hampered. Despite the near-term hurdles, demand for passenger vehicles and commercial vehicle movement are poised to maintain upward trajectory in the medium-to-long term in the Chinese, Indian, Japanese and South Korean markets, thereby leading to growth in OEMs and Replacement tyre market sales. Tyre manufacturers will also have to keep investing in R&D, specifically to develop tyres for electric vehicles which tend to be more demanding on their tyres, given the difference in torque profile vis-à-vis an ICE powered vehicle.

Outlook

COVID-19 has impacted the demand for tyres by OEMs as they work on an inventory-based model. In the Replacement market, while the passenger segment has witnessed maximum impact, gradual demand recovery has been witnessed in the global markets especially in the Truck Logistics and Agriculture segment, as they are linked to the essential services.

CEAT continues to work closely with distributors in international markets to understand the latest developments and act on business opportunities, when presented. As of May 2020, most of the vital markets are witnessing a decline in COVID-19 cases and community spread is stabilising, resulting in gradual re-opening of the economies worldwide.

Indian Tyre Industry

The decline in demand from OEMs in FY 20 can be attributed to the average decline of 14.7% Y-o-Y in the production of motor vehicles and trailers between April and March 2020, especially in the months of August, September and October 2019 which witnessed Y-o-Y declines of 25%, 26% and 30%, respectively. The reduced output from OEMs was an outcome of muted market demand scenario for automobiles and resulting drop in tyre requirements of OEMs. The month of March 2020 witnessed complete production shut down for a period of 10 days on account of nationwide lockdown due to COVID-19 pandemic.

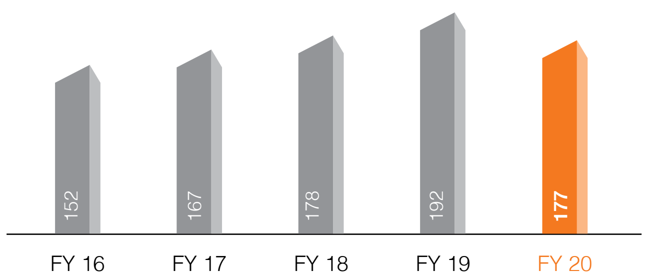
While the launch of high-demand SUVs managed to partially off-set the declining sales figures in the Passenger Vehicle segment, sales of commercial vehicles declined by 28.8% Y-o-Y in FY 20, leading to industry level decline in TBR segment tyres sales. While the 8% increase in rubber prices between April 2019 and January 2020 exerted some pressure on operating margins during the year, downward correction in NR price over the next two months, partially offset the negative impact on margins.

Although there were industry level headwinds in FY 20 in terms of rise in inputs costs and muted demand, all the major manufacturers continued to invest in R&D with the sole intent of making available the best quality product with the latest cost-saving technology to its commercial partners and end-consumers.

Production

While tyre production witnessed steady growth over the past few years mirrored the growth drivers in the auto sector with OEMs focusing on new launches and Replacement market growing at a healthy rate, the headwinds in terms of demand slowdown leading the production cuts in the first half of FY 20 coupled with COVID-19 impact towards the end of the fiscal year, have stalled the steady progress. Although FY 21 has begun with a negative outlook, the Company remains optimistic about production activity recovering to desired levels from FY 22 onwards.

Type Production (in Mn units)

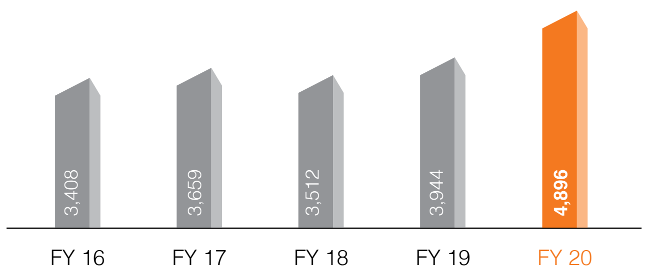


Source: ATMA (FY 20) - Indian Tyre Industry: Production & Export Statistics

Exports

The revenues from exports have increased steadily over the past few years. The Indian tyre manufacturers continued to benefit from the anti-dumping duties imposed by US on China-manufactured tyres along with the European Union which imposed the same in October 2018.

Revenues from Exports (₹ in Crores)

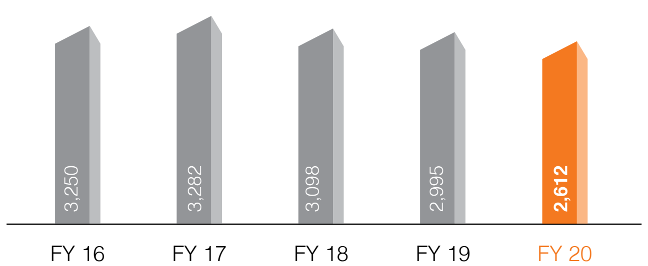


Source: ATMA (FY 20) - Indian Tyre Industry: Production & Export Statistics

Imports

Further duties were imposed on TBR imports from China in June 2019, over and above the ones made effective from September 2017. As highlighted earlier, any favourable outcome from the probe into the imports from South-East Asian markets, will further reduce overall imports which have steadily declined over the past few years.

Tyre Imports (₹ in Crores)



Source: ATMA (FY 20) - Tyre Imports into India

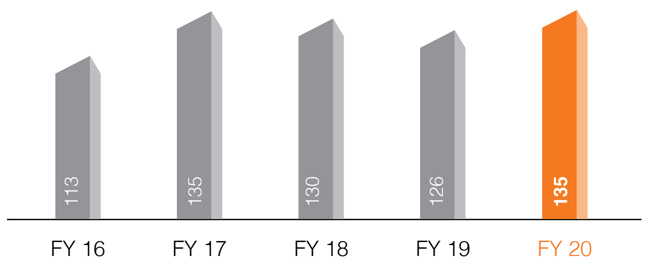
Raw Material Trends

Natural Rubber

Global production of Natural Rubber ('NR') marginally declined by 1% between January and December 2019 vis-à-vis corresponding period in 2018. NR production by Association of Natural Rubber Producing Countries (ANRPC) stood at 13.76 Million MT in 2019 as against 13.86 Million MT in 2018. Global consumption in 2019 was 13.7 Million MT in 2019, mirroring the global output.

Natural rubber production in India increased by 9% in FY 20 compared to the previous season. Consumption, however, dropped by 6% for the said period. Imports in India during this period declined by 20% compared to corresponding period of previous fiscal due to subdued demand in the automobile sector. The price of NR (RSS 4 grade) in India averaged ₹ 135 / Kg in FY 20 as against ₹ 125 / Kg registered during the previous fiscal.

NR price (₹ per kg)



Source: ATMA, NR Bulletin

Carbon Black

Carbon black is one of the key raw materials in the manufacturing process and is used as a filler in rubber products, constituting 25% of the product weight. The global carbon black market stood at USD 12.1 Billion in 2019 and it expected to grow at a CAGR of 3.5% from 2020 to attain the level of USD 14.9 Billion in 2025.

Like natural rubber, demand for carbon black declined in FY 20 due to Y-o-Y decline in tyre production. Although capacity expansion projects by domestic suppliers are underway, further investments are expected to be delayed and work on existing expansion projects will progress at a slow pace until industry demand revives. While FY 21 will be a challenging year, the demand for key raw materials for tyre manufacturing is expected to recover in FY 22, in line with the demand for the end-product.

Indian Budget impact on - Budget 2020 Highlights

The Government announced allocation of ₹ 1,70,000 Crores for investments in transportation infrastructure in FY 21. This move is expected to improve road network, eventually benefitting automobile manufacturers and tyre suppliers.

Outlook

Indian Tyre Demand is expected to grow by 6-8% between FY 20 and FY 24. On the volume growth front, the tyre industry is expected to witness a CAGR of 4.8% between 2020 and 2025, to attain the level of 245 Million units in 2025. One of the factors backing this growth would be the countervailing duty imposed in June 2019 on the import of new pneumatic radial tyres above 16 inches from China, for a period of five years. If the ongoing investigation by the Directorate General of Trade Remedies (DGTR) on low-cost tyre imports from south-east Asian region yields desired results, it will further boost demand for tyres manufactured by domestic suppliers.

In the short term, there will be reduced number of new launches by OEMs across classes of vehicles which will impact sales to OEMs and with lesser Commercial and Passenger Vehicles on road due to production slowdown and changing work environment respectively, the Replacement market growth will be negatively impacted. CEAT remains optimistic about demand growth recovering to earlier levels in the medium-to-long term, but much depends on the macro level scenario and outlook as the tyre industry demand mirrors economic growth and recovery. With CEAT's production and supplies put in place to cater to the resurgence in tyre demand, the Company may start witnessing signs of normalcy in the second half of FY 20.

Business Review

CEAT is one of the most respected and widely renowned brands in the Indian tyre market. In FY 20, it reported a consolidated net revenue from operations of ₹ 6,77,883 Lacs, degrowth by 2.94% Y-o-Y. Revenue contribution from 2-Wheeler, Passenger Vehicles and Off-Highway tyre has increased significantly over the years, from 20% in FY 10 to 52% in FY 20.

CEAT has expanded its production capacity in key focus categories of Two-wheeler, Passenger Vehicle and Truck & Bus Radial (TBR). During the year, production commenced at a greenfield capacity commissioned in Chennai for Passenger Vehicle tyres and at the expanded 2W tyre and TBR facilities in Nagpur and Halol, respectively. The scaling-up of operations to attain the optimal production level will be aligned with the market demand for our product portfolio in the forthcoming time periods.

With the advent of digital technology, CEAT intends to be at the forefront to blend digital advancements with its product innovation and systems. CEAT strives to be a pioneer in the digital space and introduce smart products. CEAT continues to strengthen its relationship with key OEM customers and these sustained efforts have culminated in higher wallet share from OEM customers. CEAT has invested heavily in its R&D capabilities, enabling the Company to reduce its development cycle time frame and customise offerings based on multitude and unique requirements of every target market.

Capacity Expansion

During the year FY 20, CEAT commissioned the initial phase of its greenfield project in Chennai, which has capacity to produce approximately up to 96 lacs tyres per annum of Passenger Car Radial Tyres when all the phases of the project is fully completed. CEAT's brownfield project in Nagpur is nearing completion of its first phase and the plant is likely to be commissioned in the coming financial year depending on supply and demand conditions. The capacity of the CEAT's 2-Wheeler Tyre capacity would be approximately 1.7 Crore tyres per annum when the project is fully completed. To date, CEAT has made investments in excess of ₹ 2,000 Crore across its expansion projects in Chennai, Halol and Nagpur.

CEAT commissioned its greenfield project in Chennai, which has capacity to produce up to 96 Lacs tyres / annum Passenger Car / Utility Vehicle Radial Tyre.

More than ₹ 3,500 Crores has been earmarked for capacity expansion projects and this includes investments made in Halol, Nagpur and Chennai capacity expansion. The remaining investments will be made in a staggered manner over the next 3 years. These projects are being funded through internal accruals and external borrowings. Once commissioned, these capacity enhancement projects will enable CEAT to supply Tyres to meet its growth requirements.

SWOT Analysis

Strengths

- Strong distribution network
- Strong R&D team / Best in Class Products
- Strong OEM presence in 2-Wheeler
- Strong brand association with safety
- Culture of collaboration and transparency
- New capacities to capture growth
- Process excellence – high level adoption of Total Quality Management

Weaknesses

- Cost structure
- Low OEM share of business in TBR segment and premium PC segment

Opportunity

- India growth in rural and semi urban markets
- Emerging Digital Business Models
- Changing mobility landscape
- Global supply chain shift from China

Threats

- Demand disruption due to global pandemic
- Competitive intensity in 2-Wheeler
- Commodity price fluctuations
- Margin squeeze due to oversupply
- Currency fluctuation and non-tariff barriers destabilising International business

International Business

CEAT is one of the major exporters among India's tyre manufacturers with sales to 100+ countries worldwide. CEAT has a stratified export market divided in seven clusters. This identification of clusters has helped CEAT better understand customer requirements and accordingly invest in R&D to develop market-specific products. CEAT continues to consolidate its position in Bangladesh and Sri Lanka through Joint Ventures (JVs) with strategic partners.

CEAT's core focus areas and growth drivers are the Two-wheeler, Passenger Car Radial and TBR tyre segments. CEAT continues to focus on European markets to expand its footprint. In addition to enabling deeper penetration in the existing markets in FY 20, CEAT has entered the markets of Australia, UK, Belgium, Brazil, Chile and Nicaragua with its passenger car products. CEAT has also entered the US market with the products in Truck Radial segment. CEAT launched its 2-Wheeler products in Nigeria which is the world's largest consumption market for 2-Wheeler.

CEAT's product series in the Passenger Car, Winter, Summer, All-Season, Ultra High Performance (UHP) and Van categories launched in Europe have met the stringent performance requirements of European markets. CEAT is well-placed to maximise available opportunities to become one of the leading players in the global market with its high-range of premium products.

Replacement Business

3,400+
Dealers

300+
Distributors servicing over 35,000 sub-dealers

311
Exclusive CEAT Shoppes and 12 CEAT tyre service hubs

580+
Districts covered

400+
Multi-brand outlets and shop-in-shop concepts

Initiatives for expansion of Replacement Market

Digital Initiatives to improve consumer experience

Online warranty registration and complaint resolution for consumers have been enabled through the dealer portal, resulting in higher level of engagement with end consumers and reducing the time required to service consumer complaints.

Distribution 2.0

CEAT adopted a 360-degree approach to take distribution to the next level. To retain competitive advantage, CEAT leveraged technology to monitor and ensure service at the sub-dealer level.

Digital Initiatives to improve engagement with channel

Adoption of the dealer portal was driven to develop a higher level of engagement with the channel partners. Bulk of the transactions have now shifted to this medium and most of the orders received are online through the dealer portal.

Expansion of CEAT Shoppe in major geographies

CEAT undertook a focused approach towards improving the footprint of exclusive stores in key geographies that accounts for a bulk of Passenger car tyre sales.

Technology and R&D

CEAT has developed technologies in the areas of Green Technology, Nano Technology, Advanced Material and Novel Processing. Basic research has developed new technologies like new epoxy resin, new accelerator and nano materials for tyre compounds which adhere to enhanced grip requirement and standards, Rolling Resistance ('RR') and noise. Development of advanced biomaterials and biodegradable wrap for packaging, aligns with our intent of operating in a sustainable manner.

Please refer to the Intellectual Capital section for a detailed explanation of the product development initiatives across business segments, CEAT's emphasis on digitisation and sustainable approach adopted by the core team.

Business Outlook

FY 21 started amid COVID-19 pandemic which disrupted economic activities across continents. The lockdown impacted movement of people and goods (other than essential goods). Consumers continue to avoid large, discretionary purchases because of looming uncertainties. Demand situation post COVID-19 lockdown continued to be uncertain. In short to medium term, global automotive sales may decline substantially. The impact is particularly fierce for automotive sector, given China's importance as a leading source for both components and vehicle sales.

For the tyre sector, the after-market segment sales would see a gradual uptick as regions which are less impacted start opening. Export sales is likely to improve from Q2 onwards as countries start opening post lockdown and demand picks up. In near term, customers are likely to prefer personal vehicles over Public Transport, however, the average distance travelled per day, specifically in metros, could come down as new trends like work from home and remote meetings will become a norm.

On the manufacturing side, factories will start off with social distancing norms and attendance rules. Capacity utilisations are likely to pick-up only over a time. With associates and workers having moved back to their native homes, and fear of virus spread being there, production for Q1 is likely to operate with lesser people available. There will be significant changes in factories' way of working to prevent any virus infection.

CEAT has brought renewed focus on efficiencies, cost, innovation and market share gain in categories that are expected to witness demand growth.

Quality Assurance System

Quality Assurance (QA) in CEAT encompasses the entire spectrum of the value chain, starting from raw material suppliers, product development to manufacturing operations, sales and customer quality. The QA function's role is to establish a QA system and process to ensure heightened customer service by meeting their requirements. The management is made aware of the critical quality indicators across the business units, by the QA function.

A cross-functional Quality Council has been setup to cater to the following customer requirements:

- To have an outside-in view of the stated and unstated customer needs and provide strategic direction to proactively develop products and services.
- To review adequacy of systems and processes related to critical and major customer complaints and further enhance its efficiency to enable early detection and prevention of causal factors.
- To ensure functional alignment with an intent to achieve the stated objectives of CEAT Quality Assurance.

The cross-functional approach of QA function establishes proactive quality control through implementation of zero-defect workstation, Statistical Process Control (SPC) and Critical-to-Quality (CTQ) audit systems.

The QA department prepares the organisation for OEM audits and approvals and interactions with all OEM customers pertaining to current and future projects. With the backing of CEAT's robust QA infrastructure, the Company continues to engage with domestic and international OEMs and facilitate approvals, thereby strengthening our market position.

CEAT builds upon the inputs and opinions shared by the customers and dealers in its product development and testing process. Extensive and comprehensive benchmarking activities are undertaken to understand the competitors' offerings and subsequently, actions are set in motion to analyse and act upon the findings. Constant improvements in the processes and systems, are at the core of our effective QA system.

Risk Management

The risk management process at CEAT begins with the identification of risks and an assessment of their impact. The assessment is based on past trends and future projection. Thereafter, ways to mitigate these risks are identified and implemented when necessary. Risks, once identified, are periodically monitored, along with emerging risks.

Risks and their mitigation

Business Disruption due to external factors – COVID-19 Business plans are getting negatively impacted due to disruption arising out of COVID-19.	**Mitigation** Impact analysis is being done to evaluate the impact on plans. Revenue and expenditure is being re-worked to ensure minimum possible impact on the business due to the Lockdown and continued disruption. The Company is focussing on Safety of People, Cash and Cost Management and also engaging with Customers.
Competition Rising competition from domestic players and Chinese imports are impacting profitability.	**Mitigation** CEAT is focusing on channel expansion, enhanced after-sales service and superior quality of products and warranty offered on them. CEAT is challenging both domestic and foreign players with its deep domain knowledge, along with technology prowess, branding and reach. Moreover, it has long-standing relations with OEMs, which helps CEAT cut through the competition. CEAT is focusing on sales in profitable segments, developing capacities for new products and entering new markets under premium segments to increase market share.
Radialisation Increase in the TBR tyre segment may impact volumes and result in a degrowth of the bias segment.	**Mitigation** CEAT is investing in High quality TBR tyres. The Company has recently launched the X3 range. The focus is also on penetrating the overseas markets to fully utilise its bias tyre capacity. CEAT is also increasing its radial capacity to leverage the increasing radial demand.
High investment risk Increase in planned capital expenditure and investments may impact profit margins.	**Mitigation** CEAT is regularly carrying out a sensitivity analysis. Investments are being planned in a phased manner based on the market size and our share of business.
Raw material price volatility Fluctuating raw material prices can affect profit margins considerably.	**Mitigation** CEAT has been strengthening supplier relations to build mutually beneficial long-term associations. Besides, CEAT continues to explore a wider supplier base to reduce dependency on the current ones.
Cyber security risk Increase in threat of attacks on CEAT IT systems and data.	**Mitigation** CEAT is periodically doing an assessment of any cyber risks to its system and taking preventive and detective measures to mitigate it. Help from external consultants is also being taken to secure CEAT systems from cyber-attacks. Business Continuity Plan is being developed for all IT platforms.

Environment, Occupational Health and Safety

CEAT's constant endeavour is to create a safe working environment for all its employees. It continues to remain committed towards reducing worksite accidents and occupational illnesses by following a proactive and systematic approach to identify hazards and risks. CEAT takes appropriate measures by training employees and contractors to follow safety measures. Moreover, it functions on the principle of 'pollution prevention instead of control and complies with all environmental laws. Select measures on environment conservation front include reduction of carbon emission in mixing area, reduction in power and water consumption, electricity and fuel saving initiatives and tree plantation drives.

Please refer to the Natural Capital section for a detailed explanation of the 'Environment Protection' measures implemented by CEAT the Human Capital section for a detailed explanation of the 'Occupational Health and Safety' measures emplaced by CEAT.

Human Assets

CEAT has been awarded the Deming Award for its Total Quality Management (TQM) workplace philosophy. The concept of 'employee well-ness' was further consolidated in FY 20 with the addition of the new dimension of 'Quality of Life.'

Please refer to the Human Capital section for a detailed explanation of the initiatives launched to improve human and workplace productivity, workforce learning and development and up-skilling programmes and similar measures.

Internal Control Systems and their adequacy

CEAT has a well-placed, suitable and adequate internal control environment, commensurate with the size, scale and complexity of its operations. This environment provides:

- Assurance on orderly and efficient conduct of operations
- Security of assets
- Prevention and detection of frauds and errors
- Accuracy and completeness of accounting records and timely preparation of reliable financial information

First line

Management control: The line managers are directly responsible for ensuring the design and effective implementation of the Internal Controls Framework in CEAT. The line manager carries out day-to-day operations within the boundaries defined by CEAT through its various policies and procedures, including the following:

1. Employee Code of Conduct
2. Whistle Blower Policy
3. Entity Level, Operating Level and IT General Controls
4. Delegation of Authority Matrix
5. Policies and Standard Operating Procedures

Second line

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

1. Executive Committee (ExCo) meeting chaired by the Managing Director
2. Operating Committee (OpCom) meeting chaired by the Chief Operating Officer
3. Operation Reviews (MOR) by respective functional / business managers

Third line

The third line of defence is the Governing Board and the Audit Committee. This independent assurance and oversight of internal controls is achieved through the following governing bodies:

1. Board of Directors
2. Audit Committee of the Board of Directors - Their oversight activities mainly include:
    - Reviewing financial reports and other financial information, and communicating with the regulators
    - Reviewing CEAT's established systems and procedures for internal financial controls, Governance and risk management
    - Reviewing CEAT's statutory and internal audit activities
3. Risk Management Committee

    The above three lines of defence are further strengthened by independent audits such as statutory audit, tax audit, cost audit and secretarial audit.

Discussion on Financial Performance and Key Financial Ratios

As required pursuant to the amended Listing Regulations, following are the key ratios having significant changes i.e. change of 25% or more as compared to the previous financial year:

- Interest Coverage Ratio
- Price Earnings Ratio

Details of key financial ratios including the above and change in return on net worth, as compared to the immediately previous financial year along with detailed explanation thereof forms part of discussion on financial performance, appended to this Report.

Cautionary Statements

Statements in the Management Discussion and Analysis describing CEAT'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 CEAT'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 Financial Performance and Key Financial Ratios

The standalone 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 Disclosures Requirements) Regulations 2015, have been prepared in accordance with the requirements of the Companies Act, 2013 and applicable Ind AS 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 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.

Balance Sheet

Property, plant and equipment, capital work-in-progress, intangible assets, intangible assets under development and right-of-use asset (Net Block) (Note 3, 4 and 5)

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019	Change	Change %
Property, plant and equipment	3,63,503	2,78,574	84,929	30%
Capital work-in-progress	91,686	71,889	19,797	28%
Intangible assets	8,359	6,057	2,302	38%
Intangible assets under development	1,692	3,055	(1,363)	(45%)
Right-of-use asset	10,185	-	10,185	100%
Total	**4,75,425**	**3,59,575**	**1,15,850**	**32%**

Property, plant and equipment has increased due to the following reasons:
During the year, the Company has capitalised property, plant and equipment of ₹ 1,04,965 lacs mainly consisting of Chennai, Halol and Nagpur plants as reduced by depreciation of ₹ 19,727 lacs on property, plant and equipment for the year.

Capital work-in-progress mainly includes the project capital expenditure incurred at Halol, Nagpur and Chennai plants.

The Company has adopted Ind AS 116 "Leases" effectively April 01, 2019 resulting in recognition of right-of-use asset aggregating ₹13,085 lacs. Right-of-use assets are arising out of outsourcing arrangements which consists of both buildings and plant machinery used for production of goods under such arrangements.

Investments (Note 6)

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019	Change	Change %
Non-current investments				
Investments in subsidiaries and associates	31,598	31,299	299	1%
Other non-current investments	424	2	422	20761%
Total	**32,022**	**31,301**	**721**	**2%**

The Company has made additional investment in associate viz. TYRESNMORE Online Pvt Ltd – ₹ 299 lacs. It has also invested in E-Fleet Systems Private Limited - ₹ 400 lacs and Greenzest Solar Private Limited - ₹ 22 lacs.

Loans (Note 7 and 14)

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019	Change	Change %
Non-current loans	473	408	65	16%
Current loans	5,032	5,800	(768)	(13%)
Total	**5,505**	**6,208**	**(703)**	**(11%)**

Non-current loans mainly comprises of security deposits given for warehouses taken on rent.

Current loans comprises of loan to CEAT Specialty Tyres Limited, a wholly owned subsidiary, intended to finance their working capital requirements.

Other financial assets (Note 8 and 15)

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019	Change	Change %
Other non-current financial assets	460	181	279	154%
Other current financial assets	2,161	3,525	(1,364)	(39%)
Total	**2,621**	**3,706**	**(1,085)**	**(29%)**

Other non-current financial assets have increased due to unrealised gain on revaluation of hedge contracts ₹ 332 lacs (previous year loss) offset by reduction in margin money deposits by ₹ 53 lacs.

Other current financial assets have decreased mainly due to receipt of interest from Income tax authorities ₹ 2,594 lacs which is offset by the unrealised gain on revaluation of hedge contracts ₹ 495 lacs (previous year loss) and increase of ₹ 597 lacs mainly in balances due from group companies and rental deposits given for godowns.

Other non-financial assets (Note 9 and 16)

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019	Change	Change %
Other non-current non-financial assets	4,856	12,520	(7,664)	(61%)
Other current non-financial assets	11,274	11,964	(690)	(6%)
Total	**16,130**	**24,484**	**(8,354)**	**(34%)**

Decrease in non-current non-financial asset is mainly due to adjustment of capitals advances against final supply of assets for Halol, Chennai & Nagpur plant expansion.

Other current non-financial assets comprise advance to vendors, prepaid expenses and balances with government authorities.

Inventories (Note 10)

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019	Change	Change %
Raw Materials	31,512	37,287	(5,775)	(15%)
Work-In-Progress	3,318	3,273	45	1%
Finished Goods (including stock-in-trade)	49,950	52,580	(2,630)	(5%)
Stores and Spares	3,170	3,375	(205)	(6%)
Total	**87,950**	**96,515**	**(8,565)**	**(9%)**

Raw material inventory when compared as a measure of the cost of material consumed is equivalent to 33 days as at March 31, 2020 against 31 days as at March 31, 2019 mainly due to plant shutdown as a result of lockdown owing to COVID-19 in March 2020 resulting in lower consumption.

As a measure of the goods sold, the finished goods inventory (including traded goods stock) is stated at 47 days as at March 31, 2020 against 46 days for as at March 31, 2019 mainly due to reduction in sales as a result of lockdown owing to COVID-19 in March 2020.

Trade receivables (Note 11)

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019	Change	Change %
Trade receivables	70,466	72,646	(2,180)	(3%)

The receivables position for the current year is at 32 days sales outstanding as at March 31, 2020 as compared to 31 days sales outstanding as at March 31, 2019 mainly due to reduced collections from customers owing to COVID-19 in March 2020.

Cash and cash equivalents (Note 12)

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019	Change	Change %
Cash and cash equivalents	2,017	5,426	(3,409)	(63%)

The reduction is mainly because of reduction in cheques awaiting bank clearance.

Borrowings (Note 20 and 24)

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019	Change	Change %
Non-current borrowings	1,40,199	1,00,272	39,927	40%
Current borrowings	16,559	21,431	(4,872)	(23%)
Total	**1,56,758**	**1,21,703**	**35,055**	**29%**

Non-current borrowings have gone up due to additional medium / long term loan taken during the year ₹ 41,058 lacs for expansion projects.

Current borrowing have reduced due to efficient working capital management.

Lease liabilities (Note 4)

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019	Change	Change %
Non-current lease liabilities	6,375	-	6,375	100%
Current lease liabilities	4,226	-	4,226	100%
Total	**10,601**	**-**	**10,601**	**100%**

The Company has adopted Ind AS 116 "Leases" effectively April 01, 2019 resulting in recognition of lease liabilities.

Other financial liabilities (Note 21 and 26)

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019	Change	Change %
Other non-current financial liabilities	10,072	461	9,611	2087%
Other current financial liabilities	57,291	58,099	(808)	(1%)
Total	**67,363**	**58,560**	**8,803**	**15%**

Other non-current financial liabilities has increased mainly due to retention & higher credit period pertaining to Chennai, Nagpur and Halol project capital vendors aggregating ₹ 9,926 lacs.

Other current financial liabilities has gone up due to the following offsetting reasons:

Decrease due to:

- Unrealised loss on revaluation of hedge contracts ₹ 3,136 lacs in the previous year (current year profit).
- Repayment of capex buyers credit (current maturities) ₹ 1,448 lacs.

Increase due to:

- Payables to capital vendors ₹ 1,683 lacs due to expansion in projects viz. Halol Phase III, Nagpur and Chennai projects.
- Deposits from dealers ₹ 1,650 lacs.

Provisions (Note 22)

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019	Change	Change %
Non current provisions	3,819	3,683	136	4%
Current provisions	12,165	9,985	2,180	22%
Total	**15,984**	**13,668**	**2,316**	**17%**

Increase in current provisions is due to the following reasons:

- Provision towards warranty by ₹ 1,110 lacs basis higher claims received during the year.
- Provision for gratuity ₹ 2,491 lacs as at March 31, 2020 as compared to ₹ 1,032 lacs as at March 31, 2019 basis actuarial valuation.

Trade Payables (Note 25)

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019	Change	Change %
Trade payables	1,17,137	1,03,393	13,744	13%

Increase is on account of increased credit period attributable to improved negotiations with raw material vendors.

Other current liabilities (Note 27)

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019	Change	Change %
Other current liabilities	6,351	8,610	(2,259)	(26%)

Other current liabilities has decreased mainly due to reduction in statutory dues mainly Goods and Services Tax due to reduced sales owing to COVID-19 in March 2020.

Statement of Profit and Loss

The following table sets forth the breakup of the Company's expenses as part of the Revenue from operations

(₹ in Lacs)

Particulars	2019-20	% of Revenue from operations	2018-19	% of Revenue from operations
Revenue from operations	**6,58,111**	**100%**	**6,83,130**	**100%**
Other income	4,134	1%	5,530	1%
Cost of material consumed	3,81,597	58%	4,27,364	63%
Purchase of stock-in-trade	2,120	0%	6,092	1%
Changes in inventories of finished goods, work-in-progress and stock-in-trade	1,458	0%	(19,425)	(3%)
Employee benefit expense	50,054	8%	49,195	7%
Finance costs	12,296	2%	6,451	1%
Depreciation and amortisation expenses	25,540	4%	17,430	3%
Other expenses	1,52,352	23%	1,56,151	23%
Exceptional items	2,975	0%	4,424	1%
Profit before tax	**33,853**	**5%**	**40,977**	**6%**
Tax expense	6,777	1%	12,086	2%
Profit for the year	**27,076**	**4%**	**28,891**	**4%**
Other comprehensive income for the year, net of tax	2,055	0%	(2,988)	(0%)
Total comprehensive income for the year	**29,131**	**4%**	**25,903**	**4%**

(₹ in Lacs)

Particulars	2019-20	2018-19	Change
Gross Margin	2,72,936	2,69,099	3,837
Gross Margin (%)	41.5%	39.4%	2.1%
EBITDA	70,530	63,752	6,778
EBITDA (%)	10.7%	9.3%	1.4%

As compared to previous year:

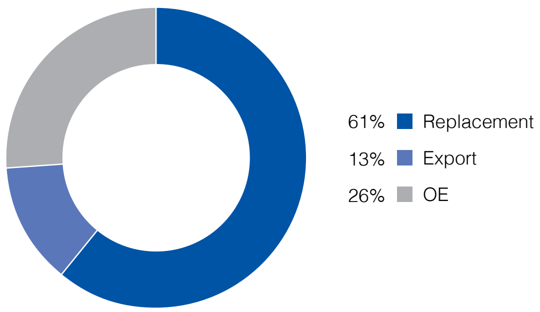
- Revenue from operations has decreased by 4% due to unfavourable volume. Further, in line with the global effort to arrest the spread of COVID-19, all Original Equipment Manufacturers in India announced suspension of production activities w.e.f. March 22, 2020 in adherence to Government directives. These shutdowns had a negative impact on the production and the Indian auto industry witnessed a Y-o-Y decline of 14.73%. Refer page no 67 and 69.
- Gross margin has increased by 1% (in absolute terms) and 210 bps (in percentage terms) on account of reduction of raw material cost and increase in sales realisation.
- EBITDA has increased by 10% (in absolute terms) and 140 bps (in percentage terms) on account of improved gross margins coupled with lower expenses.

Revenue from operations (Note 28)

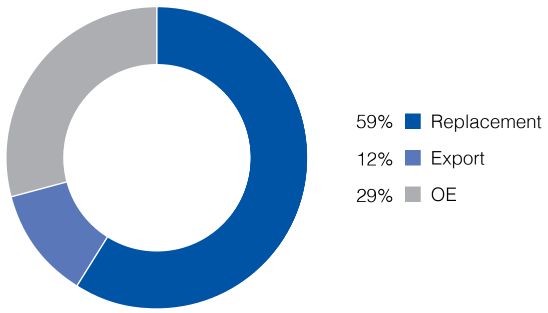
(₹ in Lacs)

Particulars	2019-20	2018-19	Change	Change %
Automotive Tyres	5,81,122	6,10,967	(29,845)	(5%)
Tubes and others	65,910	64,826	1,084	2%
Royalty income	438	441	(3)	(1%)
Sale of scrap	3,262	2,909	353	12%
Other revenues	1,125	863	262	30%
Total revenue from contracts with customers	**6,51,857**	**6,80,006**	**(28,149)**	**(4%)**
Government grants	6,254	3,124	3,130	100%
Revenue from operations	**6,58,111**	**6,83,130**	**(25,019)**	**(4%)**

BU wise sales composition 2019-20



BU wise sales composition 2018-19



Reduction in sales of goods is attributable to lower sales volume of tyres.

Increase in government grant is mainly due to subsidy received from Government of Maharashtra towards Memorandum of Understanding signed for investment in Nagpur plant.

Other income (Note 29)

(₹ in Lacs)

Particulars	2019-20	2018-19	Change	Change %
Other Income	4,134	5,530	(1,396)	(25%)

Other income has decreased mainly due to reduction in interest income (majorly on income tax refund) by ₹ 2,205 lacs as compared to previous year. This is offset by net gain on property, plant and equipment ₹ 429 lacs.

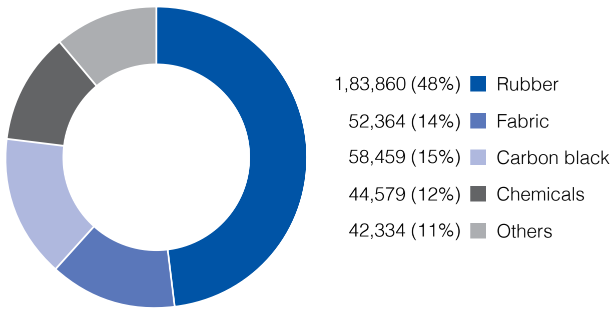
Cost of material consumed / finished goods consumed analysis (Note 30 and 31)

(₹ in Lacs)

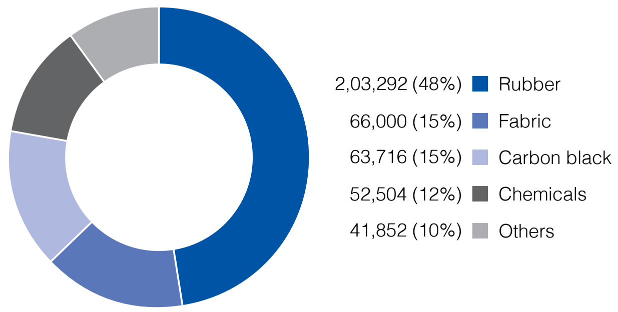
Particulars	2019-20	2018-19	Change	Change %
Cost of material consumed	3,81,597	4,27,364	(45,767)	(11%)
Purchase of stock-in-trade	2,120	6,092	(3,972)	(65%)
Changes in inventories of finished goods, work-in-progress and stock-in-trade	1,458	(19,425)	20,883	(108%)
Total	**3,85,175**	**4,14,031**	**(28,856)**	**(7%)**

The raw material prices have decreased during the year. As a result, the cost of material consumed as a percentage of revenue from operations has decreased to 58% for the year as compared to 63% for the previous year.

Raw material consumed 2019-20



Raw material consumed 2018-19



Movement of changes in inventory is mainly on account of decrease in finished goods stock as compared to the previous year. Inventory of finished goods is ₹ 49,559 lacs as at March 31, 2020 as compared to ₹ 51,751 lacs as at March 31, 2019.

Employee benefit expense (Note 32)

(₹ in Lacs)

Particulars	2019-20	2018-19	Change	Change %
Employee benefit expense	50,054	49,195	859	2%

Movement in employee benefit expenses is due to regular annual increments which is partly offset by capitalisation of employee cost (refer note 3 foot note 2 for details).

Finance costs (Note 33)

(₹ in Lacs)

Particulars	2019-20	2018-19	Change	Change %
Finance costs	12,296	6,451	5,845	91%

Increase in finance cost is attributable to increase in borrowings by ₹ 33,607 lacs as compared to previous year for project expansions as offset by increase in interest capitalised. The Company has adopted Ind AS 116 "Leases" effectively April 01, 2019 resulting in recognition of lease liabilities aggregating ₹ 13,085 lacs and it's corresponding interest aggregating ₹ 1,050 lacs for the year.

Depreciation and amortisation expense (Note 34)

(₹ in Lacs)

Particulars	2019-20	2018-19	Change	Change %
Depreciation on property, plant and equipment	19,727	16,171	3,556	22%
Amortisation of intangible assets	1,885	1,259	626	50%
Depreciation on right-of-use asset	3,928	-	3,928	100%
Total	**25,540**	**17,430**	**8,110**	**47%**

Depreciation on Property, plant and equipment has increased on account of higher capitalisations mainly in Chennai, Halol and Nagpur plants.

Amortisation of intangible assets has increased due to capitalisation of softwares aggregating ₹ 4,187 lacs during the year.

The Company has adopted Ind AS 116 "Leases" effectively April 01, 2019 resulting in recognition of right-of-use asset aggregating ₹ 13,085 lacs and it's corresponding depreciation aggregating ₹ 3,928 lacs.

Other expenses (Note 35)

Other expenses primarily include the following expenses, constituting 86% (Previous year 88%) thereof:

(₹ in Lacs)

Particulars	2019-20	2018-19	Change	Change %
Conversion Charges	30,265	40,315	(10,050)	(25%)
Stores And Spares Consumed	5,907	5,602	305	5%
Power And Fuel	20,734	21,286	(552)	(3%)
Freight And Delivery Charges	32,960	32,415	545	2%
Repairs - Machinery	6,463	5,603	860	15%
Repairs - Building	557	598	(41)	(7%)
Travelling And Conveyance	3,480	3,489	(9)	(0%)
Advertisement And Sales Promotion Expenses	16,096	16,892	(796)	(5%)
Professional And Consultancy Charges	5,661	3,160	2,501	79%
Training And Conference Expenses	1,132	1,271	(139)	(11%)
Corporate Social Responsibility Expenses	913	1,051	(138)	(13%)
Sales Related Obligations	7,035	6,261	774	12%

Decrease in conversion charges paid to outsourcing vendors during the year was on account of decrease in outsourced volume by 14%.

Increase in professional and consultancy charges due to digitisation initiatives and SAP upgradations.

Freight and delivery charges has increased due to increase in inventory movements.

Exceptional Items (Note 36)

(₹ in Lacs)

Particulars	2019-20	2018-19	Change	Change %
Exceptional Items	2,975	4,424	(1,449)	(33%)

Exceptional items has reduced due to provision for indirect tax matters ₹ 3,000 lacs and workmen separation expense ₹ 229 lacs made in the previous year as offset by provision towards expenses / losses attributable to COVID-19 ₹ 1,585 lacs.

Tax expenses (Note 23)

(₹ in Lacs)

Particulars	2019-20	2018-19	Change	Change %
Tax expenses	6,777	12,086	(5,309)	(44%)

Effective income tax rate ('ETR') for 2019-20 is 20.02% as compared to 2018-19 is 29.49%. The current year's ETR is lower due to deduction towards research and development expenditure and income tax refund received (pertaining to earlier years).

Cash Flows *

(₹ in Lacs)

Particulars	2019-20	2018-19	Change	Change %
Net cash flows generated from operating activities	92,900	53,275	39,625	74%

Net cash flow from operating activities has increased due to following reasons:

- The cash operating profit before working capital changes has increased by ₹ 8,583 lacs mainly to higher depreciation and finance cost.
- Decrease in working capital by ₹ 24,087 lacs in the current year as compared to increase in working capital by ₹ 571 lacs in the previous year which is mainly due to reduction in inventories and trade receivables and an increase in trade payables.
- Direct tax paid - (Net of refunds) has reduced by ₹ 6,384 lacs due to refunds received during the year.

(₹ in Lacs)

Particulars	2019-20	2018-19	Change	Change %
Net cash flows (used in) / generated from investing activities	(97,404)	(1,05,208)	7,804	(7%)

Net cash used in investing activities has decreased mainly due to increase in dividend and interest received. Further, investment in subsidiaries and others have reduced by ₹ 3,001 lacs and capex reduction (net) by ₹ 4,262 lacs.

(₹ in Lacs)

Particulars	2019-20	2018-19	Change	Change %
Net cash flows (used in) / generated from financing activities	1,095	50,395	(49,300)	(98%)

Decrease in net cash flows from financing activities is mainly due to decrease in proceeds from long term as well as short term borrowings (net off repayments done during the year). Further, interest payment, lease liabilities (as per Ind AS 116) and dividends (since interim dividend paid) have also increased.

* For details, refer cash flow statement

Ratio Analysis

Debtors turnover ratio (times)

Particulars	2019-20	2018-19
Debtors turnover ratio	11.24	11.70

Debtors turnover ratio is marginally reduced in the current year as compared to previous year.

Inventory turnover ratio (times)

Particulars	2019-20	2018-19
Inventory turnover ratio	7.71	7.87

Inventory turnover is marginally reduced in the current year as compared to previous year.

Interest coverage ratio (times)

Particulars	2019-20	2018-19
Interest coverage ratio	3.72	5.38

Interest coverage ratio has decreased in 2019-20 as compared to the previous year mainly on account of increase in interest costs.

Current ratio (times)

Particulars	As at March 31, 2020	As at March 31, 2019
Current ratio	0.83	0.95

The marginal decrease in current ratio is primarily due to increase in trade payables mainly due to increased credit period.

Debt equity ratio (times)

Particulars	As at March 31, 2020	As at March 31, 2019
Debt equity ratio	0.55	0.46

Increase is mainly due to higher borrowings for capital expansion projects as compared to the previous year. Borrowings have increased by ₹ 33,607 lacs (mainly long term loans).

Operating profit margin (%)

Particulars	2019-20	2018-19
Operating profit margin	10.72%	9.33%

Increase in operating profit margin is mainly due to classification of certain lease expenditure from operating expenses to depreciation and finance cost and lower raw material costs.

Net profit margin (%)

Particulars	2019-20	2018-19
Net profit margin	4.11%	4.23%

Net profit margin has decreased marginally because of higher depreciation and finance cost as offset by lower raw material cost.

Return on net worth (%)

Particulars	2019-20	2018-19
Return on net worth	9.25%	10.50%

Return on net worth has reduced due to 6% decrease in profit after tax.

Price earning ratio (times)

Particulars	2019-20	2018-19
Price earning ratio	11.76	15.74

Earnings per share stood at ₹ 66.94 for the year ended March 31, 2020 registering a decrease by 6% as compared to year ended March 31, 2019. Closing share price was lower by 30% as compared to previous year.

Return on capital employed (%)

Particulars	2019-20	2018-19
Return on capital employed	10.86%	12.93%

Return on capital employed has fallen due to a decrease in earnings before interest and tax by 5% against which capital employed has increased by 13% (majorly borrowings).

Board's Report

To,
The Members of CEAT Limited,

Directors of the Company are pleased to present their Sixty-First report, together with the Standalone and Consolidated Audited Financial Statements of the Company for the year ended March 31, 2020.

FINANCIAL SUMMARY AND HIGHLIGHTS

Standalone

(₹ in Lacs)

Particulars	FY 2019-20	FY 2018-19
Total Revenue	6,62,245	6,88,660
Total Expenses (excluding exceptional items)	6,25,417	6,43,259
Profit Before Taxation	33,853	40,977
Tax expense:		
- Current Tax	7,401	9,009
- Deferred Tax charge / (credit)	(624)	3,077
Profit for the period	27,076	28,891
Other Comprehensive Income		
Items that will not be reclassified to profit or loss:		
– Remeasurement gains / (losses) on defined benefit plans	(695)	(798)
– Income tax relating to the above	243	279
Items that will be reclassified to profit or loss:		
– Net movement in cash flow hedges	3,854	(3,792)
– Income tax effect on net movement in cash flow hedges	(1,347)	1,323
Total Comprehensive Income for the year	**29,131**	**25,903**

Consolidated

(₹ in Lacs)

Particulars	FY 2019-20	FY 2018-19
Total Revenue	6,79,934	7,02,351
Total Expenses (excluding exceptional items)	6,48,243	6,62,272
Profit Before Taxation	30,429	37,620
Tax expense:		
- Current Tax	7,932	9,400
- Deferred Tax charge / (credit)	(509)	3,112
- MAT credit entitlement	-	-
Profit after tax, non-controlling interest and share of profit from Joint Venture	23,006	25,108
Other Comprehensive Income		
Items that will not be reclassified to profit or loss		
– Remeasurement gains / (losses) on defined benefit plans	(734)	(740)
– Income tax relating to the above	245	278
Items that will be reclassified to profit or loss		
– Net movement in cash flow hedges	4,369	(4,656)
– Income tax effect on net movement in cash flow hedges	(1,347)	1,323
Total Comprehensive Income for the year	**25,539**	**21,313**

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

During the year under review, on a standalone basis, the Company recorded net revenue from operations of ₹ 6,58,111 Lacs, lower by 4%, compared to ₹ 6,83,130 Lacs of the last financial year. The Company recorded a net profit of ₹ 27,076 Lacs against a net profit of ₹ 28,891 Lacs of the last financial year. The Company's EBITDA stood at ₹ 70,530 Lacs, an increase of 10.6% over EBITDA of ₹ 63,753 Lacs of the last financial year.

On a consolidated basis, the Company recorded net revenue from operations of ₹ 6,77,883 Lacs, lower by 3%, compared to ₹ 6,98,451 Lacs for the last financial year. The Company recorded a net profit of ₹ 23,006 Lacs, against a net profit of ₹ 25,108 Lacs of the last financial year. The Company's EBITDA stood at ₹ 74,106 Lacs, an increase of 11.8% over EBITDA of ₹ 66,274 Lacs of the last financial year.

STATE OF COMPANY'S AFFAIRS

The Company continued its focus on the expansion of manufacturing capacities and growing its reach in local as well as global markets. The Company presently has 5 (five) manufacturing facilities at Mumbai, Nashik, Nagpur, Halol and Chennai.

During the year under review, the Company commenced production at greenfield manufacturing facility near Chennai for Passenger Vehicle tyres and at the expanded manufacturing capacity for Truck & Bus Radial (TBR) tyres at existing facilities at Halol. Expansion of the manufacturing capacity of 2-Wheeler tyres at its existing facility at Nagpur is underway.

The Company has 2 (two) R&D centres at Halol, Gujarat and Frankfurt, Germany. The major focus of R&D has been on new and innovative materials, processing and breakthrough product development. During the year, the Company developed 63 new products.

During the year, the Company expanded its horizons by reaching out to new markets in India as well as globally. The Company's network extends to more than 4,000 dealers and channel partners and over 35,000 sub-dealers. It has representative offices in Indonesia, Germany and the United Arab Emirates.

The year under review was challenging in terms of revenue growth owing to the impact of fall in demand from automobile manufacturers, dip in consumer sentiment and a drop in the revenue in the second half of March 2020 due to COVID-19. Despite the challenging business environment, the focus on the right product mix, lower raw material cost and cost management helped the Company deliver improvement in EBITDA margins. The Company achieved a reduction in working capital that helped minimise the borrowing for capital expenditure requirements. Further, continued focus on controlling the ongoing capital expenditure and operating cash flow led to healthy debt level and financial leverage ratios.

During the year under review, the Board of Directors of the Company approved the Scheme of Amalgamation of its wholly-owned subsidiary, namely, CEAT Specialty Tyres Limited ('CSTL') with the Company ('Scheme') to integrate business carried on by both the companies, achieve economies of scale due to synergies in operations and rationalisation and standardisation of business processes etc. The said Scheme was approved by the NCLT on March 13, 2020. The certified copy of the Order is still awaited.

The Scheme shall be operative from Effective Date i.e. the date of filing of certified copy of the Order of the NCLT with Registrar of Companies, Mumbai, with Appointed Date as April 1, 2019 as prescribed in the Scheme for the purpose of necessary accounting and other retrospective effect.

On the Scheme becoming effective, the entire business and whole of the undertaking of CSTL shall stand transferred to and be vested and / or deemed to have been vested in and amalgamated with the Company, as a going concern, without any further deed or act. Since the entire issued, subscribed and paid-up share capital of CSTL is directly or indirectly held by the Company, no shares are required to be issued by the Company to the members of CSTL, pursuant to the Scheme becoming effective.

More details on the Company's business vis-à-vis the overall industry, economy, markets and future outlook etc. are given in the Management Discussion and Analysis section which forms part of this Annual Report.

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 has occurred between the close of the Financial Year on March 31, 2020, to which the financial statements relate and the date of this Report.

DIVIDEND

The Board at its meeting held on March 12, 2020, declared an interim dividend of ₹ 12 (i.e. 120%) per equity share of face value ₹ 10 each for the Financial Year 2019-20, which was paid on March 27, 2020. The Board recommends the Members to confirm such interim dividend as final dividend for the Financial Year 2019-20.

DIVIDEND DISTRIBUTION POLICY

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'), the Company has adopted a Dividend Distribution Policy which is annexed to this Report and also available at https://www.ceat.com/corporate/investor/corporate-governance

TRANSFER TO RESERVE

As permitted under the Companies Act, 2013, the Directors do not propose to transfer any sum to the General Reserve pertaining to Financial Year 2019-20.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

At the end of the year under review, the Company had the following 4 (four) subsidiaries namely CEAT Specialty Tyres Limited, Mumbai, India, Rado Tyres Limited, Cochin, India, Associated CEAT Holdings Company (Private) Limited, Colombo, Sri Lanka, CEAT AKKHAN LTD, Dhaka, Bangladesh and 1 associate company namely Tyresnmore Online Private Limited, Delhi, India.

CEAT Specialty Tyres Limited

CEAT Specialty Tyres Limited ('CSTL'), a wholly owned subsidiary of the Company, is engaged in manufacturing and sale of tyres for off-the-road vehicles and equipment having application across industries including ports, construction, mining and agriculture.

During the year under review, CSTL on standalone basis, registered a revenue from operations of ₹ 37,715 Lacs, a marginal growth over previous year of ₹ 36,792 Lacs, on account of ramp-up of Ambernath Plant. While there was increase in EBITDA, CSTL recorded a net loss of ₹ 4,744 Lacs in FY 2019-20 (previous year loss of ₹ 4,620 Lacs) due to increase in finance cost and other expenses.

CSTL has set up 2 (two) overseas subsidiaries viz. CEAT Specialty Tires Inc. in USA and CEAT Specialty Tyres B.V. in Netherlands.

During the year under review, CEAT Specialty Tires Inc. registered a revenue of ₹ 733 Lacs (previous year ₹ 509 Lacs) and a profit of ₹ 41.24 lacs (previous year ₹ 32 Lacs).

During the year under review, CEAT Specialty Tyres B.V. registered a revenue of ₹ 247 Lacs (previous year ₹ 299 Lacs) and a profit of ₹ 22.38 lacs (previous year ₹ 18 Lacs).

Rado Tyres Limited

Rado Tyres Limited ('RTL') has discontinued its operation after exploring all opportunities to lease-out / sell of its assets. During the year under review, RTL reported a net loss of ₹ 29 Lacs (previous year ₹ 147 Lacs) on account of operating expenses and earned other income of ₹ 3 Lacs (previous year ₹ 14 Lacs) through interest on fixed deposits with bank etc.

Since the Company has no other activity, the accounts of RTL for the financial year under review have not been prepared on a going concern basis.

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

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

During the year under review, ACHL registered a revenue of LKR 18 Lacs (₹ 7 Lacs) lower as compared to LKR 56 Lacs (₹ 23 Lacs) in FY 2018-19. The profit after tax for FY 2019-20 has reduced by 7.53% to LKR 4,714 Lacs (₹ 1,847 Lacs) as compared to LKR 5,098 Lacs (₹ 2,120 Lacs) in FY 2018-19. 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 ₹ 1,036 Lacs to the Company.

Joint Venture in Bangladesh

CEAT AKKHAN LTD ('CAL'), is a 70:30 joint venture of the Company in Bangladesh. CAL is setting up a greenfield facility for the manufacture of automotive bias tyres in Bangladesh. CAL is locally selling CEAT branded automotive tyres. For the year under review, the revenue of CAL was BDT 12,254 Lacs (₹ 10,073 Lacs) as compared to BDT 10,118 Lacs (₹ 8,447 Lacs) in FY 2018-19. The net loss for the year under review was BDT 528 Lacs (₹ 359 Lacs) as compared to the net loss of previous year BDT 281 Lacs (₹ 176 Lacs).

ASSOCIATE COMPANY

During the year under review, the Company invested a further amount of ₹ 300 Lacs through the subscription of 12,741 Compulsorily Convertible Preference Shares of the face value of ₹ 1 each (Rupee One Only) of Tyresnmore Online Private Limited ('TNM'), thereby holding 41.30% of the total share capital of TNM.

During the year under review, TNM registered a revenue of ₹ 1,160 Lacs, a growth of 100% over previous year revenue of ₹ 578 Lacs and a net loss of ₹ 335 Lacs in FY 2019-20 (previous year ₹ 254 Lacs).

A statement containing the salient features of the subsidiaries, associates and joint ventures in the prescribed Form AOC-1 is annexed separately.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Section 129(3) of the Companies Act, 2013, and Regulation 34(2) of the Listing Regulations, the Consolidated Financial Statements of the Company, including the financial details of all the subsidiary companies, associate companies and joint ventures of the Company, forms part of this Annual Report. The Consolidated Financial Statements have been prepared as per the applicable Indian Accounting Standards issued by the Institute of Chartered Accountants of India.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Atul C. Choksey (DIN: 00002102), Mr. Haigreve Khaitan (DIN: 00005290), Mr. Mahesh S. Gupta (DIN: 00046810), Ms. Punita Lal (DIN: 03412604) and Mr. Vinay Bansal (DIN: 00383325) were re-appointed as Independent Directors of the Company for a further term of 5 (five) years with effect from September 26, 2019.

Pursuant to the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Pierre E. Cohade (DIN: 00468035) retires by rotation and being eligible, offers himself for re-appointment.

Mr. Ranjit V. Pandit (DIN: 00782296), was appointed as an Independent Director of the Company at the 56th Annual General Meeting of the Company held on August 12, 2015, to hold office as such for a term of 5 (five) consecutive years with effect from August 12, 2015 up to August 11, 2020. In terms of the provisions of Section 149(10), Mr. Ranjit V. Pandit is eligible for being appointed as an Independent Director for another term of 5 (five) years, subject to the approval of Members by way of a special resolution.

Based on the performance evaluation of Mr. Pandit and considering his professional expertise and core skills, the Nomination and Remuneration Committee and the Board find it appropriate to continue him on the Board as an Independent Director for a further term of 5 (five) years from August 12, 2020 to August 11, 2025, which is being submitted for approval of Members at the ensuing Annual General Meeting. In this regard, necessary details have been annexed to the Notice of the meeting in terms of Section 102(1) of the Companies Act, 2013 and Regulation 36(3) of the Listing Regulations.

Apart from the above, there were no changes in the Directors and the Key Managerial Personnel ('KMP') of the Company, during the year.

Remuneration received by Managing / Whole-time Director from holding or subsidiary company

Mr. Anant Goenka, Managing Director and Mr. Arnab Banerjee, Chief Operating Officer do not receive any profit related commission from the Company or any of the subsidiaries of the Company as prescribed under Section 197(14) of the Companies Act, 2013.

Company's Policy on Directors' appointment and remuneration

The Board has put in place a policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director as required under Section 178(3) of the Companies Act, 2013.

The Policy, *inter alia,* is directed to work as guiding principles on qualifications, positive attributes and independence for the appointment of a Director, remuneration for the Directors, KMP and Senior Management Personnel, performance evaluation of all Directors and achieving the benefits of having a diverse Board.

The detailed policy is available at https://www.ceat.com/corporate/investor#corporate-governance and is also annexed to this Report.

Declaration of independence and statement on compliance of code of conduct

All Independent Directors of the Company have given the declaration of independence as required under Section 149(7) of the Companies Act, 2013 and Regulation 25(8) of the Listing Regulations, stating that they continue to meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 of the Listing Regulations. Further, Independent Directors of the Company have also confirmed that they have complied with the Code for Independent Directors prescribed in Schedule IV to the Companies Act, 2013.

Statement regarding the opinion of the Board concerning integrity, expertise and experience (including the proficiency) of the independent directors appointed during the year

In the opinion of the Board, Mr. Atul C. Choksey (DIN: 00002102), Mr. Haigreve Khaitan (DIN: 00005290), Mr. Mahesh S. Gupta (00046810), Ms. Punita Lal (DIN: 03412604) and Mr. Vinay Bansal (DIN: 00383325), who were re-appointed during the year are persons of integrity and have the relevant expertise and experience as required under the Nomination and Remuneration Policy of the Company. Such expertise and experience help in making informed decisions and guides the Board for the effective functioning of the Company.

Evaluation of Board, its Committees and Directors

As required under the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out an annual evaluation of its own performance and that of its Committees, Chairperson and individual directors.

For the purpose of evaluation for FY 2019-20, the Company engaged an external agency to facilitate the process of an online confidential survey using the questionnaire finalised by the Nomination and Remuneration Committee based on the criteria of evaluation. The results of the survey / feedback were then deliberated and evaluation of the Board, its Committees and the Directors was carried out by the Nomination and Remuneration Committee and the Board at their respective meetings, as prescribed under the law.

Meetings of the Board of Directors

During the year, 6 (six) Board Meetings were convened and held on April 3, 2019, May 7, 2019, August 1, 2019, October 22, 2019, January 22, 2020 and March 12, 2020, 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 the Listing Regulations.

Board Committees

As required under the Companies Act, 2013 and the Listing Regulations, the Company has formed all the statutory committees namely, the Audit Committee, the Nomination and Remuneration Committee, the Corporate Social Responsibility Committee, the Stakeholders' Relationship Committee and the Risk Management Committee. Besides, the Company also has a Finance and Banking Committee. Detailed information about these Committees and relevant information for the year under review are given in the Corporate Governance Report.

There have been no instances where the Board did not accept the recommendations of its Committees including the Audit Committee.

BUSINESS RISK MANAGEMENT

The Company has constituted a Risk Management Committee in compliance with the requirements of Regulation 21 of the Listing Regulations. The details of this Committee and its terms of reference are set out in the Corporate Governance Report, which forms part of this Annual Report.

The Company has in place an Enterprise Risk Management framework to identify risks and minimise their adverse impact on business and strives to create transparency which in turn enhances the Company's competitive advantage.

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

CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors has formed a Corporate Social Responsibility ('CSR') Committee under the provisions of the Companies Act, 2013.

Detailed information on the Corporate Social Responsibility Policy developed and implemented by the Company and on CSR initiatives taken during the year pursuant to Section 135 of the Companies Act, 2013, is given in the Annual Report on CSR activities, as annexed to this Report.

More details on CSR activities undertaken by the Company through RPG Foundation, its implementing agency are provided in and form part this Annual Report.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

According to Section 177 of the Companies Act, 2013 and Regulation 22 of the Listing Regulations, 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 https://www.ceat.com/corporate/investor/corporate-governance

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of particulars of Loans, Guarantees and Investments under Section 186 of the Companies Act, 2013, are provided in the Financial Statements.

RELATED PARTY TRANSACTIONS

The Company has formulated a policy on Related Party Transactions for the 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.

Related Party Transactions were placed before the Audit Committee, as prescribed under Section 177 of the Companies Act, 2013, although no such transactions attracted the provisions of Section 188 of the Companies Act, 2013. As such, there are no particulars to be disclosed in the prescribed Form AOC-2.

SHARE CAPITAL

The paid-up equity capital of the Company as on March 31, 2020 was ₹ 4,045.01 Lacs. The said shares are listed on the BSE Limited and the National Stock Exchange of India Limited. There was no change in the paid-up capital of the Company, during the year under review.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return as prescribed under Section 92(3) of the Companies Act, 2013, in the prescribed Form MGT-9 is annexed to this Report.

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

Conservation of Energy

During the year under review, the Company invested in and implemented a range of energy conservation initiatives. These comprised of retrofitting of old equipment, utilisation of energy-efficient equipment and lighting and alternate fuels such as piped natural gas. Through such stewardship, the Company has nearly doubled its energy savings, over the last 3 (three) years. Additionally, the Company also made use of energy from biomass and solar energy to reduce its non-renewable energy consumption. During the year under review, the Company has made capital investment of ₹ 418 Lacs, on energy conservation equipment.

More information on conservation of energy are provided under 'Natural Capital' section which forms part of this Integrated Annual Report.

Research and Development (R&D) and Technology Absorption

The Company has dedicated state-of- the-art R&D centres at Halol, Gujarat and Frankfurt, Germany. The Company has always been focusing on innovation, product diversity and technology to create sustainable products and deliver future-ready products and solutions that are safer, smarter and better in every respect.

New technologies have been developed in the spheres of green technology, nano technology, advanced material and novel processing. Several new initiatives were taken up such as developing new epoxy resin, new accelerator, alternative source of natural rubber and nano materials for tyre compounds, which are meeting requirements related to grip, rolling resistance and noise. Developments have also been made in biomaterials and biodegradable wrap for packaging, instead of plastic packaging, which will contribute to environmental sustainability.

With help of various initiatives in R&D and Technology, the Company has proved its Technological prowess and developed 63 new products across various categories and geographies globally in FY 2019-20, which has contributed well to the Company's profitability and growth resulting into 20% of revenue from new products. Through continuous thrust on innovation and technology, the Company has also reaped various benefits such as product development and improvements, process efficiency, cost reduction, import substitution and generation of intellectual property.

Details of expenditure on Research and Development are as under:

(₹ in Lacs)

	FY 2019-20	FY 2018-19
Capital expenditure	4,644	2,917
Revenue expenditure	6,783	6,159
Total	**11,427**	**9,076**

More information on R&D and technology absorption are provided under 'Intellectual Capital' section which forms part of this Integrated Annual Report.

Foreign Exchange Earnings and Outgo

(₹ in Lacs)

	FY 2019-20	FY 2018-19
Foreign exchange earned	87,240	84,709
Foreign exchange used	1,79,745	2,00,943

PARTICULARS OF EMPLOYEES

The statements required under Section 197 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ('the Rules'), as amended, form part of this Report and will be made available to any Member on request, as prescribed therein.

The prescribed particulars of employees required under 5(1) of the said Rules are annexed to this Report.

FIXED DEPOSITS

Your Company being eligible to accept deposits from the public, under Section 76 of the Companies Act, 2013 and Rules made thereunder, approved the Fixed Deposit Scheme during the FY 2014-15 for acceptance of deposits from Members and persons other than Members, under the Special Resolution passed by the Members at the Annual General Meeting of the Company held on September 26, 2014. The Company thereafter discontinued its Fixed Deposit Schemes and repaid all the outstanding fixed deposits along with interest accrued up to September 30, 2016, in FY 2016-17.

The Company has not accepted any fresh deposits during the year under review. As on March 31, 2020, the Company has no deposits outstanding, except as required statutorily and which have been unclaimed at the end of the year under review.

As such there were no defaults in respect of repayment of any deposits or payment of interest thereon.

DIRECTORS' RESPONSIBILITY STATEMENT

According to Section 134(3)(c) of the Companies Act, 2013, your Directors, to the best of their knowledge and belief, states 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 judgments 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, 2020 and the Statement of Profit and Loss for the said Financial Year ended March 31, 2020.

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 system to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and are operating effectively.

INTEGRATED ANNUAL REPORT

Having won the Deming Award for its processes, the Company has also embarked itself on the journey towards a sustainable future. For the Financial Year 2019-20, the Company has developed its first integrated annual report, based on the International Integrated Reporting Council's ('IIRC') <IR> Framework, which encourages organisations to communicate their value creation over time. The Company is attempting on this journey to communicate its integrated thinking and how its business creates sustained value for stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS AND CORPORATE GOVERNANCE REPORT

In compliance with Regulation 34 of the Listing Regulations, separate Section on Management Discussion and Analysis, as approved by the Board, which includes details on the state of affairs of the Company, forms part of this Annual Report.

Further, the Corporate Governance Report including the general shareholder information, as prescribed under Schedule V to the Listing Regulations, duly approved by the Board of Directors together with the certificate from the Secretarial Auditor (Practising Company Secretaries) confirming the compliance with the requirements of the Listing Regulations also forms part of this Annual Report.

BUSINESS RESPONSIBILITY REPORT

In compliance with Regulation 34 of the Listing Regulations, a separate section on the Business Responsibility Report, as approved by the Board, which includes principles to assess compliance with environmental, social and governance norms for the year under review forms part of this Annual Report.

AUDITORS

Statutory Auditors

The Company at its Annual General Meeting ('AGM') held on August 8, 2017, appointed M/s S R B C & CO LLP as the Statutory Auditors for the second term of 5 (five) consecutive years from the conclusion of the 58th AGM to the conclusion of the 63rd AGM subject to ratification of their appointment every year.

However, in terms of the amendment to the provisions of Section 139 of the Companies Act, 2013, notified through the Companies (Amendment) Act, 2017, to come into effect from May 7, 2018, there is no requirement for ratification of the appointment of Auditors every year.

Accordingly, M/s S R B C & CO LLP continue to hold office as Auditors of the Company.

Internal Auditors

As prescribed under Section 138 of the Companies Act, 2013, the Board appointed M/s KPMG for carrying out internal audit of the Company and M/s Moore Stephen Singhi for carrying out internal audit of locations like CFA / DC / RO / Zone and outsourcing units, for FY 2019-20. The internal audit was completed as per the scope defined by the Audit Committee from time to time.

Secretarial Auditors

The Company appointed M/s Parikh & Associates, Practising Company Secretaries, to conduct the Secretarial Audit for the Financial Year ended March 31, 2020, as prescribed under Section 204 of the Companies Act, 2013 and Rules made thereunder. The Secretarial Audit Report in the prescribed Form MR-3 for FY 2019-20 furnished by M/s Parikh & Associates is annexed to this Report.

There are no qualifications, disclaimers, reservations or adverse remarks made either by the Statutory Auditors in the Auditors' Report or by the Company Secretary in practice (Secretarial Auditor) in the Secretarial Audit Report.

Cost Record and Cost Auditors

During the year under review, in accordance with Section 148(1) of the Companies Act, 2013, the Company has maintained the accounts and cost records, as specified by the Central Government. Such cost accounts and records are subject to audit by M/s D. C. Dave & Co., Cost Auditors of the Company for FY 2019-20.

The Board of Directors re-appointed M/s D. C. Dave & Co., Cost Accountants, (Firm Registration No. 000611) as Cost Auditors of the Company for FY 2020-21 and recommends ratification of their remuneration by the Members at the ensuing AGM, according to the provisions of Section 148 of the Companies Act, 2013.

SECRETARIAL STANDARDS

The Institute of Company Secretaries of India has currently mandated compliance with the Secretarial Standards on board meetings and general meetings, as revised w.e.f. October 1, 2017. During the year under review, the Company has complied with the applicable Secretarial Standards.

DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12) OF THE COMPANIES ACT, 2013

During the year under review, no frauds were reported by the auditors to the Audit Committee or the Board under 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 REGULATOR OR COURTS OR TRIBUNAL IMPACTING THE GOING CONCERN STATUS

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

INTERNAL FINANCIAL CONTROL

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

DISCLOSURE UNDER SEXUAL HARASSMENT 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, the Company has put in place a Policy on Prevention of Sexual Harassment at Workplace and 8 (eight) Internal Complaints Committees (ICC) have been set up to redress complaints. There were no complaints relating to sexual harassment, pending at the beginning of financial year, received during the year and pending as on the end of the Financial Year 2019-20.

ACKNOWLEDGMENT

Your Directors place on record their appreciation for the continued support and co-operation received from its Customers, Suppliers, Dealers, Banks, Financial Institutions and the Members towards conducting the business of the Company.

On behalf of the Board of Directors

Place: Mumbai
Date: May 28, 2020

H. V. Goenka
Chairman

Annexure to the Board's Report

Dividend Distribution Policy

I. Introduction and Objective

Regulation 43A of the Securities and Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('the Listing Regulations') mandates top 500 listed entities, determined on the basis of their market capitalisation calculated on March 31 of every financial year, to formulate a Dividend Distribution Policy.

In compliance with Regulation 43A of the Listing Regulations, the Company has framed this Dividend Distribution Policy.

This Policy aims to help the investors and stakeholders in their investing decisions and shall be effective from the date of adoption of the same by the Board of Directors ('the Board').

II. Regulatory Framework

The Dividend, if any, declared by the Company (including Interim Dividend) shall be governed by the provisions of the Companies Act, 2013 read with the Companies (Declaration and Payment of Dividend) Rules, 2014, the Listing Regulations and the provisions of Articles of Association of the Company, as in force from time to time (hereinafter collectively referred as 'Applicable Laws').

III. Parameters / factors to be considered for declaration of dividend

A. General

- The Board shall recommend dividend only if it is of the opinion that it is financially prudent to do so.

B. Financial and Internal Parameters

The Board would consider the following financial parameters before declaring interim dividend or recommending a final dividend to shareholders for declaration:

- Standalone net operating profit after tax;
- Working capital requirements;
- Operating expenditure requirements including loan repayments and interest payments;
- Capital expenditure requirements;
- Resources required to fund acquisitions and inorganic growth;
- Cash to be retained for business needs;
- Cash flow required to meet contingencies;
- Outstanding borrowings and total debt-equity ratio;
- Past dividend payment trends of the Company and dividend track record;
- Total cash outflow including tax payments;
- Extra-ordinary income / profits by the Company arising from transactions such as sales of land or undertaking;
- Tax impact of the dividend and the cash outflow post tax

The Board shall also consider the following internal factors while declaring an interim dividend or recommending a final dividend to the shareholders:

- Business Strategy of the Company;
- Expansion plans;
- Corporate restructuring;
- Scheme of arrangement or any other item which can have a financial impact on the Company;
- Unforeseen events and contingencies with financial implications

C. External Parameters

The Board shall also consider *inter alia* the following external factors i.e. factors on which the Management or the Company has no control, while declaring an interim dividend or recommending a final dividend:

- Business environment;
- Regulatory restrictions, if any or the prevalent statutory requirements;
- Provisions of tax laws governing dividend;
- Dividend pay-out ratios of peers;
- Economic environment and state of the capital markets;
- Change in government policy, which can have a financial impact on the Company;
- Commodity price impact on the business;
- Cyclical nature of industry / business;
- Need to maintain competitiveness of the Company and its business;

IV. Circumstances under which the shareholders may or may not expect dividend

The Company has been consistently paying out dividends to its shareholders and can be reasonably expected to continue in future as well, unless the Company is restrained to declare dividend due to insufficient profits or due to any of the external or internal factors listed above.

Further, though the Company endeavours to declare the dividend to the shareholders, the Board may propose not to recommend dividend after analysis of various financial parameters including those listed above, cash flow position and funds required for future growth and capital expenditure or in case of a proposal to utilise excess cash for buy-back of existing share capital.

V. Policy as to how the retained earnings shall be utilised

The profits being retained in the business shall be continued to be deployed in business for meeting the operating expenses, capital expenditure, augmentation of working capital including servicing of term loans, cash outflow for business growth and potential acquisition, if any, thus contributing to the growth of business and operations of the Company.

The Company stands committed to deliver sustainable value to all its stakeholders.

VI. Parameters that shall be adopted with regard to various classes of shares

The holders of the equity shares of the Company as per the Issued and Paid-up capital, on the record date, are entitled to receive dividends.

The other classes of shares e.g. Preference Shares or Shares with differential voting rights will be governed by the terms of issue of such shares.

Any convertible instruments issued by the Company shall be entitled for dividend only upon conversion.

VII. Procedure with respect to dividend

- The Board upon perusing the rational for proposed pay-out, may recommend a final dividend or declare an interim dividend.
- The final dividend recommended by the Board is subject to declaration by the shareholders in the ensuing Annual General Meeting.
- The interim dividend declared by the Board shall be placed for confirmation before the shareholders in the ensuing Annual General Meeting.
- The CFO may in consultation with the MD shall also recommend to the Board transfer of such percentage of profits for that financial year as deemed appropriate to the reserves of the Company and the Board may decide on the same.
- In case of inadequacy of profits for any financial year, the Board may approve declaration of dividend out of accumulated profits of the previous years as per this Policy and the Regulatory Framework.

VIII. Disclosure

The Company shall make appropriate disclosures as required under the SEBI Regulations and the Companies Act, 2013.

IX. Amendments

The Board reserves the right to amend this Policy in whole or in part, at any point of time, as may be deemed necessary.

It is hereby clarified that provisions of the Applicable Laws shall prevail over the provisions of this Policy to the effect necessary amendments in the Applicable Laws have not been carried out in this Policy.

Annexure to the Board's Report

Nomination and Remuneration Policy

1. Introduction / Objective

This policy has been formulated in terms of the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to the appointment and remuneration of the Directors, Key Managerial Personnel, Senior Management Personnel and other employees and Board diversity.

This Policy sets out the guiding principles on:

i. appointment and remuneration of the Directors, Key Managerial Personnel and Senior Management Personnel;

ii. qualifications, positive attributes and independence for appointment of a Director and assessment of independence of Independent Director;

iii. performance evaluation of all Directors;

iv. core skills / expertise / competencies required of the Board of Directors of the Company;

v. achieving the benefits of having a diverse Board.

2. Definitions

i. **'Non-executive Directors' (NED)** means a member of a Company's Board of Directors who is not in whole-time employment of the Company.

ii. **'Key Managerial Personnel' (KMP)** mean:

- the Chief Executive Officer (CEO) or the Managing Director (MD) or Manager;
- the Company Secretary (CS);
- the Whole-time Director (WTD);
- the Chief Financial Officer (CFO);
- Such other officer, designated as key managerial personnel by the Board, who is in whole-time employment at a level not more than one level below the directors;

iii. **'Senior Management Personnel' (SMP)** for the purpose of this Policy means officers / personnel who are members of the core management team excluding Board of Directors and normally comprising of all members of Management one level below the Chief Executive Officer/Managing Director/ Whole-time Director / Managers and shall specifically include Company Secretary and Chief Financial Officer.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended from time to time, shall have the meaning respectively assigned to them therein.

3. 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 everyone is unique. These aspects include age, gender, ethnicity, physical abilities, marital status, ideologies, background, knowledge and skills. With a view to achieving sustainable development, the Company shall aim to increase diversity at the Board level as an essential element in terms of:

- Experience of diverse nature;
- Gender in having the right representation of female members to also ensure statutory compliance as applicable;
- Qualifications, knowledge and core skills / expertise / competencies required of the Board of Directors in context of Company's business / sector.

Diversity at the Board level shall be used as a tool for supporting the attainment of the strategic objectives of the Company and also to drive business results. Accordingly, while designing the composition of the Board, diversity shall be considered on all aspects and all appointments shall be based on meritocracy.

The Company is committed to meritocracy and shall respect diversity within the Board members and shall have an inclusive culture where all view shall be heard and all opinions respected.

4. Requirements Relating to Directors

A. Appointment of Directors

The Company shall appoint those persons who possess requisite qualifications and experience and positive attributes within the overall framework of diversity as described in this Policy.

B. Qualifications and Experience

i. Any person to be appointed as a Director on the Board of Directors of the Company, including Independent Director shall, in addition to a formal professional qualification should possess appropriate skills, experience and knowledge in one or more fields viz. sciences, actuarial sciences, banking, finance, economics, law, management, sales, human resource, marketing, administration, research, corporate governance or technical operations.

ii. Any person to be appointed as a Director on the Board of the Company shall be such person who shall be able to provide policy directions to the Company including directions on good corporate governance.

C. Positive Attributes

The person to be appointed as a Director of the Company shall, in addition to the formal qualifications and relevant experience described in this Policy, shall also possess attributes such as integrity, leadership, business orientation, commitment and a proven track record and such other attributes, which in the opinion of the Nomination and Remuneration Committee ('NRC') are in the interest of the Company.

D. Disqualification

Any person to be appointed as Director shall not possess any disqualifications as prescribed under the Applicable Laws.

E. Evaluation

i. NRC shall facilitate the Board to undertake evaluation of performance of all Directors on a yearly basis.

ii. The Board shall evaluate, every year, its performance along with that of the individual directors including the Chairman, Independent Directors ('IDs'), independence of IDs and of its Committees.

iii. The Company may appoint an external agency to conduct the exercise of evaluation and submit the report / outcome to the Company, in the manner desired by the Company.

F. Familiarisation Programme

The Company shall familiarise the Independent Directors of the Company with their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates and business model of the Company through various programmes.

5. Requirement relating to Key Management Personnel and Senior Management Personnel

A. Appointment of KMP and SMP

i. Based on the recommendation of the NRC, the appointment of the MD, CEO, WTD, CFO and the CS shall be approved by the Board of Directors.

ii. KMP and SMP shall be employed by the Company only on a whole-time basis and they will not be permitted to take up employment anywhere else, except in the subsidiary of the Company with prior approval of the Board of Directors.

iii. The appointments of SMP shall be approved by the MD. Remuneration payable to SMP shall be recommended by the NRC and approved by the Board.

B. Qualifications and Experience

i. Any person to be appointed as KMP or as SMP shall possess relevant educational or professional qualifications, experience and domain knowledge required for performing the job for which they are appointed.

ii. There shall be no discrimination on account of gender, race and religion in terms of appointment as KMP or SMP.

C. Positive Attributes

i. KMP and SMP shall also possess attributes like decision making skills, leadership skills, integrity and proven track record and shall demonstrate commitment to the organisation.

ii. KMP and SMP shall meet the expectations of operational transparency to stakeholders while at the same time maintain confidentiality of information in order to foster a culture for good decision making.

D. Performance Evaluation

i. MD / CEO shall carry out the performance evaluation of all the SMPs and KMPs excluding himself / herself and the WTD.

ii. The evaluation process adopted by the Company shall always consider the appropriate benchmarks set as per industry standards, performance of the industry, the Company and of the individual KMP / SMP.

iii. Evaluation of performance shall be carried out at least once in a year, in accordance with the existing evaluation process of the Company.

E. Remuneration

Guiding Principles

i. The terms of employment and remuneration of MD, WTD, KMPs, Directors and SMPs shall be competitive in order to ensure that the Company can attract and retain competent talent.

ii. The Remuneration Policy shall ensure that:

a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMPs and SMPs of the quality required to run the Company successfully.

b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

c) Remuneration to Directors, KMPs and SMPs involve a balance between fixed and variable pay reflecting short and long-term performance objectives and goals set by the Company.

d) Remuneration package is linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders.

iii. While determining the remuneration and incentives for the MD, WTD, KMPs and SMPs, the following shall be considered:

a) Pay and employment conditions with peers / elsewhere in the competitive market.

b) Benchmarking with the industry practices.

c) Performance of the individual.

d) Company Performance

iv. For the benchmarking with industry practice, criteria of size, complexity, data transparency and geographical area shall also be given due consideration.

v. The pay structures shall be appropriately aligned across levels in the Company.

6. Remuneration Policy

A. MD / WTD

i. Remuneration to the MD and WTD at the time of his / her appointment shall be proposed by the NRC and subsequently approved by the Board of Directors and the shareholders of the Company or Central Government, whenever required.

ii. Annual increments / subsequent variation in remuneration to the MD and WTD shall be approved by the NRC / Board of Directors, within the overall limits approved by the shareholders of the Company or Central Government.

iii. Remuneration shall be evaluated annually against performance and a benchmark of international and domestic companies, which are similar in size and complexity. Benchmark information shall be obtained from internationally recognised compensation service consultancies.

iv. Total remuneration for the MD and WTD shall be comprised of the following:

a) Salary (both fixed and variable);

b) Perquisites;

c) Performance linked Bonus;

d) Retirals benefits

It shall be ensured that total remuneration payable to MD and WTD shall not exceed the limits mentioned under the Applicable Laws.

B. NEDs

i. NEDs shall be entitled to such sitting fees as may be decided by the Board 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 remuneration / commission as may be recommended by the NRC and subsequently approved by the Board of Directors, up to the limits permitted under the Applicable Laws and wherever required approval of the shareholders of the Company shall be obtained from time to time.

iii. IDs shall not be eligible for any Stock Options, pursuant to any Stock Option Plan adopted by the Company.

iv) 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.

C. SMPs and KMPs (other than MD / WTD)

i. Remuneration packages shall be designed in such manner that:

a) Motivates delivery of key business strategies, creates a strong performance-orientated environment and rewards achievement of the Company's objectives and goals over the short and long-term.

b) Attracts high-flier executives in a competitive global market and remunerate executives fairly and responsibly.

ii. Remuneration shall be competitive and shall include salary comprising of both fixed and variable components, performance incentives and other benefits as per the policy of the Company, considering relevant qualification, experience and performance of the individual as well as the prevailing market conditions.

iii. The remuneration in whatever form payable to the KMPs and SMPs at the time of his / her appointment shall be recommended by the NRC and approved by the Board.

iv. Remuneration shall be evaluated annually and annual increase shall be decided considering the performance of the individual and also of the Company. Industry practices / trends shall also be given due consideration. Annual increment / subsequent variation in remuneration to the KMPs / SMPs shall be approved by the NRC / the Board of Directors.

v. Remuneration can be reset at any time considering the benchmark of international and domestic companies, which are similar in size and complexity to the Company. Benchmark information shall be obtained from internationally recognised compensation service consultancies.

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

7. Directors and Officers Liability Insurance

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

b. The premium paid by the Company for such insurance cover, called for Directors and Officers Liability Insurance Policy, taken for the above purpose shall be paid by the Company without any charge to the Directors, KMPs and SMPs.

8. Disclosures

This Policy shall be disclosed on the Company's website and a weblink thereto shall be provided in its Annual Report.

9. Amendments to the Policy

The Board of Directors may amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail notwithstanding the provisions hereunder from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Annexure to the Board's Report

Annual Report on CSR Activities for FY 2019-20

1. **A brief outline of the Company's Corporate Social Responsibility (CSR Policy), including overview of projects or programmes proposed to be undertaken and a reference to the weblink to the CSR Policy and projects or programmes:**

   As a responsible business corporation, the Company takes pride in taking effective Corporate Social Responsibility (CSR) initiatives which are vital towards fulfilling critical societal needs and gaps on a sustainable basis, not only in the communities it operates in, but also the society at large. Therefore, some CSR initiatives have also been aligned with the Sustainable Development Goals (SDGs) established by the United Nations. The Company's vision is to drive 'holistic empowerment' of the community through implementation of sustainable initiatives and the Company carries out these initiatives through partnerships with individuals, institutions, NGO's and local Government bodies through following projects in accordance with its CSR Policy read with Schedule VII of the Companies Act, 2013. The Board of Directors of the Company approved the CSR Policy with the aim and object to fight hunger, poverty and malnutrition, promote education, employment, health care, gender equality, rural development and sanitation etc. as embodied in Schedule VII of the Companies Act, 2013.

   The CSR Policy is available on the link - : https://www.ceat.com/corporate/investor/corporate-governance

2. **The Composition of the CSR Committee:**

   Mr. Anant Goenka, Chairman (Managing Director)
   Ms. Punita Lal (Independent Director)
   Mr. Vinay Bansal (Independent Director)

3. **Average net profit of the Company for last three financial years:** ₹ 45,639.39 Lacs

4. **Prescribed CSR Expenditure (2% of the amount as in item 3 above):** ₹ 912.79 Lacs

5. **Details of CSR spent during the financial year:**

Total amount to be spent for the financial year (Amount contributed to RPG Foundation, the implementing agency)	₹ 912. 79 Lacs
Amount unspent, if any	Nil
Manner in which the amount is spent in financial year	As provided in Annexure A

6. **In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report:** Not Applicable

7. **Responsibility Statement of the CSR Committee:** CSR activities are implemented and monitored in compliance with CSR objectives and Policy of the Company.

For CEAT Limited

Anant Goenka
Chairman - CSR Committee
(Managing Director)
DIN: 02089850

Vinay Bansal
Member - CSR Committee
(Independent Director)
DIN: 00383325

Dated: May 27, 2020

Annexure A to the Annual Report on CSR activities

(₹ in Lacs)

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Project Location (Area / District and State)	Amount Outlay (Budget) Project or Programmes Wise	Amount Spent on the project or programme	Cumulative Expenditure up to reporting period
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Pehlay Akshar	Education	Nashik; Ambernath; Mumbai (Maharashtra); Halol, Panchmahal (Gujarat)	295.46	135.92	135.92
2.	Netranjali	Vision - Eye Care	Ambernath; Mumbai; Nashik; Nagpur (Maharashtra); Halol, Panchmahal (Gujarat) Kannanthangal, Kanchipuram (Tamil Nadu);	56.02	60.64	60.64
3.	Swayam and Sanjeevani	Healthcare, Skilling and Driving Training for women	Nashik; Ambernath; Nagpur (Maharashtra); Kannanthangal, Kanchipuram, Chennai (Tamil Nadu); Delhi (Delhi)	218.46	203.21	203.21
4.	Jeevan and Saksham	Health, Water and Sanitation, Entrepreneurship and Skill Development, Environment	Nashik; Ambernath; Nagpur (Maharashtra); Kannanthangal, Kanchipuram (Tamil Nadu)	247.42	352.64	352.64
5	RPG Heritage	Heritage Conservation, Promotion of Art and Culture	Mumbai (Maharashtra)	95.43	20.92	20.92
	Total			**912.79**	**773.33***	**773.33***

All the above amounts were spent through implementing agency.

***Note:** In view of certain factors, including the outbreak of the COVID-19 Pandemic, ₹ 139.46 Lacs could not be disbursed by the Implementing Agency and are being disbursed in FY 2020-21.

Annexure to the Board's Report

Extract of Annual Return

Form No. MGT - 9
as on the Financial Year ended on 31-Mar-2020

[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	10-Mar-1958
iii	Name of the Company	CEAT Limited
iv	Category / Sub-Category of the Company	Company having Share Capital / Non-government company
v	Address of the Registered office and contact details	463, Dr. Annie Besant Road, Worli, Mumbai 400 030 Tel No: 91-22-2493 0621 Email : investors@ceat.com Web: www.ceat.com
vi	Whether listed Company	Yes (National Stock Exchange of India Limited and BSE Limited)
vii	Name Address and Contact Details of Registrar and Share Transfer Agent	TSR Darashaw Consultants Private Limited 6, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011 Email: csg-unit@tsrdarashaw.com Web: www.tsrdarashaw.com Tel.: 022-6617 8484; Fax: 022-6656 8494

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 Company (Private) Limited, 50/2, Sir James Peiris Mawatha, Colombo 2	Foreign Body Corporate	Subsidiary	100%	2(87)
2	CEAT AKKHAN LTD, 802 Shanta Western Tower 186, Tejgaon I/A, Dhaka 1208	Foreign Body Corporate	Subsidiary	70%	2(87)
3	CEAT Specialty Tyres Limited RPG House, 463, Dr. Annie Besant Road, Worli, Mumbai 400 030	U25199MH2012PLC236623	Subsidiary	100%	2(87)
4	Rado Tyres Limited, Building No 39/3B-3B1, Opposite Krishna Hospital, Chittoor Road, Cochin 682 011	U25111KL1986PLC004449	Subsidiary	87.62%	2(87)
5	Tyresnmore Online Private Limited, S-40, First Floor, Janta Market, Rajouri Garden New Delhi, India 110 027	U25119DL2014PTC267768	Associate	41.30%	2(6)

* Includes preference shares held by the Company in the respective subsidiary / associate company

IV Shareholding (equity share breakup as percentage of total equity)

i) Category-wise Shareholding

	Category of Shareholders	No.of Shares held at the beginning of the year i.e. 01-Apr-2019				No.of Shares held at the end of the year i.e. 31-Mar-2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	**Promoters**									
(1)	**Indian**									
(a)	Individuals / Hindu Undivided Family	1,48,137	-	1,48,137	0.37	1,48,137	-	1,48,137	0.37	-
(b)	Central Government / State Governments(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	1,87,33,200	-	1,87,33,200	46.31	1,87,37,062	-	1,87,37,062	46.32	0.01
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Any Other - Trusts	6	-	6	0.00	46	-	46	0.00	0.00
	Sub-Total (A) (1)	**1,88,81,343**	**-**	**1,88,81,343**	**46.68**	**1,88,85,245**	**-**	**1,88,85,245**	**46.69**	**0.01**
(2)	**Foreign**									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	17,82,348	-	17,82,348	4.41	-	-	-	-	(4.41)
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (A) (2)	**17,82,348**	**-**	**17,82,348**	**4.41**	**-**	**-**	**-**	**-**	**(4.41)**
	Total Shareholding of Promoter and Promoter Group (A)	**2,06,63,691**	**-**	**2,06,63,691**	**51.08**	**1,88,85,245**	**-**	**1,88,85,245**	**46.69**	**(4.40)**
(B)	**Public Shareholding**									
(1)	**Institutions**									
(a)	Mutual Funds / UTI	20,96,459	9,198	21,05,657	5.21	24,63,528	9,198	24,72,726	6.11	0.91
(b)	Financial Institutions / Banks	2,08,705	4,822	2,13,527	0.53	18,867	3,374	22,241	0.05	(0.47)
(c)	Central Government / State Governments(s)	-	9,700	9,700	0.02	-	67	67	0.00	(0.02)
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	7,20,140	75	7,20,215	1.78	10,98,742	75	10,98,817	2.72	0.94
(f)	Foreign Institutional Investors	1,38,698	2,436	1,41,134	0.35	112	2,436	2,548	0.01	(0.34)
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Any Other - Foreign Portfolio Investors (Corporate)	98,72,015	-	98,72,015	24.41	1,14,08,062	-	1,14,08,062	28.20	3.80
	Sub-Total (B) (1)	**1,30,36,017**	**26,231**	**1,30,62,248**	**32.29**	**1,49,89,311**	**15,150**	**1,50,04,461**	**37.09**	**4.80**
(2)	**Non-Institutions**									
(a)	Bodies Corporate									
i	Indian Companies	1,28,266	17,372	1,45,638	0.36	1,31,762	12,769	1,44,531	0.36	(0.00)
ii	Foreign Companies	14,21,375	37	14,21,412	3.51	14,21,375	37	14,21,412	3.51	-
(b)	Individuals -							-		
i	Individual Shareholders holding nominal share capital up to ₹ 1 lakh	36,72,763	4,64,146	41,36,909	10.23	36,69,641	4,10,320	40,79,961	10.09	(0.14)
ii	Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh	40,718	-	40,718	0.10	53,718	-	53,718	0.13	0.03
(c)	Others:									
i	Non-Resident Indian	2,18,665	81	2,18,746	0.54	2,31,530	44	2,31,574	0.57	0.03
ii	Trusts	28,252	-	28,252	0.07	45,289	-	45,289	0.11	0.04
iii	Investor Education and Protection Fund	2,24,210	-	2,24,210	0.55	2,54,474	-	2,54,474	0.63	0.07
iv	Hindu Undivided Family	1,05,039	-	1,05,039	0.26	1,15,515	-	1,15,515	0.29	0.03
v	Director or Director's Relatives	4,207	-	4,207	0.01	4,207	-	4,207	0.01	-
vi	Clearing Members	3,73,004	-	3,73,004	0.92	1,94,623	-	1,94,623	0.48	(0.44)
vii	Unclaimed Securities Suspense Account	15,532	-	15,532	0.04	12,706	-	12,706	0.03	(0.01)
viii	Limited Liability Partnership	5,370	-	5,370	0.01	2,176	-	2,176	0.01	(0.01)
ix	Bodies Corporate-NBFC	5,116	-	5,116	0.01	200	-	200	0.00	(0.01)
	Sub-total (B) (2)	**62,42,517**	**4,81,636**	**67,24,153**	**16.62**	**61,37,216**	**4,23,170**	**65,60,386**	**16.22**	**(0.40)**
	Total Public Shareholding (B) = (B)(1)+(B)(2)	**1,92,78,534**	**5,07,867**	**1,97,86,401**	**48.92**	**2,11,26,527**	**4,38,320**	**2,15,64,847**	**53.31**	**4.40**
	TOTAL (A)+(B)	**3,99,42,225**	**5,07,867**	**4,04,50,092**	**100.00**	**4,00,11,772**	**4,38,320**	**4,04,50,092**	**100.00**	**-**
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	**3,99,42,225**	**5,07,867**	**4,04,50,092**	**100.00**	**4,00,11,772**	**4,38,320**	**4,04,50,092**	**100.00**	**-**

ii) Shareholding of promoters and promoters group

Sr. No.	Shareholder's name	Shareholding at the beginning of the year as on 01-Apr-2019			Shareholding at the end of the year as on 31-Mar-2020			% 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	Instant Holdings Limited	1,18,16,662	29.21	-	1,18,20,524	29.22	-	0.01
2	Swallow Associates LLP	44,84,624	11.09	-	44,84,624	11.09	-	-
3	Societe Ceat D'Investissements En Asie S. A, SPF	17,82,348	4.41	-	-	-	-	(4.41)
4	STEL Holdings Limited	14,16,757	3.50	-	14,16,757	3.50	-	-
5	Summit Securities Limited	10,14,230	2.51	-	10,14,230	2.51	-	-
6	Mr. H. V. Goenka	1,33,932	0.33	-	1,33,932	0.33	-	-
7	Mr. Anant Goenka	14,185	0.04	-	14,185	0.04	-	-
8	Ms. Mala Goenka	10	0.00	-	10	0.00	-	-
9	Ms. Radha Goenka	10	0.00	-	10	0.00	-	-
10	Sudarshan Electronics And TV Limited	1	0.00	-	1	0.00	-	-
11	Chattarpati Apartments LLP	876	0.00	-	876	0.00	-	-
12	Atlantus Dwellings and Infrastructure LLP	10	0.00	-	10	0.00	-	-
13	Ektara Enterprises LLP	10	0.00	-	10	0.00	-	-
14	Malabar Coastal Holdings LLP	10	0.00	-	10	0.00	-	-
15	Sofreal Mercantrade Private Limited	10	0.00	-	10	0.00	-	-
16	Vayu Udaan Aircraft LLP	10	0.00	-	10	0.00	-	-
17	Mr. H. V. Goenka (in the Capacity of Trustee of Secura India Trust)	1	0.00	-	1	0.00	-	-
18	Mr. H. V. Goenka (in the Capacity Trustee of Stellar Energy Trust)	1	0.00	-	1	0.00	-	-
19	Mr. H. V. Goenka (in the Capacity Trustee of Nucleus Life Trust)	1	0.00	-	1	0.00	-	-
20	Mr. H. V. Goenka (in the Capacity Trustee of Crystal India Tech Trust)	1	0.00	-	1	0.00	-	-
21	Mr. H. V. Goenka (in the Capacity Trustee of Monitor Portfolio Trust)	1	0.00	-	1	0.00	-	-
22	Mr. H. V. Goenka (in the Capacity Trustee of Prism Estates Trust)	1	0.00	-	1	0.00	-	-
23	Mr. H. V. Goenka (in the Capacity Trustee of Ishaan Goenka Trust)	-	-	-	10	0.00	-	0.00
24	Mr. H. V. Goenka (in the Capacity Trustee of Navya Goenka Trust)	-	-	-	10	0.00	-	0.00
25	Mr. Anant Goenka (in the Capacity Trustee of RG Family Trust)	-	-	-	10	0.00	-	0.00
26	Mr. Anant Goenka (in the Capacity of Trustee of AVG Family Trust)	-	-	-	10	0.00	-	0.00
	Total	**2,06,63,691**	**51.08**	**-**	**1,88,85,245**	**46.69**	**-**	**(4.40)**

iii) Change in Promoters' and promoter group Shareholding

Sr. No.	Particulars		Shareholding at the beginning of the year as on 01-Apr-2019		Cumulative shareholding during the year 2019-20	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year 01-Apr-2019		2,06,63,691.00	51.08		
	Date wise increase / decrease					
1	**Instant Holdings Limited**					
	27-Mar-2020	Market Purchase	3,862.00	0.01	2,06,67,553	51.09
2	**Mr. H.V. Goenka (in the Capacity of Trustee of Navya Goenka Trust)**					
	22-Nov-2019	Market Purchase	10.00	0.00	2,06,67,563	51.09
3	**Mr. H.V. Goenka (in the Capacity of Trustee of Ishaan Goenka Trust)**					
	22-Nov-2019	Market Purchase	10.00	0.00	2,06,67,573	51.09
4	**Mr. Anant Goenka (in the Capacity of Trustee of RG Family Trust)**					
	22-Nov-2019	Market Purchase	10.00	0.00	2,06,67,583	51.09
5	**Mr. Anant Goenka (in the Capacity of Trustee of AVG Family Trust)**					
	28-Jun-2019	Market Purchase	10.00	0.00	2,06,67,593	51.09
6	**Societe Ceat D'Investissements En Asie S. A, SPF**					
	30-Aug-2019	Market Sale	(250.00)	(0.00)	2,06,67,343	51.09
	20-Sep-2019	Market Sale	(2,30,000.00)	(0.57)	2,04,37,343	50.52
	08-Nov-2019	Market Sale	(8,00,000.00)	(1.98)	1,96,37,343	48.55
	06-Dec-2019	Market Sale	(7,52,098.00)	(1.86)	1,88,85,245	46.69
	At the End of the year 31-Mar-2020				**1,88,85,245**	**46.69**

iv) Shareholding pattern of top ten Shareholders as on 31-Mar-2020 (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name of the Shareholder*		Shareholding at the beginning of the year as on 01-Apr-2019		Cumulative shareholding during the year 2019-20	
			No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
1	**Amansa Holdings Private Limited**					
	At the beginning of the year 01-Apr-2019		**24,09,373**	**5.96**		
	Date wise increase / (decrease)					
	12-Apr-2019	Market Purchase	6,477	0.02	24,15,850	5.97
	19-Apr-2019	Market Purchase	42,924	0.11	24,58,774	6.08
	03-May-2019	Market Purchase	11,877	0.03	24,70,651	6.11
	10-May-2019	Market Purchase	1,26,262	0.31	25,96,913	6.42
	17-May-2019	Market Purchase	89,592	0.22	26,86,505	6.64
	24-May-2019	Market Purchase	47,800	0.12	27,34,305	6.76
	14-Jun-2019	Market Purchase	81,513	0.20	28,15,818	6.96
	21-Jun-2019	Market Purchase	2,95,792	0.73	31,11,610	7.69
	25-Jul-2019	Market Purchase	35,989	0.09	31,47,599	7.78
	01-Aug-2019	Market Purchase	27,138	0.07	31,74,737	7.85
	02-Aug-2019	Market Purchase	1,280	0.00	31,76,017	7.85
	09-Aug-2019	Market Purchase	15,219	0.04	31,91,236	7.89
	13-Dec-2019	Market Purchase	20,354	0.05	32,11,590	7.94
	20-Dec-2019	Market Purchase	6,925	0.02	32,18,515	7.96
	20-Mar-2020	Market Purchase	2,247	0.01	32,20,762	7.96
	27-Mar-2020	Market Purchase	1,348	0.00	32,22,110	7.97
	At the end of the year 31-Mar-2020				**32,22,110**	**7.97**
2	**Jwalamukhi Investment Holdings**					
	At the beginning of the year 01-Apr-2019		**29,53,366**	**7.30**		
	Date wise increase / (decrease)					
	26-Apr-2019	Market Sale	(81,408)	(0.20)	28,71,958	7.10
	03-May-2019	Market Sale	(10,776)	(0.03)	28,61,182	7.07
	10-May-2019	Market Sale	(3,08,532)	(0.76)	25,52,650	6.31
	20-Dec-2019	Market Sale	(38,198)	(0.09)	25,14,452	6.22
	27-Dec-2019	Market Sale	(21,704)	(0.05)	24,92,748	6.16
	10-Jan-2020	Market Sale	(46,283)	(0.11)	24,46,465	6.05
	17-Jan-2020	Market Sale	(45,534)	(0.11)	24,00,931	5.94
	24-Jan-2020	Market Sale	(48,181)	(0.12)	23,52,750	5.82
	13-Mar-2020	Market Sale	(18,759)	(0.05)	23,33,991	5.77
	At the end of the year 31-Mar-2020				**23,33,991**	**5.77**
3	**India Opportunities Growth Fund Ltd - Pinewood Strategy**					
	At the beginning of the year 01-Apr-2019		**-**	**-**		
	Date wise increase / (decrease)					
	20-Sep-2019	Market Purchase	2,30,000	0.57	2,30,000	0.57
	08-Nov-2019	Market Purchase	8,00,000	1.98	10,30,000	2.55
	06-Dec-2019	Market Purchase	7,52,098	1.86	17,82,098	4.41
	At the end of the year 31-Mar-2020				**17,82,098**	**4.41**
4	**Mirae Asset - Mutual Fund**					
	At the beginning of the year 01-Apr-2019		**8,80,126**	**2.18**		
	Date wise increase / (decrease)					
	05-Apr-2019	Market Sale	(66,901)	(0.17)	8,13,225	2.01
	10-May-2019	Market Sale	(69,046)	(0.17)	7,44,179	1.84
	24-May-2019	Market Sale	(1,61,500)	(0.40)	5,82,679	1.44
	31-May-2019	Market Sale	(20,000)	(0.05)	5,62,679	1.39
	14-Jun-2019	Market Sale	(70,000)	(0.17)	4,92,679	1.22
	28-Jun-2019	Market Sale	(75,000)	(0.19)	4,17,679	1.03

Sr. No.	Name of the Shareholder*		Shareholding at the beginning of the year as on 01-Apr-2019		Cumulative shareholding during the year 2019-20	
			No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
	05-Jul-2019	Market Purchase	29,975	0.07	4,47,654	1.11
	12-Jul-2019	Market Purchase	25	0.00	4,47,679	1.11
	09-Aug-2019	Market Purchase	2,19,674	0.54	6,67,353	1.65
	16-Aug-2019	Market Purchase	34,213	0.08	7,01,566	1.73
	23-Aug-2019	Market Purchase	47,969	0.12	7,49,535	1.85
	30-Aug-2019	Market Purchase	54,510	0.13	8,04,045	1.99
	06-Sep-2019	Market Purchase	14,607	0.04	8,18,652	2.02
	13-Sep-2019	Market Purchase	30,877	0.08	8,49,529	2.10
	20-Sep-2019	Market Purchase	52,378	0.13	9,01,907	2.23
	27-Sep-2019	Market Purchase	1,37,635	0.34	10,39,542	2.57
	30-Sep-2019	Market Purchase	35,240	0.09	10,74,782	2.66
	04-Oct-2019	Market Purchase	47,782	0.12	11,22,564	2.78
	11-Oct-2019	Market Purchase	6,090	0.02	11,28,654	2.79
	18-Oct-2019	Market Purchase	20,782	0.05	11,49,436	2.84
	25-Oct-2019	Market Purchase	27,302	0.07	11,76,738	2.91
	01-Nov-2019	Market Purchase	10,574	0.03	11,87,312	2.94
	08-Nov-2019	Market Purchase	10,955	0.03	11,98,267	2.96
	15-Nov-2019	Market Purchase	18,500	0.05	12,16,767	3.01
	22-Nov-2019	Market Purchase	6,000	0.01	12,22,767	3.02
	29-Nov-2019	Market Purchase	1,55,042	0.38	13,77,809	3.41
	06-Dec-2019	Market Purchase	37,867	0.09	14,15,676	3.50
	13-Dec-2019	Market Purchase	9,994	0.02	14,25,670	3.52
	20-Dec-2019	Market Purchase	6,500	0.02	14,32,170	3.54
	27-Dec-2019	Market Purchase	17,363	0.04	14,49,533	3.58
	03-Jan-2020	Market Purchase	6,709	0.02	14,56,242	3.60
	10-Jan-2020	Market Purchase	11,666	0.03	14,67,908	3.63
	17-Jan-2020	Market Purchase	29,902	0.07	14,97,810	3.70
	14-Feb-2020	Market Purchase	14,077	0.03	15,11,887	3.74
	21-Feb-2020	Market Purchase	22,260	0.06	15,34,147	3.79
	28-Feb-2020	Market Purchase	61,633	0.15	15,95,780	3.95
	06-Mar-2020	Market Purchase	45,404	0.11	16,41,184	4.06
	13-Mar-2020	Market Purchase	33,650	0.08	16,74,834	4.14
	20-Mar-2020	Market Purchase	59,838	0.15	17,34,672	4.29
	At the end of the year 31-Mar-2020				**17,34,672**	**4.29**
5	**Westbridge Crossover Fund, LLC**					
	At the beginning of the year 01-Apr-2019		**14,21,375**	**3.51**		
	No Change		-	-	14,21,375	3.51
	At the end of the year 31-Mar-2020				**14,21,375**	**3.51**
6	**The New India Assurance Company Limited**					
	At the beginning of the year 01-Apr-2019		**3,70,395**	**0.92**		
	Date wise increase / (decrease)					
	05-Apr-2019	Market Purchase	21,680	0.05	3,92,075	0.97
	12-Apr-2019	Market Purchase	61,645	0.15	4,53,720	1.12
	19-Apr-2019	Market Purchase	55,000	0.14	5,08,720	1.26
	26-Apr-2019	Market Purchase	11,675	0.03	5,20,395	1.29
	13-Dec-2019	Market Purchase	89,296	0.22	6,09,691	1.51
	20-Dec-2019	Market Purchase	45,515	0.11	6,55,206	1.62
	27-Dec-2019	Market Purchase	65,189	0.16	7,20,395	1.78
	10-Jan-2020	Market Purchase	21,676	0.05	7,42,071	1.83
	24-Jan-2020	Market Purchase	1,427	0.00	7,43,498	1.84

Sr. No.	Name of the Shareholder*		Shareholding at the beginning of the year as on 01-Apr-2019		Cumulative shareholding during the year 2019-20	
			No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
	31-Jan-2020	Market Purchase	17,191	0.04	7,60,689	1.88
	07-Feb-2020	Market Purchase	18,015	0.04	7,78,704	1.93
	At the end of the year 31-Mar-2020				**7,78,704**	**1.93**
7	**Tata Mutual Fund**					
	At the beginning of the year 01-Apr-2019		**11,60,775**	**2.87**		
	Date wise increase / (decrease)					
	05-Apr-2019	Market Purchase	15,500	0.04	11,76,275	2.91
	12-Apr-2019	Market Sale	(30,800)	(0.08)	11,45,475	2.83
	03-May-2019	Market Sale	(800)	(0.00)	11,44,675	2.83
	10-May-2019	Market Purchase	31,600	0.08	11,76,275	2.91
	17-May-2019	Market Sale	(29,200)	(0.07)	11,47,075	2.84
	24-May-2019	Market Sale	(1,45,000)	(0.36)	10,02,075	2.48
	31-May-2019	Market Sale	(1,03,475)	(0.26)	8,98,600	2.22
	07-Jun-2019	Market Sale	(57,600)	(0.14)	8,41,000	2.08
	14-Jun-2019	Market Sale	(16,000)	(0.04)	8,25,000	2.04
	28-Jun-2019	Market Sale	(25,000)	(0.06)	8,00,000	1.98
	09-Aug-2019	Market Purchase	1,00,000	0.25	9,00,000	2.22
	27-Sep-2019	Market Sale	(65,000)	(0.16)	8,35,000	2.06
	29-Nov-2019	Market Sale	(1,35,000)	(0.33)	7,00,000	1.73
	10-Jan-2020	Market Purchase	8,000	0.02	7,08,000	1.75
	At the end of the year 31-Mar-2020				**7,08,000**	**1.75**
8	**Mirae Asset India Mid Cap Equity Fund**					
	At the beginning of the year 01-Apr-2019		**5,49,609**	**1.36**		
	Date wise increase / (decrease)					
	12-Apr-2019	Market Sale	(53,688)	(0.13)	4,95,921	1.23
	26-Jul-2019	Market Purchase	12,408	0.03	5,08,329	1.26
	At the end of the year 31-Mar-2020				**5,08,329**	**1.26**
9	**Crestwood Capital Master Fund, Ltd.**					
	At the beginning of the year 01-Apr-2019		**3,35,000**	**0.83**		
	Date wise increase / (decrease)					
	24-May-2019	Market Purchase	20,000	0.05	3,55,000	0.88
	12-Jul-2019	Market Purchase	30,000	0.07	3,85,000	0.95
	25-Jul-2019	Market Sale	(40,000)	(0.10)	3,45,000	0.85
	13-Sep-2019	Market Sale	(80,000)	(0.20)	2,65,000	0.66
	27-Sep-2019	Market Purchase	80,000	0.20	3,45,000	0.85
	17-Jan-2020	Market Purchase	50,000	0.12	3,95,000	0.98
	14-Feb-2020	Market Purchase	50,000	0.12	4,45,000	1.10
	At the end of the year 31-Mar-2020				**4,45,000**	**1.10**
10	**Vanguard Total International Stock Index Fund**					
	At the beginning of the year 01-Apr-2019		**2,62,110**	**0.65**		
	Date wise increase / (decrease)					
	26-Apr-2019	Market Sale	(6,828)	(0.02)	2,55,282	0.63
	17-May-2019	Market Purchase	47,150	0.12	3,02,432	0.75
	25-Jul-2019	Market Purchase	22,510	0.06	3,24,942	0.80
	At the end of the year 31-Mar-2020		**-**	**0.80**	**3,24,942**	**0.80**

***Note:** The shares of the Company are traded on daily basis. Hence the date wise increase / (decrease) in the shareholding of the above Shareholders are consolidated based on the weekly beneficial position and Permanent Account Number (PAN) of the Shareholder.

v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name of Directors and Key Managerial Personnel	Shareholding at the beginning of the year as on 01-Apr-2019		Cumulative shareholding during the year 2019-20	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**Mr. H. V. Goenka, Chairman, Non-executive Director**				
	At the beginning of the year	1,33,932	0.33		
	and at the end of the year-No change during the year ended 31-Mar-2020			1,33,932	0.33
2	**Mr. Anant Goenka, Managing Director**				
	At the beginning of the year	14,185	0.04		
	and at the end of the year-No change during the year ended 31-Mar-2020			14,185	0.04
3	**Mr. Paras K. Chowdhary, Independent Director**				
	At the beginning of the year	3,000	0.01		
	and at the end of the year-No change during the year ended 31-Mar-2020			3,000	0.01
4	**Mr. Arnab Banerjee, Chief Operating Officer**				
	At the beginning of the year	1,207	0.00		
	and at the end of the year-No change during the year ended 31-Mar-2020			1,207	0.00
5	**Mr. Kumar Subbiah, Chief Financial Officer**				
	At the beginning of the year	500	0.00		
	and at the end of the year-No change during the year ended 31-Mar-2020			500	0.00
6	**Ms. Vallari Gupte, Company Secretary**				
	At the beginning of the year	15	0.00		
	and at the end of the year-No change during the year ended 31-Mar-2020			15	0.00

Notes:

1. No other Director holds shares in the Company.
2. Shares held above are in individual capacity and do not include shares held in any other capacity.

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
Indebtedness at the beginning of the Financial year				
i) Principal Amount	1,03,437.42	22,614.00	0.20	1,26,051.62
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	537.92	-	-	537.92
Total (i+ii+iii)	**1,03,975.34**	**22,614.00**	**0.20**	**1,26,589.54**
Change in Indebtedness during the Financial year				
· Addition (includes only principal)	44,237.70	-	-	44,237.70
· Reduction (includes only principal)	(5,483.00)	(5,148.00)	-	(10,631.00)
Net Changes	**38,754.70**	**(5,148.00)**	**-**	**33,606.70**
Indebtedness at the end of the Financial year				
i) Principal Amount	1,42,192.12	17,466.00	0.20	1,59,658.32
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	739.00	-	-	739.00
Total (i+ii+iii)	**1,42,931.12**	**17,466.00**	**0.20**	**1,60,397.32**

VI Remuneration of the Directors and Key Managerial Personnel

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

(₹ in Lacs)

Sr. No.	Particulars of Remuneration	Mr. Anant Goenka, Managing Director	Mr. Arnab Banerjee, Chief Operating Officer (COO)	Total Amount
1	Gross Salary			
	a) Salary as per provision contained in Section 17(1) of Income Tax Act, 1961	475.56	276.95	752.50
	b) Value of perquisite under Section 17(2) of Income Tax Act, 1961	42.37	0.50	42.87
	c) Profit in lieu of salary under Section 17(3) of Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	* As percent of profit	-	-	-
	* Others, Specify	-	-	-
5	Others (retiral benefits)	40.54	17.82	58.37
	Total (A)	**558.47**	**295.27**	**853.74**
	Ceiling as per the Act (being 10% of net profits of the Company calculated as per Section 198 of the Act)			3,532.63

B. Remuneration to other Directors

(₹ in Lacs)

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Mr. Mahesh S. Gupta	Mr. Haigreve Khaitan	Mr. Atul C. Choksey	Mr. Vinay Bansal	Mr. Paras K. Chowdhary	Ms. Punita Lal	
	Independent Directors							
	· Fee for attending Board / Committee meetings	9.95	5.00	5.00	10.25	9.95	3.30	43.45
	· Commission	7.00	7.00	7.00	7.00	7.00	7.00	42.00
	· Others, please specify	-	-	-	-	-	-	
	Total (1)	**16.95**	**12.00**	**12.00**	**17.25**	**16.95**	**10.30**	**85.45**
		Mr. H. V Goenka						
	Other Non-executive Directors							
	· Fee for attending board committee meetings	6.30						6.30
	· Commission	40.00						40.00
	· Others, please specify	-		-	-	-	-	
	Total (2)	**46.30**						**46.30**
	Total (B) = (1+2)							**131.75**
	Total Managerial Remuneration							**131.75**
	Overall Ceiling as per the Act*							3,885.89

Notes:

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

1. Mr. Pierre E. Cohade, Non-executive Director was not eligible for receipt of remuneration including sitting fees and commission from the Company.
2. Mr. Ranjit V. Pandit, Independent Director has voluntarily 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

(₹ in Lacs)

Sr. No.	Particulars of Remuneration	Mr. Kumar Subbiah Chief Financial Officer (CFO)	Ms. Vallari Gupte Company Secretary (CS)	Total Amount
1	Gross Salary			
	a) Salary as per provision contained in section 17(1) of Income Tax Act, 1961	190.07	47.15	237.22
	b) Value of perquisite u / s 17(2) of Income Tax Act, 1961	0.51	0.02	0.53
	c) Profit in lieu of salary under section u / s 17(3) of Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	* As percent of profit	-	-	-
	* Others, specify	-	-	-
5	Others please specify (retiral benefits)	5.61	3.03	8.64
	Total (A)	**196.19**	**50.20**	**246.39**

VII. Penalties / Punishment / Compounding of offences:

During FY 2019-20 there were no penalties / punishment / compounding of offences under the Companies Act, 2013.

Annexure to the Board's Report

Particulars of Employees

Remuneration details Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended) for the year ended March 31, 2020

Sr. No.	Particulars	Name of the Director	Ratio of the remuneration of each director to the median remuneration of the employees of the Company[1]	Percentage increase/ decrease in remuneration of each Director[2]
(i)	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year;	Mr. H. V.Goenka	12.63	(87.83)
		Mr. Anant Goenka	152.29	18.04
		Mr. Arnab Banerjee	80.52	1.39
		Mr. Atul C. Choksey	3.28	-
		Mr. Mahesh S. Gupta	4.63	5.61
	The percentage increase / decrease in remuneration of each Director, Chief Financial Officer (CFO), Chief Executive Officer, Company Secretary (CS) or manager, if any, in the financial year;	Mr. Haigreve Khaitan	3.28	-
		Mr. Paras K. Chowdhary	4.71	23.21
		Ms. Punita Lal	2.81	(20.77)
		Mr. Vinay Bansal	4.71	9.52
		Mr. Kumar Subbiah, CFO		(2.76)
		Ms. Vallari Gupte, CS		N.A.[3]
(ii)	The percentage increase in the median remuneration of employees in the financial year(1);	24.57		
(iii)	The number of permanent employees on the rolls of the Company as on March 31, 2020;	6,474 employees		
(iv)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	The average increase in salaries of employees (other than managerial personnel) during the FY 2019-20 was 11.83%, whereas that in salaries of the managerial personnel was 9.71%, in view of the rationalisation done to align the salaries with the external benchmarks. Compensation benchmarking process is followed by the Company to evaluate the individual salaries internally and externally and the increment given to each employee is based on the market benchmark, performance and potential of the individual and performance of the Company during the financial year.		
(v)	Affirmation that the remuneration is as per the remuneration policy of the Company;	Remuneration paid during the FY 2019-20 was as per the Nomination and Remuneration Policy of the Company.		

Notes:

(1) Median remuneration of the employees is calculated on the basis of remuneration details of employees including the Managing Director and the Whole-time Director.

(2) Directors' remuneration includes commission and sitting fees for FY 2019-20. While Commission is determined based on the contribution and tenure served by Non-executive Directors during the year, the sitting fees are paid based on the number of meetings of Board and Committee attended by them respectively. Therefore, variation in the remuneration of the Directors could be attributed to the committee positions held and the number of meetings attended by them during the year.

(3) Ms. Vallari Gupte was appointed as Company Secretary w.e.f. October 25, 2018 and remuneration for FY 2018-19 was paid only for the part of year and hence increase is not comparable between previous year and current financial year.

Annexure to the Board's Report

Secretarial Audit Report

Form No. MR - 3

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[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 to the extent provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and the Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on March 31, 2020, 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 March 31, 2020 according to the applicable 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, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; (Not applicable to the Company during the audit period)

  (d) 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; (Not applicable to the Company during the audit period)

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Registrar and 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, 2018; (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 National Stock Exchange of India Limited and BSE Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has generally 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 for meetings other than those held at shorter notice 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 etc.

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

1. Approval of Scheme of Amalgamation by Honorable National Company Law Tribunal ('NCLT') for amalgamation of CEAT Specialty Tyres Limited (wholly owned subsidiary) with the Company. Digital copy of the same became accessible on the NCLT website on May 25, 2020, however signed Certified copy order of NCLT was awaited till the date of this report.
2. Approval by Shareholder at its Annual General Meeting held on August 1, 2019:
   a. Under Section 180(1)(c) of the Act for borrowings in excess of the aggregate of the paid-up capital of the Company, subject to the total amount outstanding at any time shall not exceed the limit of ₹ 2,000 Crores (Rupees Two Thousand Crores only) in excess of the aggregate of the paid-up capital of the Company and its free reserves.
   b. Under Section 180(1)(a) of the Act for creation of mortgage / charge / hypothecation, on the movable or immovable properties of the Company.

Signature:
P. N. Parikh
Partner
Place: Mumbai — FCS No: 327 CP No: 1228
Date: May 28, 2020 — UDIN: F000327B000291321

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

Signature:
P. N. Parikh
Partner
Place: Mumbai — FCS No: 327 CP No: 1228
Date: May 28, 2020 — UDIN: F000327B000291321

Corporate Governance Report

Securities and Exchange Board of India ('SEBI') vide its Notification No. SEBI/LAD-NRO/GN/2018/10 dated May 9, 2018, notified various amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'), being implemented with effect from several dates as prescribed therein.

This Corporate Governance Report of CEAT Limited ('CEAT' or 'the Company') for FY 2019-20, thus prepared pursuant to the Listing Regulations, as amended and circulars issued thereunder, forms part of the Board's Report and states compliance as per requirements of the Companies Act, 2013 and Rules made thereunder as amended and the Listing Regulations.

I. CEAT'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is an integral part of CEAT's values, ethics and best business practices followed by CEAT. Corporate Governance is the broad framework which defines the way CEAT functions and interacts with its environment. CEAT follows laws and regulations in each of the markets where it operates, leading to effective management of the organisation. Moreover, CEAT in its journey towards sustainability is integrating sustainability practices in its governance system which goes beyond compliance. CEAT is guided by a key set of values for all its internal and external interactions. Simultaneously, in keeping with the best practices, CEAT seeks to execute the practices of Corporate Governance by maintaining strong business fundamentals and by delivering high performance through relentless focus on its core values, which are as following:

- Commitment to excellence and customer satisfaction;
- Maximising long-term shareholders' value;
- Socially valued enterprise and
- Caring for people and environment.

In a nutshell, the philosophy can be described as observing of business practices with the ultimate aim of enhancing long-term shareholders' value and commitment to a high standard of business ethics. CEAT has in place a Code of Corporate Ethics and Conduct reiterating its commitment to maintain the highest standards in its interface with stakeholders and clearly laying down the core values and corporate ethics to be practiced by its entire management cadre.

II. THE BOARD OF DIRECTORS

CEAT believes that a dynamic, well-informed and independent Board is essential to ensure highest standards of Corporate Governance. The Board of CEAT, being at the core of its Corporate Governance practice, plays most pivotal role in overseeing the management in serving and protecting the long-term interests of all its stakeholders.

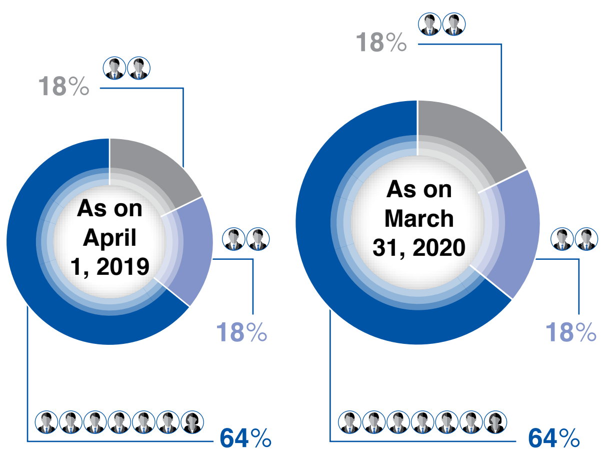
The CEAT's Board plays a vibrant role in deriving its business in an ethical and profitable way to ensure the maximisation of its stakeholders' value, in line with its purpose statement 'Making Mobility Safer & Smarter. Every Day.' The Board guides the management to run business as a socially responsible and ethically compliant corporate citizen and in a sustainable way.

Composition of the Board

The Board of the Company has a good and diverse mix of Executive and Non-executive Directors with majority of the Board Members comprising of Independent Directors in line with the applicable provisions of the Companies Act, 2013 and Listing Regulations.

The composition of the Board is in conformity with the requirements of the Companies Act, 2013 and the Listing Regulations. The Board of CEAT has an optimum combination of Executive and Non-executive Directors with one Woman Independent Director and more than half of the Board comprising of Independent Directors, satisfying the criteria prescribed under the amended Listing Regulations.

The composition of the Board during the year under review was as under:



- Executive Directors (1 Promoter and 1 Non-promoter)
- Non-executive Non-independent Directors (1 Promoter, others Non-promoters)
- Independent Directors (Including a Woman Independent Director)

Disclosure of relationships between directors inter se

Mr. H. V. Goenka, Chairman and Mr. Anant Goenka, Managing Director of the Company are related to each other as father and son. None of the other Directors are related to each other.

Details of changes in the Board during the year

The Members of the Company had appointed Mr. H. V. Goenka (DIN: 00026726) who retired by rotation, as Director of the Company at the Annual General Meeting ('AGM') held on August 1, 2019. The Members of the Company had also appointed Mr. Atul C. Choksey (DIN: 00002102), Mr. Haigreve Khaitan (DIN: 00005290), Mr. Mahesh S. Gupta (DIN: 00046810), Ms. Punita Lal (DIN: 03412604), Mr. Vinay Bansal (DIN: 00383325) as Independent Directors of the Company for the second term of 5 (five) consecutive years from September 26, 2019 to September 25, 2024 at the AGM held on August 1, 2019.

The Board at its meeting held on May 28, 2020, based on the recommendations of the Nomination and Remuneration Committee has appointed Mr. Ranjit V. Pandit (DIN: 00782296) as an Independent Director for the second term of 5 (five) consecutive years from August 12, 2020, subject to approval of shareholders at the ensuing AGM of the Company.

During the year under review, none of the Independent Director(s) of the Company resigned before the expiry of the respective tenure.

Board Meetings and Governance

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other statutory matters as required to be deliberated and approved by the Board. The Board / Committee Meetings are pre-scheduled and a tentative annual calendar of the Board and Committee Meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. However, in case of a special and urgent business need, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which are noted and confirmed in the subsequent Board Meeting.

The notice of Board / Committee Meetings is given well in advance to all the Directors. Video / tele-conferencing facilities are also provided to facilitate the Directors who are travelling or located at other locations to participate in the meetings seamlessly. The Agenda is circulated a week prior to the date of the Meeting. The Board Agenda includes an Action Taken Report comprising of actions emanating from the Board / Committee Meetings and status updates thereof. The Management endeavours to provide the Board with sufficient information apart from the items as mandated for discussion by the Board under Regulation 17(7) read with Part A of Schedule II to the Listing Regulations. Through various information being placed or presented at the Board meetings, the Board is kept well informed about the overall functioning of the Company, which enables the Board to contribute to the growth of the Company and helps them to take informed decisions. Prior approval from the Board is obtained for circulating the agenda items with shorter notice for matters that form part of the Board and Committee Agenda and are considered to be in the nature of Unpublished Price Sensitive Information.

The Board periodically reviews the updates on the projects, business performance, risk management, strategies, people, processes, compliance with applicable laws and other key affairs of the Company having impact on the business. The Board is satisfied that plans are in place for orderly succession for appointment to the Board and to the Senior Management.

The Agenda of the Board / Committee Meetings is set by the Company Secretary in consultation with the Chairman, Managing Director and Chief Financial Officer of the Company. The Company Secretary is responsible for collation, review and distribution of all papers submitted to the Board and Committees thereof for consideration. The Company Secretary attends all the Meetings of the Board and its Committees to assist the Board and its Committees on Compliance and Governance principles and ensures appropriate recording of minutes of the Meetings.

The adoption of a digital application has enabled the Company to conduct paperless Board Meetings, thereby improving governance while simplifying the process of conducting such meetings. This involves conducting the meetings efficaciously, with the Board being able to access information directly on their digital devices. The application meets high standards of security and integrity that are required for storage and transmission of Board / Committee Agenda and pre-reads in electronic form.

The Independent Directors of the Company at their meeting held on March 12, 2020 appreciated the Board's visit at the Company's plant at Halol, its R&D facility and also appreciated the quality, quantity and timeliness of flow of information between the Company Management and the Board, that is necessary for the Board to effectively and reasonably perform their duties.

The Managing Director and Chief Operating Officer are responsible for the day-to-day management of the Company, subject to the supervision, direction and control of the Board. The Managing Director and Chief Operating Officer are ably assisted by the Executive Committee and Operating Committee respectively for implementing the decisions and strategic policies of the Board for effective execution.

During the year under review, the Board met 6 (six) times on April 3, 2019, May 7, 2019, August 1, 2019, October 22, 2019, January 22, 2020 and March 12, 2020 and not more than 120 (one hundred and twenty) days elapsed between the 2 (two) meetings.

The composition, category of Directors and their attendance details at the aforesaid Board meetings and at the last AGM of the Company held on August 1, 2019 are as given below:

Name of the Director	Category of Directors	Number of Board Meetings	% of Attendance	Attendance at the last AGM
Mr. H. V. Goenka	Non-executive Non-independent Director (Chairman) (Promoter)	6	100%	Yes
Mr. Anant Goenka	Managing Director (Promoter)	6	100%	Yes
Mr. Arnab Banerjee	Whole-time Director	5	83.33%	Yes
Mr. Atul C. Choksey	Independent Director	5	83.33%	No
Mr. Haigreve Khaitan	Independent Director	5	83.33%	Yes
Mr. Mahesh S. Gupta	Independent Director	6	100%	Yes
Mr. Paras K. Chowdhary	Independent Director	6	100%	Yes
Mr. Pierre E. Cohade	Non-executive Non-independent Director	6	100%	Yes
Ms. Punita Lal	Independent Director	3	50%	No
Mr. Ranjit V. Pandit	Independent Director	6	100%	Yes
Mr. Vinay Bansal	Independent Director	6	100%	Yes

100% 83.33% 50% Yes No

Details of shares held by Non-executive Directors

As on March 31, 2020, 2 (two) Non-executive Directors, viz. Mr. H. V. Goenka and Mr. Paras K. Chowdhary held 1,33,932 and 3,000 shares in the Company respectively and such shares do not include shares held by them in any other capacity.

Directorship(s) / Committee membership(s) held by Directors

Details of Directorship(s) / Committee membership(s) / Chairmanship(s) held by Directors as on March 31, 2020

Name of the Director	Directorships in public companies		Committee Position	
	Listed	Unlisted	Membership (including Chairmanship)	Chairmanship
Mr. H. V. Goenka	5	2	-	-
Mr. Anant Goenka	3	3	-	-
Mr. Arnab Banerjee	1	1	-	-
Mr. Atul C. Choksey	2	2	-	-
Mr. Haigreve Khaitan	7	1	7	4
Mr. Mahesh S. Gupta	5	1	5	3
Mr. Paras K. Chowdhary	2	2	4	2
Mr. Pierre E. Cohade	1	-	-	-
Ms. Punita Lal	2	-	-	-
Mr. Ranjit V. Pandit	2	5	5	1
Mr. Vinay Bansal	1	-	2	1

Details of Directorship(s) held by Directors in listed companies as on March 31, 2020

Name of the Director	Name of the listed companies	Category of Directorship in listed companies
Mr. H. V. Goenka	CEAT Limited	Non-executive Director (Chairman)
	KEC International Limited	Non-executive Director (Chairman)
	Zensar Technologies Limited	Non-executive Director (Chairman)
	RPG Life Sciences Limited	Non-executive Director (Chairman)
	Bajaj Electricals Limited	Independent Director
Mr. Anant Goenka	CEAT Limited	Managing Director
	Zensar Technologies Limited	Non-executive Director
	STEL Holdings Limited	Non-executive Director
Mr. Arnab Banerjee	CEAT Limited	Whole-time Director
Mr. Atul C. Choksey	CEAT Limited	Independent Director
	Apcotex Industries Limited	Non-executive Director
Mr. Haigreve Khaitan	CEAT Limited	Independent Director
	JSW Steel Limited	Independent Director
	Inox Leisure Limited	Independent Director
	Torrent Pharmaceuticals Limited	Independent Director
	Borosil Renewables Limited	Independent Director
	Tech Mahindra Limited	Independent Director
	Mahindra and Mahindra Limited	Independent Director
Mr. Mahesh S. Gupta	CEAT Limited	Independent Director
	Peninsula Land Limited	Non-executive Director
	Morarjee Textiles Limited	Non-executive Director
	RPG Life Sciences Limited	Independent Director
	Shree Digvijay Cement Co. Limited	Independent Director
Mr. Paras K. Chowdhary	CEAT Limited	Independent Director
	Phillips Carbon Black Limited	Independent Director
Mr. Pierre E. Cohade	CEAT Limited	Non-executive Director
Ms. Punita Lal	CEAT Limited	Independent Director
	Cipla Limited	Independent Director
Mr. Ranjit V. Pandit	CEAT Limited	Independent Director
	The Great Eastern Shipping Company Limited	Independent Director
Mr. Vinay Bansal	CEAT Limited	Independent Director

Notes:

- As required under the amended Regulation 17A of the Listing Regulations, none of the directors holds directorship in more than 7 (seven) listed companies and as per declarations received, none of the directors serves as an Independent Director in more than 7 (seven) listed companies, across the directorships held including that in CEAT Limited. Further, the Whole-time Directors in the Company do not serve as an Independent Director of any listed company.
- The amended Regulation 17A of the Listing Regulations provides for inclusion of only equity listed entities reckoning the directorship in listed entity, in view of the said regulation becoming effective from April 1, 2019, directorships in all listed entities have been considered for reporting as above.
- None of the directors was a member in more than 10 (ten) committees, nor a chairman in more than 5 (five) committees across all companies in which he was a director, including those held in CEAT Limited.
- For the purpose of considering the limit of the committees on which a Director can serve, all public limited companies, whether listed or not, have been included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013, have been excluded. Only Audit Committee and Stakeholders' Relationship Committee are considered for the purpose of reckoning committee positions.

Skills / Expertise / Competence of the Board

With a view to achieve a sustainable development, the Company aims to have right balance on its Board with attributes such as experience of diverse nature, qualifications, knowledge and competencies in wide spectrum of functional areas required in the context of Company's business, gender representation etc.

The Directors are eminent industrialists / professionals and have expertise in their respective functional areas, which bring with them the reputation of independent judgment and experience.

As required under the Listing Regulations, as amended effective April 1, 2019, the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the Board were disclosed in the Corporate Governance Report of the previous year.

The details of Directors of the Company who possess those skills / expertise / competencies are as given below:

Mr. H. V. Goenka

Chairman, Non-executive Director

Skills / Expertise / Competencies

- General Management and Business Operations
- Thought Leadership
- CEO / Senior Management experience
- Tyre Industry experience
- Human Resources Management
- Risk Management
- Accounting / Finance / Legal
- Strategy / M&A / Restructuring
- Corporate Governance
- International Business

Mr. Anant Goenka

Managing Director

Skills / Expertise / Competencies

- General Management and Business Operations
- CEO / Senior Management experience
- Business Development / Sales / Marketing
- Risk Management
- Human Resources Management
- Strategy / M&A / Restructuring
- Corporate Governance
- Tyre Industry experience
- International Business

Mr. Arnab Banerjee

COO and Whole-time Director

Skills / Expertise / Competencies

- General Management and Business Operations
- CEO / Senior Management experience
- Tyre Industry experience
- Risk Management
- Business Development / Sales / Marketing
- Corporate Governance
- Strategy / M&A / Restructuring
- International Business

Mr. Atul C. Choksey

Non-executive Independent Director

Skills / Expertise / Competencies

- General Management and Business Operations
- Thought Leadership
- CEO / Senior Management experience
- Business Development / Sales / Marketing
- Human Resources Management
- Strategy / M&A / Restructuring
- Corporate Governance
- Risk Management
- International Business

Mr. Haigreve Khaitan

Non-executive Independent Director

Skills / Expertise / Competencies

- General Management and Business Operations
- Thought Leadership
- CEO / Senior Management experience
- Public Policy / Government Regulations
- Human Resources Management
- Accounting / Finance / Legal
- Strategy / M&A / Restructuring
- Corporate Governance

Mr. Mahesh S. Gupta

Non-executive Independent Director

Skills / Expertise / Competencies

- General Management and Business Operations
- CEO / Senior Management experience
- Public Policy / Government Regulations
- Human Resources Management
- Risk Management
- Accounting / Finance / Legal
- Strategy / M&A / Restructuring
- Corporate Governance

Mr. Paras K. Chowdhary

Non-executive Independent Director

Skills / Expertise / Competencies

- General Management and Business Operations
- CEO / Senior Management experience
- Business Development / Sales / Marketing
- Human Resources Management
- Risk Management
- Accounting / Finance / Legal
- Strategy / M&A / Restructuring
- Corporate Governance
- Tyre Industry experience

Mr. Pierre E. Cohade

Non-executive Non-independent Director

Skills / Expertise / Competencies

- General Management and Business Operations
- CEO / Senior Management experience
- Tyre Industry experience
- Business Development / Sales / Marketing
- Human Resources Management
- Accounting / Finance / Legal
- Strategy / M&A / Restructuring
- Corporate Governance
- International Business
- Risk Management

Ms. Punita Lal

Non-executive Independent Director

Skills / Expertise / Competencies

- General Management and Business Operations
- Thought Leadership
- CEO / Senior Management experience
- Business Development / Sales / Marketing
- International Business
- Strategy / M&A / Restructuring
- Corporate Governance

Mr. Ranjit V. Pandit

Non-executive Independent Director

Skills / Expertise / Competencies

- General Management and Business Operations
- Thought Leadership
- CEO / Senior Management experience
- Public Policy / Government Regulations
- Human Resources Management
- Risk Management
- Corporate Governance
- Accounting / Finance / Legal
- Strategy / M&A / Restructuring
- International Business

Mr. Vinay Bansal

Non-executive Independent Director

Skills / Expertise / Competencies

- General Management and Business Operations
- CEO / Senior Management experience
- Public Policy / Government Regulations
- Business Development / Sales / Marketing
- Human Resources Management
- Risk Management
- Corporate Governance

Familiarisation Programme for Independent Directors

Pursuant to the Code of Conduct for Independent Directors specified under the Companies Act, 2013 and requirements of the Listing Regulations, the Company has framed a familiarisation programme for all its Independent Directors. The Company follows a structured orientation programme for the Independent Directors to familiarise them to understand the nature of industry the Company operates into, its business model, updates on the business and operations of the Company and their roles, rights and responsibilities.

The details of familiarisation programme are provided at https://www.ceat.com/corporate/investor/corporate-governance

Confirmation of independence of Independent Directors

The Independent Directors provide an annual confirmation that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of Listing Regulations.

The Board at its meeting held on May 28, 2020, reviewed the declaration of independence submitted by the Independent Directors and carried out due assessment of the veracity of the same noting that the Independent Directors of the Company fulfil the conditions specified in the Listing Regulations and are independent of the management.

Directors and Officers Liability Insurance (D&O) Policy

The Company has been taking the D&O Policy since the year 2013, even before it became mandatory pursuant to the amendment to the Listing Regulations, providing coverage to the Independent / Non-executive Directors.

III. COMMITTEES OF THE BOARD

The Committees of the Board play a significant role in the governance structure of the Company and have been instituted to transact / approve the matters as instructed by applicable regulations concerning the Company and as per the requirement of the Board. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles, as a part of good governance practice. The Chairman of the respective Committees informs the Board about the summary of the discussions held in the Committee Meetings. The minutes of the meetings of all Committees are placed before the Board for review and noting. The Board Committees request special invitees to join the meeting, as appropriate.

a) Audit Committee

In accordance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations, the Company has formed its Audit Committee, composition and terms of reference which are in conformity with the said provisions and are available at https://www.ceat.com/corporate/investor/corporate-governance

The Committee acts as a link between the Management, the Statutory Auditors, Internal Auditors and the Board. The Committee supervises the Company's internal controls, monitors the Company's financial reporting process and *inter alia* performs the following functions:

- overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and creditable;
- reviewing performance of and examining with the Management, Quarterly and Annual Financial Results and the Auditor's Report thereon before submission to the Board for approval;
- reviewing Management Discussion and Analysis of financial condition and results of operations;
- reviewing, approving or subsequently modifying any Related Party Transactions in accordance with the Related Party Transaction Policy of the Company;
- recommending the appointment, remuneration and term of appointment of Statutory Auditors of the Company and approval for availing any other services;
- reviewing and monitoring the Auditor's independence and performance and effectiveness of audit process;
- reviewing with the Management, performance of Statutory Auditors and Internal Auditors, adequacy of internal control systems; reviewing the adequacy of internal audit function and discussing with Internal Auditors any significant finding and follow-up thereon;
- evaluating internal financial controls and risk management systems, reviewing the functioning of the whistle blower mechanism.

As on March 31, 2020, the Committee consisted of 3 (three) Independent Directors, viz. Mr. Mahesh S. Gupta, as the Chairman and Mr. Paras K. Chowdhary and Mr. Vinay Bansal as members of the Committee.

In compliance with the Companies Act, 2013 and Regulation 18(1)(c) of the Listing Regulations, all the 3 (three) members of the Committee are independent and are financially literate. Moreover, the Committee has members who have relevant experience in financial matters as well as have accounting or related financial management expertise.

During the year under review, the Committee met 6 (six) times on April 3, 2019, May 7, 2019, July 31, 2019, October 22, 2019, January 21, 2020 and March 12, 2020 and not more than 120 (one hundred and twenty) days elapsed between the 2 (two) meetings.

The details of composition of the Committee and the attendance at the meetings held during the year are given below:

Name of the Director	Category of Director	Attendance at the Committee meeting	% of Attendance
Mr. Mahesh S. Gupta (Chairman)	Independent Director		○
Mr. Paras K. Chowdhary	Independent Director		○
Mr. Vinay Bansal	Independent Director		○

○ 100%

The Company Secretary functions as the Secretary to the Committee.

The Committee invites the Statutory Auditors and the Internal Auditors for discussions at the meeting. The Cost Auditors are invited as and when required. Managing Director, Chief Financial Officer, Head-Internal Audit and Vice President-Finance are permanent invitees at the Committee meetings. Members of Senior Management team also attend the meetings depending on the agenda.

The minutes of the meetings of the Committee are placed before and noted by the Board. During the year, all recommendations of the Audit Committee as mandatorily required were accepted by the Board.

Mr. Mahesh S. Gupta, Chairman of the Committee was present at the AGM of the Company held on August 1, 2019, to answer the queries of the shareholders.

b) Nomination and Remuneration Committee

In accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, the Company has formed its Nomination and Remuneration Committee, composition and terms of reference of which are in conformity with the said provisions and are available at https://www.ceat.com/corporate/investor/corporate-governance

The Committee *inter alia*, reviews matters relating to appointment / re-appointment and remuneration of Directors, Key Managerial Personnel, Senior Management Personnel; formulating a criteria for effective evaluation of the performance of the Board, its Committees, Chairperson and individual Directors and devising a policy on diversity of the Board.

As on March 31, 2020, the Committee consisted of 3 (three) Independent Directors, comprising of Mr. Mahesh S. Gupta, as the Chairman and Mr. Paras K. Chowdhary and Mr. Vinay Bansal as members of the Committee.

During the year under review, the Committee met 3 (three) times on May 7, 2019, June 24, 2019, and March 12, 2020.

The details of composition of the Committee and the attendance at the meetings held during the year are given below:

Name of the Director	Category of Director	Attendance at the Committee meeting	% of Attendance
Mr. Mahesh S. Gupta (Chairman)	Independent Director		○
Mr. Paras K. Chowdhary	Independent Director		○
Mr. Vinay Bansal	Independent Director		○

○ 100%

Mr. Mahesh S. Gupta, the Chairman of the Committee was present at the AGM of the Company held on August 1, 2019 to answer the queries of the shareholders.

The minutes of the meetings of the Committee are placed before and noted by the Board. During the year, all recommendations of the Nomination and Remuneration Committee as mandatorily required were accepted by the Board.

Performance evaluation criteria for Independent Directors

Pursuant to the provisions of the Companies Act, 2013 and Regulation 25(4) of the Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, individual Directors and of its Committees. The Company had appointed external independent agency for carrying out the said evaluation process in a transparent manner by using the questionnaire considered / approved by the Board after taking into account the Guidance Note issued by SEBI vide its Circular SEBI/HO/CFD/CMD/CIR/2017/004 dated January 5, 2017 and the recommendations of the Nomination and Remuneration Committee, 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 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 over the evaluation process.

c) Stakeholders' Relationship Committee

In accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations, the Company has formed its Stakeholders' Relationship Committee, composition and terms of reference of which are in conformity with the said provisions and are available at https://www.ceat.com/corporate/investor/corporate-governance

The Committee *inter alia* reviews the mechanism of redressal of grievances of the securities holders, service level of Registrar and Transfer Agents and deals with other matters concerning securities holder including dividend.

As on March 31, 2020, the Committee consisted of 3 (three) Independent Directors, comprising of Mr. Vinay Bansal, as the Chairman and Mr. Mahesh S. Gupta, and Mr. Paras K. Chowdhary, as members of the Committee.

During the year under review, the Committee met 2 (two) times on October 22, 2019 and March 12, 2020.

The details of composition of the Committee and the attendance at the meetings held during the year are given below:

Name of the Director	Category of Director	Attendance at the Committee meeting	% of Attendance
Mr. Vinay Bansal (Chairman)	Independent Director		○
Mr. Paras K. Chowdhary	Independent Director		○
Mr. Mahesh S. Gupta	Independent Director		○

○ 100%

Mr. Vinay Bansal, the Chairman of the Committee was present at the AGM of the Company held on August 1, 2019, to answer the queries of the shareholders.

Details of Compliance Officer during the period under review

Ms. Vallari Gupte, Company Secretary acts as the Compliance Officer of the Company.

Details of complaints received during the year under review

Particulars	Numbers
Complaints as on April 1, 2019*	1
Complaints received during FY 2019-20	19
Complaints disposed-off during FY 2019-20	20
Complaints not solved to the satisfaction of shareholders during FY 2019-20	0
Complaints remaining pending as on March 31, 2020	0

*Complaint was received on March 26, 2019 through SCORES and was resolved after March 31, 2019.

d) Risk Management Committee

Pursuant to the provisions of Regulation 21 of the Listing Regulations, w.e.f. April 1, 2019 top 500 listed entities based on their market capitalisation are required to form a Risk Management Committee of the Board, which previously was applicable only for the top 100 such listed entities.

The Company, however, has constituted its Risk Management Committee well before it became applicable to the Company under the aforesaid provisions. Composition and terms of reference of the Committee are in conformity with the said provisions and are available at https://www.ceat.com/corporate/investor/corporate-governance

The Committee *inter alia* reviews the business risk including strategic, operational, financial, cyber security and compliance risks, approves its mitigation plans and monitors effectiveness thereof.

As on March 31, 2020, the Committee consisted of 3 (three) Independent Directors, comprising of Mr. Mahesh S. Gupta, as the Chairman and Mr. Paras K. Chowdhary and Mr. Vinay Bansal, as members of the Committee.

During the year under review, the Committee met 2 (two) times on July 31, 2019 and March 12, 2020.

The details of composition of the Committee and the attendance at the meetings held during the year are given below:

Name of the Director	Category of Director	Attendance at the Committee meeting	% of Attendance
Mr. Mahesh S. Gupta (Chairman)	Independent Director		○
Mr. Paras K. Chowdhary	Independent Director		○
Mr. Vinay Bansal	Independent Director		○

○ 100%

Managing Director, Chief Operating Officer, Chief Financial Officer, Head-Internal Audit who also functions as Chief Risk Officer are permanent invitees for the Committee meetings. Members of Senior Management team also attend the meetings depending on the agenda.

The minutes of the meetings of the Committee are placed before and noted by the Board. During the year, all recommendations of the Risk Management Committee as mandatorily required were accepted by the Board.

Disclosure of Risk Management

The Company has in place an Enterprise Risk Management framework to identify risks and minimise their adverse impact on the business of the Company and strives to create transparency which in turn enhances the Company's competitive advantage.

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

e) Corporate Social Responsibility Committee

In accordance with provisions of Section 135 of the Companies Act, 2013, the Board has formed the Corporate Social Responsibility Committee, composition and terms of reference of which are in conformity with the said provisions and are available at https://www.ceat.com/corporate/investor/corporate-governance

As on March 31, 2020, the Committee consisted of 3 (three) members, Mr. Anant Goenka, as Chairman of the Committee, Ms. Punita Lal and Mr. Vinay Bansal as members of the Committee.

During the year under review, the Committee met 2 (two) times on May 7, 2019 and March 12, 2020.

The details of composition of the Committee and the attendance at the meetings held during the year are given below:

Name of the Director	Category of Director	Attendance at the Committee meeting	% of Attendance
Mr. Anant Goenka (Chairman)	Managing Director		
Ms. Punita Lal	Independent Director		
Mr. Vinay Bansal	Independent Director		

100%

More details about the Committee and details of expenditure made by the Company pertaining to CSR are described in detail in the Annual Report on CSR activities, as annexed to the Board's Report, forming a part of this Annual Report.

f) Finance and Banking Committee (Non-Mandatory Committee)

The Board with an objective of easing business transaction and to facilitate the timely approval of the routine but important matters has constituted the Finance and Banking Committee and delegated some of its powers, which *inter alia* include approving matters concerning borrowing and investment of surplus fund, banking and treasury operations, issue of power of attorney and authorisation for day to day operations etc. The composition and terms of reference of the Committee are available at https://www.ceat.com/corporate/investor/corporate-governance

As on March 31, 2020, the Committee consisted of 3 (three) members, Mr. Anant Goenka, as Chairman of the Committee, Mr. Arnab Banerjee and Mr. H. V. Goenka as members of the Committee.

During the year under review, Committee met 7 (seven) times on April 3, 2019, June 11, 2019, August 1, 2019, September 11, 2019, November 5, 2019, January 21, 2020 and March 12, 2020.

The details of composition of the Committee and the attendance at the meetings held during the year are given below:

Name of the Director	Category of Director	Attendance at the Committee meeting	% of Attendance
Mr. Anant Goenka (Chairman)	Executive Director (Managing Director)		
Mr. Arnab Banerjee	Whole-time Director (Chief Operating Officer)		
Mr. H. V. Goenka	Non-independent Director (Chairman)		

100% 85.71%

The minutes of the meetings of the Committee are placed before and noted by the Board. During the year under review, there were no instances where recommendation of the Committee was not accepted by the Board.

g) Independent Directors Meeting

In compliance with Schedule IV to the Companies Act, 2013 and Regulation 25(3) of the Listing Regulations, the Independent Directors of the Company held their separate meeting on March 12, 2020, without the attendance of the Non-independent directors and members of the Management, to, *inter alia*:

i. Review the performance of Non-independent Directors and the Board as a whole;

ii. Review the performance of the Chairperson considering the views of Executive Directors and Non-executive Directors;

iii. Assess the quality, quantity and timelines of flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All the Independent Directors were present at the meeting and Mr. Atul C. Choksey was elected to Chair the meeting.

The Independent Directors deliberated on the above and expressed their satisfaction on each of the matters.

IV. REMUNERATION OF DIRECTORS

Details of remuneration paid to the directors during FY 2019-20 are provided in Part VI of the extract of Annual Return in the prescribed format Form MGT-9, which forms part of this Annual Report.

The Members of the Company at the AGM of the Company held on July 20, 2018, vide a special resolution approved the payment of remuneration / commission to the Non-executive Directors of the Company, up to a sum not exceeding 3% (three percent) of the net profits of the Company, calculated in accordance with the provisions of Section 198 of the Companies Act, 2013, in the manner as may be decided by the Board from time to time.

In terms of the said approvals, Non-executive Directors of the Company are being paid commission as recommended by the Nomination and Remuneration Committee and approved by the Board. Additionally, Non-executive Directors are being paid sitting fees of ₹1,00,000 per meeting of the Board, ₹ 75,000 per meeting of Audit Committee and ₹ 25,000 per meeting of Risk Management Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Nomination and Remuneration Committee (revised from ₹ 5,000 to ₹ 25,000 during FY 2019-20), attended by them.

Managing Director / Whole-time Director compensation

Remuneration payable to Mr. Anant Goenka, Managing Director is pursuant to the approval accorded by the Members vide special resolution passed at the AGM of the Company held on August 8, 2017 and is governed by the agreement dated April 1, 2017 entered into with Mr. Anant Goenka incorporating the terms of his appointment including remuneration.

Mr. Arnab Banerjee who has been appointed as a Whole-time Director is paid remuneration pursuant to the approval granted by the special resolution passed at the AGM of the Company held on July 20, 2018 and the agreement dated April 30, 2018 governing the terms of his appointment including remuneration.

The remuneration paid to the Managing Director and the Whole-time Director is duly recommended by the Nomination and Renumeration Committee and approved by the Board of Directors, in accordance with the Nomination and Remuneration Policy of the Company.

Mr. Anant Goenka, Managing Director and Mr. Arnab Banerjee, Whole-time Director (Chief Operating Officer) do not receive any profit related commission from any of the subsidiaries of the Company.

Disclosures as per Schedule V to the Listing Regulations, pertaining to remuneration of Directors:

- All elements of the remuneration package of individual Directors summarised under major groups, such as salary, benefits, bonuses, stock options, pension, fixed component and performance linked incentives etc, are disclosed under Form MGT- 9, which forms a part of the Board's Report.
- The Nomination and Remuneration Policy, *inter alia*, disclosing the criteria of making payments to Directors, Key Managerial Personnel and employees, along with the performance criteria is available at https://www.ceat.com/corporate/investor#corporate-governance
- The Company does not have a practice of paying severance fees to any Director.
- The Company currently does not have a stock option programme for any of its Directors.

V. GENERAL BODY MEETINGS / POSTAL BALLOT

Details of the General Meetings of the Company held in the last 3 (three) years along with summary of Special Resolutions passed thereat, as more particularly set out in the respective notices of such AGM, as passed by the Members, are as follows:

AGM / EGM	Day, Date, Time and Venue	Particulars of Special Resolution
58th AGM	Tuesday, August 8, 2017 at 3.00 p.m. at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025.	Approval for appointment of Mr. Anant Goenka (DIN: 02089850) as Managing Director for further period of 5 (five) years and fixing his remuneration.
		Approval for making offer or invitation to subscribe Non-convertible Debentures / Bonds or such other debt securities up to ₹ 500 Crores

AGM / EGM	Day, Date, Time and Venue	Particulars of Special Resolution
59th AGM	Friday, July 20, 2018 at 3.30 p.m. at The Auditorium, Textile Committee, next to Trade Plaza (Tata Press), P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai 400 025	Approval for appointment of Mr. Arnab Banerjee (DIN: 06559516) as Whole-time Director for further period of 5 (five) years and fixing his remuneration.
		Approval for making offer or invitation to subscribe Non-convertible Debentures / Bonds or such other debt securities up to ₹ 500 Crores
		Approval for payment of remuneration / commission to Non-executive Directors not exceeding 3% of the net profits of the Company
60th AGM	Thursday, August 1, 2019 at 3.00 p.m. Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025	Approval for re-appointment of Mr. Atul C. Choksey (DIN: 00002102) as Non-executive Independent Director for second term of 5 (five) consecutive years with effect from September 26, 2019.
		Approval for re-appointment of Mr. Haigreve Khaitan (DIN: 00005290) as Non-executive Independent Director for second term of 5 (five) consecutive years with effect from September 26, 2019.
		Approval for re-appointment of Mr. Mahesh S. Gupta (DIN: 00046810) as Independent Director for second term of 5 (five) consecutive years with effect from September 26, 2019.
		Approval for re-appointment of Ms. Punita Lal (DIN: 03412604) as Non-executive Independent Director for second term of 5 (five) consecutive years with effect from September 26, 2019.
		Approval for re-appointment of Mr. Vinay Bansal (DIN: 00383325) as Non-executive Independent Director for second term of 5 (five) consecutive years with effect from September 26, 2019 and continuation of his directorship as Non-executive Independent Director after he attains the age of 75 (seventy-five) years during the aforesaid tenure.
		Approval for payment of annual remuneration of ₹ 3,80,30,000/- for FY 2018-19 to Mr. H. V. Goenka (Non-executive Director), Chairman of the Company, being an amount exceeding 50% of the total annual remuneration payable to all the Non-executive Directors of the Company.
		Approval of borrowing under Section 180(1)(c) of the Companies Act, 2013 for borrowing not exceeding the limit of ₹ 2,000 Crores (Rupees Two Thousand Crores Only) in excess of the aggregate of the paid-up capital of the Company and its free reserves, from time to time.
		Approval under Section 180(1)(a) of the Companies Act, 2013 to create mortgage and / or hypothecation, on any of movable and / or immovable properties.
		Approval for making offer or invitation to subscribe Non-convertible Debentures / Bonds or such other debt securities up to ₹ 500 Crores.

During the year under review, no resolution was passed by the Company through Postal Ballot and there is no such proposal to pass any resolution through postal ballot as on the date of this Report.

VI. MEANS OF COMMUNICATION

Financial Results

Quarterly financial results are announced within 45 (forty-five) days from the end of the quarter and annual audited results are announced within 60 (sixty) days from the end of the financial year as per the Regulation 33 of the Listing Regulations and are published in the newspapers in accordance with Regulation 47 of the Listing Regulations. Quarterly financial results are announced to stock exchanges within 30 (thirty) minutes from the closure of the Board meeting at which these are considered and approved.

Quarterly, half-yearly and annual financial results and other public notices issued to the Members are usually published in various leading dailies, such as Financial Express and Loksatta. These quarterly financial results are also hosted on the website of the Company.

Annual Report

Annual Report for FY 2018-19 containing *inter alia*, Audited Financial Statements, Boards' Report, Management Discussion and Analysis and Corporate Governance Report etc. was sent to all the Members through courier / post, who had not registered their email ID and via email to all the Members who have provided their email IDs. Annual Reports are also hosted on the website of the Company.

Press Release / Investor Presentations

The Company participates in various investor conferences and analyst meets and makes presentation there at. Press Releases, Investors presentation are submitted to the stock exchanges as well as are hosted on the website of the Company.

Website

The Company has a functional website, https://www.ceat.com/ which under its 'Investors' section disseminates the information as required under the Companies Act, 2013 and the Listing Regulations, such as financial results, shareholding pattern, policies and codes, credit rating details, investor presentations, details of the corporate contact persons and share transfer agent of the Company, etc.

Email communications

As permitted under Section 20 and 136 of the Companies Act 2013, read with Companies (Accounts) Rules, 2014 during the year under review, the Company sent various communications, such as notice calling the general meeting, audited financial statements including Board's report, credit of dividend intimation letters, etc. in electronic form at the email IDs provided by the Members and made available by them to the Company through the depositories.

Exclusive email ID for investors

The Company has investors@ceat.com as the designated email ID exclusively for investors / Members servicing.

VII. OTHER DISCLOSURES

Related Party Transactions

All Related Party Transactions (RPTs) entered into by the Company during the year under review were on arms' length basis and in the ordinary course of business. These RPTs did not attract provisions of Section 188 of the Companies Act, 2013 and were also not material RPTs under Regulation 23 of the Listing Regulations.

During the year under review, all RPTs were placed before the Audit Committee for its approval, as required under Section 177 of the Companies Act, 2013 and Regulation 23 of the Listing Regulations.

A statement showing the disclosure of transactions with related parties as required under Indian Accounting Standard 24 is set out separately under the Financial Statements.

There were no material transactions entered into with related parties, during the period under review, which may have had any potential conflict with the interests of the Company.

A Policy on Related Party Transaction has been formulated by the Board and is available at https://www.ceat.com/corporate/investor#corporate-governance

Details of non-compliance by the Company

The Company has complied with all the requirements of the stock exchanges, SEBI and statutory authorities related to the capital markets and there has been no instance of non-compliance and that no penalties, strictures were imposed on the Company by stock exchanges or SEBI during the last 3 (three) financial years.

Vigil Mechanism (Whistle Blower Policy)

In accordance with Section 177 of the Companies Act, 2013 and Rules made thereunder, read with Regulation 22 of the Listing Regulations, the Board has adopted a 'Whistle Blower Policy and Vigil Mechanism' for Directors and Employees to report their genuine concerns and actual / potential violations, if any, to the designated official of the Company fearlessly.

The said Policy provides the type of concerns / violations to be reported, investigation procedure, protection and safeguards and other related matters and the same is available at https://www.ceat.com/corporate/investor#corporate-governance No personnel / employee of the Company has been denied access to the Audit Committee for reporting genuine concerns. During the year under review, 1 (one) complaint was received under the Whistle Blower Policy and was resolved. There are no pending complaints as on March 31, 2020.

Subsidiary Companies

The Company does not have any material subsidiary, as defined under Regulation 16 of the Listing Regulations and as prescribed for the purpose of Regulation 24 of the Listing Regulations. The Company has however, framed a Policy for determining Material Subsidiaries, as required pursuant to the said Regulation 16, which is available at https://www.ceat.com/corporate/investor#corporate-governance

Provisions to the extent applicable as required under Regulation 24 of the Listing Regulations, with reference to subsidiary companies, were duly complied with.

During the year under review, the Audit Committee reviewed the financial statements of and in particular, the investments made by the unlisted subsidiaries, to the extent applicable. Minutes of the Board meetings of unlisted subsidiaries as well as a statement of all significant transactions and arrangements entered into by the subsidiary, as applicable, were regularly placed before the Board.

Certificate of non-disqualification of Directors

Certificate from M/s Parikh & Associates, Practising Company Secretaries, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI / Ministry of Corporate Affairs or any other statutory authority, is annexed to this Report.

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has duly framed a Policy on Prevention of Sexual Harassment at Workplace and formed 8 (eight) Internal Complaints Committees ('ICC'), as required pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, no complaints were received by the ICC.

Consolidated Fees paid / payable to Statutory Auditors

Details of total fees paid / payable for all services availed by the Company and its subsidiaries on a consolidated basis, to the Statutory Auditors and all entities in the network firm / network entity of which Statutory Auditor is a part, during the year under review are given below:

Name of Statutory Auditor and network entity	Type of Services	Name of Company or its subsidiaries obtaining the services	Amount (₹ in Lacs)
S R B C & CO LLP	Audit fee, Limited Review and Certification	CEAT Limited	92.35
S R B C & CO LLP	Audit fee, Limited Review and Certification	CEAT Specialty Tyres Limited	17.75
Qasem & Co. Chartered Accountants (EY Bangladesh)	Consultancy fees for formation of PF fund.	CEAT Akkhan Limited	Nil since no assignment given
Ernst & Young Sri Lanka	Internal Audit fee	Associated CEAT Holdings Company (Pvt) Limited	4.77
Total			**114.87**

Note: Above amount does not include reimbursement of out of pocket expenses.

Converted 1 LKR = 0.39735 INR as on March 31, 2020.

CEO and CFO Certification

The Managing Director (CEO) and the Chief Financial Officer (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 available at https://www.ceat.com/corporate/investor#corporate-governance

All the Board Members and Senior Management Personnel have affirmed compliance with the Code for the Financial Year ended March 31, 2020. A declaration to this effect signed by the Managing Director is annexed to this Report.

Prevention of Insider Trading

The Company has formulated a Code of Fair Disclosure (Including Determination of Legitimate Purpose), Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Designated Person(s) ('the Code') in accordance with provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, to come into effect from April 1, 2019, with a view to regulate trading in securities by the Directors and Designated Persons as identified therein.

The Code prescribes for the procedures and compliances applicable for the preservation of unpublished price sensitive information under the aforesaid SEBI Regulations. Company Secretary acts as the Compliance Officer to ensure compliance with the requisite approvals on pre-clearance of trade, monitoring of trades and implementation of the Code under the overall supervision of the Board.

Annual Secretarial Compliance Report

Pursuant to Regulation 24A read with SEBI Circular CIR/CFD/CMD1/27/2019 dated February 8, 2019, M/s Parikh & Associates, Practising Company Secretaries carried out the audit for the FY 2019-20 for all applicable compliances as per SEBI Regulations and Circulars / Guidelines issued thereunder. There are no observations or qualifications under the said Report.

Report on Corporate Governance

This section, read together with the information given in the Board's Report and the section on Management Discussion and Analysis, constitute the compliance report on Corporate Governance during the FY 2019-20. The Company, in compliance with the provisions of Regulation 27(2) of the Listing Regulations and submits the quarterly compliance report to the stock exchanges as required thereunder and uploads the same on its website.

Details of compliance with mandatory requirements

The Company is in compliance with the Corporate Governance requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of Sub-regulation (2) of Regulation 46.

As per Regulation 34(3) read with Schedule V of the Listing Regulations the Company has obtained a certificate from M/s Parikh & Associates, Practising Company Secretaries confirming the compliance with the mandatory requirement of the Listing Regulations and the same is annexed to this Report.

Compliance with discretionary requirements

The status with regard to compliance by the Company with the discretionary requirements as listed out in Part E of Schedule II of the Listing Regulations is as under:

a. The position of Chairman of the Board and Managing Director are held by separate persons.

b. The Auditor's Report on Standalone and Consolidated Financial Statements for the year ended March 31, 2020 are with unmodified audit opinion.

c. Internal Auditor reports directly to the Audit Committee in all the functional matters.

VIII. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting (AGM)

Day/Date	Thursday, September 10, 2020
Time	3.00 p.m. (IST)
Venue / Mode	The Company is conducting meeting through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM') pursuant to the MCA circulars. For details please refer to the Notice of AGM.

Annual General Meeting through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM')

Since the beginning of the calendar year 2020 the spread of COVID-19 virus created a disruption in life and since being declared a global pandemic also resulted in a nationwide lockdown in India w.e.f. March 24, 2020. In view of the restriction on movement and social distancing norms to be followed by the people, the Ministry of Corporate Affairs and SEBI have essentially permitted to hold the general meetings of the companies through VC / OAVM. Accordingly, the Company has opted to provide such facility to the shareholders to join this AGM from remote locations using the technology provided through the e-voting platform of National Securities Depository Limited ('NSDL').

As a safety measure again, the companies are permitted this year to not publish or dispatch their annual reports to the members and to send them over email, where such email IDs are available and also to put on the company's website. You may therefore note that the Integrated Annual Report of the Company for the Financial Year 2019-20 is hosted on the Company's website at www.ceat.com. To receive the copy over email, the Members are requested to ensure that their email IDs are registered with the Registrar and Transfer Agents or the Depository participants, as the case may be.

The Company is also offering a facility to help you register your email ID with the Company, by sending an email on investors@ceat.com. The Company may update its records for all the future communications on the given email ID. The Ministry of Corporate Affairs vide its Circulars dated April 8, 2020, April 12, 2020 and May 5, 2020 has provided an option to companies to conduct Annual General Meeting during the Calendar Year 2020 through 'VC or OAVM' and send Financial Statements (including Board's Report, Auditor's Report and other documents to be attached therewith) through email only.

Accordingly, the Annual Report of the Company for the Financial Year 2019-20 along with Notice of AGM are being sent only by email to the Members, and all other persons / entities entitled to receive the same and that the AGM will be convened through VC or OAVM.

Financial Year

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

Dividend

The Board at its meeting held on March 12, 2020 declared an interim dividend at the rate of ₹ 12 per equity share (120%) for the year ended March 31, 2020. The said interim dividend was remitted on March 27, 2020 through the approved electronic mode i.e., NEFT / RTGS / Direct Credit / NACH to all those Members whose bank account details were registered with the Company or were obtained through the respective Depository. However, due to the nationwide lockdown the same could not be despatched. All efforts would be taken up to complete the despatch as soon as the normalcy resumes.

The Board of Directors of the Company has proposed to consider the said interim dividend paid to be the final dividend for the Financial Year 2019-20 for the approval of Members at the ensuing AGM.

Considering the above, the Company has maintained the dividend payout for the Financial Year 2019-20 at ₹ 12 per equity share of ₹ 10 each (120%), same as in the previous year.

Listing on Stock Exchanges

The Equity shares of the Company are listed on the following stock exchanges:

Name	Address	Scrip / Stock Code
BSE Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	500878 (Equity)
National Stock Exchange of India Limited	Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400 051	CEATLTD (Equity)

Listing fees for FY 2019-20 for both the stock exchanges were duly paid by the Company.

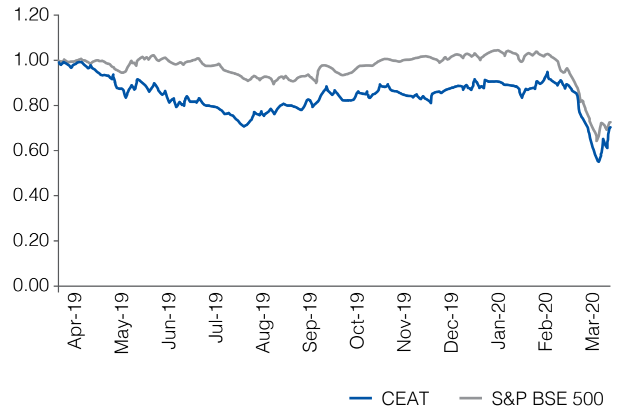
In view of the SEBI Circular ref no. SEBI/HO/DDHS/CIR/P/2019/115 dated October 22, 2019, during the Financial Year 2019-20, the Commercial Papers issued by the Company were listed on one of the above stock exchanges, as opted at the time of each such issue.

Market Price Data for Equity shares of face value of ₹ 10/- each

Month	BSE		NSE	
	High Price	Low Price	High Price	Low Price
Apr-19	1,152.00	1,047.60	1,153.40	1,047.05
May-19	1,069.90	935.25	1,065.00	935.50
Jun-19	1,023.70	872.05	1,022.80	871.05
Jul-19	950.00	731.00	951.10	808.00
Aug-19	925.00	776.45	920.00	776.20
Sep-19	995.65	835.50	995.00	834.80
Oct-19	1,018.35	909.20	1,017.75	915.00
Nov-19	1,037.85	928.00	1,037.00	927.05
Dec-19	1,025.00	910.45	1,020.00	910.00
Jan-20	1,053.70	979.40	1,052.95	978.20
Feb-20	1,101.00	940.00	1,094.40	939.10
Mar-20	1,056.00	601.50	1,061.00	600.00

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

CEAT in comparison with S&P BSE 500 during 2019-20*



*indexed to 1 on March 31, 2019

Registrar and Transfer Agents for equity shares

The Company has appointed TSR Darashaw Consultants Private Limited (formerly TSR Darashaw Limited) ('TSR') as its Registrar and Transfer Agents and accordingly all physical transfers, transmissions, transpositions, issue of duplicate share certificate(s), issue of demand drafts in lieu of dividend warrants, etc. as well as requests for dematerialisation / rematerialisation are being processed in periodical cycles at TSR offices. The work related to dematerialisation / rematerialisation is handled by TSR through connectivity with NSDL and CDSL.

During the year under review, the TSR's name was changed from TSR Darashaw Limited to TSR Darashaw Consultants Private Limited w.e.f. May 28, 2019. The Company has communicated this information to the stock exchanges and also made it available on the Company's website.

Registrar for Deposits

Being eligible and as approved by the Members in 2014, the Board of Directors of the Company approved acceptance of Fixed Deposits from Members and persons other than Members in accordance with Section 76 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014. The Company thereafter discontinued the Fixed Deposit Scheme and repaid all outstanding fixed deposits along with the interest accrued up to September 30, 2016.

During the year under review, the Company did not accept any deposits as defined under the Companies Act, 2013.

Address for correspondence for investors / deposit holders' queries

Company	CEAT Limited	463, Dr. Annie Besant Road, Worli, Mumbai 400 030 ✉ investors@ceat.com Web: www.ceat.com ✆ 022-2493 0621 Ms. Vallari Gupte, Company Secretary and Compliance Officer
Registrar and Transfer Agents for equity shares	TSR Darashaw Consultants Private Limited (formerly TSR Darashaw Limited),	6, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011 ✉ csg-unit@tsrdarashaw.com Web: www.tsrdarashaw.com ✆ 022-6617 8484; 022-6656 8494
Registrar for Fixed Deposits	Kisu Corporate Services Private Limited	D- 28 – Mezzanine Floor Supariwala Estate, Prasad Chambers Compound, Near Roxy Cinema, Opera House Mumbai 400 004 ✆ 022-4971 0146, ✉ kisucorporate@gmail.com

Share Transfer System

Pursuant to the amendment to the Listing Regulations, made effective from April 1, 2019, no shares can be transferred unless they are held in dematerialised mode. Members holding shares in physical form are therefore requested to convert their holdings into dematerialised mode to avoid loss of shares and fraudulent transactions and avail better investor servicing.

As such now only cases of valid transmission or transposition may be processed by the TSR, subject to compliance with the guidelines prescribed by SEBI.

SEBI, considering the nation-wide lockdown, in the wake of the COVID-19 pandemic, granted relaxation by extending the timelines for processing various investor requests in case of physical securities including rematerialisation of shares, transmission of shares, resolution of grievances, issue of duplicate share certificates etc.

Dematerialisation of shares

The Company has an arrangement with NSDL and CDSL for dematerialisation of shares with ISIN No. INE482A01020.

During the year 40,948 shares were dematerialised and 35 shares were rematerialised. As on March 31, 2020, 98.92% of equity share capital corresponding to 4,00,11,772 equity shares were held in dematerialised form.

In accordance with the Regulation 40(1) of the Listing Regulations, effective from April 1, 2019, transfers of securities of the Company shall not be processed unless the securities are held in the dematerialised form with a depository. However, investors are not barred from holding shares in physical form. In view of free transferability of shares and better investor servicing, Members holding equity shares in physical form are urged to have their shares dematerialised and update their bank accounts and email ID with the respective depository participants.

Distribution of shareholding as at March 31, 2020

No. of Equity Shares	No. of Shareholders		No. of Shares		% of Equity Capital	
	Physical	Demat	Physical	Demat	Physical	Demat
1 to 500	12,739	64,339	3,47,694	28,45,214	0.86	7.03
501 to 1000	44	671	30,497	4,85,580	0.08	1.20
1001 to 2000	27	252	37,676	3,55,634	0.09	0.88
2001 to 3000	5	76	12,129	1,89,293	0.03	0.47
3001 to 4000	1	27	3,300	96,035	0.01	0.24
4001 to 5000	1	21	7,024	96,017	0.02	0.24
5001 to 10000	-	37	-	2,65,430	-	0.66
Greater than 10000	-	68	-	3,56,78,569	-	88.20
TOTAL	**12,817**	**65,491**	**4,38,320**	**4,00,11,772**	**1.08**	**98.92**

Categories of Shareholding as on March 31, 2020

Category	No. of Shares	% of Equity Capital
Promoters and Promoter Group	1,88,85,245	46.69
Foreign Portfolio / Institutional Investors	1,14,10,610	28.21
FI, Banks and Insurance Companies	11,28,411	2.79
Mutual Funds	24,65,440	6.10
Resident Individuals	42,49,190	10.50
NRI / OCB	16,52,986	4.09
Bodies Corporate	6,08,714	1.50
Others	49,496	0.12
TOTAL	**4,04,50,092**	**100.00**

Outstanding GDRs / ADRs / Warrants / Any other Convertible Instruments

The Company does not have any outstanding GDRs / ADRs / Warrants / Any other Convertible Instruments as on March 31, 2020.

Disclosure of commodity price risks / foreign exchange risk and hedging activities

Risk Management Policy of the Company with respect to Commodities and Forex

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 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 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 on a timely basis. The Company is in full 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.

Exposure of the Company to commodity and commodity risk faced throughout the year

The Company does not have any exposure hedged through commodity during FY 2019-20.

Plant Locations

Mumbai Plant	:	Subhash Nagar Road, Bhandup (West), Mumbai, Maharashtra - 400 078
Nashik Plant	:	82, MIDC, Industrial Estate, Satpur, Nashik, Maharashtra 422 007
Halol, Gujarat Plant	:	Village Getmuvala, Taluka Halol, Dist. Panchmahal, Gujarat 389 350
Nagpur Plant	:	Plot No.SZ-39, Butibori MIDC, Nagpur, Maharashtra 441 108
Chennai Plant	:	Village Sriperumbudur, Kannanthangal, Maduramangalam, Dist. Kancheepuram, Tamil Nadu 602 108

Credit Ratings

During the year under review, the long-term credit rating of the Company was affirmed / assigned as ‘AA’ with ‘Stable’ outlook by its rating agencies viz. CARE Ratings Limited (‘CARE’) and India Ratings and Research Private Limited (‘Ind-Ra’). The rating has been reaffirmed even after considering the expected incremental long-term debt for the on-going expansions and greenfield project. The rating of AA indicates high degree of safety regarding timely servicing of financial obligations and very low credit risk. A ‘Stable’ outlook indicates expected stability (or retention) of the credit ratings in the medium term on account of stable credit risk profile of the entity in the medium term.

The short-term facilities (working capital limit) of the Company have been granted the rating of ‘A1+’ by CARE. The rating of ‘A1+’ indicates very strong degree of safety regarding timely payment of financial obligations and carries the lowest credit risk.

The ratings on Commercial Paper issue of the Company have been reaffirmed as ‘A1+’ by CARE and Ind-Ra.

Disclosures with respect to unclaimed suspense account

In accordance with Regulation 39(4) of the Listing Regulations (erstwhile Clause 5A of the Listing Agreement), the Company during the year 2013, had sent 3 (three) reminders to such Members whose shares were lying ‘Undelivered / Unclaimed’ with the Company and opened a demat suspense account with Keynote Capital Limited, a Depository Participant (hereinafter referred as ‘Unclaimed Suspense Account’). As per the requirements of the said Regulation, the Company after completing the necessary formalities, has credited 1,40,918 such unclaimed equity shares of the Company pertaining to 4,738 Members, to Unclaimed Suspense Account in the year 2013. Voting rights on such shares remain frozen till the rightful owner claims the shares.

As and when the beneficiary of such unclaimed shares approaches the Company, after verifying authenticity of the beneficiary, the Company transfers the shares from Unclaimed Suspense Account to respective beneficiary’s demat accounts or issues a share certificate, as the case may be.

The Company, acting as a trustee in respect of the unclaimed shares, follows the modalities for the operation of the said account in the manner set out in Regulation 39(4) read with Schedule VI to the Listing Regulations.

The summary of Unclaimed Suspense Account for FY 2019-20 is as follows:

Sr. No.	Particulars	No. of shareholders	Outstanding shares
1.	Aggregate no. of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on April 1, 2019	479	15,532
2.	No. of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year 2019-20	9*	106
3.	No. of shareholders to whom the shares were transferred from the Unclaimed Suspense Account during the year 2019-20	7*	102
4.	No. of shareholders whose shares were transferred to IEPF Authority during the year 2019-20	93	2,724
5.	Aggregate no. of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on March 31, 2020	379	12,706

* Applications received for 2 cases in the last week of March, 2020 and hence outstanding as on March 31, 2020.

Transfer of Unclaimed / Unpaid amounts and Shares to the Investor Education and Protection Fund

Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (‘the IEPF Rules’), dividend which remains unclaimed for consecutive 7 (seven) years from the date of transfer to unclaimed dividend account shall be transferred to the Investor Education and Protection Fund (IEPF) Authority. During the year under review, unclaimed dividend amounting to ₹ 5,13,933 of FY 2011-12, as required aforesaid, was transferred to the IEPF Authority on September 16, 2019. Unclaimed Dividend of ₹ 20,784 pertaining to 38 cases was retained by the Company on account of court orders.

Further, as provided under the IEPF Rules, the Company on October 25, 2019, after compliance with the due procedure laid down under the said provisions, transferred 30,402 shares of 753 Members to the demat account of IEPF Authority, in respect of which dividend had not been claimed for 7 (seven) consecutive years.

As required under the IEPF Rules, 10,392 shares of 38 cases were retained by the Company on account of specific orders of court or tribunal or statutory authority restraining any such transfer of shares and payment of dividend.

Shares including dividends and other benefits accruing thereon which have been transferred to IEPF Authority can be claimed from IEPF Authority after following the procedure prescribed under the provisions mentioned above and no claim shall lie against the Company or it’s Registrar and Transfer Agents.

Member(s) who have not encashed / claimed their dividend of FY 2012-13 or any subsequent financial years are requested to submit their claims to the office of the Registrar and Transfer Agents, on or before September 14, 2020, to avoid any transfer of dividend or shares to the IEPF Authority.

Mandatory Bank details for Payment of dividend

As per Regulation 12 of the Listing Regulations, the Company is providing the facility for payment of dividend through electronic mode permissible by the Reserve Bank of India. The dividend amount will thereby directly be credited to the Member’s bank account, maintained with Registrar and Transfer Agents in case of shares held in physical mode or maintained with the Depository Participants in case of shares are held in demat mode.

This facility ensures speedier credit of the dividend amount and eliminates the risk of loss / interception of dividend warrants in postal transit and / or fraudulent encashment of dividend warrants. Members are requested to avail of the facility by registering their complete and correct bank details viz. name of the Bank, full address of the branch, core banking account number and account type, 9-digit MICR and 11 digits IFSC against the bank account.

The request for registration of the Bank details should be accompanied by an original cancelled cheque bearing the name of the first Member as the account holder and should be sent to TSR Darashaw Consultants Private Limited, Registrar and Transfer Agents of the Company in case the shares are held in physical form and to your Depository Participant in case shares are held in demat mode.

Registration of PAN for deduction of tax

Pursuant to the Finance Act, 2020, divided income for resident shareholders in excess of ₹ 5,000/- for the financial year will be taxable in the hands of the shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to such shareholders at the prescribed rates. The Shareholders are requested to note that in case their PAN is not registered with the Company / RTA / DP, the tax will be deducted at a higher rate of 20%. The Shareholders are requested to update their PAN with Registrar and Transfer Agents (in case of shares held in physical mode) and depository participants (in case shares held in demat mode).

Registration of email ID

As a step towards Green Initiative, the Company has availed of special services offered by NSDL to update email IDs of more number of Members of the Company who have not registered their email IDs. This would enable such Members to immediately receive various email communication from the Company from time to time including the annual report, dividend credit intimation etc.

In view of the restrictions of dispatching the Annual Reports or other communications through post, we request you to permanently register your email ID with the Company's RTA in case you hold shares in physical or with your Depository Participant, if you hold shares in demat mode. For more details you may also refer the Notice of 61st AGM.

Voting through electronic means

Pursuant to Section 108 of the Companies Act, 2013 and the Rules made thereunder and provisions under the Listing Regulations, every listed company is required to provide its members, the facility to exercise their right to vote at general meetings by electronic means.

The Company has entered into an arrangement with NSDL, the authorised agency for this purpose, to facilitate such e-voting for its Members.

The Shareholders would therefore be able to exercise their voting rights on the items put up in the Notice of AGM, through such e-voting method. Further, in accordance with the Companies (Management and Administration) Rules, 2014 and MCA circulars, the Company will also provide e-voting facility for Shareholders attending the AGM through VC or OAVM.

Shareholders, who are attending the meeting through VC or OAVM and who have not already cast their votes by remote e-voting shall only be able to exercise their right of voting at the meeting.

Cut-off date, as per the said Rules, shall be Thursday, September 3, 2020 and the remote e-voting shall be open for a period of 3 (three) days from Monday, September 7, 2020 (9.00 a.m.) till Wednesday, September 9, 2020 (5.00 p.m.). The Board has appointed Mr. P. N. Parikh (FCS 327, CP 1228), or failing him Mr. Mitesh Dhabliwala (FCS 8331, CP 9511) of M/s Parikh & Associates, Practising Company Secretaries, as scrutinizer for the e-voting process.

Detailed procedure is given in the Notice of the 61st AGM and is also placed on the Company's website at www.ceat.com

Annexure to the Corporate Governance Report

Declaration on the Code of Conduct

[Regulation 34(3) read with Schedule V (Part D) to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

This is to declare that all the members of the Board of Directors and the Senior Management of the Company have, for the year ended March 31, 2020, affirmed the compliance with the Code of Conduct laid down in terms of Regulation 17(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For CEAT Limited

Anant Goenka
Managing Director

Place: Mumbai
Date: May 28, 2020

Certificate of Non-Disqualification of Directors

[Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members of
CEAT LIMITED
463, Dr. Annie Besant Road,
Worli, Mumbai 400 030.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of CEAT Limited having CIN L25100MH1958PLC011041 and having registered office at 463, Dr. Annie Besant Road, Worli, Mumbai 400 030 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other statutory authority.

S. No.	Name of Director	DIN	Date of Appointment in Company*
1.	H. V. Goenka	00026726	16/10/1981
2.	Anant Goenka	02089850	01/04/2012
3.	Arnab Banerjee	06559516	07/05/2013
4.	Atul C. Choksey	00002102	28/01/2000
5.	Haigreve Khaitan	00005290	29/07/1999
6.	Mahesh S. Gupta	00046810	02/05/2002
7.	Paras K. Chowdhary	00076807	01/04/2013
8.	Pierre E. Cohade	00468035	01/02/2018
9.	Punita Lal	03412604	29/04/2014
10.	Ranjit V. Pandit	00782296	03/03/2015
11.	Vinay Bansal	00383325	24/07/2009

*the date of appointment is as per the MCA Portal.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Parikh & Associates
Practising Company Secretaries

P. N. Parikh
FCS: 327 CP: 1228
Mumbai, May 28, 2020
UDIN : F000327B000291299

Practising Company Secretaries' Certificate on Corporate Governance

TO THE MEMBERS OF
CEAT LIMITED

We have examined the compliance of the conditions of Corporate Governance by CEAT Limited ('the Company') for the year ended on March 31, 2020, as stipulated under Regulations 17 to 27, Clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of 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, and the representations made by the Directors and the management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2020.

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

For Parikh & Associates
Practising Company Secretaries

P. N. Parikh
Partner
FCS: 327 CP: 1228
Mumbai, May 28, 2020
UDIN: F000327B000291376

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company:	L25100MH1958PLC011041
2. Corporate Name of the Company:	CEAT Limited
3. Registered Address:	463, Dr. Annie Besant Road, Worli, Mumbai 400 030
4. Website:	www.ceat.com
5. Email ID:	investors@ceat.com
6. Financial Year reported:	2019-20
7. Sector(s) that the Company is engaged in (industrial activity code-wise):	22111- Manufacture of rubber tyres and tubes for motor vehicles, motorcycles, scooters, 3-wheelers, tractors
8. List three Key products / services that the Company manufactures / provides (as in balance sheet):	Tyres, Tubes and Flaps
9. Total number of locations where business activity is undertaken by the Company:	
(a) Number of International Locations (provide details of major 5)	3 (three): Representative offices in Indonesia, United Arab Emirates, and Frankfurt, Germany (R&D Centre)
(b) Number of National Locations	Registered Office: 463, Dr. Annie Besant Road, Worli, Mumbai 400 030 Factories: 5 (five) Regional Offices: 33 (thirty-three) Zonal Offices: 6 (six)
10. Market served by the Company- Local / State / National / International	India and Internationally in over 100 (hundred) countries

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid-up Capital (₹):	4,045 Lacs
2. Total Turnover (₹):	6,58,111 Lacs
3. Total profit after taxes (₹):	27,076 Lacs
4. Total spending on Corporate Social Responsibility ('CSR') as a percentage of profit after tax (%):	3.4%
5. List of activities in which expenditure in 4 above has been incurred:	CSR activities of the Company are carried out through an Implementing Agency i.e. RPG Foundation, a Public Charitable Trust recognised for the purpose of CSR, broadly in the area of Education, Health Care, Community Development, Skilling, Employablity, Eyecare, Women Empowerment and Heritage Conservation. More details of such activities are given in the Annual Report on CSR activities, which form part of this Annual Report.

SECTION C: OTHER DETAILS

1. Does the Company have any subsidiary company / companies?	Yes
2. Do the subsidiary company / companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(ies).	Business Responsibility ('BR') initiatives of the Company and its subsidiaries are guided by the Code of Corporate Governance and Ethics. The Company encourages its subsidiaries to carry out BR initiatives.
3. Do any other entity / entities (e.g. suppliers, distributors, etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]	The Company encourages responsible and sustainable business practices and supports such initiatives. All entities (e.g. suppliers, distributors etc.) that the Company does business with make an active attempt to participate in the BR initiatives of the Company.

SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

1. Details of Director / Directors responsible for BR

(a) Details of the Director / Director responsible for the implementation of the BR policy / policies

The Board of Directors particularly the Managing Director is responsible for the Business Responsibility initiatives.

(b) Details of BR Head:

No.	Particulars	Details
1.	DIN:	02089850
2.	Name:	Mr. Anant Goenka
3.	Designation:	Managing Director
4.	Telephone number:	022-2493 0621
5.	Email ID:	investors@ceat.com

2. Principle-wise (as per NVGs) BR Policy / Policies

The Company continuously strives to live its Purpose of 'Making Mobility Safer & Smarter. Every Day.' The Company believes that Corporate Social Responsibility ('CSR') is an integral part of its ethos and one of its core business tenets. Its CSR vision is to drive 'holistic empowerment' of the community, through the implementation of sustainable initiatives which will have a maximum societal impact by identifying the critical gaps and requirements.

The Company drives its business in line with the 9 (nine) principles prescribed under the National Voluntary Guidelines, as detailed in this Report.

Details of compliance (Reply in Y / N)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have a policy / policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify (50 words).	Yes, the policies conform to the principles of NVGs, the Companies Act, 2013 and International Standard ISO14001, OHSAS18001 as applicable to the respective policies.								
4.	Has the policy been approved by the Board?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	Is yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Policies have been approved by the Board or under its authority as may be mandated under the applicable laws, or otherwise.								
5.	Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online.	For detailed Policies please refer to the website of the Company at https://www.ceat.com/corporate/investor#corporate-governance								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have an in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out an independent audit / evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

(a) If the answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options) - N.A.

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	The Company has not understood the principles	Not Applicable								
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The Company does not have financial or manpower resources available for the task									
4.	It is planned to be done within the next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

3. Governance related to Business Responsibility (BR)

The Board of Directors reviews the BR initiatives, the Audit Committee reviews the Whistle Blower Policy of the Company, the CSR Committee reviews the CSR Policy and the CSR initiatives undertaken by the Company periodically or on a need basis.

The Company has been publishing a BR Report on an annual basis as a part of the Annual Report from Financial Year 2016-17. This year, the Company has published an Integrated Report prepared in alignment with the <IR> Framework developed by the International Integrated Reporting Council (IIRC) and forms a part of this Annual Report for Financial Year 2019-20, which can also be accessed on the website of the Company at www.ceat.com

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Ethics, Transparency and Accountability

The Company is part of the RPG Group, a group that has always stood for conducting business responsibly and ethically. RPG Group has laid down the Code of Corporate Governance and Ethics ('the Code') applicable and adopted by the Company. The Code has outlined the principles of corporate governance that will apply in managing the affairs of the Company. The Group has set up the Corporate Governance and Ethics Committee ('the CGEC') which acts as a central body for monitoring this Code. The Code *inter alia* prescribes that all the activities and business conducted in the Company should be free from the influence of corruption and bribery. Employees and business partners of the Company are expected to be aware of and follow all anti-corruption and anti-bribery laws everywhere the Company does its business. The Code is extended to its subsidiaries, joint venture, and its business partners to a certain extent.

The Company believes in an environment of mutual respect, fairness, transparency and integrity and is committed to conduct its business ethically and responsibly. Towards this goal, the Company has formulated / adopted various policies including the Code, covering principles of business integrity, responsibilities relating to employees, consumers and the environment. The Company periodically cascades the principles under the Code across the organisation. Concerns and issues related to this framework are reviewed and dealt with by the CGEC.

A dedicated email ID ethics@rpg.in is provided for reporting grievances and violations of the said Code to the CGEC. The report of the CGEC is placed before the Audit Committee as deemed necessary.

The Company has adopted a Whistle Blower Policy which provides a framework through which the Directors and employees as well as external stakeholders viz. customers, vendors, suppliers, outsourcing partners, etc. may report their concerns and actual / potential violations to the designated officials of the Company fearlessly.

Additionally, the Company has formulated a Code of Conduct for Board Members and Senior Management for ethical and transparent behaviour to achieve the highest standards of corporate governance.

During Financial Year 2019-20, 1 (one) complaint was received by the Ethics Committee under Whistle Blower Policy and Vigil Mechanism as referred to it by the Company and the same was resolved satisfactorily.

Principle 2: Product Lifecycle Sustainability

A customer-focused strategy is required to retain and expand the customer base in a competitive environment. Customer satisfaction can be achieved by ensuring high standards of quality of products and services. The Company is committed to supplying quality goods and services, backed by after-sales services consistent with the requirements of its customers within the legal framework.

The lifecycle of the product covers the entire value chain from sourcing of raw materials to manufacturing, distribution, consumer use and disposal. The Company believes that product lifecycle sustainability is an approach to managing the stages of a product's existence to minimise any negative impact on the environment. The degree of sustainability is largely determined during the beginning of the life stage of the product lifecycle in which the product is designed and developed. Based on the very same principle, the Company has developed its products bearing in mind its impact on the environment.

With the above objective in mind, the Company is committed to deliver the products that are safe for the environment. It has developed several new green resources for various types of raw materials that follow international norms and standards like REACH, ELV, CMRT etc. Among its various products, the following products / services have contributed to reducing environmental hazards:

1. Material development

   a. REACH compliance raw materials: Reduction in environmental hazards

   b. Fossil free and recycled material usage

2. Low Rolling Resistance Tyres: WinFuel (commercial radial category) Series, 10% reduction in Fuelsmart platform (Passenger Car category)

3. High Mileage tyres: Milaze X3 (1.0 Lakh) series in passenger category

4. High Grip tyes: Puncture safe tyres in 2-Wheeler category and SportDrive (High grip tyres for passenger category – Higher A label as per EU norms) for social safety

The Company always promotes local and domestic resources for their business enrichment and has identified local small-scale industries which have capability / resources and encourage them to come up with the products of international benchmark for mutual benefits.

The Company has developed local partners pan India for mould and tooling procurement, raw material procurement and new materials for developing technologies for green environment (e.g. rubber chemicals, new generation silica, wax and process oils and new generation fillers), developing newer digital technologies (e.g. simulation, automation, virtual reality, etc.) to promote local and domestic businesses. With few of the partners, the Company is working on annuity basis to enrich their business and support them to develop new capabilities which can be used by the Company for developing niche products which also creates mutual benefits.

In the last year, the Company has used approximately 7,780 MT (metric tons) being 2.5% of the total production of reclaimed rubber of different forms in their products.

Principle 3: Employee Engagement

The Company encourages its employees to maintain a healthy 'work-life balance' and stresses the importance of safety both at the workplace and outside it. The aim is to create a working environment supportive of employees' personal lives while meeting the Company's objectives. Over years it has helped employees to grow and have a fruitful career with us.

The Company also extensively worked on offering work-life balance and rolled out some beneficial policies, 5 (five) days working in manufacturing, satellite offices to name a few. This year the Company extended this concept of employee wellness and added another dimension called Quality of Life. The Company believes in engaging with employees and make them happy to help them achieve more, through continuous learning and growth, work-life balance and freedom and trust.

The Quality of Life concept stands firm on the belief 'Happiness' has a direct correlation with employee's productivity. Focussing only on the quality of work won't suffice. The Company defined the quality of life as a component of physical as well as mental health. Thus, the Company has started its journey to make CEAT a physically and mentally fit organisation and in a unique initiative, on-boarded the Chief Fitness Officer, who is responsible for the overall health quotient of the employees. The Company with the help of the Chief Fitness Officer has rolled out various initiatives in the physical and mental health space which are aimed at improving the overall quality of life of the employees.

The Company continued its focus on diversity, skilling, upskilling, and other HR initiatives. More details on the Human Resources Initiatives are given in the Management Discussion and Analysis and Integrated Reporting, which form part of this Annual Report.

As on March 31, 2020, the Company had total 6,474 permanent employees including 591 women and 7 with disabilities. Besides this, the Company has 4,070 people employed on a contractual basis.

Currently, there is 1 (one) recognised employee association across the Company and 2,126 workmen are its members constituting 32.89% of the total permanent employees.

There were no complaints relating to child labour, forced labour, involuntary labour, sexual harassment, pending at the beginning of the financial year, received during and pending as at the end of the Financial Year 2019-20.

Principle 4: Stakeholder Engagement

The Company believes that businesses should respect the interests of and be responsive towards all stakeholders especially those who are disadvantaged, vulnerable and marginalised. The Company's mission 'Making Mobility Safer & Smarter. Every Day.', is proof of the Company's stakeholder engagement. Customer-centricity is the core value of the Company. There are various policies for the internal as well external stakeholders of the Company such as Corporate Social Responsibility ('CSR') Policy, Policy on Code of Conduct for Board Members and Senior Management, Whistle Blower Policy for External Stakeholders etc. through which the stakeholder's engagement with the Company is encouraged.

The Company constantly seeks to understand what motivates the consumers to consume the Company's products, seeks to provide best in class products and services and to connect and engage with the consumers. This principle is enshrined in the Quality Policy of the Company. The Company has undertaken important initiatives like establishing call centres and creation of helplines to become more customer centric.

The Company constantly endeavours to provide the best of services to its shareholders and investors and to maintain the highest level of corporate governance. For this, the Company regularly interacts with the shareholders and investors through investor calls, results announcements, media releases and interactions, Company's website and the quarterly and annual reports. The Investor Relations team also regularly interacts with investors and analysts through quarterly results calls, one-on-one and group meetings participation at investor conferences, road shows and RPG investor meets. The Annual General Meeting is also a forum where the shareholders of the Company engage directly with the Board of Directors and get answers to their queries on Company's business.

As part of engaging with the communities that it is part of, the Company undertakes several CSR initiatives through RPG Foundation, a public charitable Trust. The Company collaborates through RPG Foundation to undertake various social initiatives relating to eye care, education, plant driven initiatives, women empowerment and community development initiatives for skill development, restoration of culture and heritage, etc.

Principle 5: Human Rights

The Company duly endorses the human rights element of the Constitution of India, various laws and regulations and the contents of the international human rights. The Company believes in providing equal employment opportunities based on talent and meritocracy without any discrimination. The fundamental human rights of all the stakeholders are protected and the Company stand committed to human rights while enaging with its employees, business partners and suppliers. The Company expects and encourages its partners, suppliers and contractors to fully respect human rights and strictly avoid any violation of human rights. All stakeholders including employees impacted by the business have full right and access to the grievance mechanisms introduced by the Company.

The Company upholds the principles of human rights and fair treatment through various policies adopted by it such as the Code of Corporate Governance and Ethics, Policy on Prevention of Sexual Harassment at Workplace, CSR Policy and various HR Policies.

During the period of COVID-19 pandemic national lockdown, the Company, along with RPG Foundation, joined hands with the All India Truck Workers' Association (AITWA), Bombay Goods and Transport Association (BGTA) and Western Union LPG Association (WULA) to ensure health and safety of the truck drivers. The Company undertook the sanitisation of trucks at the goods loading points of Nhava Sheva, Mahul and Jasai. Distributed face masks, sanitisers and food packets to drivers and other daily-wage workers. Over 4,670 food packets were distributed as on March 31, 2020, with the initiative continuing well beyond the reporting period. The Company also undertook the sanitisation of close to 200 trucks in FY 2019-20, which also continued after the reporting period. Additionally, the Company donated 1.25 Lac pairs of gloves and 10,000 PPE kits to frontline workers in the reporting period, as part of its COVID-19 response.

There were no complaints or grievances received against the Company concerning human rights violations.

Principle 6: Environment

In line with the Purpose of 'Making Mobility Safer & Smarter. Every Day.' The Company's environment vision is to minimising its environmental impact on the planet and communities where it exists, works and sources and the goal is to manufacture tyre using environment-friendly processes which conserve energy and natural resources and are safe for employees, society, customers and economically sound. To achieve its goal, the Company has clearly defined strategic priorities such as Compliance Management, Risk Management and Sustainability Management.

Compliance with all relevant laws and regulations is an essential part of the Company's business operations. The Company has institutionalised mechanisms to monitor and comply with changes in legislation, both existing and proposed.

The Company follows the clearly defined process to identify and evaluate environmental 'risk and opportunity' which includes environmental aspects and associated impacts, needs and expectations of relevant internal and external stakeholders and internal and external issues relevant to the context of the organisation. Risk Management Committee carries out periodic reviews for continual improvement. All the manufacturing plants of the Company have implemented Environmental Management System (ISO 14001:2015), Certification Standard. Also, one of the manufacturing plants has implemented the Energy Management System (ISO 50001:2018) certification standard and others are in the process of implementing such standards.

Various initiatives / focus areas under sustainability management address global environmental issues. The Company believes in a well-rounded approach across the value chain based on the 4R's: 'Reduce, Reuse, Recycle and Recover.' During the year, the Company took significant steps to further reduce waste, water consumption, energy usage and Green House Gas emissions in the factories and offices. The Company has increased its renewable energy share. Various energy saving initiatives to reduce GHG emissions account for about 6,900+ tons of CO_2 equivalent during the year. Under the 4R principle, the Company has initiated systematic efforts to find solutions to reduce the factory and packaging waste. The Company has initiated projects to collect, segregate, and safely dispose off plastic waste in collaboration with partners across the country. The Company is also working towards identifying alternative packaging materials / substances / solutions.

During the year under review, the emissions / waste generated by the Company was within the permissible limits given by the Central Pollution Control Board (CPCB) / State Pollution Control Boards (SPCB). During the year, the Company has not received any show cause / legal notice.

Principle 7: Policy Advocacy

The Company believes that businesses when engaged in influencing public and regulatory policy must do so in a responsible manner. Towards this, the Company has set to make a difference to public issues that matter most to its business such as safety. By combining its own actions with external advocacy on public matters and jointly working with Corporate Social Responsibility partners, the Company is seeking transformational change. The Company is well represented in industry and trade / business associations.

Principle 8: Inclusive Growth

The Company believes that inclusive business means social and economic development through employment generation and skill development. The Company is committed to creating a positive impact through its existence on all the stakeholders. Through various initiatives and programmes under its Corporate Social Responsibility ('CSR') activities including community development, the Company not only contributes to economic and social development but also works along with underdeveloped communities to improve their lifestyle. The Company undertakes several community development initiatives in the vicinity of its plants. Through its CSR Policy under the aegis of the RPG Foundation, the Company runs several programmes relating to eye care, education, plant driven initiatives, women empowerment and community development initiatives for skill development, upliftment of life and promoting health and safety of the community. Most prominent amongst them are Swayam, Netranjali and Saksham. Over 38,000 lives were impacted through CSR interventions at CEAT's project locations

More details on CSR initiatives and impact on the community are listed out in detail in the Annual Report on CSR activities, and Integrated Report which form part of this Annual Report.

Principle 9: Customer Value

The Company's business partners are the most important ingredients to run the operation smoothly. All the business partners namely the dealers, distributors, fleet operators, mechanics, C&FAs, suppliers and last but not the least end consumers are the powers that run the Company's operation smoothly. The Company also has a continuous focus on the improvement of the distribution channels to ensure that its products can cater to the innermost parts of the market. The Company constantly re-invents its distribution channels and has launched initiatives like CEAT Shoppes and CEAT Hubs. Another initiative undertaken by the Company is providing the customers the ultimate service experience which goes beyond tyres through Fleet Advisory Services.

The Company has a strong belief in quality and delivers the best in class products and services which are enshrined in the Quality Policy of the Company. The Company has undertaken important initiatives like establishing call centers and the creation of helplines to become more customer-centric. The Company is committed to creating delightful customer journeys through transparent, convenient and a quick way to provide claim replacement to the valuable customers. The Company constantly measures the consumer experience through NPS scores for various touchpoints of the consumers. The Company strives to evolve the processes to improve consumer satisfaction. The Company has reinvented the claim process and launched an e-Claim mobile app for on-spot claim resolution, first of its kind in the tyre industry, to resolve the customer claims in less than an hour.

As of March 31, 2020, only 0.93% of the total customer complaints received during the year under review remained pending. These complaints were resolved subsequently.

Standalone Financial Statements

Independent Auditor's Report

To the Members of CEAT Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of CEAT Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ('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, 2020, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing ('SAs'), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Emphasis of Matter

We draw attention to note 50 of the standalone Ind AS financial statements, which states the impact of Coronavirus disease - 2019 (COVID-19) on the operations of the Company. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	Auditor's Response
Significant estimates and judgment relating to capitalisation of property, plant and equipment [refer note 2.9 (accounting policy) and note 3 (financial disclosures) to the Ind AS financial statements]	
As a part of expansion plan, the Company has incurred significant capital expenditure mainly on greenfield project at Chennai and brownfield expansion at Halol & Nagpur plants. The capital expenditure requires consideration of the nature of costs incurred to ensure that capitalisation of property, plant and equipment meets the specific recognition criteria under Ind AS 16, 'Property, Plant and Equipment' and also judgement is involved in assigning appropriate useful economic lives to respective assets. As a result, this was noted as a key audit matter, considering the significance of amounts involved. As disclosed in note 3 to the standalone Ind AS financial statements, as at March 31, 2020 the carrying value of property, plant and equipment including capital work-in-progress was ₹ 4,55,189 lacs and the additions during the year were ₹ 2,29,727 lacs.	Our audit procedures included the following: ▸ We examined the nature of property, plant and equipment capitalised by the Company to verify that the assets capitalised meets the recognition criteria set out in Ind AS 16. ▸ We evaluated and tested the design effectiveness and operating effectiveness of internal controls with respect to the capitalisation of property plant and equipment. ▸ We examined the useful economic lives and residual value assigned to assets capitalised during the year with reference to the Company's historical experience and technical evaluation and our understanding of the Company's business. ▸ We compared the capitalisations during the year to approved budgets. ▸ We assessed the adequacy of disclosures in the standalone Ind AS financial statements relating to capitalisation of property, plant and equipment.
Significant estimates and judgment relating to litigations, claims and contingencies [refer note 2.23 (accounting policy), note 22 (financial disclosures) and note 40(a) (financial disclosures) to the Ind AS financial statements]	
The Company is involved in material legal proceedings including direct and indirect taxes, contracts, and other regulatory matters relating to conduct of its business. The Company assesses the need to make provision or disclose a contingency on a case-to-case basis considering the underlying facts of each litigation. The aforesaid assessment involves significant judgement and estimates. The evaluation of management's judgments, including those that involve estimations in assessing the likelihood that a pending claim will succeed, or a liability will arise, and the quantification of potential financial impact have been a matter of most significance during the current year audit. Evaluation of the outcome of legal proceedings and whether the risk of loss requires significant judgment by management given the complexities involved.	Our audit procedures included the following: ▸ We evaluated the design and tested the operating effectiveness of controls in respect of the identification and evaluation of tax and other demands, proceedings and investigations and related provisions and disclosures. ▸ We obtained a list of litigations and claims from the Company's tax and legal head. We identified material litigations from the list and performed inquiries with the said tax and legal head on the management evaluation of these material litigations. ▸ In relation to the material litigations, claims and contingencies, we involved our legal / tax specialists to perform an independent assessment of the conclusions reached by management. ▸ We obtained independent confirmations from the Company's external lawyers / advisors with respect to the material litigations and demands. We evaluated the independence, objectivity and competency of the Company's external lawyers / advisors involved. ▸ We evaluated the management's assumptions, estimates and judgments used in the calculations of provision for litigation, claims and contingencies and related disclosures in the standalone Ind AS financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report and Shareholder's Information, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 purposes 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, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in 'Annexure 2' to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

   (h) 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, as amended 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 standalone Ind AS financial statements – refer notes 22 and 40(a) to the standalone Ind AS 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 notes 8, 15 and 51 to the standalone Ind AS 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/E300003

per Vinayak Pujare
Partner
Membership Number: 101143
UDIN: 20101143AAAAAU5840

Place of Signature: Mumbai
Date: May 28, 2020

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) According to the information and explanations given by the management, the title deeds of immovable properties other than self-constructed buildings, included in property, plant and equipment 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 March 31, 2020 and no material discrepancies were noticed in respect of such confirmations.

(iii) (a) The Company has granted loan to a subsidiary company 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 grant of such loans are not prejudicial to the company's interest.

(b) In respect of the loan granted to the subsidiary company covered in the register maintained under Section 189 of the Companies Act, 2013, the schedule of repayment of principal and payment of interest has been stipulated and these payments are regular. The company has also granted another loan to the subsidiary company, which is repayable on demand. We are informed that the amount of interest and principal demanded by the company has been paid during the year. Thus in respect of these loan, there has been no default on part of the subsidiary company to which the money was lent.

(c) There are no amounts of loans granted to subsidiary company listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue 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 there under, 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) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, goods and services tax, cess and other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other 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 of income-tax, sales-tax, service tax, duty of custom, duty of excise, goods and service tax, value added tax, and cess on account of any dispute, are as follows:

(₹ in Lacs)

Name of the statute	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)	1974 - 2017	1,397	2,801	39	-	78	4,159
Service Tax under the Finance Act, 1994 (Tax / Interest / Penalty)	2004 - 2017	2	1,906	51	-	72	1,887
Income Tax Act (Tax / Interest / Penalty)	1985 - 2019	336	-	160	-	67	429
Sales Tax, VAT, CST (Tax / Interest / Penalty)	1987 - 2018	3,070	2,369	-	-	685	4,754
Good and Services Tax Act, 2017 (Tax)	2017 - 2018	50	-	-	-	-	50
		4,855	**7,076**	**250**	**-**	**902**	**11,279**

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government.

(ix) In our opinion and according to the information and explanations given by the management, the 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 the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, 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 the Companies Act, 2013, where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(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 review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and hence, 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 as referred to in section 192 of the Companies Act, 2013.

(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/E300003

per Vinayak Pujare
Partner
Membership Number: 101143
UDIN: 20101143AAAAAU5840

Place of Signature: Mumbai
Date: May 28, 2020

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')

We have audited the internal financial controls over financial reporting of CEAT Limited ('the Company') as of March 31, 2020 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 with reference to these standalone financial statements 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 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 with reference to these standalone financial statements 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 over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, 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 over financial reporting with reference to these standalone financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these standalone financial statements 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 with reference to these standalone financial statements 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 With Reference to these Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone financial statements, 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 with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone financial statements 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, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2020, 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.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vinayak Pujare
Partner
Membership Number: 101143
UDIN: 20101143AAAAAU5840

Place of Signature: Mumbai
Date: May 28, 2020

Balance Sheet

as at March 31, 2020

(₹ in Lacs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
I Assets			
(1) Non-current assets			
(a) Property, plant and equipment	3	3,63,503	2,78,574
(b) Capital work-in-progress	3	91,686	71,889
(c) Right-of-use asset	4	10,185	-
(d) Intangible assets	5	8,359	6,057
(e) Intangible assets under development	5	1,692	3,055
(f) Financial assets			
(i) Investments	6	32,022	31,301
(ii) Loans	7	473	408
(iii) Other financial assets	8	460	181
(g) Non-current tax assets (net)	23	1,724	5,733
(h) Other non-current assets	9	4,856	12,520
Total non-current assets		**5,14,960**	**4,09,718**
(2) Current assets			
(a) Inventories	10	87,950	96,515
(b) Financial assets			
(i) Trade receivables	11	70,466	72,646
(ii) Cash and cash equivalents	12	2,017	5,426
(iii) Bank balances other than cash and cash equivalents	13	642	548
(iv) Loans	14	5,032	5,800
(v) Other financial assets	15	2,161	3,525
(c) Other current assets	16	11,274	11,964
(d) Assets held-for-sale	3	-	44
Total current assets		**1,79,542**	**1,96,468**
Total assets		**6,94,502**	**6,06,186**
II Equity And Liabilities			
(1) Equity			
(a) Equity share capital	17	4,045	4,045
(b) Other equity	18	2,88,695	2,71,059
Total equity		**2,92,740**	**2,75,104**
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	20	1,40,199	1,00,272
(ii) Lease liabilities	4	6,375	-
(iii) Other financial liabilities	21	10,072	461
(b) Provisions	22	3,819	3,683
(c) Deferred tax liability (net)	23	26,111	20,771
Total non-current liabilities		**1,86,576**	**1,25,187**
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	24	16,559	21,431
(ii) Lease liabilities	4	4,226	-
(iii) Trade payables	25		
- Total outstanding dues of micro enterprises and small enterprises		1,756	547
- Total outstanding dues of creditors other than micro enterprises and small enterprises		1,15,381	1,02,846
(iv) Other financial liabilities	26	57,291	58,099
(b) Provisions	22	12,165	9,985
(c) Current tax liabilities (net)	23	1,457	4,377
(d) Other current liabilities	27	6,351	8,610
Total current liabilities		**2,15,186**	**2,05,895**
Total equity and liabilities		**6,94,502**	**6,06,186**
Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

For and on behalf of Board of Directors of CEAT Limited

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No: 324982E/E300003

Kumar Subbiah
Chief Financial Officer

H. V. Goenka
Chairman

Anant Goenka
Managing Director

per Vinayak Pujare
Partner
Membership Number:101143

Vallari Gupte
Company Secretary

Mahesh Gupta
Chairman - Audit Committee

Place: Mumbai
Date: May 28, 2020

Place: Mumbai
Date: May 28, 2020

Statement of Profit and Loss

for the year ended March 31, 2020

(₹ in Lacs)

Particulars	Note No.	2019-20	2018-19
I Income			
Revenue from operations	28	6,58,111	6,83,130
Other income	29	4,134	5,530
Total income		**6,62,245**	**6,88,660**
II Expenses			
Cost of material consumed	30	3,81,597	4,27,364
Purchase of stock-in-trade		2,120	6,092
Changes in inventories of finished goods, work-in-progress and stock-in-trade	31	1,458	(19,425)
Employee benefit e xpense	32	50,054	49,195
Finance costs	33	12,296	6,451
Depreciation and amortisation expenses	34	25,540	17,430
Other expenses	35	1,52,352	1,56,151
Total expenses		**6,25,417**	**6,43,259**
III Profit before exceptional items and tax		**36,828**	**45,401**
IV Exceptional items	36	2,975	4,424
V Profit before tax		**33,853**	**40,977**
VI Tax expense	23		
Current tax		7,401	9,009
Deferred tax		(624)	3,077
VII Profit for the year		**27,076**	**28,891**
VIII Other comprehensive income			
(a) Items that will not be reclassified subsequently to the statement of profit and loss			
(i) Remeasurement gains / (losses) on defined benefit plans	39	(695)	(798)
(ii) Income tax relating to above	23	243	279
(b) Items that will be reclassified subsequently to the statement of profit and loss			
(i) Net movement of cash flow hedges		3,854	(3,792)
(ii) Income tax relating to above	23	(1,347)	1,323
Total other comprehensive income for the year		**2,055**	**(2,988)**
IX Total comprehensive income for the year (Comprising profit and other comprehensive income for the year)		**29,131**	**25,903**
X Earnings per equity share (of face value of ₹ 10 each)	38		
(a) Basic (in ₹)		66.94	71.42
(b) Diluted (in ₹)		66.94	71.42
Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

For and on behalf of Board of Directors of CEAT Limited

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No: 324982E/E300003

Kumar Subbiah
Chief Financial Officer

H. V. Goenka
Chairman

Anant Goenka
Managing Director

per Vinayak Pujare
Partner
Membership Number:101143

Vallari Gupte
Company Secretary

Mahesh Gupta
Chairman - Audit Committee

Place: Mumbai
Date: May 28, 2020

Place: Mumbai
Date: May 28, 2020

Statement of Cash Flow

for the year ended March 31, 2020

(₹ in Lacs)

Particulars	2019-20	2018-19
I Cash Flow From Operating Activities		
Profit before tax	33,853	40,977
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expenses	25,540	17,430
Interest income	(998)	(3,205)
Finance costs	12,296	6,452
Dividend income	(1,036)	(732)
Provision for obsolescence of stores and spares	100	74
Allowance for doubtful debts and advances	174	197
Credit balances written back	(755)	(23)
Bad debts and advances written off (net)	4	6
(Profit) / Loss on disposal of property, plant and equipment (net)	(428)	480
Unrealised foreign exchange (gain) / loss (net)	88	109
Net gain on disposal of investments	(4)	(83)
Provision for unusable inventories (refer note 36)	1,327	-
Finance costs (refer note 36)	104	-
Operating profit before working capital changes	**70,265**	**61,682**
Adjustments for:		
Decrease / (Increase) in inventories	7,138	(21,093)
Decrease / (Increase) in trade receivables	2,392	(1,689)
Decrease / (Increase) in current loans, other current assets and other financial assets	(66)	(874)
Decrease / (Increase) in non-current loans and other non-current assets	(187)	(523)
(Decrease) / Increase in trade payables	14,296	19,122
(Decrease) / Increase in current financial liabilites and other current liabilities	(688)	713
(Decrease) / Increase in non-current financial liabilities	(316)	(702)
(Decrease) / Increase in current provisions	1,382	4,172
(Decrease) / Increase in non-current provisions	136	303
Cash flows from operating activities	**94,352**	**61,111**
Direct taxes paid (net of refunds)	(1,452)	(7,836)
Net cash flow generated from operating activities (I)	**92,900**	**53,275**
II Cash Flow From Investing Activities		
Purchase of property, plant and equipment and intangible assets (including capital work-in progress, intangible assets under development and capital advance)	(1,02,799)	(1,06,215)
Proceeds from sale of property, plant and equipment	846	-
Withdrawal / (Investment) of margin money deposit with banks	53	(0)
Changes in other bank balances	(94)	(212)
Investment in Subsidiaries & Associate	(299)	(3,300)
Purchase of other non current investments	(422)	(2)
Proceeds from sale of investments (net)	4	4,088
Interest received	3,503	601
Repayment of loan given to subsidary	8,486	18,730
Loan given to subsidary	(7,718)	(19,630)
Dividend received	1,036	732
Net cash flow (used in) investing activities (II)	**(97,404)**	**(1,05,208)**

Statement of Cash Flow

for the year ended March 31, 2020

(₹ in Lacs)

Particulars	2019-20	2018-19
III Cash Flow From Financing Activities		
Interest paid	(16,560)	(6,268)
Change in other short-term borrowings (net)	(4,872)	12,344
Repayment of short-term buyers credit	-	(5,314)
Proceeds from long-term borrowings	42,724	97,097
Repayment of long-term borrowings	(4,245)	(42,201)
Payment of lease liabilities	(4,562)	-
Dividend paid	(9,603)	(4,434)
Dividend distribution tax paid	(1,787)	(829)
Net cash flows generated from financing activities (III)	**1,095**	**50,395**
Net increase / (decrease) in cash and cash equivalents (I + II + III)	**(3,409)**	**(1,538)**
Cash and cash equivalents at the beginning of the year (refer note 12)	**5,426**	**6,964**
Cash and cash equivalents at the end of the year (refer note 12)	**2,017**	**5,426**

The accompanying notes are an integral part of the financial statements

For and on behalf of Board of Directors of CEAT Limited

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No: 324982E/E300003

per Vinayak Pujare
Partner
Membership Number:101143

Place: Mumbai
Date: May 28, 2020

Kumar Subbiah
Chief Financial Officer

Vallari Gupte
Company Secretary

Place: Mumbai
Date: May 28, 2020

H. V. Goenka
Chairman

Mahesh Gupta
Chairman - Audit Committee

Anant Goenka
Managing Director

Statement of Changes in Equity

for the year ended March 31, 2020

(₹ in Lacs)

Particulars	Equity share capital	Other equity						Total other equity	Total equity
		Securities premium (refer note 18(a))	Capital Reserve (refer note 18(b))	Capital redemption reserve (refer note 18(c))	Debenture redemption reserve (refer note 18(e))	General reserve (refer note 18(f))	Retained earnings (refer note 18(g))	Cash flow hedge reserve (refer note 18(d))		
As at April 01, 2018	**4,045**	**56,703**	**1,177**	**390**	**5,001**	**20,177**	**1,66,713**	**476**	**2,50,637**	**2,54,682**
Profit for the year	-	-	-	-	-	-	28,891	-	28,891	28,891
Other comprehensive income	-	-	-	-	-	-	(519)	(2,469)	(2,988)	(2,988)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**28,372**	**(2,469)**	**25,903**	**25,903**
Payment of dividend (refer note 19)	-	-	-	-	-	-	(4,652)	-	(4,652)	(4,652)
Payment of Dividend Distribution Tax (DDT) (refer note 19)	-	-	-	-	-	-	(829)	-	(829)	(829)
Transfer to general reserve (refer note 18(e))	-	-	-	-	(5,001)	-		-	(5,001)	(5,001)
Transfer from debenture redemption reserve (refer note 18(f))	-	-	-	-	-	5,001	-	-	5,001	5,001
As at March 31, 2019	**4,045**	**56,703**	**1,177**	**390**	**-**	**25,178**	**1,89,604**	**(1,993)**	**2,71,059**	**2,75,104**
Profit for the year	-	-	-	-	-	-	27,076	-	27,076	27,076
Other comprehensive income	-	-	-	-	-	-	(452)	2,507	2,055	2,055
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**26,624**	**2,507**	**29,131**	**29,131**
Payment of dividend (refer note 19)	-	-	-	-	-	-	(9,708)	-	(9,708)	(9,708)
Payment of Dividend Distribution Tax (DDT) (refer note 19)	-	-	-	-	-	-	(1,787)	-	(1,787)	(1,787)
As at March 31, 2020	**4,045**	**56,703**	**1,177**	**390**	**-**	**25,178**	**2,04,733**	**514**	**2,88,695**	**2,92,740**

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/E300003

per Vinayak Pujare
Partner
Membership Number:101143

Place: Mumbai
Date: May 28, 2020

For and on behalf of Board of Directors of CEAT Limited

H. V. Goenka
Chairman

Anant Goenka
Managing Director

Kumar Subbiah
Chief Financial Officer

Mahesh Gupta
Chairman - Audit Committee

Vallari Gupte
Company Secretary

Place: Mumbai
Date: May 28, 2020

Notes to Financial Statements

for the year ended March 31, 2020

Note 1: Corporate information

CEAT Limited (the 'Company') is a public limited company domiciled in India and incorporated under the provisions of the Companies Act applicable in India. The Company's principal business is manufacturing of automotive tyres, tubes and flaps. The Company started operations in 1958 as CEAT Tyres of India Limited and was renamed as CEAT Limited in 1990. The Company caters to both domestic and international markets. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The registered office of the Company is located at RPG House, 463, Dr Annie Besant Road, Worli, Mumbai, Maharashtra 400030. The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on May 28, 2020.

Note 2: Basis of preparation, measurement and significant accounting policies

2.1 Basis of preparation and measurement

2.1.1 Basis of preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and presentation requirements of Division II of Schedule III of the Companies Act 2013 (Ind AS compliant Schedule III).

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements.

The financial statements are presented in ₹, the functional currency of the Company. Items included in the financial statements of the Company are recorded using the currency of the primary economic environment in which the Company operates (the 'functional currency').

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lacs as per the requirements of Schedule III of the Companies Act, 2013, unless otherwise stated. Wherever the amount represented '0' (zero) construes value less than Rupees fifty thousand.

2.1.2 Measurement

These financial statements are prepared under the historical cost convention except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments and
- Certain financial assets measured at fair value (refer accounting policy regarding financial instruments)

In addition, the carrying values of recognised assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

2.2 Changes in accounting policies

2.2.1 Accounting for leases

The Company has adopted Ind AS 116 'Leases' effective April 01, 2019, using modified retrospective method. The Company has applied the standard to all its leases with the cumulative impact recognised on the date of initial application i.e. April 01, 2019. The Company has elected to measure the right-of-use asset equal to the amount of lease liability. Accordingly, previous period information has not been restated. On transition, the adoption of the new standard resulted in recognition of right-of-use asset of ₹ 13,085 lacs and a lease liability of INR ₹ 13,085 lacs.

In the Statement of Profit and Loss for the current period, the nature of expenses in respect of operating leases has changed from lease rent in previous periods to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability.

In the context of initial application, the Company has exercised the option not to apply the new recognition requirements to short-term leases and to leases of low-value asset.

The following table presents the reconciliation of lease liability:

Particulars	₹ in Lacs
Off-Balance Sheet lease obligations as of March 31, 2019	**226**
Current leases with lease term of 12 months or less (short-term leases)	(226)
Lease liability recognised with respect to minimum guarantee payable under outsourcing contracts as per Ind AS 116	15,245
Operating lease obligations as of April 01, 2019 (gross without discounting)	**15,245**
Effect from discounting at the incremental borrowing rate as at April 01, 2019	2,160
Total lease liabilities as of April 01, 2019	**13,085**

Notes to Financial Statements

for the year ended March 31, 2020

The following are the practical expedients availed by the Company on transition:

The Company to disclose all the practical expedients availed from para C10 of Ind AS 116

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised (refer notes 2.12 and 4).

2.3 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.4 Revenue recognition

2.4.1 Revenue from contracts with customers

Revenues from contracts with customers are recognised when the performance obligations towards customer have been met. Performance obligations are deemed to have been met when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company acts as the principle in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

An entity collects Goods and Services Tax ('GST') on behalf of the government and not on its own account. Hence it should be excluded from revenue, i.e. revenue should be net of GST.

2.4.2 Sale of Goods

Revenue from sale of goods (Tyres, tubes and flaps) is recognised at the point of time when control of the goods is transferred to customer depending on terms of sales. The normal credit term is 27 to 60 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, if any.

2.4.2.1 Variable consideration

Variable consideration includes various forms of discounts like volume discounts, price concessions, incentives, etc. on the goods sold to its dealers and distributors. In all such cases, accumulated experience is used to estimate and provide for the variability in revenue, using the expected value method and the revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur in future on account of refund or discounts.

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2.4.2.2 Significant financing component

Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

2.4.3 Contract balances

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to note 2.17 - Financial Instruments in accounting policies.

2.4.4 Royalty and technology development fees

The Company also earns sales based royalty income which is recognised as revenue over the period of time. This is because in such arrangements, the customer gets a right to access the Company's intellectual property throughout the license period. The revenue to be recognised is determined based on a specified percentage of the sales made by the customer.

2.4.5 Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the Effective Interest Rate ('EIR') method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

2.4.6 Dividends

Dividend income is recognised when the Company's right to receive dividend is established, which is generally when shareholders approve the dividend.

2.5 Investments in subsidiaries and associates

Investments in subsidiaries and associates are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and associates, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

2.6 Government grants, subsidies and export incentives

Government grants / subsidies are recognised when there is reasonable assurance that the Company will comply with all the conditions attached to them and that the grant / subsidy will be received. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

The Company has chosen to adjust grant under the Export Promotion Capital Goods ('EPCG') scheme from the carrying value of non-monetary asset pursuant to amendment in Ind AS 20.

Export Incentive under Merchandise Export from India Scheme ('MEIS') is recognised in the Statement of Profit and Loss as a part of other operating revenues.

2.7 Taxes

2.7.1 Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in India where the Company operates and generates taxable income.

Current tax relating to items recognised outside the Statement of Profit and Loss is recognised either in Other Comprehensive Income ('OCI') or in equity. Current tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Interest expenses and penalties, if any, related to income tax are included in finance cost and other expenses respectively. Interest Income, if any, related to income tax is included in Other Income.

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising

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between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Company's domicile.

2.7.2 Deferred tax

Deferred tax is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss.
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of Profit and Loss is recognised either in OCI or in equity. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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 taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax ('MAT') paid in a year is charged to the Statement of Profit and Loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable 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 recognises MAT credit as an asset, it is created by way of credit to the Statement of Profit and Loss and shown as part of deferred tax asset. The Company reviews the MAT credit entitlement asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

2.7.3 GST paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of GST paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

2.8 Non-current assets held for sale

The Company classifies Non-current assets or disposal groups comprising of assets and liabilities as 'held for sale' when all of the following criteria are met:

- decision has been made to sell;
- the assets are available for immediate sale in its present condition;
- the assets are being actively marketed; and,
- sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Subsequently, such non-current assets and disposal groups classified as 'held for sale' are measured at the lower of its carrying value and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. Non-current assets held for sale are not depreciated or amortised.

2.9 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred. The present value of the expected cost for the decommissioning of an asset after it's use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under "Other non-current assets".

Depreciation is provided on a pro-rata basis on the straight line method based on useful life estimated by the management and supported by independent assessment by professionals. Depreciation commences when the asset is ready for it's intended use. The Company has used the following useful lives to provide depreciation on its fixed assets.

Asset Class	Useful life
Freehold land	Non depreciable
Leasehold land	Lease term - 95 years
Buildings (including temporary structures)	1 year - 60 years
Plant & Equipment	3 years - 20 years
Furniture & Fixture	10 years
Vehicle	8 years
Office Equipment	5 years

The identified components are depreciated over their useful lives, the remaining asset is depreciated over the life of the principal asset.

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.10 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the Statement Profit and Loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either infinite or finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the

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intangible asset may be impaired. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with infinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level (the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit). The assessment of infinite life is reviewed annually to determine whether the infinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Intangible assets are amortised on a pro-rata basis on the straight line method based on useful life estimated by the management as under:

Asset Class	Useful life
Software	3 – 6 years
Brand (refer 2.10.1)	20 years
Technical know-how (refer 2.10.1)	20 years
Product development (refer 2.10.2)	20 years

2.10.1 Technical know-how and Brand

Technical know-how : The Company has originally generated technical know-how and assistance from International Tire Engineering Resources LLC, for setting up of Halol radial plant. Considering the life of the underlying plant / facility, this technical know-how, is amortised on a straight line basis over a period of twenty years.

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

2.10.2 Research and development costs (product development)

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

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

During the period of development, the asset is tested for impairment annually.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

2.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (‘qualifying asset’) are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

To the extent that the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

To the extent that the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate

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to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

2.12 Leases

The Company has entered into various arrangements like lease of vehicles, premises and outsourcing arrangements which has been disclosed accordingly under Ind AS 116. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The assessment of whether a contract conveys the right to control the use of an identified asset depends on whether the Company obtains substantially all the economic benefits from the use of the asset and whether the Company has the right to direct the use of the asset.

2.12.1 Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.12.1.1 Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over shorter of the lease term or the estimated useful life of the underlying asset as follows:

Asset Class	Useful life
Building	2 - 3 years
Others	2 - 4 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The Company presents right-of-use assets separately in the Balance Sheet.

2.12.1.2 Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless the cost is included in the carrying value of inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company’s lease liabilities are included in current and non-current financial liabilities. Lease liability have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

2.12.1.3 Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to the contracts which have a lease term of 12 months or less from the date of commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to the lease contracts that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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2.13 Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost is determined on a weighted average basis:

- Cost of raw materials includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect of the purchases of raw materials. Raw 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.
- Work-in-progress and finished goods includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing cost.
- Traded goods include cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

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

2.14 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash-Generating Unit's ('CGU') fair value less costs of disposal and its value in use. 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. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets / forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss. The impairment loss is allocated first to reduce the carrying amount of any goodwill (if any) allocated to the CGU and then to the other assets of the unit, pro-rata based on the carrying amount of each asset in the unit.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised 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 recognised. 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 recognised for the asset in prior years. Such reversal is recognised in the Statement Profit and Loss.

2.15 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement Profit and Loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.15.1 Sales related obligations

The estimated liability for sales related obligations 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 up to three years. Initial recognition is based on historical experience. The initial estimate of sales related obligations (related costs) is revised annually.

2.15.2 Decommissioning liability

The Company records a provision for decommissioning costs of land taken on lease at one of the manufacturing facility for the production of tyres. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the Statement Profit and Loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

2.15.3 Litigations

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.

2.16 Employee benefits

2.16.1 Defined contribution plan

Retirement benefit in the form of Provident Fund, Superannuation, Employees State Insurance Contribution and Labour Welfare fund are defined contribution scheme. The Company has no obligation, other than the contribution payable to the above mentioned funds. The Company recognises contribution payable to these funds / schemes as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable is recognised 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 recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

2.16.2 Defined benefit plan

For defined benefit plans, the amount recognised as 'Employee benefit expenses' in the Statement of Profit and Loss is the cost of accruing employee benefits promised to employees over the year and the costs of individual events such as past / future service benefit changes and settlements (such events are recognised immediately in the Statement of Profit and Loss). The amount of net interest expense calculated by applying the liability discount rate to the net defined benefit liability or asset is charged or credited to 'Finance costs' in the Statement of Profit and Loss. Any differences between the expected interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised immediately in OCI and subsequently not reclassified to the Statement of Profit and Loss.

The defined benefit plan surplus or deficit on the Balance Sheet date comprises fair value of plan assets less the present value of the defined benefit liabilities using a discount rate by reference to market yields on Government bonds at the end of the reporting period.

All defined benefit plans obligations are determined based on valuations, as at the Balance Sheet date, made by independent actuary using the projected unit credit method. The classification of the Company's net obligation into current and non-current is as per the actuarial valuation report.

2.16.3 Termination benefits

Termination benefits, in the nature of voluntary retirement benefits or termination benefits arising from restructuring, are recognised in the Statement of Profit and Loss. The Company recognises termination benefits at the earlier of the following dates:

- When the Company can no longer withdraw the offer of those benefits; or

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- When the Company recognises costs for a restructuring that is within the scope of Ind AS 37: Provisions, Contingent Liabilities and Contingent Assets and involves the payment of termination benefits.

  Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.17 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.17.1 Financial assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

2.17.1.1 Initial recognition and measurement

On initial recognition, a financial asset is recognised at fair value. In case of Financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction cost is recognised in the statement of profit and loss. In other cases, the transaction cost is attributed to the acquisition value of the financial asset.

2.17.1.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

2.17.1.2.1 Debt instruments at amortised cost

2.17.1.2.2 Debt instruments at Fair Value Through Other Comprehensive Income ('FVTOCI')

2.17.1.2.3 Debt instruments, derivatives and equity instruments at Fair Value Through Profit and Loss ('FVTPL')

2.17.1.2.4 Equity instruments measured at FVTOCI

2.17.1.2.1 Debt instruments at amortised cost

A debt instrument is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest ('SPPI') on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement Profit and Loss. The losses arising from impairment are recognised in the Statement Profit and Loss. This category generally applies to trade and other receivables, loans and other financial assets.

2.17.1.2.2 Debt instrument at FVTOCI

A debt instrument is classified as at FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the OCI. However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the Statement Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

2.17.1.2.3 Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as amortised cost or as FVTOCI, is classified as FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement Profit and Loss.

2.17.1.2.4 Equity instruments

All investments in equity instruments within the scope of Ind AS 109 are initially measured at fair value. Equity instruments which are held for trading are classified as FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in the OCI subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

In case of equity instrument classified as FVTOCI, all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement Profit and Loss, even on derecognition of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement Profit and Loss.

2.17.1.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2.17.1.4 Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss ('ECL') model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(i) Trade receivables

(ii) Financial assets measured at amortised cost (other than trade receivables)

(iii) Financial assets measured at fair value through other comprehensive income (FVTOCI).

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets [i.e. (ii) and (iii) above] and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

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for the year ended March 31, 2020

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates and changes in the forward-looking estimates are updated. For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income / expense in the Statement Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement Profit and Loss.

The Balance Sheet presentation for various financial instruments is described below:

- Financial assets measured at amortised cost and contractual revenue receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value.

The Company does not have any purchased or originated credit-impaired financial assets, i.e., financial assets which are credit impaired on purchase / origination.

2.17.2 Financial liabilities

2.17.2.1 Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value and in the case of borrowings net of directly attributable transaction costs.

2.17.2.2 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

2.17.2.2.1 Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the Statement Profit and Loss.

Financial liabilities designated upon initial recognition at FVTPL are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains / losses attributable to changes in own credit risks are recognised in OCI. These gains / loss are not subsequently transferred to the Statement Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement Profit and Loss. The Company has not designated any financial liability as at FVTPL.

2.17.2.2.2 Financial liabilities at amortised cost

This is the category most relevant to the Company. After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement Profit and Loss.

2.17.2.2.3 Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.

Notes to Financial Statements

for the year ended March 31, 2020

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

2.17.2.3 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement Profit and Loss.

2.17.3 Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in the Statement Profit and Loss.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to the Statement Profit and Loss at the reclassification date.

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2.17.4 Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments, such as forward currency contracts, to manage its foreign currency risks. These derivative instruments are designated as cash flow, fair value or net investment hedges and are entered into for period consistent with currency. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Statement Profit and Loss.

2.17.4.1 Fair value hedges

The change in the fair value of a hedging instrument is recognised in the Statement Profit and Loss as finance costs. 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 recognised in the Statement Profit and Loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through the Statement Profit and Loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in the Statement Profit and Loss. When an unrecognised 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 recognised as an asset or liability with a corresponding gain or loss recognised in the Statement Profit and Loss.

2.17.4.2 Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Statement Profit and Loss.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in the Statement Profit and Loss.

Amounts recognised as OCI are transferred to the Statement Profit and Loss when the hedged transaction affects profit and loss, i.e. when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

2.17.5 Fair value measurement

The Company measures derivatives instruments like forward contracts at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based

Notes to Financial Statements
for the year ended March 31, 2020

on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.17.6 Offsetting of financial instruments

Financial assets and financial liabilities can be offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.18 Cash and cash equivalents

Cash and cash equivalent in the Balance Sheet comprises cash at banks and on hand.

2.19 Dividend distribution to equity shareholders

The Company recognises a liability to pay dividend to equity shareholders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders.

2.20 Foreign currencies

The Company's financial statements are presented in ₹, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at ₹ spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the Statement Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or the Statement Profit and Loss are also recognised in OCI or the Statement Profit and Loss, respectively).

2.21 Earnings Per Share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company after adjusting impact of dilution shares by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

2.22 Segment Reporting

Based on "Management Approach" as defined in Ind AS 108 - Operating Segments, the Executive Management Committee evaluates the Company's performance and allocates the resources based on an analysis of various performance indicators by business segments.

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

2.23 Contingent liabilities and assets

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 not wholly within the control of the Company or a present obligation that is not recognised 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 recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Notes to Financial Statements

for the year ended March 31, 2020

A contingent assets is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements. Contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

2.24 Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialised.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

(a) Measurement of defined benefit obligations - note 39

(b) Measurement and likelihood of occurrence of provisions and contingencies - note 22

(c) Recognition of current tax and deferred tax assets - note 23

(d) Key assumptions used in fair valuations - note 45

(e) Measurement of lease liabilities and right-of-use asset - note 4

(f) Estimation of uncertainties relating to the global health pandemic from COVID-19 - note 50

Notes to Financial Statements

for the year ended March 31, 2020

Note 3: Property, plant and equipment and Capital work-in-progress

Refer note 2.9 for accounting policy on Property, plant and equipment

(₹ in Lacs)

Particulars	Freehold land	Leasehold land (Financial lease)	Buildings (refer foot note 1 and 8)	Plant and equipment (Owned)	Furniture and fixtures	Vehicles	Office equipments	Capital work-in-progress	Total
Gross carrying amount									
As at April 01, 2018	**48,454**	**5,391**	**32,824**	**1,87,049**	**1,363**	**603**	**914**	**15,247**	**2,91,845**
Additions	1	186	7,731	46,801	199	93	277	1,11,930	1,67,218
Disposals	-	-	(71)	(1,091)	(2)	(1)	(6)	-	(1,171)
Transfers / capitalised	-	-	-	-	-	-	-	(55,288)	(55,288)
Adjustments during the year*	-	-	(48)	2	-	-	(2)	-	(48)
As at March 31, 2019	**48,455**	**5,577**	**40,436**	**2,32,761**	**1,560**	**695**	**1,183**	**71,889**	**4,02,556**
Additions	69	79	14,836	89,099	529	37	316	1,24,762	2,29,727
Disposals	-	-	(124)	(602)	(1)	(4)	(12)	-	(743)
Transfers / capitalised	-	-	-	-	-	-	-	(1,04,965)	(1,04,965)
Adjustments during the year*	-	-	-	-	-	-	-	-	-
As at March 31, 2020	**48,524**	**5,656**	**55,148**	**3,21,258**	**2,088**	**728**	**1,487**	**91,686**	**5,26,575**
Accumulated depreciation									
As at April 01, 2018	**-**	**222**	**3,219**	**32,509**	**362**	**260**	**95**	**-**	**36,667**
Depreciation for the year	-	76	1,340	14,233	169	101	252	-	16,171
Disposals	-	-	(59)	(674)	(1)	(1)	(5)	-	(740)
Adjustments during the year*	-	-	(4)	1	-	-	(2)	-	(5)
As at March 31, 2019	**-**	**298**	**4,496**	**46,069**	**530**	**360**	**340**	**-**	**52,093**
Depreciation for the year	-	79	1,473	17,608	181	96	290	-	19,727
Disposals	-	-	(9)	(411)	(1)	(2)	(11)	-	(434)
Adjustments during the year*	-	-	-	-	-	-	-	-	-
As at March 31, 2020	**-**	**377**	**5,960**	**63,266**	**710**	**454**	**619**	**-**	**71,386**
Net book value									
As at March 31, 2019	**48,455**	**5,279**	**35,940**	**1,86,692**	**1,030**	**335**	**843**	**71,889**	**3,50,463**
As at March 31, 2020	**48,524**	**5,279**	**49,188**	**2,57,992**	**1,378**	**274**	**868**	**91,686**	**4,55,189**

* Adjustments include regrouping of certain assets into other class of assets

Notes to Financial Statements

for the year ended March 31, 2020

Net book value

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Property, plant and equipment	3,63,503	2,78,574
Capital work in progress	91,686	71,889

Notes:

1. Building includes ₹ 0.10 lacs as at March 31, 2020 (As at March 31, 2019: ₹ 0.10 lacs) being value of unquoted fully-paid shares held in various co-operative housing societies.
2. During the year, the company has transfered the following expenses which are attributable to the construction activity and are included in the cost of capital work-in-progress / property, plant and equipment as the case may be. Consequently, expenses disclosed under the respective notes are net of such amounts.

(₹ in Lacs)

Particulars	Note No.	2019-20	2018-19
Finance cost	33	4,724	3,156
Professional and consultancy charges	35	576	238
Miscellaneous expenses	35	1,697	2,782
Employee benefit expenses	32	3,387	1,356
Travelling and conveyance	35	443	512
Total		**10,827**	**8,044**

3. As a part of ongoing expansion project at Halol-Phase III, during the year the Company has capitalised and commissioned assets of ₹ 27,217 lacs (March 31, 2019: ₹ 33,819 lacs).
4. As a part of ongoing expansion project at Nagpur the Company has capitalised and commissioned assets of ₹ 13,638 lacs (March 31, 2019: ₹ 7,409 lacs).
5. As a part of ongoing green field project at Chennai, during the year the Company has capitalised and commissioned assets of ₹ 56,050 lacs (March 31, 2019: ₹ 7,233 lacs).
6. The amount of borrowing cost capitalised during the year ended March 31, 2020 is ₹ 4,724 lacs (March 31, 2019: ₹ 3,156 lacs). The rates used to determine the amount of borrowing cost eligible for capitalisation was in the range of 8.15% to 8.90% (March 31, 2019: 7.40% to 8.90%) which is the effective interest rate of specific borrowings.
7. Refer note 20 and 24 for details on pledges and securities.
8. The Company has classified building having net block of Nil (March 31, 2019: ₹ 44 lacs) as assets held-for-sale (refer note 2.8 for accounting policy on Non-current assets held for sale)

Note 4: Leases

Refer note 2.12 for accounting policy on Leases and 2.2.1 for changes in accounting policy of Leases

Note 4(a): Right-of-use assets

(₹ in Lacs)

Particulars	As at March 31, 2020		
	Building	Others*	Total
Opening net carrying balance	-	-	-
Adoption of Ind AS 116 "Leases" as on April 01, 2019	-	13,085	13,085
Additions during the year	1,028	-	1,028
Depreciation	(112)	(3,816)	(3,928)
Total	**916**	**9,269**	**10,185**

* Right-of-use assets are arising out of outsourcing arrangements which consists of both buildings and plant machinery used for production of goods under such arrangements.

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for the year ended March 31, 2020

Note 4(b): Lease liabilities

(₹ in Lacs)

Particulars	As at March 31, 2020
Opening net carrying balance	-
Adoption of Ind AS 116 "Leases" as on April 01, 2019	13,085
Additions	1,028
Accretion of interest (refer note 33)	1,050
Payments	(4,562)
Total	**10,601**

Notes:

a) The rate used for discounting is 9%.

b) Refer note 44 for information about fair value measurement and note 46(c) for information about liquidity risk relating to lease liabilities.

(₹ in Lacs)

Particulars	As at March 31, 2020
Non-current lease liabilities	6,375
Current lease liabilities	4,226

Note 5: Intangible assets and Intangible assets under development

Refer note 2.10 for accounting policy on Intangible assets

(₹ in Lacs)

Particulars	Software	Brand	Technical know-how	Product development	Total
Gross carrying amount					
As at April 01, 2018	**2,674**	**4,404**	**704**	**1,426**	**9,208**
Additions	665	-	-	107	772
As at March 31, 2019	**3,339**	**4,404**	**704**	**1,533**	**9,980**
Additions	4,187	-	-	-	4,187
As at March 31, 2020	**7,526**	**4,404**	**704**	**1,533**	**14,167**
Accumulated amortisation					
As at April 01, 2018	**1,473**	**794**	**124**	**273**	**2,664**
Amortisation during the year	723	265	41	230	1,259
As at March 31, 2019	**2,196**	**1,059**	**165**	**503**	**3,923**
Amortisation during the year	1,289	289	45	262	1,885
As at March 31, 2020	**3,485**	**1,348**	**210**	**765**	**5,808**
Net book value:					
As at March 31, 2019	**1,143**	**3,345**	**539**	**1,030**	**6,057**
As at March 31, 2020	**4,041**	**3,056**	**494**	**768**	**8,359**

Net book value

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Intangible assets	8,359	6,057
Intangible assets under development	1,692	3,055

Note:

During the year, the Company has transfered employee benefit expenses of ₹ 271 lacs (March 31, 2019: ₹ 576 lacs) which are attributable to the development activity and are included in the cost of intangible assets under development / intangible assets as the case may be. Consequently, expenses disclosed under note 32 are net of such amounts.

Notes to Financial Statements
for the year ended March 31, 2020

Note 6: Investments

Note 6(a): Investments in subsidiaries and associate

Refer note 2.5 for accounting policy on Investments in subsidiaries and associate

(₹ in Lacs)

Particulars	Face value	As at March 31, 2020	As at March 31, 2019
Non-current			
Unquoted equity shares (at cost) (Non trade)			
Investment in subsidiaries			
1,00,00,000 (March 31, 2019: 1,00,00,000) equity shares of Associated CEAT Holdings Company (Pvt) Limited.	10 LKR	4,358	4,358
10,49,99,994 (March 31, 2019: 10,49,99,994) equity shares of CEAT AKKHAN Limited	10 Taka	3,717	3,717
94,16,350 (March 31, 2019: 94,16,350) equity shares of Rado Tyres Limited	₹ 4	9	9
2,10,50,000 (March 31, 2019: 2,10,50,000) equity shares of CEAT Specialty Tyres Limited	₹ 10	21,005	21,005
Investment in Associate (at cost)			
100 (March 31, 2019: 100) equity shares of TYRESNMORE Online Pvt Limited	₹ 1	1	1
Unquoted preference shares (Non trade)			
Investment in subsidiaries (at amortised cost)			
15,10,000 (March 31, 2019: 15,10,000) 12.5% cumulative redeemable preference shares of Rado Tyres Limited	₹ 100	1,510	1,510
Investment in associate (at cost classified as equity)			
76,337 (March 31, 2019: 63,596) 0.001% compulsory convertible preference shares of TYRESNMORE Online Pvt Limited	₹ 1	998	699
Total 6(a)		**31,598**	**31,299**

Note 6(b): Investment in others

Refer note 2.17 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	Face value	As at March 31, 2020	As at March 31, 2019
Unquoted investment in others (at fair value through profit and loss)			
Nil (March 31, 2019: 1,800) equity shares of RPG Ventures Limited (formerly known as Maestro Comtrade Private Limited)	₹ 10	-	0
9,75,000 (March 31, 2019: 9,75,000) equity shares of Bhadreshwar Vidyut Private Limited (formerly known as OPGS Power Gujarat Private Limited)	₹ 0.19	2	2
7,129 (March 31, 2019: Nil) compulsorily convertible preference shares of E-Fleet Systems Private Limited	₹ 10	399	-
10 (March 31, 2019: Nil) equity shares of E-Fleet Systems Private Limited	₹ 10	1	-
27,313 (March 31, 2019: Nil) equity shares of Greenzest Solar Private Limited	₹ 10	22	-
Total 6(b)		**424**	**2**
Total [6(a) + 6(b)]		**32,022**	**31,301**
Aggregate amount of quoted investments		**-**	**-**
Aggregate market value of quoted investments		**-**	**-**
Aggregate amount of unquoted investments		**32,022**	**31,301**

Notes to Financial Statements
for the year ended March 31, 2020

Information about subsidiaries

Name and principle business	Country of Incorporation	Proportion (%) of equity interest As at March 31, 2020	Proportion (%) of equity interest As at March 31, 2019
CEAT Specialty Tyres Limited - Trading & manufacturing of tyres, tubes and flaps	India	100.00	100.00
Associated CEAT Holdings Company (Pvt) Limited - Investing in companies engaged in manufacturing of tyres	Sri Lanka	100.00	100.00
CEAT AKKHAN Limited - Trading of tyres, tubes and flaps	Bangladesh	70.00	70.00
Rado Tyres Limited - Manufacturing of tyres	India	58.56	58.56

Information about associate

Name and principle business	Country of Incorporation	Proportion (%) of equity interest As at March 31, 2020	Proportion (%) of equity interest As at March 31, 2019
TYRESNMORE Online Pvt Limited - Trading of tyres, tubes and flaps	India	41.30*	36.96*

*Includes compulsory convertible preference shares (potential voting right)

Note 7: Loans

Refer note 2.17 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current (at amortised cost)		
Secured, considered good		
Security deposits	472	407
Unsecured, considered good		
Security deposits	1	1
Unsecured, considered doubtful		
Security deposits	110	121
Less : Allowance for doubtful deposits	(110)	(121)
Total	**473**	**408**

Notes:

a) No loans are due from directors or promoters of the company either severally or jointly with any person.

b) Refer note 44 of information about fair value measurement.

Notes to Financial Statements

for the year ended March 31, 2020

Note 8: Other financial assets

Refer note 2.17 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Unsecured, considered good		
At fair value through other comprehensive income		
Derivative financial instrument	332	-
At amortised cost		
Margin money deposits (refer foot note a)	128	181
Unsecured, considered doubtful		
Receivables from subsidiaries (refer note 41)	209	209
Less : Allowance for doubtful receivables	(209)	(209)
Total	**460**	**181**

Notes:

a) The margin deposits are for bank guarantees given to statutory authorities.

b) Refer note 44 of information about fair value measurement.

Note 9: Other non-current assets

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Capital advances (Others)	2,764	9,148
Capital advances (Related parties) (refer note 41)	241	1,643
Security deposits with statutory authorities	1,851	1,729
Unsecured, considered doubtful		
Balances with government authorities and agencies	219	274
Less : Allowance for doubtful balances	(219)	(274)
Total	**4,856**	**12,520**

Note 10: Inventories

(At cost or net realisable value, whichever is lower)

Refer note 2.13 for accounting policy on Inventories

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Raw materials	28,670	34,024
Goods in transit	3,042	3,263
	31,712	**37,287**
Less: Provision for unusable raw materials [refer note 36(d)]	(200)	-
	31,512	**37,287**
b) Work-in-progress	4,445	3,273
Less: Provision for unusable work-in-progress materials [refer note 36(d)]	(1,127)	-
	3,318	**3,273**
c) Finished goods	49,559	51,751
d) Stock in trade	346	713
Goods in transit	45	116
	391	**829**

Notes to Financial Statements

for the year ended March 31, 2020

Note 10: Inventories (Contd..)

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
e) Stores and spares	3,163	3,374
Goods in transit	7	1
	3,170	**3,375**
Total	**87,950**	**96,515**
Details of finished goods		
Automotive tyres	42,469	42,576
Tubes and others	7,090	9,175
Total	**49,559**	**51,751**

Notes:

1) Cost of inventory recognised as an expense as at March 31, 2020 includes ₹ 1,445 lacs (March 31, 2019: ₹ 1,292 lacs) of write down in net realisable value with respect to slow moving stock as per Company's policy.

2) Refer note 24 for details on pledges and securities.

Note 11: Trade receivables

Refer note 2.17 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables from others	59,964	64,308
Trade receivables from related parties (refer note 41)	10,502	8,338
Total	**70,466**	**72,646**

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Break-up for security details		
Secured, considered good (refer foot note a)	25,840	23,549
Unsecured, considered good	44,626	49,097
Doubtful	2,121	2,020
	72,587	**74,666**
Less: Allowance for doubtful debts	(2,121)	(2,020)
Total	**70,466**	**72,646**

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
The movement in allowance for doubtful debts is as follows:		
Balance as at beginning of the year	**2,020**	**2,129**
Change in allowance for doubtful debts during the year	184	20
Trade receivables written off during the year	(83)	(129)
Balance as at end of the year	**2,121**	**2,020**

Notes:

a) These debts are secured to the extent of security deposit obtained from the dealers.

b) No trade receivables are due from directors or other officers of the company either severally or jointly with any other person nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member other than those disclosed in note 41.

Notes to Financial Statements

for the year ended March 31, 2020

Note 11: Trade receivables (Contd..)

c) For terms and conditions relating to related party receivables, refer note 41.

d) Trade receivables are non-interest bearing within the credit period which is generally 27 to 60 days.

e) Refer note 46(b) for information about credit risk of Trade receivables.

f) The Company has entered into an arrangement to sell it receivable to third parties on without recourse to the Company. The Company has derecognised trade receivables of ₹ 6,112 lacs during the year ended March 31, 2020 (₹ 4,894 lacs during the year ended March 31, 2019) from the books. The Company has transferred substantially all the risks and rewards of the asset.

g) Refer note 24 for details on pledges and securities.

Note 12: Cash and cash equivalents

Refer note 2.18 for accounting policy on cash and cash equivalents

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with Banks		
On current accounts	1,783	764
On remittance in transit	231	4,661
Cash on hand	3	1
Cash and cash equivalent as per statement of cash flow	**2,017**	**5,426**

Changes in liabilities arising from financing activities

(₹ in Lacs)

Particulars	Current borrowings	Non-current borrowings*
As at April 01, 2018	**14,364**	**49,724**
Cash flows	7,029	54,896
Foreign Exchange Impact	38	-
As at March 31, 2019	**21,431**	**1,04,620**
Cash flows	(4,959)	38,479
Foreign Exchange Impact	87	-
As at March 31, 2020	**16,559**	**1,43,099**

* Includes current maturities of non-current borrowings.

Note 13: Bank balances other than cash and cash equivalents

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balances held for unclaimed public fixed deposit and interest thereon (refer foot note a)	94	105
Balances held for unclaimed dividend accounts (refer foot note b)	548	443
Total	**642**	**548**

Notes:

a) These balances are available for use only towards settlement of matured deposits and interest on deposits. Also includes ₹ 0.20 lacs (March 31, 2019: ₹ 0.20 lacs) outstanding for a period exceeding seven years, in respect of which a Government agency has directed the Company to hold.

b) These balances are available for use only towards settlement of corresponding unpaid dividend liabilities.

Notes to Financial Statements

for the year ended March 31, 2020

Note 14: Loans

Refer note 2.17 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Current (at amortised cost)		
Unsecured, considered good		
Loans to related parties (refer note 41)	5,032	5,800
Unsecured, considered doubtful		
Loans advances and deposits	104	149
Less: Allowance for doubtful advances and deposits	(104)	(149)
Total	**5,032**	**5,800**

Note 15: Other financial assets

Refer note 2.17 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Unsecured, considered good		
At fair value through other comprehensive income		
Derivative financial instrument	495	-
At amortised cost		
Advance receivable in cash	891	354
Other receivables	48	50
Interest receivable*	90	2,595
Receivable from related parties (refer note 41)	637	420
Others	-	106
Total	**2,161**	**3,525**

*Includes interest due on Income tax refunds Nil (March 31, 2019: ₹ 2,594 lacs).

Note 16: Other current assets

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Advance receivable in kind or for value to be received	3,712	4,677
Balance with government authorities	6,496	4,732
Advance to employees	32	29
Prepaid expense	1,034	2,526
Unsecured, considered doubtful		
Advance receivable in kind or for value to be received	44	44
Less: Allowance for advance receivable in kind or for value to be received	(44)	(44)
Total	**11,274**	**11,964**

Notes to Financial Statements
for the year ended March 31, 2020

Note 17: Equity share capital

Authorised share capital	Equity shares		Preference shares		Unclassified shares	
	Numbers	₹ in Lacs	Numbers	₹ in Lacs	Numbers	₹ in Lacs
At April 01, 2018	**4,61,00,000**	**4,610**	**39,00,000**	**390**	**1,00,00,000**	**1,000**
Increase / (decrease) during the year	-	-	-	-	-	-
At March 31, 2019	**4,61,00,000**	**4,610**	**39,00,000**	**390**	**1,00,00,000**	**1,000**
Increase / (decrease) during the year	-	-	-	-	-	-
At March 31, 2020	**4,61,00,000**	**4,610**	**39,00,000**	**390**	**1,00,00,000**	**1,000**

Issued share capital

Equity shares of ₹ 10 each issued	Numbers	₹ in Lacs
At April 01, 2018 (refer foot note a)	**4,04,50,780**	**4,045**
Alloted during the year	-	-
At March 31, 2019 (refer foot note a)	**4,04,50,780**	**4,045**
Alloted during the year	-	-
At March 31, 2020 (refer foot note a)	**4,04,50,780**	**4,045**

Subscribed and Paid-up share capital

Equity shares of ₹ 10 each subscribed and fully paid	Numbers	₹ in Lacs
At April 01, 2018 (refer foot note a)	**4,04,50,092**	**4,045**
Alloted during the year	-	-
At March 31, 2019 (refer foot note a)	**4,04,50,092**	**4,045**
Alloted during the year	-	-
At March 31, 2020 (refer foot note a)	**4,04,50,092**	**4,045**

Notes:

a) Includes 688 (March 31, 2019: 688) equity shares offered on right basis and kept in abeyance.

b) Terms / 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 except interim dividend. 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, applicable in India read together with the Memorandum of Association and Articles of Association of the Company, as applicable.

Notes to Financial Statements
for the year ended March 31, 2020

c) Details of shareholders holding more than 5% shares in the company

Name of the shareholders	As at March 31, 2020		As at March 31, 2019	
	Numbers	% holding in the class	Numbers	% holding in the class
Equity shares of ₹ 10 each fully paid				
Instant Holdings Limited	1,18,20,524	29.22%	1,18,16,662	29.21%
Swallow Associates LLP	44,84,624	11.09%	44,84,624	11.09%
Amansa Holdings Pvt Limited	32,22,110	7.97%	24,09,373	5.96%
Jwalamukhi Investment Holdings	23,33,991	5.77%	29,53,366	7.30%

d) As per the records of the Company as at March 31, 2020, no calls remain unpaid by the directors and officers of the company.

e) The Company has not issued any equity shares as bonus for consideration other than cash and has not bought back any shares during the period of 5 years immediately preceeding March 31, 2020.

Note 18: Other equity

Refer Statement of Changes in Equity for detailed movement in other equity balance

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Securities premium (refer foot note a)	56,703	56,703
Capital reserve (refer foot note b)	1,177	1,177
Capital redemption reserve (refer foot note c)	390	390
Cash flow hedge reserve (refer foot note d)	514	(1,993)
Debenture redemption reserve (DRR) (refer foot note e)	-	-
General reserve (refer foot note f)	25,178	25,178
Retained earnings (refer foot note g)	2,04733	1,89,604
Total other equity	**2,88,695**	**2,71,059**

a) Securities premium

Amount received on issue of shares in excess of the par value has been classified as security share premium.

b) Capital reserve

Capital reserve includes profit on amalgamation of entities.

c) Capital redemption reserve

Capital redemption reserve represents amount transferred from the Statement of Profit and Loss on redemption of preference shares during the financial year 1998-99.

d) Cash flow hedge reserve

It represents mark-to-market valuation of effective hedges as required by Ind AS 109.

e) Debenture redemption reserve

Debenture redemption reserve 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.

During the year ended March 31, 2019, the Company has prepaid its non-convertible debentures amounting to ₹ 20,000 lacs on July 31, 2018 and accordingly, the balance of debenture redemption reserve has been transferred to general reserves.

Notes to Financial Statements
for the year ended March 31, 2020

f) General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriations purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to the Statement of Profit and Loss.

g) Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to reserves, dividends or other distributions paid to shareholders.

Note 19: Distribution made and proposed

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash dividends on equity shares declared and paid		
Final dividend for the year ended on March 31, 2019: ₹ 12 per share (March 31, 2019: ₹ 11.50 per share for the year ended on March 31, 2018)	4,854	4,652
Dividend Distribution Tax on final dividend	791	829
Interim dividend for the year ended on March 31, 2020: ₹ 12 per share (March 31, 2019: Nil)	4,854	-
Dividend Distribution Tax on interim dividend	996	-
Total	**11,495**	**5,481**

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Proposed dividends on equity shares		
Proposed dividend for the year ended on March 31, 2020: Nil (March 31, 2019: ₹ 12 per share)	-	4,854
Dividend distribution tax on proposed dividend	-	998
Total	**-**	**5,852**

Proposed dividends on equity shares which are subject to approval at the Annual General Meeting are not recognised as a liability (including Dividend Distribution Tax thereon) in the year in which it is proposed.

During the year ended March 31, 2020, the Company has paid dividend to its' shareholders. This has resulted in payment of Dividend Distribution Tax to the taxation authority which the Company believes represents additional payment on behalf of the shareholders and hence charged to equity.

Notes to Financial Statements
for the year ended March 31, 2020

Note 20: Borrowings

(At amortised cost)

Refer note 2.17 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	Non-current		Current maturities	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Interest bearing loans and borrowings				
I. Secured				
i) Term loans				
a) Indian rupee loan from banks*				
Citibank N.A. (refer foot note 1)	21,500	21,500	-	-
Citicorp Finance (India) Limited (refer foot note 2)	8,500	8,500	-	-
HDFC Bank (refer foot note 3)	18,333	17,299	1,667	-
Kotak Mahindra Bank (refer foot note 4)	29,974	29,971	-	-
Bank of Baroda (refer foot note 5)	32,618	19,826	-	-
State Bank of India (refer foot note 6)	27,229	-	-	-
b) Buyer's Credit (Refer foot note 7)	-	619	685	4,143
II. Unsecured				
i) Public deposits (refer foot note 8)	0	0	-	-
ii) Deferred sales tax (refer foot note 9)	2,045	2,557	548	205
	1,40,199	1,00,272	2,900	4,348
Less: amount classified under other financial liabilities (refer note 26)	-	-	(2,900)	(4,348)
Total	**1,40,199**	**1,00,272**	**-**	**-**

* Indian rupee loan from banks carries floating interest rate ranging from 5.96% p.a. to 8.90% p.a.

Notes:

1) Term loan from Citibank N.A. ₹ 21,500 lacs as on March 31, 2020 (March 31, 2019: ₹ 21,500 lacs) is secured by first pari passu charge over the immovable fixed assets and movable fixed assets (excluding current assets) situated at Halol. It is payable as under :

Year	Repayment Schedule (In %)	Schedule of Payment
2021 - 22	20.00%	To be repaid in 3 annual instalments at the end of 3rd, 4th and 5th year
2022 - 23	30.00%	
2023 - 24	50.00%	

2) Term loan from Citicorp Finance India Limited ₹ 8,500 lacs as on March 31, 2020 (March 31, 2019: ₹ 8,500 lacs) is secured by first pari passu charge over the immovable fixed assets and movable fixed assets (excluding current assets) situated at Halol. It is payable as under :

Year	Repayment Schedule (In %)	Schedule of Payment
2021 - 22	20.00%	To be repaid in 3 annual instalments at the end of 3rd, 4th and 5th year
2022 - 23	30.00%	
2023 - 24	50.00%	

3) Term loan from HDFC Bank ₹ 20,000 lacs as on March 31, 2020 (March 31, 2019: ₹ 17,300 lacs) is secured by first pari passu charge over the immovable fixed assets and movable fixed assets (excluding current assets) situated at Halol. It is payable in 12 equal quarterly instalments after 2 years of moratorium.

Notes to Financial Statements

for the year ended March 31, 2020

4) Term loan from Kotak Mahindra Bank Limited ₹ 30,000 lacs as on March 31, 2020 (March 31, 2019: ₹ 30,000 lacs) is secured by first pari passu charge over the immovable fixed assets and movable fixed assets (excluding current assets) situated at Halol, Nashik, Nagpur & Chennai Plant. It is payable as under:

Year	Repayment Schedule (In %)	Schedule of Payment
2021 - 22	2.50%	To be repaid in 28 structured quarterly instalments commencing (March 2022) after 3 years of moratorium from first drawdown date (December 2018)
2022 - 23	10.00%	
2023 - 24	11.50%	
2024 - 25	16.00%	
2025 - 26	16.00%	
2026 - 27	16.00%	
2027 - 28	16.00%	
2028 - 29	12.00%	

5) Term loan from Bank of Baroda ₹ 32,775 lacs as on March 31, 2020 (March 31, 2019: ₹ 20,000 lacs) is secured by first pari passu charge over the immovable fixed assets and movable fixed assets (excluding current assets) situated at Halol, Nashik, Nagpur & Chennai Plant. It is payable as under:

Year	Repayment Schedule (In %)	Schedule of Payment
2022 - 23	5.00%	To be repaid in 28 structured quarterly instalments commencing (June 2022) after 3 years of moratorium from first drawdown date (March 2019)
2023 - 24	5.00%	
2024 - 25	15.00%	
2025 - 26	15.00%	
2026 - 27	20.00%	
2027 - 28	20.00%	
2028 - 29	20.00%	

6) Term loan from State Bank of India ₹ 27,582 lacs as on March 31, 2020 (March 31, 2019: Nil) is secured by first pari passu charge over the immovable fixed assets and movable fixed assets (excluding current assets) situated at Halol, Nashik, Nagpur & Chennai Plant. It is payable as under:

Year	Repayment Schedule (In %)	Schedule of Payment
2022 - 23	2.50%	To be repaid in 28 structured quarterly instalments commencing (December 2022) after 3 years of moratorium from first drawdown date (November 2019)
2023 - 24	5.00%	
2024 - 25	10.00%	
2025 - 26	15.00%	
2026 - 27	17.50%	
2027 - 28	20.00%	
2028 - 29	20.00%	
2029 - 30	10.00%	

7) Long-term buyer's credit 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 long-term buyer's credit carries interest of 12 months LIBOR plus 60 bps p.a. and 6 months LIBOR plus 70 bps p.a.

8) Public deposits ₹ 0.20 lacs (March 31, 2019 ₹ 0.20 lacs) outstanding for a period exceeding seven years, in respect of which a Government agency has directed the Company to hold.

9) Interest-free deferred sales tax is repayable in ten equal annual instalment commencing from April 26, 2011 and ending on April 30, 2025.

10) Outstanding balances, shown in foot notes above, are grossed up to the extent of unamortised transaction cost.

11) Refer note 44 for information about fair value measurement and note 46(c) for information about liquidity risk relating to borrowings.

Notes to Financial Statements

for the year ended March 31, 2020

Note 21: Other financial liabilities

Refer note 2.17 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
At fair value through other comprehensive income		
Derivative financial instrument	-	315
At amortised cost		
Payable to capital vendors (refer foot note b)	9,926	-
Deposits	146	146
Total	**10,072**	**461**

Notes:

a) Refer note 44 of information about fair value measurement and note 46(c) for information about liquidity risk relating to other financial liabilities.

b) These pertain to payable to capital vendors based on deferred payment terms.

Note 22: Provisions

Refer note 2.15 for accounting policy on Provisions

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current provisions		
Provision for sales related obligation (refer foot note a)	791	849
Provision for compensated absences (refer foot note b)	2,952	2,766
Provision for decommissioning liability (refer foot note c)	76	68
Total	**3,819**	**3,683**
Current provisions		
Provision for sales related obligation (refer foot note a)	4,609	3,499
Provision for gratuity (refer note 39b)	2,491	1,032
Provision for compensated absences (refer foot note b)	558	537
Provision for litigations (refer foot note d)	4,507	4,917
Total	**12,165**	**9,985**

Notes:

a) Provision for sales related obligation

A provision is recognised for expected sales related obligation 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 sales related obligation were based on current sales levels and current information available about returns based on the three years period for all products sold. The rate used for discounting provision for sales related obligation is 11.50%. The table below gives information about movement in provision for sales related obligation.

Movement in provision for sales related obligation	(₹ in Lacs)
As at April 01, 2018	**3,729**
Additions during the year	6,261
Utilised during the year	(5,642)
As at March 31, 2019	**4,348**
Additions during the year	7,035
Utilised during the year	(5,983)
As at March 31, 2020	**5,400**

Notes to Financial Statements

for the year ended March 31, 2020

b) Compensated absences

Employee leaves are encashed as per the Company's leave encashment policy. A provision has been recognised for leave encashment liability based on the actuarial valuation of leave balance of employees as at year end.

Movement in provision for compensated absences	(₹ in Lacs)
As at April 01, 2018	**2,746**
Additions during the year	1,020
Utilised during the year	(463)
As at March 31, 2019	**3,303**
Additions during the year	709
Utilised during the year	(502)
As at March 31, 2020	**3,510**

c) Provision for decommissioning liability

The Company has recognised a provision for decommissioning obligations associated with a land taken on lease at Nashik manufacturing facility for the production of tyres. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of those costs. The Company estimates that the costs would be realised in year 2066 at the expiration of the lease and calculates the provision using the Discounted Cash Flow (DCF) method based on the following assumptions:

- Estimated range of cost per square meter: ₹ 45 – ₹ 50

- Discount rate: 11.50%

Movement in provision for decommissioning liability	(₹ in Lacs)
As at April 01, 2018	**61**
Additions during the year	7
As at March 31, 2019	**68**
Additions during the year	8
As at March 31, 2020	**76**

d) Provision for litigations

Movement in provision for litigations	(₹ in Lacs)
As at April 01, 2018	**1,858**
Additions during the year	3,106
Utilised during the year	(47)
As at March 31, 2019	**4,917**
Additions during the year	28
Utilised during the year	(438)
As at March 31, 2020	**4,507**

Notes to Financial Statements

for the year ended March 31, 2020

Note 23: Income taxes and deferred taxes

Refer note 2.7 for accounting policy on Taxes

Balance Sheet

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current tax assets (net)		
Advance payment of tax (net of provision)	1,724	5,733
Current tax liabilities (net)		
Provision for income tax (net of advance tax)	1,457	4,377
Deferred tax liability (net)	26,111	20,771

Statement of Profit and Loss

(₹ in Lacs)

Particulars	2019-20	2018-19
Tax expense		
Current tax	7,401	9,009
Deferred tax	(624)	3,077
Income tax expense recognised in the Statement of Profit and Loss (refer foot note b)	**6,777**	**12,086**

Other Comprehensive Income (OCI) section

Deferred tax related to items recognised in OCI during the year

(₹ in Lacs)

Particulars	2019-20	2018-19
Income tax effect on actuarial losses for gratuity	243	279
Income tax effect on movement in cash flow hedges	(1,347)	1,323
Income tax (expense) / income charged to OCI	**(1,104)**	**1,602**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2020 and March 31, 2019:

(₹ in Lacs)

Particulars	2019-20	2018-19
Accounting profit before tax from continuing operations	**33,853**	**40,977**
Income tax rate of 34.94% (March 31, 2019: 34.94%)	11,830	14,317
Additional deduction on Research and Development (R&D) expense	(1,523)	(1,281)
Income tax at special rates	(179)	(128)
Income tax refund for earlier years (net of provision for tax of earlier years)	(3,604)	(1,505)
Others	(86)	285
Non-deductible expenses for tax purposes		
Depreciation on revaluation	142	183
Corporate Social Responsibility (CSR) expenses	160	184
Other non-deductible expenses	37	31
At the effective income tax rate of 20.02% (March 31, 2019: 29.49%)	**6,777**	**12,086**

Notes to Financial Statements

for the year ended March 31, 2020

Deferred tax

Deferred tax relates to the following

(₹ in Lacs)

Particulars	Balance Sheet		Statement of Profit and Loss	
	As at March 31, 2020	As at March 31, 2019	2019-20	2018-19
Accelerated depreciation for tax purposes	(44,042)	(34,919)	9,123	4,168
MAT credit entitlement	8,037	5,764	(7,133)	-
Voluntary retirement scheme	1,639	1,637	(2)	(33)
Allowance for doubtful debts / advances	1,673	2,021	348	(1,081)
Others	6,582	4,726	(2,960)	23
Deferred tax expense / (income)			**(624)**	**3,077**
Net deferred tax asset / (liability)	**(26,111)**	**(20,771)**		

Reflected in the Balance Sheet as follows

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax asset	17,931	14,148
Deferred tax liability	(44,042)	(34,919)
Deferred tax liability (net)	**(26,111)**	**(20,771)**

Reconciliation of deferred tax liability (net)

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance as at April 01	**(20,771)**	**(17,815)**
Tax expense / (income) recognised in the Statement of Profit and Loss	624	(3,077)
Tax (expense) / income recognised in Other Comprehensive Income	(1,104)	1,602
MAT credit utilisation	(4,860)	(1,481)
Closing balance as at March 31	**(26,111)**	**(20,771)**

Notes:

a) The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and liabilities as well as the deferred tax assets and liabilities related to income taxes levied by the same taxation authority.

b) Pursuant to the Taxation Laws (Amendment) Act, 2019, corporate assesses have been given the option under section 115BBA of the Income Tax Act, 1961 to apply lower income tax rate with effect from April 01, 2019, subject to certain conditions specified therein. The Company had assessed the impact of the Ordinance and believes that it will continue to remain in the existing tax structure for the foreseeable future based on its forecasted profits. Accordingly, no effect in this regard has been considered in measurement of tax expense for the year ended March 31, 2020. Management, however, will continue to review its profitability forecast at regular intervals and make necessary adjustments to tax expense when there is reasonable certainty to avail the beneficial (lower) rate of tax.

c) Based on approved plans and budgets, the Company has estimated that the future taxable income will be sufficient to absorb MAT credit entitlement , which management believes is probable. Accordingly, the Company has recognised MAT credit as an asset.

Notes to Financial Statements

for the year ended March 31, 2020

Note 24: Borrowings

Refer note 2.17 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Secured		
Cash credit facilities from banks (repayable on demand) (refer foot note a)	172	1,379
Export packing credit from banks (refer foot note a)	1,514	-
Term loans from banks (refer foot note a)	-	200
Unsecured		
Commercial paper (refer foot note b)	14,873	19,852
Total	**16,559**	**21,431**

Notes:

a) Cash credit facilities and working capital demand loan from banks is part of working capital facilities availed from consortium of banks 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 Nashik and Halol plants. All short-term borrowings availed in Indian rupees during the current year carry interest in the range of 7.75% p.a. to 10.90% p.a. (March 31, 2019: 7.80% p.a. to 12.30% p.a.) and all short-term borrowing availed in foreign currency during the year carry interest at 1 month Libor Plus 110 bps. (LIBOR is set corresponding to the period of the loan).

b) The Company had issued commercial papers (total available limit ₹ 35,000 lacs) at regular intervals for working capital purposes with interest ranging from 5.45% p.a. to 8.00% p.a. The commercial papers outstanding as on March 31, 2020 are listed on the National Stock Exchange.

c) Refer note 46(c) for information about liquidity risk relating to borrowings.

Note 25: Trade payables

Refer note 2.17 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Dues to micro and small enterprises (refer foot note a)		
Overdue	171	-
Not due	1,585	547
Other trade payables	1,14,553	1,00,905
Trade payables to related parties (refer note 41)	828	1,941
Total	**1,17,137**	**1,03,393**

Notes to Financial Statements

for the year ended March 31, 2020

Notes:

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

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
i) The principal amount remaining unpaid to any supplier as at the end of each accounting year	1,755	547
ii) Interest due thereon remaining unpaid to any supplier as at the end of accounting year	1	-
iii) 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	-	-
iv) The amount of interest due and payable for the year	1	-
v) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under section 23 of the Act.	-	-

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

b) Trade payables are non interest bearing and normally settled on 30 to 180 days.

c) Refer note 46(c) for information about liquidity risk relating to trade payables.

Note 26: Other financial liabilities

Refer note 2.17 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
At fair value through other comprehensive income		
Derivative financial instrument	-	3,136
At amortised cost		
Current maturities of long-term borrowings (refer note 20)	2,900	4,348
Interest accrued but not due on borrowings	739	538
Unpaid dividends	548	443
Unpaid matured deposits and interest accrued thereon (refer foot note a)	91	101
Payable to capital vendors	19,066	17,383
Deposits from dealers and others	33,800	32,150
Others	147	0
Total	**57,291**	**58,099**

Notes:

a) Refer foot note a) below note 13: Bank balances other than cash and cash equivalents.

b) Refer note 44 for information about fair value measurement and note 46(c) for information about liquidity risk relating to other financial liabilities.

Note 27: Other current liabilities

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues	5,092	7,369
Advance received from customers*	1,259	1,241
Total	**6,351**	**8,610**

* Represents contract liabilities

Notes to Financial Statements

for the year ended March 31, 2020

Note 28: Revenue from operations

Refer note 2.4 for accounting policy on revenue recognition and 2.6 for government grant, subsidies and export incentives

Set out below is the disaggregation of the Company's revenue from contracts with customers:

(₹ in Lacs)

Particulars	2019-20	2018-19
Revenue recognised at the point of time		
Automotive tyres	5,81,122	6,10,967
Tubes and others	65,910	64,826
Sale of scrap	3,262	2,909
Other revenues	1,125	863
Revenue recognised over the period of time		
Royalty income (refer note 41)	438	441
Total revenue from contracts with customers	**6,51,857**	**6,80,006**
Other operating income		
Government grants (refer foot note d)	6,254	3,124
Revenue from operations	**6,58,111**	**6,83,130**

Notes:

a) Revenue disaggregation basis geography has been included in segment information (refer note 42).

b) Contract assets and liabilities

The Company has recognised the following revenue-related contract assets and liabilities:

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables (refer note 11)	70,466	72,646
Contract liabilities (refer note 27)	1,259	1,241

The Company receives payment from customers based on a billing schedule, as established in the contracts with customers. Trade receivable are recognised when the right to consideration becomes unconditional. Contract liability relates to payments received in advance of performance under the contract. Contract liabilities are recognised as revenue as (or when) the Company perform under the contract.

c) Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price:

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Revenue as per contracted price	6,72,132	6,99,565
Reductions towards variable consideration components*	(20,275)	(19,559)
Revenue from contracts with customers	**6,51,857**	**6,80,006**

* The reduction towards variable consideration comprises of discounts, indexations etc.

d) Government Grant:

i) The Company has recognised a government grant as income on account of Export Incentive under Merchandise Exports from India Scheme (MEIS) from Directorate General of Foreign Trade, Government of India.

ii) Pursuant to the memorandum of understanding executed with the Government of Maharashtra, the Company is entitled for industrial promotion subsidy. During the year, the Company has recognised subsidy income of ₹ 4,026 lacs (March 31, 2019: Nil).

Notes to Financial Statements
for the year ended March 31, 2020

Note 29: Other Income

Refer note 2.4 for accounting policy on revenue recognition

(₹ in Lacs)

Particulars	2019-20	2018-19
Interest income on		
Bank deposits	14	16
Other interest income	984	3,189
Dividend income from subsidiaries (refer note 41)	1,036	732
Other non-operating income	1,668	1,510
Gain on disposal of investments (net)	4	83
Gain on disposal of property, plant and equipment / asset held for sale (net)	428	-
Total	**4,134**	**5,530**

Note 30: Cost of material consumed

(₹ in Lacs)

Particulars	2019-20	2018-19
Raw Material		
Opening stock	37,287	35,876
Add: Purchases	3,76,022	4,28,775
	4,13,309	**4,64,651**
Less: Closing stock*	(31,712)	(37,287)
Total	**3,81,597**	**4,27,364**

*The closing stock is gross off provision towards unusable raw materials aggregating ₹ 200 lacs. Refer note 36 for further details.

Details of raw materials consumed

(₹ in Lacs)

Particulars	2019-20	2018-19
Rubber	1,83,860	2,03,292
Fabrics	52,364	66,000
Carbon black	58,459	63,716
Chemicals	44,579	52,504
Others	42,335	41,852
Total	**3,81,597**	**4,27,364**

Details of closing inventories

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Rubber	19,549	23,728
Fabrics	3,077	4,485
Carbon black	2,281	2,946
Chemicals	2,444	3,345
Others	4,361	2,783
Total [refer note 10(a)]	**31,712**	**37,287**

Notes to Financial Statements
for the year ended March 31, 2020

Note 31: Changes in inventories of finished goods, work-in-progress and stock-in-trade

(₹ in Lacs)

Particulars	2019-20	2018-19
Opening Stock		
Work-in-progress	3,273	2,933
Finished goods	51,751	32,215
Stock-in-trade	829	1,280
	55,853	**36,428**
Closing Stock		
Work-in-progress*	4,445	3,273
Finished goods	49,559	51,751
Stock in trade	391	829
	54,395	**55,853**
Total change in inventories	**1,458**	**(19,425)**

*The closing work-in-progress is gross off provision towards unusable semi finished inventory aggregating ₹ 1,127 lacs. Refer note 36 for further details.

Note 32: Employee benefit expense

Refer note 2.16 for accounting policy on employee benefits

(₹ in Lacs)

Particulars	2019-20	2018-19
Salaries, wages and bonus	41,852	41,009
Contribution to provident and other funds	2,214	1,899
Gratuity expenses (refer note 39)	691	631
Staff welfare expenses	5,297	5,656
Total	**50,054**	**49,195**

Note 33: Finance costs

Refer note 2.11 for accounting policy on Borrowing costs and 2.12 for accounting policy on leases

(₹ in Lacs)

Particulars	2019-20	2018-19
Interest on debts and borrowings [refer note 3(6)]	10,389	5,613
Other finance charges	351	408
Interest on lease liabilities [refer note 4(b)]	1,050	-
Total interest expense	**11,790**	**6,020**
Unwinding of decommissioning liability	8	7
Unwinding of discount on provision of sales related obligation	498	424
Total	**12,296**	**6,451**

Note 34: Depreciation and amortisation expenses

Refer notes 2.9 for accounting policy on Property, plant and equipment, 2.10 for accounting policy on Intangible assets and 2.12 for accounting policy on leases

(₹ in Lacs)

Particulars	2019-20	2018-19
Depreciation of property, plant and equipment (refer note 3)	19,727	16,171
Amortisation of intangible assets (refer note 5)	1,885	1,259
Depreciation of right-of-use assets [refer note 4(a)]	3,928	-
Total	**25,540**	**17,430**

Notes to Financial Statements

for the year ended March 31, 2020

Note 35: Other expenses

(₹ in Lacs)

Particulars	2019-20	2018-19
Conversion charges	30,265	40,315
Stores and spares consumed	5,907	5,602
Provision for obsolescence of stores and spares	100	74
Power and fuel	20,734	21,286
Freight and delivery charges	32,960	32,415
Short-term and low value lease rent	1,048	821
Rates and taxes	272	177
Insurance	1,036	418
Repairs and maintenance:		
Machinery	6,463	5,603
Buildings	557	598
Others	25	50
Travelling and conveyance	3,480	3,489
Printing and stationery	227	225
Directors' sitting fees (refer note 41)	49	53
Payment to auditors (refer foot note 1)	92	89
Cost audit fees	4	3
Advertisement and sales promotion expenses	16,096	16,892
Commission on sales	265	76
Communication expenses	1,181	653
Bad debts and advances written off	272	135
Allowance for bad debts written back	(268)	(129)
	4	6
Allowance for doubtful debts and advances	174	197
Loss on disposal of property, plant and equipment (net)	-	480
Legal charges	332	167
Foreign exchange fluctuations (net)	395	338
Professional and consultancy charges	5,661	3,160
Commission to directors (refer note 41)	93	438
Training and conference expenses	1,132	1,271
Corporate Social Responsibility (CSR) expenses (refer foot note 2)	913	1,051
Bank charges	227	320
Sales related obligations	7,035	6,261
Miscellaneous expenses (refer foot note 3)	15,625	13,623
Total	**1,52,352**	**1,56,151**

Notes:

1) Payment to auditors*

(₹ in Lacs)

Particulars	2019-20	2018-19
As auditor		
Audit fee	54	54
Limited review	21	21
In other capacity		
Other services (including certification fees)	12	10
Reimbursement of expenses	5	4
Total	**92**	**89**

* Exclusive of Goods and Services Tax (GST)

Notes to Financial Statements

for the year ended March 31, 2020

2) Details of Corporate Social Responsibility (CSR) expenses

(₹ in Lacs)

Particulars	2019-20	2018-19
a) Gross amount required to be spent during the year	913	1,051

(₹ in Lacs)

Particulars	In cash	Yet to be paid in cash	Total
b) Amount spent during the year ended on March 31, 2020*			
i) Construction / acquisition of any asset	-	-	-
ii) On purposes other than (i) above	913	-	913
Total	**913**	**-**	**913**

(₹ in Lacs)

Particulars	In cash	Yet to be paid in cash	Total
c) Amount spent during the year ended on March 31, 2019*			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	1,051	-	1,051
Total	**1,051**	**-**	**1,051**

* The company does not carry any CSR expense provisions for current and previous year.

3) The Company made contributions through electoral bonds of ₹ 800 lacs for the year ended March 31, 2020 (year ended March 31, 2019: Nil) which is included in Miscellaneous expenses.

Note 36: Exceptional items

(₹ in Lacs)

Particulars	2019-20	2018-19
Voluntary retirement scheme (VRS) (refer foot note a)	1,390	1,195
Workmen's separation expense (refer foot note b)	-	229
Provision for indirect tax matters (refer foot note c)	-	3,000
Expenses / losses attributable to COVID-19 (refer foot note d)	1,585	-
Total	**2,975**	**4,424**

Notes:

a) The Company had introduced VRS for employees across the Company. During the year, 60 employees (March 31, 2019, 56 employees) opted for the VRS.

b) During the previous year, the Company has paid compensation in respect of workmen's separation.

c) During the previous year, provision for differential amount of GST attributable to the composite supply of Tyres and Tubes for the period from November 15, 2017 to January 11, 2019, aggregating to ₹ 3,000 lacs and in respect of which the Company is evaluating further legal options.

d) As explained in note 50, the COVID-19 pandemic had a significant impact on the Company operations. The Company has made provision for unusable semi finished inventory and raw materials, aggregating ₹ 1,327 lacs due to abrupt stoppage of production facilities. Further, borrowing costs not capitalised due to temporary suspension related to ongoing capital projects, contract manpower cost and export detention (for the period attributable to the COVID-19) aggregate ₹ 258 lacs.

Notes to Financial Statements

for the year ended March 31, 2020

Note 37: Research and development costs

(₹ in Lacs)

Particulars	2019-20	2018-19
Capital expenditure	4,644	2,917
Revenue expenditure	6,783	6,159
Total	**11,427**	**9,076**

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.

Note 38: Earnings per share ('EPS')

Refer note 2.21 for accounting policy on Earnings per share

Basic EPS amounts are calculated by dividing profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the profit and shares data used in the basic and diluted EPS computations:

(₹ in Lacs)

Particulars	2019-20	2018-19
Profit after tax for calculation of basic and diluted EPS	27,076	28,891
Weighted average number of equity shares (face value per share ₹ 10) in calculating basic EPS and diluted EPS	4,04,50,092	4,04,50,092
Basic EPS (of face value of ₹ 10 each)	66.94	71.42
Diluted EPS (of face value of ₹ 10 each)	66.94	71.42

Note 39: Post-retirements benefit plan

Refer note 2.16 for accounting policy on employee benefits

a) Defined contribution plan

The Company has recognised and included in note no. 32 "Contribution to Provident and other funds" expenses towards the defined contribution plan as under:

(₹ in Lacs)

Particulars	2019-20	2018-19
Contribution to Provident fund (Government)	1,968	1,686

b) Defined benefit plan - Gratuity

Description of plan

The Company has a defined benefit gratuity plan which is funded with an Insurance Company in the form of a qualifying Insurance policy. The Company's defined benefit gratuity plan is a salary plan for employees which requires contributions to be made to a separate administrative fund. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, every employee who has completed five years of service gets a gratuity on separation at 15 days of last drawn salary for each completed year of service.

Governance

The fund has the form of a trust and it is governed by the Board of Trustees, which consists of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy. Each year, the Board of Trustees reviews the level of funding.

Notes to Financial Statements

for the year ended March 31, 2020

Investment Strategy

The Board of trustees have appointed LIC of India, Birla Sun Life Insurance, India First Life Insurance & HDFC Life Insurance to manage its funds. The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise. Every year, the insurance Company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company. In case of death, while in service, the gratuity is payable irrespective of vesting.

The following set out the amounts recognised in the Company's financial statements as at March 31, 2020 and March 31, 2019.

Balance Sheet

i) Net Assets / (Liability) as at year end

(₹ in Lacs)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1.	Closing present value of the defined benefit obligation	11,700	10,281
2.	Closing fair value of plan assets	9,209	9,249
	Net (Liability) / Assets recognised in the Balance Sheet	**(2,491)**	**(1,032)**

ii) Change in present value of the defined benefit obligation

(₹ in Lacs)

Sr. No.	Particulars	2019-20	2018-19
1.	Opening present value of defined benefit obligation	10,281	9,301
2.	Current service cost	697	631
3.	Interest cost	772	698
4.	Benefits paid	(845)	(1058)
5.	Remeasurement (gain) / loss in other comprehensive income		
	- Change in demographic Assumptions	83	-
	- Actuarial changes arising from changes in financial assumption	608	-
	- Experience adjustments	104	709
6.	Adjustment in the Opening Liability	-	-
	Closing present value of defined benefit obligation	**11,700**	**10,281**

iii) Changes in fair value of plan assets

(₹ in Lacs)

Sr. No.	Particulars	2019-20	2018-19
1.	Opening fair value of plan assets	9,249	9,667
2.	Expected return on plan assets	695	724
3.	Contributions made	10	5
4.	Benefits paid	(845)	(1,058)
5.	Return on plan assets, excluding amount recognised in net interest expense	100	(89)
	Closing fair value of plan assets	**9,209**	**9,249**

The Company's gratuity funds are invested through insurers.

Notes to Financial Statements

for the year ended March 31, 2020

Statement of Profit and Loss

iv) Expenses recognised during the year

(₹ in Lacs)

Sr. No.	Particulars	2019-20	2018-19
1.	In income statement	775	603
2.	In other comprehensive income	695	798
	Total expenses recognised during the period	**1,470**	**1401**

v) Expenses recognised in the income statement

(₹ in Lacs)

Sr. No.	Particulars	2019-20	2018-19
1.	Current service cost (refer note 32)*	697	631
2.	Interest cost on benefit obligation	78	(28)
	Net benefit expense	**775**	**603**

* Includes ₹ 6 lacs capitalised during the year (previous year: Nil)

vi) Expenses recognised in other comprehensive income

(₹ in Lacs)

Sr. No.	Particulars	2019-20	2018-19
1.	Remeasurement arising from changes in demographic assumptions	83	-
2.	Remeasurement arising from changes in financial assumptions	608	-
3.	Remeasurement arising from changes in experience adjustment	104	709
4.	Return on plan assets, excluding amount recognised in net interest expense	(100)	89
	Components of defined benefit costs recognised in other comprehensive income	**695**	**798**

vii) Actual return on plan assets for the year ended

(₹ in Lacs)

Sr. No.	Particulars	2019-20	2018-19
1.	Expected return on plan assets	695	724
2.	Actuarial (loss) / gain on plan assets	100	(89)
	Actual return on plan assets	**795**	**635**

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

(₹ in Lacs)

Particulars	2019-20	2018-19
Discount Rates (per annum)	6.75%	7.50%
Salary growth rate (per annum)	7.00%	7.00%
Mortality rate (% of Indian Assured Lives Mortality (2006-08) Modified Ultimate)	100%	100%
Disability Rate (% of mortality rate)	5.00%	5.00%
Withdrawal rates, based on service year: (per annum)		
- Below 5 years	8.20%	22.70%
- Equal and above 5 years	5.67%	5.67%

Notes to Financial Statements

for the year ended March 31, 2020

The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields / rates available on applicable bonds as on the current valuation date.

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

The Company's best estimate of contribution during the next year is ₹ 3,288 lacs.

ix) Sensitivity analyses of the defined benefit obligation

The sensitivity analysis below have been determined based on reasonably possible change of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Defined Benefit Obligation (Base)	11,700	10,281

A quantitative sensitivity analysis for significant assumption as at March 31, 2020 is as shown below:

(₹ in Lacs)

Particulars	2019-20		2018-19	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	12,627	10,886	11,048	9,603
(% change compared to base due to sensitivity)	7.90%	(6.90)%	7.50%	(6.60)%
Salary Growth Rate (- / + 1%)	10,882	12,614	9,595	11,043
(% change compared to base due to sensitivity)	(7.00)%	7.80%	(6.70)%	7.40%
Attrition Rate (- / + 50% of attrition rates)	11,779	11,633	10,261	10,286
(% change compared to base due to sensitivity)	0.70%	(0.60)%	(0.20)%	0.10%
Mortality Rate (- / + 10% of mortality rates)	11,699	11,698	10,279	10,280
(% change compared to base due to sensitivity)	0.00%	0.00%	0.00%	0.00%

These plans typically expose the Company to actuarial risks such as: Investment Risk, Interest Risk, Demographic Risk and Salary Risk.

Risk	Exposure
Interest	The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).
Investment	The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.
Demographic	The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.
Salary Escalation	The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Notes to Financial Statements

for the year ended March 31, 2020

x) Weighted average duration and expected employers contribution for the next year for the defined benefit plan

The weighted average duration (based on discounted cash flows) of defined benefit obligation is 7 years.

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Within the next 12 months (next annual reporting period)	1,897	1,676
Between 2 and 5 years	4,427	4,210
Between 5 and 10 years	5,057	4,839
Beyond 10 years	10,448	9,241
Total	**21,829**	**19,966**

Note 40: Commitments and contingencies

a) Contingent liabilities

Refer note 2.23 for accounting policy on Contingent liabilities and assets (to the extent not provided for)

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
1. Direct and indirect taxation matters*		
Income tax	495	911
Excise duty / Service tax / GST	6,247	7,083
Sales tax	5,439	5,345
Bills discounted with banks	3,672	10,586
2. Claims against the Company not acknowledged as debts*		
In respect of labour matters	660	586
Customer disputes	-	446
Vendor disputes	294	294
3. Other claims*	3,208	3,199
4. Corporate Guarantee upto ₹ 32,800 lacs (previous year ₹ 22,800 lacs) to CEAT Specialty Tyres Limited as a collateral security for raising the term loans	26,967	22,800

* In respect of above matters, future cash outflows are determinable only on receipt of judgements pending at various forums / authorities.

b) Commitments

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advance payments)	64,916	1,22,572

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.

Notes to Financial Statements

for the year ended March 31, 2020

d) Material demands and disputes considered as "Remote" by the Company

1. 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 ₹ 27,672 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 July 2017. 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 01, 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.

2. The Competition Commission of India ('CCI') had, while considering the representation of the All India Tyres Dealers Federation (AITDF) made a prima facie finding 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 financial year 2011-12. 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 directed the said tyre manufacturers to file their suggestions / objections by May 05, 2016. Objections were filed as directed and the CCI had also heard the tyre manufacturers in detail.

   Aggrieved by the conduct of the investigation by the DG, one of the other tyre manufacturer filed Writ Petition in the Madras High Court, challenging the legality of the investigation conducted by the DG. The Madras High Court had initially admitted the Writ Petition and directed the CCI to not pass any Orders till the disposal of the Petition. Subsequently, the Writ Petition was dismissed on March 06, 2018. Aggrieved by the decision of the Single Judge of the Madras High Court, the above said tyre manufacturer filed Appeal before the Division Bench on March 07, 2018. On hearing the Appeal, the Division Bench on March 08, 2018 directed the CCI to keep its Orders in sealed cover till the disposal of the Appeal. The Appeal is still pending.

   Meanwhile, few other tyre manufactures having been aggrieved by the decision of the Single Judge of the Madras High Court, have filed Special Leave Petition before the Supreme Court. The Supreme Court initially admitted the Special Leave Petition. However, when the Petition came up for hearing, the Parties have withdrawn the Petition citing their willingness to approach the Division Bench of the Madras High Court. The Appeal filed before the Madras High Court continues to be pending.

   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, profit margin of each product, quality perception of each product in the market, demand and supply situation of each product category, market potential and market share targets of various product categories etc. In view of the above, Company believes that it has a strong case, hence, considered as remote.

Note 41: Related party transactions

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 (Subsidiary Company)
- Rado Tyres Limited ("Rado") (Subsidiary Company)
- CEAT Specialty Tyres Limited ("CSTL") (Subsidiary Company)
- CEAT Specialty Tires Inc. (Subsidiary of CSTL)
- CEAT Specialty Tyres B. V. (Subsidiary of CSTL)

Notes to Financial Statements

for the year ended March 31, 2020

Related parties with whom transactions have taken place during the current year and previous year

- CEAT Kelani Holdings (Pvt.) Limited ("CKHL") (Joint venture of ACHL)
- Associated CEAT (Pvt.) Limited ("ACPL") (Subsidiary of CKHL)
- Ceat-Kelani International Tyres (Pvt.) Limited ("CKITL") (Subsidiary of CKHL)
- Ceat Kelani Radials Limited ("CKRL") (Subsidiary of CKHL)
- Asian Tyres (Pvt.) Limited ("ATPL") (Subsidiary of CKITL)
- CEAT Specialty Tyres Limited ("CSTL") (Subsidiary Company)
- TYRESNMORE Online Pvt Ltd. ("TNM") (Associate Company)
- RPG Enterprises Limited ("RPGE") (Directors, KMP or their relatives are interested)
- RPG Lifesciences Limited ("RPGLS") (Directors, KMP or their relatives are interested)
- Zensar Technologies Limited ("Zensar") (Directors, KMP or their relatives are interested)
- Raychem RPG (Pvt.) Limited ("Raychem") (Directors, KMP or their relatives are interested)
- KEC International Limited ("KEC") (Directors, KMP or their relatives are interested)
- Al Sharif Group & KEC Ltd. Co ("AL sharif") (Subsidiary of KEC International Limited)
- Vinar Systems Pvt. Limited ("Vinar") (Directors, KMP or their relatives are interested) upto May 31, 2018
- 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)
- Amber Apartments LLP ("Amber") (Directors, KMP or their relatives are interested)
- Khaitan & Co. ("Khaitan") (Directors, KMP or their relatives are interested)
- CEAT AKKHAN Limited (Subsidiary Company)
- Rado Tyres Limited("Rado") (Subsidiary Company)
- Associated CEAT Holdings Company (Pvt.) Limited ("ACHL") (Subsidiary Company)
- CEAT Limited Superannuation Scheme ("Superannuation Scheme")(Post employment benefit fund)
- CEAT Limited Employees Gratuity Fund ("Gratuity trust")(Post employment benefit fund)
- Artemis ventures Limited ("Artemis") (Directors, KMP or their relatives are interested)
- Key Management Personnel (KMP):
  - i) Mr. Harsh Vardhan Goenka, Chairman
  - ii) Mr. Anant Vardhan Goenka, Managing Director
  - iii) Mr. Arnab Banerjee, Whole-time Director
  - iv) Mr Kumar Subbiah, Chief Financial Officer
  - v) Ms. Shruti Joshi, Company Secretary upto June 11, 2018
  - vi) Ms. Vallari Gupte, Company Secretary w.e.f. October 25, 2018
  - vii) Mr. Paras K. Chowdhary, Independent Director
  - viii) Mr. Vinay Bansal, Independent Director
  - ix) Mr. Hari L Mundra, Non-Executive - Non Independent Director up to January 29, 2019
  - x) Mr. Atul Choksey, Independent Director
  - xi) Mr. Mahesh Gupta, Independent Director
  - xii) Mr. Haigreve Khaitan, Independent Director
  - xiii) Ms. Punita Lal, Independent Director
  - xiv) Mr. S. Doreswamy, Independent Director up to March 12, 2019

Notes to Financial Statements

for the year ended March 31, 2020

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

(₹ in Lacs)

Transactions	Related Party	2019-20	2018-19
Reimbursement / (recovery) of expenses (net)	ACPL	(142)	(28)
	AL sharif	14	-
	CKITL	(18)	(28)
	Raychem	(15)	(2)
	Rado	(2)	(2)
	KEC	(69)	(56)
	Amber	-	2
	Zensar	5	9
	RPGE	331	129
	CSTL	(20)	(42)
	RPGLS	(21)	(20)
	Total	**63**	**(38)**
Dividend income	ACHL	1,036	732
Royalty income	ACPL	108	84
	CKITL	129	137
	ATPL	96	82
	CKRL	105	138
	Total	**438**	**441**
Purchase of Traded goods	ACPL	1,338	4,064
	CKITL	16	767
	CSTL	316	276
	Total	**1,670**	**5,107**
Purchase of MEIS License	CSTL	296	116
Sales	CKITL	1,244	551
	TNM	713	403
	ACPL	14	45
	KEC	-	1
	CEAT AKKHAN Limited	6,970	5,482
	CSTL	20,312	23,398
	Total	**29,253**	**29,880**
Loan given	CSTL	7,718	19,630
Repayment of loan given	CSTL	8,486	18,730
Interest income on loan	CSTL	367	405
Investments (including share application money) made during the year	TNM	299	300
	CSTL	-	3,000
	Total	**299**	**3,300**
Technical development fees received	ATPL	-	65
Rent paid on residential premises / guest house, etc.	Allwin	3	16
	KEC	2	1
	Amber	4	16
	Atlantus	17	19
	Chattarpati	42	45
	B N Elias	22	21
	Total	**90**	**118**
Building maintenance recovery	Raychem	95	95
	KEC	520	496
	CSTL	33	29
	RPGE	122	96
	RPGLS	117	103
	Total	**887**	**819**

Notes to Financial Statements

for the year ended March 31, 2020

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

(₹ in Lacs)

Transactions	Related Party	2019-20	2018-19
Rent recovery on residential premises	KEC	15	25
	Raychem	14	13
	RPGE	7	8
	Total	**36**	**46**
Contribution to Post-Employment Benefit Plans	Gratuity trust	10	5
	Superannuation Scheme	101	97
	Total	**111**	**102**
Receipt from Post-Employment Benefit Plans	Gratuity trust	845	1,058
	Superannuation Scheme	14	25
	Total	**859**	**1,083**
Purchase of capex / spares	Raychem	-	110
	KEC	4,413	4,972
	Vinar	-	2
	Zensar	-	130
	Total	**4,413**	**5,214**
Consultancy fees	Artemis	35	48
Legal fees	Khaitan	21	45
License fees	RPGE	1,167	662
Facility agreement recovery	CSTL	1,883	2,071
Corporate guarantee commission	CSTL	199	181

c) Balance outstanding at the year end

(₹ in Lacs)

Amount due to / from related party	Related Party	As at March 31, 2020	As at March 31, 2019
Advances recoverable in cash or kind and other balances	ACPL	128	11
	CEAT AKKHAN Limited	209	209
	CKITL	7	27
	KEC	25	15
	CSTL	866	163
	Rado	1	-
	RPGE	6	-
	Khaitan	3	-
	Raychem	27	-
	RPGLS	7	1
	Total	**1,279**	**426**
Royalty receivable	ACPL	54	43
	CKITL	64	60
	CKRL	59	66
	ATPL	52	35
	Total	**229**	**204**
Trade payables	ACPL	225	780
	Atlantus	3	-
	Raychem	-	116
	Rado	-	1
	CEAT AKKHAN Limited	114	62
	CKITL	-	132
	Zensar	18	18
	RPGE	-	1
	CSTL	375	393
	Total	**735**	**1,503**

Notes to Financial Statements

for the year ended March 31, 2020

c) Balance outstanding at the year end (Contd..)

(₹ in Lacs)

Amount due to / from related party	Related Party	As at March 31, 2020	As at March 31, 2019
Trade receivables	CKITL	414	231
	CEAT AKKHAN Limited	117	596
	CSTL	9,894	7,418
	ACPL	-	26
	RPGE	-	2
	CKRL	-	0
	TNM	77	65
	Total	**10,502**	**8,338**
Loans given	CSTL	5,032	5,800
Capital advance net of capital creditors	KEC	241	1,643

d) Transactions with key management personnel and their relatives

(₹ in Lacs)

Sr. No.	Related party	2019-20	2018-19
1)	Mr. Harsh Vardhan Goenka		
	Commission*	375	373
	Director sitting fees	6	5
	Dividend	16	15
	Total	**397**	**393**
2)	Mr. Anant Vardhan Goenka		
	Salaries	428	313
	Allowances and perquisites	42	34
	Performance bonus*	48	96
	Contribution to provident & superannuation fund	41	30
	Dividend	2	2
	Leave encashment	-	0
	Total	**561**	**475**
3)	Mr. Arnab Banerjee		
	Salaries	248	212
	Allowances and perquisites	0	0
	Performance bonus*	29	67
	Contribution to provident & superannuation fund	18	12
	Leave encashment	-	0
	Dividend	0	0
	Total	**295**	**291**
4)	Mr. Kumar Subbiah		
	Salaries	167	150
	Allowances and perquisites	1	0
	Performance bonus*	23	46
	Contribution to provident & superannuation fund	6	5
	Leave encashment	-	0
	Dividend	0	0
	Total	**197**	**201**
5)	Ms. Vallari Gupte		
	Salaries	44	26
	Performance bonus*	3	-
	Contribution to provident & superannuation fund	3	2
	Leave Encashment	-	-
	Total	**50**	**28**

Notes to Financial Statements

for the year ended March 31, 2020

d) Transactions with key management personnel and their relatives (Contd..)

(₹ in Lacs)

Sr. No.	Related party	2019-20	2018-19
6)	Ms. Shruti Joshi		
	Salaries	-	7
	Performance bonus*	-	8
	Contribution to provident & superannuation fund	-	6
	Leave Encashment	-	1
	Total	**-**	**22**
7)	Mr. Paras K. Chowdhary		
	Commission*	8	6
	Director sitting fees	10	6
	Dividend	0	0
	Total	**18**	**12**
8)	Mr. Hari L. Mundra		
	Commission*	7	6
	Director sitting fees	-	5
	Total	**7**	**11**
9)	Mr. Vinay Bansal		
	Commission*	8	6
	Director sitting fees	10	8
	Total	**18**	**14**
10)	Mr. Atul C. Choksey		
	Commission*	8	6
	Director sitting fees	5	4
	Total	**13**	**10**
11)	Mr. Mahesh S. Gupta		
	Commission*	8	6
	Director sitting fees	10	8
	Total	**18**	**14**
12)	Mr. Haigreve Khaitan		
	Commission*	8	6
	Director sitting fees	5	4
	Total	**13**	**10**
13)	Ms. Punita Lal		
	Commission*	8	6
	Director sitting fees	3	5
	Total	**11**	**11**
14)	Mr. S. Doreswamy		
	Commission*	8	6
	Director sitting fees	-	8
	Total	**8**	**14**
	Grand Total	**1,606**	**1,506**

* Represents amount paid during the year.

Notes to Financial Statements

for the year ended March 31, 2020

e) Balance outstanding at the year end for KMP

(₹ in Lacs)

Amount due to related party	Related party	As at March 31, 2020	As at March 31, 2019
Commission Payable	Mr. Harsh Vardhan Goenka	45	375
	Mr. Paras K. Chowdhary	8	8
	Mr. Hari L. Mundra	-	7
	Mr. Vinay Bansal	8	8
	Mr. Atul C. Choksey	8	8
	Mr. Mahesh S. Gupta	8	8
	Mr. Haigreve Khaitan	8	8
	Ms. Punita Lal	8	8
	Mr. S. Doreswamy	-	8
	Total	**93**	**438**

Terms and conditions of transactions with related parties

The sales to and purchases and others from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

The remuneration to the key managerial personnel does not include the provisions made for gratuity as it is determined on an actuarial basis for the Company as a whole.

Managerial remuneration is computed as per the provisions of section 198 of the Companies Act, 2013. The amount outstanding are unsecured and will be settled in cash.

Loan and guarantee to subsidiary

Following are the details of loans and guarantee given to subsidiary 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.

i. The loan granted to CEAT Specialty Tyres Limited ('CSTL') is intended to finance their working capital requirements. The loan has been granted via two facilities i.e. Revolving Credit Facility and Short Term Bridge Finance. Both loans are unsecured. Loan given during the year was ₹ 7,718 lacs (March 31, 2019: ₹ 19,630 lacs). Loan repaid during the year ₹ 8,486 lacs (March 31, 2019: ₹ 18,730 lacs). The loan has been utilised for the purpose for which it was granted. Terms of both the facilities are as follows:

(₹ in Lacs)

Facility	Terms of repayment	Outstanding as on March 31, 2020	Interest rate
Short term bridge finance	Outstanding loan to be repaid at the end of 1 year from the first date of drawal	3,400	April 01, 2019 to March 11, 2020 – 10.40% p.a. March 12, 2020 to March 31, 2020 - 8.20%p.a
Revolving credit facility	On demand	1,632	April 01, 2019 to March 11, 2020 – 8.80% p.a. March 12, 2020 to March 31, 2020 - 8.20%p.a

ii. Maximum outstanding during the year as loan to CSTL was ₹ 6,600 lacs (March 31, 2019: ₹ 5,900 lacs).

iii. CEAT has given a corporate guarantee up to ₹ 32,800 lacs to CSTL as collateral security for raising the term loans. The outstanding guarantee as on March 31, 2020 is ₹ 26,967 lacs (March 31, 2019: ₹ 22,800 lacs).

Notes to Financial Statements

for the year ended March 31, 2020

Capital commitments with related parties

The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance payments) pertaining to the related parties are as follows:

(₹ in Lacs)

Related Party	As at March 31, 2020	As at March 31, 2019
KEC	903	4,258

Note 42: Segment information

Refer note 2.22 for accounting policy on Segment reporting

The Company is primarily engaged in business of manufacturing and sales of Automotive Tyres ,Tubes & Flaps.

Information about products

(₹ in Lacs)

Particulars	2019-20			2018-19		
	Automotive Tyres	Tubes and others	Total	Automotive Tyres	Tubes and others	Total
Revenue from contracts with customers	5,81,122	70,735	6,51,857	6,10,967	69,039	6,80,006

Information about geographical areas

(₹ in Lacs)

Particulars	2019-20			2018-19		
	In India	Outside India	Total	In India	Outside India	Total
Revenue from contracts with customers	5,65,641	86,216	6,51,857	5,96,029	83,977	6,80,006
Non-current assets	5,14,960	-	5,14,960	4,09,718	-	4,09,718

During the financial year 2019-20 and 2018-19, no single external customer has generated revenue of 10% or more of the Company's total revenue.

During the financial year 2019-20 and 2018-19, no single country outside India has given revenue of more than 10% of total revenue.

Note 43: Hedging activities and derivatives

Derivatives designated as hedging instruments

The Company uses derivative financial instruments such as foreign currency forward contracts to hedge foreign currency risk arising from future transactions in respect of which firm commitments are made or which are highly probable forecast transactions. It also uses Cross Currency Interest Rate Swaps ('CCIRS') to hedge interest rate and foreign currency risk arising from variable rate foreign currency denominated loans. All these instruments are designated as hedging instruments and the necessary documentation for the same is made as per Ind AS 109.

Cash flow hedges

Foreign currency risk

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of recognised purchase payables, committed future purchases, recognised sales receivables, forecast sales and Foreign Currency loan (Buyer's Credit) in US dollar, Euro, Japanese Yen and Pound Sterling.

Notes to Financial Statements

for the year ended March 31, 2020

CCIRS measured at fair value through OCI are designated as hedging instruments in cash flow hedges for Foreign currency loan (Buyer's Credit) in US Dollar.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates. CCIRS has been designated as effective hedging instrument from April 01, 2016 onwards.

Hedged foreign currency exposure

(Amount in Foreign currency and ₹ in Lacs)

Derivative instrument	Purpose	Currency	As at March 31, 2020		As at March 31, 2019	
			Foreign Currency	₹	Foreign Currency	₹
Forward contract to sell Foreign Currency	Hedge of Foreign Currency sales	USD	91	6,894	121	8,390
		EUR	6	533	12	970
	Hedge of Foreign Currency High probable sales	USD	188	14,190	140	9,650
Forward contract to buy Foreign Currency	Hedge of foreign currency purchase	USD	140	10,610	82	5,668
		EUR	185	15,367	64	4,968
		JPY	1,766	1,231	-	-
	Hedge of Foreign Currency Firm Commitment – PO based hedging	USD	558	42,263	694	47,991
		EUR	161	13,338	472	36,675
		GBP	-	-	0	9
		JPY	3,480	2,426	5,847	3,650
Cross currency interest rate swap	Hedge of Foreign Currency Buyer's Credit	USD	9	686	70	4,846

Unhedged foreign currency exposure*

(Amount in foreign currency in Lacs)

Particulars	Currency	2019-20	2018-19
Short Term borrowing#	USD	20	-
Trade Payables and other financial liabilities	USD	29	28
	EUR	8	11
	JPY	322	614
	GBP	-	0
	AED	5	26
Trade Receivables#	USD	29	10
	EUR	-	3
Advances Recoverable in cash or kind	USD	3	7

* The trade payables / short term borrowings are naturally hedged (off-set) to the extent of exposure under trade receivables / advances for respective currencies.

\# The short term borrowing pertains to PCFC which is naturally hedged against trade receivable of equivalent amount.

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arise requiring recognition through the Statement of Profit and Loss.

The cash flow hedges as at March 31, 2020 were assessed to be highly effective and a net unrealised gain of ₹ 3,854 lacs, with a deferred tax liability of ₹ 1,347 lacs relating to the hedging instruments, is included in OCI. Comparatively, the cash flow hedges as at March 31, 2019 were assessed to be highly effective and a net unrealised loss of ₹ 3,792 lacs, with a deferred tax asset of ₹ 1,323 lacs relating to the hedging instruments, was included in OCI.

Notes to Financial Statements
for the year ended March 31, 2020

Note 44: Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(₹ in Lacs)

Particulars	Note	Carrying value / Fair value	
		As at March 31, 2020	As at March 31, 2019
Financial assets			
a) Measured at fair value through profit and loss			
Investments in others	6	424	2
b) Measured at fair value through other comprehensive income			
Derivative financial instruments (non-current and current)	8 and 15	827	-
c) Measured at amortised cost			
Investment in subsidiaries and associate	6	31,598	31,299
Loans (non-current)	7	473	408
Other financial assets (non-current)	8	128	181
Total		**33,450**	**31,890**
Financial liabilities			
a) Measured at fair value through other comprehensive income			
Derivative financial instruments (non-current and current)	21 and 26	-	3,451
b) Measured at amortised cost			
Lease liability (non-current and current)	4	10,601	-
Borrowings (non-current)	20	1,40,199	1,00,272
Other financial liabilities (non-current)	21	10,072	146
Total		**1,60,872**	**1,03,869**

The Management assessed that fair values of cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, trade payables, short term borrowings, other current financial assets and liabilities (except derivative financial instrument those being measured at fair value through other comprehensive income) which are receivable / payable within one year approximate their carrying amounts largely due to the short-term maturities of these instruments.

Note 45: Fair value hierarchy

The fair value of financial instruments as referred to in note 44 above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

- Level 1: Quoted prices for identical instruments in an active market;
- Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs; and
- Level 3: Inputs which are not based on observable market data.

Notes to Financial Statements
for the year ended March 31, 2020

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities as at March 31, 2020 and March 31, 2019

(₹ in Lacs)

Particulars	Total	Fair Value measurement using		
		Level 1	Level 2	Level 3
As at March 31, 2020				
Financial assets at fair value				
a) Through profit & loss				
Investments in others	424	-	-	424
b) Through other comprehensive income				
Derivative financial instruments (non-current and current)	827	-	827	-
As at March 31, 2019				
Financial assets at fair value				
a) Through profit & loss				
Investments in others	2	-	-	2
Financial liabilities at fair value				
a) Through other comprehensive income				
Derivative financial instruments (non-current and current)	3,451	-	3,451	-

There have been no transfers between Level 1 and Level 2 during the period.

Calculation of Fair Values

The fair values of the financial assets and liabilities are defined as the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended March 31, 2019.

Financial assets and liabilities measured at fair value as at Balance Sheet date:

Derivative financial instruments: The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties, foreign exchange forward rates, etc.

Lease liabilities: A change in one or more of the inputs to reasonably possible alternative assumptions would not change the value significantly.

Investment in others: The fair value is calculated using the Discounted Cashflow method where the significant unobservable input used is discount rate - 14.32%.

Note 46 : Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, mutual fund investments, cash and cash equivalents that derive directly from its operations. The Company also enters into derivative transactions.

The Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. The Board of Directors through its Risk Management Committee reviews and agrees policies for managing each of these risks, which are summarised below.

Notes to Financial Statements

for the year ended March 31, 2020

a) Market risk

The Company's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- Interest rate risk;
- Foreign currency risk;
- Equity price risk; and
- Commodity risk

The above risks may affect the Company's income and expenses, or the value of its financial instruments. The Company's exposure to and management of these risks are explained below.

The sensitivity of the relevant Statement of Profit or Loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2020 and March 31, 2019 including the effect of hedge accounting

i. Interest rate risk

Risk	Exposure	Risk Management
Risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	Relates primarily to the Company's long-term debt obligations with floating interest rates.	The Company manages its interest rate risk pertaining to domestic borrowings by maintaining a balanced portfolio of borrowings linked to various tenor benchmark of MCLR and T-Bills. The Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. As at March 31, 2020, after taking into account the effect of interest rate swaps, approximately 11% of the Company's total borrowings are at a fixed rate of interest (March 31, 2019: 22%).

The following table provides a break-up of Company's fixed and floating rate borrowing (gross off processing fees)

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed rate borrowings	18,152	27,434
Floating rate borrowings	1,42,043	98,879
Total borrowings	**1,60,195**	**1,26,313**

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in Lacs)

Particulars	Increase / decrease in basis points	Effect on profit before tax
March 31, 2020		
₹ 1,42,043 lacs	+ / - 100 bps	-1,420.43 / +1,420.43
March 31, 2019		
₹ 98,879 lacs	+ / - 100 bps	-988.79 / +988.79

Notes to Financial Statements

for the year ended March 31, 2020

ii. Foreign currency risk

Risk	Exposure	Risk Management
Risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.	Relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's net investments in foreign subsidiaries.	The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 6 month period for the foreign currency denominated trade payables and trade receivables. The foreign currency risk on the foreign currency loans are mitigated by entering into Cross Currency Swaps. When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency. As at March 31, 2020, the Company has hedged 100% (March 31, 2019: 100 %) of its foreign currency loans. As at March 31, 2020, the Company has hedged 84% (March 31, 2019: 88%) of its foreign currency receivables / payables.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD and EURO rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

(₹ in Lacs)

Particulars	Change in Currency	Effect on profit before tax
March 31, 2020		
Recognised net payables – USD 1.62 Mio	₹ + 1 / - 1	- 16 / + 16
Recognised net payable – EUR 0.83 Mio	₹ + 1 / - 1	- 8 / + 8
March 31, 2019		
Recognised net payables – USD 1.10 Mio	₹ + 1 / - 1	- 11 / + 11
Recognised net payable – EUR 0.80 Mio	₹ + 1 / - 1	- 8 / + 8

The movement in the pre-tax effect is a result of a change in the fair value of the financial asset / liability due to the exchange rate movement. The derivatives which have not been designated in a hedge relationship act as an economic hedge and will offset the underlying transactions when they occur. The same derivatives are not covered in the above table.

In Management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

iii. Equity price risk

The Company invests its surplus funds in various debt instruments and debt mutual funds. These comprise of mainly liquid schemes of mutual funds (liquid investments) and fixed deposits.

Mutual fund investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments. However due to the very short tenor of the underlying portfolio in the liquid schemes, these do not pose any significant price risk.

There is no material equity risk relating to the Company's equity investments which are detailed in note 6. The Company's equity investments majorly comprises of strategic investments rather than trading purposes.

Notes to Financial Statements

for the year ended March 31, 2020

iv. Commodity price risk

Potential impact	Exposure	Risk Management
Fluctuations in price of essential raw materials.	Price volatility of rubber and carbon black which may affect continuous supply.	The Company's Board of Directors has reviewed and approved a risk management strategy regarding commodity price risk and its mitigation.

Commodity price sensitivity

The following table approximately details the Company's sensitivity to a 5% movement in the input price of rubber and carbon black. The sensitivity analysis includes only 5% change in commodity prices for quantity sold or consumed during the year, with all other variables held constant. A positive number below indicates an increase in profit or equity where the commodity prices decrease by 5%. For a 5% increase in commodity prices, there would be a comparable impact on profit or equity, and the balances below would be negative.

(₹ in Lacs)

Particulars	Increase in profit due to decrease in commodity price		Decrease in profit due to increase in commodity price	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Natural rubber	5,400	5,500	(5,400)	(5,500)
Synthetic rubber	3,800	4,700	(3,800)	(4,700)
Carbon black	2,900	3,400	(2,900)	(3,400)

b) Credit risk

Trade receivables

Risk:

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Risk Management:

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management.

Trade receivables are non-interest bearing and are generally on 27 days to 60 days credit term. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

Export customers are against Letter of Credit, bank guarantees, payment against documents. For open credit exports insurance cover is taken. Generally deposits are taken from domestic debtors under replacement segment. The carrying amount and fair value of security deposit from dealers amounts to ₹ 33,800 lacs (March 31, 2019: ₹ 32,150 lacs) as it is payable on demand. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

(₹ in Lacs)

Particulars	As at March 31, 2020			As at March 31, 2019		
Ageing	Less than 180 days	More than 180 but less than 360 days	More than 360 days	Less than 180 days	More than 180 but less than 360 days	More than 360 days
Expected loss rate	0.00%	50.00%	100.00%	0.00%	50.00%	100.00%
Gross carrying amount	70,329	274	1,984	72,561	170	1,935
Loss allowance provision	-	137	1,984	-	85	1,935

Notes to Financial Statements

for the year ended March 31, 2020

c) Liquidity risk

The Company prepares cash flow on a daily basis to monitor liquidity. Any shortfall is funded out of short term loans. Any surplus is invested in liquid funds. The Company also monitors the liquidity on a longer term wherein it is ensured that the long term assets are funded by long term liabilities. The Company ensures that the duration of its current assets is in line with the current assets to ensure adequate liquidity in the 3-6 months period.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Liquidity exposure

(₹ in Lacs)

Particulars	< 1 year	1-5 years	> 5 years	Total
As at March 31, 2020				
Non-derivative financial liabilities				
Non current borrowings*	-	89,239	51,496	1,40,735
Current borrowings	16,559	-	-	16,559
Lease liability	5,009	6,825	-	11,834
Other financial liabilities	57,291	9,926	146	67,363
Trade and other payables	1,17,137	-	-	1,17,137
	1,95,996	**1,05,990**	**51,642**	**3,53,628**
Derivative financial instruments	-	-	-	-
Total	**1,95,996**	**1,05,990**	**51,642**	**3,53,628**
As at March 31, 2019				
Non-derivative financial liabilities				
Non current borrowings*	-	59,538	40,935	1,00,473
Current borrowings	21,431	-	-	21,431
Other financial liabilities	54,963	-	146	55,109
Trade and other payables	1,03,393	-	-	1,03,393
	1,79,787	**59,538**	**41,081**	**2,80,406**
Derivative financial instruments	3,136	315	-	3,451
Total	**1,82,923**	**59,853**	**41,081**	**2,83,857**

* Non-current borrowings are gross off processing fees.

Note 47: Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

(₹ in Lacs)

Particulars	March 31, 2020	March 31, 2019
Borrowings* (note 20, 24 and 26)	1,59,658	1,26,051
Less: cash and cash equivalents (note 12)	(2,017)	(5,426)
Net debt	**1,57,641**	**1,20,624**
Equity (note 17 and 18)	2,92,740	2,75,104
Capital and net debt	**4,50,381**	**3,95,728**
Gearing ratio	35%	30%

* Includes current maturities of long term borrowings.

Notes to Financial Statements

for the year ended March 31, 2020

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

Note 48: Business Combinations

Amalgamation with CEAT Specialty Tyres Limited

The Board of Directors of the Company at its meeting held on April 03, 2019 approved the Scheme of Amalgamation (the 'Scheme') for the amalgamation of CEAT Specialty Tyres Limited (a wholly-owned subsidiary of the Company) with the Company. The National Company Law Tribunal, Mumbai Bench (the 'NCLT'), had its final hearing on March 13, 2020 and the Order approving the Scheme became accessible on the website of the NCLT on May 25, 2020. However, the certified copy of the Order is still awaited. The Scheme is effective only upon filing of the certified copy of the NCLT Order with the Registrar of Companies, and no part of the Scheme, including the accounting treatment therein, can be made operative until such time. The Company has also obtained a legal expert's opinion in this regard. Accordingly, the financial statement does not include any adjustments arising from the Scheme.

Note 49: Events after the reporting period

The Company's Halol plant witnessed a fire incident at its Passenger Car Radial Tyre Curing Section (Phase II) on April 08, 2020. On initial assessment, cost of damages are estimated to be approximately ₹ 500 lacs. The assets and materials are insured. Due to travel restrictions on account of lockdown following COVID-19, the assessors did an initial assessment through video call on April 10, 2020. Once the lockdown is lifted, physical assessment of the loss would be carried out and the insurance claim would be filed with the insurer, United India Insurance Company Limited. The net loss would be known post the physical inspection and evaluation.

Note 50 : Estimation of uncertainties relating to the global health pandemic from COVID-19

The COVID-19 pandemic is an evolving human tragedy declared a global pandemic by the World Health Organisation with adverse impact on economy and business. Supply Chain disruptions in India as a result of the outbreak started with restrictions on movement of goods, closure of borders etc., in several states followed by a nationwide lockdown from March 25, 2020 announced by the Indian Government, to stem the spread of COVID-19. Due to this the operations in many of the Company's manufacturing, distribution centres and warehouses got temporarily disrupted.

Notes to Financial Statements

for the year ended March 31, 2020

In light of these circumstances, the Company has considered the possible effects that may result from COVID-19 on the carrying values of financials assets, inventory, trade receivables, advances, property plant and equipment, intangibles, etc. as well as liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external information such as our current contract terms, financial strength of partners, investment profile, future volume estimates from the business, etc. Having reviewed the underlying data and based on current estimates, the Company expects the carrying values of these assets will be recovered and there is no significant impact on liabilities accrued other than those reported in note 36. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

Note 51: Material foreseeable losses

The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

For and on behalf of Board of Directors of CEAT Limited

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No: 324982E/E300003

per Vinayak Pujare
Partner
Membership Number:101143

Place: Mumbai
Date: May 28, 2020

Kumar Subbiah
Chief Financial Officer

Vallari Gupte
Company Secretary

Place: Mumbai
Date: May 28, 2020

H. V. Goenka
Chairman

Mahesh Gupta
Chairman - Audit Committee

Anant Goenka
Managing Director

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	Sl No.	1	2	3	4	5	6
2	Name of the subsidiary	Associated CEAT Holdings Company (Pvt.) Limited	CEAT AKKhan Limited	CEAT Specialty Tyres Limited (CSTL)	Rado Tyres Limited (RTL)	CEAT Specialty Tyres Inc. (Subsidiary of CSTL)	CEAT Specialty Tyres B.V (Subsidiary of CSTL)
3	The date since when subsidiary was acquired (Date of remittance of funds)	27.10.2009	30.05.2012	8.12.2014	27.09.2013	11.07.2017	24.07.2018
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform
5	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	1 LKR = ₹ 0.3914	1 BDT = ₹ 0.8698	₹ Not Applicable	₹ Not Applicable	1 USD = ₹ 75.69	1 EUR = ₹ 82.90
6	Share capital	391	13,047	2,105	643	26	40
7	Reserves & surplus	1,257	(3,795)	3,573	(1,634)	108	63
8	Total assets	1,652	15,125	57,563	531	134	93
9	Total Liabilities	3	3,903	51,885	1,520	0	10
10	Investments	391	-	66	0	-	-
11	Turnover	2,246	10,073	37,814	3	733	247
12	Profit before taxation	2,251	167	(4,744)	(29)	41	22
13	Provision for taxation	(2)	(525)	-	-	-	-
14	Profit after taxation	2,249	(358)	(4,744)	(29)	41	22
15	Proposed Dividend	-	-	-	-	-	-
16	% of shareholding	100%	70%	100%	58.56%	CSTL holding is 100 %	CSTL holding is 100 %

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

Note: Above figures are based on standalone financial information of the subsidiary.

Part "B": Associates and Joint Ventures

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

(₹ in Lacs)

Name of Associates/Joint Ventures	Tyresnmore Online Private Limited	CEAT Kelani Holdings Company (Pvt.) Limited
1. Latest audited Balance sheet Date	March 31, 2020	March 31, 2020
2. Date on which the Associate or Joint Venture was associated or acquired	21.08.2017	27.10.2009
3. Shares of Associate/Joint Ventures held by the company on the year end		
No.	100 Equity shares of ₹ 1 each 76,337 0.001% compulsory convertible preference shares of Tyresnmore Online Private Limited of ₹ 1 each	1,00,00,000 Shares
Amount of Investment in Associates/Joint Venture	₹ 999 lacs	₹ 4,357.46 lacs (Investment through the Company's wholly owned subsidiary Associated CEAT Holdings Company (Pvt) Limited)
Extent of holding %	41.30%	50%
4. Description of how there is a significant influence	By holding more than 20% share	By holding more than 20% share
5. Reason why the associate/joint venture is not consolidated	Not Applicable	Not Applicable
6. Networth attributable to Shareholding as per latest audited Balance Sheet	₹ 333 lacs	₹ 17,193 lacs
7. Profit / Loss for the year		
i. Considered in Consolidation	₹ 135 lacs	₹ 1,857 lacs
ii. Not Considered in Consolidation	₹ 200 lacs	₹ 1,857 lacs

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

For and on behalf of Board of Directors of CEAT Limited

Kumar Subbiah
Chief Financial Officer

H.V. Goenka
Chairman

Anant Goenka
Managing Director

Vallari Gupte
Company Secretary

Mahesh Gupta
Chairman- Audit Committee

Place: Mumbai
Date: May 28, 2020

Consolidated Financial Statements

Independent Auditor's Report

To the Members of CEAT Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS 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") its associate and joint ventures comprising of the consolidated Balance sheet as at March 31 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associate and joint ventures, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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, its associate and joint ventures as at March 31, 2020, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group, associate, joint ventures in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Emphasis of Matter

We draw attention to Note 55 of the consolidated Ind AS financial statements, which states the impact of Coronavirus disease-2019 (COVID-19) on the operations of the Company. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	Auditor's Response
Significant estimates and judgment relating to Capitalisation of property, plant and equipment (refer note 2.11 (accounting policy), note 3 (financial disclosures) to the Ind AS financial statements)	
As a part of expansion plan, the Group has incurred significant capital expenditure mainly on greenfield project at Chennai and brownfield expansion at Halol, Nagpur and Ambernath plants. The capital expenditure requires consideration of the nature of costs incurred to ensure that capitalisation of property, plant and equipment meets the specific recognition	Our audit procedures included the following: ▸ We examined the nature of property, plant and equipment capitalised by the Company to verify that the assets capitalised meets the recognition criteria set out in Ind AS 16.

Key audit matters	Auditor's Response
criteria under Ind AS 16, 'Property, Plant and Equipment' and also judgement is involved in assigning appropriate useful economic lives to respective assets. As a result, this was noted as a key audit matter, considering the significance of amounts involved. As disclosed in Note 3 to the consolidated Ind AS financial statements, as at March 31, 2020 the carrying value of property, plant and equipment including capital work-in-progress was ₹ 5,00,849 lacs and the additions during the year were ₹ 2,39,056 lacs.	▸ We evaluated and tested the design effectiveness and operating effectiveness of internal controls with respect to the capitalisation of property plant and equipment; ▸ We examined the useful economic lives and residual value assigned to assets capitalised during the year with reference to the Group's historical experience and technical evaluation, and our understanding of the Company's business. ▸ We compared the capitalisations during the year to approved budgets; ▸ We assessed the adequacy of disclosures in the consolidated Ind AS financial statements relating to capitalisation of property, plant and equipment.
Litigation, claims and contingencies (refer note 2.25 (accounting policy), note 24 (financial disclosures) and note 45(a) (financial disclosures) to the consolidated Ind AS financial statements)	
The Group is involved in material legal proceedings including direct and indirect taxes, contracts, and other regulatory matters relating to conduct of its business. The Group assesses the need to make provision or disclose a contingency on a case-to-case basis considering the underlying facts of each litigation. The aforesaid assessment involves significant judgement and estimates. The evaluation of management's judgments, including those that involve estimations in assessing the likelihood that a pending claim will succeed, or a liability will arise, and the quantification of potential financial impact have been a matter of most significance during the current year audit. Evaluation of the outcome of legal proceedings and whether the risk of loss requires significant judgment by management given the complexities involved.	Our principal audit procedures included the following: ▸ We evaluated the design and tested the operating effectiveness of controls in respect of the identification and evaluation of tax and other demands, proceedings and investigations and related provisions and disclosures. ▸ We obtained a list of litigations and claims from the Company's tax and legal head. We identified material litigations from the list and performed inquiries with the said tax and legal head on the management evaluation of these material litigations. ▸ In relation to the material litigations, claims and contingencies, we involved our legal / tax specialists to perform an independent assessment of the conclusions reached by management. ▸ We obtained independent confirmations from the Company's external lawyers / advisors with respect to the material litigations and demands. We evaluated the independence, objectivity and competency of the Company's external lawyers / advisors involved. ▸ We evaluated the management's assumptions, estimates and judgments used in the calculations of provision for litigation, claims and contingencies and related disclosures in the consolidated Ind AS financial statements.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report and Shareholder's Information, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associate and joint ventures 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 of its associate and joint ventures 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 consolidated Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associate and joint ventures are responsible for assessing the ability of the Group and of its associate and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associate and joint ventures are also responsible for overseeing the financial reporting process of the Group and of its associate and joint ventures.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate and joint ventures of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information, in respect of three subsidiaries, whose Ind AS financial statements include total assets of ₹ 28,299 lacs as at March 31, 2020, and total revenues of ₹ 10,083 lacs and net cash outflows of ₹ 710 lacs for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net profitof ₹ 1,722 lacs for the year ended March 31, 2020, as considered in the consolidated Ind AS financial statements, in respect of one associate and five joint ventures, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and an associate, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint ventures and an associate, is based solely on the reports of such other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, 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.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associate and joint ventures, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report 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 purposes of our audit of the aforesaid consolidated Ind AS 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, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies and associate, none of the directors of the Group's companies and its associate, incorporated in India, is disqualified as on March 31, 2020 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 with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, incorporated in India, refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries incorporated in India, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company and its subsidiaries incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associate and joint ventures, as noted in the 'Other matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associate and joint ventures in its consolidated Ind AS financial statements – Refer Note 24 and 45(a) to the consolidated Ind AS financial statements;

ii. Provision has been made in the consolidated Ind AS 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 notes 9, 16, 28 and 56 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group, its associate and joint ventures;

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 associate, incorporated in India during the year ended March 31, 2020.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vinayak Pujare
Partner
Membership Number: 101143
UDIN: 20101143AAAAAV1767

Place of Signature: Mumbai
Date: May 28, 2020

Annexure 1 to the Independent Auditor's Report of even date on the Consolidated Ind AS 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")

In conjunction with our audit of the consolidated Ind AS financial statements of CEAT Limited as of and for the year ended March 31, 2020, 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 with reference to these consolidated Ind AS financial statements 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 with reference to these consolidated Ind AS financial statements 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 over financial reporting with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, 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 auditors in terms of their reports 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 over financial reporting with reference to these consolidated Ind AS financial statements.

Meaning of Internal Financial Controls over Financial Reporting with Reference to these Consolidated Ind AS financial statements

A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements 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 with reference to these consolidated Ind AS financial statements 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 with Reference to these Consolidated Ind AS financial statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, 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 with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated Ind AS financial statements 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, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31,2020, 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 with reference to these consolidated Ind AS financial statements of the Holding Company, insofar as it relates to one subsidiary company, which is a company incorporated in India, is based on the corresponding reports of the auditors of such subsidiary incorporated in India.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vinayak Pujare
Partner
Membership Number: 101143
UDIN: 20101143AAAAAV1767

Place of Signature: Mumbai
Date: May 28, 2020

Consolidated Balance Sheet

as at March 31, 2020

(₹ in Lacs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
I Assets			
(1) Non-current assets			
(a) Property, plant and equipment	3	3,95,776	3,10,250
(b) Capital work-in-progress	3	1,05,073	80,159
(c) Right-of-use asset	4	10,185	-
(d) Intangible assets	5	10,018	7,703
(e) Intangible assets under development	5	1,781	3,132
(f) Investments accounted using equity method	6	17,941	18,140
(g) Financial assets			
(i) Investments	7	424	2
(ii) Loans	8	473	408
(iii) Other financial assets	9	481	195
(h) Non-current tax assets (net)	25	1,725	5,739
(i) Deferred tax assets (net)	25	68	60
(j) Other non-current assets	10	8,421	14,638
Total non-current assets		**5,52,366**	**4,40,426**
(2) Current assets			
(a) Inventories	11	92,569	100,560
(b) Financial assets			
(i) Trade receivables	12	67,435	70,638
(ii) Cash and cash equivalents	13	2,740	6,755
(iii) Bank balances other than cash and cash equivalents	14	681	599
(iv) Loans	15	95	75
(v) Other financial assets	16	2,502	3,222
(c) Other current assets	17	16,430	17,699
(d) Assets held-for-sale	18	475	519
Total current assets		**1,82,927**	**2,00,067**
Total assets		**7,35,293**	**6,40,493**
II Equity and liabilities			
(1) Equity			
(a) Equity share capital	19	4,045	4,045
(b) Other equity	20	2,86,747	2,72,566
Equity attributable to equity holders of parent		**2,90,792**	**2,76,611**
(c) Non-controlling interest	41	2,365	2,379
Total equity		**2,93,157**	**2,78,990**
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	22	1,64,078	1,22,264
(ii) Lease liabilities	4	6,375	-
(iii) Other financial liabilities	23	10,072	461
(b) Provisions	24	4,035	3,840
(c) Deferred tax liabilities (net)	25	27,439	21,978
Total non-current liabilities		**2,11,999**	**1,48,543**
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	26	23,645	22,425
(ii) Lease liabilities	4	4,226	-
(iii) Trade payables	27	1,19,476	1,05,287
(iv) Other financial liabilities	28	61,985	61,462
(b) Provisions	24	12,319	10,053
(c) Current tax liabilities (net)	25	1,980	4,732
(d) Other current liabilities	29	6,506	9,001
Total current liabilities		**2,30,137**	**2,12,960**
Total equity and liabilities		**7,35,293**	**6,40,493**
Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

For and on behalf of Board of Directors of CEAT Limited

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No: 324982E/E300003

Kumar Subbiah
Chief Financial Officer

H. V. Goenka
Chairman

Anant Goenka
Managing Director

per Vinayak Pujare
Partner
Membership Number:101143

Vallari Gupte
Company Secretary

Mahesh Gupta
Chairman - Audit Committee

Place: Mumbai
Date: May 28, 2020

Place: Mumbai
Date: May 28, 2020

Consolidated Statement of Profit and Loss

for the year ended March 31, 2020

(₹ in Lacs)

Particulars	Note No.	2019-20	2018-19
I Income			
Revenue from operations	30	6,77,883	6,98,451
Other income	31	2,051	3,900
Total income		**6,79,934**	**7,02,351**
II Expenses			
Cost of material consumed	32	3,87,296	4,30,549
Purchase of stock-in-trade		3,583	7,579
Changes in inventories of finished goods, work-in-progress and stock-in trade	33	629	(19,947)
Employee benefit expense	34	54,177	53,006
Finance costs	35	15,093	8,804
Depreciation and amortisation expenses	36	27,651	19,271
Other expenses	37	1,59,814	1,63,010
Total expenses		**6,48,243**	**6,62,272**
III Profit before share of profit / (loss) of associate and joint venture, exceptional items and tax		**31,691**	**40,079**
IV Share of profit / (loss) of associate and joint venture	42, 43	1,722	2,020
V Profit before exceptional items and tax		**33,413**	**42,099**
VI Exceptional items	38	2,984	4,479
VII Profit before tax		**30,429**	**37,620**
VIII Tax expense	25		
Current tax		7,932	9,400
Deferred tax		(509)	3,112
IX Profit for the year		**23,006**	**25,108**
Attributable to			
(a) Non-controlling interest	41	(119)	(114)
(b) Equity holders of the parent		23,125	25,222
X Other comprehensive income (OCI)			
(a) Items that will not be reclassified subsequently to the statement of profit and loss			
(i) Remeasurement gains/(losses) on defined benefit plans	44	(734)	(740)
(ii) Income tax relating to above	25	245	278
(b) Items that will be reclassified subsequently to the statement of profit and loss			
(i) Net movement on cash flow hedges		4,247	(4,134)
(ii) Income tax relating to above	25	(1,347)	1,323
(iii) Net movement in foreign exchange fluctuation reserve		122	(522)
Total other comprehensive income for the year (net of tax)		**2,533**	**(3,795)**
XI Total Comprehensive Income for the year (Comprising profit and other comprehensive income for the year)		**25,539**	**21,313**
Attributable to			
(a) Non-controlling interest		(119)	(114)
(b) Equity holders of the parent		25,658	21,427
XII Earnings per equity share (Face value of ₹ 10 each)	40		
(a) Basic (in ₹)		57.17	62.35
(b) Diluted (in ₹)		57.17	62.35
Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

For and on behalf of Board of Directors of CEAT Limited

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No: 324982E/E300003

Kumar Subbiah
Chief Financial Officer

H. V. Goenka
Chairman

Anant Goenka
Managing Director

per Vinayak Pujare
Partner
Membership Number:101143

Vallari Gupte
Company Secretary

Mahesh Gupta
Chairman - Audit Committee

Place: Mumbai
Date: May 28, 2020

Place: Mumbai
Date: May 28, 2020

Consolidated Statement of Cash Flow

for the year ended March 31, 2020

(₹ in Lacs)

Particulars	2019-20	2018-19
I CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and excluding share of profit / (loss) of associate and joint venture	**28,707**	**35,600**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expenses	27,651	19,271
Interest income	(646)	(2,942)
Finance costs	15,093	8,804
Provision for obsolescence of stores and spares	100	107
Allowance for doubtful debts / advances	174	197
Credit balances written back	(755)	(23)
Bad debts and advances written off (net)	53	7
Net gain on disposal of investments	(4)	(83)
(Profit) / Loss on sale of property, plant and equipment (net)	(428)	481
Unrealised foreign exchange (gain) / loss (net)	43	106
Foreign Currency Translation Reserve on Consolidation	193	351
Provision for unusable inventories (refer note 38)	1,327	-
Finance costs (refer note 38)	112	-
Operating profit before working capital changes	**71,620**	**61,876**
Adjustments for :		
Decrease / (Increase) in inventories	6,564	(22,205)
Decrease / (Increase) in trade receivables	3,476	3,811
Decrease / (Increase) in other current assets	1,269	(3,173)
Decrease / (Increase) in current loans and other financial assets	(137)	392
Decrease / (Increase) in non-current loans and other financial assets	(65)	(94)
Decrease / (Increase) in other non current asset	(104)	(248)
(Decrease) / Increase in trade payables	14,295	18,873
(Decrease) / Increase in current financial liabilities and other current liabilities	(885)	1,016
(Decrease) / Increase in non-current financial liabilities and deferred revenue	(317)	(702)
(Decrease) / Increase in current provisions	2,266	5,015
(Decrease) / Increase in non-current provisions	(539)	(338)
Cash flows from operating activities	**97,443**	**64,223**
Direct taxes paid (net of refunds)	(1,810)	(8,083)
Net cash flow (used in) / generated from operating activities (I)	**95,633**	**56,140**
II CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets (including capital work-in progress, intangible assets under development and capital advance)	(1,11,834)	(1,10,732)
Proceeds from sale of property, plant and equipment	846	-
Withdrawal / (Investment) in bank deposits	12	20
Withdrawal / (Investment) of margin money deposit with banks	46	17
Changes in other bank balances	(94)	(212)
Purchase of non current investments	(422)	(2)
Investment in Joint Venture and Associate	(299)	(300)
Dividend received from Joint Venture	1,036	732
Proceeds from sale of investments (net)	4	4,089
Interest received	3,155	341
Net cash flow (used in) / generated from investing activities (II)	**(1,07,550)**	**(1,06,047)**

Consolidated Statement of Cash Flow

for the year ended March 31, 2020

(₹ in Lacs)

Particulars	2019-20	2018-19
III CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(19,249)	(8,889)
Change in other short-term borrowings (net)	1,220	13,315
Repayment of short-term buyers credit	-	(10,484)
Proceeds from long-term borrowings	46,888	105,404
Repayment of long-term borrowings	(5,005)	(45,639)
Payment of lease liabilities	(4,562)	-
Dividend paid	(9,603)	(4,434)
Dividend distribution tax paid	(1,787)	(829)
Net cash flow (used in) / generated financing activities (III)	**7,902**	**48,444**
Net increase / (decrease) in cash and cash equivalents (I + II + III)	**(4,015)**	**(1,463)**
Cash and cash equivalents at the beginning of the year	**6,755**	**8,218**
Cash and cash equivalents at the end of the year	**2,740**	**6,755**

The accompanying notes are an integral part of the financial statements

For and on behalf of Board of Directors of CEAT Limited

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No: 324982E/E300003

Kumar Subbiah
Chief Financial Officer

H. V. Goenka
Chairman

Anant Goenka
Managing Director

per Vinayak Pujare
Partner
Membership Number:101143

Vallari Gupte
Company Secretary

Mahesh Gupta
Chairman - Audit Committee

Place: Mumbai
Date: May 28, 2020

Place: Mumbai
Date: May 28, 2020

Consolidated Statement of Changes in Equity

for the year ended March 31, 2020

(₹ in Lacs)

Particulars	Equity share capital (refer note 19)	Other equity: Securities premium (refer note 20(a))	Capital reserve (refer note 20(b))	Capital redemption reserve (refer note 20(c))	Debenture redemption reserve (refer note 20(e))	General reserve (refer note 20(g))	Retained earnings (refer note 20(h))	Items of other comprehensive income: Cash flow hedge reserve (refer note 20(d))	Foreign currency translation reserve (refer note 20(f))	Total other equity	Non-controlling interest	Total equity
As at April 01, 2018	**4,045**	**56,703**	**1,378**	**390**	**5,001**	**20,165**	**1,72,819**	**474**	**(366)**	**2,56,564**	**2,337**	**2,62,946**
Profit for the year	-	-	-	-	-	-	25,222	-	-	25,222	(114)	25,108
Other comprehensive income	-	-	-	-	-	-	(462)	(2,811)	(522)	(3,795)	-	(3,795)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**24,760**	**(2,811)**	**(522)**	**21,427**	**(114)**	**21,313**
Payment of dividend (Refer note 21)	-	-	-	-	-	-	(4,652)	-	-	(4,652)	-	(4,652)
Payment of dividend distribution tax (DDT) (Refer note 21)	-	-	-	-	-	-	(829)	-	-	(829)	-	(829)
Transfer from debenture redemption reserve (refer note 20(e))	-	-	-	-	-	5,001	-	-	-	5,001	-	5,001
Transfer to general reserve (refer note 20(g))	-	-	-	-	(5,001)	-	-	-	-	(5,001)	-	(5,001)
Increase in capital reserve	-	-	19	-	-	-	-	-	-	19	-	19
Forex gain /(loss) on restatement of non-controlling interest	-	-	-	-	-	-	-	-	-	-	156	156
Others	-	-	-	-	-	-	37	-	-	37	-	37
As at March 31, 2019	**4,045**	**56,703**	**1,397**	**390**	**-**	**25,166**	**1,92,135**	**(2,337)**	**(888)**	**2,72,566**	**2,379**	**2,78,990**
Profit for the year	-	-	-	-	-	-	23,125	-	-	23,125	(119)	23,006
Other comprehensive income	-	-	-	-	-	-	(489)	2,900	122	2,533	-	2,533
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**22,636**	**2,900**	**122**	**25,658**	**(119)**	**25,539**
Payment of dividend (Refer note 21)	-	-	-	-	-	-	(9,708)	-	-	(9,708)	-	(9,708)
Payment of dividend distribution tax (DDT) (Refer note 21)	-	-	-	-	-	-	(1,787)	-	-	(1,787)	-	(1,787)
Increase in capital reserve	-	-	18	-	-	-	-	-	-	18	-	18
Forex gain /(loss) on restatement of non-controlling interest	-	-	-	-	-	-	-	-	-	-	105	105
Others	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2020	**4,045**	**56,703**	**1,415**	**390**	**-**	**25,166**	**2,03,276**	**563**	**(766)**	**2,86,747**	**2,365**	**2,93,157**

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/E300003

per Vinayak Pujare
Partner
Membership Number:101143

Place: Mumbai
Date: May 28, 2020

For and on behalf of Board of Directors of CEAT Limited

Kumar Subbiah
Chief Financial Officer

H. V. Goenka
Chairman

Anant Goenka
Managing Director

Vallari Gupte
Company Secretary

Mahesh Gupta
Chairman- Audit Committee

Place: Mumbai
Date: May 28, 2020

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Note 1: Group Corporate Information

The consolidated financial statements comprise financial statements of CEAT Limited ("the Company") and its subsidiaries (collectively, "the Group"), associate and jointly controlled entities for the year ended March 31, 2020. The Company is a public limited company domiciled in India and incorporated under the provisions of the Companies Act applicable in India. The Company's principal business is manufacturing of automotive tyres, tubes and flaps. The Group started operations in 1958 as CEAT Tyres of India Limited and was renamed as CEAT Limited in 1990. The Company caters to both domestic and international markets. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The registered office of the Company is located at RPG House, 463, Dr Annie Besant Road, Worli, Mumbai, Maharashtra 400030. The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on May 28, 2020.

The following subsidiaries, associate and Jointly controlled entities have been considered in the consolidated financial statements

a)

Name	Principal activities	Country of incorporation	% of equity interest March 31, 2020	% of equity interest March 31, 2019
CEAT Specialty Tyres Limited	Trading & manufacturing of tyres, tubes and flaps	India	100.00%	100.00%
CEAT Specialty Tyres Inc. (Subsidiary of CEAT Specialty Tyres Limited)	Marketing Support Services	United States of America	100.00%	100.00%
CEAT Specialty Tyres B.V (Subsidiary of CEAT Specialty Tyres Limited)	Marketing Support Services	Netherlands	100.00%	100.00%
Associated Ceat Holdings Company (Pvt.) Ltd.	Investing in companies engaged in manufacturing of tyres	Sri Lanka	100.00%	100.00%
CEAT AKKHAN Limited	Trading of tyres, tubes and flaps	Bangladesh	70.00%	70.00%
Rado Tyres Limited	Manufacturing of tyres	India	58.56%	58.56%

b) Joint venture

Name	Principal activities	Country of incorporation	% of equity interest March 31, 2020	% of equity interest March 31, 2019
CEAT Kelani Holding (Pvt) Limited (Joint venture of Associated Ceat Holdings Company (Pvt.) Ltd.)	Manufacturing of tyres	Sri Lanka	50%	50%

c) Associate

Name	Principal activities	Country of incorporation	% of equity interest March 31, 2020	% of equity interest March 31, 2019
TYRESNMORE Online Pvt Ltd	Trading of tyres, tubes and flaps	India	*41.30%	*36.96%

*Includes compulsory convertible preference shares (potential voting right)

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Note 2: Basis of preparation, measurement and significant accounting policies

2.1 Basis of preparation and measurement

2.1.1 Basis of preparation

The financial statements of the group have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and presentation requirements of Division II of Schedule III of the Companies Act 2013 (Ind AS compliant Schedule III).

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements.

The financial statements are presented in ₹, the functional currency of the Group. Items included in the financial statements of the Group are recorded using the currency of the primary economic environment in which the Group operates (the 'functional currency').

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lacs as per the requirements of Schedule III of the Companies Act, 2013, unless otherwise stated. Wherever the amount represented '0' (zero) construes value less than Rupees fifty thousand.

2.1.2 Measurement

These financial statements are prepared under the historical cost convention except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments and
- Certain financial assets measured at fair value (refer accounting policy regarding financial instruments)

In addition, the carrying values of recognised assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

2.2 Changes in accounting policies

2.2.1 Accounting for leases

The Group has adopted Ind AS 116 'Leases' effective April 01, 2019, using modified retrospective method. The Group has applied the standard to all its leases with the cumulative impact recognised on the date of initial application i.e. April 01, 2019. The Group has elected to measure the right-of-use asset equal to the amount of lease liability. Accordingly, previous period information has not been restated. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset of ₹ 13,085 lacs and a lease liability of ₹ 13,085 lacs.

In statement of profit and loss for the current period, the nature of expenses in respect of operating leases has changed from lease rent in previous periods to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability.

In the context of initial application, the Group has exercised the option not to apply the new recognition requirements to short-term leases and to leases of low-value asset.

The following table presents the reconciliation of lease liability:

Particulars	₹ in Lacs
Off-Balance sheet lease obligations as of March 31, 2019	**226**
Current leases with lease term of 12 months or less (short-term leases)	(226)
Lease liability recognised with respect to minimum guarantee payable under outsourcing contracts as per Ind AS 116*	15,245
Operating lease obligations as of April 01, 2019 (gross without discounting)	**15,245**
Effect from discounting at the incremental borrowing rate as at April 01, 2019	2,160
Total lease liabilities as of April 01, 2019	**13,085**

The following are the practical expedients availed by the Company on transition:

The Group to disclose all the practical expedients availed from para C10 of Ind AS 116

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised (refer note 2.14 and 4).

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2020. The Group's investment in jointly controlled entities and associate are accounted for using the equity method. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

a. Combine items like of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

d. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

2.4 Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at fair value as on acquisition date and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree' s identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequently its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. Any gain on a bargain purchase is recognised in other comprehensive income and accumulated in equity as capital reserve if there exists clear evidence, of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised in equity as capital reserve.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.5 Investment in joint venture and associate

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining whether joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in joint venture and associate are accounted for using the equity method. Under the equity method, the investment in a joint venture or associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of joint venture or associate since the acquisition date. Goodwill relating to joint venture or associate is included in the carrying amount of the investment and is not tested for impairment individually.

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

The statement of profit and loss reflects the Group's share of the results of operations of joint venture and associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of joint venture or associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and joint venture or associate are eliminated to the extent of the interest in joint venture or associate.

The aggregate of the Group's share of profit or loss of a joint venture and associate is shown on the face of the statement of profit and loss.

The financial statements of joint venture and associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture or associate. At each reporting date, the Group determines whether there is objective evidence that the investment in joint venture or associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of joint venture or associate and its carrying value, and then recognises the loss as 'Share of profit of a joint venture and associate' in the statement of profit or loss.

2.6 Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

2.7 Revenue recognition

2.7.1 Revenue from contracts with customers

Revenues from contracts with customers are recognised when the performance obligations towards customer have been met. Performance obligations are deemed to have been met when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group acts as the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

An entity collects Goods and Services Tax ("GST") on behalf of the government and not on its own account. Hence it should be excluded from revenue, i.e. revenue should be net of GST.

2.7.2 Sale of Goods:

Revenue from sale of goods (Tyres, tubes and flaps) is recognised at the point of time when control of the goods is transferred to customer depending on terms of sales. The normal credit term is 27 to 60 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, if any.

2.7.2.1 Variable consideration

Variable consideration includes various forms of discounts like volume discounts, price concessions, incentives, etc. on the goods sold to its dealers and distributors. In all such cases, accumulated experience is used to estimate and provide for the variability in revenue, using the expected value method and the revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur in future on account of refund or discounts.

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

2.7.2.2 Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

2.7.3 Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to note 2.19 Financial Instruments in accounting policies.

2.7.4 Royalty and Technology Development fees:

The Group also earns sales-based royalty income which is recognised as revenue over the period of time. This is because in such arrangements the customer gets a right to access the Group's intellectual property as it exists throughout the license period. The revenue to be recognised is determined based on a specified percentage of the sales made by the customer.

2.7.5 Interest income:

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the Effective Interest Rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the EIR, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

2.7.6 Dividends:

Dividend income is recognised when the Group's right to receive dividend is established, which is generally when shareholders approve the dividend.

2.8 Government grants, subsidies and export incentives

Government grants / subsidies are recognised when there is reasonable assurance that the Group will comply with all the conditions attached to them and that the grant / subsidy will be received. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

The Group has chosen to adjust grant under the Export Promotion Capital Goods ('EPCG') scheme from the carrying value of non-monetary asset pursuant to amendment in Ind AS 20.

Export Incentive under Merchandise Export from India Scheme ('MEIS') is recognised in the Statement of Profit and Loss as a part of other operating revenues.

2.9 Taxes

2.9.1 Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date where the Group operates and generates taxable income.

Current tax relating to items recognised outside profit and loss is recognised outside the Statement of Profit and Loss [either in Other Comprehensive Income ('OCI') or in equity]. Current tax items are recognised in correlation to the underlying transaction either in Statement of profit and loss or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Interest expenses and penalties, if any, related to income tax are included in finance cost and other expenses respectively. Interest Income, if any, related to income tax is included in Other Income.

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Group's domicile.

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

2.9.2 Deferred tax:

Deferred tax is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit and loss is recognised outside the Satatement of Profit and Loss (either in OCI or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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 taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the Group 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 Group recognises MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

2.9.3 GST paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of GST paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

2.10 Non-current assets held for sale

The Group classifies Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all of the following criteria are met:

- decision has been made to sell.
- the assets are available for immediate sale in its present condition.

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- the assets are being actively marketed and
- sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Subsequently, such non-current assets and disposal groups classified as 'held for sale' are measured at the lower of it carrying value and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

2.11 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under "Other Non Current Assets".

Depreciation is provided on a pro-rata basis on the straight line method based on useful life estimated by the management and supported by independent assessment by professionals. Depreciation commences when the asset is ready for it's intended use. The Group has used the following useful lives to provide depreciation on its fixed assets.

Asset Class	Useful life
Freehold land	Non depreciable
Leasehold land	Lease term – 95 years
Buildings (including temporary structures)	1 year - 60 years
Plant & Equipment	3 years - 20 years
Furniture & Fixture	10 years
Vehicle	8 years
Office Equipment	5 years

The identified components are depreciated over their useful lives, the remaining asset is depreciated over the life of the principal asset.

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.12 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in Statement of Profit and Loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either infinite or finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with infinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level (the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit). The assessment of infinite life is reviewed annually to determine whether the infinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Intangible assets are amortised on a pro-rata basis on the straight line method based on useful life estimated by the management as under:

Asset Class	Useful life
Software	3 – 6 years
Brand (refer 2.12.1)	20 years
Technical know-how (refer 2.12.1)	20 years
Product development (refer 2.12.2)	20 years

2.12.1 Technical know-how and Brand:

Technical know-how: The Group has originally generated technical know-how and assistance from International Tire Engineering Resources LLC, for setting up of Halol radial plant. Considering the life of the underlying plant/facility, this technical know-how, is amortised on a straight-line basis over a period of twenty years.

Brand: 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 realisation. Therefore, the management believes that the Brand will yield significant benefits for a period of at least twenty years.

2.12.2 Research and development costs (Product development)

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

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

During the period of development, the asset is tested for impairment annually.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

2.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale ('qualifying asset') are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

To the extent that the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

To the extent that the Group borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

2.14 Leases

The Group has entered into various arrangements like lease of vehicles, premises and outsourcing arrangements which has been disclosed accordingly under Ind AS 116. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The assessment of whether a contract conveys the right to control the use of an identified asset depends on whether the Group obtains substantially all the economic benefits from the use of the asset and whether the Group has the right to direct the use of the asset.

2.14.1 Group as a lessee:

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and

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leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets

2.14.1.1 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over shorter of the lease term or the estimated useful life of the underlying asset as follows:

Asset Class	Useful life
Building	2 - 3 years
Others	2 - 4 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The Group presents right-of-use assets separately in the Balance Sheet.

2.14.1.2 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless the cost is included in the carrying value of inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in current and non-current financial liabilities. Lease liability have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

2.14.1.3 Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to the contracts which have a lease term of 12 months or less from the date of commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to the lease contracts that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.15 Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost is determined on a weighted average basis.

- Cost of raw materials includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect of the purchases of raw materials. Raw 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.
- Work-in-progress and finished goods includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing cost.
- Traded goods include cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

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

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2.16 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. 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. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss. The impairment loss is allocated first to reduce the carrying amount of any goodwill (if any) allocated to the cash generating unit and then to the other assets of the unit, pro rata based on the carrying amount of each asset in the unit.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised 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 recognised. 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 recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and 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. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17.1 Sales related obligation

The estimated liability for sales related obligations 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 up to three years. Initial recognition is based on historical experience. The initial estimate of sales related obligations -related costs is revised annually.

2.17.2 Decommissioning liability

The Group records a provision for decommissioning costs of land taken on lease at one of the manufacturing facility for the production of tyres. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability.

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The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

2.17.3 Litigations

The Group is party to various lawsuits that are at administrative or judicial level or in their initial stages, involving tax and civil matters. The Group 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.

2.18 Employee benefits

2.18.1 Defined Contribution plan

Retirement benefit in the form of Provident Fund, Superannuation, Employees State Insurance Contribution and Labour Welfare fund are defined contribution scheme. The Group has no obligation, other than the contribution payable to the above mentioned funds. The Group recognizes contribution payable to these funds / schemes as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable is recognised 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 recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

2.18.2 Defined benefit plan

For defined benefit plans, the amount recognised as 'Employee benefit expenses' in the Statement of Profit and Loss is the cost of accruing employee benefits promised to employees over the year and the costs of individual events such as past / future service benefit changes and settlements (such events are recognised immediately in the Statement of Profit and Loss). The amount of net interest expense calculated by applying the liability discount rate to the net defined benefit liability or asset is charged or credited to 'Finance costs' in the Statement of Profit and Loss. Any differences between the expected interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised immediately in OCI and subsequently not reclassified to the Statement of Profit and Loss.

The defined benefit plan surplus or deficit on the Balance Sheet date comprises fair value of plan assets less the present value of the defined benefit liabilities using a discount rate by reference to market yields on Government bonds at the end of the reporting period.

All defined benefit plans obligations are determined based on valuations, as at the Balance Sheet date, made by independent actuary using the projected unit credit method. The classification of the Group's net obligation into current and non-current is as per the actuarial valuation report.

2.18.3 Termination benefits

Termination benefits, in the nature of voluntary retirement benefits or termination benefits arising from restructuring, are recognised in the Statement of Profit and Loss. The Group recognises termination benefits at the earlier of the following dates:

- When the Group can no longer withdraw the offer of those benefits; or
- When the Group recognises costs for a restructuring that is within the scope of Ind AS 37: Provisions, Contingent Liabilities and Contingent Assets and involves the payment of termination benefits.

Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.19 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.19.1 Financial assets

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

2.19.1.1 Initial recognition and measurement

On initial recognition, a financial asset is recognised at fair value. In case of Financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction cost is recognised in the statement of profit and loss. In other cases, the transaction cost is attributed to the acquisition value of the financial asset.

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2.19.1.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

2.19.1.2.1 Debt instruments at amortised cost

2.19.1.2.2 Debt instruments at Fair Value Through Other Comprehensive Income (FVTOCI)

2.19.1.2.3 Debt instruments, derivatives and equity instruments at Fair Value Through Profit and Loss (FVTPL)

2.19.1.2.4 Equity instruments measured at (FVTOCI)

2.19.1.2.1 Debt instruments at amortised cost

A debt instrument is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit and loss. The losses arising from impairment are recognised in the profit and loss. This category generally applies to trade and other receivables, loans and other financial assets.

2.19.1.2.2 Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in (OCI). However, the Group recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

2.19.1.2.3 Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as amortised cost or as FVTOCI, is classified as FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

2.19.1.2.4 Equity investments

All investments in equity instruments within the scope of Ind AS 109 are initially measured at fair value. Equity instruments which are held for trading are classified as FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

In case of equity instrument classified as FVTOCI, all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on derecognition of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

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2.19.1.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.19.1.4 Impairment of financial assets

In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(i) Trade receivables

(ii) Financial assets measured at amortised cost (other than trade receivables)

(iii) Financial assets measured at fair value through other comprehensive income (FVTOCI).

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets [i.e. (ii) and (iii) above] and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates and changes in the forward-looking estimates are updated. For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating

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an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income / expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

The balance sheet presentation for various financial instruments is described below:

- Financial assets measured at amortised cost and contractual revenue receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value.

The Group does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase / origination.

2.19.2 Financial liabilities

2.19.2.1 Initial recognition and measurement

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value and in the case of borrowings net of directly attributable transaction costs.

2.19.2.2 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

2.19.2.2.1 Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit and loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognised in OCI. These gains/ loss are not subsequently transferred to Statement of Profit and Loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Group has not designated any financial liability as at Fair Value Through Profit and Loss.

2.19.2.2.2 Financial liabilities at amortised cost

This is the category most relevant to the Group. After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

2.19.2.2.3 Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

2.19.2.3 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability

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are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

2.19.3 Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in statement of profit and loss.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to statement of profit and loss at the reclassification date.

2.19.4 Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts, to manage its foreign currency risks. These derivative instruments are designated as cash flow, fair value or net investment hedges and are entered into for period consistent with currency. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss.

2.19.4.1 Fair value hedges

The change in the fair value of a hedging instrument is recognised in the Statement of Profit and Loss as finance costs. 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 recognised in the Statement of Profit and Loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through the Statement Profit and Loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

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If the hedged item is derecognised, the unamortised fair value is recognised immediately in the Statement of Profit and Loss. When an unrecognised 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 recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

2.19.4.2 Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Statement of Profit and Loss.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in the Statement of Profit and Loss.

Amounts recognised as OCI are transferred to statement of profit and loss when the hedged transaction affects profit and loss, i.e. when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

2.19.5 Fair value measurement

The Group measures derivatives instruments like forward contracts at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.19.6 Offsetting of financial instruments

Financial assets and financial liabilities can be offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

2.20 Cash and cash equivalents

Cash and cash equivalent in the Balance Sheet comprises cash at banks and on hand.

2.21 Dividend distribution to equity holders

The Group recognises a liability to pay dividend to equity shareholders of the Group when the distribution is authorised, and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders.

2.22 Foreign currencies

The Group's financial statements are presented in ₹, which is also the Group's functional currency.

Transactions in foreign currencies are initially recorded by the Group at ₹ spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit and loss are also recognised in OCI or the Statement of Profit and Loss, respectively).

2.23 Earnings Per Share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Group by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Group after adjusting impact of dilution shares by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

2.24 Segment reporting

Based on "Management Approach" as defined in Ind AS 108 - Operating Segments, the Executive Management Committee evaluates the Group's performance and allocates the resources based on an analysis of various performance indicators by business segments.

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

2.25 Contingent liability and contingent assets

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 not wholly within the control of the Group or a present obligation that is not recognised 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 recognised because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent assets is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements. Contingent liabilities and contingent assets are reviewed at each balance sheet date.

2.26 Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialised.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

the next financial year, are described below. The Group has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

(a) Measurement of defined benefit obligations – Note 44

(b) Measurement and likelihood of occurrence of provisions and contingencies – Notes 24

(c) Recognition of current tax and deferred tax assets – Note 25

(d) Key assumptions used in fair valuations – Note 50

(e) Measurement of Lease liabilities and Right-of-Use Assets- Note 4

(f) Estimation of uncertainties relating to the global health pandemic from COVID-19 – Note 55

Notes to Consolidated Financial Statements

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Note 3: Property, plant and equipment and Capital work-in-progress

Refer note 2.9 for accounting policy on Property, plant and equipment

(₹ in Lacs)

Particulars	Freehold land	Leasehold land (Financial lease)	Buildings (refer foot note 1)	Plant and equipment (Owned)	Furniture and fixtures	Vehicles	Office equipments	Capital work-in-progress	Total
Gross carrying amount									
As at April 01, 2018	**48,546**	**10,638**	**37,352**	**2,00,754**	**1,384**	**663**	**930**	**30,935**	**3,31,202**
Additions	1	186	10,706	54,426	199	93	277	1,14,717	1,80,605
Disposals	-	-	(71)	(1,117)	(2)	(1)	(6)	-	(1,197)
Transfers / capitalised	-	-	-	-	-	-	-	(65,888)	(65,888)
Adjustments during the year*	(92)	-	(199)	(400)	-	-	(2)	-	(693)
Foreign Exchange Adjustment	-	-	-	2	1	-	1	395	399
As at March 31, 2019	**48,455**	**10,824**	**47,788**	**2,53,665**	**1,582**	**755**	**1,200**	**80,159**	**4,44,428**
Additions	69	79	15,360	90,637	533	37	356	1,31,985	2,39,056
Disposals	-	-	(124)	(603)	(1)	(4)	(12)	-	(744)
Transfers / capitalised	-	-	-	-	-	-	-	(1,07,071)	(1,07,071)
Foreign Exchange Adjustment	-	-	-	2	1	-	1	-	4
As at March 31, 2020	**48,524**	**10,903**	**63,024**	**3,43,701**	**2,115**	**788**	**1,545**	**1,05,073**	**5,75,673**
Accumulated Depreciation:									
As at April 01, 2018	**-**	**357**	**3,280**	**32,981**	**369**	**267**	**107**	**-**	**37,361**
Depreciation for the year	-	145	1,480	15,405	171	101	255	-	17,557
Disposals	-	-	(59)	(660)	(1)	(1)	(5)	-	(726)
Adjustments during the year*	-	-	(21)	(152)	-	-	(2)	-	(175)
Foreign Exchange Adjustment	-	-	-	1	-	-	1	-	2
As at March 31, 2019	**-**	**502**	**4,680**	**47,575**	**539**	**367**	**356**	**-**	**54,019**
Depreciation for the year	-	145	1,619	18,889	186	100	298	-	21,237
Disposals	-	-	(9)	(412)	(1)	(2)	(11)	-	(435)
Foreign Exchange Adjustment	-	-	-	1	1	-	1	-	3
As at March 31, 2020	**-**	**647**	**6,290**	**66,053**	**725**	**465**	**644**	**-**	**74,824**
Net Book Value:									
As at March 31, 2019	**48,455**	**10,322**	**43,108**	**2,06,090**	**1,043**	**388**	**844**	**80,159**	**3,90,409**
As at March 31, 2020	**48,524**	**10,256**	**56,734**	**2,77,648**	**1,390**	**323**	**901**	**1,05,073**	**5,00,849**

* Adjustments include regrouping of certain assets into other class of assets.

Notes to Consolidated Financial Statements

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Net book value

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Property, plant and equipment	3,95,776	3,10,250
Capital work in progress	1,05,073	80,159

1. Building includes ₹ 0.10 Lacs as at March 31, 2020 (As at March 31, 2019: ₹ 0.10 Lacs) being value of unquoted fully-paid shares held in various co-operative housing societies.
2. During the year, the Group has transferred the following expenses which are attributable to the construction activity and are included in the cost of capital work-in-progress (CWIP) / property, plant and equipment as the case may be. Consequently, expenses disclosed under the respective notes are net of such amounts.

(₹ in Lacs)

Particulars	Note No.	2019-20	2018-19
Finance Cost	35	4,965	3,224
Professional and consultancy charges	37	647	315
Miscellaneous expenses	37	1,723	2,785
Employee benefit expenses	34	3,477	1,448
Travelling & Conveyance	37	443	512
Total		**11,255**	**8,284**

3. As a part of ongoing expansion project at Halol-Phase III, during the year the Group has capitalised and commissioned assets of ₹ 27,217 lacs (March 31, 2019: ₹ 33,819 lacs).
4. As a part of ongoing expansion project at Nagpur the Group has capitalised and commissioned the assets of ₹ 13,638 lacs (March 31, 2019: ₹ 7,409 lacs).
5. As a part of ongoing green field project at Chennai, during the year the Group has capitalised and commissioned the assets of ₹ 56,050 lacs (March 31, 2019: ₹ 7,233 lacs).
6. The amount of borrowing cost capitalised during the year ended March 31, 2020 was ₹ 4,965 lacs (March 31, 2019: ₹ 3,224 lacs). The rates used to determine the amount of borrowing cost eligible for capitalisation was in the range of 8.15% to 8.90% (March 31, 2019 : 7.40% to 8.90%) which is the effective interest rate of specific borrowings.
7. Refer note 22 and 26 for details on pledges and securities.
8. The Group has classified building having net block of Nil (March 31, 2019: ₹ 44 lacs) as assets held-for-sale (refer note 2.10 for accounting policy on Non-current assets held for sale)

Note 4: Leases

Refer note 2.14 for accounting policy on Leases

Note 4(a): Right-of-use assets

(₹ in Lacs)

Particulars	As at March 31, 2020		
	Building	Others*	Total
Opening net carrying balance	-	-	-
Adoption of Ind AS 116 "Leases" as on April 01, 2019	-	13,085	13,085
Additions during the year	1,028	-	1,028
Depreciation	(112)	(3,816)	(3,928)
Total	**916**	**9,269**	**10,185**

* Right-of-use assets are arising out of outsourcing arrangements which consists of both buildings and plant machinery used for production of goods under such arrangements.

Notes to Consolidated Financial Statements

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Note 4(b): Lease liabilities

(₹ in Lacs)

Particulars	Amount
Opening net carrying balance	-
Adoption of Ind AS 116 "Leases" as on April 01, 2019	13,085
Additions	1,028
Accretion of interest (refer note 35)	1,050
Payments	(4,562)
Total	**10,601**

Notes:

a) The rate used for discounting is 9%

b) Refer note 49 for information about fair value measurement and note 51(vi) for information about liquidity risk relating to lease

(₹ in Lacs)

Particulars	Amount
Non-current lease liabilities	6,375
Current lease liabilities	4,226

Note 5: Intangible assets and Intangible assets under development

Refer note 2.12 for accounting policy on Intangible assets

(₹ in Lacs)

Particulars	Software	Brand	Technical Knowhow	Product development	Total
Gross carrying amount					
As at April 01, 2018	**4,427**	**4,404**	**704**	**1,426**	**10,961**
Additions	700	-	-	699	1,399
Foreign Exchange Adjustment	1	-	-	-	1
As at March 31, 2019	**5,128**	**4,404**	**704**	**2,125**	**12,361**
Additions	4,244	-	-	557	4,801
Foreign Exchange Adjustment	1	-	-	-	1
As at March 31, 2020	**9,374**	**4,404**	**704**	**2,682**	**17,163**
Accumulated amortisation					
As at April 01, 2018	**1,752**	**794**	**123**	**274**	**2,943**
Amortisation for the year	792	265	41	616	1,714
Foreign Exchange Adjustment	1	-	-	-	1
As at March 31, 2019	**2,545**	**1,059**	**164**	**890**	**4,658**
Amortisation for the year	1,336	289	45	816	2,486
Foreign Exchange Adjustment	1	-	-	-	1
As at March 31, 2020	**3,882**	**1,348**	**209**	**1,706**	**7,145**
Net Book Value:					
As at March 31, 2019	**2,583**	**3,345**	**540**	**1,235**	**7,703**
As at March 31, 2020	**5,491**	**3,056**	**495**	**976**	**10,018**

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Intangible assets	10,018	7,703
Intangible assets under development	1,781	3,132

Note:

During the year, the Group has transferred employee benefit expenses of ₹ 662 Lacs (March 31, 2019: ₹ 937 lacs) and Professional and consultancy charges of Nil (March 31, 2019: ₹ 3 Lacs)which are attributable to the development activity and are included in the cost of intangible assets under development / intangible assets as the case may be. Consequently, expenses disclosed under note 34 and 37 are net of such amounts.

Note 6: Investments accounted using equity method

Refer note 2.5 for accounting policy on Investments in joint venture and associate

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Investment in Joint venture (refer note 42)		
CEAT Kelani Holding Company (Pvt.) Limited	17,193	17,556
Investment in Associate (refer note 43)		
Tyresnmore Online Private Limited	748	584
Total	**17,941**	**18,140**

Note 7: Investments

Refer note 2.19 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	Face value	As at March 31, 2020	As at March 31, 2019
Unquoted investment in others (at fair value through profit and loss)			
NIL (March 31, 2019: 1,800) equity shares of RPG Ventures Limited (formerly known as Maestro Comtrade Private Limited)	₹ 10	-	0
9,75,000 (March 31, 2019: 9,75,000) equity shares of Bhadreshwar Vidyut Private Limited (formerly known as OPGS Power Gujarat Private Limited)	₹ 0.19	2	2
National Saving Certificates VIII issue (refer foot note a)		0	0
7,129 (March 31, 2019: Nil) Compulsorily Convertible Preference shares of E-Fleet Systems Private Limited	₹ 10	399	-
10 (March 31, 2019: Nil) equity shares of E-Fleet Systems Private Limited	₹ 10	1	-
Rado Employees Co-operative Society	₹ 10	0	0
27,313 (March 31, 2019: Nil) equity shares of Greenzest Solar Private Limited	₹ 10	22	-
Total		**424**	**2**
Aggregate amount of quoted investments		**-**	**-**
Aggregate Market value of quoted investments		**-**	**-**
Aggregate amount of unquoted investments		**424**	**2**

Note:

a) Pledged as security for sales tax purpose

b) Refer note 49 of information about fair value measurement

Notes to Consolidated Financial Statements

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Note 8: Loans

Refer note 2.19 for accounting policy on financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current (at amortised cost)		
Secured, considered good		
Security deposits	472	407
Unsecured, considered good		
Security deposits	1	1
Unsecured, considered doubtful		
Security deposits	110	121
Less : Allowance made for doubtful deposits	(110)	(121)
Total	**473**	**408**

Notes:

a) No loans are due from directors or promoters of the holding company either severally or jointly with any person

b) Refer note 49 for information about fair value measurement

Note 9: Other financial assets

Refer note 2.19 for accounting policy on financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Unsecured, considered good		
At amortised cost		
Margin money deposits (refer foot note b)	149	195
At fair value through other comprehensive income		
Derivative financial instrument	332	-
Total	**481**	**195**

Notes:

a) Refer note 49 for information about fair value measurement.

b) The margin deposit are for bank guarantees given to statutory authorities.

Note 10: Other non-current assets

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Capital advances (others)	6,099	11,018
Capital advances (related party) (refer note 46)	241	1,643
Security deposits with statutory authorities	2,077	1,969
Others	4	8
Unsecured, considered doubtful		
Balance with government authorities and agencies	219	274
Less : Allowance made for doubtful balances	(219)	(274)
Total	**8,421**	**14,638**

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Note 11: Inventories

(at cost or net realisable value whichever is lower)

Refer note 2.15 for accounting policy on Inventories

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Raw materials	29,090	34,644
Goods in transit	3,180	3,399
	32,270	**38,043**
Less: Provision for unusable raw materials [refer note 38(d)]	(200)	-
	32,070	**38,043**
b) Work-in-progress	4,515	3,342
Less: Provision for unusable work-in-progress materials [refer note 38(d)]	(1,127)	-
	3,388	**3,342**
c) Finished goods	49,871	51,878
d) Stock-in-trade	3,464	3,167
Goods in transit	511	604
	3,975	**3,771**
e) Stores and spares	3,258	3,525
Goods in transit	7	1
	3,265	**3,526**
Total	**92,569**	**1,00,560**
Details of finished goods		
Automotive tyres	42,781	42,702
Tubes and others	7,090	9,176
Total	**49,871**	**51,878**

Notes:

1) Cost of inventory recognised as an expense as at March 31, 2020 includes ₹ 1,604 lacs (March 31, 2019 ₹ 1,319 lacs) in respect of write down due to net realisable value with respect to slow moving stock as per Group's policy.

2) Refer note 26 for details on pledges and securities.

Note 12: Trade receivables

Refer note 2.19 for accounting policy on financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables from others	66,944	70,314
Trade receivables from related parties (refer note 46)	491	324
Total Receivables	**67,435**	**70,638**

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Break-up for security details		
Secured, considered good (refer foot note a)	26,311	24,493
Unsecured, considered good	41,124	46,145
Doubtful	2,231	2,080
	69,666	**72,718**
Less: Allowance for doubtful debts	(2,231)	(2,080)
Total	**67,435**	**70,638**

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
The movement in allowance for doubtful debts is as follows:		
Balance as at beginning of the year	2,080	2,146
Change in allowance for doubtful debts during the year	370	63
Trade receivables written off during the year	(219)	(129)
Balance as at the end of the year	**2,231**	**2,080**

Notes:

a) These debts are secured to the extent of security deposit obtained from the dealers.

b) No trade or other receivable are due from directors or other officers of the holding company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member other than those disclosed in note no 46.

c) For terms and conditions with related parties, refer to note 46

d) Trade receivables are non-interest bearing within the credit period which is generally 27 to 90 days.

e) Refer note 51(v) for information about credit risk relating to trade receivables

f) The Group has entered into an arrangement to sell it receivable to third parties on without recourse to the Group. The Group has derecognised trade receivables of ₹ 6,112 Lacs as at March 31, 2020 (₹ 4,894 lacs as at March 31, 2019) from the books. The Group has transferred substantially all the risks and rewards of the asset.

g) Refer note 26 for details on pledges and securities.

Note 13: Cash and cash equivalents

Refer note 2.20 for accounting policy on Cash and cash equivalents

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with Banks		
On current accounts	2,461	2,087
On remittance in transit	231	4,661
Cash on hand	48	7
Cash and cash equivalents as per statement of cash flow	**2,740**	**6,755**

Changes in liabilities arising out of financing activities

(₹ in Lacs)

Particulars	Current borrowings	Non- current borrowings*
As at April 01, 2018	**19,557**	**67,610**
Cash Flows	2,830	59,767
Foreign Exchange Impact	38	-
As at March 31, 2019	**22,425**	**127,377**
Cash Flows	1,220	41,882
As at March 31, 2020	**23,645**	**169,259**

*includes current maturities of non-current borrowings.

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Note 14: Bank balances other than cash and cash equivalents

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Deposits with original maturity of more than 3 months but remaining maturity of less than 12 months	39	51
Balances held for unclaimed public fixed deposits and interest thereon (refer foot note a)	94	105
Balances held for unpaid/unclaimed dividend accounts (refer foot note b)	548	443
Total	**681**	**599**

Notes:

a) These balances are available for use only towards settlement of matured deposits and interest on deposits. Also includes ₹ 0.20 lacs (March 31, 2019 ₹ 0.20 lacs) outstanding for a period exceeding seven years, in respect of which a Government agency has directed to the Group to hold.

b) These balances are available for use only towards settlement of corresponding unpaid dividend liabilities.

Note 15: Loans

Refer note 2.19 for accounting policy on financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Current (at amortised cost)		
Unsecured, considered good		
Advance receivable in cash	91	70
Security deposits	4	5
Unsecured, considered doubtful		
Loans advances and deposits	104	149
Less: Allowance for doubtful advances and deposits	(104)	(149)
Total	**95**	**75**

Note 16: Other financial assets

Refer note 2.19 for accounting policy on financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Unsecured, considered good		
At fair value through other comprehensive income		
Derivative financial instrument	495	-
At amortised cost		
Advance receivable in cash	202	161
Other receivables	1	96
Interest receivable (refer foot note a)	92	2,601
Receivable from group companies and joint ventures (refer note 46)	428	258
Dividend receivable	1,236	-
Others	48	106
Total	**2,502**	**3,222**

Notes:

a) Includes interest due on income tax refunds Nil (March 31, 2019: ₹ 2,594 lacs)

b) Refer note 49 of information about fair value measurement

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Note 17: Other current assets

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Advance receivable in kind or for value to be received	3,859	4,916
Balance with government authorities	11,358	10,147
Advance to employees	56	52
Prepaid expense	1,157	2,584
Unsecured considered doubtful		
Advance receivable in kind or for value to be received	44	44
Less: Allowance for advance receivable in kind or for value to be received	(44)	(44)
Total	**16,430**	**17,699**

Note 18: Assets held-for-sale

Refer note 2.10 for accounting policy on Assets held-for-sale

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Free hold land and building (refer foot note a and b)	226	270
Plant and equipment (refer foot note b)	249	249
Total	**475**	**519**

Notes:

a) Free hold land and building includes building of Nil (March 2019: ₹ 44 Lacs) classified as assets held for sale by the holding company

b) Last year, the wholly owned subsidiary - RADO Tyres limited (RADO) received the order from Labour & Skills (A) Department, Government of Kerala, granting permission under the Industrial Dispute Act, 1947 to close the Factory located at Nellikuzhi, near Kothamangalam. In the opinion of the management there were no further business opportunities for RADO to explore.

On the basis of the above the Board of directors of RADO has decided that the most appropriate course of action for RADO is to sell its assets such as plant and machinery, equipment, spares and such other assets located at its factory near Kothamangalam.

The process to obtain quotation have also been initiated by the RADO's Board and they expect the sale to be concluded soon.

Given these circumstances the RADO's Board has considered prudent to reclassify the above assets to the head assets held for sale.

Note 19: Equity share capital

Refer Statement of Changes in Equity for detailed movement in other equity balance

Authorised share capital	Equity shares		Preference shares		Unclassified shares	
	Numbers	₹ in lacs	Numbers	₹ in lacs	Numbers	₹ in lacs
At April 01, 2018	**46,100,000**	**4,610**	**3,900,000**	**390**	**10,000,000**	**1,000**
Increase / (decrease) during the year	-	-	-	-	-	-
At March 31, 2019	**46,100,000**	**4,610**	**3,900,000**	**390**	**10,000,000**	**1,000**
Increase / (decrease) during the year	-	-	-	-	-	-
At March 31, 2020	**46,100,000**	**4,610**	**3,900,000**	**390**	**10,000,000**	**1,000**

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Issued share capital

Equity shares of ₹ 10 each issued	Numbers	₹ in lacs
At April 01, 2018 (refer foot note a)	**40,450,780**	**4,045**
Allotted during the year	-	-
At March 31, 2019 (refer foot note a)	**40,450,780**	**4,045**
Allotted during the year	-	-
At March 31, 2020 (refer foot note a)	**40,450,780**	**4,045**

Subscribed equity share capital

Equity shares of ₹ 10 each subscribed and fully paid	Numbers	₹ in lacs
At April 01, 2018 (refer note a)	**40,450,092**	**4,045**
Allotted during the year	-	-
At March 31, 2019 (refer note a)	**40,450,092**	**4,045**
Allotted during the year	-	-
At March 31, 2020 (refer note a)	**40,450,092**	**4,045**

a) Includes 688 (March 31, 2019: 688) equity shares offered on right basis and kept in abeyance.

b) Terms/ rights attached to equity shares

The Group 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 except interim dividend. The Board of Directors have a right to deduct from the dividend payable to any member, any sum due from him to the Group.

In the event of winding-up, the holders of equity shares shall be entitled to receive remaining assets of the Group 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, applicable in India read together with the Memorandum of Association and Articles of Association of the Company, as applicable.

c) Details of shareholders holding more than 5% shares in the group

Name of the shareholders	As at March 31, 2020		As at March 31, 2019	
	Numbers	% holding in the class	Numbers	% holding in the class
Equity shares of ₹ 10 each fully paid				
Instant Holdings Limited	11,820,524	29.22%	11,816,662	29.21%
Swallow Associates LLP	4,484,624	11.09%	4,484,624	11.09%
Amansa Holdings Pvt Limited	3,222,110	7.97%	2,409,373	5.96%
Jwalamukhi Investment Holdings	2,333,991	5.77%	2,953,366	7.30%

d) As per the records of the Company as at March 31, 2020 no calls remain unpaid by the directors and officers of the company.

e) The Company has not issued any equity shares as bonus for consideration other than cash and has not bought back any shares during the period of 5 years immediately preceding March 31, 2020.

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Note 20: Other equity

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Securities premium (refer note a)	56,703	56,703
Capital reserve (refer note b)	1,415	1,397
Capital redemption reserve (refer note c)	390	390
Cash flow hedge reserve (refer note d)	563	(2,337)
Debenture redemption reserve (DRR) (refer note e)	-	-
Foreign currency translation reserve (refer note f)	(766)	(888)
General reserve (refer note g)	25,166	25,166
Retained earnings (refer note h)	2,03,276	1,92,135
Total other equity	**2,86,747**	**2,72,566**

a) Securities premium

Amount received on issue of shares in excess of the par value has been classified as security share premium

b) Capital reserve

Capital reserve includes profit on amalgamation of entities and on account of consolidation of the Company's Bangladesh Subsidiary, CEAT AKKHAN Limited (FY 2013-14)

c) Capital redemption reserve

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

d) Cash flow hedge reserve

It represents mark-to-market valuation of effective hedges as required by Ind AS 109.

e) Debenture redemption reserve (DRR)

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.

During the year ended March 31, 2019, the Group has prepaid its non-convertible debentures amounting to ₹ 20,000 lacs on July 31, 2018 and accordingly, the balance of debenture redemption reserve has been transferred to general reserves.

f) 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 as at the date of transaction, including the difference of rupee and subsidiaries reporting currency is accumulated to foreign currency translation reserve.

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

g) General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to the statement of profit and loss.

h) Retained earnings

Retained earnings are the profits that the Group has earned till date, less any transfers to reserves, dividends or other distributions paid to shareholders.

Note 21: Distribution made and proposed

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash dividend on equity shares declared and paid		
Final dividend for the year ended on March 31, 2019: ₹ 12 per share (March 31, 2018: ₹ 11.50 per share for the year ended on March 31, 2018)	4,854	4,652
Dividend Distribution Tax on final dividend	791	829
Interim dividend for the year ended on March 31, 2020: ₹ 12 per share (March 31, 2019: Nil)	4,854	-
Dividend Distribution Tax on interim dividend	996	-
	11,495	**5,481**

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Proposed dividend on equity shares		
Proposed dividend for the year ended on March 31, 2020: Nil (March 31, 2019 ₹ 12 per share)	-	4,854
Dividend Distribution Tax (DDT) on proposed dividend	-	998
	-	**5,852**

Proposed dividends on equity shares which are subject to approval at the Annual General Meeting are not recognised as a liability (including Dividend Distribution Tax thereon) in the year in which it is proposed.

During the year ended March 31, 2020, the Company has paid dividend to its' shareholders. This has resulted in payment of Dividend Distribution Tax to the taxation authority which the Company believes represents additional payment on behalf of the shareholders and hence charged to equity.

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Note 22: Borrowings

(at amortised cost)

Refer note 2.19 for accounting policy on financial instruments

(₹ in Lacs)

Particulars	Non-current As at March 31, 2020	Non-current As at March 31, 2019	Current maturities As at March 31, 2020	Current maturities As at March 31, 2019
Interest bearing loans and borrowings				
I. Secured				
Term loans				
a) Indian rupee loan from banks*				
Citibank N.A. (Refer foot note 1)	21,500	21,500	-	-
Citicorp Finance (India) Limited (Refer foot note 2)	8,500	8,500	-	-
HDFC Bank (Refer foot note 3)	18,333	17,299	1,667	-
Kotak Mahindra Bank (Refer foot note 4)	29,974	29,971	-	-
Bank of Baroda (Refer foot note 5)	32,618	19,826	-	-
SVC Bank (refer foot note 6)	6,630	7,410	780	390
State Bank of India (Refer foot note 7)	27,229	-	-	-
HSBC Bank Ltd. (refer foot note 8)	4,161	-		
ICICI Bank Ltd. (refer foot note 9)	13,088	14,582	1,500	375
b) Buyer's Credit (Refer foot note 10)	-	619	685	4,143
II. Unsecured				
i) Public deposits (Refer foot note 11)	0	0	-	-
ii) Deferred sales tax incentive (Refer foot note 12)	2,045	2,557	548	205
	1,64,078	**1,22,264**	**5,180**	**5,113**
Less: amount classified under other current financial liabilities (refer note 28)	-	-	(5,180)	(5,113)
Total	**1,64,078**	**1,22,264**	**-**	**-**

*Indian rupee loan from Banks, carries floating interest rate ranging from 5.96% p.a. to 8.90% p.a.

Notes:

1) Term Loan from Citibank N.A. ₹ 21,500 lacs as on March 31, 2020 (March 31, 2019: ₹ 21,500 lacs) is secured by first pari passu charge over the immovable fixed assets and movable fixed assets (excluding current assets) situated at Halol. It is payable as under :

Year	Repayment Schedule (In %)	Schedule of Payment
2021 - 22	20.00%	To be repaid in 3 annual instalment at the end of 3rd, 4th & 5th year
2022 - 23	30.00%	
2023 - 24	50.00%	

2) Term Loan from Citicorp Finance India Limited ₹ 8,500 lacs as on March 31, 2020 (March 31, 2019: ₹ 8,500 lacs) is secured by first pari passu charge over the immovable fixed assets and movable fixed assets (excluding current assets) situated at Halol. It is payable as under:

Year	Repayment Schedule (In %)	Schedule of Payment
2021 - 22	20.00%	To be repaid in 3 annual instalment at the end of 3rd, 4th & 5th year
2022 - 23	30.00%	
2023 - 24	50.00%	

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

3) Term Loan from HDFC Bank ₹ 20,000 lacs as on March 31, 2020 (March 31, 2019: ₹ 17,300 lacs) is secured by first pari passu charge over the immovable fixed assets and movable fixed assets (excluding current assets) situated at Halol. It is payable in 12 equal quarterly instalments payable after 2 years of Moratorium.

4) Term Loan from Kotak Mahindra Bank Limited ₹ 30,000 lacs as on March 31, 2020 (March 31, 2019: ₹ 30,000 lacs) is secured by first pari passu charge over the holding Company's immovable fixed assets and movable fixed assets (excluding current assets) situated at Halol, Nashik, Nagpur & Chennai Plant. It is payable as under:

Year	Repayment Schedule (In %)	Schedule of Payment
2021 - 22	2.50%	To be repaid in 28 structured quarterly instalment commencing (March 2022) after 3 years of moratorium from First drawdown Date (December 2018)
2022 - 23	10.00%	
2023 - 24	11.50%	
2024 - 25	16.00%	
2025 - 26	16.00%	
2026 - 27	16.00%	
2027 - 28	16.00%	
2028 - 29	12.00%	

5) Term Loan from Bank of Baroda ₹ 32,775 lacs as on March 31, 2020 (March 31, 2019: ₹ 20,000 lacs) is secured by first pari passu charge over the holding Company's immovable fixed assets and movable fixed assets (excluding current assets) situated at Halol, Nashik, Nagpur & Chennai Plant. It is payable as under:

Year	Repayment Schedule (In %)	Schedule of Payment
2022 - 23	5.00%	To be repaid in 28 structured quarterly instalment commencing (June 2022) after 3 years of moratorium from First drawdown Date (March 2019)
2023 - 24	5.00%	
2024 - 25	15.00%	
2025 - 26	15.00%	
2026 - 27	20.00%	
2027 - 28	20.00%	
2028 - 29	20.00%	

6) Term Loan from SVC Bank of ₹ 7,400 lacs(March 31, 2019: ₹ 7,800 lacs) is secured by first pari passu charge over the all movable and immovable fixed assets of the borrower and second pari-passu, charge by way of hypothecation on all current assets of the CEAT Specialty Tyres Limited. The loan is guaranteed by corporate guarantee from the Holding Company. It is repayable as under:

Year	Repayment Schedule (In %)	Schedule of Payment
2019-20	5.00%	To be repaid in 28 structured quarterly instalment, commencing December 2019
2020-21	10.00%	
2021-22	12.50%	
2022-23	15.00%	
2023-24	15.00%	
2024-25	16.25%	
2025-26	17.50%	
2026-27	8.75%	

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

7) Term Loan from State Bank of India ₹ 27,582 lacs as on March 31, 2020 (March 31, 2019: Nil) is secured by first pari passu charge over the immovable fixed assets and movable fixed assets (excluding current assets) situated at Halol, Nashik, Nagpur & Chennai Plant. It is payable as under:

Year	Repayment Schedule (In %)	Schedule of Payment
2022 - 23	2.50%	To be repaid in 28 structured quarterly instalments commencing (Dec 2022) after 3 years of moratorium from First drawdown Date (Nov 2019)
2023 - 24	5.00%	
2024 - 25	10.00%	
2025 - 26	15.00%	
2026 - 27	17.50%	
2027 - 28	20.00%	
2028 - 29	20.00%	
2029 - 30	10.00%	

8) Term Loan from HSBC Bank of ₹ 4,161 lacs (March 31, 2019: Nil) is secured first pari passu charge over all the fixed assets of the Group at Ambernath Plant. The loan is guaranteed by corporate guarantee from the Holding Company. It is repayable as under:

Year	Repayment Schedule (In %)	Schedule of Payment
2021-22	6.36%	To be repaid in 12 structured quarterly instalments, commencing Sep 2021.
2022-23	25.10%	
2023-24	39.13%	
2024-25	29.41%	

*The subsidiary company is in process of creating security against the loan availed from HSBC Bank.

9) Term Loan from ICICI Bank of ₹ 14,625 lacs (March 31, 2019: ₹ 15,000 lacs) is secured by first pari passu charge over the all movable and immovable fixed assets of the CEAT Specialty Tyres Limited and second pari-passu, charge by way of hypothecation on all current assets of the Borrower. The loan is guaranteed by corporate guarantee from the Holding Company. It is repayable as under:

Year	Repayment Schedule (In %)	Schedule of Payment
2019-20	2.50%	To be repaid in 28 structured quarterly installment, commencing March 2020
2020-21	10.00%	
2021-22	11.25%	
2022-23	15.00%	
2023-24	15.00%	
2024-25	15.63%	
2025-26	17.50%	
2026-27	13.12%	

10) Long-term buyer's credit is secured by way of first pari passu charge on all movable assets (excluding current Assets) and immovable assets of the Holding Company situated at Nagpur plant. It is repayable within 3 years from the date of disbursement. The long-term buyer's credit carries interest of 12 months LIBOR plus 60 bps p.a. and 6 months LIBOR plus 70 bps p.a.

11) Public deposits ₹ 0.20 lacs (March 31, 2019: ₹ 0.20 lacs) outstanding for a period exceeding seven years, in respect of which a Government agency has directed the Group to hold.

12) Interest-free deferred sales tax is repayable in ten equal annual instalment commencing from April 26, 2011 and ending on April 30, 2025.

13) Outstanding balances shown in foot notes above, are grossed up to the extent of unamortised transaction cost.

14) Refer note 49 for information about fair value measurement and note 51(vi) for information about liquidity risk relating to Borrowings

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Note 23: Other financial liabilities

Refer note 2.19 for accounting policy on financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
At fair value through other comprehensive income		
Derivative financial instrument	-	315
At amortised cost		
Deposits	146	146
Payable to capital vendors (refer note b)	9,926	-
Total other financial liabilities	**10,072**	**461**

Notes:

a) Refer note 49 for information about fair value measurement and note 51(vi) for information about liquidity risk relating to other financial liabilities

b) These pertain to payable to capital vendors based on deferred payment terms.

Note 24: Provisions

Refer note 2.17 for accounting policy on Provision

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current provisions		
Provision for Sales related obligations (refer note a)	891	959
Provision for Gratuity [refer note 46(b)]	47	-
Provision for compensated absences (refer foot note b)	3,021	2,813
Provision for decommissioning liability (refer note c)	76	68
	4,035	**3,840**
Current provisions		
Provision for Sales related obligations (refer note a)	4,749	3,503
Provision for Gratuity [refer note 46(b)]	2,491	1,032
Provision for compensated absences (refer foot note b)	572	547
Provision for litigations (refer foot note d)	4,507	4,971
	12,319	**10,053**

a) Provision for Sales related obligations

A provision is recognised for expected sales related obligation 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 sales related obligation were based on current sales levels and current information available about returns based on the three years period for all products sold. The rate used for discounting provision for sales related obligation is 11.50%. The table below gives information about movement in provision for sales related obligation.

Movement in provision for sales related obligations	(₹ in Lacs)
As at April 01, 2018	**3,748**
Additions during the year	6,406
Utilised during the year	(5,692)
As at March 31, 2019	**4,462**
Additions during the year	7,230
Utilised during the year	(6,052)
As at March 31, 2020	**5,640**

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

b) Provision for compensated absences

Employee leaves are encashed as per the Group's leave encashment policy. A provision has been recognised for leave encashment liability based on the actuarial valuation of leave balance of employees as at year end.

Movement in provision for compensated absences	(₹ in Lacs)
As at April 01, 2018	**2,799**
Additions during the year	1,031
Utilised during the year	(470)
As at March 31, 2019	**3,360**
Additions during the year	746
Utilised during the year	(513)
As at March 31, 2020	**3,593**

c) Provision for decommissioning liability

The Group has recognised a provision for decommissioning obligations associated with a land taken on lease at Nashik manufacturing facility for the production of tyres. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of those costs. The Group estimates that the costs would be realised in year 2066 at the expiration of the lease and calculates the provision using the Discounted Cash Flow (DCF) method based on the following assumptions:

- Estimated range of cost per square meter – ₹ 45 – ₹ 50
- Discount rate - 11.50%

Movement in provision for decommissioning liability	(₹ in Lacs)
As at April 01, 2018	**61**
Additions during the year	7
As at March 31, 2019	**68**
Additions during the year	8
As at March 31, 2020	**76**

d) Provision for litigations

Movement in provision litigations	(₹ in Lacs)
As at April 01, 2018	**1,858**
Additions during the year	3,161
Utilised during the year	(48)
As at March 31, 2019	**4,971**
Additions during the year	28
Utilised during the year	(492)
As at March 31, 2020	**4,507**

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Note 25: Income tax and deferred taxes

Refer note 2.9 for accounting policy on Taxes

Statement of Balance Sheet

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Non current tax assets (net)		
Advance payment of tax (net of provision)	1,725	5,739
Current tax liabilities (net)		
Provision for income tax (Net of advance tax)	1,980	4,732
Deferred tax liabilities (net)	27,439	21,978
Deferred tax assets (net)	68	60

Statement of profit and loss

(₹ in Lacs)

Particulars	2019-20	2018-19
Tax expense		
Current tax	7,932	9,400
Deferred tax	(509)	3,112
Income tax expense reported in the statement of profit and loss (refer foot note c)	**7,423**	**12,512**

Other comprehensive income (OCI) section

Deferred tax related to items recognised in OCI during the year:

(₹ in Lacs)

Particulars	2019-20	2018-19
Income tax effect on actuarial losses for gratuity	245	278
Income tax effect on movement in cash flow hedges	(1,347)	1,323
Income tax (expense) / income charged to OCI	**(1,102)**	**1,601**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2020 and March 31, 2019

(₹ in Lacs)

Particulars	2019-20	2018-19
Accounting profit before tax from continuing operations	**30,429**	**37,620**
Income tax rate of 34.94% (March 31, 2019: 34.94%)	10,633	13,145
Additional Deduction on Research and Development (R&D) expense	(1,523)	(1,281)
Income taxable at special rates	(179)	(128)
Impact of share of profit from joint venture	(644)	(736)
Income tax refund for earlier years (net of provision for tax of earlier years)	(3,604)	(1,505)
Impact of subsidiaries with no tax on account of losses	1,844	1,873
Impact of associate with no tax on account of losses	47	31
Difference in tax rates for certain entities of the group	525	367
Other Ind AS adjustments	71	60
Others	(86)	287
Non-deductible expenses for tax purposes:		
Depreciation on revaluation	142	183
Corporate social responsibility (CSR) Expenses	160	184
Other non-deductible expenses	37	32
At the effective income tax rate of 24.39% (March 31, 2019: 33.26%)	**7,423**	**12,512**

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Deferred tax

Deferred tax relates to the following

(₹ in Lacs)

Particulars	Balance sheet		Statement of profit and loss	
	As at March 31, 2020	As at March 31, 2019	2019-20	2018-19
Accelerated depreciation for tax purposes	(44,028)	(34,903)	9,125	4,152
MAT Credit entitlement (refer foot note a)	8,037	5,764	(7,133)	-
Voluntary retirement scheme	1,639	1,637	(2)	(33)
Allowance for doubtful debts / advances	1,727	2,023	296	(1,077)
Undistributed profit of Subsidiary (refer foot note c)	(1,976)	(1,483)	493	134
Others	7,230	5,044	(3,288)	(64)
Deferred tax expense / (income)			**(509)**	**3,112**
Net deferred tax assets / (liabilities) (refer foot note a)	**(27,371)**	**(21,918)**		

Reflected in the balance sheet as follows:

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax assets	18,633	14,468
Deferred tax liabilities	(46,004)	(36,386)
Deferred tax liabilities, net	**(27,371)**	**(21,918)**

Reconciliation of deferred tax liabilities (net)

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance as of April 01	**(21,918)**	**(18,929)**
Tax (expense) / income recognised in the statement of profit and loss	509	(3,112)
Tax (expense) / income recognised in other comprehensive income	(1,102)	1,601
MAT credit utilisation	(4,860)	(1,481)
Others	-	3
Closing balance as at March 31	**(27,371)**	**(21,918)**

Notes:

a) This figure includes deferred tax asset of ₹ 68 lacs (March 31, 2019: ₹ 60 lacs) of CEAT Akkhan Limited.

b) The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to income taxes levied by the same tax authority.

c) Pursuant to the Taxation Laws (Amendment) Act, 2019, corporate assesses have been given the option under section 115BBA of the Income Tax Act, 1961 to apply lower income tax rate with effect from April 01, 2019, subject to certain conditions specified therein. The Group had assessed the impact of the Ordinance and believes that it will continue to remain in the existing tax structure for the foreseeable future based on its forecasted profits. Accordingly, no effect in this regard has been considered in measurement of tax expense for the year ended March 31, 2020. Management, however, will continue to review its profitability forecast at regular intervals and make necessary adjustments to tax expense when there is reasonable certainty to avail the beneficial (lower) rate of tax.

d) Based on approved plans and budgets, the Group has estimated that the future taxable income will be sufficient to absorb MAT credit entitlement , which management believes is probable. Accordingly, the Group has recognised MAT credit as an asset.

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Note 26: Borrowings

Refer note 2.19 for accounting policy on financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Secured		
Cash credit facilities from banks (repayable on demand) (refer foot note a)	779	2,373
Export packing credit from banks (refer foot note a)	1,514	-
Buyer's credit from banks	1,479	-
Term loans from banks (refer foot note a)	5,000	200
Unsecured		
Commercial Paper (refer foot note b)	14,873	19,852
Total	**23,645**	**22,425**

Notes:

a) Cash credit facilities and working capital demand loan from banks is part of working capital facilities availed from consortium of banks secured by way of first pari passu charge on the current assets of the Group, 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 Nashik and Halol plants. All short-term borrowings availed in Indian rupees during the current year carry interest in the range of 7.75% p.a. to 10.90% p.a. (March 31, 2019: 7.80% p.a. to 12.30% p.a.) and all short-term borrowing availed in foreign currency during the year carry interest at 1 month Libor Plus 110 bps. (LIBOR is set corresponding to the period of the loan).

b) The Group had issued commercial papers (total available limit ₹ 35,000 lacs) at regular intervals for working capital purposes with interest ranging from 5.45% p.a. to 8.00% p.a. The commercial papers outstanding as on March 31, 2020 are listed on the National Stock Exchange.

c) Refer note 51(vi) for information about liquidity risk relating to Borrowings

Note 27: Trade payables

Refer note 2.19 for accounting policy on financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Dues to micro and small enterprises (refer note a)		
Overdue	171	11
Not due	1,600	565
Other trade payables	117,366	103,226
Trade payables to related parties (refer note 46)	339	1,485
Total	**119,476**	**105,287**

Notes:

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

Notes to Consolidated Financial Statements
for the year ended March 31, 2020

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
i) The principal amount remaining unpaid to any supplier as at the end of each accounting year	1,771	576
ii) Interest due thereon remaining unpaid to any supplier as at the end of accounting year	9	7
iii) 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	-	7
iv) The amount of interest due and payable for the year	2	-
v) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small Enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the Act.	-	-

*The information disclosed above is to the extent available with the Group.

b) Trade payables are non interest bearing and normally settled on 30 to 180 days

c) Refer note 51(vi) for information about liquidity risk relating to trade payables

Note 28: Other financial liabilities

Refer note 2.19 for accounting policy on financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
At fair value through other comprehensive income		
Derivative financial instrument	59	3,473
At amortised cost		
Current maturities of long-term borrowings (refer note 22)	5,180	5,113
Interest accrued but not due on borrowings	744	542
Interest accrued but not due on Security deposit	14	13
Unpaid dividends	548	443
Unpaid matured deposits and interest accrued thereon (refer foot note a)	91	101
Payable to capital vendors	20,266	18,531
Deposits from dealers and Others	34,935	33,246
Others	148	0
Total	**61,985**	**61,462**

Notes:

a) Refer foot note (a) of note 14- Bank balances other than cash and cash equivalents

b) Refer note 49 for information about fair value measurement and note 51(vi) for information about liquidity risk relating to other financial liabilities

Note 29: Other current liabilities

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues	5,173	7,640
Advance received from customers *	1,332	1,359
Other payables	1	2
Total	**6,506**	**9,001**

*Represents contract liabilities

Notes to Consolidated Financial Statements
for the year ended March 31, 2020

Note 30: Revenue from operations

Set out below is the disaggregation of the Group's revenue from contracts with customers:

(₹ in Lacs)

Particulars	2019-20	2018-19
Revenue recognised at the point of time		
Automotive Tyres	6,00,927	6,11,425
Tubes and others	65,906	79,912
Sale of scrap	3,323	3,012
Other revenues	1,032	146
Revenue recognised over the period of time		
Royalty income (refer note 46)	438	441
Total revenue from contracts with customers	**6,71,626**	**6,94,936**
Other operating income		
Government grants (refer foot note d)	6,257	3,515
Revenue from operations	**6,77,883**	**6,98,451**

Notes:

a) Revenue disaggregation basis geography has been included in segment information (refer note 47)

b) Contract assets and liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables (refer note 12)	67,435	70,638
Contract liabilities (refer note 29)	1,332	1,359

The Group receives payment from customers based on a billing schedule, as established in the contracts with customers. Trade receivable are recognised when the right to consideration becomes unconditional. Contract liability relates to payments received in advance of performance under the contract. Contract liabilities are recognised as revenue as (or when) the Group perform under the contract.

c) Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price:

(₹ in Lacs)

Particulars	2019-20	2018-19
Revenue as per contracted price	6,92,187	7,14,665
Reductions towards variable consideration components*	(20,561)	(19,729)
Revenue from contracts with customers	**6,71,626**	**6,94,936**

*The reduction towards variable consideration comprises of discounts, indexations etc.

d) Government Grant:

i) The Group has recognised a government grant as income on account of Export Incentive under Merchandise Exports from India Scheme (MEIS) from Directorate General of Foreign Trade, Government of India.

ii) Pursuant to the memorandum of understanding executed with the Government of Maharashtra, the Group is entitled for industrial promotion subsidy. During the year, the Group has recognised subsidy income of ₹ 4,026 lacs (March 31, 2019: Nil)

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Note 31: Other income

Refer note 2.7 for accounting policy on revenue recognition

(₹ in Lacs)

Particulars	2019-20	2018-19
Interest income on		
Bank deposits	29	96
Other interest income	617	2,846
Other non-operating income	973	875
Gain on disposal of property, plant and equipment / asset held for sale (net)	428	-
Gain on disposal of investments (net)	4	83
Total	**2,051**	**3,900**

Note 32: Cost of material consumed

(₹ in Lacs)

Particulars	2019-20	2018-19
Raw material		
Opening stock	38,043	36,167
Add: Purchases	3,81,523	4,32,425
	4,19,566	**4,68,592**
Less: Closing stock*	(32,270)	(38,043)
Total	**3,87,296**	**4,30,549**

*The closing stock is gross off provision towards unusable raw materials aggregating ₹ 200 lacs. Refer note 38 for further details.

Details of raw materials consumed

(₹ in Lacs)

Particulars	2019-20	2018-19
Rubber	1,86,568	2,04,407
Fabrics	53,153	66,106
Carbon black	59,654	64,506
Chemicals	45,032	53,054
Others	42,889	42,476
Total	**3,87,296**	**4,30,549**

Details of Closing inventories

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Rubber	19,836	24,182
Fabrics	3,164	4,557
Carbon black	2,327	3,040
Chemicals	2,491	3,443
Others	4,452	2,821
Total (refer note 11(a))	**32,270**	**38,043**

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Note 33: Changes in inventories of finished goods, stock-in-trade and work-in-progress

(₹ in Lacs)

Particulars	2019-20	2018-19
Opening Stock		
Finished goods	51,878	32,416
Work-in-progress	3,342	3,095
Stock-in-trade	3,770	3,532
	58,990	**39,043**
Closing Stock		
Finished goods	49,871	51,878
Work-in-progress*	4,515	3,342
Stock-in-trade	3,975	3,770
	58,361	**58,990**
Total change in inventories	**629**	**(19,947)**

*The closing work-in-progress is gross off provision towards unusable semi finished inventory aggregating ₹ 1,127 lacs. Refer note 38 for further details.

Note 34: Employee benefit expense

Refer note 2.18 for accounting policy on employee benefits

(₹ in Lacs)

Particulars	2019-20	2018-19
Salaries, wages and bonus	45,294	44,168
Contribution to provident and other funds	2,364	2,024
Gratuity expenses (refer note 44)	730	667
Staff welfare expenses	5,789	6,147
Total	**54,177**	**53,006**

Note 35: Finance costs

Refer note 2.13 for accounting policy on Borrowing costs and 2.14 for accounting policy on leases

(₹ in Lacs)

Particulars	2019-20	2018-19
Interest on debts and borrowings [refer note 3(6)]	13,082	7,842
Other finance charges	455	531
Interest on lease liabilities [refer note 4(b)]	1,050	-
Total Interest expense	**14,587**	**8,373**
Unwinding of decommissioning liability	8	7
Unwinding of discount on provision of sales related obligations	498	424
Total finance cost	**15,093**	**8,804**

Note 36: Depreciation and amortisation expense

Refer note 2.11 for accounting policy on property, plant and equipments and 2.12 on intangible assets and 2.14 for accounting policy on leases

(₹ in Lacs)

Particulars	2019-20	2018-19
Depreciation on property, plant and equipment (refer note 3)	21,237	17,557
Amortisation on intangible assets (refer note 5)	2,486	1,714
Depreciation on Right-of-use assets [refer note 4(a)]	3,928	-
	27,651	**19,271**

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Note 37: Other expenses

(₹ in Lacs)

Particulars	2019-20	2018-19
Conversion charges	30,265	40,315
Short-term and low value lease rent	1,235	1,077
Stores and spares consumed	6,167	5,786
Provision for obsolescence of stores and spares	100	107
Power and fuel	21,658	22,079
Freight and delivery charges	34,920	34,419
Rates and taxes	539	179
Insurance	1,171	511
Repairs and maintenance:		
Machinery	6,570	5,717
Buildings	586	610
Others	119	62
Travelling and conveyance	4,131	4,010
Printing and stationery	254	246
Directors' fees (refer note 46)	49	53
Payment to auditors (refer foot note 1)	115	112
Cost audit fees	4	3
Advertisement and sales promotion expenses	17,479	17,937
Commission on sales	265	76
Communication expenses	1,303	801
Bad debts and advances written off	272	136
Allowance for doubtful debts written back	(219)	(129)
	53	**7**
Allowance for doubtful debts and advances	174	197
loss on disposal of property, plant and equipment(net)	-	481
Legal charges	344	214
Foreign exchange fluctuations (net)	256	357
Professional and consultancy charges	5,902	3,406
Commission to directors (refer note 46)	93	438
Training and conference expenses	1,181	1,365
Corporate social responsibility (CSR) expenses (refer foot note 2)	913	1,051
Bank charges	299	483
Sales related obligations	7,230	6,406
Miscellaneous expenses (refer foot note 3)	16,439	14,505
Total	**1,59,814**	**1,63,010**

Notes:

1) Payment to auditors

(₹ in Lacs)

Particulars	2019-20	2018-19
As auditor*		
Audit fee	69	68
Limited review	27	27
In other capacity:		
Other services (including certification fees)	13	12
Reimbursement of expenses	6	5
Total	**115**	**112**

*Exclusive of Goods and Services Tax (GST)

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

2) Details of Corporate Social Responsibility (CSR) expenditure

(₹ in Lacs)

Particulars	2019-20	2018-19
a) Gross amount required to be spent during the year	913	1,051

(₹ in Lacs)

Particulars	In cash	Yet to be paid in cash	Total
b) Amount spent during the year ending on March 31, 2020*			
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	913	-	913
Total	**913**	**-**	**913**

(₹ in Lacs)

Particulars	In cash	Yet to be paid in cash	Total
c) Amount spent during the year ending on March 31, 2019*			
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	1,051	-	1,051
Total	**1,051**	**-**	**1,051**

*The Group does not carry any CSR expense provisions for current and previous year.

3) The Group made contributions through electoral bonds of ₹ 800 lacs for the year ended March 31, 2020 (year ended March 31, 2019: nil) which is included in Miscellaneous expenses.

Note 38: Exceptional items

(₹ in Lacs)

Particulars	2019-20	2018-19
Voluntary retirement scheme (VRS) (refer foot note a)	1,390	1,195
Expenses / losses attributable to COVID19 (refer foot note d)	1,594	-
Workmen's separation expense (refer foot note b)	-	229
Provision for indirect tax matters (refer foot note c)	-	3,055
Total	**2,984**	**4,479**

a) The Group had introduced VRS for employees . During the year, 60 employees (March 31, 2019, 56 employees) opted for the VRS.

b) During the previous year, the Group has paid compensation in respect of workmen's separation.

c) During the previous year, provision for differential amount of GST attributable to the composite supply of Tyres and Tubes for the period from November 15, 2017 to January 11, 2019, aggregating to ₹ 3,055 lacs and in respect of which the Group is evaluating further legal options.

d) As explained in note 55, the COVID-19 pandemic had a significant impact on the Group's operations. The Group has made provision for unusable Semi Finished Inventory and Raw Materials, aggregating ₹ 1,327 lacs due to abrupt stoppage of production facilities. Further, borrowing costs not capitalised due to temporary suspension related to ongoing capital projects, contract manpower cost and export detention (for the period attributable to the COVID-19) aggregate ₹ 267 lacs.

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Note 39: Research and development costs

(₹ in Lacs)

Particulars	2019-20	2018-19
Capital expenditure	5,186	3,281
Revenue expenditure	7,121	6,599
Total	**12,307**	**9,880**

The above expenditure of research and development has been determined on the basis of information available with the Group and as certified by the management.

Note 40: Earnings per share (EPS)

Refer note 2.23 for accounting policy on earnings per share

Basic earnings per share (EPS) amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

(₹ in Lacs)

Particulars	2019-20	2018-19
Profit after tax for calculation of basic and diluted EPS	23,125	25,222
Weighted average number of equity shares (face value per share ₹ 10) in calculating basic EPS and diluted EPS	40,450,092	40,450,092
Basic earnings per share (face value of ₹ 10 each)	57.17	62.35
Diluted earnings per share (face value of ₹ 10 each)	57.17	62.35

Note 41: Non-controlling interest

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests

Particulars	Country of Incorporation	% of Equity interest	
		March 31, 2020	March 31, 2019
Rado Tyres Limited	India	41.44%	41.44%
CEAT AKKHAN Limited	Bangladesh	30.00%	30.00%

Information regarding non-controlling interest

(₹ in Lacs)

Particulars	2019-20	2018-19
Accumulated balances of material non-controlling interest:		
Rado Tyres Limited	(411)	(398)
CEAT AKKHAN Limited	2,776	2,777
Total	**2,365**	**2,379**
Total comprehensive income allocated to material non-controlling interest:		
Rado Tyres Limited	(12)	(61)
CEAT AKKHAN Limited	(107)	(53)
Total	**(119)**	**(114)**

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations:

Summarised statement of profit and loss for the year ended March 31, 2020

(₹ in Lacs)

Particulars	Rado Tyres Limited	CEAT AKKHAN Limited
Revenue	3	10,073
Profit/(Loss) for the year	(29)	(359)
Other comprehensive income	-	-
Total comprehensive income	**(29)**	**(359)**
Attributable to:		
Equity holders of parent	(17)	(252)
Non-controlling interest	(12)	(107)

Summarised statement of profit and loss for the year ended March 31, 2019

(₹ in Lacs)

Particulars	Rado Tyres Limited	CEAT AKKHAN Limited
Revenue	14	8,447
Profit/(Loss) for the year	(147)	(176)
Other comprehensive income	-	-
Total comprehensive income	**(147)**	**(176)**
Attributable to:		
Equity holders of parent	(86)	(123)
Non-controlling interest	(61)	(53)

Summarised balance sheet as at March 31, 2020

(₹ in Lacs)

Particulars	Rado Tyres Limited	CEAT AKKHAN Limited
Non Current Assets	484	8,234
Current Assets	45	4,922
Non Current Liabilities	1,510	27
Current Liabilities	10	3,877
Total equity	**(991)**	**9,252**
Attributable to:		
Equity holders of parent	(580)	6,476
Non-controlling interest	(411)	2,776

Summarised balance sheet as at March 31, 2019

(₹ in Lacs)

Particulars	Rado Tyres Limited	CEAT AKKHAN Limited
Non Current Assets	513	7,832
Current Assets	46	4,214
Non Current Liabilities	1,510	19
Current Liabilities	10	2,770
Total equity	**(961)**	**9,257**
Attributable to:		
Equity holders of parent	(563)	6,480
Non-controlling interest	(398)	2,777

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Summarised cash flow information as at March 31, 2020

(₹ in Lacs)

Particulars	Rado Tyres Limited	CEAT AKKHAN Limited
Operating	(4)	(1,675)
Investing	6	(32)
Financing	-	987
Net increase / (decrease) in cash and cash equivalents	**2**	**(720)**

Summarised cash flow information as at March 31, 2019

(₹ in Lacs)

Particulars	Rado Tyres Limited	CEAT AKKHAN Limited
Operating	(20)	(712)
Investing	12	(25)
Financing	-	809
Net increase / (decrease) in cash and cash equivalents	**(8)**	**72**

Note 42: Interest in Joint Venture

The group has 50% interest in CEAT Kelani Holding (Pvt) Limited, a joint venture incorporated in Sri Lanka. The joint venture entity has wholly owned subsidiaries who are involved in the manufacture of tyres. The group interest in CEAT Kelani Holdings (Pvt) Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture based on its financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below.

Details of interest held by company

Particulars	Principal activities	Country of Incorporation	% of equity interest	
			March 31, 2020	March 31, 2019
CEAT Kelani Holding (Pvt) Limited	Manufacturing of tyres	Sri Lanka	50%	50%

Summarised balance sheet

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Non Current Assets	22,086	21,635
Current Assets	24,950	23,252
Non Current Liabilities	(4,373)	(4,722)
Current Liabilities	(12,360)	(8,986)
Foreign currency translation differences	3,744	3,590
Net Assets	**34,047**	**34,769**
Percentage of the Group's ownership	50%	50%
Group's share in Net worth	**17,023**	**17,385**
Goodwill on Consolidation	1,968	1,982
Revaluation reserve	(1,798)	(1,811)
Carrying amount of investments	**17,193**	**17,556**

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Summarised statement of profit and loss

(₹ in Lacs)

Particulars	2019-20	2018-19
Revenue	37,051	41,384
Finance Costs	(249)	(212)
Depreciation and amortisation	(1,655)	(1,375)
Profit before tax	**4,805**	**5,466**
Income tax expenses	(1,090)	(1,251)
Profit after tax (A)	**3,715**	**4,215**
Other comprehensive income	(14)	6
Total other comprehensive income	**3,701**	**4,221**
Percentage of the Group's ownership (B)	50%	50%
Profit considered for consolidation [A x B]	**1,857**	**2,108**

The Group has no contingent liabilities or capital commitments relating to its interest in CEAT Kelani Holding (Pvt) Limited as at March 31, 2020 and March 31, 2019. The joint venture has no contingent liabilities or capital commitments as at 31 March 2020 and 31 March 2019.

Note 43: Interest in Associate

During the year, the Group made additional investment of ₹ 299 lacs (March 31, 2019, ₹ 300 lacs) in TYRESNMORE Online Pvt Ltd. The group interest in TYRESNMORE Online Pvt Ltd is accounted for using the equity method in the consolidated financial statements. Summarised financial information of an associate for the year ended March 31, 2020 is based on its financial statements are set out below.

Details of interest held by Group

Particulars	Principal activities	Country of Incorporation	% of equity interest	
			March 31, 2020	March 31, 2019
TYRESNMORE Online Pvt Ltd	Trading of tyres, tubes and flaps	India	*41.30%	*36.96%

*Includes compulsory convertible preference shares (potential voting right)

Summarised balance sheet

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Non Current Assets	129	132
Current Assets	276	338
Non Current Liabilities	3	3
Current Liabilities	69	98
Total equity	**333**	**369**
Percentage of the Group's ownership	41.30%	36.96%
Group's share in Net worth	**138**	**136**
Goodwill on Consolidation	610	448
Carrying amount of investment	**748**	**584**

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Summarised statement of profit and loss

(₹ in Lacs)

Particulars	2019-20	2018-19
Revenue	1,160	578
Finance Costs	7	6
Depreciation and amortisation	24	15
Profit / (Loss) for the period	(335)	(254)
Other comprehensive income	-	-
Total comprehensive income	**(335)**	**(254)**
Profit / (Loss) considered for consolidation	(335)	(254)
Percentage of the Group's ownership	41.30%	36.96%
Group share in Profit / (Loss) considered for consolidation#	***(135)**	***(88)**

#36.96 % profit is considered for consolidation for period up to August 23, 2019.

*Loss of associate up to the date of acquisition of shares is not considered for consolidation

The Group has no contingent liabilities or capital commitments relating to its interest in TYRESNMORE Online Pvt Ltd as at March 31, 2020 and March 31, 2019. The associate has no contingent liabilities or capital commitments as at March 31, 2020 and March 31, 2019.

Note 44: Post-retirement benefit plan

Refer note 2.18 for accounting policy on employee benefits

a) Defined contribution plan

The group has recognised and included in Note No.34 "Contribution to Provident and other funds" expenses towards the defined contribution plan as under:

(₹ in Lacs)

Particulars	2019-20	2018-19
Contribution to provident fund	2,092	1,797

b) Defined benefit plan - Gratuity

Description of plan

The Group has a defined benefit gratuity plan which is funded with an Insurance Company in the form of a qualifying Insurance policy. The Group's defined benefit gratuity plan is a salary plan for employees which requires contributions to be made to a separate administrative fund. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, every employee who has completed five years of service gets a gratuity on separation at 15 days of last drawn salary for each completed year of service.

Governance

The fund has the form of a trust and it is governed by the Board of Trustees, which consists of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy. Each year, the Board of Trustees reviews the level of funding. Such a review includes the asset-liability matching strategy and investment risk management policy. This includes employing the use of annuities and longevity swaps to manage the risks. The Board of Trustees decides its contribution based on the results of this annual review.

Investment Strategy

The Board of trustees have appointed LIC of India, Birla Sun Life Insurance, India First Life Insurance & HDFC Life Insurance to manage its funds. The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise. Every year, the insurance Company carries out a funding valuation based on the latest employee data provided by the Group. Any deficit in the assets arising as a result of such valuation is funded by the Group. In case of death, while in service, the gratuity is payable irrespective of vesting.

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

The following set out the amounts recognised in the Group's financial statements as at March 31, 2020 and March 31, 2019

Balance Sheet

i) Net Assets / (Liability) as at year end

(₹ in Lacs)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	Closing Present value of the defined benefit obligation	11,839	10,351
2	Closing Fair value of plan Assets	9,301	9,339
	Net Assets / (Liability) recognised in the Balance Sheet	**(2,538)**	**(1,012)**

ii) Change in present value of the defined benefit obligation are as follows:

(₹ in Lacs)

Sr. No.	Particulars	2019-20	2018-19
1	Opening present value of Defined Benefit obligation	10,351	9,407
2	Current Service Cost	736	667
3	Interest Cost	778	706
4	Benefits paid	(851)	(1,078)
5	Remeasurement (Gain) / Loss in other comprehensive income		
	- Actuarial changes arising from changes in demographic assumptions	82	(11)
	- Actuarial changes arising from changes in financial assumption	616	3
	- Experience adjustments	127	657
	Closing present value of defined benefit obligation	**11,839**	**10,351**

iii) Changes in fair value of plan assets

(₹ in Lacs)

Sr. No.	Particulars	2019-20	2018-19
1	Opening fair value of plan assets	9,339	9,765
2	Expected return on plan assets	703	730
3	Contributions made	10	15
4	Benefits paid	(851)	(1,078)
5	Return on plan assets, excluding amount recognised in net interest expense	100	(93)
	Closing fair value of plan assets	**9,301**	**9,339**

The Group's gratuity funds are invested through insurers

Statement of profit and loss

iv) Expenses recognised during the year

(₹ in Lacs)

Sr. No.	Particulars	2019-20	2018-19
1	In Income Statement	812	641
2	In Other Comprehensive Income	734	740
	Total expenses recognised during the period	**1,546**	**1,381**

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

v) Expenses recognised in the income statement

(₹ in Lacs)

Sr. No.	Particulars	2019-20	2018-19
1	Current service cost (refer note 34) *	736	667
2	Interest cost on benefit obligation	83	(19)
3	Expected return on plan assets	(7)	(7)
	Net benefit expense	**812**	**641**

* Includes ₹ 6 lacs capitalised during the year (previous year: nil)

vi) Expenses recognised in Other comprehensive income

(₹ in Lacs)

Sr. No.	Particulars	2019-20	2018-19
1	Remeasurement arising from changes in demographic assumptions	82	(12)
2	Remeasurement arising from changes in financial assumptions	625	2
3	Remeasurement arising from changes in experience variance	127	658
4	Return on plan assets, excluding amount recognised in net interest expense	(100)	92
	Components of defined benefit costs recognised in other comprehensive income	**734**	**740**

vii) Actual return on plan assets for the year ended

(₹ in Lacs)

Sr. No.	Particulars	2019-20	2018-19
1	Expected return on plan assets	703	730
2	Actuarial gain / (loss) on plan assets	100	(93)
	Actual return on plan assets	**803**	**637**

viii) The principal assumptions used in determining gratuity and leave encashment for the Group's plan are shown below

These plans typically expose the Group to actuarial risks such as: Investment Risk, Interest Risk, Demographic Risk and Salary Risk.

Risk	Exposure
Interest	The plan exposes the Group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).
Investment	The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.
Demographic	The Group has used certain mortality and attrition assumptions in valuation of the liability. The Group is exposed to the risk of actual experience turning out to be worse compared to the assumption.
Salary Escalation	The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

a) CEAT Limited

Particulars	2019-20	2018-19
Discount Rates (per annum)	6.75%	7.50%
Salary growth rate (per annum)	7.00%	7.00%
Mortality rate (% of Indian Assured Lives Mortality (2006-08) Modified Ultimate)	100%	100%
Disability Rate (% of mortality rate)	5% of mortality rate	5% of mortality rate
Withdrawal rates, based on service year: (per annum)		
- Below 5 years	8.20%	22.70%
- Equal and above 5 years	5.67%	5.67%

The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields / rates available on applicable bonds as on the current valuation date.

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

The Company's best estimate of contribution during the next year is ₹ 3,288 lacs.

Sensitivity analyses of the defined benefit obligation

The sensitivity analysis below have been determined based on reasonably possible change of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Defined Benefit Obligation (Base)	11,700	10,280

A quantitative sensitivity analysis for significant assumption as at March 31, 2020 is as shown below:

(₹ in Lacs)

Particulars	2019-20		2018-19	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	12,627	10,886	11,048	9,603
(% change compared to base due to sensitivity)	7.90%	(6.90%)	7.50%	(6.60%)
Salary Growth Rate (- / + 1%)	10,882	12,614	9,595	11,043
(% change compared to base due to sensitivity)	(7.00%)	7.80%	(6.70%)	7.40%
Attrition Rate (- / + 50% of attrition rates)	11,779	11,633	10,261	10,286
(% change compared to base due to sensitivity)	0.70%	(0.60%)	(0.20%)	0.10%
Mortality Rate (- / + 10% of mortality rates)	11,699	11,698	10,279	10,280
(% change compared to base due to sensitivity)	0.00%	0.00%	0.00%	0.00%

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Weighted average duration and expected employers contribution for the next year for the defined benefit plan

The weighted average duration (based on discounted cash flows) of defined benefit obligation is 7 years.

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Within the next 12 months (next annual reporting period)	1,897	1,676
Between 2 and 5 years	4,427	4,210
Between 5 and 10 years	5,057	4,839
Beyond 10 years	10,448	9,241
Total expected payments	**21,829**	**19,966**

b) CSTL

(₹ in Lacs)

Particulars	2019-20	2018-19
Discount Rates (per annum)	6.35%	7.60%
Salary growth rate (per annum)	7.00%	7.00%
Mortality rate (% of Indian Assured Lives Mortality (2006-08) Modified Ultimate)	100%	100%
Disability Rate	5% of mortality rate	5% of mortality rate
Withdrawal rates, based on service year per annum	15.00%	15.00%
Retirement Age	58 years	58 years

The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields / rates available on applicable bonds as on the current valuation date.

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

The Company's best estimate of contribution during the next year is NIL.

Sensitivity analyses of the defined benefit obligation

The sensitivity analysis below have been determined based on reasonably possible change of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Defined Benefit Obligation (Base)	139	71

A quantitative sensitivity analysis for significant assumption as at March 31, 2020 is as shown below:

(₹ in Lacs)

Particulars	2019-20		2018-19	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / +1%)	149	132	76	67
(% change compared to base due to sensitivity)	6.50%	(5.80%)	6.80%	(6.10%)
Salary Growth Rate (- / + 1%)	131	148	67	76
(% change compared to base due to sensitivity)	(5.80%)	6.40%	(6.20%)	6.80%
Attrition Rate (- / + 1%)	141	138	72	70
(% change compared to base due to sensitivity)	1.10%	(1.10%)	1.60%	(1.60%)
Mortality Rate (- / + 10% of mortality rates)	140	140	71	71
(% change compared to base due to sensitivity)	0.00%	0.00%	0.00%	0.00%

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Weighted average duration and expected employers contribution for the next year for the defined benefit plan

The weighted average duration (based on discounted cash flows) of defined benefit obligation is 6 years.

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Within the next 12 months (next annual reporting period)	13	5
Between 2 and 5 years	80	38
Between 5 and 10 years	62	39
Total expected payments	**155**	**82**

Note 45: Commitments and contingencies

a) Contingent Liabilities

Refer note 2.25 for accounting policy on contingent liability and contingent asset (to the extent not provided for)

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
1. Direct and indirect taxation matters*		
Income tax	495	911
Excise duty / Service tax / GST	6,247	7,083
Sales tax / VAT	5,439	5,360
Bills discounted with banks	3,672	10,586
2. Claims against the Group not acknowledged as debts*		
In respect of labour matters	660	586
Customer disputes	-	446
Vendor disputes	294	294
3. Other claims*	3,208	3,199

* In respect of above matters, future cash outflows are determinable only on receipt of judgements pending at various forums / authorities.

b) Commitments

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advance payments)	73,999	1,31,648

c) Others

1. The Group has availed the Sales Tax Deferral Loan and Octroi refund from the Directorate of Industries for Nashik Plant. Hence, the Group 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 Group 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.

d) Demands and disputes considered as "Remote" by the Group

1. The Group 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 ₹ 27,672 Lacs i.e., the amount of duty already paid on the basis of transaction value and duty

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

payable on the basis of MRP under Section 4A, for the period from April-2011 to July-2017. The Group 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 Group 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 01, 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.

2. The Competition Commission of India (CCI) had, while considering the representation of the All India Tyres Dealers Federation (AITDF) made a prima facie finding 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 financial year 2011-12. 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 directed the said tyre manufacturers to file their suggestions/objections by May 05, 2016. Objections were filed as directed and the CCI had also heard the tyre manufacturers in detail.

   Aggrieved by the conduct of the Investigation by the DG, one of the other tyre manufacturer filed Writ Petition in the Madras High Court, challenging the legality of the investigation conducted by the Director General. The Madras High Court had initially admitted the Writ Petition and directed the CCI to not pass any Orders till the disposal of the Petition. Subsequently, the Writ Petition was dismissed on March 06, 2018. Aggrieved by the decision of the Single Judge of the Madras High Court, the above said tyre manufacturer filed Appeal before the Division Bench on March 07, 2018. On hearing the Appeal, the Division Bench on March 08, 2018 directed the CCI to keep its Orders in sealed cover till the disposal of the Appeal. The Appeal is still pending.

   Meanwhile, few other tyre manufactures having been aggrieved by the decision of the Single Judge of the Madras High Court, have filed Special Leave Petition before the Supreme Court. The Supreme Court initially admitted the Special Leave Petition. However, when the Petition came up for hearing, the Parties have withdrawn the Petition citing their willingness to approach the Division Bench of the Madras High Court. The Appeal filed before the Madras High Court continues to be pending.

   The Group's decision to change the price is purely a business decision which depends upon many factors like cost of production, brand value perception, profit margin of each product, quality perception of each product in the market, demand and supply situation of each product category, market potential and market share targets of various product categories etc. In view of the above, Group believes that it has a strong case, hence, considered as remote.

Note 46: Related party transactions

a) Names of related parties and related party relationship

Related parties with whom transactions have taken place during the current year and previous year

- CEAT Kelani Holdings (Pvt.) Limited ("CKHL") (Joint venture of ACHL)
- Associated CEAT (Pvt.) Limited ("ACPL") (Subsidiary of CKHL)
- Ceat-Kelani International Tyres (Pvt.) Limited ("CKITL") (Subsidiary of CKHL)
- Ceat Kelani Radials Limited ("CKRL") (Subsidiary of CKHL)
- Asian Tyres (Pvt.) Limited ("ATPL") (Subsidiary of CKITL)
- TYRESNMORE Online Pvt Ltd. ("TNM") (Associate Company)

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

- RPG Enterprises Limited ("RPGE") (Directors, KMP or their relatives are interested)
- RPG Lifesciences Limited ("RPGLS") (Directors, KMP or their relatives are interested)
- Zensar Technologies Limited("Zensar") (Directors, KMP or their relatives are interested)
- Raychem RPG (Pvt.) Limited ("Raychem") (Directors, KMP or their relatives are interested)
- KEC International Limited ("KEC") (Directors, KMP or their relatives are interested)
- Al Sharif Group & KEC Ltd. Co ("AL Sharif") (Subsidiary of KEC International Limited)
- Vinar Systems Pvt. Limited ("Vinar") (Directors, KMP or their relatives are interested) upto May 31, 2018
- 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)
- Amber Apartments LLP ("Amber") (Directors, KMP or their relatives are interested)
- Khaitan & Co. ("Khaitan") (Directors, KMP or their relatives are interested)
- CEAT Limited Superannuation Scheme ("Superannuation Scheme")(Post employment benefit fund)
- CEAT Limited Employees Gratuity Fund ("Gratuity trust")(Post employment benefit fund)
- CEAT Specialty Tyres Ltd Emp New Group Gratuity Cash Accumulation Scheme ("Gratuity trust")(Post employment benefit fund)
- Artemis ventures Limited ("Artemis") (Directors, KMP or their relatives are interested)

Key Management Personnel (KMP):

i) Mr. Harsh Vardhan Goenka, Chairman
ii) Mr. Anant Vardhan Goenka, Managing Director
iii) Mr. Arnab Banerjee, Whole-time Director
iv) Mr Kumar Subbiah, Chief Financial Officer
v) Ms. Shruti Joshi, Company Secretary upto June 11, 2018
vi) Ms. Vallari Gupte, Company Secretary w.e.f. October 25, 2018
vii) Mr. Paras K. Chowdhary, Independent Director
viii) Mr. Vinay Bansal, Independent Director
ix) Mr. Hari L Mundra, Non-Executive - Non Independent Director up to January 29, 2019
x) Mr. Atul Choksey, Independent Director
xi) Mr. Mahesh Gupta, Independent Director
xii) Mr. Haigreve Khaitan, Independent Director
xiii) Ms. Punita Lal, Independent Director
xiv) Mr. S. Doreswamy, Independent Director up to March 12, 2019

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

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

(₹ in Lacs)

Transactions	Related Party	2019-20	2018-19
Reimbursement / (recovery) of expenses (net)	ACPL	(142)	(28)
	AL Sharif	14	-
	CKITL	(18)	(28)
	Raychem	(15)	(2)
	KEC	(65)	(56)
	Amber	-	2
	Zensar	5	9
	RPGE	331	129
	RPGLS	(21)	(20)
	Total	**89**	**6**
Royalty income	ACPL	108	84
	CKITL	129	137
	ATPL	96	82
	CKRL	105	138
	Total	**438**	**441**
Purchase of Traded goods	ACPL	1,338	4,064
	CKITL	16	767
	Total	**1,354**	**4,831**
Sales	CKITL	1,244	551
	TNM	713	403
	ACPL	14	45
	KEC	-	1
	Total	**1,971**	**1,000**
Investments (including share application money) made during the year	TNM	299	300
Technical development fees received	ATPL	-	65
Rent paid on residential premises / guest house	Allwin	3	16
	KEC	2	1
	Amber	4	16
	Atlantus	17	19
	Chattarpati	42	45
	B N Elias	22	21
	Total	**90**	**118**
Building maintenance recovery	Raychem	95	95
	KEC	520	496
	RPGE	122	96
	RPGLS	117	103
	Total	**854**	**790**
Rent recovery on residential premises	KEC	15	25
	Raychem	14	13
	RPGE	7	8
	Total	**36**	**46**
Contribution to Post-Employment Benefit Plans	Gratuity trust	10	15
	Superannuation Scheme	101	97
	Total	**111**	**112**

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

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

(₹ in Lacs)

Transactions	Related Party	2019-20	2018-19
Receipt from Post-Employment Benefit Plans	Gratuity trust	851	1,078
	Superannuation Scheme	14	25
	Total	**865**	**1,103**
Purchase of capex / spares	Raychem	-	110
	KEC	4,413	4,972
	Vinar	-	2
	Zensar	-	130
	Total	**4,413**	**5,214**
Consultancy fees	Artemis	35	48
Legal fees	Khaitan & Co.	21	45
License fees	RPGE	1,167	662

c) Balance outstanding at the year end

(₹ in Lacs)

Amount due to / from related party	Related Party	As at March 31, 2020	As at March 31, 2019
Advances recoverable in cash or kind and other balances	ACPL	128	11
	CKITL	7	27
	KEC	21	15
	RPGE	6	-
	Khaitan & Co.	3	-
	Raychem	27	-
	RPGLS	7	1
	Total	**199**	**54**
Royalty receivable	ACPL	54	43
	CKITL	64	60
	CKRL	59	66
	ATPL	52	35
	Total	**229**	**204**
Trade payables	ACPL	225	780
	Raychem	-	116
	CKITL	-	132
	Zensar	18	18
	RPGE	-	1
	Atlantus	3	-
	Total	**246**	**1,047**
Trade receivables	CKITL	414	231
	ACPL	-	26
	RPGE	-	2
	CKRL	0	0
	TNM	77	65
	Total	**491**	**324**
Capital advance net of capital creditors	KEC	241	1,643

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

d) Transactions with key management personnel and their relatives

(₹ in Lacs)

Sr. No.	Related party	2019-20	2018-19
1)	Mr. Harsh Vardhan Goenka		
	Commission	375	373
	Director sitting fees	6	5
	Dividend	16	15
	Total	**397**	**393**
2)	Mr. Anant Vardhan Goenka		
	Salaries	428	313
	Allowances and perquisites	42	34
	Performance bonus*	48	96
	Contribution to provident & superannuation fund	41	30
	Dividend	2	2
	Leave encashment	-	0
	Total	**561**	**475**
3)	Mr. Arnab Banerjee		
	Salaries	248	212
	Allowances and perquisites	0	0
	Performance bonus*	29	67
	Contribution to provident & superannuation fund	18	12
	Leave encashment	-	0
	Dividend	0	0
	Total	**295**	**291**
4)	Mr. Kumar Subbiah		
	Salaries	167	150
	Allowances and perquisites	1	0
	Performance bonus*	23	46
	Contribution to provident & superannuation fund	6	5
	Dividend	0	0
	Leave encashment	-	0
	Total	**197**	**201**
5)	Ms. Vallari Gupte		
	Salaries	44	26
	Performance bonus*	3	-
	Contribution to provident & superannuation fund	3	2
	Leave Encashment	-	-
	Total	**50**	**28**
6)	Ms Shruti Joshi		
	Salaries	-	7
	Performance bonus*	-	8
	Contribution to provident & superannuation fund	-	6
	Leave Encashment	-	1
	Total	**-**	**22**
7)	Mr. Paras K. Chowdhary		
	Commission*	8	6
	Director sitting fees	10	6
	Dividend	0	0
	Total	**18**	**12**

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

d) Transactions with key management personnel and their relatives (Contd..)

(₹ in Lacs)

Sr. No.	Related party	2019-20	2018-19
8)	Mr. Hari L. Mundra		
	Commission*	7	6
	Director sitting fees	-	5
	Total	**7**	**11**
9)	Mr. Vinay Bansal		
	Commission*	8	6
	Director sitting fees	10	8
	Total	**18**	**14**
10)	Mr. Atul C. Choksey		
	Commission*	8	6
	Director sitting fees	5	4
	Total	**13**	**10**
11)	Mr. Mahesh S. Gupta		
	Commission*	8	6
	Director sitting fees	10	8
	Total	**18**	**14**
12)	Mr. Haigreve Khaitan		
	Commission*	8	6
	Director sitting fees	5	4
	Total	**13**	**10**
13)	Ms. Punita Lal		
	Commission*	8	6
	Director sitting fees	3	5
	Total	**11**	**11**
14)	Mr. S. Doreswamy		
	Commission*	8	6
	Director sitting fees	-	8
	Total	**8**	**14**
	Grand Total	**1,606**	**1,506**

* Represents amount paid during the year.

e) Balance outstanding at the year end for KMP

(₹ in Lacs)

Amount due to related party	Related party	As at March 31, 2020	As at March 31, 2019
Commission Payable	Mr. Harsh Vardhan Goenka	45	375
	Mr. Paras K. Chowdhary	8	8
	Mr. Hari L. Mundra	-	7
	Mr. Vinay Bansal	8	8
	Mr. Atul C. Choksey	8	8
	Mr. Mahesh S. Gupta	8	8
	Mr. Haigreve Khaitan	8	8
	Ms. Punita Lal	8	8
	Mr. S. Doreswamy	-	8
	Total	**93**	**438**

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

f) Terms and conditions of transactions with related parties

The sales, purchases and other transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

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 Group as a whole.

Managerial remuneration is computed as per the provisions of section 198 of the Companies Act, 2013. The amount outstanding are unsecured and will be settled in cash.

g) Capital and other commitments with related parties

i. The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance payments) pertaining to the related parties are as follows:

(₹ in Lacs)

Related Party	As at March 31, 2020	As at March 31, 2019
KEC	903	4,258

Note 47: Segment information

Refer note 2.24 for accounting policy on Segment reporting

The Group is primarily engaged in business of manufacturing and sales of Automotive Tyres ,Tubes & Flaps.

Information about products

(₹ in Lacs)

Particulars	2019-20			2018-19		
	Automotive Tyres	Tubes and others	Total	Automotive Tyres	Tubes and others	Total
Revenue from contracts with customers	6,00,927	70,699	6,71,626	6,11,425	83,511	6,94,936

Information about geographical areas:

(₹ in Lacs)

Particulars	2019-20			2018-19		
	In India	Outside India	Total	In India	Outside India	Total
Revenue from contracts with customers	5,59,262	1,12,364	6,71,626	5,92,078	1,02,858	6,94,936
Non-current assets	5,30,779	21,587	5,52,366	4,18,735	21,691	4,40,426

During the year 2019-20 and 2018-19, no single external customer has generated revenue of 10% or more of the Group's total revenue.

During the year 2019-20 and 2018-19, no single country outside India has given revenue of more than 10% of total revenue.

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Note 48: Hedging activities and derivatives

Derivatives designated as hedging instruments

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 and foreign currency risk arising from variable rate foreign currency denominated loans. All these instruments are designated as hedging instruments and the necessary documentation for the same is made as per Ind AS 109.

Cash flow hedges

Foreign currency risk

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of recognised purchase payables, committed future purchases, recognised sales receivables, forecast sales and Foreign Currency loan (Buyer's Credit) in US dollar, Euro, Japanese Yen and Pound Sterling.

Cross currency Interest Rate Swaps (CCIRS) measured at fair value through OCI are designated as hedging instruments in cash flow hedges for Foreign currency loan (Buyer's Credit) in US Dollar.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates. CCIRS has been designated as effective hedging instrument from April 01, 2016 onwards.

Hedged foreign currency exposure

(Amount in Foreign currency and ₹ in Lacs)

Derivative instrument	Purpose	Currency	As at March 31, 2020		As at March 31, 2019	
			Foreign Currency	₹	Foreign Currency	₹
Forward Contract to sell Foreign Currency (FC)	Hedge of foreign currency sales	USD	105	7,978	121	8,985
		EUR	16	1,347	17	1,299
	Hedge of foreign currency high probable sales	USD	188	14,190	140	9,650
Forward Contract to buy Foreign Currency (FC)	Hedge of foreign currency purchase	USD	160	12,072	101	7,001
		EUR	198	16,419	109	8,448
		JPY	1,766	1,231	-	-
	Hedge of foreign currency firm commitment – PO based hedging	USD	558	42,263	694	47,991
		EUR	161	13,338	472	36,675
		GBP	-	-	0	9
		JPY	3,480	2,426	5,847	3,650
Cross Currency Interest Rate Swap	Hedge of foreign currency Buyer's Credit	USD	9	686	71	4,914

Unhedged Foreign currency Exposure*

(Amount in foreign currency in Lacs)

Particulars	Currency	2019-20	2018-19
Short Term borrowing#	USD	20	-
Trade Payables and other financial liabilities	USD	30	39
	EUR	8	5
	JPY	322	602
	GBP	-	0
	AED	5	26
Trade Receivables#	USD	37	22
	EUR	7	7
Advances Recoverable in cash or kind	USD	3	7

*The trade payables / short term borrowings are naturally hedged (off-set) to the extent of exposure under trade receivables / advances for respective currencies.

#The short term borrowing pertains to PCFC which is naturally hedged against trade receivable of equivalent amount.

Notes to Consolidated Financial Statements
for the year ended March 31, 2020

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arise requiring recognition through statement of profit and loss.

The cash flow hedges as at March 31, 2020 were assessed to be highly effective and a net unrealised gain of ₹ 4,247 lacs, with a deferred tax liability of ₹ 1,347 lacs relating to the hedging instruments, is included in OCI. Comparatively, the cash flow hedges as at March 31, 2019 were assessed to be highly effective and an unrealised loss of ₹ 4,134 lacs, with a deferred tax assets of ₹ 1,323 lacs was included in OCI.

Note 49: Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(₹ in Lacs)

Particulars	Note	Carrying value / Fair value	
		As at March 31, 2020	As at March 31, 2019
Financial assets			
a) Measured at fair value through profit and loss			
Investments	7	424	2
b) Measured at fair value through other comprehensive income			
Derivative financial instruments (non-current and current)	9 & 16	827	-
c) Measured at amortised cost			
Loans (Non-current)	8	473	408
Other financial assets (Non-current)	9	149	195
Total		**1,873**	**605**
Financial liabilities			
a) Measured at fair value through other comprehensive income			
Derivative financial instruments (non-current and current)	23 & 28	59	3,788
b) Measured at amortised cost			
Lease liability (non-current and current)	4	10,601	-
Borrowings (Non-current)	22	1,64,078	1,22,264
Other financial liabilities (Non-current)	23	10,072	146
Total		**1,95,411**	**1,26,198**

The management assessed that fair values of cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, trade payables, short term borrowings, other current financial assets and liabilities (except derivative financial instrument those being measured at fair value through other comprehensive income) which are receivable / payable within one year approximate their carrying amounts largely due to the short-term maturities of these instruments.

Note 50: Fair values hierarchy

The fair value of financial instruments as referred to in note 49 above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

- Level 1: Quoted prices for identical instruments in an active market;
- Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs; and
- Level 3: Inputs which are not based on observable market data.

Notes to Consolidated Financial Statements
for the year ended March 31, 2020

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as at March 31, 2020 and March 31, 2019

(₹ in Lacs)

Particulars	Total	Fair Value measurement using		
		Level 1	Level 2	Level 3
As at March 31, 2020				
Financial assets at fair value				
a) Through profit & loss				
Investments	424	-	-	424
b) Through other comprehensive income				
Derivative financial instruments (non-current and current)	827	-	827	-
As at March 31, 2019				
Financial assets at fair value				
a) Through profit & loss				
Investments in others	2	-	-	2
Financial liabilities at fair value				
a) Through other comprehensive income				
Derivative financial instruments (non-current and current)	3,788	-	3,788	-

There have been no transfers between Level 1 and Level 2 during the period.

Calculation of Fair Values

The fair values of the financial assets and liabilities are defined as the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended March 31, 2019.

Financial assets and liabilities measured at fair value as at Balance Sheet date:

Derivative financial instruments: The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties, foreign exchange forward rates, etc.

Lease liabilities: A change in one or more of the inputs to reasonably possible alternative assumptions would not change the value significantly.

Investment in others: The fair value is calculated using the Discounted Cashflow method where the significant unobservable input used is discount rate - 14.32%.

Note 51: Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, mutual fund investments and cash and cash equivalents that derive directly from its operations. The Group also enters into derivative transactions.

The Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. The Board of Directors through its risk management committee reviews and agrees policies for managing each of these risks, which are summarised below.

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

a. Market risk

The Group's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- Interest rate risk;
- Foreign currency risk;
- Equity price risk; and
- Commodity risk

The above risks may affect the Group's income and expenses, or the value of its financial instruments. The Group's exposure to and management of these risks are explained below.

The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2020 and March 31, 2019 including the effect of hedge accounting.

i. Interest rate risk

Risk	Exposure	Risk Management
Risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	Relates primarily to the Group's long-term debt obligations with floating interest rates.	The Group manages its interest rate risk pertaining to domestic borrowings by maintaining a balanced portfolio of borrowings linked to various tenor benchmark of MCLR & T-Bills. The Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. As at March 31, 2020, after taking into account the effect of interest rate swaps, approximately 10% of the Group's total borrowings are at a fixed rate of interest (March 31, 2019: 18%).

The following table provides a break-up of Group's fixed and floating rate borrowing (gross off processing fees)

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed rate borrowings	20,238	27,377
Floating rate borrowings	1,73,202	1,22,425
Total borrowings	**1,93,440**	**1,49,802**

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in Lacs)

Particulars	Increase/decrease in basis points	Effect on profit before tax
March 31, 2020		
₹ 1,73,202 lacs	+/- 100 bps	-1,732.02 / 1,732.02
March 31, 2019		
₹ 1,22,425 lacs	+/- 100 bps	-1,224.25 / +1,224.25

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

ii. Foreign currency risk

Risk	Exposure	Risk Management
Risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.	Relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency)	The Group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 6 month period for the foreign currency denominated trade payables and trade receivables. The foreign currency risk on the foreign currency loans are mitigated by entering into Cross Currency Swaps. When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency. As at March 31, 2020, the Group hedged 100% (March 31, 2019: 100 %) of its foreign currency loans. At March 31, 2020, the Group hedged 84% (March 31, 2019: 88%) of its foreign currency receivables/payables.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD and EURO rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

(₹ in Lacs)

Particulars	Change in Currency	Effect on profit before tax
March 31, 2020		
Recognised net payable – USD 2.17 Mio	₹ +/- 1	-22 / +22
Recognised net payable – EUR 1.55 Mio	₹ +/- 1	-16 / +16
March 31, 2019		
Recognised net payable – USD 1.40 Mio	₹ +/- 1	-14 / +14
Recognised net payable – EUR 1.22 Mio	₹ +/- 1	-12 / +12

The movement in the pre-tax effect is a result of a change in the fair value of the financial asset / liability due to the exchange rate movement. The derivatives which have not been designated in a hedge relationship act as an economic hedge and will offset the underlying transactions when they occur. The same derivatives are not covered in the above table.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

iii. Equity price risk

The Group invests its surplus funds in various debt instruments and debt mutual funds. These comprise of mainly liquid schemes of mutual funds (liquid investments) and fixed deposits.

Mutual fund investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments. However due to the very short tenor of the underlying portfolio in the liquid schemes, these do not pose any significant price risk.

There is no material equity risk relating to the Group's equity investments which are detailed in note 7. The Group's equity investments majorly comprises of strategic investments rather than trading purposes.

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

iv. Commodity price risk

Potential impact	Exposure	Risk Management
Fluctuations in price of essential raw materials	Price volatility of rubber and carbon black which may affect continuous supply	The Group's Board of Directors has reviewed and approved a risk management strategy regarding commodity price risk and its mitigation.

Commodity price sensitivity

The following table approximately details the Group's sensitivity to a 5% movement in the input price of rubber and carbon black. The sensitivity analysis includes only 5% change in commodity prices for quantity sold or consumed during the year, with all other variables held constant. A positive number below indicates an increase in profit or equity where the commodity prices decrease by 5%. For a 5% increase in commodity prices, there would be a comparable impact on profit or equity, and the balances below would be negative.

(₹ in Lacs)

Commodity	Increase in profit due to decrease In commodity price		Decrease in profit due to increase In commodity price	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Natural rubber	5,466	5,566	(5,466)	(5,566)
Synthetic rubber	3,847	4,747	(3,847)	(4,747)
Carbon black	2,944	3,444	(2,944)	(3,444)

v. Credit risk

Trade receivables

Risk:

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Risk Management:

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management.

Trade receivables are non-interest bearing and are generally on 27 days to 90 days credit term. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The Group has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

Export customers are against Letter of Credit, bank guarantees, payment against documents. For open credit exports insurance cover is taken. Generally deposits are taken from domestic debtors under replacement segment. The carrying amount and fair value of security deposit from dealers amounts to ₹ 34,935 lacs (March 31, 2019: ₹ 33,246 lacs) as it is payable on demand. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

(₹ in Lacs)

Particulars	As at March 31, 2020			As at March 31, 2019		
Ageing	Less than 180 days	More than 180 but less than 360 days	More than 360 days	Less than 180 days	More than 180 but less than 360 days	More than 360 days
Expected loss rate	0.00%	50.00%	100%	0.00%	44.32%	99%
Gross carrying amount	67,259	352	2,055	70,511	194	2,013
Loss allowance provision	20	176	2,055	0	86	1,994

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

vi) Liquidity risk

The Group prepares cash flow on a daily basis to monitor liquidity. Any shortfall is funded out of short term loans. Any surplus is invested in liquid funds. The Group also monitors the liquidity on a longer term wherein it is ensured that the long term assets are funded by long term liabilities. The Group ensures that the duration of its current assets is in line with the current assets to ensure adequate liquidity in the 3-6 months period.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Liquidity exposure

(₹ in Lacs)

Particulars	< 1 year	1-5 years	> 5 years	Total
As at March 31, 2020				
Non-derivative financial liabilities				
Non current borrowings*	-	1,00,977	61,749	1,62,726
Current borrowings	23,645	-	-	23,645
Lease Liabilities	5,009	6,825	-	11,834
Other Financial Liabilities	61,985	9,926	146	72,057
Trade and Other payables	1,19,476	-	-	1,19,476
Total	**2,10,115**	**1,17,728**	**61,895**	**3,89,738**
Derivative financial instruments	59	-	-	59
Grand Total	**2,10,174**	**1,17,728**	**61,895**	**3,89,797**
As at March 31, 2019				
Non-derivative financial liabilities				
Non current borrowings*	-	68,481	49,878	1,18,359
Current borrowings	22,425	-	-	22,425
Other Financial Liabilities	61,462	315	146	61,923
Trade and Other payables	1,05,287	-	-	1,05,287
Total	**1,89,174**	**68,796**	**50,024**	**3,07,994**
Derivative financial instruments	3,473	315	-	3,788
Grand Total	**1,92,647**	**69,111**	**50,024**	**3,11,782**

*Non-current borrowings are gross off processing fees

Note 52: Capital management

For the purpose of the Group capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Borrowings *(note 22, 26 & 28)	1,92,903	1,49,802
Less: cash and cash equivalents (note 13)	(2,740)	(6,755)
Net debt	**1,90,163**	**1,43,047**
Equity attributable to equity holders of parent(note 19 and 20)	2,90,792	2,76,611
Capital and net debt	**4,80,955**	**4,19,658**
Gearing ratio	40%	34%

*Includes current maturities of long term borrowings

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

Note 53: Business Combinations

Amalgamation with CEAT Specialty Tyres Limited

The Board of Directors of the Company at its meeting held on April 03, 2019 approved the Scheme of Amalgamation (the 'Scheme') for the amalgamation of CEAT Specialty Tyres Limited (a wholly-owned subsidiary of the Company) with the Company. The National Company Law Tribunal, Mumbai Bench (the 'NCLT'), had its final hearing on March 13, 2020 and the Order approving the Scheme became accessible on the website of the NCLT on May 25, 2020. However, the certified copy of the Order is still awaited. The Scheme is effective only upon filing of the certified copy of the NCLT Order with the Registrar of Companies, and no part of the Scheme, including the accounting treatment therein, can be made operative until such time. The Company has also obtained a legal expert's opinion in this regard. Accordingly, the financial statements do not include any adjustments arising from the Scheme.

Note 54: Events after the reporting period

The Group's Halol plant witnessed a fire incident at its Passenger Car Radial Tyre Curing Section (Phase II) on April 08, 2020. On initial assessment, cost of damages are estimated to be approximately ₹ 500 lacs. The assets and materials are insured. Due to travel restrictions on account of lockdown following COVID-19, the assessors could not carry out a physical assesment. Once the lockdown is lifted, physical assessment of the loss would be carried out and the insurance claim would be filed with the insurer, United India Insurance Company Limited. The net loss would be known post the physical inspection and evaluation.

Note 55: Estimation of uncertainties relating to the global health pandemic from COVID-19

The COVID-19 pandemic is an evolving human tragedy declared a global pandemic by the World Health Organisation with adverse impact on economy and business. Supply Chain disruptions in India as a result of the outbreak started with restrictions on movement of goods, closure of borders etc., in several states followed by a nationwide lockdown from March 25, 2020 announced by the Indian Government, to stem the spread of COVID-19. Due to this the operations in many of the Group's manufacturing, distribution centres and warehouses got temporarily disrupted.

In light of these circumstances, the Group has considered the possible effects that may result from COVID-19 on the carrying amounts of financials assets, inventory, receivables, advances, property plant and equipment, Intangibles etc. as well as liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Group has used internal and external information such as our current contract terms, financial strength of partners, investment profile, future volume estimates from the business etc. Having reviewed the underlying data and based on current estimates the Group expects the carrying value of these assets will be recovered and there is no significant impact on liabilities accrued other than those reported in note 38. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these financial statements and the Group will continue to closely monitor any material changes to future economic conditions.

Note 56: Material foreseeable losses

The Group has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Note 57: Information required for consolidated financial statement pursuant to Schedule III of the Companies Act, 2013

Name of Entity	Relationship	As at March 31, 2020		2019-20					
		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 (before OCI)	₹ in Lacs	As % of consolidated other comprehensive income	₹ in Lacs	As % of consolidated Profit or Loss (after OCI)	₹ in Lacs
CEAT Limited	Parent	88%	2,54,794	114%	26,342	81%	2,056	111%	28,398
Rado Tyres Limited	Indian Subsidiary	0%	931	0%	(17)	0%	-	(0%)	(17)
CEAT Specialty Tyres Limited	Indian Subsidiary	3%	10,194	(20%)	(4,626)	14%	346	(17%)	(4,280)
CEAT AKKHAN Limited	Foreign Subsidiary	2%	5,684	(1%)	(330)	9%	232	(1%)	(330)
Associated CEAT Holding Pvt Limited (ACHL)	Foreign Subsidiary	0%	1,248	0%	3	(4%)	(101)	1%	134
CEAT Kelani Holding Pvt Limited (Joint venture of ACHL)(As per Equity Method)	Joint Venture	6%	17,193	8%	1,888	0%	-	7%	1,888
Tyresnmore Online Private Limited	Associate	0%	748	(1%)	(135)	0%	-	(1%)	(135)
Non-controlling interest in all subsidiaries									
Rado Tyres Limited	Indian Subsidiary	(0%)	(410)	(0%)	(12)	0%	-	(0%)	(12)
CEAT AKKHAN Limited	Foreign Subsidiary	1%	2,775	(0%)	(107)	0%	-	(0%)	(107)
Total		**100%**	**2,93,157**	**100%**	**23,006**	**100%**	**2,533**	**100%**	**25,539**

The accompanying notes are an integral part of the financial statements

For and on behalf of Board of Directors of CEAT Limited

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No: 324982E/E300003

per Vinayak Pujare
Partner
Membership Number:101143

Place: Mumbai
Date: May 28, 2020

Kumar Subbiah
Chief Financial Officer

Vallari Gupte
Company Secretary

Place: Mumbai
Date: May 28, 2020

H. V. Goenka
Chairman

Mahesh Gupta
Chairman - Audit Committee

Anant Goenka
Managing Director

Notice

NOTICE is hereby given that the Sixty-First Annual General Meeting of CEAT Limited will be held on Thursday, September 10, 2020 at 3.00 p.m. Indian Standard Time ('IST') through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM') to transact the following business:

Ordinary Business

1. To receive, consider and adopt:

   a. the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2020, 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, 2020, together with the Report of the Auditors thereon.

2. To confirm the interim dividend of ₹ 12 per equity share of face value of ₹ 10 each paid during the financial year, as final dividend for the year ended March 31, 2020.

3. To appoint a Director in place of Mr. Pierre E. Cohade (DIN: 00468035), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

Special Business

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

   "RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Rules made thereunder, the remuneration of ₹ 3,00,000/- (Rupees Three Lacs only) and reimbursement of out-of-pocket expenses at actual plus applicable taxes, be paid to M/s D. C. Dave & Co., Cost Accountants (Firm Registration No. 000611) appointed by the Board of Directors of the Company as Cost Auditors for conducting the audit of the cost records of the Company for the Financial Year ending March 31, 2021, be and is hereby ratified and confirmed."

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

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as recommended by the Nomination and Remuneration Committee, taking into consideration the performance evaluation report, Mr. Ranjit V. Pandit (DIN: 00782296), being eligible for re-appointment and in respect of whom a notice in writing pursuant to Section 160 of the Companies Act, 2013 having been received in the prescribed manner, be and is hereby re-appointed as a Non-executive Independent Director of the Company to hold office for the second term of 5 (five) consecutive years with effect from August 12, 2020 up to August 11, 2025, who shall not be liable to retire by rotation.

   RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and any other applicable provisions of the Companies Act, 2013 and Rules made thereunder, Mr. Ranjit V. Pandit be paid such fees and commission as the Board may approve from time to time and subject to such limits, prescribed or as may be prescribed from time to time."

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

   "RESOLVED THAT in accordance with the provisions of Regulation 31A(3)(a)(iii) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, and subject to necessary approvals from the Stock Exchanges (or such other authorities as may be empowered in this regard by the SEBI) where the equity shares of the Company are listed, namely, BSE Limited and National Stock Exchange of India Limited, and / or such other approval, if any, as may be required in this regard, approval of the Members of the Company be and is hereby accorded to re-classify Societe CEAT D'Investissements En Asie S. A., SPF ('SCIA'), a foreign body corporate, one of the Promoters of the Company from the 'Promoter and Promoter Group' category to the 'Public' category in accordance with Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('Re-classification').

   RESOLVED FURTHER THAT on approval of the Stock Exchanges (or such other authorities as may be empowered in this regard by the SEBI) upon application for Re-classification of SCIA from promoter category to public category, the Company shall effect such re-classification in the Statement of Shareholding Pattern from immediate succeeding quarter under Regulation 31 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and SCIA shall ensure necessary compliance under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, SEBI (Prohibition of Insider Trading) Regulations, 2015 or other SEBI Regulations, as may be applicable.

   RESOLVED FURTHER THAT for the purpose of giving effect to the said resolution, any one of the Directors, Mr. Kumar Subbiah, Chief Financial Officer and Ms. Vallari Gupte, Company Secretary be and are hereby authorised severally 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 questions or difficulties or doubt that may arise in this regard."

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

   "RESOLVED THAT pursuant to the provisions of Sections 23, 42, 71 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder 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, 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, approval of the Members be and is hereby accorded to the Board of Directors of the Company ('the Board' which expression shall also include a Committee thereof, for the time being exercising the powers conferred on it by the Board by this resolution) for making offer(s) or invitation(s) to subscribe secured / unsecured, non-convertible debentures / bonds or such other securities ('debt securities') through private placement basis in one or more series / tranches, for an amount not exceeding ₹ 5,00,00,00,000 (Rupees Five Hundred Crores only) 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, utilisation 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 authorised 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."

Under the Authority of the Board of Directors

Vallari Gupte
Company Secretary
(M. No. FCS-5770)

Place: Mumbai
Date: May 28, 2020

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

NOTES:

1. In view of the continuing COVID-19 pandemic and consequently social distancing norms to be followed, the Ministry of Corporate Affairs ('MCA') vide its Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 5, 2020 (collectively referred to as 'MCA Circulars') and Securities and Exchange Board of India ('SEBI') vide its Circular dated May 12, 2020 permitted conducting the Annual General Meeting ('AGM') of the companies to be held during the calendar year 2020 through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM'), and dispensed physical presence of the Members at the meeting venue. Accordingly, in terms of the said MCA Circulars, the 61st AGM of the Company is being held through VC/OAVM and the proceedings of which shall be deemed to be conducted at the Registered Office of the Company at 463, Dr. Annie Besant Road, Worli, Mumbai 400 030. The detailed procedure for participating in the meeting through VC/OAVM is annexed herewith and also available at the Company's website www.ceat.com

2. As this AGM is being held through VC / OAVM pursuant to the MCA Circulars, physical attendance of Members has been dispensed with and the attendance of the Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013. As such, the facility for the appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip including route map are not annexed to this Notice.

3. An interim dividend of ₹ 12 per equity share of ₹ 10 each declared by the Board at its meeting held on March 12, 2020 has been paid to all the eligible Members on March 20, 2020, being the record date for the purpose of dividend. The Directors recommend for consideration of the Members the above referred interim dividend as final dividend for the Financial Year ended March 31, 2020.

4. The Company at its AGM held on August 8, 2017 appointed M/s S R B C & CO LLP as the Statutory Auditors for the second term of 5 (five) consecutive years from the conclusion of the 58th AGM to the conclusion of the 63rd AGM to be held in the year 2022 subject to ratification of their appointment every year, if so required under the Companies Act, 2013. The requirement to place the matter relating to the appointment of auditors for ratification by the Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 8, 2018. Accordingly, no resolution is being proposed for ratification of the appointment of the Statutory Auditors at this AGM.

5. Brief Details of the directors, who are seeking appointment / re-appointment, are provided in the Notice as provided under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

6. The Explanatory Statement setting out material facts, pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to the special business at the AGM is annexed hereto.

7. 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 electronically for inspection by the Members during the AGM. All the documents referred to in the accompanying Notice and Explanatory Statements, shall be available for inspection through electronic mode by the Members, without any fee, on all working days, except weekends, from 11:00 a.m. to 1:00 p.m. up to the date of AGM, basis the request being sent on agm@ceat.com

8. In view of the Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended with effect from April 1, 2019, securities of listed companies can now be transferred only in the dematerialised form, except in case of request received for transmission or transposition of securities. Members holding shares in physical form are therefore requested to convert their holdings into the dematerialised mode to avoid loss of shares and fraudulent transactions and better investor servicing.

9. In any case, Members holding shares in the same name or in the same order of names, under different folios are requested to consolidate their shareholding into single folio by submitting the original share certificate along with the Amalgamation Form to the Company's Registrar and Transfer Agent ('RTA') viz. TSR Darashaw Consultants Private Limited at 6, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011 to help us serve you better.

10. SEBI vide its Circular dated April 20, 2018 has mandated that for making dividend payments, companies whose securities are listed on the Stock Exchanges shall use permissible modes for electronic remittance of dividend. Further, pursuant to MCA General Circular 20/2020 dated May 5, 2020, companies are directed to credit the dividend directly to the bank accounts of the Members using Electronic Clearing Services. Therefore:

    a. Members holding shares in the dematerialised form are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nominations, power of attorney, change of address, change of name, email ID, contact numbers, etc., to their depository participant ('DP'). Changes intimated to the DP will then be automatically reflected in the Company's records.

    b. Members holding shares in physical form are requested to intimate such changes to the Company's RTA.

11. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's RTA.

12. Pursuant to Section 72 of the Companies Act, 2013, Members holding shares in physical form are advised to file nomination in the prescribed Form SH-13 with the Company's RTA. In respect of shares held in electronic form, the Members may please contact their respective DP.

13. In terms of Section 124(5) of the Companies Act, 2013, dividend amount for the year ended March 31, 2013, remaining unclaimed for a period of 7 (seven) years shall become due for transfer in October 2020 to the Investor Education and Protection Fund ('IEPF') established by the Central Government.

    Further in terms of Section 124(6) of the Companies Act, 2013, in case of such Members whose dividends are unpaid for a continuous period of 7 (seven) years, the corresponding shares shall be transferred to the IEPF demat account.

    Members who have not claimed dividends in respect of the Financial Year 2012-13 and onwards are requested to approach the Company / Company's RTA for claiming the same as early as possible, to avoid the transfer of the relevant shares to the demat account of the IEPF authority.

    The shares once transferred to IEPF Account including dividends and other benefits accruing thereon can be claimed from IEPF Authority after following the procedure prescribed under the IEPF Rules and no claim shall lie against the Company. For the purpose of claiming transferred shares, a separate application can be made to the IEPF Authority by following the Refund Procedure as detailed on the website of IEPF Authority viz. http://iepf.gov.in/IEPF/refund.html

ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCEDURE FOR REGISTRATION OF EMAIL ID FOR OBTAINING COPY OF ANNUAL REPORT AND FUTURE CORRESPONDENCE:

In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report of FY 2019-20 is being sent only through electronic mode to those Members whose email IDs are registered with the Company / Depositories. Members may note that the Notice and Annual Report of FY 2019-20 will also be available on the Company's website www.ceat.com under 'Investors' tab, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and also on the website of National Securities Depository Limited ('NSDL') i.e. www.evoting.nsdl.com.

REGISTRATION OF EMAIL ID:

i) FOR MEMBERS HOLDING PHYSICAL SHARES:

The Members of the Company holding Equity Shares of the Company in physical form and who have not registered their email may get their email IDs registered with the Company's RTA TSR Darashaw Consultants Private Limited at Csg-KYC@tsrdarashaw.com by providing a request letter duly signed by the first holder thereby providing details such as Name, folio number, Certificate number, self-attested PAN, mobile number and email ID and also upload the image of share certificate in PDF or JPEG format (up to 1 MB).

ii) FOR MEMBERS HOLDING SHARES IN DEMAT MODE:

The Members holding shares in demat mode are requested to register their email IDs, with the respective DP by following the procedure prescribed by the concerned DP.

14. For more details on Members' matters, please refer to the General Shareholder Information section included in the Corporate Governance Report.

PARTICIPATION AT THE AGM AND VOTING

A) The details of the process and manner for participating in the Annual General Meeting ('AGM') through VC / OAVM are explained herein below:

i. Members will be provided with a facility to attend the AGM through VC / OAVM through the NSDL e-voting system. Members may access the same at https://www.evoting.nsdl.com under Shareholders / Members login by using the remote e-voting credentials. The link for VC / OAVM will be available in Shareholders / Members login where the EVEN of Company will be displayed. Please note that the Members who do not have the User ID and Password for e-voting or have forgotten the User ID and / or Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice to avoid the last-minute rush. Further, Members can also use the OTP based login for logging into the e-voting system of National Securities Depositories Limited ('NSDL').

ii. The Members can join the AGM in the VC / OAVM mode 30 (thirty) minutes before the scheduled commencement time of the Meeting and window for joining the Meeting shall be kept open throughout the proceedings of the AGM.

iii. Members are encouraged to join the Meeting through Laptops / IPads connected through broadband for a better experience. Please note that Participants connecting from mobile devices or tablets or through Laptop via mobile hotspot may experience Audio / Video loss due to fluctuation in their respective network connections. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

iv. Members who would like to express their views / ask questions during the AGM may register themselves as a speaker by sending the request from their registered email mentioning their name, DP ID and Client ID / folio number, PAN, mobile number at agm@ceat.com between 9.00 a.m. (IST) on Friday, September 4, 2020 and 5.00 p.m. (IST) on Sunday, September 6, 2020. Those Members who have registered themselves as a speaker will only be allowed to express their views / ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

v. The Members who do not wish to speak during the AGM but have queries on accounts or any other matter to be placed at the AGM may send the same latest by Monday, September 7, 2020 mentioning their name, DP ID and Client ID / folio number, PAN, mobile number at agm@ceat.com. These queries will be replied suitably either at the AGM or by an email.

vi. Institutional / Corporate Members are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution, whereby their Authorised Representative has been appointed to attend and vote at the AGM on their behalf pursuant to Section 113 of the Companies Act, 2013, to the Scrutinizer's email ID at ceat.scrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in.

vii. Members who need assistance before or during the AGM with the use of technology can:

- Send a request at evoting@nsdl.co.in or use Toll free no.: 1800-222-990; or
- Contact Ms. Pallavi Mhatre, Manager, NSDL at the designated email ID: evoting@nsdl.co.in or pallavid@nsdl.co.in or at telephone number + 91 22 2499 4545; or
- Contact Ms. Sarita Mote, Assistant Manager, NSDL at the designated email ID: evoting@nsdl.co.in or SaritaM@nsdl.co.in or at telephone number + 91 22 2499 4890.

viii. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

B) Remote e-voting and Voting at AGM:

i. Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India ('ICSI'), the Company is pleased to provide to the Members, facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means and the business may be transacted through e-voting facility. Members are provided with a facility of casting their votes electronically, through the e-voting system provided by NSDL.

ii. The Members, who have cast their vote by remote e-voting prior to the AGM, may also attend the AGM but shall not be entitled to cast their vote again at the AGM.

iii. 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 i.e. Thursday, September 3, 2020 only shall be entitled to avail the facility of remote e-voting, as well as voting at the meeting. 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 i.e. Thursday, September 3, 2020.

Any person, who acquires the share(s) of the Company and becomes a Member of the Company after the dispatch of this Notice of AGM and holds the share(s) as on the cut-off date, can also cast his vote through remote e-voting facility on the website of NSDL e-voting i.e. www.evoting.nsdl.com

iv. The Company has appointed Mr. P. N. Parikh (FCS 327, CP 1228), or failing him Mr. Mitesh Dhabliwala (FCS 8331, CP 9511) of M/s Parikh & Associates, Practising Company Secretaries, to act as the Scrutinizer, to the remote e-voting process and e-voting at the AGM in a fair and transparent manner.

v. The Results will be declared within 48 (forty-eight) hours from the conclusion of the AGM. The results declared along with the Scrutinizer's Report shall be uploaded on the website of the Company www.ceat.com and the website of NSDL e-voting i.e. www.evoting.nsdl.com and communicated to the Stock Exchanges where the shares of the Company are listed. The resolutions shall be deemed to be passed at the AGM of the Company.

The instructions for Members voting electronically are as under:

The remote e-voting period commences on Monday, September 7, 2020 (9.00 a.m. IST) and ends on Wednesday, September 9, 2020 (5.00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialised form, as on the cut-off date may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

REMOTE E-VOTING PRIOR TO AGM:

The way to vote electronically on NSDL e-voting system consists of 'Two Steps' which are mentioned below:

Step-1: Log-in to NSDL e-voting system at https://www.evoting.nsdl.com/

How to Log-in to the NSDL e-voting website?

1. Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a handheld mobile phone.
2. Once the home page of the e-voting system is launched, click on the icon 'Login' which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code (captcha) as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For Example: If your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary Id of demat account held with CDSL. For example: If your Beneficiary ID is 12************** then user user ID Is 12**************
c) For Members holding shares in Physical form.	EVEN number followed by folio number registered with the Company. For Example: If you folio number is ZV**** and EVEN is _______ then user ID is _____ ZV****

5. Your password details are given below:

   a. If you are already registered for e-voting, then you can use your existing password to login and cast your vote.

   b. If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c. How to retrieve your 'initial password'?

      i. If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. You will be required to trace the email sent to you from NSDL from your mailbox. You can open the email and open the attachment i.e. a PDF file. The password to open the PDF file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The PDF file contains your 'User ID' and your 'initial password'.

      ii. If your email ID is not registered, please follow steps mentioned below for procuring the User ID and password and registration of email IDs for e-voting for the resolutions set out in this notice:

      Member may send an email request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned in Point (a) or (b) as the case may be:

      (a) In case shares are held in physical mode please provide folio number, Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) ;

      (b) In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit Beneficiary ID), Name, client master or copy of Consolidated Account Statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card).

6. If you are unable to retrieve or have not received the 'Initial password' or you have forgotten your password:

   a. If you are holding shares in your demat account with NSDL or CDSL: Click on **'Forgot User Details / Password'** option available on www.evoting.nsdl.com

   b. If you are holding shares in physical mode: **Physical User Reset Password** option available on www.evoting.nsdl.com

   c. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number / folio number, your PAN, your name and your registered address.

   d. Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.

7. After entering your password, tick on Agree to 'Terms and Conditions' by selecting on the check box.
8. Now, you will have to click on 'Login' button.
9. After you click on the 'Login' button, home page of e-voting will open.
10. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon 5 (five) unsuccessful attempts to key in the correct password. In such an event, you will need to go through the **'Forgot User Details / Password'** or **'Physical User Reset Password'** option available on www.evoting.nsdl.com to reset the password.

Step-2: Cast your vote electronically on NSDL e-voting system.

How to cast your vote electronically on NSDL e-voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-voting. Click on 'e-voting'. Then, click on 'Active Voting Cycles'.
2. After clicking on 'Active Voting Cycles', you will be able to see all the companies 'EVEN' in which you are holding shares and whose voting cycle is in the active status.
3. Select 'EVEN' of CEAT Limited which is 113391.
4. Now you are ready for e-voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. Assent or Dissent, verify / modify the number of shares for which you wish to cast your vote and click on 'Submit' and also 'Confirm' when prompted.
6. Upon confirmation, the message 'Vote cast successfully' will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the 'print' option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

In case of any queries, with respect to remote e-voting or e-voting at the AGM, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or can contact NSDL on evoting@nsdl.co.in or contact Ms. Pallavi Mhatre, Manager, NSDL at the designated email ID: evoting@nsdl.co.in or pallavid@nsdl.co.in or at telephone number + 91 22 2499 4545 or Ms. Sarita Mote, Assistant Manager, NSDL at the designated email ID: evoting@nsdl.co.in or SaritaM@nsdl.co.in or at telephone number + 91 22 2499 4890.

E-VOTING AT THE AGM:

i) The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

ii) Only those Members, who will be present in the meeting through VC / OAVM facility and have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.

iii) The details of the person who may be contacted for any grievances connected with the facility for e-voting on the day of the AGM shall be the same person mentioned for remote e-voting.

Annexure to the Notice

Item No. 3 of the Notice:

Mr. Pierre E. Cohade (DIN: 00468035)

As regards the re-appointment of Mr. Pierre E. Cohade referred to in Item No. 3 of the Notice, following necessary disclosures are made for the information of the Members.

Mr. Pierre E. Cohade, 58, a native of Barcelonnette, France, has lived and worked globally in four continents, building and leading multi-billion dollar businesses, in many cases after turning them around. He currently serves as Non-executive Director on the boards of Johnson Control International (NYSE: JCI), Deutsche Bank China, Acorn International (NYSE: ATV) and CEAT India (NSE: CEATLTD). He is a Senior Advisor to Roche Enterprises, CCL (Center for Creative Leadership) China and a few start-ups. He also serves as Chairman of the International Market Assessment ('IMA') CEO forum. Most recently, Mr. Cohade was the CEO of Triangle Tyre, China's largest private tyre manufacturer. Mr. Cohade was also the President of Goodyear Asia Pacific. Under his leadership, Goodyear Asia Pacific earned recognition beyond its financial success, receiving numerous third-party awards for its product innovation, brand building, branded retailing network and was named China's 'Employer of the Year' in 2010 and 2011. He has a Degree in business management from the SKEMA Business School in Sophia-Antipolis, France in 1984 and MBA from Penn State University in 1985.

Mr. Cohade has been on the Board of CEAT since February 1, 2018 and currently holds no other directorships in any Company registered in India. Mr. Cohade is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

Mr. Cohade is not related to any of the Directors on the Board or any Key Managerial Personnel of the Company; nor he holds any shares in the Company. Other details including the nature of expertise in specific functional areas and the number of Board Meetings attended by him are given in the Corporate Governance Report.

None of the Directors, Key Managerial Personnel of the Company or their relatives except Mr. Cohade is, in any way, concerned or interested in the resolution set out in Item No. 3 of the Notice.

The Board recommends the Ordinary Resolution as set out in Item No. 3 of the Notice for approval of the Members.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 IN RESPECT OF THE SPECIAL BUSINESS IN THE NOTICE:

The following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos. 4 to 7 of the accompanying Notice:

Item No. 4 of the Notice:

The Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, mandate audit of the cost accounting records of the Company in respect of certain products. Accordingly, the Board of Directors, based on the recommendation of the Audit Committee, at its meeting held on May 28, 2020, appointed M/s D. C. Dave & Co., Cost Accountants, (Firm Registration No. 000611) as the Cost Auditor of the Company for the financial year ending March 31, 2021 at a remuneration of ₹ 3,00,000/- (Rupees Three Lacs Only) plus applicable taxes and out- of- pocket expenses at actuals, if any, incurred in connection with the audit. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor should be ratified by the Members of the Company. Accordingly, approval of the Members is sought for ratification of the remuneration payable to the Cost Auditor for the Financial Year ending March 31, 2021, as stated above.

None of the Directors, Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested in the resolution set out in Item No. 4 of the Notice.

The Board recommends the Ordinary Resolution as set out in Item No. 4 of the Notice for approval of the Members.

Item No. 5 of the Notice:

Pursuant to the Section 149 of the Companies Act, 2013 and the erstwhile Clause 49 of the Listing Agreement, Mr. Ranjit V. Pandit, Director (DIN: 00782296) of the Company qualifying to be 'Independent Director' was appointed as an Independent Director of the Company for a term of 5 (five) consecutive years with effect from August 12, 2015 to August 11, 2020.

In accordance with the Section 149(10) and (11) of the Companies Act, 2013, an Independent Director shall hold office for a term up to 5 (five) consecutive years on the Board of a company, but shall be eligible for re-appointment on passing of a Special Resolution by the Company and disclosure of such appointment in the Board's Report.

Mr. Pandit has submitted the declaration of independence, as required pursuant to Section 149(7) of the Companies Act, 2013 stating that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has also received his consent to act as an Independent Director and declaration that he is not disqualified or debarred from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, Mr. Pandit fulfills the conditions specified in the Companies Act, 2013 read with the Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for being appointed as an Independent Director of the Company and is independent of the management. Mr. Pandit possesses requisite skills, experience and knowledge relevant to the Company's business and therefore, it would be in the interest of the Company to have his association with the Company as an Independent Director.

Based on the performance evaluation and recommendation of the Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board at its meeting held on May 28, 2020 recommended for the approval of the Members, the re-appointment of Mr. Pandit for a second term of consecutive 5 (five) years from August 12, 2020 to August 11, 2025, in terms of Section 149 read with Schedule IV to the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any amendment thereto or modification thereof.

In respect of the re-appointment of Mr. Pandit, notice in writing in the prescribed manner as required pursuant to Section 160 of the Companies Act, 2013 as amended and the Rules made thereunder has been received by the Company, regarding his candidature for the office of the Director.

Details as required pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings (SS-2), on General Meetings, as applicable are provided hereinabove. Copy of the draft Letter of Appointment of the Independent Director setting out the terms and conditions of his appointment is available for inspection electronically, basis the request being sent on agm@ceat.com.

Information about the appointee:

Brief resume

Mr. Ranjit V. Pandit, 66, earlier served as Managing Director at General Atlantic LLC - a leading private equity firm. Prior to this, he was Managing Director and Chairman of McKinsey & Company in India. He also served on a variety of Governments and Regulatory Bodies on policy. Mr. Pandit has done B.E. in Electrical Engineering from VJTI, University of Bombay, India and MBA from Wharton School, University of Pennsylvania.

Other Directorships:

Sr No	Name of the Company	Category of the Directorship
1.	Reliance Jio Infocomm Limited	Independent Director
2.	Reliance Retail Limited	Independent Director
3.	Genesis Colors Limited	Independent Director
4.	Reliance Retail Ventures Limited	Independent Director
5.	The Indian Film Combine Pvt Ltd	Independent Director
6.	The Great Eastern Shipping Company Limited	Independent Director
7.	Pratap Pandit Limited	Non-executive Director
8.	Bombay Footware Private Limited	Non-executive Director
9.	The Industrial Leather Company Private Limited	Non-executive Director

Memberships / Chairmanships in Committees:

Sr No	Name of the Company	As a Member of the Committee
1.	Reliance Jio Infocomm Limited	▸ Audit Committee ▸ Nomination and Remuneration Committee*
2.	Reliance Retail Limited	▸ Audit Committee ▸ CSR Committee* ▸ Nomination and Remuneration Committee*
3.	Genesis Colors Limited	▸ Audit Committee ▸ Nomination and Remuneration Committee
4.	Reliance Retail Ventures Limited	▸ Audit Committee ▸ Nomination and Remuneration Committee*
5.	The Indian Film Combine Pvt Ltd	▸ Audit Committee ▸ CSR Committee ▸ Nomination and Remuneration Committee

*Positions held as Chairman of the Committee

Mr. Pandit is not related to any of the Directors on the Board or any Key Managerial Personnel of the Company; nor he holds any shares in the Company. Mr. Pandit is eligible for receipt of sitting fees and commission, as payable to other Non-executive Directors of the Company. However, currently he has voluntarily waived off his right to receive remuneration including sitting fees and commission from the Company. Other details including the nature of expertise in specific functional areas and the number of Board Meetings attended by him are given in the Corporate Governance Report.

None of the Directors, Key Managerial Personnel of the Company or their relatives except Mr. Ranjit V. Pandit is, in any way, concerned with or interested in the resolution as set out in Item No. 5 of the Notice, in so far as it concerns his appointment and payment of remuneration as a Non-executive Director.

The Board recommends the Special Resolution as set out in Item No. 5 of the Notice for approval of the Members.

Item No. 6 of Notice:

Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended effective November 16, 2018, provides a regulatory mechanism for re-classification of promoters as public shareholders subject to fulfillment of conditions as provided therein.

In this regard, the Company has received an application from Societe CEAT D'Investissements En Asie S. A., SPF ('SCIA'), a Foreign Body Corporate, one of the promoters of the Company, requesting the Company to re-classify it from 'Promoter and Promoter Group' category to 'Public' category in accordance with Regulation 31A of the Listing Regulations.

SCIA has been a foreign promoter entity close to about 4 decades, as such having no participation in the day to day management of the Company. As of June 30, 2019, SCIA held 17,82,348 equity shares (4.41%) of the Company and thereafter sold their entire holding during the period from August 2019 to December 2019. Consequently, its shareholding became NIL as on December 31, 2019 having no voting rights in the Company.

SCIA in its request letter has informed the Company that owing to the following reasons, they have decided that it would be prudent for it to seek re-classification:

a) It does not hold any equity shares of the Company;

b) It does not exercise any control over the affairs of the Company, directly or indirectly. At any given point of time, it has not been engaged in the Management or day to day affairs of the Company;

c) It has not nominated any directors at the Board of Directors of the Company; and

d) It has no special rights, through formal or informal arrangements, and was not privy to any price sensitive information relating to the Company and its securities.

SCIA vide its request letter has also informed the Company that it:

i. satisfies all conditions specified in Regulation 31A(3)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and

ii. undertakes to comply with the requirements specified in Regulation 31A(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 at all times.

In view of the above and on the basis of the rationale and the confirmations received from SCIA, the Board analysed the said request made by SCIA and in consideration with the proper compliance of Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company at its meeting held on March 12, 2020, has considered the application received by the Company for re-classification from Promoter category to Public category, subject to approval by the Members, SEBI Board, Stock Exchanges wherein the equity shares of the Company are listed, namely, BSE Limited and National Stock Exchange of India Limited or any other regulatory body as may be required.

As required under Regulation 31A(8)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has intimated the Stock Exchanges of receipt of SCIA application for re-classification from the 'Promoter and Promoter Group' category to 'Public' category on March 9, 2020 and accordingly the extract of the minutes of the meeting of the Board of Directors of the Company approving the re-classification was submitted to the Stock Exchanges on March 12, 2020.

Further, as per Rule 19A of the Securities Contracts (Regulation) Rules, 1957, the public shareholding as on date of the notice fulfills the minimum public shareholding requirement of at least 25% shareholding and the proposed re-classification is not intended to increase the Public Shareholding to achieve compliance with the minimum public shareholding requirement.

None of the Directors, Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested in the resolution set out in Item No. 6 of the Notice.

Pursuant to Regulation 31A(3)(a)(iii) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the aforesaid request for re-classification of the promoter is being put up for the approval by way of an Ordinary Resolution. However, in view of SCIA not holding any shares in the Company, the requirement of the promoter(s) seeking re-classification and persons related to the promoter(s) seeking re-classification not to vote to approve such re-classification request is not applicable.

The Board recommends the Ordinary Resolution as set out in Item No. 6 of the Notice for approval of the Members.

Item No 7 of Notice:

Pursuant to the Sections 23, 42, 71 and other applicable provisions of the Companies Act, 2013 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 prior approval of its Members by means of a Special Resolution for any offer or invitation to subscribe to non-convertible debentures is made by the Company on a private placement basis. Special Resolution can be obtained 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 and for general corporate purposes *inter alia*, financing of the on-going 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 an invitation for the subscription for secured / unsecured, non-convertible debentures / bonds or such other debt securities, in one or more series / tranches on private placement basis, not exceeding ₹ 5,00,00,00,000 (Rupees Five Hundred Crores only).

The Members of the Company had by passing a Special Resolution at the Annual General Meeting held on August 1, 2019, granted approval to the Board to offer and issue Non-convertible Debentures on private placement basis for an aggregate amount up to ₹ 5,00,00,00,000 (Rupees Five Hundred Crores only) in one or more tranches, valid to be until July 31, 2020.

None of the Directors, Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested in the resolution set out in Item No. 7 of the Notice.

The Board recommends the Special Resolution as set out in Item No. 7 of the Notice for approval of the Members.

Under the Authority of the Board of Directors

Vallari Gupte
Company Secretary
(M. No. FCS-5770)

Place: Mumbai
Date: May 28, 2020

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

GRI Content Index

The following table is in line with the requirements of the GRI Standards

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List of Abbreviations

Abbreviation	Full Form
BMC	Brihanmumbai Municipal Corporation
CAGR	Compound Annual Growth Rate
CCR	CEAT Cricket Rating
CCTV	Closed-Circuit Television
CETC	CEAT European Technical Centre
CLIT	Cleaning, Lubrication, Inspection & Tightening (CLIT)
CSR	Corporate Social Responsibility
CV	Curriculum Vitae
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortisation
ESG	Environmental, Social, and Governance
EV	Electric Vehicle
FLB	Future Leader Board
FY	Financial Year
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
GT	Green Tyre
IIRC	International Integrated Reporting Council
IIT	Indian Institute of Technology
IR	Integrated Reporting
ISO	International Organization for Standardization
IT	Information Technology
KPI	Key Performance Indicator
LCV	Light Commercial Vehicle
LOTO	Lock Out, Tag Out
MD	Managing Director
MIDC	Maharashtra Industrial Development Corporation
NGO	Non-Governmental Organisation
NPS	Net Promoter Score
ODS	Ozone-Depleting Substances
OEE	Overall Equipment Effectiveness
OEM	Original Equipment Manufacturer
OHT	Off-Highway Tyre

Abbreviation	Full Form
PAT	Profit After Tax
PCR	Passenger Car Radial
PhD	Doctor of Philosophy
PM	Particulate Matter
PNW	Professional Net Worth
PPE	Personal Protective Equipment
Q&A	Question and Answer
QBM	Quality-Based Management
QIP	Quality Intellectual Property
R&D	Research & Development
ROCE	Return on Capital Employed
ROE	Return on Equity
ROI	Return on Interest
RSPM	Respirable Suspended Particulate Matter
SDG	Sustainable Development Goal
SKU	Stock Keeping Unit
SUV	Sport Utility Vehicle
SVP	Senior Vice President
TBR	Truck and Bus Radial
TED	Technology, Entertainment, Design
TQM	Total Quality Management
UN	United Nations
UNGC	UN Global Compact
VR	Virtual Reality
Y-o-Y	Year-on-Year
ZLD	Zero Liquid Discharge

Notes

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A RPG Company