



CEAT

CONSOLIDATION. THE SINGULAR GOAL THAT WE AT CEAT PURSUED IN THE YEAR 96-97.

FOCUSING ON TYRES, WE MOVED IN PERFECT HARMONY. AND FLEW TOWARDS THE

DESTINATION. OUR QUALITY BRANDS FIRMED UP THEIR GRIP ON THE MARKETPLACE,

WITH CEAT MAESTRO LEADING THE WAY. A CENTRAL DISTRIBUTION UNIT AND A MORE

EFFICIENT SYSTEM FOR RECEIVABLES PAVED THE WAY FOR PRUDENT MANAGEMENT OF

WORKING CAPITAL. A PROGRAMME CALLED CUSTOMER ATTITUDE, RESPONSE AND

EXCELLENCE (CARE), AIMED AT IMPROVING CUSTOMER SERVICE, WAS LAUNCHED FOR

BOTH DEALERS AND EMPLOYEES. IN ALL, THE CONSOLIDATION DRIVE HAS AUGMENTED

OUR STRENGTHS. HELPING US TAKE ADVANTAGE OF THE OPPORTUNITIES AHEAD.

WE HAVE THE VISION. AND THE DRIVE. TO FLY HIGH.

CEAT LIMITED

NOTICE

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**38th Annual General Meeting.
27th September, 1997.
11.00 a.m. — Patkar Hall, Mumbai.**

CEAT LIMITED

NOTICE

Notice is hereby given that the Thirty-Eighth Annual General Meeting of the Company will be held at Sir Sitaram and Lady Shantabai Patkar Convocation Hall of the S.N.D.T. Women's University, 1, Nathibai Thackersey Road, Mumbai 400 020 on Saturday, 27th September, 1997 at 11.00 a.m. (S.T.) to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1997 and Profit and Loss Account for the financial year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Mr. S. K. Lalbhai, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. K. R. Podar, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. N. Srinivasan, who retires by rotation and is eligible for re-appointment.
6. To appoint a Director in place of Mr. G. Accornero, who retires by rotation and is eligible for re-appointment.
7. To consider and, if thought fit, to pass with or without modification (as may be permissible) the following resolution as a Special Resolution:

"RESOLVED that Messrs. N. M. Raiji & Co. be and they are hereby appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a remuneration to be mutually agreed between the Board of Directors of the Company and the Auditors, in addition to reimbursement of all out-of-pocket expenses in connection with the audit of the Company."

SPECIAL BUSINESS :

8. To consider and, if thought fit, to pass with or without modification (as may be permissible) the following resolutions as Ordinary Resolutions:

"RESOLVED that pursuant to the provisions of Section 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 (the said Act) and subject to the approval of the Central Government, in the event of it being required, the Company hereby approves of and confirms the appointment of Mr. S. Samuel as Managing Director of the Company for a period of five years with effect from 12th February, 1997 and ending on 11th February, 2002, upon the terms and conditions set out in the agreement dated 12th February, 1997 and submitted to this meeting and approves the payment and providing of maximum remuneration as presently prescribed in Section I of Part II of the Schedule XIII annexed to the said Act and which agreement is hereby specifically sanctioned and approved.

RESOLVED FURTHER that pursuant to the above mentioned provisions of the Companies Act, 1956 and in particular to Section 198 thereof and subject to the approval of the Central Government, if required, the remuneration aforesaid be paid and the perquisites be provided to Mr. Samuel, as minimum remuneration in the event of loss or inadequacy of profits in any year, subject to such limits as may be prescribed in Section II of the said Part II of the said Schedule XIII to the said Act, from time to time.

AND RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take all such steps as may be necessary or desirable to give effect to this resolution."

CEAT LIMITED

for payment of remuneration by way of salary, dearness allowance, perquisites, commission and other allowances as presently provided for in Section I of Part II of the said Schedule and for minimum remuneration upto the limits as may be prescribed in Section II of Part II from time to time as per the resolution being proposed at Item No. 8 of the said Notice. Further, the above remuneration shall be restricted to the amount agreed by the Board of Directors and Mr. Samuel from time to time.

None of the Directors, except Mr. Samuel, is concerned or interested in this Resolution.

4. **Item No. 9:** The Company has embarked on an expansion-cum-modernization programme of its plants at Village Road, Bhandup, Mumbai and 82, MIDC Industrial Area, Satpur, Nasik for setting up additional capacity of 8,50,000 Tyres per annum. In order to finance the said expansion programme of the Company and also for the anticipated growth of its business, the Company will have to borrow moneys from Banks/Financial Institutions and other partners.

The above mentioned borrowings may have to be secured by such mortgage/charge or hypothecation on the properties of the Company as may be agreed to by the Company and the lenders. Since the mortgaging/charging or creation of hypothecation of the assets of the Company may be regarded as a disposal of the whole or substantially the whole of the undertaking of the Company, it is necessary for the Board of Directors to obtain the approval of the Members under Section 293(1)(a) of the Companies Act, 1956 in terms as set out in Item No. 9 of the accompanying Notice.

None of the Directors is concerned or interested in this Resolution.

5. **Item No. 10:** In order to reduce dependence on loans from Financial Institutions and Bank to meet Working Capital requirements and to facilitate greater leverage, it is proposed to privately place Bonds with such subscribers as are interested in investing in such Bonds.

The Resolution at Item No. 10 of the Notice will enable the Board of Directors to issue Bonds on such terms as it may deem fit, in the best interest of the Company.

None of the Directors is concerned or interested in this Resolution.

Under the Authority of the Board of Directors,

Mumbai,
25th August, 1997

Registered Office:

463, Dr. Annie Besant Road,
Mumbai 400 025.

T. M. ELAVIA
Secretary.



9. To consider and, if thought fit, to pass with or without modification (as may be permissible) the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, and subject to the consents, approvals and permissions being obtained from appropriate authorities to the extent applicable or necessary, the consent of the Company be and is hereby accorded to the Board of Directors to the creation of mortgages and/or charge and/or hypothecation in addition to the existing mortgages, charges and hypothecation created by the Company on the whole or substantially the whole of the undertakings of the Company on such terms and conditions as the Board of Directors of the Company may consider to be in the interest of the Company with authority to the Board of Directors to do all such acts, deeds, matters and things as may be necessary or appropriate to give effect to this resolution.”

10. To consider and, if thought fit, to pass with or without modification (as may be permissible) the following resolutions as Ordinary Resolutions:

“RESOLVED that pursuant to Clause 23(a) of the Listing Agreement entered into by the Company with Mumbai Stock Exchange, National Stock Exchange, Calcutta Stock Exchange, Madras Stock Exchange, Ahmedabad Stock Exchange and Delhi Stock Exchange and subject to the approval, of Reserve Bank of India and other Financial Institutions or any other authority, wherever required the Board of Directors of the Company (hereinafter referred to as ‘the Board’) (which term shall be deemed to include any duly authorised Committee or any duly authorised individual Director/Manager/Officer of the Company thereof for the time being exercising the powers conferred on the Board by this Resolution) be and is hereby authorised, on behalf of the Company, to issue Bonds at par or at premium and in such number and face value, as the Board may decide, for a sum not exceeding Rs. 100,00,00,000/- (Rupees One Hundred Crore Only) and to issue, offer for subscription or allot them, from time to time, in tranches and in different series, on a Private Placement basis to such investors/financial institutions (whether Foreign or Indian) companies/bodies corporate/individuals/other persons, whether they are holders of Equity Shares of the Company or not, (hereinafter referred to as ‘the Subscribers’) in the manner and on the terms and conditions set out below and/or on such other terms and conditions as may be prescribed in granting the approvals by the Appropriate Authorities wherever so required, or which the Board may, in its absolute discretion, consider proper or expedient.

- 1) The Bonds issued and allotted by the Company in the manner aforesaid to be subject to the provisions of the Companies Act, 1956, or any statutory amendment or re-enactment thereof and Memorandum and Articles of Association of the Company.
- 2) The Bonds to carry such coupon rate as the Board may decide in its absolute discretion.
- 3) The rate of coupon to vary for each series of Bonds to be issued, as may be expedient.
- 4) The coupon rate to be either cumulative or non-cumulative, as the Board may decide.
- 5) The Bonds to be redeemed at such price, in one or more instalments, either of equal or unequal amount on expiry of specified period or periods, as may be agreed by the Board and the Subscribers and in default of such agreement as may be decided by the Company.

CEAT LIMITED

AND RESOLVED FURTHER that for the purpose of giving effect to these Resolutions, the Board be and is hereby authorised to agree and to make such modifications and alterations from time to time, as it deems fit and to take all such steps as it may deem necessary, desirable or expedient and to resolve all questions and incidental thereto as the Board, in its absolute discretion shall deem fit, without being required to seek any fresh approval of the Members of the Company and the decision of the Board shall be final and conclusive."

NOTES :

- (a) The explanatory statements in respect of Items 7, 8, 9 and 10 are hereto annexed.
- (b) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
- (c) **THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY OR WITH TATA CONSULTANCY SERVICES AT LOTUS HOUSE, 6, SIR VITHALDAS THACKERSEY MARG, NEW MARINE LINES, MUMBAI 400 020 OR AT TODI UDYOG KENDRA, SAKI VIHAR ROAD, SAKI NAKA, MUMBAI 400 072 NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- (d) The Register of Members and the Share Transfer Books of the Company closed from 20th August, 1997 and will remain closed upto 15th September, 1997 (both days inclusive).
- (e) If dividend, as recommended by the Directors, is declared at the meeting, the payment will be made to those shareholders whose names appear on the Company's Register of Members as on 15th September, 1997 on or after the date of declaration.
- (f) The shareholders concerned are hereby informed that during the financial year ended on 31st March, 1997, an amount of Rs. 350990.73 being the aggregate of their respective unclaimed amounts of 28th Equity Dividend for the financial year ended on 30th June, 1993, warrants for which were posted in December, 1993, was transferred to the General Revenue Account of the Central Government on 19th February, 1997 in accordance with the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.
- (g) Members are requested to intimate the change, if any, in their registered address, to the Registrars, Tata Consultancy Services at Todi Udyog Kendra, 35, Saki Vihar Road, Saki Naka, Mumbai 400 072.

Under the Authority of the Board of Directors,

Mumbai,
25th August, 1997

Registered Office:

463, Dr. Annie Besant Road,
Mumbai 400 025.

T. M. ELAVIA
Secretary.



ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT as required by Section 173 of the Companies Act, 1956.

1. In terms of Section 173 of the Companies Act, 1956 the following explanatory statements set out all material facts relating to Items 7 to 10 of the accompanying Notice dated 25th August, 1997.

2. **Item No. 7:** Section 224A of the Companies Act, 1956 provides that in the case of companies in which not less than 25% of the subscribed share capital is held singly or in any combination by public financial institutions, banks, insurance companies, Government Companies, Central Government or State Government etc., the appointment or re-appointment of an auditor of the Company shall be made by Special Resolution.

In the case of the Company, the holding of banks, insurance companies and public financial institutions collectively exceeds 25% of its subscribed share capital. Hence, a Special Resolution is required to be passed to re-appoint Messrs. N. M. Rajji & Co. as the Company's auditors.

None of the Directors is concerned or interested in this Resolution.

3. **Item No. 8:** Mr. P. Majumdar was appointed as a Managing Director of the Company for a period of five years, with effect from 14th September, 1994. However, at the request of Mr. Majumdar, the Board of Directors agreed to accept the resignation of Mr. Majumdar effective 12th February, 1997.

The Board of Directors, at its meeting held on 12th February, 1997 appointed Mr. S. Samuel as Managing Director for a period of five years commencing from 12th February, 1997 and ending on 11th February, 2002 at a remuneration and on the terms and conditions set out in the agreement dated 12th February, 1997 submitted to this meeting.

In accordance with the provisions of Section 302 of the Companies Act, 1956, the members were sent the abstract of the agreement referred to above.

The following documents are open for inspection by Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days except Saturdays, Sundays and Public Holidays upto the date of this Annual General Meeting.

- (i) A copy of the Agreement dated 12th February, 1997 entered into with Mr. Samuel, and
- (ii) A copy of the relevant abstract of the Agreement referred to above.

The appointment of Mr. Samuel is in accordance with the conditions specified in Part I and Part II of Schedule XIII.

Pursuant to Part III of the said Schedule, the approval of the shareholders is sought in the Annual General Meeting being convened, by the Notice to which this Explanatory Statement is annexed, for this appointment and

MD	✓			BKC	✓
CS	✓			DPY	NA
RO	✓			DIV	✓
TRA	✓			AC	✓
AGM	✓	✓	✓	SHI	✓
YE	✓	✓	✓		

CEAT LIMITED

BOARD OF DIRECTORS

R. P. GOENKA	<i>Chairman</i>
H. V. GOENKA	<i>Executive Vice Chairman</i>
S. SAMUEL	<i>Managing Director</i>
G. ACCORNERO	
M. A. BAKRE	
J. N. GUZDER	
P. K. KHAITAN	
S. K. LALBHAI	
H. MAHINDRA	
B. S. MEHTA	
H. L. MUNDRA	
K. R. PODAR	
N. SRINIVASAN	
J. P. THACKER	
V. C. VAIDYA	

BANKERS

Bank of India
Bank of Baroda
Citibank N.A.
Indian Bank
State Bank of India
UCO Bank
Vijaya Bank
Corporation Bank
ABN — AMRO Bank
Banque Nationale de Paris
State Bank of Travancore

COMPANY SECRETARY

T. M. ELAVIA

REGISTERED OFFICE

463, Dr. Annie Besant Road,
Mumbai 400 025.

PLANTS

Mumbai
Nasik

LEGAL ADVISERS

Mulla & Mulla and
Craigie Blunt & Caroe

AUDITORS

N. M. Rajji & Co.

REGISTRARS

Tata Consultancy Services,
Todi Udyog Kendra,
35, Saki Vihar Road,
Sakinaka,
Mumbai 400 072.

TEN-YEAR OPERATING AND FINANCIAL RECORD

(Rs. in Millions)

	1996-97	1994-96**	1993-94*	1992-93	1991-92	1990-91	1989-90	1988-89	1987-88	1986-87
OPERATING RECORD										
Sales	12,034	16,397	11,189	7,565	7,182	5,643	4,994	4,102	3,644	3,160
Miscellaneous Income	1,137	870	971	665	267	356	163	110	82	41
	13,171	17,267	12,160	8,230	7,449	5,999	5,157	4,212	3,726	3,201
Cost of Materials	6,822	8,446	5,624	3,814	3,665	2,917	2,658	2,062	1,735	1,495
Excise Duty	2,549	3,416	2,084	1,375	1,327	1,111	991	902	838	755
Expenses	3,734	5,230	4,186	2,844	2,220	1,696	1,284	890	799	735
	13,105	17,092	11,894	8,033	7,212	5,724	4,933	3,854	3,372	2,985
Profit before Taxation	66	175	266	197	237	275	224	358	354	216
As percentage of Sales (%)	0.55	1.07	2.38	2.6	3.3	4.87	4.49	8.74	9.72	6.86
As percentage of Funds Employed (%)	0.69	1.77	2.87	2.22	3.46	5.79	7.45	19.48	22.3	18.49
Provision for Taxation	10	3	2	—	—	—	—	145	153	94
Deferred Tax Benefit	—	—	1	3	6	—	—	—	—	—
Profit after Taxation, Deferred Tax Benefit and Prior Year's Adjustments	66	177	282	218	233	227	224	213	200	123
Dividend										
Aggregate	75	137	87	66	62	53	44	44	31	23
Per Share	1.92	3.9	2.8	2.8	2.8	3.3	3	3	2.75	2.5
FINANCIAL RECORD										
Share Capital	390	351	310	309	230	165	148	148	148	93
Share Suspense	—	—	—	—	—	—	1	—	—	—
Reserves and Surplus	4,475	5,009	2,540	2,402	1,792	1,307	1,091	1,014	877	660
Shareholders' Equity	4,865	5,360	2,850	2,711	2,022	1,472	1,240	1,162	1,025	753
Loan Funds	4,769	4,530	6,438	6,138	4,841	3,269	1,773	678	563	421
Capital and Loan Funds Employed	9,634	9,890	9,288	8,849	6,863	4,741	3,013	1,840	1,588	1,174
Fixed Assets - Gross	4,273	4,987	5,424	5,564	5,128	2,550	1,693	1,326	1,162	1,103
Depreciation	1,095	1,159	1,330	1,081	992	722	622	540	477	422
Fixed Assets - Net	3,178	3,828	4,094	4,483	4,136	1,828	1,071	786	685	681
Investments	2,302	2,544	1,599	899	220	795	336	154	181	16
Current Assets - Net	4,154*	3,518*	3,595*	3,467	2,507	2,118	1,606	900	722	477
Capital and Loan Funds Applied	9,634	9,890	9,288	8,849	6,863	4,741	3,013	1,840	1,588	1,174

* Inclusive of Miscellaneous Expenditure to the extent not written off or adjusted Rs. 132 (Rs. 84 for 1994-96)

⊙ For 15 months

⊙⊙ For 18 months