Notice

NOTICE is hereby given that the fifty first Annual General Meeting of the Company will be held at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025 on Tuesday, July 27, 2010 at 11.00 a. m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2010 and Profit and Loss Account for the financial year ended on that date, the Report of the Auditors thereon and the Report of the Directors.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Dr. R. P. Goenka who retires by rotation and, being eligible, has offered himself for re-appointment.
4. To appoint a Director in place of Mr. A. C. Choksey who retires by rotation and, being eligible, has offered himself for re-appointment.
5. To appoint a Director in place of Mr. Hari L. Mundra who retires by rotation and, being eligible, has offered himself for re-appointment.
6. To appoint Messrs N. M. Raiji & Co., as Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

   "RESOLVED THAT Mr. Anant Vardhan Goenka, who was appointed as an Additional Director of the Company with effect from December 21, 2009 and holds office under the provisions of Section 260 of the Companies Act, 1956 upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director and who is eligible for appointment, be and is hereby appointed as a Director of the Company."

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

   "RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 including any modification or re-enactment thereof, ("the Act") and subject to the approval of the Central Government and subject to all approvals, permissions and sanctions as may be necessary; and subject to such conditions and modifications as may be prescribed or imposed by any of the authorities in granting such approvals, permissions and sanctions, the Company hereby approves the appointment of Mr. Anant Vardhan Goenka as the Whole-Time Director designated as the Deputy Managing Director of the Company for a period of 5 (five) years commencing from January 4, 2010 and ending on January 3, 2015 upon the terms and conditions set out in the Agreement dated January 4, 2010, (which is also hereby ratified and approved) and submitted to this meeting; and payment of remuneration not exceeding Rs. 2.00 crores (Rupees Two Crores only) per annum by way of salary, allowances and perquisites as may be recommended by the Remuneration Committee from time to time.

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

   RESOLVED FURTHER THAT the Board of Directors ("the Board" which expression shall also include a Committee thereof for the time being exercising the powers conferred on the Board by this resolution) be and is hereby authorised to pay the remuneration to Mr. Anant Vardhan Goenka, Deputy Managing Director of the Company, within the maximum limits prescribed in Section I of Part II of Schedule XIII of the said Act in case the Company has adequate profits during any of the financial years during the tenure of the appointment mentioned above.

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

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

NOTES:

a) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**

b) **THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

c) Members are requested to kindly refer the Chapter on Corporate Governance Report in the Annual Report for the information in respect of re-appointment/appointment of Directors, under Clause 49 of the Listing Agreement. Out of the Directors seeking re-appointment, only Dr. R. P. Goenka holds 3,799 equity shares in the Company. However, Mr. Anant Vardhan Goenka holds 14,185 equity shares in the Company.

None of the Directors seeking re-appointment is related to any member of the Board of Directors or to any Management Personnel. However, Mr. Anant Vardhan Goenka is the son of Mr. H. V. Goenka, Vice Chairman of the Company and the grandson of Dr. R. P. Goenka, the Chairman of the Company.

d) The Register of Members and the Share Transfer Books of the Company shall be closed from Tuesday, July 13, 2010 to Tuesday, July 27, 2010 (both days inclusive).

e) Pursuant to the provisions of Section 205A of the Companies Act, 1956, dividend for the financial year ended March 31, 2003, which remained unclaimed or unpaid for the period of seven years will be transferred to the Investor Education and Protection Fund (IEPF) established under Section 205C of the Companies Act, 1956. Members who have not encashed their dividend warrant(s) so far for the financial year ended March 31, 2003 or any subsequent financial years are requested to make their claims to the office of our Registrar and Transfer Agents, TSR Darashaw Limited (Formerly Tata Share Registry Limited), 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011. It may also be noted that once the unclaimed dividend is transferred to IEPF, as above, no claim shall lie in respect thereof. The dividend for the Financial Year ended March 31, 2003, if not claimed, will be transferred to the aforesaid account on or after January 21, 2011.

f) For the convenience of the Members and for proper conduct of the Meeting, entry to the place of the Meeting will be regulated by the Attendance Slip, which is annexed to the Proxy Form. Members are requested to affix their signature at the place provided on the Attendance Slip and hand it over at the entrance.

g) Members can avail of the nomination facility, under Section 109A of the Companies Act, 1956 by filing Form No. 2B with the Company. Blank forms will be supplied on request.

h) If any of the members are holding shares in the same name or in the same order of names, under different Folios, then members are requested to notify the same to TSR Darashaw Limited at 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011 for consolidation of their shareholding into a single folio.

i) Members are requested to notify immediately any change of address:

- To their Depository Participants (DPs) in respect of their shares held in demat form, and
- To TSR Darashaw Limited at 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi , Mumbai 400 011, in case of the shares being held in physical form.

j) In case the Mailing Address mentioned on this Annual Report is without a **PINCODE**, Members are requested to kindly inform their **PINCODE** please.

Mumbai,
Date: April 29, 2010

Under the Authority of the
Board of Directors

Registered office:
CEAT Mahal,
463, Dr. Annie Besant Road, Worli,
Mumbai 400 030.

H. N. Singh Rajpoot
Company Secretary

Annexure to the Notice

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

1. In terms of Section 173 of the Companies Act, 1956, the following explanatory statement sets out all the material facts relating to Item No. 7 and 8 of the accompanying Notice dated April 29, 2010.

2. **Item No. 7 and 8**

   Mr. Anant Vardhan Goenka was appointed as an Additional Director of the Company with effect from December 21, 2009 in terms of Section 260 of the Companies Act, 1956 and was later appointed as the Deputy Managing Director of the Company for a further period of 5 (five) years commencing from January 4, 2010 to January 3, 2015 on the terms and conditions set out in the Agreement dated January 4, 2010, submitted to this meeting for ratification. The appointment of Mr. Goenka is in accordance with the conditions specified in Part I and Part II of Schedule XIII as provided under Section 269 of the Companies Act, 1956.

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

   The Company has received a notice along with a deposit of Rs. 500/- as required by Section 257 of the Companies Act, 1956, from a member proposing Mr. Goenka for his appointment as a Director of the Company. The Directors recommend appointment of Mr. Goenka as a Director of the Company.

Pursuant to the provisions of Section 198, 269, 309, 310 and 311 and all other applicable provisions of the Companies Act, 1956, including Schedule XIII, the resolution for appointment of Mr. Goenka as Deputy Managing Director and payment of remuneration to him as set out in the resolution at Item No. 8 of the Notice is placed before the members for approval by way of a special resolution.

None of the Directors except Dr. R. P. Goenka, Mr. H. V. Goenka and Mr. Anant Vardhan Goenka are deemed concerned with or interested in the above resolution.

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

1. Copy of the Agreement dated January 4, 2010 with Mr. Anant Vardhan Goenka.

2. Abstract under Section 302 referred to above.

Mumbai,
Date: April 29, 2010

Under the Authority of the
Board of Directors

Registered office:
CEAT Mahal,
463, Dr. Annie Besant Road, Worli,
Mumbai 400 030.

H. N. Singh Rajpoot
Company Secretary

Directors' Report

The Directors present their fifty-first report, together with the audited accounts for the year ended March 31, 2010.

FINANCIAL HIGHLIGHTS

(Rs. in crores)

	For the year ended March 31, 2010	For the year ended March 31, 2009
Operating Profit (Profit before Interest, Depreciation and Taxation)	**322.70**	58.13
Less: Interest	**56.83**	69.69
Depreciation	**26.88**	25.62
Profit before Taxation	**238.99**	(37.18)
Provision for:		
Current Tax	**74.09**	-
Short/ (Excess) provisions	**-**	(11.79)
Deferred Tax	**3.86**	(11.00)
Fringe Benefit Tax	**-**	1.72
Net Profit	**161.04**	(16.11)
Surplus brought forward from previous year	**108.44**	124.55
Sum available for Appropriation	**269.48**	108.44
Appropriations:		
Proposed Dividend on Equity Shares	**13.69**	-
Corporate Tax on Proposed Dividend	**2.33**	-
Transfer to General Reserve	**16.15**	-
Balance carried forward	**237.31**	108.44

DIVIDEND

The Directors are pleased to recommend a dividend of Rs. 4.00 per equity share of Rs. 10/- each (i.e 40%) for the financial year ended March 31, 2010.

INDUSTRY SCENARIO

The automobile industry, which faced a setback following the global financial crisis, has since posted signs of recovery in certain global markets, particularly in the Far East, Africa and the Middle East. However, it is yet to recover fully in the US and Europe. In India, the demand situation started improving gradually, right from the start of the year, due to a positive swing in the overall economic activity, substantially aided by the stimulus package announced by the Government of India. By the end of the first half of the year under review, the tyre industry saw a surge in overall demand, particularly in the replacement segment. The Original Equipment segment and the export segment also joined the growth rally in the second half of the year under review. The demand from the two wheeler and passenger car segment was particularly impressive.

The Indian tyre industry is banking on strong overall economic development of the country to see a further improvement in demand and better pricing power in the future. Projected GDP growth forecast of over 8% in coming years augurs well for the industry.

Tyre Business is extremely raw material sensitive. Towards latter part of the year there was a significant shortage of natural rubber, one of the most critical inputs in tyre making, due to fall in production of the commodity. This supply demand mismatch has led to a steep rise in the prices of natural rubber. The position is not likely to improve in the near future as rubber demand is expected to remain strong and supply is not expected to keep pace with it.

Despite a tough market scenario and an adverse economic situation, the Indian tyre industry was able to register a reasonable top-line growth, with corresponding increase in its profitability in the first half of the year. However, profitability was adversely affected in the second half due to hardening of raw material cost, which could not be fully passed on to the customers due to competitive pressures.

CEAT'S PERFORMANCE

CEAT ended the year 2009-10 with net sales of Rs. 2808 crores as against Rs. 2367 crores in the previous year, registering a growth of 18.6%. The Company's profit after tax stood at Rs. 161.04 crores as compared to a loss of Rs.16.11 crores during the same period last year. This was achieved due to smart and strategic raw material procurement, substantial reduction in interest burden on account of efficient working capital management and numerous cost reduction initiatives with higher productivity.

The Company has been able to marginally increase its market share of 2-3 wheeler and heavy / light commercial vehicle segments. A greater skew towards the more profitable replacement market was possible because of the better reach to end consumers through the CEAT Shoppes and CEAT Hubs. Revenues from the replacement segment grew from 66% in 2008-09 to 75 % this year. Sales in farm segment was impressive despite poor rains with a growth of 16%.

CEAT continues to be one of the largest exporters of tyres in the country. Despite the global slowdown, the company maintained exports at Rs. 477 crores at the same level as last year. CEAT has continued its concerted effort to move closer to the end customers by setting up offices in Dubai and Brussels. Through its strong network and reach in 112 countries the Company has stayed in tune with emerging trends in most of the export markets, particularly in the Far East, Africa and the Middle East. This initiative also helped the Company to have a healthy order book and fetch better prices.

FUTURE OUTLOOK

With the prediction of a normal monsoon, demand from Farm and Manufacturing sectors is expected to remain strong. Increase in commodity prices can help revive demand for Off-the-road tyres. Two-three wheeler manufacturers have registered a strong growth in the recent past. The growth rally is expected to continue further. CEAT would align its strategies to encash the potential opportunities.

Currently, radialisation of the commercial vehicle segment in the country is approximately 10-12%. This is expected to go up to the extent of 30% in the next 3 years. The radial tyre project at Halol, Gujarat, is expected to be commissioned on schedule, by the third quarter of the current fiscal. This will help the Company to cater to the increasing Truck Bus Radials (TBR) and Passenger Car Radials (PCR) demand in the country and in the export market as well.

On an overall basis we expect a robust growth in topline but the margins are expected to be under pressure due to substantial increase in cost of raw materials and higher interest and depreciation on account of new capacity creation.

RESEARCH AND DEVELOPMENT

The Company understands the need for emphasis on innovation in product and process technology and operational efficiencies and has invested in a new state of the art Research and Development Centre in Halol. The centre will have the most contemporary equipments for testing and development. The year 2009-10 saw significant R&D efforts to develop new raw materials, products and enhance the quality of tyres. Two new truck tyres that give higher mileage at high load and at higher speed respectively have also been launched. The new products developed have performed well in the domestic as well as international markets. In light of increasing raw material prices successful efforts were made in development of cheaper substitutes for costly raw materials without compromising on quality parameters. This has helped the company to not only reduce cost but also in optimizing material consumption.

ASSOCIATED CEAT KELANI VENTURE (Joint Venture in Sri Lanka)

Post the civil war, the situation in Sri Lanka has improved. Inflation is receding and interest rates have softened. The overall business sentiment has stabilized leading to increased economic activities in the island. Consequently, demand of tyres has also been on the rise.

The Joint Venture (JV) has registered a revenue of LKR 5.4 billion during 2009-10 as compared to LKR 4.3 billion in the previous year, registering a growth of 26%. Profit after tax stood at LKR 524 million as compared to profit after tax of LKR 101 million. The JV commands market share of about 60% in commercial vehicle and 18% in passenger radial segment.

During the year under review, CEAT has increased its stake in its Sri Lankan investment arm from 18% to 54.84% by purchasing the entire stake of its Sri Lankan partner. As a result of this, CEAT's investment arm-Associated CEAT Holdings Company (Private) Limited (ACHL) has become its subsidiary. ACHL controls 50% stake in the operating company.

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

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

HUMAN RESOURCES

The Company continues to focus on performance management through leveraging the Balanced Business Score Card and triggering Culture Transformation. Initiatives have also been taken towards driving productivity through TQM and in developing and retaining critical talent through coaching and mentoring.

An initiative "Empower" launched by the Company in the past has delivered the desired results of better employee engagement and higher productivity.

The Company was awarded the Employer Brand of the year for Innovative Retention, Leadership in HR and Talent Management by the Employer Branding Institute, Australia.

EMPLOYEE STATEMENT

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

SUBSIDIARY COMPANY

The Company has obtained necessary exemption from attaching the annual report and accounts of its Subsidiary Company i.e. Associated CEAT Holdings Company (Private) Limited. The annual report and accounts of the said Subsidairy Company are kept at the Registered Office and any member desirous of obtaining the same may request the Company in writing.

DIRECTORS

During the year under review, Mr. Vinay Bansal has been appointed as Director of the Company in the casual vacancy caused due to the sad demise of Mr. M. A. Bakre and will hold office up to the date of the Annual General Meeting next year.

Mr. Anant Vardhan Goenka has been appointed as the Deputy Managing Director of the Company for 5 years with effect from January 4, 2010.

In accordance with the Companies Act, 1956 and Articles of Association, Dr. R. P. Goenka, Mr. A. C. Choksey and Mr. Hari L. Mundra retire by rotation and being eligible, have offered themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

i) the applicable Accounting Standards have been followed in the preparation of the annual accounts.

ii) such accounting policies have been selected and applied consistently and such judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company in the Balance Sheet as at March 31, 2010 and in the Profit and Loss Account for the said financial year viz. April 1, 2009 to March 31, 2010.

iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

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

AUDITORS

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

ACKNOWLEDGEMENT

Your Directors place on record their appreciation for the continued support and cooperation received from the customers, suppliers, dealers, financial institutions, banks, members and Central / State Governments towards conducting the business of the Company during the year under review. The Directors wish to record their special appreciation for the dedication and passion of employees which has enabled the Company to register record performance during the last fiscal.

On behalf of the Board of Directors

Mumbai,	**H. V. Goenka**	**Paras K. Chowdhary**
Date: April 29, 2010	Vice Chairman	Managing Director

Annexure to Directors' Report

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

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

CONSERVATION OF ENERGY

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

- Identification and monitoring of operation of High energy consuming load centres and also specific loads like Compressors, & Power Transformers etc., in each of the manufacturing units based on ABC analysis and daily monitoring of consumption of A class loads.
- Use of Energy Efficient Lighting systems like mercury vapor lamps, high power sodium vapors lamps and fluorescent tube lights with electronic ballasts.
- Use of transparent roof sheets wherever possible to make use of natural lighting.
- Switching off machines / equipment when not in use and switching off lights in areas not having adequate activity by regrouping/repositioning the activity so that there will not be any wastage of energy due to lighting.
- Monitoring of utilization of energy in lighting and other auxiliary equipments.
- Main curing booster pump VFD.
- Use of VFD for Bom water pump, Kobelco pump & Industrial cooling Pump.
- 1.6 kw Energy efficient blower for dual 1 in place of 15 kw centrifugal Blower.
- 1.6 kw Energy efficient blower for dual 2 in place of 15 kw centrifugal Blower.
- 4 Pneumatic hoist replaced with electrical hoist.
- Capacitor Balancing done on various substation as per requirement.
- Use of FRP blades for Man coolers.
- Ban No. 6 mixer chamber replacement with energy efficient mixer chamber & rotor.
- Briquette Boiler 25 Tons commissioned on October 17, 2009.
- Hot Insulation of steam, condensate, hot-water and press dome done to reduce radiation loss.
- Improvement in water consumption by doing various water conservation activities.
- Replacement of cooper choke by electronic choke.
- Banbury 1 converted to 40 RPM in place of 30 RPM.
- Tempered water incorporated in Banbury 2 and 3.
- Overhauling of 1219 CFM compressor – 1no. for improving efficiency.
- BC feeding for cushion mill on 8 x 6 cold feed extruder in place of mill.

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

- 65 watts CFL lamp for street and dusting area lighting.
- Temper water system for Banbury mixer no. 1-3-4-5.
- Real Time Power Factor Correction Panels.
- 37 kw Cold feed extruder in place of 90 kw BC mill.
- Pneumatic hoist replacement with electrical hoist-12 no.
- Centralized factory lighting circuit and fixing of energy saving lighting controller unit.
- Replacement of old inefficient compressors of instrumentation air with energy efficient screw compressor.
- Heat recovery unit to be installed in flue gas path of Briquette Boiler.
- Improvement in condensate recovery.
- Replacement of inverted bucket and thermodynamic steam traps with steam float.
- Complete replacement of Curing Press internal hose pipe with swivel joint to avoid loss due to hose leakages.
- Complete replacement of Curing Press valve module diaphragm valve with piston valve to minimize valve passing incidents.
- Improvement in hot water recovery from Curing Presses.
- Installation of energy efficient Cooling Towers.
- Installation of energy efficient Vaccum pumps.
- Smart controller for process air compressor.
- Pneumatic hoists to be replaced with electric.
- VFD for hot water booster pump.
- Pneumatic poking machines to be replaced with electric.
- Automatic power factor improvement system.
- Replacement of diaphragm valve to piston valve.

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

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

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

FORM "A"

				2009-10	2008-09
A.	**Power and Fuel Consumption**			**2009-10**	2008-09
	1.	**ELECTRICITY**			
		(a)	**Purchased**		
			Units (KWH)	**9,53,72,595**	8,61,28,083
			Total amount (Rs. in crores)	**49.73**	41.15
			Rate per unit (Rs.)	**5.21**	4.78
		(b)	**Own generation**		
			(i) Through Diesel Generator:		
			Units (KWH)	**2,56,855**	2,96,897
			Units per /Litre of Diesel Oil (KWH)	**2.50**	2.75
			Cost per unit (Rs.)	**13.63**	13.28
			(ii) Through Steam / Turbine Generator		
			Units (KWH)	**-**	-
			Units per Litre of Fuel Oil / Gas (KWH)	**-**	-
			Cost per Unit (Rs.)	**-**	-
	2.	**COAL** (Specify quantity & where used)			
		Quantity (Tonnes)		**-**	-
		Total Cost (Rs. in crores)		**-**	-
		Average rate (Rs.)		**-**	-
	3.	**FURNACE OIL**			
		Quantity (K. Ltrs)		**11,644**	3,902
		Total amount (Rs. in crores)		**27.59**	6.34
		Average Rate (Rs. per Litre)		**23.69**	16.25
	4.	**L.S.H.S**			
		Quantity (K. Ltrs)		**9,212**	13,184
		Total amount (Rs. in crores)		**19.68**	33.99
		Average rate (Rs. per Litre)		**21.37**	25.78
	5.	**OTHER (Briquittes) /INTERNAL GENERATION (LPG & Other Gases)**			
		Quantity (Tonnes)		**23,407**	18,050
		Total Cost (Rs. in Crores)		**11.55**	8.19
		Rate per Unit (Rs. per Kg.)		**4.94**	4.54
B.	**Consumption Per Unit Of Production**				
	(i)	Electricity (KWH /MT)		**690.27**	710.88
	(ii)	Furnace Oil (Ltrs. /MT)		**84.05**	32.09
	(iii)	Coal/Briquittes (Kg/MT)		**168.96**	148.47
	(iv)	L.S.H.S. (Ltrs./MT)		**66.49**	108.44
	(v)	Others		**-**	-

TECHNOLOGY ABSORPTION

FORM "B"

Research and Development (R & D)

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

- Development of new raw materials for improvement in quality, cost and compliance to regulations.
- Development of alternate recipes for flexibility in using natural and synthetic rubbers.
- Development of Compounds for high performance radial tyres.
- Develop tyres with features that provide enhanced performance.
- Development of new sizes for OEM's and Replacement market.
- Develop TBR and PCR tyres with advanced features.
- Value engineering projects.
- Process design for productivity and energy saving.
- Cycle time reductions.
- Development of Agricultural tyres for specific applications.
- Prototyping and virtual validations.
- Test methods for testing tyres in field and test tracks.
- Providing technical know-how to –
  - Associated CEAT (Private) Ltd., Sri Lanka.
  - Associated CEAT Kelani Radials (Private) Ltd., Sri Lanka.
  - CEAT Kelani International Tyres (Private) Ltd., Sri Lanka.
  - ACE Tyres Limited, Hyderabad.
  - Innovative Tyres & Tubes Project, Baroda.
  - Zahi Rubbers, Kozhikode, Kerala.

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

- Technology development and commercialisation.
- Developed advanced products in passenger and commercial segment.
- Reduced development cycles.
- Product performance enhancement.
- Improvement in productivity and cost.
- Product range expansion.
- Benefits to customer in mileage, ride, comfort and fuel consumption.
- Usage of alternate materials.
- Environment friendly products.

3. Future plans of action –

- Setting up advanced research center.
- Develop super premium tyres in the bias truck segments.
- Dévelopements in passenger radial segment :
  - High performance passenger radial tyres.
  - Winter tyres.
  - Energy saver tyres.
  - Eco friendly green tyres.
- Develop Super Single radial truck tyres.
- Partnering with OEM's for new developments.
- Application of nano materials.
- Develop alternate recipes.

4. Expenditure on R & D – (Rs. in Crores)

		2009-10	2008-09
a)	Capital	**0.41**	1.24
b)	Recurring	**2.82**	2.90
c)	Total	**3.23**	4.14
d)	Total R & D expenditure as % of total turn over	**0.11**	0.16

Technology Absorption, Adaptation and Innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:
   - The technology developments mentioned above were validated and implemented.
   - Projects are undertaken on innovative ideas and they have come out with quantum improvement or innovation.
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, entry to new markets etc. :
   - New products developed to meet the specific requirements of OEM and also provide higher value to the replacement customers.
   - Development of 'Pro 'series of high performance in bias truck and 'Milaze' series of passenger radial tyres.
   - 'Grip 'series of next generation motor cycle tyres.
   - Flexibility in usage of key raw materials.
   - Achieved higher productivity in tyre curing.
   - Minimise usage of petroleum based indirect materials.
3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) following information may be furnished:

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Please refer to the main report.

(b) Total foreign exchange used and earned :-

(Rs. in Crores)

		2009-10	2008-09
i)	Foreign exchange earned	**484.93**	485.94
ii)	Foreign exchange used	**689.99**	699.55

On behalf of the Board of Directors

Mumbai,
Date: April 29, 2010

H. V. Goenka
Vice Chairman

Paras K. Chowdhary
Managing Director

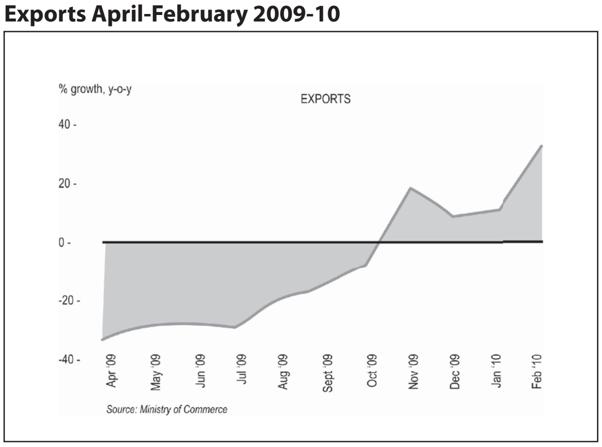
Management Discussion And Analysis

1. ECONOMIC OVERVIEW

There was a distinct turnaround in the economic climate in 2009-10, post a challenging 2008-09. According to the Union Finance Minister, Mr. Pranab Mukherjee, the economy in 2009-10 is expected to grow by 7.2%, an impressive growth by global standards. Fuelled by earnings optimism and mostly firm global equities, the Bombay Stock Exchange climbed above 18,000 points for the first time in more than two years on April 7, 2010. One of the key drivers of the recent rally in Indian stocks, Foreign Institutional Investors (FIIs) have pumped in nearly Rs. 43,000 crore into the Indian markets between January and April 1, 2010, according to the data released by the Securities and Exchange Board of India. Heavy inflows from FIIs also propelled the Rupee to a 19-month high against the US Dollar on April 5, 2010.

While inflation remains a concern, it is clear that recovery is firmly taking root with exports up quite sharply as depicted in the accompanying graph.

Exports April-February 2009-10



The country's forex reserves have risen to a record USD 279.09 billion during the week ended April 2, 2010. Industrial production has also exhibited strong growth during the year. It was up 10.1% in the period April-February for 2009-10. The corresponding figure for 2008-09 was 3%.

The above factors bode well for the economy as well as the tyre industry going forward.

2. INDUSTRY OVERVIEW

Global tyre industry

Valued at approximately USD 120 billion, the global tyre industry, like its Indian counterpart, is highly concentrated with the top four players accounting for a major share of the total revenues. Passenger Cars (PC) and Light Commercial Vehicles (LCV) segments constitute a majority of the global tyre industry's product mix at around 60%. Heavy Commercial Vehicles (HCV) segment constitutes around 27% of the product mix. The extent of radialisation is much higher in developed nations than others. Radial tyres offer better fuel efficiency and work out to be more cost effective over the life of a tyre. Radialisation in the PC segment in the global tyre industry is more than 95%, while it is around 60% in the LCV and the HCV segments.

Indian tyre industry

The Indian tyre industry accounts for around 5% of the global demand as well as global supply of tyres. The industry has registered significant growth during the year on the back of an economic recovery with sales expected to touch Rs. 263 billion in 2009-10, growing at a CAGR of 12-13% from Rs. 234 billion in 2008-09. This growth is expected to be predominantly driven by an increase in volumes rather than average realisations where growth is expected to be restricted to 2-3%. Average realisation per kg of tyre is in the range of Rs. 120-200.

The Indian tyre industry is enjoying strong growth and will continue to do so in the near future on the back of several demand drivers that include the country's fast paced GDP growth, growth in the automobile industry, faster development of road infrastructure, increasing levels of radialisation as well as growing demand from the Off-The-Road (OTR) segment.

Operating margins of the tyre industry improved by 900-1,000 basis points in the first nine months of 2009-10 due to a fall in raw material costs by around 10% during the first nine months of 2009-10 vis-à-vis the same period the year before. Raw material, (mainly comprising of natural rubber, Nylon Tyre Cord Fabric, carbon black, synthetic rubber, Styrene Butadiene Rubber, Poly Butadiene Rubber etc.) costs account for around 65% of net sales of the tyre industry. Due to the firming up of raw material prices in the September-December 2009 quarter, the operating margins for most players declined sequentially in the Q3FY10, after reaching a 20-year peak in the second quarter of 2009-10. Analysts estimate that operating margins of the industry will be around 13-14% in 2009-10, up sharply from 7-8% in 2008-09 due to softening of raw material prices in the first half of the fiscal and an increase in average price realisations.

Market segments

1. Replacement – The Replacement segment constitutes around 65.5% of the industry and is estimated to be