

DRIVEN

CEAT

ANNUAL REPORT
2011-12

FORWARD-LOOKING STATEMENT

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

CONTENTS

| CORPORATE OVERVIEW | STRATEGIC REVIEW | STATUTORY REPORTS | FINANCIAL STATEMENTS |
|-------------------------|------------------------------------|---------------------------------------|---|
| 2 Driven by Passion | 8 Driven by Operational Excellence | 16 Notice | Standalone Financials |
| 4 Vision and Values | | 26 Directors' Report | 55 Auditors' Reprt |
| 5 Driven by Optimisim | 9 Driven by Opportunities | 34 Management Discussion and Analysis | 58 Balance Sheet |
| 6 Driven by Performance | 10 Driven by Aspirations | 40 Corporate Governance | 59 Statement of Profit and Loss |
| | 11 Driven by R&D Expertise | | 60 Cash Flow Statement |
| | 12 Driven by Brand Dominance | | 62 Notes |
| | 13 Driven by Societal Commitment | | 84 Statement pursuant to Section 212(3) |
| | 14 Corporate Information | | Consolidated Financials |
| | | | 85 Auditors' Report |
| | | | 86 Balance Sheet |
| | | | 87 Statement of Profit and Loss |
| | | | 88 Cash Flow Statement |
| | | | 90 Notes |

FOR MORE THAN **FIVE DECADES,** CEAT HAS MOVED AHEAD WITH AN **EYE TO** **THE FUTURE.**

FUTURE **CUSTOMER ASPIRATIONS**, INDUSTRY BENCHMARKS
IN **INNOVATION, OPERATIONAL EFFICIENCIES** AND
EMERGING GLOBAL TRENDS IN **DESIGN** AND **ON-ROAD**
PERFORMANCE.

WE BELIEVE ONE REFRESHING IDEA CAN CHALLENGE AN
AGE-OLD PARADIGM; ONE TECHNOLOGICAL INNOVATION
CAN ELEVATE QUALITY STANDARDS AND CUSTOMER
SATISFACTION TO NEW HEIGHTS; ONE DECISIVE THRUST OF
YOUTHFUL ENERGY CAN RAISE BRAND VALUE AND EXTEND
VISIBILITY.

OUR PRODUCTS TAKE THE STRESS ON THE ROAD AND
DELIVER SAFETY, SECURITY AND PEACE OF MIND ACROSS
MULTIPLE GLOBAL TERRAINS. WE DRIVE ON-ROAD
ASPIRATIONS ACROSS CONTINENTS. IN TURN, WE ARE MORE
DRIVEN THAN EVER BEFORE.

**DRIVEN
BY PASSION**

2

On road since 1958, CEAT has traversed a long way to emerge among the top players in the Indian tyre market. We have also established our identity as a global quality tyre manufacturer. Our brand strength is the result of passion that never falters. The road ahead may be rough or smooth, familiar or unfamiliar, but the ride remains stable.

Vast industry experience, coupled with a consistent focus on innovation, has enabled us to pre-empt market trends and attune our capabilities to evolving customer requirements.

The result is a wide range of tyres, catering to the needs of Original Equipment Manufacturers (OEM) and individuals.

TYRE RANGE



**TWO
WHEELERS/
THREE
WHEELERS**



CARS/ SUVs



**FARM
VEHICLES**

DRIVEN BY A LEGACY

Back in 1924, CEAT International was established in Turin (Italy) for manufacturing cables for telephones and railways. It commenced its operations in India in 1958 as CEAT Tyres of India Limited, which was renamed as CEAT Limited in 1990.

About RPG Enterprises

USD 3 BILLION

RPG ENTERPRISES IS ONE OF INDIA'S FASTEST GROWING CONGLOMERATES WITH A ₹ 15,000 CRORES TURNOVER

Established in 1979, RPG Enterprises currently consists of more than 15 companies, spread across diverse business verticals including Infrastructure, Automotive Tyres, IT, Pharmaceuticals, Plantations and Power Ancillaries.

3

MANUFACTURING FACILITIES, IN NASIK, BHANDUP (MAHARASHTRA) AND HALOL (GUJARAT), PRODUCE MORE THAN 10 MILLION TYRES ANNUALLY

2,610

DEALERS

8

ZONES

38

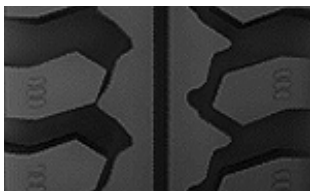
REGIONAL OFFICES

120

C&F AGENTS

112

EXPORT DESTINATIONS NOW INCLUDE USA, AFRICA, LATIN AMERICA, AUSTRALIA AND ASIA



LIGHT
COMMERCIAL
VEHICLES/ TRUCKS
AND BUSES



OFF THE
ROAD

VISION

TO BE AMONGST THE MOST PROFITABLE TYRE COMPANIES IN INDIA BY 2016 THROUGH:

- MARKET LEADERSHIP IN SELECT CATEGORIES IN INDIA AND
- MARKET LEADERSHIP IN SIGNIFICANT COUNTRIES OUTSIDE INDIA

VALUES

C

CHALLENGER

We attempt to try new things and not fear failure, we question existing ways of working and we are open to critique and suggestions from the team and others in the organisation.

A

ASPIRATION-LED

We encourage our people to dare to dream. Our aim is to deliver exceptional service to our customers. This we do by trying to excel at our work.

I

INTEGRITY

We take responsibility for our actions and ensure our behaviour matches our words. Being honest and transparent in our work is our continuous endeavour.

R

RESULT-OBSSESSION

We respect the time of others and strive to display a sense of urgency in taking decisions.

O

OPENNESS

We value the skills, strengths and views of others and have a passion for learning and sharing ideas. We appreciate and are responsible with the information the company shares with us.

DRIVEN BY OPTIMISM

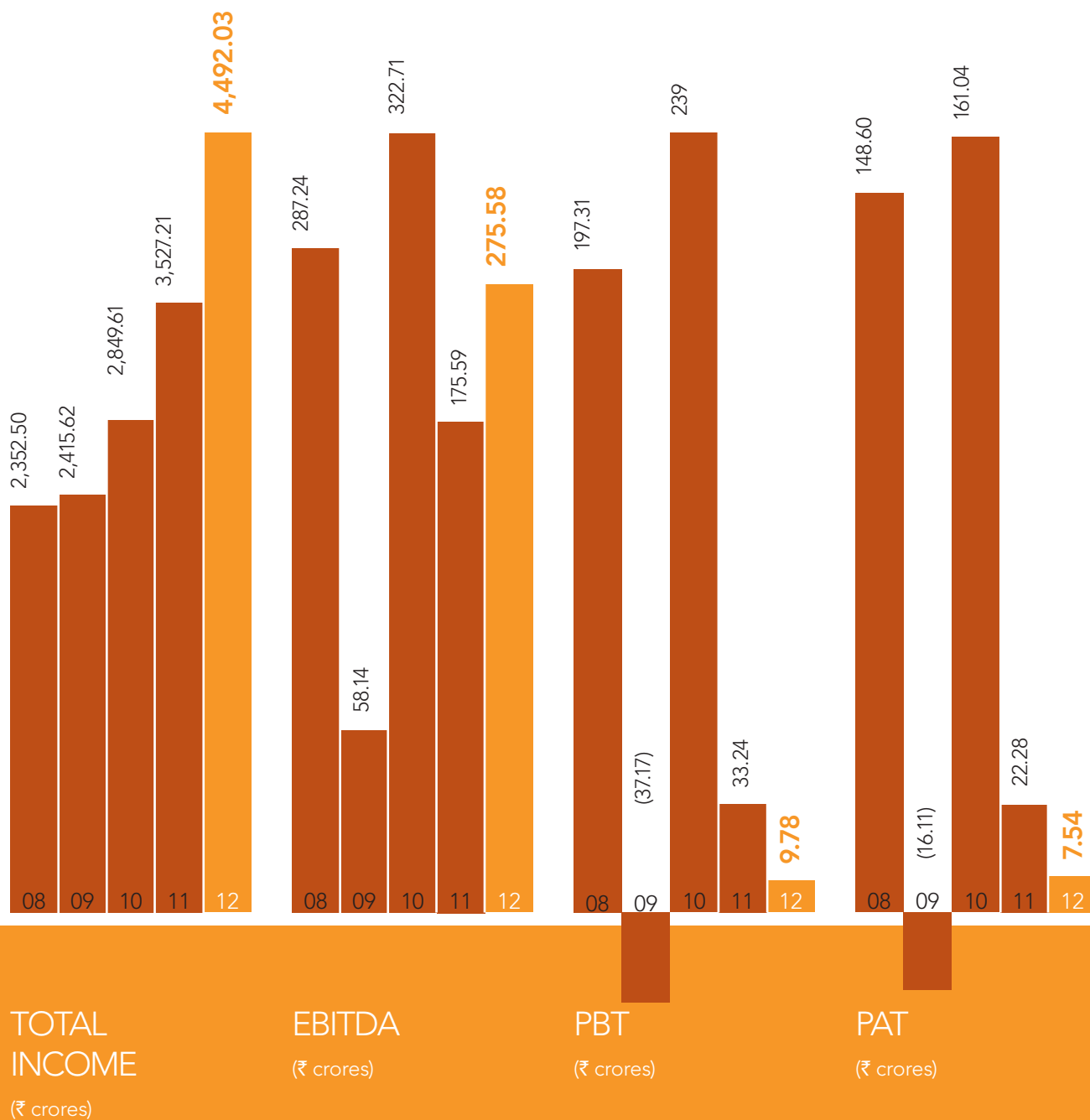
HIGHLIGHTS 2012

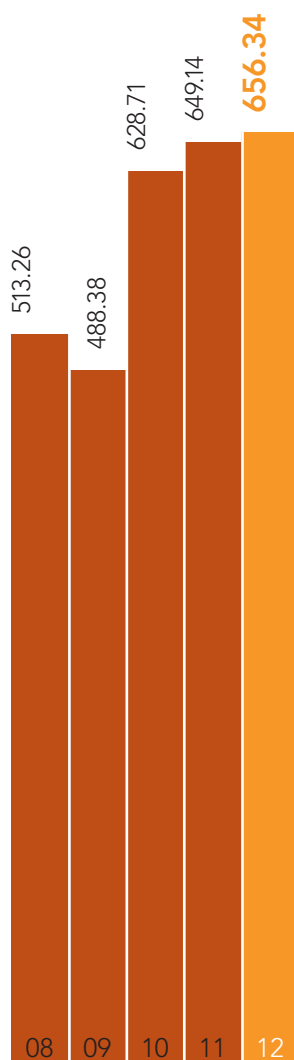
OPERATIONS

- Set up a **world-class research facility** at Halol.
- Started a **TQM journey** towards business excellence through the implementation of industry best practices.

MARKETING AND DISTRIBUTION

- Launched – **truck and bus radial tyres** – with the commencement of Halol plant.
- Excellent **export growth** – **62%** over previous year.
- Increased the OEM market share from **7% to 8.5%**.
- Increased motorcycle tyre market share from **12% to 16%**.





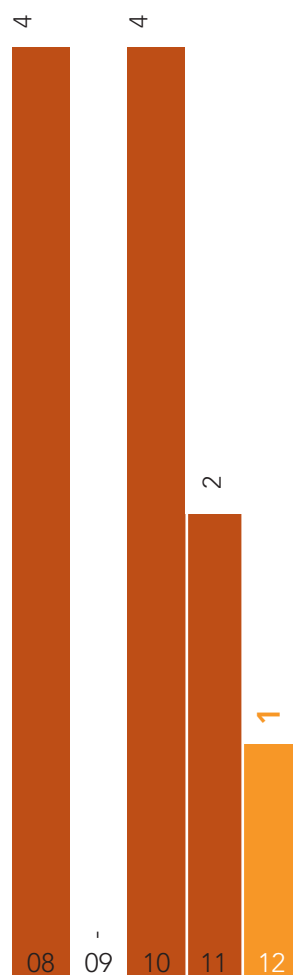
SHARE- HOLDERS FUNDS

(₹ crores)



EARNINGS PER SHARE

(₹)



DIVIDEND PER SHARE

(₹)

WE KEEP A CLOSE EYE ON THE **NEEDS OF OUR CUSTOMERS** AND ENHANCE CAPABILITIES TO **MATCH GLOBAL BENCHMARKS** IN OPERATIONAL EXCELLENCE.

WE ARE TRANSFORMING TO **RECIPROCATE THE TRUST OUR CUSTOMERS AND DEALERS** HAVE REPOSED IN US.

OUR OBJECTIVE IS TO **EXCEED THEIR EXPECTATIONS** BY PROVIDING CONTEMPORARY PRODUCTS AND **WORLD-CLASS SERVICES**.

INITIATIVES UNDERTAKEN IN 2011-12

- Continuous ramp-up of production capacity at the Halol plant facilitated our foray into the radial tyres segment. By the end of 2011-12, the plant operated at 90 TPD. This contributed 10.8% of total volumes.

10.8
PER CENT

CONTRIBUTION OF HALOL PLANT IN TOTAL VOLUMES FOR THE YEAR 2011-12

- During 2011-12, we increased the outsourcing capacity of motorcycle tyres from 250,000 units to 450,000 units.

450,000
UNITS

INCREASED OUTSOURCING CAPACITY OF MOTORCYCLE TYRES DURING THE YEAR 2011-12

- Our distributors' district presence has gone up from 35 districts to 186 districts in motorcycle tyres in 2011-12.

186
DISTRICTS

DISTRIBUTORS' DISTRICT PRESENCE FOR THE YEAR 2011-12