



ANNUAL REPORT 2014 -15

PASSION



FOR SAFETY. FOR CONTROL.

'One of India's most trusted brands, CEAT combines the strength of its legacy with the new age mantra of youth, dynamism and aggression.'

Continuous innovation leading to the creation of best-in-class products with safety as top priority is at the heart of CEAT's business model. Striving to be the employer of choice, the Company is constantly striving to nurture the growth, empowerment and satisfaction of its employees, inspiring them in turn to excel and deliver value to its customers and other stakeholders. CEAT's culture of passion has imbued it with the strength to challenge established norms and achieve new heights of success through the spirit of collaboration. CEAT's journey towards excellence is driven by mutual respect which spurs all employees to give their best.

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Forward-looking statements

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.

Passion drives success just as an engine drives a vehicle.

With a strong belief in this adage, we are steered by passion to deliver products that are scaled to the best yardsticks of safety and control. We are obsessive in our pursuit of safety for our customers, passengers and cargo, and believe our tyres should offer the highest levels of control in traction.

Our passion nurtures our relationships with our stakeholders, lending them a strong sense of control over their investment, along with safety of capital. It makes a difference to the depth of our R&D, and to the strength of our relationships with OEMs and the communities we work with. It is the platform on which is built the success of our brand and which creates an environment for the collective growth of the organisation and its stakeholders.

We do not 'use' passion to drive our efforts, we are driven by it.

Chairman's Message



Harsh Vardhan Goenka
Chairman

We are working on leveraging the benefits of digital technology particularly in manufacturing, supply chain and other key business processes.

While global growth has seen a gradual revival post the economic recession, the recovery has been slow and there have been continuing macroeconomic adjustments throughout FY 2014-15.

The global automobile sector, whose fortunes are closely linked with the performance of the global economy remained muted, having a domino effect on demand in the tyre industry.

The situation in India was mixed with the auto sector showing moderate demand, particularly in commercial and farm segments as well as exports. Sectors like IT, pharma and financial services continued to perform well. The well-laid macro foundations by the new government together with the latest trends of revival in capital expenditure augur well for a turnaround in the economy.

At CEAT, we continue with our strategic initiatives focussing on market share expansion in profitable segments and creation of a strong brand both locally and globally. We have also embarked on an expansion in our capacities which should be completed during FY 2015-16. Our emphasis has been on building tyres which are not just world-class but also the safest on the road and the most environment-friendly. We are also working on leveraging the benefits of digital technology particularly in manufacturing, supply chain and other key business processes. The volatility in commodity prices especially rubber remains a challenge.

On the people front, CEAT continues its efforts to create an exciting workplace adopting pioneering practices. CEAT has also embarked on several social initiatives including education, employability and environment protection.

CEAT's transformational journey has yielded success leading to visible value creation for customers and shareholders alike.

Regards,

Harsh Vardhan Goenka

Chairman, Non-Executive Director

RPG Group – Powered by Passion, Driven by Ethics

RPG Enterprises was founded in 1979 by Shri Rama Prasad Goenka, popularly known as RP Goenka, a pioneering fifth generation business leader from the Goenka family. The Goenkas have a history of business dating back to 1820 AD in banking, textiles, jute and tea. Under RP Goenka's dynamic leadership, the Group grew in size and strength with several acquisitions in the 1980s and 1990s. CEAT became a part of the RPG Group in 1981. RPG Enterprises is today one of India's fastest growing diversified groups with revenues of ₹ 20,000 Crores (US\$ 3 Bn). A brief profile of the Group is presented below.

RPG Enterprises is one of India's fastest growing business groups today.

CEAT Limited

CEAT is the flagship Company of the RPG Group and is a leading manufacturer of automobile tyres in India.



KEC International

KEC is a billion-dollar diversified global infrastructure Engineering, Procurement & Construction (EPC) major and a world leader in Power Transmission EPC space.



Zensar Technologies

Zensar is among the top 15 software services providers from India and is spread across twenty countries servicing over 400 active customers.



RPG Life Sciences

RPG Life Sciences is a pharmaceutical company producing a wide range of quality and affordable medicines in global generics and synthetic APIs.



Raychem RPG

Raychem RPG is involved in engineering products and services catering to the infrastructure segments of the economy.



Harrisons Malayalam

Harrisons Malayalam is one of the most diversified agro-based companies in India.



1979

Year of establishment

100+ countries

Global presence

₹ 20,000 Crores

Group Turnover

~45%

45% of turnover is from international business substantiating its global status

6

Operating companies, 5 of which are listed on stock exchanges present in key sectors of the economy, involved in diverse businesses of Automotive Tyres, Infrastructure, IT, Pharmaceuticals, Plantations, and Power ancillaries

20,000+

Human capital

The Group blends its modern management philosophy with its core values of Customer Sovereignty, People Orientation, Innovation & Entrepreneurship, Transparency & Integrity, Passion for Superior Performance, Anticipation, Speed and Flexibility.

CEAT - Passionate pursuit of quality, safety & control

One of India's leading tyre companies, CEAT is committed to the passionate pursuit of excellence in performance and quality through a range of distinctive products.

~800 MT/day

Combined manufacturing capacity at plants in Halol, Nashik, Bhandup and outsourced capacities

Making deep inroads across geographies

Superior grip and the most outstanding of safety features have enabled CEAT to continuously expand its presence in the domestic market with its bias tyres as well as high performance radial tyres for a range of vehicles. The Company has a rapidly growing market share in various passenger tyre categories and has established decades-long presence in all categories of commercial vehicle tyres.

Built on a corporate ethos of passion, reliability, dynamism and toughness, the Company is committed to innovation and helping millions of vehicles travel the distances safely and with control. Every CEAT tyre carries the hallmark of distinction, which ensures safe travel for millions of passengers at every mile across geographies. The Company caters to a large market globally as well as in India.

Pan-India Network



3,500+

Dealers

250+

Distributors

300+

Franchisees
(CEAT Shoppe and CEAT Hubs)

460+

Districts covered

Multi-brand outlets and shop-in-shop concepts are the Company's newest innovations aimed at delivering safe solutions across India through enhanced product penetration and brand visibility

Values

At CEAT, values are the Way of Life. CEAT's values are codified in the acronym **CAIRO** and shape the culture and character of the Company. CEAT has established adequate processes to inculcate its chosen CAIRO culture in its employees, with awards for employees who demonstrate exemplary practice of values.

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.

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.

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.

Result-obsession

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

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.

Expanding global footprint through exports

One of India's leading tyre exporters, CEAT exports its tyres to global markets spanning more than 100 countries. From the Middle East to the Far East 1 (Indonesia and Singapore) & Far East 2 (SE Asia and Pacific), from West to East Africa, from Europe to South and North America, and through Nepal, CEAT's global footprint is an endorsement of its expanding reach. Establishment of liaison offices in Indonesia and the Middle East has

further helped the Company augment its international presence and improve sales by establishing local connect with the dealers.

During the year, a CEAT Shoppe was set up in UAE to cater to the Company's expanding market in the Gulf region. With improved visibility and customer addition, this has reaped rich benefits for the Company, promising greater traction in business, going forward.

**Global market
spanning more than
100 countries.**

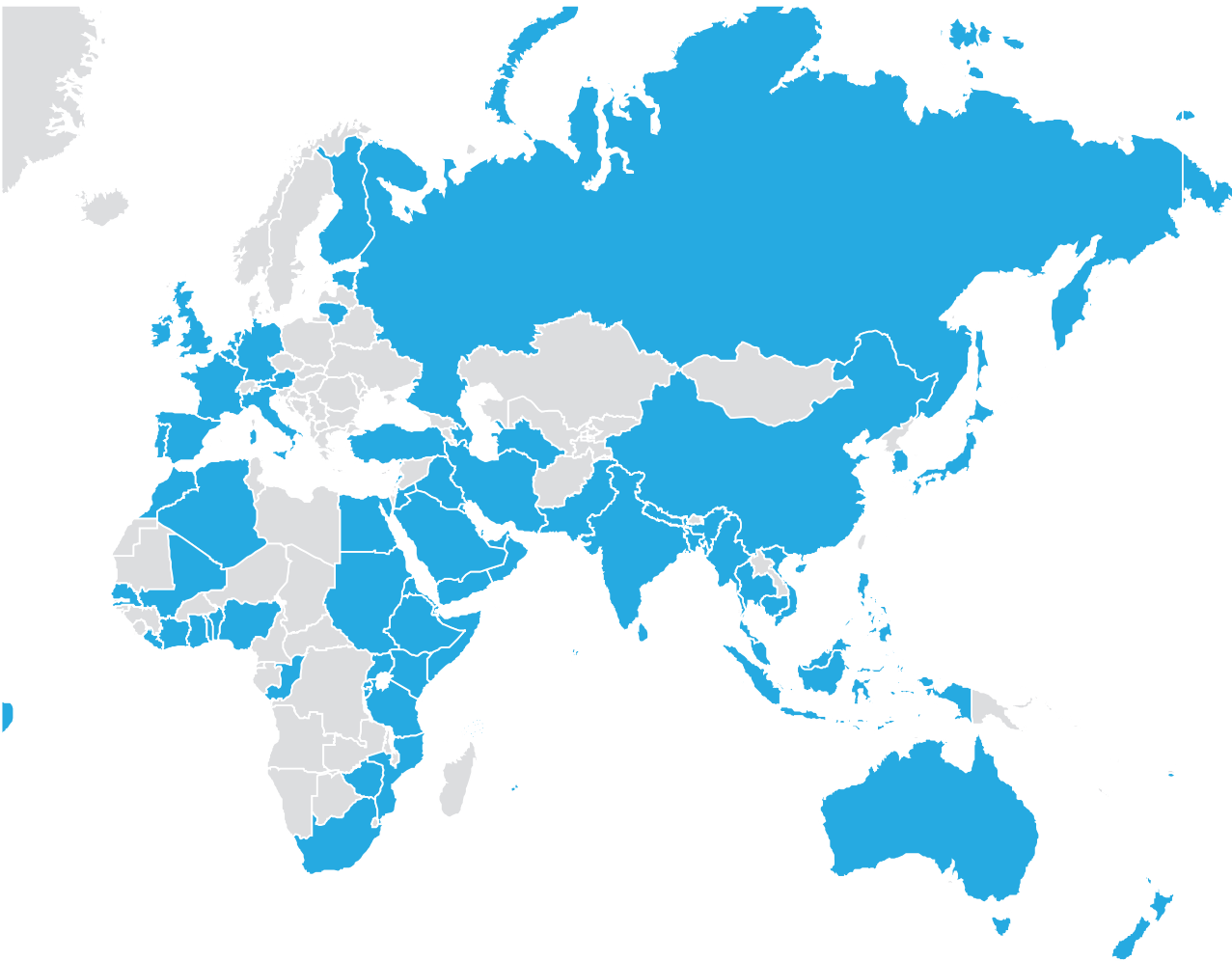
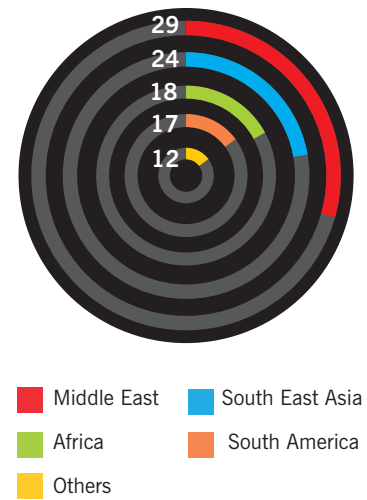
 Export Markets





CEAT is a major exporter of tyres for trucks, off-the-road (OTR) vehicles and Light Commercial Vehicle categories. It exports products to various markets across the world, with many of the exported tyres exclusively developed for these markets. Specially designed tyres for export markets include tyres with excellent mileage, ride comfort and low noise for the Dubai taxi market, as well as the low noise tyres that surpass the stringent requirements under European regulations.

CEAT's export sales break-up (%)



Products steered by passion

CEAT's products are a showcase of its distinctive passion, customised to different market segments with their unique needs. The Company continuously invests in strengthening its brand connect with its consumers through targeted communication highlighting the special features of its products.



Products for Two-Wheeler segment **Gripp**

All season tyres with superior grip for unpredictable driving conditions prevalent in India

Milaze

Tyres with longer life targeted for commuter use



Products for Passenger Cars segment **Gripp LN car radial**

A premium, high grip and low noise range of tyres



Products for Tyres for SUVs (Jeep) segment **Czar**

Tyres for SUVs spanning highways and all terrain drive



Products for Truck & Bus segment

Mile XL Rib Pro

Tyres with longer life, better retreadability and for high load operations

Mile XL Pro

Tyres for customers looking for high mileage and high speed

295/80 R 22.5 Pro R10

Tyres for customers seeking superior mileage, good retreadability and high fuel efficiency



Products for Farm segment

Aayushmaan

Tyres for customers seeking higher life, especially in hard soil operations