

CEAT LIMITED
ANNUAL REPORT 2018-19



SAFER SMARTER BETTER



About RPG Group

Established in 1979, the RPG Group is a diversified conglomerate with interests in the areas of infrastructure, tyres, information technology, pharmaceuticals, energy and plantations. Founded by Dr. R.P. Goenka, the Group's lineage dates back to early 19th century. Today, the Group has several companies in diverse sectors predominantly CEAT, Zensar Technologies, KEC International 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.



Last year, we launched the RPG Group's new brand tagline – 'hello happiness', which is now an integral part of our Group's ethos. Our Vision tenets clearly outline the path we all collectively traverse – one that seeks to propel every RPGian to overcome their own limitations; one that drives each one of us to contribute and shape the lives of others around us positively; an organization where dreams will not be constrained by fences. The smiley signifies 'THAT' happiness which is within our grasp and is the culmination of our Vision tenets captured in our tagline. '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.

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 our 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 statement, whether as a result of new information, future events or otherwise.

SAFER SMARTER BETTER

At CEAT, we continue to resonate with our Purpose of 'Making Mobility Safer & Smarter. Every Day.'

On the back of our innovative and agile methods and the drive to experiment, we have become one of the largest Indian manufacturer of high-performance tyres for all vehicle segments. We seek to sustain growth and deliver future-ready products and solutions that are safer, smarter and better in every respect.

We build best-in-class products through a culture of continuous innovation. Our tyres are durable and provide a secure grip, thereby ensuring the safety of our customers on the road, every day. We are expanding our reach and distribution, introducing differentiated products and creating strong brand associations and social media presence. With our cutting-edge mobility solutions, we are leaving no stone unturned in our drive to create a 'SAFER SMARTER BETTER' tomorrow.

Index

CORPORATE OVERVIEW

- 3 About CEAT
- 4 Financial Highlights (Consolidated)
- 6 Global Presence
- 8 Product Portfolio
- 12 Associations
- 16 Campaigns
- 18 Awards & Recognitions
- 20 Committed towards a SAFER Tomorrow
- 22 Driving towards a SMARTER Tomorrow
- 24 Striving towards a BETTER Tomorrow
- 26 Corporate Social Responsibility
- 28 People Practices
- 30 Board of Directors

STATUTORY REPORTS

- 32 Management Discussion and Analysis
- 44 Discussion on the Financial Performance and Key Financial Ratios
- 52 Board's Report
- 82 Corporate Governance Report
- 98 Business Responsibility Report



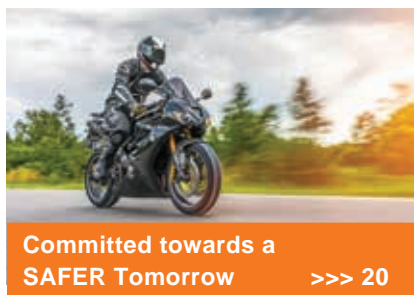
Please scan the QR Code to download the Annual Report

FINANCIAL STATEMENTS

- 104 Standalone Financial Statements
- 170 AOC-1
- 172 Consolidated Financial Statements

NOTICE AND PROXY

- 247 Notice Attendance Slip and Proxy



Committed towards a
SAFER Tomorrow

>>> 20



Driving towards a
SMARTER Tomorrow

>>> 22



Striving towards a
BETTER Tomorrow

>>> 24

Ruling the Road

Since its inception in 1958, CEAT has steadily expanded its tyre production capacities and today, is one of India's leading tyre manufacturers with a strong presence in global markets. CEAT is built on strong ethos of passion, values, dynamism and resilience and remains committed to helping millions of vehicles travel safely. CEAT produces over 37 Million tyres a year. It manufactures world-class tyres for a wide range of vehicle segments. CEAT's manufacturing operations are carried out through a combination of in-house manufacturing facilities and outsourcing units. State-of-the-art R&D centres at Halol, India and Frankfurt, Germany enable CEAT to come up with safer and smarter products to fulfil the mobility needs of its customers.

Our Strategic Pillars



Strong brand equity



Differentiated products



Strong OEM relationships



Global reach



World-class R&D



Extensive distribution network

About CEAT

Values

CEAT's values define our customer-centric culture which is led by innovation, passion and transparency.

CHALLENGER

Innovative and agile, questioning the existing ways and promoting experimentation

ASPIRATION-LED

Purpose-led, passion for superior performance and walking the extra mile

INTEGRITY

Being authentic, transparent and keeping commitments

RESULT OBSESSION

Passion, high energy, speed and collaboration

OPENNESS

Approachable open and boundary-less



Ranked amongst
top 25 In Manufacturing

\$1 Billion
Revenue Organization

Key Facts

₹ 7,023 Crores

Consolidated total income

₹ 663 Crores

Consolidated EBITDA (excluding non-operating income)

₹ 251 Crores

Consolidated PAT

₹ 12

Dividend per share

₹ 1,199 Crores

Capital expenditure

124

New products launched (CEAT & CSTL)

100+ countries

Global presence

1Lac+ tyres

Manufacturing capacity per day

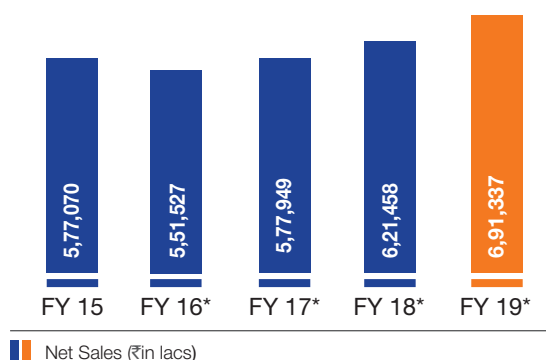


Financial Highlights (Consolidated)

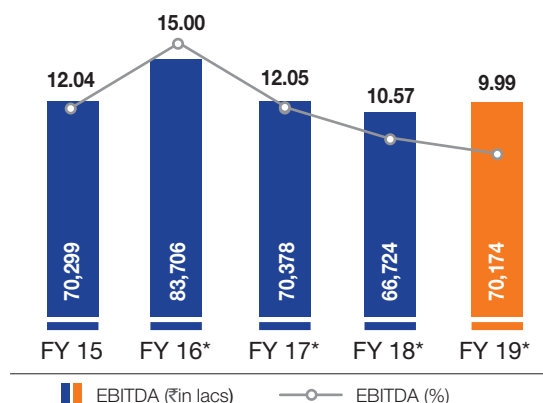
On a Steady Path

Net Sales

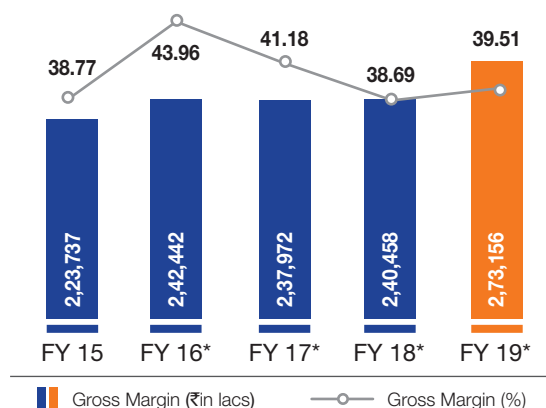
(₹in lacs)



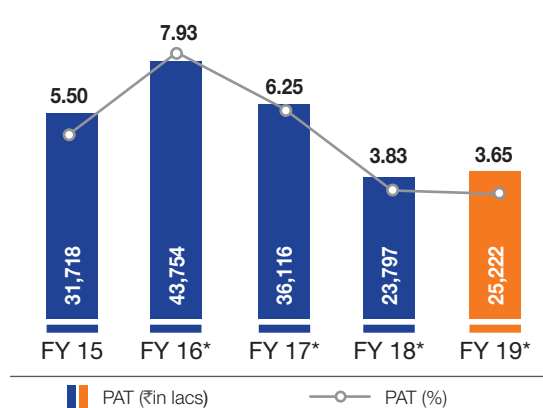
EBITDA



Gross Margin

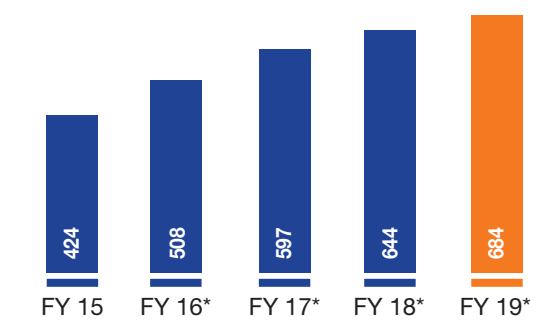


PAT



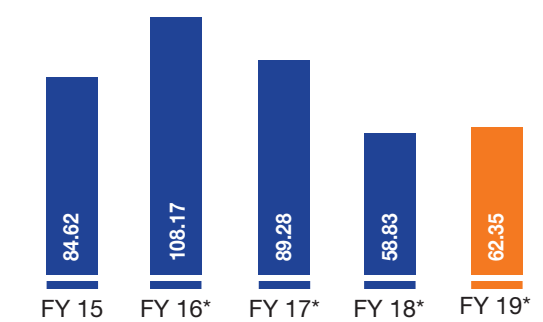
Book Value Per Share

(₹per share)



Earnings Per Share

(₹per share)



* The Company transitioned to IndAS from April 1, 2015. Thus, previous year's figures are not comparable.

1 EBITDA includes non-operating income.

2 PAT attributable to owners of parent company

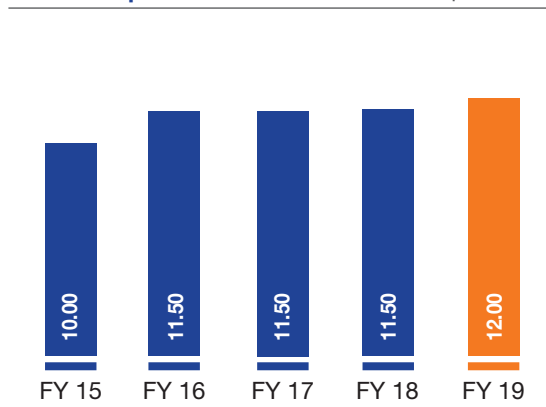
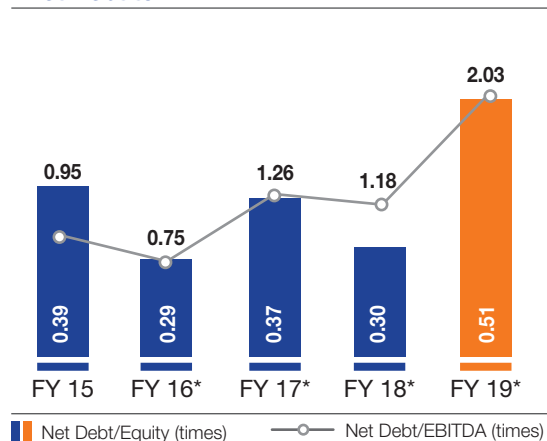
3 Interest includes interest capitalised during the year

4 Average capital employed considered for ROCE/ROE

5 ROCE calculated based on PBIT * (1-Tax rate)

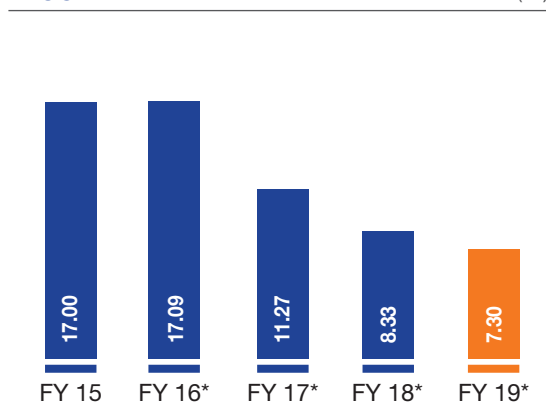
Dividend per share

(₹per share)

Net Debt/Equity and
Net Debt to EBITDA

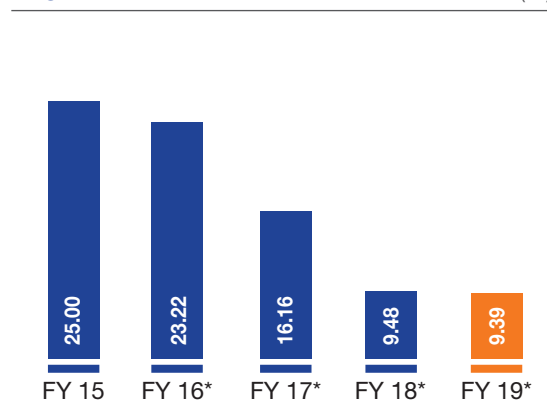
ROCE

(%)



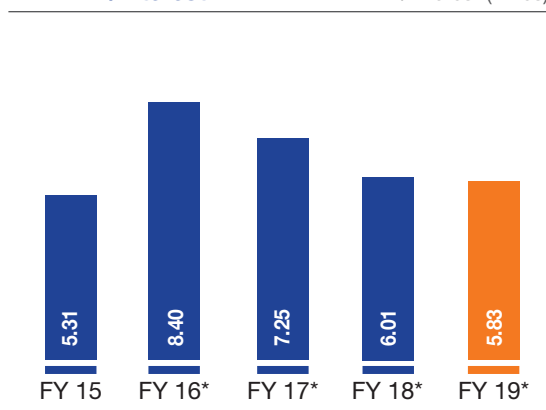
ROE

(%)

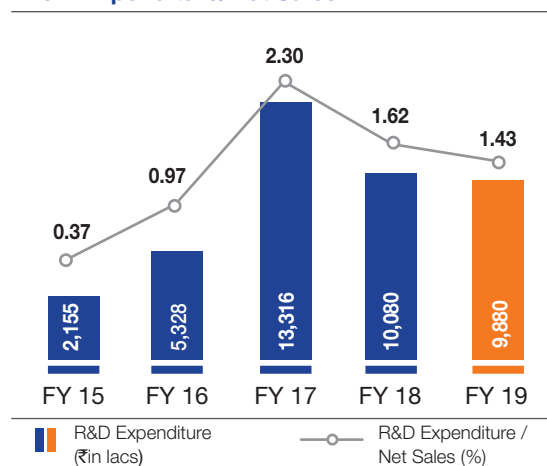


EBITDA/Interest

EBITDA/Interest (times)



R&D Expenditure/Net Sales



* The Company transitioned to IndAS from April 1, 2015. Thus, previous year's figures are not comparable.

1 EBITDA includes non-operating income.

2 PAT attributable to owners of parent company

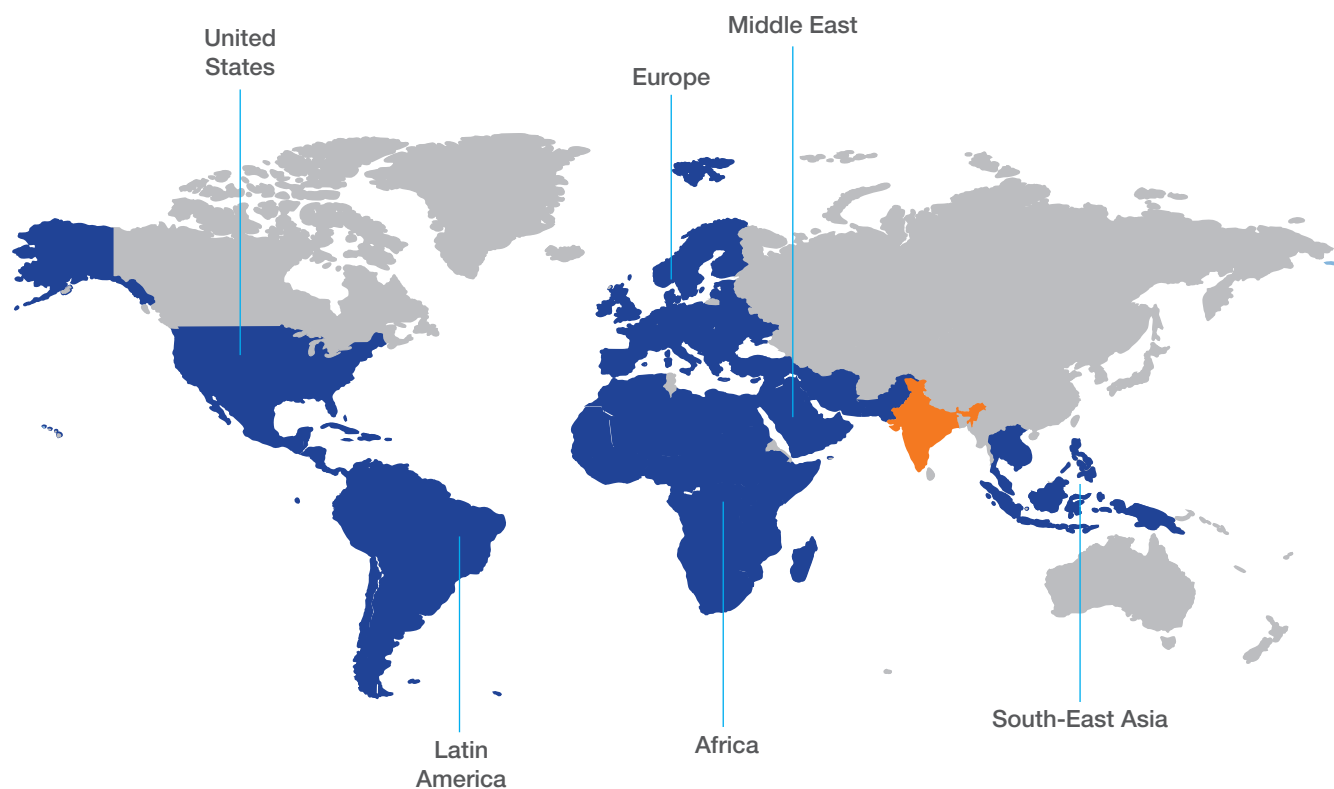
3 Interest includes interest capitalised during the year

4 Average capital employed considered for ROCE/ROE

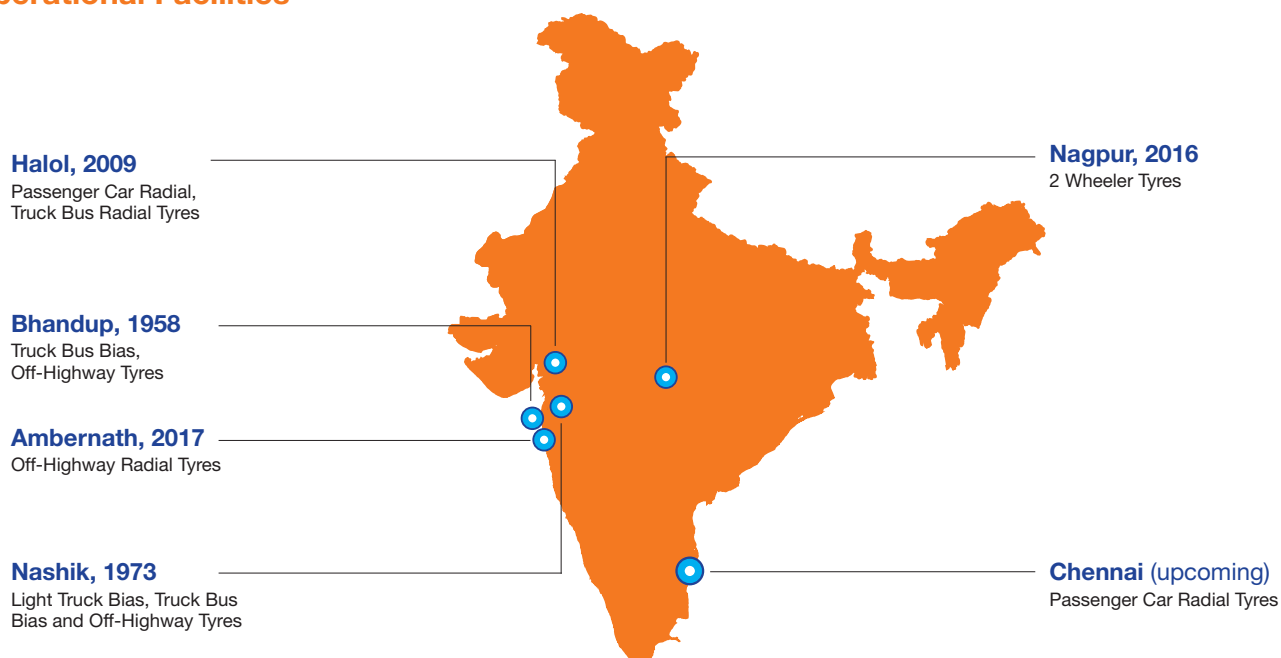
5 ROCE calculated based on PBIT * (1-Tax rate)

Global Presence

Our Firm Foothold



Operational Facilities



International Business

CEAT continues to be a dominant player in tyre exports from India. Geographically, the Company has a stratified export market divided into seven clusters. This division has helped CEAT better understand customer needs and design market-specific products. This year, CEAT expanded its global footprint by entering 9 new countries.



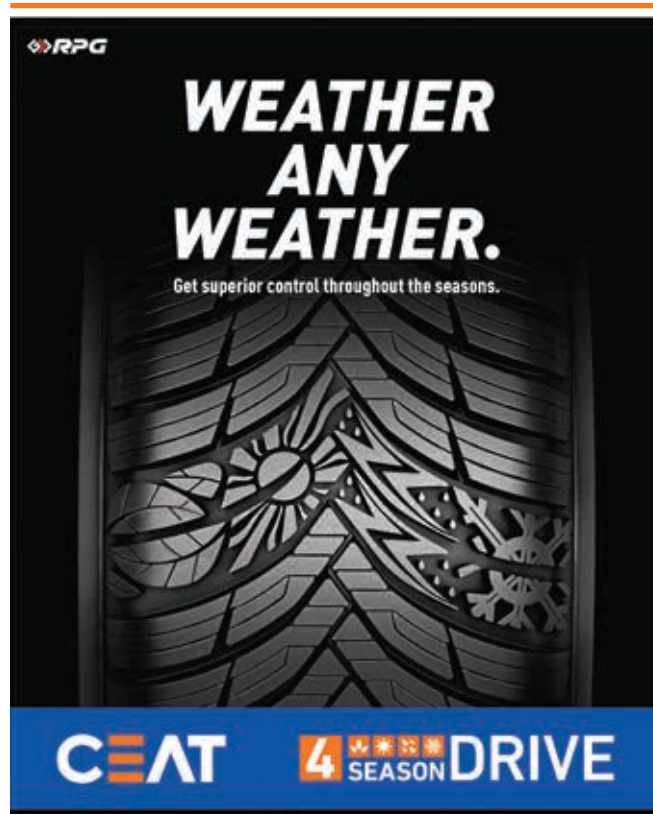
CEAT Store - Spain



Product launch & showcase -
BAUMA CONEXPO 2018



CEAT Store - Italy



Smarter Products for Smarter Mobility

Passenger Car Tyres



Milaze X3

Tyres with high mileage up to 1 lacs km tyre life



Secura Drive

Tyres that provide a secure grip even at high speed



CZAR HP

Tyres that provide superior control at high speed



Fuelsmarrr

Tyres that provide low rolling resistance, thus translating into greater fuel savings

Two Wheeler Tyres



Milaze

Tyres with superior life



Gripp X3

Tyres that provide long lasting grip



Zoom

Tyres that provide control at high speed



Gripp XL

Tyres that provide better grip over different terrains