



**Safer.
Smarter.
Sustainable.**

CEAT LIMITED
Integrated Annual Report 2019-20



About RPG Group

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

hello happiness

Happiness is intrinsic to life at RPG. Be it in our product innovations, people policies, business practices or in our community outreach programmes. Our Vision tenets clearly outline the path we traverse – to be an organisation where imagination creates a new future and happiness drives us to achieve more.

“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, and work collectively towards a common goal that makes each of us rise beyond our limitations.

‘Making Mobility Safer & Smarter. Every Day.’ is the ethos the Company lives by to create a sustainable future.

From its products to its processes, CEAT has constantly evolved to adapt to a dynamic environment, while remaining committed to its endeavour of making mobility safer and smarter. CEAT has continued to focus on leveraging technology to invent for the future, build a vibrant workplace for its people and uplift the communities in which it operates. This has helped the Company deliver value to its investors and thrive in a competitive business landscape.

The safety of its customers and employees is of paramount importance to CEAT and is reflected in its product offerings and safe workplace. Embracing digitisation has been the driving force behind the Company's efforts to optimise its operations. The Company believes in sustainable conduct of operations. The increased focus in areas of Environment, Social and Governance (ESG) norms and all efforts in this direction are helping the brand minimise its environmental impact and propel positive change with the community interventions towards making communities self-sufficient, healthy and prosperous.

CEAT is happy to commence its journey of **Integrated Reporting** highlighting the Company's ESG performance, which is the first step towards enhancing the value it generates for all its stakeholders. The Company believes that this will offer deeper insight that will help create greater shared value, getting one step closer towards a world that is **Safer**, **Smarter** and **Sustainable**.



Safer








Smarter



Sustainable

CEAT on Social Media:

-  @ceattyresindia
-  @CEATtyres
-  @ceat_tyresindia
-  Ceattyres2010
-  ceat-tyres-limited



Scan this code with a QR reader app on your smartphones or tablets to access this Integrated Annual Report.

For more details, please visit www.ceat.com

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Safer. Smarter. Sustainable.

From its products to its processes, an unwavering commitment to safer and smarter mobility defines the strength of CEAT. It propels the company to define new ways of working, create innovative products and ensure sustained value creation for its diverse stakeholders.

CEAT has constantly evolved to adapt to a dynamic environment, which has not only translated into enhanced product offerings, but also digital adoption, which has been the driving force behind the Company's efforts to optimise its operations. To create a distinctive identity, CEAT understands the need to resort to smarter solutions.

The safety of its end users remains a prime concern for CEAT which has been a driving force behind the Company's efforts to optimise operations. It is also motivating the company to tirelessly lay the foundations for a secure working environment, with a greater

emphasis on the health and safety of its employees.

As the world continues to recover amidst chaos, CEAT is adopting disruptive solutions recognising the formidable future, with the need to be productive, proactive and proficient. CEAT's persistent efforts to seek innovative outcomes is reflected in its endeavour to embrace technological interventions and advanced manufacturing capacities, coupled with a growing acceptance of digital tools. It allows the Company to successfully thrive in a competitive environment while increasing its

focus on the natural environment as well the surrounding communities, encouraging it to nurture a safer and sustainable world.

Integrated Reporting offers a chance to highlight CEAT's ESG performance, and is yet another step by the Company to enhance the value it generates for all its stakeholders. Never one to rest on its laurels, CEAT believes that this journey will offer deeper insight that will help it create greater shared value, taking us one step closer towards a world that is **Safer, Smarter** and **Sustainable**.

ABOUT THE REPORT

CEAT is a leading tyre manufacturer in India, having market presence across the world. It has been publishing annual reports since its inception and this is its 61st report. For the Financial Year 2019-20 (FY 20), the Company has developed its first Integrated Annual Report, based on the International Integrated Reporting Council's (IIRC) <IR> Framework. The IIRC is an international coalition of various industry stakeholders that encourages organisations to communicate their value creation over time. CEAT has embarked on this journey to communicate its integrated thinking and how its business creates sustained value for stakeholders.

Approach to Reporting

This maiden integrated report covers qualitative and quantitative disclosures of CEAT's performance across the six capitals that form the <IR> Framework. It summarises the Company's business strategy, risk management framework, corporate governance and information as per relevant statutory requirements. The report also showcases how the organisation efficiently manages its resource allocation across all six capitals, which has also been captured in its business model. It reflects the importance given to long-term value creation by the Company through its stakeholder relationships, organisational culture and risk management in the face of a dynamic external environment. The contents of this report are based on important Environmental, Social and Governance (ESG) aspects, which have been identified through a stakeholder engagement and materiality assessment exercise. Through this report, CEAT aims to communicate its approach to value creation and performance in FY 20.

This report has been prepared in accordance with the GRI Standards: Core option. In addition to the <IR> Framework, it is also aligned with:

- ▶ National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business
- ▶ UN Sustainable Development Goals (SDGs)
- ▶ UN Global Compact (UNGC) Principles

Report Scope and Boundary

This report covers information on the financial and non-financial performance of CEAT's business operations in India for the period April 1, 2019 to March 31, 2020.

Responsibility Statement

The Management of CEAT has reviewed and approved the contents of this report, based on robust data management systems and interactions with key internal business functions. Therefore, the Management believes that this report reasonably represents the Company's ESG performance for the reporting period.

In this Annual Report, CEAT has disclosed forward-looking information to enable investors to comprehend its prospects and make investment decisions. This Report and other statements - written and oral - that are periodically made contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. The Company has tried, wherever possible, to identify such statements by using words such as 'anticipates', 'estimates', 'expects',

'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. CEAT cannot guarantee that these forward-looking statements will be realised, although it believes that it has been prudent in its 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. CEAT undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

Statutory Audit

Financial information of statutory nature contained in this report has been externally audited as per the regulatory requirements of India by S R B C & CO LLP. The audit statement can be found in the sections Standalone Financial Statements with Auditor's Report and Consolidated Financial Statements with Auditor's Report of this report.

Feedback

Feedback from the stakeholders is sought to help address their challenges and report on material topics that encapsulate their key concerns. Any feedback or suggestions or any stakeholder concerns can be communicated to the Company Secretary, Ms. Vallari Gupte on cs@ceat.com.



CEAT at a Glance

Headquartered in Mumbai, CEAT was founded in 1958, and is one of India's leading tyre manufacturers. It has six manufacturing locations across India and a strong reach in global markets, with exports to more than 100 countries. This year CEAT produced more than 35 Million high-performance tyres, catering to various segments like 2/3 Wheelers, Passenger and Utility Vehicles, Commercial Vehicles and Off-Highway Vehicles.



CEAT's customer-centric culture is governed by its core values.

C Challenger
Innovative and agile

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

O Openness
Approachable, open and boundary-less

I Integrity
Being authentic, transparent and keeping commitments

VALUES

R Result Obsession
Passion, high energy, speed and collaboration

TOUCHING SHORES BEYOND BORDERS



LEAVING A TRAIL

1958
Bhandup, Mumbai
Truck Bus Bias, Off-Highway Tyres

2009
Halol,
Passenger Car Radial, Truck Bus Radial Tyres

2017
Ambernath, (CSTL)
Off-Highway Radial Tyres

1973
Nashik,
Light Truck Bias, Truck Bus Bias and Off-Highway Tyres

2016
Nagpur,
2-Wheeler Tyres

2020
Chennai,
Passenger Car Radial Tyres

IN THE SPOTLIGHT



Financial capital

₹ 6,581 Cr.

Standalone revenue

10.72%

Standalone EBITDA margin



Manufactured capital

35 Mn.+

Tyres produced

120+

New products launched
(by CEAT & CSTL)

Intellectual capital

76

Cumulative patent applications filed

1.77%

R&D spend as a percentage of sales



Human capital

6,474

Permanent employees

9.1%

Permanent women employees



Natural capital

1,427 GJ

Renewable energy
consumed6,906 tCO₂e

Emissions avoided



Social and relationship capital

38,000+

Lives impacted under various
CSR activities

99%

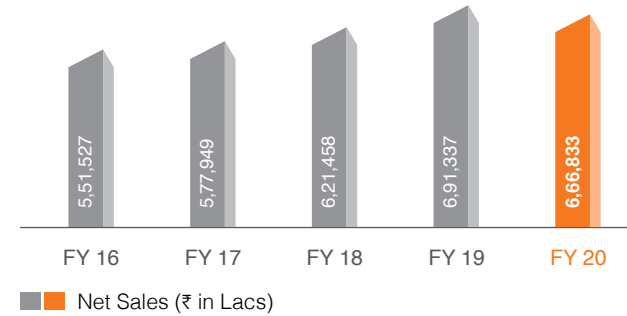
Customer complaints resolved

CEAT ranked
35th
amongst India's
100 best
companies
to work for

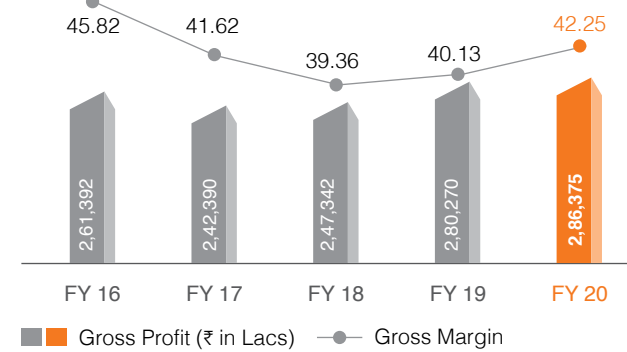


Prudent Performance (Consolidated)

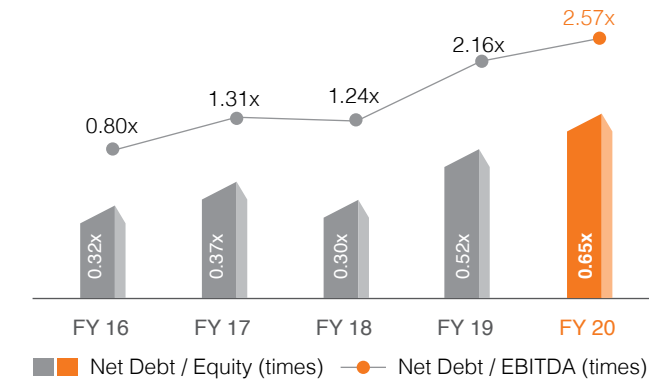
Net Sales



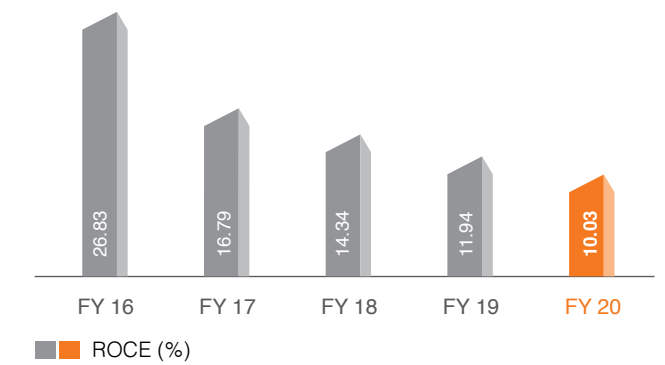
Gross Profit and Gross Margin (%)



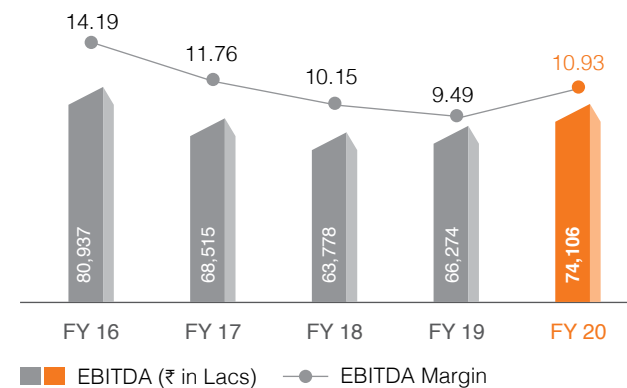
Net Debt/Equity and Net Debt/EBITDA



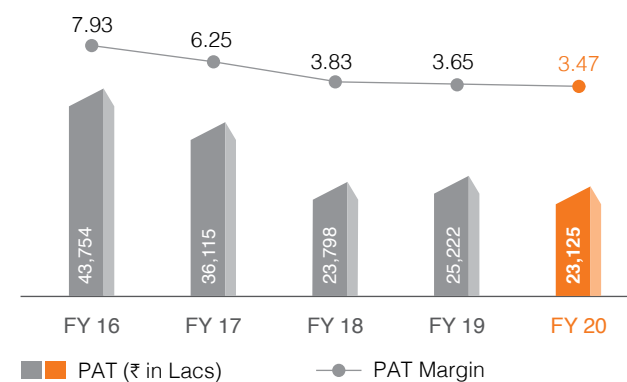
ROCE



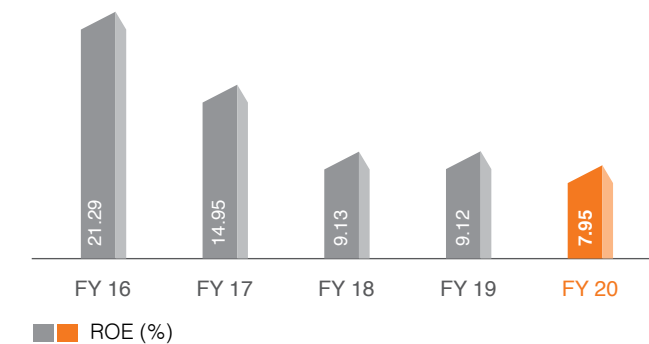
EBITDA¹ and EBITDA Margin (%)



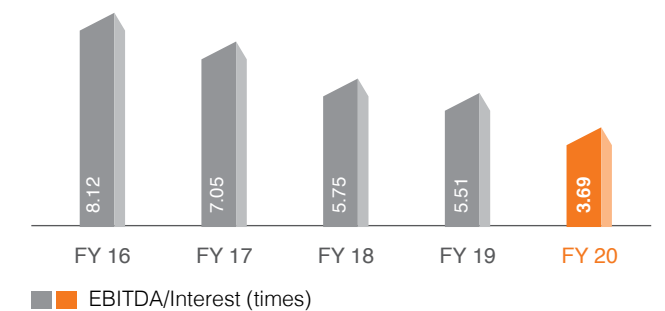
PAT² and PAT Margin (%)



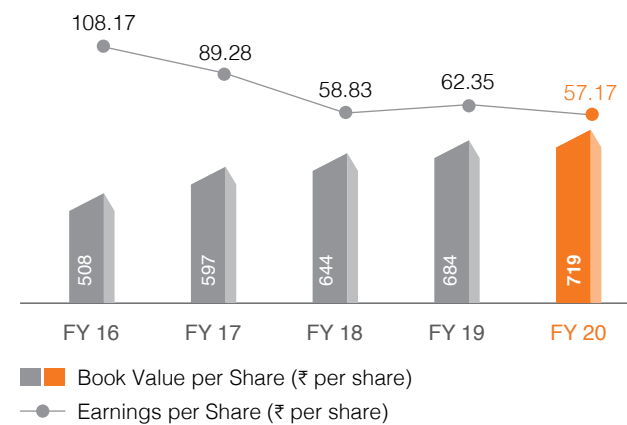
ROE



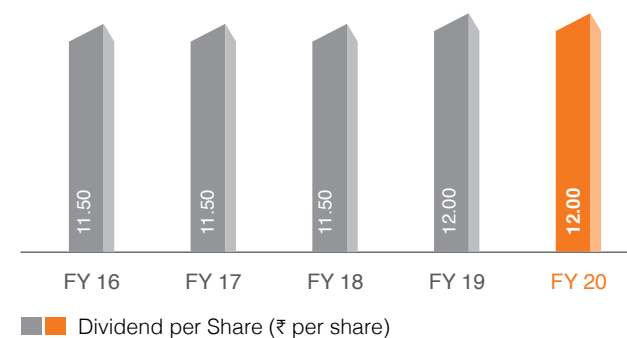
EBITDA/Interest¹



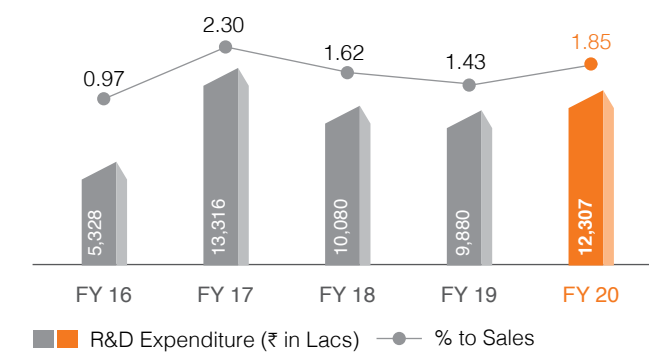
Book Value per Share and Earnings per Share



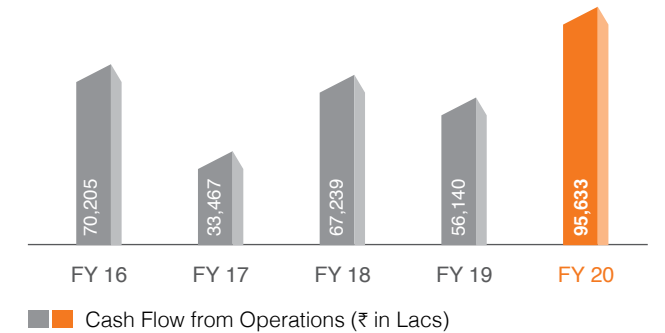
Dividend per Share



R&D Expenditure



Cash Flow from Operations



¹EBITDA excludes Non-Operating income. | ²PAT is considered after minority interest

¹ Interest amount includes interest capitalised during the year

Chairman's Message

“

CEAT has looked beyond business and has been a strong force in the fight against COVID-19, lending support to frontline workers, migrant labour and also strengthening sanitisation and healthcare infrastructure in India.

”



Dear Shareholders,

The automobile sector has seen considerable amount of turbulence over the past several months due to a series of events, the most recent being the global pandemic. These are testing times not only for businesses around the world, but also for humanity in general and we believe that in this adversity, reside numerous opportunities to innovate and serve our customers better. Besides improvements to its core processes, CEAT is exploring new business models with a sharp focus on efficiency and sustainability. CEAT's Purpose of 'Making Mobility Safer & Smarter. Every Day.' is closely aligned with all initiatives.

We are leveraging our strong R&D capabilities to reduce fuel consumption, enhance safety and durability of our products, and are reimagining processes to ensure seamless delivery during challenging times such as the present. During the year, we started production at our newest greenfield plant in Chennai and enhanced capacities in some of our other facilities. In keeping with our ESG goals, CEAT is integrating sound environmental practices into its business, which already comprises of a robust governance framework and socially responsible policies and initiatives. We are also harnessing technology and digital capabilities to change the way we do business. We have taken significant steps to ensure the wellbeing of our personnel, dealers, customers and communities during these difficult times.

As India grapples with an unprecedented pandemic, CEAT has looked beyond business and has been a strong force in the fight against COVID-19, lending support to frontline workers, migrant labour and also strengthening sanitisation and healthcare infrastructure in India. With distinguished strengths, a growth mindset and aspiration to touch lives of all our stakeholders, we move forward with confidence as the world adapts to a new normal.

H. V. Goenka
Chairman

“

We are leveraging our strong R&D capabilities to reduce fuel consumption, enhance safety and durability of our products, and are reimagining processes to ensure seamless delivery during challenging times such as the present.

”

MD's Message

“Embarking on the Integrated Reporting journey, CEAT not only hopes to showcase our Environmental, Social and Governance (ESG) performance, but also work on these aspects in earnest.”

Dear Shareholders,

Mobility's role in supporting the economy – and arguably, life itself – cannot be overstated. Whether it is delivering life-saving products and services where they are most needed or taking people closer to their loved ones, CEAT is proud to shoulder this responsibility. In today's post-pandemic world, our purpose of 'Making Mobility Safer & Smarter. Every Day.', is more relevant than ever. Through this report, titled '**Safer. Smarter. Sustainable.**', we hope to demonstrate concerted efforts to leverage our unique strengths and capabilities to create value for all our stakeholders.

One of the key tenets upon which our business is built is a commitment to ensuring safety. Our top priority during the pandemic is the safety of our people and partners. We have equipped all our factories to be 'COVID-19 safe' through social distancing and sanitisation of our facilities. In keeping with our commitment to safety, our products also include tailor-made solutions to address the unique safety concerns of the different markets we operate in. In the 2 Wheeler segment, for instance, the most pressing need for the Indian consumer is strong grip on the road for the purpose of safety. We fulfil this need by ensuring the best-in-class braking distance and

cornering on wet and dry road conditions. Another one of our key roles is to continuously invent for our customers. We recently launched Puncture-Safe Motorcycle Tyres for the Indian market, where puncture resistance is becoming ever more important as one of the biggest worries of the bike riders is getting stranded on the road. We continue to invest in Research and Development (R&D) in areas such as green technology, nanotechnology, advanced material and novel processing. Moreover, our safety-first approach extends to our operations, which ensure occupational health and safety through a robust framework comprising of risk identification and mitigation, trainings and certifications. As a recognition of our safety efforts, the British Safety Council conferred the 'Sword of Honour', one of the highest safety awards, upon us.

Our people are our most important asset. We truly believe that people excel when given freedom and a purpose beyond making money. Our policies are amongst the most liberal in the corporate world, with no formal working hours, options of working from home even before the pandemic hit us, and care for our people's health and their families. We recently appointed a Chief Fitness Officer, who helps ensure the physical wellbeing of our people. We have also tied up with mental health specialists in light of the pandemic. Diversity and inclusion in CEAT goes well beyond gender diversity to include people with disabilities and those from different educational backgrounds. All this has helped strengthen CEAT's position as an employer of choice, boosting our Great Place to Work® rank to 35, up from 67 in the previous year.

Today, all companies have been impacted by digitisation and we would like to be at the forefront of digital adoption. In our factories, we have been able to supplement our TQM (Total Quality Management) thinking with digital solutions to be even more efficient and consistent. Partnerships and learning from the outside are extremely important, and to do the same, we launched a start-up competition 'Excellerator' to boost innovation in the areas of connected, shared and tech-enabled fleet management. The initiative provided winners with funding and mentorship, along with access to CEAT's wide-reaching business network.

The work that I feel most proud about is the work we do for society. In the reporting year, we continued to impact people's lives through efforts in areas like health, hygiene, providing clean drinking water, road safety, women's empowerment, and skills training for employability. As the country came to a grinding halt due to the COVID-19 pandemic and ensuing lockdown, CEAT focussed its efforts on various fronts that demanded immediate attention. This included the provision of Personal Protective Equipment (PPE) kits, gloves and

masks, and dry rations and hot meals to those in need. The Company also undertook truck sanitation drives to ensure the seamless delivery of essential goods in these uncertain times. Recognising the need for strengthening healthcare infrastructure, CEAT funded a start-up to develop a low-cost prototype of a ventilator and leveraged its own prowess to build COVID-19 testing booths for hospitals. In line with the Company's commitment to safety, July 2020 also saw the launch of the GoSafe S95 face mask to help bridge the PPE gap.

Climate change is one of the most serious issues that we face and we believe it is our responsibility to play an essential role in this space, especially considering the sector that we operate in. Therefore, as part of a concerted effort to make the shift to renewable energy, CEAT has collaborated with Greenzest Solar for a captive solar power for its plant in Nashik. We are also launching tyres for electric vehicles, utilising sustainable raw materials like re-used rubber and silica, and optimising packaging and processes to reduce the overall environmental impacts of mobility.

The near future is not devoid of challenges. However, the changing mobility landscape, a global supply chain shift and growth in Indian rural and semi-urban markets present a wealth of opportunity for the Company. We are confident that our commitment to safety and digitisation, culture of freedom and transparency, R&D expertise and strong alliances have positioned us to win the marketplace. Embarking on the Integrated Reporting journey, CEAT not only hopes to showcase our Environmental, Social and Governance (ESG) performance, but also work on these aspects in earnest. We believe that this will take us further on our journey towards excellence and allow us to channel our extensive reach to create a world that is inclusive, sustainable and prosperous.

Anant Goenka
Managing Director

Board of Directors



COMMITTEES OF THE BOARD OF DIRECTORS

Audit Committee	■
Finance and Banking Committee	■
Risk Management Committee	■
Corporate Social Responsibility Committee	■
Nomination and Remuneration Committee	■
Stakeholders' Relationship Committee	■
Chairman ★	

- | | | |
|---|--|---|
| 1. Mr. H. V. Goenka
Chairman | ■ 5. Mr. Haigreve Khaitan
Independent Director | 9. Ms. Punita Lal
Independent Director |
| 2. Mr. Anant Goenka
Managing Director | ★★ 6. Mr. Mahesh S. Gupta
Independent Director | ★☆☆ 10. Mr. Ranjit V. Pandit
Independent Director |
| 3. Mr. Arnab Banerjee
Chief Operating Officer | ■ 7. Mr. Paras K. Chowdhary
Independent Director | ■☆☆ 11. Mr. Vinay Bansal
Independent Director |
| 4. Mr. Atul C. Choksey
Independent Director | 8. Mr. Pierre E. Cohade
Non-executive Director | |

Corporate Information

EXECUTIVE COMMITTEE

Mr. Anant Goenka
Managing Director

Mr. Arnab Banerjee
Chief Operating Officer

Mr. Dilip Modak
Sr. Vice President- Manufacturing

Mr. Kumar Subbiah
Chief Financial Officer

Mr. Milind Apte
Sr. Vice President- Human Resources

Mr. Peter Becker
Sr. Vice President- R&D and Technology

Mr. Saurav Mukherjee
Sr. Vice President – Global Sales

Mr. Vijay Gambhire
Managing Director - CSTL

COMPANY SECRETARY AND COMPLIANCE OFFICER

Ms. Vallari Gupte

AUDITORS

S R B C & CO LLP

SECRETARIAL AUDITORS

Parikh & Associates

COST AUDITORS

D.C. Dave & CO.

REGISTRAR AND TRANSFER AGENTS

TSR Darashaw Consultants Private Limited

6, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011

BANKERS

Axis Bank Limited

Bank of Baroda

Bank of India

Citibank N.A.

Citicorp Finance India Limited

HDFC Bank Limited

ICICI Bank Limited

Kotak Mahindra Bank Limited

RBL Bank Limited

State Bank of India

The Hongkong and Shanghai Banking Corporation Limited

Yes Bank Limited

CEAT LIMITED

CIN: L25100MH1958PLC011041

Registered Office:

463, Dr. Annie Besant Road, Worli, Mumbai 400 030

Website: www.ceat.com

Email: investors@ceat.com

Plants:

- ▶ Subhash Nagar Road, Bhandup (West), Mumbai, Maharashtra - 400 078
- ▶ 82, MIDC, Satpur, Nashik, Maharashtra - 422 007
- ▶ Village Getmuvala, Taluka Halol, Dist. Panchmahal, Gujarat - 389 350
- ▶ Plot No.SZ-39, MIDC, Butibori, Nagpur, Maharashtra - 441 108
- ▶ Village Sriperumbudur, Kannanthangal, Maduramangalam, District Kancheepuram, Tamil Nadu - 602 108
- ▶ Plot No G-2, Village - Bohonoli, Ambarnath MIDC, Ambarnath East, Maharashtra - 421 506 (CSTL)

Memorable Milestones



Ranked **35th amongst India's 100 best companies to work for** by the Great Place to Work® Institute



Ranked among **top 20 companies having innovative diversity policies and practices** by DivHERsity Award 2020



Awarded Silver for the **Bachao Tyre Exchange Offer campaign** in exchange4media Prime Time Awards



Bagged TISS Leapvault CLO Award for **Learning & Development (L&D) Team of the Year and Best Diversity & Inclusion Training Programme**



Awarded as the **Best Investor Relations Team** for the second year in a row by IR Magazine and Forum



Awarded for **Best Risk Management Framework and Systems** in Auto Ancillary segment from CNBC-TV18



Won prestigious CII Award for the **Most Innovative Business Practice in Customer Experience** for e-Claim



Top Export Award by All India Rubber Industries Association for **Excellence in Export** for FY 2018-19



Awarded Gold in **Best Use of AI/ML** category and Silver in **Best Use of Technology** category at the ET DigiPlus Awards



Awarded for **Best Innovation in Employee Engagement** and **Best Use of Technology and Employee Engagement** at Employee Engagement Summit and Awards 2020



Recognised amongst the **top 30 manufacturing workplaces in India** by Great Place to Work® institute



Bagged Campaign India Digital Crest Award 2019 for **Leveraging Blockchain Technology to Reduce Ad Fraud**