CEAT Ltd.
RPG House
463 Dr. Annie Besant Road,
Worli, Mumbai 400030, India
+91 22 24930621
CIN: L25100MH1958PLC011041
www.ceat.com

August 20, 2021

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001
Security Code: 500878

National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East),
Mumbai 400 051
Symbol: CEATLTD
NCD symbol: CL23, CL25
CP Listed ISIN: INE482A14AG2, INE482A14AH0, INE482A14AI8, INE482A14AJ6, INE482A14AK4, INE482A14AL2

Sub: Notice of 62nd Annual General Meeting and Integrated Annual Report for FY 2020-21

Dear Sirs /Madam,

This is in furtherance to our communication dated August 13, 2021, conveying that the 62nd Annual General Meeting ("AGM") of the Company will be held on Tuesday, September 14, 2021, at 4.30 p.m. (IST) through Video Conferencing (VC) / Other Audio - Visual Means (OAVM), in accordance with the relevant circulars issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India in this regard.

In view of the aforesaid and pursuant to Regulation 34(1) and Regulation 30(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Integrated Annual Report of the Company for the financial year 2020-21 including the Business Responsibility Report, together with the Notice of AGM, being sent through electronic mode to all the Members of the Company, whose e-mail addresses are registered with the Company / Company's Registrar and Transfer Agent, TSR Darashaw Consultants Private Limited / Depository Participant(s).

The Notice of the AGM of the Company *inter alia* provides the process and manner of remote e-Voting / e-voting at the AGM and instructions for participation at the AGM through VC / OAVM.

The Integrated Annual Report and Notice of AGM are also available under the Investors tab on the website of the Company at www.ceat.com.

You are requested to kindly take the same on record and disseminate appropriately.

Thanking you,

Yours faithfully,
For **CEAT Limited**

Gupte

Vallari Gupte
Company Secretary and Compliance Officer

Encl: as above

CEAT LIMITED

Integrated Annual Report
2020-21

Safer Rides.
Smarter Solutions.
Sustainable Future.

About RPG Group

Established in 1979, the RPG Group is a diversified conglomerate with businesses in the areas of tyres, information technology, infrastructure, 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 and the most prominent among them being 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.

hello **happiness**

2020, the year of adversity, has taught us the value of resilience, courage and empathy, and more importantly, the triumph of the human spirit. The pandemic changed many paradigms. Survival and health took precedence over worldly possessions. At RPG, the happiness of our employees, investors, customers and various stakeholders is a priority and forms the bedrock of all initiatives. We made work from anywhere a reality for our 30,000+ employees, delivered safe and digital solutions for clients, provided means to food and sanitation to the underprivileged, covid testing booths and ventilators to stressed healthcare centres and hospitals and we continue to endeavour to make sustainability the core of our brand purpose.

"hello happiness" is not just another tagline for us. It is intrinsic to life at RPG and is our promise to the world, signifying our intent to touch and enrich others' lives and work collectively towards a common goal that makes each of us rise beyond our limitations. It is a proud proclamation that we are an organisation where fences do not constrain dreams and each one of us is encouraged to reach for happiness that is within our grasp.

Safer Rides.
Smarter Solutions.
Sustainable Future.

Driven by the purpose of 'Making Mobility Safer and Smarter. Every Day', CEAT is committed to build a resilient future with emphasis on customer delight, employee wellbeing and community support. This is embedded by acknowledging the relationship between the environmental, social and governance aspects of its operations integrated with the purpose of safer and smarter mobility. CEAT has exhibited this time and again through product innovation, digitisation and process excellence for safer rides, smarter solutions and sustainable future while delivering value to its investors in the dynamic business environment.

Index

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

Building Resilient Future

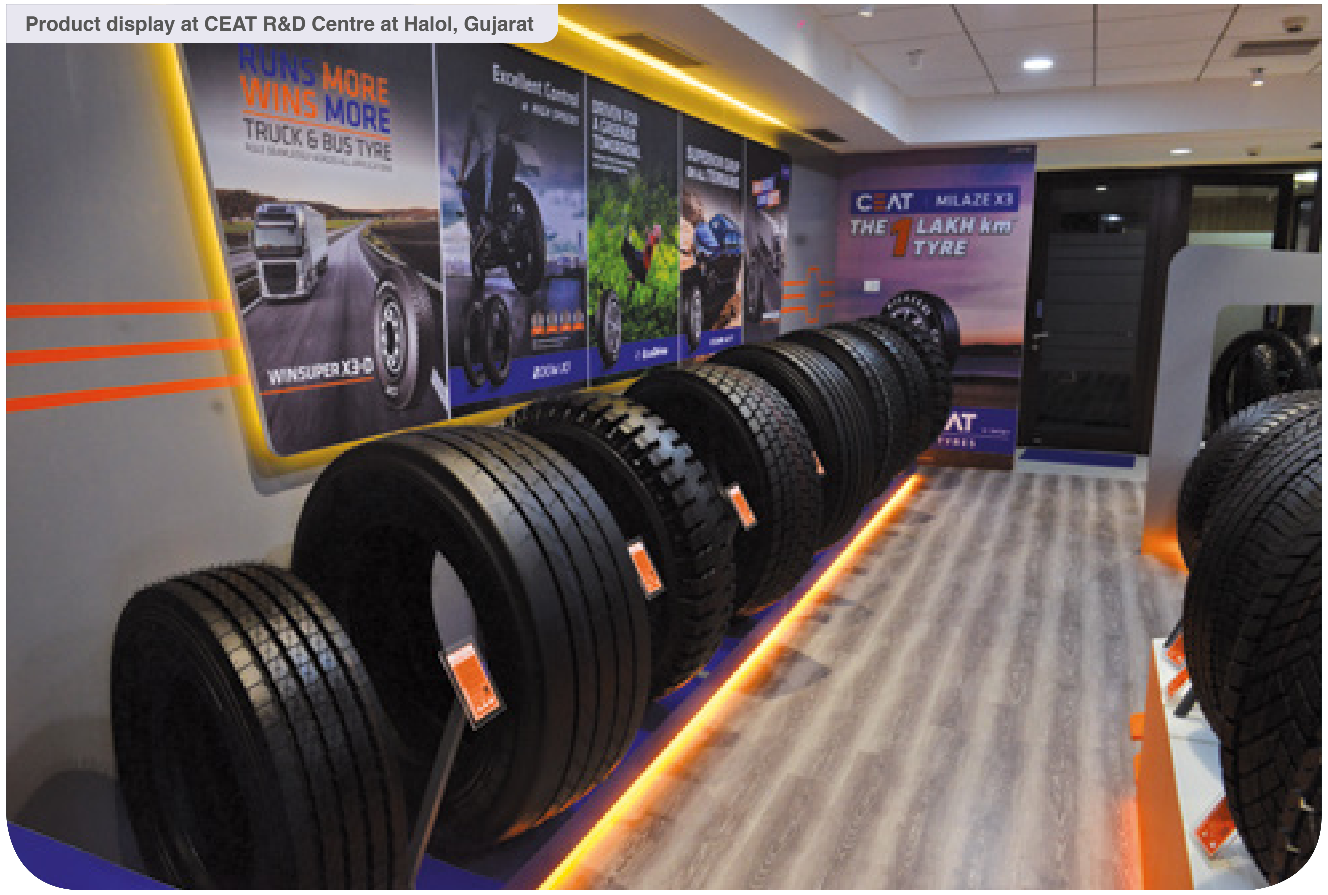
CEAT's persistent efforts to evolve in this dynamic environment are reflected in its innovative approach and constant focus on its purpose of making mobility safer and smarter. This year particularly when the world is trying to recover through the recent turmoil, CEAT has been focused on - Care for people, Customer centricity, Cash management, Cost reduction, Change in business model, and Community engagement, by ensuring enhanced product offerings and superlative customer experience through sustainable business practices.

For CEAT, health and safety of all the stakeholders, be it employees, customers, suppliers or the society at large, remains as one of the top priorities. The Company aspires to live up to redefining mobility by making it safer for the customers and enriching their daily lives without compromising the cost of sustainability. Technology and people are the backbone of CEAT's efforts in building a resilient future. With strong R&D credentials and technical prowess, CEAT has been achieving greater milestones backed by a diverse workforce coupled with strong use of digital tools.

CEAT's commitment to sustainability is demonstrated through its vision 'To reduce carbon footprint by 50% by 2030', supported by strengthening the ESG policy framework along with a long-term strategy in specific domains. CEAT's leadership has indicated a shift in perspectives on organisational functioning, by adopting a roadmap for responsible growth in the years to come, in specific areas like renewable energy, responsible sourcing, green product portfolio, etc. This will further help reaffirm CEAT's commitment to the world of transparency, resiliency and fostering innovation.

Various such initiatives taken up allow CEAT to successfully thrive in a competitive environment while increasing its efforts towards the natural environment as well as the surrounding communities, aligning to the respective Sustainable Development Goals ('SDGs').

The second Integrated Report aims to highlight CEAT's holistic value creation for its stakeholders, by creating a business environment that is safe and inclusive, not only for the Performance but even for People and Planet. CEAT believes that this journey will help to redefine mobility by aligning the business with the rapidly changing environment, 'Making Mobility Safer and Smarter. Every Day'.



Product display at CEAT R&D Centre at Halol, Gujarat

About the Report

CEAT, a leading tyre manufacturer with global presence communicates its financial as well as non-financial performance through its annual reports. As a part of its reporting journey, CEAT presents its 62nd report which is its second Integrated Annual Report for FY 2020-21. The Report is based on the Value Reporting Foundation's Integrated Reporting <IR> Framework. The Value Reporting Foundation is a global non-profit organisation comprising of the International Integrated Reporting Council ('IIRC') and Sustainability Accounting and Standards Board ('SASB'). Through this Report, CEAT conveys its integrated thinking and various initiatives being taken for long-term value creation for its stakeholders.

APPROACH TO REPORTING

This Integrated Annual Report ('the Report/ the Annual Report / the Integrated Report') covers qualitative and quantitative disclosures of CEAT's performance across the six capitals in alignment with 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 Company efficiently manages its resource allocation across all six capitals. 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.

This Report has been prepared in accordance with the GRI Standards: Core option. Further, the Report is also aligned with:

- National Guidelines on Responsible Business Conduct ('NGRBC')
- 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, 2020 to March 31, 2021. The data for Ambernath plant, operated by CEAT's erstwhile subsidiary CEAT Specialty Tyres Limited ('CSTL'), has been included in the reporting boundary for FY 2020-21, consequent to the amalgamation of CSTL with CEAT. However, the data for the plant has been incorporated from April 1, 2020 onwards.

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 Company's ESG performance for the reporting period. However, the Company's operations were impacted due to the outbreak of COVID-19 pandemic globally and subsequent lockdowns. As a result, in case of any partial information being reported or data not being available, the Company will make every effort to update such data or information in subsequent reports. The corrections in the previous years' data have been carried out wherever required.

In this 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. The Company 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

CEAT values feedback from its stakeholders and strives hard to address their issues. Any such suggestion or concern can be communicated to the Company Secretary, Ms. Vallari Gupte on dedicated email id cs@ceat.com.

CEAT- Redefining mobility

CEAT has created a space for itself as one of India's most reputable and reliable tyre manufacturer. The Company produces high grade tyres, built for durability and performance in various segments across the automobile industry. Headquartered in Mumbai, the Company has its operations spread across India, with six state-of-the-art and technologically advanced manufacturing plants and an advanced R&D centre. The Company also has a global footprint with exports in more than 100 countries. CEAT has significant emphasis on innovation and smart solutions across the Company's value chain without compromising on sustainability.

CEAT'S VALUES

The world of mobility is undergoing a dramatic change, with new trends coming in every day. With the constantly changing customer preferences and emergence of new business models, it is imperative for CEAT to be more dynamic and agile. In order to achieve its vision and continue fulfilment of the purpose of 'Making Mobility Safer and Smarter. Every Day'. CEAT is transitioning from its values CAIRO to a new set of values PACE ☺.

CEAT's Values' Pillars

P — Play to win
Bring intensity and boldness in ideas and actions, to outperform and reshape competitive landscape

A — Agility
Embracing change as an opportunity and not a threat

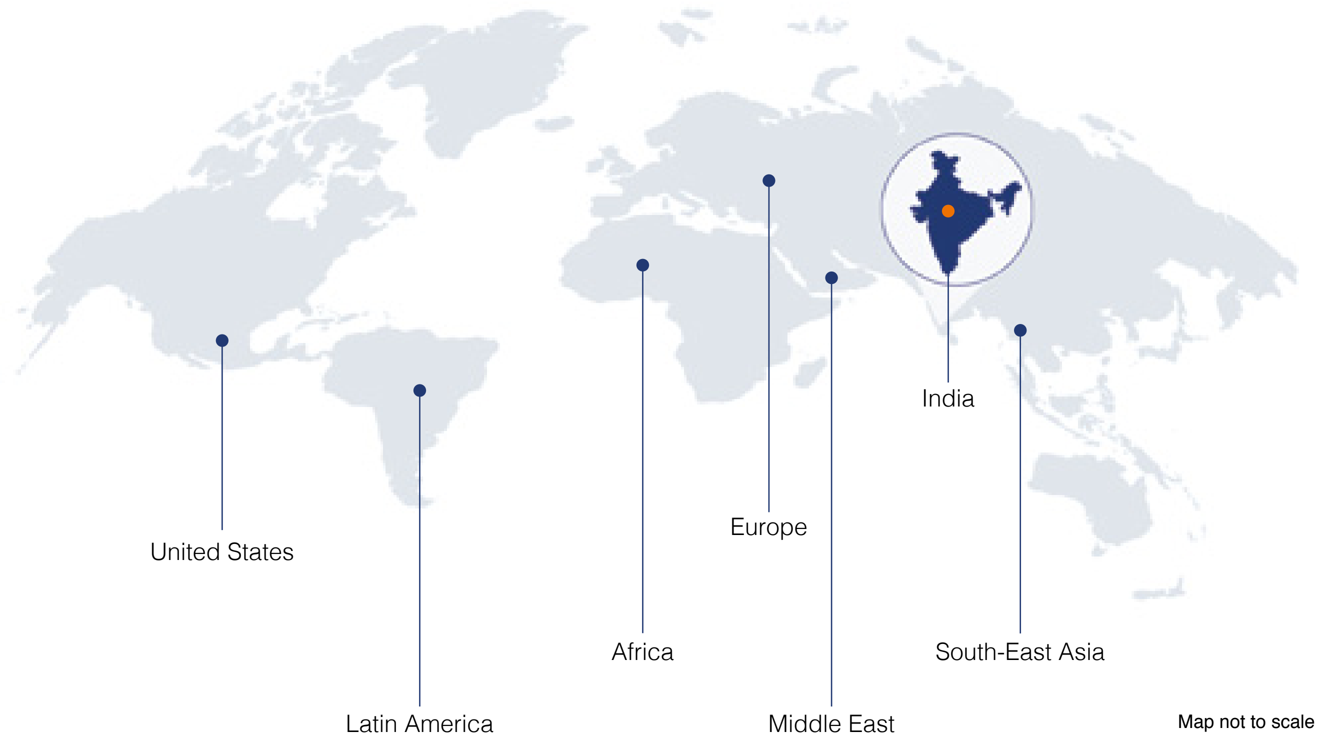
C — Customer Obsession
Existence only to wow customers and to touch lives

E — Empowerment
Unleash talent to bring their best game to drive collective success

☺ — Caring
Build an ecosystem of trust and care for the people

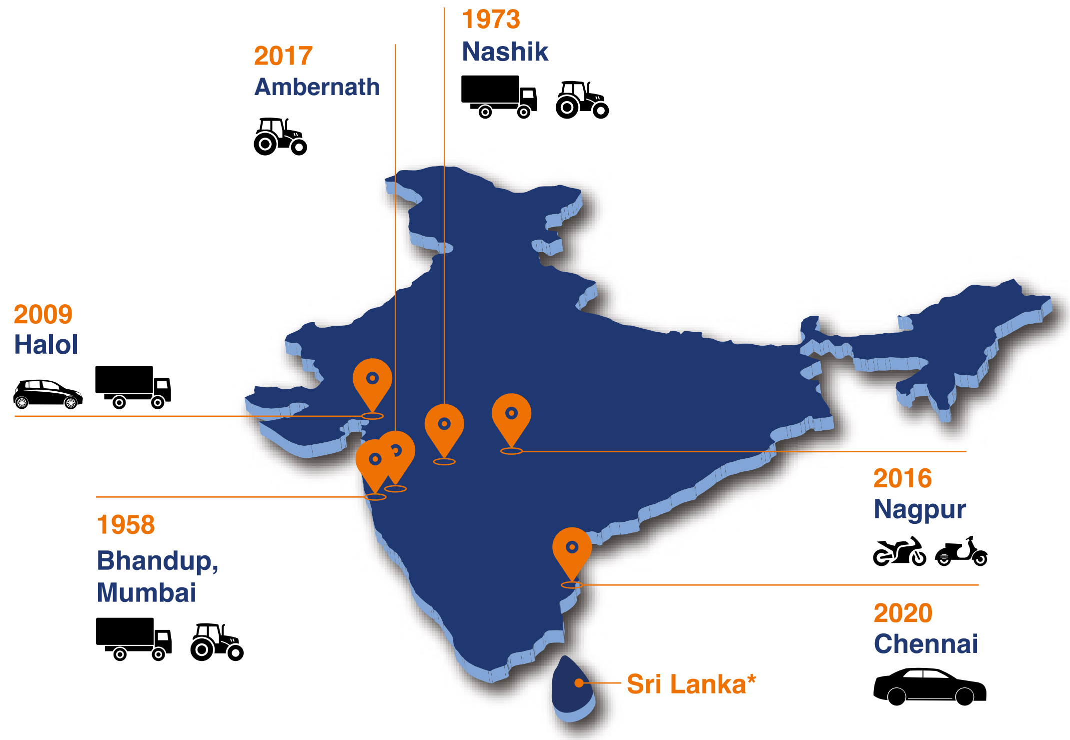
MAKING MOBILITY SAFER & SMARTER. EVERY DAY.

EXPANDING HORIZONS



Map not to scale

STRONG FOOTHOLD



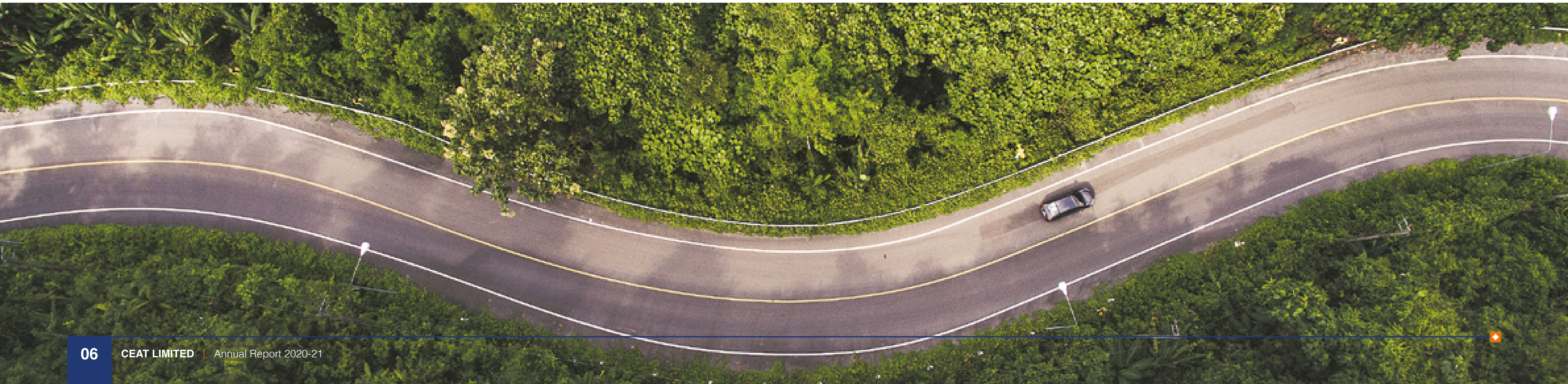
*Through overseas Joint Venture

CEAT- Redefining mobility

KEY MILESTONES

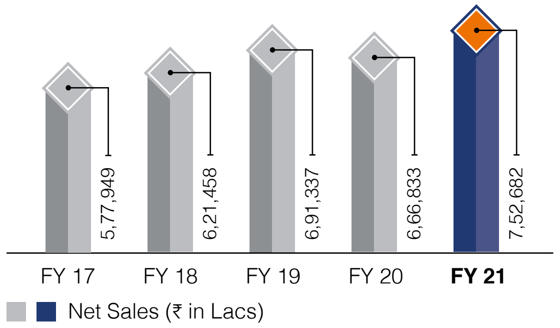
Financial Capital	₹ 7,573 Cr. ▲ Standalone revenue	12.9% ▲ Standalone EBITDA margin	₹ 413.6 Cr. ▲ Standalone PAT
Manufactured Capital	37 Million + ▲ Tyres produced	148 ▲ New products launched	50% ▲ Plants with smart factory enablement
Intellectual Capital	101 ▲ Patent applications filed (Cumulative)	175 ▲ New products developed	1.4% ▼ R&D expenditure as percentage of revenue
Human Capital	7,529 ▲ Permanent employees	8.7% ▲ Permanent women employees (management category)	69.7% ▲ Share of millennials in CEAT's management workforce
Natural Capital	1.27 Mn GJ ▲ Renewable energy consumed	1,772 tCO_2e ▼ Emissions avoided	32,785 GJ ▲ Energy savings achieved
Social and Relationship Capital	6 Lacs + ▲ Beneficiaries impacted	99.2% ▲ Customer queries resolved	69.2% ▲ Procurement through local suppliers

CEAT ranked
33rd
amongst India's 100 best companies to work for

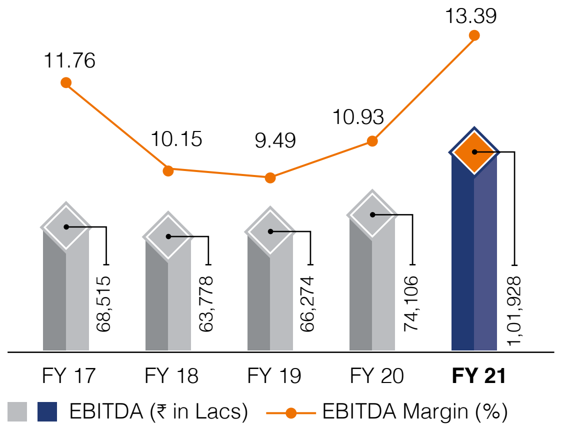


Sustaining Excellence (Consolidated)

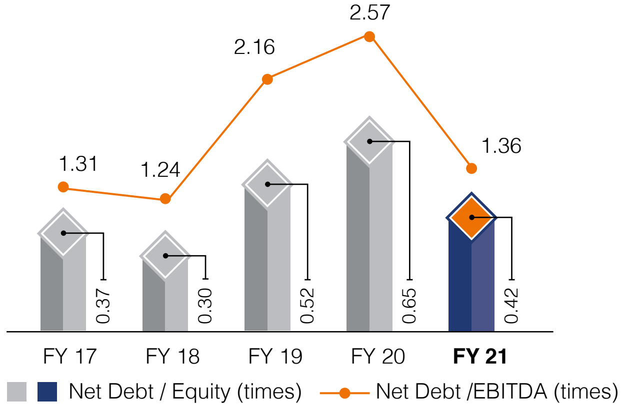
Net Sales



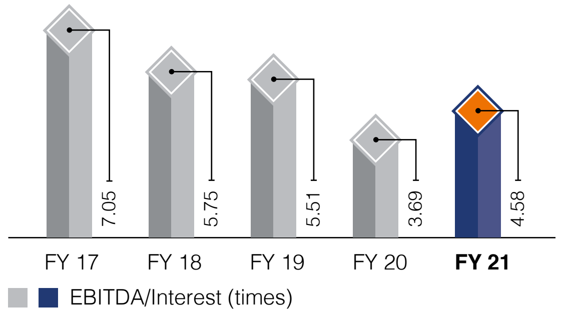
EBITDA[1] and EBITDA Margin



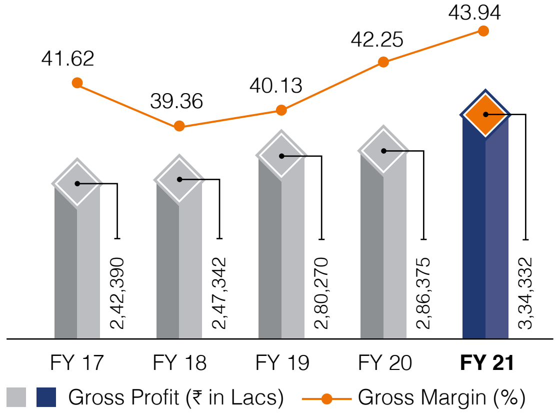
Net Debt / Equity and Net Debt /EBITDA



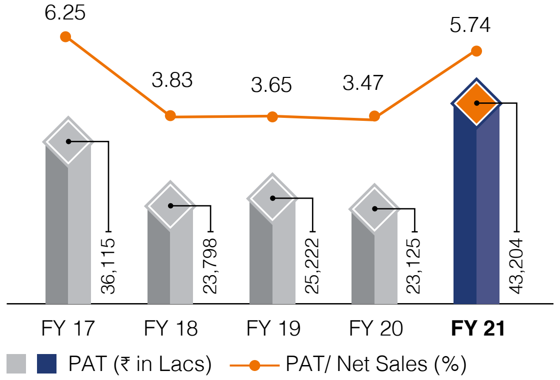
EBITDA/Interest[1]



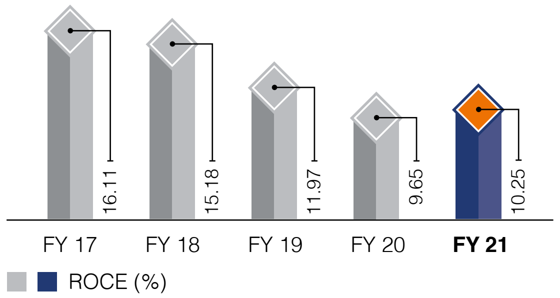
Gross Profit and Gross Margin



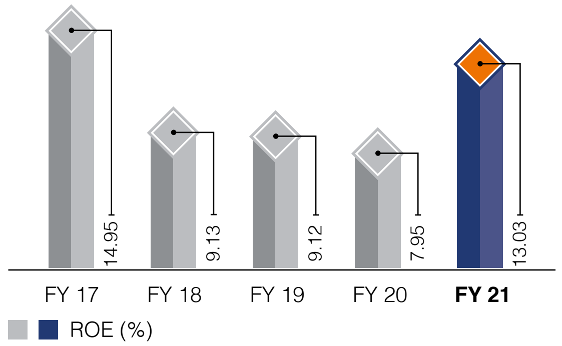
Profit After Tax (PAT)[2] and PAT/ Net Sales



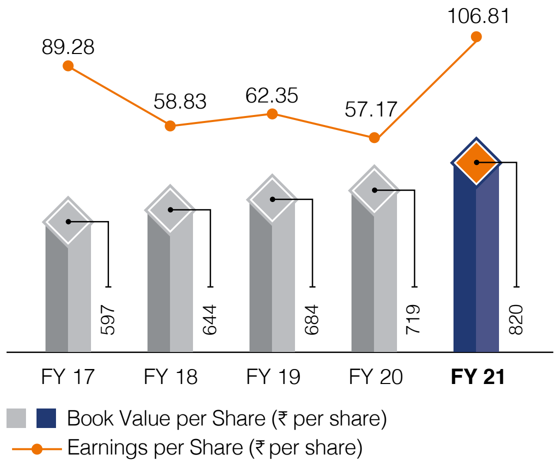
Return on Capital Employed (ROCE)



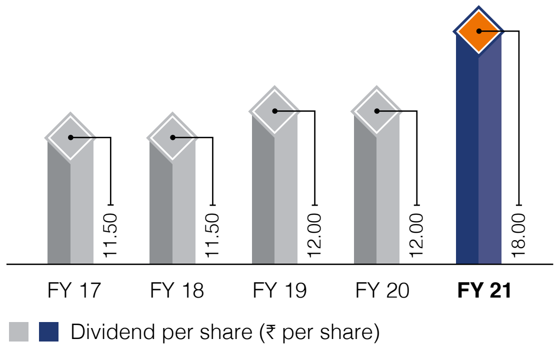
Return on Equity (ROE)



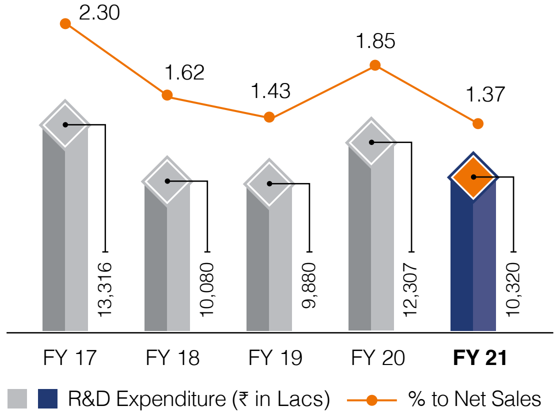
Book Value per Share and Earnings per Share



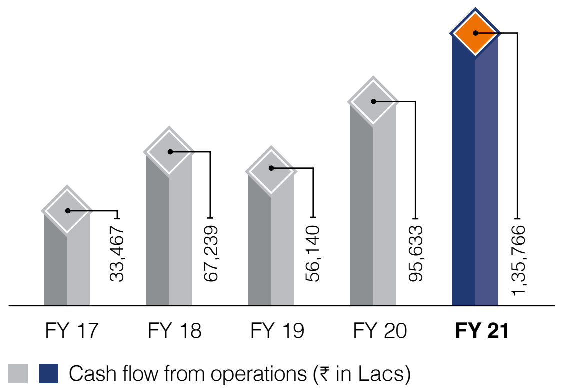
Dividend per share



R&D Expenditure



Cash Flow from Operations



[1]Earnings before Interest, tax, depreciation and amortisation (EBITDA) excludes Non-Operating income.

[2]PAT is considered after minority interest

[1]Interest amount includes interest capitalised during the year

Chairman's Message

> Our people adapted well to the situation and the resilience of the Company was proven again with an improved performance and robust balance sheet ratios despite the adverse first quarter.

Dear Shareholders,

It has been an unprecedented year and a half for the entire world as nations struggled to come to terms with the circumstances created by the COVID-19 pandemic. Economies have been in turmoil and governments have had the unenviable task of managing the fiscal situation amidst incessant Covid waves. India has been no exception. At CEAT too normal business activity was challenged by the frequent lockdowns and restrictions on operations. However, yet again our people adapted well to the situation and the resilience of the company was proven again with an improved performance and robust balance sheet ratios despite the adverse first quarter.

CEAT has been sensitive to the needs of its customers, its people and the entire eco-system including the communities around it. Their safety and wellbeing has been a top priority for the company. We extended significant support in India's fight against Covid through various interventions including supply of critical equipment and infrastructure.

In order to cope with the new scenario, CEAT leveraged digital technologies to transform business processes at a fast pace. The Company has taken an omnichannel approach to cater to customers by making several services available online. CEAT is now channelising Research and Development capabilities to develop niche competencies, introduce indigenous sources of raw materials and develop tyres with newer technologies.

To create a resilient and sustainable future, CEAT has sharpened focus on ESG practices including a target to reduce carbon footprint by 50% by 2030. CEAT has continued to move forward strongly in terms of emission reduction, water conservation, zero effluent discharge, plastic waste management and solar power adoption across its offices and factories.

CEAT will continue to strive towards excellence and sustainable growth. The pandemic has emphasized even more that each of our actions have an impact on the future of the planet and mankind. It further strengthens our resolve and our belief of 'Making Mobility Safer & Smarter. Every Day.'

H.V. Goenka
Chairman

MD's Message

> Sustainability is a vital part of CEAT's efforts and is demonstrated through our Vision 'To reduce carbon footprint by 50% by 2030'.

Dear Shareholders,

The year gone by was unprecedented in the wake of the COVID-19 pandemic. It brought in a need to focus on all our stakeholders' needs - employees, customers, suppliers and the society at large – beyond shareholders. The actions that are taken in difficult times are what reflect the character of a company or an individual and it gives me pride that our Values and Purpose were our guiding light during these times of uncertainty.

To overcome the hurdles posed by the pandemic, CEAT focused on six Cs - Care for people, Customer centricity, Cash management, Cost optimisation, Changes in business models and Community engagement. The Company demonstrated agility in its actions and emerged as a company with a heart to all its stakeholders.

CEAT's overall performance has been robust, with the Company generating the highest ever consolidated revenue of ₹ 7,610 Crores. CEAT's consolidated business EBITDA for the year was ₹ 1,019 Crores with margin of 13.4%.

CEAT's top priority this year has been to take care of its people. During these challenging times, both physical and emotional wellbeing of our people and their families was of utmost importance. A dedicated hotline was set up to provide personalised physical wellbeing advice to employees by the Chief Fitness Officer. The Company tied up with Juno Clinic for mental health counselling to employees. In its factories, CEAT adhered to all safety protocols to ensure safety of its people. When the COVID-19 cases arose, every individual went out of their way to help each other in terms of finding hospital beds, medication, oxygen or even offer financial and emotional support.

CEAT also continued its efforts to improve the diversity in workforce, particularly on recruiting and nurturing the talent of marginalised groups such as differently abled individuals. Its overall efforts towards unleashing talent and empowerment has resulted in improving its Great Place to Work® rank to 33, two positions up from the previous year.

It was as much our responsibility to help out communities and society at large. We carried out various outreach programs such as sanitisation of trucks and support to migrant workers. We also identified different ways to support India's healthcare infrastructure by donating ventilators to hospitals and nursing homes and provide essentials such as Personal Protective Equipment ('PPE') kits, masks, gloves and hot meals. CEAT also worked on setting up Fever clinics in rural Maharashtra, where access to healthcare was difficult.

The Research and Development team of CEAT has achieved a milestone in filing of over 100 patent applications as on date. We would continue to invest in technologies for future and are confident to make further progress in this domain.

Digitisation is changing the world and CEAT aspires to be at the forefront of digital innovation. All the manufacturing facilities of CEAT, have been supplemented with digital solutions that help optimise supply chain and manufacturing practices, in support of the Total Quality Management ('TQM') methods of functioning. CEAT expanded its presence in e-commerce platforms. In addition to the appointment based pick up and drop, these digital channels offered various new modes of product delivery and at home fitment. As customer preferences changed towards being at home or towards increased hygiene, CEAT offered sanitisation services and touchless services keeping their safety as its utmost priority.

The pandemic also posed challenges on our entire supply chain since the lockdown was imposed and business operations were halted across the country. Volatility in raw material supplies was experienced throughout this period. We, however, with strong relationships and synergies within the internal functions and external stakeholders, worked closely with our vendor partners to ensure consistent supplies to our customers.

Sustainability is a vital part of CEAT's efforts and is demonstrated through our Vision 'To reduce carbon footprint by 50% by 2030'. Various initiatives have been taken up like shift towards renewable energy by increasing solar as a source of power in its manufacturing plants, developing tyres for electric vehicles with use of sustainable raw materials like reused rubber and silica and working towards replacing plastic-based packaging materials with sustainable alternatives. Sustainability is no longer a choice in CEAT. We are committed to giving back to the earth and ensuring that our planet is better than we inherited it.

We believe doing good is an essential part of doing well. As we continue our journey of 'Making Mobility Safer & Smarter'. Every Day.' we hope to mature further to reflect our values and efforts in promoting quality thinking through this second Integrated Report.

Anant Goenka
Managing Director

Board of Directors

Mr. H. V. Goenka
Chairman

Mr. Anant Goenka
Managing Director

Mr. Arnab Banerjee
Chief Operating Officer

Mr. Atul C. Choksey
Independent Director

Mr. Haigreve Khaitan
Independent Director

Mr. Mahesh S. Gupta
Independent Director

Mr. Paras K. Chowdhary
Independent Director

Mr. Pierre E. Cohade
Non-independent Director

Ms. Priya Nair
Independent Director

Mr. Ranjit V. Pandit
Independent Director

Mr. Vinay Bansal
Independent Director

Profiles of the Directors can be accessed @ https://www.ceat.com/corporate/leadership-landing.html

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
Executive Director - Finance & CFO

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

Company Secretary and Compliance Officer

Ms. Vallari Gupte

Statutory Auditors

S R B C & CO LLP

Secretarial Auditors

Parikh & Associates

Cost Auditors

D.C. Dave & CO.

Registrar and Transfer Agent

TSR Darashaw Consultants Private Limited
C-101, 1st Floor, 247 Park,
Lal Bahadur Shastri Marg,
Vikhroli (West), Mumbai - 400 083

Debenture Trustee

Vistra ITCL (India) Limited

Bankers

Axis Bank Limited

Bank of Baroda

Bank of India

Citibank N.A.

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

Audit Committee

Mr. Mahesh S. Gupta - Chairman
Mr. Vinay Bansal - Member
Mr. Paras K. Chowdhary - Member

Finance and Banking Committee

Mr. Anant Goenka - Chairman
Mr. H. V. Goenka - Member
Mr. Arnab Banerjee - Member

Risk Management Committee

Mr. Mahesh S. Gupta - Chairman
Mr. Vinay Bansal - Member
Mr. Paras K. Chowdhary - Member

Corporate Social Responsibility Committee

Mr. Anant Goenka - Chairman
Mr. Vinay Bansal - Member
Mr. Paras K. Chowdhary - Member

Nomination and Remunaration Committee

Mr. Mahesh S. Gupta - Chairman
Mr. Vinay Bansal - Member
Mr. Paras K. Chowdhary - Member

Stakeholder Relationship Committee

Mr. Vinay Bansal - Chairman
Mr. Mahesh S. Gupta - Member
Mr. Paras K. Chowdhary - Member

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
- Kannanthangal Village, Maduramangalam Post, Sriperumbudur TK, Kancheepuram Dist., Tamil Nadu - 602 108
- Plot No G-2, Village - Bohonoli, Ambernath MIDC, Ambernath (East), Maharashtra - 421 506

Celebrating Accolades

Ranked **33rd amongst India's 100 best companies to work for in 2021** by Great Place to work® Institute

Ranked **'4th Best D&I Company of the Year'** at the Best Diversity and Inclusion Practices of Asia Seminar Awards 2020

'Material Management-Best Performer 2020' awarded by Hyundai

'Quality Management-Standard Parts 2021- Winner', awarded by Honda Motorcycle & Scooter

'Diamond' category at 3rd HR/CSR Convention 2020-21, by Vadodara Chapter of Quality Circle Forum of India (QCFI)

'Revenue Generation for New product & Service Introduction' for CEAT Fleet Solutions at Mint Business Transformation Awards 2021

'Consistency in Quality 2020-Supplier Samrat' awarded by Ashok Leyland

Winner in Renovative category at 38th National CII KAI-ZEN Competition

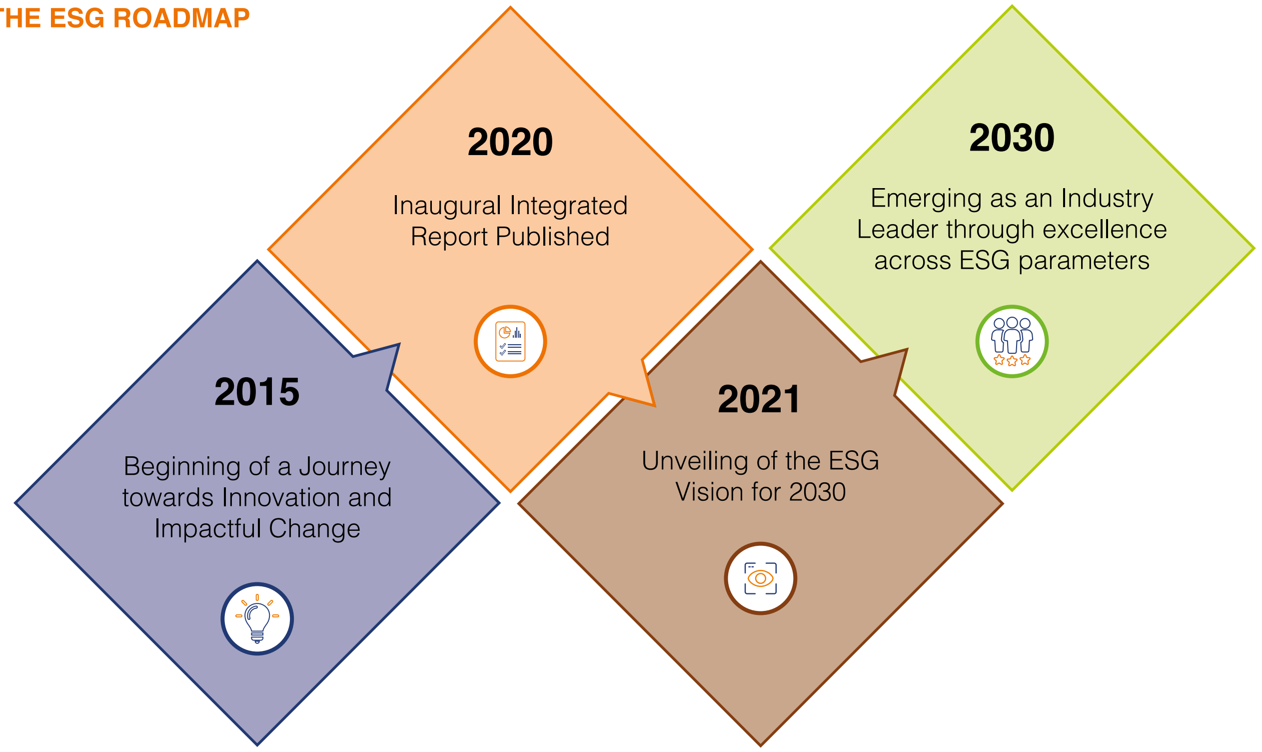
Value Creation Model

CEAT as a responsible Company has continued to deliver towards its endeavour of creating value for the stakeholders through various ESG initiatives. The initiatives undertaken were spread across various aspects of its business, which also helped overcome the challenges posed by the unprecedented situation of COVID-19 pandemic.

A diverse set of initiatives were taken up across the six capitals to ensure that the inputs continue to transform into the outcomes and the value creation is amplified through responsible and sustainable business decisions. This is very much evident through how CEAT responded to the COVID-19 situation and resumed business activities by adhering to the applicable Regulatory guidelines. CEAT also ensured that the interests of various stakeholders like employees, customers, business partners, investors, suppliers, and communities are secured and benefitted through the entire process.

The business model of CEAT continues to be in alignment with <IR> framework and CEAT's strategic viewpoint, which is an underlying essence for the contents of this Report. It also illustrates how the six capitals interact with the external environment. CEAT has also highlighted the alignment of these capitals with the purpose of the Sustainable Development Goals ('SDGs').

THE ESG ROADMAP



Acknowledging that its operations and procurement contribute towards a majority of its interaction with the natural environment and the communities around, CEAT has adopted a long-term goal 'to reduce the carbon footprint by 50% by 2030', with the intent to minimise adverse impacts on the nature and the communities.

CEAT has formed its 'ESG Council' led by the Managing Director to drive sustainability across the company with a keen focus on ESG vision.

The leadership at CEAT thus nurtures a culture that encourages optimisation of operational systems in a manner that is conscious of its impact.

To create such an impact, CEAT has been developing projects that have a keen focus on sustainable actions like increasing share of renewable energy, water conservation, management of used tyres, green product portfolio, responsible sourcing etc. With such initiatives, projects and its periodic monitoring, CEAT aims to achieve its vision and emerge as an industry leader through excellence across ESG aspects.

STRATEGY, RISKS AND OPPORTUNITIES

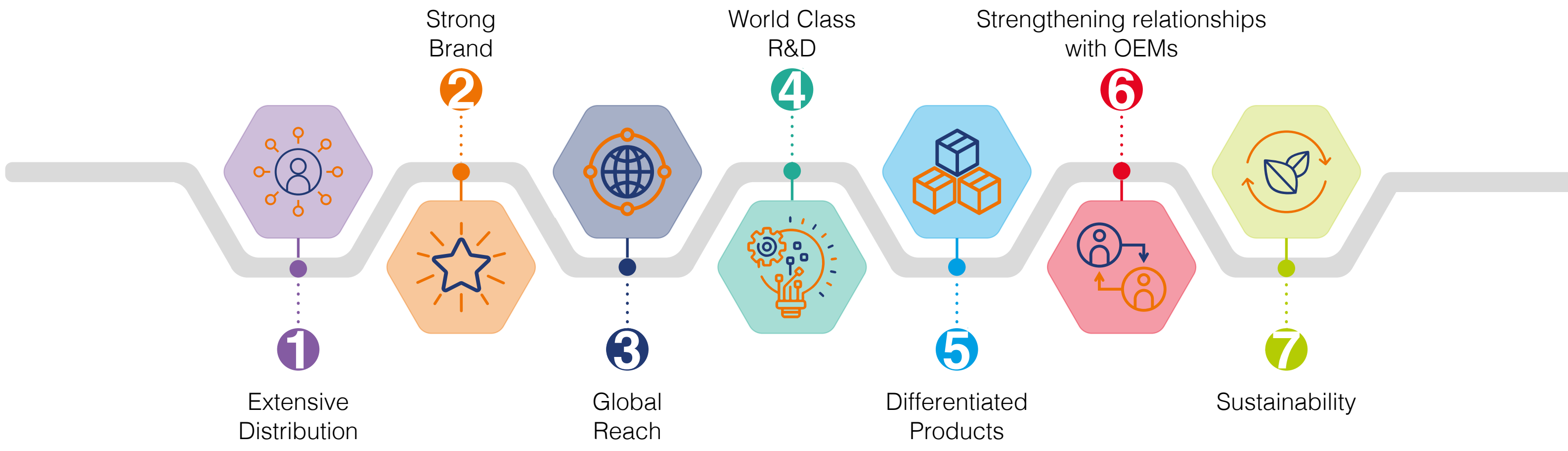
Strategy Overview

Driven by passion, ethics and focus on sustainability, CEAT has grown to be one of India's leading tyre manufacturers. It has maintained a leading position in Sri Lanka in terms of the market share. Strong brand, superior product quality and superlative customer experience through robust value chain relationships have always been CEAT's core strength.

CEAT is a proud recipient of the Deming prize which celebrates the landmark achievements due to successful implementation of Total Quality Management ('TQM').

The Total Quality Management ('TQM') adopted by CEAT in 2009, has been the driving force for CEAT's business excellence through Quality Based Management ('QBM'). This QBM philosophy has enabled CEAT to have the people and stakeholders involved systematically and effectively in achieving CEAT's business objectives. The initiatives of QBM have been instrumental in providing a policy management, innovative products and services to its customers by embedding the QBM culture through the implementation of PDCA ('Plan-Do-Check-Act') and SDCA ('Standard-Do-Check-Action') cycles in the daily Daily Work Management system. CEAT's strategy is upheld by key seven pillars and these are shown in the diagram below.

CEAT's business strategy is reflected through its seven pillars as follows:



Business Opportunities

CEAT has been successful in implementing its strategy to gain market share nationally and internationally through innovative products, long standing relationships with Original Equipment Manufacturers ('OEMs'), distributors and operators, increased manufacturing capacity and strong social media presence. This led them to wide range of business opportunities that facilitate growth of the Company. Each strategy described below details down business opportunity and growth.

Extensive Distribution

India being a large emerging market and the growth in rural and semi-urban markets last year has provided a lucrative opportunity for the Company to grow its footprint there. In order to extend the reach in India's rural market, CEAT intends to expand its existing distribution network. The year of pandemic led to an emergence of new business models enabled by digital touchless mode. CEAT has been at the forefront of the same by providing doorstep fitment of tyres, Shoppe on Wheels and various other models under its omni channel strategy. CEAT has diversified its retail presence adding more than 150 CEAT Shoppe in both urban and rural markets. Apart from the online purchases available through direct website. CEAT has also been associated with Amazon and Flipkart for expanding distribution channels.

Strong Brand

CEAT's strong brand equity has translated into an overall boost in its profit margin by 20% as compared to the previous year. The Company's continued association with Indian Premier League ('IPL') as strategic timeout partners, has leveraged the value of its brand by entering into new markets, maintaining its brand visibility in the global market. This was further boosted by launching Bollywood star Aamir Khan as its

Value Creation Model

brand ambassador during the IPL campaign around its premium product range of 'SecuraDrive' tyres. CEAT also brought out diversity in its retail shops. One of the recently launched CEAT shoppe is managed, owned and operated solely by women. This has helped in further enhancing brand value in the minds of its customers.

Global Reach

In the next few years, the agriculture, mining and construction markets are expected to grow at a rapid rate. The growth will primarily be driven owing to the recovery from COVID-19 related impacts, which earlier had led to restrictive measures being imposed by the government. Further, with increased pace of vaccination, consumer led demand is also picking up. These factors combined with good customer response to the Company's new product launches, have given the confidence to increase capacities and increase the Off-The-Road ('OTR') tyre production.

On India front, there is a steep rise in construction activity. Also, government's planned auction of non-coal mineral blocks is expected to increase the domestic production of non-coal/non-fuel minerals by 200% in the next 7 years. These factors are expected to give a strong demand push for the Company's construction and mining tyres.

CEAT has established a strong distribution channel covering all major geographies of Europe. With addition of 10 new distributors and increased coverage by entering 6 new countries in FY 2020-21, CEAT is placed in a good position to expand the market share.

CEAT's new product development agenda has moved at a fast pace. With the sizes in the current radial range and sizes under development, the Company now has a market coverage of 95% in farm radials.

World-Class R&D

The world of mobility is undergoing a massive disruption, with trends like Electric – Connected – Autonomous – Shared mobility, shaping the future growth of the market. This led to a shift of profit pools from traditional automotive players to the newage disruptive auto players providing platforms, services, or mobility as a service. CEAT continuously works on technological upgrade of the products and offering to live its purpose of making mobility safer and smarter, every day.

CEAT has also started providing tyre as a service to its fleet customers, and have also captured a large share of business in the tyres for the electric vehicle market, especially two-wheelers.

Strengthening OEM Relationships through Differentiated Products

Although, the pace of disruption in business is rapid in today's world, CEAT intends to be agile while providing new solutions to its customers. Based on the clear understanding of the customers' needs, CEAT easily adapts and spurs innovation that translates into latest technology used for development of products.

In FY 2020-21, CEAT has been able to develop new products suitable for new model entries. This has also strengthened its relationships with OEMs by providing differentiated products to existing and new models.

Sustainability

CEAT believes that a commitment towards sustainability, provides long term value creation for its business and stakeholders. CEAT aims to achieve 50% reduction of carbon emissions by 2030 and has laid a continuous emphasis on improving operational efficiency, circular economy and water stewardship. Conscious efforts such as installation of dust collection systems are used to avoid air pollution.

CEAT also believes in safe and secure operations across its plants. Its commitment towards people and communities is evident through the initiatives on diversity and inclusion.

Risk Management

CEAT's nature and scale of the business operations calls for a robust risk mechanism framework to deal with impacts of external and internal environment. As the FY 2020-21 was a difficult time for the operations and business continuity, the need for a holistic development of Business Continuity Plan ('BCP') was initiated, which provides recommendations for the people and operations for better preparedness. The range of risks are not only limited to business disruptions to COVID-19, but include volatile commodity prices, raw material price fluctuation, growing demand of customers, cybersecurity risks etc. These range of risks have been meticulously addressed through a comprehensive risk management process.

The risk management process at CEAT begins with the identification of risks and an assessment of their impact. The assessment is based on past trends and future projections. Global Standards of risk assessment and strategy are key risks, both existing and emerging. Further, ways to mitigate these risks are identified and implemented when necessary. Risks, once identified, are periodically monitored, along with emerging risks.

CEAT has formed its Risk Management Committee which is the guiding force important for internal controls of the system. The major responsibility of the Committee entails review of business risks which include financial, operational, cyber-security, strategic and compliances related issues.

The key risks identified during the reporting period are mentioned below in the table along with the proposed mitigation plans.

	Risk	Mitigation
1.	**Business Disruption due to external factors – COVID-19** Business plans are getting negatively impacted due to disruption arising out of COVID-19.	**Mitigation** ◆ Key focus on safety of people. ◆ Cash and Cost Management ◆ Pro-actively engaging with customers, vendors and all key stakeholders
2.	**Raw Material Price Volatility & Other Market Factors** Fluctuating raw material prices can affect profit margin. Rising competition from domestic players and Chinese imports as well as pricing behavior may impact profitability.	**Mitigation** ◆ Strengthening supplier relations to build mutually beneficial long-term associations. ◆ Exploring a wider supplier base to reduce dependency on the existing ones. ◆ Focus on channel expansion, enhanced after-sales service and superior quality of products and warranty offered on them. ◆ Both domestic and foreign players challenged with deep domain knowledge, along with technology prowess, branding and reach. ◆ Maintains long-standing relations with OEMs, which helps to cut through the competition. ◆ Focus more on sales in profitable segments, developing capacities for new products and entering new markets under premium segments to increase market share.
3.	**High investment Risk** Increase in planned capital expenditure and investments may impact profit margins if there is under-utilisation of new capacities.	**Mitigation** ◆ Sensitivity analysis carried out regularly. ◆ Investments are being planned in a phased manner based on the market size and share of 3. Long term demand and sales plan made and reviewed on regular basis to utilise new capacities.
4.	**Cyber Security Risk** Increase in threat of cyber-attacks on CEAT IT systems and data.	**Mitigation** ◆ Periodic assessment of cyber risks and taking preventive and detective measures to mitigate it. ◆ Help from external consultants being taken to secure CEAT systems from cyber-attacks. ◆ Business Continuity Plan and Disaster Recovery Plan ('DRP') made for all IT platforms
5.	**Single Source/Single Geography Suppliers** Risk of supply disruption and price volatility	**Mitigation** ◆ Plan proposed to develop alternate suppliers for all single source or single geography supplier. ◆ Action is also being taken to develop alternate Raw Material ('RM') to mitigate this risk.

Value Creation Model

The business model forms an essential aspect of the integrated reporting which reflects the Company's business activities directed towards its purpose, emphasising the strategic focus on its operations and the stakeholders who are impacted. It is aligned with the strategy, risks & opportunities that have an imprint on the Company's performance. Other factors that impact the functioning of the business model are the Company's key stakeholders and the external environment. The business model clearly outlines how CEAT's strategic objectives are aligned with the six capitals of the IR framework. These capitals-along with the inputs, outputs & projected outcomes associated with them are as presented below.

External Environment ······ **Risks and Opportunities**

Key Business Drivers

INPUTS

Financial Capital
- Equity
- Debt

Manufactured Capital
- Installed capacities
- Smart facilities
- Safe, reliable and lean process

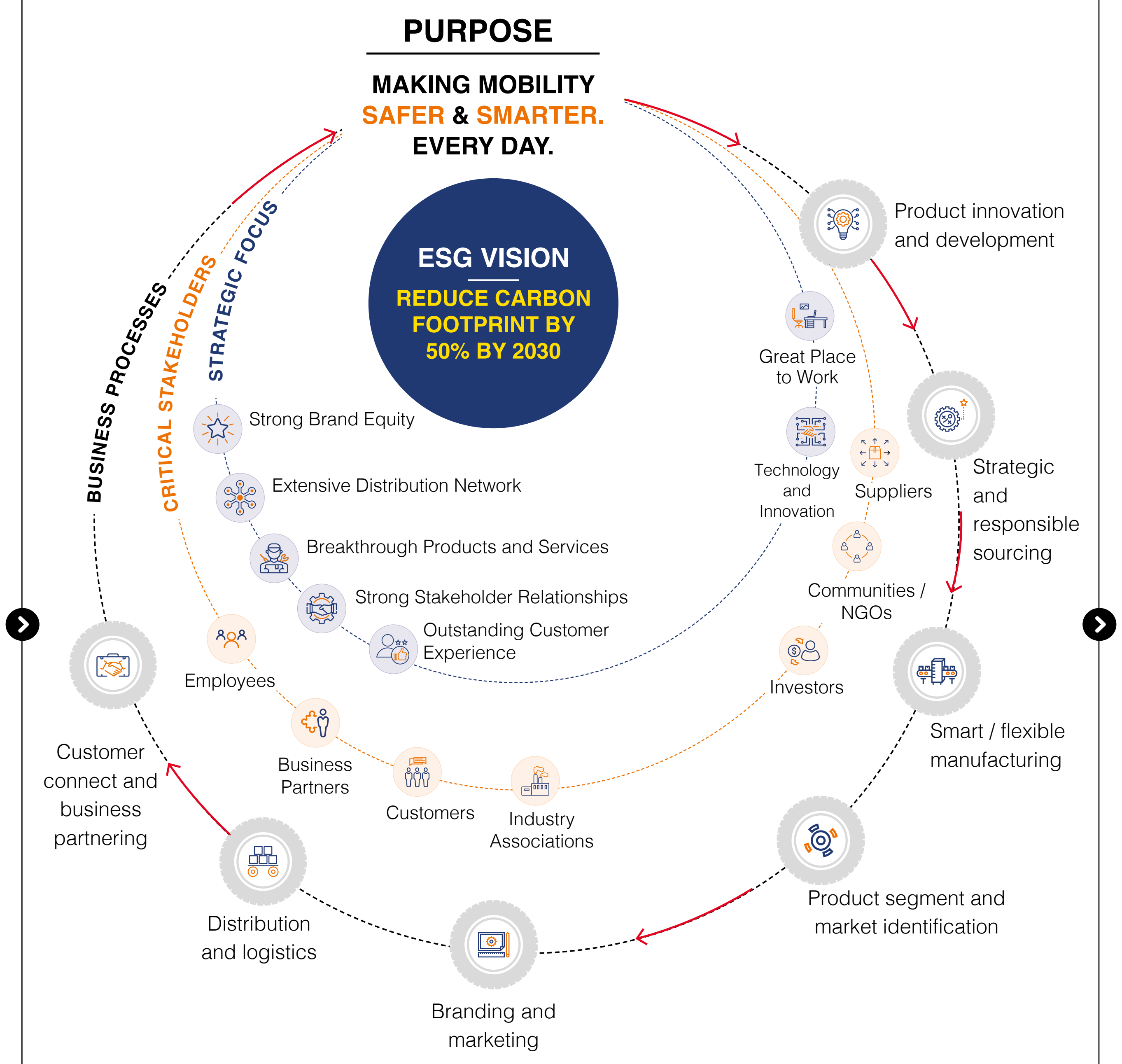
Intellectual Capital
- R&D facilities
- R&D spend
- Skilled resource pool
- Digital initiatives
- Process excellence

Human Capital
- Diverse talent pool
- Employee engagement
- Employee health, safety and wellbeing
- Capability building

Natural Capital
- Use of renewables
- Energy management
- Water management
- Environment management system
- Waste management

Social and Relationship Capital
- Community initiatives
- Customer centricity
- Sports partnerships
- Collaboration with value chain partners
- Employee engagement

BUSINESS ACTIVITIES



OUTPUTS

Financial Capital
- Revenue
- EBITDA
- PAT

Manufactured Capital
- Key category production
- Wide product range

Intellectual Capital
- Patent applications filed
- New products developed
- Quality innovations
- New OEM entries

Human Capital
- Employee productivity
- Strong succession
- Employee wellbeing / safe workplace

Natural Capital
- Total material recycled
- Specific energy consumption
- Waste generated and recycled
- Specific water consumption reduction
- GHG emission reduction

Social and Relationship Capital
- Lives impacted
- Wider customer base
- Effective supply chain

OUTCOMES

- Shareholder value creation
- Optimal Capital Structure
- Stronger Balance Sheet

- Planned and timely expansion
- Consistently safe and high-quality products
- Reduction in rejection of products

- Customer satisfaction
- Business excellence
- Strong OEM relationships
- Leader in innovation
- Diversified product portfolio
- Intangible assets worth

- High performance culture
- Aspirational employer brand
- Quality of life

- Reduced environmental footprint
- Proactive environmental sustainability plan

- Brand recognition
- Deep relationships with partners
- Stronger community relationships
- Improved industrial relations
- Better NPS
- Community satisfaction score

SDG LINKAGE

Long-Term Value

Stakeholder Engagement and Materiality Analysis

CEAT believes in the inclusive approach while collaborating with stakeholders in progressing towards a resilient and sustainable future. The feedback shared by stakeholders is considered as critical strategic input for refining the business approach, resulting in a long-term value creation.

CEAT's stakeholders include individuals or groups that can influence or are impacted by its business and CEAT engages with its stakeholders on regular basis. The stakeholders include investors and shareholders, customers, employees, business partners, industry associations, suppliers and communities. The following table indicates summary of mode of engagement and key concerns raised by respective group of stakeholders.

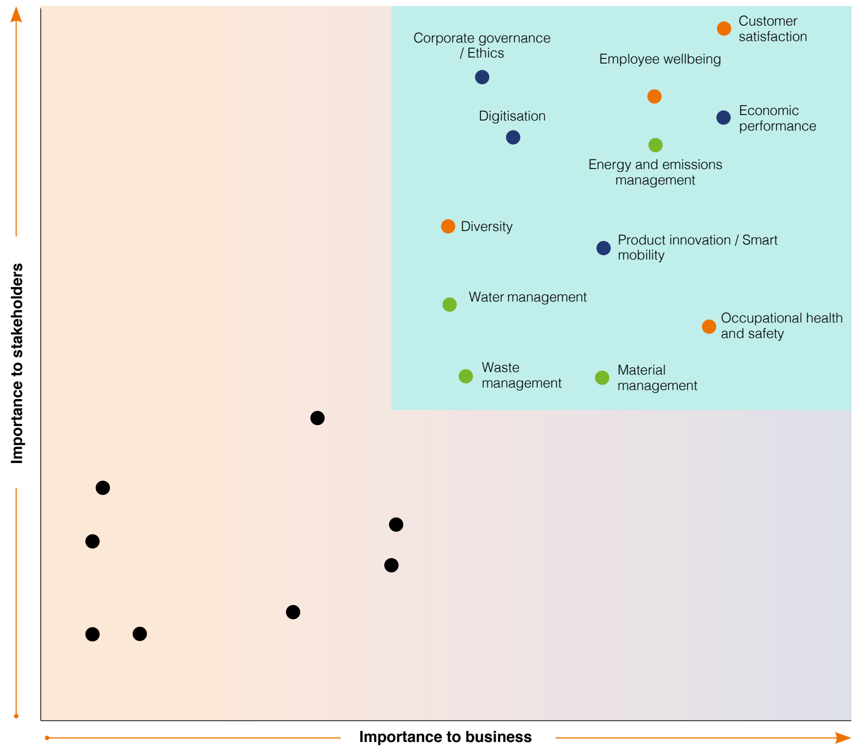
Category of Stakeholder Group	Significance	Mode(s) of Engagement	Concerns
Investors and Shareholders	• Providers of financial capital	• Annual General Meetings • Quarterly briefings	• High Return on Investments and profitable growth
Customers (Tyre Dealerships)	• Partners in solution development • Supporting CEAT in reaching end-users	• Net Promoter Score ('NPS') survey • Online feedback surveys • Customer engagement surveys	• Product quality • Product maintenance • Product price • Loyalty programmes
Employees	• Drivers of our business solutions	• Employee Engagement Survey • Emails / newsletters • Townhall	• Career growth • Employee benefits • Safe working environment • Corporate collaboration
Collaborators / Business Partners	• Enable strategic partnerships	• In-person meetings • Partnership portals	• Long-term partnerships • Fair revenue distribution
Industry Associations	• Provide insight into industry trends	• Industry conferences • Media releases • Memberships in associations • Regional industry events	• Compliance with regulations • Business collaborations
Suppliers	• Provide materials / services for business operations	• Supplier management portals • Supplier audits	• Reliable payment schedules • Robust procurement policies
Communities / NGOs	• Partners in long-term value creation	• CSR initiatives • Community Grievance mechanism • Public hearings	• Contribution to society

MATERIALITY ASSESSMENT

As prescribed under the <IR> framework, CEAT conducted a detailed stakeholder engagement and materiality assessment in FY 2019-20, to determine the topics that are significant, keeping in view importance to business and to stakeholders. Detailed information on the exercise and results of the assessment is available in the CEAT's Integrated Report of FY 2019-20.

During FY 2020-21, CEAT reviewed the material topics from the point of view of applicability and relevance. In addition to the prioritised material topics from previous year's assessment, four additional material topics are being considered as high priority topics. These topics are presented in the materiality matrix. Mapping of the prioritised material topic with respective Key Performance Indicator ('KPI') is as illustrated in the table below.

CEAT's materiality matrix



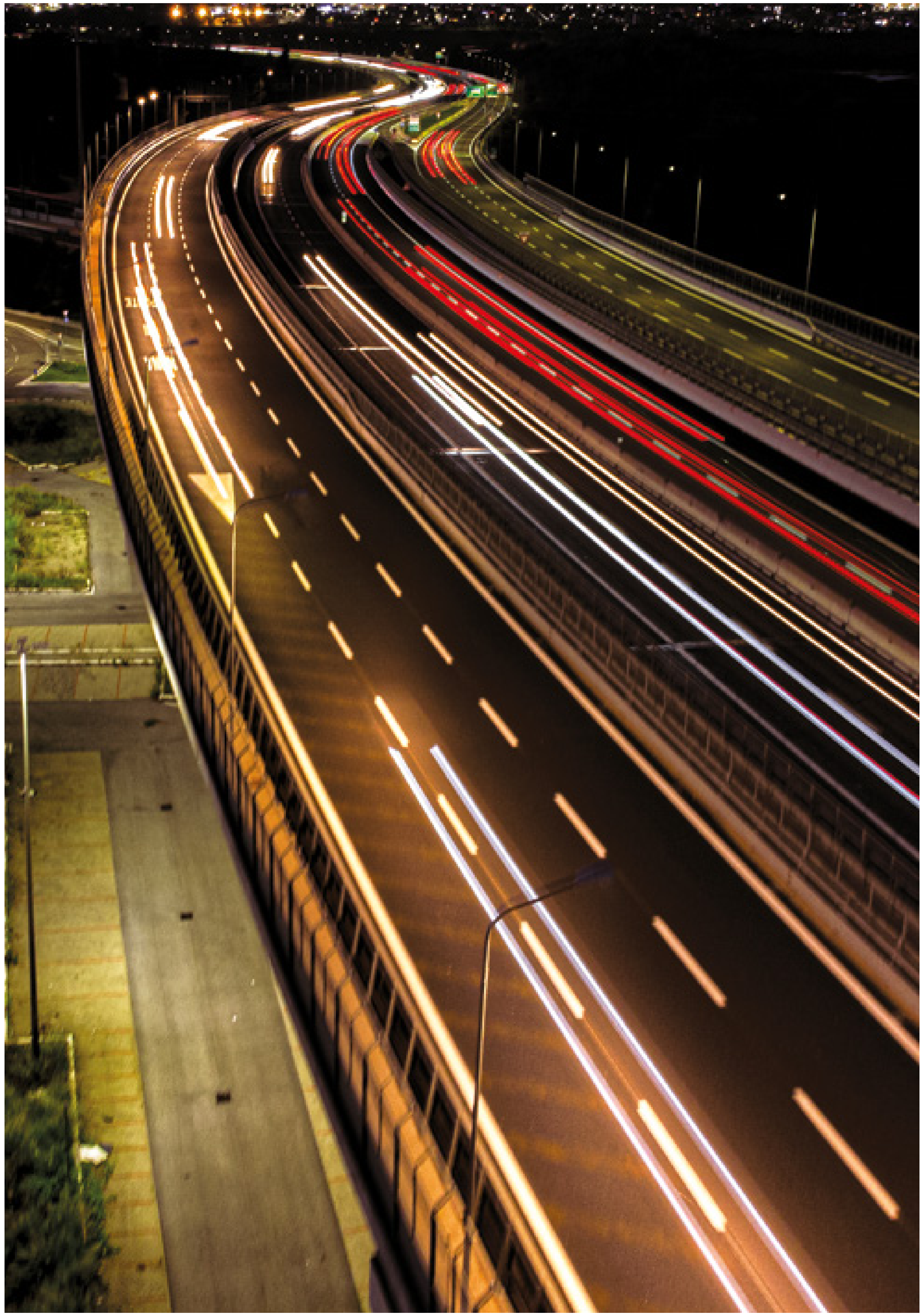
Material Topics and Key Performance Indicators ('KPIs')

Environment			
Material Topic	**Material Topic**	**Material Topic**	**Material Topic**
Energy and Emissions Management	Materials Management	Waste Management	Water Management
GRI Topic	**GRI Topic**	**GRI Topic**	**GRI Topic**
Energy; Emissions	Materials	Waste	Water
CEAT's Response	**CEAT's Response**	**CEAT's Response**	**CEAT's Response**
• Effective management of energy consumption and energy costs • Decarbonising energy usage	• Responsible procurement of agricultural raw materials by 2030	• Integration of 4R principle • Management of end-of-life tyres	• Commitment for 50% reduction in water consumption by 2030 • ZLD plants
Key Performance Indicators	**Key Performance Indicators**	**Key Performance Indicators**	**Key Performance Indicators**
• Energy consumption within the organisation • Reduction of energy consumption • Scope 1/ 2/ 3 GHG emissions • Reduction of GHG emissions	• Material consumption	• Waste generated • Waste diverted from disposal • Waste directed to disposal	• Water consumption
Reference section in the IR	**Reference section in the IR**	**Reference section in the IR**	**Reference section in the IR**
Natural Capital	Natural Capital	Natural Capital	Natural Capital

Stakeholder Engagement and Materiality Analysis

Social			
Material Topic	**Material Topic**	**Material Topic**	**Material Topic**
Customer Satisfaction	Employee Wellbeing	Occupational Health and Safety	Diversity and Inclusion
GRI Topic	**GRI Topic**	**GRI Topic**	**GRI Topic**
Customer Health and Safety	Employment	Occupational Health and Safety	Diversity and Equal Opportunity
CEAT's Response	**CEAT's Response**	**CEAT's Response**	**CEAT's Response**
• Produce a wide product range while maintaining quality • Adapting to the customers' needs in the current times and responding quickly on claim settlement	• Employee engagement and wellness initiatives	• Ensure safety at the workplace	• Focused efforts towards new hirings with diversity and reducing biased opinions
Key Performance Indicators	**Key Performance Indicators**	**Key Performance Indicators**	**Key Performance Indicators**
• Assessment of the health and safety impacts of products • Incidents of non-compliance concerning the health and safety impacts of products	• New employee hires and employee turnover • Parental leave	• Work-related injuries	• Diversity of governance bodies and employees
Reference section in the IR	**Reference section in the IR**	**Reference section in the IR**	**Reference section in the IR**
Social and Relationship Capital	Human Capital	Human Capital	Human Capital

Governance			
Material Topic	**Material Topic**	**Material Topic**	**Material Topic**
Economic Performance	Digitisation	Product Innovation / Smart Mobility	Corporate Governance / Ethics
GRI Topic	**GRI Topic**	**GRI Topic**	**GRI Topic**
Economic Performance	Non-GRI topic	Non-GRI topic	• Anti-Corruption
CEAT's Response	**CEAT's Response**	**CEAT's Response**	**CEAT's Response**
• Effective management of costs	• Invest in high-quality digital technology	• Enhance product portfolio • Robust research and development on new technologies	• Conducting business ethically
Key Performance Indicators	**Key Performance Indicators**	**Key Performance Indicators**	**Key Performance Indicators**
• Revenue • Profit • Direct economic value generated and distributed	• Total monetary value of company assets	• No. of patents • No. of new products launched	• Confirmed incidents of corruption and actions taken
Reference section in the IR	**Reference section in the IR**	**Reference section in the IR**	**Reference section in the IR**
Financial Capital	Manufactured Capital, Intellectual Capital	Intellectual Capital	Business Responsibility Report



Financial Capital

₹ 7,573 Cr.
Standalone revenue

₹ 1,351 Cr.
Cash flow from operations

₹ 511 Cr.
Debt reduction

₹ 643 Cr.
Capex

12.9%
EBITDA margin

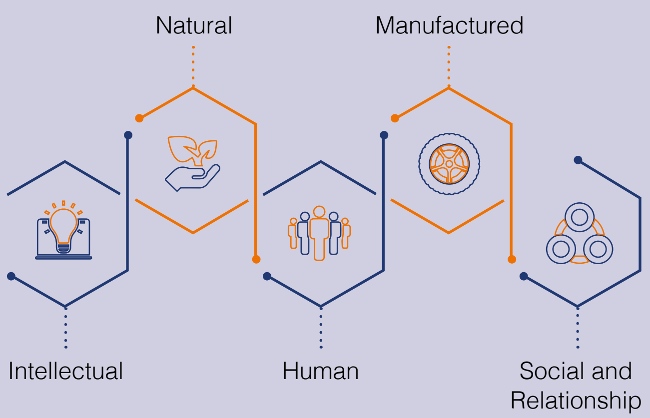
₹ 974 Cr.
EBITDA

INPUTS
- Equity: ₹ **3,165 Crores**
- Debt: ₹ **1,397 Crores**

OUTPUTS
- Revenue: ₹ **7,573 Crores**
- EBITDA: ₹ **974 Crores**
- PAT: ₹ **414 Crores**

OUTCOMES
- Shareholder value creation
- Optimal capital structure
- Stronger Balance Sheet

Interlinkages with other capitals



Focus areas
- Improving operating efficiency
- Stakeholder value creation

Contribution to Sustainable Development Goals ('SDGs')

The Company continues to channelise its efforts towards devising an effective capital allocation strategy and maintaining an optimum capital structure by monitoring the cost of funds. The Company endeavours to invest in businesses generating healthy returns and creating sustained economic value, in line with expectations of stakeholders, including proportionate allocation of funds to the other capitals to ensure an effective and efficient utilisation of both financial and non-financial resources.

> Strong focus on cashflow and working capital management during the year helped the Company improve the leverage ratios and strengthen the balance sheet.

ECONOMIC VALUE CREATION

(In ₹ Crores)

Particulars	FY 2020-21	FY 2019-20**
Direct economic value generated	**7,605**	**6,779**
Revenues	7,573	6,748
Other Income	32	31
Economic value distributed	**6,843**	**6,397**
Operating costs	5,932	5,499
Employee benefits	680	548
Payment to providers of capital	177	247
Payments to government (incl. taxes)	46	94
Community investments	8	9
Economic value retained*	**762**	**382**

*Economic value retained = Direct economic value generated - Economic value distributed

** Figures have been regrouped / reclassified, where necessary, to conform to FY 2020-21 classification. Further, in accordance with appendix C to Ind AS 103, the prior period comparative numbers are presented after giving effect to scheme of amalgamation of CEAT Specialty Tyres Limited (a wholly-owned subsidiary of the Company, the transferor company) with CEAT Limited (the transferee company) with the appointed date as April 1, 2019 and effective date as September 1, 2020.

CEAT registered a positive economic value retained in FY 2020-21 with the increase in revenues, reduction in operating costs, aided by the successful implementation of robust cost control measures. CEAT continues to meet its financial obligations towards suppliers, employees, lenders, shareholders, governments, and communities, in a timely manner.

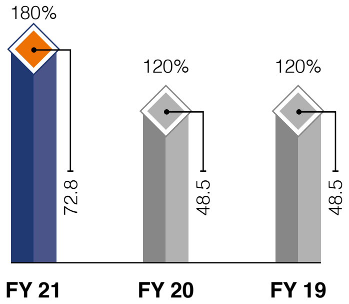
Highest ever Revenue in FY 2020-21

Highest ever EBITDA in FY 2020-21

DIVIDEND DISTRIBUTION

The core focus of the Company is sustained value creation for all the stakeholders, while ensuring return on investment for the shareholders in the form of dividend paid. The Company has a defined Dividend Distribution Policy and has increased dividend paid to ₹ 72.8 Crores in FY 2020-21.

Dividend Paid (₹ in Crore)

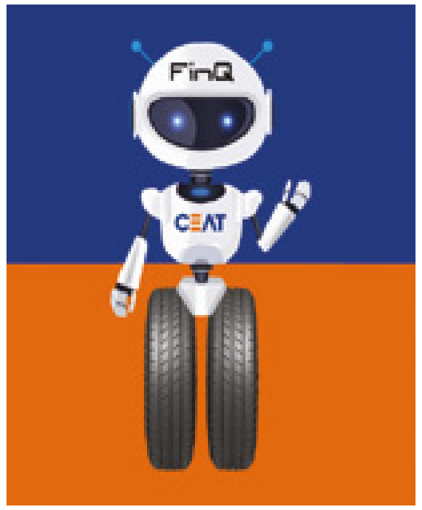


COST OPTIMISATION

The Company reported standalone EBITDA margin of 12.9% in FY 2020-21, an increase of 222 bps compared to FY 2019-20, attributable to higher gross margin, favourable channel mix and operating leverage. During the year, CEAT continued to make relevant modifications in its operating cost base. Several short-term projects were identified spanning across all major cost heads. Currently, these projects are at different stages of implementation. The Company pre-emptively implemented other cost saving measures to mitigate the impact of raw material headwinds during the year and the associated challenges due to the pandemic.

EBITDA Margin up 222 bps Y-o-Y in FY 2020-21

R&D Centre at Halol, Gujarat



Robotic Process Automation (RPA) in Finance Processes

The renewed focus on overall automation has immensely benefitted the Finance function as well. The significant reduction in manual time taken to perform tasks, simplification of reconciliation processes and consequently improving reduction in person hours turn-around-time (TAT), have been the core benefits of automation in the Finance and accounting processes.

During FY 2020-21, the Company automated certain processes forming part of Corporate Accounting, Export Collections, Import Collections, E-Collections and GST Vendor Reconciliation with the help of data analytics tools, automating routine tasks, transforming from manual data entry to digitised data collation and creating simplified dashboards.

Post the initial success of RPA in finance function, the project is being rolled out in across other functions in the Company with an objective to improve overall business efficiency.

AUTOMATING IMPORT AND EXPORT PROCESSES

Import and Export transactions are usually complex requiring a lot of documentation and manual interventions. Even in the Company, prior to the implementation of RPA, the import and export transactions were executed manually resulting in significant delays. To solve this problem, RPA was implemented and integrated with ERP system to automate end-to-end process.

BOTs were used to read documents and initiate next steps as required, resulting in faster turnaround time and improved efficiency.

This is a unique solution under RPA which has resulted in end-to-end automation of the entire process, person hours reduction, accuracy and timely cover of forex which resulted into reduction in volatility.

Benefit Delivered

Manual Time taken
450 mins

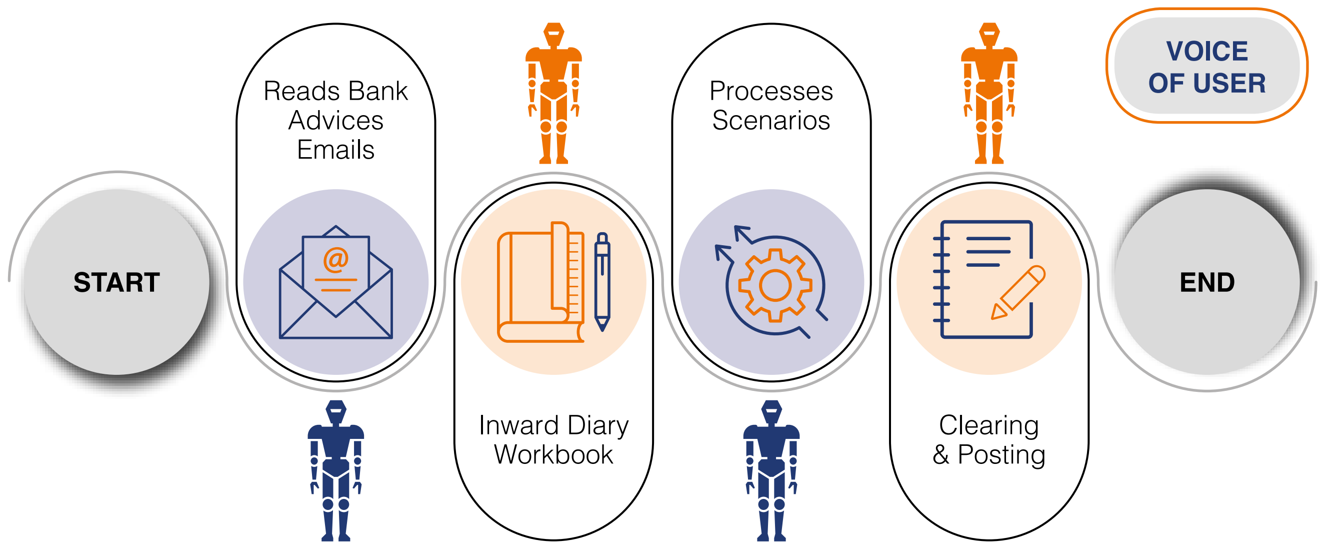
Automation Time taken
30 mins

Reduction in **TAT** by
86%

100% Automation achieved

1.5 Person hours daily saved

Export Collections



AUTOMATING GST VENDOR RECONCILIATION

One of outcomes of introduction of GST was digitisation of Input Tax Credit (ITC), wherein, the vendors upload GST collected from it's customers on the Government GST portal and customers are required to reconcile this ITC uploaded against it's GST number with the ITC booked basis the invoices from vendors.

For all large companies this reconciliation can run into numerous line items and reconciliation can be a herculean task. To handle such a large volume of reconciliation. CEAT has implemented Robotic Process Automation ('RPA') to reduce the manual intervention and improve the overall efficiency.

This has resulted into improvement in turnaround time saving of significant person hours, timely filing of returns and accurate recognition of input credit.

Benefit Delivered

Reduction in **TAT** by **70%**

DEBT REDUCTION AND IMPROVEMENT IN LEVERAGE RATIO

The borrowing level of the Company witnessed Y-o-Y increase in FY 2018-19 and FY 2019-20. These were primarily to fund the expansion projects in Chennai, Nagpur, Halol and Ambernath. The Company also raised ₹ 250 Crores through a private placement of Non-Convertible Debenture ('NCD') during the year to refinance the existing debt and reduce the cost of capital. With the target of an optimal capital structure and steering the Company towards a sustainable debt level, CEAT repaid ₹ 511 Crores of borrowings during FY 2020-21. This was achieved through generating higher operating profit and efficient working capital management. The operating working capital saw significant reduction during the year. This helped in improving the Debt-Equity ratio at 0.42x[1] as on March 31, 2021 compared to 0.66x[1] as on March 31, 2020.

[1]*On consolidated basis.*

Debt Equity Ratio of 0.42x in FY 2020-21

Debt EBITDA of 1.4x in FY 2020-21

CAPITAL EXPENDITURE

The existing manufacturing facilities at Halol, Nagpur, Chennai and Ambernath witnessed high utilisation and record production in FY 2020-21. Given the demand momentum, CEAT has embarked on the next phase of expansion at Chennai facility. To expand capabilities in the TBR segment and capitalise on export opportunities, the Board during its meeting on May 5, 2021, approved an outlay of ₹ 1,205 Crores to be funded through an optimum combination of debt and internal accruals.

The additional investment of ₹ 5 Crores was made towards captive solar power plants, which has resulted in cost saving of ₹ 2.5 Crores per annum with a payback period of 2 years.

The Company incurred total capex of ₹ 643 Crores in FY 2020-21 and funded them largely from internal accruals.

> The Company incurred total capex of ₹ 643 Crores in FY 2020-21 and funded them largely from internal accruals.

Mr. Kumar Subbiah
Executive Director - Finance and Chief Financial Officer

Despite the challenges presented by the pandemic, the Company delivered a healthy top line growth for FY 2020-21, driven by robust demand. The operating margin also improved significantly during the year with strict cost control measures, reassessment of non-essential expenses and aided by Gross Margin expansion.

Strengthening the Balance Sheet was one of the focus areas for the year and to that extent, the Company repaid ₹ 511 Crores of borrowings, leading to the reduction in Debt / Equity Ratio to 0.42x. The Company continues to focus on Working Capital Management, specifically leveraging its strong relationships with the suppliers by way of extended credit period based on mutual trust, reflecting in the Y-o-Y improvement in Operating Cash Flow generated by the Company.

Manufactured Capital

CEAT has been at the forefront of manufacturing excellence. CEAT was an early adopter of Total Quality Management ('TQM') practices that helped in manufacturing high quality products. CEAT won the prestigious Deming Award, a testimony to its customer centricity and quality mindset. In the last few years, CEAT has started leveraging digital technology in manufacturing to achieve excellence in productivity with cost effectiveness and high quality delivery.

37 Million +
Tyres produced

Modernised tyre manufacturing

148
New products launched

Digitisation of operations

50%
Plants with smart factory enablement

> CEAT continued to enhance its manufacturing capabilities with inauguration of Phase-II of Nagpur plant.

INPUTS

- Installed capacities
- Smart facilities
- Safe, reliable and lean process

OUTPUTS

- Key category production: **37 Million + tyres**
- Wide product range: **875 SKUs**

OUTCOMES

- Planned and timely expansion
- Consistently safe and high quality products
- Reduction in rejection of products

Interlinkages with other capitals

Natural

Intellectual

Focus areas

- Customer centricity
- Digitisation of operations
- Lean, flexible and sustainable operations
- Process excellence

Contribution to Sustainable Development Goals ('SDGs')

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

MANUFACTURING PLANTS

CEAT's purpose of 'Making Mobility Safer and Smarter. Every Day.' is reflected in its manufacturing capabilities. The Company has adopted state-of-the-art technologies augmented with robust systems and processes to achieve operational excellence. While achieving operational excellence, CEAT focuses on cleaner technologies ensuring minimum impact of its operations on the environment and society. The Company has also embarked on the journey of transformation towards Industry 4.0 technology capability, enabling optimisation of the manufacturing processes.

During the year, CEAT took dedicated initiatives with focus on enhancing the efficiency of its operations. Plants in Bhandup, Nashik, Halol and Nagpur have progressed significantly in improving the energy efficiency. The plants in Chennai and Nagpur were awarded Platinum rating whereas Halol plant received Gold rating by Indian Green Building Council ('IGBC'). In early 2020, CEAT inaugurated its 6th plant in India based in Kanchipuram near Chennai. This was followed by the launch of phase-II of Nagpur plant in August, 2020, which primarily caters to demands of two-wheeler tyre segment.

Manufacturing plant at Bhandup, Mumbai

SMART FACTORY ENABLEMENT FOR OPTIMISED PRODUCTION

CEAT successfully implemented Siemen's Manufacturing Execution System ('MES') in it's Nagpur and Chennai plants, while Halol plant already has a bespoke MES. The objectives of the initiative include reduced waste, increased output, optimised inventory management, decreased downtime and reduced costs associated with production.

MES through digitisation of all production processes, provides all metrics involved in manufacturing. KPIs on labour, scrap, downtime, and maintenance are monitored and recorded to provide a detailed cost analysis that contribute towards significant cost reduction. The production lines and finished goods are analysed to understand and prevent inconsistencies. In case problems are detected, the production line is halted for specific SKUs to reduce the number of defected parts produced, preventing further material wastage. Inventory management has been optimised at these locations to accurately monitor changing inventory needs to contribute to further wastage reduction. Downtime reduction involves tracking micro aspects of production to generate efficient production schedules. All these strategic objectives have contributed to operational excellence at CEAT.

CEAT has implemented the project in multiple phases while conducting extensive manager run training sessions for associates throughout the plants. The Company has been able to successfully achieve the objectives of the project. CEAT has recorded a marked improvement in operational excellence, power and material savings, scrap reduction as well as significant upgradation of skill sets.

In addition to the implementation of MES, the modules for Product Lifecycle Management ('PLM') software has also been upgraded. CEAT has also executed multiple use cases in big data analytics to discover valuable insights.

The Company also introduced Virtual Reality ('VR') based tyre building training for associates at Nagpur, Chennai and Halol plants. The technology not only saved time but also reduced the cost on training of new associates by 50%. At Halol, Energy Management Dashboard has been introduced leading to saving of 3,500 energy units per month along with the implementation of Uniformity Analytics which saved significant costs.

Manufacturing plant at Chennai, Tamil Nadu

OEM AUDITS

OEM audits play a significant role in assessing the manufacturing processes and products to gain a competitive edge in the market. These not only help in product approvals but also provide the opportunities for further improvement. In FY 2020-21, total 10 OEM audits were conducted across CEAT plants for various product and Quality Management Systems ('QMS') approval as well as periodic status review. Other than these, a few international regulatory compliance audits like Indonesian National Standard ('SNI') applicable in Indonesia market and domestic Bureau of Indian Standards ('BIS') audits also took place during the year.

TECHNOLOGY INITIATIVES

CEAT aims to lead the tyre manufacturing technology by focusing on continuous improvement and technological innovation. To enhance the operational efficiencies, CEAT has invested significantly in various manufacturing technologies.

CEAT has taken initiative to improve sustainability by reducing material usage in tyre manufacturing process using single wire bead construction, profiled or split squeeze construction for tyre inner liner, electron beam radiation process etc. To enhance the customer experience, CEAT manufacturing process is continuously upgrading the process consistency by newer tyre manufacturing technologies like single stage tyre building process for passenger car radial tyres, tandem mixer for compound mixing etc.

Dilip Modak
SVP - Manufacturing

CEAT leverages high-in-class automated technology in all its manufacturing processes ensuring product quality and process optimisation. In conjunction with the implementation of MES, CEAT seeks to transform its factories into smart factories through intelligent interfacing of machines and processes as a part of transformation towards Industry 4.0.

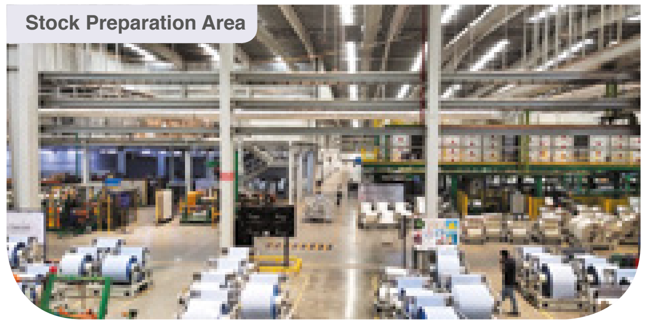
DIGITAL AND AUTOMATION COMPETENCIES

At CEAT, as a part of transformation of factories towards Industry 4.0, digital and automation competencies have become a key capability required to drive change and future productivity. Technical Academy which was established in 2017 to increase the technical competence of supervisory staff by imparting technical training on identified areas also rolled out digital and automation training in various phases across the new and old plants.

Over the last 4 years, 33 programmes have been built under Technical Academy. Number of trainings are provided based on top requirements across the plants or functions covering various topics such as condition-based maintenance, tyre basics, hydraulics, process trainings and so on. During the year, total 174 trainings were imparted across different plant locations.

CEAT has strong technology infrastructure and back-end systems linked with data security, to support its business operations. During the year, CEAT took appropriate steps to ensure availability of system access to its employees for remote working, with necessary cybersecurity measures.

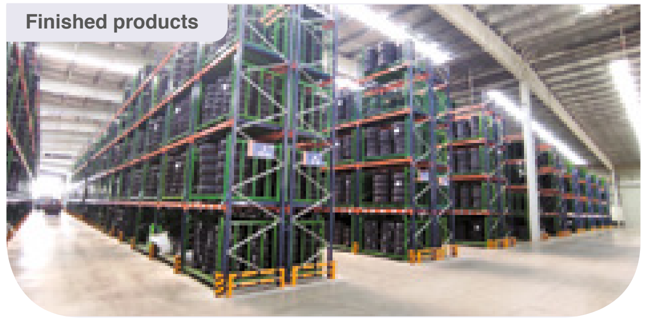
Stock Preparation Area



Tyre building

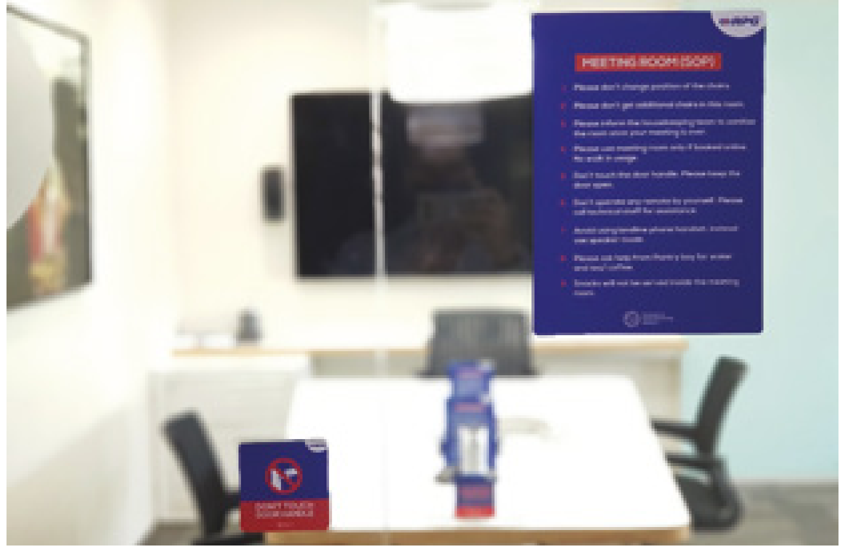
Curing process

Finished products



Response to COVID-19

CEAT has always considered the safety of its employees and workers of paramount importance. During the year this importance to safety moved one step ahead in the wake of COVID-19. The inevitable lockdowns stalled the production across all the plants. However, CEAT took the phase as an opportunity to put a plan of action in place in order to resume operations in a phased manner. Despite several challenges, with the implementation of stringent COVID-19 protocols, robust systems and processes and constant support of the workforce the Company re-started its operations in safe manner after the lockdown was lifted. The start-up manual and standard operating procedures were implemented across all plants to resume the operations. The slogan "Our Factories are safer than Homes" was communicated and a list of Do's and Don'ts was provided so that the manufacturing is disrupted at minimal level. Pandemic checklists, COVID-19 suspect handling and contact tracing procedures were prepared as per the Government guidelines to ensure safety of the employees and all the concerned at the respective locations. Further, several COVID-19 initiatives were implemented such as sanitisation of employee buses, plant sanitisation after every shift, regular sanitisation of hands, thermal screening at the plant entrance, wearing of masks and touch-free card punching etc. Social-distancing norms were mandated throughout the plant even during the meeting and lunch hours.



Newly inaugurated plant at Chennai, Tamil Nadu

Intellectual Capital

101
Patent applications filed as on March 31, 2021

1.4%
R&D expenditure as percentage of sales

175
New products developed

18
New design registrations

19.3%
Revenue generated from new products

INPUTS

- R&D facilities: **Halol and Germany**
- R&D spend: **₹ 104.9 Crores**
- Skilled resource pool: **300+**
- Digital initiatives
- Process excellence

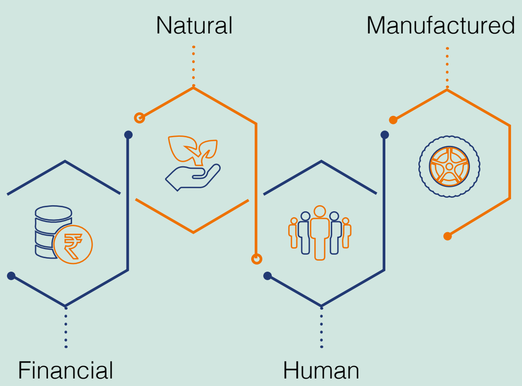
OUTPUTS

- Patent applications filed: **101 (cumulative)**
- New products developed: **175**
- Quality innovations: **373 projects**
- New OEM entries: **68**

OUTCOMES

- Customer satisfaction
- Business excellence
- Strong OEM relationships
- Leader in innovation
- Diversified product portfolio
- Intangible assets worth

Interlinkages with other capitals



Focus areas

- Creating sustainable products
- Product innovation / smart mobility
- Business excellence through QBM
- Digitsation and further technology advancement

Contribution to Sustainable Development Goals ('SDGs')

CEAT's Intellectual Capital plays a pivotal role in its endeavour to transform the future of mobility. The Company's goal is to foster an environment of constant innovation and agile practices across the business processes. This has been demonstrated by the adoption of Quality Business Management ('QBM') processes in each of the business functions. In its pursuit of innovation through technological advancements, CEAT aspires to enhance its product portfolio making it safer, smarter and sustainable.

> CEAT has achieved a milestone of over 100 patent applications till date.

RESEARCH & DEVELOPMENT

CEAT's emphasis on research has led to a culture of innovation and exploration of new technologies and techniques to deliver on the Company's commitment to excellence. The Company's research plans are focused on identifying potential new opportunities for growth within the tyre industry. The research and development team has a dynamic pool of dedicated researchers with a facility located in Halol, India as well as at the CEAT European Technical Centre ('CETC') in Frankfurt, Germany.

Over the past few years, CEAT's patent filings have increased significantly as a testament to the effort and meticulous planning of the research team. In this regard, CEAT has achieved a milestone of over 100 patent applications till date, with a specific of 25 patents filed during FY 2020-21. A few of the innovative products include puncture safe tyres for 2-Wheelers and tyres for Electrical Vehicles in all product categories. Driven by the Total Quality Management ('TQM') approach implemented by the Company, the research and development at CEAT follows a five-year technology-oriented roadmap which drives a strategic forecasting of the emerging technological changes within the mobility sector.

CEAT has collaborated with several educational institutions on short-term projects, designed to deliver industry exposure to students with technology-oriented educational backgrounds. This creates additional value for the stakeholders of the Company through adoption of the innovative inputs of the best minds, from India and overseas. As part of long-term capability development projects involving doctoral students, CEAT is working with Indian Institute of Technology on projects in the areas of tyre noise simulation, material modelling and cavity noise reduction concepts.

Over the past few years there have been synergies between different

R&D facility at Halol, Gujarat

functions along the value chain, significantly contributing to innovation and excellence at CEAT. A few such initiatives included CEAT's focus on developing relationships with local mould suppliers at key locations within India, to help reduce overall dependency on importing moulds from Europe, China and Korea, resulting in a substantial cost benefit. Joint developmental planning and collaboration with raw material manufacturing companies similarly aids CEAT in becoming self-reliant to introduce indigenous sources of raw materials such as special resins, high performance silica and fuel-efficient carbon black.

Puncture Safe Tyres

CEAT's research and development efforts focus on both end user convenience as well as safety, amongst other factors. One of the frequent challenges for the customers are tyre punctures, resulting in inconvenience as well as potentially dangerous conditions for the vehicles and the drivers. To address this, CEAT has successfully developed an in house technology of sealant gel which seals the puncture once the object that caused the puncture is removed.

With several Intellectual Property ('IP') rights being created during this process, CEAT received an encouraging feedback from the market, indicating wider acceptance of the solution by customers. This has helped strengthen CEAT's position as the only tyre company, offering puncture safe products within the 2-Wheeler segment. The product has increased riding confidence among customers and has been a strong example of CEAT's technical prowess in developing specialised 2-Wheeler tyres. This project is a strong example of CEAT's ability to undertake more such innovative and challenging projects in future.

QUALITY BASED MANAGEMENT ('QBM'): CEAT'S WAY OF BUSINESS EXCELLENCE

CEAT started its journey of business excellence through its QBM philosophy in 2009 and was recognised by the prestigious 'Deming Award' by Union of Japanese Scientists and Engineers ('JUSE') in 2017. The award was a testimonial of CEAT's approach of 'Quality of Management' in its operations and processes. QBM is CEAT's way of implementing TQM and business excellence in processes such as policy management, daily management, and cross-functional management to strengthen performance improvement across all functions.

Recently, CEAT completed the post-prize review held by JUSE, after three years of winning the Deming Prize. The Company has experienced a paradigm shift in its thinking towards being vision-driven, on both the operational as well as strategic fronts. At CEAT, all activities and processes are geared towards enhancing end-to-end quality to achieve customer satisfaction.

By FY 2020-21, CEAT has achieved the highest ever total employee involvement in improvement projects by using QBM methods. A total of 4,660 person-days training was provided during FY 2020-21, to enhance the competency on QBM methodology and tools resulting in data-based decision-making at the leadership level. In FY 2020-21, 65,589 continuous improvement projects, called Kaizens, have been implemented addressing safety, quality, delivery, cost, and employee moral related improvements. CII (Confederation of Indian Industry) Kaizen Circle Competition throughout State and National levels awarded 5 teams from CEAT. As a part of Lean Management, CEAT has further leveraged the value stream mapping process and eliminated 275 Muda (waste) and 4,836 Muri (overburden) elements from various processes. As a result, CEAT have reduced the manufacturing lead time of PCR, TBR, and 2-wheeler by 30% through SMEDs (Single-Minute Exchange of Dies) implementation, scheduling algorithm modifications, and optimised in-process inventory control. Lean management is also extended to the entire supply chain.

CEAT has completed 373 Quality Improvement Projects ('QIPs') which have resulted in savings of around ₹ 30 Crores annually. Same Day Delivery is an initiative undertaken to send across the products faster to the channel partners within the domestic market.

CEAT has extended implementation of '5S' method under QBM beyond the manufacturing plant boundaries to the CFA's and CEAT Shoppes to ensure that customers get assembled and cleaned tyres.

In order to reduce the human intervention across various processes, 136 Human Error Prevention projects were concluded. SPARSH (Sustainable, Productive, Accurate, Reliable, Safe, and Healing) an innovative approach being followed in CEAT through 12 stages of problem-solving identified key areas of improvement in the respective work areas. 2,499 associates participated across the manufacturing plants, and 647 projects have been completed under this programme in FY 2020-21.

The methodology has also been extended to key outsourcing partners. CEAT teams have also participated in external forums and won 13 super gold, 22 gold, and 1 silver awards in chapter conventions on quality concepts, and 8 par excellence and 19 excellence awards in national conventions on quality concepts held by the Quality Circle Forum.

Testing laboratory at Halol, Gujarat

> During the year, 65,589 Kaizens, 373 QIPs and 647 SPARSH projects were carried out to enhance overall performance.

DIGITISATION

The digital landscape defines the future of global innovation and production. The Company's focus on delivering innovative and quality products within stringent timelines considers an emphasis on reduced costs to ensure effective competitive performance in the current demanding environment. CEAT has also implemented digitisation and automation in research and development to reduce overall development costs. In FY 2020-21, CEAT has made several key strategic investments. These include investments into Computer Aided Design ('CAD') customisation, Product Lifecycle Management ('PLM') upgrades, supplier collaboration modules, simulation automation, material and testing lab digitisation and Manufacturing Execution System ('MES'). CEAT has also taken part in the development of a test data management system considering indoor and outdoor testing and claim data management. This has significantly aided in reducing New Product Development ('NPD') cycle frequency and has also reduced the number of overall design iterations.

E-COMMERCE: ENABLING CEAT'S DIGITISATION JOURNEY

The penetration of e-commerce platforms in India was around 4.7% of the total market share in 2019 and is expected to double to 10.7% by 2024, with a projected customer base of 300-350 Million e-retail shoppers.

To keep pace with the changing consumer behaviour, CEAT understands the customers' need to do online product and price discovery as well as buy tyres online in easy steps. To deliver a superlative customer experience, CEAT revamped it's website in FY 2020-21 with leading industry technology platforms like Adobe and Salesforce. With this development, CEAT now offers an omni-channel experience to the customers spanning across different business models of home delivery, home fitment and pick up at store.

The website has a 'Recommendation Engine' that helps the customers to identify and choose a tyre, best suited to their needs. The website chatbot is on WhatsApp that helps customers with queries on product, dealer, complaints and general queries. Further, CEAT's product experts' helpline guides the customers to choose the right product, find the nearest dealers and understand the warranty registration process. In addition, CEAT has made innovative use of Artificial Intelligence ('AI') analytics in its extended warranty process wherein the relevant details are detected from the uploaded tyre image and customer warranty is registered over the website.

> "Since the launch of the revamped website, visitor traffic has increased by over 100%."

RESPONSE TO COVID-19

The COVID-19 pandemic made the world stand still for a while, to deal with undoubtedly one of the greatest challenges ever faced by the mankind globally and impacting businesses severely. To overcome the challenges posed by the pandemic, CEAT adopted technological measures for sustained business operations. Through technological innovations, CEAT made use of the officially available COVID-19 data to identify affected zones and risk areas and accordingly plan its sales, service and value chain appropriately. CEAT introduced Permanent Journey Plans ('PJP') for virtual dealer visits substituting for physical interaction. CEAT utilised Netra, a video analytics application developed by KEC International (RPG Group company), to monitor social distancing, at Halol and Nagpur plants. CEAT's marketing strategies have therefore been realigned to the ongoing pandemic situation in an apt and organised manner.

Human Capital

CEAT aims to promote a culture of collaboration by nurturing and inspiring workforce through active engagement and works towards building organisational capability by creating a proactive, open and growth-oriented culture within a safe working environment. As a result, the Company has been able to earn and retain a reputation of being a great place to work. CEAT focuses on attracting and retaining the best talent as part of its human capital.

7,529
Permanent employees

33
Rank for Great Place to Work (moving 2 places up as compared to FY 2019-20)

23
Sessions conducted in fitness series

8.7%
Permanent women employees in management category (an increase of 27% compared to FY 2019-20)

98.7%
Employees returned to work after parental leave

69.7%
Share of millennials* in CEAT's management workforce

*born between 1980-1994

> With the assistance of Chief Fitness Officer, more than 100 personal health transformational journeys have been achieved during the year.

INPUTS

- Diverse talent pool: **8.7% permanent women employees (management category)**
- Employee engagement
- Employee health, safety and wellbeing
- Capability building

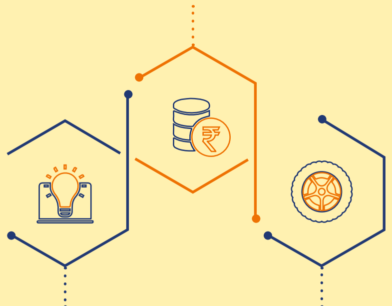
OUTPUTS

- Employee productivity
- Strong succession
- Employee wellbeing/ safe workplace

OUTCOMES

- High performance culture
- Aspirational employer brand
- Quality of life

Interlinkages with other capitals



Focus areas

- Aspirational employer brand
- Diversity and equal opportunity
- Capability building
- Employee wellbeing, health and safety
- Employee engagement

Contribution to Sustainable Development Goals ('SDGs')

EMPLOYEE WELLBEING

The holistic wellbeing of employees has always been a priority for CEAT. This focus on employee wellbeing was instrumental while dealing with COVID-19 pandemic during the last year. The pandemic underlined the need to provide uninterrupted support to enable employees manage unforeseen circumstances. The Company has been successfully providing seamless support to ensure physical as well as mental wellbeing of its employees.

Even before the emergence of pandemic, CEAT appointed a dedicated Chief Fitness Officer, undertaking responsibility to ensure an all-round healthcare of employees. During the year, the Chief Fitness Officer proactively connected with employees to discuss preventive and recuperative healthcare subjects that includes building immunity, diet counselling and hygiene amongst others. CEAT has also set up a dedicated hotline for employees to leverage the Chief Fitness Officer for personalised counselling on health-related issues. As a result of these efforts, more than 100 personal health transformational journeys have been achieved during the reporting period.

In partnership with various health care providers, CEAT offered end to end COVID-19 related facilities for its employees beginning with teleconsultation from doctors and testing aid to home isolation and hospitalisation support.

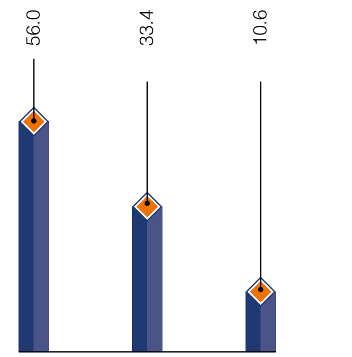
EMPLOYEE ENGAGEMENT

Employee engagement is endeavour to connect deeply with Company's Human Capital, in matters of work and beyond. CEAT has adopted a multi-dimensional communication to foster a spirit of camaraderie and open, transparent culture at the workplace. Managing Director Connect calls spanning across the Company with open house for questions is the guiding template for a discussion based work culture. People processes hinging on regular two-way communication, structured development initiatives built on harnessing people capabilities & synergies keep the employees connected and motivated. R&R (Rewards and Recognition) platform CHAMP reinforces employee motivation by recognising employees across extremely diverse categories for workplace contribution. CEAT Pulse is an endeavour to connect with the workforce beyond work.

Emotional and Mental Health

Emotional and mental wellbeing remained an important focus area in the overall health and wellness initiatives. CEAT collaborated with other clinics and institutions to offer an Employee Assistance Programme that enable employees and their immediate family members to get counselling or consultation from an expert on a spectrum of issues like stress, anxiety, addiction, trauma. Active contextual interventions were also carried out in partnership with other clinics for employees. A total of 256 employees and their 83 family members have been supported for mental health.

Agewise Breakdown of CEAT's workforce in FY 2020-21 (in %)



Key Initiatives

Happiness Quotient

CEAT believes in providing its employees a truly rewarding experience with cutting edge people practices. As part of the RPG Group Companies, CEAT has set off on a bold and novel journey of moving beyond engagement and focusing on employee happiness. The Company is aligned in belief that a happy employee can truly work to his/her potential and lead a more fulfilling life at work and beyond. An organically developed happiness survey was rolled out to employees for the first time in FY 2020-21.

Hobby Clubs

Considering the areas of interest of the employees, hobby clubs were introduced comprising of a wide range of courses such as cooking, gardening, photography and running which aimed to groom employees through a dedicated mentorship and expert guidance.

The initiative helps engaging employees in their passion beyond work, facilitating new learning and showcasing their talent, like few of the photography in this Report are from CEAT employees who are part of the photography cohort.

CEAT Pulse

The technology-oriented initiative aims at getting acquainted with employees beyond the hours of work through recorded conversations and valuable feedback. The application helps in bringing the management and employees to interact in a free-wheeling atmosphere.

Quarterly Connect Calls

The quarterly connect calls or townhall aims at introducing and updating the employees about the various initiatives in the CEAT universe. During the session, a Q&A segment is conducted for employees to directly connect with the Managing Director.

CoFit-20 Initiative Focusing on Fitness

CoFit–20 was launched with renowned fitness expert with focus on activation of muscles that become inactive in sedentary working environment and constraint mobility due to the pandemic. Fitness sessions conducted by a renowned fitness expert, focused on working of the entire body and exercises particularly targeting activation of muscles that become inactive due to long working hours in sedentary working environment were aired across the Company. Targeted session on developing fitness of focused employee groups engaged in physically challenging work such as, vehicle dynamics and testing team were also undertaken by the fitness expert.

DIVERSITY AND EQUAL OPPORTUNITY

With the agenda of incorporating a diverse and inclusive culture, several programmes or initiatives were conducted for building awareness and creating a sensitive, unbiased and equitable work culture including participation in awards and social media platforms focused on diversity. CEAT is one of the first tyre Company to hire female employees on the shop floor. The diversity agenda has been considered as a policy goal by the top leadership team.

Hiring and retention of women employees is being prioritised actively. Employee referral scheme is designed to incentivise referral of diverse candidates. With a focus on retaining female employees, exit interviews have been made specific and sensitive to women attrition. CEAT achieved its target of gender diversity in hiring at 29.5% against 20%. Development of the women workforce has been given special focus with womentoring (mentoring women employees) initiatives along with exposure to external forums and trainings on various topics of relevance. During the year, 73 women were enrolled under these initiatives.

This year, CEAT has taken a step ahead in inclusion with differently-abled as the target group. To create an ecosystem where people are oriented to working with differently-abled employees, sensitivity and sign language trainings were conducted for the team members. As of March 31, 2021, the Company employed 26 people under the differently-abled category on a permanent basis.

The people policies at CEAT help foster a culture of inclusion and diversity, in addition to a flexible work environment which results in low employee turnover. During the year, 806 employees were separated, out of whom 7.6% were below 30 years, 1.7% were between 50-30 years and 1.4% were above 50 years of age.

Diversity of Workforce

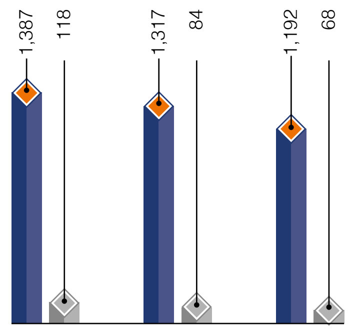
This year a new focus was introduced on hiring from North East and J&K region to enhance the geographical inclusion. Proactive campus identification was done to promote geographical diversity at entry level and hiring from campuses like National Institute of Technology ('NIT') Srinagar and Meghalaya and Assam University was conducted. For the new hires, 23.2% employees were women. 22.7% of recruited women were below the age group of 30 years.

Parental Leave

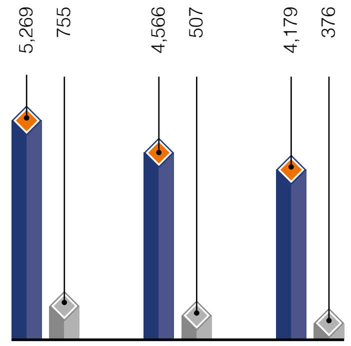
To maximise the employee retention rate, CEAT has taken progressive steps in providing paternity and maternity leaves for its employees. In FY 2020-21, total employees who availed parental leave were 155 and 153 returned to work. Furthermore, 100% were still employed after 12 months of their return to work.

Overview of CEAT's workforce

Management



Non-Management



Employees Hired in FY 2020-21

	<30 years	30-50 years	>50 years
Male	1,184	52	6
Female	367	6	2

"CEAT achieved its target of gender diversity in hiring at 29.5% against 20%."

CAPABILITY BUILDING

CEAT's competitive and innovative strength is reflected in its highly qualified and skilled workforce. Company is continuously upgrading the training infrastructure and programmes to build skills of its employees in the age of the digital revolution. Through bespoke awareness programmes and customised trainings for its employees, CEAT aims to build a competitive edge among its peers. During the year, 89,227 training hours were spent across the Company. In addition to the interventions, CEAT continued to engage its young employees with top management through Future Leader Board ('FLB').

ZERO HOUR

Key Interventions

Leadership Development

CEAT believes that each employee is a leader. All employees undergo leadership development interventions. Some are in the leading self domain which focuses on building self awareness, some programmes are under the people leadership domain which focuses on building exceptional managerial and leadership skills. CEAT extensively uses coaching and mentoring to build leadership capabilities at different levels.

Self paced and on demand learning: Percipio

CEAT encourages self paced and on demand learning through e-learning. Through Percipio, the online learning platform, 7,001 trainings were imparted. The topics covered were communication, presentation skills, quality management, digital skills and Six Sigma amongst others.

Zero Hour

CEAT encourages employees to devote one hour per month towards their personal learning and development. It organised several talks by industry experts on building of current and future capabilities. Employees from across the length and breadth of the organisation block this one hour each month to come together and learn.

Technical and Sales Academies

At CEAT customer obsession is a way of life. To further this value, we run the Technical and Sales Academies. The technical academy focuses on building knowledge and skills in CEAT employees involved in manufacturing. The sales academy focuses on helping the sales team building critical competencies that are required to win in the marketplace. These programmes are designed after extensive discussions with leaders from the respective teams and are delivered by internal and external SMEs.

AVERAGE TRAINING HOURS PER YEAR PER EMPLOYEE IN FY 2020-21, BY EMPLOYEE CATEGORY

Management	Non-Management	Permanent Female Employees
37.7	5.3	4.7

HUMAN RIGHTS AND LABOUR RELATIONS

CEAT is committed to protecting and respecting Human Rights and takes stringent actions against the identified violations. Providing equal employment opportunity, ensuring distributive, procedural and interactional fairness, creating a harassment-free safe environment and respecting fundamental rights are some of the ways in which it ensures the same. CEAT respects the right of employees to free association without fear of reprisal, discrimination, intimidation or harassment. The employees are represented by formal employee representative groups. They also uphold the collective bargaining rights among the employees by recognising and supporting labour unions across the sites.

Currently, there is one recognised employee association across the Company and 1,982 workmen are its members constituting 26.3% of the total permanent employees.

Furthermore, there have been no complaints alleging child labour, forced involuntary labour or discriminatory employment during the reporting period.

OCCUPATIONAL HEALTH AND SAFETY

Providing a safe, healthy and environment-friendly workplace is one of the prerequisites for conducting business responsibly and enhance operational efficiency. The Company wide safety policy ensures that there is complete awareness with regards to safety across all the operations. Over the years, CEAT has implemented a number of initiatives to improve the health and safety conditions of the employees.

For the better management of occupational stress, a questionnaire survey is provided to workmen for seeking their feedback. Regular exercise sessions are conducted for workmen before the start of the shift. In addition, counselling services are provided as and when required inclusive of non-work-related issues as well. The services of the local hospitals are used effectively to avail aspects of health checks and surveillance for workmen.

> "Adequacy study of 360-degree machine guarding was done during the year"

Hazard Identification and Risk Assessment ('HIRA')

The occupational health and wellbeing, health surveillance, ill health and absenteeism monitoring policies and procedures are documented in Integrated Management System Level 2 Manual. CEAT also has a corporate EHS Standard on Occupational Health Management System describing primary, secondary and rehabilitation services. Occupational health objectives are set at the beginning of the year as per EHS strategy and roadmap like reduction in number of occupational illness cases, number of MURI (fatigue) reduction projects implemented, % compliance to occupational health risk mitigation plan, reduction in respirable carbon dust in mixing in mg/m^3, reduction in noise level in boiler and utility. The targets are set and monitoring is done during monthly operations review by Vice President of Operations and Senior Vice President of Manufacturing.

The Occupational Health Hazard Identification and Risk Assessment such as Manual Material Handling ('MMH') assessment, workstation ergonomic assessment, Display Screen Equipment ('DSE') assessment is carried out at the site and critical risks are identified. Risk mitigation plan is prepared considering hierarchy of controls and first priority is given to elimination or substitution and engineering controls. The procedures for managing specific risk to women of childbearing age is also defined in the occupational health standard. The Occupational Health Centre ('OHC') is set up for workforce to provide pre-work medicals against specified fitness standards. Fitness for work is monitored through ongoing health surveillance based upon task or activity risk profiles and regular follow up is taken using a colour card system. Health surveillance and medical examination provide baseline for ongoing health management information. The external hospital is used as a support resource.

First aid and necessary equipments are provided to all the personnel as per the requirement. A standard checklist is maintained for periodical inspection of OHC equipments, eye showers and first aid boxes. The findings derived from these inspections are discussed during departmental safety meetings.

Commitment to 'Zero Accidents'

CEAT has implemented and maintained a health and safety management process that incorporates legal requirements as well as the recommendations of the ISO 31000 standard for risk management within the workplace. The management process covers all permanent and contractual workers at Bhandup, Nashik, Halol, Nagpur, Ambernath and Chennai plants.

CEAT's commitment to 'Zero Accidents' has translated into a mobile application, which allows workers to report hazards and hazardous situations, in addition to the provision of registers and forms on the shop floor.

The Company could achieve zero fatalities during the year due to the implementation of the following initiatives:

- Enhancement in HIRA by adding detailed hierarchy of controls in HIRA form and inclusion of human factor elements in the risk assessment template. Development of dynamic risk assessment approach for non-routine activities. Stronger risk assessment for machinery to be developed and complete detailed fire risk assessment for occupied building to be carried out
- Enhancement and sustenance of Behaviour-Based Safety Management System
- Strengthening of training need identification process
- Formalisation of job safety observations and recording to reinforce OHS training implementation post-delivery
- Visualisation of operating procedures showing hazards and risk controls
- Adequacy study of 360-degree machine guarding was done during the year
- Risk based safety inspections are carried out.

The work related injuries in FY 2020-21 accounted for 2,25,13,741 person hours are as below:

Particulars	Total for FY 2020-21
Work-Related Injuries	25
Lost Time Injuries	1
Rate of Recordable Work-Related Injuries	1.1*
Lost Time Injury Frequency Rate	0.04*
Fatalities	0
Fatality Rate	0

*The rate of recordable work-related injuries and lost time injury frequency rate has been calculated based on 10,00,000 hours worked.

Safety Training

CEAT focuses on creating a safety enabled workplace by imparting regular EHS trainings. In addition to periodic training sessions provided to permanent and contractual employees, mandatory training sessions are also conducted for newly hired employees.

In the reporting period, CEAT has conducted the work-related health and safety trainings on subjects such as, machine guarding, hazard identification, environment and related trainings etc.

Safety Committees

CEAT has established a central safety committee that meets on a quarterly basis and a departmental safety committee that convokes on a monthly basis. The committees are chaired by the Plant Head and Department Head, respectively and constitute permanent as well as contractual employees for assisting and co-operate with the management to achieve the objectives of the Company's Health and Safety Policy. They also deal with matters concerning health, safety and environment to arrive at practical solutions.

Grievance Mechanism

CEAT has an effective grievance redressal mechanism in place for its employees to raise any workplace related concerns. It offers a digital platform, Bol Bindass, for its workmen to raise their day-to-day operational concerns. Complaints can also be raised offline by the employees through Red Book. The intent of these platforms is to connect back to the complainant with closure. Monthly meetings are conducted with the safety, transport and canteen committees to discuss the grievances captured in the Red Book or Bol Bindass followed by the closure process.

CEAT has also deployed a chatbot known as 'Sherlock' to handle queries related to company policies and employee grievances.

Milind Apte
Chief Human Resource Officer

CEAT aspires to build strong relationships with its employees and make concerted efforts to inculcate an environment of care and trust among them, while focusing on quality of talent and succession in the organisation. CEAT focuses on holistic wellbeing for its people through initiatives such as Co-Fit-20 and now On Road to Recovery. The implementation of robust safety management systems epitomises its commitment to zero injuries. CEAT also promotes a diversified work culture inclusive of people from varied backgrounds, knowledge, experience and abilities.

RESPONSE TO COVID-19

Employee wellbeing is inextricably linked to CEAT's culture that penetrates to all the levels within the Company. However, the outbreak of COVID-19, made CEAT to relentlessly focus on both the physical and mental welfare of its personnel. CEAT has made significant efforts towards making the plant safer than homes. They have implemented appropriate COVID-19 protocols through a start-up manual and quickly adapted the same at sites and administrative offices by regularly sanitising communal areas, providing signage and enhancing awareness. CEAT maintained strong management oversight and support for its people including awareness of employees needing to quarantine, returning from foreign travel and shielding vulnerable family members.

In one such instance, CEAT helped one of the female associates with travelling arrangements who was unable to meet her child for 3 months. The employee's safety was also assured by having a few associates accompany her while travelling.

Natural Capital

1.27 Million GJ
Renewable energy consumed

9,158 MT
Reclaimed rubber used

1,772 tCO_2e
Emissions avoided

32,785 GJ
Energy savings achieved in FY 2020-21

INPUTS
- Use of renewables
- Energy management
- Water management
- Environmental management system
- Waste management

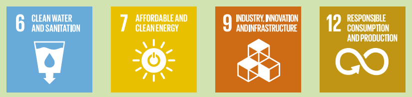
OUTPUTS
- Total material recycled
- Specific energy consumption
- Waste generated and recycled
- Specific water consumption reduced by **20%**
- Scope 1 and 2 emissions reduced by **13%**

OUTCOMES
- Reduced environmental footprint.
- Proactive environmental sustainability plan

Interlinkages with other capitals

Focus areas
- Materials management
- Environmental impacts
- Energy and emissions management

Contribution to Sustainable Development Goals ('SDGs')



CEAT understands the needs of addressing various challenges posed in these unprecedented times, especially the environment. In keeping with ethos of protecting the earth, CEAT takes conscious efforts to address natural capital related challenges. Aligning with a strong commitment towards ESG, CEAT continues to integrate sustainability as a crucial part of the business and envisaged plans on going green and halving carbon footprint by 2030. As part of the journey to achieve the goals and plans, CEAT continues to take efforts towards responsible management of resources and environment.

> Plant in Chennai has been awarded Platinum under Indian Green Building Council ('IGBC').

CEAT's Sustainability Journey so far

Vision 2030

ESG framework strengthened and ESG Vision framed - 2021

Published maiden Integrated Annual Report - 2020

Strong focus on sustainability while defining Purpose statement - 2015

Strengthening existing sustainability practices while developing long-term vision and goals

The commitment covers lifecycle of tyres from production, downstream supply chain to the end use by customers. The Company uses the levers of culture, operational systems and management systems to achieve its long-term goals of minimising its adverse environmental impacts on the planet and communities. This year, CEAT is leveraging its focus towards: end-of-life tyres management, greener products and renewable energy. The Company is also taking efforts to improve green cover of its plants. Moreover, plants in Chennai, Nagpur and Halol have been awarded Platinum and Gold level certification under Indian Green Building Council ('IGBC') Green Factory Buildings Rating Systems.

As a part of its journey towards decarbonisation, the Company has set up robust framework to define goals, targets and roadmap to work on the common vision. The framework includes cross functional teams, who are instrumental in setting up goals and targets, and monitoring of Key Performance Indicators ('KPIs').

Target of 20% carbon footprint reduction (scope 1 & 2) by FY 2021-22 considering base year 2020-21) was set at plant level. Plant level managers look after the performance and have also provided roadmap for carbon footprint reductions. Progress against these goals and targets is monitored at plant level well as centrally at corporate level.

The Company has a robust framework in place to identify environmental risks and to develop mitigation plans. The Risk Management Committee carries out periodic review of identified risks to look for the areas of improvement.

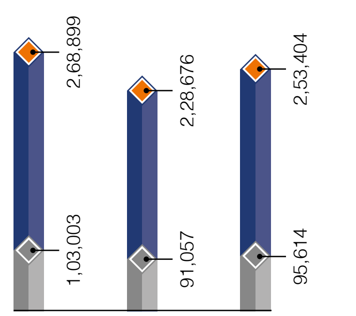
The Company promotes continuous improvement and monitoring of its manufacturing plants, which has led to have all of its plants ISO 14001:2015 – Environmental Management Systems ('EMS') certified. With an aim to drive improvement of energy performance, the Company has set a target to certify all of its plants.

Currently, Nashik, Bhandup and Nagpur plants are ISO 50001:2018 certified. The Company conducts its due diligence of its new suppliers before getting into any agreement. The assessment is not limited to product quality but includes sourcing of its suppliers based on environmental criteria.

MATERIAL MANAGEMENT

With the growing demand for sustainable products by the customers, the Company aims to responsibly procure the agricultural raw materials from its vendors. This has been achieved through a combined effort of increasing the use of green materials like silica and recycled materials and various simulation and design techniques to reduce the volume of raw materials. There was no procurement of materials having any supply restrictions in India. The total direct raw material procured in FY 2020-21 was 3,71,902 MT out of which, the total renewable materials consumption increased by 13% as compared to FY 2019-20. The Company has also set targets to increase the use of green materials to 75% and 80% in the select sizes in PCR and TBR segments respectively. This year, the total reclaimed rubber has been 9,158 MT of the total raw materials procured.

Material Consumption (MT)



This year, the total reclaimed rubber has been 9,158 MT of the total raw materials procured.

CEAT's constant efforts to source raw materials in a sustainable manner led to an increase of ~13% renewable materials over the previous year.

ENERGY PERFORMANCE

CEAT recognises that energy is vital for social, economic and environmental development and has implemented various energy saving projects that have resulted in huge energy cost savings. The two primary sources of energy required for the operations are electricity and natural gas. The energy consumption at the plants are assessed by the total power and fuel costs which account for losses, repairs and maintenance costs, operational costs etc. In FY 2020-21, one of CEAT's operations at Bhandup plant had abated power and fuel costs by 13.7% despite the rise in the volume of production. As part of its commitment to reduce the overall carbon footprint, the Company has been continuously focusing on greening the energy mix through procurement of renewable energy through Power Purchase Agreements ('PPA') with the utilities and other wheeling agreements.

CEAT reduced its dependency on the usage of non-renewable energy sources by increasing renewable energy consumption derived from Biomass and Solar Energy.

Currently, A 10 MW of renewables power has been obtained at Nashik and Halol through a group captive power plant. Similarly, Bhandup plant has proposed to obtain 51% of solar energy in its energy mix through 9 MW group captive plant.

Energy Cost Savings:
Total Energy Savings is ₹ 16.94 Crores

Other plants such as Halol, Nagpur, Chennai and Ambernath are focusing more towards increasing solar rooftops installations by increasing its total capacity to 5 MW and 1.3 MW respectively. The focus on increasing the renewable energy capacity is an important step for CEAT to achieve its carbon footprint reduction goals.

To further decarbonise the plants it operates, the Company had added another component to decrease its carbon footprint. This was achieved by switching its primary source of fuel i.e. coal to briquettes. Currently, at Bhandup plant, 80% of its fuel comes from briquettes. Natural Gas is regarded as a cleaner fuel as compared to other primary sources of energy and can easily solve the issue of emissions and air pollution when replaced with diesel or coal. The plants at Halol and Bhandup have availed the support of obtaining gas from Gujarat State Petronet Limited and Mahanagar Gas Limited at economical prices.

This year the total energy consumption is 21,80,334 GJ, where the renewable energy consumption increased significantly as compared to last year. The overall energy consumption increased due to the new plant commissioned in Chennai and the inclusion of Ambernath plant in this year's scope of boundary.

Energy Saving Initiatives

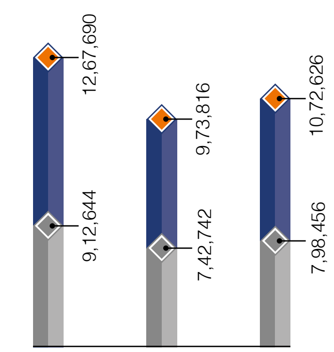
CEAT has implemented many energy saving initiatives at its plants to improve operational efficiency, reduce energy losses through the optimisation of energy consumption and rate of production through the optimisation of energy consumption and rate of production. This has been done through retrofitting, improving the efficiency of boilers, use of inexpensive and cleaner fuels such as piped gas.

The energy savings have increased to 32,786 GJ as compared to last year. CEAT has been well-appreciated for its efforts to produce greener tyres by its customers or Other Equipment Manufacturers ('OEMs'), as it helps in significant reduction of carbon footprint of their manufacturing processes. Their well-known Radar Brand Type tyres facilitated in carbon offset of one the OEM's manufacturing process by 2,262 tCO_2e. At Bhandup Plant, major projects were undertaken to reduce the Transmission and Distribution ('T&D') losses. The initiatives taken were replacing old pumps and motors with energy efficient ones, upgradation of Access Control Systems ('ACS') 1,000 controls, onsite balancing of blowers and Variable Frequency Drivers ('VFD') fixing and reduction of compressed air consumption. This has significantly improved the power cost by 14.2% as compared to last year and the power ratio (kWh/kg) is 0.618 kWh/Kg which is considered to be the Industry best. Similarly various measures were taken to improve the fuel cost (₹/kg) by 18%.

This has been achieved by several initiatives such as the installation of new boiler de-aerator, replacement of old TD trap with type steam trap, removal of unwanted hot water and steam pipelines, and modification of cement room steam line.

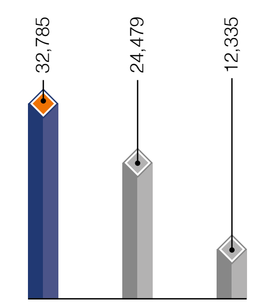
Steam cost has also been used as a factor to showcase energy performance of the plant. The cost serves as a basis for the optimisation of cost minimisation and improvement of efficiency of the boilers in the system. This has been done through installation of higher capacity heat exchanger, modification of multi-cyclone separator use of an auto-soot blowing system, heat extraction from air compressor oil, boiler automation and bag filter cage modification. This has led to a significant reduction in steam cost to 1.95 of steam which amounts to 17% improvement as compared to last year. .

Energy Consumption (GJ)

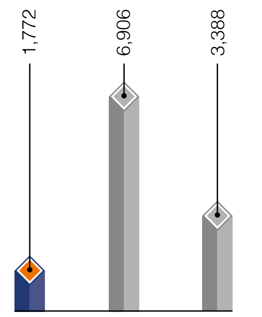


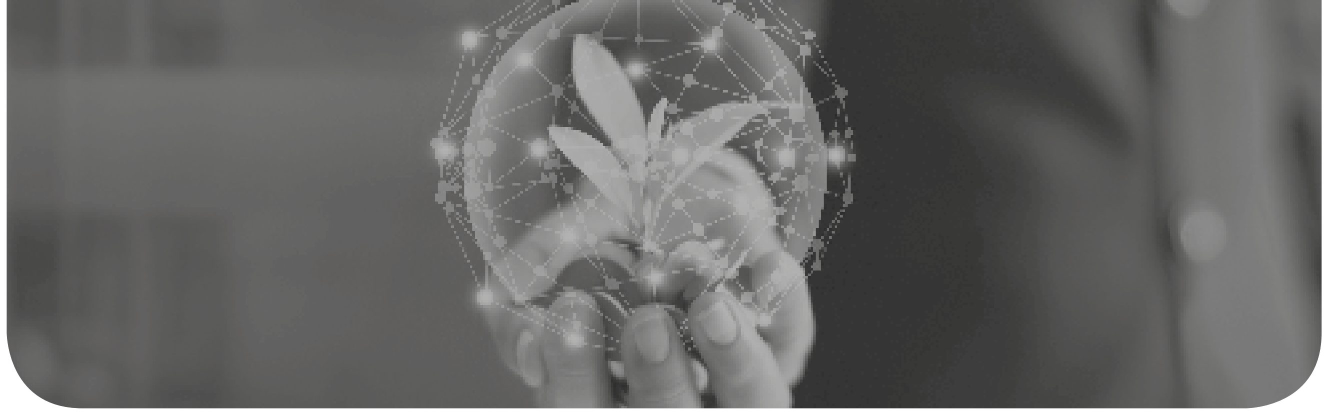
This year, the overall emissions avoided has been 1,772 tCO_2e. There has been a drastic reduction in emissions avoided due to the addition of Chennai and Ambernath plants in FY 2020-21. This has increased the overall fuel usage leading to less emissions being avoided despite the energy savings measures across the other plants.

Energy Savings (GJ)



Emissions Avoided (tCO_2e)





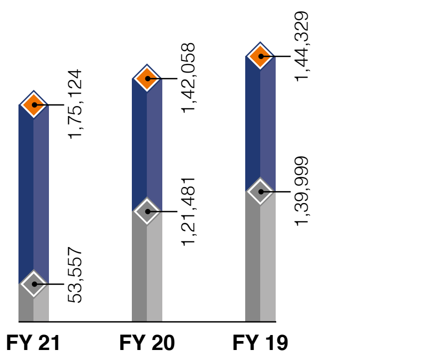
EMISSION REDUCTION

GHG emissions are correlated with the energy consumed in the operational plants. CEAT is very much aligned with its target to reduce its carbon footprint by 50% by the year 2030.

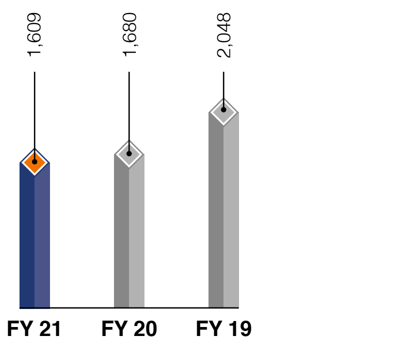
Scope 1 emissions have been reduced by 60% and this was majorly contributed by the increased use of renewable energy for power generation. The company expects to increase installed capacity of renewable energy plants by end of this year. The carbon emissions for this year 2020-21 is 2,28,681 tCO_2e. CEAT's efforts have led to an overall decrease in GHG emissions (Scope 1 and 2) by approximately 13%.

The Company has been proactive in reducing its emissions that go beyond its operations. Network optimisation by increasing the number of fleets, reducing of rolling resistance of tyres of trucks used for logistics. This year the overall contribution of Scope 3 GHG emissions is 1609.208 Mn tCO_2e.

GHG Emissions (tCO_2e)



GHG Emissions Scope (Mn. tCO_2e) scope 3 emissions



Anant Goenka
Managing Director

We have taken a target to reduce our carbon footprint by 50% by 2030. We will work towards this goal in our factories, transportation, conscious sourcing, product use and end of life of the tyre. We are enhancing our share of renewable energy as an energy source in our plants as well as reducing water consumption. With efforts to adopt circular economy principles, we also work towards recycling of scrap generated during the tyre-making process and increased use of reclaimed rubber.

> "CEAT's efforts have led to an overall decrease in greenhouse gas emissions (Scope 1 and 2) by approximately 13%."

Stack Emissions

Non-GHG emissions consist of SOx, NOx and Total Particulate Matter('TPM'). These emissions are continuously monitored through Continuous Emissions Monitoring Systems. Further, the compliances checks are verified by a third party organisation. All the plants located in different locations have set out an internal target to reduce further from the already set limits proposed by the State Pollution Control Board ('SPCB') by 50%.

The emissions are computed based on its flow rate and the concentration of Particulate Matter, Sulphur Oxides and Nitrous Oxides released in gases. The increase in the emissions arising from particulate matter is due to the inclusion of Chennai and Ambernath plant in scope of boundary. The values for previous years are as follows:

Stack Emissions Constituents

Parameters in Metric tonnes	FY 2021	FY 2020	FY 2019
Particulate Matter (PM)	**164**	197	167
Oxides of Nitrogen (NOx)	**23**	16	18
Oxides of Sulphur (SOx)	**154**	168	211

Clicked by Jefin Thachil, as part of CEAT's Photography Cohort

Stack Emissions Management

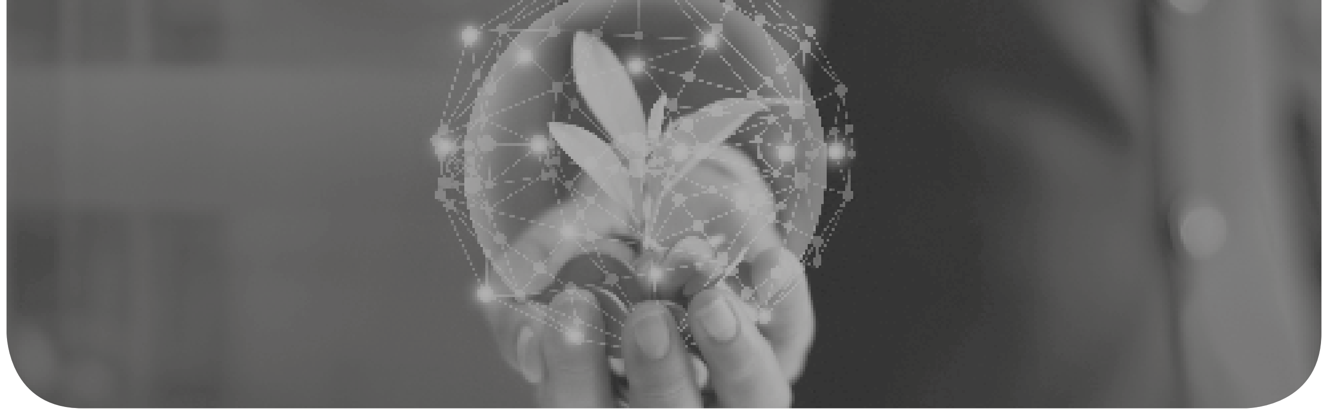
The Company has put in efforts to reduce its stack emissions coming from different units. Through the installation of Electrostatic Precipitators ('ESPs') and scrubbers in boiler stacks. Dust emissions arising from non-process components are abated through a continuous cleaning process by the use of dust collectors and scrubbers. For boilers that use briquettes, cyclone separators and bag filters are deployed for filtering out dusts arising. CEAT's operations at Bhandup plant has installed ambient monitoring stations at its operations as well as in the surroundings, as the local communities had complained about the nuisance of dust emissions coming into their homes causing discomfort. The plant also ensures there is proper cleaning mechanism in place and also has auto-charging system to prevent PM to mix in the air.

The Company has also ensured the people inhabiting in the surrounding areas are not caused any discomfort due to its operations. As part of the CSR survey carried out, the Company also included responses from the people on noise and dust emissions. The collated responses are then analysed and appropriate care was taken to place to ensure no disturbances are caused. As compared to last year, there has been zero complaints on noise and dust emissions.

WATER MANAGEMENT

Water is essential for the company's PCR segment and other plant locations. The Company has meticulously been making efforts to conserve water by completely using the treated effluent, reducing leakages in valves and taps through continuous maintenance and repair, rainwater harvesting and implementing environment management programmes such as water consumption reduction in Boilers, Cooling Towers etc.

At Chennai, CEAT has made an agreement with local government to use tertiary treated water supply through pipeline to the plant for process consumption.

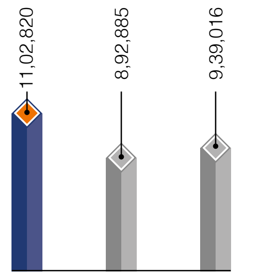


WATER CONSUMPTION

This year, the Company's focus area is to reduce water consumption and has a target of reducing water consumption by 50%, wherein 10% target has been set for FY 2021-22. The main source of water supply is from Maharashtra Industrial Development Corporation ('MIDC') and this year the water consumption is 11,02,780 m^3. Similar to energy consumption, water consumption is tracked with respect to the production of the materials.

Water Consumption Targets: Reduce 10% of water consumption in FY 2021-22

Water Consumption (m^3)



Waste water discharge

CEAT has been taking efforts for efficient use of water in its operations.

A part of wastewater discharged from plants is sent to an Effluent Treatment Plant ('ETP') and is then redirected to various plants for industrial, domestic and horticulture. The wastewater discharged from the plants at Nashik, Nagpur and Ambernath are managed effective by Reverse Osmosis and Evaporators. There is also great emphasis on reusing the treated water in the cooling towers. At Halol, the treated wastewater is effectively used for gardening and cooling towers.

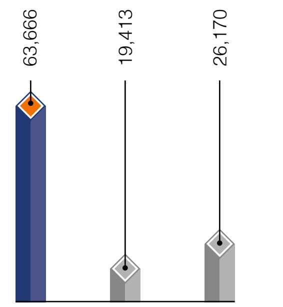
Except for Bhandup plant, all plants do not discharge any wastewater. The remaining wastewater coming from Bhandup plant is discharged within permissible limits. Significant care is also taken to ensure the wastewater does not cause any damage to the environment or surroundings.

CEAT has also implemented Zero Liquid Discharge ('ZLD') projects at Nagpur, Ambernath and Chennai.

CASE STUDY - BHANDUP PLANT

Aim was to reduce the water consumption and the overall water cost (L/kg). The plant resolved by taking effective measures such as replacement of leaky valves and taps, replacement of all Mild Steel ('MS') or cement tanks with PVC storage tanks, replacement of all domestic MS pipelines with galavanised iron pipelines, boiler water consumption reduced, Briquette boiler shutdown reduced from 6 days to 2 days and water waste reduction by replacing TD steam traps with Gem traps. This year, Bhandup Plant was able to achieve the lowest specific water consumption ratio of 2.55L/kg.

Waste water discharge (m^3)



In FY 2020-21, total water discharged was 63,666 m^3. Due to the uncertainty caused by COVID-19, the company's budgeted volumes fell short by 40%. The landing cost for the treated water was more than the cost of Brihan Mumbai Municipal Corporation ('BMC') water. As there was a provision for discharge through Maharashtra Pollution Control Board ('MPCB') consent, a judicious call was taken to discharge the treated water to Municipal Corporation of Greater Mumbai ('MCGM') drain. This led to maximum waste water discharge during this year as compared to previous years.

Waste Management

The Company generates both non-hazardous and hazardous wastes and is committed to dispose them in a responsible manner. As Company believes in sustainable operations and are on the path of minimising wastes, it follows the 4R Principle: Reduce, Reuse, Recover and Recycle of plastics released during the operations.

The major proportion of wastes comprises of packaging materials, scrap materials that are non-hazardous in nature. This is effectively managed by recycling of packaging material by reducing the consumption of Naptha. During this year, the Company has taken initiatives such as replacing plastic pouches for tubes with bio-degradable plastics.

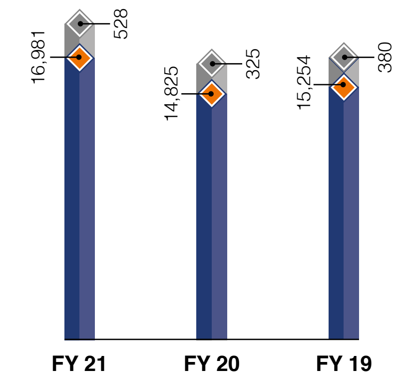
The Company also ensures minimising defects during the manufacturing process of tyres to reduce the generation of scrap materials during its operations.

The small proportion of wastes that are hazardous in nature is carefully disposed as per the regulatory guidelines introduced by the government. These are generally disposed through government authorised recyclers.

CEAT has been proactively looking for opportunities to manage its end of life tyres wastes. The Company has proposed key action plans by considering preventive measures and management of the end-of-life tyres.

The Company is focusing on developing an in-house facility for recycling of waste tyres as business case through pyrolysis and reclaim rubber. The total non-hazardous waste generated in FY 2020-21 is 16,981 metric tonnes where almost all the scrap and PVC materials were recycled. The hazardous waste is 754.93 metric tonnes, where 226.46 metric tonnes was safely disposed.

Waste diverted from disposal (MT)



Greener Products

The Company is committed to producing products that are extremely energy efficient and reduce fuel consumption as 80% of carbon emissions are produced by high fuel consumption. During this year, R&D facilities have looked into ways of reducing rolling resistance of its tyres. Annual targets in its PCR, 2W and TBR segments have been set to reduce the rolling resistance on Y-o-Y basis by 5%. Currently, the reduction in rolling resistance has contributed to energy savings by 5.8%.

Another component of reducing the negative impacts of its products is improving retreadability factor of its tyres. Retreading of tyres is considered environmental-friendly due to less material consumption that goes into the making of tyres. This also helps in scrap reduction and prevents the worn-out tyres from being incinerated. The Company ensuring to eliminate selling of single-use tyres to its customers as its proven to release more emissions and wastage than retreaded tyres.

Clicked by Yogesh Joshi, as part of CEAT's Photography Cohort

Social and Relationship Capital

1,550+
Teachers trained under Pehlay Akshar Progamme

6 Lacs+
Total beneficiaries impacted

99.2%
Customer queries resolved

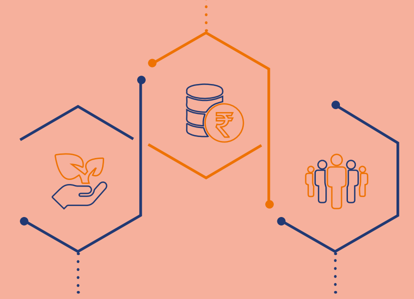
69.2%
Procurement through local suppliers

INPUTS
- Community initiatives
- Customer centricity
- Sports partnerships
- Collaboration with value chain partners
- Employee engagement

OUTPUTS
- Lives impacted: **6 Lacs+**
- Wider customer base
- Effective supply chain

OUTCOMES
- Brand recognition
- Deep relationships with partners
- Stronger community relationships
- Improved industrial relations
- Better NPS
- Community satisfaction score

Interlinkages with other capitals



Focus areas

- Customer satisfaction
- Community engagement
- Engagement with value chain partners

Contribution to Sustainable Development Goals ('SDGs')

CEAT always acknowledges its stakeholders and make concerted efforts to create value for them by ensuring highest level of satisfaction through its services. As a responsible corporate citizen, CEAT endeavours to maximise value for its stakeholders and touch their lives through its safe, smart and sustainable product offerings. At CEAT, the idea of sustainability focuses on strengthening relationships with surrounding communities to lead purposeful, healthy and digital lives by implementing numerous social initiatives and closely working with its group wide implementation partner RPG Foundation with the vision of "holistic empowerment" of the communities across all the geographies where CEAT operates.

> In FY 2020-21, over 6 Lacs beneficiaries were impacted inclusive of COVID-19 initiatives.

CUSTOMER DELIGHT

Customer centricity is pivotal to CEAT's business strategy. The strategy goes beyond delivering high quality products and superlative experiences. During these unprecedented times, CEAT worked towards the safety of its customers and business sustainability of its dealer partners by introducing several new service offerings, such as contact-less pick and drop services, appointment-based service, roadside assistance and WhatsApp based support. Furthermore, several in-shop measures have also been undertaken at the CEAT Shoppes to ensure safe and hassle-free services such as sanitisation of all touch-points at regular intervals, abiding by social distancing norms and customer safety etiquettes. In order to ensure timely grievance resolution of customer queries following processes are developed:

01 Contact Centre (BPO)
90% of the issues resolved within 72 hours

02 Channel Partners
More than 2,000+ channel partners trained to resolve all tyre related issues

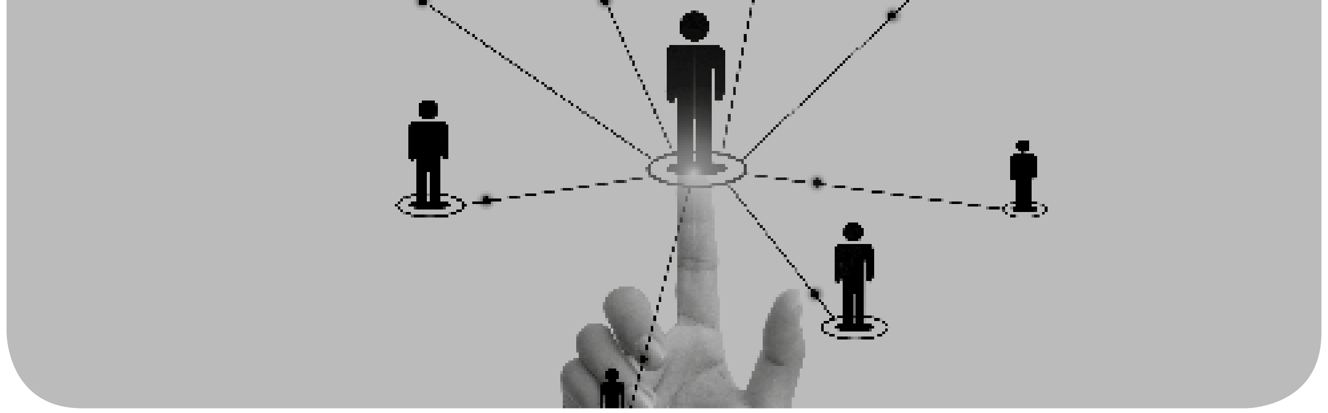
03 Website and Social Media
Systems put in place to ensure immediate response to customers' queries

In FY 2020-21, total 37,921 complaints were received from the customers and 99.2% were resolved. In an unlikely situation of a tyre failure, CEAT provides first of its kind on-spot settlement at the dealership through e-claim application. **The Company ended the year, with a spot resolution of 66% in dealer channel.**

The new CEAT website provides best-in-class user experience and provides home delivery, home fitment and pick-up at store model. CEAT provides an omni-channel experience and allows customers to complete their journeys on the website. Customers can also register their warranty just by clicking tyre pictures and uploading on the website, the AI algorithms extract the tyre data from the images and registers the warranty.

The Company tied up with e-commerce portals such as Amazon, Flipkart TyresNmore and TyrePlex to cater to demands of its customers. During the year to ensure customers' safety, CEAT introduced, GoSafe S95 masks with formidable six-layer filter protection, having soft antibacterial fabric, microbe protection and consisting of small particle filters for added safety.

The Company ensures compliance with the applicable regulatory requirements for the product as per specific category / customer / international market requirements and no incidents related to health and safety impact of CEAT's products have been reported during the reporting period.

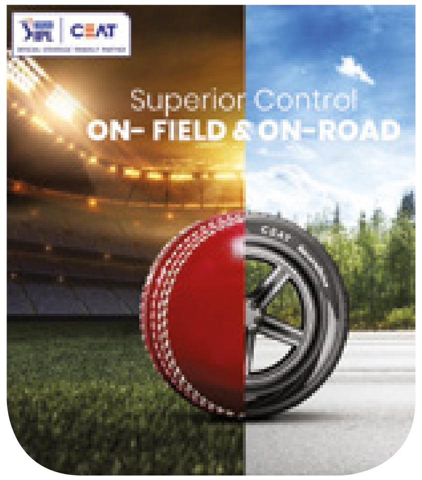


CEATAssist

With the aim of improving its channel partners' experience of doing business with CEAT, the 4th generation Dealer Portal (CEATAssist app) was launched in FY 2020-21. This digital and design thinking led transformation has notable impact on dealer satisfaction, primarily through reduction in the TAT for claim settlement and timely payment collections. It further offers to segment the dealers for more personalised experience on the portal.

CRICKET COLLABORATION AT CEAT

CEAT's persistent commitment of promoting sports in India, is reflected through its partnership with Board of Control for Cricket in India and Indian Premiere League ('IPL'). In spite of, multiple challenges posed due to COVID-19, the broadcast feed of IPL reaching audiences across languages in India, the 'CEAT tyres strategic timeout' partnership has been popularised across the core target audience. The proposed addition of new teams in 2022 is expected to help CEAT as a brand to have a larger reach and popularity around the world.



ENGAGEMENT WITH VALUE CHAIN PARTNERS

CEAT has incorporated ESG criteria across its value chain by extending the coverage to a wide-ranging network of its vendors and suppliers. As a result, selection of new vendors also include parameters based on environmental and governance guidelines under which it is ensured that material does not constitute any chemical substances listed as hazardous to human health and environment. In FY 2020-21, 9 new suppliers qualified, and 100% suppliers complied with the mandatory criteria. The Company has also been focusing on localisation by procuring materials from local suppliers who account for 69.2% of its overall supply chain spend in FY 2020-21. Joint developmental planning and collaboration with raw material sourcing companies has helped the Company to introduce raw materials such as special resins, high performance silica and fuel-efficient carbon black. CEAT also engages with its suppliers through supplier satisfaction survey. The results suggested a 99%+ happy supplier base which is a testimonial of the strong relationship. Further, to establish long-term strategic partnerships under Long Term Material Planning ('LTMP') programme.

The Company closely works with the Original Equipment Manufacturers ('OEM's') such as Mahindra and Mahindra, Maruti, HMSI, TATA etc. to cater to their requirements while collaborating with them towards sustainable practices. In order to track performance on sustainability, OEMs have developed a sustainability roadmap with committed targets for economic, social and environmental performance. They have demonstrated product responsibility through development of green manufacturing facility, alternate fuel vehicles, hybrid technology as well as electric vehicles. CEAT regularly engages with its OEMs to gain feedback on its products and processes through monthly, quarterly or yearly performance scorecard and yearly OEM satisfaction survey. These practices provide an opportunity to CEAT for continuous improvement of the quality of its products and its processes. During the year, CEAT was awarded as Best Performer by Hyundai for extended support & by HMSI for standard part in quality management.

During the year, the Company achieved a sustainability rating 'Yellow' with **85% score against target of 80% from Volkswagen.** The Company has intensively worked on selecting raw material suppliers to improve its overall quality management systems and processes. CEAT has also improved the "A" class suppliers-material combination by 13% over last year and have boosted proactive quality measures.

COMMUNITY ENGAGEMENT

CEAT believes that Corporate Social Responsibility ('CSR') is an integral part of the Company's spirit and one of the core business tenets. The Company aims to address the critical societal needs both in the communities they operate and the society at large along with envisioning long-term sustainable changes in lives of less privileged. The Board of Director ('Board') have constituted a CSR Committee that is responsible for commencing these initiatives. The initiatives are implemented in line with SDGs established by the United Nations.

Education

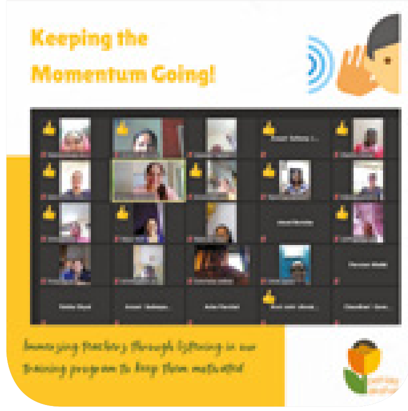
Access to quality education is a fundamental human right. Through this belief, CEAT aims to support the education system in India. The initiative emphasises on supporting teachers and schools to develop high quality learning spaces.

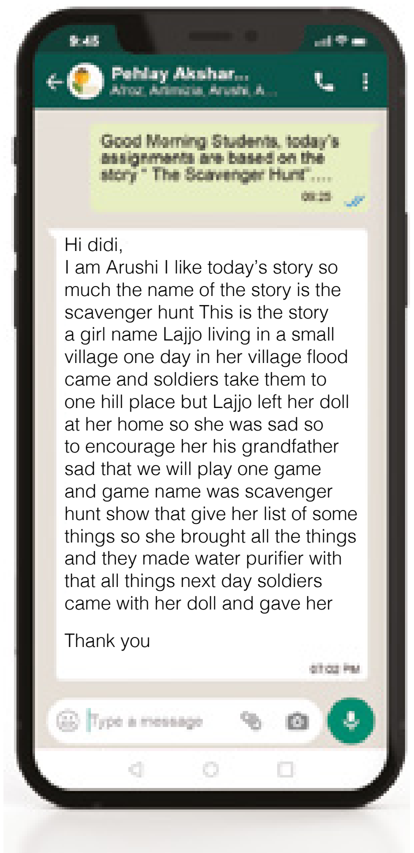
Pehlay Akshar

The Pehlay Akshar Teachers' Training programme - "Teach the Trainer" aims at training teachers in modern and innovative pedagogies and behavioural techniques. The programme was initiated in 2016 to train government school teachers to improve classroom management and engagement. The purpose of the programme was to improve their English language teaching skills. Under the programme, an intensive 3-day workshop training is conducted, followed by weekly meetings of smaller groups to keep the learning process ongoing.

The project is being implemented in collaboration with Municipal Corporation of Greater Mumbai ('MCGM'). The programme envisions of training all primary and upper primary teachers in MCGM schools across Mumbai by year 2023. Due to COVID-19, the teachers training programme has been migrated to online platforms and continues to engage teachers for taking their learning journeys ahead. Under the programme, more than 1,550+ teachers were trained during the year.

The programme also runs a concept of 'Magic Classroom' for government school students, to ensure that students continue their learning journey during COVID-19, the classroom-based education programme was replaced by a virtual mode of conducting sessions by telecasting programme on TV was as per Maharashtra State curriculum. During the year, a set of videos were aired on Doordarshan Sahyadri channel. Apart from being telecasted on TV, the videos were also uploaded on YouTube and sent to students across various locations in Maharashtra. The initiative proved to be successful and received positive response from various students.

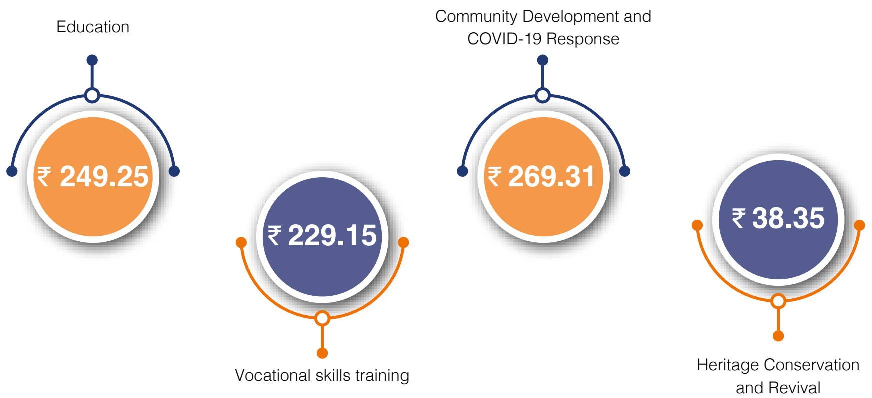


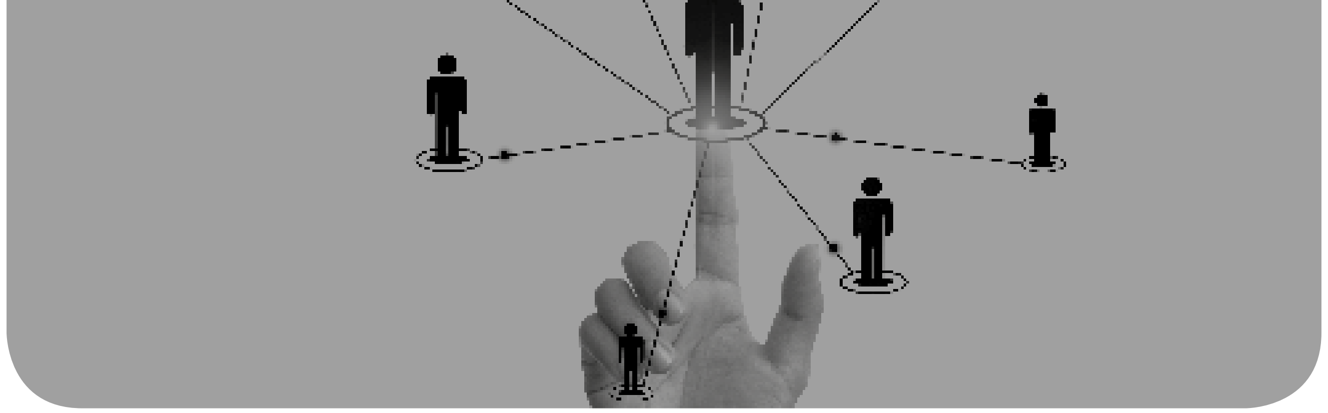


First, I would like to say that Pehlay Akshar Training is for teacher, but in my home whole family is attending the virtual sessions because they like this training very much. It is good that this training is online, and it benefits the whole family. Thanks to lockdown, this is big compliments and achievements for the Pehlay Akshar team. We have learnt a lot and it has helped me speaking English with confidence, we didn't know if we will be able to teach students online but with the help of Pehlay Akshar training we could do it.

Teacher from BMC School
Mumbai

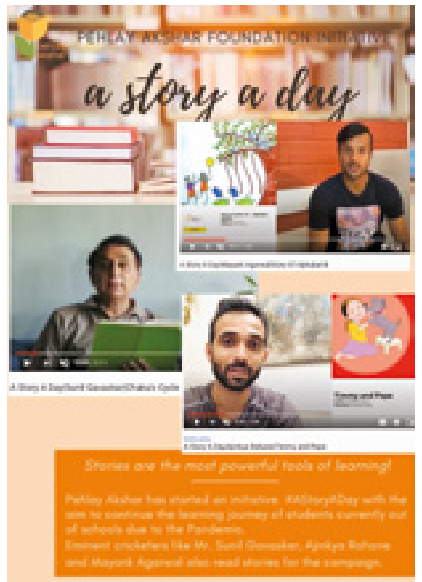
CSR Expenditure in FY 2020-21 (₹ in Lacs)





A Story a Day

This initiative was supported by the Company, with the aim of helping students from government schools across India, to sail through the crisis by keeping them connected, motivated and continue their English learning journey. Under this initiative, volunteers can select any book from the proposed bank of stories or from their own collection. Once a story is selected, the volunteer can record themselves reading the selected story and share it with CEAT's team. The video is then edited and shared on social media and community groups on WhatsApp. Famous personalities like Ms. Sonakshi Sinha, actress, Mr. Sunil Gavaskar, former Indian Cricketer and Mr. Ajinkya Rahane, Indian Cricketer have also volunteered and recorded stories. Recently, leading publishing houses HarperCollins India and Amar Chitra Katha have also joined hands, which would help CEAT in reaching more children.



ROAD SAFETY - THE GOLDEN HOUR

CEAT focus on making mobility safer and smarter by taking up initiatives towards road safety.

The first hour after an accident is the most critical time for a victim and any delay in arrival of medical help, reduces the chances of the victim's survival. To address the concern, CEAT in collaboration with RakshaNet has created a fitment device, Safe Drive which automatically calls for help and notifies the loved ones at the time of an accident.

HERITAGE CONSERVATION AND REVIVAL

The programme works to restore and revive sites of cultural and historical importance and to make heritage accessible to all. With the aim to uplift the community spaces around the Sacred Banganga Tank, Mumbai a protected monument, CEAT is installing street furniture and informative signage in heritage designs. The children's playground in the area has been renovated to create an interactive and attractive play space.

CEAT is also developing a mobile app, to provide intriguing information about heritage places, route navigation aids and augmented reality experiences while walking, supported by Maharashtra Tourism Development Corporation.

Community Satisfaction Survey: Bhandup Plant

CEAT undertakes an annual survey to assess the community perceptions about CSR activities conducted in the vicinity of Bhandup plant with an intent to get insights of the factors that drives satisfaction within the community and show the effectiveness of its CSR activities. Based on the analysis of the community satisfaction survey results conducted at Bhandup Plant, initiatives for reduction of noise pollution involving installation of silencers for boilers, stoppage on siren usage during shift change, installation of doorbells in various departments for usage during the beginning and end of the shifts were taken.

As a result of these measures, noise pollution and its impact on the neighbouring communities have been reduced significantly. No complaints were received in the survey conducted with 100 community residents in March, 2021. Furthermore, 100% residents agreed that CEAT has undertaken all possible measures for the betterment of neighbouring community including COVID-19 management.

WOMEN EMPOWERMENT

Women empowerment is critical for the country's economic, and social development. With the aim to empower women and to create a gender equitable society, various programmes are undertaken to train women from less privileged background and provide them skills that will enable them to secure jobs in various sectors.

Swayam Health

The initiative aims to provide training to women and youth to become general duty assistants, bed side assistants and home health aides. During the year, 878 candidates were trained and 798 were employed in different hospitals.

Swayam Skills

Training of technical skills is imparted to enable development and enhancement of entrepreneurship skills. During the year, 131 candidates were trained and 167 candidates were employed (including candidates who completed their training in the previous years).

60 women from the vicinity of Halol plant have received training and guidance on entrepreneurship to set up their own business. Out of these trained women, 36 are part of a self-help group, involved in the activities such as, setting up food stalls, garments and masks making etc. Further, 24 women are involved in individual businesses such as running small shops, flour mill etc. These 60 women have earned a profit of ₹ 16.05 Lacs with a total sale of ₹ 23.91 Lacs since FY 2018-19.

Shrushti is the only daughter in her family. Her mother passed away and her father is an alcoholic. Since, no one was there to take care of her family, she decided to step in and enrolled in Swayam Health programme. Shrushti now works in Karnavat Hospital, Nashik as a nursing assistant and supports her family.

Swayam Construction

Vocational skills training for entry level jobs in high demand infrastructure sector, for roles such as construction worker, electrician, mason, carpenter, scaffolder, rigger, welder, etc. is imparted. **Currently, 71 candidates are undergoing training under the initiative.**

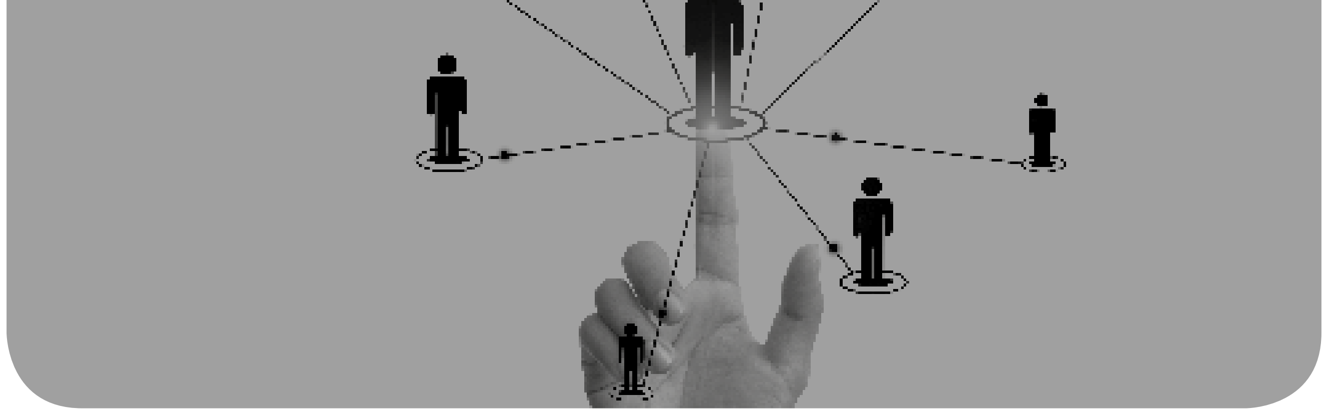
Swayam Drive

Training on driving vehicles is imparted to women and youth from the community, along with training on allied skills like mechanical maintenance, soft skills, communication, personal health and hygiene, first aid, digital and financial literacy etc. The project runs across all the plant locations. **This year 679 candidates were trained and 102 were employed.**

Swayam Digital

A new initiative started in February, 2021 to provide employment opportunities in IT sector to the youth in the community. **Currently, 109 candidates are undergoing training under this initiative.**

Jayachithra, a home maker from Chennai, augmented the family income by selling home-made nutritious food. However, dependence on her husband for delivery was a bottleneck. After learning 4-wheeler driving through Swayam Drive programme, she is empowered to independently purchase raw material, and deliver goods as needed.



COMMUNITY DEVELOPMENT

The programme aims at holistic development of the local communities by enhancing wellbeing of people through initiatives under areas of sanitation, hygiene and safety awareness including:

- Installation of 2 community water purification systems in Gorpe and Kharad at Ambernath which serves more than 1,944 people.
- Yoga, art and craft sessions were conducted for 100 underprivileged children from the communities near Bhandup plant.
- Capacity building trainings were provided to 100 contractual workers and household women workers in the vicinity of Bhandup plant.
- Thanksgiving event was conducted with school children in Halol.

During lockdown, COVID-19 awareness programme was also initiated to maximise support to the communities.

Volunteering

For providing opportunity to employees to reach out to communities and lend their support, a 3 - layer volunteering programme comprising of group volunteering, skill-based volunteering and mentorship has been initiatives. During the year, around 350 volunteers participated and contributed 3,155.5 hours under below mentioned initiatives:

- Campaigns related to Water, Sanitation and Health awareness ('WASH') and safety awareness were conducted in Chennai and Nagpur. Total 11 sessions were conducted for Swayam Health and Swayam Drive candidates with the help of 10 volunteers. Under the safety awareness campaign, safety kits were distributed to 140 candidates of Swayam Drive.
- Around 39 volunteers from management staff participated in playground painting activity, built using recycled tyres at Bhandhup.
- On the occasion of International Women's Day, motivational sessions were conducted with the help of 3 volunteers for 33 Swayam Drive candidates in Nagpur and 5 volunteers from Nashik plant conducted Session on Safety Motivational to Swayam Health Candidates.
- Under seva sandwich programme, around 250 sandwiches were distributed in the vicinity of Nagpur, Nashik and Bhandup plants with the help of 74 volunteers.
- COVID-19 awareness programmes were conducted for the communities around Bhandup plant, Belgaon Dhaga and Jalalpur in Nashik with the help of 21 volunteers
- Around 68 employees volunteered for food distribution programme around the vicinity of plants.

RESPONSE TO COVID-19

CEAT has always been on the forefront to ensure people's safety and support communities where needed. In the wake of COVID-19 pandemic, CEAT demonstrated its ethos of safety and support through its whole-hearted initiatives taken up during this year. Details of such actions initiated by CEAT have been elaborated in COVID-19 response section of this Report.

Response to COVID-19

The COVID-19 pandemic has resulted in severe social and economic disruption worldwide. Many countries resorted to long lockdowns, which led to adverse impact on the livelihood of people. The Indian industries too faced huge operational disruptions due to the subsequent lockdowns and were constantly challenged to ensure the wellbeing of their employees.

CEAT responded to the crisis with a robust action plan with safety of its employees and operational stability among the top priorities. CEAT also went the extra mile to support India by facilitating in setting up well-equipped fever clinics made of portable cabins, when faced with a dearth of oxygen supply and beds during the second wave.

CEAT's agile practices made it possible to prevent suspension of operations and services beyond the statutory mandated lockdown, while ensuring safety of its employees and other stakeholders. Timely delivery of products was ensured by leveraging synergies between internal functions as well as the value chain partners using digital capabilities. A strategic business continuity management and resilience of the people during the time of crisis provided the pillars of strength for CEAT to mitigate its way out of the pandemic.

Some of the initiatives implemented by CEAT for its employees, customers and the communities around are highlighted below.

EMPLOYEE HEALTH AND WELLBEING

- A dedicated Chief Fitness Officer ('CFitO') who connects regularly with employees and their families to address any concerns related to COVID-19.
- A weekly podcast hosted by the CFitO guides employees on staying healthy while working from home, boosting immunity and other relevant topics.
- CEAT onboarded a physical trainer to conduct virtual workout sessions for its employees under the series 'CoFit-20'.
- The CFitO, along with Employee Assistance Programme psychologist, are extending counselling services to employees in addition to hosting webinars on mental health-related topics.

Since I joined as the CFitO of CEAT, seeing the journey of employees towards maintaining a healthy lifestyle and focus on losing weight had been encouraging. However, things came to a standstill due to the outbreak of COVID-19 resulting in a nationwide lockdown. The situation was challenging in terms of extending support across all the plants by connecting virtually. Thanks to Mr. Milind Apte, CHRO and his team for making all possible arrangements to drive the virtual sessions. These 30 minutes sessions focused on explaining preventive measures related to COVID-19, providing consultations on food, mental health and physical exercises as well as on resolving misconceptions and queries. During the 1-hour slot of CFitO hotline, employees were provided consultation on medicines, masks, anxiety management etc. Furthermore, consultation sessions with mechanics, truck drivers and vendors were also arranged by CEAT.

As we battled through the first wave, the second one proved to be more dangerous and frightening. I was personally fighting for medical arrangements for friends and family and could also see the virulence with which our employees were being affected. During these inconsolable times, support from Factory Medical Officers ('FMOs') has been promising. I also came forward as a listener to employees who were losing their loved ones in the battle against COVID-19. We provided personal consultations for them through calls and messages to address their basic concerns and issues. With the third-wave looming, we are now focusing on addressing issues for associates and workmen by setting up Cohorts. We are advising them to work on their co-morbidities, which will help them in fighting upcoming health challenges arising due to COVID-19.

Dr. Deepali Athawale
Chief Fitness Officer

- Training and development content is being delivered to employees in formats such as case studies, e-books, TED Talks, online courses and articles.
- July 6, 2020 was announced as Wellbeing Day for the employees to take a break from the 'Work from Home' monotony and connect with their families.
- A photography cohort has been formed for the employees to learn new techniques and follow their passion.
- Audio-visual training module prepared on precautions to be taken at home and the workplace.
- Start-up manual and Standard Operating Procedures ('SOP') implemented across all plants to resume the operations in line with the Regulatory advisory and safety measures.
- Pandemic checklists, COVID-19 suspect handling and contact tracing procedures prepared as per the government guidelines to ensure safety of the employees.

SUPPORTING COMMUNITY DURING THE CRISIS

Ventilators, Masks and Sanitizers

- 75 COVID-19 testing booths developed in collaboration with RPG Foundation provided to hospitals across various states like Maharashtra, Andhra Pradesh, Tamil Nadu, Gujarat and Kerala.
- 1.25 Lac pairs of gloves, 10,000 PPE kits, 50,000 N95 masks and 500 Litres of sanitizer distributed to the frontline workers in FY 2020-21.
- COVID-19 awareness programmes conducted in communities around the Bhandup Plant as well as Belgaon, Dhaga and Jalalpur villages in Nashik.
- Sanitised over 9,000 trucks by July 2020, at various locations across India.

- Face masks, sanitizers and food packets were distributed to truck drivers and other daily-wage workers.
- Distributed more than 200 sanitizers and 550 masks to Kannanthangal village, Chennai.

Digital and Differentiated Practices

- Introduced the GoSafe S95 masks with formidable six-layer filter protection, having soft anti-bacterial fabric, microbe protection and consisting of small particle filters for added safety. These are available across all CEAT shoppes and leading e-commerce websites like Amazon, Flipkart, Myntra etc.
- Permanent Journey Plans ('PJP') for virtual dealer visits removing the need for any sort of physical interaction.
- CEAT utilised Netra, a video analytics application developed by KEC International (RPG Group company), to monitor social distancing, at Halol and Nagpur plants.
- The online platform CEAT Shoppe, introduced options for home pick up, drop and appointment-based shopping for a range of different products.
- A COVID-19 Dashboard prepared using government APIs to identify red, orange and green zones to identify risks to regional sales and plan the value chain accordingly.

CEAT GO SAFE

Distribution of Food and Meals

- Distributed over 3.7 Lacs cooked hot meals to migrant labourers, homeless and vulnerable groups in the vicinity of its plants in Nashik, Bhandup, Ambernath, Chennai, Halol and the head office in Worli.
- Distributed dry ration worth more than ₹ 35 Lacs to more than 1,580 households in Tamil Nadu and Mumbai.
- Dry ration kits distributed to 500 families near Bhandup Plant through Mumbai Shramik Sansthan.

Other Initiatives

- Donated ₹ 10,00,000 to the COVID-19 response fund in Tamil Nadu.
- CEAT's employees and their family members supported the RPG Foundation's 'A Story A Day' initiative by reading simple English stories to children.
- CEAT contributed ₹ 25,00,000 to the Milkar, a collaborative platform that distributes food kits to underserved communities in Mumbai.

Wall of Gratitude

Words fall short to express our gratitude to the COVID-19 warriors in our country. RPG's token of appreciation for the doctors, nurses, policemen, media persons, delivery executives and our very own COVID-19 warriors for braving the situation and undertaking their duty. This artwork was created by Mumbai-based graphic designer and illustrator, Sameer Kulavoor at our head office, RPG House.

EXTENDED SUPPORT

As India was struck with the deadly second wave around April 2021, CEAT stepped up using all of its resources to bring immense support where needed. Some of the initiatives carried out during this period are mentioned below:

Fever clinic

- In partnership with National Health Mission ('NHM'), Public Health Department, Government of Maharashtra planned to set up 100 sturdy and well-ventilated fever clinics. CEAT contributed its bit through to fight the deadly virus during the second wave, to set up these fever clinics across rural and semi-urban area of Maharashtra.
- Out of the 100 fever clinics, 25 were funded by the CEAT and 8 fever clinics were delivered.
- Made out of corrugated sheets which can easily assembled, these clinics are designed by having three sections for the following:
  - OPD for doctor consultation,
  - Window for swab collection
  - Window for medicine dispensing (and storage for dispensary).
- Fever clinics operators who are responsible for managing the clinics are trained as per a specially developed curriculum.
- The National Health Mission and RPG Foundation ('RPGF') have jointly drafted the guidelines for the appropriate use of the Fever Clinic cabins.
- Each clinic is attached to a hospital and will serve as a first check point for COVID-19 related symptoms. These units will continue to be used for OPD, or as jointly decided between National Health Mission health department and CEAT.

Oxygen and medical infra support:

- Medical equipment and essential infrastructure worth ₹ 12.6 Lacs donated to Govt Covid Health Centre at Madhuramangalam, Tamil Nadu.
- Donation of two Portacryo Liquid Oxygen Tanks to dedicated COVID-19 hospitals at Panchmahal District located at Halol, Gujarat.
- 42 Oxygen Concentrators donated to District Collector, Salem and Kanchipuram in Tamil Nadu.
- 1,500+ Covid Protection Kits (including oximeter, immunity boosters, medicines etc) distributed to employees, dealers and other channel partners.
- 75 Emergency ventilators donated to various hospitals across Maharashtra, Gujarat, Tamil Nadu, Rajasthan, Delhi and other states.

Vaccination drives

- Vaccination drives were also conducted across all locations for customers, employees and stakeholders.
- CEAT Bhandup Welfare Centre provided as a COVID-19 Vaccination Centre where over 3,000 people were vaccinated.

The COVID-19 pandemic hit us all badly with loss of human life and challenges put forth to public health, economy and our overall ecosystem. It has changed every aspect of our lives including the way we work. Initially it looked challenging to be available on all the fronts, be it home, work, taking care of children or fulfilling their demands. This was posing strain on physical and emotional health, causing unwarranted stress and fatigue. But CEAT's initiative Cofit-20 helped me cope up with this situation and to take care of both physical as well as mental health of myself and my family. Our Chief Fitness Officer was always available to resolve even smallest of our queries related to health. This has really helped a lot and turned out to be booster dose to stay calm and productive at all fronts. When the lockdown was imposed, the quick technology support at the organisational level by CEAT, helped connect and collaborate with team members to carry out the work seamlessly. The support provided by entire management including our managers during the most difficult times when the entire family was affected due to COVID-19 was commendable and beyond explanation. I must say, CEAT... it helps!!

Geeta Bandekar
CEAT Employee

Management Discussion and Analysis

About CEAT Limited

CEAT, established in 1958, is one of the largest and fastest growing tyre companies in India. It produces best-in-class, high performance tyres for a wide range of vehicles, including 2 / 3 Wheelers, Passenger Vehicles and Utility Vehicles, Commercial Vehicles and Off-Highway Vehicles.

In FY 21, CEAT produced over 37 Million tyres, wherein Replacement, Original Equipment Manufacturing ('OEM') and International Business segments accounted for 65%, 21% and 14% of the revenue, respectively. The Company has its footprint in over 100 countries globally.

CEAT has manufacturing plants at Nashik, Mumbai, Ambernath, Nagpur (Maharashtra), Halol (Gujarat) and Chennai (Tamil Nadu) and is working on strengthening its manufacturing capacities across product categories. CEAT also has a manufacturing facility in Sri Lanka through its overseas joint ventures.

CEAT has dedicated state-of-the-art R&D centres at Halol, Gujarat and Frankfurt, Germany.

CEAT factory at Halol, Gujarat

7,52,682 (₹ in Lacs) — Net Sales (Consolidated)

13.39% — EBITDA Margin (Consolidated)

33rd — Ranked 33rd amongst India's 100 best companies to work for by the Great Place to Work® Institute

Built on the purpose of 'Making Mobility Safer & Smarter. Every Day.' CEAT is committed towards safe mobility, sustainability and continuously innovating for customers.

Global Economy

The COVID-19 pandemic has had a significant impact on the global economy and FY 21 witnessed widespread challenges. While most sectors were affected, the magnitude was greater for sectors primarily focusing on discretionary spending. Global economic environment remained highly uncertain during last year with new virus mutations spreading rapidly. Easing of restrictions across the globe led to a rebound in economic activity in the third quarter of FY 21, however, second and third infection waves in many countries necessitated renewed restrictions, which further hampered the recovery. Despite this, GDP growth managed to recover in the second half of FY 21, though remaining significantly below pre-pandemic levels in most countries.

Central banks across countries provided liquidity and credit support and extensions to a vast array of borrowers. Various measures were taken to channelise relief to industries and households by way of cash transfers, wage subsidies, liquidity support and credit extensions.

United States

The U.S. economy is expected to recover faster than other developed countries from the pandemic mainly due to greater amounts of fiscal relief and the signing of the American Rescue Act in March 2021 that offered $1.9 Trillion in additional fiscal support. Vaccination has also picked up pace and is set to become widespread by mid-2021.

Europe

European counties witnessed a slow and inconsistent vaccine rollout during the first half of 2021. The periodic restrictions on mobility to curb the spread of new variants has hampered the pace of recovery. The euro area is set to experience a strong recovery in the second half of 2021, alongside accelerated vaccinations and relaxations in pandemic restrictions. Along with speed of vaccine rollout, disbursement of Next Generation EU grants and loans are expected to contribute to the economic recovery.

Emerging market and developing economies

Lack of vaccination, rising COVID cases due to emergence of new variants and partial withdrawals of macroeconomic support are expected to impact the economic recovery in emerging markets and developing economies.

Outlook

Global prospects remain highly uncertain due to the pandemic. The recovery could be at a slower pace in many emerging as well as developed economies. However, the rise in commodity prices and pace of vaccination is expected to boost economic revival. According to IMF, global growth is projected at 6.0% in 2021, moderating to 4.9% in 2022. The developed markets are expected to witness a growth of 5.6% vis-à-vis growth of 6.3% forecasted for emerging markets, in 2021.

In 2022, Emerging markets are expected to drive recovery at 5.2% with developed markets expected to grow at 4.4%.

Global GDP Growth

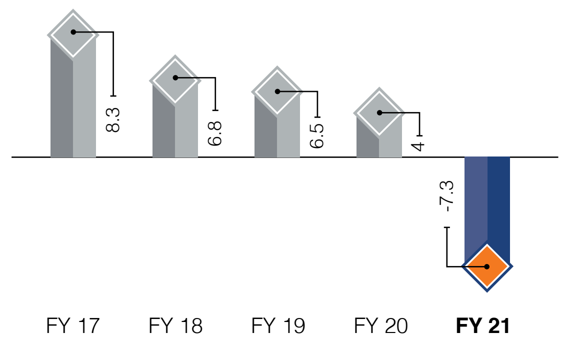
Particulars	Actual %	Projection %	
	2020	2021	2022
World	-3.2	6.0	4.9
Emerging Markets	-2.1	6.3	5.2
Advanced Economies	-4.6	5.6	4.4
Euro Area	-6.5	4.6	4.3
US	-3.5	7.0	4.9
Japan	-4.7	2.8	3.0
UK	-9.8	7.0	4.8
China	2.3	8.1	5.7

Source: IMF World Economic Outlook July 2021

Indian Economy

The downtrend in the domestic economic activity commenced in the penultimate month of FY 20, continuing in the first quarter of FY 21 leading to a de-growth of 24.4% in GDP for the stated period. While the second quarter witnessed resurrection in economic activities, GDP growth remained negative for a second quarter in succession at (-)7.4%. Sustained momentum in trade and commerce in the third and fourth quarters contributed towards 0.5% and 1.6% GDP growth, respectively. The uptick in the fourth quarter was driven mainly by the manufacturing sector. Despite the slowdown, confidence in the Indian financial markets and Economy attracted Net foreign investments to the tune of ₹ 2.67 Lacs Crores, the second highest net inflow across Equity, Debt and Hybrid instruments since the year 2000.

India GDP Growth Rate (%)



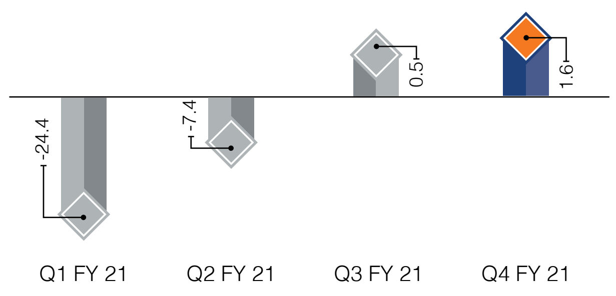
Source: The Ministry of Statistics and Programme Implementation (MOSPI)

6.3% — Emerging markets are expected to drive recovery at 6.3% in 2021

Reserve Bank of India kept the repo rate unchanged at 4.00% since May 2020 to support economic recovery. CPI inflation maintained an upward trajectory from the beginning of FY 21. The average CPI inflation for the first half of FY 21 was 6.7% compared to 5.6% in the second half. Increased supply and moderation of demand may be attributed for the downward correction in the inflation rate in the second half of FY 21.

The Index of Industrial Production (IIP) reflected the subdued economic activity during the year with a decline of 8.4% Y-o-Y. Fiscal deficit for FY 21 was 9.3% of GDP. However, for the first time in 17 years, India witnessed a current account surplus of 0.9%, driven by moderation in import demand. Coming to the foreign exchange reserves, an increase of USD 99.2 Billion was recorded over the year in FY 21.

India GDP Growth Rate (%)



Source : The Ministry of Statistics Programme Implementation (MOSPI)

Outlook

According to IMF, India is poised to grow at 9.5% in 2021, owing to a low-base effect and also due to good traction in the vaccination drives across the country and at 8.5% in 2022. As the Company witnesses state-wise phased easing of lockdown restrictions, CEAT is hopeful of a revival in discretionary expenditure. The execution of the vaccination plans with adherence to social health protocols will be a key factor behind the recovery momentum.

Domestic consumption is expected to hold steady as eligible workforce adapts to flexi-work policies enabling employees to work from both their offices and homes. Sectors that witnessed maximum adverse impact associated with the lockdowns, can expect good recovery once the country registers steady decline in cases along with increasing proportion of vaccinated population.

Global Automobile Industry

The year 2020 was a challenging year for all countries and sectors alike due to the COVID-19 pandemic. For two consecutive years in 2018 and 2019, the automotive

industry witnessed moderation in demand due to shrinking economic activity, rising competition and stringent lending norms. Lockdowns and other local restrictions amid COVID-19 in the first half of 2020, resulted in automotive sales declining to historic lows.

Global sales of Passenger and Commercial vehicles declined by 13.8% YoY in 2020 compared to 4% Y-o-Y decline witnessed in 2019. FY 20, was the third consecutive year which witnessed decline in Y-o-Y sales growth. While the degrowth in 2018 and 2019 was due to the slowdown in automobile space, degrowth in 2020 was primarily driven by the pandemic. Amongst the major economies, US witnessed a decline of 11.9% while Europe declined by 23.3%. Asian economies registered a decline of 29.2%. The auto industry is reviving at a faster rate than expected largely due to consumer shift towards personal mobility over public and shared transport.

Key Trends in Global Automotive Industry

COVID-19 has led to significant shift in consumer preference with respect to personal and public mobility. Electric Vehicles, Autonomous Cars and Connected Cars are few of the disruptions the auto industry has seen even before the COVID-19 crisis. Along with investment in product development, global OEMs have laid significant emphasis on technological innovations involving Artificial Intelligence (AI) and Big Data and Analytics, Internet of Things (IoT) and Blockchain to find applications to make vehicles more efficient and secure.

With investments in sustainable automotive technologies, OEMs across the globe are building capabilities and laying the foundation for a future of sustainable commute. Declining dependency on fossil fuels and gradual shift towards hybrid and electric vehicles will be the focus over the next few years.

Mobility as a Service (Maas) is gaining popularity due to cost economies and convenience. While Shared mobility might take a back seat due to COVID-19 in near term, the same could be the reason for the inflection of Subscription model. With the need for social distancing and hygiene, coupled with financial constraints, customers are expected to prefer affordable personal mobility modes. The crisis presents an opportunity for companies to review and revamp their business models.

Outlook

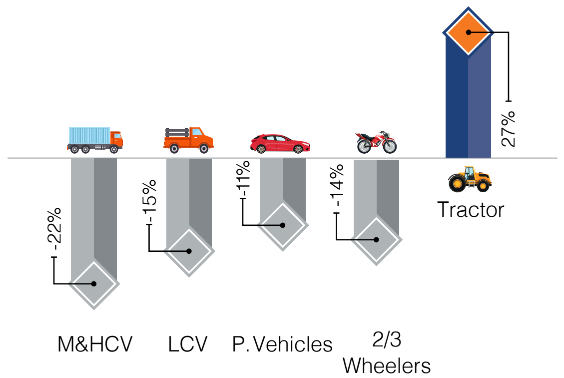
After the toughest year in recent history, the industry is hopeful of a vaccine-led exit from the COVID-19 pandemic, which will help normalise production and restore sales. Global light vehicle sales are expected to increase by 12% in 2021 to 87 Million units, a significant recovery from pre-pandemic levels. Electric cars are expected to outperform the broader market, particularly in China, with a 40% jump in sales in 2021. The recovery in 2021 is expected to be more pronounced in Europe compared to US and China. Among other major international car markets, India is estimated to rebound strongly with 20% in 2021.

Indian Automotive Industry

Indian automobile industry witnessed FY 21 as one of the most challenging years in the recent past, with the last three quarters trying to catch up to the steep fall in demand and sales of first quarter. Despite the fourth quarter's promising recovery, overall, every vehicle segment experienced unprecedented double-digit decline in growth during the year. Farm vehicles was the only segment that witnessed thriving growth due to good monsoon and boost in rural sales.

With the sharp decline in exports due to impact of COVID-19 on overseas markets and global supply chain disruptions, the Indian automobile industry witnessed a Y-o-Y decline of 13.6% in sales as compared to FY 20.

Production



Y-O-Y change FY 20 to FY 21.

Source: ATMA Review (FY 21)

Domestic Sales

Particulars	FY 21	FY 20	% Change
Passenger Vehicles	27,11,000	27,74,000	-2.2%
Commercial Vehicles	5,69,000	7,18,000	-20.8%
Two-wheelers	1,51,19,000	1,74,16,000	-13.2%
Tractors*	9,88,028	7,81,065	26.5%

*Source: SIAM; *Tractor and Mechanization Association (TMA)

Budgetary Considerations

Announcement of an outlay of ₹ 1.97 Lacs Crores in the Union Budget FY 22 for Production Linked Incentive (PLI) Schemes for 13 key sectors including Automotive and Auto components is expected to infuse the sector with much needed investment push. Automotive sector has been sanctioned ₹ 57,042 Crores over five years under this scheme to increase Indian automobile sector manufacturing and export capabilities.

A budget of ₹ 18,000 Crores was announced to augment public transport in urban areas with estimated increase of around 20,000 buses. This is also expected to boost demand for commercial vehicle industry in FY 22. The voluntary vehicle scrapping policy is estimated to impact 85 Lacs light motor vehicles (LMV) that are over 15 years old along with around 17 Lacs medium and heavy motor vehicles which are over 15 years old, without valid fitness certificates.

Outlook of Indian Automotive Industry

The automotive industry is undergoing a turbulent period of uncertainty much as rest of the key manufacturing industries of the country due to labour shortage, raw material shortfall and price increase, supply chain disruptions, lockdown restrictions and fluctuating demand.

The expected third wave of the pandemic is again expected to pose challenges for the automotive industry. While the short-term visibility remains hazy, new launches by OEMs in key demand segments along with sustained preference for personal mobility, bodes well for the sector. One of the key challenges for growth in the sector is the rising fuel cost but there is some respite for buyers in terms of reduced cost of auto loans, given RBI's expansionary monetary policy approach.

Global Tyre Industry

In calendar year 2020, the global tyre demand witnessed a slowdown triggered by the COVID-19 pandemic. While the impact was severe across regions, the reduction in cases had a direct impact on the tyre demand, in view of revival in economic activities and growing preference for personal mobility in select regions. With the roll-out of vaccination drives in developed markets towards the end of 2020, global demand started witnessing green shoots.

The global tyre demand in calendar year 2020 stood at 3,378.96 Million units. This is further expected to grow at a CAGR of 4% between 2021 and 2026, attaining the level of 4,111.02 Million units in the year 2026. According to the European Tyre and Rubber Manufacturers' Association (ETRMA), the consumer segment witnessed a Y-o-Y decline of 23% with 18% decline in the truck segment, compared to 2019. Replacement demand in the consumer segment was also adversely impacted, registering a 12% Y-o-Y decline. Replacement demand in the truck and 2-Wheeler segments were down 4% and 9% Y-o-Y respectively while farm segment remained steady.

Indian Tyre Industry

The impact of COVID-19 pandemic was evident on the Indian tyre industry in FY 21. Despite being on the trajectory to be one of the top 3 tyre manufacturing destinations in Asia Pacific by 2026, Indian tyre industry registered decline in growth, attributable to the pandemic.

Key factors influencing the Indian Tyre Industry

While the first quarter of FY 21 was heavily impacted, the industry witnessed some moderation in impact of the pandemic in the second quarter and towards the end with the onset of festive season. Pent-up demand, preference for personal mobility and good monsoon, combined contributed towards the first signs of recovery. Consequently, the economy overall witnessed a revival and uptick in activities, also benefitting the tyre industry.

The restriction on import of pneumatic tyres imposed by the Government in June 2020 has benefitted domestic tyre manufacturers as it created a level playing field for Indian Companies. Another contributing factor was a good harvest season that improved the disposable income in rural population, subsequently driving demand from this market segment.

Production

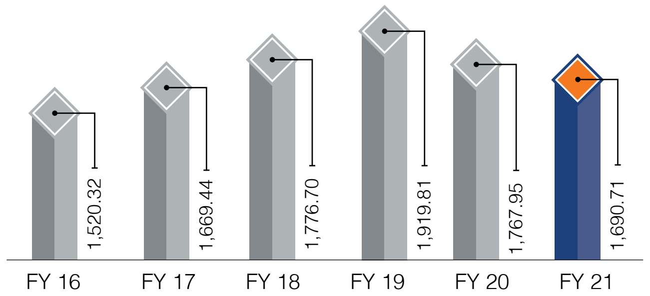
After posting four consecutive years of growth from FY 16 to FY 19, the tyre industry for the first time witnessed degrowth in FY 20 and FY 21, with decline of 8% and 14% respectively. The systemic demand slowdown in Automotive industry along with impact of the pandemic throughout the fiscal year, have hampered the progress. Although FY 22 has begun with uncertainty amidst the second wave, the Company remains optimistic about production activity revival over time as demand revives and economy re-opens.

Tractor tyre and Off the Road ('OTR') tyre segment were the bright spots that posted Y-o-Y production growth of 12% and 3% respectively.

Total Tyre Production

FY 16 to FY 21

(Lacs Nos.)



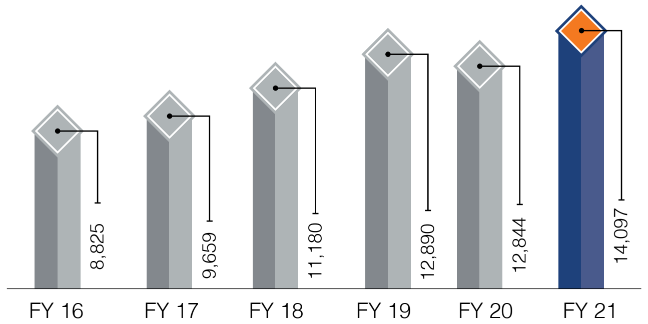
Source: ATMA Production and Export Analysis

Exports

India exported 36.4 Million units of tyre across all segments in FY 21 equivalent to approximately ₹ 14,097 Crores as compared to ₹ 12,844 Crores registering a healthy growth of 10% in value terms. The export performance comes despite a sharp contraction of 23% in tyre exports from India in Q1 amid the raging pandemic. Americas, Asian Countries and Middle East were the major export destinations in FY 21. In numeric terms, Farm / Agri tyres accounted for the largest exported category from India followed by Motorcycle and OTR / Industrial tyres.

CEAT factory at Chennai, Tamil Nadu

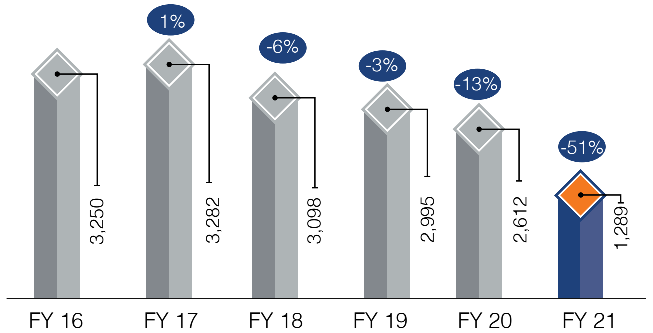
Revenue from Exports in ₹ Crores



Imports

Only 22,70,000 tyre units were imported in FY 21 as against 97,08,000 units in FY 20 indicating a drastic decline in imports. Thailand replaced China as the largest exporter of TBR tyres to India with nearly 51% of the imports happening in FY 21. Owing to the imposition of Anti-dumping Duty and customs duty on TBR tyre imports from China, there has been a decline in tyre import over the last two years.

Total Tyre Imports in ₹ Crores



Figs in ● represent YoY change

Raw Material Trends

Natural Rubber ('NR') and crude derivatives like synthetic rubber, carbon black, polybutadiene rubber and other rubber chemicals are the essential raw materials used for tyre manufacturing.

Natural Rubber

The production of rubber in India grew exponentially during FY 21, especially between April and December 2020. This was driven by pent-up demand, rising demand for gloves attributable to the pandemic and demand from OEMs. Consumption of Natural Rubber also witnessed a similar spike between April and July 2020. Thereon, it grew at a steady rate with consumption commensurate with production.

NR prices witnessed an increasing trend during the year as it reflected the sudden spike in demand. There was a gradual increase in price throughout the year. The average price of NR-RSS has increased by 28% in March 21 to ₹ 167 per kg over previous year.

Carbon Black

Carbon black is one of the main raw materials in the manufacturing process and is used as a filler in rubber products, constituting 25% of the product weight. One of the major uses of carbon black (~70%) is from the tyre industry.

Globally with increasing vehicle sales and macroeconomic activity, Carbon Black demand has rallied faster than any other Auto component industry. Especially in China, the revival has been extremely rapid.

Indian Budget impact on Tyre Industry

Budget of 2021 has not added any new corporate tax which is positive news for the Company and Indian economy in these challenging times.

Two major raw materials of tyre industry on which duty change has been proposed in the Budget 2021-22, are carbon black and bead wire. The import duty has been increased to 7.5% from previous 5% for carbon black while bead wire has decreased to 7.5% from 10%.

Outlook

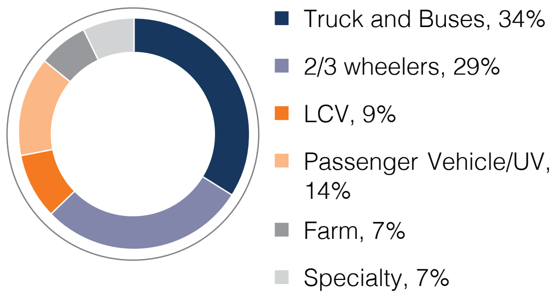
The Indian tyre industry is placed for gradual recovery after a challenging start to FY 22. Recovery in demand from OEMs and good monsoon are expected to provide the required traction in both passenger vehicle and farm segment sales. Revival in commercial activities and movement of goods along with rising e-commerce transactions are a few positives in heavy duty segment sales. Widespread adoption of digital initiatives by tyre manufacturers aiding sales and service delivery through online platforms and channels are expected to become a norm in this digital age and will have a positive impact on the overall industry.

However, recurring COVID-19 waves, rising commodity and fuel prices and shortage of containers are proving to be challenging. While the industry remains optimistic about near-term demand leading to the festive season of 2021, the auto and tyre industries need to exercise caution as the lingering third wave driven by new variants, may again hamper the revival.

Business Review

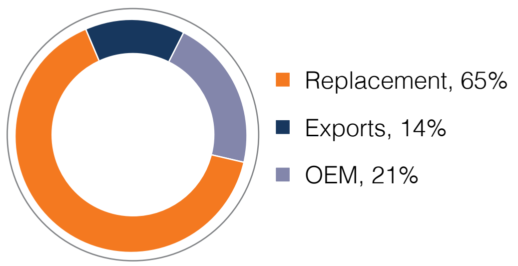
CEAT is one of the fastest growing companies in the Indian tyre market. Despite the challenges presented by the pandemic, the Company successfully navigated the waters and further strengthened its brand position in the market. The Company reported consolidated net revenue from operations of ₹ 7,60,960 Lacs, a growth of 12% Y-o-Y. Revenue contribution from 2-Wheeler, Passenger Vehicles and Off-Highway tyre segments has increased significantly over the years, increasing from 20% in FY 10 to 46% in FY 21.

FY 21 Revenue Breakup by Product



CEAT has expanded its production capacity across categories of 2-wheeler, Passenger Vehicle, Truck & Bus Radial ('TBR') and OTR tyres. During the year, production expanded at the greenfield facility for Passenger Vehicle tyres in Chennai and at the brownfield facilities for 2W, TBR and OTR tyres in Nagpur, Halol and Ambernath respectively. The operations will continue to scale-up in line with market demand in the near-to-medium term with the intent of achieving optimal levels of production and efficiency.

FY 21 Revenue Breakup by Market



CEAT continues to innovate and use latest cutting-edge digital technologies to provide best-in-class products and services to its customers. CEAT further enhanced its "dealer portal", which has increased dealer satisfaction through service offerings such as spot claim resolution, transparent and real time information and timely closure of commercials.

CEAT has adopted an omni channel approach to ensure availability of tyres across all e-commerce platforms and its own website through online, offline and home delivery. CEAT's website was revamped, laying emphasis on customer centricity and additional features along with an easy-to-use interface. Some of the options available to customers include the option to purchase tyres online, opt for home fitment or fitment at the store and register for warranty online.

CEAT has further strengthened its relationship with key OEM customers and these sustained efforts have culminated in widening our presence in new Original Equipment (OE) models. CEAT is committed towards developing safer and smarter products through customer focussed R&D. The Company has reduced its development cycle time and provides customised offerings based on multitude and unique requirements of every target market.

Capacity Expansion

During FY 21, CEAT commissioned the initial phase of its greenfield project in Chennai, with a capacity to produce 96 Lacs tyres per annum (approximately) of Passenger Vehicle Radial Tyres. CEAT's brownfield project in Nagpur completed the first phase of expansion and the plant is now in phase two of expansion. CEAT's 2-Wheeler Tyre capacity would be approximately 2.7 Crores tyres per annum when the project is fully completed.

Approx ₹ 4,000 Crores has been earmarked for capacity expansion projects and this includes investments made in Halol, Nagpur, Chennai and Ambernath capacity expansion. Till date, CEAT has made investments of more than ₹ 2,600 Crores across its expansion projects. The remaining investments will be made in a staggered manner over the next 3 years. These projects are being funded through internal accruals and external borrowings. Once commissioned, these capacity enhancement projects will enable CEAT to meet its growth requirements.

SWOT

Strengths
- Distribution network
- R&D team / Best in Class Products
- OEM presence in 2-Wheeler Segment
- Brand association with safety
- Culture of collaboration and transparency
- New capacities to capture growth
- Process excellence – high level adoption of Total Quality Management

Weaknesses
- Cost structure
- Low OEM share of business in TBR segment and premium PCR segment

Opportunity
- India growth in rural and semi urban markets
- Emerging Digital Business Models
- Changing mobility landscape
- Global supply chain shift from China

Threats
- Demand disruption due to global pandemic
- Competitive intensity in 2-Wheeler
- Commodity price inflation
- Currency fluctuation and non-tariff barriers destabilising International business

International Business

CEAT is one of the major Indian tyre exporters with sales across 100+ countries worldwide. CEAT has a stratified export market divided in seven clusters to develop better understanding of customer requirements and position products accordingly, by investing in R&D to develop market-specific products. Core focus areas and growth drivers for the Company are the Truck and Bus Radials, Passenger Vehicle Radials, Light Truck Steel Radials and Two-Wheeler Tyre segments. CEAT continues to consolidate its position in Bangladesh and Sri Lanka through Joint Ventures (JVs) with strategic partners and strengthen focus on European markets for expanding Passenger Vehicle Radial footprint, along with Middle East and Latin American countries.

Despite COVID-19 pandemic, the Company has managed to sustain and grow in almost all the existing markets throughout FY 21 and has successfully built new Passenger Vehicle business in United Kingdom, USA and Puerto Rico. CEAT's new products for the Passenger Vehicle category for Winter, Summer, All-Season, Ultra High Performance ('UHP') and Van applications continue to meet the stringent product performance requirements of the European markets. The Company has also entered the Thailand and Oman markets with its Truck & Bus Radials, globally benchmarked to the top performing products in the industry. The 2-Wheeler segment in Africa, Nepal and Latin American markets delivered strong growth in FY 21.

The growth will be driven by focus on best-in-class products, excellent channel relationship and brand development initiatives, both offline and digitally.

Replacement Business

4,100+	Dealers	450+	Distributors servicing over 40,000+ sub-dealers	325+	Shoppes and 16 CEAT tyre service hubs
580+	Districts covered	180+	Shop-in-shop Concepts		

Replacement Business

Digital Initiatives to improve consumer experience	Digital Initiatives to improve engagement with channel	Distribution 2.0	Expansion of CEAT Shoppe in major geographies	CEAT Fleet Solutions
Introduction of new age customer centric features like home delivery of tyres, order online and pick up at store, AI based online warranty registration, Roadside assistance, WhatsApp based appointment booking have led to improved customer experience. The initiatives have also helped create higher level of engagement with end consumers and reduce the time required to service consumer complaints.	Revamped Dealer portal with introduction of several features such as spot claim resolution, digital payments, transparent and real time information and quick closure of commercials resulted in enhanced customer satisfaction.	CEAT continued to expand its reach through use of technology and ensure service at sub-dealer level.	CEAT continued to improve the footprint of exclusive stores in key geographies that accounts for a bulk of Passenger Vehicle tyre sales. The Company has undertaken several initiatives like delivering tyres in quickest possible time, improved branding, better service at CEAT Shoppe to provide superior retail experience for the customers and channel partners.	CEAT continued to expand its service-based model for Commercial Vehicle fleets. Customers continued to show trust in CEAT's tyre management and service model.

Technology and R&D

CEAT's research and development initiatives highlight the Company's efforts to integrate itself within the changing technological landscape of the tyre industry and beyond. The organisation has recently invested its efforts into implementing digitisation across the value chain. CEAT has also cemented its place as a pioneering innovator of a range of tyre products by keeping up to date with relevant technology, specific trends and customer demands in the industry. The Company has also deployed data analytics to achieve optimisation in its manufacturing practices and boost operational excellence across geographies.

Business Outlook

CEAT entered FY 22 witnessing significant impact of the second wave of COVID-19 which affected demand across categories during the first quarter of the year. With strict lockdowns imposed across various states in India and the vaccination drive gathering momentum, the impact of the second wave gradually moderated and the consumer demand is gaining traction. While this is positive, it remains fluid in nature and the developments need to be monitored closely to take relevant decisions pertaining to business and operations. While the likelihood of pent-up demand is high, a concrete prediction on the overall demand environment is unlikely given the uncertainties around impact of new variants of the virus.

For the domestic tyre industry, export sales are likely to improve as the US and Europe continue with the high tariffs on imports from China. In the aftermarket segment, CEAT has gained market share across all categories during FY 21. The Company will continue to strengthen its leadership position in 2-Wheeler and the Company will strive to gain more market share in PCR and TBR. With the new capacities in Chennai and Halol ramping up fast, supply does not appear to be a concern in the future. The Company continues to work on launching new and improved products, strengthening its distribution capability and improving brand recall, to improve market share in identified categories.

Quality Assurance System

Quality Assurance ('QA') in CEAT encompasses the entire spectrum of the value chain, starting from raw material suppliers, product development to manufacturing operations, sales and customer quality. The QA function's role is to establish a QA system and process to ensure, heightened customer service by meeting their requirements. The management is made aware of the critical quality indicators across the business units and functions, by the QA function.

A cross-functional Quality Council caters to ensuring quality for customers in the following ways:

- To have an outside-in view of the stated and unstated customer needs and provide strategic direction to proactively develop products and services.
- To review adequacy of systems and processes related to critical and major customer complaints and further enhance its efficiency to enable early detection and prevention of causal factors along with facilitating horizontal deployment.
- To ensure functional alignment with an intent to achieve the stated objectives of CEAT Quality Assurance.

The cross-functional approach of QA at CEAT establishes proactive quality control through implementation of zero-defect workstation, Statistical Process Control ('SPC') and Critical-to-Quality ('CTQ') audit systems. The QA department prepares the organisation for OEM audits and approvals and interactions with all OEM customers pertaining to current and future projects. With the backing of CEAT's robust QA infrastructure, the Company continues to engage with domestic and international OEMs and facilitate approvals, thereby strengthening our market position.

For ensuring manufacturing quality, focus is laid on consistency of processes and product quality. The quality of a tyre is described in terms of its construction, reliability, its suitability for a specific purpose and the degree to which it satisfies customers' needs. Consistent product quality along with continued R&D is the key to building and enhancing customer experience.

CEAT values the opinions and suggestions put forth by customers and dealers and factors the same into product development and testing processes. A unified 'voice-of-the-customer' system has been developed, which brings all customer concerns related to product and service on to a single platform. Automatic reports are generated and shared with relevant process owners and the closure of these is tracked at various review forums. The final effectiveness of the QA system is measured through an extensive customer satisfaction survey, conducted by external agencies.


Building area at Chennai plant

Risk Management

The risk management process at CEAT begins with the identification of risks and an assessment of their impact, which is based on past trends and future projections. External perspectives were also considered to ensure coverage of all key existing and emerging risks. Thereafter, ways to mitigate these risks are identified and implemented as necessary. Risks are periodically re-evaluated and monitored along with emerging risks being added to the focus pool.

Risks and their mitigation

Risk	Mitigation
Business Disruption due to external factors (e.g. Infectious disease like COVID-19) Business plans getting adversely impacted due to disruption arising out of COVID-19 pandemic.	**Mitigation** Detailed analysis is being done to evaluate the impact on long-term plans and revenue and expenditures re-worked accordingly to ensure minimum possible impact on the business due to lockdown and continued disruption. The Company is focussing on Safety of employees including Customers, Vendors and all other key stakeholders. Cash and cost management has been another key focus area during these stressful times.
Impact on Margins due to raw material ('RM') price volatility and other market factors. Fluctuating raw material prices can affect profit margins. Rising competition from domestic and international low-cost players as well as aggressive pricing behaviour could impact profitability.	**Mitigation** CEAT continues to explore a wider supplier base besides strengthening relationships with the existing suppliers to foster long-term association. Long-standing relationships with OEMs and the quality of CEAT's products, have helped CEAT in brand recognition. CEAT continues its focus on channel expansion, enhanced after-sales service, superior quality products and associated warranties to help differentiate from the competition. Increased efforts to grow high margin profitable segments, judicious price increase, capacity development for new products and premium segment in new markets are all measures to help protect and improve the Company's margin profile. CEAT continues to challenge both domestic and foreign players with its deep domain knowledge, technology prowess, brand recall and reach.
High investment risk Increase in planned capital expenditure and investments may impact profit margins.	**Mitigation** Sensitivity analysis is a regular exercise and investments are planned in a phased manner taking into consideration the market size and CEAT's share of business.
Cyber security risk Increase in threat of attacks on CEAT IT systems and data.	**Mitigation** CEAT periodically assesses the vulnerability of its system to cyber-attacks (risks) and takes preventive and detective measures to mitigate the same. External IT consultants have also been involved for specialist advice to secure systems from cyber-attacks. Business Continuity Plan is developed and implemented for all IT platforms.
Single Source / Single Geography Suppliers Risk of supply disruption and price volatility	**Mitigation** CEAT is working to develop alternatives for all single source / single geography suppliers. Action is also being taken to develop alternate raw materials to mitigate this risk.

Environment, Occupational Health and Safety

CEAT constantly works towards creating a safe working environment for its people. It is committed to reducing accidents at work and occupational illnesses; and thereby, follows a proactive and systematic approach to identify health hazards and risks. On the environment front, CEAT functions on the principle of 'pollution prevention instead of control' and complies with all environmental laws.

Safety

CEAT has a 'zero accidents' policy. The Company has adopted British Safety Council's (BSC) Five Star Occupational Health and Safety Management System to benchmark with its own systems. CEAT has an agile approach for risk elimination at its worksites with the latest safety measures. All manufacturing plants are ISO 45001:2018 certified. Further, the Company takes appropriate measures to impart extensive training to its employees (including contractual); to adhere to the safety measures.

Occupational Health

CEAT aspires to have 'zero occupational illness cases' and thus, engages in cross-functional efforts to reduce occupational health hazards. The Company maintains Occupational Health Centres round-the-clock operated by professionals. Further, CEAT provides ambulances and first-aid facilities at all its plants and all its employees including the contract employees get periodic medical check-ups. The Company has institutionalised stringent COVID-19 safety measures and also ensured vaccination of majority of its people.

Environment

CEAT is committed to value creation and all-round sustainable development and processes are designed to ensure the same. CEAT has targeted a goal of 50% reduction in its carbon footprint by the year 2030. Select measures that will aid attainment of this target include use of green raw materials, use of briquette as fuel, network optimisation, light weight tyres and high recycling and recovery rates. For further details and information on the sustainability initiatives of CEAT, kindly refer to the Natural Capital section of this Annual Report.

CEAT follows environment protection principle of 'reduce, reuse and recycle'. The Company has adopted several measures to maintain ecological balance around its production facilities.

Some of the environmental protection initiatives are:

- ISO 14001:2015 (Environment Management System) Certification for all manufacturing plants.
- Implemented projects to reduce freshwater consumption in manufacturing plants. The Halol, Nashik, Nagpur and Chennai Plants are 'Zero Liquid Discharge' Plants.
- Nashik, Bhandup and Nagpur Plants are certified for ISO 50001:2018 (Energy Management System)

For further details refer to the Natural capital section of this Integrated Annual Report.

Human Assets

CEAT has been at the forefront on taking innovative initiatives for its employees and their wellbeing. CEAT has taken substantial efforts to take care of its employees and stakeholders during the tough times of COVID-19 pandemic. The Company took various steps focusing on both physical and emotional health of the employees. The concept of 'employee well-ness' was further consolidated in FY 21 with the addition of a new dimension of 'Quality of Life.' Please refer to the Human Capital section for detailed explanation on the initiatives launched to improve human and workplace satisfaction, gender diversity, workforce learning and development including up-skilling programmes, etc.

Keeping its position as of one of the best companies amongst the Auto and Auto component industry category, CEAT ranked 33rd amongst India's 100 best companies to work for by the Great Place to Work® Institute.

Internal Control Systems and their adequacy

CEAT has a well-placed, suitable and adequate internal control environment, commensurate with the size, scale and complexity of its operations. This environment provides:

- Assurance on orderly and efficient conduct of operations.
- Security of assets.
- Prevention and detection of frauds and errors.
- Accuracy and completeness of accounting records and timely preparation of reliable financial information.

First line

Management control: The line managers are directly responsible for ensuring the design and effective implementation of the Internal Controls Framework at CEAT. The line manager carries out day-to-day operations within the boundaries defined by the management through its various policies and procedures, including the following:

- Employee Code of Conduct
- Whistle Blower Policy
- Entity Level, Operating Level and IT General Controls
- Delegation of Authority Matrix
- Policies and Standard Operating Procedures

Second line

The second line of Management oversight of CEAT is achieved through the following:


Solar panels at Ambernath plant

- Executive Committee (ExCo) meeting chaired by the Managing Director.
- Operating Committee (OpCom) meeting chaired by the Chief Operating Officer.
- Operation Reviews (MOR) by respective functional / business managers.

Third line

The third line consists of the Governing Board and the Audit Committee. This independent assurance and oversight of internal controls is achieved through the following governing bodies:

1 Board of Directors

2 Audit Committee of the Board of Directors: Their oversight activities mainly include:

- Reviewing financial reports and other financial information and communicating with the regulators
- Reviewing CEAT's established systems and procedures for internal financial controls, Governance and risk management
- Reviewing CEAT's statutory and internal audit activities

3 Risk Management Committee: This Committee reviews the 'Risk and mitigation plan' on periodic basis.

The above three lines of defence are further strengthened by independent audits such as statutory audit, tax audit, cost audit and secretarial audit.

Discussion on Financial Performance and Key Financial Ratios

As required pursuant to the amended Listing Regulations, following are the key ratios having significant changes i.e. change of 25% or more as compared to the previous financial year:

- Interest Coverage Ratio
- Inventory Turnover Ratio
- Debt Equity Ratio
- Net Profit Margin
- Return on net worth
- Return on capital employed

Details of key financial ratios including the above and change in return on net worth, as compared to the immediately previous financial year along with detailed explanation thereof forms part of discussion on financial performance, appended to this Report.

Cautionary Statements

Statements in the Management Discussion and Analysis describing CEAT's objectives, projections, estimates and expectations may be 'forward-looking statements' within the meaning of applicable securities, laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence CEAT's operations include economic developments within the country, demand and supply conditions in the industry, input prices, changes in government regulations, tax laws and other factors such as litigation and industrial relations.

Discussion on Financial Performance and Key Financial Ratios

The standalone financial statements, the analysis whereof is presented hereunder and in the following pages pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015, have been prepared in accordance with the requirements of the Companies Act, 2013 and applicable Ind AS issued by the Institute of Chartered Accountants of India. The Management of CEAT Limited accepts the integrity and objectivity of these financial statements as well as various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements are reflected in a true and fair manner and also reasonably presents the Company's state of affairs and profit for the year.

Balance Sheet

Property, plant and equipment, capital work-in-progress, intangible assets, intangible assets under development and right-of-use assets (Net Block) (Note 3, 4 and 5)

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020	Change	Change %
Property, plant and equipment	4,55,681	3,95,750	59,931	15%
Capital work-in-progress	70,288	98,394	(28,106)	(29%)
Intangible assets	9,854	10,017	(163)	(2%)
Intangible assets under development	2,500	1,781	719	40%
Right-of-use assets	10,783	10,185	598	6%
Total	**5,49,106**	**5,16,127**	**32,979**	**6%**

Property, plant and equipment has increased due to the following reasons:

During the year, the Company has capitalised property, plant and equipment of ₹ 86,105 lacs mainly consisting of Chennai, Halol, Nagpur and Ambernath plants as reduced by depreciation of ₹ 26,056 lacs on property, plant and equipment for the year and disposals of ₹ 118 lacs.

Capital work-in-progress mainly includes the project capital expenditure incurred at Halol, Nagpur, Ambernath and Chennai plants.

Intangible under development mainly comprises software development, majorly at Halol plant.

Right-of-use assets are arising out of outsourcing arrangements which consists of both buildings and plant machinery used for production of goods and generation of power under such arrangements.

Investments (Note 6)

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020	Change	Change %
Non-current investments				
Investments in subsidiaries and associates	11,409	10,681	728	7%
Other non-current investments	402	402	-	0%
Total	**11,811**	**11,083**	**728**	**7%**

The Company has made additional investment in associates viz. TYRESNMORE Online Pvt Ltd – ₹ 260 lacs (door-to-door delivery of tyres and tubes) and Greenzest Solar Private Limited - ₹ 468 lacs (purchase of solar induced power).

Loans (Note 7)

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020	Change	Change %
Non-current loans	757	473	284	60%

Non-current loans mainly comprises of security deposits given for warehouse taken on rent. Increase is majorly on account of additional warehouse space as a consequence of growth.

Other financial assets (Note 8 and 14)

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020	Change	Change %
Other non-current financial assets	134	474	(340)	(72%)
Other current financial assets	4,124	1,894	2,230	118%
Total	**4,258**	**2,368**	**1,890**	**80%**

Other non-current financial assets have decreased due to unrealised loss of ₹ 47 lacs on revaluation of hedge contracts in current year (previous year gain ₹ 332 lacs).

Other current financial assets have increased mainly due to Fiscal Grant receivable aggregating ₹ 2,673 Lacs as offset by unrealised loss ₹ 1,494 lacs on revaluation of hedge contracts in current year (previous year gain ₹ 436 lacs).

Other non-financial assets (Note 9 and 15)

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020	Change	Change %
Other non-current non-financial assets	4,636	7,153	(2,517)	(35%)
Other current non-financial assets	8,257	13,868	(5,611)	(40%)
Total	**12,893**	**21,021**	**(8,128)**	**(39%)**

Decrease in non-current non-financial asset is mainly due to adjustment of capital advances against final supply of assets for Halol, Chennai, Nagpur and Ambernath plant expansion.

Other current non-financial assets comprise advance to vendors, prepaid expenses and balances with government authorities. Reduction is mainly on account of input credit utilisation and indirect tax refund received during the year ended March 31, 2021.

Inventories (Note 10)

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020	Change	Change %
Raw Materials	58,499	32,070	26,429	82%
Work-In-Progress	6,680	3,388	3,292	97%
Finished Goods (including stock-in-trade)	43,477	52,413	(8,936)	(17%)
Stores and Spares	2,594	3,264	(670)	(21%)
Total	**1,11,250**	**91,135**	**20,115**	**22%**

Raw material inventory when compared as a measure of the cost of material consumed is equivalent to 40 days as at March 31, 2021 against 33 days as at March 31, 2020 mainly due to lower inventory levels as at March 31, 2020 on account of lockdown owing to COVID-19.

As a measure of the goods sold, the finished goods inventory (including traded goods stock) is stated at 37 days as at March 31, 2021 against 49 days as at March 31, 2020 mainly due to reduction in sales as a result of lockdown owing to COVID-19 in March 2020.

Trade Receivables (Note 11)

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020	Change	Change %
Trade receivables	92,226	66,430	25,796	39%

The receivables position for the current year is at 39 days sales outstanding as at March 31, 2021 in line with 38 days sales outstanding as at March 31, 2020.

Cash and cash equivalents (Note 12)

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020	Change	Change %
Cash and cash equivalents	1,956	2,245	(289)	(13%)

Reduction is on account of lower current account balances as compared to previous year as offset by higher balances of cheques awaiting bank clearances in the current year.

Borrowings (Note 19 and 23)

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020	Change	Change %
Non-current borrowings	1,34,104	1,64,078	(29,974)	(18%)
Current borrowings	53	21,559	(21,506)	(99%)
Total	**1,34,157**	**1,85,637**	**(51,480)**	**(28%)**

Non-current and current borrowings have reduced by ₹ 51,480 lacs mainly due to better operational performance and prepayment of high cost debts of the wholly owned subsidiary. Non-Convertible Debentures were issued aggregating ₹ 25,000 lacs during the year ended March 31, 2021 for replacing the high cost debts.

Lease Liability (Note 4)

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020	Change	Change %
Non-current lease liabilities	6,690	6,375	315	5%
Current lease liabilities	4,807	4,226	581	14%
Total	**11,497**	**10,601**	**896**	**8%**

Lease liabilities are arising out of outsourcing arrangements which consists of both buildings and plant machinery used for production of goods and generation of power under such arrangements under such arrangements.

Other financial liabilities (Note 20 and 25)

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020	Change	Change %
Other non-current financial liabilities	1,267	10,072	(8,805)	(87%)
Other current financial liabilities	75,569	61,508	14,061	23%
Total	**76,836**	**71,580**	**5,256**	**7%**

Other non-current financial liabilities has decreased mainly due to decrease in payable to capital vendors.

Other current financial liabilities has gone up due to higher payables by ₹ 4,360 lacs for projects at Halol, Nagpur, Ambernath and Chennai plants and deposits from dealers by ₹ 7,470 lacs.

Provisions (Note 21)

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020	Change	Change %
Non-current provisions	4,494	4,008	486	12%
Current provisions	10,758	12,202	(1,444)	(12%)
Total	**15,252**	**16,210**	**(958)**	**(6%)**

Decrease in current provisions is due to differential Goods and Services Tax provision reversed during 2020-21 aggregating ~ ₹ 1,600 lacs.

Trade Payables (Note 24)

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020	Change	Change %
Trade payables	1,94,360	1,19,112	75,248	63%

The trade payable position is at 95 days cost of goods sold outstanding as at March 31, 2021 as compared to 89 days as at March 31, 2020 mainly due to longer credit period mix.

Other current liabilities (Note 26)

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020	Change	Change %
Other current liabilities	10,910	6,486	4,424	68%

Other current liabilities has increased mainly due to increase in statutory dues mainly Goods and Services Tax by ~ ₹ 3,500 lacs due to higher sales in March 2021 as compared to March 2020.

Statement of Profit and Loss

The following table sets forth the breakup of the Company's expenses as a percentage of Revenue from operations

(₹ in Lacs)

Particulars	2020-21	% of Revenue from operations	2019-20	% of Revenue from operations
Revenue from operations	**7,57,279**	**100%**	**6,74,786**	**100%**
Cost of material consumed	4,17,376	55%	3,87,296	57%
Purchase of stock-in-trade	1,009	0%	1,957	0%
Changes in inventories of finished goods, work-in-progress and stock-in-trade	6,743	1%	1,277	0%
Gross Margin	**3,32,151**	**44%**	**2,84,256**	**42%**
Employee benefit expense	66,713	9%	53,409	8%
Other expenses	1,68,059	22%	1,59,082	24%
EBITDA	**97,379**	**13%**	**71,765**	**11%**
Other income	3,180	0%	3,072	0%
Finance costs	17,305	2%	14,905	2%
Depreciation and amortisation expenses	33,958	4%	27,711	4%
Exceptional items	3,406	0%	2,984	0%
Profit before tax	**45,890**	**6%**	**29,237**	**4%**
Tax expense	4,526	1%	6,776	1%
Profit for the year	**41,364**	**5%**	**22,461**	**3%**
Other comprehensive income / (loss) for the year, net of tax	(950)	0%	2,385	0%
Total comprehensive income for the year	**40,414**	**5%**	**24,846**	**4%**

As compared to previous year:

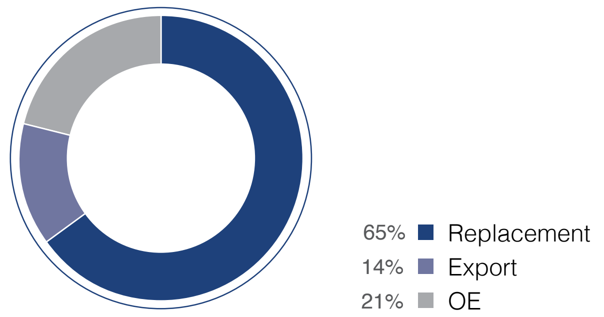
- Revenue from operations has increased by 12% due to volume growth.
- Gross margin has increased by 17% (in absolute terms) and 180 bps (in percentage terms) on account of lower cost and favourable business unit mix.
- EBITDA has increased by 36% (in absolute terms) and increased by 230 bps (in percentage terms) on account of improved gross margins coupled with lower operating expenses like traveling and professional consultancy cost.

Revenue from operations (Note 27)

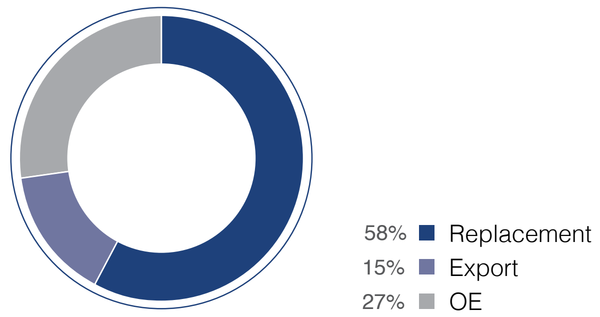
(₹ in Lacs)

Particulars	2020-21	2019-20	Change	Change %
Automotive Tyres	6,76,673	5,95,679	80,994	14%
Tubes and others	72,357	67,694	4,663	7%
Royalty income	502	438	64	15%
Sale of scrap	4,237	3,307	930	28%
Other revenues	400	919	(519)	(56%)
Total revenue from contracts with customers	**7,54,169**	**6,68,037**	**86,132**	**13%**
Government grants	3,110	6,749	(3,639)	(54%)
Revenue from operations	**7,57,279**	**6,74,786**	**82,493**	**12%**

BU wise sales composition 2020-21



BU wise sales composition 2019-20



Sale of goods in value has increased mainly due to increase in volume.

Other Income (Note 28)

(₹ in Lacs)

Particulars	2020-21	2019-20	Change	Change %
Other Income	3,180	3,072	108	4%

Other income has marginally increased due to the following offsetting reasons:

- Higher dividend received from Associated CEAT Holdings Company (Pvt) Limited by ₹ 790 lacs.
- Offset by ₹ 428 lacs net gain on property, plant and equipment during the year ended March 31, 2020.

Cost of material consumed / finished goods consumed analysis (Note 29 and 30)

(₹ in Lacs)

Particulars	2020-21	2019-20	Change	Change %
Cost material consumed	4,17,376	3,87,296	30,080	8%
Purchase of stock-in-trade	1,009	1,957	(948)	(48%)
Changes in inventories of finished goods, work-in-progress and stock-in-trade	6,743	1,277	5,466	428%
Total	**4,25,128**	**3,90,530**	**34,598**	**9%**

The increase is on account of increased production in the year ended March 31, 2021.

Raw material consumed 2020-21 (₹ in Lacs)

Raw material consumed 2019-20 (₹ in Lacs)

Movement of changes in Inventory is mainly on account of decrease in finished goods stock as compared to the previous year. Inventory of finished goods is ₹ 43,238 lacs as at March 31, 2021 as compared to ₹ 49,871 lacs as at March 31, 2020.

Employee benefit expense (Note 31)

(₹ in Lacs)

Particulars	2020-21	2019-20	Change	Change %
Employee benefit expense	66,713	53,409	13,304	25%

Movement in employee benefit expenses is due to regular annual increments, increase in employee head count (higher by ~ 21%) mainly in the new manufacturing locations.

Finance Costs (Note 32)

(₹ in Lacs)

Particulars	2020-21	2019-20	Change	Change %
Finance cost	17,305	14,905	2,400	16%

Increase in finance cost is attributable to interest & premium cost being absorbed in the Statement of Profit & Loss due to commissioning of related assets.

Depreciation and amortisation expense (Note 33)

(₹ in Lacs)

Particulars	2020-21	2019-20	Change	Change %
Depreciation on property, plant and equipment	26,056	21,307	4,749	22%
Amortisation of intangible assets	3,080	2,476	604	24%
Depreciation on right-of-use assets	4,822	3,928	894	23%
Total	**33,958**	**27,711**	**6,247**	**23%**

Depreciation on Property, plant and equipment has increased on account of higher capitalisations mainly in Chennai, Halol, Ambernath and Nagpur plants.

Amortisation of intangible assets has increased due to capitalisation of softwares aggregating ~ ₹ 2,010 lacs during the year.

Other Expenses (Note 34)

Other expenses primarily include the following expenses, constituting 85% (Previous year 86%) thereof:

(₹ in Lacs)

Particulars	2020-21	2019-20	Change	Change %
Conversion Charges	30,718	30,265	453	1%
Stores and Spares Consumed	7,769	6,167	1,602	26%
Power and Fuel	25,544	21,654	3,890	18%
Freight and Delivery Charges	40,334	34,757	5,577	16%
Repairs - Machinery	6,232	6,570	(338)	(5%)
Repairs - Building	661	586	75	13%
Travelling and Conveyance	1,470	4,034	(2,564)	(64%)
Advertisement and Sales Promotion Expenses	17,120	17,448	(328)	(2%)
Professional and Consultancy Charges	4,207	5,883	(1,676)	(28%)
Training and Conference Expenses	397	1,175	(778)	(66%)
Corporate Social Responsibility Expenses	786	913	(127)	(14%)
Sales related obligations	8,018	7,145	873	12%

Variable costs such as store and spares consumed, power and fuel, freight, etc. has increased due to increase in levels of operations.

Travel cost has reduced on account of COVID-19 restrictions and intermittent lockdowns during the year ended March 31, 2021.

Exceptional Items (Note 35)

(₹ in Lacs)

Particulars	2020-21	2019-20	Change	Change %
Exceptional Items	3,406	2,984	422	14%

Exceptional items has increased mainly due to higher provision towards expenses / losses attributable to COVID-19 by ₹ 417 lacs.

Tax expenses (Note 22)

(₹ in Lacs)

Particulars	2020-21	2019-20	Change	Change %
Tax expenses	4,526	6,776	(2,250)	(33%)

Effective income tax rate ('ETR') for 2020-21 is 9.86% as compared to 23.18% in 2019-20. The current year's ETR is lower due to the Company's adoption of lower income tax rate (new taxation regime) and impact due to merger with CEAT Specialty Tyres Limited (wholly owned subsidiary) wherein loss of the merged entity was set off.

Cash Flows *

(₹ in Lacs)

Particulars	2020-21	2019-20	Change	Change %
Net cash flow generated from operating activities	1,35,117	96,833	38,284	40%

Net cash from operating activities has increased as compared to previous year due to following offsetting reasons:

- The cash operating profit before working capital changes has increased mainly due to higher profitability as a result of higher sales and margins.
- Working capital improvement in the current year is mainly due to increase in trade payables on account of increase in input cost and incremental credit period.

(₹ in Lacs)

Particulars	2020-21	2019-20	Change	Change %
Net cash flows (used in) / generated from investing activities	(62,618)	(1,12,774)	50,156	(44%)

Net cash used in investing activities has decreased mainly due to reduction in project capex.

(₹ in Lacs)

Particulars	2020-21	2019-20	Change	Change %
Net cash flows (used in) / generated from financing activities	(72,788)	12,588	(85,376)	(678%)

Decrease in net cash flows from financing activities is mainly due to repayment of short term borrowing and term loans.

* For details, refer cash flow statement

Ratio Analysis

Debtors turnover ratio (times)

Particulars	2020-21	2019-20
Debtors turnover ratio	9.44	9.71

Debtors turnover ratio is marginally reduced in the current year as compared to previous year.

Inventory turnover ratio (times)

Particulars	2020-21	2019-20
Inventory turnover ratio	9.78	7.45

Inventory turnover has increased in the current year as compared to previous year mainly due to restricted sales in March 2020 owing to COVID-19 induced lockdown.

Interest coverage ratio (times)

Particulars	2020-21	2019-20
Interest coverage ratio	4.59	3.26

Interest coverage ratio has increased in 2020-21 as compared to the previous year mainly on account of increase in EBID.

Current ratio (times)

Particulars	As at March 31, 2021	As at March 31, 2020
Current ratio	0.73	0.78

The marginal decrease in current ratio is primarily due to increase in trade payables.

Debt Equity Ratio (times)

Particulars	As at March 31, 2021	As at March 31, 2020
Debt equity ratio	0.44	0.69

Decrease is mainly due to repayment of borrowings in the current year apart from higher profitability.

Operating profit margin (%)

Particulars	2020-21	2019-20
Operating profit margin	12.86%	10.64%

Increase in operating profit margin is mainly due to increase in gross margin by 180 bps and higher sales volume.

Net profit margin (%)

Particulars	2020-21	2019-20
Net profit margin	5.46%	3.33%

Net profit margin has increased due to increase in gross margin, higher sales volumes and tax savings achieved in the current year.

Return on net worth (%)

Particulars	2020-21	2019-20
Return on net worth	13.07%	8.14%

Return on net worth has increased due to increase in profit after tax.

Price earning ratio (times)

Particulars	2020-21	2019-20
Price earning ratio	15.27	14.17

Earnings per share stood at ₹ 102.26 for the year ended March 31, 2021 registering an increase by 82% as compared to year ended March 31, 2020. Closing share price was higher by 98% as compared to previous year.

Return on capital employed (%)

Particulars	2020-21	2019-20
Return on capital employed	9.69%	6.41%

Return on capital employed has increased due to an increase in post tax earnings before interest by 65% against which average capital employed has decreased by 9%.

Board's Report

To,
The Members of CEAT Limited,

Directors of the Company are pleased to present their Sixty-Second report, together with the Standalone and Consolidated Audited Financial Statements of the Company for the year ended March 31, 2021.

FINANCIAL SUMMARY AND HIGHLIGHTS

Standalone

(₹ in Lacs)

Particulars	FY 2020-21	FY 2019-20
Total Revenue	7,60,459	6,77,858
Total Expenses (excluding exceptional items)	7,11,163	6,45,637
Profit Before Taxation	45,890	29,237
Tax expense:		
- Current Tax	3,660	7,401
- Deferred Tax charge / (credit)	866	(625)
Profit for the period	41,364	22,461
Other Comprehensive Income		
Items that will not be reclassified to profit or loss:		
- Remeasurement gains / (losses) on defined benefit plans	391	(725)
- Income tax relating to the above	(98)	243
Items that will be reclassified to profit or loss:		
- Net movement in cash flow hedges	(1,759)	4,214
- Income tax effect on net movement in cash flow hedges	516	(1,347)
Total Comprehensive Income for the year	**40,414**	**24,846**

Consolidated

(₹ in Lacs)

Particulars	FY 2020-21	FY 2019-20
Total Revenue	7,62,341	6,79,934
Total Expenses (excluding exceptional items)	7,14,177	6,48,243
Profit Before Taxation	48,389	30,429
Tax expense:		
- Current Tax	4,184	7,932
- Deferred Tax charge / (credit)	975	(509)
- MAT credit entitlement		
Profit after tax, non-controlling interest and share of profit from Joint Venture	43,230	23,006
Other Comprehensive Income		
Items that will not be reclassified to profit or loss:		
- Remeasurement gains / (losses) on defined benefit plans	381	(734)
- Income tax relating to the above	(97)	245
Items that will be reclassified to profit or loss:		
- Net movement in cash flow hedges	(1,792)	4,247
- Income tax effect on net movement in cash flow hedges	516	(1,347)
- Net movement in foreign exchange fluctuation reserve	(1,365)	122
Total Comprehensive Income for the year	**40,873**	**25,539**

In the preparation of Financial Statements, no treatment different from that prescribed in the relevant Accounting Standards has been followed.

During the year under review, on a standalone basis, the Company recorded net revenue from operations of ₹ 7,57,279 Lacs, higher by 12%, compared to ₹ 6,74,786 Lacs of the last financial year. The Company recorded a net profit of ₹ 41,364 Lacs against a net profit of ₹ 22,461 Lacs of the last financial year. The Company's EBITDA stood at ₹ 97,379 Lacs, an increase of 36% over EBITDA of ₹ 71,765 Lacs of the last financial year.

On a consolidated basis, the Company recorded net revenue from operations of ₹ 7,60,960 Lacs, higher by 12%, compared to ₹ 6,77,883 Lacs for the last financial year. The Company recorded a net profit of ₹ 43,230 Lacs, against a net profit of ₹ 23,006 Lacs of the last financial year. The Company's EBITDA stood at ₹ 1,01,928 Lacs, an increase of 38% over EBITDA of ₹ 74,106 Lacs of the last financial year.

STATE OF COMPANY'S AFFAIRS

The year under review was challenging in terms of revenue growth owing to the impact of fall in demand from automobile manufacturers, dip in consumer sentiment and a drop in the revenue in the first quarter due to nationwide lockdown announced in the wake of the COVID-19 pandemic.

Despite the challenging business environment, the focus on the right product mix, lower raw material cost and cost management helped the Company deliver improvement in EBITDA margins. The Company achieved a reduction in working capital that helped manage the borrowings better. Further, continued focus on controlling the ongoing capital expenditure and operating cashflow led to healthy debt level and financial leverage ratios.

The Company continued to focus on growing its reach in local as well as global markets. The Company operates 6 (six) manufacturing facilities at Mumbai, Ambernath, Nashik, Nagpur, Halol and Chennai and has a network of more than 4,100+ dealers, 450+ distributors and over 40,000+ sub-dealers. During the year under review, the Company enhanced its production at the newly inaugurated greenfield manufacturing facility near Chennai for Passenger Vehicle tyres and commissioned phase II of the Nagpur Plant to produce 2-Wheeler tyres for commercial purpose. Further, during the year, the Company got license to set up a representative office at Philippines. The Company currently has representative offices in Indonesia, United Arab Emirates and in Germany.

There was emphasis on technology upgradation and R&D for the existing as well as new products which helped in developing about 175 new products during the year, continuing the focus on new and innovative materials, processing and breakthrough product development from the R&D centres at Halol, Gujarat and Frankfurt, Germany. The Company also recently achieved the milestone of 100 patents applications filed.

While continuing the journey towards sustainability, in line with the Company's mission of 'Making Mobility Safer & Smarter. Every Day.', the Company is working towards various such initiatives which are more particularly described under the six capitals as reported in this Annual Report. The Company embarked on Integrated Reporting since the year 2019-20.

As reported previously, the Board of Directors of the Company had approved the Scheme of Amalgamation of its wholly owned subsidiary, namely, CEAT Specialty Tyres Limited ('CSTL') with the Company ('Scheme') to integrate business carried on by both the companies, achieve economies of scale due to synergies in operations and rationalisation of business processes, etc. The said Scheme was approved by the NCLT on March 13, 2020 and the certified copy of the Order was received by the Company in August 2020, which consequently was filed with the Registrar of Companies, Mumbai in e-Form INC- 28 on September 1, 2020, along with the Scheme.

Accordingly, the Scheme became operative from September 1, 2020, being the Effective Date i.e. the date of filing of Certified copy of the Order with the Registrar of Companies, Mumbai with Appointed Date as April 1, 2019 as prescribed in the Scheme for the purpose of necessary accounting and other retrospective effect.

On the scheme becoming effective, the entire business and whole of the undertaking of CSTL stands transferred to and be vested and / or deemed to have been vested in and amalgamated with the Company, as a going concern, without any further deed or act. Since the entire issued, subscribed and paid-up share capital of CSTL is directly or indirectly held by the Company, no shares are required to be issued by the Company to the members of CSTL, pursuant to the Scheme becoming effective.

More details on the Company's business vis-à-vis the overall industry, economy, markets and future outlook, etc. are given in the Management Discussion and Analysis section which forms part of this Integrated Annual Report.

MATERIAL CHANGES AND COMMITMENTS, IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the close of the Financial Year as on March 31, 2021, to which the Financial Statement relate and the date of this Report.

DIVIDEND

Considering the profits for the year under review and keeping in view capital expenditure requirements of the Company, your Directors are pleased to recommend the dividend of ₹ 18 (i.e. 180%) per equity share of face value ₹ 10 each for the Financial Year ended March 31, 2021.

DIVIDEND DISTRIBUTION POLICY

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'), the Company has adopted a Dividend Distribution Policy which is annexed to this Report and also available at https://www.ceat.com/investors/corporate-governance.html

TRANSFER TO RESERVE

As permitted under the Companies Act, 2013, the Directors do not propose to transfer any sum to the General Reserve pertaining to FY 2020-21.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

At the end of the year under review, the Company had the following 5 (five) subsidiaries namely Rado Tyres Limited, Kochi, India, Associated CEAT Holdings Company (Private) Limited, Colombo, Sri Lanka, CEAT AKKHAN LTD, Dhaka, Bangladesh, CEAT Speciality Tyres B.V, Netherlands, CEAT Specialty Tires Inc., USA and 2 (two) associate companies namely Tyresnmore Online Private Limited, Delhi, India and Greenzest Solar Private Limited, Mumbai, India.

Rado Tyres Limited

Rado Tyres Limited ('RTL') has discontinued its operation after exploring all opportunities to lease out / sell its assets. The shareholders of the Company at the Annual General Meeting held on August 12, 2020 approved the sell of non-current assets of RTL. During the year under review, RTL reported an income of ₹ 200 Lacs mainly from the sale of its non-current assets, (previous year ₹ 3 Lacs) and a net profit at ₹ 65 Lacs (previous year loss ₹ 29 Lacs).

Since the Company has no other activity, the accounts of RTL for the financial year under review have not been prepared on a going concern basis.

OVERSEAS SUBSIDIARIES

Details of Associated CEAT Holding Company (Private) Limited, Sri Lanka and CEAT AKKHAN LTD, Dhaka, Bangladesh are given below under the heads 'Joint Venture in Sri Lanka' and 'Joint Venture in Bangladesh'.

Joint Venture in Sri Lanka

Associated CEAT Holding Company (Private) Limited ('ACHL'), the Company's investment arm in Sri Lanka, has a 50:50 joint venture company viz. CEAT-Kelani Holdings Private Limited which operates 4 (four) manufacturing plants through its wholly owned subsidiaries in Sri Lanka.

During the year under review, ACHL registered a revenue of LKR 7 Lacs (₹ 3 Lacs) lower as compared to LKR 18 Lacs (₹ 7 Lacs) in FY 2019-20. The profit after tax for FY 2020-21 has increased by 107% to LKR 9,750 Lacs (₹ 3,786 Lacs) as compared to LKR 4,714 Lacs (₹ 1,847 Lacs) in FY 2019-20. ACHL's joint venture continues to enjoy the overall market leadership in all categories of tyres in Sri Lanka.

ACHL has been consistently paying dividends and it has during the year under review, paid a dividend of ₹ 1,826 Lacs to the Company.

Joint Venture in Bangladesh

CEAT AKKHAN LTD ('CAL') is a 70:30 joint venture of the Company in Bangladesh. CAL is setting up a greenfield facility for the manufacture of automotive bias tyres in Bangladesh. CAL is locally selling CEAT branded automotive tyres. For the year under review, the revenue of CAL was BDT 14,396 Lacs (₹ 12,375 Lacs) as compared to BDT 12,254 Lacs (₹ 10,073 Lacs) in FY 2019-20. The net profit for the year under review was BDT 50 Lacs (₹ 4 Lacs) as compared to the net loss of previous year BDT 528 Lacs (₹ 359 Lacs).

CEAT Speciality Tyres B.V., Netherlands and CEAT Specialty Tires Inc., USA

During the year under review, consequent to the amalgamation of CEAT Specialty Tyres Limited with the Company, its wholly owned subsidiaries viz. CEAT Specialty Tyres B. V., Netherlands and CEAT Specialty Tires Inc., USA became wholly owned subsidiaries of the Company.

CEAT Speciality Tyres B.V., Netherlands

During the year under review, CEAT Speciality Tyres B.V., Netherlands ('CSTBV') registered a revenue of Euro 3.32 Lacs (₹ 287.56 Lacs) higher as compared to Euro 3.12 Lacs (₹ 246.63 Lacs) in FY 2019-20. The profit after tax for FY 2020-21 has reduced by 12.27% to Euro 0.24 Lacs (₹ 22.54 Lacs) as compared to Euro 0.28 Lacs (₹ 22.38 Lacs) in FY 2019-20.

CEAT Specialty Tires Inc., USA

During the year under review, CEAT Specialty Tires Inc., USA ('CSTI') registered a revenue of USD 6.98 Lacs (₹ 518.12 Lacs) lower as compared to USD 10.31 Lacs (₹ 733.19 Lacs) in FY 2019-20. The profit after tax for FY 2020-21 has reduced by 86.46% to USD 0.07 Lacs (₹ 5.83 Lacs) as compared to USD 0.58 Lacs (₹ 41.24 Lacs) in FY 2019-20.

ASSOCIATE COMPANIES

Tyresnmore Online Private Limited

During the year under review, the Company invested a further amount of ₹ 260 Lacs through the subscription of 11,043 Compulsorily Convertible Preference Shares of the face value of ₹ 1 each (Rupee One Only) of Tyresnmore Online Private Limited ('TNM'), thereby holding 44.61% of the total share capital of TNM.

During the year under review, TNM registered a revenue of ₹ 665 Lacs a degrowth of 43% over previous year revenue of ₹ 1,160 Lacs and a net loss of ₹ 405 Lacs in FY 2020-21 (previous year ₹ 355 Lacs).

Greenzest Solar Private Limited

The Company in the Financial Year 2019-20, signed the Power Purchase Agreement with Greenzest Solar Private Limited ('Greenzest') Limited and subsequently the Share Subscription and Shareholders' Agreement was signed. During the year under review, the Company invested the agreed sum of ₹ 468 Lacs to acquire 28% shareholding in Greenzest.

During the year under review, Greenzest registered a revenue of ₹ 564 Lacs as compared to previous year NIL revenue and a net profit of ₹ 80 Lacs in FY 2020-21 (previous year loss of ₹ 14 Lacs).

A statement containing the salient features of the subsidiaries, associates and joint ventures in the prescribed Form AOC-1 is annexed separately.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Section 129(3) of the Companies Act, 2013 ('the Act') and Regulation 34(2) of the Listing Regulations, the Consolidated Financial Statements of the Company, including the financial details of all the subsidiary companies, associate companies and joint ventures of the Company, forms part of this Integrated Annual Report. The Consolidated Financial Statements have been prepared as per the applicable Indian Accounting Standards issued by the Institute of Chartered Accountants of India.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Ranjit V. Pandit (DIN: 00782296) was re-appointed as an Independent Director of the Company for a further term of 5 (five) years with effect from August 12, 2020 to August 11, 2025.

With due recommendation of the Nomination and Remuneration Committee and pursuant to the Nomination and Remuneration Policy of the Company and subject to approval of the Members, Ms. Priya Nair (DIN: 07119070) was appointed as an Additional Director, in the category of Woman Independent Director, w.e.f. October 27, 2020.

Proposal for appointment of Ms. Nair as an Independent Director for a term of 5 (five) years from October 27, 2020 to October 26, 2025 is being submitted for approval of Members at the ensuing Annual General Meeting ('AGM'). In this regard, necessary details have been annexed to the Notice of the AGM in terms of Section 102(1) of the the Act and Regulation 36(3) of the Listing Regulations.

Mr. Paras K. Chowdhary (DIN: 00076807) was appointed as an Independent Director of the Company at the 57th AGM of the Company held on August 9, 2016 to hold office as such for a term of 5 (five) consecutive years with effect from August 9, 2016 up to August 8, 2021. In terms of the provisions of Section 149 (10) of the Act, Mr. Paras K. Chowdhary is eligible for being re-appointed as an Independent Director, for another term of 5 (five) years, subject to the approval of Members by way of a special resolution.

Based on the performance evaluation of Mr. Chowdhary and considering his professional expertise and core skills, the Nomination and Remuneration Committee and the Board find it appropriate to continue him on the Board as an Independent Director for a further term of 5 (five) years from August 9, 2021 to August 8, 2026, which is being submitted for approval of Members at the ensuing AGM. In this regard, necessary details have been annexed to the Notice of the AGM in terms of Section 102(1) of the Act and Regulation 36(3) of the Listing Regulations.

Ms. Punita Lal (DIN: 03412604), Non-executive Independent Director of the Company, appointed for a term of 5 (five) years effective from September 26, 2019, resigned w.e.f. January 20, 2021 owing to compelling personal reasons.

Apart from the above, there were no changes in the Directors and the Key Managerial Personnel ('KMP') of the Company, during the year.

Remuneration received by Managing / Whole-time Director from holding or subsidiary company

Mr. Anant Goenka, Managing Director and Mr. Arnab Banerjee, Chief Operating Officer do not receive any profit related commission from the Company or any of the subsidiaries of the Company as prescribed under Section 197(14) of the Act.

Company's Policy on Directors' appointment and remuneration

The Board has put in place a policy on Director appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director as required under Section 178(3) of the Act.

The Policy, *inter alia*, is directed to work as guiding principles on qualifications, positive attributes and independence for the appointment of a Director, remuneration for the Directors, Key Managerial Personnel and Senior Management Personnel, performance evaluation of all Directors and achieving the benefits of having a diverse Board.

The detailed policy is available at https://www.ceat.com/investors/corporate-governance.html and is also annexed to this Report.

Declaration of independence and statement on compliance of Code of Conduct

All Independent Directors of the Company have given the declaration of independence as required under Section 149(7) of the Act and Regulation 25(8) of the Listing Regulations, stating that they continue to meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16 of the Listing Regulations. Further, Independent Directors of the Company have also confirmed that they have complied with the Code for Independent Directors prescribed in Schedule IV to the Act.

The Independent Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission and reimbursement of expenses, if any, incurred by them for the purpose of attending meetings of the Company. The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise and they hold highest standards of integrity. The Directors are compliant with the provisions of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as applicable.

Statement regarding the opinion of the Board concerning integrity, expertise and experience (including the proficiency) of the Independent Directors appointed during the year

In the opinion of the Board, Mr. Ranjit V. Pandit (DIN: 00782296), who was re-appointed during the year and Ms. Priya Nair (DIN: 07119070) who was appointed during the year, are persons of integrity and have the relevant expertise and experience as required under the Nomination and Remuneration Policy of the Company. Such expertise and experience help in making informed decisions and guide the Board for the effective functioning of the Company.

Evaluation of Board, its Committees and Directors

As required under the provisions of the Act and the Listing Regulations, the Board has carried out an annual evaluation of its own performance and that of its Committees, Chairperson and individual Directors.

For the purpose of evaluation for FY 2020-21, the Company engaged an external agency to facilitate the process of an online confidential survey using the questionnaire finalised by the Nomination and Remuneration Committee based on the criteria of evaluation. The results of the survey / feedback were then deliberated and evaluation of the Board, its Committees and the Directors was carried out by the Nomination and Remuneration Committee and the Board at their respective meetings, as prescribed under the law.

Meetings of the Board of Directors

During the year, 6 (six) Board Meetings were convened and held on May 28, 2020, July 29, 2020, September 25, 2020, October 27, 2020, January 19, 2021 and March 10, 2021. The details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Act and Regulation 17 of the Listing Regulations.

Board Committees

As required under the Act and the Listing Regulations, the Company has formed all the statutory committees namely, the Audit Committee, the Nomination and Remuneration Committee, the Corporate Social Responsibility Committee, the Stakeholders' Relationship Committee and the Risk Management Committee. Besides, the Company also has a Finance and Banking Committee. Detailed information about these Committees and relevant information for the year under review are given in the Corporate Governance Report.

There have been no instances where the Board did not accept the recommendations of its Committees including the Audit Committee.

BUSINESS RISK MANAGEMENT

The Company has constituted a Risk Management Committee in compliance with the requirements of Regulation 21 of the Listing Regulations. The details of this Committee and its terms of reference are set out in the Corporate Governance Report, which forms part of this Integrated Annual Report.

The Company has in place an Enterprise Risk Management framework to identify risks and minimise their adverse impact on business and strives to create transparency which in turn enhances the Company's competitive advantage.

According to the aforesaid business risk framework, the Company has identified the business risks associated with its operations and an action plan for mitigation of the same is put in place. The business risks and its mitigation have been dealt with in the Management Discussion and Analysis Section of this Integrated Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors has formed a Corporate Social Responsibility ('CSR') Committee under the provisions of the Act.

Detailed information on the Corporate Social Responsibility Policy developed and implemented by the Company and on CSR initiatives taken during the year pursuant to Section 135 of the Act, is given in the Integrated Annual Report on CSR activities, as annexed to this Report.

During the year under review, Ms. Punita Lal, Member of the Committee stepped down from the Committee pursuant to her resignation from the Board of the Company. Mr. Paras K. Chowdhary was appointed in place of Ms. Lal, w.e.f. January 20, 2021. Detailed information about composition of the Committee, details of meetings held, attendance etc. are given under the Corporate Governance Report, which forms part of this Integrated Annual Report.

More details on CSR activities undertaken by the Company through RPG Foundation, its implementing agency are provided under the Social and Relationship Capital and forms part of this Integrated Annual Report.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

According to Section 177 of the Act and Regulation 22 of the Listing Regulations, the Board has adopted vigil mechanism in the form of Whistle Blower Policy, to deal with instances of fraud or mismanagement, if any. The Policy can be accessed at https://www.ceat.com/investors/corporate-governance.html

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details as applicable concerning particulars of Loans, Guarantees and Investments under Section 186 of the Act are provided in the Financial Statements.

RELATED PARTY TRANSACTIONS

The Company has formulated a Policy on Related Party Transactions for the identification and monitoring of such transactions. The said Policy on Related Party Transactions as approved by the Board is uploaded on the Company's website.

Related Party Transactions were placed before the Audit Committee as prescribed under Section 177 of the Act, although no such transactions attracted the provisions of Section 188 of the Act. As such, there are no particulars to be disclosed in the prescribed Form AOC-2.

SHARE CAPITAL

During the year under review, consequent to the amalgamation of CSTL, by way of operation of the Scheme of Amalgamation, the authorised capital of CSTL was consolidated with the authorised capital of the Company. Accordingly, the authorised capital of the Company has become ₹ 8,905 Lacs by addition of ₹ 2,905 Lacs, being authorised capital of CSTL.

The paid-up equity capital of the Company as on March 31, 2021 was ₹ 4,045.01 Lacs. The said shares are listed on the BSE Limited and the National Stock Exchange of India Limited. There was no change in the paid-up capital of the Company, during the year under review.

NON-CONVERTIBLE DEBENTURES

During the year under review, the Company issued and allotted 2,500 Secured, Listed, Rated, Taxable and Redeemable Non-Convertible Debentures ('NCD') of ₹ 10 Lacs each in 2 tranches of ₹ 1,500 Lacs and ₹ 1,000 Lacs each on private placement basis aggregating to ₹ 25,000 Lacs. The said NCDs are listed on the Debt segment of the National Stock Exchange of India Limited.

EXTRACT OF ANNUAL RETURN

In view of the amendments to Section 92 and Section 134 of the Act, an exract of Annual Return in the prescribed Form MGT-9 is not required to be published if the Annual Return of the Company is placed on its website. The Company has placed the Annual Return of the Company on its website at https://www.ceat.com/investors/shareholder-information.html and accordingly the extract is not being published in the Annual Report.

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

Conservation of Energy

During the year under review, the Company invested in and implemented a range of energy conservation initiatives. These comprised of retrofitting of old equipment, utilisation of energy efficient equipment and lighting and alternate fuels such as piped natural gas. Through such stewardship, the Company has nearly doubled its energy savings, over the last few years. Additionally, the Company also made use of energy from biomass and solar energy to increase share of renewable energy mix in the overall energy consumption. During the year under review, the Company has made capital investment of ₹ 5,660 Lacs, on energy conservation equipment. More information on conservation of energy is provided under 'Natural Capital' section which forms part of this Integrated Annual Report.

Research and Development (R&D) and Technology Absorption

The Company has dedicated state-of-the-art R&D centres at Halol, Gujarat and Frankfurt, Germany. The Company has always been focusing on innovation, product diversity and technology to create sustainable and future ready products and solutions that are safer, smarter and better in every respect. New technologies have been developed in the spheres of green technology, nano technology, advanced material and novel processing. Several new initiatives were taken up such as developing new epoxy resin, biomaterials, new accelerator, alternative source of natural rubber and nano materials for tyre compounds, which are meeting requirements related to grip, rolling resistance and noise. The Company also developed processing techniques like single step mixing, continuous mixing, latex stage mixing are few processing technologies. The Company's raw material development focus resulted in substitution of many of the imported raw materials with indigenous ones. Developments have also been made in biomaterials and biodegradable wrap for packaging, instead of plastic packaging, which will contribute to environmental sustainability. Total of 25 patent applications for the FY 2020-21 which is the highest ever number of filings per year in the history of the organisation.

With help of various initiatives in R&D and Technology, the Company has proved its Technological prowess and developed 175 new products across various categories and geographies globally in FY 2020-21, which has contributed well to the Company's profitability and growth resulting into 19.3% of revenue from new products. Through continuous thrust on innovation and technology, the Company has also reaped various benefits such as faster product developments and improvements, process efficiency, cost reduction, import substitution and generation of intellectual property. The Company also recently achieved the milestone of 100 patents applications filed. Details of expenditure on Research and Development are as under:

(₹ in Lacs)

	FY 2020-21	FY 2019-20
Capital expenditure	2,072	5,186
Revenue expenditure	8,418	7,121
Total	**10,490**	**12,307**

More information on R&D and technology absorption are provided under 'Intellectual Capital' section which forms part of the Integrated Annual Report.

Foreign Exchange Earnings and Outgo

(₹ in Lacs)

	FY 2020-21	FY 2019-20
Foreign exchange earned	1,07,241	87,240
Foreign exchange used	1,36,519	1,79,745

PARTICULARS OF EMPLOYEES

The statements required under Section 197 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ('the Rules'), as amended, form part of this Report and will be made available to any Member on request, as prescribed therein.

The prescribed particulars of employees required under Rule 5(1) of the said Rules are annexed to this Report.

FIXED DEPOSITS

Your Company being eligible to accept deposits from the public, under Section 76 of the Act, and Rules made thereunder, approved the Fixed Deposit Scheme during the FY 2014-15, for acceptance of deposits from Members and persons other than Members, under the Special Resolution passed by the Members at the AGM of the Company held on September 26, 2014. The Company thereafter discontinued its Fixed Deposit Schemes and repaid all the outstanding fixed deposits along with interest accrued up to September 30, 2016, in FY 2016-17.

The Company has not accepted any fresh deposits during the year under review. As on March 31, 2021, the Company has no deposits outstanding, except as required statutorily and which have been unclaimed at the end of the year under review.

As such there were no defaults in respect of repayment of any deposits or payment of interest thereon.

DIRECTORS' RESPONSIBILITY STATEMENT

According to Section 134(3)(c) of the Act, your Directors, to the best of their knowledge and belief, states that:

i. The applicable Accounting Standards have been followed in the preparation of the annual accounts along with the proper explanation relating to material departure, if any.

ii. Such accounting policies have been selected and applied consistently and such judgments 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, 2021 and the Statement of Profit and Loss for the said Financial Year ended March 31, 2021.

iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act, 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.

v. The proper internal financial controls were in place and that such internal financial controls are adequate and were operating effectively.

vi. The system to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and are operating effectively.

INTEGRATED ANNUAL REPORT

For the financial year 2019-20, the Company developed its first Integrated Annual Report, based on the International Integrated Reporting Council's ('IIRC') Framework, which encourages organisations to communicate their value creation over time. The Company is attempting on this journey to communicate its integrated thinking and how its business creates sustained value for stakeholders and presenting its Integrated Annual Report for FY 2020-21.

MANAGEMENT DISCUSSION AND ANALYSIS AND CORPORATE GOVERNANCE REPORT

In compliance with Regulation 34 of the Listing Regulations, separate section on Management Discussion and Analysis, as approved by the Board, which includes details on the state of affairs of the Company, forms part of this Integrated Annual Report.

Further, the Corporate Governance Report including the general shareholder information, as prescribed under Schedule V to the Listing Regulations, duly approved by the Board of Directors together with the certificate from the Secretarial Auditor (Practising Company Secretaries) confirming the compliance with the requirements of the Listing Regulations also forms part of this Integrated Annual Report.

BUSINESS RESPONSIBILITY REPORT

In compliance with Regulation 34 of the Listing Regulations, a separate section on the Business Responsibility Report, as approved by the Board, which includes principles to assess compliance with environmental, social and governance norms for the year under review forms part of this Integrated Annual Report.

AUDITORS

Statutory Auditors

The Company at its AGM held on August 8, 2017, appointed M/s S R B C & CO LLP as the Statutory Auditors for the second term of 5 (five) consecutive years from the conclusion of the 58th AGM to the conclusion of the 63rd AGM subject to ratification of their appointment every year.

However, in terms of the amendment to the provisions of Section 139 of the AGM, notified through the Companies (Amendment) Act, 2017, to come into effect from May 7, 2018, there is no requirement for ratification of the appointment of Auditors every year.

Accordingly, M/s S R B C & CO LLP continue to hold office as Auditors of the Company.

Internal Auditors

As prescribed under Setion 138 of the Act, the Board appointed M/s KPMG for carrying out internal audit of the Company and M/s Moore Stephen Singhi for carrying out internal audit of locations like Regional Office Zone and outsourcing units for FY 2020-21. The internal audit was completed as per the scope defined by the Audit Committee from time to time.

Secretarial Auditors

The Company appointed M/s Parikh & Associates, Practising Company Secretaries, to conduct the Secretarial Audit for the Financial Year ended March 31, 2021, as prescribed under Section 204 of the Act and Rules made thereunder. The Secretarial Audit Report in the prescribed Form MR-3 for FY 2020-21 furnished by M/s Parikh & Associates is annexed to this Report.

There are no qualifications, disclaimers, reservations or adverse remarks made either by the Statutory Auditors in the Auditor's Report or by the Company Secretary in practice (Secretarial Auditor) in the Secretarial Audit Report.

Cost Record and Cost Auditors

During the year under review, in accordance with Section 148(1) of the Act, the Company has maintained the accounts and cost records, as specified by the Central Government. Such cost accounts and records are subject to audit by M/s D. C. Dave & Co., Cost Auditors of the Company for FY 2020-21.

The Board of Directors re-appointed M/s D. C. Dave & Co., Cost Accountants, (Firm Registration No. 000611) as Cost Auditors of the Company for FY 2021-22 and recommends ratification of their remuneration by the Members at the ensuing AGM, according to the provisions of Section 148 of the Act.

SECRETARIAL STANDARD

The Institute of Company Secretaries of India ('ICSI') has currently mandated compliance with the Secretarial Standards on board meetings and general meetings, as revised w.e.f. October 1, 2017. During the year under review, the Ministry of Corporate Affairs issued certain relaxations in view of the global pandemic and nation-wide lockdown and restrictions on movement thereon. ICSI in line with the same also provided for relaxations w.r.t. compliance with the Secretarial Standards. The Company has complied with the Secretarial Standards accordingly, as applicable.

DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12) OF THE ACT

During the year under review, no frauds were reported by the auditors to the Audit Committee or the Board under Section 143(12) of the Act, read with Rule 13 of the Companies (Audit and Auditors) Rules, 2014.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATOR OR COURTS OR TRIBUNAL IMPACTING THE GOING CONCERN STATUS

There are no significant and material orders passed by the Regulators or Courts or Tribunals, Statutory and quasi-judicial bodies, impacting the going concern status and Company's operations in the future.

INTERNAL FINANCIAL CONTROL

Details in respect of adequacy on internal financial controls concerning the Financial Statements are stated in the Management Discussion and Analysis Section which forms part of this Integrated Annual Report.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

In accordance with the provisions of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has put in place a Policy on Prevention of Sexual Harassment of women at Workplace and 9 (nine) Internal Complaints Committees have been set up to redress complaints. During the year under review, only 1 (one) complaint was received in February, 2021 which was under due process as on March 31, 2021.

ACKNOWLEDGMENT

Your Directors place on record their appreciation for the continued support and co-operation received from its Customers, Suppliers, Dealers, Banks, Financial Institutions and the Members towards conducting the business of the Company.

On behalf of the Board of Directors

Place: Mumbai
Date: May 5, 2021

H. V. Goenka
Chairman

Annexure to the Board's Report

Dividend Distribution Policy

I. Introduction and Objective

Regulation 43A of the Securities and Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('the Listing Regulations') mandates top 500 listed entities, determined on the basis of their market capitalisation calculated on March 31 of every financial year, to formulate a Dividend Distribution Policy.

In compliance with Regulation 43A of the Listing Regulations, the Company has framed this Dividend Distribution Policy.

This Policy aims to help the investors and stakeholders in their investing decisions and shall be effective from the date of adoption of the same by the Board of Directors ('the Board').

II. Regulatory Framework

The Dividend, if any, declared by the Company (including Interim Dividend) shall be governed by the provisions of the Companies Act, 2013 read with the Companies (Declaration and Payment of Dividend) Rules, 2014, the Listing Regulations and the provisions of Articles of Association of the Company, as in force from time to time (hereinafter collectively referred as 'Applicable Laws') Factors.

III. Parameters/ factors to be considered for declaration of dividend

A. General

- The Board shall recommend dividend only if it is of the opinion that it is financially prudent to do so.

B. Financial and Internal Parameters

The Board would consider the following financial parameters before declaring interim dividend or recommending a final dividend to shareholders for declaration:

- Standalone net operating profit after tax;
- Working capital requirements;
- Operating expenditure requirements including loan repayments and interest payments;
- Capital expenditure requirements;
- Resources required to fund acquisitions and inorganic growth;
- Cash to be retained for business needs;
- Cash flow required to meet contingencies;
- Outstanding borrowings and total debt-equity ratio;
- Past dividend payment trends of the Company and dividend track record;
- Total Cash outflow including profits tax payments;
- Extra-ordinary income/ profits by the Company arising from transactions such as sales of land or undertaking;
- Tax impact of the dividend and the cash outflow post tax.

The Board shall also consider the following internal factors while declaring an interim dividend or recommending a final dividend to the shareholders:

- Business Strategy of the Company;
- Expansion plans;
- Corporate restructuring;
- Scheme of arrangement or any other item which can have a financial impact on the Company;
- Unforeseen events and contingencies with financial implications.

C. External Parameters

The Board shall also consider *inter alia* the following external factors i.e. factors on which the Management or the Company has no control, while declaring an interim dividend or recommending a final dividend:

- Business Environment;
- Regulatory restrictions; if any or the prevalent statutory requirements;
- Provisions of Tax laws governing dividend;
- Dividend Pay-out ratios of Peers;
- Economic environment and state of the capital markets;
- Change in Government Policy, which can have a financial impact on the Company;
- Commodity price impact on the business;
- Cyclical nature of industry / business;
- Need to maintain competitiveness of the Company and its business.

IV. Circumstances under which the shareholders may or may not expect dividend

The Company has been consistently paying out dividends to its shareholders and can be reasonably expected to continue in future as well, unless the Company is restrained to declare dividend due to insufficient profits or due to any of the external or internal factors listed above.

Further, though the Company endeavours to declare the dividend to the Shareholders, the Board may propose not to recommend dividend after analysis of various financial parameters including those listed above, cash flow position and funds required for future growth and capital expenditure or in case of a proposal to utilise excess cash for buy-back of existing share capital.

V. Policy as to how the retained earnings shall be utilised

The profits being retained in the business shall be continued to be deployed in business for meeting the operating expenses, capital expenditure, augmentation of working capital including servicing of term loans, cash outflow for business growth and potential acquisition, if any, thus contributing to the growth of business and operations of the Company.

The Company stands committed to deliver sustainable value to all its stakeholders.

VI. Parameters that shall be adopted with regard to various classes of shares

The holders of the Equity Shares of the Company as per the Issued and Paid-up Capital, on the record date, are entitled to receive dividends.

The other classes of shares e.g. Preference Shares or Shares with differential voting rights will be governed by the terms of issue of such shares.

Any convertible instruments issued by the Company shall be entitled for dividend only upon conversion.

VII. Procedure with respect to dividend

- The Board upon perusing the rational for proposed pay-out, may recommend a final dividend or declare an interim dividend.
- The final dividend recommended by the Board is subject to declaration by the shareholders in the ensuing Annual General Meeting.
- The interim dividend declared by the Board shall be placed for confirmation before the shareholders in the ensuing Annual General Meeting.
- The CFO may in consultation with the MD shall also recommend to the Board transfer of such percentage of profits for that financial year as deemed appropriate to the reserves of the Company and the Board may decide on the same.
- In case of inadequacy of profits for any financial year, the Board may approve declaration of dividend out of accumulated profits of the previous years as per this Policy and the Regulatory Framework.

VIII. Disclosure

The Company shall make appropriate disclosures as required under the SEBI Regulations and the Companies Act, 2013.

IX. Amendments

The Board reserves the right to amend this Policy in whole or in part, at any point of time, as may be deemed necessary.

It is hereby clarified that provisions of the Applicable Laws shall prevail over the provisions of this Policy to the effect necessary amendments in the Applicable Laws have not been carried out in this Policy.

Annexure to the Board's Report

Nomination and Remuneration Policy

1. Introduction / Objective

This policy has been formulated in terms of the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to the appointment and remuneration of the Directors, Key Managerial Personnel, Senior Management Personnel and other employees and Board diversity.

This Policy sets out the guiding principles on:

i. appointment and remuneration of the Directors, Key Managerial Personnel and Senior Management Personnel;

ii. qualifications, positive attributes and independence for appointment of a Director and assessment of independence of Independent Director (ID);

iii. performance evaluation of all Directors;

iv. core skills / expertise / competencies required of the Board of Directors of the Company;

v. achieving the benefits of having a diverse Board.

2. Definitions

i. **"Non-executive Directors" (NED)** means a member of a Company's Board of Directors who is not in whole-time employment of the Company.

ii. **"Key Managerial Personnel" (KMP)** mean:

- the Chief Executive Officer (CEO) or the Managing Director (MD) or Manager;
- the Company Secretary (CS);
- the Whole-time Director (WTD);
- the Chief Financial Officer (CFO);
- Such other officer, designated as key managerial personnel by the Board, who is in whole-time employment at a level not more than one level below the Directors;

iii. **Senior Management Personnel (SMP)** for the purpose of this Policy means officers / personnel who are members of the core management team excluding Board of Directors and normally comprising of all members of Management one level below the Chief Executive Officer / Managing Director / Whole-time Director / Managers and shall specifically include Company Secretary and Chief Financial Officer.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended from time to time, shall have the meaning respectively assigned to them therein.

3. Diversity in the Board of Directors

Diversity refers to the variety of attributes of diverse nature between people and encompasses acceptance, respect and an understanding that everyone is unique. These aspects include age, gender, ethnicity, physical abilities, marital status, ideologies, background, knowledge and skills. With a view to achieving a sustainable development, the Company shall aim to increase diversity at the Board level as an essential element in terms of:

- Experience of diverse nature;
- Gender in having the right representation of female members to also ensure statutory compliance as applicable;
- Qualifications, knowledge and core skills / expertise / competencies required of the Board of Directors in context of Company's business / sector.

Diversity at the Board level shall be used a tool for supporting the attainment of the strategic objectives of the Company and also to drive business results. Accordingly, while designing the composition of the Board, diversity shall be considered on all aspects and all appointments shall be based on meritocracy.

The Company is committed to meritocracy and shall respect diversity within the Board Members and shall have an inclusive culture where all view shall be heard and all opinions respected.

4. Requirements Relating to Directors

A. Appointment of Directors

The Company shall appoint those persons who possess requisite qualifications and experience and positive attributes within overall framework of diversity as described in this Policy.

B. Qualifications and Experience

i. Any person to be appointed as a Director on the Board of Directors of the Company, including Independent Director shall, in addition to a formal professional qualification should possess appropriate skills, experience and knowledge in one or more fields viz. sciences, actuarial sciences, banking, finance, economics, law, management, sales, human resource, marketing, administration, research, corporate governance or technical operations.

ii. Any person to be appointed as a Director on the Board of the Company shall be such person who shall be able to provide policy directions to the Company including directions on good corporate governance.

C. Positive Attributes

The person to be appointed as a Director of the Company shall, in addition to the formal qualifications and relevant experience described in this Policy, shall also possess the attributes such as integrity, leadership, business orientation, commitment and proven track record and such other attributes, which in the opinion of the Nomination and Remuneration Committee ('NRC') are in the interest of the Company.

D. Disqualification

Any person to be appointed as Director shall not possess any disqualifications as prescribed under the Applicable Laws.

E. Evaluation

i. NRC shall facilitate the Board to undertake evaluation of performance of all Directors on yearly basis.

ii. The Board shall evaluate, every year, its performance along with that of the individual directors including Chairman, IDs, independence of IDs and of its Committees.

iii. The Company may appoint an external agency to conduct the exercise of evaluation and submit the report / outcome to the Company, in the manner desired by the Company.

F. Familiarisation Programme

The Company shall familiarise the Independent Directors of the Company with their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company through various programmes.

5. Requirement relating to Key Management Personnel and Senior Management Personnel

A. Appointment of KMP and SMP

i. Based on the recommendation of NRC, the appointment of the MD, CEO, WTD, CFO and the CS shall be approved by the Board of Directors.

ii. KMP and SMP shall be employed by the Company only on a whole-time basis and they will not be permitted to take up employment anywhere else, except in the subsidiary of the Company with prior approval of the Board of Directors.

iii. The appointments of SMP shall be approved by MD. Remuneration payable to SMP shall be recommended by the NRC and approved by the Board.

B. Qualifications and experience

i. Any person to be appointed as KMP or as SMP shall possess relevant educational, professional qualifications, experience and domain knowledge required for performing the job for which they are appointed.

ii. There shall be no discrimination on account of gender, race and religion in terms of appointment as KMP or SMP.

C. Positive Attributes

i. KMP and the SMP shall also possess attributes like decision making skills, leadership skills, integrity and proven track record and shall demonstrate commitment to the organisation.

ii. KMP and SMP shall meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture for good decision making.

D. Performance Evaluation

i. MD / CEO shall carry out the performance evaluation of all the SMPs and KMPs excluding himself / herself and the WTD.

ii. The evaluation process adopted by the Company shall always consider the appropriate benchmarks set as per industry standards, performance of the Industry, the Company and of the individual KMP / SMP.

iii. Evaluation of performance shall be carried out at least once in a year, in accordance with the existing evaluation process of the Company.

E. Remuneration

Guiding Principles

i. The terms of employment and remuneration of MD, WTD, KMPs, Directors and SMPs shall be competitive in order to ensure that the Company can attract and retain competent talent.

ii. The Remuneration Policy shall ensure that:

a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMPs and SMPs of the quality required to run the Company successfully;

b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

c) Remuneration to Directors, KMPs and SMPs involves a balance between fixed and variable pay reflecting short and long-term performance objectives and goals set by the Company;

d) Remuneration package is linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders.

iii. While determining the remuneration and incentives for the MD / WTD, KMP's and SMPs, the following shall be considered:

a) Pay and employment conditions with peers / elsewhere in the competitive market;

b) Benchmarking with the industry practices;

c) Performance of the individual;

d) Company Performance.

iv. For the benchmarking with Industry practice, criteria of size, complexity, data transparency and geographical area shall also be given due consideration.

v. The pay structures shall be appropriately aligned across levels in the Company.

6. Remuneration Policy

A. MD / WTD

i. Remuneration to the MD and WTD at the time of his / her appointment shall be proposed by the NRC and subsequently approved by the Board of Directors and the Shareholders of the Company or Central Government, whenever required.

ii. Annual increments / subsequent variation in remuneration to the MD and WTD shall be approved by the NRC / Board of Directors, within the overall limits approved by the Shareholders of the Company or Central Government.

iii. Remuneration shall be evaluated annually against performance and a benchmark of international and domestic companies, which are similar in size and complexity. Benchmark information shall be obtained from internationally recognised compensation service consultancies.

iv. Total remuneration for the MD and WTD shall be comprised of the following:

a) Salary (both fixed and variable);

b) Perquisites;

c) Performance linked Bonus;

d) Retirals benefits

It shall be ensured that total remuneration payable to MD and WTD's shall not exceed the limits mentioned under the Applicable Laws.

B. NEDs

i. NEDs shall be entitled to such sitting fees as may be decided by the Board from time to time for attending the meeting of the Board and of the Committee thereof.

ii. NEDs shall also be entitled for payment of remuneration / commission as may be recommended by NRC and subsequently approved by the Board of Directors, up to the limits permitted under the Applicable Laws and wherever required approval of the Shareholders of the Company shall be obtained from time to time.

iii. IDs shall not be eligible for any Stock Options, pursuant to any Stock Option Plan adopted by the Company.

iv. NEDs shall be eligible for remuneration of such professional services rendered if in the opinion of the NRC, the NED possesses the requisite qualification for rendering such professional services.

C. SMPs and KMPs (other than MD / WTD):

i. Remuneration packages shall be designed in such manner that:

a) Motivates delivery of key business strategies, creates a strong performance-orientated environment and rewards achievement of the Company's objectives and goals over the short and long-term.

b) Attracts high-flier executives in a competitive global market and remunerate executives fairly and responsibly.

ii. Remuneration shall be competitive and shall include salary comprising of both fixed and variable components, performance incentives and other benefits as per the policy of the Company, considering relevant qualification, experience and performance of the individual as well as the prevailing market conditions.

iii. The remuneration in whatever form payable to the KMPs and SMPs at the time of his / her appointment shall be recommended by the NRC and approved by the Board.

iv. Remuneration shall be evaluated annually, and annual increase shall be decided considering the performance of the individual and also of the Company. Industry practices / trends shall also be given due consideration. Annual increment / subsequent variation in remuneration to the KMPs / SMPs shall be approved by the NRC / the Board of Directors.

v. Remuneration can be reset at any time considering the benchmark of international and domestic companies, which are similar in size and complexity to the Company. Benchmark information shall be obtained from internationally recognised compensation service consultancies.

vi. NRC may consider grant of Stock Options to KMPs and SMPs pursuant to any Stock Option Plan adopted by the Company.

7. Director and Officer Liability Insurance

i. The Company may provide an insurance cover to Directors, KMPs and SMPs for indemnifying them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust and the premium paid on the same shall not be treated as a part of remuneration paid to them.

ii. The premium paid by the Company for such insurance cover, called for Directors and Officers Liability Insurance Policy, taken for the above purpose shall be paid by the Company without any charge to the Directors, KMPs and SMPs.

8. Disclosures

This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in its Annual Report.

9. Amendments to the Policy

The Board of Directors may amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail notwithstanding the provisions hereunder from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Annexure to the Board's Report

Annual Report on CSR Activities for FY 2020-21

1. A brief outline of the Company's Corporate Social Responsibility (CSR Policy), including overview of projects or programmes proposed to be undertaken and a reference to the weblink to the CSR Policy and projects or programmes:

As a responsible business corporation, the Company takes pride in taking effective Corporate Social Responsibility ('CSR') initiatives which are vital towards fulfilling critical societal needs and gaps on a sustainable basis, not only in the communities it operates in, but also for society at large. The CSR initiatives have also been aligned with the Sustainable Development Goals (SDGs) established by the United Nations. The Company's vision is to drive 'holistic empowerment' of the community through implementation of sustainable initiatives and the Company carries out these initiatives through partnerships with individuals, institutions, NGO's and local Government bodies through following projects in accordance with the CSR Policy read with Schedule VII of the Companies Act, 2013. The Board of Directors of the Company through the CSR initiatives aim and object to fight hunger, poverty and malnutrition, promote education, employment, health care, gender equality, rural development and sanitation etc. as embodied in Schedule VII of the Companies Act, 2013.

The CSR Policy is available on the link - : https://www.ceat.com/investors/corporate-governance.html

2. Composition of the CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Anant Goenka	Chairman – CSR Committee (Managing Director)	3	3
2.	Ms. Punita Lal*	Member – CSR Committee (Independent Director)	3	2**
3.	Mr. Vinay Bansal	Member – CSR Committee (Independent Director)	3	3
4.	Mr. Paras K Chowdhary#	Member – CSR Committee (Independent Director)	3	1##

*Ceased to be Member w.e.f. January 20, 2021.

**Meetings attended till the date of cessation.

#Inducted as Member w.e.f. January 20, 2021.

##Meeting attended after induction as the Committee Member.

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company:

https://www.ceat.com/investors/corporate-governance.html

https://www.ceat.com/corporate/csr-landing.html

4. Details of Impact assessment of CSR projects carried out in pursuance of Sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable: Not Applicable

5. Details of the amount available for set-off in pursuance of Sub-Rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set-off for the financial year, if any:

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
Not Applicable			

6. Average net profit of the Company as per Section 135(5):

Net Profit	₹ in Lacs
2017-18	43,510.31
2018-19	43,637.32
2019-20	30,760.97
Average of last years	39,302.87

7. (a) Two percent of average net profit of the Company as per Section 135(5): ₹ 786.06 Lacs

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: None

(c) Amount required to be set-off for the Financial Year, if any: None

(d) Total CSR obligation for the Financial Year (7a+7b-7c): ₹ 786.06 Lacs

8. (a) CSR amount spent or unspent for the Financial Year:

Total Amount spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 786.06 Lacs	Nil	N.A.	N.A.	N.A.	N.A.

(b) Details of CSR amount spent against ongoing projects for the Financial Year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the Project		Project Duration	Amount allocated for the project (in ₹ Lacs)	Amount spent in the current Financial Year (in ₹ Lacs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹ Lacs)	Mode of Implementation - Direct (Yes / No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1.	Pehlay Akshar Schooling 2020-21 Pehlay Akshar Teachers Training 2020-21	Promoting education	Yes	Maharashtra; Gujarat	Mumbai; Nashik (Maharashtra); Panchmahal (Gujarat)	1 year (excluding the FY 2020-21 in which it commenced)	249.25	249.25	0	No	RPG Foundation	CSR00000030
2.	Vocational skill training: • Swayam Health 2020-21 • Swayam Drive 2020-21 • Swayam Digital 2020-21 • Swayam Construction 2020-21 • Swayam Skills 2020-21 • Swayam Connect 2020-21	Employment enhancing vocational skills	Yes	Maharashtra; Gujarat; Tamil Nadu	Mumbai; Nagpur; Nashik; Thane; (Maharashtra); Panchmahal (Gujarat); Chennai (Tamil Nadu)	1 year (excluding the FY 2020-21 in which it commenced)	229.15	229.15	0	No	RPG Foundation	CSR00000030
3.	Revival and restoration of Banganga | 2020-21 Walking App 2020-21	Protection & restoration of National Heritage	Yes	Maharashtra	Mumbai (Maharashtra)	1 year (excluding the FY 2020-21 in which it commenced)	38.35	38.35	0	No	RPG Foundation	CSR00000030
	Total						**516.75**	**516.75**	**0**			

Note: The said projects / programmes being run on an ongoing basis by RPG Foundation, the implementing agency, are identified to be multi-year projects.

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the Project		Amount spent for the project (in ₹ Lacs)	Mode of Implementation - Direct(Yes/ No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
	COVID Response 20-21	Promoting healthcare including preventive healthcare and Disaster management	Yes	Maharashtra; Tamil Nadu; Gujarat; Kerala; Delhi; Rajasthan; Telagana; Odisha	Mumbai; Nashik; Nagpur; Thane; Kanchipuram; Vellore; Panchmahal; Wayanad; Pathanamthitta; Delhi; Jaipur; Udaipur; Hyderabad; Bhubaneswar	131.79	No	RPG Foundation	CSR00000030
			Yes	All over India		77.01	Yes	CEAT Limited	N.A. – since directly spent by the Company
	Community Development	Promoting education and Employment enhancing vocational skills	Yes	Maharashtra; Tamil Nadu	Mumbai; Thane; Kanchipuram	60.51	No	RPG Foundation	CSR00000030
	Total					**269.31**			

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the Financial Year: (8b+8c+8d+8e) (in ₹ Lacs): 786.06

(g) Excess amount for set off, if any:

Sr. No.	Particulars	Amount (in ₹ Lacs)
(i)	Two percent of average net profit of the Company as per Section 135(5)	786.06
(ii)	Total amount spent for the Financial Year	786.06
(iii)	Excess amount spent for the Financial year [(ii)-(i)]	0
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0

9 **(a) Details of Unspent CSR amount for the preceding three financial years:** Not Applicable

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any.			Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any
				Name of the Fund	Amount (in ₹)	Date of transfer	
				N.A.			

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable

(1) Sr. No.	(2) Project ID	(3) Name of the Project	(4) Financial Year in which the project was commenced	(5) Project duration	(6) Total amount allocated for the project (in ₹)	(7) Amount spent on the project in the reporting Financial Year (in ₹)	(8) Cumulative amount spent at the end of reporting Financial Year (in ₹)	(9) Status of the project - Completed / Ongoing
				N.A.				

Note: ₹ 139.46 Lacs pertaining to the FY 2019-20 which could not be disbursed by the implementing agency due to outbreak of COVID-19 pandemic was disbursed in FY 2020-21.

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):

(a) Date of creation or acquisition of the capital asset(s): Not Applicable

(b) Amount of CSR spent for creation or acquisition of capital asset: Not Applicable

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc: Not Applicable

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5): Not Applicable.

For CEAT Limited

Anant Goenka
Chairman - CSR Committee
(Managing Director)
DIN: 02089850

Vinay Bansal
Member – CSR Committee
(Independent Director)
DIN: 00383325

Annexure to the Board's Report

Particulars of Employees

Remuneration details under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended) for the year ended March 31, 2021

Sr. No.	Particulars	Name of the Director	Ratio of the remuneration of each Director to the median remuneration of the employees of the Company(1)	Percentage increase / decrease in remuneration of each Director(2)
i)	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year;	Mr. H. V. Goenka	121.27	713.37
		Mr. Anant Goenka	100.65	(44.03)
		Mr. Arnab Banerjee	111.47	17.23
		Mr. Atul C. Choksey	5.15	33.33
		Mr. Mahesh S. Gupta	6.60	20.94
	The percentage increase / decrease in remuneration of each Director, Chief Financial Officer (CFO), Chief Executive Officer (CEO), Company Secretary (CS) or Manager, if any, in the financial year;	Mr. Haigreve Khaitan	5.15	33.33
		Mr. Paras K. Chowdhary	6.68	22.42
		Ms. Priya Nair(3)	2.58	N.A.
		Ms. Punita Lal(4)	4.45	34.27
		Mr. Vinay Bansal	6.84	23.19
		Mr. Kumar Subbiah, CFO		46.24
		Ms. Vallari Gupte, CS		19.74
ii)	The percentage increase in the median remuneration of employees in the financial year(1);	(15.32)		
iii)	The number of permanent employees on the rolls of the Company as on March 31, 2021;	7,529 employees		
iv)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	The average increase in salaries of employees (other than managerial personnel) was 3.01% for FY 2020-21, whereas, the salaries of the managerial personnel shown a decline in the average salaries by (8.58)% for FY 2020-21, on account of salary being foregone by the Managing Director, in view of COVID-19 pandemic.		
v)	Affirmation that the remuneration is as per the remuneration policy of the Company;	Remuneration paid during the FY 2020-21 was as per the Nomination and Remuneration Policy of the Company.		

Notes:

(1) Median remuneration of the employees is calculated on the basis of remuneration details of employees including the Managing Director and the Whole-time Director. The reduction in the median remuneration of employees for FY 2020-21 over the previous financial year is mainly due to increase in the number of associates.

(2) Directors' remuneration includes commission and sitting fees for FY 2020-21. While Commission is determined based on the contribution and tenure served by Non-executive Directors during the year, the sitting fees are paid based on the number of meetings of Board and Committees attended by them respectively. Therefore, variation in the remuneration of the Directors could be attributed to the committee positions held and the number of meetings attended by them during the year.

(3) Ms. Priya Nair was appointed as an Additional Independent Director w.e.f. October 27, 2020 and therefore comparable amount of remuneration was not applicable for determination of percentage increase / decrease in the remuneration.

(4) Ms. Punita Lal resigned as an Independent Director of the Company w.e.f. January 20, 2021.

Annexure to the Board's Report

Secretarial Audit Report

Form No. MR - 3
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
CEAT Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by CEAT Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information to the extent provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and the Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on March 31, 2021, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on March 31, 2021 according to the applicable provisions of:

(i) The Companies Act, 2013 ('the Act') and the rules made thereunder;

(ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; (Not applicable to the Company during the audit period);

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period);

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period);

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and

  (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)

(vi) Other laws applicable specifically to the Company namely:-

  a. The Rubber Act, 1947 and The Rubber Rules, 1955

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.

(ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has generally complied with the provisions of the Act, Rules Regulations, Guidelines, Standards etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings were taken unanimously.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines, etc.

We further report that during the audit period the following events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

- During the year under review, the Scheme of Amalgamation for the amalgamation of CEAT Specialty Tyres Limited (a wholly-owned subsidiary of CEAT Limited) with CEAT Limited ('the Scheme') took place with effect from the Appointed Date i.e. April 1, 2019 and became operative from September 1, 2020, being the effective date i.e. date of filing of Certified copy of the Order with Registrar of Companies, Mumbai.
- During the year under review, the Company has issued Non-Convertible Debentures of Rs. 250 Crores.

For Parikh & Associates
Company Secretaries

Signature:
P. N. Parikh
Partner
FCS No: 327 CP No: 1228
UDIN: F000327B000291321

Place: Mumbai
Date: May 5, 2021

This Report is to be read with our letter of even date which is annexed as Annexure A and Forms an integral part of this report.

'Annexure A'

To,
The Members,
CEAT Limited

Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For Parikh & Associates
Company Secretaries

Signature:
P. N. Parikh
Partner
FCS No: 327 CP No: 1228
UDIN: F000327B000291321

Place: Mumbai
Date: May 5, 2021

Corporate Governance Report

Securities and Exchange Board of India ('SEBI') vide its Notification No. SEBI/LAD-NRO/GN/2018/10 dated May 9, 2018, notified various amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'), being implemented with effect from several dates as prescribed therein.

This Corporate Governance Report of CEAT Limited ('CEAT' or 'the Company') for FY 2020-21, thus prepared pursuant to the Listing Regulations, as amended and circulars issued thereunder, forms part of the Board's Report and states compliance as per requirements of the Companies Act, 2013 ('the Act') and Rules made thereunder as amended and the Listing Regulations.

I. CEAT'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is an integral part of CEAT's values, ethics and best business practices followed by CEAT. Corporate Governance is the broad framework which defines the way CEAT functions and interacts with its environment. CEAT follows laws and regulations in each of the markets where it operates, leading to effective management of the organisation. Moreover, CEAT in its journey towards sustainability is integrating sustainability practices in its governance system which goes beyond compliance. CEAT is guided by a key set of values for all its internal and external interactions. Simultaneously, in keeping with the best practices, CEAT seeks to execute the practices of Corporate Governance by maintaining strong business fundamentals and by delivering high performance through relentless focus on its core values, which are as following:

- Commitment to excellence and customer satisfaction;
- Maximising long-term shareholders' value;
- Socially valued enterprise and
- Caring for people and environment.

In a nutshell, the philosophy can be described as observing of business practices with the ultimate aim of enhancing long-term shareholders' value and commitment to high standard of business ethics. CEAT has in place a Code of Corporate Ethics and Conduct reiterating its commitment to maintain the highest standards in its interface with stakeholders and clearly laying down the core values and corporate ethics to be practiced by its entire management cadre. The Company also constantly strives to adopt emerging best practices being followed worldwide.

II. THE BOARD OF DIRECTORS

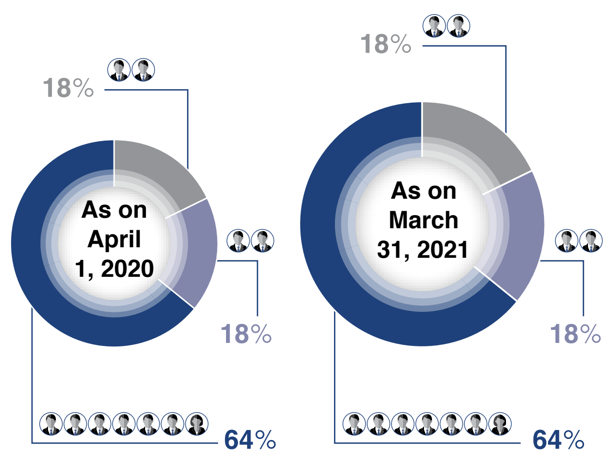
CEAT believes that a dynamic, well-informed and independent Board is essential to ensure highest standards of Corporate Governance. The Board of CEAT, being at the core of its Corporate Governance practice, plays most pivotal role in overseeing the management in serving and protecting the long-term interests of all its stakeholders.

The CEAT's Board plays a vibrant role in deriving its business in an ethical and profitable way to ensure the maximisation of its stakeholders' value, in line with its purpose statement 'Making Mobility Safer & Smarter. Every Day.' The Board guides the Management to run business as a socially responsible and ethically compliant corporate citizen and in a sustainable way.

Composition of the Board

The Board of the Company has a good and diverse mix of Executive and Non-executive Directors with majority of the Board Members comprising of Independent Directors in line with the applicable provisions of the Act and the Listing Regulations.

The Board of CEAT comprises of 11 (eleven) Directors having an optimum combination of Executive and Non-executive Directors with 1 (one) Woman Independent Director and more than half of the Board consisting of Independent Directors, satisfying the criteria prescribed under the Listing Regulations.



- Executive Directors (1 Promoter and 1 Non-promoter)
- Non-executive Non-independent Directors (1 Promoter, 1 Non-promoter)
- Independent Directors (Including a Woman Independent Director)

Disclosure of relationships between Directors inter se

Mr. H. V. Goenka, Chairman and Mr. Anant Goenka, Managing Director of the Company are related to each other as father and son. None of the other Directors are related to each other.

Details of changes in the Board during the year

The Members of the Company appointed Mr. Ranjit V. Pandit (DIN: 00782296) as an Independent Director of the Company for the second term of 5 (five) consecutive years effective from August 12, 2020 to August 11, 2025 at the Annual General Meeting ('AGM') held on September 10, 2020.

The Board at its meeting held on October 27, 2020, based on the recommendations of the Nomination and Remuneration Committee appointed Ms. Priya Nair (DIN: 07119070) as an Additional Director in the category of Woman Independent Director for the term of 5 (five) consecutive years effective from October 27, 2020, subject to approval of Members.

During the year, Ms. Punita Lal (DIN:03412604), Woman Independent Director of the Company, appointed for a term of 5 (five) consecutive years effective from September 26, 2019, resigned w.e.f. January 20, 2021 owing to compelling personal reasons.

Board Meetings and Governance

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other statutory matters as required to be deliberated and approved by the Board. The Board / Committee Meetings ('Meetings') are pre-scheduled and a tentative annual calendar of the Meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the Meetings. However, in case of a special and urgent business need, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which are noted and confirmed in the subsequent Board Meeting.

The notice of Meetings are given well in advance to all the Directors. Owing to difficulties involved due to COVID-19 pandemic and pursuant to relaxation granted by Ministry of Corporate Affairs ('MCA') via Circular dated March 24, 2020 and further notifications dated June 23, 2020, September 28, 2020 and December 30, 2020, all the Meetings of the Company were held through video / tele-conferencing facilities allowing seamless participation in the Meeting. The Agenda relating to the Meeting is circulated a week prior to the date of the Meeting in compliance with the provisions of the Act and Secretarial Standard-1 issued by the Institute of Company Secretaries of India ('ICSI'). The Board Agenda includes an Action Taken Report comprising of actions emanating from the Board Meetings and status updates thereof. The Management endeavours to provide the Board with sufficient information apart from the items as mandated for discussion by the Board under Regulation 17(7) read with Part A of Schedule II to the Listing Regulations. Through various information being placed or presented at the Board Meetings, the Board is kept well informed about the overall functioning of the Company, which enables the Board to contribute to the growth of the Company and helps them to take informed decisions. Prior approval from the Board is obtained for circulating the agenda items with shorter notice for matters that form part of the Board and Committee Agenda and are considered to be in the nature of Unpublished Price Sensitive Information.

The Board periodically reviews the updates on the projects, business performance, risk management, strategies, people, processes, compliance with applicable laws and other key affairs of the Company having impact on the business. The Board is satisfied that plans are in place for orderly succession for appointment to the Board and to Senior Management Personnel.

The Agenda of the Meetings is set by the Company Secretary in consultation with the Chairman, Managing Director and Chief Financial Officer of the Company. The Company Secretary is responsible for collation, review and distribution of all papers submitted to the Board and Committees thereof for consideration. The Company Secretary attends all the Meetings of the Board and its Committees to assist the Board and its Committees on Compliance and Governance principles and ensures appropriate recording of minutes of the Meetings.

The adoption of a digital application has enabled the Company to conduct paperless Meetings, thereby improving governance while simplifying the process of conducting such Meetings. This involves conducting the Meetings efficaciously, with the Board being able to access information directly on their digital devices. The application meets high standards of security and integrity that are required for storage and transmission of Board / Committee Agenda and pre-reads in electronic form.

The Independent Directors of the Company have also appreciated the quality, quantity and timeliness of flow of information between the Company Management and the Board, that is necessary for the Board to effectively and reasonably perform their duties.

The Managing Director and Chief Operating Officer are responsible for the day-to-day management of the Company, subject to the supervision, direction and control of the Board. The Managing Director and Chief Operating Officer are ably assisted by the Executive Committee and Operating Committee for implementing the decisions and strategic policies of the Board for effective execution.

During the year under review, the Board met 6 (six) times on May 28, 2020, July 29, 2020, September 25, 2020, October 27, 2020, January 19, 2021 and March 10, 2021 and not more than 120 (one hundred and twenty) days elapsed between the 2 (two) meetings.

The composition, category of Directors and their attendance details at the aforesaid Board Meetings and at the last AGM of the Company held on September 10, 2020 are as given below:

Name of the Director	Category of Director	Attendance at Board Meetings	% of Attendance	Attendance at the last AGM
Mr. H. V. Goenka	Non-executive, Non-independent Director (Chairman) (Promoter)	●●●●●●	100%	Yes
Mr. Anant Goenka	Managing Director (Promoter)	●●●●●●	100%	Yes
Mr. Arnab Banerjee	Whole-time Director	●●●●●○	83.33%	No
Mr. Atul C. Choksey	Independent Director	●●●●●●	100%	Yes
Mr. Haigreve Khaitan	Independent Director	●●●●●●	100%	Yes
Mr. Mahesh S. Gupta	Independent Director	●●●●●●	100%	Yes
Mr. Paras K. Chowdhary	Independent Director	●●●●●●	100%	Yes
Mr. Pierre E. Cohade	Non-executive, Non-independent Director	●●●●●●	100%	Yes
Ms. Priya Nair*	Independent Director	●●●	100%	N.A.
Ms. Punita Lal**	Independent Director	●●●●●	100%	Yes
Mr. Ranjit V. Pandit	Independent Director	●●●○○○	50%	No
Mr. Vinay Bansal	Independent Director	●●●●●●	100%	Yes

100% 83.33% 50% Yes No

*Appointed as an Independent Director w.e.f October 27, 2020. Hence, eligible to attend 3 (three) Board Meetings and not AGM held on September 10, 2020 of the Company.

**Ceased to be an Independent Director w.e.f. January 20, 2021

Details of shares held by Non-executive Directors

As on March 31, 2021, 2 (two) Non-executive Directors, viz. Mr. H. V. Goenka and Mr. Paras K. Chowdhary held 1,33,934 and 3,000 equiy shares in the Company respectively and such shares do not include shares held by them in the capacity of Trustee.

Directorship(s) / Committee membership(s) held by Directors

Details of Directorship(s) / Committee membership(s) / Chairmanship(s) held by Directors as on March 31, 2021:

Name of the Director	Directorships in public companies		Committee Position	
	Listed	Unlisted	Membership (including Chairmanship)	Chairmanship
Mr. H. V. Goenka	5	3	0	0
Mr. Anant Goenka	2	2	0	0
Mr. Arnab Banerjee	1	0	0	0
Mr. Atul C. Choksey	2	2	0	0
Mr. Haigreve Khaitan	7	1	8	3
Mr. Mahesh S. Gupta	5	0	5	3
Mr. Paras K. Chowdhary	2	1	3	1
Mr. Pierre E. Cohade	1	0	0	0
Ms. Priya Nair*	1	2	0	0
Ms. Punita Lal**	NA	NA	NA	NA
Mr. Ranjit V. Pandit	2	5	5	1
Mr. Vinay Bansal	1	0	2	1

Notes-

*Appointment as Director w.e.f October 27, 2020

**Ceased to be Director w.e.f. January 20, 2021

Details of Directorship(s) held by Directors in listed companies as on March 31, 2021:

Name of the Director	Name of the listed companies	Category of directorship in listed companies
Mr. H. V. Goenka	CEAT Limited	Non-executive Director (Chairman)
	KEC International Limited	Non-executive Director (Chairman)
	Zensar Technologies Limited	Non-executive Director (Chairman)
	RPG Life Sciences Limited	Non-executive Director (Chairman)
	Bajaj Electricals Limited	Independent Director
Mr. Anant Goenka	CEAT Limited	Managing Director
	Zensar Technologies Limited	Non-executive Director
Mr. Arnab Banerjee	CEAT Limited	Whole-time Director
Mr. Atul C. Choksey	CEAT Limited	Independent Director
	Apcotex Industries Limited	Non-executive Director
Mr. Haigreve Khaitan	CEAT Limited	Independent Director
	JSW Steel Limited	Independent Director
	Inox Leisure Limited	Independent Director
	Torrent Pharmaceuticals Limited	Independent Director
	Borosil Renewables Limited	Independent Director
	Tech Mahindra Limited	Independent Director
	Mahindra and Mahindra Limited	Independent Director
Mr. Mahesh S. Gupta	CEAT Limited	Independent Director
	Peninsula Land Limited	Non-executive Director
	Morarjee Textiles Limited	Non-executive Director
	RPG Life Sciences Limited	Independent Director
	Shree Digvijay Cement Co. Limited	Independent Director
Mr. Paras K. Chowdhary	CEAT Limited	Independent Director
	Phillips Carbon Black Limited	Independent Director
Mr. Pierre E. Cohade	CEAT Limited	Non-executive Director
Ms. Priya Nair	CEAT Limited	Independent Director
Mr. Ranjit V. Pandit	CEAT Limited	Independent Director
	The Great Eastern Shipping Company Limited	Independent Director
Mr. Vinay Bansal	CEAT Limited	Independent Director

Notes:

- As required under the Regulation 17A of the Listing Regulations, none of the Directors hold Directorship in more than 7 (seven) listed companies and as per declarations received, none of the directors serve as an Independent Director in more than 7 (seven) listed companies, across the Directorships held, including that in CEAT Limited. Further, the Managing Director / Whole-time Director of the Company does not serve as an Independent Director in more than 3 (three) listed companies.
- The Regulation 17A of the Listing Regulations further provides for inclusion of only equity listed entities reckoning the directorship in listed entity.
- None of the Directors were members in more than 10 (ten) committees, nor a chairperson in more than 5 (five) committees across all companies in which he / she was a director, including those held in CEAT Limited as required under Regulation 26(1)(b) of the Listing Regulations.

- For the purpose of considering the limit of the committees on which a director can serve, all public limited companies, whether listed or not, have been included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Act, have been excluded. Only Audit Committee and Stakeholders' Relationship Committee are considered for the purpose of reckoning committee positions.

Skills / Expertise / Competence of the Board

With a view to achieve a sustainable development, the Company aims to have right balance on its Board with attributes such as experience of diverse nature, qualifications, knowledge and competencies in wide spectrum of functional areas required in the context of Company's business, gender representation etc.

The Directors are eminent industrialists / professionals and have expertise in their respective functional areas, which bring with them the reputation of independent judgment and experience.

As required under the Listing Regulations, as amended effective April 1, 2019, the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of its business(es) and sector(s) for it to function effectively.

The skills / expertise / competencies of the Directors of the Company are as given below:

Mr H. V. Goenka
Chairman, Non-executive Non-independent Director

Skills / Expertise / Competencies
- General Management and Business Operations
- Thought Leadership
- CEO / Senior Management Experience
- Tyre Industry Experience
- Accounting / Finance / Legal
- Risk Management
- Human Resources Management
- Strategy / M&A / Restructuring
- Corporate Governance
- International Business

Mr. Anant Goenka
Managing Director

Skills / Expertise / Competencies
- General Management and Business Operations
- CEO / Senior Management Experience
- Business Development / Sales / Marketing
- Risk Management
- Human Resources Management
- Strategy / M&A / Restructuring
- Corporate Governance
- Tyre Industry Experience
- International Business

Mr. Arnab Banerjee
COO and Whole-time Director

Skills / Expertise / Competencies
- General Management and Business Operations
- CEO / Senior Management Experience
- Tyre Industry Experience
- Risk Management
- Business Development / Sales / Marketing
- Corporate Governance
- Strategy / M&A / Restructuring
- International Business

Mr. Atul C. Choksey
Non-executive Independent Director

Skills / Expertise / Competencies
- General Management and Business Operations
- Thought Leadership
- CEO / Senior Management Experience
- Business Development / Sales / Marketing
- Human Resources Management
- Strategy / M&A / Restructuring
- Corporate Governance
- Risk Management
- International Business

Mr. Haigreve Khaitan
Non-executive Independent Director

Skills / Expertise / Competencies
- General Management and Business Operations
- Thought Leadership
- CEO / Senior Management Experience
- Public Policy / Governmental Regulations
- Human Resources Management
- Accounting / Finance / Legal
- Strategy / M&A / Restructuring
- Corporate Governance

Mr. Mahesh S. Gupta
Non-executive Independent Director

Skills / Expertise / Competencies
- General Management and Business Operations
- CEO / Senior Management Experience
- Public Policy / Governmental Regulations
- Human Resources Management
- Risk Management
- Accounting / Finance / Legal
- Strategy / M&A / Restructuring
- Corporate Governance

Mr. Paras K. Chowdhary

Non-executive Independent Director

Skills / Expertise / Competencies

- General Management and Business Operations
- CEO / Senior Management Experience
- Business Development / Sales / Marketing
- Human Resources Management
- Risk Management
- Accounting / Finance / Legal
- Strategy / M&A / Restructuring
- Corporate Governance
- Tyre Industry Experience

Mr. Pierre E. Cohade

Non-executive Non-independent Director

Skills / Expertise / Competencies

- General Management and Business Operations
- CEO / Senior Management Experience
- Tyre Industry Experience
- Business Development / Sales / Marketing
- Human Resources Management
- Accounting / Finance / Legal
- Strategy / M&A / Restructuring
- Corporate Governance
- International Business
- Risk Management

Ms. Priya Nair

Non-executive Independent Director

Skills / Expertise / Competencies

- General Management and Business Operations
- Thought Leadership
- CEO / Senior Management Experience
- Human Resources Management
- Risk Management
- Strategy
- Corporate Governance
- Business Development / Sales / Marketing
- International Business

Mr. Ranjit V. Pandit

Non-executive Independent Director

Skills / Expertise / Competencies

- General Management and Business Operations
- Thought Leadership
- CEO / Senior Management Experience
- Public Policy / Governmental Regulations
- Human Resources Management
- Risk Management
- Corporate Governance
- Strategy / M&A / Restructuring
- International Business
- Accounting / Finance / Legal

Mr. Vinay Bansal

Non-executive Independent Director

Skills / Expertise / Competencies

- General Management and Business Operations
- CEO / Senior Management Experience
- Public Policy / Governmental Regulations
- Business Development / Sales / Marketing
- Human Resources Management
- Risk Management
- Corporate Governance

Familiarisation Programme for Independent Directors

Pursuant to the Code of Conduct for Independent Directors specified under the Act and requirements of the Listing Regulations, the Company has framed a familiarisation programme for all its Independent Directors. The Company follows a structured orientation programme for the newly appointed Independent Directors to familiarise them to understand the nature of industry the Company operates into, its business model, updates on the business and operations of the Company and their roles, rights and responsibilities to facilitate their engagement in meaningful deliberations and in taking informed decisions.

While inducting a Director on the Board, a formal letter of appointment is issued to such Director. The requirement of obtaining declarations from a Director under the Act, the Listing Regulations and other relevant regulations are also explained in detail to the Director and necessary affirmations received from them in respect thereto.

Discussions are set up with the respective function heads and the newly appointed Director, which provides an overarching perspective of the tyre industry, organisational set up of the Company and governance model, the functioning of various divisions / departments, Company's market share and the markets in which it operates, brand equity, internal control processes and other relevant information pertaining to the Company's business.

Directors' visit to the Company's plants are arranged periodically to have a better insight of the manufacturing processes, R&D and technology facilities and the social environment in which the Company functions. Further, as an on-going process, the Board is updated on a regular basis through presentations and discussions on the overall economic trends, the legal and regulatory framework and amendments thereto, the performance of the Company and that of the tyre industry, initiatives taken / proposed to be taken to bring about an overall improvement in the performance of the Company, marketing strategy, business risks, mitigation plans, etc.

The details of familiarisation programme are provided at https://www.ceat.com/investors/corporate-governance.html

Confirmation of independence of Independent Directors

The Independent Directors provide an annual confirmation that they meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) and Regulation 25(8) of the Listing Regulations.

The Board at its meeting held on May 5, 2021, reviewed the declaration of independence submitted by the Independent Directors and carried out due assessment of the veracity of the same noting that the Independent Directors of the Company fulfil the conditions specified in the Listing Regulations and are independent of the Management.

Independent Directors Meeting

In compliance with Schedule IV to the Act and Regulation 25(3) of the Listing Regulation, the Independent Directors of the Company held their separate meeting on March 10, 2021, without the attendance of the Non-independent directors and members of the Management to, *inter alia:*

i. Review the performance of Non-independent Directors and the Board as a whole;

ii. Review the performance of the Chairperson considering the views of Executive Directors and Non-executive Directors;

iii. Assess the quality, quantity and timeliness of flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All the Independent Directors were present at the Meeting and Mr. Atul C. Choksey was elected to Chair the Meeting.

The Independent Directors deliberated on the above and expressed their satisfaction on each of the matters.

Directors and Officers Liability Insurance (D&O) Policy

The Company has been taking the D&O Policy since the year 2013, even before it became mandatory pursuant to the amendment to the Listing Regulations, providing coverage to the Independent / Non- executive Directors. Every year the Company ensures renewal and validity of the Policy.

III. COMMITTEES OF THE BOARD

The Committees of the Board play a significant role in the governance structure of the Company and have been instituted to transact / approve the matters as instructed by applicable regulations concerning the Company and as per the requirement of the Board. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles, as a part of good governance practice. The Chairman of the respective Committees informs the Board about the summary of the discussions held in the Committee Meetings. The minutes of the meetings of all Committees are placed before the Board for review and noting. The Board Committees request special invitees to join the meetings, as appropriate.

a) Audit Committee

In accordance with the provisions of Section 177 of the Act and Regulation 18 of the Listing Regulations, the Company has formed its Audit Committee, composition and terms of reference of which are in conformity with the said provisions and are available at https://www.ceat.com/corporate/investor/corporate-governance

The Committee acts as a link between the Management, the Statutory Auditors, Internal Auditors and the Board. The Committee supervises the Company's internal controls, monitors the Company's financial reporting process and *inter alia,* performs the following functions:

- overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and creditable;
- reviewing performance of and examining with the Management, Quarterly and Annual Financial Results and the Auditors' Report thereon before submission to the Board for approval;
- reviewing Management Discussion and Analysis of financial condition and results of operations;
- reviewing, approving or subsequently modifying any Related Party Transactions in accordance with the Related Party Transaction Policy of the Company;
- recommending the appointment, remuneration and term of appointment of auditors of the Company and approval for availing any other services;
- reviewing and monitoring the Auditors' independence and performance and effectiveness of audit process;
- reviewing with the Management, performance of Statutory Auditors and Internal Auditors, adequacy of internal control systems; reviewing the adequacy of internal audit function and discussing with Internal Auditors any significant finding and follow-up thereon;
- evaluating internal financial controls and risk management systems, reviewing the functioning of the whistle blower mechanism.

As on March 31, 2021, the Committee consisted of 3 (three) Independent Directors, viz. Mr. Mahesh S. Gupta, as the Chairman, Mr. Vinay Bansal and Mr. Paras K. Chowdhary, as members of the Committee.

In compliance with the Act and Regulation 18(1)(c) of the Listing Regulations, all the 3 (three) members of the Committee are independent and are financially literate. Moreover, the Committee has members who have relevant experience in financial matters as well as have accounting or related financial management expertise.

During the year under review, the Committee met 5 (five) times on May 27, 2020, July 29, 2020, October 26, 2020, January 18, 2021 and March 9, 2021 and not more than 120 (one hundred and twenty) days elapsed between the 2 (two) meetings. The necessary quorum was present for all the meetings with the presence of at least 2 (two) Independent Directors as required under Regulation 18(2)(b) of the Listing Regulations.

The details of composition of the Committee and the attendance at the meetings held during the year are given below:

Name of Directors	Category of Directors	Attendance at the Committee meetings	% of Attendance
Mr. Mahesh S. Gupta (Chairman)	Independent Director		
Mr. Paras K. Chowdhary	Independent Director		
Mr. Vinay Bansal	Independent Director		

100%

The Company Secretary functions as the Secretary to the Committee.

The Committee invites the Statutory Auditors and the Internal Auditors for discussions at the meeting. The Cost Auditors are invited as and when required. Managing Director, Chief Operating Officer, Chief Financial Officer, Chief Internal Auditor and Vice President-Finance are permanent invitees at the Committee Meetings. Members of Senior Management team also attend the meetings depending on the agenda.

The minutes of the meetings of the Committee are placed before and noted by the Board. During the year, all recommendations of the Committee of the Board which were mandatorily required were accepted by the Board.

Mr. Mahesh S. Gupta, Chairman of the Committee was present at the AGM of the Company held on September 10, 2020 to answer the queries of the Shareholders.

b) Nomination and Remuneration Committee

In accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, the Company has formed its Nomination and Remuneration Committee, composition and terms of reference of which are in conformity with the said provisions and are available at https://www.ceat.com/corporate/investor/corporate-governance

The Committee *inter alia,* reviews matters relating to appointment / re-appointment and remuneration of Directors, Key Managerial Personnel, Senior Management Personnel; formulating a criteria for effective evaluation of the performance of the Board, its Committees, Chairperson and individual Directors and devising a policy on diversity of the Board.

As on March 31, 2021, the Committee consisted of 3 (three) Independent Directors, comprising of Mr. Mahesh S. Gupta, as the Chairman, Mr. Vinay Bansal and Mr. Paras K. Chowdhary, as Members of the Committee.

During the year under review, the Committee met 4 (four) times on May 27, 2020, July 3, 2020, October 26, 2020 and March 9, 2021.

Necessary quorum was present for all the meetings with the presence of at least one Independent Director as required under Regulation 19(2A) of the Listing Regulations.

The details of composition of the Committee and the attendance at the meetings held during the year are given below:

Name of Directors	Category of Directors	Attendance at the Committee meetings	% of Attendance
Mr. Mahesh S. Gupta (Chairman)	Independent Director		
Mr. Paras K. Chowdhary	Independent Director		
Mr. Vinay Bansal	Independent Director		

100%

Mr. Mahesh S. Gupta, the Chairman of the Committee was present at the AGM of the Company held on September 10, 2020 to answer the queries of the shareholders.

The minutes of the meetings of the Committee are placed before and noted by the Board. During the year under review, all recommendations of the Committee of the Board which were mandatorily required were accepted by the Board.

Performance evaluation criteria for Independent Directors

Pursuant to the provisions of the Act and Regulation 25(4) of the Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, individual Directors and of its Committees. The Company had appointed an external independent agency for carrying out the said evaluation process in a transparent manner by using the questionnaire considered / approved by the Board after taking into account the Guidance Note issued by SEBI vide its Circular SEBI / HO CFD/CMD/CIR/2017/004 dated January 5, 2017 and the recommendations of the Nomination and Remuneration Committee, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, board culture, execution and performance of specific duties, obligations, compliance and governance, etc.

The performance evaluation of the Independent Directors was carried out by the entire Board excluding the Directors being evaluated. The performance evaluation of the Chairperson and the Non-independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction over the evaluation process.

c) Stakeholders' Relationship Committee

In accordance with the provisions of Section 178 of the Act and Regulation 20 of the Listing Regulations, the Company has formed its Stakeholders' Relationship Committee, composition and terms of reference of which are in conformity with the said provisions and are available at https://www.ceat.com/corporate/investor/corporate-governance

The Committee *inter alia* reviews the mechanism of redressal of grievances of the securities holders, service level of Registrar and Transfer Agents and deals with other matters concerning securities holder including dividend.

As on March 31, 2021, the Committee consisted of 3 (three) Independent Directors, comprising of Mr. Vinay Bansal, as the Chairman, Mr. Mahesh S. Gupta and Mr. Paras K. Chowdhary as members of the Committee.

During the year under review, the Committee met 2 (two) times on October 26, 2020 and March 9, 2021 with presence of necessary quorum.

The details of composition of the Committee and the attendance at the meetings held during the year are given below:

Name of Directors	Category of Directors	Attendance at the Committee meetings	% of Attendance
Mr. Vinay Bansal (Chairman)	Independent Director	👤 👤	○
Mr. Paras K. Chowdhary	Independent Director	👤 👤	○
Mr. Mahesh S. Gupta	Independent Director	👤 👤	○

○ 100%

Mr. Vinay Bansal, the Chairman of the Committee was present at the AGM of the Company held on September 10, 2020 to answer the queries of the Shareholders.

The minutes of the meetings of the Committee are placed before and noted by the Board. During the year under review, all recommendations of the Committee of the Board which were mandatorily required were accepted by the Board.

Details of Compliance Officer during the period under review

Ms. Vallari Gupte, Company Secretary acts as the Compliance Officer of the Company.

Details of complaints received during the year under review

Particulars	Numbers
Complaints as on April 1, 2020	0
Complaints received during FY 2020-21	14
Complaints disposed-off during FY 2020-21	13
Complaints not solved to the satisfaction of Shareholders during FY 2020-21	0
Complaints remaining pending as on March 31, 2021	1*

*Reply was sent to the Shareholder and Action Taken Report was also submitted with SEBI before March 31, 2021. Pending for closure in SCORES portal as on March 31, 2021

All complaints, except one pending on SCORES portal was resolved to the satisfaction of Shareholders of the Company.

d) Risk Management Committee

Pursuant to the provisions of Regulation 21 of the Listing Regulations, w.e.f. April 1, 2019, top 500 listed entities based on their market capitalisation are required to form a Risk Management Committee of the Board which previously was applicable only for the top 100 such listed entities.

The Company, however, has constituted its Risk Management Committee well before it became applicable to the Company under the aforesaid provisions. Composition and terms of reference of the Committee are in conformity with the said provisions and are available at https://www.ceat.com/corporate/investor/corporate-governance

The Committee *inter alia* reviews the business risk including strategic, operational risks and approves, financial, cyber security and compliance risks approves its mitigation plans and monitors effectiveness thereof.

As on March 31, 2021, the Committee consisted of 3 (three) Independent Directors, comprising of Mr. Mahesh S. Gupta, as the Chairman, Mr. Vinay Bansal and Mr. Paras K. Chowdhary, as members of the Committee.

During the year under review, the Committee met 2 (two) times on July 29, 2020 and March 9, 2021 with all the members being present.

The details of composition of the Committee and the attendance at the meetings held during the year are given below:

Name of Directors	Category of Directors	Attendance at the Committee meetings	% of Attendance
Mr. Mahesh S. Gupta (Chairman)	Independent Director	👤 👤	○
Mr. Paras K. Chowdhary	Independent Director	👤 👤	○
Mr. Vinay Bansal	Independent Director	👤 👤	○

○ 100%

Managing Director, Chief Financial Officer, Chief Internal Auditor who also functions as Chief Risk Officer, are permanent invitees for the Committee meetings. Members of Senior Management team also attend the meetings depending on the agenda.

The minutes of the meetings of the Committee are placed before and noted by the Board. During the year under review, all recommendations of the Committee of the Board which were mandatorily required were accepted by the Board.

Disclosure of Risk Management

The Company has in place an Enterprise Risk Management framework to identify risks and minimise their adverse impact on business of the Company and strives to create transparency which in turn enhances the Company's competitive advantage.

Pursuant to the aforesaid business risk framework, the Company has identified the business risks associated with its operations and an action plan for mitigation of the same is put in place. The business risks and its mitigation have been dealt with in the Management Discussion and Analysis section of this Annual Report.

e) Corporate Social Responsibility Committee

In accordance with provisions of Section 135 of the Act, the Board has formed the Corporate Social Responsibility ('CSR') Committee, composition and terms of reference of which are in conformity with the said provisions and are available at https://www.ceat.com/corporate/investor/corporate-governance

As on March 31, 2021, the Committee consisted of 3 (three) members, Mr. Anant Goenka, as the Chairman, Mr. Vinay Bansal and Mr. Paras K. Chowdhary as members of the Committee.

During the year under review, the Committee met 3 (three) times on May 27, 2020, January 19, 2021 and March 9, 2021.

The details of composition of the Committee and the attendance at the meetings held during the year are given below:

Name of Directors	Category of Directors	Attendance at the Committee meetings	% of Attendance
Mr. Anant Goenka (Chairman)	Managing Director	👤 👤 👤	○
Ms. Punita Lal*	Independent Director	👤 👤	○
Mr. Vinay Bansal	Independent Director	👤 👤 👤	○
Mr. Paras K Chowdhary**	Independent Director	👤	○

○ 100%

*Ceased to be member w.e.f January 20, 2021.

**Inducted as member w.e.f January 20, 2021.

More details about the Committee and details of expenditure made by Company under CSR are described in detail in this Annual Report on CSR activities, as annexed to the Board's Report, forming part of the Annual Report.

In addition to the above, the Company has taken various measures to be in compliance with the Notification issued by the Ministry of Corporate Affairs effective from January 22, 2021 in the form of (Corporate Social Responsibility Policy) Amendment Rules, 2021.

f) Finance and Banking Committee (Non-Mandatory Committee)

The Board with an objective of easing business transaction and to facilitate the timely approval of the routine but important matters has constituted the Finance and Banking Committee and delegated some of its powers, which *inter alia* include approving matters concerning borrowing and investment of surplus fund, banking and treasury operations, issue of power of attorney and authorisation for day-to-day operations, etc. The composition and terms of reference of the Committee are available at https://www.ceat.com/corporate/investor/corporate-governance.

As on March 31, 2021, the Committee consisted of 3 (three) members, Mr. Anant Goenka, as the Chairman, Mr. H. V. Goenka and Mr. Arnab Banerjee as members of the Committee.

During the year under review, Committee met 4 (four) times on, June 15, 2020, October 27, 2020, January 19, 2021 and March 26, 2021.

The details of composition of the Committee and the attendance at the meetings held during the year are given below:

Name of Directors	Category of Directors	Attendance at the Committee meetings	% of Attendance
Mr. Anant Goenka (Chairman)	Executive Director (Managing Director)	👤 👤 👤 👤	○
Mr. H. V. Goenka	Non independent Director (Chairman)	👤 👤 👤 👤	○
Mr. Arnab Banerjee	Whole-time Director (Chief Operating Officer)	👤 👤 👤	◔

○ 100% ◔ 75%

The minutes of the meetings of the Committee are placed before and noted by the Board. During the year under review, there were no instances where recommendation of the Committee was not accepted by the Board.

IV. REMUNERATION OF DIRECTORS

Details of remuneration paid to the Directors during FY 2020-21 are as given below –

A. Remuneration to Managing Director, Whole-time Directors and / or Managers

(₹ in Lacs)

Sr. No.	Particulars of Remuneration	Mr. Anant Goenka, Managing Director	Mr. Arnab Banerjee, Chief Operating Officer (COO)	Total Amount
	Gross Salary			
	a) Salary as per provision contained in Section 17(1) of Income Tax Act, 1961	123.83	325.21	449.04
	b) Value of perquisite under Section 17(2) of Income Tax Act, 1961	145.20	2.94	148.14
	c) Profit in lieu of salary under Section 17(3) of Income Tax Act, 1961			
	Stock Option			
	Sweat Equity			
	Commission			
	* As percent of profit			
	* Others, Specify			
	Others (retiral benefits)	43.54	18.00	61.54
	Total	**312.57**	**346.15**	**658.72**

B. Remuneration to Non-executive Directors

(₹ in Lacs)

Sr. No.	Particular of remuneration	Name of Directors								Total Amount
		Mr. H. V. Goenka	Mr. Mahesh S. Gupta	Mr. Haigreve Khaitan	Mr. Atul C. Choksey	Mr. Vinay Bansal	Mr. Paras K. Chowdhary	Ms. Punita Lal	Ms. Priya Nair	
	Sitting Fees	6.20	10.50	6.00	6.00	11.25	10.75	5.50	3.00	59.20
	Commission	370.39	10.00	10.00	10.00	10.00	10.00	8.33	5.00	433.72
	Others, please specify									
	Total	**376.59**	**20.50**	**16.00**	**16.00**	**21.25**	**20.75**	**13.83**	**8.00**	**492.92**

1. Mr. Pierre E. Cohade, Non-executive Director was not eligible for receipt of remuneration including sitting fees and commission from the Company.
2. Mr. Ranjit V. Pandit, Independent Director has voluntarily waived off his right to receive remuneration including sitting fees and commission from the Company.
3. Ms. Priya Nair was appointed as an Independent Director w.e.f. October 27, 2020.
4. Ms. Punita Lal, an Independent Director resigned from the Company w.e.f. January 20, 2021.

The Members of the Company at the AGM held on July 20, 2018, vide a special resolution approved the payment of remuneration / commission to the Non-executive Directors of the Company, up to a sum not exceeding 3% (three percent) of the net profits of the Company, calculated in accordance with the provisions of Section 198 of the Act, in the manner as may be decided by the Board from time to time.

In terms of the said approvals, Non-executive Directors of the Company are being paid Commission as recommended by the Nomination and Remuneration Committee and approved by the Board. Additionally, Non-executive Directors are being paid sitting fees of ₹ 1,00,000 per meeting of the Board, ₹ 50,000 per meeting of Audit Committee and ₹ 25,000 per meeting of Risk Management Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Nomination and Remuneration Committee, attended by them.

Managing Director / Whole-time Director remuneration

Remuneration payable to Mr. Anant Goenka, Managing Director is pursuant to the approval accorded by the Members vide special resolution passed at the AGM of the Company held on August 8, 2017 and is governed by the agreement dated April 1, 2017 entered into with Mr. Anant Goenka incorporating the terms of his appointment including remuneration.

During the year under review, Mr. Anant Goenka contributed his remuneration, net of taxation and retirals for the noble cause of supporting the fight against COVID-19.

Mr. Arnab Banerjee who has been appointed as a Whole-time Director is paid remuneration pursuant to the approval granted by the special resolution passed at the AGM of the Company held on July 20, 2018 and the agreement dated April 30, 2018 entered into with Mr. Arnab Banerjee governing the terms of his appointment including remuneration.

The remuneration paid to the Managing Director and the Whole-time Director is duly recommended by the Nomination and Remuneration Committee and approved by the Board of Directors in accordance with the Nomination and Remuneration Policy of the Company.

Mr. Anant Goenka, Managing Director and Mr. Arnab Banerjee, Whole-time Director (Chief Operating Officer) do not receive any profit related commission from any of the subsidiary of the Company.

Disclosures as per Schedule V to the Listing Regulations, pertaining to remuneration of Directors:

- All elements of remuneration package of individual Director are summarised under major groups, such as salary, benefits, bonuses, stock options, pension, fixed component and performance linked incentives etc. as mentioned above.
- The Nomination and Remuneration Policy, *inter alia*, disclosing the criteria of making payments to Directors, Key Managerial Personnel and Employees, along with the performance criteria is available at https://www.ceat.com/investors/corporate-governance.html
- The Company does not have a practice of paying severance fees to any of its Directors.
- The Company currently does not have a stock option programme for any of its Directors.

V. GENERAL BODY MEETINGS / POSTAL BALLOT

Details of the General Meetings of the Company held in the last 3 (three) years along with summary of Special Resolutions passed thereat, as more particularly set out in the respective notices of such AGMs, as passed by the Members, are as follows:

AGM / EGM	Day, Date, Time and Venue	Particulars of Special Resolution
59th AGM	Friday, July 20, 2018 at 3.30 p.m. at The Auditorium, Textile Committee, next to Trade Plaza (Tata Press), P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai 400 025	Approval for appointment of Mr. Arnab Banerjee (DIN: 06559516) as Whole-time Director for further period of 5 (five) years and fixing his remuneration.
		Approval for making offer or invitation to subscribe Non-Convertible Debentures / Bonds or such other debt securities up to ₹ 500 Crores.
		Approval for payment of remuneration / commission to Non-executive Directors not exceeding 3% of the net profits of the Company.
60th AGM	Thursday, August 1, 2019 at 3.00 p.m. Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025	Approval for re-appointment of Mr. Atul C. Choksey (DIN: 00002102) as Non-executive Independent Director for second term of 5 (five) consecutive years with effect from September 26, 2019.
		Approval for re-appointment of Mr. Haigreve Khaitan (DIN: 00005290) as Non-executive Independent Director for second term of 5 (five) consecutive years with effect from September 26, 2019.
		Approval for re-appointment of Mr. Mahesh S. Gupta (DIN: 00046810) as Non-executive Independent Director for second term of 5 (five) consecutive years with effect from September 26, 2019.
		Approval for re-appointment of Ms. Punita Lal (DIN: 03412604) as Non-executive Independent Director for second term of 5 (five) consecutive years with effect from September 26, 2019.
		Approval for re-appointment of Mr. Vinay Bansal (DIN: 00383325) as Non-executive Independent Director for second term of 5 (five) consecutive years with effect from September 26, 2019 and continuation of his directorship as Non-executive Independent Director after he attains the age of 75 (seventy-five) years during the aforesaid tenure.
		Approval for payment of annual remuneration of ₹ 3,80,30,000/- for FY 2018-19 to Mr. H. V. Goenka (Non-executive Director), Chairman of the Company, being an amount exceeding 50% of the total annual remuneration payable to all the Non-executive Directors of the Company.
		Approval of borrowing under Section 180(1)(c) of the Companies Act, 2013 for borrowing not exceeding the limit of ₹ 2,000 Crores (Rupees Two Thousand Crores Only) in excess of the aggregate of the paid-up capital of the Company and its free reserves, from time to time.
		Approval under Section 180(1)(a) of the Companies Act, 2013 to create mortgage and / or hypothecation, on any of movable and / or immovable properties.
		Approval for making offer or invitation to subscribe Non-Convertible Debentures / Bonds or such other debt securities up to ₹ 500 Crores.
61st AGM	Thursday, September 10, 2020 at 3.00 p.m. The Company has conducted meeting through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM') pursuant to the MCA Circulars	Approval for re-appointment of Mr. Ranjit V. Pandit (DIN: 00782296) as Non-executive Independent Director for second term of 5 (five) consecutive years with effect from August 12, 2020.
		Approval for Issuance of Non-Convertible Debentures up to ₹ 500 Crores on private placement basis.

During the year under review, no resolution was passed by the Company through Postal Ballot and there is no such proposal to pass any resolution through postal ballot as on the date of this Report.

VI. MEANS OF COMMUNICATION

Financial Results

Quarterly financial results are announced within 45 (forty-five) days from the end of the quarter and annual audited results are announced within 60 (sixty) days from the end of the financial year as per the Regulation 33 of the Listing Regulations and are published in the newspapers in accordance with Regulation 47 of the Listing Regulations. Quarterly financial results are announced to Stock Exchanges within 30 (thirty) minutes from the closure of the Board meeting at which these are considered and approved.

Quarterly, half-yearly and annual financial results and other public notices issued to the Members are usually published in various leading dailies, such as Financial Express and Loksatta. These quarterly financial results are also hosted on the website of the Company.

Annual Report

Annual Report for FY 2019-20 containing *inter alia,* Audited Financial Statements, Board's Report, Management Discussion and Analysis and Corporate Governance Report etc. was sent via email to all the Members who have provided their email IDs. Annual Reports are also hosted on the website of the Company.

Press Release / Investor Presentations

The Company participates in various investor conferences and analyst meets and makes presentation thereat. Press Releases, Investors presentations are submitted to the Stock Exchanges as well as are hosted on the website of the Company.

Website

The Company has a functional website, www.ceat.com which under its 'Investors' section disseminates the information as required under the Act and the Listing Regulations, such as financial results, shareholding patterns, policies and codes, credit rating details, investor presentations, details of the corporate contact persons and Registrar and Transfer Agent of the Company, Debenture Trustees, etc.

Meetings with Institutional Investors / Analysts organised by the Company are also hosted on the website of the Company.

Email Communications

As permitted under Section 20 and 136 of the Act read with Companies (Accounts) Rules, 2014 during the year under review, the Company sent various communications, such as notice calling the general meeting, audited financial statements including Board's report, TDS intimation, credit of dividend intimation letters, etc. in electronic form at the email IDs provided by the Members and made available by them to the Company through the depository participants.

Exclusive email ID for investors

The Company has investors@ceat.com as the designated email ID exclusively for Investors / Members servicing.

VII. OTHER DISCLOSURES

Related Party Transactions

All Related Party Transactions (RPTs) entered into by the Company during the year under review were on an arms' length basis and in the ordinary course of business. These RPTs did not attract provisions of Section 188 of the Act and were also not material RPTs under Regulation 23 of the Listing Regulations.

During the year under review, all RPTs were placed before the Audit Committee for its approval, as required under Section 177 of the Act and Regulation 23 of the Listing Regulations.

A statement showing the disclosure of transactions with related parties as required under Indian Accounting Standard 24 is set out separately under the Financial Statements.

There were no material transactions entered into with related parties, during the period under review, which may have had any potential conflict with the interests of the Company.

A Policy on Related Party Transaction has been formulated by the Board and is available at https://www.ceat.com/investors/corporate-governance.html

Details of non-compliance by the Company

The Company has complied with all the requirements of the Stock Exchanges, SEBI and Statutory Authorities related to the capital markets and there has been no instance of non-compliance and that no penalties, strictures were imposed on the Company by Stock Exchanges or SEBI during the last 3 (three) financial years.

Vigil Mechanism (Whistle Blower Policy)

In accordance with Section 177 of the Act and Rules made thereunder, read with Regulation 22 of the Listing Regulations, the Board has adopted a 'Whistle Blower Policy and Vigil Mechanism' for Directors and Employees to report their genuine concerns and actual / potential violations, if any, to the designated official of the Company fearlessly.

The said Policy provides the type of concerns / violation to be reported, investigation procedure, protection and safeguards and other related matters and the same is available at - https://www.ceat.com/investors/corporate-governance.html No personnel / employee of the Company has been denied access to the Audit Committee for reporting genuine concerns. During the year under review, 7 (seven) complaints were received under the Whistle Blower Policy and 1 (one) complaint which was received around last week of March was pending for investigation as on March 31, 2021.

Subsidiary Companies

The Company does not have any material subsidiary, as defined under Regulation 16 of the Listing Regulations and as prescribed for the purpose of Regulation 24 of the Listing Regulations. The Company has however, framed a Policy for determining Material Subsidiaries, as required pursuant to the said Regulation 16, which is available at https://www.ceat.com/investors/corporate-governance.html

Provisions to the extent applicable as required under Regulation 24 of the Listing Regulations, with reference to subsidiary companies were duly complied with.

During the year under review, the Audit Committee reviewed the financial statements of and in particular, the investments made by the unlisted subsidiaries, to the extent applicable. Minutes of the Board meetings of unlisted subsidiaries as well as a statement of all significant transactions and arrangements entered into by the subsidiary, as applicable, were regularly placed before the Board.

Details of utilisation of funds raised through Preferential Allotment

The Company has not raised funds through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of the Listing Regulations.

Certificate of non-disqualification of Directors

Certificate from M/s Parikh & Associates, Practising Company Secretaries, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI / Ministry of Corporate Affairs or any other statutory authority is annexed to this Report.

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has duly framed a Policy on Prevention of Sexual Harassment of Women at Workplace and formed 9 (nine) Internal Complaints Committees ('ICC'), as required pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, only 1 (one) complaint was received in February, 2021 which was under due process as on March 31, 2021.

Consolidated Fees paid / payable to Statutory Auditors

During the year under review, there were no fees paid / payable for all services availed by the Company and its subsidiaries on a consolidated basis, to the Statutory Auditor and all entities in the network firm / network entity of which Statutory Auditor is a part.

CEO and CFO Certification

The Managing Director (CEO) and the Chief Financial Officer (CFO) have issued a certificate pursuant to the provisions of Regulation 17(8) of the Listing Regulations certifying that the financial statements do not contain any untrue statement and these statements represent a true and fair view of the Company's affairs, which has been reviewed by the Audit Committee and taken on record by the Board.

Code of Conduct

The Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company, which is available at https://www.ceat.com/investors/corporate-governance.html

All the Board Members and Senior Management Personnel have affirmed compliance with the Code for the Financial Year ended March 31, 2021. A declaration to this effect signed by the Managing Director is annexed to this Report.

During the year under review, the Board at its meeting held on March 10, 2021 amended the Code of Conduct to incorporate the new Values of the Company and also align a few provisions through benchmarking exercise, to come into effect from April 1, 2021.

Prevention of Insider Trading

The Company has formulated a Code of Fair Disclosure (Including Determination of Legitimate Purpose), Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Designated Person(s) ('the Code') in accordance with provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, with a view to regulate trading in securities by the Directors and Designated Persons as identified therein.

The Code prescribes for the procedures and compliances applicable for the preservation of unpublished price sensitive information under the aforesaid SEBI Regulations. Company Secretary acts as the Compliance Officer to ensure compliance with the requisite approvals on pre-clearance of trade, monitoring of trades and implementation of the Code under the overall supervision of the Board.

During the year under review, the Board at its meeting held on January 19, 2021, amended the Code in view of the various amendments made by SEBI in the said SEBI (Prohibition of Insider Trading) Regulations, 2015.

Annual Secretarial Compliance Report

Pursuant to Regulation 24A read with SEBI Circular CIR/CFD/CMD1/27/2019 dated February 8, 2019, M/s Parikh & Associates, Practising Company Secretaries carried out the audit for the FY 2020-21 for all applicable compliances as per SEBI Regulations and Circulars / Guidelines issued thereunder. There are no observations or qualifications under the said Report.

Report on Corporate Governance

This section, read together with the information given in the Board's Report and the section on Management Discussion and Analysis, constitute the compliance report on Corporate Governance during the FY 2020-21. The Company, in compliance with the provisions of Regulation 27(2) of the Listing Regulations submits the quarterly compliance report to the Stock Exchanges as required thereunder and uploads the same on its website.

Details of compliance with mandatory requirements

The Company is in compliance with the Corporate Governance requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of the Listing Regulations.

As per Regulation 34(3) read with Schedule V of the Listing Regulations the Company has obtained a certificate from M/s Parikh & Associates, Practising Company Secretaries confirming the compliance with the mandatory requirement of the Listing Regulations and the same is annexed to this Report.

Compliance with discretionary requirements

The status with regard to compliance by the Company with the discretionary requirements as listed out in Part E of Schedule II of the Listing Regulations is as under:

a. Chairperson's office is maintained at Company's expense and all reimbursements are allowed to the Chairperson in performance of his duties.

b. The Auditors' Reports on Standalone and Consolidated Financial Statements for the year ended March 31, 2021 are with unmodified audit opinion.

c. Internal Auditor reports directly to the Audit Committee in all the functional matters.

VIII.GENERAL SHAREHOLDER INFORMATION

Annual General Meeting (AGM)

Day / Date	Tuesday, September 14, 2021
Time	4.30 p.m. (IST)
Venue / Mode	The Company is conducting AGM through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM') pursuant to the MCA circulars. For details please refer to the Notice of AGM.

Annual General Meeting through Video Conferencing or other Audio-Visual Means

Since the beginning of the calendar year 2020 the spread of COVID-19 virus created a disruption in life and since being declared a global pandemic also resulted in a nationwide lockdown in India w.e.f. March 24, 2020. In view of the restriction on movement and social distancing norms to be followed by the people, the Ministry of Corporate Affairs and SEBI have essentially permitted to hold the AGM of the companies through Video Conferencing or other Audio-Visual Means, which also extended for calender year 2021. Accordingly, the Company has opted to provide such facility to the shareholders to join the meeting through remote locations from the facilities provided by National Securities Depository Limited ('NSDL').

As a safety measure again, the companies are permitted this year to not to publish or dispatch their annual reports to the members and to send them over email, where such email IDs are available and also to put on the company's website. Members may therefore note that the Integrated Annual Report of the Company for the Financial Year 2020-21 is hosted on the Company's website at www.ceat.com. To receive the copy over email, the Members are requested to ensure that their email IDs are registered with the Registrar and Transfer Agent or the depository participants, as the case may be.

The Company is also offering a facility to help Members register their email ID with the Company, by sending an email on investors@ceat.com. The Company may update its records for all the future communications on the given email ID. The Ministry of Corporate Affairs ('MCA') vide its Circular dated January 13, 2021 has provided an option to companies to conduct Annual General Meeting during the Calendar Year 2021 through 'VC or OAVM' pursuant to the MCA Circulars dated April 8, 2020, April 12, 2020 and May 5, 2020 and send financial statements (including Board's Report, Auditors Report and other documents to be attached therewith) through email only.

Accordingly, the Annual Report of the Company for the Financial Year 2020-21 along with Notice of AGM are being sent only by email to the Members and all other persons / entities entitled to receive the same and that the AGM will be convened through VC or OAVM.

Financial Year

The Company follows April 1 to March 31 as the financial year.

Dividend

The Board of Directors of the Company has proposed a dividend of ₹ 18 per equity share (180 %) for the Financial Year 2020-21, subject to approval by the Members at the ensuing AGM. Dividend paid in the previous year was ₹ 12 per share (120%).

Dividend Payment Date

Dividend on equity shares, if declared at the AGM, will be credited / dispatched on or before Wednesday, October 13, 2021.

a. to all those beneficial owners holding shares in electronic form, as per the beneficial ownership data made available to the Company by National Securities Depository Limited ('NSDL') and the Central Depository Services (India) Limited ('CDSL') as of the close of business hours on Monday, August 30, 2021; and

b. to all those shareholders holding shares in physical form, whose names stand registered in the Company's Register of Members as Members on the end of business day on Monday, August 30, 2021.

Listing on Stock Exchanges

The Equity Shares and Non-convertible Debentures of the Company are listed on the following Stock Exchanges:

Name	Address	Scrip / Stock Code
BSE Limited	P. J. Towers, Dalal Street, Mumbai 400 001	500878 (Equity)
National Stock Exchange of India Limited	Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400 051	CEATLTD (Equity) CL23, CL25 (Debt)

Listing fees for FY 2020-21 for both the Stock Exchanges were duly paid by the Company.

In view of the SEBI Circular ref no. SEBI/HO/DDHS/CIR/P/2019/115 dated October 22, 2019, during the Financial Year 2020-21, the Commercial Papers issued by the Company were listed on one of the above Stock Exchanges, as opted at the time of each such issue.

During the year, the Company has also issued following Secured, Rated, Listed, Taxable and Redeemable Non-convertible Debenture ('NCDs') for which it entered into agreement with M/s Vistra ITCL (India) Limited to act as Debenture Trustee and has appointed M/s TSR Darashaw Consultants Private Limited as Registrar and Transfer Agent:

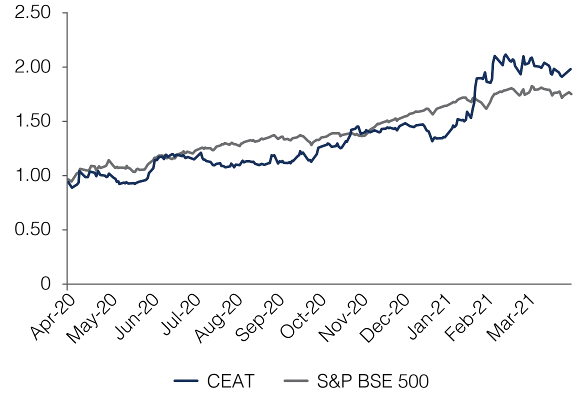
Details of Debenture	Value	Date of Allotment	Tenure	Redemption date
6.40% NCD	₹ 150 Crores	October 7, 2020	36 Months	October 6, 2023
7.00% NCD	₹ 100 Crores	October 13, 2020	60 Months	October 13, 2025

Market Price Data for Equity shares of face value of ₹ 10/- each

Month	BSE		NSE	
	High Price	Low Price	High Price	Low Price
Apr-20	856.80	695.20	849.90	695.00
May-20	820.00	713.00	819.00	711.75
Jun-20	968.30	747.95	970.00	814.95
Jul-20	978.05	835.05	976.60	835.00
Aug-20	959.45	850.00	959.95	861.00
Sept-20	1,027.35	869.80	1,027.00	868.55
Oct-20	1,249.00	965.70	1,249.00	958.70
Nov-20	1,180.00	1,064.80	1,174.45	1,064.00
Dec-20	1,208.00	1,018.60	1,208.00	1,020.00
Jan-21	1,563.45	1,081.00	1,564.90	1,080.50
Feb-21	1,763.15	1,416.65	1,763.00	1,417.55
Mar-21	1,683.25	1,450.90	1,683.85	1,451.00

Share Performance of the Company in comparison to S & P BSE 500

CEAT in comparison with S&P BSE 500 during 2020-21*



*Indexed to 1 on March 31, 2020

Registrar and Transfer Agents for Equity Shares

The Company has appointed TSR Darashaw Consultants Private Limited (formerly TSR Darashaw Limited) ('TSR') as its Registrar and Transfer Agents and accordingly, all physical transfers, transmissions, transpositions, issue of duplicate share certificate(s), issue of demand drafts in lieu of dividend warrants, etc. as well as requests for dematerialisation / rematerialisation are being processed in periodical cycles at TSR offices. The work related to dematerialisation / rematerialisation is handled by TSR through connectivity with NSDL and CDSL.

During the year under review, the RTA's correspondence address was changed from 6, Haji Moosa Patrawala Ind. Estate, 20, Dr. E Moses Road Mahalaxmi, Mumbai 400 011 to C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai 400 083 w.e.f. March 1, 2021. The Company has communicated this information to the Stock Exchanges and also made it available on the Company's website.

Registrar for Deposits

Being eligible and as approved by the Members in 2014, the Board of Directors of the Company approved acceptance of Fixed Deposit from Members and persons other than Members in accordance with Section 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014. The Company thereafter discontinued the Fixed Deposit Scheme and repaid all outstanding fixed deposits along with the interest accrued up to September 30, 2016.

During the year under review, the Company did not accept any deposits as defined under the Act.

Address for correspondence for Investor / Deposit Holders' queries:

Company	CEAT Limited	463, Dr. Annie Besant Road, Worli, Mumbai 400 030 ✉ investors@ceat.com Web: www.ceat.com ✆ 022-2493 0621 Ms. Vallari Gupte, Company Secretary and Compliance Officer
Registrar and Transfer Agents – for equity shares	TSR Darashaw Consultants Private Limited (formerly TSR Darashaw Limited)	C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai 400 083 ✉ csg-unit@tcplindia.co.in Web: https://www.tcplindia.co.in/ ✆ 022-6617 8484; 022-6656 8494
Registrar for Fixed Deposits	Kisu Corporate Services Private Limited	D- 28 – Mezzanine Floor Supariwala Estate, Prasad Chambers Compound, Cinema, Opera House, House Mumbai 400 004. ✆ 022-4971 0146, ✉ kisucorporate@gmail.com
Debenture Trustee	Vistra ITCL (India) Limited	IL & FS Financial Centre, Plot No. C22, G Block, 7th Floor, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051 Phone - 022 - 2659 3535 ✉ mumbai@vistra.com

Share Transfer System

Pursuant to the amendment to the Listing Regulations, made effective from April 1, 2019, no shares can be transferred unless they are held in dematerialised mode. Members holding shares in physical form are therefore requested to convert their holdings into dematerialised mode to avoid loss of shares and fraudulent transactions and avail better investor servicing.

As such now only cases of valid transmission or transposition may be processed by TSR, subject to compliance with the Guidelines prescribed by SEBI.

Dematerialisation of shares

The Company has an arrangement with NSDL and CDSL for dematerialisation of shares with ISIN INE482A01020.

During the year, 20,388 shares were dematerialised. As on March 31, 2021, 98.97% of equity share capital corresponding to 4,00,32,160 equity shares were held in dematerialised form.

In accordance with the proviso to Regulation 40(1) of the Listing Regulations effective from April 1, 2019, transfers of securities of the Company shall not be processed unless the securities are held in the dematerialised form with a Depository. However, investors are not barred from holding shares in physical form. In view of free transferability of shares and better investor servicing, shareholders holding equity shares in physical form are urged to have their shares dematerialised and update their bank accounts and email IDs with the respective depository participants.

In addition to above, SEBI via circulars dated September 7, 2020 and December 2, 2020 had fixed March 31, 2021 as the cut-off date for re-lodgement of transfer deeds. Further, the shares that were re-lodged for transfer shall be issued only in demat mode. It may also be noted that that after processing re-lodgement request by Registrar and Transfer Agent ('RTA'), physical shares shall be retained by RTA and intimation of execution of transfer shall be sent to Shareholder (transferee) via Letter of Confirmation ('LoC'). Shareholder in turn within 90 days of issue of LoC should submit the demat request along with LoC to Depository Participant ('DP'). On failure to submit demat request with DP within 90 days of date of LoC would result in transferring of shares to suspense escrow demat account of the Company.

Distribution of Shareholding as at March 31, 2021

No. of Equity Shares	No. of Shareholders		No. of shares		% of Equity Capital	
	Physical	Demat	Physical	Demat	Physical	Demat
1 to 500	12,082	68,414	3,29,787	26,71,711	14.78	83.66
501 to 1,000	44	651	30,497	4,76,861	0.05	0.80
1,001 to 2,000	27	263	37,676	3,72,566	0.03	0.32
2,001 to 3,000	4	70	9,648	1,75,573	0.00	0.09
3,001 to 4,000	1	31	3,300	1,08,446	0.00	0.04
4,001 to 5,000	0	24	0	1,07,506	0.00	0.03
5,001 to 10,000	1	46	7,024	3,40,071	0.00	0.06
Greater than 10,000	0	115	0	3,57,79,426	0.00	0.14
TOTAL	**12,159**	**69,614**	**4,17,932**	**4,00,32,160**	**14.86**	**85.14**

Categories of Shareholding as on March 31, 2021

Category	No. of Shares	% of Equity Capital
Promoters and Promoter Group	1,89,40,298	46.82
Foreign Portfolio / Institutional Investors	1,09,09,579	26.97
FI, Banks and Insurance Companies	17,18,682	4.25
Mutual Funds	36,71,925	9.08
Resident Individuals	42,09,749	10.41
NRI / OCB	2,89,921	0.72
Bodies Corporate	5,76,338	1.42
Others	1,33,600	0.33
TOTAL	**4,04,50,092**	**100.00**

Outstanding GDRs / ADRs / Warrants / Any other Convertible Instruments

The Company does not have any outstanding GDRs / ADRs / Warrants / Any other Convertible Instruments as on March 31, 2021.

Disclosure of commodity price risks / foreign exchange risk and hedging activities

Risk Management Policy of the Company with respect to Commodities and Forex

Volatility in commodity prices are managed by combining a robust price forecast mechanism with a buying model comprising of spot buying, forward buying and strategic long-term contracts. Inventory levels are maintained in alignment to this. Since significant quantum of raw materials are procured from international sources, appropriate hedging mechanisms are in place to insulate forex fluctuations.

The Company manages the volatility in the foreign currency prices through hedging mechanisms. The exposure risk arises primarily due to the import and export activities of the Company as well as short-term and long-term borrowings in foreign currency. The Company has put in place a Policy for Foreign Exchange and Interest Risk Management which is duly approved by the Board of the Company. The Foreign Exchange Risk Management programme of the Company is carried out as per the said Policy and the Company uses forward contracts, derivatives, structured derivatives and swaps as hedging instruments. The Company is suitably insulated against the risk arising out of foreign currency fluctuations through appropriate hedging mechanisms and the same is monitored by the Board on a timely basis. The Company is in fully compliance with the Rules, Regulations and Guidelines, as may be applicable, prescribed by the Reserve Bank of India from time to time in this behalf.

Exposure of the Company to commodity and commodity risk faced throughout the year

The Company does not have any exposure hedged through commodity during FY 2020-21.

Plant Locations

Ambernath Plant	:	Plot No G-2, Village - Bohonoli, Ambernath MIDC, Ambernath (East), Maharashtra 421506 421 506
Mumbai Plant	:	Subhash Nagar Road, Bhandup (West), Mumbai, Maharashtra 400 078
Nashik Plant	:	82, MIDC Satpur, Nashik, Maharashtra 422 007
Halol Plant	:	Village Getmuvala, Taluka Halol, Dist. Panchmahal, Gujarat 389 350
Nagpur Plant	:	Plot No. SZ-39, MIDC Butibori Nagpur, Maharashtra 441 108
Chennai Plant	:	Kannanthangal Village, Maduramangalam Post, Sriperumbudur TK, Kancheepuram Dist., Tamil Nadu 602 108

Credit Ratings

During the year under review, the long-term credit rating of the Company was affirmed / assigned as 'AA' with 'Stable' outlook by its rating agencies viz. CARE Ratings Limited ('CARE') and India Ratings and Research Private Limited ('Ind-ra'). The rating has been reaffirmed even after considering the expected incremental long-term debt for the on-going expansions and greenfield project. The rating of AA indicates high degree of safety regarding timely servicing of financial obligations and very low credit risk. A 'Stable' outlook indicates expected stability (or retention) of the credit ratings in the medium term on account of stable credit risk profile of the entity in the medium term.

The short-term facilities (working capital limit) of the Company have been granted the rating of 'A1+' by CARE. The rating of 'A1+' indicates very strong degree of safety regarding timely payment of financial obligations and carries the lowest credit risk.

The ratings on Commercial Paper issue of the Company have been reaffirmed as 'A1+' by CARE and Ind-ra.

Ind-ra confirmed the rating as IND AA / Stable for the purpose of issue of Non-convertible Debentures.

Disclosures with respect to Unclaimed Suspense Account

In accordance with Regulation 39(4) of the Listing Regulations (erstwhile Clause 5A of the Listing Agreement), the Company during the year 2013, had sent 3 (three) reminders to such shareholders whose shares were lying 'Undelivered / Unclaimed' with the Company and opened a demat suspense account with Keynote Capital Limited, a Depository Participant (hereinafter referred as 'Unclaimed Suspense Account'). As per the requirements of the said Regulations, the Company after completing the necessary formalities has credited 1,40,918 such unclaimed equity shares of the Company pertaining to 4,738 shareholders to Unclaimed Suspense Account in the year 2013. Voting rights on such shares remain frozen till the rightful owner claims the shares.

As and when the beneficiary of such unclaimed shares approaches the Company, after verifying authenticity of the beneficiary, the Company transfers the shares from Unclaimed Suspense Account to respective beneficiary's demat accounts or issues a share certificate, as the case may be.

The Company, acting as a trustee in respect of the unclaimed shares, follows the modalities for the operation of the said account in the manner set out in Regulation 39(4) read with Schedule VI to the Listing Regulations.

The summary of Unclaimed Suspense Account for FY 2020-21 is as follows:

Sr. No.	Particulars	No. of shareholders	Outstanding shares
1.	Aggregate no. of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on April 1, 2020	379	12,706
2.	No. of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year 2020-21	-	-
3.	No. of shareholders to whom the shares were transferred from the Unclaimed Suspense Account during the year 2020-21	-	-
4.	No. of shareholders whose shares were transferred to IEPF Authority during the year 2020-21	161	4,177
5.	Aggregate no. of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on March 31, 2021	218	8,529

Transfer of Unclaimed / Unpaid amounts and Shares to the Investor Education and Protection Fund (IEPF)

Pursuant to the provisions of Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the IEPF Rules'), dividend which remains unclaimed for consecutive 7 (seven) years from the date of transfer to unclaimed dividend account shall be transferred to the Investor Education and Protection Fund ('IEPF') Authority. During the year under review, unclaimed dividend amounting to ₹ 32.90 Lacs of FY 2012-13, as required aforesaid, was transferred to the IEPF Authority on October 7, 2020. Unclaimed Dividend of ₹ 0.41 Lacs pertaining to 38 cases was retained by the Company on account of court orders.

Further, as provided under the IEPF Rules, the Company on November 5, 2020, after compliance with the due procedure laid down under the said provisions, transferred 18,952 shares of 658 shareholders to the demat account of IEPF Authority, in respect of which dividend had not been claimed for 7 (seven) consecutive years.

As required under the IEPF Rules, 10,392 shares of 38 cases were retained by the Company on account of specific orders of court or Tribunal or statutory Authority restraining any such transfer of shares and payment of dividend.

Shares including dividends and other benefits accruing thereon which have been transferred to IEPF Authority can be claimed from IEPF Authority after following the procedure prescribed under the provisions mentioned above and no claim shall lie against the Company or its Registrar and Transfer Agents.

Member(s) who have not encashed / claimed their dividend of FY 2013-14 or any subsequent financial years are requested to submit their claims to the office of the Registrar and Transfer Agents, on or before October 15, 2021, to avoid any transfer of dividend or shares to the IEPF Authority.

Mandatory Bank details for Payment of Dividend

As per Regulation 12 of the Listing Regulations, the Company is providing the facility for payment of dividend through electronic mode permissible by the Reserve Bank of India. The dividend amount will thereby directly be credited to the Member's bank account, maintained with Registrar and Transfer Agents in case of shares held in physical mode or maintained with the Depository Participants in case of shares are held in demat mode.

This facility ensures speedier credit of the dividend amount and eliminates the risk of loss / interception of dividend warrants in postal transit and / or fraudulent encashment of Dividend warrants. Members are requested to avail of the facility by registering their complete and correct bank details viz. name of the Bank, full address of the branch, core banking account number and account type, 9-digit MICR and 11 digits IFSC against the bank account.

The request for registration of the Bank details should be accompanied by an original cancelled cheque bearing the name of the first shareholder as the account holder and should be sent to TSR Darashaw Consultants Private Limited, Registrar and Transfer Agents of the Company in case the shares are held in physical form and to your Depository Participant in case shares are held in demat mode.

Registration of PAN for deduction of tax

Pursuant to the Finance Act, 2020, dividend income for resident shareholders in excess of ₹ 5,000/- for the financial year will be taxable in the hands of the shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to such shareholders at the prescribed rates. Members are requested to note that in case their PAN is not registered with the Company / RTA / DP, the tax will be deducted at a higher rate of 20%. Members are requested to update their PAN with Registrar and Transfer Agents (in case of shares held in physical mode) and Depository Participants (in case shares held in demat mode).

Registration of email ID

As a step towards green initiative, the Company has availed of special services offered by NSDL to update email IDs of such shareholders of the Company who have not registered their email IDs. This would enable such Shareholders to immediately receive various email communication from the Company from time to time including the annual report, dividend credit intimation, etc.

Voting through electronic means

Pursuant to Section 108 of the Act and the Rules made thereunder and provisions under the Listing Regulations, every listed company is required to provide its members, the facility to exercise their right to vote at general meetings by electronic means.

The Company has entered into an arrangement with NSDL, the authorised agency for this purpose, to facilitate such e-voting for its Members.

The shareholders would therefore be able to exercise their voting rights on the items put up in the Notice of AGM, through such e-voting method. Further, in accordance with the Companies (Management and Administration) Rules, 2014 and MCA Circulars, the Company will also provide e-voting facility for Members attending the AGM through VC or OAVM.

Shareholders, who are attending the meeting through VC or OAVM and who have not already cast their votes by remote e-voting shall only be able to exercise their right of voting at the meeting.

Cut-off date, as per the said Rules, shall be Tuesday, September 7, 2021 and the remote e-voting shall be open for a period of three days, from Saturday, September 11, 2021 (9.00 a.m.) till Monday, September 13, 2021 (5.00 p.m.).

The Board has appointed Mr. P. N. Parikh (FCS 327, CP 1228), or failing him Mr. Mitesh Dhabliwala (FCS 8331, CP 9511), or failing him Ms. Sarvari Shah (FCS 9697, CP 11717) of M/s Parikh & Associates, Practising Company Secretaries, as Scrutinizer for the e-voting process. Detailed procedure is given in the Notice of the 62nd AGM and is also placed on the Company's website at www.ceat.com

Annexures to the Corporate Governance Report

Declaration on the Code of Conduct

[Regulation 34(3) read with Schedule V (Part D) to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

This is to declare that all the members of the Board of Directors and the Senior Management Personnel of the Company have for the year ended March 31, 2021, affirmed the compliance with the Code of Conduct laid down in terms of Regulation 17(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For CEAT Limited

Place: Mumbai
Date : May 5, 2021

Anant Goenka
Managing Director

Practising Company Secretaries' Certificate on Corporate Governance

TO THE MEMBERS OF
CEAT LIMITED

We have examined the compliance of the conditions of Corporate Governance by CEAT Limited ('the Company') for the year ended on March 31, 2021, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI the Listing Regulations").

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI the Listing Regulations for the year ended on March 31, 2021.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Parikh & Associates
Practising Company Secretaries

P. N. Parikh
Partner
FCS: 327 CP: 1228
Mumbai, May 5, 2021
UDIN: F000327C000242448

Certificate of Non-Disqualification of Directors

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members of
CEAT LIMITED
463, Dr. Annie Besant Road,
Worli, Mumbai 400 030.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **CEAT Limited** having **CIN L25100MH1958PLC011041** and having registered office at 463, Dr. Annie Besant Road, Worli, Mumbai 400 030 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub Clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment in Company*
1.	H. V. Goenka	00026726	16/10/1981
2.	Anant Goenka	02089850	01/04/2012
3.	Arnab Banerjee	06559516	07/05/2013
4.	Atul C. Choksey	00002102	28/01/2000
5.	Haigreve Khaitan	00005290	29/07/1999
6.	Mahesh S. Gupta	00046810	02/05/2002
7.	Paras K. Chowdhary	00076807	01/04/2013
8.	Pierre E. Cohade	00468035	01/02/2018
9.	Priya Nair	07119070	27/10/2020
10.	Ranjit V. Pandit	00782296	03/03/2015
11.	Vinay Bansal	00383325	24/07/2009

*the date of appointment is as per the MCA Portal.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Parikh & Associates
Practising Company Secretaries

P. N. Parikh
FCS: 327 CP: 1228
Mumbai, May 5, 2021
UDIN : F000327C000242404

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company:	L25100MH1958PLC011041
2. Name of the Company:	CEAT Limited
3. Registered address:	463, Dr. Annie Besant Road, Worli Mumbai - 400 030
4. Website:	www.ceat.com
5. E-mail id:	investors@ceat.com
6. Financial Year reported:	2020-21
7. Sector(s) that the Company is engaged in (industrial activity code-wise):	22111- Manufacture of rubber tyres and tubes for motor vehicles, motorcycles, scooters, three-wheelers, tractors
8. List three Key products / services that the Company manufactures / provides (as in balance sheet):	Tyres, Tubes and Flaps
9. Total number of locations where business activity is undertaken by the Company	
(a) Number of International Locations (Provide details of major 5)	4 (four): Representative offices in Indonesia, United Arab Emirates, Phillipines and Frankfurt, Germany (R&D Centre)
(b) Number of National Locations	Registered Office: 463, Dr. Annie Besant Road, Worli, Mumbai - 400 030 Factories: 6 (six) Regional Offices: 33 (thirty-three) Zonal Offices: 6 (six)
10. Markets Served by the Company - Local / State / National / International	India and Internationally at over 100 (hundred) countries

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid-up Capital (₹)	4,045 Lacs
2. Total Turnover (₹)	7,57,279 Lacs
3. Total Profit After Taxes (₹)	41,364 Lacs
4. Total Spending on Corporate Social Responsibility ('CSR') as a percentage of profit after tax (%)	1.90%
5. List of activities in which expenditure in 4 above has been incurred	CSR activities of the Company are carried out through Implementing Agency i.e. RPG Foundation, a Public Charitable Trust recognised for the purpose of CSR, broadly in the area of Education, Health care, Community Development, Skilling, Employability, Women Empowerment and Heritage Conservation. More details of such activities are given in the Annual Report on CSR activities, which forms part of this Annual Report.

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company / Companies?	Yes
2. Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(ies)	Business Responsibility ('BR') initiatives of the Company and its subsidiaries are guided by the Code of Corporate Governance and Ethics. The Company encourages its subsidiaries to carry out BR initiatives.
3. Do any other entity / entities (e.g. suppliers, distributors, etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]	The Company encourages responsible and sustainable business practices and supports such initiatives. All entities (e.g. suppliers, distributors, etc.) that the Company does business with make an active attempt to participate in the BR initiatives of the Company.

SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

1. Details of Director / Directors responsible for BR

(a) Details of the Director / Directors responsible for the implementation of the BR policy / policies

The Board of Directors particularly the Managing Director is responsible for the Business Responsibility initiatives.

(b) Details of BR Head:

No.	Particulars	Details
1.	DIN	02089850
2.	Name	Mr. Anant Goenka
3.	Designation	Managing Director
4.	Telephone number	022 - 2493 0621
5.	E-mail ID	investors@ceat.com

2. Principle-wise (as per NVGs) BR Policy / Policies

The Company recognises the interlinkage between Environmental, Social and Governance (ESG) aspects of the business and the dynamic expectations of its stakeholders while driving sustainability and value creation in the business. CEAT also believes that Corporate Social Responsibility ('CSR') is an integral part of its ethos and one of the core business tenets for implementation of sustainable initiatives to have maximum societal impact by identifying the critical gaps and requirements. Thus, the Company continuously strives to resonate its purpose statement 'Making Mobility Safer & Smarter. Every Day.' with its products that are safe and smart for the people as well as planet, while taking up its operations with respect and commitment through such sustainable business practices under ESG norms.

The Company drives its business in line with the 9 (nine) principles prescribed under the National Guidelines on Responsible Business Conduct ('NGRBC'), as detailed in this Report.

(a) Details of compliance (Reply in Y / N)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy / policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes, the policies conform to the principles of NGRBC, the Companies Act, 2013 and International Standard ISO 14001, OHSAS 18001 as applicable to the respective policies								
4	Has the policy being approved by the Board?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Policies have been approved by the Board or under its authority as may be mandated under the applicable laws or otherwise.								
5	Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online.	For the detailed Policies please refer to the website of the Company at: https://www.ceat.com/investors/corporate-governance.html								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out an independent audit / evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The Company has not understood the Principles									
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The Company does not have financial or manpower resources available for the task					Not Applicable				
4	It is planned to be done within the next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

3. Governance related to Business Responsibility (BR)

The Board of Directors review the BR initiatives, the Audit Committee reviews the Whistle Blower Policy of the Company, the CSR Committee reviews the CSR policy and the CSR initiatives undertaken by the Company, periodically or on a need basis.

The Company has been publishing BR Report on an annual basis as a part of the Annual Report from FY 2016-17. Since FY 2019-20, the Company has started publishing the Integrated Report prepared in alignment with the <IR> Framework developed by the International Integrated Reporting Council ('IIRC'). Detailed reporting for FY 2020-21 forms part of this Annual Report, which can also be accessed on the website of the Company at www.ceat.com

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Ethics, Transparency and Accountability

The Company is part of the RPG Group, a group that has always stood for conducting business responsibly, honestly and ethically. RPG Group has laid down the Code of Corporate Governance and Ethics ('the Code') applicable and adopted by the Company. The Code has outlined the principles of corporate governance that will apply in managing day to day affairs of the Company. The Group has set up the Corporate Governance and Ethics Committee ('the CGEC') which acts as a central body for monitoring this Code. The Code, *inter alia,* prescribes that all the activities and business affairs conducted by the Company should be free from the influence of corruption and bribery. The Code is extended to its subsidiaries, joint venture and its business partners to a certain extent.

The Company believes in an environment of mutual respect, fairness, transparency and integrity and is committed to conduct its business with ethics and transparency. Towards this goal, the Company has devised various policies including the Code, covering principles of business integrity, responsibilities relating to society, stakeholders and the environment. The Company periodically cascades the principles under the Code across the organisation. Concerns and issues related to this framework are reviewed and dealt with by the CGEC periodically. A dedicated email ID ethics@rpg.in is provided for reporting grievances and violations of the said Code to the CGEC. The report of the CGEC is placed before the Audit Committee as deemed necessary.

Additionally, the Company has formulated a Code of Conduct for Board Members and Senior Management for ethical and transparent behaviour to achieve the highest standards of corporate governance.

The Company has adopted a Whistle Blower Policy which provides a framework through which the Directors and employees as well as external stakeholders viz. customers, vendors, suppliers, outsourcing partners etc. may report, directly, their concern, suspected fraud or any irregularity in the Company practices which are in violation of the Code of Conduct prescribed in this regard.

During FY 2020-21, 7 (seven) complaints were received by the Ethics Committee under Whistle Blower Policy and Vigil Mechanism and 6 (six) out of which were resolved satisfactorily by the end of the financial year. 1 (one) complaint was under review at the year end and was resolved subsequently.

Principle 2: Product Lifecycle Sustainability

While a customer-focused strategy is required to retain and expand the customer base in a competitive environment, the Company is also mindful about the impact of its products on the envirotment. The Company is committed to its end customers and other stakeholders of supplying quality goods and services, backed by after-sales services consistent with its legal framework.

The lifecycle of the product covers the entire value chain from sourcing of raw materials to manufacturing, distribution, consumer use and disposal. The Company believes that product lifecycle sustainability is an approach to manage the stages of a product's existence to minimise any negative impact on the environment.

The degree of sustainability is largely determined during the beginning of the life stage of the product lifecycle in which the product is designed and developed. Based on the very same principle, the Company has developed its products which are safe for environmental and sociological aspects throughout its lifecycle. It has developed several new green resources for various types of raw materials that follow international norms and standards like REACH, ELV, CMRT etc. Among its various products, the following products / services have contributed to reducing environmental hazards:

1. Material development
   a. REACH compliance raw materials: Reduction in environmental hazards
   b. Fossil free and recycled material usage
2. Low Rolling Resistance Tyres – WinFuel (commercial radial category) Series, 10% reduction in Fuelsmart platform (Passenger Car category)
3. High Mileage tyres: Milaze X3 (1.0 Lakh) series in passenger category
4. High Grip tyres: Puncture safe tyres in 2-wheeler category and SportDrive (High grip tyres for passenger category – Higher A label as per EU norms) for social safety

The Company always promotes local and domestic (local and small-scale industries) resources for their business enrichment and has identified local small-scale industries which have capability / resources and encourage them to come up with the products of international benchmark for mutual benefits.

The Company has developed local partners pan India for mould and tooling procurement, raw material procurement and new materials for developing technologies for green environment (e.g. rubber chemicals, new generation silica, wax and process oils and new generation fillers), developing newer digital technologies (e.g. simulation, automation, virtual reality etc) to promote local and domestic businesses.

During the year 2020-21, the Company used approximately 9,158 MT (Metric tons) being 2.5% of the total production of reclaimed rubber of different forms in its products.

Principle 3: Employee Wellbeing

The Company encourages its employees to maintain a healthy 'work-life balance' and emphasises the importance of safety both at the workplace and outside it to create a working environment that supports employees' personal lives while meeting the Company's objectives.

During the year when the COVID-19 pandemic struck the world, the Company offered a safe work envirotment to its employees allowing them to work from home, in accordance with the Policies in place since a considerable time. The Company with the help of the Chief Fitness Officer has rolled out various initiatives in the physical and mental health space which are aimed at improving the overall quality of life of the employees.

The Company believes in making the employees happy by supporting them to help them achieve more through work life balance, quality of life, capacity building as well as gaining advanced learning opportunities etc. The Company continued its focus on diversity, skilling, upskilling and other HR initiatives. More details on the Human Resources Initiatives are given in the Human Capital section, which forms part of this Annual Report.

As on March 31, 2021, the Company had total 7,529 permanent employees including 855 women and 26 differently abled. Besides this, the Company has 5,789 people employed on a contractual basis.

Currently, there is 1 (one) recognised employee association across the Company and 1,982 workmen are its members constituting 26.32% of the total permanent employees.

There were no complaints relating to child labour, forced labour, involuntary labour pending at the beginning of the financial year, received during and pending as at the end of the FY 2020-21. During the year under review, only 1 (one) complaint was received in February, 2021 by the Internal Complaints Committee formed pursuant to the provisions of Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013, which was under due process as on March 31, 2021.

Principle 4: Stakeholder Engagement

The Company believes that businesses should respect the interests of and be responsive towards all stakeholders especially those who are disadvantaged, vulnerable and marginalised. The Company's purpose of 'Making Mobility Safer & Smarter. Every Day.', is proof of the Company's stakeholder engagement.

The Company constantly seeks to understand what prompts the consumers to provide best in class products and services and to connect and engage with the consumers. Similarly, the Company connects with its vendors and suppliers to understand and address their concerns and feedback. The Company has created various channels of communication for the customers through website or through mobile application based services. Dealer portal is created to connect with the dealers and similarly vendor portal exists to collaborate with the vendors.

The Company constantly endeavours to provide the best of services to its shareholders and investors and to maintain the highest level of corporate governance. For this, the Company regularly interacts with the shareholders and investors through investor calls, results announcements, media releases and interactions, Company's website and the quarterly and annual reports. The Investor Relations team also regularly interacts with investors and analysts through quarterly results calls, one-on-one and group meetings participation at investor conferences, road shows and RPG investor meets etc. The Annual General Meeting is also a forum where the shareholders of the Company engage directly with the Board of Directors and get answers to their queries on Company's business.

Community engagement is at the forefront for the Company and it takes various initiatives for community development, primarily in the areas of Education, Health, Women Empowerment and Skill Development, etc.

There are various policies for the internal as well external stakeholders of the Company such as CSR Policy, Policy on Code of Conduct for Board Members and Senior Management, Whistle Blower Policy for External Stakeholders etc. through which the stakeholder's engagement with the Company is encouraged.

More details on the Stakeholders Engagement are given in the Integrated Report, which forms part of this Annual Report.

Principle 5: Human Rights

The Company believes in the all inclusive approach towards all the stakeholders, especially respect towards humans. Openness and integrity form the core values of the Company. The Company conducts its operations with honesty, integrity and with respect for human rights.

The Company duly endorses the human rights element of the Constitution of India, various laws and regulations applicable globally. The Company believes in providing equal employment opportunities based on talent and meritocracy without any discrimination. The Fundamental human rights of all the stakeholders are protected and the Company stands committed to human rights while engaging with its employees, business partners and suppliers. The Company expects and encourages its partners, suppliers and contractors to fully respect human rights and strictly avoid any violation of human rights. All stakeholders including employees impacted by the business have full right and access to the grievance mechanisms introduced by the Company.

The Company upholds the principles of human rights and fair treatment through various policies adopted by it such as the Code of Corporate Governance and Ethics, Policy on Prevention of Sexual Harassment at Workplace, CSR Policy and various HR Policies.

During the period of COVID-19 pandemic national lockdown, the Company, along with RPG Foundation, joined hands with the All India Truck Workers' Association ('AITWA'), Bombay Goods & Transport Association ('BGTA') and Western Union LPG Association ('WULA') to ensure health and safety of truck drivers. The Company undertook the sanitisation of trucks at the goods loading points of Nhava Sheva, Mahul and Jasai. It also distributed face masks, sanitizers and food packets to drivers and other daily-wage workers. Over 3.7 Lacs cooked hot meals were distributed to the needy people near its plants in Nashik, Bhandup, Ambernath, Chennai, Halol and the head office in Worli from April 3 to June 7, 2020, more than 3 Lacs food packets were distributed to the migrant labourers in various locations. Dry ration worth more than ₹ 35 Lacs was also distributed in Tamil Nadu and Mumbai. More than 75 testing booths were donated across India. 1 ventilator was also provided to Bon Secours Hospital in Sriperumbudur, Chennai. ₹ 10 Lacs were donated for Tamil Nadu Covid Relief Fund. The Company also undertook the sanitisation over 9,000 trucks. Additionally, the Company donated 1.25 Lacs pairs of gloves and 10,000 PPE kits, more than 50,000 N95 masks and 500 Liters of sanitizer to frontline workers. Covid awareness campaigns were also initiated in Nashik as part of its COVID-19 response.

There were no complaints or grievances received against the Company concerning human rights violations.

Principle 6: Environment

In line with the Purpose of 'Making Mobility Safer & Smarter Every Day', the Company's Environment vision framed this year is to 'reduce carbon footprint by 50% by the year 2030'. To achieve its goal, the Company has clearly defined strategic priorities such as Compliance Management, Risk Management and Sustainability Management.

The Company is taking all the relevant initiatives in this regard, under energy management, GHG emission, waste management and water management etc. Compliance with all relevant Laws and Regulations is an essential part of the Company's business operation. The Company has institutionalised mechanisms to monitor and comply with changes in legislation, both existing and proposed.

The Company follows clearly defined process to identify and evaluate Environmental 'Risk and Opportunity' which includes environmental aspects and associated impacts, needs and expectations of relevant Internal and external stakeholders and internal and external issues relevant to the context of the Company. All the manufacturing plants of the Company have implemented Environmental Management System (ISO 14001:2015) Certification Standard. Further, 3 out of 6 manufacturing plants located at Bhandup, Nashik and Nagpur have implemented the Energy Management System (ISO 50001:2018) Certification Standard and others are in the process of implementing such standards.

Various initiatives aligned with the sustainability focus areas are aimed to address the environmental challenges. The Company believes in a well-rounded approach across the value chain based on the 4R's: 'Reduce, Reuse, Recycle and Recover.' During the year, the Company worked on increasing its share of renewable energy by adopting solar power source and took significant steps to reduce waste effluents, water consumption, energy usage and Green House Gas emissions in the factories and offices. Various energy saving initiatives are taken up to reduce GHG emissions account for about 1,770+ tons of CO_2 equivalent during the year. Under the 4R principle, the Company has initiated systematic efforts to find solutions to reduce the factory and packaging waste. The Company has initiated projects to collect, segregate and safely dispose plastic waste, in collaboration with partners across the country. The Company is also working towards identifying alternative packaging materials / substances / solutions.

During the year under review, the emissions / waste generated by the Company was within the permissible limits given by the Central Pollution Control Board ('CPCB') / State Pollution Control Boards ('SPCB'). During the year, the Company has not received any show cause / legal notice.

More details on the Environmental aspect of the Company and initiatives taken are described under the Integrated Report section which forms part of this Annual Report.

Principle 7: Policy Advocacy

The Company believes that businesses when engaged in influencing public and regulatory policy must do so in a responsible manner. Towards this, the Company has set to make a difference to public issues that matter most to its business such as Safety. By combining its own actions with external advocacy on public matters and jointly working with Corporate Social Responsibility partners, the Company is seeking transformational change. The Company is well represented in industry and trade / business associations.

Principle 8: Inclusive Growth

The Company believes that inclusive business means social and economic development through employment generation and skill development. The Company is committed to create a positive impact through its existence on all the stakeholders. Through various initiatives and programmes under its Corporate Social Responsibility ('CSR') activities including Community development, the Company not only contributes to economic and social development but also works along with underdeveloped communities to improve their lifestyle. The Company undertakes several community development initiatives in the vicinity of its plants. Through its CSR Policy, the Company runs several social programmes in association with RPG Foundation, related to education, women empowerment, skill development, community development, conservation of heritage, upliftment of life and promoting health and safety of the Community. Most prominent amongst them are Pehlay Akshar, Swayam, Sanjeevani, Jeevan and Saksham. Over 6 Lacs lives were impacted through CSR interventions across these projects during the year.

During the year, CEAT launched its first ever all women run CEAT Shoppe in Bhatinda, opening up a new era of woman empowerment in the field of auto and auto anciliary industry.

More details on CSR initiatives impact on the community are listed out in detail in the Annual Report on CSR activities, and Integrated Report which form part of this Annual Report.

Principle 9: Customer Value

Customer centricity is a core value for the Company and it focuses on customer satisfaction by ensuring high standards of quality of products and services. The Company's business partners namely the dealers, distributors, fleet Operators, mechanics, CFAs, suppliers are the pillars that help run the Company's operation smoothly and deliver superlative experience to the customers. The Company has a continuous focus on the improvement of its distribution channels to ensure that the products can cater to the innermost parts of the market. During the year, when the entire globe was impacted due to the COVID-19 pandemic, the Company took several initiatives to offer the customers with no-touch service, at home fitment, online purchase etc. so that the customers could have safe and secure manner of delivery of the products.

During the year, the Company focused on not only upscaling the in-shop purchases but also provided the online services or road side assistance through a dedicated phone line service. Keeping up with its purpose of safety, the Company also provided GoSafe N95 masks, sanitizers and Personal Protection Equipment ('PPE') kits to those in need. In addition to the distribution channels like CEAT Shoppes and CEAT Hubs, the Company strongly reached out to the customers to offer ultimate service experience which goes beyond tyres through the Fleet Advisory Services initiative.

The Company is committed for creating delightful customer journeys through transparent, convenient and quick way to provide claim replacement to the customers. The Company constantly measures the consumer experience through NPS scores for various touchpoints of the consumers. The Company strives to evolve the processes to improve consumer satisfaction. The Company has reinvented the claim process and launched an e-Claim mobile application for on-Spot claim resolution, first of its kind in tyre industry, to resolve the customer claims in less than an hour.

As of March 31, 2021, about 0.78% of the total customer complaints received during the year were outstanding.

Standalone Financial Statements

Independent Auditor's Report

To the Members of **CEAT Limited**

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of CEAT Limited ("the Company"), which comprise the Balance sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key audit matters	How our audit addressed the key audit matter
Significant estimates and judgment relating to Capitalisation of property, plant and equipment (refer note 2.8 (accounting policy), note 3 (financial disclosures) to the financial statements)	
As a part of expansion plan, the Company has incurred significant capital expenditure mainly on greenfield project at Chennai and brownfield expansion at Halol, Nagpur and Ambernath plants. The capital expenditure requires consideration of the nature of costs incurred to ensure that capitalization of property, plant and equipment meets the specific recognition criteria under Ind AS 16, 'Property, Plant and Equipment' and also judgement is involved in assigning appropriate useful economic lives to respective assets. As a result, this was noted as a key audit matter, considering the significance of amounts involved. As disclosed in Note 3 to the standalone financial statements, as at March 31, 2021 the carrying value of property, plant and equipment including capital work-in-progress was ₹ 5,25,969 lacs and the additions during the year were ₹ 1,44,104 lacs.	Our audit procedures included the following: • We evaluated and tested the design effectiveness and operating effectiveness of internal controls with respect to the capitalisation of property, plant and equipment; • We examined the nature of property, plant and equipment capitalised by the Company to verify that the assets capitalised meets the recognition criteria set out in Ind AS 16. • We examined the useful economic lives and residual value assigned to assets capitalised during the year with reference to the Company's historical experience and technical evaluation, and our understanding of the Company's business.

Key audit matters	How our audit addressed the key audit matter
	• We compared the capitalisations during the year to approved budgets; • We assessed the disclosures in the standalone financial statements relating to capitalisation of property, plant and equipment.
Significant estimates and judgment relating to Litigation, claims and contingencies [refer note 2.14 and 2.22 (accounting policy), note 21 and note 39 (financial disclosures) to the financial statements]	
The Company is involved in material legal proceedings including direct and indirect taxes, contracts, and other regulatory matters relating to conduct of its business. The Company assesses the need to make provision or disclose a contingency on a case-to-case basis considering the underlying facts of each litigation. The aforesaid assessment involves significant judgement and estimates. The evaluation of management's judgments, including those that involve estimations in assessing the likelihood that a pending claim will succeed, or a liability will arise, and the quantification of potential financial impact have been a matter of most significance during the current year audit. Evaluation of the outcome of legal proceedings and whether there exists a risk of loss requires significant judgment by management given the complexities involved.	Our audit procedures included the following: • We evaluated the design and tested the operating effectiveness of controls in respect of the identification and evaluation of tax and other demands, proceedings and investigations and related provisions and disclosures. • We obtained a list of litigations and claims from the Company's tax and legal head. We identified material litigations from the list and performed inquiries with the said tax and legal head on the management evaluation of these material litigations. • In relation to the material litigations, claims and contingencies, we involved our legal / tax specialists to perform an independent assessment of the conclusions reached by management. • We obtained direct confirmations from the Company's external lawyers / advisors with respect to the material litigations and demands. We evaluated the independence, objectivity and competency of the Company's external lawyers / advisors involved. • We evaluated the management's assumptions, estimates and judgments used in the calculations of provision for litigation, claims and contingencies and related disclosures in the standalone financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive loss, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 21 and 39(a) to the standalone financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 20, 25 and 50 to the standalone financial statements;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vinayak Pujare
Partner
Membership Number: 101143
UDIN: 21101143AAAAAX6020

Place of Signature: Mumbai
Date: May 05, 2021

Annexure 1 referred to in paragraph 1 under the heading ‘Report on Other Legal and Regulatory Requirements’ of our report of even date

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties other than self-constructed buildings, included in property, plant and equipment are held in the name of the Company.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2021 and no material discrepancies were noticed in respect of such confirmations.

(iii) (a) The Company has granted loan to a subsidiary company covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the company’s interest.

(b) In respect of the loan granted to the subsidiary company covered in the register maintained under Section 189 of the Companies Act, 2013, the schedule of repayment of principal and payment of interest has been stipulated and these payments are regular. The Company has also granted another loan to the subsidiary company, which is repayable on demand. We are informed that the amount of interest and principal demanded by the Company has been paid during the year. Thus in respect of these loan, there has been no default on part of the subsidiary company to which the money was lent.

(c) There are no amounts of loans granted to subsidiary company listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.

Refer Note 47 to the standalone financial statements explaining the amalgamation of subsidiary company.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.

(v) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order in this regard has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of rubber tyres, tubes and flaps for all types of vehicles, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees’ state insurance, income-tax, duty of custom, goods and services tax, cess and other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, duty of custom, goods and services tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, goods and services tax, value added tax, and cess on account of any dispute, are as follows:

(₹ in Lacs)

Name of the statute	Period to which the amounts relates	Commissionerate	Appellate authorities and Tribunal	High Court	Supreme Court	Deposit	Net Amount
Central Excise Act / Customs Act (Tax / Interest / Penalty)	1974 - 2017	1,117	4,216	-	-	141	5,192
Service Tax under the Finance Act, 1994 (Tax / Interest/ Penalty)	2004 - 2017	-	1,906	51	-	71	1,886
Income Tax Act (Tax / Interest / Penalty)	2013 - 2019	926	-	-	-	67	859
Sales Tax, VAT, CST (Tax / Interest / Penalty)	1987 - 2018	3,581	2,350	-	-	748	5,183
Good and Services Tax Act, 2017 (Tax)	2018 - 2020	69	-	-	-	-	69
		5,693	**8,472**	**51**	**-**	**1,027**	**13,189**

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, government or dues to debenture-holders.

(ix) In our opinion and according to the information and explanations given by the management, the term loans were applied for the purpose for which the loans were obtained.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013, where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and hence, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vinayak Pujare
Partner
Membership Number: 101143
UDIN: 21101143AAAAAX6020

Place of Signature: Mumbai
Date: May 05, 2021

Annexure 2 to the Independent Auditor's Report of even date on the Standalone Financial Statements of Ceat Limted

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of CEAT Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

Meaning of Internal Financial Controls With Reference to these Standalone Financial Statements

A Company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to these standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to these standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vinayak Pujare
Partner
Membership Number: 101143
UDIN: 21101143AAAAAX6020

Place of Signature: Mumbai
Date: May 05, 2021

Balance Sheet

as at March 31, 2021

(₹ in Lacs)

Particulars	Note	As at March 31, 2021	As at March 31, 2020 *
I Assets			
(1) Non-current assets			
(a) Property, plant and equipment	3	4,55,681	3,95,750
(b) Capital work-in-progress	3	70,288	98,394
(c) Right-of-use assets	4	10,783	10,185
(d) Intangible assets	5	9,854	10,017
(e) Intangible assets under development	5	2,500	1,781
(f) Financial assets			
(i) Investments	6	11,811	11,083
(ii) Loans	7	757	473
(iii) Other financial assets	8	134	474
(g) Non-current tax assets (net)	22	5,650	1,725
(h) Other non-current assets	9	4,636	7,153
Total non-current assets		**5,72,094**	**5,37,035**
(2) Current assets			
(a) Inventories	10	1,11,250	91,135
(b) Financial assets			
(i) Trade receivables	11	92,226	66,430
(ii) Cash and cash equivalents	12	1,956	2,245
(iii) Bank balances other than cash and cash equivalents	13	595	647
(iv) Other financial assets	14	4,124	1,894
(c) Other current assets	15	8,257	13,868
Total current assets		**2,18,408**	**1,76,219**
Total assets		**7,90,502**	**7,13,254**
II Equity and Liabilities			
(1) Equity			
(a) Equity share capital	16	4,045	4,045
(b) Other equity	17	3,12,429	2,72,015
Total equity		**3,16,474**	**2,76,060**
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	1,34,104	1,64,078
(ii) Lease liabilities	4	6,690	6,375
(iii) Other financial liabilities	20	1,267	10,072
(b) Provisions	21	4,494	4,008
(c) Deferred tax liability (net)	22	26,560	26,111
Total non-current liabilities		**1,73,115**	**2,10,644**
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	53	21,559
(ii) Lease liabilities	4	4,807	4,226
(iii) Trade payables	24		
- Total outstanding dues of micro enterprises and small enterprises		9,090	1,771
- Total outstanding dues of creditors other than micro enterprises and small enterprises		1,85,270	1,17,341
(iv) Other financial liabilities	25	75,569	61,508
(b) Provisions	21	10,758	12,202
(c) Current tax liabilities (net)	22	4,456	1,457
(d) Other current liabilities	26	10,910	6,486
Total current liabilities		**3,00,913**	**2,26,550**
Total equity and liabilities		**7,90,502**	**7,13,254**
Significant accounting policies	2		

* Refer note 51.

The accompanying notes are an integral part of the financial statements

For and on behalf of Board of Directors of CEAT Limited

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

Kumar Subbiah
Chief Financial Officer

H. V. Goenka
Chairman

Anant Goenka
Managing Director

per Vinayak Pujare
Partner
Membership Number: 101143

Vallari Gupte
Company Secretary

Mahesh Gupta
Chairman - Audit Committee

Place: Mumbai
Date: May 05, 2021

Place: Mumbai
Date: May 05, 2021

Statement of Profit and Loss

for the year ended March 31, 2021

(₹ in Lacs)

Particulars	Note	2020-21	2019-20 *
I Income			
Revenue from operations	27	7,57,279	6,74,786
Other income	28	3,180	3,072
Total income		**7,60,459**	**6,77,858**
II Expenses			
Cost of material consumed	29	4,17,376	3,87,296
Purchase of stock-in-trade		1,009	1,957
Changes in inventories of finished goods, work-in-progress and stock-in-trade	30	6,743	1,277
Employee benefit expense	31	66,713	53,409
Finance costs	32	17,305	14,905
Depreciation and amortisation expenses	33	33,958	27,711
Other expenses	34	1,68,059	1,59,082
Total expenses		**7,11,163**	**6,45,637**
III Profit before exceptional items and tax		**49,296**	**32,221**
IV Exceptional items	35	3,406	2,984
V Profit before tax		**45,890**	**29,237**
VI Tax expense	22		
Current tax		3,660	7,401
Deferred tax		866	(625)
VII Profit for the year		**41,364**	**22,461**
VIII Other comprehensive income			
(a) Items that will not be reclassified subsequently to the Statement of Profit and Loss			
(i) Remeasurements gains / (losses) on defined benefit plans	38	391	(725)
(ii) Income tax relating to above	22	(98)	243
(b) Items that will be reclassified subsequently to the Statement of Profit and Loss			
(i) Net movement of cash flow hedges		(1,759)	4,214
(ii) Income tax relating to above	22	516	(1,347)
Total other comprehensive income / (loss) for the year		**(950)**	**2,385**
IX Total comprehensive income for the year [Comprising profit and other comprehensive income / (loss) for the year]		**40,414**	**24,846**
X Earnings per equity share (of face value of ₹ 10 each)	37		
(a) Basic (in ₹)		102.26	55.53
(b) Diluted (in ₹)		102.26	55.53
Significant accounting policies	2		

* Refer note 51.

The accompanying notes are an integral part of the financial statements

For and on behalf of Board of Directors of CEAT Limited

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

Kumar Subbiah
Chief Financial Officer

H. V. Goenka
Chairman

Anant Goenka
Managing Director

per Vinayak Pujare
Partner
Membership Number: 101143

Vallari Gupte
Company Secretary

Mahesh Gupta
Chairman - Audit Committee

Place: Mumbai
Date: May 05, 2021

Place: Mumbai
Date: May 05, 2021

Statement of Cash Flow

for the year ended March 31, 2021

(₹ in Lacs)

	Particulars	2020-21	2019-20 *
I	**Cash Flow From Operating Activities**		
	Profit before tax	**45,890**	**29,237**
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation and amortisation expenses	33,958	27,711
	Interest income	(467)	(632)
	Finance costs	17,305	14,905
	Dividend income	(1,826)	(1,036)
	Provision for obsolescence of stores and spares	336	100
	Allowance for doubtful debts and advances	100	223
	Credit balances written back	-	(755)
	Bad debts and advances written off (net)	-	4
	(Profit) / Loss on disposal of property, plant and equipment (net)	835	(428)
	Unrealised foreign exchange (gain) / loss (net)	167	312
	Net gain on disposal of investments	-	(4)
	Provision for unusable inventories and finance costs (refer note 35)	407	1,440
	Operating profit before working capital changes	**96,705**	**71,077**
	Adjustments for :		
	Decrease / (Increase) in inventories	(20,451)	7,211
	Decrease / (Increase) in trade receivables	(26,169)	4,062
	Decrease / (Increase) in current loans, other current assets and other financial assets	2,946	1,733
	Decrease / (Increase) in non-current loans and other non-current assets	(358)	(186)
	(Decrease) / Increase in trade payables	75,769	13,585
	(Decrease) / Increase in current financial liabilites and other current liabilities	11,747	(673)
	(Decrease) / Increase in non-current financial liabilities	80	(210)
	(Decrease) / Increase in current provisions	(1,053)	1,499
	(Decrease) / Increase in non-current provisions	486	187
	Cash flows from operating activities	**1,39,702**	**98,285**
	Direct taxes paid (net of refunds)	(4,585)	(1,452)
	Net cash flow generated from operating activities (I)	**1,35,117**	**96,833**
II	**Cash Flow From Investing Activities**		
	Purchase of property, plant and equipment and intangible assets (including capital work-in progress, intangible assets under development and capital advance)	(64,271)	(1,17,123)
	Proceeds from sale of property, plant and equipment	28	846
	Withdrawal of margin money deposit with banks	8	41
	Changes in other bank balances	52	(84)
	Investment in Subsidiaries & Associates	(728)	(299)
	Purchase of other non-current investments	-	(422)
	Proceeds from sale of investments (net)	-	4
	Interest received	467	3,227
	Dividend received	1,826	1,036
	Net cash flow (used in) investing activities (II)	**(62,618)**	**(1,12,774)**

Statement of Cash Flow

for the year ended March 31, 2021

(₹ in Lacs)

	Particulars	2020-21	2019-20 *
III	**Cash Flow From Financing Activities**		
	Interest paid	(16,014)	(13,470)
	Change in other short-term borrowings (net)	(21,506)	128
	Proceeds from long-term borrowings	26,164	46,887
	Repayment of long-term borrowings	(55,768)	(5,005)
	Payment of lease liabilities	(5,626)	(4,562)
	Dividend paid	(38)	(9,603)
	Dividend distribution tax paid	-	(1,787)
	Net cash flows generated from / (used in) financing activities (III)	**(72,788)**	**12,588**
	Net increase / (decrease) in cash and cash equivalents (I + II + III)	**(289)**	**(3,353)**
	Cash and cash equivalents at the beginning of the year (refer note 12)	**2,245**	**5,598**
	Cash and cash equivalents at the end of the year (refer note 12)	**1,956**	**2,245**

* Refer note 51

The accompanying notes are an integral part of the financial statements

For and on behalf of Board of Directors of CEAT Limited

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

Kumar Subbiah
Chief Financial Officer

H. V. Goenka
Chairman

Anant Goenka
Managing Director

per Vinayak Pujare
Partner
Membership Number: 101143
Place: Mumbai
Date: May 05, 2021

Vallari Gupte
Company Secretary
Place: Mumbai
Date: May 05, 2021

Mahesh Gupta
Chairman - Audit Committee

Statement of Changes in Equity

for the year ended March 31, 2021

(₹ in Lacs)

Particulars	Equity share capital	Other equity						Total other equity	Total equity
		Securities premium (refer note 17(a))	Capital reserve (refer note 17(b))	Capital redemption reserve (refer note 17(c))	General reserve (refer note 17(e))	Retained earnings (refer note 17(f))	Cash flow hedge reserve (refer note 17(d))		
As at April 01, 2019	**4,045**	**56,703**	**1,177**	**390**	**25,178**	**1,89,604**	**(1,993)**	**2,71,059**	**2,75,104**
On account of business combinations (refer note 47)	-	-	-	-	-	(12,051)	(344)	(12,395)	(12,395)
Restated balance as on April 01, 2019	**4,045**	**56,703**	**1,177**	**390**	**25,178**	**1,77,553**	**(2,337)**	**2,58,664**	**2,62,709**
Profit for the year	-	-	-	-	-	22,461	-	22,461	22,461
Other comprehensive income	-	-	-	-	-	(482)	2,867	2,385	2,385
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**21,979**	**2,867**	**24,846**	**24,846**
Payment of dividend (refer note 18)	-	-	-	-	-	(9,708)	-	(9,708)	(9,708)
Payment of dividend distribution tax (DDT) (refer note 18)	-	-	-	-	-	(1,787)	-	(1,787)	(1,787)
As at March 31, 2020	**4,045**	**56,703**	**1,177**	**390**	**25,178**	**1,88,037**	**530**	**2,72,015**	**2,76,060**
Profit for the year	-	-	-	-	-	41,364	-	41,364	41,364
Other comprehensive income	-	-	-	-	-	293	(1,243)	(950)	(950)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**41,657**	**(1,243)**	**40,414**	**40,414**
As at March 31, 2021	**4,045**	**56,703**	**1,177**	**390**	**25,178**	**2,29,694**	**(713)**	**3,12,429**	**3,16,474**

The accompanying notes are an integral part of the financial statements

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

per Vinayak Pujare
Partner
Membership Number: 101143

Place: Mumbai
Date: May 05, 2021

For and on behalf of Board of Directors of CEAT Limited

H. V. Goenka
Chairman

Anant Goenka
Managing Director

Kumar Subbiah
Chief Financial Officer

Mahesh Gupta
Chairman - Audit Committee

Vallari Gupte
Company Secretary

Place: Mumbai
Date: May 05, 2021

Notes to Financial Statements

for the year ended March 31, 2021

Note 1: Corporate information

CEAT Limited (the 'Company') is a public limited company domiciled in India and incorporated under the provisions of the Companies Act applicable in India. The Company's principal business is manufacturing of automotive tyres, tubes and flaps. The Company started operations in 1958 as CEAT Tyres of India Limited and was renamed as CEAT Limited in 1990. The Company caters to both domestic and international markets. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The registered office of the Company is located at RPG House, 463, Dr Annie Besant Road, Worli, Mumbai, Maharashtra 400030. The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on May 05, 2021.

Note 2: Basis of preparation, measurement and significant accounting policies

2.1 Basis of preparation and measurement

2.1.1 Basis of preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and presentation requirements of Division II of Schedule III of the Companies Act 2013 (Ind AS compliant Schedule III).

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements.

The financial statements are presented in "₹", the functional currency of the Company. Items included in the financial statements of the Company are recorded using the currency of the primary economic environment in which the Company operates (the 'functional currency').

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lacs as per the requirements of Schedule III of the Companies Act, 2013, unless otherwise stated. Wherever the amount represented '0' (zero) construes value less than Rupees fifty thousand.

2.1.2 Measurement

These financial statements are prepared under the historical cost convention except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments and
- Certain financial assets measured at fair value (refer accounting policy regarding financial instruments)

In addition, the carrying values of recognised assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

2.2 Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current / non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.3 Effect of business combinations

According to the requirement of Ind AS 103 ("Business Combinations") and as further specified in the Scheme (refer note 47 for details of the Scheme), these financial statements are prepared on the following basis:

- Since business combination involves entities under common control the same has been accounted for using the pooling of interest method.

Notes to Financial Statements

for the year ended March 31, 2021

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values or recognize any new assets or liabilities except for tax impact on account of amalgamation. The only adjustments that are made are to harmonies accounting policies.
- The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.
- The balance of the retained earnings and other reserves appearing in the financial statements of the transferor company is aggregated with the corresponding balance appearing in the financial statements of the transferee company.
- The amounts recorded as investment in subsidiary company in the books of transferee company is cancelled against the amount of share capital and securities premium as appearing in the books of the transferor company.

2.4 Revenue recognition

2.4.1 Revenue from contracts with customers

Revenues from contracts with customers are recognised when the performance obligations towards customer have been met. Performance obligations are deemed to have been met when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company acts as the principle in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

An entity collects Goods and Services Tax ('GST') on behalf of the government and not on its own account. Hence it is excluded from revenue, i.e. revenue is net of GST.

2.4.2 Sale of Goods

Revenue from sale of goods (Tyres, tubes and flaps) is recognised at the point of time when control of the goods is transferred to customer depending on terms of sales.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. warranties). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, if any.

2.4.2.1 Variable consideration

Variable consideration includes various forms of discounts like volume discounts, price concessions, incentives, etc. on the goods sold to its dealers and distributors. In all such cases, accumulated experience is used to estimate and provide for the variability in revenue, using the expected value method and the revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur in future on account of refund or discounts.

2.4.2.2 Significant financing component

Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

2.4.3 Contract balances

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to note 2.17 – Financial Instruments in accounting policies.

2.4.4 Royalty income

The Company also earns sales based royalty income which is recognised as revenue over the period of time. This is because in such arrangements, the customer gets a right to access the Company's intellectual property throughout the license period. The revenue to be recognised is determined based on a specified percentage of the sales made by the customer.

2.4.5 Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the Effective Interest Rate ('EIR') method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call

Notes to Financial Statements

for the year ended March 31, 2021

and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the Statement of Profit and Loss.

2.4.6 Dividends

Dividend income is recognised when the Company's right to receive dividend is established, which is generally when shareholders approve the dividend.

2.5 Investments in subsidiaries and associates

Investments in subsidiaries and associates are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and associates, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

2.6 Government grants, subsidies and export incentives

Government grants / subsidies are recognised when there is reasonable assurance that the Company will comply with all the conditions attached to them and that the grant / subsidy will be received. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

The Company has chosen to adjust grant under the Export Promotion Capital Goods ('EPCG') scheme from the carrying value of non-monetary asset pursuant to amendment in Ind AS 20.

Export Incentive under Merchandise Export from India Scheme ('MEIS') is recognised in the Statement of Profit and Loss as a part of other operating revenues.

2.7 Taxes

2.7.1 Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in India where the Company operates and generates taxable income.

Current tax relating to items recognised outside the Statement of Profit and Loss is either in Other Comprehensive Income ('OCI') or in equity. Current tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Interest expenses and penalties, if any, related to income tax are included in finance cost and other expenses respectively. Interest Income, if any, related to income tax is included in Other Income.

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Company's domicile.

2.7.2 Deferred tax

Deferred tax is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss.
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from

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the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of Profit and Loss is recognised either in OCI or in equity. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.7.3 GST paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of GST paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

2.8 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under "Other non current assets".

Depreciation is provided on a pro-rata basis on the straight line method based on useful life estimated by the management and supported by independent assessment by professionals. Depreciation commences when the asset is ready for it's intended use. The Company has used the following useful lives to provide depreciation on its fixed assets.

Asset Class	Useful life
Freehold land	Non depreciable
Leasehold land	Lease term – 95 years
Buildings (including temporary structures)	1 year - 60 years
Plant & Equipment	1 year - 20 years
Furniture & Fixture	10 years
Vehicle	8 years
Office Equipment	5 years

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The identified components are depreciated over their useful lives, the remaining asset is depreciated over the life of the principal asset.

The management believes that the depreciation rates fairly reflect its estimation of the useful lives and residual values of the fixed assets.

The residual values, useful life and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.9 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the Statement of Profit and Loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either infinite or finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with infinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level (the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit). The assessment of infinite life is reviewed annually to determine whether the infinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Intangible assets are amortised on a pro-rata basis on the straight line method based on useful life estimated by the management as under:

Asset Class	Useful life
Software	3 – 6 years
Brand (refer 2.10.1)	20 years
Technical know-how (refer 2.10.1)	20 years
Product development (refer 2.10.2)	20 years

2.9.1 Technical know-how and Brand

Technical know-how : The Company has originally generated technical know-how and assistance from International Tire Engineering Resources LLC, for setting up of Halol radial plant. Considering the life of the underlying plant / facility, this technical know-how, is amortised on a straight line basis over a period of twenty years.

Brand : The Company has acquired global rights of "CEAT" brand from the Italian tyre maker, Pirelli. Prior to the said acquisition, the Company was the owner of the brand in only a few Asian countries including India. With the acquisition of the brand which is renowned worldwide, new and hitherto unexplored markets will be accessible to the Company. The Company will be in a position to fully exploit the export market resulting in increased volume and better price realisation. Therefore, the management believes that the Brand will yield significant benefits for a period of at least twenty years.

2.9.2 Research and development costs (Product development)

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability and intention to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

During the period of development, the asset is tested for impairment annually.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

2.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its

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intended use or sale ('qualifying asset') are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

To the extent that the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

To the extent that the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

2.11 Leases

The Company has entered into various arrangements like lease of vehicles, premises and outsourcing arrangements which has been disclosed accordingly under Ind AS 116. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The assessment of whether a contract conveys the right to control the use of an identified asset depends on whether the Company obtains substantially all the economic benefits from the use of the asset and whether the Company has the right to direct the use of the asset.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.11.1 Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over shorter of the lease term or the estimated useful life of the underlying asset as follows:

Asset Class	Useful life
Building	2 – 3 years
Others	2 – 10 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The Company presents right-of-use assets separately in the Balance Sheet.

2.11.2 Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless the cost is included in the carrying value of inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in current and non-current financial liabilities. Lease liability have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

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2.11.3 Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to the contracts which have a lease term of 12 months or less from the date of commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to the lease contracts that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.12 Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost is determined on a weighted average basis:

- Cost of raw materials includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect of the purchases of raw materials. Raw materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- Work-in-progress and finished goods includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing cost.
- Traded goods include cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.13 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash-Generating Unit's ('CGU') fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets / forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss. The impairment loss is allocated first to reduce the carrying amount of any goodwill (if any) allocated to the CGU and then to the other assets of the unit, pro-rata based on the carrying amount of each asset in the unit.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss.

2.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When

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the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.14.1 Sales related obligations

The estimated liability for sales related obligations is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence based on corrective actions on product failure. The timing of outflows will vary as and when the obligation will arise - being typically up to three years. Initial recognition is based on historical experience. The initial estimate of sales related obligations (related costs) is revised annually.

2.14.2 Decommissioning liability

The Company records a provision for decommissioning costs of land taken on lease at one of the manufacturing facility for the production of tyres. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the Statement of Profit and Loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

2.14.3 Litigations

The Company is party to various lawsuits that are at administrative or judicial level or in their initial stages, involving tax and civil matters. The Company contests all claims in the court / tribunals / appellate authority levels and based on their assessment and that of their legal counsel, records a provision when the risk or loss is considered probable. The outflow is expected on cessations of the respective events.

2.15 Employee benefits

2.15.1 Defined contribution plan

Retirement benefit in the form of Provident Fund, Superannuation, Employees State Insurance Contribution and Labour Welfare fund are defined contribution scheme. The Company has no obligation, other than the contribution payable to the above mentioned funds. The Company recognises contribution payable to these funds / schemes as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

2.15.2 Defined benefit plan

For defined benefit plans, the amount recognised as 'Employee benefit expenses' in the Statement of Profit and Loss is the cost of accruing employee benefits promised to employees over the year and the costs of individual events such as past / future service benefit changes and settlements (such events are recognised immediately in the Statement of Profit and Loss). The amount of net interest expense calculated by applying the liability discount rate to the net defined benefit liability or asset is charged or credited to 'Finance costs' in the Statement of Profit and Loss. Any differences between the expected interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised immediately in OCI and subsequently not reclassified to the Statement of Profit and Loss.

The defined benefit plan surplus or deficit on the Balance Sheet date comprises fair value of plan assets less the present value of the defined benefit liabilities using a discount rate by reference to market yields on Government bonds at the end of the reporting period.

All defined benefit plans obligations are determined based on valuations, as at the Balance Sheet date, made by independent actuary using the projected unit credit method. The classification of the Company's net obligation into current and non-current is as per the actuarial valuation report.

2.15.3 Termination benefits

Termination benefits, in the nature of voluntary retirement benefits or termination benefits arising from restructuring, are recognised in the Statement of Profit and Loss. The Company recognises termination benefits at the earlier of the following dates:

- When the Company can no longer withdraw the offer of those benefits; or

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- When the Company recognises costs for a restructuring that is within the scope of Ind AS 37: Provisions, Contingent Liabilities and Contingent Assets and involves the payment of termination benefits.

Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.16 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.16.1 Financial assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

2.16.1.1 Initial recognition and measurement

On initial recognition, a financial asset is recognised at fair value. In case of Financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction cost is recognised in the Statement of Profit and Loss. In other cases, the transaction cost is attributed to the acquisition value of the financial asset.

2.16.1.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

2.16.1.2.1 Debt instruments at amortised cost

2.16.1.2.2 Debt instruments at Fair Value Through Other Comprehensive Income ('FVTOCI')

2.16.1.2.3 Debt instruments, derivatives and equity instruments at Fair Value Through Profit and Loss ('FVTPL')

2.16.1.2.4 Equity instruments measured at FVTOCI

2.16.1.2.1 Debt instruments at amortised cost

A debt instrument is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest ('SPPI') on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables, loans and other financial assets.

2.16.1.2.2 Debt instrument at FVTOCI

A debt instrument is classified as at FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the OCI. However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

2.16.1.2.3 Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as amortised cost or as FVTOCI, is classified as FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

2.16.1.2.4 Equity instruments

All investments in equity instruments within the scope of Ind AS 109 are initially measured at fair value. Equity instruments which are held for trading are classified as FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in the OCI subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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In case of equity instrument classified as FVTOCI, all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on derecognition of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

2.16.1.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2.16.1.4 Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss ('ECL') model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(i) Trade receivables

(ii) Financial assets measured at amortised cost (other than trade receivables)

(iii) Financial assets measured at fair value through other comprehensive income (FVTOCI).

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets [i.e. (ii) and (iii) above] and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates and changes in the forward-looking estimates are updated. For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income / expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

The Balance Sheet presentation for various financial instruments is described below:

- Financial assets measured at amortised cost and contractual revenue receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value.

The Company does not have any purchased or originated credit-impaired financial assets, i.e., financial assets which are credit impaired on purchase / origination.

2.16.2 Financial liabilities

2.16.2.1 Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value and in the case of borrowings net of directly attributable transaction costs.

2.16.2.2 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

2.16.2.2.1 Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at FVTPL are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains / losses attributable to changes in own credit risks are recognised in OCI. These gains / loss are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at FVTPL.

2.16.2.2.2 Financial liabilities at amortised cost

This is the category most relevant to the Company. After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

2.16.2.2.3 Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

2.16.2.3 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

2.16.3 Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt

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instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in the Statement of Profit and Loss.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss at the reclassification date.

2.16.4 Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments, such as forward currency contracts, to manage its foreign currency risks. These derivative instruments are designated as cash flow, fair value or net investment hedges and are entered into for period consistent with currency. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Statement of Profit and Loss.

2.16.4.1 Fair value hedges

The change in the fair value of a hedging instrument is recognised in the Statement of Profit and Loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the Statement of Profit and Loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through the Statement of Profit and Loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in the Statement of Profit and Loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the Statement of Profit and Loss.

2.16.4.2 Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Statement of Profit and Loss.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in the Statement of Profit and Loss.

Amounts recognised as OCI are transferred to the Statement of Profit and Loss when the hedged transaction affects profit and loss, i.e. when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

2.16.5 Fair value measurement

The Company measures derivatives instruments like forward contracts at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.16.6 Offsetting of financial instruments

Financial assets and financial liabilities can be offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.17 Cash and cash equivalents

Cash and cash equivalent in the Balance Sheet comprises cash at banks and on hand.

2.18 Dividend distribution to equity shareholders

The Company recognises a liability to pay dividend to equity shareholders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders.

2.19 Foreign currencies

The Company's financial statements are presented in ₹, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at ₹ spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies

Notes to Financial Statements
for the year ended March 31, 2021

are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit and loss are also recognised in OCI or the Statement of Profit and Loss, respectively).

2.20 Earnings Per Share ('EPS')

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company after adjusting impact of dilution shares by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

2.21 Segment Reporting

Based on "Management Approach" as defined in Ind AS 108 - Operating Segments, the Executive Management Committee evaluates the Company's performance and allocates the resources based on an analysis of various performance indicators by business segments.

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

2.22 Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non—occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent assets is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements. Contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

2.23 Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialised.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

(a) Measurement of defined benefit obligations – note 38

(b) Measurement and likelihood of occurrence of provisions and contingencies – note 21

(c) Recognition of current tax and deferred tax assets – note 22

(d) Key assumptions used in fair valuations – note 43

(e) Measurement of lease liabilities and right-of-use asset – note 4

(f) Estimation of uncertainties relating to the global health pandemic from COVID-19 – note 48

Notes to Financial Statements
for the year ended March 31, 2021

Note 3: Property, plant and equipment and Capital work-in-progress

Refer note 2.8 for accounting policy on Property, plant and equipment

(₹ in Lacs)

Particulars	Freehold land	Leasehold land (Financial lease)	Buildings	Plant and equipment (Owned)	Furniture and fixtures	Vehicles	Office equipments	Capital work in progress	Total
Gross carrying amount									
As at April 01, 2019 (refer foot note 8)	**48,455**	**10,824**	**47,788**	**2,53,739**	**1,583**	**729**	**1,192**	**73,829**	**4,38,139**
Additions	69	79	15,360	90,633	533	37	355	1,31,631	2,38,697
Disposals	-	-	(124)	(602)	(1)	(4)	(12)	-	(743)
Capitalised	-	-	-	-	-	-	-	(1,07,066)	(1,07,066)
As at March 31, 2020	**48,524**	**10,903**	**63,024**	**3,43,770**	**2,115**	**762**	**1,535**	**98,394**	**5,69,027**
Additions	-	79	9,135	76,177	378	12	324	57,999	1,44,104
Disposals	-	-	-	(216)	(3)	(30)	(6)	-	(255)
Capitalised	-	-	-	-	-	-	-	(86,105)	(86,105)
As at March 31, 2021	**48,524**	**10,982**	**72,159**	**4,19,731**	**2,490**	**744**	**1,853**	**70,288**	**6,26,771**
Accumulated depreciation									
As at April 01, 2019 (refer foot note 8)	**-**	**502**	**4,679**	**47,584**	**533**	**369**	**343**	**-**	**54,010**
Depreciation for the year	-	145	1,619	18,962	183	100	298	-	21,307
Disposals	-	-	(9)	(411)	(1)	(2)	(11)	-	(434)
As at March 31, 2020	**-**	**647**	**6,289**	**66,135**	**715**	**467**	**630**	**-**	**74,883**
Depreciation for the year	-	139	1,993	23,325	228	85	286	-	26,056
Disposals	-	-	-	(103)	(2)	(26)	(6)	-	(137)
As at March 31, 2021	**-**	**786**	**8,282**	**89,357**	**941**	**526**	**910**	**-**	**1,00,802**
Net book value									
As at March 31, 2020	**48,524**	**10,256**	**56,735**	**2,77,635**	**1,400**	**295**	**905**	**98,394**	**4,94,144**
As at March 31, 2021	**48,524**	**10,196**	**63,877**	**3,30,374**	**1,549**	**218**	**943**	**70,288**	**5,25,969**

Net book value

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Property, plant and equipment	4,55,681	3,95,750
Capital work in progress	70,288	98,394

Notes to Financial Statements

for the year ended March 31, 2021

Note 3: Property, plant and equipment and Capital work-in-progress (Contd..)

Notes:

1. During the year, the company has transfered the following expenses which are attributable to the construction activity and are included in the cost of capital work-in-progress / property, plant and equipment as the case may be. Consequently, expenses disclosed under the respective notes are net of such amounts.

(₹ in Lacs)

Particulars	Note	2020-21	2019-20
Finance Cost	32	2,924	4,965
Professional and consultancy charges	34	290	647
Miscellaneous expenses	34	693	1,723
Employee benefit expenses	31	1,125	3,477
Travelling and conveyance	34	104	443
Total		**5,136**	**11,255**

2. As a part of ongoing expansion project at Halol (Phase III), during the year the Company has capitalised and commissioned assets of ₹ 15,874 lacs (March 31, 2020: ₹ 27,217 lacs).
3. As a part of ongoing expansion project at Nagpur, during the year the Company has capitalised and commissioned assets of ₹ 12,705 lacs (March 31, 2020: ₹ 13,638 lacs).
4. As a part of ongoing green field project at Chennai, during the year the Company has capitalised and commissioned assets of ₹ 39,434 lacs (March 31, 2020: ₹ 56,050 lacs).
5. As a part of ongoing expansion project at Ambernath (Phase II), during the year the Company has capitalised and commissioned of ₹ 9,054 lacs (March 31, 2020: ₹ 162 lacs).
6. The amount of borrowing cost capitalised during the year ended March 31, 2021 is ₹ 2,924 lacs (March 31, 2020: ₹ 4,965 lacs). The rates used to determine the amount of borrowing cost eligible for capitalisation was in the range of 6.55% to 8.40% (March 31, 2020: 8.15% to 8.90%) which is the effective interest rate of specific borrowings.
7. Refer notes 19 and 23 for details on pledges and securities.
8. Includes Property, Plant and Equipment acquired on the account of merger (Refer note 47)

Note 4: Leases

Refer note 2.11 for accounting policy on Leases

Note 4(a): Right-of-use assets

(₹ in Lacs)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Building	Others *	Total	Building	Others *	Total
Opening net carrying balance	916	9,269	10,185	-	-	-
Adoption of Ind AS 116 "Leases" as on April 01, 2019	-	-	-	-	13,085	13,085
Additions during the year	434	4,986	5,420	1,028	-	1,028
Depreciation (refer note 33)	(562)	(4,260)	(4,822)	(112)	(3,816)	(3,928)
Total	**788**	**9,995**	**10,783**	**916**	**9,269**	**10,185**

* Right-of-use assets are arising out of outsourcing arrangements which consists of buildings and plant & machinery. These are used for the production of goods and generation of power under such arrangements.

Notes to Financial Statements

for the year ended March 31, 2021

Note 4: Leases (Contd..)

Note 4(b): Lease liabilities

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening net carrying balance	10,601	-
Adoption of Ind AS 116 "Leases" as on April 01, 2019	-	13,085
Additions	5,420	1,028
Accretion of interest (refer note 32)	1,102	1,050
Payments	(5,626)	(4,562)
Total	**11,497**	**10,601**

Notes:

a) The rate used for discounting is in range of 8-9%.

b) Refer note 43 for information about fair value measurement and note 45(c) for information about liquidity risk relating to lease liabilities.

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current lease liabilities	6,690	6,375
Current lease liabilities	4,807	4,226

Note 5: Intangible assets and intangible assets under development

Refer note 2.9 for accounting policy on Intangible assets

(₹ in Lacs)

Particulars	Software	Brand	Technical Know-how	Product development	Total
Gross carrying amount					
As at April 01, 2019 (refer foot note 2)	**3,593**	**4,404**	**704**	**3,637**	**12,338**
Additions	4,233	-	-	557	4,790
As at March 31, 2020	**7,826**	**4,404**	**704**	**4,194**	**17,128**
Additions	2,010	-	-	907	2,917
As at March 31, 2021	**9,836**	**4,404**	**704**	**5,101**	**20,045**
Accumulated amortisation					
As at April 01, 2019 (refer foot note 2)	**2,377**	**1,059**	**165**	**1,034**	**4,635**
Amortisation for the year	1,326	289	45	816	2,476
As at March 31, 2020	**3,703**	**1,348**	**210**	**1,850**	**7,111**
Amortisation for the year	2,295	289	45	451	3,080
As at March 31, 2021	**5,998**	**1,637**	**255**	**2,301**	**10,191**
Net book value					
As at March 31, 2020	**4,123**	**3,056**	**494**	**2,344**	**10,017**
As at March 31, 2021	**3,838**	**2,767**	**449**	**2,800**	**9,854**

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Intangible assets	9,854	10,017
Intangible assets under development	2,500	1,781

Notes:

1. During the year, the Company has transferred employee benefit expenses of Nil (March 31, 2020: ₹ 662 lacs) which are attributable to the development activity and are included in the cost of intangible assets under development / intangible assets as the case may be. Consequently, expenses disclosed under note 31 is net of such amounts.
2. Includes intangible assets acquired on the account of merger (Refer note 47).

Notes to Financial Statements

for the year ended March 31, 2021

Note 6: Investments

Note 6(a): Investments in subsidiaries and associates

Refer note 2.5 for accounting policy on Investments in subsidiaries and associates

(₹ in Lacs)

Particulars	Face Value	As at March 31, 2021	As at March 31, 2020
Non-current			
Unquoted equity shares (at cost) (Non Trade)			
Investment in subsidiaries			
1,00,00,000 (March 31, 2020: 1,00,00,000) equity shares of Associated CEAT Holdings Company (Pvt) Limited.	10 LKR	4,358	4,358
10,49,99,994 (March 31, 2020: 10,49,99,994) equity shares of CEAT AKKHAN Limited	10 Taka	3,717	3,717
94,16,350 (March 31, 2020: 94,16,350) equity shares of Rado Tyres Limited	₹ 4	9	9
400 (March 31, 2020 : 400) equity shares of CEAT Specialty Tires Inc.	1 $	26	26
5,000 (March 31, 2020 : 5,000) equity shares of CEAT Specialty Tyres BV	1 Euro	40	40
Investment in associates			
100 (March 31, 2020: 100) equity shares of TYRESNMORE Online Pvt Limited	₹ 1	1	1
6,12,501 (March 31, 2020: 27,313) equity shares of Greenzest Solar Private Limited	₹ 10	490	22
Unquoted preference shares (Non Trade)			
Investment in subsidiary (at amortised cost)			
15,10,000 (March 31, 2020: 15,10,000) 12.5% cumulative redeemable preference shares of Rado Tyres Limited	₹ 100	1,510	1,510
Investment in associate (at cost classified as equity)			
87,380 (March 31, 2020: 76,337) 0.001% compulsory convertible preference shares of TYRESNMORE Online Pvt Limited	₹ 1	1,258	998
		11,409	**10,681**

Note 6(b): Investment in others

Refer note 2.16 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	Face Value	As at March 31, 2021	As at March 31, 2020
Unquoted investment in others (at fair value through profit and loss)			
9,75,000 (March 31, 2020: 9,75,000) equity shares of Bhadreshwar Vidyut Private Limited (formerly known as OPGS Power Gujarat Private Limited)	₹ 0.19	2	2
7,129 (March 31, 2020: 7,129) compulsorily convertible preference shares of E-Fleet Systems Private Limited	₹ 10	399	399
10 (March 31, 2020: 10) equity shares of E-Fleet Systems Private Limited	₹ 10	1	1
Total 6(b)		**402**	**402**
Total [6(a) + 6(b)]		**11,811**	**11,083**
Aggregate amount of quoted investments		-	-
Aggregate market value of quoted investments		-	-
Aggregate amount of unquoted investments		**11,811**	**11,083**

Notes to Financial Statements

for the year ended March 31, 2021

Information about subsidiaries

(₹ in Lacs)

Name and principle business	Country of Incorporation	Proportion (%) of equity interest	
		As at March 31, 2021	As at March 31, 2020
CEAT Specialty Tires Inc. - Marketing Support Services	USA	100.00	100.00
CEAT Specialty Tyres BV - Marketing Support Services	Europe	100.00	100.00
Associated CEAT Holdings Company (Pvt) Limited - Investing in companies engaged in manufacturing of tyres	Sri Lanka	100.00	100.00
CEAT AKKHAN Limited - Trading of tyres, tubes and flaps	Bangladesh	70.00	70.00
Rado Tyres Limited - Manufacturing of tyres	India	58.56	58.56

Information about associates

(₹ in Lacs)

Name and principle business	Country of Incorporation	Proportion (%) of equity interest	
		As at March 31, 2021	As at March 31, 2020
TYRESNMORE Online Pvt Ltd - Trading of tyres, tubes and flaps	India	44.61 *	41.30 *
Greenzest Solar Private Limited - Power generation	India	28.00	28.00

* Includes compulsory convertible preference shares (potential voting right)

Note 7: Loans

Refer note 2.16 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current (at amortised cost)		
Unsecured, considered good		
Security deposits (Others)	657	472
Security deposits (Related parties) (refer note 40)	100	-
Unsecured, considered doubtful		
Security deposits	89	110
Less : Allowance for doubtful deposits	(89)	(110)
Total	**757**	**473**

Notes:

a) No loans are due from directors or promoters of the company either severally or jointly with any person.

b) Refer note 43 of information about fair value measurement.

Notes to Financial Statements
for the year ended March 31, 2021

Note 8: Other financial assets

Refer note 2.16 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Unsecured, considered good		
At fair value through other comprehensive income		
Derivative financial instrument	-	332
At amortised cost		
Margin money deposits (refer foot note a)	134	142
Unsecured, considered doubtful		
Receivables from subsidiaries (refer note 40)	209	209
Less: Allowance for doubtful receivables	(209)	(209)
Total	**134**	**474**

Notes:

a) The margin money deposits are for bank guarantees given to statutory authorities.

b) Refer note 43 of information about fair value measurement.

Note 9: Other non-current assets

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Capital advances (Others)	2,582	5,061
Capital advances (Related parties) (refer note 40)	129	241
Security deposits with statutory authorities	1,925	1,851
Unsecured, considered doubtful		
Balances with government authorities and agencies	192	219
Less: Allowance for doubtful balances	(192)	(219)
Total	**4,636**	**7,153**

Note 10: Inventories

Refer note 2.12 for accounting policy on Inventories

(₹ in Lacs)

Particulars	FY 2020-21	FY 2019-20
a) Raw materials	52,040	29,090
Goods in transit	6,659	3,180
	58,699	**32,270**
Less: Provision for unusable raw materials [refer note 35(b)]	(200)	(200)
	58,499	**32,070**
b) Work-in-progress	6,708	4,515
Less: Provision for unusable work-in-progress materials [refer note 35(b)]	(28)	(1,127)
	6,680	**3,388**
c) Finished goods	**43,238**	**49,871**
d) Stock in trade	194	2,497
Goods in transit	45	45
	239	**2,542**
e) Stores and spares	2,594	3,257
Goods in transit	-	7
	2,594	**3,264**
Total	**1,11,250**	**91,135**
Details of finished goods		
Automotive tyres	36,555	42,781
Tubes and others	6,683	7,090
Total	**43,238**	**49,871**

Notes to Financial Statements
for the year ended March 31, 2021

Note 10: Inventories (Contd..)

Notes:

1) Cost of inventory recognised as an expense as at March 31, 2021 includes ₹ 1,611 lacs (March 31, 2020 ₹ 1,604 lacs) of write down in net realisable value with respect to slow moving stock as per the Company's policy.

2) Refer note 23 for details on pledges and securities.

Note 11: Trade receivables

Refer note 2.16 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables from others	90,265	65,822
Trade receivables from related parties (refer note 40)	1,961	608
Total receivables	**92,226**	**66,430**

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Break-up for security details		
Secured, considered good (refer foot note a)	34,721	26,354
Unsecured, considered good	57,505	40,076
Doubtful	1,598	2,224
	93,824	**68,654**
Less: Allowance for doubtful debts	(1,598)	(2,224)
Total	**92,226**	**66,430**

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
The movement in allowance for doubtful debts is as follows:		
Balance as at the beginning of the year	**2,224**	**2,073**
Change in allowance for doubtful debts	(5)	234
Trade receivables written off during the year	(621)	(83)
Balance as at the end of the year	**1,598**	**2,224**

Notes:

a) These balances are secured to the extent of security deposit obtained from the dealers.

b) No trade receivables are due from directors or other officers of the company either severally or jointly with any other person nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member other than those disclosed in note 40.

c) For terms and conditions relating to related party receivables, refer note 40.

d) Trade receivables are non-interest bearing within the credit period which is generally 27 to 60 days.

e) Refer note 45(b) for information about credit risk of Trade receivables.

f) The Company has entered into an arrangement to sell it's receivable to third parties on without recourse to the Company. The Company has derecognised trade receivables of Nil during the year ended March 31, 2021 (₹ 6,112 lacs during the year ended March 31, 2020) from the books. The Company has transferred substantially all the risks and rewards of the asset.

g) Refer note 23 for details on pledges and securities.

Notes to Financial Statements

for the year ended March 31, 2021

Note 12: Cash and cash equivalents

Refer note 2.17 for accounting policy on cash and cash equivalents

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with Banks		
On current accounts	1,051	2,008
On remittance in transit	800	231
On Deposit accounts	100	-
Cash on hand	5	6
Cash and cash equivalent as per statement of cash flow	**1,956**	**2,245**

Changes in liabilities arising from financing activities

(₹ in Lacs)

Particulars	Current borrowings	Non- current borrowings *
April 01, 2019	**21,431**	**1,27,377**
Cash flows	41	41,882
Foreign Exchange Impact	87	-
March 31, 2020	**21,559**	**1,69,259**
Cash flows	(21,506)	(29,604)
Foreign Exchange Impact	-	-
March 31, 2021	**53**	**1,39,655**

* Includes current maturities of non-current borrowings.

Note 13: Bank balances other than cash and cash equivalents

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Deposits with maturity of more than 3 months but less than 12 months	-	5
Balances held for unclaimed public fixed deposit and interest thereon (refer foot note a)	85	94
Balances held for unclaimed dividend accounts (refer foot note b)	510	548
Total	**595**	**647**

Notes

a) These balances are available for use only towards settlement of matured deposits and interest on deposits. Also includes ₹ 0.20 lacs (March 31, 2020 ₹ 0.20 lacs) outstanding for a period exceeding seven years, in respect of which a Government agency has directed the Company to hold.

b) These balances are available for use only towards settlement of corresponding unpaid dividend liabilities. The sum also includes ₹ 1.60 lacs (March 31, 2020 ₹ 1.19 lacs) outstanding for a period exceeding seven years retained in accordance with the provisions of Section Rule 6(3) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

Notes to Financial Statements

for the year ended March 31, 2021

Note 14: Other financial assets

Refer note 2.16 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
Unsecured, considered good		
At fair value through other comprehensive income		
Derivative financial instrument	-	436
At amortised cost		
Advance receivable in cash	257	494
Other receivables	3,392	734
Interest receivable	1	1
Receivable from related parties (refer note 40)	290	229
Others	184	-
Unsecured, considered doubtful:		
Loans advances and deposits	104	104
Less: Allowance for doubtful advances and deposits	(104)	(104)
Total	**4,124**	**1,894**

Note 15: Other current assets

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured considered, good		
Advance receivable in kind or for value to be received	3,013	4,307
Balance with government authorities	3,860	8,381
Advance to employees	51	56
Prepaid Expense	1,333	1,124
Unsecured considered, doubtful		
Advance receivable in kind or for value to be received	134	44
Less: Allowance for advance receivable in kind or for value to be received	(134)	(44)
Total	**8,257**	**13,868**

Note 16: Equity share capital

Authorised share capital	Equity shares		Preference Shares		Unclassified Shares	
	Numbers	₹ in Lacs	Numbers	₹ in Lacs	Numbers	₹ in Lacs
At April 01, 2019 (refer foot note f)	**7,51,50,000**	**7,515**	**39,00,000**	**390**	**1,00,00,000**	**1,000**
Increase / (decrease) during the year	-	-	-	-	-	-
At March 31, 2020	**7,51,50,000**	**7,515**	**39,00,000**	**390**	**1,00,00,000**	**1,000**
Increase / (decrease) during the year	-	-	-	-	-	-
At March 31, 2021	**7,51,50,000**	**7,515**	**39,00,000**	**390**	**1,00,00,000**	**1,000**

Notes to Financial Statements
for the year ended March 31, 2021

Note 16: Equity share capital (Contd..)

Issued share capital

Equity shares of ₹ 10 each issued	Numbers	(₹ in Lacs)
At April 01, 2019 (refer foot note a)	**4,04,50,780**	**4,045**
Alloted during the year	-	-
At March 31, 2020 (refer foot note a)	**4,04,50,780**	**4,045**
Alloted during the year	-	-
At March 31, 2021 (refer foot note a)	**4,04,50,780**	**4,045**

Subscribed and Paid-up share capital

Equity shares of ₹ 10 each subscribed and fully paid	Numbers	(₹ in Lacs)
At April 01, 2019 (refer foot note a)	**4,04,50,092**	**4,045**
Alloted during the year	-	-
At March 31, 2020 (refer foot note a)	**4,04,50,092**	**4,045**
Alloted during the year	-	-
At March 31, 2021 (refer foot note a)	**4,04,50,092**	**4,045**

a) Includes 688 (March 31, 2020: 688) equity shares offered on right basis and kept in abeyance.

b) Terms / rights attached to equity shares

The Company has only one class of equity shares having face value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per equity share. Dividend is recommended by the Board of Directors and is subject to the approval of the members at the ensuing Annual General Meeting except interim dividend. The Board of Directors have a right to deduct from the dividend payable to any member, any sum due from him to the Company.

In the event of winding-up, the holders of equity shares shall be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders.

The shareholders have all other rights as available to equity shareholders as per the provision of the Companies Act, applicable in India read together with the Memorandum of Association and Articles of Association of the Company, as applicable.

c) Details of shareholders holding more than 5% shares in the company

Name of the shareholders	As at March 31, 2021		As at March 31, 2020	
	Numbers	% holding in the class	Numbers	% holding in the class
Equity shares of ₹ 10 each fully paid				
Instant Holdings Limited	1,18,53,559	29.30%	1,18,20,524	29.22%
Swallow Associates LLP	44,84,624	11.09%	44,84,624	11.09%
Amansa Holdings Pvt Limited	37,59,934	9.30%	32,22,110	7.97%
Jwalamukhi Investment Holdings	-	0.00%	23,33,991	5.77%
Mirae Asset Emerging Bluechip Fund	25,96,588	6.42%	17,35,309	4.29%

d) As per the records of the Company as at March 31, 2021 no calls remain unpaid by the directors and officers of the company.

e) The Company has not issued any equity shares as bonus for consideration other than cash and has not bought back any shares during the period of 5 years immediately preceeding March 31, 2021.

f) Pursuant to the Scheme of Merger by amalgamation as approved by the National Company Law Tribunal, Mumbai Bench, the authorised equity share capital of the Company has increased to 7,51,50,000 equity shares of ₹ 10 each from 4,61,00,000 equity shares of ₹ 10 each (Refer note 47).

Notes to Financial Statements
for the year ended March 31, 2021

Note 17: Other equity

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Securities premium (refer foot note a)	56,703	56,703
Capital reserve (refer foot note b)	1,177	1,177
Capital redemption reserve (refer foot note c)	390	390
Cash flow hedge reserve (refer foot note d)	(713)	530
General reserve (refer foot note e)	25,178	25,178
Retained earnings (refer foot note f)	2,29,694	1,88,037
Total other equity	**3,12,429**	**2,72,015**

a) Securities premium

Amount received on issue of shares in excess of the par value has been classified as security share premium.

b) Capital reserve

Capital reserve includes profit on amalgamation of entities.

c) Capital redemption reserve

Capital redemption reserve represents amount transferred from profit and loss account on redemption of preference shares during FY 1998-99.

d) Cash flow hedge reserve

It represents mark-to-market valuation of effective hedges as required by Ind AS 109.

e) General Reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriations purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income , items included in the general reserve will not be reclassified subsequently to the Statement of Profit and Loss.

f) Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to reserves, dividends or other distributions paid to shareholders.

Note 18: Distribution made and proposed

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash dividends on equity shares declared and paid		
Final dividend for the year ended on March 31, 2020: Nil (March 31, 2020: ₹ 12 per share for the year ended on March 31, 2019)	-	4,854
Dividend Distribution Tax on final dividend	-	791
Interim dividend for the year ended on March 31, 2021: Nil (March 31, 2020: ₹ 12 per share)	-	4,854
Dividend Distribution Tax on interim dividend	-	996
Total	**-**	**11,495**

Notes to Financial Statements

for the year ended March 31, 2021

Note 18: Distribution made and proposed (Contd..)

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Proposed dividends on equity shares		
Proposed dividend for the year ended on March 31, 2021: ₹ 18 per share (March 31, 2020: Nil)	7,281	-
Total	**7,281**	**-**

Proposed dividends on equity shares which are subject to approval at the Annual General Meeting are not recognised as a liability in the year in which it is proposed.

The Company declares and pays dividend in Indian rupees. The Finance Act 2020 has repealed the Dividend Distribution Tax. Companies are now required to pay / distribute dividend after deducting applicable taxes. The remittance of dividends outside India is also subject to withholding tax at applicable rates.

Note 19: Borrowings

(At amortised cost)

Refer note 2.16 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	Non-current		Current maturities	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Interest bearing loans and borrowings				
I. Secured				
i) Debentures				
a) Non-convertible debentures (refer foot note 1)	25,000	-	-	-
ii) Term loans				
a) Indian rupee loan from banks and financial institutions *				
Citi Bank N.A. (refer foot note 2)	17,200	21,500	4,300	-
Citicorp Finance (India) Limited (refer foot note 3)	-	8,500	-	-
HDFC Bank (refer foot note 4)	-	18,333	-	1,667
Kotak Mahindra Bank (refer foot note 5)	29,228	29,974	749	-
Bank of Baroda (refer foot note 6)	32,636	32,618	-	-
State Bank of India (refer foot note 7)	28,427	27,229	-	-
HSBC Bank Ltd (refer foot note 8)	-	4,161		
ICICI Bank (refer foot note 9)	-	13,088	-	1,500
SVC Bank (refer foot note 10)	-	6,630	-	781
b) Buyer's Credit (refer foot note 11)	-	-	-	685
II. Unsecured				
i) Public deposits (refer foot note 12)	0	0	-	-
ii) Deferred sales tax incentive (refer foot note 13)	1,613	2,045	502	548
	1,34,104	**1,64,078**	**5,551**	**5,181**
Less: amount classified under other financial liabilities (refer note 25)	-	-	(5,551)	(5,181)
Total	**1,34,104**	**1,64,078**	**-**	**-**

* Indian rupee loan from banks carries floating interest rate ranging from 5.14% p.a. to 8.09% p.a.

Notes to Financial Statements

for the year ended March 31, 2021

Note 19: Borrowings (Contd..)

Notes:

1) Non-Convertible Debentures ("NCDs") ₹ 25,000 lacs as on March 31, 2021 (March 31, 2020: Nil) allotted on October 07, 2020 (NCD Series 1) and October 13, 2020 (NCD Series 2) on private placement basis are secured by way of first charge over movable and immovable fixed assets located at Ambernath plant. As at March 31, 2021, the NCDs carry an interest at 6.40% p.a. (NCD Series 1) and 7.00% p.a. (NCD Series 2) and is repayable as under:

 - NCD Series 1: ₹ 15,000 lacs (60% of the issue amount) repayable on October 06, 2023.
 - NCD Series 2: ₹ 10,000 lacs (40% of the issue amount) repayable on October 13, 2025.

2) Term loan from Citibank N.A. ₹ 21,500 lacs as on March 31, 2021 (March 31, 2020: ₹ 21,500 lacs) is secured by first pari passu charge over the immovable and movable fixed assets (excluding current assets) situated at Halol. It is payable as under:

Year	Repayment Schedule (In %)	Schedule of Payment
2021 - 22	20.00%	To be repaid in 3 annual installments at the end of 3rd, 4th & 5th year
2022 - 23	30.00%	
2023 - 24	50.00%	

3) Term loan from Citicorp Finance India Limited Nil as on March 31, 2021 (March 31, 2020: ₹ 8,500 lacs) was pre-paid in full including interest thereon during the year. It was secured by first pari passu charge over the immovable and movable fixed assets (excluding current assets) situated at Halol.

4) Term loan from HDFC Bank Nil as on March 31, 2021 (March 31, 2020: ₹ 20,000 lacs) was pre-paid in full including interest thereon during the year. It was secured by first pari passu charge over the immovable and movable fixed assets (excluding current assets) situated at Halol.

5) Term loan from Kotak Mahindra Bank Limited ₹ 30,000 lacs as on March 31, 2021 (March 31, 2020: ₹ 30,000 lacs) is secured by first pari passu charge over the immovable and movable fixed assets (excluding current assets) situated at Halol, Nashik, Nagpur and Chennai Plant. It is payable as under:

Year	Repayment Schedule (In %)	Schedule of Payment
2021 - 22	2.50%	To be repaid in 28 structured quarterly instalments commencing (March 2022) after 3 years of moratorium from First Drawdown Date (December 2018)
2022 - 23	10.00%	
2023 - 24	11.50%	
2024 - 25	16.00%	
2025 - 26	16.00%	
2026 - 27	16.00%	
2027 - 28	16.00%	
2028 - 29	12.00%	

6) Term Loan from Bank of Baroda ₹ 32,775 lacs as on March 31, 2021 (March 31, 2020: ₹ 32,775 lacs) is secured by first pari passu charge over the immovable and movable fixed assets (excluding current assets) situated at Halol, Nashik, Nagpur and Chennai Plant. It is payable as under:

Year	Repayment Schedule (In %)	Schedule of Payment
2022 - 23	5.00%	To be repaid in 28 structured quarterly instalments commencing (June 2022) after 3 years of moratorium from First Drawdown Date (March 2019)
2023 - 24	5.00%	
2024 - 25	15.00%	
2025 - 26	15.00%	
2026 - 27	20.00%	
2027 - 28	20.00%	
2028 - 29	20.00%	

Notes to Financial Statements

for the year ended March 31, 2021

Note 19: Borrowings (Contd..)

7) Term Loan from State Bank of India ₹ 28,746 lacs as on March 31, 2021 (March 31, 2020: ₹ 27,582 lacs) is secured by first pari passu charge over the immovable and movable fixed assets (excluding current assets) situated at Halol, Nashik, Nagpur and Chennai Plant. It is payable as under:

Year	Repayment Schedule (In %)	Schedule of Payment
2022 - 23	2.50%	To be repaid in 28 structured quarterly instalments commencing (Dec 2022) after 3 years of moratorium from First Drawdown Date (Nov 2019)
2023 - 24	5.00%	
2024 - 25	10.00%	
2025 - 26	15.00%	
2026 - 27	17.50%	
2027 - 28	20.00%	
2028 - 29	20.00%	
2029 - 30	10.00%	

8) Term loan from HSBC Nil as on March 31, 2021 (March 31, 2020: ₹ 4,161 lacs) was pre-paid in full including interest thereon during the year. It was secured by first pari passu charge over all the fixed assets of the Company at Ambernath Plant.

9) Term loan from ICICI Bank Nil as on March 31, 2021 (March 31, 2020: ₹ 14,625 lacs) was pre-paid in full including interest thereon during the year. It was secured by first pari passu charge over all the immovable and movable fixed assets situated at Ambernath plant and second pari-passu charge on all current assets.

10) Term loan from SVC Bank Nil as on March 31, 2021 (March 31, 2020: ₹ 7,400 lacs) was pre-paid in full including interest thereon during the year. It was secured by first pari passu charge over all the immovable and movable fixed assets situated at Ambernath plant and second pari-passu charge on all current assets.

11) Short-term buyer's credit Nil as on March 31, 2021 (March 31, 2020: ₹ 686 lacs) was pre-paid in full including interest thereon during the year. It was secured by way of first pari passu charge on all immovable and movable assets (excluding current assets) and of the Company situated at Nagpur plant. The long-term buyer's credit carried interest of 12 months LIBOR plus 60 bps p.a. and 6 months LIBOR plus 70 bps p.a.

12) Public deposits ₹ 0.20 lacs (March 31, 2020 ₹ 0.20 lacs) outstanding for a period exceeding seven years, in respect of which a Government agency has directed the Company to hold.

13) Interest-free deferred sales tax is repayable in ten equal annual instalment commencing from April 26, 2011 and ending on April 30, 2025.

14) Outstanding balances shown in foot notes above, are grossed up to the extent of unamortised transaction cost.

15) Refer note 43 of information about fair value measurement and note 45(c) for information about liquidity risk relating to borrowings.

Notes to Financial Statements

for the year ended March 31, 2021

Note 20: Other financial liabilities

Refer note 2.16 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
At fair value through other comprehensive income		
Derivative financial instrument	47	-
At amortised cost		
Payable to capital vendors (refer foot note b)	1,084	9,926
Deposits	136	146
Total other financial liabilities	**1,267**	**10,072**

Notes:

a) Refer note 43 for information about fair value measurement and note 45(c) for information about liquidity risk relating to other financial liabilities.

b) These pertain to payable to capital vendors based on deferred payment terms.

Note 21: Provisions

Refer note 2.14 for accounting policy on Provisions

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current provisions		
Provision for sales related obligation (refer foot note a)	769	864
Provision for gratuity (refer note 38b)	-	47
Provision for compensated absences (refer foot note b)	3,640	3,021
Provision for decommissioning liability (refer foot note c)	85	76
	4,494	**4,008**
Current provisions		
Provision for sales related obligation (refer foot note a)	6,385	4,632
Provision for gratuity (refer note 38b)	700	2,491
Provision for compensated absences (refer foot note b)	631	572
Provision for litigations (refer foot note d)	3,042	4,507
	10,758	**12,202**

Notes:

a) **Provision for sales related obligation**

A provision is recognised for expected sales related obligation on product sold during the last three years, based on past experience of the level of returns and cost of claim. It is expected that significant portion of these costs will be incurred in the next financial year and within three years from the reporting date. Assumptions used to calculate the provision for sales related obligation were based on current sales levels and current information available about returns based on the three years period for all products sold. The rate used for discounting provision for sales related obligation is 11.50%. The table below gives information about movement in provision for sales related obligation.

Movement in provision for sales related obligation	(₹ in Lacs)
As at April 01, 2019	**4,388**
Additions during the year	7,145
Utilised during the year	(6,037)
As at March 31, 2020	**5,496**
Additions during the year	8,018
Utilised during the year	(6,360)
As at March 31, 2021	**7,154**

Notes to Financial Statements
for the year ended March 31, 2021

Note 21: Provisions (Contd..)

b) Compensated absences

Employee leaves are encashed as per the Company's leave encashment policy. A provision has been recognised for leave encashment liability based on the actuarial valuation of leave balance of employees as at year end.

Movement in provision for compensated absences	(₹ in Lacs)
As at April 01, 2019	**3,360**
Additions during the year	746
Utilised during the year	(513)
As at March 31, 2020	**3,593**
Additions during the year	1,254
Utilised during the year	(576)
As at March 31, 2021	**4,271**

c) Provision for decommissioning liability

The Company has recognised a provision for decommissioning obligations associated with a land taken on lease at Nashik manufacturing facility for the production of tyres. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of those costs. The Company estimates that the costs would be realised in year 2066 at the expiration of the lease and calculates the provision using the Discounted Cash Flow (DCF) method based on the following assumptions:

- Estimated range of cost per square meter: ₹ 45 – ₹ 50
- Discount rate: 11.50%

Movement in provision for decommissioning liability	(₹ in Lacs)
As at April 01, 2019	**68**
Additions during the year	8
As at March 31, 2020	**76**
Additions during the year	9
As at March 31, 2021	**85**

d) Provision for litigations

Movement in provision for indirect tax and labour matters	(₹ in Lacs)
As at April 01, 2019	**4,971**
Additions during the year	28
Utilised during the year	(492)
As at March 31, 2020	**4,507**
Additions during the year	179
Utilised during the year	(1,644)
As at March 31, 2021	**3,042**

Notes to Financial Statements
for the year ended March 31, 2021

Note 22: Income taxes and deferred taxes

Refer note 2.7 for accounting policy on Taxes

Balance Sheet

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current tax assets (net)		
Advance payment of tax (net of provision)	5,650	1,725
Current tax liabilities (net)		
Provision for income tax (net of advance tax)	4,456	1,457
Deferred tax liability (net)	26,560	26,111

Statement of Profit and Loss

(₹ in Lacs)

Particulars	2020-21	2019-20
Current tax	3,660	7,401
Deferred tax	866	(625)
Income tax expense recognised in the Statement of Profit and Loss (refer foot note b and c)	**4,526**	**6,776**

Other Comprehensive Income (OCI)

Deferred tax related to items recognised in OCI during the year

(₹ in Lacs)

Particulars	2020-21	2019-20
Income tax effect on actuarial (gains) / losses for gratuity	(98)	243
Income tax effect on movement in cash flow hedges	516	(1,347)
Income tax (expense) / income charged to OCI	**418**	**(1,104)**

Reconciliation of Effective Tax Rate

(₹ in Lacs)

Particulars	2020-21	2019-20
Accounting profit before tax from continuing operations	**45,890**	**29,237**
Income tax rate of 25.17% (31 March, 2020: 34.94%) (refer foot note c)	11,550	10,215
Additional deduction on Research and Development (R&D) expense	-	(1,523)
Rate reduction, reversal of temporary differences, provision for tax of earlier years and merger impact (refer foot note b and c)	(7,008)	-
Income tax at special rates	(140)	(179)
Income Tax Refund for earlier years	-	(3,604)
Impact of transferor company losses (refer foot note b)	-	1,614
Others	(187)	(86)
Non-deductible expenses for tax purposes		
Depreciation on revaluation	101	142
Corporate Social Responsibility (CSR) expenses	198	160
Other non-deductible expenses	12	37
At the effective income tax rate of 9.86% (March 31, 2020: 23.18%)	**4,526**	**6,776**

Notes to Financial Statements

for the year ended March 31, 2021

Note 22: Income taxes and deferred taxes (Contd..)

Deferred tax

Deferred tax relates to the following

(₹ in Lacs)

Particulars	Balance Sheet		Profit and Loss	
	As at March 31, 2021	As at March 31, 2020	2020-21	2019-20
Accelerated depreciation for tax purposes	(33,595)	(47,138)	(13,543)	9,123
DTA on brought forward losses	-	3,096	3,096	-
MAT Credit entitlement	-	8,037	8,037	(7,133)
Voluntary Retirement Scheme (VRS)	1,082	1,639	557	(2)
Allowance for doubtful debts/advances	587	1,673	960	348
Others	5,366	6,582	1,759	(2,961)
Deferred tax expense / (income)			**866**	**(625)**
Net deferred tax assets / (liabilities)	**(26,560)**	**(26,111)**		

Reflected in the Balance Sheet as follows

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax asset	7,035	21,027
Deferred tax liability	(33,595)	(47,138)
Deferred tax liability (net)	**(26,560)**	**(26,111)**

Reconciliation of deferred tax liabilities (net)

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance as at April 01	**(26,111)**	**(20,771)**
Tax expense / (income) during the period recognised in the Statement of Profit and Loss	(866)	625
Tax (expense) / income during the period recognised in Other Comprehensive Income	418	(1,104)
MAT Credit Utilization	-	(4,861)
Others	(1)	-
Closing balance as at March 31	**(26,560)**	**(26,111)**

Notes:

a) The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and liabilities as well as the deferred tax assets and liabilities related to income taxes levied by the same taxation authority.

b) The current and deferred tax for the year ended March 31, 2021 includes the impact on tax expenses consequent to the amalgamation as referred to in note 47.

c) The Company elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 while filing the tax return for year ended March 31, 2020. Accordingly, the Company has recognised provision for current tax for the year ended March 31, 2021 and re-measured its current tax for the year ended March 31, 2020 and deferred tax liabilities basis the rate prescribed in that section.

Notes to Financial Statements

for the year ended March 31, 2021

Note 23: Borrowings

Refer note 2.16 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
Secured		
Cash credit facilities from banks (repayable on demand) (refer foot note a)	53	172
Export packing credit from banks (refer foot note a)	-	1,514
Working capital demand loan (refer foot note b)	-	5,000
Unsecured:		
Commercial paper (refer foot note c)	-	14,873
Total	**53**	**21,559**

a) Cash credit facilities from banks is part of working capital facilities availed from consortium of banks secured by way of first pari passu charge on the current assets of the Company carrying interest in the range of 7.10% p.a. to 9.70% p.a.

b) Working capital loan availed from HSBC Bank Nil as on March 31, 2021 (March 31, 2020: ₹ 5,000 lacs) was pre-paid in full including interest thereon during the year.

c) The Company had issued commercial papers (total available limit ₹ 35,000 lacs) at regular intervals for working capital purposes with interest ranging from 3.37% p.a. to 6.55% p.a. As at March 31, 2021, there are no commercial paper outstanding.

d) Refer note 45(c) for information about liquidity risk relating to borrowings.

Note 24: Trade payables

Refer note 2.16 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Dues to micro and small enterprises (refer foot note a)		
Overdue	641	171
Not due	8,449	1,600
Other trade payables	1,84,326	1,16,806
Trade payables to related parties (refer note 40)	944	535
Total	**1,94,360**	**1,19,112**

Notes:

a) Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 (the MSMED Act) are given as follows * :

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
i) The principal amount remaining unpaid to any supplier as at the end of each accounting year	9,084	1,769
ii) Interest due thereon remaining unpaid to any supplier as at the end of accounting year	6	2
iii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	2	-
iv) The amount of interest due and payable for the year	6	2
v) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under section 23 of the Act.	-	-

* The information disclosed above is to the extent available with the Company.

Notes to Financial Statements

for the year ended March 31, 2021

Note 24: Trade payables (Contd..)

b) Trade payables are normally settled on 30 to 180 days.

c) Refer note 45(c) for information about liquidity risk relating to trade payables.

Note 25: Other financial liabilities

Refer note 2.16 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
At fair value through other comprehensive income		
Derivative financial instrument	1,494	-
At amortised cost		
Current maturities of long-term borrowings (refer note 19)	5,551	5,181
Interest accrued but not due on borrowings	1,307	744
Unpaid dividends	510	548
Unpaid matured deposits and interest accrued thereon (refer foot note a)	80	91
Payable to capital vendors	24,624	20,264
Deposits from dealers and others	42,003	34,533
Others	-	147
Total	**75,569**	**61,508**

Notes:

a) Refer foot note a) below note 13: Bank balances other than cash and cash equivalents.

b) Refer note 43 for information about fair value measurement and note 45(c) for information about liquidity risk relating to other financial liabilities.

Note 26: Other current liabilities

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues	9,324	5,159
Advance received from customers *	1,586	1,327
Total	**10,910**	**6,486**

* Represents contract liabilities

Notes to Financial Statements

for the year ended March 31, 2021

Note 27: Revenue from operations

Refer note 2.4 for accounting policy on Revenue recognition and 2.6 for Government grants, subsidies and export incentives

Set out below is the disaggregation of the Company's revenue from contracts with customers:

(₹ in Lacs)

Particulars	2020-21	2019-20
Revenue recognised at the point of time		
Automotive tyres	6,76,673	5,95,679
Tubes and others	72,357	67,694
Sale of scrap	4,237	3,307
Other revenues	400	919
Revenue recognised over the period of time		
Royalty income (refer note 40)	502	438
Total revenue from contracts with customers	**7,54,169**	**6,68,037**
Other operating income		
Government grants (refer foot note d)	3,110	6,749
Revenue from operations	**7,57,279**	**6,74,786**

Notes:

a) Revenue disaggregation basis geography has been included in segment information (refer note 41).

b) Contract assets and liabilities

The Company has recognised the following revenue-related contract assets and liabilities:

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables (refer note 11)	92,226	66,430
Contract liabilities (refer note 26)	1,586	1,327

The Company receives payment from customers based on a billing schedule, as established in the contracts with customers. Trade receivable are recognised when the right to consideration becomes unconditional. Contract liability relates to payments received in advance of performance under the contract. Contract liabilities are recognised as revenue as (or when) the Company perform under the contract.

c) Reconciling the amount of revenue recognised in the Statement of Profit and Loss with the contracted price:

(₹ in Lacs)

Particulars	2020-21	2019-20
Revenue as per contracted price	7,74,905	6,88,598
Reductions towards variable consideration components *	(20,736)	(20,561)
Revenue from contracts with customers	**7,54,169**	**6,68,037**

* The reduction towards variable consideration comprises of discounts, indexations etc.

d) Government Grant:

i) The Company has recognised a government grant as income on account of Export Incentive under Merchandise Exports from India Scheme (MEIS) from Directorate General of Foreign Trade, Government of India.

ii) Pursuant to the memorandum of understanding executed with the Government of Maharashtra, the Company is entitled for industrial promotion subsidy. During the year, the Company has recognised subsidy income of ₹ 3,051 lacs (March 31, 2020: ₹ 4,026 lacs).

Notes to Financial Statements
for the year ended March 31, 2021

Note 28: Other Income

Refer note 2.4 for accounting policy on Revenue recognition

(₹ in Lacs)

Particulars	2020-21	2019-20
Interest income on		
Bank deposits	184	15
Other interest income	283	617
Dividend income from subsidiaries (refer note 40)	1,826	1,036
Other non-operating income	887	972
Gain on disposal of investments (net)	-	4
Gain on disposal of property, plant and equipment / asset held for sale (net)	-	428
Total	**3,180**	**3,072**

Note 29: Cost of material consumed

(₹ in Lacs)

Particulars	2020-21	2019-20
Raw Material		
Opening stock	32,270	38,043
Add: Purchases	4,43,805	3,81,523
	4,76,075	**4,19,566**
Less: Closing stock *	(58,699)	(32,270)
Total	**4,17,376**	**3,87,296**

* The closing stock as at March 31, 2021 is gross off provision towards unusable raw materials aggregating ₹ 200 lacs (March 31, 2020: ₹ 200 lacs). Refer note 35 for further details.

Details of raw materials consumed

(₹ in Lacs)

Particulars	2020-21	2019-20
Rubber	2,10,520	1,86,568
Fabrics	54,108	53,153
Carbon black	57,381	59,654
Chemicals	49,524	45,032
Others	45,843	42,889
Total	**4,17,376**	**3,87,296**

Details of closing inventories

(₹ in Lacs)

Particulars	2020-21	2019-20
Rubber	41,388	19,836
Fabrics	4,309	3,164
Carbon black	2,574	2,327
Chemicals	4,308	2,491
Others	6,120	4,452
Total [refer note 10(a)]	**58,699**	**32,270**

Notes to Financial Statements
for the year ended March 31, 2021

Note 30: Changes in inventories of finished goods, work-in-progress and stock-in-trade

(₹ in Lacs)

Particulars	2020-21	2019-20
Opening Stock		
Work-in-progress	4,515	3,342
Finished goods	49,871	51,878
Stock in trade	2,542	2,985
	56,928	**58,205**
Closing Stock		
Work-in-progress *	6,708	4,515
Finished goods	43,238	49,871
Stock in trade	239	2,542
	50,185	**56,928**
Total change in inventories	**6,743**	**1,277**

* The closing stock as at March 31, 2021 is gross off provision towards unusable raw materials aggregating ₹ 28 lacs (March 31, 2020: ₹ 1,127 lacs). Refer note 35 for further details.

Note 31: Employee benefit expense

Refer note 2.15 for accounting policy on employee benefits

(₹ in Lacs)

Particulars	2020-21	2019-20
Salaries, wages and bonus	55,597	44,653
Contribution to provident and other funds	2,552	2,346
Gratuity expenses (refer note 38)	883	730
Staff welfare expenses	7,681	5,680
Total	**66,713**	**53,409**

Note 32: Finance costs

Refer note 2.10 for accounting policy on Borrowing costs, 2.14 on Provisions and 2.11 on Leases.

(₹ in Lacs)

Particulars	2020-21	2019-20
Interest on debts and borrowings [refer note 3(6)]	14,746	12,894
Other finance charges	829	455
Interest on lease liabilities [refer note 4(b)]	1,102	1,050
Total interest expense	**16,677**	**14,399**
Unwinding of decommissioning liability	9	8
Unwinding of discount on provision of sales related obligation	619	498
Total	**17,305**	**14,905**

Note 33: Depreciation and amortization expenses

Refer notes 2.8 for accounting policy on Property, plant and equipment, 2.9 on Intangible assets and 2.11 on Leases

(₹ in Lacs)

Particulars	2020-21	2019-20
Depreciation of property, plant and equipment (refer note 3)	26,056	21,307
Amortisation of intangible assets (refer note 5)	3,080	2,476
Depreciation of right-of-use assets [refer note 4(a)]	4,822	3,928
Total	**33,958**	**27,711**

Notes to Financial Statements
for the year ended March 31, 2021

Note 34: Other expenses

(₹ in Lacs)

Particulars	2020-21	2019-20
Conversion charges	30,718	30,265
Stores and spares consumed	7,769	6,167
Provision for obsolescence of stores and spares	336	100
Power and fuel	25,544	21,654
Freight and delivery charges	40,334	34,757
Short-term and low value lease rent	746	1,016
Rates and taxes	1,301	538
Insurance	1,370	1,148
Repairs and maintenance:		
Machinery	6,232	6,570
Buildings	661	586
Others	14	99
Travelling and conveyance	1,470	4,034
Printing and stationery	212	248
Directors' sitting fees (refer note 40)	59	49
Payment to auditors (refer foot note 1)	112	110
Cost audit fees	4	4
Advertisement and sales promotion expenses	17,120	17,448
Commission on sales	198	265
Communication expenses	1,982	1,287
Bad debts and advances written off	2,427	272
Allowance for bad debts and advances written back including utilisation of provision [refer note 21(d)]	(2,427)	(268)
	-	4
Allowance for doubtful debts and advances	100	223
Loss on disposal of property, plant and equipment (net)	835	-
Legal charges	221	344
Foreign exchange fluctuations (net)	167	312
Professional and consultancy charges	4,207	5,883
Commission to directors (refer note 40)	434	93
Training and conference expenses	397	1,175
Corporate Social Responsibility (CSR) expenses (refer foot note 2)	786	913
Bank charges	299	275
Sales related obligations	8,018	7,145
Miscellaneous expenses (refer foot note 3)	16,413	16,370
Total	**1,68,059**	**1,59,082**

Notes:

1) Payment to auditors *

(₹ in Lacs)

Particulars	2020-21	2019-20
As auditor		
Audit fee	62	65
Limited review	24	27
In other capacity		
Other services (including certification fees)	25	13
Reimbursement of expenses	1	5
Total payment to auditor	**112**	**110**

* Exclusive of Goods and Services Tax (GST)

Notes to Financial Statements
for the year ended March 31, 2021

2) Details of Corporate Social Responsibility (CSR) expenses

(₹ in Lacs)

Particulars	2020-21	2019-20
a) Gross amount required to be spent during the year	786	913

(₹ in Lacs)

Particulars	In cash	Yet to be paid in cash	Total
b) Amount spent during the year ended on March 31, 2021 *			
i) Construction / acquisition of any asset	-	-	-
ii) On purposes other than (i) above	786	-	786
Total	**786**	**-**	**786**

(₹ in Lacs)

Particulars	In cash	Yet to be paid in cash	Total
c) Amount spent during the year ended on March 31, 2020 *			
i) Construction / acquisition of any asset	-	-	-
ii) On purposes other than (i) above	913	-	913
Total	**913**	**-**	**913**

* The company does not carry any CSR expense provisions for current and previous year.

3) The Company made contributions through electoral bonds of Nil for the year ended March 31, 2021 (₹ 800 lacs for year ended March 31, 2020) which is included in Miscellaneous expenses.

Note 35: Exceptional items

(₹ in Lacs)

Particulars	2020-21	2019-20
Voluntary retirement scheme (VRS) (refer foot note a)	1,245	1,390
Expenses / losses attributable to COVID-19 (refer foot note b)	2,011	1,594
Provision for loss by fire (refer foot note c)	150	-
Total	**3,406**	**2,984**

Notes

a) The Company had introduced VRS for employees across the Company. During the year, 69 employees (March 31, 2020: 60 employees) opted for the VRS.

b) As explained in note 48, the COVID-19 pandemic had a significant impact on the Company operations. The Company has made provision for unusable semi finished inventory and raw materials, aggregating ₹ 258 lacs for the year ended March 31, 2021 (March 31, 2020: ₹1,327 lacs) due to abrupt stoppage of production facilities. Further, borrowing costs not capitalised due to temporary suspension related to ongoing capital projects, contract manpower cost and export detention (for the period attributable to the COVID-19) aggregate ₹ 1,753 lacs for the year ended March 31, 2021 (March 31, 2020: ₹ 267 lacs).

c) The Company's Halol plant witnessed a fire incident at its Passenger Car Radial Tyre Curing Section (Phase II) on April 08, 2020. The company has provided for the loss (net of insurance claim receivable) of asset and material at ₹ 150 lacs for the year ended March 31, 2021.

Notes to Financial Statements
for the year ended March 31, 2021

Note 36: Research and development costs

(₹ in Lacs)

Particulars	2020-21	2019-20
Capital expenditure	2,072	5,186
Revenue expenditure	8,418	7,121
Total	**10,490**	**12,307**

The above expenditure of research and development has been determined on the basis of information available with the Company and as certified by the management.

Note 37: Earnings per share ('EPS')

Refer note 2.20 for accounting policy on Earnings per share

The following reflects the profit and shares data used in the basic and diluted EPS computations:

(₹ in Lacs)

Particulars	2020-21	2019-20
Profit after tax for calculation of basic and diluted EPS	41,364	22,461
Weighted average number of equity shares (face value per share ₹ 10) in calculating basic EPS and diluted EPS	4,04,50,092	4,04,50,092
Basic EPS (of face value of ₹ 10 each)	**102.26**	**55.53**
Diluted EPS (of face value of ₹ 10 each)	**102.26**	**55.53**

Note 38: Post-retirements benefit plan

Refer note 2.15 for accounting policy on employee benefits

a) Defined contribution plan

Refer note 31 for Company's contribution to the defined contribution plans with respect to provident fund and other funds.

b) Defined benefit plan - Gratuity

Description of plan

The Company has a defined benefit gratuity plan which is funded with an Insurance Company in the form of a qualifying Insurance policy. The Company's defined benefit gratuity plan is a salary plan for employees which requires contributions to be made to a separate administrative fund. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, every employee who has completed five years of service gets a gratuity on separation at 15 days of last drawn salary for each completed year of service.

Governance

The fund has the form of a trust and it is governed by the Board of Trustees, which consists of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy. Each year, the Board of Trustees reviews the level of funding.

Investment Strategy

The Board of trustees have appointed LIC of India, Birla Sun Life Insurance, India First Life Insurance, Kotak Life & HDFC Life Insurance to manage its funds. The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise. Every year, the insurance Company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company. In case of death, while in service, the gratuity is payable irrespective of vesting.

The following set out the amounts recognised in the Company's financial statements as at March 31, 2021 and March 31, 2020.

Notes to Financial Statements
for the year ended March 31, 2021

Note 38: Post-retirements benefit plan (Contd..)

b) Defined benefit plan - Gratuity (Contd..)

Balance Sheet

i) Net Assets / (Liability) as at year end

(₹ in Lacs)

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
1.	Closing present value of the defined benefit obligation	12,324	11,839
2.	Closing fair value of plan assets	11,624	9,301
	Net (Liability) / Asset recognised in the Balance Sheet	**(700)**	**(2,538)**

ii) Change in present value of the defined benefit obligation

(₹ in Lacs)

Sr. No.	Particulars	2020-21	2019-20
1.	Opening present value of defined benefit obligation	11,839	10,351
2.	Current service cost	883	736
3.	Interest cost	798	778
4.	Benefits paid	(1,037)	(851)
5.	Remeasurement (gain) / loss in other comprehensive income		
	- Change in demographic Assumptions	26	82
	- Actuarial changes arising from changes in financial assumption"	(52)	616
	- Experience adjustments	(133)	127
	Closing present value of defined benefit obligation	**12,324**	**11,839**

iii) Change in fair value of plan assets

(₹ in Lacs)

Sr. No.	Particulars	2020-21	2019-20
1.	Opening fair value of plan assets	9,301	9,339
2.	Expected return on plan assets	627	703
3.	Contributions made	2,501	10
4.	Benefits paid	(1,037)	(851)
5.	Return on plan assets, excluding amount recognised in net interest expense	232	100
	Closing fair value of plan assets	**11,624**	**9,301**

The Company's gratuity funds are invested through insurers.

Statement of Profit and Loss

iv) Expenses recognised during the year

(₹ in Lacs)

Sr. No.	Particulars	2020-21	2019-20
1.	In income statement	1,054	812
2.	In other comprehensive income (gain) / loss	(391)	725
	Total expenses recognised during the period	**663**	**1,537**

Notes to Financial Statements
for the year ended March 31, 2021

Note 38: Post-retirements benefit plan (Contd..)

v) Expenses recognised in the income statement

(₹ in Lacs)

Sr. No.	Particulars	2020-21	2019-20
1.	Current service cost (refer note 31) *	883	736
2.	Interest cost on benefit obligation	171	83
3.	Expected return on plan assets	-	(7)
	Net benefit expense	**1,054**	**812**

* Includes Nil capitalised during the year (March 31, 2020: ₹ 6 lacs).

vi) Expenses recognised in other comprehensive income

(₹ in Lacs)

Sr. No.	Particulars	2020-21	2019-20
1.	Remeasurement arising from changes in demographic assumptions	26	82
2.	Remeasurement arising from changes in financial assumptions	(52)	616
3.	Remeasurement arising from changes in experience adjustment	(133)	127
4.	Return on plan assets, excluding amount recognised in net interest expense	(232)	(100)
	Components of defined benefit (gain) / cost recognised in other comprehensive income	**(391)**	**725**

vii) Actual return on plan assets for the year ended

(₹ in Lacs)

Sr. No.	Particulars	2020-21	2019-20
1.	Expected return on plan assets	627	703
2.	Actuarial gain on plan assets	232	100
	Actual return on plan assets	**859**	**803**

viii) The principal assumptions used in determining gratuity and leave encashment for the Company's plan are shown below

(₹ in Lacs)

Particulars	2020-21	2019-20
Discount Rates (per annum)	6.80%	6.35% - 6.75%
Salary growth rate (per annum)	7.00%	7.00%
Mortality rate (% of Indian Assured Lives Mortality (2012-14) Modified Ultimate)	100%	100%
Disability Rate (% of mortality rate)	5.00%	5.00%
Withdrawal rates, based on service year: (per annum)		
- Below 5 years	8.80%	8.20% - 15.00%
- Equal and above 5 years	4.40%	5.67%

The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields / rates available on applicable bonds as on the current valuation date.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Company's best estimate of contribution during the next year is ₹ 1,608 lacs.

Notes to Financial Statements
for the year ended March 31, 2021

Note 38: Post-retirements benefit plan (Contd..)

ix) Sensitivity analyses of the defined benefit obligation

The sensitivity analysis below have been determined based on reasonably possible change of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Defined Benefit Obligation (Base)	12,324	11,839

A quantitative sensitivity analysis for significant assumption as at March 31, 2021 and March 31, 2020 is as shown below:

(₹ in Lacs)

Particulars	2020-21		2019-20	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	13,413	11,380	12,776	11,018
(% change compared to base due to sensitivity)	8.80%	(7.70)%	7.90%	(6.90)%
Salary Growth Rate (- / + 1%)	11,375	13,399	11,013	12,762
(% change compared to base due to sensitivity)	(7.70)%	8.70%	(7.00)%	7.80%
Attrition Rate (- / + 50% of attrition rates)	12,399	12,259	11,920	11,771
(% change compared to base due to sensitivity)	0.60%	(0.50)%	0.70%	(0.60)%
Mortality Rate (- / + 10% of mortality rates)	12,324	12,323	11,839	11,838
(% change compared to base due to sensitivity)	0.00%	(0.00)%	0.00%	(0.00)%

These plans typically expose the Company to actuarial risks such as: Investment Risk, Interest Risk, Demographic Risk and Salary Risk.

Risk	Exposure
Interest	The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).
Investment	The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.
Demographic	The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.
Salary Escalation	The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

x) Weighted average duration and expected employers contribution for the next year for the defined benefit plan

The weighted average duration (based on discounted cash flows) of defined benefit obligation is 8 years.

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Within the next 12 months (next annual reporting period)	1,742	1,910
Between 2 and 5 years	4,289	4,507
Between 5 and 10 years	5,404	5,119
Beyond 10 years	13,439	10,448
Total	**24,874**	**21,984**

Compensated absences

Refer note 21(b) for details on provision made towards compensated absences.

Notes to Financial Statements
for the year ended March 31, 2021

Note 39: Commitments and contingencies

a. Contingent Liabilities

Refer note 2.22 for accounting policy on Contingent liabilities and assets (to the extent not provided for)

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
1. Direct and indirect taxation matters *		
Income tax	901	495
Excise duty / Service tax / GST	7,144	6,247
Sales tax	4,967	5,439
Bills discounted with banks	14,305	3,672
2. Claims against the Company not acknowledged as debts *		
In respect of labour matters	654	660
Vendor disputes	294	294
3. Other claims *	3,234	3,208

* in respect of above matters, future cash outflows are determinable only on receipt of judgements pending at various forums / authorities.

b. Commitments

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance payments)	62,352	70,428

c. Others

The Company has availed the Sales Tax Deferral Loan and Octroi refund from the Directorate of Industries for Nashik Plant. Hence, the Company has to take prior permission of the appropriate authority for removal / transfer of any asset (falling under the above Schemes) from Nashik Plant. In case of violation of terms & conditions, the Company is required to refund the entire loan / benefit along with the interest @ 22.50% on account of Sales Tax deferral Loan and @ 15% on account of Octroi refund.

d. Material demands and disputes considered as "Remote" by the Company

1. The Company has been served with a Show Cause cum Demand Notice from the DGCEI (Directorate General of Central Excise Intelligence) Mumbai, on the ground that, the activity of making tyre set, i.e. inserting Tubes and Flaps inside the Tyres and tied up through Polypropylene Straps, amounts to manufacture / pre-packaged commodity under Section 2(f)(iii) of Central Excise Act, read with Section 2(l) of the Legal Metrology Act, 2009. Accordingly, the authorities worked out the differential duty amounting to ₹ 27,672 lacs i.e., the amount of duty already paid on the basis of transaction value and duty payable on the basis of MRP under Section 4A, for the period from April 2011 to June 2017. The Company believes that Set of TT / TTF (Tyre and Tube / Tyre, Tube and Flap) is not pre-packaged commodity in terms of provisions of Legal Metrology Act, 2009. The Company has a strong case on the ground that, the said issue has been clarified by the Controller of the Legal Metrology Department vide its letter dated May 01, 1991 that "Tyre with tube & flaps tied with three thin polythene strips may not be treated as a pre-packed commodity within the meaning of rule 2(l) of the Standards of Weights and Measures (Packaged Commodities), Rules, 1977". The above clarification has been re-affirmed vide letter dated November 16, 1992 by the Legal Metrology authorities.

2. The Competition Commission of India ('CCI') had, while considering the representation of the All India Tyres Dealers Federation (AITDF) made a prima facie finding that the major players of tyre industry (including the Company) had some understanding amongst themselves, especially in the replacement market, as they did not pass the benefit of corresponding reduction in prices of major raw material inputs for the period subsequent to the financial year 2011-12. CCI had, vide its order dated June 24, 2014, directed the Office of the Director General ('DG') to investigate the said alleged violation of the Act. DG submitted its investigation report to CCI in December 2015, based on which CCI directed the said tyre manufacturers to file their suggestions / objections by May 05, 2016. Objections were filed as directed and the CCI had also heard the tyre manufacturers in detail.

Notes to Financial Statements
for the year ended March 31, 2021

Note 39: Commitments and contingencies (Contd..)

d. Material demands and disputes considered as "Remote" by the Company (Contd..)

Aggrieved by the conduct of the investigation by the DG, one of the other tyre manufacturer filed Writ Petition before the Madras High Court, challenging the legality of the investigation conducted by the DG. On hearing the Parties, the Madras High Court dismissed the Writ Petition on March 06, 2018. Aggrieved by the decision of the Single Judge of the Madras High Court, the above said tyre manufacturer filed Appeal before the Division Bench on March 07, 2018. On hearing the Appeal, the Division Bench on March 08, 2018 directed the CCI to keep its Orders in sealed cover till the disposal of the Appeal. The Appeal is still pending.

Meanwhile, few other tyre manufacturers having been aggrieved by the decision of the Single Judge of the Madras High Court, have filed Special Leave Petition before the Supreme Court. However, when the Petition came up for hearing, the Parties have withdrawn the Petition citing their willingness to approach the Division Bench of the Madras High Court. The Appeal filed before the Madras High Court continues to be pending.

The Company's decision to change the price is purely a business decision which depends upon many factors like cost of production, brand value perception, profit margin of each product, quality perception of each product in the market, demand and supply situation of each product category, market potential and market share targets of various product categories etc. In view of the above, Company believes that it has a strong case, hence, considered as remote.

Note 40: Related party transactions

a) Names of related parties and related party relationship

Related parties where control exists

- Associated CEAT Holdings Company (Pvt.) Limited ("ACHL") (Subsidiary Company)
- CEAT AKKHAN Limited (Subsidiary Company)
- Rado Tyres Limited("Rado") (Subsidiary Company)
- CEAT Specialty Tires Inc. (Subsidiary Company)
- CEAT Specialty Tyres B.V (Subsidiary Company)

Related parties with whom transactions have taken place during the current year and previous year

- CEAT Kelani Holdings (Pvt.) Limited ("CKHL") (Joint venture of ACHL)
- Associated CEAT Holdings Company (Pvt.) Limited ("ACHL") (Subsidiary Company)
- Ceat-Kelani International Tyres (Pvt.) Limited ("CKITL") (Subsidiary of CKHL)
- Associated CEAT (Pvt.) Limited ("ACPL") (Subsidiary of CKHL)
- Ceat Kelani Radials Limited ("CKRL") (Subsidiary of CKHL)
- Asian Tyres (Pvt.) Limited ("ATPL") (Subsidiary of CKITL)
- TYRESNMORE Online Pvt Ltd. ("TNM") (Associate Company)
- Greenzest Solar Private Limited ("Greenzest") (Associate Company)
- RPG Enterprises Limited ("RPGE") (Directors, KMP or their relatives are interested)
- RPG Lifesciences Limited ("RPGLS") (Directors, KMP or their relatives are interested)
- Zensar Technologies Limited("Zensar") (Directors, KMP or their relatives are interested)
- Raychem RPG (Pvt.) Limited ("Raychem") (Directors, KMP or their relatives are interested)
- KEC International Limited ("KEC") (Directors, KMP or their relatives are interested)

Notes to Financial Statements
for the year ended March 31, 2021

Note 40: Related party transactions (Contd..)

Related parties with whom transactions have taken place during the current year and previous year (Contd..)

- Malabar Coastal Holdings LLP ("Malabar") (Directors, KMP or their relatives are interested)
- Seniority Pvt. Limited ("Seniority") (Directors, KMP or their relatives are interested)
- Al Sharif Group & KEC Ltd. Co ("AL sharif") (Subsidiary of KEC International Limited)
- B.N. Elias & Co. LLP ("B.N. Elias") (Directors, KMP or their relatives are interested)
- Atlantus Dwellings & Infrastructure LLP ("Atlantus") (Directors, KMP or their relatives are interested)
- Chattarpati Apartments LLP ("Chattarpati") (Directors, KMP or their relatives are interested)
- Allwin Apartments LLP ("Allwin") (Directors, KMP or their relatives are interested)
- Amber Apartments LLP ("Amber") (Directors, KMP or their relatives are interested)
- Khaitan & Co. ("Khaitan") (Directors, KMP or their relatives are interested)
- CEAT AKKHAN Limited (Subsidiary Company)
- Rado Tyres Limited ("Rado") (Subsidiary Company)
- CEAT Limited Superannuation Scheme ("Superannuation Scheme")(Post employment benefit fund)
- CEAT Limited Employees Gratuity Fund ("Gratuity trust")(Post employment benefit fund)
- Artemis ventures Limited ("Artemis") (Directors, KMP or their relatives are interested)
- CEAT Specialty Tires Inc. ("CSTI")(Subsidiary Company)
- CEAT Specialty Tyres B.V ("CSTBV")(Subsidiary Company)
- Key Management Personnel (KMP):

i) Mr. Harsh Vardhan Goenka, Chairman

ii) Mr. Anant Vardhan Goenka, Managing Director

iii) Mr. Arnab Banerjee, Whole-time Director

iv) Mr Kumar Subbiah, Chief Financial Officer

v) Ms. Vallari Gupte, Company Secretary

vi) Mr. Paras K. Chowdhary, Independent Director

vii) Mr. Vinay Bansal, Independent Director

viii) Mr. Hari L Mundra, Non-Executive - Non Independent Director up to January 29, 2019

ix) Mr. Atul Choksey, Independent Director

x) Mr. Mahesh Gupta, Independent Director

xi) Mr. Haigreve Khaitan, Independent Director

xii) Ms. Punita Lal, Independent Director up to January 20, 2021

xiii) Mr. S. Doreswamy, Independent Director up to March 12, 2019

xiv) Ms. Priya Nair w.e.f. October 27, 2020

Notes to Financial Statements
for the year ended March 31, 2021

Note 40: Related party transactions (Contd..)

b) The following transactions were carried out during the year with the related parties in the ordinary course of business:

(₹ in Lacs)

Transactions	Related Party	2020-21	2019-20
Reimbursement / (recovery) of expenses (net)	ACPL	4	(142)
	AL sharif	8	14
	CKITL	(8)	(18)
	Raychem	(2)	(15)
	KEC	(12)	(69)
	Rado	(1)	(2)
	Zensar	(18)	5
	RPGE	239	331
	RPGLS	(5)	(21)
	Total	**205**	**83**
Dividend income	ACHL	1,826	1,036
Royalty income	ACPL	131	108
	CKITL	143	129
	ATPL	108	96
	CKRL	120	105
	Total	**502**	**438**
Purchase of Traded goods and others	ACPL	28	1,338
	CKITL	-	16
	Seniority	43	-
	Greenzest	465	-
	Total	**536**	**1,354**
Sales	CEAT AKKHAN Limited	8,686	6,970
	CKITL	1,557	1,244
	TNM	142	713
	ACPL	28	14
	Total	**10,413**	**8,941**
Investments (including share application money) made during the year	Greenzest	468	-
	TNM	260	299
	Total	**728**	**299**
Technical development fees received	CKRL	35	-
	CKITL	75	-
	Total	**110**	**-**
Rent paid on residential premises / guest house, etc.	Chattarpati	49	42
	Malabar	45	-
	B N Elias	26	22
	KEC	16	2
	Atlantus	6	17
	Allwin	-	3
	Amber	-	4
	Total	**142**	**90**
Building maintenance recovery	KEC	532	520
	RPGE	139	122
	RPGLS	130	117
	Raychem	56	95
	Total	**857**	**854**
Rent recovery on residential premises	RPGE	13	7
	KEC	8	15
	Raychem	1	14
	Total	**22**	**36**

Notes to Financial Statements

for the year ended March 31, 2021

Note 40: Related party transactions (Contd..)

b) The following transactions were carried out during the year with the related parties in the ordinary course of business: (Contd..)

(₹ in Lacs)

Transactions	Related Party	2020-21	2019-20
Contribution to Post-Employment Benefit Plans	Gratuity trust	2,501	10
	Superannuation Scheme	85	101
	Total	**2,586**	**111**
Receipt from Post-Employment Benefit Plans	Gratuity trust	1,037	851
	Superannuation Scheme	45	14
	Total	**1,082**	**865**
Purchase of capex / spares	KEC	1,131	4,413
Consultancy fees	CSTI	517	731
	CSTBV	290	247
	Artemis	29	35
	Total	**836**	**1,013**
Legal fees	Khaitan	56	21
License fees	RPGE	1,375	1,167

c) Balance outstanding at the year end

(₹ in Lacs)

Amount due to / from related party	Related party	As at March 31, 2021	As at March 31, 2020
Advances recoverable in cash or kind and other balances	CEAT AKKHAN Limited	209	209
	ACPL	-	128
	Malabar	100	-
	CKITL	0	7
	KEC	0	25
	Rado	0	1
	RPGE	-	6
	Khaitan	-	3
	Raychem	0	27
	RPGLS	0	7
	Total	**309**	**413**
Royalty receivable	ACPL	84	54
	CKITL	83	64
	CKRL	63	59
	ATPL	60	52
	Total	**290**	**229**
Trade payables	CEAT AKKHAN Limited	174	114
	CSTI	98	41
	CSTBV	79	41
	Greenzest	73	-
	RPGE	34	-
	Khaitan & Co	26	-
	Artemis	7	-
	Atlantus	-	3
	Seniority	18	-
	ACPL	1	225
	Zensar	-	18
	Total	**510**	**442**

Notes to Financial Statements

for the year ended March 31, 2021

Note 40: Related party transactions (Contd..)

c) Balance outstanding at the year end (Contd..)

(₹ in Lacs)

Amount due to / from related party	Related party	As at March 31, 2021	As at March 31, 2020
Trade receivables	CEAT AKKHAN Limited	1,390	117
	CKITL	496	414
	TNM	75	77
	Total	**1,961**	**608**
Capital advance net of capital creditors	KEC	123	241
	Raychem	6	-
	Total	**129**	**241**

d) Transactions with key management personnel and their relatives

(₹ in Lacs)

Sr. No.	Related party	2020-21	2019-20
1)	Mr. Harsh Vardhan Goenka		
	Commission *	40	375
	Director sitting fees	6	6
	Dividend	-	16
	Total	**46**	**397**
2)	Mr. Anant Vardhan Goenka		
	Salaries	124	428
	Allowances and perquisites	145	42
	Performance bonus *	-	48
	Contribution to provident & superannuation fund	44	41
	Dividend	-	2
	Total	**313**	**561**
3)	Mr. Arnab Banerjee		
	Salaries	252	248
	Allowances and perquisites	3	0
	Performance bonus *	73	29
	Contribution to provident & superannuation fund	18	18
	Dividend	-	0
	Total	**346**	**295**
4)	Mr. Kumar Subbiah		
	Salaries	216	167
	Allowances and perquisites	3	1
	Performance bonus *	61	23
	Contribution to provident & superannuation fund	7	6
	Dividend	-	0
	Total	**287**	**197**
5)	Ms. Vallari Gupte		
	Salaries	45	44
	Performance bonus *	12	3
	Contribution to provident & superannuation fund	3	3
	Total	**60**	**50**

Notes to Financial Statements
for the year ended March 31, 2021

Note 40: Related party transactions (Contd..)

d) Transactions with key management personnel and their relatives (Contd..)

(₹ in Lacs)

Sr. No.	Related party	2020-21	2019-20
6)	Mr. Paras K. Chowdhary		
	Commission *	7	8
	Director sitting fees	10	10
	Dividend	-	0
	Total	**17**	**18**
7)	Mr. Hari L. Mundra		
	Commission *	-	7
	Total	**-**	**7**
8)	Mr. Vinay Bansal		
	Commission *	7	8
	Director sitting fees	11	10
	Total	**18**	**18**
9)	Mr. Atul C. Choksey		
	Commission *	7	8
	Director sitting fees	6	5
	Total	**13**	**13**
10)	Mr. Mahesh S. Gupta		
	Commission *	7	8
	Director sitting fees	11	10
	Total	**18**	**18**
11)	Mr. Haigreve Khaitan		
	Commission *	7	8
	Director sitting fees	6	5
	Total	**13**	**13**
12)	Ms. Punita Lal		
	Commission *	7	8
	Director sitting fees	6	3
	Total	**13**	**11**
13)	Ms. Priya Nair		
	Commission	-	-
	Director sitting fees	3	-
	Total	**3**	**-**
14)	Mr. S. Doreswamy		
	Commission *	-	8
	Director sitting fees	-	-
	Total	**-**	**8**
	Grand Total	**1,147**	**1,606**

* Represents amount paid during the year.

Notes to Financial Statements
for the year ended March 31, 2021

Note 40: Related party transactions (Contd..)

e) Balance outstanding at the year end for KMP

(₹ in Lacs)

Amount due to related party	Related party	As at March 31, 2021	As at March 31, 2020
Commission Payable	Mr. Harsh Vardhan Goenka *	370	45
	Mr. Paras K. Chowdhary	10	8
	Mr. Vinay Bansal	10	8
	Mr. Atul C. Choksey	10	8
	Mr. Mahesh S. Gupta	10	8
	Mr. Haigreve Khaitan	10	8
	Ms. Punita Lal	9	8
	Ms. Priya Nair	5	-
	Total	**434**	**93**

* Subject to approval of the shareholders of the Company at the ensuing Annual General Meeting of the Company pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations.

Terms and conditions of transactions with related parties

The sales to and purchases and others from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

The remuneration to the key managerial personnel does not include the provisions made for gratuity as it is determined on an actuarial basis for the Company as a whole.

Managerial remuneration is computed as per the provisions of section 198 of the Companies Act, 2013. The amount outstanding are unsecured and will be settled in cash.

Capital commitments with related parties

The estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advance payments) pertaining to the related parties are as follows:

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
KEC	2,839	903
Raychem	60	-
Total	**2,899**	**903**

Note 41: Segment information

Refer note 2.21 for accounting policy on Segment reporting

The Company is primarily engaged in business of manufacturing and sales of Automotive Tyres ,Tubes & Flaps.

Information about products

(₹ in Lacs)

Particulars	2020-21			2019-20		
	Automotive Tyres	Tubes and others	Total	Automotive Tyres	Tubes and others	Total
Revenue from contracts with customers	6,76,673	77,496	7,54,169	5,95,679	72,358	6,68,037

Notes to Financial Statements

for the year ended March 31, 2021

Note 41: Segment information (Contd..)

Information about geographical areas

(₹ in Lacs)

Particulars	2020-21			2019-20		
	In India	Outside India	Total	In India	Outside India	Total
Revenue from contracts with customers	6,48,755	1,05,414	7,54,169	5,65,740	1,02,297	6,68,037
Non-current assets	5,72,094	-	5,72,094	5,37,035	-	5,37,035

During the financial year 2020-21 and 2019-20, no single external customer has generated revenue of 10% or more of the Company's total revenue.

During the financial year 2020-21 and 2019-20, no single country outside India has given revenue of more than 10% of total revenue.

Note 42: Hedging activities and derivatives

Derivatives designated as hedging instruments

The Company uses derivative financial instruments such as foreign currency forward contracts to hedge foreign currency risk arising from future transactions in respect of which firm commitments are made or which are highly probable forecast transactions. It also uses Cross Currency Interest Rate Swaps ('CCIRS') to hedge interest rate and foreign currency risk arising from variable rate foreign currency denominated loans. All these instruments are designated as hedging instruments and the necessary documentation for the same is made as per Ind AS 109.

Cash flow hedges

Foreign currency risk

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of recognised purchase payables, committed future purchases, recognised sales receivables, forecast sales and Foreign Currency loan (Buyer's Credit) in US dollar, Euro and Japanese Yen.

CCIRS measured at fair value through OCI are designated as hedging instruments in cash flow hedges for Foreign currency loan (Buyer's Credit) in US Dollar.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates. CCIRS has been designated as effective hedging instrument from April 01, 2016 onwards.

Notes to Financial Statements

for the year ended March 31, 2021

Note 42: Hedging activities and derivatives (Contd..)

Hedged foreign currency exposure

(Amount in foreign currency and ₹ in Lacs)

Derivative instrument	Purpose	Currency	As at March 31, 2021		As at March 31, 2020	
			Foreign Currency	₹	Foreign Currency	₹
Forward contract to sell foreign currency	Hedge of Foreign Currency sales	USD	198	14,467	107	8,095
		EUR	24	2,042	16	1,347
	Hedge of Foreign Currency High probable sales	USD	250	18,276	188	14,190
Forward contract to buy foreign currency	Hedge of foreign currency purchase	USD	290	21,173	142	10,777
		EUR	147	12,610	185	15,367
		JPY	849	560	1,766	1,231
	Hedge of Foreign Currency Firm Commitment – Purchase Order based hedging	USD	774	56,570	578	43,725
		EUR	115	9,873	173	14,390
		GBP	2	207	-	-
		CHF	0	37	-	-
		JPY	3,528	2,329	3,480	2,426
Cross currency interest rate swap	Hedge of Foreign Currency Buyer's Credit	USD	-	-	9	686

Unhedged foreign currency exposure *

(Amount in foreign currency and ₹ in Lacs)

Particulars	Currency	As at March 31, 2021	As at March 31, 2020
Short Term borrowing #	USD	-	20
Trade Payables and other financial liabilities	USD	-	30
	EUR	-	8
	JPY	-	322
	AED	-	5
Trade Receivables #	USD	2	37
	EURO	6	7
Advances recoverable in cash or kind	USD	-	3

* The trade payables / short term borrowings are naturally hedged (off-set) to the extent of exposure under trade receivables / advances for respective currencies.

The short term borrowing pertains to PCFC which is naturally hedged against trade receivable of equivalent amount.

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arise requiring recognition through the Statement of Profit and Loss.

The cash flow hedges as at March 31, 2021 were assessed to be highly effective and a net unrealised loss of ₹ 1,759 lacs, with a deferred tax asset of ₹ 516 lacs relating to the hedging instruments, is included in OCI. Comparatively, the cash flow hedges as at March 31, 2020 were assessed to be highly effective and a net unrealised gain of ₹ 4,214 lacs, with a deferred tax liability of ₹ 1,347 lacs relating to the hedging instruments, was included in OCI.

Notes to Financial Statements
for the year ended March 31, 2021

Note 43: Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(₹ in Lacs)

Particulars	Note	Carrying value / Fair value	
		As at March 31, 2021	As at March 31, 2020
Financial assets			
a) Measured at fair value through profit and loss			
Investments in others	6	402	402
b) Measured at fair value through other comprehensive income			
Derivative financial instruments (non-current and current)	8 and 14	-	768
c) Measured at amortised cost			
Investment in subsidiaries and associate	6	11,409	10,681
Loans (non-current)	7	757	473
Other financial assets (non-current)	8	134	142
Total		**12,702**	**12,466**
Financial liabilities			
a) Measured at fair value through other comprehensive income			
Derivative financial instruments (non-current and current)	20 and 25	1,541	-
b) Measured at amortised cost			
Lease liability (non-current and current)	4	11,497	10,601
Borrowings (non-current)	19	1,34,104	1,64,078
Other financial liabilities (non-current)	20	1,220	10,072
Total		**1,48,362**	**1,84,751**

The Management assessed that fair values of cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, trade payables, short term borrowings, other current financial assets and liabilities (except derivative financial instrument those being measured at fair value through other comprehensive income) which are receivable / payable within one year approximate their carrying amounts largely due to the short-term maturities of these instruments.

Note 44: Fair value hierarchy

The fair value of financial instruments as referred to in note 43 above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

- Level 1: Quoted prices for identical instruments in an active market;
- Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs; and
- Level 3: Inputs which are not based on observable market data.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities as at March 31, 2021 and March 31, 2020

(₹ in Lacs)

Particulars	Total	Fair Value measurement using		
		Level 1	Level 2	Level 3
As at March 31, 2021				
Financial assets at fair value				
a) Through profit & loss				
Investments in others	402	-	-	402

Notes to Financial Statements
for the year ended March 31, 2021

Note 44: Fair value hierarchy (Contd..)

(₹ in Lacs)

Particulars	Total	Fair Value measurement using		
		Level 1	Level 2	Level 3
Financial liabilities at fair value				
a) Through other comprehensive income				
Derivative financial instruments (non-current and current)	1,541	-	1,541	-
As at March 31, 2020				
Financial assets at fair value				
a) Through profit & loss				
Investments in others	402	-	-	402
b) Through other comprehensive income				
Derivative financial instruments (non-current and current)	768	-	768	-

There have been no transfers between Level 1 and Level 2 during the period.

Calculation of Fair Values

The fair values of the financial assets and liabilities are defined as the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended March 31, 2020.

Financial assets and liabilities measured at fair value as at Balance Sheet date:

Derivative financial instruments: The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties, foreign exchange forward rates, etc.

Lease liabilities: A change in one or more of the inputs to reasonably possible alternative assumptions would not change the value significantly.

Investment in others: The fair value is calculated using the Discounted Cashflow method where the significant unobservable input used is discount rate - 14.32%.

Note 45 : Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, mutual fund investments, cash and cash equivalents that derive directly from its operations. The Company also enters into derivative transactions.

The Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. The Board of Directors through its Risk Management Committee reviews and agrees policies for managing each of these risks, which are summarised below.

a) Market risk

The Company's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- Interest rate risk;
- Foreign currency risk;
- Equity price risk; and
- Commodity risk

The above risks may affect the Company's income and expenses, or the value of its financial instruments. The Company's exposure to and management of these risks are explained below.

Notes to Financial Statements

for the year ended March 31, 2021

Note 45 : Financial risk management objectives and policies (Contd..)

The sensitivity of the relevant Statement of Profit or Loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2021 and March 31, 2020 including the effect of hedge accounting.

i. Interest rate risk

Risk	Exposure	Risk Management
Risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	Relates primarily to the Company's long-term debt obligations with floating interest rates.	The Company manages its interest rate risk pertaining to domestic borrowings by maintaining a balanced portfolio of borrowings linked to various tenor benchmark of MCLR and T-Bills. The Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. As at March 31, 2021, after taking into account the effect of interest rate swaps, approximately 19% of the Company's total borrowings are at a fixed rate of interest (March 31, 2020: 9%).

The following table provides a break-up of Company's fixed and floating rate borrowing (gross off processing fees)

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Fixed rate borrowings	27,115	18,152
Floating rate borrowings	1,13,073	1,73,202
Total borrowings	**1,40,188**	**1,91,354**

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in Lacs)

Particulars	Increase / decrease in basis points	Effect on profit before tax
March 31, 2021		
₹ 1,13,073 lacs	+ / - 100 bps	- 1,130.73 / +1,130.73
March 31, 2020		
₹ 1,73,202 lacs	+ / - 100 bps	- 1,732.02 / +1,732.02

ii. Foreign currency risk

Risk	Exposure	Risk Management
Risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.	Relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's net investments in foreign subsidiaries.	For the committed transactions, the Company manages its foreign currency risk by hedging transactions till the actual date of inflow & outflow. The foreign currency risk on the foreign currency loans are mitigated by entering into Cross Currency Swaps. When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency. As at March 31, 2021, the Company has hedged 99% (March 31, 2020: 84%) of its foreign currency receivables / payables.

Notes to Financial Statements

for the year ended March 31, 2021

Note 45 : Financial risk management objectives and policies (Contd..)

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD and EURO rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

(₹ in Lacs)

Particulars	Change in Currency	Effect on profit before tax
March 31, 2021		
recognised net receivable – USD 0.20 Mio	₹ + 1 / - 1	+ 2.0 / - 2.0
recognised net receivable – EUR 0.60 Mio	₹ + 1 / - 1	+ 6.0 / - 6.0
March 31, 2020		
recognised net payable – USD 1.07 Mio	₹ + 1 / - 1	- 10.7 / + 10.7
recognised net payable – EUR 0.08 Mio	₹ + 1 / - 1	- 0.8 / + 0.8

The movement in the pre-tax effect is a result of a change in the fair value of the financial asset / liability due to the exchange rate movement. The derivatives which have not been designated in a hedge relationship act as an economic hedge and will offset the underlying transactions when they occur. The same derivatives are not covered in the above table.

In Management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

iii. Equity price risk

The Company invests its surplus funds in various debt instruments and debt mutual funds. These comprise of mainly liquid schemes of mutual funds (liquid investments) and fixed deposits.

Mutual fund investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments. However due to the very short tenor of the underlying portfolio in the liquid schemes, these do not pose any significant price risk.

There is no material equity risk relating to the Company's equity investments which are detailed in note 6. The Company's equity investments majorly comprises of strategic investments rather than trading purposes.

iv. Commodity price risk

Potential impact	Exposure	Risk Management
Fluctuations in price of essential raw materials.	Price volatility of rubber and carbon black which may affect continuous supply.	The Company's Board of Directors has reviewed and approved a risk management strategy regarding commodity price risk and its mitigation.

Commodity price sensitivity

The following table approximately details the Company's sensitivity to a 5% movement in the input price of rubber and carbon black. The sensitivity analysis includes only 5% change in commodity prices for quantity sold or consumed during the year, with all other variables held constant. A positive number below indicates an increase in profit or equity where the commodity prices decrease by 5%. For a 5% increase in commodity prices, there would be a comparable impact on profit or equity, and the balances below would be negative.

(₹ in Lacs)

Particulars	Increase in profit due to decrease in commodity price		Decrease in profit due to increase in commodity price	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Natural rubber	6,700	5,500	(6,700)	(5,500)
Synthetic rubber	4,500	3,900	(4,500)	(3,900)
Carbon black	2,800	3,000	(2,800)	(3,000)

Notes to Financial Statements

for the year ended March 31, 2021

Note 45 : Financial risk management objectives and policies (Contd..)

b) Credit risk

Trade receivables

Risk:

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Risk Management:

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management.

Trade receivables are non-interest bearing and are generally on 27 days to 60 days credit term. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

Export customers are against Letter of Credit, bank guarantees, payment against documents. For open credit exports insurance cover is taken. Generally deposits are taken from domestic debtors under replacement segment. The carrying amount and fair value of security deposit from dealers amounts to ₹ 42,003 lacs (March 31, 2020: ₹ 34,533 lacs) as it is payable on demand. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

(₹ in Lacs)

Particulars	As at March 31, 2021			As at March 31, 2020		
Ageing	Less than 180 days	More than 180 but less than 360 days	More than 360 days	Less than 180 days	More than 180 but less than 360 days	More than 360 days
Expected loss rate	0.00%	50.00%	100.00%	0.00%	50.00%	100.00%
Gross carrying amount	92,186	79	1,559	66,254	352	2,048
Loss allowance provision	-	39	1,559	-	176	2,048

c) Liquidity risk

The Company prepares cash flow on a daily basis to monitor liquidity. Any shortfall is funded out of short term loans. Any surplus is invested in liquid mutual funds. The Company also monitors the liquidity on a longer term wherein it is ensured that the long term assets are funded by long term liabilities. The Company ensures that the duration of its current assets is in line with the current assets to ensure adequate liquidity in the 3-6 months period.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Liquidity exposure

(₹ in Lacs)

Particulars	< 1 year	1 - 5 years	> 5 years	Total
As at March 31, 2021				
Non-derivative financial liabilities				
Non-current borrowings *	-	82,315	52,269	1,34,584
Current borrowings	53	-	-	53
Lease liability	5,592	5,321	3,030	13,943
Other financial liabilities	74,075	1,084	136	75,295
Trade payables	1,94,360	-	-	1,94,360
	2,74,080	**88,720**	**55,435**	**4,18,235**
Derivative financial instruments	1,494	47	-	1,541
Total	**2,75,574**	**88,767**	**55,435**	**4,19,776**

Notes to Financial Statements

for the year ended March 31, 2021

Note 45 : Financial risk management objectives and policies (Contd..)

c) Liquidity risk (Contd..)

(₹ in Lacs)

Particulars	< 1 year	1 - 5 years	> 5 years	Total
As at March 31, 2020				
Non-derivative financial liabilities				
Non-current borrowings *	-	1,10,504	54,147	1,64,651
Current borrowings	21,559	-	-	21,559
Lease liability	5,009	6,825	-	11,834
Other financial liabilities	61,508	9,926	146	71,580
Trade payables	1,19,112	-	-	1,19,112
	2,07,188	**1,27,255**	**54,293**	**3,88,736**
Derivative financial instruments	-	-	-	-
Total	**2,07,188**	**1,27,255**	**54,293**	**3,88,736**

* Non-current borrowings are gross off processing fees

Note 46: Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Borrowings * (note 19, 23 and 25)	1,39,708	1,90,818
Less: cash and cash equivalents (note 12)	(1,956)	(2,245)
Net debt	**1,37,752**	**1,88,573**
Equity (note 16 and 17)	3,16,474	2,76,060
Equity and net debt	**4,54,226**	**4,64,633**
Gearing ratio	30%	41%

* Includes current maturities of long term borrowings

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.

Notes to Financial Statements
for the year ended March 31, 2021

Note 47: Business Combinations

Refer note 2.3 for accounting policy on effects on business combination.

Amalgamation with CEAT Specialty Tyres Limited

On August 19, 2020, the Company received the certified copy of the order dated March 13, 2020 of the National Company Law Tribunal, Mumbai Bench ('the Order') sanctioning the Scheme of Amalgamation ('the Scheme') of CEAT Specialty Tyres Limited (a wholly-owned subsidiary of the Company, the transferor company) with CEAT Limited (the transferee company). This order has been filed with the Registrar of Companies, Mumbai in e-Form INC - 28 on September 01, 2020. As stated under the Scheme, the Scheme takes effect from the appointed date being April 01, 2019 and becomes operative from the effective date being the date of filing the certified copy of the Order with the Registrar of Companies, Mumbai, i.e. September 01, 2020. The amalgamation has been accounted for in accordance with Appendix C of Ind AS 103 'Business Combinations' and accordingly, the financial statements of all the previous periods have been restated from April 01, 2019, i.e. beginning of the previous financial year.

As per the scheme, the following assets and liabilities pertaining to the Transferor Company have been transferred and vested to the Company at their book values as on April 01, 2019.

Particulars	₹ in Lacs
Non-current assets	
(a) Property, plant and equipment	33,197
(b) Capital work-in-progress	2,072
(c) Intangible assets	1,646
(d) Intangible assets under development	77
(e) Financial Assets	
(i) Investments	66
(ii) Other financial assets	2
(f) Non-current tax assets (net)	1
(g) Other non-current assets	891
Total non-current assets	**37,952**
Current assets	
(a) Inventories	3,126
(b) Financial assets	
(i) Trade receivables	5,386
(ii) Cash and cash equivalents	171
(iii) Bank balances other than cash and cash equivalent	15
(iv) Loans	38
(v) Other financial assets	46
(c) Other current assets	4,637
Total current assets	**13,419**
Total assets	**51,371**
Non-current liabilities	
(a) Borrowings	21,991
(b) Provisions	139
Total non-current liabilities	**22,130**
Current liabilities	
(a) Financial liabilities	
(i) Borrowings	5,800
(ii) Trade payables	9,886
(iii) Other financial liabilities	3,022
(b) Provisions	95
(c) Other current liabilities	346
Total current liabilities	**19,149**
Cash flow hedge reserve	(344)
Retained earnings (adjusted)	(12,051)
Total Reserves	**(12,395)**

No consideration is payable or receivable on implementation of the Scheme as it involves a wholly owned Subsidiary.

Notes to Financial Statements
for the year ended March 31, 2021

Note 48 : Estimation of uncertainties relating to the global health pandemic from COVID-19

The COVID-19 pandemic is an evolving human tragedy declared a global pandemic by the World Health Organisation with adverse impact on economy and business. Supply Chain disruptions in India as a result of the outbreak started with restrictions on movement of goods, closure of borders etc., in several states followed by a nationwide lockdown from March 25, 2020 announced by the Indian Government, to stem the spread of COVID-19. Due to this the operations in many of the Company's manufacturing, distribution centres and warehouses got temporarily disrupted.

In light of these circumstances, the Company has considered the possible effects that may result from COVID-19 on the carrying values of financials assets, inventory, trade receivables, advances, property plant and equipment, intangibles, etc. as well as liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external information such as current contract terms, financial strength of partners, investment profile, future volume estimates from the business, etc. Having reviewed the underlying data and based on current estimates, the Company expects the carrying value of these assets will be recovered and there is no significant impact on liabilities accrued other than those reported in note 35. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

Note 49: Code on Social Security 2020

The Code on Social Security 2020 has been notified in the Official Gazette on September 29, 2020, which could impact the contributions by the company towards certain employment benefits. The effective date from which the changes are applicable is yet to be notified and the rules are yet to be framed. Impact if any of the change will be assessed and accounted in the period of notification of the relevant provisions.

Note 50: Material foreseeable losses

The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

Note 51: Previous year figures

Previous year figures have been regrouped/ reclassified, where necessary, to conform to this year's classification. Further, in accordance with appendix C to Ind AS 103 (Business Combinations), the prior period comparative numbers are presented after giving effect to scheme of amalgamation as referred to in Note 47 above.

For and on behalf of Board of Directors of CEAT Limited

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

Kumar Subbiah
Chief Financial Officer

H. V. Goenka
Chairman

Anant Goenka
Managing Director

per Vinayak Pujare
Partner
Membership Number: 101143

Place: Mumbai
Date: May 05, 2021

Vallari Gupte
Company Secretary

Place: Mumbai
Date: May 05, 2021

Mahesh Gupta
Chairman - Audit Committee

Annexure-I

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ lacs)

1	Sl No.	1	2	3	4	5
2	**Name of the subsidiary**	**Associated CEAT Holdings Company (Pvt.) Limited**	**CEAT AKKhan Limited**	**Rado Tyres Limited (RTL)**	**CEAT Specialty Tyres Inc.**	**CEAT Specialty Tyres B.V**
3	The date when subsidiary was acquired (Date of remittance of funds)	27.10.2009	30.05.2012	27.09.2013	11.07.2017	24.07.2018
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Uniform	Uniform	Uniform	Uniform	Uniform
5	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	1 LKR = ₹ 0.3633	1 BDT = ₹ 0.8470	₹ Not Applicable	1 USD = ₹ 73.11	1 EUR = ₹ 85.78
6	Share capital	363	12,705	643	0	43
7	Reserves & surplus	20	(3,681)	(1,568)	135	65
8	Total assets	385	14,267	651	143	152
9	Total Liabilities	2	5,243	1,576	8	44
10	Investments	363	-	0	-	-
11	Turnover	547	12,375	200	518	288
12	Profit before taxation	548	509	65	17	19
13	Provision for taxation	(1)	(513)	-	(11)	(4)
14	Profit after taxation	547	(4)	65	6	15
15	Proposed Dividend	-	-	-	-	-
16	% of shareholding	100%	70%	58.56%	100%	100%

1. Names of subsidiaries which are yet to commence operations.- Not Applicable
2. Names of subsidiaries which have been liquidated or sold during the year. - Not Applicable

Note: Above figures are based on standalone financial information of the subsidiary.

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates/Joint Ventures	**Tyresnmore Online Private Limited**	**CEAT Kelani Holdings Company (Pvt.) Limited**	**Greenzest Solar Private Limited**
1. Latest audited Balance sheet Date	March 31, 2021	March 31, 2021	March 31, 2021
2. Date on which the Associate or Joint Venture was associated or acquired	21.08.2017	27.10.2009	07.01.2020
3. Shares of Associate/ Joint Ventures held by the company on the year end			
No.	1) 100 Equity shares of ₹ 1 each 2) 87,380 0.001% compulsory convertible preference shares of ₹ 1 each	1,00,00,000 Equity shares of LKR 10 each	6,12,501 Equity shares of ₹ 10 each
Amount of Investment in Associates/Joint Venture	₹ 1,259 lacs	₹ 4,357.46 lacs (Investment through the Company's wholly owned subsidiary Associated CEAT Holdings Company (Pvt) Limited)	₹ 490 lacs
Extent of holding %	44.61%	50%	28.00%
4. Description of how there is a significant influence	By holding more than 20% share	By holding more than 20% share	By holding more than 20% share
5. Reason why the associate/ joint venture is not consolidated	Not Applicable	Not Applicable	Not Applicable
6. Networth attributable to Shareholding as per latest audited Balance Sheet	₹ 84 lacs	₹ 18,950 lacs	₹ 507 lacs
7. Profit / Loss for the year			
i. Considered in Consolidation	₹ 177 lacs	₹ 3,785 lacs	₹ 23 lacs
ii. Not Considered in Consolidation	₹ 228 lacs	₹ 3,785 lacs	₹ 57 lacs

1. Names of associates or joint ventures which are yet to commence operations. - Not Applicable
2. Names of associates or joint ventures which have been liquidated or sold during the year. - Not Applicable

For and on behalf of Board of Directors of CEAT Limited

Consolidated Financial Statements

Independent Auditor's Report

To the Members of **CEAT Limited**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of CEAT Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and joint ventures comprising the consolidated Balance sheet as at March 31, 2021, the consolidated Statement of Profit and Loss, including other comprehensive loss, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint ventures, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2021, their consolidated profit including other comprehensive loss, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group, associates, joint ventures in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters	How our audit addressed the key audit matter
Significant estimates and judgment relating to Capitalisation of property, plant and equipment (refer note 2.11 (accounting policy), note 3 (financial disclosures) to the financial statements)	
As a part of expansion plan, the Group has incurred significant capital expenditure mainly on greenfield project at Chennai and brownfield expansion at Halol, Nagpur and Ambernath plants. The capital expenditure requires consideration of the nature of costs incurred to ensure that capitalization of property, plant and equipment meets the specific recognition criteria under Ind AS 16, 'Property, Plant and Equipment' and also judgement is involved in assigning appropriate useful economic lives to respective assets.	Our audit procedures included the following: • We examined the nature of property, plant and equipment capitalised by the Company to verify that the assets capitalised meets the recognition criteria set out in Ind AS 16. • We evaluated and tested the operating effectiveness of internal controls with respect to the capitalisation of property plant and equipment.

Key audit matters	How our audit addressed the key audit matter
As a result, this was noted as a key audit matter, considering the significance of amounts involved. As disclosed in Note 3 to the consolidated financial statements, as at March 31, 2021 the carrying value of property, plant and equipment including capital work-in-progress was Rs 5,32,491 lacs and the additions during the year were Rs 1,43,931 lacs.	• We examined the useful economic lives and residual value assigned to assets capitalized during the year with reference to the Group's historical experience and technical evaluation, and our understanding of the Company's business. • We compared the capitalizations during the year to approved budgets; • We assessed the disclosures in the consolidated financial statements relating to capitalisation of property, plant and equipment.
Litigation, claims and contingencies (refer note 2.25 (accounting policy), note 24 and note 45 (financial disclosures) to the consolidated financial statements)	
The Group is involved in material legal proceedings including direct and indirect taxes, contracts, and other regulatory matters relating to conduct of its business. The Group assesses the need to make provision or disclose a contingency on a case-to-case basis considering the underlying facts of each litigation. The aforesaid assessment involves significant judgement and estimates. The evaluation of management's judgments, including those that involve estimations in assessing the likelihood that a pending claim will succeed, or a liability will arise, and the quantification of potential financial impact have been a matter of most significance during the current year audit. Evaluation of the outcome of legal proceedings and whether the risk of loss requires significant judgment by management given the complexities involved.	Our principal audit procedures included the following: • We evaluated the design and tested the operating effectiveness of controls in respect of the identification and evaluation of tax and other demands, proceedings and investigations and related provisions and disclosures. • We obtained a list of litigations and claims from the Company's tax and legal head. We identified material litigations from the list and performed inquiries with the said tax and legal head on the management evaluation of these material litigations. • In relation to the material litigations, claims and contingencies, we involved our legal/tax specialists to perform an independent assessment of the conclusions reached by management. • We obtained direct confirmations from the Company's external lawyers/advisors with respect to the material litigations and demands. We evaluated the independence, objectivity and competency of the Company's external lawyers/advisors involved. • We evaluated the management's assumptions, estimates and judgments used in the calculations of provision for litigation, claims and contingencies and related disclosures in the consolidated financial statements.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive loss, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates and joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associates and joint ventures are also responsible for overseeing the financial reporting process of the Group and of its associate and joint ventures.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and joint ventures of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information, in respect of three subsidiaries, whose financial statements include total assets of Rs 30,349 lacs as at March 31, 2021, and total revenues of Rs 12,579 lacs and net cash inflows of Rs 1,164 lacs for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated financial statements also include the Group's share of net profit of ₹ 3,631 lacs for the year ended March 31, 2021, as considered in the consolidated financial statements, in respect of two associates and five joint ventures, whose financial statements, and other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on the reports of such other auditors.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associates and joint ventures, as noted in the 'Other Matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Loss, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary company and associates, none of the directors of the Group's companies and its associates, incorporated in India, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company and its subsidiary company and associates incorporated in India, refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion and based on the consideration of reports of other statutory auditors of a subsidiary company and associates incorporated in India, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Holding Company and its subsidiary company and associates incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associates and joint ventures, as noted in the 'Other Matter' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures. – Refer Note 24 and 45(a) to the consolidated financial statements;

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 23, 28 and 55 to the consolidated financial statements in respect of such items as it relates to the Group, its associates and joint ventures;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary, and associates incorporated in India during the year ended March 31, 2021.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vinayak Pujare
Partner
Membership Number: 101143
UDIN: 21101143AAAAAY5486

Place of Signature: Mumbai
Date: May 05, 2021

ANNEXURE 1 to the Independent Auditor's Report of even date on the Consolidated Financial Statements of CEAT Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of CEAT Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiary company and its associates, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary company and associates, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to these consolidated financial statements.

Meaning of Internal Financial Controls with Reference to these Consolidated financial statements

A company's internal financial control with reference to these consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to these consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to these Consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to these consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to these consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors as referred to in the Other Matter paragraph below, the Holding Company, its subsidiary company and its associates, which are companies incorporated in India, have maintained in all material respects, adequate internal financial controls with reference to these consolidated financial statements and such internal financial controls with reference to these consolidated financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to a subsidiary company and associates which are companies incorporated in India, is based on the corresponding reports of the auditors of a subsidiary company and its associates, being companies incorporated in India.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vinayak Pujare
Partner
Membership Number: 101143
UDIN: 21101143AAAAAY5486

Place of Signature: Mumbai
Date: May 05, 2021

Consolidated Balance Sheet

as at March 31, 2021

(₹ in Lacs)

Particulars	Note	As at March 31, 2021	As at March 31, 2020
I Assets			
(1) Non-current assets			
(a) Property, plant and equipment	3	4,55,705	3,95,776
(b) Capital work-in-progress	3	76,786	1,05,073
(c) Right-of-use assets	4	10,783	10,185
(d) Intangible assets	5	9,855	10,018
(e) Intangible assets under development	5	2,500	1,781
(f) Investments accounted using equity method	6	20,607	17,963
(g) Financial assets			
(i) Investments	7	402	402
(ii) Loans	8	976	473
(iii) Other financial assets	9	142	481
(h) Non-current tax assets (net)	25	5,650	1,725
(i) Deferred tax assets (net)	25	69	68
(j) Other non-current assets	10	5,648	8,421
Total non-current assets		**5,89,123**	**5,52,366**
(2) Current assets			
(a) Inventories	11	1,12,991	92,569
(b) Financial assets			
(i) Trade receivables	12	92,156	67,435
(ii) Cash and cash equivalents	13	3,609	2,740
(iii) Bank balances other than cash and cash equivalents	14	703	681
(iv) Loans	15	37	95
(v) Other financial assets	16	4,128	3,136
(c) Other current assets	17	10,318	15,796
(d) Assets held-for-sale	18	93	475
Total current assets		**2,24,035**	**1,82,927**
Total assets		**8,13,158**	**7,35,293**
II Equity and liabilities			
(1) Equity			
(a) Equity share capital	19	4,045	4,045
(b) Other equity	20	3,27,584	2,86,747
Equity attributable to equity holders of parent		3,31,629	2,90,792
(c) Non-controlling interest	41	2,324	2,365
Total equity		**3,33,953**	**2,93,157**
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	22	1,34,104	1,64,078
(ii) Lease liabilities	4	6,690	6,375
(iii) Other financial liabilities	23	1,266	10,072
(b) Provisions	24	4,529	4,035
(c) Deferred tax liability (net)	25	28,000	27,439
Total non-current liabilities		**1,74,589**	**2,11,999**
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	26	2,100	23,645
(ii) Lease liabilities	4	4,807	4,226
(iii) Trade payables	27	1,94,777	1,19,476
(iv) Other financial liabilities	28	76,104	61,985
(b) Provisions	24	10,885	12,319
(c) Current tax liabilities (net)	25	4,963	1,980
(d) Other current liabilities	29	10,980	6,506
Total current liabilities		**3,04,616**	**2,30,137**
Total equity and liabilities		**8,13,158**	**7,35,293**
Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

For and on behalf of Board of Directors of CEAT Limited

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

per Vinayak Pujare
Partner
Membership Number: 101143

Place: Mumbai
Date: May 05, 2021

Kumar Subbiah
Chief Financial Officer

Vallari Gupte
Company Secretary

Place: Mumbai
Date: May 05, 2021

H. V. Goenka
Chairman

Mahesh Gupta
Chairman - Audit Committee

Anant Goenka
Managing Director

Consolidated Statement of Profit and Loss

for the year ended March 31, 2021

(₹ in Lacs)

Particulars	Note	2020-21	2019-20
I Income			
Revenue from operations	30	7,60,960	6,77,883
Other income	31	1,381	2,051
Total income		**7,62,341**	**6,79,934**
II Expenses			
Cost of material consumed	32	4,17,376	3,87,296
Purchase of stock-in-trade		2,817	3,583
Changes in inventories of finished goods, work-in-progress and stock-in-trade	33	6,435	629
Employee benefit expenses	34	67,545	54,177
Finance costs	35	17,551	15,093
Depreciation and amortisation expenses	36	33,963	27,651
Other expenses	37	1,68,490	1,59,814
Total expenses		**7,14,177**	**6,48,243**
III Profit before share of profit of associates and joint venture, exceptional items and tax		**48,164**	**31,691**
IV Share of profit / (loss) of associate and joint venture	42, 43	3,631	1,722
V Profit before exceptional items and tax		**51,795**	**33,413**
VI Exceptional items	38	3,406	2,984
VII Profit before tax		48,389	30,429
VIII Tax expenses	25		
Current tax		4,184	7,932
Deferred tax		975	(509)
IX Profit for the year		43,230	23,006
Attributable to			
(a) Non-controlling interest		26	(119)
(b) Equity holders of the parent		43,204	23,125
X Other comprehensive income (OCI)			
(a) Items that will not be reclassified subsequently to the statement of profit and loss			
(i) Remeasurement gains / (losses) on defined benefit plans	44	381	(734)
(ii) Income tax relating to above	25	(97)	245
(b) Items that will be reclassified subsequently to the statement of profit and loss			
(i) Net movement of cash flow hedges		(1,792)	4,247
(ii) Income tax relating to above	25	516	(1,347)
(iii) Net movement in foreign exchange fluctuation reserve		(1,365)	122
Total other comprehensive income / (loss) for the year (net of tax)		**(2,357)**	**2,533**
XI Total comprehensive income for the year [Comprising profit and other comprehensive income / (loss) for the year]		**40,873**	**25,539**
Attributable to			
(a) Non-controlling interest	41	26	(119)
(b) Equity holders of the parent		40,847	25,658
XII Earnings per equity share (of face value of ₹10 each)	40		
(a) Basic (in ₹)		106.81	57.17
(b) Diluted (in ₹)		106.81	57.17
Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

For and on behalf of Board of Directors of CEAT Limited

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

per Vinayak Pujare
Partner
Membership Number: 101143

Place: Mumbai
Date: May 05, 2021

Kumar Subbiah
Chief Financial Officer

Vallari Gupte
Company Secretary

Place: Mumbai
Date: May 05, 2021

H. V. Goenka
Chairman

Mahesh Gupta
Chairman - Audit Committee

Anant Goenka
Managing Director

Consolidated Statement of Cash Flow

for the year ended March 31, 2021

(₹ in Lacs)

Particulars	2020-21	2019-20
I CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and excluding share of profit / (loss) of associates and joint venture	**44,758**	**28,707**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expenses	33,963	27,651
Interest income	(494)	(646)
Finance costs	17,551	15,093
Provision for obsolescence of stores and spares	336	100
Allowance for doubtful debts and advances	103	174
Credit balances written back	-	(755)
Bad debts and advances written off (net)	-	53
Net gain on disposal of investments	-	(4)
(Profit) / Loss on sale of property, plant and equipment (net)	650	(428)
Unrealised foreign exchange (gain) / loss (net)	8	43
Foreign Currency Translation Reserve on Consolidation	(1,551)	193
Provision for unusable inventories and finance costs (refer note 38)	407	1,439
Operating profit before working capital changes	**95,731**	**71,620**
Adjustments for :		
Decrease / (Increase) in inventories	(20,758)	6,564
Decrease / (Increase) in trade receivables	(25,096)	3,476
Decrease / (Increase) in other current assets	6,111	1,269
Decrease / (Increase) in current loans and other financial assets	(2,150)	(137)
Decrease / (Increase) in non-current loans and other financial assets	(503)	(65)
Decrease / (Increase) in other non-current asset	154	(104)
(Decrease) / Increase in trade payables	75,981	14,295
(Decrease) / Increase in current financial liabilities and other current liabilities	11,897	(885)
(Decrease) / Increase in non-current financial liabilities and deferred revenue	80	(317)
(Decrease) / Increase in current provisions	(1,053)	2,266
(Decrease) / Increase in non-current provisions	494	(539)
Cash flows from operating activities	**1,40,888**	**97,443**
Direct taxes paid (net of refunds)	(5,122)	(1,810)
Net cash flow generated from operating activities (I)	**1,35,766**	**95,633**
II CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets (including capital work-in progress, intangible assets under development and capital advance)	(63,948)	(1,11,834)
Proceeds from sale of property, plant and equipment	477	846
Withdrawal in bank deposits	-	12
Withdrawal of margin money deposit with banks	7	46
Changes in other bank balances	(22)	(94)
Purchase of non-current investments	-	(422)
Investment in Joint Venture and Associate	(728)	(299)

Consolidated Statement of Cash Flow

for the year ended March 31, 2021

(₹ in Lacs)

Particulars	2020-21	2019-20
Dividend received from Joint Venture	1,825	1,036
Proceeds from sale of investments (net)	-	4
Interest received	583	3,155
Net cash flow (used in) investing activities (II)	**(61,806)**	**(1,07,550)**
III CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(16,279)	(19,249)
Change in other short-term borrowings (net)	(21,545)	1,220
Proceeds from long-term borrowings	26,164	46,888
Repayment of long-term borrowings	(55,766)	(5,005)
Payment of lease liabilities	(5,627)	(4,562)
Dividend paid	(38)	(9,603)
Dividend distribution tax paid	-	(1,787)
Net cash flows generated from / (used in) financing activities (III)	**(73,091)**	**7,902**
Net increase / (decrease) in cash and cash equivalents (I+II+III)	**869**	**(4,015)**
Cash and cash equivalents at the beginning of the year (refer note 13)	**2,740**	**6,755**
Cash and cash equivalents at the end of the year (refer note 13)	**3,609**	**2,740**

The accompanying notes are an integral part of the financial statements

For and on behalf of Board of Directors of CEAT Limited

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

Kumar Subbiah
Chief Financial Officer

H. V. Goenka
Chairman

Anant Goenka
Managing Director

per Vinayak Pujare
Partner
Membership Number: 101143

Place: Mumbai
Date: May 05, 2021

Vallari Gupte
Company Secretary

Mahesh Gupta
Chairman - Audit Committee

Place: Mumbai
Date: May 05, 2021

Consolidated Statement of Changes in Equity for the year ended March 31, 2021

(₹ in Lacs)

Particulars	Equity share capital (refer note 19)	Other equity							Total other equity	Non-controlling interest	Total equity
		Securities premium (refer note 20(a))	Capital reserve (refer note 20(b))	Capital redemption reserve (refer note 20(c))	General reserve (refer note 20(f))	Retained earnings (refer note 20(g))	Items of other comprehensive income: Cash flow hedge reserve (refer note 20(d))	Items of other comprehensive income: Foreign currency translation reserve (refer note 20(e))			
As at March 31, 2019	**4,045**	**56,703**	**1,397**	**390**	**25,166**	**1,92,135**	**(2,337)**	**(888)**	**2,72,566**	**2,379**	**2,78,990**
Profit for the year	-	-	-	-	-	23,125	-	-	23,125	(119)	23,006
Other comprehensive income	-	-	-	-	-	(489)	2,900	122	2,533	-	2,533
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**22,636**	**2,900**	**122**	**25,658**	**(119)**	**25,539**
Payment of dividend (Refer note 21)	-	-	-	-	-	(9,708)	-	-	(9,708)	-	(9,708)
Payment of dividend distribution tax (DDT) (Refer note 21)	-	-	-	-	-	(1,787)	-	-	(1,787)	-	(1,787)
Increase in capital reserve	-	-	18	-	-	-	-	-	18	-	18
Forex gain /(loss) on restatement of non-controlling interest	-	-	-	-	-	-	-	-	-	105	105
As at March 31, 2020	**4,045**	**56,703**	**1,415**	**390**	**25,166**	**2,03,276**	**563**	**(766)**	**2,86,747**	**2,365**	**2,93,157**
Profit for the year	-	-	-	-	-	43,204	-	-	43,204	26	43,230
Other comprehensive income	-	-	-	-	-	284	(1,276)	(1,365)	(2,357)	-	(2,357)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**43,488**	**(1,276)**	**(1,365)**	**40,847**	**26**	**40,873**
Increase/(Decrease) in capital reserve	-	-	(10)	-	-	-	-	-	(10)	-	(10)
Forex gain /(loss) on restatement of non-controlling interest	-	-	-	-	-	-	-	-	-	(67)	(67)
As at March 31, 2021	**4,045**	**56,703**	**1,405**	**390**	**25,166**	**2,46,764**	**(713)**	**(2,131)**	**3,27,584**	**2,324**	**3,33,953**

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of Board of Directors of CEAT Limited

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

Kumar Subbiah
Chief Financial Officer

H. V. Goenka
Chairman

Anant Goenka
Managing Director

per Vinayak Pujare
Partner
Membership Number: 101143

Vallari Gupte
Company Secretary

Mahesh Gupta
Chairman- Audit Committee

Place: Mumbai
Date: May 05, 2021

Place: Mumbai
Date: May 05, 2021

Notes to Consolidated financial statements

for the year ended March 31, 2021

Note 1: Group Corporate Information

The consolidated financial statements comprise financial statements of CEAT Limited ("the Company") and its subsidiaries (collectively, "the Group"), associate and jointly controlled entities for the year ended March 31, 2021. The Company is a public limited company domiciled in India and incorporated under the provisions of the Companies Act applicable in India. The Company's principal business is manufacturing of automotive tyres, tubes and flaps. The Group started operations in 1958 as CEAT Tyres of India Limited and was renamed as CEAT Limited in 1990. The Company caters to both domestic and international markets. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The registered office of the Company is located at RPG House, 463, Dr Annie Besant Road, Worli, Mumbai, Maharashtra 400030. The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on May 05, 2021.

The following subsidiaries, associate and Jointly controlled entities have been considered in the consolidated financial statements

a) Subsidiaries

Name	Principal activities	Country of incorporation	% of equity interest	
			March 31, 2021	March 31, 2020
CEAT Specialty Tyres Inc.	Marketing Support Services	United States of America	100.00%	100.00%
CEAT Specialty Tyres B.V	Marketing Support Services	Netherlands	100.00%	100.00%
Associated Ceat Holdings Company (Pvt.) Ltd.	Investing in companies engaged in manufacturing of tyres	Sri Lanka	100.00%	100.00%
CEAT AKKHAN Limited	Trading of tyres, tubes and flaps	Bangladesh	70.00%	70.00%
Rado Tyres Limited	Manufacturing of tyres	India	58.56%	58.56%

b) Joint venture

Name	Principal activities	Country of incorporation	% of equity interest	
			March 31, 2021	March 31, 2020
CEAT Kelani Holding (Pvt) Limited (Joint venture of Associated Ceat Holdings Company (Pvt.) Ltd.)	Manufacturing of tyres	Sri Lanka	50%	50%

c) Associate

Name	Principal activities	Country of incorporation	% of equity interest	
			March 31, 2021	March 31, 2020
Greenzest Solar Private Limited	Production of solar electricity	India	28.00%	28.00%
TYRESNMORE Online Pvt Ltd	Trading of tyres, tubes and flaps	India	*44.61%	*41.30%

*Includes compulsory convertible preference shares (potential voting right)

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Note 2: Basis of preparation, measurement and significant accounting policies

2.1 Basis of preparation and measurement

2.1.1 Basis of preparation

These financial statements of the group have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and presentation requirements of Division II of Schedule III of the Companies Act 2013 (Ind AS compliant Schedule III).

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements.

The financial statements are presented in "₹", the functional currency of the Group. Items included in the financial statements of the Group are recorded using the currency of the primary economic environment in which the Group operates (the 'functional currency').

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lacs as per the requirements of Schedule III of the Companies Act, 2013, unless otherwise stated. Wherever the amount represented '0' (zero) construes value less than Rupees fifty thousand.

2.1.2 Measurement

These financial statements are prepared under the historical cost convention except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments and
- Certain financial assets measured at fair value (refer accounting policy regarding financial instruments)

In addition, the carrying values of recognised assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2021. The Group's investment in jointly controlled entities and associate are accounted for using the equity method. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date

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for the year ended March 31, 2021

as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

a. Combine items like of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

d. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

2.3 Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at fair value as on acquisition date and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree' s identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequently its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. Any gain on a bargain purchase is recognised in other comprehensive income and accumulated in equity as capital reserve if there exists clear evidence, of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised in equity as capital reserve.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit

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and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.4 Investment in joint venture and associate

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining whether joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in joint venture and associate are accounted for using the equity method. Under the equity method, the investment in a joint venture or associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of joint venture or associate since the acquisition date. Goodwill relating to joint venture or associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of joint venture and associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of joint venture or associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and joint venture or associate are eliminated to the extent of the interest in joint venture or associate.

The aggregate of the Group's share of profit or loss of a joint venture and associate is shown on the face of the statement of profit and loss.

The financial statements of joint venture and associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture or associate. At each reporting date, the Group determines whether there is objective evidence that the investment in joint venture or associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of joint venture or associate and its carrying value, and then recognises the loss as 'Share of profit of a joint venture and associate' in the statement of profit or loss.

2.5 Current versus non-current classification

The Group presents assets and liabilities in the Balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

Notes to Consolidated financial statements

for the year ended March 31, 2021

2.6 Effect of business combinations

According to the requirement of Ind AS 103 ("Business Combinations") and as further specified in the Scheme (refer note 53 for details of the Scheme), these financial statements are prepared on the following basis:

- Since business combination involves entities under common control the same has been accounted for using the pooling of interest method.
- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values or recognize any new assets or liabilities except for tax impact on account of amalgamation. The only adjustments that are made are to harmonies accounting policies.
- The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.
- The balance of the retained earnings and other reserves appearing in the financial statements of the transferor company is aggregated with the corresponding balance appearing in the financial statements of the transferee company.
- The amounts recorded as investment in subsidiary company in the books of transferee company is cancelled against the amount of share capital and securities premium as appearing in the books of the transferor company.

2.7 Revenue recognition

2.7.1 Revenue from contracts with customers

Revenues from contracts with customers are recognised when the performance obligations towards customer have been met. Performance obligations are deemed to have been met when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group acts as the principle in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

An entity collects Goods and Services Tax ('GST') on behalf of the government and not on its own account. Hence it is excluded from revenue, i.e. revenue is net of GST.

2.7.2 Sale of Goods:

Revenue from sale of goods (Tyres, tubes and flaps) is recognised at the point of time when control of the goods is transferred to customer depending on terms of sales.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. warranties). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, if any.

2.7.2.1 Variable consideration

Variable consideration includes various forms of discounts like volume discounts, price concessions, incentives, etc. on the goods sold to its dealers and distributors. In all such cases, accumulated experience is used to estimate and provide for the variability in revenue, using the expected value method and the revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur in future on account of refund or discounts.

2.7.2.2 Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

2.7.3 Contract balances

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to note 2.18 Financial Instruments in accounting policies.

2.7.4 Royalty:

The Company also earns sales based royalty income which is recognised as revenue over the period of time. This is because in such arrangements, the customer gets a right to access the Company's intellectual property throughout the license period. The revenue to be recognised is determined based on a specified percentage of the sales made by the customer.

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2.7.5 Interest income:

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the Effective interest rate ('EIR') method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the EIR, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the Statement of Profit and Loss.

2.7.6 Dividends:

Dividend income is recognised when the Group's right to receive dividend is established, which is generally when shareholders approve the dividend.

2.8 Government grants, subsidies and export incentives

Government grants / subsidies are recognised when there is reasonable assurance that the Group will comply with all the conditions attached to them and that the grant / subsidy will be received. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

The Group has chosen to adjust grant under the Export Promotion Capital Goods ('EPCG') scheme from the carrying value of non-monetary asset pursuant to amendment in Ind AS 20.

Export Incentive under Merchandise Export from India Scheme ('MEIS') is recognised in the Statement of Profit and Loss as a part of other operating revenues.

2.9 Taxes

2.9.1 Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in India where the Group operates and generates taxable income.

Current tax relating to items recognised outside the Statement of Profit and Loss is either in Other Comprehensive Income ('OCI') or in equity. Current tax items are recognised in correlation to the underlying transaction either in Statement of Profit and Loss or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Interest expenses and penalties, if any, related to income tax are included in finance cost and other expenses respectively. Interest Income, if any, related to income tax is included in Other Income.

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Group's domicile.

2.9.2 Deferred tax

Deferred tax is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

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- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside Statement of Profit and Loss is recognised either in OCI or in equity. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.9.3 GST paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of GST paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance sheet.

2.10 Non-current assets held for sale

The Group classifies Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all of the following criteria are met

- decision has been made to sell.
- the assets are available for immediate sale in its present condition.
- the assets are being actively marketed and
- sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Subsequently, such non-current assets and disposal groups classified as 'held for sale' are measured at the lower of it carrying value and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

2.11 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance sheet date is classified as capital advances under "Other non-current assets".

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Depreciation is provided on a pro-rata basis on the straight-line method based on useful life estimated by the management and supported by independent assessment by professionals. Depreciation commences when the asset is ready for its intended use. The Group has used the following useful lives to provide depreciation on its fixed assets.

Asset Class	Useful life
Freehold land	Non depreciable
Leasehold land	Lease term – 95 years
Buildings (including temporary structures)	1 year - 60 years
Plant & Equipment	1 years - 20 years
Furniture & Fixture	10 years
Vehicle	8 years
Office Equipment	5 years

The identified components are depreciated over their useful lives, the remaining asset is depreciated over the life of the principal asset.

The management believes that the depreciation rates fairly reflect its estimation of the useful lives and residual values of the fixed assets.

The residual values, useful life and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.12 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the Statement of Profit and Loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either infinite or finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with infinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level (the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit). The assessment of infinite life is reviewed annually to determine whether the infinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Intangible assets are amortised on a pro-rata basis on the straight line method based on useful life estimated by the management as under:

Asset Class	Useful life
Software	3 – 6 years
Brand (refer 2.12.1)	20 years
Technical know-how (refer 2.12.1)	20 years
Product development (refer 2.12.2)	20 years

2.12.1 Technical know-how and Brand

Technical know-how : The Group has originally generated technical know-how and assistance from International Tire Engineering Resources LLC, for setting up of Halol radial plant. Considering the life of the underlying plant / facility, this technical know-how, is amortised on a straight-line basis over a period of twenty years.

Brand : The Group has acquired global rights of "CEAT" brand from the Italian tyre maker, Pirelli. Prior to the said acquisition, the Group was the owner of the brand in only a few Asian countries including India. With the acquisition of the brand which is renowned worldwide, new and hitherto unexplored markets will be accessible to the Group. The Group will be in a position to fully exploit the export market resulting in increased volume and better price realisation. Therefore, the management believes that the Brand will yield significant benefits for a period of at least twenty years.

2.12.2 Research and development costs (Product development)

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability and intention to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

During the period of development, the asset is tested for impairment annually.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

2.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale ('qualifying asset') are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

To the extent that the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

To the extent that the Group borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

2.14 Leases

The Group has entered into various arrangements like lease of vehicles, premises and outsourcing arrangements which has been disclosed accordingly under Ind AS 116. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The assessment of whether a contract conveys the right to control the use of an identified asset depends on whether the Group obtains substantially all the economic benefits from the use of the asset and whether the Group has the right to direct the use of the asset.

2.14.1 Group as a lessee:

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.14.1.1 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over shorter of the lease term or the estimated useful life of the underlying asset as follows:

Asset Class	Useful life
Building	2 – 3 years
Others	2 – 10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The Group presents right-of-use assets separately in the Balance Sheet.

2.14.1.2 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless the cost is included in the carrying value of inventories) in the period in which the event or condition that triggers the payment occurs.

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In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in current and non-current financial liabilities. Lease liability have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

2.14.1.3 Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to the contracts which have a lease term of 12 months or less from the date of commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to the lease contracts that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.15 Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost is determined on a weighted average basis.

- Cost of raw materials includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect of the purchases of raw materials. Raw materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- Work-in-progress and finished goods includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing cost.
- Traded goods include cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash-Generating unit's ('CGU') fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/ forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss. The impairment loss is allocated first to reduce the carrying amount of any goodwill (if any) allocated to the CGU and then to the other assets of the unit, pro rata based on the carrying amount of each asset in the unit.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used

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to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17.1 Sales related obligations

The estimated liability for sales related obligations is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence based on corrective actions on product failure. The timing of outflows will vary as and when the obligation will arise - being typically up to three years. Initial recognition is based on historical experience. The initial estimate of sales related obligations (related costs) is revised annually.

2.17.2 Decommissioning liability

The Group records a provision for decommissioning costs of land taken on lease at one of the manufacturing facility for the production of tyres. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the Statement of Profit and Loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

2.17.3 Litigations

The Group is party to various lawsuits that are at administrative or judicial level or in their initial stages, involving tax and civil matters. The Group contests all claims in the court / tribunals / appellate authority levels and based on their assessment and that of their legal counsel, records a provision when the risk or loss is considered probable. The outflow is expected on cessations of the respective events.

2.18 Employee benefits

2.18.1 Defined contribution plan

Retirement benefit in the form of Provident Fund, Superannuation, Employees State Insurance Contribution and Labour Welfare fund are defined contribution scheme. The Group has no obligation, other than the contribution payable to the above mentioned funds. The Group recognises contribution payable to these funds / schemes as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

2.18.2 Defined benefit plan

For defined benefit plans, the amount recognised as 'Employee benefit expenses' in the Statement of Profit and Loss is the cost of accruing employee benefits promised to employees over the year and the costs of individual events such as past / future service benefit changes and settlements (such events are recognised immediately in the Statement of Profit and Loss). The amount of net interest expense calculated by applying the liability discount rate to the net defined benefit liability or asset is charged or credited to 'Finance costs' in the Statement of Profit and Loss. Any differences between the expected interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised immediately in OCI and subsequently not reclassified to the Statement of Profit and Loss.

The defined benefit plan surplus or deficit on the Balance Sheet date comprises fair value of plan assets less the present value of the defined benefit liabilities using a discount rate by reference to market yields on Government bonds at the end of the reporting period.

All defined benefit plans obligations are determined based on valuations, as at the Balance Sheet date,

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made by independent actuary using the projected unit credit method. The classification of the Group's net obligation into current and non-current is as per the actuarial valuation report.

2.18.3 Termination benefits

Termination benefits, in the nature of voluntary retirement benefits or termination benefits arising from restructuring, are recognised in the Statement of Profit and Loss. The Group recognises termination benefits at the earlier of the following dates:

- When the Group can no longer withdraw the offer of those benefits; or
- When the Group recognises costs for a restructuring that is within the scope of Ind AS 37: Provisions, Contingent Liabilities and Contingent Assets and involves the payment of termination benefits.

Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.19 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.19.1 Financial assets

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

2.19.1.1 Initial recognition and measurement

On initial recognition, a financial asset is recognised at fair value. In case of Financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction cost is recognised in the Statement of Profit and Loss. In other cases, the transaction cost is attributed to the acquisition value of the financial asset.

2.19.1.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

2.19.1.2.1 Debt instruments at amortised cost

2.19.1.2.2 Debt instruments at Fair Value Through Other Comprehensive Income ('FVTOCI')

2.19.1.2.3 Debt instruments, derivatives and equity instruments at Fair Value Through Profit and Loss ('FVTPL')

2.19.1.2.4 Equity instruments measured at FVTOCI

2.19.1.2.1 Debt instruments at amortised cost

A debt instrument is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables, loans and other financial assets.

2.19.1.2.2 Debt instrument at FVTOCI

A debt instrument is classified as at FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the OCI. However, the Group recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

2.19.1.2.3 Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as amortised cost or as FVTOCI, is classified as FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

2.19.1.2.4 Equity investments

All investments in equity instruments within the scope of Ind AS 109 are initially measured at fair value. Equity instruments which are held for trading are classified as FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in the OCI subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

In case of equity instrument classified as FVTOCI, all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on derecognition of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

2.19.1.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.19.1.4 Impairment of financial assets

In accordance with Ind AS 109, the Group applies Expected Credit Loss ('ECL') model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(i) Trade receivables

(ii) Financial assets measured at amortised cost (other than trade receivables)

(iii) Financial assets measured at fair value through other comprehensive income (FVTOCI).

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets [i.e. (ii) and (iii) above] and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to

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use the remaining contractual term of the financial instrument

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates and changes in the forward-looking estimates are updated. For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income / expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss.

The Balance sheet presentation for various financial instruments is described below:

- Financial assets measured at amortised cost and contractual revenue receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the Balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value.

The Group does not have any purchased or originated credit-impaired financial assets, i.e., financial assets which are credit impaired on purchase / origination.

2.19.2 Financial liabilities

2.19.2.1 Initial recognition and measurement

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value and in the case of borrowings net of directly attributable transaction costs.

2.19.2.2 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

2.19.2.2.1 Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at FVTPL are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognised in OCI. These gains/ loss are not subsequently transferred to the Statement of Profit and Loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Group has not designated any financial liability as at FVTPL.

2.19.2.2.2 Financial liabilities at amortised cost

This is the category most relevant to the Group. After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

2.19.2.2.3 Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

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2.19.2.3 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

2.19.3 Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in the Statement of Profit and Loss.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss at the reclassification date.

2.19.4 Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts, to manage its foreign currency risks. These derivative instruments are designated as cash flow, fair value or net investment hedges and are entered into for period consistent with currency. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Statement of Profit and Loss.

2.19.4.1 Fair value hedges

The change in the fair value of a hedging instrument is recognised in the Statement of Profit and Loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the Statement of Profit and Loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through the Statement of Profit and Loss over

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the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in the Statement of Profit and Loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the Statement of Profit and Loss.

2.19.4.2 Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Statement of Profit and Loss.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in the Statement of Profit and Loss.

Amounts recognised as OCI are transferred to the Statement of Profit and Loss when the hedged transaction affects profit and loss, i.e. when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

2.19.5 Fair value measurement

The Group measures derivatives instruments like forward contracts at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.19.6 Offsetting of financial instruments

Financial assets and financial liabilities can be offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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2.20 Cash and cash equivalents

Cash and cash equivalent in the Balance Sheet comprises cash at banks and on hand.

2.21 Dividend distribution to equity shareholders

The Group recognises a liability to pay dividend to equity shareholders of the Group when the distribution is authorised, and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders.

2.22 Foreign currencies

The Group's financial statements are presented in ₹, which is also the Group's functional currency.

Transactions in foreign currencies are initially recorded by the Group at ₹ spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit and loss are also recognised in OCI or the Statement of Profit and Loss, respectively).

2.23 Earnings Per Share ('EPS')

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Group by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Group after adjusting impact of dilution shares by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

2.24 Segment Reporting

Based on "Management Approach" as defined in Ind AS 108 - Operating Segments, the Executive Management Committee evaluates the Group's performance and allocates the resources based on an analysis of various performance indicators by business segments.

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

2.25 Contingent liability and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non—occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent assets is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements. Contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

2.26 Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialised.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may

Notes to Consolidated financial statements

for the year ended March 31, 2021

change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

(a) Measurement of defined benefit obligations – Note 44

(b) Measurement and likelihood of occurrence of provisions and contingencies – Notes 24

(c) Recognition of current tax and deferred tax assets – Note 25

(d) Key assumptions used in fair valuations – Note 50

(e) Measurement of lease liabilities and right-of-use asset – Note 4

(f) Estimation of uncertainties relating to the global health pandemic from COVID-19 – Note 54

Notes to Consolidated financial statements for the year ended March 31, 2021

Note 3: Property, plant and equipment and Capital work-in-progress

Refer note 2.11 for accounting policy on Property, plant and equipment

(₹ in Lacs)

Particulars	Freehold land	Leasehold land (Financial lease)	Buildings	Plant and Equipments (Owned)	Furniture and Fixtures	Vehicles	Office equipments	Capital work in progress	Total
Gross carrying amount									
As at April 1, 2019	**48,455**	**10,824**	**47,788**	**2,53,665**	**1,582**	**755**	**1,200**	**80,159**	**4,44,428**
Additions	69	79	15,360	90,637	533	37	356	1,31,985	2,39,056
Disposals	-	-	(124)	(603)	(1)	(4)	(12)	-	(744)
Capitalised	-	-	-	-	-	-	-	(1,07,071)	(1,07,071)
Foreign Exchange Adjustment	-	-	-	2	1	-	1	-	4
As at March 31, 2020	**48,524**	**10,903**	**63,024**	**3,43,701**	**2,115**	**788**	**1,545**	**1,05,073**	**5,75,673**
Additions	-	79	9,135	76,181	378	12	324	57,822	1,43,931
Disposals	-	-	-	(218)	(3)	(30)	(6)	-	(257)
Capitalised	-	-	-	-	-	-	-	(86,109)	(86,109)
Foreign Exchange Adjustment	-	-	-	1	-	-	-	-	1
As at March 31, 2021	**48,524**	**10,982**	**72,159**	**4,19,665**	**2,490**	**770**	**1,863**	**76,786**	**6,33,239**
Accumulated Depreciation:									
As at April 1, 2019	**-**	**502**	**4,680**	**47,575**	**539**	**367**	**356**	**-**	**54,019**
Depreciation for the year	-	145	1,619	18,889	186	100	298	-	21,237
Disposals	-	-	(9)	(412)	(1)	(2)	(11)	-	(435)
Foreign Exchange Adjustment	-	-	-	1	1	-	1	-	3
As at March 31, 2020	**-**	**647**	**6,290**	**66,053**	**725**	**465**	**644**	**-**	**74,824**
Depreciation for the year	-	139	1,993	23,328	230	85	286	-	26,061
Disposals	-	-	-	(105)	(2)	(26)	(6)	-	(139)
Foreign Exchange Adjustment	-	-	-	1	1	-	-	-	2
As at March 31, 2021	**-**	**786**	**8,283**	**89,277**	**954**	**524**	**924**	**-**	**1,00,748**
Net Book Value:									
As at March 31, 2020	**48,524**	**10,256**	**56,734**	**2,77,648**	**1,390**	**323**	**901**	**1,05,073**	**5,00,849**
As at March 31, 2021	**48,524**	**10,196**	**63,876**	**3,30,388**	**1,536**	**246**	**939**	**76,786**	**5,32,491**

Notes to Consolidated financial statements
for the year ended March 31, 2021

Note 3: Property, plant and equipment and Capital work-in-progress (Contd..)

Net book value

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Property, plant and equipment	4,55,705	3,95,776
Capital work in progress	76,786	1,05,073

1. During the year, the company has transfered the following expenses which are attributable to the construction activity and are included in the cost of capital work-in-progress / property, plant and equipment as the case may be. Consequently, expenses disclosed under the respective notes are net of such amounts.

(₹ in Lacs)

Particulars	Note	2020-21	2019-20
Finance Cost	35	2,924	4,965
Professional and consultancy charges	37	290	647
Miscellaneous expenses	37	693	1,723
Employee benefit expenses	34	1,125	3,477
Travelling and Conveyance	37	104	443
Total		**5,136**	**11,255**

2. As a part of ongoing expansion project at Halol (Phase III), during the year the Group has capitalised and commissioned assets of ₹ 15,874 lacs (March 31, 2020: ₹ 27,217 lacs).
3. As a part of ongoing expansion project at Nagpur, during the year the Group has capitalised and commissioned assets of ₹ 12,705 lacs (March 31, 2020 ₹ 13,638 lacs).
4. As a part of ongoing green field project at Chennai, during the year the Group has capitalised and commissioned assets of ₹ 39,434 lacs (March 31, 2020: ₹ 56,050 lacs).
5. As a part of ongoing expansion project at Ambernath (Phase II), during the year the Group has capitalised and commissioned assets of ₹ 9,054 lacs (March 31, 2020 ₹ 162 lacs).
6. The amount of borrowing cost capitalised during the year ended March 31, 2021 is ₹ 2,924 lacs (March 31, 2020: ₹ 4,965 lacs). The rates used to determine the amount of borrowing cost eligible for capitalisation was in the range of 6.55% to 8.40% (March 31, 2020 : 8.15% to 8.90%) which is the effective interest rate of specific borrowings.
7. Refer note 22 and 26 for details on pledges and securities.

Note 4: Leases

Refer note 2.14 for accounting policy on Leases

Note 4(a): Right-of-use assets

(₹ in Lacs)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Building	Others *	Total	Building	Others *	Total
Opening net carrying balance	916	9,269	10,185	-	-	-
Adoption of Ind AS 116 "Leases" as on April 01, 2019	-	-	-	-	13,085	13,085
Additions during the year	434	4,986	5,420	1,028	-	1,028
Depreciation (refer note 36)	(562)	(4,260)	(4,822)	(112)	(3,816)	(3,928)
Total	**788**	**9,995**	**10,783**	**916**	**9,269**	**10,185**

*Right-of-use assets are arising out of outsourcing arrangements which consists of buildings and plant & machinery. These are used for the production of goods and generation of power under such arrangements.

Note 4: Leases (Contd..)

Note 4(b): Lease liabilities

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening net carrying balance	10,601	-
Adoption of Ind AS 116 "Leases" as on April 01, 2019	-	13,085
Additions	5,420	1,028
Accretion of interest (refer note 35)	1,102	1,050
Payments	(5,626)	(4,562)
Total	**11,497**	**10,601**

Notes:

a) The rate used for discounting is in range of 8-9%.

b) Refer note 49 for information about fair value measurement and note 51(c) for information about liquidity risk relating to lease liabilities.

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current lease liabilities	6,690	6,375
Current lease liabilities	4,807	4,226

Note 5: Intangible assets and intangible assets under development

Refer note 2.12 for acccounting policy on Intangible assets

(₹ in Lacs)

Particulars	Software	Brand	Technical Know-how	Product development	Total
Gross carrying amount					
As at April 1, 2019	5,128	4,404	704	2,125	12,361
Additions	4,244	-	-	557	4,801
Foreign Exchange Adjustment	1	-	-	-	1
As at March 31, 2020	**9,373**	**4,404**	**704**	**2,682**	**17,163**
Additions	2,010	-	-	907	2,917
Foreign Exchange Adjustment	1	-	-	-	1
As at March 31, 2021	**11,384**	**4,404**	**704**	**3,589**	**20,081**
Accumulated amortization					
As at April 1, 2019	2,545	1,059	164	890	4,658
Amortisation for the year	1,336	289	45	816	2,486
Foreign Exchange Adjustment	1	-	-	-	1
As at March 31, 2020	**3,882**	**1,348**	**209**	**1,706**	**7,145**
Amortisation for the year	2,295	289	45	451	3,080
Foreign Exchange Adjustment	1	-	-	-	1
As at March 31, 2021	**6,178**	**1,637**	**254**	**2,157**	**10,226**
Net Book Value:					
As at March 31, 2020	**5,491**	**3,056**	**495**	**976**	**10,018**
As at March 31, 2021	**5,206**	**2,767**	**450**	**1,432**	**9,855**

Notes to Consolidated financial statements

for the year ended March 31, 2021

Note 5: Intangible assets and intangible assets under development (Contd..)

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Intangible assets	9,855	10,018
Intangible assets under development	2,500	1,781

Note:

During the year, the Company has transferred employee benefit expenses of Nil (March 31, 2020: ₹ 662 lacs) which are attributable to the development activity and are included in the cost of intangible assets under development / intangible assets as the case may be. Consequently, expenses disclosed under note 34 is net of such amounts.

Note 6: Investments accounted using equity method

Refer note 2.4 for accounting policy on Investments in joint venture and associate

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Investment in Joint venture (refer note 42)		
CEAT Kelani Holding Company (Pvt.) Limited	19,263	17,193
Investment in Associates (refer note 43)		
Tyresnmore Online Private Limited	831	748
Greenzest Solar Private Limited	513	22
Total	**20,607**	**17,963**

Note 7: Investments

Refer note 2.19 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	Face Value	As at March 31, 2021	As at March 31, 2020
Unquoted investment in others (at fair value through profit and loss)			
9,75,000 (March 31, 2020: 9,75,000) equity shares of Bhadreshwar Vidyut Private Limited (formerly known as OPGS Power Gujarat Private Limited)	₹ 0.19	2	2
National Saving Certificates VIII issue (refer foot note a)		0	0
7,129 (March 31, 2020: 7,129) Compulsorily Convertible Preference shares of E-Fleet Systems Private Limited	₹ 10	399	399
10 (March 31, 2020: 10) equity shares of E-Fleet Systems Private Limited	₹ 10	1	1
1,000 (March 31, 2020: 1,000) Shares of ₹10 each in Rado Employees Cooperative Society	₹ 10	0	0
Total		**402**	**402**
Aggregate amount of quoted investments		-	-
Aggregate market value of quoted investments		-	-
Aggregate amount of unquoted investments		**402**	**402**

Notes:

a) Pledged as security for sales tax purpose

b) Refer note 49 for information about fair value measurement

Notes to Consolidated financial statements

for the year ended March 31, 2021

Note 8: Loans

Refer note 2.19 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current (at amortised cost)		
Secured, considered good		
Security deposits	656	472
Security deposits (Related parties) (refer note 46)	100	-
Unsecured, considered good		
Security deposits	220	1
Unsecured, considered doubtful		
Security deposits	89	110
Less : Allowance made for doubtful deposits	(89)	(110)
Total	**976**	**473**

Notes:

a) No loans are due from directors or promoters of the holding company either severally or jointly with any person

b) Refer note 49 for information about fair value measurement

Note 9: Other financial assets

Refer note 2.19 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Unsecured, considered good		
At amortised cost		
Margin money deposits (refer foot note b)	142	149
At fair value through other comprehensive income		
Derivative financial instrument	-	332
Total	**142**	**481**

Notes:

a) Refer note 49 for information about fair value measurement.

b) The margin money deposit are for bank guarantees given to statutory authorities.

Notes to Consolidated financial statements
for the year ended March 31, 2021

Note 10: Other non-current assets

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Capital advances (others)	3,592	6,099
Capital advances (Related parties) (refer note 46)	129	241
Security deposits with statutory authorities	1,927	2,077
Others	-	4
Unsecured, considered doubtful		
Balance with government authorities and agencies	192	219
Less : Allowance made for doubtful balances	(192)	(219)
Total	**5,648**	**8,421**

Note 11: Inventories

Refer note 2.15 for accounting policy on Inventories

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
a) Raw materials	52,040	29,090
Goods in transit	6,659	3,180
	58,699	**32,270**
Less: Provision for unusable raw materials [refer note 38(b)]	(200)	(200)
	58,499	**32,070**
b) Work-in-progress	6,708	4,515
Less: Provision for unusable work-in-progress materials [refer note 38(b)]	(28)	(1,127)
	6,680	**3,388**
c) Finished goods	43,239	49,871
d) Stock-in-trade	317	3,464
Goods in transit	1,662	511
	1,979	**3,975**
e) Stores and spares	2,594	3,258
Goods in transit	-	7
	2,594	**3,265**
Total	**1,12,991**	**92,569**
Details of finished goods		
Automotive tyres	36,555	42,781
Tubes and others	6,684	7,090
Total	**43,239**	**49,871**

Notes:

1) Cost of inventory recognised as an expense as at March 31, 2021 includes ₹ 1,611 lacs (March 31, 2020 ₹ 1,604 lacs) of write down in net realisable value with respect to slow moving stock as per Company's policy.

2) Refer note 26 for details on pledges and securities.

Notes to Consolidated financial statements
for the year ended March 31, 2021

Note 12: Trade receivables

Refer note 2.19 for accounting policy on financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables from others	91,585	66,944
Trade receivables from related parties (refer note 46)	571	491
Total Receivables	**92,156**	**67,435**

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Break-up for security details		
Secured, considered good (refer foot note a)	35,396	26,311
Unsecured, considered good	56,760	41,124
Doubtful	1,608	2,231
	93,764	**69,666**
Less: Allowance for doubtful debts	(1,608)	(2,231)
Total	**92,156**	**67,435**

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
The movement in allowance for doubtful debts is as follows:		
Balance as at beginning of the year	2,231	2,080
Change in allowance for doubtful debts	(2)	370
Trade receivables written off during the year	(621)	(219)
Balance as at the end of the year	**1,608**	**2,231**

Notes:

a) These receivables are secured to the extent of security deposit obtained from the dealers.

b) No trade receivable are due from directors or other officers of the holding company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member other than those disclosed in note 46.

c) For terms and conditions with related parties, refer note 46

d) Trade receivables are non-interest bearing within the credit period which is generally 27 to 60 days.

e) Refer note 51(b) for information about credit risk relating to trade receivables

f) The Group has entered into an arrangement to sell it receivable to third parties on without recourse to the Group. The Group has derecognised trade receivables of Nil as at March 31, 2021 (₹ 6,112 lacs during the year ended March 31, 2020) from the books. The Group has transferred substantially all the risks and rewards of the asset.

g) Refer note 26 for details on pledges and securities.

Notes to Consolidated financial statements
for the year ended March 31, 2021

Note 13: Cash and cash equivalents

Refer note 2.20 for accounting policy on Cash and cash equivalents

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with Banks		
On current accounts	2,228	2,461
On remittance in transit	800	231
Cash on hand	6	48
Deposits with original maturity of less than 3 months	575	-
Cash and cash equivalents as per statement of cash flow	**3,609**	**2,740**

Changes in liabilities arising from financing activities

(₹ in Lacs)

Particulars	Current borrowings	Non- current borrowings *
As at April 01, 2019	**22,425**	**1,27,377**
Cash Flows	1,220	41,882
As at March 31, 2020	**23,645**	**1,69,259**
Cash Flows	(21,545)	(29,604)
As at March 31, 2021	**2,100**	**1,39,655**

*includes current maturities of non-current borrowings.

Note 14: Bank balances other than cash and cash equivalents

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Deposits with maturity of more than 3 months but remaining maturity of less than 12 months	108	39
Balances held for unclaimed public fixed deposits and interest thereon (refer foot note a)	85	94
Balances held for unclaimed dividend accounts (refer foot note b)	510	548
Total	**703**	**681**

Notes:

a) These balances are available for use only towards settlement of matured deposits and interest on deposits. Also includes ₹ 0.20 lacs (March 31, 2020 ₹ 0.20 lacs) outstanding for a period exceeding seven years, in respect of which a Government agency has directed to the Group to hold.

b) These balances are available for use only towards settlement of corresponding unpaid dividend liabilities. The sum also includes ₹ 1.60 lacs (March 31, 2020 ₹ 1.19 lacs) outstanding for a period exceeding seven years retained in accordance with the provisions of Section Rule 6(3) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

Notes to Consolidated financial statements
for the year ended March 31, 2021

Note 15: Loans

Refer note 2.19 for accounting policy on financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current (at amortised cost)		
Unsecured, considered good		
Advance receivable in cash	37	91
Security deposits	-	4
Unsecured, considered doubtful		
Loans advances and deposits	104	104
Less: Allowance for doubtful advances and deposits	(104)	(104)
Total	**37**	**95**

Note 16: Other financial assets

Refer note 2.19 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
Unsecured, considered good		
At fair value through other comprehensive income		
Derivative financial instrument	-	495
At amortised cost		
Advance receivable in cash	257	291
Other receivables	1	635
Interest receivable	3	3
Receivable from related party (refer note 46)	290	428
Dividend receivable	-	1,236
Others	3,577	48
Total	**4,128**	**3,136**

a) Refer note 49 for information about fair value measurement.

Note 17: Other current assets

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Advance receivable in kind or for value to be received	3,043	3,859
Balance with government authorities	5,864	10,724
Advance to employees	51	56
Prepaid expense	1,360	1,157
Unsecured considered doubtful		
Advance receivable in kind or for value to be received	134	44
Less: Allowance for advance receivable in kind or for value to be received	(134)	(44)
Total	**10,318**	**15,796**

Notes to Consolidated financial statements
for the year ended March 31, 2021

Note 18: Assets held-for-sale

Refer note 2.10 for accounting policy on Assets held-for-sale

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Free hold land and building (refer foot note a)	92	226
Plant and equipment (refer foot note a)	1	249
Total	**93**	**475**

Notes:

a) During the previous years, the wholly owned subsidiary - RADO Tyres limited (RADO) had received the order from Labour & Skills (A) Department, Government of Kerala, granting permission under the Industrial Dispute Act, 1947 to close the Factory located at Nellikuzhi, near Kothamangalam. In the opinion of the management there were no further business opportunities for RADO to explore.

On the basis of the above the Board of directors of RADO has decided that the most appropriate course of action for RADO is to sell its assets such as plant and machinery, equipment, spares and such other assets located at its factory near Kothamangalam.

Given these circumstances the RADO's Board has considered prudent to reclassify the above assets to the head assets held for sale.

Note 19: Equity share capital

Authorised share capital	Equity shares		Preference Shares		Unclassified Shares	
	Numbers	₹ in Lacs	Numbers	₹ in Lacs	Numbers	₹ in Lacs
At April 01, 2019 (refer foot note h)	**7,51,50,000**	**7,515**	**39,00,000**	**390**	**1,00,00,000**	**1,000**
Increase / (decrease) during the year	-	-	-	-	-	-
At March 31, 2020	**7,51,50,000**	**7,515**	**39,00,000**	**390**	**1,00,00,000**	**1,000**
Increase / (decrease) during the year	-	-	-	-	-	-
At March 31, 2021	**7,51,50,000**	**7,515**	**39,00,000**	**390**	**1,00,00,000**	**1,000**

Issued share capital

Equity shares of ₹ 10 each issued	Numbers	(₹ in Lacs)
At April 01, 2019 (refer foot note a)	**4,04,50,780**	**4,045**
Allotted during the year	-	-
At March 31, 2020 (refer foot note a)	**4,04,50,780**	**4,045**
Allotted during the year	-	-
At March 31, 2021 (refer foot note a)	**4,04,50,780**	**4,045**

Subscribed and Paid-up share capital

Equity shares of ₹ 10 each subscribed and fully paid	Numbers	(₹ in Lacs)
At April 01, 2019 (refer note a)	**4,04,50,092**	**4,045**
Allotted during the year	-	-
At March 31, 2020 (refer note a)	**4,04,50,092**	**4,045**
Allotted during the year	-	-
At March 31, 2021 (refer note a)	**4,04,50,092**	**4,045**

Notes to Consolidated financial statements
for the year ended March 31, 2021

Note 19: Equity share capital (Contd..)

a) Includes 688 (March 31, 2020 - 688) equity shares offered on right basis and kept in abeyance.

b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having face value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per equity share. Dividend is recommended by the Board of Directors and is subject to the approval of the members at the ensuing Annual General Meeting except interim dividend. The Board of Directors have a right to deduct from the dividend payable to any member, any sum due from him to the Company.

In the event of winding-up, the holders of equity shares shall be entitled to receive remaining assets of the Group after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders.

The shareholders have all other rights as available to equity shareholders as per the provision of the Companies Act, applicable in India read together with the Memorandum of Association and Articles of Association of the Group, as applicable.

c) Details of shareholders holding more than 5% shares in the group

Name of the shareholders	As at March 31, 2021		As at March 31, 2020	
	Numbers	% holding in the class	Numbers	% holding in the class
Equity shares of ₹ 10 each fully paid				
Instant Holdings Limited	1,18,53,559	29.30%	1,18,20,524	29.22%
Swallow Associates LLP	44,84,624	11.09%	44,84,624	11.09%
Amansa Holdings Pvt Limited	37,59,934	9.30%	32,22,110	7.97%
Jwalamukhi Investment Holdings	-	0.00%	23,33,991	5.77%
Mirae Asset Emerging Bluechip Fund	25,96,588	6.42%	17,35,309	4.29%

d) As per the records of the Company as at March 31, 2021 no calls remain unpaid by the directors and officers of the company.

e) The Company has not issued any equity shares as bonus for consideration other than cash and has not bought back any shares during the period of 5 years immediately preceeding March 31, 2021.

f) Pursuant to the Scheme of Merger by amalgamation as approved by the National Company Law Tribunal, Mumbai Bench, the authorised equity share capital of the Company has increased to 7,51,50,000 equity shares of ₹ 10 each from 4,61,00,000 equity shares of ₹ 10 each (Refer note 53).

Note 20: Other equity

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Securities premium (refer note a)	56,703	56,703
Capital reserve (refer note b)	1,405	1,415
Capital redemption reserve (refer note c)	390	390
Cash flow hedge reserve (refer note d)	(713)	563
Foreign currency translation reserve (refer note e)	(2,131)	(766)
General reserve (refer note f)	25,166	25,166
Retained earnings (refer note g)	2,46,764	2,03,276
Total other equity	**3,27,584**	**2,86,747**

a) Securities premium

Amount received on issue of shares in excess of the par value has been classified as security share premium

b) Capital reserve

Capital reserve includes profit on amalgamation of entities and on account of consolidation of the Company's Bangladesh Subsidiary, CEAT AKKHAN Limited (FY 2013-14)

Notes to Consolidated financial statements
for the year ended March 31, 2021

Note 20: Other equity

c) Capital redemption reserve

Capital redemption reserve represents amount transferred from profit and loss account on redemption of preference shares during financial year 1998-99.

d) Cash flow hedge reserve

It represents mark-to-market valuation of effective hedges as required by Ind AS 109.

e) Foreign currency translation reserve

It represents aggregate exchange difference arising on consolidation of our foreign subsidiaries. For the purpose of consolidation, the balance sheet items are translated at closing exchange rate as at the balance sheet date and revenue items are translated at average exchange rate as at the date of transaction, including the difference of rupee and subsidiaries reporting currency is accumulated to foreign currency translation reserve.

f) General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to the Statement of Profit and Loss.

g) Retained earnings

Retained earnings are the profits that the Group has earned till date, less any transfers to reserves, dividends or other distributions paid to shareholders.

Note 21: Distribution made and proposed

(₹ in Lacs)

Particulars	31 March 2021	31 March 2020
Cash dividend on equity shares declared and paid		
Final dividend for the year ended on March 31, 2020: Nil (March 31, 2020: ₹ 12 per share for the year ended on March 31, 2019)	-	4,854
Dividend Distribution Tax on final dividend	-	791
Interim dividend for the year ended on March 31, 2021: Nil (March 31, 2020: ₹ 12 per share)	-	4,854
Dividend Distribution Tax on interim dividend	-	996
	-	**11,495**

(₹ in Lacs)

Particulars	31 March 2021	31 March 2020
Proposed dividend on equity shares		
Proposed dividend for the year ended on March 31, 2021: ₹ 18 per share (March 31, 2020: Nil)	7,281	-
	7,281	**-**

Proposed dividends on equity shares which are subject to approval at the Annual General Meeting are not recognised as a liability in the year in which it is proposed.

The Company declares and pays dividend in Indian rupees. The Finance Act 2020 has repealed the Dividend Distribution Tax. Companies are now required to pay / distribute dividend after deducting applicable taxes. The remittance of dividends outside India is also subject to withholding tax at applicable rates.

Notes to Consolidated financial statements
for the year ended March 31, 2021

Note 22: Borrowings

(At amortised cost)

Refer note 2.19 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	Non-current		Current maturities	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Interest bearing loans and borrowings				
I. Secured				
i) Debentures				
Non-convertible debentures (refer foot note 1)	25,000	-	-	-
ii) Term loans				
a) Indian rupee loan from banks and financial institutions *				
Citibank N.A. (refer foot note 2)	17,200	21,500	4,300	-
Citicorp Finance (India) Limited (refer foot note 3)	-	8,500	-	-
HDFC Bank (refer foot note 4)	-	18,333	-	1,667
Kotak Mahindra Bank (refer foot note 5)	29,228	29,974	749	-
Bank of Baroda (refer foot note 6)	32,636	32,618	-	-
State Bank of India (refer foot note 7)	28,427	27,229	-	-
HSBC Bank Ltd (refer foot note 8)	-	4,161	-	-
ICICI Bank (refer foot note 9)	-	13,088	-	1,500
SVC Bank (refer foot note 10)	-	6,630	-	780
b) Buyer's Credit (refer foot note 11)	-	-	-	685
II. Unsecured				
i) Public deposits (refer foot note 12)	0	0	-	-
ii) Deferred sales tax incentive (refer foot note 13)	1,613	2,045	502	548
	1,34,104	**1,64,078**	**5,551**	**5,180**
Less: amount classified under other current financial liabilities (refer note 28)	-	-	(5,551)	(5,180)
Total	**1,34,104**	**1,64,078**	**-**	**-**

* Indian rupee loan from banks carries floating interest rate ranging from 5.14% p.a. to 8.09% p.a. as at March 31, 2021.

Notes:

1) Non-Convertible Debentures (""NCD"") ₹ 25,000 lacs as on March 31, 2021 (March 31, 2020: Nil) on October 07, 2020 (NCD Series 1) and October 13, 2020 (NCD Series 2) on private placement basis are secured by way of first charge over movable and immovable fixed assets located at Ambernath plant. As at March 31, 2021, the NCDs carry an interest at 6.40% p.a. (NCD Series 1) and 7.00% p.a. (NCD Series 2) and is repayable as under:

- NCD Series 1: ₹ 15,000 lacs (60% of the issue amount) repayable on October 06, 2023.
- NCD Series 2: ₹ 10,000 lacs (40% of the issue amount) repayable on October 13, 2025.

Notes to Consolidated financial statements

for the year ended March 31, 2021

Note 22: Borrowings (Contd..)

(At amortised cost) (Contd..)

2) Term loan from Citibank N.A. ₹ 21,500 lacs as on March 31, 2021 (March 31, 2020: ₹ 21,500 lacs) is secured by first pari passu charge over the immovable and movable fixed assets (excluding current assets) situated at Halol. It is payable as under:

Year	Repayment Schedule (In %)	Schedule of Payment
2021 - 22	20.00%	To be repaid in 3 annual instalment at the end of 3rd, 4th & 5th year
2022 - 23	30.00%	
2023 - 24	50.00%	

3) Term loan from Citicorp Finance India Limited Nil as on March 31, 2021 (March 31, 2020: ₹ 8,500 lacs) was pre-paid in full including interest thereon during the year. It was secured by first pari passu charge over the immovable and movable fixed assets (excluding current assets) situated at Halol.

4) Term loan from HDFC Bank Nil as on March 31, 2021 (March 31, 2020: ₹ 20,000 lacs) was pre-paid in full including interest thereon during the year. It was secured by first pari passu charge over the immovable and movable fixed assets (excluding current assets) situated at Halol.

5) Term loan from Kotak Mahindra Bank Limited ₹ 30,000 lacs as on March 31, 2021 (March 31, 2020: ₹ 30,000 lacs) is secured by first pari passu charge over the immovable and movable fixed assets (excluding current assets) situated at Halol, Nashik, Nagpur and Chennai Plant. It is payable as under:

(₹ in Lacs)

Year	Repayment Schedule (In %)	Schedule of Payment
2021 - 22	2.50%	To be repaid in 28 structured quarterly instalment commencing (March 2022) after 3 years of moratorium from First drawdown Date (December 2018)
2022 - 23	10.00%	
2023 - 24	11.50%	
2024 - 25	16.00%	
2025 - 26	16.00%	
2026 - 27	16.00%	
2027 - 28	16.00%	
2028 - 29	12.00%	

6) Term Loan from Bank of Baroda ₹ 32,775 lacs as on March 31, 2021 (March 31, 2020: ₹ 32,775 lacs) is secured by first pari passu charge over the immovable and movable fixed assets (excluding current assets) situated at Halol, Nashik, Nagpur and Chennai Plant. It is payable as under:

(₹ in Lacs)

Year	Repayment Schedule (In %)	Schedule of Payment
2022 - 23	5.00%	To be repaid in 28 structured quarterly instalment commencing (June 2022) after 3 years of moratorium from First drawdown Date (March 2019)
2023 - 24	5.00%	
2024 - 25	15.00%	
2025 - 26	15.00%	
2026 - 27	20.00%	
2027 - 28	20.00%	
2028 - 29	20.00%	

Notes to Consolidated financial statements

for the year ended March 31, 2021

Note 22: Borrowings (Contd..)

(At amortised cost) (Contd..)

7) Term Loan from State Bank of India ₹ 28,746 lacs as on March 31, 2021 (March 31, 2020: ₹ 27,582 lacs) is secured by first pari passu charge over the immovable and movable fixed assets (excluding current assets) situated at Halol, Nashik, Nagpur and Chennai Plant. It is payable as under:

(₹ in Lacs)

Year	Repayment Schedule (In %)	Schedule of Payment
2022 - 23	2.50%	To be repaid in 28 structured quarterly instalments commencing (Dec 2022) after 3 years of moratorium from First drawdown Date (Nov 2019)
2023 - 24	5.00%	
2024 - 25	10.00%	
2025 - 26	15.00%	
2026 - 27	17.50%	
2027 - 28	20.00%	
2028 - 29	20.00%	
2029 - 30	10.00%	

8) Term loan from HSBC Nil as on March 31, 2021 (March 31, 2020: ₹ 4,161 lacs) was pre-paid in full including interest thereon during the year. It was secured by first pari passu charge over all the fixed assets of the Company at Ambernath Plant.

9) Term loan from ICICI Bank Nil as on March 31, 2021 (March 31, 2020: ₹ 14,625 lacs) was pre-paid in full including interest thereon during the year. It was secured by first pari passu charge over all the immovable and movable fixed assets situated at Ambernath plant and second pari-passu charge on all current assets.

10) Term loan from SVC Bank Nil as on March 31, 2021 (March 31, 2020: ₹ 7,400 lacs) was pre-paid in full including interest thereon during the year. It was secured by first pari passu charge over all the immovable and movable fixed assets situated at Ambernath plant and second pari-passu charge on all current assets.

11) Short-term buyer's credit Nil as on March 31, 2021 (March 31, 2020: ₹ 685 lacs) was pre-paid in full including interest thereon during the year. It was secured by way of first pari passu charge on all movable assets (excluding current assets) and immovable assets of the Company situated at Nagpur plant. The long-term buyer's credit carried interest of 12 months LIBOR plus 60 bps p.a. and 6 months LIBOR plus 70 bps p.a.

12) Public deposits ₹ 0.20 lacs (March 31, 2020 ₹ 0.20 lacs) outstanding for a period exceeding seven years, in respect of which a Government agency has directed the Group to hold.

13) Interest-free deferred sales tax is repayable in ten equal annual instalment commencing from April 26, 2011 and ending on April 30, 2025.

14) Outstanding balances shown in foot notes above, are grossed up to the extent of unamortised transaction cost.

15) Refer note 49 of information about fair value measurement and note 51(c) for information about liquidity risk relating to borrowings.

Note 23 : Other financial liabilities

Refer note 2.19 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
At fair value through other comprehensive income		
Derivative financial instrument	47	-
At amortised cost		
Deposits	136	146
Payable to capital vendors (refer note b)	1,083	9,926
Total other financial liabilities	**1,266**	**10,072**

Notes to Consolidated financial statements
for the year ended March 31, 2021

Note 23 : Other financial liabilities (Contd..)

Notes:

a) Refer note 49 for information about fair value measurement and note 51(c) for information about liquidity risk relating to other financial liabilities

b) These pertain to payable to capital vendors based on deferred payment terms.

Note 24: Provisions

Refer note 2.17 for accounting policy on Provisions

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current provisions		
Provision for sales related obligations (refer note a)	804	891
Provision for gratuity [refer note 44(b)]	-	47
Provision for compensated absences (refer foot note b)	3,640	3,021
Provision for decommissioning liability (refer note c)	85	76
	4,529	**4,035**
Current provisions		
Provision for sales related obligations (refer note a)	6,512	4,749
Provision for gratuity [refer note 44(b)]	700	2,491
Provision for compensated absences (refer foot note b)	631	572
Provision for litigations (refer foot note d)	3,042	4,507
	10,885	**12,319**

a) Provision for Sales related obligations

A provision is recognized for expected sales related obligation on product sold during the last three years, based on past experience of the level of returns and cost of claim. It is expected that significant portion of these costs will be incurred in the next financial year and within three years from the reporting date. Assumptions used to calculate the provision for sales related obligation were based on current sales levels and current information available about returns based on the three years period for all products sold. The rate used for discounting provision for sales related obligation is 11.50%. The table below gives information about movement in provision for sales related obligation.

Movement in provision for sales related obligations	(₹ in Lacs)
As at April 01, 2019	**4,462**
Additions during the year	7,230
Utilised during the year	(6,052)
As at March 31, 2020	**5,640**
Additions during the year	8,079
Utilised during the year	(6,403)
As at March 31, 2021	**7,316**

Note 24: Provisions (Contd..)

b) Compensated absences

Employee leaves are encashed as per the Group's leave encashment policy. A provision has been recognised for leave encashment liability based on the actuarial valuation of leave balance of employees as at year end.

Movement in provision for compensated absences	(₹ in Lacs)
As at April 01, 2019	**3,360**
Additions during the year	746
Utilised during the year	(513)
As at March 31, 2020	**3,593**
Additions during the year	1,254
Utilised during the year	(576)
As at March 31, 2021	**4,271**

c) Provision for decommissioning liability

The Group has recognised a provision for decommissioning obligations associated with a land taken on lease at Nashik manufacturing facility for the production of tyres. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of those costs. The Group estimates that the costs would be realised in year 2066 at the expiration of the lease and calculates the provision using the Discounted Cash Flow (DCF) method based on the following assumptions:

- Estimated range of cost per square meter: ₹ 45 – ₹ 50
- Discount rate – 11.50%

Movement in provision for decommissioning liability	(₹ in Lacs)
As at April 01, 2019	**68**
Additions during the year	8
As at March 31, 2020	**76**
Additions during the year	9
As at March 31, 2021	**85**

d) Provision for litigations

Movement in provision for indirect tax and labour matters	(₹ in Lacs)
As at April 01, 2019	**4,971**
Additions during the year	28
Utilised during the year	(492)
As at March 31, 2020	**4,507**
Additions during the year	179
Utilised during the year	(1,644)
As at March 31, 2021	**3,042**

Notes to Consolidated financial statements

for the year ended March 31, 2021

Note 25: Income tax and deferred taxes

Refer note 2.9 for accounting policy on Taxes

Statement of Balance Sheet

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non current tax assets (net)		
Advance payment of tax (net of provision)	5,650	1,725
Current tax liabilities (net)		
Provision for income tax (net of advance tax)	4,963	1,980
Deferred tax liabilities (net)	28,000	27,439
Deferred tax assets (net)	69	68

Statement of Profit and Loss

(₹ in Lacs)

Particulars	2020-21	2019-20
Current tax	4,184	7,932
Deferred tax	975	(509)
Income tax expense reported in the Statement of Profit and Loss (refer foot note c)	**5,159**	**7,423**

Other comprehensive income (OCI)

Deferred tax related to items recognised in OCI during the year:

(₹ in Lacs)

Particulars	2020-21	2019-20
Income tax effect on actuarial losses for gratuity	(97)	245
Income tax effect on movement in cash flow hedges	516	(1,347)
Income tax (expense) / income charged to OCI	**419**	**(1,102)**

Reconciliation of Effective Tax Rate

(₹ in Lacs)

Particulars	2020-21	2019-20
Accounting profit before tax from continuing operations	**48,389**	**30,429**
Income tax rate of 25.17% (31 March 2020: 34.94%) (refer foot note c)	12,180	10,633
Additional Deduction on Research and Development (R&D) expense	-	(1,523)
Rate reduction, reversal of temporary differences, provision for tax of earlier years and merger impact (refer foot note c and d)	(7,008)	-
Income taxable at special rates	(140)	(179)
Impact of share of profit from joint venture	(953)	(644)
Income tax refund for earlier years	-	(3,604)
Impact of subsidiaries with no tax on account of losses	410	1,844
Impact of associate with no tax on account of losses	39	47
Difference in tax rates for certain entities of the group	522	525
Other Ind AS adjustments	(15)	71
Others	(187)	(86)
Non-deductible expenses for tax purposes:		
Depreciation on revaluation	101	142
Corporate social responsibility (CSR) Expenses	198	160
Other non-deductible expenses	12	37
At the effective income tax rate of 9.86% (March 31, 2020: 23.18%)	**5,159**	**7,423**

Notes to Consolidated financial statements

for the year ended March 31, 2021

Note 25: Income tax and deferred taxes (Contd..)

Deferred tax

Deferred tax relates to the following

(₹ in Lacs)

Particulars	Balance Sheet		Profit and Loss	
	As at March 31, 2021	As at March 31, 2020	2020-21	2019-20
Accelerated depreciation for tax purposes	(33,581)	(47,124)	(13,543)	9,125
DTA on brought forward losses	-	3,096	3,096	-
MAT Credit entitlement	-	8,037	8,037	(7,133)
Voluntary Retirement Scheme (VRS)	1,082	1,639	557	(2)
Allowance for doubtful debts/advances	767	1,727	960	296
Undistributed profit of Subsidiary	(1,568)	(1,976)	(408)	493
Others	5,369	7,230	2,276	(3,288)
Deferred tax expense / (income)			**975**	**(509)**
Net deferred tax assets / (liabilities)	**(27,931)**	**(27,371)**		

Reflected in the Balance Sheet as follows:

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax assets	7,218	18,633
Deferred tax liability	(35,149)	(49,100)
Deferred tax liability (net)	**(27,931)**	**(30,467)**

Reconciliation of deferred tax liabilities (net)

(₹ in Lacs)

Particulars	2020-21	2019-20
Opening balance as of April 01	**(27,371)**	**(21,918)**
Tax (expense) / income recognised in the Statement of Profit and Loss	(975)	509
Tax (expense) / income recognised in Other Comprehensive Income	419	(1,102)
MAT Credit utilization and others	-	(4,860)
Others	(4)	-
Closing balance as at March 31	**(27,931)**	**(27,371)**

Notes:

a) This figure includes deferred tax asset of ₹ 69 lacs (March 31, 2020: ₹ 68 lacs) of CEAT Akkhan limited

b) The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities as well as deferred tax assets and liabilities related to income taxes levied by the same tax authority.

c) The Group elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 while filing the tax return for year ended March 31, 2020. Accordingly, the Group has recognised provision for current tax for the year ended March 31, 2021 and re-measured its current tax for the year ended March 31, 2020 and deferred tax liabilities basis the rate prescribed in that section.

d) The current and deferred tax for the year ended March 31, 2021 includes the impact on tax expenses consequent to the amalgamation as referred to in note 53.

Notes to Consolidated financial statements
for the year ended March 31, 2021

Note 26: Borrowings

Refer note 2.19 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
Secured		
Cash credit facilities from banks (repayable on demand) (refer foot note a)	1,539	779
Export packing credit from banks (refer foot note a)	-	1,514
Buyer's credit from banks	561	1,479
Working capital demand loan (refer foot note b)	-	5,000
Unsecured		
Commercial paper (refer foot note c)	-	14,873
Total	**2,100**	**23,645**

Notes:

a) Cash credit facilities from banks is part of working capital facilities availed from consortium of banks secured by way of first pari passu charge on the current assets of the Group carrying interest in the range of 7.10% p.a. to 12.00% p.a.

b) Working capital loan availed from HSBC Bank Nil as on March 31, 2021 (March 31, 2020: ₹ 5,000 lacs) was pre-paid in full including interest thereon during the year.

c) The Group had issued commercial papers (total available limit ₹ 35,000 lacs) at regular intervals for working capital purposes with interest ranging from 3.37% p.a. to 6.55% p.a. As at March 31, 2021, there are no commercial paper outstanding.

d) Refer note 51(c) for information about liquidity risk relating to borrowings

Note 27: Trade payables

Refer note 2.19 for accounting policy on financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Dues to micro and small enterprises (refer note a)		
Overdue	641	171
Not due	8,449	1,600
Other trade payables	1,85,094	1,17,366
Trade payables to related parties (refer note 46)	593	339
Total	**1,94,777**	**1,19,476**

Notes to Consolidated financial statements
for the year ended March 31, 2021

Note 27: Trade payables (Contd..)

Notes :

a) Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 (the MSMED Act) are given as follows*:

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
i) The principal amount remaining unpaid to any supplier as at the end of each accounting year	9,084	1,769
ii) Interest due thereon remaining unpaid to any supplier as at the end of accounting year	6	2
iii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	2	-
iv) The amount of interest due and payable for the year	6	2
v) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small Enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the Act.	-	-

* The information disclosed above is to the extent available with the Group.

b) Trade payables are normally settled on 30 to 180 days.

c) Refer note 51(c) for information about liquidity risk relating to trade payables.

Note 28: Other financial liabilities

Refer note 2.19 for accounting policy on Financial instruments

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
At fair value through other comprehensive income		
Derivative financial instrument	1,494	59
At amortised cost		
Current maturities of long-term borrowings (refer note 22)	5,551	5,180
Interest accrued but not due on borrowings	1,307	744
Interest accrued but not due on Security deposit	28	14
Unpaid dividends	510	548
Unpaid matured deposits and interest accrued thereon (refer foot note a)	80	91
Payable to capital vendors	24,627	20,266
Deposits from dealers and Others	42,507	34,935
Others	-	148
Total	**76,104**	**61,985**

Notes:

a) Refer foot note (a) of note 14- Bank balances other than cash and cash equivalents

b) Refer note 49 for information about fair value measurement and note 51(c) for information about liquidity risk relating to other financial liabilities

Notes to Consolidated financial statements

for the year ended March 31, 2021

Note 29: Other current liabilities

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues	9,373	5,173
Advance received from customers *	1,606	1,332
Other payables	1	1
Total	**10,980**	**6,506**

* Represents contract liabilities

Note 30: Revenue from operations

refer note 2.7 for accounting policy on Revenue recognition and 2.8 for Government grants, subsidies and export incentives

Set out below is the disaggregation of the Group's revenue from contracts with customers:

(₹ in Lacs)

Particulars	2020-21	2019-20
Revenue recognised at the point of time		
Automotive Tyres	6,79,976	6,00,927
Tubes and others	72,706	65,906
Sale of scrap	4,257	3,323
Other revenues	409	1,032
Revenue recognised over the period of time		
Royalty income (refer note 46)	502	438
Total revenue from contracts with customers	**7,57,850**	**6,71,626**
Other operating income		
Government grants (refer foot note d)	3,110	6,257
Revenue from operations	**7,60,960**	**6,77,883**

Notes:

a) Revenue disaggregation basis geography has been included in segment information (refer note 47)

b) Contract assets and liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables (refer note 12)	92,156	67,435
Contract liabilities (refer note 29)	1,606	1,332

The Group receives payment from customers based on a billing schedule, as established in the contracts with customers. Trade receivable are recognised when the right to consideration becomes unconditional. Contract liability relates to payments received in advance of performance under the contract. Contract liabilities are recognised as revenue as (or when) the Group perform under the contract.

c) Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price:

(₹ in Lacs)

Particulars	2020-21	2019-20
Revenue as per contracted price	7,78,586	6,92,187
Reductions towards variable consideration components*	(20,736)	(20,561)
Revenue from contracts with customers	**7,57,850**	**6,71,626**

*The reduction towards variable consideration comprises of discounts, indexations etc.

Notes to Consolidated financial statements

for the year ended March 31, 2021

Note 30: Revenue from operations (Contd..)

d) Government Grant:

i) The Group has recognised a government grant as income on account of Export Incentive under Merchandise Exports from India Scheme (MEIS) from Directorate General of Foreign Trade, Government of India.

ii) Pursuant to the memorandum of understanding executed with the Government of Maharashtra, the Group is entitled for industrial promotion subsidy. During the year, the Group has recognised subsidy income of ₹ 3,051 lacs (March 31, 2020: ₹ 4,026 lacs).

Note 31: Other income

refer note 2.7 for accounting policy on revenue recognition

(₹ in Lacs)

Particulars	2020-21	2019-20
Interest income on		
Bank deposits	211	29
Other interest income	283	617
Other non-operating income	887	973
Gain on disposal of property, plant and equipment / asset held for sale (net)	-	428
Gain on disposal of investments (net)	-	4
Total	**1,381**	**2,051**

Note 32: Cost of material consumed

(₹ in Lacs)

Particulars	2020-21	2019-20
Raw material		
Opening stock	32,270	38,043
Add: Purchases	4,43,805	3,81,523
	4,76,075	**4,19,566**
Less: Closing stock*	(58,699)	(32,270)
Total	**4,17,376**	**3,87,296**

Note:

*The closing stock as at March 31, 2021 is gross off provision towards unusable raw materials aggregating ₹ 200 lacs (March 31, 2020: ₹ 200 lacs). refer note 38 for further details.

Details of raw materials consumed

(₹ in Lacs)

Particulars	2020-21	2019-20
Rubber	2,10,520	1,86,568
Fabrics	54,108	53,153
Carbon black	57,381	59,654
Chemicals	49,524	45,032
Others	45,843	42,889
Total	**4,17,376**	**3,87,296**

Details of Closing inventories

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Rubber	41,388	19,836
Fabrics	4,309	3,164
Carbon black	2,574	2,327
Chemicals	4,308	2,491
Others	6,120	4,452
Total (refer note 11(a))	**58,699**	**32,270**

Notes to Consolidated financial statements
for the year ended March 31, 2021

Note 33: Changes in inventories of finished goods, work-in-progress and stock-in-trade

(₹ in Lacs)

Particulars	2020-21	2019-20
Opening Stock		
Finished goods	49,871	51,878
Work-in-progress	4,515	3,342
Stock-in-trade	3,975	3,770
	58,361	**58,990**
Closing Stock		
Finished goods	43,239	49,871
Work-in-progress*	6,708	4,515
Stock-in-trade	1,979	3,975
	51,926	**58,361**
Total change in inventories	**6,435**	**629**

* The closing stock as at March 31, 2021 is gross off provision towards unusable raw materials aggregating ₹ 28 lacs for the year ended March 31, 2021 (March 31, 2020: ₹ 1,127 lacs). refer note 38 for further details.

Note 34: Employee benefit expenses

refer note 2.18 for accounting policy on employee benefits

(₹ in Lacs)

Particulars	2020-21	2019-20
Salaries, wages and bonus	56,275	45,294
Contribution to provident and other funds	2,571	2,364
Gratuity expenses (refer note 44)	883	730
Staff welfare expenses	7,816	5,789
Total	**67,545**	**54,177**

Note 35: Finance costs

refer note 2.13 for accounting policy on Borrowing costs and 2.17 on Provisions and 2.14 on Leases.

(₹ in Lacs)

Particulars	2020-21	2019-20
Interest on debts and borrowings [refer note 3(7)]	14,992	13,082
Other finance charges	829	455
Interest on lease liabilities [refer note 4(b)]	1,102	1,050
Total Interest expense	**16,923**	**14,587**
Unwinding of decommissioning liability	9	8
Unwinding of discount on provision of sales related obligations	619	498
Total finance cost	**17,551**	**15,093**

Note 36: Depreciation and amortization expenses

refer note 2.11 for accounting policy on property, plant and equipments and 2.12 on intangible assets and 2.14 on leases

(₹ in Lacs)

Particulars	2020-21	2019-20
Depreciation on property, plant and equipment (refer note 3)	26,061	21,237
Amortization on intangible assets (refer note 5)	3,080	2,486
Depreciation on Right-of-use assets [refer note 4(a)]	4,822	3,928
Total	**33,963**	**27,651**

Notes to Consolidated financial statements
for the year ended March 31, 2021

Note 37: Other expenses

(₹ in Lacs)

Particulars	2020-21	2019-20
Conversion charges	30,718	30,265
Short-term and low value lease rent	957	1,235
Stores and spares consumed	7,769	6,167
Provision for obsolescence of stores and spares	336	100
Power and fuel	25,547	21,658
Freight and delivery charges	40,497	34,920
Rates and taxes	1,302	539
Insurance	1,398	1,171
Repairs and maintenance:		
Machinery	6,232	6,570
Buildings	661	586
Others	34	119
Travelling and conveyance	1,547	4,131
Printing and stationery	216	254
Directors' fees (refer note 46)	59	49
Payment to auditors (refer foot note 1)	117	115
Cost audit fees	4	4
Advertisement and sales promotion expenses	17,113	17,479
Commission on sales	198	265
Communication expenses	2,003	1,303
Bad debts and advances written off	2,427	272
Allowance for bad debts and advances written back including utilisation of provision [refer note 24(d)]	(2,427)	(219)
	0	**53**
Allowance for doubtful debts and advances	103	174
loss on disposal of property, plant and equipment(net)	650	-
Legal charges	221	344
Foreign exchange fluctuations (net)	143	256
Professional and consultancy charges	4,258	5,902
Commission to directors (refer note 46)	434	93
Training and conference expenses	397	1,181
Corporate social responsibility (CSR) expenses (refer foot note 2)	786	913
Bank charges	325	299
Sales related obligations	8,079	7,230
Miscellaneous expenses (refer foot note 3)	16,386	16,439
Total	**1,68,490**	**1,59,814**

Notes:

1) **Payment to auditors ***

(₹ in Lacs)

Particulars	2020-21	2019-20
As auditor		
Audit fee	67	69
Limited review	24	27
In other capacity:		
Other services (including certification fees)	25	13
Reimbursement of expenses	1	6
Total	**117**	**115**

* Exclusive of Goods and Services Tax (GST)

Notes to Consolidated financial statements
for the year ended March 31, 2021

Note 37: Other expenses (Contd..)

2) Details of Corporate Social Responsibility (CSR) expenditure

(₹ in Lacs)

Particulars	2020-21	2019-20
a) Gross amount required to be spent during the year	786	913

(₹ in Lacs)

Particulars	In cash	Yet to be paid in cash	Total
b) Amount spent during the year ending on March 31, 2021*			
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	786	-	786
Total	**786**	**-**	**786**

(₹ in Lacs)

Particulars	In cash	Yet to be paid in cash	Total
c) Amount spent during the year ending on March 31, 2020*			
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	913	-	913
Total	**913**	**-**	**913**

* The Group does not carry any CSR expense provisions for current and previous year.

3) The Group made contributions through electoral bonds of Nil for the year ended March 31, 2021 (₹ 800 lacs for year ended March 31, 2020) which is included in Miscellaneous expenses.

Note 38: Exceptional items

(₹ in Lacs)

Particulars	2020-21	2019-20
Voluntary retirement scheme (VRS) (refer foot note a)	1,245	1,390
Expenses / losses attributable to COVID19 (refer foot note b)	2,011	1,594
Provision for loss by fire (refer foot note c)	150	-
Total	**3,406**	**2,984**

a) The Group had introduced VRS for employees . During the year, 69 employees (March 31, 2020, 60 employees) opted for the VRS.

b) As explained in note 54, the COVID-19 pandemic had a significant impact on the Group's operations. The Group has made provision for unusable semi finished inventory and raw materials, aggregating ₹ 258 lacs for the year ended March 31, 2021 (March 31, 2020: ₹ 1,327 lacs) due to abrupt stoppage of production facilities. Further, borrowing costs not capitalised due to temporary suspension related to ongoing capital projects, contract manpower cost and export detention (for the period attributable to the COVID-19) aggregate ₹ 1,753 lacs for the year ended March 31, 2021 (March 31, 2020: ₹ 267 lacs).

c) The Group's Halol plant witnessed a fire incident at its Passenger Car Radial Tyre Curing Section (Phase II) on April 08, 2020. The Group has provided for the loss (net of insurance claim receivable) of asset and material at ₹ 150 lacs for the year ended March 31, 2021.

Notes to Consolidated financial statements
for the year ended March 31, 2021

Note 39: Research and development costs

(₹ in Lacs)

Particulars	2020-21	2019-20
Capital expenditure	2,072	5,186
Revenue expenditure	8,418	7,121
Total	**10,490**	**12,307**

The above expenditure of research and development has been determined on the basis of information available with the Group and as certified by the management.

Note 40: Earnings per share

refer note 2.23 for accounting policy on Earnings per share

The following reflects the income and share data used in the basic and diluted EPS computations:

(₹ in Lacs)

Particulars	2020-21	2019-20
Profit after tax for calculation of basic and diluted EPS	43,204	23,125
Weighted average number of equity shares (face value per share ₹ 10) in calculating basic EPS and diluted EPS	4,04,50,092	4,04,50,092
Basic earnings per share (Face value of ₹ 10 each)	**106.81**	**57.17**
Diluted earnings per share (Face value of ₹ 10 each)	**106.81**	**57.17**

Note 41: Non-controlling interest

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests

(₹ in Lacs)

Particulars	Country of Incorporation	% of Equity interest	
		As at March 31, 2021	As at March 31, 2020
Rado Tyres Limited	India	41.44%	41.44%
CEAT AKKHAN Limited	Bangladesh	30.00%	30.00%

Information regarding non-controlling interest

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Accumulated balances of material non-controlling interest:		
Rado Tyres Limited	(383)	(411)
CEAT AKKHAN Limited	2,707	2,776
Total	**2,324**	**2,365**
Total comprehensive income allocated to material non-controlling interest:		
Rado Tyres Limited	27	(12)
CEAT AKKHAN Limited	(1)	(107)
Total	**26**	**(119)**

Notes to Consolidated financial statements
for the year ended March 31, 2021

Note 41: Non-controlling interest (Contd..)

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations:

Summarised statement of profit and loss for the year ended March 31, 2021

Particulars	Rado Tyres Limited	CEAT AKKHAN Limited
Revenue	200	12,375
Profit/(Loss) for the year	65	(4)
Other comprehensive income	-	-
Total comprehensive income	**65**	**(4)**
Attributable to:		
Equity holders of parent	38	(3)
Non-controlling interest	27	(1)

Summarized statement of profit and loss for the year ended March 31, 2020

Particulars	Rado Tyres Limited	CEAT AKKHAN Limited
Revenue	3	10,073
Profit/(Loss) for the year	(29)	(359)
Other comprehensive income	-	-
Total comprehensive income	**(29)**	**(359)**
Attributable to:		
Equity holders of parent	(17)	(252)
Non-controlling interest	(12)	(107)

Summarised balance sheet as at March 31, 2021

Particulars	Rado Tyres Limited	CEAT AKKHAN Limited
Non Current Assets	102	8,020
Current Assets	549	6,247
Non Current Liabilities	1,510	36
Current Liabilities	66	5,207
Total equity	**(925)**	**9,024**
Attributable to:		
Equity holders of parent	(542)	6,317
Non-controlling interest	(383)	2,707

Summarised balance sheet as at March 31, 2020

Particulars	Rado Tyres Limited	CEAT AKKHAN Limited
Non Current Assets	484	8,234
Current Assets	45	4,922
Non Current Liabilities	1,510	27
Current Liabilities	10	3,877
Total equity	**(991)**	**9,252**
Attributable to:		
Equity holders of parent	(580)	6,476
Non-controlling interest	(411)	2,776

Notes to Consolidated financial statements
for the year ended March 31, 2021

Note 41: Non-controlling interest (Contd..)

Summarised cash flow information as at March 31, 2021

Particulars	Rado Tyres Limited	CEAT AKKHAN Limited
Operating	32	743
Investing	474	(101)
Financing	-	16
Net increase / (decrease) in cash and cash equivalents	**506**	**658**

Summarised cash flow information as at March 31, 2020

Particulars	Rado Tyres Limited	CEAT AKKHAN Limited
Operating	(4)	(1,675)
Investing	6	(32)
Financing	-	987
Net increase / (decrease) in cash and cash equivalents	**2**	**(720)**

Note 42: Interest in Joint Venture

The group has 50% interest in CEAT Kelani Holding (Pvt) Limited, a joint venture incorporated in Sri Lanka. The joint venture entity has wholly owned subsidiaries who are involved in the manufacture of tyres. The group interest in CEAT Kelani Holdings (Pvt) Limited is accounted for using the equity method in the consolidated financial statements. Summarized financial information of the joint venture based on its financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below.

Details of interest held by company

Particulars	Principal activities	Country of incorporation	% of equity interest	
			March 31, 2021	March 31, 2020
CEAT Kelani Holding (Pvt) Limited	Manufacturing of tyres	Sri Lanka	50%	50%

Summarised balance sheet

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non Current Assets	25,207	22,086
Current Assets	30,733	24,950
Non Current Liabilities	(4,224)	(4,373)
Current Liabilities	(15,330)	(12,360)
Foreign currency translation differences	1,514	3,744
Net Assets	**37,900**	**34,047**
Percentage of the Group's ownership	50%	50%
Group's share in Net worth	**18,950**	**17,023**
Goodwill on Consolidation	1,982	1,968
Revaluation reserve	(1,669)	(1,798)
Carrying amount of investments	**19,263**	**17,193**

Notes to Consolidated financial statements

for the year ended March 31, 2021

Note 42: Interest in Joint Venture (Contd..)

Summarised statement of profit and loss

(₹ in Lacs)

Particulars	2020-21	2019-20
Revenue	45,873	37,051
Finance Costs	(217)	(249)
Depreciation and amortization	(1,842)	(1,655)
Profit before tax	**8,589**	**4,805**
Income tax expenses	(1,020)	(1,090)
Profit after tax (A)	**7,569**	**3,715**
Other comprehensive income	(16)	(14)
Total other comprehensive income	**7,553**	**3,701**
Percentage of the Group's ownership (B)	50%	50%
Profit considered for consolidation [A x B]	**3,785**	**1,857**

The Group has no contingent liabilities or capital commitments relating to its interest in CEAT Kelani Holding (Pvt) Limited as at March 31, 2021 and March 31, 2020. The joint venture has no contingent liabilities or capital commitments as at 31 March 2021 and 31 March 2020.

Note 43: Interest in Associates

The group interest in associates is accounted for using the equity method in the consolidated financial statements. Summarized financial information of associates for the year ended March 31, 2021 is based on its financial statements are set out below.

Details of interest held by Group

(₹ in Lacs)

Particulars	Principal activities	Country of incorporation	% of equity interest	
			March 31, 2021	March 31, 2020
TYRESNMORE Online Pvt Ltd	Trading of tyres, tubes and flaps	India	*44.61%	*41.30%
Greenzest Solar Private Limited	Power generation	India	28.00%	28.00%

*Includes compulsory convertible preference shares (potential voting right)

a) TYRESNMORE Online Pvt Ltd

During the year, the Group made additional investment of ₹ 260 lacs (March 31, 2020 ₹ 299 lacs) in TYRESNMORE Online Pvt Ltd.

Summarised balance sheet

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non Current Assets	150	129
Current Assets	209	276
Non Current Liabilities	38	3
Current Liabilities	132	69
Total equity	**189**	**333**
Percentage of the Group's ownership	44.61%	41.30%
Group's share in Net worth	**84**	**138**
Goodwill on Consolidation	747	610
Carrying amount of investment	**831**	**748**

Notes to Consolidated financial statements

for the year ended March 31, 2021

Note 42: Interest in Joint Venture (Contd..)

Summarised statement of profit and loss

(₹ in Lacs)

Particulars	2020-21	2019-20
Revenue	665	1,160
Finance Costs	6	7
Depreciation and amortization	25	24
Profit/(Loss) for the period	(405)	(335)
Other comprehensive income	-	-
Total comprehensive income	**(405)**	**(335)**
Profit/(Loss) considered for consolidation	(405)	(335)
Percentage of the Group's ownership	44.61%	41.30%
Group share in Profit/(Loss) considered for consolidation #	***(177)**	***(135)**

44.61 % profit is considered for consolidation from the date of acquisition of additional interest

*Loss of associate up to the date of acquisition of shares is not considered for consolidation

The Group has no contingent liabilities or capital commitments relating to its interest in TYRESNMORE Online Pvt Ltd as at March 31, 2021 and March 31, 2020. The associate has no contingent liabilities or capital commitments as at March 31, 2021 and March 31, 2020.

b) Greenzest Solar Private Limited

During the year, the Group made additional investment of ₹ 468 lacs (March 31, 2020 ₹ 22 lacs) in Greenzest Solar Private Limited.

Summarised balance sheet

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non Current Assets	6,134	5,330
Current Assets	645	603
Non Current Liabilities	3,539	1,937
Current Liabilities	1,430	3,791
Total equity	**1,810**	**205**
Percentage of the Group's ownership	28.00%	28.00%
Group's share in Net worth	**507**	**57**
Goodwill/(Capital reserve) on Consolidation	6	(35)
Carrying amount of investment	**513**	**22**

Summarized statement of profit and loss

(₹ in Lacs)

Particulars	2020-21	2019-20
Revenue	564	-
Finance Costs	171	2
Depreciation and amortization	188	-
Profit/(Loss) for the period	80	(14)
Other comprehensive income	-	-
Total comprehensive income	**80**	**(14)**
Profit/(Loss) considered for consolidation	80	-
Percentage of the Group's ownership	28.00%	28.00%
Group share in Profit/(Loss) considered for consolidation*	**23**	**-**

*Loss of associate up to the date of acquisition of shares is not considered for consolidation

The Group has no contingent liabilities or capital commitments relating to its interest in Greenzest Solar Private Limited as at March 31, 2021 and March 31, 2020. The associate has no contingent liabilities or capital commitments as at March 31, 2021 and March 31, 2020.

Notes to Consolidated financial statements
for the year ended March 31, 2021

Note 44: Post-retirement benefit plan

Refer note 2.18 for accounting policy on employee benefits

a) Defined contribution plan

Refer note 34 for Group's contribution to the defined contribution plans with respect to provident fund and other funds.

b) Defined benefit plan - Gratuity

Description of plan

The Group has a defined benefit gratuity plan which is funded with an Insurance Company in the form of a qualifying Insurance policy. The Group's defined benefit gratuity plan is a salary plan for employees which requires contributions to be made to a separate administrative fund. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, every employee who has completed five years of service gets a gratuity on separation at 15 days of last drawn salary for each completed year of service.

Governance

The fund has the form of a trust and it is governed by the Board of Trustees, which consists of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy. Each year, the Board of Trustees reviews the level of funding.

Investment Strategy

The Board of trustees have appointed LIC of India, Birla Sun Life Insurance, Kotak life, India First Life Insurance & HDFC Life Insurance to manage its funds. The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise. Every year, the insurance Company carries out a funding valuation based on the latest employee data provided by the Group. Any deficit in the assets arising as a result of such valuation is funded by the Group. In case of death, while in service, the gratuity is payable irrespective of vesting.

The following set out the amounts recognized in the Group's financial statements as at March 31, 2021 and March 31, 2020

Balance Sheet

i) Net Assets / (Liability) as at year end

(₹ in Lacs)

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	Closing Present value of the defined benefit obligation	12,324	11,839
2	Closing fair value of plan assets	11,624	9,301
	Net Assets / (Liability) recognized in the Balance Sheet	**(700)**	**(2,538)**

ii) Change in present value of the defined benefit obligation

(₹ in Lacs)

Sr. No.	Particulars	2020-21	2019-20
1	**Opening present value of defined benefit obligation**	11,839	10,351
2	Current Service Cost	883	736
3	Interest Cost	798	778
4	Benefits paid	(1,037)	(851)
5	Remeasurement (Gain) / Loss in other comprehensive income		
	- Actuarial changes arising from changes in demographic assumptions	26	82
	- Actuarial changes arising from changes in financial assumption	(52)	616
	- Experience adjustments	(133)	127
	Closing present value of defined benefit obligation	**12,324**	**11,839**

Notes to Consolidated financial statements
for the year ended March 31, 2021

Note 44: Post-retirement benefit plan (Contd..)

iii) Change in fair value of plan assets

(₹ in Lacs)

Sr. No.	Particulars	2020-21	2019-20
1	Opening fair value of plan assets	9,301	9,339
2	Expected return on plan assets	627	703
3	Contributions made	2,501	10
4	Benefits paid	(1,037)	(851)
5	Return on plan assets, excluding amount recognised in net interest expense	232	100
	Closing fair value of plan assets	**11,624**	**9,301**

The Group's gratuity funds are invested through insurers

Statement of profit and loss

iv) Expenses recognised during the year

(₹ in Lacs)

Sr. No.	Particulars	2020-21	2019-20
1	In Income Statement	1,054	812
2	In Other Comprehensive Income	(381)	734
	Total Expenses recognised during the period	**673**	**1,546**

v) Expenses recognized in the income statement

(₹ in Lacs)

Sr. No.	Particulars	2020-21	2019-20
1	Current service cost (refer note 34)*	883	736
2	Interest cost on benefit obligation	171	83
3	Expected return on plan assets	-	(7)
	Net benefit expense	**1,054**	**812**

* Includes Nil capitalised during the year (March 31, 2020: ₹ 6 lacs).

vi) Expenses recognized in Other comprehensive income

(₹ in Lacs)

Sr. No.	Particulars	2020-21	2019-20
1	Remeasurement arising from changes in demographic assumptions	26	82
2	Remeasurement arising from changes in financial assumptions	(42)	625
3	Remeasurement arising from changes in experience adjustment	(133)	127
4	Return on plan assets, excluding amount recognized in net interest expense	(232)	(100)
	Components of defined benefit (gain) / cost recognised in other comprehensive income	**(381)**	**734**

vii) Actual return on plan assets for the year ended

(₹ in Lacs)

Sr. No.	Particulars	2020-21	2019-20
1	Expected return on plan assets	627	703
2	Actuarial gain / (loss) on plan assets	232	100
	Actual return on plan assets	**859**	**803**

Notes to Consolidated financial statements

for the year ended March 31, 2021

Note 44: Post-retirement benefit plan (Contd..)

viii) The principal assumptions used in determining gratuity and leave encashment for the Group's plan are shown below

Particulars	2020-21	2019-20
Discount Rates (per annum)	6.80%	6.35% - 6.75%
Salary growth rate (per annum)	7.00%	7.00%
Mortality rate (% of Indian Assured Lives Mortality (2012-14) Modified Ultimate)	100%	100%
Disability Rate (% of mortality rate)	5% of mortality rate	5% of mortality rate
Withdrawal rates, based on service year: (per annum)		
- Below 5 years	8.80%	8.20% - 15.00%
- Equal and above 5 years	4.40%	5.67%

The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields / rates available on applicable bonds as on the current valuation date.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Company's best estimate of contribution during the next year is ₹ 1,608 lacs.

ix) Sensitivity analyses of the defined benefit obligation

The sensitivity analysis below have been determined based on reasonably possible change of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Defined Benefit Obligation (Base)	12,324	11,839

A quantitative sensitivity analysis for significant assumption as at March 31, 2021 is as shown below:

(₹ in Lacs)

Particulars	2020-21		2019-20	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	13,413	11,380	12,776	11,018
(% change compared to base due to sensitivity)	8.80%	(7.70)%	7.90%	(6.90)%
Salary Growth Rate (- / + 1%)	11,375	13,399	11,013	12,762
(% change compared to base due to sensitivity)	(7.70)%	8.70%	(7.00)%	7.80%
Attrition Rate (- / + 50% of attrition rates)	12,399	12,259	11,920	11,771
(% change compared to base due to sensitivity)	0.60%	(0.50)%	0.70%	(0.60)%
Mortality Rate (- / + 10% of mortality rates)	12,324	12,323	11,839	11,838
(% change compared to base due to sensitivity)	0.00%	(0.00)%	0.00%	(0.00)%

Notes to Consolidated financial statements

for the year ended March 31, 2021

Note 44: Post-retirement benefit plan (Contd..)

These plans typically expose the Company to actuarial risks such as: Investment Risk, Interest Risk, Demographic Risk and Salary Risk.

Risk	Exposure
Interest	The plan exposes the Group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).
Investment	The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.
Demographic	The Group has used certain mortality and attrition assumptions in valuation of the liability. The Group is exposed to the risk of actual experience turning out to be worse compared to the assumption.
Salary Escalation	The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

x) Weighted average duration and expected employers contribution for the next year for the defined benefit plan

The weighted average duration (based on discounted cash flows) of defined benefit obligation is 8 years.

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Within the next 12 months (next annual reporting period)	1,742	1,910
Between 2 and 5 years	4,289	4,507
Between 5 and 10 years	5,404	5,119
Beyond 10 years	13,439	10,448
Total	**24,874**	**21,984**

Compensated absences

Refer note 24(b) for details on provision made towards compensated absences.

Note 45: Commitments and contingencies

a) Contingent Liabilities

Refer note 2.25 for accounting policy on contingent liability and contingent asset (to the extent not provided for)

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
1. Direct and indirect taxation matters*		
Income tax	901	495
Excise duty / Service tax / GST	7,144	6,247
Sales tax / VAT	4,967	5,439
Bills discounted with banks	14,305	3,672
2. Claims against the Group not acknowledged as debts*		
In respect of labour matters	654	660
Vendor disputes	294	294
3. Other claims*	3,234	3,208

* In respect of above matters, future cash outflows are determinable only on receipt of judgements pending at various forums / authorities.

Notes to Consolidated financial statements

for the year ended March 31, 2021

Note 45: Commitments and contingencies (Contd..)

b) Commitments

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advance payments)	65,923	73,999

c) Others

1. The Group has availed the Sales Tax Deferral Loan and Octroi refund from the Directorate of Industries for Nashik Plant. Hence, the Group has to take prior permission of the appropriate authority for removal/transfer of any asset (falling under the above Schemes) from Nashik Plant. In case of violation of terms & conditions, the Group is required to refund the entire loan/benefit along with the interest @ 22.50% on account of Sales Tax deferral Loan and @ 15% on account of Octroi refund.

d) Demands and disputes considered as "Remote" by the Group

1. The Group has been served with a Show Cause cum Demand Notice from the DGCEI (Directorate General of Central Excise Intelligence) Mumbai, on the ground that, the activity of making tyre set, i.e. inserting Tubes and Flaps inside the Tyres and tied up through Polypropylene Straps, amounts to manufacture / pre-packaged commodity under Section 2(f)(iii) of Central Excise Act, read with Section 2(l) of the Legal Metrology Act, 2009. Accordingly, the authorities worked out the differential duty amounting to ₹ 27,672 Lacs i.e., the amount of duty already paid on the basis of transaction value and duty payable on the basis of MRP under Section 4A, for the period from April-2011 to July-2017. The Group believes that Set of TT / TTF (Tyre and Tube / Tyre, Tube and Flap) is not pre-packaged commodity in terms of provisions of Legal Metrology Act, 2009. The Group has a strong case on the ground that, the said issue has been clarified by the Controller of the Legal Metrology Department vide its letter dated May 1, 1991 that "Tyre with tube & flaps tied with three thin polythene strips may not be treated as a pre-packed commodity within the meaning of rule 2(l) of the Standards of Weights and Measures (Packaged Commodities), Rules, 1977". The above clarification has been re-affirmed vide letter dated November 16, 1992 by the Legal Metrology authorities.

2. The Competition Commission of India ('CCI') had, while considering the representation of the All India Tyres Dealers Federation (AITDF) made a prima facie finding that the major players of tyre industry (including the Company) had some understanding amongst themselves, especially in the replacement market, as they did not pass the benefit of corresponding reduction in prices of major raw material inputs for the period subsequent to the financial year 2011-12. CCI had, vide its order passed on June 24, 2014, directed the Office of the Director General (DG) to investigate the said alleged violation of the Act. DG submitted its investigation report to CCI in December 2015, based on which CCI directed the said tyre manufacturers to file their suggestions/objections by May 5, 2016. Objections were filed as directed and the CCI had also heard the tyre manufacturers in detail.

   Aggrieved by the conduct of the Investigation by the DG, one of the other tyre manufacturer filed Writ Petition in the Madras High Court, challenging the legality of the investigation conducted by the Director General. The Madras High Court had initially admitted the Writ Petition and directed the CCI to not pass any Orders till the disposal of the Petition. Subsequently, the Writ Petition was dismissed on March 6, 2018. Aggrieved by the decision of the Single Judge of the Madras High Court, the above said tyre manufacturer filed Appeal before the Division Bench on March 7, 2018. On hearing the Appeal, the Division Bench on March 8, 2018 directed the CCI to keep its Orders in sealed cover till the disposal of the Appeal. The Appeal is still pending.

   Meanwhile, few other tyre manufactures having been aggrieved by the decision of the Single Judge of the Madras High Court, have filed Special Leave Petition before the Supreme Court. However, when the Petition came up for hearing, the Parties have withdrawn the Petition citing their willingness to approach the Division Bench of the Madras High Court. The Appeal filed before the Madras High Court continues to be pending.

   The Group's decision to change the price is purely a business decision which depends upon many factors like cost of production, brand value perception, profit margin of each product, quality perception of each product in the market, demand and supply situation of each product category, market potential and market share targets of various product categories etc. In view of the above, Group believes that it has a strong case, hence, considered as remote.

Notes to Consolidated financial statements

for the year ended March 31, 2021

Note 46: Related party transactions

a) Names of related parties and related party relationship

Related parties where control exists

- CEAT Kelani Holdings (Pvt.) Limited ("CKHL") (Joint venture of ACHL)
- Associated CEAT (Pvt.) Limited ("ACPL") (Subsidiary of CKHL)
- Ceat-Kelani International Tyres (Pvt.) Limited ("CKITL") (Subsidiary of CKHL)
- Ceat Kelani Radials Limited ("CKRL") (Subsidiary of CKHL)
- Asian Tyres (Pvt.) Limited ("ATPL") (Subsidiary of CKITL)
- TYRESNMORE Online Pvt Ltd. ("TNM") (Associate Company)
- Greenzest Solar Private Limited. ("Greenzest") (Associate Company)
- RPG Enterprises Limited ("RPGE") (Directors, KMP or their relatives are interested)
- RPG Lifesciences Limited ("RPGLS") (Directors, KMP or their relatives are interested)
- Zensar Technologies Limited("Zensar") (Directors, KMP or their relatives are interested)
- Raychem RPG (Pvt.) Limited ("Raychem") (Directors, KMP or their relatives are interested)
- Seniority Pvt. Limited ("Seniority") (Directors, KMP or their relatives are interested)
- KEC International Limited ("KEC") (Directors, KMP or their relatives are interested)
- Malabar Coastal Holdings LLP ("Malabar") (Directors, KMP or their relatives are interested)
- Al Sharif Group & KEC Ltd. Co ("AL sharif") (Subsidiary of KEC)
- B.N. Elias & Co. LLP ("B.N. Elias") (Directors, KMP or their relatives are interested)
- Atlantus Dwellings & Infrastructure LLP ("Atlantus") (Directors, KMP or their relatives are interested)
- Chattarpati Apartments LLP ("Chattarpati") (Directors, KMP or their relatives are interested)
- Allwin Apartments LLP ("Allwin") (Directors, KMP or their relatives are interested)
- Amber Apartments LLP ("Amber") (Directors, KMP or their relatives are interested)
- Khaitan & Co. ("Khaitan") (Directors, KMP or their relatives are interested)
- CEAT Limited Superannuation Scheme ("Superannuation Scheme")(Post employment benefit fund)
- CEAT Limited Employees Gratuity Fund ("Gratuity trust")(Post employment benefit fund)
- Artemis ventures Limited ("Artemis") (Directors, KMP or their relatives are interested)
- Key Management Personnel (KMP) and Directors:
  - i) Mr. Harsh Vardhan Goenka, Chairman
  - ii) Mr. Anant Vardhan Goenka, Managing Director
  - iii) Mr. Arnab Banerjee, Whole-time Director
  - iv) Mr. Kumar Subbiah, Chief Financial Officer
  - v) Ms. Vallari Gupte, Company Secretary
  - vi) Mr. Paras K. Chowdhary, Independent Director

Notes to Consolidated financial statements

for the year ended March 31, 2021

Note 46: Related party transactions (Contd..)

a) Names of related parties and related party relationship (Contd..)

vii) Mr. Vinay Bansal, Independent Director

viii) Mr. Hari L Mundra, Non-Executive - Non Independent Director up to January 29, 2019

ix) Mr. Atul Choksey, Independent Director

x) Mr. Mahesh Gupta, Independent Director

xi) Mr. Haigreve Khaitan, Independent Director

xii) Ms. Punita Lal, Independent Director up to January 20, 2021

xiii) Mr. S. Doreswamy, Independent Director up to March 12, 2019

xiv) Ms. Priya Nair w.e.f. October 27, 2020

b) The following transactions were carried out during the year with the related parties in the ordinary course of business:

(₹ in Lacs)

Transactions	Related Party	2020-21	2019-20
Reimbursement / (recovery) of expenses (net)	ACPL	4	(142)
	AL sharif	8	14
	CKITL	(8)	(18)
	Raychem	(2)	(15)
	KEC	(12)	(65)
	Zensar	(18)	5
	RPGE	239	331
	RPGLS	(5)	(21)
	Total	**206**	**89**
Royalty income	ACPL	131	108
	CKITL	143	129
	ATPL	108	96
	CKRL	120	105
	Total	**502**	**438**
Purchase of Traded goods and others	ACPL	28	1,338
	CKITL	-	16
	Seniority	43	-
	Greenzest	465	-
	Total	**536**	**1,354**
Sales	CKITL	1,557	1,244
	TNM	142	713
	ACPL	28	14
	Total	**1,727**	**1,971**
Investments (including share application money) made during the year	Greenzest	468	-
	TNM	260	299
	Total	**728**	**299**
Technical development fees received	CKRL	35	-
	CKITL	75	-
	Total	**110**	**-**

Notes to Consolidated financial statements

for the year ended March 31, 2021

Note 46: Related party transactions (Contd..)

b) The following transactions were carried out during the year with the related parties in the ordinary course of business: (Contd..)

(₹ in Lacs)

Transactions	Related Party	2020-21	2019-20
Rent paid on residential premises / guest house, etc	Allwin	-	3
	KEC	16	2
	Amber	-	4
	Atlantus	6	17
	Malabar	45	-
	Chattarpati	49	42
	B N Elias	26	22
	Total	**142**	**90**
Building maintenance recovery	Raychem	56	95
	KEC	532	520
	RPGE	139	122
	RPGLS	130	117
	Total	**857**	**854**
Rent recovery on residential premises	KEC	8	15
	Raychem	1	14
	RPGE	13	7
	Total	**22**	**36**
Contribution to Post-Employment Benefit Plans	Gratuity trust	2,501	10
	Superannuation trust	85	101
	Total	**2,586**	**111**
Receipt from Post-Employment Benefit Plans	Gratuity trust	1,037	851
	Superannuation Scheme	45	14
	Total	**1,082**	**865**
Purchase of capex / spares	KEC	1,131	4,413
Consultancy fees	Artemis	29	35
Legal fees	Khaitan & Co.	56	21
License fees	RPGE	1,375	1,167

c) Balance outstanding at the year end

(₹ in Lacs)

Amount due to / from related party	Related party	As at March 31, 2021	As at March 31, 2020
Advances recoverable in cash or kind and other balances	ACPL	-	128
	CKITL	0	7
	KEC	0	21
	RPGE	-	6
	Khaitan	-	3
	Raychem	0	27
	RPGLS	0	7
	Malabar	100	-
	Total	**100**	**199**
Royalty receivable	ACPL	84	54
	CKITL	83	64
	ATPL	60	52
	CKRL	63	59
	Total	**290**	**229**

Notes to Consolidated financial statements
for the year ended March 31, 2021

Note 46: Related party transactions (Contd..)

c) Balance outstanding at the year end (Contd..)

(₹ in Lacs)

Amount due to / from related party	Related party	As at March 31, 2021	As at March 31, 2020
Trade payables	ACPL	1	225
	Zensar	-	18
	RPGE	34	-
	Atlantus	-	3
	Greenzest	73	-
	Artemis	7	-
	Khaitan & Co	26	-
	Seniority	18	-
	Total	**159**	**246**
Trade receivables	CKITL	496	414
	TNM	75	77
	Total	**571**	**491**
Capital advance net of capital creditors	KEC	123	241
	Raychem	6	-
	Total	**129**	**241**

d) Transactions with key management personnel and Directors

(₹ in Lacs)

Sr. No.	Related party	2020-21	2019-20
1)	Mr. Harsh Vardhan Goenka		
	Commission*	40	375
	Director sitting fees	6	6
	Dividend	-	16
	Total	**46**	**397**
2)	Mr. Anant Vardhan Goenka		
	Salaries	124	428
	Allowances and perquisites	145	42
	Performance bonus*	-	48
	Contribution to provident & superannuation fund	44	41
	Dividend	-	2
	Total	**313**	**561**
3)	Mr. Arnab Banerjee		
	Salaries	252	248
	Allowances and perquisites	3	0
	Performance bonus*	73	29
	Contribution to provident & superannuation fund	18	18
	Dividend	-	0
	Total	**346**	**295**
4)	Mr. Kumar Subbiah		
	Salaries	216	167
	Allowances and perquisites	3	1
	Performance bonus*	61	23
	Contribution to provident & superannuation fund	7	6
	Dividend	-	0
	Total	**287**	**197**

d) Transactions with key management personnel and Directors (Contd..)

(₹ in Lacs)

Sr. No.	Related party	2020-21	2019-20
5)	Ms. Vallari Gupte		
	Salaries	45	44
	Performance bonus*	12	3
	Contribution to provident & superannuation fund	3	3
	Total	**60**	**50**
6)	Mr. Paras K. Chowdhary		
	Commission*	7	8
	Director sitting fees	10	10
	Dividend	-	-
	Total	**17**	**18**
7)	Mr. Hari L. Mundra		
	Commission*	-	7
	Total	**-**	**7**
8)	Mr. Vinay Bansal		
	Commission*	7	8
	Director sitting fees	11	10
	Total	**18**	**18**
9)	Mr. Atul C. Choksey		
	Commission*	7	8
	Director sitting fees	6	5
	Total	**13**	**13**
10)	Mr. Mahesh S. Gupta		
	Commission*	7	8
	Director sitting fees	11	10
	Total	**18**	**18**
11)	Mr. Haigreve Khaitan		
	Commission*	7	8
	Director sitting fees	6	5
	Total	**13**	**13**
12)	Ms. Punita Lal		
	Commission*	7	8
	Director sitting fees	6	3
	Total	**13**	**11**
13)	Mrs P. Nair		
	Director sitting fees	3	-
	Total	**3**	**-**
14)	Mr. S. Doreswamy		
	Commission*	-	8
	Total	**-**	**8**
	Grand Total	**1,147**	**1,606**

*Represents amount paid during the year.

Notes to Consolidated financial statements

for the year ended March 31, 2021

Note 46: Related party transactions (Contd..)

e) Balance outstanding at the year end for KMP

(₹ in Lacs)

Amount due to related party	Related party	As at March 31, 2021	As at March 31, 2020
Commission Payable	Mr. Harsh Vardhan Goenka *	370	45
	Mr. Paras K. Chowdhary	10	8
	Mr. Vinay Bansal	10	8
	Mr. Atul C. Choksey	10	8
	Mr. Mahesh S. Gupta	10	8
	Mr. Haigreve Khaitan	10	8
	Ms. Punita Lal	9	8
	Ms. Priya Nair	5	-
	Total	**434**	**93**

*Subject to approval of the shareholders of the Company at the ensuing AGM of the Company pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations.

f) Terms and conditions of transactions with related parties

The sales to and purchases and others from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

The remuneration to the key managerial personnel does not include the provisions made for gratuity as it is determined on an actuarial basis for the Company as a whole.

Managerial remuneration is computed as per the provisions of section 198 of the Companies Act, 2013. The amount outstanding are unsecured and will be settled in cash.

g) Capital commitments with related parties

The estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advance payments) pertaining to the related parties are as follows:

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
KEC	2,839	903
Raychem	60	-
Total	**2,899**	**903**

Note 47: Segment information

Refer note 2.24 for accounting policy on Segment reporting

The Group is primarily engaged in business of manufacturing and sales of Automotive Tyres ,Tubes & Flaps.

Information about products

(₹ in Lacs)

Particulars	2020-21			2019-20		
	Automotive Tyres	Tubes and others	Total	Automotive Tyres	Tubes and others	Total
Revenue from contracts with customers	6,79,976	77,874	**7,57,850**	6,00,927	70,699	**6,71,626**

Notes to Consolidated financial statements

for the year ended March 31, 2021

Note 47: Segment information (Contd..)

Information about geographical areas:

(₹ in Lacs)

Particulars	2020-21			2019-20		
	In India	Outside India	Total	In India	Outside India	Total
Revenue from contracts with customers	6,40,069	1,17,781	7,57,850	5,59,262	1,12,364	6,71,626
Non-current assets	5,65,721	23,402	5,89,123	5,30,779	21,587	5,52,366

During the year 2020-21 and 2019-20, no single external customer has generated revenue of 10% or more of the Group's total revenue.

During the year 2020-21 and 2019-20, no single country outside India has given revenue of more than 10% of total revenue.

Note 48: Hedging activities and derivatives

Derivatives designated as hedging instruments

The Group uses derivative financial instruments such as foreign currency forward contracts to hedge foreign currency risk arising from future transactions in respect of which firm commitments are made or which are highly probable forecast transactions. It also uses Cross Currency Interest Rate Swaps ('CCIRS') to hedge interest rate and foreign currency risk arising from variable rate foreign currency denominated loans. All these instruments are designated as hedging instruments and the necessary documentation for the same is made as per Ind AS 109.

Cash flow hedges

Foreign currency risk

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of recognised purchase payables, committed future purchases, recognised sales receivables, forecast sales and Foreign Currency loan (Buyer's Credit) in US dollar, Euro and Japanese Yen.

CCIRS measured at fair value through OCI are designated as hedging instruments in cash flow hedges for Foreign currency loan (Buyer's Credit) in US Dollar.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates. CCIRS has been designated as effective hedging instrument from April 1, 2016 onwards.

Hedge foreign currency exposure

(Amount in foreign currency and ₹ in Lacs)

Derivative instrument	Purpose	Currency	As at March 31, 2021		As at March 31, 2020	
			Foreign Currency	₹	Foreign Currency	₹
Forward Contract to sell Foreign Currency (FC)	Hedge of Foreign Currency sales	USD	198	14,467	107	8,095
		EUR	24	2,042	16	1,347
	Hedge of Foreign Currency High probable sales	USD	250	18,276	188	14,190
Forward Contract to buy Foreign Currency (FC)	Hedge of foreign currency purchase	USD	290	21,193	142	10,777
		EUR	147	12,610	185	15,367
		JPY	849	560	1,766	1,231
	Hedge of Foreign Currency Firm Commitment – Purchase Order based hedging	USD	774	56,570	578	43,725
		GBP	2	207	-	-
		CHF	0	37	-	-
		EUR	115	9,873	173	14,390
		JPY	3,528	2,329	3,480	2,426
Cross Currency Interest Rate Swap	Hedge of Foreign Currency Buyer's Credit	USD	-	-	9	686

Notes to Consolidated financial statements
for the year ended March 31, 2021

Note 48: Hedging activities and derivatives (Contd..)

Unhedged Foreign currency Exposure*

(Amount in foreign currency and ₹ in Lacs)

Particulars	Currency	2020-21	2019-20
Short Term borrowing #	USD	-	20
Trade Payables and other financial liabilities	USD	-	30
	EUR	-	8
	JPY	-	322
	AED	-	5
Trade Receivables #	USD	2	37
	EUR	6	7
Advances Recoverable in cash or kind	USD	-	3

*The trade payables / short term borrowings are naturally hedged (off-set) to the extent of exposure under trade receivables / advances for respective currencies.
#The short term borrowing pertains to PCFC which is naturally hedged against trade receivable of equivalent amount.

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arise requiring recognition through statement of profit and loss.

The cash flow hedges as at March 31, 2021 were assessed to be highly effective and a net unrealised loss of ₹ 1,792 lacs, with a deferred tax asset of ₹ 516 lacs relating to the hedging instruments, is included in OCI. Comparatively, the cash flow hedges as at March 31, 2020 were assessed to be highly effective and an unrealised gain of ₹ 4,247 lacs, with a deferred tax liability of ₹ 1,347 lacs was included in OCI.

Note 49: Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(₹ in Lacs)

Particulars	Note	Carrying value / Fair value	
		As at March 31, 2021	As at March 31, 2020
Financial assets			
a) Measured at fair value through profit and loss			
Investments	7	402	402
b) Measured at fair value through other comprehensive income			
Derivative financial instruments (non-current and current)	9 & 16	-	827
c) Measured at amortised cost			
Loans (Non-current)	8	976	473
Other financial assets (Non-current)	9	142	149
Total		**1,520**	**1,851**
Financial liabilities			
a) Measured at fair value through other comprehensive income			
Derivative financial instruments (non-current and current)	23 & 28	1,541	59
b) Measured at amortised cost			
Lease liability (non-current and current)	4	11,497	10,601
Borrowings (Non-current)	22	1,34,104	1,64,078
Other financial liabilities (Non-current)	23	1,219	10,072
Total		**1,48,360**	**1,84,810**

The management assessed that fair values of cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, trade payables, short term borrowings, other current financial assets and liabilities (except derivative financial instrument those being measured at fair value through other comprehensive income) which are receivable / payable within one year approximate their carrying amounts largely due to the short-term maturities of these instruments.

Notes to Consolidated financial statements
for the year ended March 31, 2021

Note 50: Fair values hierarchy

The fair value of financial instruments as referred to in note 49 above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

- Level 1: Quoted prices for identical instruments in an active market;
- Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs; and
- Level 3: Inputs which are not based on observable market data.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as at March 31, 2021 and March 31, 2020

(₹ in Lacs)

Particulars	Total	Fair Value measurement using		
		Level 1	Level 2	Level 3
As at March 31, 2021				
Financial assets at fair value				
a) Through profit & loss				
Investments	402	-	-	402
Financial liabilities at fair value				
a) Through other comprehensive income				
Derivative financial instruments (non-current and current)	1,541	-	1,541	-
As at March 31, 2020				
Financial assets at fair value				
a) Through profit & loss				
Investments in others	402	-	-	402
b) Through other comprehensive income				
Derivative financial instruments (non-current and current)	827	-	827	-
Financial liabilities at fair value				
a) Through other comprehensive income				
Derivative financial instruments (non-current and current)	59	-	59	-

There have been no transfers between Level 1 and Level 2 during the period.

Calculation of Fair Values

The fair values of the financial assets and liabilities are defined as the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended March 31, 2020.

Financial assets and liabilities measured at fair value as at Balance Sheet date:

Derivative financial instruments: The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties, foreign exchange forward rates, etc.

Investment in others: The fair value is calculated using the Discounted Cashflow method where the significant unobservable input used is discount rate - 14.32%.

Notes to Consolidated financial statements

for the year ended March 31, 2021

Note 51: Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, mutual fund investments and cash and cash equivalents that derive directly from its operations. The Group also enters into derivative transactions.

The Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. The Board of Directors through its Risk management committee reviews and agrees policies for managing each of these risks, which are summarised below.

a. Market risk

The Group's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- Interest rate risk;
- Foreign currency risk;
- Equity price risk; and
- Commodity risk

The above risks may affect the Group's income and expenses, or the value of its financial instruments. The Group's exposure to and management of these risks are explained below.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2021 and March 31, 2020 including the effect of hedge accounting.

i. Interest rate risk

Risk	Exposure	Risk Management
Risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	Relates primarily to the Group's long-term debt obligations with floating interest rates.	The Group manages its interest rate risk pertaining to domestic borrowings by maintaining a balanced portfolio of borrowings linked to various tenor benchmark of MCLR and T-Bills. The Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. As at March 31, 2021, after taking into account the effect of interest rate swaps, approximately 19% of the Group's total borrowings are at a fixed rate of interest (March 31, 2020: 9%).

Notes to Consolidated financial statements

for the year ended March 31, 2021

Note 51: Financial risk management objectives and policies (Contd..)

a. Market risk (Contd..)

i. Interest rate risk (Contd..)

The following table provides a break-up of Group's fixed and floating rate borrowing (gross off processing fees)

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Fixed rate borrowings	29,162	20,238
Floating rate borrowings	1,13,073	1,73,202
Total borrowings	**1,42,235**	**1,93,440**

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in Lacs)

Particulars	Increase / decrease in basis points	Effect on profit before tax
March 31, 2021		
₹ 1,13,073 lacs	+/- 100 bps	- 1,130.73 / + 1,130.73
March 31, 2020		
₹ 1,73,202 lacs	+/- 100 bps	-1,732.02 / + 1,732.02

ii. Foreign currency risk

Risk	Exposure	Risk Management
Risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.	Relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's net investments in foreign subsidiaries.	For the committed transactions, The Company manages its foreign currency risk by hedging transactions till the actual date of inflow & outflow. The foreign currency risk on the foreign currency loans are mitigated by entering into Cross Currency Swaps. When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency. As at March 31, 2021, the Company has hedged 99% (March 31, 2020: 84%) of its foreign currency receivables / payables.

Notes to Consolidated financial statements
for the year ended March 31, 2021

Note 51: Financial risk management objectives and policies (Contd..)

a. Market risk (Contd..)

ii. Foreign currency risk (Contd..)

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

(₹ in Lacs)

Particulars	Change in Currency	Effect on profit before tax
March 31, 2021		
recognised net receivable – USD 0.20 Mio	₹+/- 1	+ 2.0 / - 2.0
recognised net receivable – EUR 0.60 Mio	₹+/- 1	+ 6.0 / - 6.0
March 31, 2020		
recognised net payable – USD 1.07 Mio	₹+/- 1	- 10.7 / + 10.7
recognised net payable – EUR 0.08 Mio	₹+/- 1	- 0.8 / + 0.8

The movement in the pre-tax effect is a result of a change in the fair value of the financial asset/liability due to the exchange rate movement. The derivatives which have not been designated in a hedge relationship act as an economic hedge and will offset the underlying transactions when they occur. The same derivatives are not covered in the above table.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

iii. Equity price risk

The Group invests its surplus funds in various debt instruments and debt mutual funds. These comprise of mainly liquid schemes of mutual funds (liquid investments) and fixed deposits.

Mutual fund investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments. However due to the very short tenor of the underlying portfolio in the liquid schemes, these do not pose any significant price risk.

There is no material equity risk relating to the Group's equity investments which are detailed in note 7. The group equity investments majorly comprises of strategic investments rather than trading purposes.

iv. Commodity price risk

Potential impact	Exposure	Risk Management
Fluctuations in price of essential raw materials	Price volatility of rubber and carbon black which may affect continuous supply	The Group's Board of Directors has reviewed and approved a risk management strategy regarding commodity price risk and its mitigation.

Commodity price sensitivity

The following table approximately details the Group's sensitivity to a 5% movement in the input price of rubber and carbon black. The sensitivity analysis includes only 5% change in commodity prices for quantity sold or consumed during the year, with all other variables held constant. A positive number below indicates an increase in profit or equity where the commodity prices decrease by 5%. For a 5% increase in commodity prices, there would be a comparable impact on profit or equity, and the balances below would be negative.

Notes to Consolidated financial statements
for the year ended March 31, 2021

Note 51: Financial risk management objectives and policies (Contd..)

a. Market risk (Contd..)

iv. Commodity price risk (Contd..)

(₹ in Lacs)

Commodity	Increase in profit due to decrease in commodity price		Decrease in profit due to increase in commodity price	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Natural rubber	6,700	5,500	(6,700)	(5,500)
Synthetic rubber	4,500	3,900	(4,500)	(3,900)
Carbon black	2,800	3,000	(2,800)	(3,000)

b. Credit risk

Trade receivables

Risk: Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Risk Management:

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management.

Trade receivables are non-interest bearing and are generally on 27 days to 60 days credit term. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The Group has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

Export customers are against Letter of Credit, bank guarantees, payment against documents. For open credit exports insurance cover is taken. Generally deposits are taken from domestic debtors under replacement segment. The carrying amount and fair value of security deposit from dealers amounts to ₹ 42,507 lacs (March 31, 2020: ₹ 34,935 lacs) as it is payable on demand. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

(₹ in Lacs)

Particulars	As at March 31, 2021			As at March 31, 2020		
Ageing	Less than 180 days	More than 180 but less than 360 days	More than 360 days	Less than 180 days	More than 180 but less than 360 days	More than 360 days
Expected loss rate	0.00%	50.00%	100%	0.00%	50.00%	100%
Gross carrying amount	92,112	86	1,566	67,259	352	2,055
Loss allowance provision	0	42	1,566	0	176	2,055

c. Liquidity risk

The Group prepares cash flow on a daily basis to monitor liquidity. Any shortfall is funded out of short term loans. Any surplus is invested in liquid funds. The Group also monitors the liquidity on a longer term wherein it is ensured that the long term assets are funded by long term liabilities. The Group ensures that the duration of its current assets is in line with the current assets to ensure adequate liquidity in the 3-6 months period.

Notes to Consolidated financial statements

for the year ended March 31, 2021

Note 51: Financial risk management objectives and policies (Contd..)

c. Liquidity risk (Contd..)

Liquidity exposure

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

(₹ in Lacs)

Particulars	< 1 year	1-5 years	> 5 years	Total
As at March 31, 2021				
Non-derivative financial liabilities				
Non current borrowings*	-	82,315	52,269	1,34,584
Current borrowings	2,100	-	-	2,100
Lease Liabilities	5,592	5,321	3,030	13,943
Other Financial Liabilities	74,610	1,083	136	75,829
Trade payables	1,94,777	-	-	1,94,777
Total	**2,77,079**	**88,719**	**55,435**	**4,21,233**
Derivative financial instruments	1,494	47	-	1,541
Total	**2,78,573**	**88,766**	**55,435**	**4,22,774**

(₹ in Lacs)

Particulars	< 1 year	1-5 years	> 5 years	Total
As at March 31, 2020				
Non-derivative financial liabilities				
Non current borrowings*	-	1,00,977	61,749	1,62,726
Current borrowings	23,645	-	-	23,645
Lease Liabilities	5,009	6,825	-	11,834
Other Financial Liabilities	61,926	9,926	146	71,998
Trade payables	1,19,476	-	-	1,19,476
Total	**2,10,056**	**1,17,728**	**61,895**	**3,89,679**
Derivative financial instruments	59	-	-	59
Total	**2,10,115**	**1,17,728**	**61,895**	**3,89,738**

* Non-current borrowings are before netting off of processing fees

Note 52: Capital management

For the purpose of the Group capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

(₹ in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Borrowings *(Note 22, 26 & 28)	1,41,755	1,92,903
Less: cash and cash equivalents (Note 13)	(3,609)	(2,740)
Net debt	**1,38,146**	**1,90,163**
Equity attributable to equity holders of parent(note 19 and 20)	3,31,629	2,90,792
Equity and net debt	**4,69,775**	**4,80,955**
Gearing ratio	29%	40%

*Includes current maturities of long term borrowings

Notes to Consolidated financial statements

for the year ended March 31, 2021

Note 52: Capital management (Contd..)

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.

Note 53: Business Combinations

Refer note 2.3 for accounting policy on effects on business combination.

Amalgamation with CEAT Specialty Tyres Limited

On August 19, 2020, the Company received the certified copy of the order dated March 13, 2020 of the National Company Law Tribunal, Mumbai Bench ('the Order') sanctioning the Scheme of Amalgamation ('the Scheme') of CEAT Specialty Tyres Limited (a wholly-owned subsidiary of the Company, the transferor company) with CEAT Limited (the transferee company). This order has been filed with the Registrar of Companies, Mumbai in e-Form INC - 28 on September 01, 2020. As stated under the Scheme, the Scheme takes effect from the Appointed Date being April 01, 2019 and becomes operative from the Effective Date being the date of filing the certified copy of the Order with the Registrar of Companies, Mumbai, i.e. September 01, 2020. The amalgamation has been accounted for in accordance with Appendix C of Ind AS 103 'Business Combinations' and accordingly, the financial statements of all the previous periods have been restated from April 01, 2019, i.e. beginning of the previous financial year.

Note 54: Estimation of uncertainties relating to the global health pandemic from COVID-19

The COVID-19 pandemic is an evolving human tragedy declared a global pandemic by the World Health Organisation with adverse impact on economy and business. Supply Chain disruptions in India as a result of the outbreak started with restrictions on movement of goods, closure of borders etc., in several states followed by a nationwide lockdown from March 25, 2020 announced by the Indian Government, to stem the spread of COVID-19. Due to this the operations in many of the Group's manufacturing, distribution centres and warehouses got temporarily disrupted.

In light of these circumstances, the Group has considered the possible effects that may result from COVID-19 on the carrying amounts of financials assets, inventory, receivables, advances, property plant and equipment, Intangibles etc. as well as liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Group has used internal and external information such as current contract terms, financial strength of partners, investment profile, future volume estimates from the business etc. Having reviewed the underlying data and based on current estimates the Group expects the carrying amount of these assets will be recovered and there is no significant impact on liabilities accrued other than those reported in note 38. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these financial statements and the Group will continue to closely monitor any material changes to future economic conditions.

Note 55: Material foreseeable losses

The Group has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

Note 56: Code on Social Security 2020

The Code on Social Security 2020 has been notified in the Official Gazette on September 29, 2020, which could impact the contributions by the company towards certain employment benefits. The effective date from which the changes are applicable is yet to be notified and the rules are yet to be framed. Impact if any of the change will be assessed and accounted in the period of notification of the relevant provisions.

Note 57: Previous year figures

Previous year figures have been regrouped/ reclassified, where necessary, to conform to this year's classification.

Notes to Consolidated financial statements for the year ended March 31, 2021

Note 58: Information required for consolidated financial statement pursuant to Schedule III of the Companies Act, 2013

(₹ in Lacs)

Name of Entity	Relationship	As at March 31, 2021 Net Assets i.e. Total Assets minus Total Liabilities: As % of consolidated net assets	₹ in Lacs	2020-21 Share in Profit or Loss: As % of consolidated Profit or Loss (before OCI)	₹ in Lacs	As % of consolidated other comprehensive income	₹ in Lacs	As % of consolidated Profit or Loss (after OCI)	₹ in Lacs
CEAT Limited	Parent	94%	3,16,474	95%	41,364	40%	(950)	99%	40,414
Rado Tyres Limited	Indian Subsidiary	0%	(925)	0%	65	0%	-	0%	65
CEAT Specialty Tires INC.	Foreign Subsidiary	0%	135	0%	6	0%	-	0%	6
CEAT Specialty Tyres BV	Foreign Subsidiary	0%	108	0%	23	0%	-	0%	23
CEAT AKKHAN Limited	Foreign Subsidiary	3%	9,024	(0%)	(4)	0%	-	(0%)	(4)
Associated CEAT Holding Pvt Limited (ACHL)	Foreign Subsidiary	0%	20	0%	1	0%	(8)	(0%)	(7)
CEAT Kelani Holding Pvt Limited (Joint venture of ACHL)	Joint Venture	5%	15,382	9%	3,785	0%	-	9%	3,785
Tyresnmore Online Private Limited	Associate	0%	831	(0%)	(177)	0%	-	(0%)	(177)
Greenzest Solar Private Limited	Associate	0%	513	0%	23	0%	-	0%	23
Non-controlling interest in all subsidiaries									
Rado Tyres Limited	Indian Subsidiary	(0%)	(383)	0%	27	0%	-	0%	27
CEAT AKKHAN Limited	Foreign Subsidiary	1%	2,707	(0%)	(1)	0%	-	(0%)	(1)
Consolidation adjustments		(3%)	(9,933)	(4%)	(1,882)	59%	(1,399)	(8%)	(3,281)
Total		**100%**	**3,33,953**	**100%**	**43,230**	**100%**	**(2,357)**	**100%**	**40,873**

For and on behalf of Board of Directors of CEAT Limited

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration
No.: 324982E/E300003

Kumar Subbiah
Chief Financial Officer

H. V. Goenka
Chairman

Anant Goenka
Managing Director

per Vinayak Pujare
Partner
Membership Number: 101143

Vallari Gupte
Company Secretary

Mahesh Gupta
Chairman- Audit Committee

Place: Mumbai
Date: May 05, 2021

Place: Mumbai
Date: May 05, 2021

Notice

NOTICE is hereby given that the Sixty-Second Annual General Meeting of CEAT Limited will be held on **Tuesday, September 14, 2021,** at **4.30 p.m.** Indian Standard Time ('IST') through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM') to transact the following business:

Ordinary Business

1. To receive, consider and adopt:

   a. the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2021, together with the Reports of the Board of Directors and the Auditors thereon; and

   b. the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2021, together with the Report of the Auditors thereon.

2. To declare dividend of ₹ 18/- per equity share of face value of ₹ 10/- each for the Financial Year ended March 31, 2021.

3. To appoint a Director in place of Mr. Arnab Banerjee (DIN:06559516), who retires by rotation, in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

Special Business

4. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 148 and any other applicable provisions, if any of the Companies Act, 2013 read with Rules made thereunder (including any amendment(s), modifications(s) or variation(s) thereto), the remuneration of ₹ 3,00,000/- (Rupees Three Lacs only) and reimbursement of out-of-pocket expenses at actual plus applicable taxes, payable to M/s D. C. Dave & Co., Cost Accountants (Firm Registration No. 000611) appointed by the Board of Directors of the Company on the recommendation of the Audit Committee, as Cost Auditors of the Company for conducting the audit of the cost records of the Company for the Financial Year ending March 31, 2022, be and is hereby ratified and confirmed.

   RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such actions and to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this Resolution."

5. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT Ms. Priya Nair (DIN:07119070) who was appointed by the Board of Directors as an Additional Director of the Company with effect from October 27, 2020 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ('the Act') but who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Act proposing her candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company.

   RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as recommended by the Nomination and Remuneration Committee, Ms. Priya Nair (DIN:07119070), who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and Rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations, as amended, and who is eligible for appointment as an Independent Director of the Company, be and is hereby re-appointed as a Non-executive Independent Director of the Company to hold office for a term of 5 (five) consecutive years with effect from October 27, 2020 up to October 26, 2025, who shall not be liable to retire by rotation.

   RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and any other applicable provisions of the Act and Rules made thereunder, Ms. Priya Nair be paid such fees and commission as the Board may approve from time to time and subject to such limits, prescribed or as may be prescribed from time to time.

   RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such actions and to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this Resolution."

6. To consider and if thought fit, to pass the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ('the Act') and the Rules made thereunder read with Schedule IV to the Act, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations') and as recommended by the Nomination and Remuneration Committee, taking into consideration the performance evaluation report, Mr. Paras K. Chowdhary (DIN:00076807), being eligible for re-appointment and who having submitted declaration of independence as per Section 149(6) of the Act and Rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations and in respect of whom a notice in writing pursuant to Section 160 of the Companies Act, 2013, having been received in the prescribed manner, be and is hereby re-appointed as a Non-executive Independent Director of the Company to hold office for the second term of 5 (five) consecutive years with effect from August 9, 2021 up to August 8, 2026, who shall not be liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and any other applicable provisions of the Act and Rules made thereunder, Mr. Paras K. Chowdhary be paid such fees and commission as the Board may approve from time to time and subject to such limits, prescribed or as may be prescribed from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such actions and to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this Resolution."

7. To consider and if thought fit, to pass the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to the provisions of Regulation 17(6)(ca) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the time being in force and subject to the applicable provisions of the Companies Act, 2013 and the Articles of Association of the Company, approval of the Members be and is hereby accorded for the payment of commission of ₹ 3,70,39,000/- to Mr. H. V. Goenka, Non-executive Chairman, being an amount exceeding fifty percent of the total annual remuneration payable to all the Non-executive Directors of the Company within the overall limit of three percent of the net profits of the Company for the financial year 2020-21, as approved by the Members in the Annual General Meeting held on July 20, 2018."

8. To consider and if thought fit, to pass the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 23, 42, 71 and any other applicable provisions of the Companies Act, 2013 ('the Act') and the Rules made thereunder and applicable provisions of any other laws, rules, regulations, guidelines, circulars, if any, prescribed by the Government of India, Reserve Bank of India, Securities and Exchange Board of India, as amended from time to time and subject to the provisions of the Memorandum and Articles of Association of the Company and such sanctions, approvals or permissions as may be required from regulatory authorities from time to time, approval of the Members be and is hereby accorded to the Board of Directors of the Company ('the Board' which expression shall also include a Committee thereof, for the time being exercising the powers conferred on it by the Board by this resolution) for making offer(s) or invitation(s) to subscribe secured / unsecured, non-convertible debentures / bonds or such other securities ('debt securities') through private placement basis in one or more series / tranches, for an amount not exceeding modifications(s) or ₹ 5,00,00,00,000 (Rupees Five Hundred Crores only) at such price or on such terms and conditions as the Board may from time to time determine and consider proper and beneficial to the Company including listing of such debt securities with Stock Exchange(s), size and time of issue, issue price, tenure, interest rate, premium / discount, consideration, utilisation of the issue proceeds and all matters connected with or incidental thereto.

   RESOLVED FURTHER THAT for the purpose of giving effect to the said resolution, the Board be and is hereby authorised to take all such actions and 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 question or doubt that may arise in this regard."

9. To consider and, if thought fit, to pass the following resolution as a Special Resolution:

   "RESOLVED THAT in supersession of all earlier Resolutions passed in this regards and pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Rules made thereunder [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], approval of the Members be and is hereby accorded to keep the Registers and Indexes of Members and Debenture Holders and copies of all Annual Returns under Section 92 of the Act together with the copies of certificates and documents required to be annexed thereto or any other documents as may be required thereunder, at the office of TSR Darashaw Consultants Private Limited, Registrars and Transfer Agents of the Company at C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai – 400 083 or such other place where the office of the Registrar and Transfer Agents of the Company is situated from time to time.

   RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such actions and to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this Resolution."

Under the Authority of the Board of Directors

Vallari Gupte
Company Secretary and
Compliance Officer
(M. No. FCS-5770)

Place: Mumbai
Date: July 21, 2021

CEAT Limited
CIN: L25100MH1958PLC011041
Registered Office: 463, Dr. Annie Besant Road, Worli, Mumbai 400 030

NOTES:

1. In view of the continuing COVID-19 pandemic and consequently social distancing norms to be followed, the Ministry of Corporate Affairs ('MCA') vide its Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 5, 2020 and Circular No. 02/2021 dated January 13, 2021 (collectively referred to as 'MCA Circulars') and Securities Exchange Board of India ('SEBI') vide its Circulars dated May 12, 2020 and January 15, 2021 permitted conducting the Annual General Meeting ('AGM') of the companies to be held during the calendar year 2021 through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM') and dispensed physical presence of the Members at the meeting venue. Accordingly, in terms of the said MCA Circulars, the 62nd AGM of the Company is being held through VC / OAVM and the proceedings of which shall be deemed to be conducted at the Registered Office of the Company at 463, Dr. Annie Besant Road, Worli, Mumbai 400 030. The detailed procedure for participating in the meeting through VC / OAVM is annexed herewith and also available at the Company's website www.ceat.com

2. As this AGM is being held through VC / OAVM pursuant to the MCA Circulars, physical attendance of Members has been dispensed with and the attendance of the Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act. As such, the facility for the appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip including route map are not annexed to this Notice. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC / OAVM and participate thereat and cast their votes through e-voting.

   In case of joint holders, the Member whose name appears as the first holder in the order of the names as per the Register of Members of the Company will be entitled to vote on the resolutions.

3. The Company at its AGM held on August 8, 2017, appointed M/s S R B C & CO LLP as the Statutory Auditors for the second term of 5 (five) consecutive years from the conclusion of the 58th AGM to the conclusion of the 63rd AGM to be held in the year 2022 subject to ratification of their appointment every year, if so required under the Companies Act, 2013 ('the Act'). The requirement to place the matter relating to the appointment of auditors for ratification by the Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 8, 2018. Accordingly, no resolution is being proposed for ratification of the appointment of the Statutory Auditors at this AGM.

4. Brief Details of the Directors, who are seeking appointment / re-appointment, are provided in the Notice as provided under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations') and Secretarial Standard – 2 on General Meetings issued by the Institute of Company Secretaries of India ('ICSI').

5. The Explanatory Statement setting out material facts, pursuant to Section 102 of the Act, which sets out details relating to the special business at the AGM is annexed hereto.

6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the Members during the AGM. All the documents referred to in the accompanying Notice and Explanatory Statement, shall be available for inspection through electronic mode by the Members, in accordance with the applicable statutory requirements basis the request being sent on agm@ceat.com.

7. The Company has engaged the services of National Securities Depository Limited ('NSDL'), as the authorised agency for conducting the AGM through VC / OAVM and providing remote e-voting and e-voting facility for / during the AGM of the Company. The instructions for participation by Members are given in the subsequent paragraphs.

8. In view of the Regulation 40 of the Listing Regulations, as amended with effect from April 1, 2019, securities of listed companies can now be transferred only in the demat mode, except in case of request received for transmission or transposition of securities. Members holding shares in physical form are therefore requested to convert their holdings into the demat mode to avoid loss of shares or fraudulent transactions and avail better investor servicing.

9. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company; any change in address or demise of any Member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long period. Periodic statement of holdings should be obtained from the concerned Depository Participant ('DP') and holdings should be verified from time to time.

10. In addition to above, SEBI through circulars dated September 7, 2020 and December 2, 2020 had fixed March 31, 2021 as the cut-off date for re-lodgement of transfer deeds lodged prior to April 1, 2019 and rejected / returned due to deficiency in the documents. These shares that were re-lodged for transfer were issued in demat mode only.

11. In any case, Members holding shares in the same name or in the same order of names, under different folios are requested to consolidate their shareholding into single folio by submitting the original share certificate along

with the Amalgamation Form to the Company's RTA viz. TSR Darashaw Consultants Private Limited at C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai 400 083 to help us serve you better.

12. SEBI vide its Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, has mandated that for making dividend payments, companies whose securities are listed on the Stock Exchanges shall use permissible modes for electronic remittance of dividend. Further, pursuant to MCA General Circular 20/2020 dated May 5, 2020, companies are directed to credit the dividend directly to the bank accounts of the Members using Electronic Clearing Services. Therefore:

    a. Members holding shares in the demat mode are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nominations, power of attorney, change of address, change of name, email ID, contact numbers etc. to their DP. Changes intimated to the DP will then be automatically reflected in the Company's records.

    b. Members holding shares in physical form are requested to intimate such changes to the Company's RTA.

13. Subject to the provisions of Section 126 of the Act, dividend on equity shares, if declared at the AGM, will be credited / dispatched on or before Wednesday, October 13, 2021, as under:

    a. to all those beneficial owners holding shares in electronic form, as per the beneficial ownership data made available to the Company by National Securities Depository Limited ('NSDL') and the Central Depository Services (India) Limited ('CDSL') as of the end of the day of Monday, August 30, 2021; and

    b. to all those Shareholders holding shares in physical form, whose names stand registered in the Company's Register of Members as Members on the end of the day on Monday, August 30, 2021.

    Pursuant to Finance Act, 2020, dividend income is taxable in the hands of certain shareholders effective April 1, 2020 and the Company is required to deduct tax at source / withholding tax from dividend paid to such Members at the prescribed rates. The Company has sent a detailed communication to the Members in this regard on June 12, 2021, which is also available on the Company's website. The Members may please refer to the same and comply to ensure appropriate deduction of tax and in any case update Residential status, PAN, Category of holding, etc. with their DP or in case shares are held in physical form, with the Company's RTA. Members may refer to the provisions under the Income Tax Act, 1961, for detailed information on the tax deduction on dividend.

14. As per the Listing Regulations, the Company shall use any electronic mode of payment approved by the Reserve Bank of India for making payment to the Members. Where the dividend cannot be paid through electronic mode, the same will be paid by warrants with bank account details printed thereon. In case of non-availability of bank account details, address of the Members will be printed on the warrants.

15. SEBI has mandated the submission of Permanent Account Number ('PAN') by every participant in the securities market. Members holding shares in electronic form are therefore requested to submit the PAN to their DPs and Members holding shares in physical form can submit their PAN details to the Company's RTA.

16. Pursuant to Section 72 of the Act, Members holding shares in physical form are advised to file nomination in the prescribed Form SH-13 with the Company's RTA. In respect of shares held in electronic form, the Members may please contact their respective DP.

17. In terms of Section 124(5) of the Act, dividend amount for the financial year ended March 31, 2014, remaining unclaimed for a period of 7 (seven) years shall become due for transfer in October 2021 to the Investor Education and Protection Fund ('IEPF') established by the Central Government.

    Further in terms of Section 124(6) of the Act, in case of such Shareholders whose dividends are unpaid for a continuous period of 7 (seven) years, the corresponding shares with the Shareholders / lying in Company's Unclaimed Securities Suspense Account shall also be transferred to the demat account of IEPF Authority.

    Members who have not claimed dividends in respect of the financial year 2013-14 and onwards are requested to approach the Company / Company's RTA, for claiming the same as early as possible, to avoid the transfer of the relevant shares to the demat account of the IEPF Authority.

    The shares once transferred to IEPF Account including dividends and other benefits accruing thereon can be claimed from IEPF Authority after following the procedure prescribed under the IEPF Rules and no claim shall lie against the Company. For the purpose of claiming transferred shares, a separate application can be made to the IEPF Authority by following the prescribed procedure as detailed on the website of IEPF Authority viz. http://www.iepf.gov.in/

18. The term 'Members' has been used to denote Shareholders of CEAT Limited.

19. ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCEDURE FOR REGISTRATION OF EMAIL ID FOR OBTAINING COPY OF ANNUAL REPORT AND FUTURE CORRESPONDENCE:

In compliance with the applicable Circulars issued by MCA and SEBI, Notice of the AGM along with the Annual Report of FY 2020-21 is being sent only through electronic mode to those Members whose email IDs are registered with the Company / Depositories. Members may note that the Notice and Annual Report of FY 2020-21 will also be available on the Company's website www.ceat.com, under 'Investors' tab, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and also on the website of National Securities Depository Limited ('NSDL') i.e. www.evoting.nsdl.com.

REGISTRATION OF EMAIL ID:

i) FOR MEMBERS HOLDING PHYSICAL SHARES:

The Members of the Company holding equity shares of the Company in physical form and who have not registered their email ID may get their email IDs registered with Company's RTA at csg-kyc@tcplindia.co.in by providing a request letter duly signed by the first holder thereby providing details such as name, folio number, certificate number, mobile number and email ID together with self-attested PAN and the image of share certificate in PDF or JPEG format (up to 1 MB).

ii) FOR MEMBERS HOLDING SHARES IN DEMAT MODE:

The Members holding shares in demat mode are requested to register their email IDs, with the respective DP by following the procedure prescribed by the concerned DP.

20. For more details on Members' matters, please refer to the 'General Shareholder Information' section included in the Corporate Governance Report.

21. PARTICIPATION AT THE AGM AND VOTING

A) The details of the process and manner for participating in the AGM through VC / OAVM are explained herein below:

i. Members will be provided with a facility to attend the AGM through VC / OAVM through the NSDL e-voting system. Members may access the same by following the steps mentioned for **'Access to NSDL e-voting system'**. After successful login by following the given procedure, Members can see link of 'VC / OAVM link' placed under 'Join General meeting' menu against Company name. Members are requested to click on VC / OAVM link placed under Join General Meeting menu. The link for VC / OAVM will be available in Shareholder / Member login where the **EVEN of the Company-116833** will be displayed.

ii. Please note that the Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password, may retrieve the same by following the remote e-voting instructions mentioned in the Notice to avoid last minute rush.

iii. The Members can join the AGM in the VC / OAVM mode 30 minutes before the scheduled commencement time of the Meeting and window for joining the Meeting shall be kept open throughout the proceedings of the AGM.

iv. Members are encouraged to join the Meeting through Laptops / IPads connected through broadband for a better experience. Please note that Members connecting from mobile devices or tablets or through laptop via mobile hotspot may experience Audio / Video loss due to fluctuation in their respective network connections. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

v. Members who would like to express their views / ask questions during the AGM may register themselves as a speaker by sending the request from their registered email ID mentioning their Name, DP ID and Client ID / folio number, PAN, mobile number at agm@ceat.com from 9.00 a.m. (IST) on Wednesday, September 8, 2021 till 5.00 p.m. (IST) on Friday, September 10, 2021. Those Members who have registered themselves as a speaker will only be allowed to express their views / ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time at the AGM.

vi. The Members who do not wish to speak during the AGM but have queries on Financial Statements or any other matter to be placed at the AGM may send the same latest by Saturday, September 11, 2021, mentioning their Name, DP ID and Client ID / folio number, PAN, mobile number at agm@ceat.com. These queries will be replied suitably either at the AGM or by an email.

vii. Institutional / Corporate Members are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution, whereby the Authorised Representative has been appointed to attend the AGM through VC / OAVM on its behalf and to vote through e-voting during the AGM pursuant to Section 113 of the Act. The said resolution / authorisation shall be sent through the registered email ID to the Scrutinizer's email ID: ceat.scrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in

viii. Members who need assistance before or during the AGM with respect to use of technology, can:

- Send a request at evoting@nsdl.co.in or use Toll free no.: 1800 1020 990 / 1800 22 44 30; or

- Contact Ms. Pallavi Mhatre, Manager, NSDL at the designated email ID: evoting@nsdl.co.in or
- Contact Ms. Sarita Mote, Assistant Manager, NSDL at the designated email ID: evoting@nsdl.co.in

ix. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

B) Remote e-voting and Voting at AGM:

i. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and Regulation 44 of the Listing Regulations and the Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India ('ICSI') and in terms of SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 in relation to e-voting facility provided by listed entity, the Company is pleased to provide to the Members, facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means through e-voting facility provided by NSDL.

ii. The Members, who have cast their vote by remote e-voting prior to the AGM, may also attend the AGM but shall not be entitled to cast their vote on such resolution again at the AGM.

iii. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e. Tuesday, September 7, 2021, only shall be entitled to avail the facility of remote e-voting / voting at the AGM. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date i.e. Tuesday, September 7, 2021.

Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a Member of the Company after the notice is sent through e-mail and holding shares as on the cut-off date i.e. Tuesday, September 7, 2021, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forget your password, you can reset your password by using 'Forgot User Details / Password' or 'Physical User Reset Password' option available on www.evoting.nsdl.com or call on toll free no. 1800 1020 990 and 1800 22 44 30.

In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as on the cut-off date i.e. Tuesday, September 7, 2021, may follow steps mentioned in the Notice of the AGM under '**Access to NSDL e-voting system**'.

iv. The Company has appointed Mr. P. N. Parikh (FCS 327, CP 1228), or failing him Mr. Mitesh Dhabliwala (FCS 8331, CP 9511) or failing him Ms. Sarvari Shah (FCS 9697, CP 11717) of M/s Parikh & Associates, Practising Company Secretaries, to act as the Scrutinizer, to the remote e-voting process and e-voting at the AGM in a fair and transparent manner.

v. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, unblock the votes cast through remote e-voting (votes cast during the AGM and votes cast through remote e-voting) and make, not later than two working days of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.

vi. Pursuant to Regulation 44 of the Listing Regulations as amended, the voting results will be declared within two working days from the conclusion of the AGM. The results declared along with the Scrutinizer's Report shall be uploaded on the website of the Company www.ceat.com and the website of NSDL e-voting i.e. www.evoting.nsdl.com and communicated to the Stock Exchanges where the shares of the Company are listed. The resolutions shall be deemed to be passed at the AGM of the Company.

The instructions for Members for remote e-voting and joining AGM are as under:

The remote e-voting period begins on Saturday, September 11, 2021, at 9:00 a.m. (IST) and ends on Monday, September 13, 2021, at 5:00 p.m. (IST). The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Tuesday, September 7, 2021, may cast their vote electronically.

The details of the process and manner for remote e-voting and joining the AGM are explained herein below:

Step 1: Access to NSDL e-voting system

(A) Login method for e-voting and joining the AGM for Individual Shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020, on e-voting facility provided by Listed Companies, Individual Shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access e-voting facility.

Login method for Individual Shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	**A. NSDL IDeAS facility** If you are already registered, follow the below steps: 1. Visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. 2. Once the home page of e-Services is launched, click on the **'Beneficial Owner'** icon under 'Login' which is available under **'IDeAS'** section. 3. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. 4. Click on 'Access to e-voting' under e-voting services and you will be able to see e-voting page. 5. Click on options available against company name or **e-voting service provider - NSDL** and you will be re-directed to NSDL e-voting website for casting your vote during the remote e-voting period or joining AGM and voting during the AGM. **If you are not registered, follow the below steps:** 1. Option to register is available at https://eservices.nsdl.com. 2. Select **'Register Online for IDeAS Portal**' or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp. 3. Please follow steps given in points 1-5. **B. e-voting website of NSDL** 1. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. 2. Once the home page of e-voting system is launched, click on the icon 'Login' which is available under 'Shareholder / Member' section. 3. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen. 4. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on options available against company name or **e-voting service provider - NSDL** and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining AGM and voting during the AGM.
Individual Shareholders holding securities in demat mode with CDSL	1. Existing users who have opted for Easi / Easiest, can login through their User ID and Password. Option will be made available to reach e-voting page without any further authentication. The URL for users to login to Easi / Easiest is https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi / Login to My Easi option under Quick Login. 2. After successful login of Easi / Easiest the user will be also able to see the e-voting Menu. The Menu will have links of **e-voting service provider i.e. NSDL.** Click on **NSDL** to cast your vote. 3. If the user is not registered for Easi / Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-voting page by providing demat account number and PAN from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile and email ID as recorded in the demat account. After successful authentication, user will be provided links for the respective ESP i.e. **NSDL** where the e-voting is in progress.

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their depository participants (DP)	You can also login using the login credentials of your demat account through your Depository Participant (DP) registered with NSDL / CDSL for e-voting facility. Once login, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on options available against company name or **e-voting service provider - NSDL** and you will be redirected to **e-voting website of NSDL** for casting your vote during the remote e-voting period or joining AGM and voting during the AGM.

Important note: Members who do not have or are unable to retrieve User ID / Password are advised to use Forget User ID and Forget Password option at above-mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL

Login Type	Helpdesk Details
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542/43

(B) Login method for e-voting and joining the AGM for Shareholders other than Individual Shareholders holding securities in demat mode and Shareholders holding securities in physical mode

1. Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.
2. Once the home page of e-voting system is launched, click on the icon 'Login' which is available under 'Shareholder / Member' section.
3. A new screen will open. You will have to enter your User ID, your Password / OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDeAS, you can log-in at https://eservices.nsdl.com/ with your existing IDeAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by folio number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for Shareholders other than Individual Shareholders are given below:

   a) If you are already registered for e-voting, then you can use your existing password to login and cast your vote.

   b) If you are using NSDL e-voting system for the first time, you will need to retrieve the 'Initial Password' which was communicated to you by NSDL. Once you retrieve your 'Initial Password', you need to enter the 'Initial Password' and the system will force you to change your password.

   c) How to retrieve your 'Initial Password'?

      (i) If your email ID is registered in your demat account or with the Company, your 'Initial Password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'Initial Password'.

      (ii) If your email ID is not registered, please follow steps mentioned below in **point D) Process for those Members whose email IDs are not registered with the Depositories for procuring User ID and Password for e-voting for the resolutions set out in this Notice.**

6. If you are unable to retrieve or have not received the 'Initial Password' or have forgotten your password:

   a) Click on **'Forgot User Details / Password?'**(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com

   b) **'Physical User Reset Password?'** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number / folio number, your PAN, your name and your registered address, etc.

   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.

7. After entering your password, tick on Agree to 'Terms and Conditions' by selecting on the check box.
8. Now, you will have to click on 'Login' button.
9. After you click on the 'Login' button, Home page of e-voting will open.
10. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the **'Forgot User Details / Password?'** or **'Physical User Reset Password?'** option available on www.evoting.nsdl.com to reset the password.

Step 2: Cast your vote electronically and join AGM on NSDL e-voting system.

1. After successful login at Step 1, you will be able to see all the companies 'EVEN' in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select **'EVEN' of CEAT Limited-116833** for which you wish to cast your vote during the remote e-voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on 'VC / OAVM' link placed under 'Join General Meeting'.
3. Now you are ready for e-voting as the voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify / modify the number of shares for which you wish to cast your vote and click on 'Submit' and also 'Confirm' when prompted.
5. Upon confirmation, the message 'Vote cast successfully' will be displayed and you will receive a confirmation by way of a SMS on your registered mobile number from depository.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
8. In case of any queries, with respect to remote e-voting or e-voting at the AGM, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 /1800 22 44 30 or can contact NSDL on evoting@nsdl.co.in or contact Ms. Pallavi Mhatre, Manager, NSDL or Ms. Sarita Mote, Assistant Manager, NSDL at evoting@nsdl.co.in.

C) E-Voting at the AGM:

i) The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

ii) Only those Members, who will be present in the meeting through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.

iii) Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

iv) The details of the person who may be contacted for any grievances connected with the facility for e-voting on the day of the AGM shall be the same person mentioned for remote e-voting.

D) Process for those Members whose email IDs are not registered with the Depositories for procuring User ID and Password for e-voting for the resolutions set out in this Notice:

Members may send a request to evoting@nsdl.co.in for procuring User ID and Password for e-voting by providing below-mentioned documents:

1. In case shares are held in physical mode, please provide folio number, Name of Shareholder, scanned copy of the Share Certificate (front and back), PAN (self-attested scanned copy), AADHAAR (self-attested scanned copy).
2. In case shares are held in demat mode, please provide DP ID Client ID (16 digit DP ID + Client ID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy), AADHAAR (self-attested scanned copy).
3. If you are an Individual Shareholder holding securities in demat mode, you are requested to refer to the login method explained at Step 1(A) i.e. **Login method for e-voting and joining the AGM for Individual Shareholders holding securities in demat mode.**

Annexure to the Notice

Item No. 3 of the Notice:

As regards the re-appointment of Mr. Arnab Banerjee (DIN: 06559516), referred to in Item No. 3 of the Notice, following necessary disclosures are made for the information of the Members.

Mr. Arnab Banerjee, 56, currently serves as Whole-time Director on the Board of CEAT Limited, designated as Chief Operating Officer. He has been on Board of CEAT Limited since May 7, 2013 and currently holds directorship (excluding foreign companies) in Sesa Care Private Limited.

Mr. Arnab Banerjee has total experience of over 30 years during which he has worked in CEAT Limited, Marico Limited and Berger Paints India Limited. Mr. Banerjee is an alumnus of the Harvard Business School (AMP190), IIM Kolkata and IIT Kharagpur.

He joined CEAT in the year 2005 as Vice President, Sales and Marketing. Under his leadership, CEAT has seen innovations in the marketing initiatives, sales and distribution strategy, manufacturing flexibility and seamless supply chain processes over the last 15 years.

Mr. Banerjee is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013. Mr. Banerjee is not related to any of the Directors on the Board or any Key Managerial Personnel of the Company; nor he holds any shares in the Company. Other details including the nature of expertise in specific functional areas and the number of Board Meetings attended by him are given in the Corporate Governance Report.

None of the Directors, Key Managerial Personnel of the Company or their relatives except Mr. Banerjee is, in anyway, concerned or interested, whether financially or otherwise, in the resolution set out in Item No. 3 of the Notice.

The Board recommends the Ordinary Resolution as set out in Item No. 3 of the Notice for approval of the Members.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 IN RESPECT OF THE SPECIAL BUSINESS IN THE NOTICE:

The following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos. 4 to 7 of the accompanying Notice:

Item No. 4 of the Notice:

The Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, mandate audit of the cost accounting records of the Company in respect of certain products. Accordingly, the Board of Directors, based on the recommendation of the Audit Committee, at its meeting held on May 5, 2021, appointed M/s D. C. Dave & Co., Cost Accountants (Firm Registration No. 000611) as the Cost Auditor of the Company for the financial year ending March 31, 2022 at a remuneration of ₹ 3,00,000/- (Rupees Three Lacs only) plus applicable taxes and out-of-pocket expenses at actuals, if any, incurred in connection with the audit. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor should be ratified by the Members of the Company. Accordingly, approval of the Members is sought for ratification of the remuneration payable to the Cost Auditor for the financial year ending March 31, 2022, as stated above.

None of the Directors, Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, whether financially or otherwise, in the resolution set out in Item no. 4 of the Notice.

The Board recommends the Ordinary Resolution as set out in Item No. 4 of the Notice for approval of the Members.

Item No. 5 of the Notice:

As regards the appointment of Ms. Priya Nair (DIN: 07119070) referred to in Item no. 5 of the Notice, following necessary disclosures are made for the information of the Members.

Based on the recommendation of the Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions of the Act and the Listing Regulations, the Board at its meeting held on October 27, 2020, appointed Ms. Priya Nair as an Additional Director in the category of Independent Woman Director with effect from October 27, 2020, for a term up to 5 (five) consecutive years from the date of appointment, subject to the approval of the Members at the AGM.

Pursuant to the Section 149 of the Companies Act, 2013 ('the Act') read with Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations') Ms. Nair, is qualified to be an 'Independent Director' of the Company and a declaration to that effect pursuant to Section 149(7) of the Act, stating that she meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations has been duly provided by Ms. Nair.

The Company has also received her consent to act as an Independent Director and declaration that she is not disqualified or debarred from being appointed as a Director in terms of Section 164 of the Act and the Listing Regulations. The Company has received a notice in writing in the prescribed manner as required pursuant to Section 160 of the Act as amended and the Rules made thereunder, proposing Ms. Priya Nair as a candidate for the office of Director of the Company.

In the opinion of the Board, Ms. Priya Nair fulfills the conditions specified in the Act read with the Rules made thereunder and the Listing Regulations for being appointed as an Independent Director of the Company and is independent of the Management. Ms. Nair possesses requisite skills, experience and knowledge relevant to the Company's business and therefore, it would be in the interest of the Company to have her association with the Company as an Independent Director.

Details as required pursuant to Regulation 36(3) of the Listing Regulations and the Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India ('ICSI') as applicable are provided. Copy of the draft Letter of Appointment of the Independent Director setting out the terms and conditions of her appointment is available for inspection electronically, basis the request being sent on agm@ceat.com

Information about the appointee:

Brief resume

Ms. Priya Nair, 49, has done MBA in Marketing from Symbiosis Institute of Business Management, Pune and she has also completed Harvard Senior Executive Program.

Ms. Priya Nair is an Executive Director – Beauty and Personal Care (BPC) for Hindustan Unilever Limited (HUL) and Vice President – BPC, South Asia, responsible for Beauty and Personal Care business spanning India, Pakistan, Bangladesh, Sri Lanka and Nepal. Ms. Priya Nair was invited by the NITI Aayog to participate in the Champions of change programme aimed at creation of a new India, which was chaired by the Hon'ble Prime Minister of India Mr. Narendra Modi. She has been recognised as one of the influential women marketeers in India and amongst the most powerful women in Indian Business by Business Today, Fortune India and Impact Magazine.

Other Directorships (excluding foreign companies):

Sr. No.	Name of the Company	Category of the Directorship
1	The Advertising Standards Council of India	Director
2	Unilever India Limited	Director

Ms. Priya Nair is not related to any of the Directors on the Board or any Key Managerial Personnel of the Company; nor she holds any shares in the Company. Ms. Nair also does not hold any committee positions in the companies where she is a director. Ms. Nair is eligible for receipt of sitting fees and commission, as payable to other Non-executive Directors of the Company. Ms. Nair would not be liable to retire by rotation. Other details including the Nature of expertise in specific functional areas and the number of Board meetings attended by her are given in the Corporate Governance Report.

None of the Directors, Key Managerial Personnel of the Company or their relatives except Ms. Priya Nair is, in any way, concerned with or interested, whether financially or otherwise, in the resolution as set out in Item No. 5 of the Notice, in so far as it concerns her appointment and payment of remuneration as a Non-executive Director.

The Board recommends the Ordinary Resolution as set out in Item No. 5 of the Notice for approval of the Members.

Item No. 6 of the Notice:

Pursuant to the Section 149 of the Companies Act, 2013 ('the Act') read with Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'), Mr. Paras K. Chowdhary, Director of the Company qualifying to be 'Independent Director' was appointed as an Independent Director of the Company for a term of 5 (five) consecutive years with effect from August 9, 2016 to August 8, 2021, as approved by the Members at the 57th Annual General Meeting of the Company. .

In accordance with the Section 149(10) and (11) of the Act, an Independent Director shall hold office for a term up to 5 (five) consecutive years on the Board of a Company and shall be eligible for re-appointment on passing of a Special Resolution and disclosure of such appointment in the Board's Report.

Pursuant to the Section 149 of the Companies Act, 2013 ('the Act') read with Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations') Mr. Chowdhary, is qualified to be an 'Independent Director' of the Company and a declaration to that effect pursuant to Section 149(7) of the Act stating that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations has been provided by Mr. Chowdhary. The Company has also received his consent to act as an Independent Director and declaration that he is not disqualified or debarred from being appointed as a Director in terms of Section 164 of the Act and the Listing Regulations.

In the opinion of the Board, Mr. Chowdhary fulfills the conditions specified in the Act read with the Rules made thereunder and the Listing Regulations for being appointed as an Independent Director of the Company and is independent of the Management. Mr. Chowdhary possesses requisite skills, experience and knowledge relevant to the Company's business and therefore, it would be in the interest of the Company to have his association with the Company as an Independent Director.

Based on the performance evaluation and recommendation of the Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Act and the Listing Regulations, the Board at its meeting held on May 5, 2021, unanimously recommended for the approval of the Members, the re-appointment of Mr. Chowdhary for a second term of 5 (five) consecutive years with effect from August 9, 2021 to August 8, 2026, in terms of Section 149 read with Schedule IV to the Act, the Listing Regulations or any amendment thereto or modification thereof.

In respect of the re-appointment of Mr. Chowdhary, notice in writing in the prescribed manner as required pursuant to Section 160 of the Act, as amended and the Rules made thereunder has been received by the Company, proposing his candidature for the office of the Director.

Details as required pursuant to Regulation 36(3) of the Listing Regulations and the Secretarial Standard - 2 on General Meetings, as applicable are provided. Copy of the draft Letter of Appointment of the Independent Director setting out the terms and conditions of his appointment is available for inspection electronically, basis the request being sent on agm@ceat.com

Information about the appointee:

Brief resume

Mr. Paras K. Chowdhary, 69, holds a Bachelor's degree in Physics (Hons.) and has over 35 years' experience in senior management positions in tyre industry, including Managing Director of the Company for more than 11 years. Earlier he was employed with Apollo Tyres Limited where he started his career from a junior management position and reached the position of President and Whole-time Director within a reasonable time and he was also instrumental in turning around of that company. Mr. Chowdhary is recognised as one of the foremost experts in the tyre industry in India.

Mr. Chowdhary was appointed as the Managing Director of the Company on January 18, 2001 and his term as Managing Director ended on April 1, 2012. Mr. Chowdhary who was appointed as an Additional Director of the Company w.e.f. April 1, 2012, was also appointed as the Whole-time Director designated as Chief Management Advisor for a period of one year from April 1, 2012 to March 31, 2013. On expiry of his term as Whole-time Director, he continued as the Non-executive, Non-independent Director w.e.f. April 1, 2013. Consequently, in the year 2016, being eligible under the applicable provisions of the Act and the Listing Regulations, he was appointed as an Independent Director on the Board of the Company.

Other Directorships (excluding foreign companies):

Sr. No.	Name of the Company	Category of the Directorship
1	Phillips Carbon Black Limited	Independent Director
2	RPG Enterprises Limited	Director
3	Einzigartig Electoral Trust	Director

Memberships / Chairmanships in Committees:

Sr. No.	Name of the Company	Name of the Committee
1	Phillips Carbon Black Limited	◆ Audit Committee* ◆ Risk Management Committee
2	CEAT Limited	◆ Audit Committee ◆ Nomination and Remuneration Committee ◆ Stakeholders' Relationship Committee ◆ Risk Management Committee ◆ CSR Committee

*Positions held as Chairman of the Committee

Mr. Chowdhary is not related to any of the Directors on the Board or any Key Managerial Personnel of the Company. Mr. Chowdhary holds 3,000 (Three Thousand) equity shares of the Company and is eligible for receipt of sitting fees and commission, as payable to other Non-executive Directors of the Company. Mr. Chowdhary would not be liable to retire by rotation. Other details including the nature of expertise in specific functional areas, number of Board Meetings attended by him and remuneration paid to him are given in the Corporate Governance Report.

None of the Directors, Key Managerial Personnel of the Company or their relatives except Mr. Paras K. Chowdhary is, in any way, concerned with or interested, whether financially or otherwise, in the resolution as set out in Item No. 6 of the Notice, in so far as it concerns his appointment and payment of remuneration as a Non-executive Director.

The Board recommends the Special Resolution as set out in Item No. 6 of the Notice for approval of the Members.

Item No 7 of Notice:

Pursuant to Sections 197, 198 and all other applicable provisions of the Companies Act, 2013, read with Rules made thereunder, including any statutory modification or re-enactment thereof, for the time being in force (hereinafter referred to as 'the Act'), approval of the Members was granted at the 59th Annual General Meeting ('AGM') of the Company held on July 20, 2018, for payment of remuneration / commission to the Director(s) of the Company who is / are neither in the whole-time employment with the Company nor Managing Director(s) of the Company, in such manner and up to such extent as the Board of Directors of the Company may so determine from time to time upon recommendation of the Nomination and Remuneration Committee, but not exceeding 3 (Three) percent of the net profits calculated pursuant to Section 198 of the Act and such payments shall be made in respect of profits of the Company for each financial year.

Keeping in view the growth of the Company, contribution, responsibilities and the time devoted by the Non-executive Directors, despite adverse conditions on account of COVID-19 pandemic situation, in the FY 2020-21, as recommended by the Nomination and Remuneration Committee (NRC) the Board of Directors approved the payment of Commission to Non-executive Directors of the Company close to 1 (one) percent of the net profits of the Company for the FY 2020-21, computed in accordance with the provisions of Section 198 of the Act, including an amount of ₹ 3,70,39,000/- (Rupees Three Crores Seventy Lacs Thirty Nine Thousand only) payable to Mr. H. V. Goenka, Non-executive Director, Chairman of the Company for FY 2020-21.

Mr. H. V. Goenka is a promoter of the Company and has about four decades of experience with the tyre sector during which he has also served as the Managing Director of the Company. Mr. Goenka's extensive experience in the tyre industry has been instrumental in helping guide the Company towards both short-term growth as well as long-term sustainability. As Chairman of the Board, Mr. Goenka provides vision and thought leadership which has seen the Company achieve high standards of corporate governance, innovation, brand visibility and growth-oriented project investments. Mr. Goenka invests considerable time reviewing the operations and performance of the Company and his interactions with the senior leaders and his role in building a talent pool in the Company has been significant in maximizing stakeholder value. The Board deems it appropriate to recognize his contribution and deems it fair to remunerate him with the above said amount of commission.

Regulation 17(6)(ca) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, necessitates Members' approval by way of Special Resolution for paying remuneration to one Non-executive Director in excess of 50% of the total remuneration payable to all Non-executive Directors. Accordingly, consent of the Members of the Company is being sought for the above commission proposed to be paid to Mr. Harsh V. Goenka for the FY 2020-21, which is exceeding 50% of the total annual remuneration payable to all Non-executive Directors.

None of the Directors, Key Managerial Personnel of the Company or their relatives except Mr. H. V. Goenka himself and Mr. Anant Goenka, Managing Director is, in any way, concerned or interested, whether financially or otherwise, in the resolution set out in Item no. 7 of the Notice.

The Board recommends the Special Resolution as set out in Item No. 7 of the Notice for approval of the Members.

Item No 8 of Notice:

Pursuant to the Sections 23, 42, 71 and other applicable provisions of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014, the Company is required to obtain prior approval of its Members by means of a Special Resolution for any offer or invitation to subscribe to non-convertible debentures to be made by the Company on a private placement basis. Special Resolution can be obtained once in a year for all the offer(s) or invitation(s) for such debentures during that year.

In order to augment long-term resources and for general corporate purposes *inter alia*, financing of the on-going capital expenditure for expansion of capacity, reduction of overall interest and finance cost as well as for general purposes including the restructuring / replacement of high cost debt, the Company intends to offer an invitation for the subscription for secured / unsecured, non-convertible debentures / bonds or such other debt securities, in one or more series / tranches on private placement basis, not exceeding ₹ 5,00,00,00,000/- (Rupees Five Hundred Crores only) as it may deem appropriate.

The Members of the Company had by passing a Special Resolution at the Annual General Meeting held on September 10, 2020, granted approval to the Board to offer and issue Non-convertible Debentures on private placement basis for an aggregate amount up to ₹ 5,00,00,00,000/- (Rupees Five Hundred Crores only) in one or more tranches, valid until September 9, 2021.

None of the Directors, Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, whether financially or otherwise, in the resolution set out in Item No. 8 of the Notice.

The Board recommends the Special Resolution as set out in Item No. 8 of the Notice for approval of the Members.

Item No 9 of Notice:

The members at the Annual General Meeting held on July 27, 2007, had approved the Registers and Indexes of Members, Debenture holders, Annual Returns, etc. to be kept at the premises of TSR Darashaw Consultants Private Limited (previously TSR Darashaw Limited), the Registrars and Transfer Agents ('RTA') of the Company at 6-10 Haji Moosa Patrawala Industrial Estate, 20 Dr. E. Moses Road, Mahalaxmi, Mumbai, - 400 011 pursuant to the applicable provisions of the Companies Act, 1956. As the RTA has shifted its operations from the aforesaid address to C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai – 400 083, approval of the Members is sought by a Special Resolution for keeping the Registers and Indexes of Members, Debenture holders, Annual Returns and other documents at the office(s) of the RTA at Vikhroli (West), Mumbai – 400 083 or such other place where the office of RTA may be situated from time to time, as prescribed under the Companies Act, 2013.

The time for inspection of documents, by Shareholders or such persons as are entitled to such inspection, will be between 11.00 a.m. to 1.00 p.m. on any working day of RTA or by writing to the Company at investors@ceat.com except when the Registers and Books are closed under the provisions of the Act or the Articles of Association of the Company.

None of the Directors, Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the aforesaid resolution set out in Item No. 9 of the Notice.

The Board recommends the Special Resolution as set out in Item No. 9 of the Notice for approval of the Members.

Under the Authority of the Board of Directors

Vallari Gupte
Company Secretary and
Compliance Officer
(M. No. FCS-5770)

Place: Mumbai
Date: July 21, 2021

CEAT Limited
CIN: L25100MH1958PLC011041
Registered Office: 463, Dr. Annie Besant Road, Worli, Mumbai 400 030

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List of Abbreviations

Abbreviation	Full Form
AI	Artificial Intelligence
BCP	Business Continuity Plan
BIS	Bureau of Indian Standards
BPO	Business Process Outsourcing
BSC	British Safety Council
CAD	Computer Aided Design
CETC	CEAT European Technical Centre
CII	Confederation of Indian Industry
CSR	Corporate Social Responsibility
CTQ	Critical-to-Quality
DSE	Display Screen Equipment
EHS	Environment, Health and Safety
ESG	Environmental, Social and Governance
ESPs	Electrostatic Precipitators
ExCo	Executive Committee
FLB	Future Leader Board
GHG	Green House Gases
HMSI	Honda Motorcycle & Scooter India Pvt Ltd
HIRA	Hazard Identification and Risk Assessment
IGBC	Indian Green Building Council
IIRC	International Integrated Reporting Council
IoT	Internet of Things
IPL	Indian Premiere League
ITC	Input Tax Credit
ISO	International Organization for Standardization
KPI	Key Performance Indicators
kWh	Kilo-Watt Hour
LTMP	Long Term Material Planning
MCGM	Municipal Corporation of Greater Mumbai
MES	Manufacturing Execution System
MIDC	Maharashtra Industrial Development Corporation
MMH	Manual Material Handling
MOR	Operation Reviews
MOSPI	Ministry of Statistics and Programme Implementation
MT	Metric Tonne
NCD	Non-Convertible Debenture
NGO	Non-Governmental Organisation
NHM	National Health Mission
NOx	Oxides of Nitrogen
NPD	New Product Development

Abbreviation	Full Form
NPS	Net Promoter Score
NR	Natural Rubber
OEM	Original Equipment Manufacturers
OHC	Occupational Health Centre
OpCom	Operating Committee
OTR	Off-The-Road
PCR	Passenger Car Radial
PDCA	Plan-Do-Check-Act
PJP	Permanent Journey Plans
PLI	Production Linked Incentive
PLM	Product Lifecycle Management
PM	Particulate Matter
PPA	Power Purchase Agreements
PPE	Personal Protective Equipment
QBM	Quality Based Management
QCFI	Quality Control Forum of India
QIP	Quality Improvement Projects
QMS	Quality Management Systems
RM	Raw Material
RoCE	Return on Capital Employed
RPA	Robotic Process Automation
R&R	Reward & Recognition
SASB	Sustainability Accounting and Standards Board
SDCA	Standard-Do-Check-Action
SDGs	Sustainable Development Goals
SMEs	Subject Matter Experts
SNI	Indonesian National Standard
SOx	Oxides of Sulphur
SPC	Statistical Process Control
SKUs	Stock Keeping Units
SPARSH	Sustainable, Productive, Accurate, Reliable, Safe, and Healing
tCO_2e	Tons of Carbon Dioxide Equivalent
TPM	Total Particulate Matter
TQM	Total Quality Management
T&D	Transmission and Distribution
TBR	Truck and Bus Radial
TAT	Turn-Around-Time
2Ws	Two-Wheelers
UHP	Ultra High Performance
UNGC	UN Global Compact
VFD	Variable Frequency Drivers
WASH	Water, Sanitation and Health
Y-o-Y	Year-on-Year
ZLD	Zero Discharge Liquid

Notes

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