BOARD'S REPORT

To,
The Members of CEAT Limited

Your Directors are pleased to present their Fifty-Ninth report, together with the Standalone and Consolidated Audited Financial Statements of the Company for the year ended March 31, 2018.

Financial Highlights

I. Standalone:

₹ in lacs

Particulars	2017-18	2016-17
Total Revenue	6,38,706	6,41,798
Total Expenses (excluding exceptional items)	5,95,100	5,93,800
Profit before Taxation	40,966	46,665
Tax expense:		
– Current Tax	10,408	11,445
– Deferred Tax	2,686	(1,053)
Profit for the period	27,872	36,273
Other Comprehensive Income		
Items that will not be reclassified to profit or loss		
– Actuarial losses for gratuity	1,043	(484)
– Income tax effect on actuarial losses for Gratuity	(361)	167
Items that will be reclassified to profit or loss		
– Movement in cash flow hedges	1,098	(377)
– Income tax effect on movement in cash flow hedges	(380)	131
Total Comprehensive Income for the year	**29,272**	**35,710**

II. Consolidated:

₹ in lacs

Particulars	2017-18	2016-17
Total Revenue	6,42,914	6,45,993
Total Expenses (excluding exceptional items)	6,05,087	6,00,932
Profit before Taxation	36,732	46,565
Tax expense:		
– Current Tax	10,639	11,660
– Deferred Tax	2,764	(1,018)
Profit after tax, non-controlling interest and share of profit from Joint Venture	23,798	36,115
Other Comprehensive Income		
Items that will not be reclassified to profit or loss		
– Actuarial losses for gratuity	1,042	(416)
– Income tax effect on actuarial losses for Gratuity	(368)	165
Items that will be reclassified to profit or loss		
– Movement in cash flow hedges	646	73
– Income tax effect on movement in cash flow hedges	(380)	131
– Net Movement in foreign exchange fluctuation reserve	(412)	(64)
Total Comprehensive Income for the year (attributable to equity holders of parent)	**24,332**	**36,004**

In the preparation of financial statements, no treatment different from that prescribed in the relevant Accounting Standards have been followed.

During the year under review, on consolidated basis your Company recorded net revenue from operations (net of excise duty) of ₹ 6,23,077 lacs with a growth of 8% over ₹ 5,76,651 lacs (net of excise duty) for the last fiscal. The Company recorded a net profit of ₹ 23,797 lacs, a decrease of 34% over net profit of ₹ 36,115 lacs of the last fiscal.

On standalone basis, your Company recorded net revenue from operations (net of excise duty) of ₹ 6,16,134 lacs with a increase of 8% over ₹ 5,70,173 lacs (net of excise duty) of the last fiscal. The Company recorded a net profit of ₹ 27,872 lacs, a decrease of 23% over net profit of ₹ 36,273 lacs of the last fiscal.

Industry Update

The global economy is experiencing a cyclical recovery, showing signs of a rebound in investment, manufacturing activity and trade. This improvement comes against the backdrop of benign global financial conditions, generally accommodative policies, rising confidence and firming commodity prices. Global growth is expected to be sustained over the next couple of years and even accelerate somewhat in emerging markets and developing economies. Although near-term growth could surprise on the upside, the global outlook is still subject to substantial downside risks, including the possibility of financial stress, increased protectionism and rising geopolitical tensions.

India, though, has emerged as the fastest growing major economy in the world with GDP growth at about 6.7% in FY 2017-18 and is expected to grow above 7.3% in FY 2018-19. The manufacturing sector is estimated to have grown by 4.6% in FY 2017-18 as compared to growth of 7.9% in FY 2016-17.

With improvements in the economic scenario, there have been investments in various sectors of the economy and increased M&A activity and private equity deals. Moody's upgraded India's sovereign rating after 14 years to Baa2 with a stable economic outlook. India has improved its ranking in the World Bank's Doing Business Report by 30 spots over its 2017 ranking. The Government of India, under the Make in India initiative, is trying to give boost to the contribution made by the manufacturing sector and aims to take it up to 25% of the GDP from the current 17%. Besides, the Government has also launched the Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy.

The Indian auto industry is one of the largest in the world. The industry accounts for 7.1% of the country's Gross Domestic Product (GDP). India is also a prominent auto exporter and has strong export growth expectations for the near future. Overall automobile exports grew 15.81% year-on-year between April-February 2017-18.

Indian tyre industry is expected to post a higher volume growth of 8-10% for FY 2017-18. According to ICRA research the growth will be supported by robust growth pick-up across all industry sub-segments. Automobile production in FY 2017-18 is expected to rise strongly by 14% plus, up from 5.2% in FY 2016-17 and 3.2% in FY 2015-16. Thus, a strong traction in OEM volumes during April 2017-January 2018 coupled with the demand in replacement markets post the Goods and Service Tax (GST) upheaval, have pushed the volume growth estimates for tyres up from an earlier 7-8% to 8-10%.

With stronger than expected volume uptick in Medium and Heavy Commercial Vehicle (M&HCV) tyres (OEM and replacement segments), tyre tonnage demand is estimated to grow by ~8%. In unit terms, Truck and Bus (T&B) replacement demand has grown by 4-5% during FY 2017-18, up from the 3% de-growth in FY 2016-17, supported by pickup in infrastructure activity around the county. While radialization in T&B would promote higher re-treading and therefore could lead to slower demand for new tyres, benefits from the visible trend towards higher tonnage multi-axle vehicles with increasing number of tyres will support T&B volumes.

On the exports front, USA, Germany and the UAE continue to remain the key destinations while South American markets have shown a strong recovery. Exports (in volumes) grew during FY 2017-18, riding on the healthy demand across product segments, mainly premium tyres. Export volumes are estimated to grow by ~8-9% during FY 2019-22 with favourable demand outlook and rising competitiveness of Indian tyre makers. However, low cost Chinese tyres in overseas markets, especially post the removal of Anti Dumping Duty (ADD) by USA on Chinese tyres in February 2017, remains a key challenge.

As for imports, the same has declined by 31% (volume-wise) in FY 2017-18 post demonetization and re-imposition of ADD on import of new Chinese Truck and Bus radial (TBR) tyres for a period of five years effective from September 18, 2017.

Industry revenues grew by a sharp 18.6% (Y-o-Y) during Q3 FY 2017-18 compared to 12.6% growth in the preceding quarter though on a fairly lower base. The quarter also witnessed a strong growth in sales volumes across product categories, especially in the OE segments despite subdued realisations. This was on the back of sharp rise in exports, gradually declining imports and fading impact of GST related concerns.

Industry-wide operating margins had slipped sharply in Q1 FY 2017-18 to four-year lows of ~8% following the sudden spike in both domestic and global natural rubber (NR) prices and higher than normal NR stocking by auto OEs during Febuary/March 2017. However, the margins improved in Q3 FY 2017-18 as NR prices have declined sharply in the last four months ended February 2018 and have remained range-bound at ₹ 125-130/ kg. Global NR prices continue to trade at a discount of ~14% averaging at ₹ 117 per kg for 11M FY 2017-18.

The prices of crude derivatives have been gradually rising in recent months, albeit with a lag. After a 33% jump in crude oil price

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between October 2017 and January 2018, the same has declined by ~5% in February 2018 with higher US shale oil production in recent months. The prices of synthetic rubber (SR) are up by 29%, carbon black (CB) up by 35%, and caprolactum by 14%. Overall, it is expected that the prices of crude derivatives to rise by over 20% in Q4FY2018 due to the time lag effect of the oil prices increase and CB shortage issues. Further with the additional cess on customs duty of imported products, input costs on imported raw materials are expected to increase from April 2018, though it is expected to be largely passed on. Higher raw material costs will impact the operating margins of players.

Tyre industry is also well aligned with the Make in India campaign of the Government of India. The new Greenfield facilities being set up by tyre manufacturers in India are a reflection of India's growth aspirations and manufacturing capabilities. India has emerged as preferred destination for Greenfield and Brownfield investments in tyre sector.

The leading tyre companies, have their in-house Research and Development (R&D) to not only produce technologically superior tyres but also to meet the diverse requirements. The current R&D spends by tyre majors have increased to 2% of revenue and are fast catching up with the 3.5% spends of the global tyre companies.

State of Company's Affairs

During the year under review, the Company became the first tyre company in the world, outside Japan, to receive the Deming Prize in 2017. The Deming Prize recognises companies that achieve business transformation by implementing Total Quality Management (TQM). The Deming Prize reinforces and consolidates the Company's reputation as a high-quality producer of tyres and enables the Company to gain ideal partner status for leading automobile companies in the world. Additionally the Company has also been awarded the prestigious "Great Place to work" certification.

During the year under review, the Company has launched a new safety initiative "CEAT Safety Grip", yet another step towards making Mobility Safer and Smarter. Everyday. To ensure safe travel for bike riders against uncertainties during the monsoon season, the Company has launched its newest advertising campaign 'Nehlau', considering the issues faced by the bikers of water splashes and getting drenched owing to the onslaught of larger vehicles moving at high speeds. To overcome the common problem of tyre slippage faced by farmers, the Company's Aayushmaan tyres offered superior grip leading to better yield and efficiency.

During the year under review, the Company developed 65 new products. Last few years have seen a healthy roll-out of new innovative products across categories. Innovative product launches remained at the forefront to grow business across countries. The Company set up its European technical Centre at Frankfurt, Germany to focus on break through products for customers and focus on passenger segment.

Pursuing a differentiated strategy, CEAT had shifted its focus away from the large but highly competitive truck and bus tyre segment (T&B) to the faster growing and higher margin segments - 2Ws, Passenger Car Radials (PCR) and Specialty tyres. The Company's revenues from focus segments such as 2W, PCR and Specialty tyres have shown 25% CAGR since FY 2009-10, contributing 50% to revenues in first half of FY 2017-18 compared to 20% in FY 2009-10. CEAT's market share in 2Ws tyre replacement has increased from ~10% in FY 2010-11 to ~30%.

The Company's network currently extends to more than 4,500 dealers and over 30,000 sub-dealers. The Company currently has 4 manufacturing facilities at Bhandup, Nashik, Nagpur and Halol and is setting up a green field project. It has its representative offices at Indonesia, Germany and the United Arab Emirates to serve customers in foreign markets. It also operates a plant for manufacture of specialty tyres through its wholly owned subsidiary CEAT Specialty Tyres Limited.

Exports volume increased by 14.1% during the first half of FY 2017-18. In value terms, the growth in exports came a bit lower at 13.3%, as realisations remained moderate and the pricing was controlled by softened raw material prices.

The Company was also awarded with the' IAA Indian Awards 2017 for the Best Ad Film (HAATH DIKHAO – CEAT CAR TYRES) in the Auto category. The Company during the year became the title sponsor of Ultimate Table Tennis. The Company partnered with MMRDA to eliminate the nuisance of potholes during rainy season by filling these potholes with bitumen and the rubber from the Company's old tyres. During the year under review, the Company tied up with a young cricket batsman, Shubman Gill and one of the most prolific all-rounders in women's cricket, Harmanpreet Kaur, a valuable addition to Team CEAT, which already has the likes of Rohit Sharma, Ajinkya Rahane and Ishaan Kishan on board.

While continuing the journey towards the purpose of the Company 'making Mobility Safer and Smarter Everyday', the Company has taken a pledge that the Company's products, services will solve core problem of its customers. The Company will give safety its rightful place first on the Indian roads which are some of the most treacherous in the world and then build on the good work in all the markets the Company touches.

Dividend

Considering the profits for the year under review and also the capital expenditure requirements of the Company, your Directors are pleased to recommend a dividend of ₹ 11.50 per equity share of ₹10.00 each (i.e. 115%) for the financial year ended March 31, 2018.

The amount lying in the Unpaid Dividend Account of the company in respect of the last seven years as on March 31, 2018 is as follows:

Financial Year	Amount in ₹
2010-11	8,86,628.00
2011-12	4,74,367.00
2012-13	37,86,620.00
2013-14	29,41,560.00
2014-15	26,89,740.00
2015-16	29,85,687.50
2016-17	33,68,350.00

The above dividends are due for transfer to Investor Education and Protection Fund after completion 7 years from the respective dates of payment. During the year under review, the Company has transferred ₹ 14,76,080 to the Investor Education and Protection Fund.

The Company has adopted a Dividend Distribution Policy and the same is annexed herewith as **"Annexure A"**.

Transfer to Reserve

Your Directors have proposed not to transfer any sum to the General Reserve.

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 have occurred between the close of financial year on March 31, 2018 to which the financial statements relates and the date of this Report.

Capacity Expansion

The Company is setting up a greenfield manufacturing capacity with an estimated investment of over ₹ 2,000 crores to be incurred over the next three to five years and an initial capacity of the project is ~250 MTD for manufacture of passenger car radial tyres including motor cycle radial tyres. The Company also plans to utilize the proposed plant for exports. Civil work for the first phase of the project has begun and the plant is expected to begin production in the next twelve months.

During the year under review, the Company through its wholly owned subsidiary CEAT Specialty Tyres Limited commenced commercial production at the Ambernath plant for manufacture of off-the-road tyres for the specialty segment.

Future Outlook

The global tyre volume is likely to reach 2.7 bn units by 2022. At the same time, upheavals in the world tyre supply with an array of high-growth opportunities and new technologies are helping forge new areas of opportunity in the industry. The growth is motivated by strong economic upturn and vehicle production and replacement demand from a wide variety of end-users globally. Rapid advancements in technology and the growing demand for environmentally viable tyres have augmented the growth of the market.

Optimistic economic outlook, booming auto sales, fast development of road infrastructure, huge investment in capacity creation, rising demand from the young population, expanding middle-class etc. are set to drive growth of the Indian tyre industry. The government in Budget FY 2018-19 has allocated higher investment towards infrastructure development (from ₹ 4.94 lacs crores to ₹ 5.97 lacs crores). This, coupled with policy measures to simplify faster road construction, will strengthen the road transport infrastructure. This, in turn, is expected to augment the offtake of all kinds of tyres.

With the government's focus on GST, emission norms and safety standards, the Indian automotive industry is likely to experience significant technology advancements over the next four to five years. Technology-driven trends could revolutionise the way industry players respond to changing consumer behaviour, while developing partnerships and driving transformational change.

Subsidiary Companies

At the end of the year under review, the Company had following four subsidiaries namely CEAT Specialty Tyres Limited, Mumbai (CSTL), Rado Tyres Limited, Cochin (RTL), Associated CEAT Holdings Company (Private) Limited, Colombo, Sri Lanka, (ACHL), CEAT AKKhan Limited, Dhaka, Bangladesh (CAL).

The Company does not have any material subsidiary whose net worth exceeds 20% of the consolidated net worth of the holding company in the immediately preceding financial year or has generated 20% of the consolidated income of the Company during the previous financial year. A policy on material subsidiaries has been formulated by the Company and posted on the website of the Company at the link https://www.ceat.com/corporate/investor/corporate-governance.

CEAT Specialty Tyres Limited

CEAT Specialty Tyres Limited (CSTL), a wholly owned subsidiary of the Company, is engaged in manufacturing and sale of tyres for off-the-road vehicles and equipments, which find application across industries including ports, construction, mining and agriculture. During the year under review, CSTL commenced commercial production at its facility at Ambernath in the State of Maharashtra. CSTL has set up an overseas subsidiary viz. CEAT Specialty Tires Inc. in USA.

During the year under review, CSTL registered a revenue of ₹ 26,666 lacs (Previous year ₹ 22,417 lacs) and a net loss of ₹ 3716 lacs in FY 2017-18 (Previous year ₹ 1,003 lacs).

Rado Tyres Limited

Rado Tyres Limited (RTL), having its two-three-wheeler tyres manufacturing facility at Kothamangalam, Kerala supplies its entire production of automotive tyres (two-three-wheeler) to the Company. During the year under review, RTL registered a revenue of ₹ 31 lacs as compared to a revenue of ₹ 898 lacs in FY 2016-17, registering a de-growth of 96.55%, largely due to cessation of production at the factory. The net loss for the year under review has gone up to ₹ 870 lacs from ₹ 124 lacs in the previous year, mainly due to stoppage of production and payment of VRS to all its employees. Consequent to the stoppage of production on March 20, 2017, the production tickets for FY 2017-18 have been Nil and only the prevailing inventory was dispatched from Rado factory.

Overseas Subsidiaries:

Details of ACHL and CAL are given below under the heads "Joint Venture in Sri Lanka" and "Joint Venture in Bangladesh".

Joint Venture in Sri Lanka

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

During the year under review, ACHL has registered a revenue of LKR 52,078 lacs (₹ 21,882 lacs) as compared to LKR 47,053 lacs (₹ 21,406 lacs) in FY 2016-17. However, the profit after tax has reduced by 9.16% to LKR 5,664 lacs (₹ 2,380 lacs) as compared to LKR 6,235 lacs (₹ 2,837 lacs) in FY 2016-17. 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 LKR 4,563 (₹ 1927 lacs) to the Company.

Joint Venture in Bangladesh

CEAT AKKhan Limited, (CAL), is the 70:30 joint venture (JV) of the Company in Bangladesh. CAL is setting up a green field facility for manufacture of automotive bias tyres in Bangladesh. CAL has been selling CEAT branded automotive tyres, outsourced from the Company in the local market since the last 4 (four) years. For the year under review, the revenue of CAL is BDT 7,504 lacs (₹ 5,917 lacs) as compared to BDT 6,586 lacs (₹ 5,619 lacs) in FY 2016-17. The net loss for the year under review is BDT 422 lacs (₹ 363 lacs) as compared to the net loss of previous year BDT 522 lacs (₹ 470 lacs).

A report on the performance and financial position of each of the Company's aforesaid subsidiaries forms part of the Annual Report.

Associate Company-

During the year under review, Tyresnmore Online Private Limited (TNM), a private limited company incorporated on June 2, 2014 having its registered office in New Delhi engaged in the business of selling automotive tyres, accessories and providing services of installing, fitting, wheel balancing and wheel alignment for automotive tyres has become an associate of the Company. The Company has on June 23, 2017 acquired approximate 31.93% of the fully diluted share capital of TNM by investing ₹ 400 lacs through subscription of 50,855 Compulsorily Convertible Preference Shares ("CCPS") of face of ₹ 1 each and 100 Equity Shares of face of ₹ 1 each of TNM.

During the year under review TNM registered a revenue of ₹104 lacs and a net loss/profit of ₹ 112 lacs in FY 2017-18.

Consolidated Financial Statements

In accordance with Section 129(3) of the Companies Act, 2013 and Regulation 34(2) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Consolidated Financial Statements of the Company, including the financial details of all the subsidiary companies associate/joint venture of the Company, forms part of this Annual Report. The Consolidated Financial Statements have been prepared in accordance with the Indian Accounting Standards issued by the Institute of Chartered Accountants of India.

Business Risk Management

Pursuant to the requirement of Regulation 21 of SEBI (Listing Obligations and Disclosure Regulations) Regulations 2015, the Company has constituted a Risk Management Committee. The details of this Committee and its terms of reference are set out in the Corporate Governance Report, which forms part of this Report.

The Company has in place a Enterprise Risk Management framework to identify risks and minimize their adverse impact on business 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 in place. The business risks and its mitigation have been dealt with in the Management Discussion and Analysis section of this Report.

Corporate Social Responsibility

The Board of Directors has formed a committee on Corporate Social Responsibility (CSR) in accordance with the provisions of the Companies Act, 2013. The Committee consists of following members:

Mr. Anant Vardhan Goenka (Managing Director)
Mr. Hari L. Mundra (Non-Executive Non-Independent Director) and
Mr. Vinay Bansal (Non-Executive Independent Director)

The Company, with a vision to drive 'holistic empowerment' of the community, has carried out the following CSR initiatives through RPG Foundation ("the Trust"), a public charitable trust qualified to undertake CSR activities in accordance with Schedule VII of the Companies Act, 2013:

Netranjali – The project aims at providing comprehensive Vision/ Eye care to prevent avoidable blindness. During the FY 2017-18, the project screened 1,45,744 people through 1,540 Eye Camps and 249 days of Vision Centre, distributed over 74,498 spectacles and made 10,768 referrals for severe cases.

Swayam – The project aims to promote Gender Equality and Women's Empowerment and drive powerful social change in the transport industry by training underprivileged women in driving skills to enhance livelihood across sectors such as Taxi, school vans, two-wheeler delivery executives and entrepreneurial ventures. 645 women completed their training for Four-wheeler driving and 303 women completed their training for Two-Wheeler riding. These women are in the process of procuring their Permanent Driving Licenses. These women were trained across Mumbai, Nagpur, Chennai, Delhi, Indore, Bhopal, Jaipur, etc.

Road Smarrt - In line with the motto of safety, the Company launched "Road Smarrt" to advocate safe driving and prevention of road fatalities. The project started in FY 2016-17 and completed in FY 2017-18. The Company targeted school children and parents to create awareness amongst children who are the future road users. The Company launched sessions in 312 schools reaching over 1.27 lacs children and also provided Defensive Driving training to 1000 Drivers.

Pehlay Akshar (Schooling)- The project focuses on Primary Education with emphasis on English speaking and reading skills to enhance employability. The initiative reached out to 3,000 students across 16 schools in Mumbai, Halol and Nashik.

Pehlay Akshar School Enrichment Program (Pehlay Akshar – Training)- The project focuses on transformation of public education by helping teachers to develop "Magic classrooms" where children feel safe and are encouraged to learn. In FY 2017-18, the program trained 989 teachers from government and municipal schools. This included 3 training sessions spread across the academic year with weekly group coaching sessions that focused on implementing the 'Magic Classroom' principles in the schools.

Jeevan– The project focuses on improving quality of life in areas of clean drinking water, health and nutrition. Through the project, 50 sessions on adolescent health were conducted covering 500 children.

At Panchmahal district in Gujarat, 1,200 children in schools were provided highly nutritious snacks before the mid-day meal as a proactive effort to reduce malnourishment. As a part of developing alternate livelihoods, this intervention also supported 50 women, who were trained to develop these nutritious snacks, and supply them to the 1,200 children. This project was undertaken jointly by all RPG Group of Companies having facilities in Gujarat (CEAT, KEC International and Raychem RPG).

Employability Skill Development (Project-Saksham)/ (Project Sanjeevani) – These two projects are skill development programs that aim to provide livelihoods training to empower women and youth and enable them to take up employment that can transform their lives.

Saksham- During the year under review, 170 less privileged women and youth were trained in two-wheeler repairing, mobile repairing, motor rewinding and as beauty advisors.

Sanjeevani- The project trained 250 less privileged women and youth in bed side assistant/patient care assistant programs as an alternate livelihood option in the communities around the Company's plants. 50 candidates were trained in Halol location, the training of which has been undertaken jointly by the RPG Group of Companies having facilities in Gujarat (CEAT, KEC International and Raychem RPG).

The Annual Report on CSR activities in pursuance of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed herewith as **"Annexure B"**.

The Company has contributed the entire amount of ₹ 1070.93 lacs to RPG Foundation, the implementing agency towards CSR activities during the FY 2017-18.

Vigil Mechanism /Whistle Blower Policy

Pursuant to Section 177 of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 the website of the Company at link https://www.ceat.com/corporate/investor#corporate-governance.

Related Party Transactions

TThe Company has formulated a policy on Related Party Transactions for purpose of 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.

All Related Party Transactions are placed before the Audit Committee and wherever necessary, before the Board/ members for approval. The Company has not entered into any transactions with related parties during the year under review which required reporting in Form AOC-2 in terms of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014.

Share Capital

The paid up equity capital of the Company as on March 31, 2018 was ₹ 4,045.01 lacs. The said shares are listed on the BSE Limited and the National Stock Exchange of India Limited. There is no change in the paid-up capital of the Company, during the year under review.

Non-Convertible Debentures

The Company during FY 2015-16, had issued and allotted 2,000 Secured Redeemable Non-Convertible Debentures of ₹ 10 lacs each on private placement basis aggregating to ₹ 20,000 lacs. The said Secured Redeemable Non-Convertible Debentures are listed on BSE limited.

Credit Rating

Your directors are pleased to inform you that during the year under review, the long term credit rating of the Company is affirmed/ assigned as "AA" with "Stable" outlook by its rating agencies viz. CARE and India Ratings (Fitch). 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 of the Company have been granted the rating of A1+ by CARE and India Ratings (Fitch). 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 Non convertible Debentures issue of the Company have been reaffirmed as "AA" with "Stable" outlook by the CARE Rating Limited, a Rating Agency ("CARE").

The ratings on Commercial Paper issue of the Company have been reaffirmed as A1+ by CARE.

Extract 0f Annual Return

The details forming part of the extract of the Annual Return in the prescribed Form MGT-9 is annexed herewith as **"Annexure C"**.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

A statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, is annexed hereto as **"Annexure D"** and forms part of this report.

Particulars of Employees

The statement required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ("the said Rules") in respect of employees of the Company, are required to be set out in this report. However, the second proviso of the sub rule (3) of Rule 5 of the said Rules permits the Company to provide the said statement on specific request of member in writing. Therefore, the Annual Report excluding the said statement is being sent to all the members of the Company and such statement shall be made available to the members on request.

The prescribed particulars of employees required under Section 134(3) (q) and Rule 5(1) of the said Rules are attached as **"Annexure E"** and forms part of this report.

Fixed Deposits

There are no deposits outstanding as on March 31, 2018 nor the Company has accepted any fresh deposits during the year under review which are not in compliance with the requirements of the Act.

There were no defaults in respect of repayment of any deposits or payment of interest thereon.

The Company has no overdue deposits, other than the unclaimed deposits as at the end of the year under review.

Particulars of Loans, Guarantees or Investments

In terms of Section 134 (3) (g), the Report of the Board of Directors shall include the details of particulars of Loans, Guarantees and Investments under Section 186 of the Companies Act, 2013, which are provided in the notes to the Financial Statements. The loans and/or advances given to the employees bear interest at applicable rates.

Directors

During year under review Mr. Pierre E. Cohade, was appointed as an Additional Director (Non-Executive, Non Independent Director) on the Board of the Company by the Board of Directors at its meeting held on February 1, 2018. He would therefore hold office up to the date of the ensuing Annual General Meeting (AGM). However, the Company has received a Notice from one of its member proposing the appointment of Mr. Cohade as a Director (Non-Executive Non Independent) of the Company and such appointment has also been recommended by the Nomination and Remuneration Committee of the Board of Directors of the Company. Accordingly, it is proposed to appoint Mr. Cohade as a Director (Non-Executive Non Independent) liable to retire by rotation.

Mr. Vinay Bansal, Mr. Atul C. Choksey, Mr. S. Doreswamy, Mr. Mahesh S. Gupta, Mr. Haigreve Khaitan, Mr. Ranjit V. Pandit, Mr. Paras K. Chowdhary and Ms. Punita Lal are Independent Directors on the Board of the Company and the composition of the Board of Directors duly meets the criteria stipulated in Section 152 of the Companies Act, 2013.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mr. Anant Vardhan Goenka, Managing Director and Mr. Arnab Banerjee, Executive Director-Operations do not receive any profit related commission from any of the subsidiary of the Company.

The Board at its meeting held on March 26, 2018, considered and approved the re-appointment of Mr. Arnab Banerjee as Whole-time Director (WTD) of the company, designated as Executive Director – Operations, for a period of 5 (five) years w.e.f May 7, 2018 to May 6, 2023, subject to approval of shareholders at the ensuing general meeting of the Company.

In accordance with the Companies Act, 2013 and Articles of Association of the Company, Mr. Hari L. Mundra retires by rotation and being eligible offers himself for re-appointment.

Pecuniary Relationship or Transactions of the Non-Executive Directors and Disclosures on the Remuneration of the Directors

All pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company, along with criteria for such payments and disclosures on the remuneration of the Directors along with their shareholding are disclosed in Form MGT-9, which forms a part of this Report.

Key Managerial Personnel

The Board at its meeting held on March 26, 2018 approved re-appointment of Mr. Arnab Banerjee as the Whole- time Director, designated as the Executive Director-Operations for a further period of 5 (five) years with effect from May 7, 2018 to May 6, 2023 subject to the approval by the shareholders at the ensuing Annual General Meeting. Mr. Anant Vardhan Goenka was reappointed as the Managing Director for a period of 5 (five) years by the members at the Annual General Meeting held on August 8, 2017.

Mr. Kumar Subbiah and Ms. Shruti Joshi have been appointed as the Chief Financial Officer and Company Secretary respectively.

The above are the Key Managerial Personnel of the Company, pursuant to the provisions of Section 203 read with Section 2(51) of the Companies Act, 2013.

Inter-Se Relationships Between the Directors

There are no relationships between the Directors inter-se, except between Mr. Anant Vardhan Goenka, Managing Director and Mr. H. V. Goenka, Chairman. Mr. Anant Vardhan Goenka is the son of Mr. H. V. Goenka, Chairman.

Familiarization Programme for Independent Directors

Pursuant to the Code of Conduct for Independent Directors specified under the Companies Act, 2013 and requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has framed a familiarization programme for all its Independent Directors to familiarize them on their roles, rights and responsibilities in the Company, the nature of the industry in which the Company operates and its business model. The familiarisation programme is posted on the website of the Company at the link corporate/investor#corporate-governance.

Policy on Appointment, Training, Evaluation and Remuneration of Directors, Key Managerial Personnel and Senior Management Personnel

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy on Appointment, Training, Evaluation and Remuneration of Directors, Key Managerial Personnel and Senior Management Personnel (SMP) and their remuneration, which is enclosed as **"Annexure F"**.

Evaluation of Board, Its Committees and Directors

For the purpose of evaluation, the Board had finalised a questionnaire and engaged a third party HR Craft Business Consulting Private Limited to conduct an independent online confidential survey using the said questionnaire. The results of the survey/feedback were then deliberated at Board Meeting and evaluation of the Board, its Committees and the Directors were reviewed.

Meetings of the Board of Directors

During the year, 5 (five) Board Meetings were convened and held on April 28, 2017, August 3, 2017, November 14, 2017, February 1, 2018 and March 26, 2018. The details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Discolure Under Secretarial Standards on Meeting of Board of Directors (Ss-1):

During the year under review, the company has complied with all the applicable Secretarial Standards.

Board Committees

Detailed composition of the mandatory Board Committees viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee and non-mandatory committee viz. Finance and Banking Committee, Special Investments/Project Committee and Committee of Directors, number of meetings held during the year under review and other related details are set out in the Corporate Governance Report which forms part of this Report.

There have been no situations where the Board has not accepted any recommendations of the Audit Committee.

The Company has formed Audit Committee and composition of the same is given in the Corporate Governance Report which forms part of this Report

Directors' Responsibility Statement

Pursuant to Section 134(3) (c) of the Companies Act, 2013, your Directors, to the best of their knowledge and belief, make following statements 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 judgements 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, 2018 and the Statement of Profit and Loss for the said financial year ended March 31, 2018.

iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 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 systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and are operating effectively.

Management Discussion and Analysis and Corporate Governance Report

In compliance with the Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, separate section on Management Discussion and Analysis, as approved by the Board of Directors, which includes details on the state of affairs of the Company, forms part of this Annual Report. Further, the Corporate Governance Report, duly approved by the Board of Directors together with the certificate from the Statutory Auditors confirming the compliance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of this Annual Report.

Business Responsibility Report

In compliance with the Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on 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 the Annual Report.

Statutory Auditors

The Company at its AGM held on August 8, 2017 appointed Messrs S R B C & CO LLP as the Statutory Auditors for a second term of 5 (five) consecutive years from the conclusion of the Fifty-Eighth Annual General Meeting to the conclusion of the Sixty-Third Annual General Meeting subject to ratification of their appointment every year. They have confirmed that their appointment, if ratified at the ensuing AGM, will be in compliance with Sections 139 and 141 of the Companies Act, 2013.

Internal Auditors

The Board has appointed Messrs KPMG as Internal Auditors for the period of 1 (one) year up to March 31, 2019 under Section 138 of the Companies Act, 2013 and they have completed the internal audit as per the scope defined by the Audit Committee.

Secretarial Auditors

The Company has appointed Messrs Parikh and Associates, Company Secretaries to conduct the Secretarial Audit for the financial year ended March 31, 2018, as required by Section 204 of the Companies Act, 2013 and rules made thereunder. The Secretarial Audit Report furnished by Messrs Parikh and Associates is annexed to this report as **"Annexure G".**

Cost Auditors

The Board of Directors has appointed Messrs D. C. Dave & Co., Cost Accountants, (Membership No. M7759) as Cost Auditors of the Company for FY 2018-19 and recommends ratification of their remuneration by the Members at the ensuing Annual General Meeting.

Explanation and Comments on Auditors and Secretarial Audit Report

There are no qualification, disclaimer, reservation or adverse remark made either by the Statutory Auditors in Auditors Report or by the Company Secretary in practice (Secretarial Auditor) in the Secretarial Audit Report except for reporting a delay in transfer of certain amount relating to unclaimed matured deposits and interest thereon. The delay was inadvertent.

The Statutory Auditors have not reported any instances of fraud to the Central Government and Audit Committee as per the provisions of Section 143 (12) of the Companies Act, 2013 read with Rule 13 of the Companies (Audit and Auditors) Rules, 2014.

Significant and Material Orders Passed by the Regulators or Courts or Tribunals Impacting the Going Concern Status

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

Change in the Nature of Business

During the year under review, there was no change in the nature of the business.

Internal Financial Control

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

Human Resources

The Values of the Company and Quality Base Management define the way of working at the Company. The Company continues to use innovative methods to embed behaviours led by values in the organisation. A unique campaign 'Leader Speak Series' was launched on whatsApp and email. This had senior management speak about people that exemplify the Company's values.

During the year under review, the Company was recognised as a "Great Place To Work – Certified' by the Great Place to Work Organisation. This is a combination of feedback given by the Company's employees and the strong people practices which is the foundation of the people philosophy in the Company. The Company believes in a culture of inclusion, trust, empowerment and development for employees. This year the Company focussed on building gender sensitivity across our Manufacturing Locations by using an innovative medium of interactive theatre to engage and educate the associates.

In our journey to build best in class sales force, through our Sales Academy, the Company trained its entire field force on processes, product features and benefits. This has resulted in significant improvement of the overall competence across our sales organisation. The Company continues to invest significantly in building a culture of Coaching and Mentoring through number of structured interventions, and have improved the penetration of this intervention.

In the journey towards making the Company a fun place to work, in-house talent show "CEAT's Got Talent" was introduced which showcased talent across the organisation.

Disclosure Under Sexual Harrasement 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, 4 (four) Internal Complaints Committees (ICC) have been set up to redress complaints. During the year under review no complaints were received.

Acknowledgment

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

On behalf of the Board of Directors

H. V. Goenka
Chairman

Place: Mumbai
Date: April 30, 2018