



Annual report 04/05-

What can we innovate today.
How can we change things for a better tomorrow.
.....become catalysts in our march towards progress.

These are the questions we ask ourselves as we begin each day.
...and as we discover the answers, we lead ourselves to new questions.

What more can we do?
.....because, whatever it is, we know we can.



CEAT LIMITED

BOARD OF DIRECTORS

R. P. GOENKA	<i>Chairman</i>
H. V. GOENKA	<i>Vice Chairman</i>
PARAS K. CHOWDHARY	<i>Managing Director</i>
Dr. G. ACCORNERO	
M. A. BAKRE	
A. C. CHOKSEY	
S. DORESWAMY	
M. S. GUPTA	
J. N. GUZDER	
H. KHAITAN	
B. S. MEHTA	
H. L. MUNDRA	
K. R. PODAR	
N. SRINIVASAN	

COMPANY SECRETARY

T. M. ELAVIA

REGISTERED OFFICE

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

PLANTS

Village Road, Bhandup, Mumbai 400 078.
82, MIDC, Industrial Estate, Satpur, Nasik 422 007.

AUDIT COMMITTEE

M. A. BAKRE	<i>Chairman</i>
S. DORESWAMY	<i>Member</i>
M. S. GUPTA	<i>Member</i>
H. L. MUNDRA	<i>Member (Appointed on 19th May, 2005)</i>

SHAREHOLDERS / INVESTORS

GRIEVANCE COMMITTEE

M. A. BAKRE	<i>Chairman</i>
PARAS K. CHOWDHARY	<i>Member</i>
M. S. GUPTA	<i>Member</i>

BANKERS

Bank of India
Bank of Baroda
Indian Bank
State Bank of India
UCO Bank
Vijaya Bank
Corporation Bank
State Bank of Travancore
The Dhanalakshmi Bank Ltd.
ICICI Bank Limited
The Karnataka Bank Ltd.
The United Western Bank Ltd.
Export-Import Bank of India

LEGAL ADVISERS

Mulla & Mulla and Craigie, Blunt & Caroe

AUDITORS

N. M. Raiji & Co.

REGISTRARS

Tata Share Registry Limited,
Army & Navy Building,
148, M. G. Road, Fort,
Mumbai 400 001.

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FINANCIAL HIGHLIGHTS

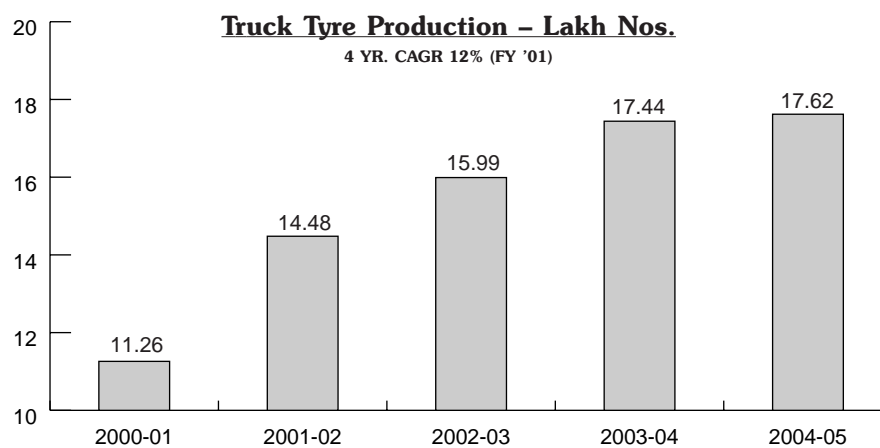
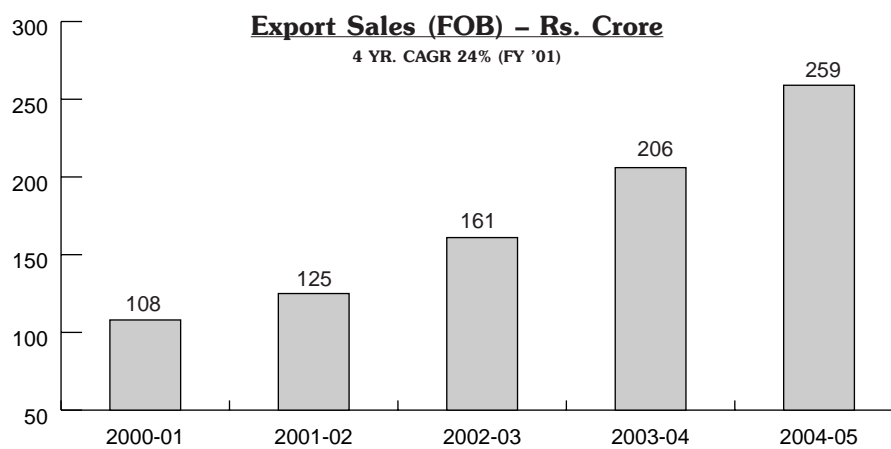
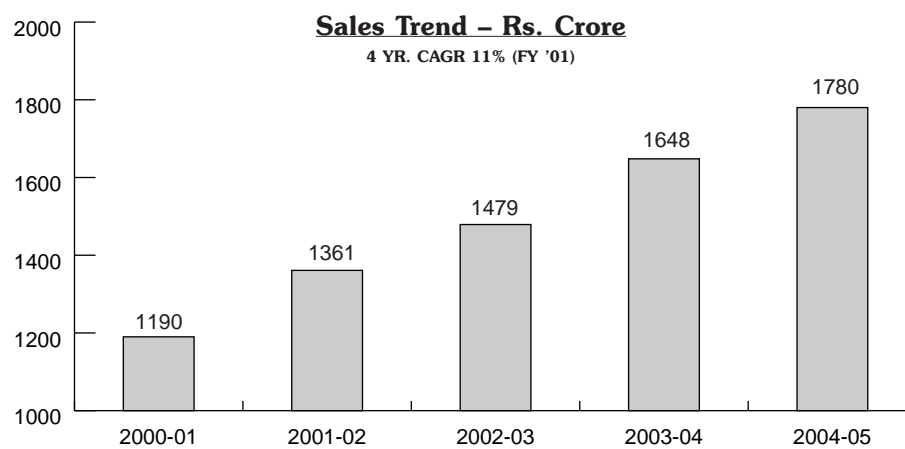
(Rs. in Crores)

**For the year ended
31.03.2005**

For the year ended
31.03.2004

Gross Sales	1780.31	1647.95
Profit/(Loss) before Taxation	(2.87)	22.22
Profit/(Loss) after Taxation	(1.87)	14.06
Total Shareholders' Equity	630.14	624.56
Total Loan Funds & Deferred Tax Liability	492.56	512.49
Market Price of Equity Share (Rs.)	98.40	36.30
Proposed Equity Dividend (%)	—	10
Proposed Dividend - Aggregate (Rs. in Crores)	—	3.52
Number of Shareholders (Accounts) at year end	86,676	1,11,730
Number of Employees at year end	5,322	5,361
Personnel Cost (Rs. in Crores)	109.44	115.89

PERFORMANCE HIGHLIGHTS



TEN-YEAR OPERATING AND FINANCIAL RECORD

(Rs. in Crores)

	2004-05	2003-04	2002-03	2001-02	2000-01	1999-2000	1998-99	1997-98	1996-97	1994-96#
OPERATING RECORD										
Sales - Gross	17,80	16,48	14,79	13,61	11,90	13,48	11,66	11,49	12,02	16,40
Less: Excise Duty	2,52	2,47	2,73	2,47	2,06	2,45	2,08	1,88	2,55	3,42
Miscellaneous Income	39	1,01	75	67	79	70	1,07	95	1,14	87
	15,67	15,02	12,81	11,81	10,63	11,73	10,65	10,56	10,61	13,85
Materials & Traded Goods	10,60	9,38	7,49	7,18	6,05	6,51	5,85	6,12	6,45	8,45
Personnel Cost	1,09	1,16	1,16	1,02	90	90	81	76	63	91
Expenses	3,15	3,28	2,77	2,37	2,67	2,97	2,66	2,33	2,38	2,68
Interest	64	76	88	1,01	99	97	1,01	1,07	95	1,31
Depreciation	22	22	22	19	16	15	13	13	13	32
Total Cost	15,70	14,80	12,52	11,77	10,77	11,50	10,46	10,41	10,54	13,67
Profit/(Loss) before taxation	(3)	22	29	4	(14)	23	19	15	7	18
As percentage of Sales (%)	(0.17)	1.33	1.96	0.26	1.17	1.71	1.61	1.27	0.55	1.07
Provision for Taxation	(1)	8	11	2	0	3	2	1	0	0
Profit/(loss) after Taxation	(2)	14	18	2	(14)	20	17	14	7	18
Dividend	—	4	4	4	4	7	7 **	7 **	7**	14
Per Share (Rs)	—	1.00	1.00	1.00	1.00	2.00	1.92	1.92	1.92	3.90
FINANCIAL RECORD										
Share Capital	35	35	35	35	35	35	35	39	39	35
Reserves & Surplus	5,95	5,89	5,88	5,51	5,67	5,93	5,13	4,45	4,47	5,01
Shareholder's Equity	6,30	6,24	6,23	5,86	6,02	6,28	5,48	4,84	4,86	5,36
Loan Funds & Deferred Tax Liability	4,93	5,13	5,21	5,57	5,89	5,43	5,04	4,66	4,77	4,53
Capital & Loan Funds employed	11,23	11,37	11,44	11,43	11,91	11,71	10,52	9,50	9,63	9,89
Fixed Assets- Gross	9,05	8,40	8,23	7,50	7,69	7,27	5,91	5,01	4,78	4,99
Depreciation	3,60	3,31	3,03	2,62	2,44	2,21	2,01	1,80	1,60	1,16
Fixed Assets- Net	5,45	5,09	5,20	4,88	5,25	5,06	3,90	3,21	3,18	3,83
Investments	1,91	1,91	1,93	1,93	1,99	2,05	2,11	2,46	2,30	2,54
Current Assets - Net & Deferred Tax Asset	3,87	4,37	4,31 *	4,62	4,67	4,60*	4,51*	3,83*	4,15*	3,52*
Capital & Loan Funds applied	11,23	11,37	11,44	11,43	11,91	11,71	10,52	9,50	9,63	9,89

* Inclusive of Miscellaneous Expenditure to the extent not written off or adjusted

** Includes preference share dividend

For 18 months

Figures regrouped wherever necessary

DIRECTORS' REPORT

The Directors present their Forty Sixth Annual Report for the Financial Year 1st April, 2004 to 31st March, 2005.

FINANCIAL RESULTS

	For the year Ended 31st March, 2005	For the year Ended 31 st March, 2004
	Rs. in crore	Rs. in crore
Profit before Depreciation	14.34	64.94
Depreciation	(22.06)	(22.10)
Extraordinary Item	4.85	(20.62)
Profit/(Loss) before Taxation	(2.87)	22.22
Provision For:		
Current Tax	—	(2.80)
Deferred Tax	1.00	(5.36)
Net Profit/(Loss)	(1.87)	14.06
Surplus brought forward from previous year	52.37	42.28
Debenture Redemption Reserve Written Back	12.00	—
Provision for Additional Excise	(35.67)	—
Sum available for appropriation	26.83	56.34
Appropriations:		
Proposed Dividend on Equity Shares	—	3.52
Tax on Dividend	—	0.45
Balance carried forward	26.83	52.37
	26.83	56.34

DIVIDEND

In view of the loss for the Financial Year under report, the Directors consider it not prudent to recommend a dividend. For the previous year, the dividend paid was Re. 1/- per share.

CEAT'S PERFORMANCE

The year 2004-05 was a mixed year for the tyre industry. The industry, both in India and internationally, saw encouraging growth in demand, led mainly by the boom in the automobile sectors. The Indian tyre industry benefitted from growth in demand, particularly from the OE segments and two-wheeler markets.

On input costs, however, the industry was confronted with multiple challenges. Prices of crude oil rose by more than 40% during the year. Growing demand from emerging economies like China and India and the continuing uncertainty over the security situation in producing nations have caused an all time high spurt in crude prices. The prices of major crude derivatives, including nylon and carbon black also rose in tandem. The widening supply gap in natural

rubber, and increase in price of its alternative synthetic rubber, led to a significant rise in prices of rubber, a major input for the tyre industry.

CEAT was no exception to these challenges posed by increasing cost of raw materials. The Company's continued focus on market development and operational efficiencies have helped in mitigating some of the setbacks. During the year, CEAT's turnover grew by 8%. This was brought about by improved market share of premium products, growth in two-wheeler segments, introduction of new tyres in radial and speciality segments.

Conversion cost efficiency was a focussed initiative during the year. The Company has realized sustainable benefits in conversion efficiencies to emerge as a low cost producer. Further, the efforts of the "Total Quality Management" teams across various levels of the organization have borne rich dividends by reducing costs across many key activities.

The increased flexibility in manufacturing has also equipped the Company to meet varying demands of target segments. Simultaneously, the Company has continued its initiatives in exploring and developing newer sources of raw materials and re-engineering its products to mitigate the impact of rising input costs.

EXPORTS

During the year under review, the performance of the Company's export business was very promising. Exports at Rs. 273 crore were higher by 26 % over the previous year which entitled the Company to an additional benefit under the Target Plus Scheme of the Foreign Trade Policy 2004-09.

Apart from consolidating its position in existing markets, CEAT has opened up new markets in the Middle East and Latin America. A significant portion of the incremental revenue came from speciality tyres segment where CEAT has unique capabilities and expertise.

RESEARCH & DEVELOPMENT

The year 2004-05 saw continual improvements in R & D efforts to bring about new product development, quality enhancement and introduction of new grades and applications.

FUTURE OUTLOOK

The tyre industry is expected to continue with its growth momentum for the next few years. Liberalisation of import and excise duty structure has helped in releasing resources for research, development and expansion. Implementation of VAT is expected to bring a level playing parity amongst tyre producers across the country, particularly through rationalisation of purchase tax on rubber. Raw material costs are expected to remain high during the year, petroleum products and natural rubber being the major components.

CEAT's strategy for the coming year will focus on servicing niche markets in speciality segments across the world by leveraging its unique capabilities as well as improving operational efficiencies and product rationalization.

SUBSIDIARY COMPANIES

Malabar Coastal Holdings Ltd. ceased to be a subsidiary with effect from 1st January, 2005. As required by Section 212 of the Companies Act, 1956, the accounts of subsidiary companies viz. CEAT Ventures Ltd., CEAT Holdings Ltd. and Meteoric Industrial Finance Company Ltd. are attached. The consolidated accounts, however, include the results of Malabar Coastal Holdings Ltd. upto 31st December, 2004.

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 the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is annexed hereto and forms part of this Report.

HUMAN RESOURCES

During the year under review, new initiatives have been undertaken besides strengthening current processes. These initiatives have been aimed at aligning human resources to business imperatives. Training and development continues to receive high priority in the Company.

Long term productivity linked settlements were concluded at Bhandup and Nashik plants. The settlements were concluded in an atmosphere of mutual trust.

EMPLOYEE STATEMENT

A statement of Particulars of Employees of the Company, as prescribed under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is annexed hereto and forms part of this Report.

DIRECTORS

In accordance with the Companies Act, 1956 and Articles of Association, Mr. R. P. Goenka, Dr. G. Accornero, Mr. M.A. Bakre, Mr. S. Doreswamy and Mr. B. S. Mehta retire by rotation and have offered themselves for re-election.

ASSOCIATED CEAT-KELANI VENTURE

During the period under review, Associated CEAT-Kelani venture in Sri Lanka recorded improved performance. Sales grew by 17% from SL Rs. 2322 million to SL Rs. 2713 million. Export growth was 56% powered by rising exports to the Free Trade Agreement regions and all round world trade. Profit for the year increased by 153%, rising from SL Rs.32.5 million in the previous year to SL Rs.82.2 million. A new dual extruder line has been installed and commissioned which has enabled a significant improvement in product quality. The Company is poised for further growth in sales and profits, but the extent of growth in profitability may be tempered by the impact of rising raw material prices.

DIRECTORS' RESPONSIBILITY STATEMENT

As specifically required under the Companies Act, 1956, your Directors state:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) that such accounting policies have been selected which have been applied consistently and judgments and estimates made 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 31st March, 2005 and of the Profit and Loss Account for the said financial year viz., 1st April, 2004 to 31st March, 2005.
- iii) that proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities have been taken.
- iv) that the Annual Accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

As required by the Listing Agreement, the Corporate Governance Report along with the Certificate of Compliance from the Auditors, is attached and forms part of the Annual Report of which this Report is also a part. The attached Corporate Governance Report, including Management Discussion and Analysis Report, as identified by the Company Secretary, have been approved by the Board.

ACKNOWLEDGEMENT

The Directors wish to thank the customers, suppliers, dealers, financial institutions, banks, shareholders and employees for their continued support.

AUDITORS' REPORT

The attention of the Members is invited to the observations made in para 4 of the Auditors' Report dated 30th June, 2005 attached to the Balance Sheet and Profit & Loss Account. In this regard, the Directors have not considered it necessary to make a provision, as in their opinion, the amounts are good and recoverable.

AUDITORS

Shareholders are requested to appoint the Auditors and fix their remuneration. Messrs. N.M. Rajji & Co., the retiring Auditors, have informed the Company that they are eligible for re-appointment.

On behalf of the Board of Directors,

Mumbai
Date: 30th June, 2005

H.V. GOENKA
Vice Chairman

PARAS K. CHOWDHARY
Managing Director

ANNEXURE TO THE DIRECTORS' REPORT DATED 30TH JUNE, 2005

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

The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

(a) Following are the jobs carried out during the above period for conservation of energy:

1. Power Integrated Mixing System for F 270 Mixer.
2. Maximum Demand Controller for Banbury Mixers.
3. Reduction in Lighting consumption by installing Electronic chokes and optimising the use of Natural light.
4. Increased direct Hot water recovery to D. C. calorifier of Hot water system.
5. Conversion of Dip Unit Thermopac burner from High Speed Diesel to Furnace oil.
6. Conversion of Canteen Burners from LPG to Piped Natural Gas.
7. Improved Thermal Insulation of hot surfaces in Curing & Utility departments.
8. Installation of Air Pre-heater for 16 Tons/Hr. Boiler.

(b) Additional Investments/Proposals :

1. Installation of Variable Frequency Controllers for Utility Equipment.
2. Installation of Air Pre-heater for 20 Tons/Hr. Boiler.
3. Solar heaters.
4. On – line Efficiency monitoring and Oxygen Trimming system for Boilers.
5. Conserve air system for optimising compressed air demand and supply.
6. Power Integrated Mixing System for 11 D Mixer.
7. Evaporative coolers for room air-conditioning.

(c) Impacts of the measures at (a) and (b) above for reduction of energy consumption impacts on the cost of production of goods.

The above proposals will help in reducing the power and fuel consumption per kg. of production.

(d) Total energy consumption and energy consumption per unit of production, as per Form A.

FORM "A"

A. POWER AND FUEL CONSUMPTION	2004-05	2003-04
1. ELECTRICITY		
(a) Purchased		
Units (KWH)	8,62,01,870	8,82,86,848
Total Amount (Rs. in Crore)	29.31	31.64
Rate per Unit (Rs.)	3.40	3.58
(b) Own generation		
(i) Through Diesel Generator		
Units (KWH)	5,36,832	5,68,098
Units per Litre of Diesel Oil (KWH)	3.29	3.19
Cost per Unit (Rs.)	8.86	7.73
(ii) Through Steam/Turbine Generator		
Units (KWH)	—	—
Units per Litre of Fuel Oil/Gas (KWH)	—	—
Cost per Unit (Rs.)	—	—
2. COAL (Specify quantity & where used)		
Quantity (Tonnes)	—	—
Total Cost (Rs. in Crore)	—	—
Average rate (Rs.)	—	—
3. FURNACE OIL		
Quantity (K. Ltrs.)	2,595	2,750
Total Amount (Rs. in Crore)	2.80	2.98
Average Rate (Rs.per Litre)	10.80	10.82
4. L.S.H.S.		
Quantity (K. Ltrs.)	21,186	22,083
Total Amount (Rs. in Crore)	21.25	21.96
Average Rate (Rs. per Litre)	10.03	9.95
5. H.S.D.		
Quantity (K. Ltrs.)	237	564
Total Amount (Rs. in Crore)	0.66	1.42
Average Rate (Rs. per Litre)	27.77	25.20
6. OTHER/INTERNAL GENERATION (LPG & Other Gases)		
Quantity (Kgs.)	—	—
Total Cost (Rs. in Crore)	—	—
Rate per Unit (Rs.per Kg.)	—	—
B. CONSUMPTION PER UNIT OF PRODUCTION		
(i) Electricity (KWH/MT)	714.40	749.45
(ii) Furnace Oil (Ltrs./MT)	21.38	23.19
(iii) L.S.H.S. (Ltrs./MT)	174.49	186.26
(iv) Coal	—	—
(v) Others	—	—

B. TECHNOLOGY ABSORPTION

FORM "B"

RESEARCH & DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by the Company –
 - Evaluation and application of new raw materials.
 - Development of new compound for Improved Product Performance in specific service application.
 - Development of new sizes for O.E. manufacturer.
 - Development of new sizes for domestic replacement and export market.
 - Development of trendy pattern for 2/3 wheeler tyres using 3D modelling and prototyping.
 - Re-engineering of product through Value engineering.
 - Design changes for process and performance improvement.
 - Cost effective product to combat cheap China tyres in the market.
 - Cycle time reduction.
 - Development of High mileage Lug tyres with least failures.
 - Development of sidewall impact resistance test.
 - Providing technical know how to –
 - Associated CEAT Pvt. Ltd., Sri Lanka.
 - CEAT Kelani International Tyres Ltd., Sri Lanka.
 - ACE Tyres Limited, Hyderabad.
 - Innovative Tyres & Tubes Project, Baroda.
 - Development of 16" radial tyre and required toolings inhouse.
 - Development of new sizes for Niche export market.
2. Benefits derived as a result of above R & D
 - Improvement of Product Performance and customer engagement levels.
 - Cost optimization.
 - Improvement of Process efficiency.
 - Achievement of self-sufficiency (without collaborators) in product design.
 - Enhancement of product range.
 - Reduction in product development time from 9 months to 3 months.
 - Productivity improvement.
 - Reduction in manufacturing claim loss by 11%.
 - Entry into speciality tyre segments in Export and Domestic markets.
3. Future plans of action
 - Development of new tyres to meet specific customer needs both in Domestic and Export especially Speciality tyres.
 - Improvement in product performance.
 - Application research of new materials.
 - Enhancement of R & D capabilities.
 - In-house development of test method for dynamic growth of motorcycle tyre.
 - Collaboration Work with IIT for FEM.
 - Radial expansion initiation.

4. Expenditure on R & D

	(Rs. in Crores)	
	2004-2005	2003-2004
a) Capital	—	0.06
b) Recurring	0.92	1.12
Total	0.92	1.18
c) Total R & D Expenditure as percentage of Total Turnover	0.05%	0.07%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- New products were developed with in-house talents without the help of Collaborators.
New ideas and techniques were also evaluated and implemented for quality and productivity improvement.
- Benefits derived as a result of the above efforts e.g. Product Development, Product Improvement, Cost Reduction, Input Substitution etc. :
New Products developed to meet specific customer needs including high-tech radial tyres.
Improved product performance.
Improvement in process technology.
- In case of imported technology (imported during the last 5 years reckoned from the beginning of the Financial Year) following information may be furnished :
 - Technology imported : Nil
 - Year of Import : Not Applicable
 - Has the Technology been fully absorbed : Not Applicable
 - If not fully absorbed, areas where this is not taken place, reasons thereof and future plan of action. : Not Applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans.
Please refer to the Main Report.

- Total Foreign Exchange used and earned :-

	(Rs. in Crores)	
	2004-2005	2003-2004
i) Foreign Exchange Earned	259.50	206.75
ii) Foreign Exchange Used	343.66	240.07

On behalf of the Board of Directors,

H.V. GOENKA
Vice Chairman

PARAS K. CHOWDHARY
Managing Director

Mumbai
Date: 30th June, 2005

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

The global tyre industry witnessed encouraging growth driven by strong performance of several key world economies. During the year 2004-05, the leading tyre companies in the world reported more than 10% increase in their revenues. The Indian tyre industry experienced a similar growth driven by strong surge in automobile sales across the country.

Even as it is highly concentrated, the Indian tyre industry is highly competitive. In a price-sensitive market, the industry has not been able to recover rising raw material costs to a full extent through product pricing. With high levels in prices of crude oil and natural rubber, the industry continued to see its input costs rise in 2004-05. Consequently, while the revenues showed a healthy growth, profitability remained depressed.

The buoyancy in demand has attracted fresh capital investments world over. Most of the global majors have initiated capacity expansion, particularly in the emerging markets of South-East Asia and China. Indian tyre companies are also in the process of increasing capacities, green field as well as incremental. With increased competition, companies are giving emphasis to innovation in product and process technology and operational efficiencies.

In the Union Budget 2005, excise duty on tyres and tubes was reduced from 24% to 16%. Peak Custom duties were also revised downwards from 20% to 15%. Implementation of Value Added Tax (VAT) in 25 states is an encouraging step towards achieving uniformity in the sales tax structure across the country.

OPPORTUNITIES AND THREATS

OPPORTUNITIES

- The Indian economy is projected to grow by over 7% in the year 2005-06 . This will help the tyre industry to sustain its growth across domestic market segments.
- Encouraging growth of developing countries bodes well for the export segment. Indian tyres are gaining wider acceptance especially in the bias tyres segments and “Off-the-road” applications.
- Substantial investments in surface transport infrastructure has helped create more demand for commercial vehicles. This has resulted in additional demand for tyres as well.
- Higher affordability of passenger vehicles, enabled by the maturing financial services industry, has increased demand for passenger, commercial and two-wheeler segments. Tyre industry continues to benefit from the accelerated growth in these segments.

THREATS

- Due to rising global demand for crude and natural rubber, the prices of major raw materials of the industry have shown an alarming rising trend. Consequently, profitability of tyre industry will remain under pressure.
- The anomaly of higher import duty on natural rubber of 20% vis-a-vis 15% on finished product adversely impacts the cost structure of the industry.
- Import of used tyres could lead to excess supply of tyres and increased competition for certain segments.

PRODUCTWISE PERFORMANCE

CEAT offers one of the widest product range for both domestic and international markets. The product portfolio that ranges from two wheeler tyres to giant off the road (OTR) tyres, continue to enjoy excellent customer preference and market goodwill.

In the truck tyre segment, the new premium products like Lug XL, Mile XL, FM Super and Rib XL have successfully established its superiority in quality and performance. The sale of these products has been growing steadily. The “value for money” products also have created a niche of its own in its market segment.

CEAT launched radial truck tyres and also introduced new radial tyres with high performance attributes for segments like sports utility vehicles.

CEAT has increased its share in two wheeler tyre businesses and has become a supplier to all major two wheeler manufacturers.

The Company has achieved a growth of 25 % in export revenue and has spread its operations to 68 countries spread over Asia, Europe, USA and Latin America. The growth in exports also entitles the Company for incentives under the “Target Plus Scheme” of export promotion.

OUTLOOK

The Company has taken several initiatives to meet the challenges in the coming years. The focus on operational efficiencies need to be sustained in order to combat the rising raw material prices. The outsourcing strategy has enabled the Company offer wider range of products and augment revenue growth. The centralised R&D has an enhanced focus on niche products and radial tyres, which will help the Company offer high-contribution products.

RISKS AND CONCERNS

There are no risks or concerns other than those which are common such as raw material prices, downturn in economy, civil disturbances and warlike situations.

Imports of considerable quantity of Truck/LCV tyres are being made from China at a landed price which is approximately 25% lower than the corresponding Indian Truck/LCV tyres. Imports from China now constitute around 3% to 5% of market share.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has established a well knit Internal Control System under which Management Reports on key performance indicators and variance analysis are made to concerned persons and acted upon with proper monitoring of activities. Regular Management Committee Meetings are held when these Reports and variance analysis from Budgets are discussed and action plan initiated with proper follow-up action. Operational Reports are tabled at each Board Meeting, after being discussed in Audit Committee Meetings.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Tight budgetary control on all key operational performance indicators and review of working capital is being exercised for continuous improvement of performance and profitability. The funds have been judiciously deployed to support higher quantum of operations without resorting to additional borrowings, wherever possible.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT

Based on the Vision and Values, a comprehensive document on HR Policies & Processes has been drawn. The Company is institutionalizing mechanisms for identifying gaps between ideal and actual levels of competence and professional skills. This is an important input for the annual training calendar. The relations with the workforce remain cordial.

CAUTIONARY STATEMENT

This Report to the Shareholders is in compliance with the Corporate Governance Standard incorporated in the Listing Agreement with the Stock Exchanges and as such cannot be construed as holding out for any forecast, projection, expectation, invitation, offer, etc. within the meaning of applicable Securities' Laws and Regulations.

This Report basically seeks to furnish information, as laid down within the different headings provided under the sub-head Management Discussions and Analysis, to meet the Listing Agreement requirements.

Actual results could differ materially from those expressed or implied. Significant factors that could make a difference to CEAT's operations include domestic and international economic conditions affecting demand, supply and price conditions in the industry, changes in government regulations, tax regimes and other statutes.

Identified as having been approved by the
Board of Directors of CEAT LTD.

T. M. ELAVIA
COMPANY SECRETARY

Date: 29th June, 2005

CORPORATE GOVERNANCE REPORT

1. COMPANY PHILOSOPHY

According to Company philosophy, the discipline of Corporate Governance pertains to systems, by which companies are directed and controlled, keeping in mind long-term interests of shareholders, while respecting interests of other stakeholders and society at large. It aims to align interests of the Company with its shareholders and other key stakeholders. Accordingly, this Company philosophy extends beyond what is being reported under this Report. This Report is for compliance of Clause 49 of the Listing Agreement, which the Company has with the Stock Exchanges.

2. BOARD OF DIRECTORS

In terms of the Company's Corporate Governance Policy, all statutory and other significant and material information including information mentioned in Annexure 1 of Clause 49 of the Listing Agreement are placed before the Board to enable it to discharge its responsibilities of strategic supervision of the Company and as trustees of stakeholders.

2.1 Composition

The Board of Directors of the Company consists of 14 Members.

The Company has One 'Executive' and Thirteen 'Non-Executive' Directors. The Chairman, Mr. R. P. Goenka is a Non-Executive Director and the Executive Director, Mr. Paras K. Chowdhary is the Managing Director. The Directors are eminent industrialists/ professionals with experience in industry/business/finance/ law and bring with them the reputation of independent judgement and experience, which they exercise and also satisfy the criteria of independence. However, the Board of Directors, adopting a more exacting view, has decided to treat only the Directors, as indicated in Para 2.2 below, as Independent Directors.

2.2 Board Meetings (During the Financial Year 1st April, 2004 to 31st March, 2005)

Name	Category	No. of Board Meetings attended during the year	Whether attended last AGM held on 21.09.2004	No. of Directorships in other public limited cos.	No. of Committee positions held in other public limited companies	
					Chairman	Member
Mr. R. P. Goenka	Non-Executive	0	No	04	—	—
Mr. H. V. Goenka	Non-Executive	5	Yes	07	—	—
Mr. Paras K. Chowdhary	Executive	7	Yes	06	—	01
Dr. G. Accornero#	Non-Executive	0	No	—	—	—
Mr. M. S. Gupta	Non-Executive	7	Yes	07	—	02
Mr. M. A. Bakre #	Non-Executive	7	Yes	02	—	01
Mr. A. C. Choksey #	Non-Executive	1	No	11	—	—
Mr. S. Doreswamy #	Non-Executive	7	Yes	07	01	05
Mr. J. N. Guzder #	Non-Executive	6	Yes	04	—	—
Mr. H. Khaitan #	Non-Executive	3	No	12	—	08
Mr. B. S. Mehta #	Non-Executive	3	No	14	05	04
Mr. H. L. Mundra #	Non-Executive	5	Yes	02	—	—
Mr. K. R. Podar #	Non-Executive	4	No	04	—	—
Mr. N. Srinivasan #	Non-Executive	0	No	12	03	03

Independent Directors.

2.3 Directors' Remuneration

A. Non-Executive Directors

Director	Relationship with other Directors	Sitting Fees paid during 2004-2005 (All figures in Rs.)
Mr. R. P. Goenka - Chairman	Father of Mr. H. V. Goenka	—
Mr. H. V. Goenka - Vice-Chairman*	Son of Mr. R. P. Goenka	55,000
Dr. G. Accornero	—	—
Mr. M. S. Gupta *	—	1,00,000
Mr. M. A. Bakre *	—	1,05,000
Mr. A. C. Choksey	—	10,000
Mr. S. Doreswamy *	—	1,05,000
Mr. J. N. Guzder	—	60,000
Mr. H. Khaitan	—	30,000
Mr. B. S. Mehta	—	30,000
Mr. H. L. Mundra	—	55,000
Mr. K. R. Podar	—	40,000
Mr. N. Srinivasan	—	—

* Includes sitting fees for attending Audit Committee Meetings and Remuneration Committee Meeting. Sitting fees for attending meetings of Shareholders/Investors Grievance Committee have been waived by the Directors on the said Committee.

B. Executive Director

Executive Director	Relationship with other Directors	Business relationship with the Company, if any	All elements of remuneration package i.e. salary, benefits, bonuses, pension, etc.	
Mr. Paras K. Chowdhary	—	Managing Director	Description	Amount (Rs. in Lakhs)
			Salary	21.60
			Allowances & Perquisites	2.40
			Contribution to Provident and Superannuation Funds	5.83
			TOTAL	29.83

The above remuneration was approved by a resolution passed by the Remuneration Committee constituted by the Board of Directors in terms of sub-paragraph (A) of Paragraph 1 of Section II of Part II of Schedule XIII (the "Schedule") to the Companies Act, 1956. This Remuneration Committee comprises Mr. H. V. Goenka, Chairman; Mr. M. A. Bakre, Member; Mr. S. Doreswamy, Member and Mr. H. L. Mundra, Member and meets the criteria as laid down in Explanation IV in Section II of Part II of the Schedule.

It is clarified that this Remuneration Committee is in accordance with Schedule XIII referred to above and not under Clause 49 of the Listing Agreement, where formation is not a mandatory requirement.

2.4 Remuneration Policy

The Managing Director is paid remuneration as per the Agreement entered into between him and the Company and which was approved by the members on 27th September, 2001. The remuneration structure of the Managing Director comprises salary, perquisites and allowances, contributions to provident fund, superannuation and gratuity.

The Non-Executive Directors do not draw any remuneration from the Company except Sitting Fees.

2.5 Board Meetings

During the financial year ended 31st March, 2005, 7 Board Meetings were held on 19th May, 2004, 30th June, 2004, 27th July, 2004, 3rd August, 2004, 21st September, 2004, 27th October, 2004 and 28th January, 2005.

3. DETAILS OF THE DIRECTORS BEING PROPOSED FOR APPOINTMENT/RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING. [PURSUANT TO CLAUSE 49 (VIA)]

3.1 Mr. R. P. Goenka

Mr. Rama Prasad Goenka is the Chairman Emeritus of the US \$ 1.5 Billion RPG Group. Amongst the Group's core businesses are Power (CESC Limited, which supplies power to the city of Kolkata), Tyre (CEAT, one of India's top tyre companies, which has Italian origin), Entertainment (Saregama India Limited, India's largest music company), Retailing (Foodworld, India's largest retail chain), Life Sciences and other companies involved in telecommunication, Information Technology, etc. businesses.

Born in Kolkata (1st March, 1930), educated at the famed Presidency College of Kolkata and later at Harvard, Mr. Goenka is currently a Member of Parliament (Rajya Sabha), Chairman of Board of Governors, International Management Institute and a Trustee of the Jawaharlal Nehru Memorial Fund, Indira Gandhi Memorial Trust and Rajiv Gandhi Foundation. He is a former President of the Federation of Indian Chambers of Commerce & Industry and the Confederation of Asia Pacific Chambers of Industry. He is also the immediate past Chairman of the Board of Governors of the Indian Institute of Technology, Kharagpur, which has been rated as the country's number 1 Engineering College.

Mr. Goenka has received from the Emperor of Japan "The Order of the Sacred Treasure Gold and Silver Star."

3.2 Dr. G. Accornero

Dr. Guido Accornero, born in Turin on 5th August, 1931, graduated in Economics and Commerce at the University of Turin, Member of the Registrar and Official Auditor.

In past times, among other offices, he has been :

- President of CEAT CAVI S.p.A. and of CEAT INTERNATIONAL S. A.
- Vice President of CASTOR ELETTRODOMESTICI S.p.A., EINAUDI EDITORE S.p.A.
- Administration Member of SIRTU S.p.A., AUTOSTRADA TORINO-MILANO S.p.A. ITALIA OGGI S.p.A., FUNIVIE DI COUMAYEUR
- Member of Polo Club of Nichelino (Turin)
- Founder and President of SALONE DEL LIBRO DI TORINO
- Teacher of IPSOA - post-university course in the years 1961-62

3.3 Mr. M. A. Bakre

Mr. M. A. Bakre has an Honours Degree in B.A. in Politics and Economics. He was Awarded the James Taylor Prize for Economics and the P. A. Wadia Scholarship for Political Science. He is M.A. with Economics from Cambridge University and has Diploma with Distinction for Proficiency in French from Geneva University.

Mr. Bakre, at the age of 21, joined London Office of Kolkata's 100 year old Managing Agency House of Duncan Brothers Company Limited.

During 1955-66 he spent 1 year in Tea Estates in Dooars, West Bengal and 10 Years with Anglo-India, world's largest jute mills company. He was the Head of the Company since 1963.

In 1959, he helped in establishing India's first wool combing plant in Kolkata in collaboration with Holdens of Bradford and Dublin.

In 1966 at the age of 33, he joined the board of Duncan Brothers & Company Ltd. and successfully negotiated with Lord Verulam of Enfield, U.K. and E.H. Michaelsen, President Phelps Dodge, U.S., takeover of Asian Cables Limited and subsequently, shifted to Mumbai as Director-In-Charge of Mumbai Operations with seats on the boards of Asian Cables & Industries Limited, N.S. Duncan, S.S. Duncan and Murphy India Limited.

He was the Chairman of Asian Cables & Industries Limited (now RPG Cables Limited) for 22 years from 1972-1994.

He was a director of the following companies when they were first established:

- Gujarat Carbon Limited, Baroda
- Wiltech India Limited, Mysore
- RPG Telecables Limited, Mysore

For 8 years, he was a director of Maharashtra State Finance Corporation at Mumbai.

3.4 Mr. S. Doreswamy

A professional banker with about 35 years experience in commercial banking, he has held a variety of senior operational and administrative assignments. He was the Chairman and Managing Director of two large public sector banks - Dena Bank and Central Bank of India, making significant contribution to their growth and progress during his tenure.

He is presently engaged in financial consultancy and associated with educating and training of banking professionals.

He is also associated with well known and leading Investment Banks, Mutual Funds and Rating Agency.

He is on the board of a few public companies.

3.5 Mr. B. S. Mehta

Mr. B. S. Mehta is a first class graduate in Commerce and a Fellow Member of the Institute of Chartered Accountants of India (Institute). He won Gold Medals both in graduation and final examination of the Institute. Mr. Mehta is an accountant in practice and deals with matters on taxation, accountancy, valuation, mergers and acquisitions. He is a director on the boards of several prominent companies in India. He was a past President of the Institute and has been a Member of various statutory and non-statutory advisory committees on company laws, taxation, accounting, etc.

4. COMMITTEES OF THE BOARD

4.1 Audit Committee

The terms of reference of the Audit Committee include the matters specified under Clause 49(II)(D) of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

The Company has complied with the requirements of Clause 49(II)(A) as regards the composition of the Audit Committee.

During the financial year ended 31st March, 2005, 6 meetings of the Audit Committee were held on 30th June, 2004, 27th July, 2004, 3rd August, 2004, 1st September, 2004, 27th October, 2004 and 28th January, 2005.

Attendance at Audit Committee Meetings

Name of the Director	No. of Meetings attended
Mr. M. A. Bakre, Chairman	6
Mr. M. S. Gupta, Member	6
Mr. S. Doreswamy, Member	6

The necessary quorum was present at the meetings.

Audit Committee Meetings are generally attended by the representatives of Statutory Auditors, Managing Director, Vice President – Finance, Vice President - Legal and Company Secretary, Head - Internal Audit, General Manager - Accounts, MIS & Risk Management and Deputy Company Secretary.

The Company Secretary functions as the Secretary of the Committee.

4.2 Shareholders/Investors Grievance Committee

The queries received from investors are being regularly attended to and are being resolved. The Committee reviews these queries.

Attendance at Shareholders/Investors Grievance Committee Meetings.

Name of the Director	No. of Meetings attended
Mr. M. A. Bakre, Chairman	4
Mr. Paras K. Chowdhary, Member	4
Mr. M. S. Gupta, Member	4

During the financial year ended 31st March, 2005, 4 meetings of the Committee were held on 30th June, 2004, 27th July, 2004, 27th October, 2004 and 28th January, 2005. The Minutes of the Shareholders/Investors Grievance Committee were discussed and taken note of by the Board of Directors.

The Board has designated Mr. T. M. Elavia, Company Secretary, as “Compliance Officer”.

5. 5.1 Disclosures

No material, financial and commercial transactions were reported by the management to the Board, in which the management had personal interest having potential conflict with the interest of the Company at large.

5.2 During the period, the Company has paid Professional Fees of Rs. 30,69,665/- to M/s. Khaitan & Co. of which Mr. Haigreve Khaitan is a Partner.

5.3 Other disclosures recommended by the SEBI Committee

1. Details on Annual General Meetings (A.G.M.)

A. G. M.	Day, Date	Time	Venue
43rd Meeting	Tuesday, 17th September, 2002	11.00 a.m.	Patkar Hall, Mumbai.
44th Meeting	Thursday, 18th December, 2003	11.00 a.m.	Y.B. Chavan Auditorium, Mumbai.
45th Meeting	Tuesday, 21st September, 2004	11.00 a.m.	Patkar Hall, Mumbai.

There were no Special Resolutions, which were put through postal ballot last year and presently there is no such proposal for this year.

2. Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of Company at large :-

There were no material and/or significant transactions during the Financial Year 2004-2005 that were prejudicial to the interest of the Company.

3. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to Capital Markets, during the last three years :-

The Company has complied with the requirements of the Stock Exchanges, SEBI and Statutory Authorities on all matters related to the capital markets during the last three years. There are no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authorities relating to the above.

There were no instances of non-compliance of any matter related to the capital market during the last three years.

6. MEANS OF COMMUNICATION

Half-Yearly Results sent to each household of shareholders : No

Quarterly Results

Which newspapers normally published in : The Financial Express
(All over India)
Tarun Bharat
(Marathi Newspaper)
(All over Maharashtra State)
As per the requirements of
Clause 51 of the Listing
Agreement, all the data relating to Quarterly Financial
Results, Shareholding Pattern, etc. are provided in
the SEBI's website viz.
www.sebidifar.nic.in within
the time prescribed in this regard.

Whether Management Discussion & Analysis Report is part of Annual Report : Yes. Annexed as a part of
this Report.

Disclosures by Management to the Board	: All details relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board, and the interested Directors neither participate in the discussion, nor do they vote on such matters.
Whether Shareholder Information section forms part of the Annual Report	: Yes.
Website	: Yes. www.ceattyres.com
Official News Release	: No.
Presentation to Institutional Investors or to Analysts.	: None

7. GENERAL SHAREHOLDERS' INFORMATION

Financial Calendar for 2005-2006

Results for quarter ended 30th June, 2005	Last week of July, 2005
Annual General Meeting	29th September, 2005
Results for quarter ending 30th September, 2005	*Last week of October, 2005
Results for quarter ending 31st December, 2005	*Last week of January 2006
Results for the year ending 31st March, 2006	*Last week of April, 2006

* Tentative

8. BOOK CLOSURE DATES (ENSUING)

17th September, 2005 to 29th September, 2005.

9. DIVIDEND PAYMENT DATE

No Dividend.

10. DATE, TIME AND VENUE OF THE ENSUING ANNUAL GENERAL MEETING

Date & Time	: 29th September, 2005 at 11.00 a.m.
Venue	: Sir Sitaram and Lady Shantabai Patkar Convocation Hall, of the S.N.D.T. Women's University, 1 Nathibai Thackersey Road, Mumbai - 400 020.

11. LISTING ON STOCK EXCHANGES AT -

- | | |
|--|---|
| <p>1) The Stock Exchange, Mumbai,
1st Floor, New Trading Ring,
Rotunda Building, P. J. Towers,
Dalal Street, Fort,
Mumbai - 400 023.
Tel : 91-22-2265 5860/61
Fax: 91-22-2265 8121/5719
E-mail : isc@bseindia.com
Website : www.bseindia.com</p> | <p>2) National Stock Exchange of India Ltd.,
Exchange Plaza, 5th Floor,
Plot No. C/1, "G" Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai - 400 051.
Tel: 91-22-2659 8100/8235/36
Fax: 91-22-2659 8237/8
E-mail : ignse@nse.co.in
Website : www.nseindia.com</p> |
|--|---|

Note: Listing Fees paid to both the above Stock Exchanges for the F. Y. 2005-2006.

12. SHARE TRANSFER SYSTEM

The Shares sent for physical transfer are received at the Registrar and Transfer Agents Office and all valid transfer requests are processed and returned within a period of 30 days from the date of receipt.

The transfers in physical mode are approved fortnightly for which powers have been delegated individually to certain Directors and Officers of the Company.

13. OUTSTANDING GDRS / ADRS / WARRANTS / ANY OTHER CONVERTIBLE INSTRUMENTS

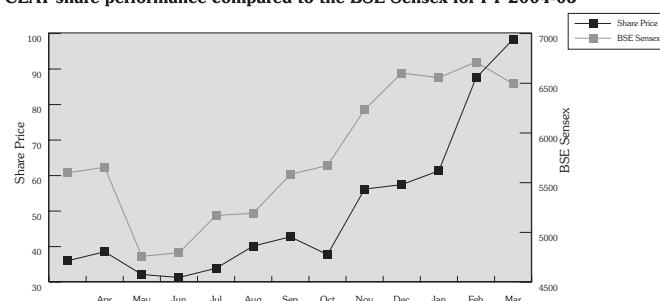
The Company does not have outstanding instruments of the captioned type.

14. MARKET PRICE DATA

High & Low Market Price on Mumbai Stock Exchange during each month in the last Financial Year :-

Month	Rates per equity share of the face value of Rs.10/- each	
	High (Rs.)	Low (Rs.)
Apr. 2004	43.90	36.00
May 2004	42.50	28.20
Jun. 2004	33.70	29.00
Jul. 2004	39.70	31.00
Aug. 2004	41.40	33.20
Sep. 2004	45.25	39.50
Oct. 2004	46.70	33.50
Nov. 2004	58.50	36.85
Dec. 2004	61.60	50.60
Jan. 2005	67.90	53.50
Feb. 2005	87.50	60.00
Mar. 2005	115.30	86.00

CEAT share performance compared to the BSE Sensex for FY 2004-05



15. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2005

No. of Equity shares held	No. of Shareholders		No. of Shares		% of Equity Capital	
	Physical	Demat	Physical	Demat	Physical	Demat
1-1000	66648	21191	2163699	3220678	6.14	9.15
1001-5000	172	692	322498	1416690	0.92	4.02
5001-10000	14	68	91949	510560	0.26	1.45
10001-50000	9	47	173722	1135622	0.49	3.22
50001-100000	2	6	156763	419336	0.45	0.19
100001-1000000	4	14	1393536	5023750	3.96	14.27
1000001 & Above	3	7	6378443	12806074	18.11	36.37
TOTAL	66852	22025	10680610	24532710	30.33	69.67

16. CATEGORIES OF SHAREHOLDERS AS ON 31ST MARCH, 2005

Category	No. of Shareholders	Voting Strength (%)	No. of Shares held
Foreign holding (FIIs, OCBs and NRIs)	182	11.99	4222679
Fls, Insurance Companies & Banks	83	17.47	6151376
Other Bodies Corporate	1296	44.07	15518083
Directors & their relatives	17	0.09	30639
Mutual Funds	15	6.43	2266262
Others	87284	19.95	7024281
TOTAL	88877	100.00	35213320

17. DEMATERIALISATION OF SHARES AS ON 31ST MARCH, 2005

Type of Investor	No. of Holders	Demat Shares	%
Residents	20823	4596862	13.05
FIIs	3	5185	0.01
Non-Domestic Cos.	4	1699627	4.83
NRIs	143	125960	0.36
Body Corporates	1025	9911156	28.15
Mutual Funds	4	2257659	6.41
Fls/Insurance Cos.	6	5811184	16.50
Banks	17	125077	0.36
TOTAL	22025	24532710	69.67

The Company has arrangements with National Securities Depository Ltd. as well as Central Depository Services (India) Ltd. for demat facility, 69.67% of the Company's Share Capital is dematerialised as on 31st March, 2005.

ISIN No. INE 482A01012 - NSDL and CDSL.

Stock Code : Mumbai Stock Exchange - 500878
National Stock Exchange - CEAT EQ

18. PLANT LOCATIONS

- 1) Mumbai Plant :- Village Road, Bhandup, Mumbai 400 078.
- 2) Nasik Plant :- 82, MIDC Industrial Estate, Satpur, Nasik 422 007.

19. ELECTRONIC CLEARING SERVICE (ECS) FACILITY

With respect to payment of dividend, the Company provides the facility of ECS to Shareholders residing in the cities where such facility is available.

In order to avoid the risk of loss/interception of Dividend Warrants in postal transit and/or fraudulent encashments of Dividend Warrants, shareholders are requested to avail of ECS facility whereby the dividends will be directly credited in electronic form to their respective bank accounts. This will ensure speedier credit of dividend and the Company will duly inform the concerned shareholders when the credits are passed to their respective bank accounts. The requisite ECS application form can be obtained from the office of Tata Share Registry Limited, the Registrars.

All such shareholders who have already furnished their ECS mandate to the Company need not furnish the ECS mandate afresh unless there is a change in the ECS mandate.

The Company credits dividend to the shareholders' bank account directly through ECS where such facility is available in case of shareholders holding shares in demat account and who have furnished their MICR Code to their Depository Participant (DP).

Shareholders located in places where ECS facility is not available, has been advised to submit their bank details to enable the Registrars to incorporate the same in future on the Dividend Warrants, in order to avoid fraudulent encashment of the Dividend Warrants.

Communication to the Company

Members are requested to make all correspondence in connection with the shares held by them by addressing letters directly to the Registrars and Transfer Agent of the Company Tata Share Registry Limited at Army & Navy Building, 148 Mahatma Gandhi Road, Fort, Mumbai – 400 001, quoting reference of their Folio Numbers and/or Client ID and DP ID Number.

Share Dealing Code

The Company has in place a Share Dealing Code, which is applicable to all Directors and employees of the Company. In terms of the said Code, Directors / Employees are restricted from dealing in the shares of the Company during certain period known as "Closure of Trading Window". The said code is in line with the Model Code prescribed by SEBI.

In terms of the said Code, Directors / Employees of the Company are required to inform their dealings in the shares of the Company and are also required to disclose their shareholdings including any change thereof during the Financial Year and as at the end of the Financial Year.

FOR CLARIFICATION, IF ANY, PLEASE CONTACT :-

Registered Office :

Mr. I. I. Khan,
Deputy Company Secretary,
Mr. Shailesh Joshi
Junior Officer - Secretarial,
CEAT Limited,
CEAT Mahal,
463, Dr. Annie Besant Road,
Worli,
Mumbai - 400 030.
Tel: 91-22-2493 0621
Fax: 91-22-5660 6039
E-mail: iikhan@ceatltd.com
shaileshjoshi@ceatltd.com

Registrars :

Tata Share Registry Limited,
Army & Navy Building,
148, Mahatma Gandhi Road, Fort,
Mumbai – 400 001.
Tel: 91-22-5656 8484
Fax: 91-22-5656 8494
E-mail : csg-unit@tatashare.com
Website : www.tatashare.com

Business Hours : 10.00 a.m. to 3.30 p.m.
(Monday to Friday)

For the convenience of investors based in the following cities, transfer documents and letters will also be accepted at the following branches/agencies of Tata Share Registry Limited (TSRL):

Tata Share Registry Limited
503, Barton Centre, 5th Floor,
84 Mahatma Gandhi Road,

Bangalore - 560 001.

Tel: 080 25320321
Fax: 080 25580019
E-mail: tsrlbang@tatashare.com

Tata Share Registry Ltd.,
Bungalow No. 1, "E" Road,
Northern Town, Bistupur,
Jamshedpur - 831 001.
Tel: 0657 2426616
Fax: 0657 2426937
E-mail: tsrljsr@tatashare.com

Tata Share Registry Ltd.,
Tata Centre, 1st Floor,
43, Jawaharlal Nehru Road,
Kolkata - 700 071.
Tel: 033 22883087
Fax: 033 22883062
E-mail: tsrlcal@tatashare.com

Tata Share Registry Ltd.,
Plot No. 2/42, Sant Vihar,
Ansari Road, Daryaganj,
New Delhi - 110 002.
Tel: 011 23271805
Fax: 011 23271802
E-mail: tsrlidel@tatashare.com

TSRL AGENT'S OFFICE

Shah Consultancy Services Limited,
Sumatinath Complex,
2nd Dhal, Pritam Nagar, Ellisbridge,
Ahmedabad - 380 006.
Telfax: 079 26576038
E-mail: shahconsultancy@hotmail.com

Identified as having been approved by the
Board of Directors of CEAT LTD.

T. M. ELAVIA
COMPANY SECRETARY

Date : 29th June, 2005.

To The Members of
CEAT LIMITED

We have examined the compliance of conditions of Corporate Governance by CEAT Limited (the Company) for the year ended 31st March, 2005, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that based on the report issued by the Registrars of the Company to the Shareholders/Investors Grievance Committee, as on 31st March, 2005, there were no investor grievance matters against the Company remaining unattended/pending for more than 30 days.

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 **N. M. RAIJI & CO.**
Chartered Accountants

M. N. Thakkar
Partner
M. No. 8873

Mumbai
Date : 30th June, 2005

AUDITORS' REPORT TO THE MEMBERS OF CEAT LIMITED

1. We have audited the attached Balance Sheet of **CEAT LIMITED**, as at 31st March 2005, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. *We are unable to express an opinion, on the extent of realisability of Loans / Advances and other receivables from certain Companies and the interest receivable thereon aggregating to Rs. 296.53 Crores which has been principally reviewed based on the latest available audited accounts of the respective companies reflecting erosion in their networth. The impact on the result for the year and reserves is presently not ascertainable.*
5. Further to our comments in the Annexure referred to above and our comments in paragraph 4 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable;
 - (v) On the basis of written representations received from the directors, as on 31st March 2005, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2005;
 - (b) In the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For **N. M. RAIJI & CO.**,
Chartered Accountants

M.N. THAKKAR
Partner
Membership No. 8873

Place: Mumbai
Date: 30th June, 2005

Annexure to the Auditors' Report

(Referred to in paragraph 3 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) Physical verification of major items of fixed assets was conducted by the management during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size and operations of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company has not disposed off substantial part of fixed assets during the year.
- (ii) (a) The inventories have been physically verified by the management at reasonable intervals during the year.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, sub-clause (b), (c) and (d) are not applicable.
- (iv) In our opinion, there are adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal controls.
- (v) No transactions have been entered during the year in the register maintained in pursuance of section 301 of the Companies Act, 1956 and

based on the audit procedures applied by us and according to the information and explanations given and the representations made to us, we have not come across any transaction that need to be entered into the register maintained in pursuance of section 301 of the Companies Act, 1956. Accordingly, sub-clause (b) is not applicable.

- (vi) In our opinion, the Company has complied with the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, with regard to the deposits accepted from the public. As informed to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any other court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed, without carrying out a detailed examination, 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 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records are being maintained.
- (ix) (a) According to the records of the Company, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues applicable to it. Based on our audit procedures and according to the information and explanations given to us, there are no arrears of undisputed statutory dues which remained outstanding as at 31st March 2005 for a period of more than six months from the date they became payable.
- (b) According to the records made available to us and the information and explanations given by the management, the details of the dues of Income tax / Sales tax / Wealth tax / Service Tax / Custom duty / Excise

- duty / cess, which have not been deposited with the appropriate authorities as on 31st March, 2005 on account of dispute, are given in the Appendix to this report.
- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) According to the records made available to us and the information and explanations given by the management, the company has not defaulted in the repayment of dues to financial institutions or banks or debenture holders.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit / nidhi / mutual benefit fund / society.
- (xiv) In respect of the Company's investments proper records have been maintained for all the transactions and contracts and entries therein have generally been made on timely basis. The shares, debentures and other investments have been held by the Company in its own name except as permissible under Section 49 of the Companies Act, 1956.
- (xv) During the year, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, the term loan availed by the Company during the year have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us and an overall examination of the balance sheet of the Company, we report that no short-term funds have been used for long-term purposes.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) During the year, the company has not issued any debentures.
- (xx) The company has not raised any money by public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For N.M. RAIJI & CO.,
Chartered Accountants

M.N. THAKKAR

Place: Mumbai
Date: 30th June, 2005

Partner
Membership No. 8873

Appendix to Auditors' Report

Name of the Statute	Nature of the Dues	Amount (Rs. in Crores)	Financial year to which the matter pertains	Forum where the dispute is pending
The Central Excise Act, 1944	Excise Duty	5.19	1997-2000	Supreme Court
		3.83	1997-98, 1989	High Court
		33.39	1978 - 1980, 1995 - 2000, 2002, 2004	CESTAT *
		0.63	1999-2000, 2000-2001	Commissioner (Appeals)
Customs Act, 1962	Cess on Imported Rubber	0.06	2003	Appellate Tribunal
Mumbai Provincial Municipal Corporation Act, 1944	Octroi Duty	0.85	1982 to 2005	High Court
State and Central Sales Tax Acts	Tax, Interest and Penalty	0.20	1987 to 1990, 1994-1995, 1997-98	High Court
		0.32	1988-89, 1997-1998 2002-03	Tribunal
		3.14	1989-90 to 2003-04	Commissioner (Appeals)
Wealth Tax Act	Wealth Tax	0.09	2002-03	Commissioner (Appeals)

* The Customs, Excise and Service Tax Appellate Tribunal

Balance Sheet as at March 31, 2005

(Rs.in Lakhs)

	SCHEDULE	As at 31.03.2005	As at 31.03.2004
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	35,09.81	35,09.20
Reserves and Surplus	2	595,03.97	589,46.82
		630,13.78	624,56.02
LOAN FUNDS			
Secured Loans	3	338,85.34	319,51.88
Unsecured Loans	4	111,78.32	150,89.28
		450,63.66	470,41.16
DEFERRED TAX LIABILITY			
		41,92.65	42,08.54
		1,122,70.09	1,137,05.72
APPLICATION OF FUNDS			
FIXED ASSETS			
	5		
Gross Block		889,82.74	829,16.35
Less : Depreciation		360,38.39	330,96.49
Net Block		529,44.35	498,19.86
Capital Work-in-progress		15,03.27	10,65.70
		544,47.62	508,85.56
INVESTMENTS			
	6	190,79.36	190,84.03
DEFERRED TAX ASSET			
		28,93.80	28,09.69
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	168,20.42	172,30.17
Sundry Debtors	8	236,60.03	247,13.71
Cash and Bank Balances	9	31,23.63	38,89.30
Loans and Advances	10	525,23.61	526,05.08
		961,27.69	984,38.26
Less :			
CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	11	556,21.47	550,07.65
Provisions	12	46,56.91	12,66.16
Provision for Contingencies	13	—	12,38.01
		602,78.38	575,11.82
NET CURRENT ASSETS			
		358,49.31	409,26.44
		1,122,70.09	1,137,05.72
Notes forming part of the Accounts	21		

As per our report attached

On behalf of the Board of Directors,

For N.M. Raiji & Co.,
Chartered Accountants

H.V. Goenka

Vice Chairman

M.N. Thakkar
Partner

T.M. Elavia
Company Secretary

Paras K. Chowdhary

Managing Director

Mumbai, 30th June, 2005

Mumbai, 29th June, 2005

Profit and Loss Account for the year ended March 31, 2005

(Rs. in Lakhs)

	SCHEDULE	2004- 2005	2003-2004
INCOME			
Sales-Gross		1,780,30.67	1,647,94.79
Less : Excise duty on Sales		252,31.55	247,11.58
Sales-Net		1,527,99.12	1,400,83.21
Other Income	14	38,98.42	100,99.64
		1,566,97.54	1,501,82.85
EXPENDITURE			
Materials	15	1,008,90.87	874,84.16
Cost of Traded Goods Sold	16	46,91.20	38,09.67
Personnel	17	109,44.09	115,88.55
Other Expenses	18	318,98.10	306,76.03
Interest	19	64,18.74	76,41.62
Depreciation		22,05.59	22,10.04
		1,570,48.59	1,434,10.07
Add / (Less) : Decrease / (Increase) in stock	20	4,21.50	24,88.81
		1,574,70.09	1,458,98.88
PROFIT/(LOSS) BEFORE TAXATION AND EXTRAORDINARY ITEM		(7,72.55)	42,83.97
: (Add) /Less Extraordinary items (Refer Note 15 of shedule 21)		(4,85.13)	20,62.18
PROFIT/(LOSS) BEFORE TAXATION		(2,87.42)	22,21.79
Less : Provision for Taxation			
Current Tax		—	2,80.00
Deferred Tax		(1,00.00)	5,36.00
		(1,87.42)	14,05.79
Add : Debenture Redemption Reserve Written Back		12,00.00	—
Add : Balance brought forward		52,36.95	42,28.41
Less : Provision for Additional Excise Duty (Refer note 16 of schedule 21)		35,67.04	—
AVAILABLE FOR APPROPRIATION		26,82.49	56,34.20
APPROPRIATIONS			
Proposed Dividend		—	3,52.13
Corporate Tax on Proposed Dividend		—	45.12
		—	3,97.25
Balance carried to Balance Sheet		26,82.49	52,36.95
		26,82.49	56,34.20
Earnings Per Share - Basic and Diluted (Rs) (refer Note 22 of Schedule 21)		(0.53)	4.01

Notes forming part of the Accounts

21

As per our report attached

On behalf of the Board of Directors,

For N.M. Raiji & Co.,
Chartered Accountants

H.V. Goenka

Vice Chairman

M.N. Thakkar
Partner

T.M. Elavia
Company Secretary

Paras K. Chowdhary

Managing Director

Mumbai, 30th June, 2005

Mumbai, 29th June, 2005

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005

	31.03.2005	(Rs. in lakhs) 31.03.2004
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extraordinary items	(7,72.55)	42,83.97
Adjustments for :		
Depreciation	22,05.59	22,10.04
Foreign Exchange Fluctuation (Unrealised)	1,02.66	(4,70.53)
(Profit)/Loss on sale of investments	—	(59.66)
Advances written off	77.97	—
Interest/Dividend Earned	(19,20.61)	(19,32.22)
Interest expenses	64,18.74	76,41.62
Lease Rent	37.02	50.97
(Profit)/Loss on sale/discard of Fixed Assets (Net)	13.39	(3,84.36)
Provisions no longer required written back	(3,69.06)	(5,36.62)
Provision for Doubtful Debts/ Advances	2,69.42	3,81.16
Provisions for Obsolescence of Stores	34.77	—
	68,69.89	69,00.40
Operating Profit before working capital changes	60,97.34	111,84.37
Adjustments for :		
Trade and other receivables	21,11.37	(68,98.10)
Inventories	11,03.41	15,69.56
Trade payables and others	(10,83.57)	83,40.18
	21,31.21	30,11.64
Cash generated from Operations	82,28.55	141,96.01
Direct taxes refund/ (paid)	(1,42.89)	(5,63.72)
	(1,42.89)	(5,63.72)
Cash flow before extraordinary items	80,85.66	1,36,32.29
Extraordinary Items	4,85.13	(8,24.17)
Net Cash from Operating Activities	85,70.79	128,08.12
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(14,31.51)	(20,76.82)
Sale of Fixed Assets	56.85	6,45.48
Purchase of Investments	(75.93)	(0.50)
Sale/Redemption Proceeds of Investments	80.60	2,60.46
Interest received	6,66.86	5,42.05
Dividend received	21.37	72.15
Proceeds from Loans/Deposits with Companies	92.10	31,58.00
Loans/Deposits with Companies	—	(63,16.00)
Loan to subsidiary Companies	(4,21.43)	(25,26.13)
Loans repaid by subsidiary Companies	4,29.28	1,42.42
Net Cash from Investing Activities	(5,81.81)	(60,98.89)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005

		(Rs. in lakhs)
	31.03.2005	31.03.2004
C CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of finance lease liabilities	(14.53)	(32.72)
Proceeds from Borrowings	57,22.48	159,07.82
Repayment of Borrowings	(77,07.45)	(168,89.24)
Dividend paid	(3,97.25)	(3,97.25)
Interest paid	(63,57.90)	(80,24.41)
Net Cash generated/(used) in Financing Activities	(87,54.65)	(94,35.80)
Net Increase/(Decrease) in Cash & Cash equivalent (A+B+C)	(7,65.67)	(27,26.57)
Opening Balance -Cash & Cash Equivalents	38,89.30	66,15.87
Closing Balance -Cash & Cash Equivalents	31,23.63	38,89.30

Note :

1. Previous year's figures have been regrouped wherever necessary.
2. Cash and Bank Balances as per accounts have been classified as Cash and Cash Equivalents.
3. All figures in brackets are outflows.

As per our report attached

On behalf of the Board of Directors,

For N.M. Raiji & Co.,
Chartered Accountants

H.V. Goenka

Vice Chairman

M.N. Thakkar
Partner

T.M. Elavia
Company Secretary

Paras K. Chowdhary

Managing Director

Mumbai, 30th June, 2005

Mumbai, 29th June, 2005

Schedules forming part of the Balance Sheet as at March 31 , 2005

(Rs.in Lakhs)

**SCHEDULE 1
SHARE CAPITAL**

Authorised :

3,52,13,320	Equity Shares of Rs. 10 each	35,21.33	35,21.33
39,00,000	Preference Shares of Rs. 10 each	3,90.00	3,90.00
2,08,86,620	Unclassified Shares of Rs. 10 each	20,88.67	20,88.67
		60,00.00	60,00.00

Issued, Subscribed and paid-up :

3,52,13,320	Equity Shares of Rs. 10 each, fully paid-up	35,21.33	35,21.33
	Less : Allotment Money / Calls in arrears	11.52	12.13
		35,09.81	35,09.20

Notes:

Of the above Equity Shares

- (a) 9,20,769 Shares of Rs. 10 each were allotted pursuant to Schemes of Amalgamation without payment being received in cash.
- (b) 53,86,965 Shares were allotted as fully paid Bonus Shares by capitalisation of Share Premium and General Reserve.

Schedules forming part of the Balance Sheet as at March 31 , 2005
(Rs.in Lakhs)
SCHEDULE 2
RESERVES AND SURPLUS

	As at 31.03.2005	As at 31.03.2004
Capital Reserve	2,83.87	2,83.87
Share Premium :		
Balance - 1 April, 2004	124,07.11	124,07.10
Add : Received during the year	2.02	0.01
	124,09.13	124,07.11
Capital Redemption Reserve	3,90.00	3,90.00
General Reserve :	101,15.98	101,15.98
Revaluation Reserve :		
Balance - 1 April, 2004	290,12.91	298,29.48
Add : Revalued during the year	51,17.68	—
Less : Depreciation \ Adjustments on sale of assets	8,08.09	8,16.57
	333,22.50	290,12.91
Debenture Redemption Reserve :		
Balance - 1 April, 2004	15,00.00	15,00.00
Less : Transfer to Profit and Loss Account	12,00.00	—
	3,00.00	15,00.00
Profit and Loss Account	26,82.49	52,36.95
	595,03.97	589,46.82

Schedules forming part of the Balance Sheet as at March 31 , 2005

(Rs.in Lakhs)

SCHEDULE 3 SECURED LOANS

Debentures :

16.50 % Secured Redeemable Non- Convertible Debentures	—	6,66.00
13.50 % Secured Redeemable Non- Convertible Debentures (Note 1)	3,57.20	5,00.00

Loans from Financial Institutions \ Banks :

IFCI Limited (Note 2)	6,42.90	10,71.50
ICICI Bank Limited (Note 3)	18,00.00	26,00.00
Industrial Development Bank of India (Note 4)	20,32.00	30,48.00
The Federal Bank Limited (Note 5)	8,12.42	9,36.47
Indian Bank (Note 6)	68,83.00	70,00.00

Bank Borrowings : (Note 7)

Working Capital Demand Loan	17,02.33	7,95.73
FCNR - B Loan	33,16.58	42,07.65
Cash Credit Facilities	55,56.43	19,75.72
Export Packing Credit	106,77.21	89,68.72

Other loans (Note 8)	1,00.56	1,67.06
Interest accrued and due	4.71	15.03
	338,85.34	319,51.88

In respect of the above loans, Rs. 38,49.22 (Previous year Rs 29,16.40) due and repayable within a year.

Notes

- 13.50% 40,00,000 Secured Redeemable Non-Convertible Debentures of Rs. 12.50 (100) each issued to ICICI Bank Limited against financial assistance for Company's Radial Project. These Debentures are secured by first mortgage on the immovable property of the Company situated at Bhileshwarpura, District Mehsana, Gujarat and movable properties of the Radial Project at Nasik. These debentures were redeemable at par in 16 equal quarterly installments commencing from 15th December, 2003.
- Term Loan from IFCI Limited is to be secured on all the movable and immovable assets of the Company (except for CEAT Mahal Property at Worli, in Mumbai, Temple property at Gwalior in Madhya Pradesh, property at Bhileshwarpura, District Mehsana, Gujarat.) The aforesaid charges are to rank *pari passu* with a mortgage and charges created/to be created in favour of Industrial Development Bank of India Ltd. for the balance amount of the Term Loan of Rs. 20.32 (30.48) crores, ICICI Bank Limited, for the balance amount of the Corporate Loan of Rs. 18.00 (26.00) crores and with second charge in favour of Consortium of Banks led by Bank of India for Working Capital facilities.
- The Corporate Loan of Rs. 18.00 (26.00) crores of ICICI Bank Limited is secured on movable and immovable properties at Bhandup and Nasik (except movable of Radial Unit at Nasik) on *pari passu* basis with Industrial Development Bank of India Ltd., and IFCI Ltd, for the respective loans and with second charge in favour of Consortium of Banks led by Bank of India for working capital facilities.

Schedules forming part of the Balance Sheet as at March 31 , 2005

SCHEDULE 3 — SECURED LOANS (Continued)

4. Term Loan from Industrial Development Bank of India Ltd., is to be secured on all movable and immovable properties of the Company (except for CEAT Mahal property at Worli, Mumbai, Temple property at Gwalior in Madhya Pradesh and property of the Company situated at Bhileshwarpura, District Mehsana, Gujarat.). The aforesaid charges are to rank *pari passu* with a mortgage and charges created/to be created in favour of IFCI Limited, for its Term Loan, charge in favour of ICICI Bank Limited, for its Corporate Loan and second charge in favour of Consortium of Banks led by Bank of India for Working Capital facilities.
5. The Term Loan of Rs. 8.12 crores obtained from Federal Bank Limited is secured on all the movable (except movable at Radial Unit at Nasik) and immovable assets of the Company situated at Bhandup, and Nasik Plants on *pari passu* basis with IFCI Limited, Industrial Development Bank of India Ltd., and ICICI Bank Ltd.
6. The Term Loan of Rs. 68.83 crores availed from Indian Bank is presently secured by mortgage of CEAT Mahal property situated at Worli in Mumbai and first *pari passu* charge on the movable assets of Radial Unit at Nasik.
7. Fund/Non Fund based Working Capital facilities from consortium of Banks led by Bank of India are secured/to be secured by hypothecation of Inventories and Book debts and by a second charge on immovable properties of the Company situated at Bhandup and Nasik Plants and CEAT Mahal property at Worli.
8. The vehicle loans availed from Citi Bank N.A., Citicorpmaruti Finance Limited, Ford Credit Kotak Mahindra Limited, Kotak Mahindra Primus Limited, ICICI Bank Limited, GMAC – TCFC Finance Limited, HDFC Bank Limited and GE Countrywide Consumer Financial Services Limited are secured by way of hypothecation of the Vehicles financed by them.

(Rs.in Lakhs)

SCHEDULE 4

UNSECURED LOANS

Term Loan

IL & FS Limited

Bank

Public Deposits

Inter-corporate Deposits

Commercial Paper

Interest Free Sales Tax Loan

Deferred Sales Tax Incentive-

State Industrial and Investment Corporation of Maharashtra Ltd (SICOM)

As at 31.03.2005	As at 31.03.2004
3,50.00	3,50.00
5,00.00	—
69,72.87	73,17.28
6,26.31	19,83.00
5,00.00	35,00.00
4,06.66	5,34.81
18,22.48	14,04.19
111,78.32	150,89.28

In respect of the above loans, Rs. 45,47.38 (Previous Year Rs 45,58.41) is due and repayable within a year

Schedules forming part of the Balance Sheet as at March 31, 2005

(Rs. in Lakhs)

**SCHEDULE 5
FIXED ASSETS**

ASSETS	COST				DEPRECIATION				NET VALUE
	As at 01.04.2004	Additions/ Adjustments	Deductions/ Adjustments	As at 31.03.2005	As at 01.04.2004	On Deduction/ Adjustments	For the year 2004-2005	As at 31.03.2005	As at 31.03.2005
Owned Assets									
Land	128,42.46 (128,42.46)	32,34.17 —	— —	160,76.63 (128,42.46)	42.95 (31.72)	— —	11.23 (11.23)	54.17 (42.95)	160,22.46 (127,99.52)
Buildings	104,31.84 (105,44.64)	19,35.56 (2.67)	— (1,15.47)	123,67.40 (104,31.84)	22,55.35 (21,31.64)	— (79.38)	1,98.86 (2,03.09)	24,54.20 (22,55.35)	99,13.20 (81,76.49)
Plant and Machinery	535,85.33 (527,32.45)	8,93.07 (9,42.32)	55.60 (89.45)	544,22.80 (535,85.33)	274,97.41 (251,55.11)	41.73 (82.17)	24,37.76 (24,24.48)	298,93.44 (274,97.41)	245,29.36 (260,87.92)
Furniture and Fixtures	22,61.04 (22,59.37)	43.86 (1,54.89)	36.14 (1,53.21)	22,68.76 (22,61.04)	13,62.81 (12,65.58)	23.60 (73.70)	1,49.33 (1,70.94)	14,88.55 (13,62.81)	7,80.21 (8,98.23)
Vehicles	9,92.74 (8,27.80)	70.34 (1,82.30)	18.88 (17.36)	10,44.20 (9,92.74)	3,43.95 (2,79.18)	6.46 (8.14)	75.69 (72.91)	4,13.18 (3,43.95)	6,31.01 (6,48.79)
	801,13.41 (792,06.72)	61,77.01 (12,82.18)	1,10.62 (3,75.49)	861,79.79 (801,13.41)	315,02.47 (288,63.22)	71.78 (2,43.39)	28,72.87 (28,82.64)	343,03.55 (315,02.47)	518,76.24 (486,10.94)
Leased Assets									
Plant and Machinery	26,72.45 (26,72.45)	— —	— —	26,72.45 (26,72.45)	14,66.29 (13,26.44)	— —	1,38.05 (1,39.85)	16,04.35 (14,66.29)	10,68.11 (12,06.16)
Furniture and Fixtures	1,30.49 (1,30.49)	— —	— —	1,30.49 (1,30.49)	1,27.73 (1,23.61)	— —	2.76 (4.12)	1,30.49 (1,27.73)	— (2.76)
	28,02.94 (28,02.94)	— —	— —	28,02.94 (28,02.94)	15,94.02 (14,50.05)	— —	1,40.81 (1,43.97)	17,34.84 (15,94.02)	10,68.11 (12,08.92)
Total	829,16.35 (820,09.66)	61,77.01 (12,82.18)	1,10.62 (3,75.49)	889,82.74 (829,16.35)	330,96.49 (303,13.27)	71.78 (2,43.39)	30,13.68 (30,26.61)	360,38.39 (330,96.49)	529,44.35 (498,19.86)
Capital Work-in-Progress -Includes Advances against Capital Account									15,03.27 (10,65.70)
Grand Total									544,47.62 (508,85.56)

Notes:

- Land includes leaseholds - aggregate original cost Rs.11.07 (Previous Year Rs.11.07) less amortisation Rs 2.22 (Previous Year Rs.2.12), net value Rs. 8.85 (Previous Year Rs.8.95).
- Buildings include Rs 0.10 (Previous Year Rs 0.08) being value of shares held in co-operative housing societies.
- Plant and Machinery includes borrowing costs capitalised Rs. 65.39 (Previous Year Rs 25.63)
- Depreciation on Plant and Machinery includes depreciation of Rs 4.46 (Previous Year Rs Nil), Furniture & Fixtures Rs 0.09 (Previous Year Rs Nil) and Vehicles Rs 0.65 (Previous Year Rs Nil) provided for earlier years.
- a) Fixed Assets cost includes assets revalued from time to time on the basis of valuation reports submitted by approved valuers about their market value as summarised below:

	Gross Amount written up on revaluation	Depreciation provided upto 31.03.2005	Amount written up (net of depreciation/ adjustments) as on 31.03.2005
Land	160,15.28	51.95	159,63.33
Buildings	87,57.57	6,69.46	80,88.11
Plant and Machinery	199,26.96	106,55.90	92,71.06
	<u>446,99.81</u>	<u>113,77.31</u>	<u>333,22.50</u>

- Land and Building at CEAT Mahal, Worli and Bhandup Plant have been revalued as on 31st March, 2005 and has resulted in increase in the cost of Land and Building by Rs. 51,17.68
 - Leasehold Land and Factory Building at Nasik Plant had been revalued as on 25th September, 2002 and resulted in increase in the cost of Land and Building by Rs.30,43.27.
 - Depreciation of Rs. 8,08.09 (Previous Year Rs.8,16.57) on the revalued portion has been provided for the year on the same rate as is applicable and this amount has been directly adjusted from the Revaluation Reserve.
- Rs.Nil (Previous year Rs 49.78) Revalued cost pertaining to Hyderabad Building and Accumulated depreciation thereon has also been reduced on account of sale.

Schedule forming part of the Balance Sheet as at March 31, 2005

(Rs. in Lakhs)

SCHEDULE 6

INVESTMENTS (At cost)

Long Term	Face Value (Rs.)	Holdings (Nos.)	As at 31.03.2005	As at 31.3.2004
I Quoted (Non-Trade)				
Equity Shares - (Fully Paid)				
CESC Ltd * #	10	10,36,316	9,12.57	8,36.64
KEC International Ltd	10	20,75,647	27,65.23	27,65.23
Phillips Carbon Black Ltd #	10	12,70,400	8,17.84	8,17.84
RPG Cables Ltd	10	64,000	95.20	95.20
RPG Life Sciences Ltd	10	8,98,510	9,95.07	9,95.07
RPG Transmission Ltd	10	10,87,300	8,67.31	8,67.31
Saregama India Ltd	10	2,52,500	63.25	63.25
Zensar Technologies Ltd.	10	11,50,000	1,95.81	1,95.81
II Unquoted				
(i) Subsidiary Companies				
Equity Shares - (Fully Paid)				
CEAT Ventures Ltd.	10	399,99,500	39,99.95	39,99.95
CEAT Holdings Ltd.	10	400,00,000	40,00.00	40,00.00
Meteoric Industrial Finance Co Ltd.	10	255,00,052	25,50.01	25,50.01
Malabar Coastal Holdings Ltd. (Rs.100)-**	10	10	—	—
15% Redeemable Non Cumulative Preference Shares (Fully paid)				
Atlantic Holdings Ltd.-***	100	10,050	—	10.05
Malabar Coastal Holdings Ltd.-***	100	7,550	—	7.55
Debentures - (Unsecured, Fully Paid)				
Zero Coupon Fully Convertible Debentures				
CEAT Ventures Ltd				
V Series (04.12.2006)	10	40,52,867	4,05.29	4,05.29
VI Series (26.10.2007)	10	40,00,000	4,00.00	4,00.00
CEAT Holdings Ltd			—	—
VI Series (30.03.2007)	10	27,50,000	2,75.00	2,75.00
(ii) Others				
Equity Shares - Unquoted (Fully Paid)				
Atlantic Holdings Ltd. (Rs.100)-**	10	10	—	—
Bombay Mercantile Co-Operative Bank Ltd	30	1,666	0.50	0.50
Basic Telephone Services Ltd. (Rs. 20)	10	2	—	—
Hilltop Holdings India Ltd	10	3,54,654	3,90.12	3,90.12
RPG Communications Holdings Ltd	10	5,00,000	50.00	50.00
SICOM Ltd	10	1,27,500	1,02.51	1,02.51
Spencer & Co Ltd	10	2,37,000	1,78.82	1,78.82
The Thane Janata Sahakari Bank Ltd. (Rs. 500)	50	10	0.01	0.01
The Greater Bombay Co-Operative Bank Ltd. (Rs. 250)	25	10	—	—
Debentures - (Unsecured, Non Convertible & Fully paid)				
International Management Institute (5%) (Redeemable at par in 7 annual installments commencing from 1999)	20	3,15,000	63.00	1,26.00
Total Value Of Investments			191,27.49	191,32.16
Less: Diminution in Value of Quoted Investments			48.13	48.13
			190,79.36	190,84.03
Aggregate Cost of Quoted Investments			67,12.28	66,36.35
Aggregate Cost of Unquoted Investments			124,15.21	124,95.81
Market Value of Quoted Investments			103,69.46	50,79.01

* Acquired 1,26,552 Shares during the year by way of Subscription to the Right Issue.

** Sold during the year

*** Redeemed during the year

The Company has given an undertaking to the lenders of CESC Limited and Phillips Carbon Black Ltd. for the non disposal of it's investment in the respective Companies .

Schedules forming part of the Balance Sheet as at March 31 , 2005

(Rs.in Lakhs)

SCHEDULE 7 INVENTORIES

	As at 31.03.2005	As at 31.03.2004
Stores and Spares	16,26.04	16,63.94
Less : Provision for Obsolescence	1,28.16	93.39
	14,97.88	15,70.55
Stock - in - Trade :		
Raw Materials (including in transit Rs. 37,54.11 (Previous Year Rs.30,59.14))	78,34.83	70,03.21
Semi-Finished Goods	22,40.16	19,46.22
Finished Goods (including in transit Rs. 2,49.60 (Previous year Rs.2,16.12))	52,47.55	67,10.19
	168,20.42	172,30.17

SCHEDULE 8 SUNDRY DEBTORS

Debts outstanding for a period exceeding six months		
Considered Good	3,50.34	6,04.63
Considered Doubtful	7,51.89	8,31.05
Less : Provided for	7,51.89	8,31.05
	3,50.34	6,04.63
Other Debts		
Considered Good	233,09.69	241,09.08
	236,60.03	247,13.71

	As at 31.03.2005	As at 31.03.2004
Sundry Debtors		
Secured	66,08.48	79,28.86
Unsecured	170,51.55	167,84.85
Total	236,60.03	247,13.71

Schedules forming part of the Balance Sheet as at March 31 , 2005

(Rs.in Lakhs)

SCHEDULE 9

CASH AND BANK BALANCES

	As at 31.03.2005	As at 31.03.2004
Cash on Hand	3,36.51	1,07.75
[Including cheques Rs. 2,95.63 (Previous Year Rs.94.42)]		
Remittance in Transit	11,64.88	11,38.61
With Scheduled Banks :		
In Current Accounts	6,48.95	12,90.17
In Deposit Accounts	3,90.00	5,50.75
In Margin Deposit Accounts	4,89.70	7,06.73
In Unclaimed Dividend Accounts	93.59	95.29
	31,23.63	38,89.30

SCHEDULE 10

LOANS AND ADVANCES

Unsecured - Considered Good, unless otherwise stated :

Due from Subsidiaries :

Loans and Advances	143,89.49	143,97.34
Interest Receivables	16,90.51	16,90.51

Others :

Loans and Advances :

Advances receivable in Cash or Kind or for Value to be received	28,23.98	38,53.26
Balances with Customs, Port Trust , Excise , etc.	29,90.52	32,86.62
Loans and Deposits with Companies	157,41.39	158,33.49
Advance payment of Tax (net of provision)	4,78.44	3,35.55
Interest Receivables	66,23.49	53,91.12
Other Receivables	77,85.79	78,17.19
Loan, Advances and Deposits (considered doubtful)	9.20	13.11
Less : Provided for	9.20	13.11
	525,23.61	526,05.08

Schedules forming part of the Balance Sheet as at March 31 , 2005

(Rs.in Lakhs)

SCHEDULE 11

CURRENT LIABILITIES

	As at 31.03.2005	As at 31.03.2004
Acceptances	135,97.24	132,87.41
Sundry Creditors :		
Small Scale Industrial Undertakings	5,53.44	4,76.97
Others	283,70.06	255,33.39
	289,23.50	
Interest Accrued but not due	4,38.54	4,87.30
Deposits from Dealers and Others	95,89.24	108,57.31
Other Liabilities	26,45.01	39,08.36
Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956.		
Due as on 31.03.2005		
Unclaimed Interest on Debentures	—	5.68
Unclaimed Interest and Matured Bonds	7.25	—
	7.25	
Not due as on 31.03.2005		
Unclaimed Dividends	93.59	95.29
Unclaimed Interest and Matured Deposits	2,94.84	2,91.74
Unclaimed Interest and Matured Debentures	24.40	48.66
Unclaimed Interest and Matured Bonds	7.86	15.54
	4,20.69	
	556,21.47	550,07.65

SCHEDULE 12

PROVISIONS

Proposed Dividend	—	3,52.13
Corporate Tax on Proposed Dividend	—	45.12
Provision for Additional Excise Duty	35,67.04	—
Provision for Retirement and other Employee Benefits	10,89.87	8,68.91
	46,56.91	12,66.16

SCHEDULE 13

PROVISION FOR CONTINGENCIES

Balance as at 1.4.2004	12,38.01	—
Add : Created during the year	—	12,38.01
Less : Used during the year	7,52.88	—
Less : Reversed during the year	4,85.13	—
	12,38.01	—
	—	12,38.01

Schedules forming part of the Profit and Loss Account for the year ended March 31 , 2005

(Rs.in Lakhs)

SCHEDULE 14

OTHER INCOME

	2004-2005	2003-2004
Additional Excise Duty refund	—	55,12.09
Foreign Exchange Fluctuations (Net)	2,73.61	—
Sale of Scrap	6,86.04	6,63.87
Profit on Assets Sold/Discarded	3.99	4,52.13
Interest (Other)	18,99.24	18,79.14
Dividend on Investments (Non trade)	21.37	53.09
Royalty	70.47	71.65
Profit on sale of Investments	—	59.66
Provisions for Doubtful Debts / Advances Written Back Recovered	62.53	35.68
Provisions no longer required written back	3,69.06	5,36.62
Miscellaneous	5,12.11	8,35.71
	38,98.42	100,99.64

SCHEDULE 15

MATERIALS

Raw Materials		
Stock - 1st April, 2004	39,44.07	25,73.21
Add : Purchases	1,010,27.52	888,55.02
	1,049,71.59	914,28.23
Less : Stock - 31st March, 2005	40,80.72	39,44.07
	1,008,90.87	874,84.16

SCHEDULE 16

COST OF TRADED GOODS SOLD

Stock - 1st April, 2004	7,35.03	5,68.04
Add : Purchases	43,33.34	39,76.66
	50,68.37	45,44.70
Less : Stock - 31st March, 2005	3,77.17	7,35.03
	46,91.20	38,09.67

SCHEDULE 17

PERSONNEL

Salaries, Wages and Bonus	84,39.25	90,73.23
Provident Fund, Gratuity Fund and Superannuation Scheme etc.	13,13.41	12,39.30
Welfare Expenses	11,91.43	12,76.02
	109,44.09	115,88.55

Schedules forming part of the Profit and Loss Account for the year ended March 31 , 2005

(Rs.in Lakhs)

SCHEDULE 18

OTHER EXPENSES

	2004-2005	2003-2004
Conversion Charges	64,47.32	55,33.06
Stores and Spares Consumed	9,20.15	10,37.30
Provision for Obsolescence of Stores	34.77	—
Power and Fuel	54,49.57	58,43.47
Freight and Delivery Charges (Net)	59,17.77	47,42.86
Rent	3,00.03	3,15.47
Rates and Taxes	5,36.18	5,56.73
Insurance	1,70.82	1,93.36
Repairs :		
Machinery	6,06.66	6,76.58
Buildings	77.79	1,73.03
Others	1,00.37	78.64
	7,84.82	
Travelling and Conveyance	5,96.10	6,98.65
Printing and Stationery	1,36.34	1,57.29
Directors' Fees	5.90	3.90
Auditors' Remuneration :		
Audit Fees	15.00	15.00
Taxation Matters	1.30	1.94
Other Services (Certification, Tax Audit, etc.)	12.01	12.11
Reimbursement of Expenses	1.06	2.54
	29.37	
Advertisement and Sales Promotion Expenses	6,31.17	7,92.27
Rebates and Discounts	54,88.51	49,62.68
Commission	13,15.37	13,19.69
Communication Expenses	3,16.14	3,55.56
Advances Written off	77.97	7.95
Less : Provision for doubtful advances written back to the extent provided	—	(7.95)
	77.97	
Bad Debts Written off	2,90.09	3,74.42
Less : Provision for doubtful debts written back to the extent provided	2,90.09	(3,74.42)
Provision for Doubtful Debts / Advances	2,69.42	3,81.16
Loss on Assets Sold / Discarded	17.37	67.77
Lease Rent	37.02	50.97
Factory Expenses	3,14.66	2,95.13
Legal Charges	91.92	80.97
Finance Charges	8,07.56	9,40.50
Foreign Exchange Fluctuations (Net)	—	5.97
General Expenses	12,01.85	13,81.43
	318,98.10	306,76.03

Schedules forming part of the Profit and Loss Account for the year ended March 31 , 2005
(Rs.in Lakhs)

SCHEDULE 19
INTEREST

Interest Paid :

On Debentures

On Term Loans

Others

2004-2005

2003-2004

68.15

7,62.11

15,93.22

19,18.45

47,57.37

49,61.06

64,18.74

76,41.62

SCHEDULE 20

DECREASE / (INCREASE) IN STOCK

Stock - 1st April, 2004

Semi-Finished

Finished

19,46.22

16,90.92

57,59.04

91,40.61

77,05.26

108,31.53

Stock - 31st March, 2005

Semi-Finished

Finished

22,40.16

19,46.22

46,20.78

57,59.04

68,60.94

77,05.26

8,44.32

31,26.27

Differential Excise Duty on Opening and Closing Stock of Finished Goods

(4,22.82)

(6,37.46)

4,21.50

24,88.81

Schedules forming part of the Accounts for the year ended March 31, 2005

SCHEDULE 21

1) Significant Accounting Policies

A) Method of Accounting

The financial statements are prepared on accrual basis under the historical cost convention in accordance with Generally Accepted Accounting Principles ("GAPP") and in compliance with the applicable Accounting Standards issued by The Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956.

B) Fixed Assets

Fixed Assets are stated at cost less depreciation. Cost comprises cost of acquisition, cost of improvements, borrowing cost and any attributable cost of bringing the asset to the condition for its intended use. Cost also includes direct expenses incurred upto the date of capitalisation / commissioning, and exchange differences arising on foreign currency loans taken for acquiring the assets.

Leased Assets comprise of assets acquired under Finance Leases which have been stated at cost of acquisition plus entire cost component amortizable over the useful life of these assets.

C) Borrowing Cost

Borrowing costs include interest, fees and other charges incurred in connection with the borrowing of funds and is considered as revenue expenditure for the year in which it is incurred except for borrowing costs attributed to the acquisition / improvement of qualifying capital assets and incurred till the commencement of commercial use of the asset and which is capitalised as cost of that asset.

D) Depreciation

Depreciation is provided on the Straight Line Method, at the rates prescribed in Schedule XIV to the Companies Act, 1956. Certain Plants have been treated as Continuous Process Plants based on technical and other evaluations.

Leasehold land is amortised over the period of the lease.

Adjustments to cost of fixed assets arising on capitalisation of foreign exchange gains, losses and translation differences are depreciated prospectively over the remaining useful life of each asset.

Depreciation charged to Profit and Loss Account is exclusive of depreciation on revaluation of assets, which is adjusted against Revaluation Reserve.

E) Investments

Investments being long term are stated at cost. Provision against diminution in the value of investments is made in case diminution is considered as other than temporary, as per criteria laid down by the Board of Directors after considering that such investments are strategic in nature.

F) Inventories

Raw materials, Stores and spares and Stock-in-process are valued at weighted average Cost. Finished Goods are valued at lower of cost or net realisable value. Material-in-transit is valued at cost.

G) Revenue Recognition

Sales are recognised on despatch to customers. Sales include excise duty but exclude sales tax and freight recovery.

Dividend and Interest are accounted for on accrual basis.

H) Export Incentive

Export Incentive are treated as income in the year of Export and are credited to the Raw Material Consumption Account.

I) Foreign Currency Transactions

Foreign currency transactions other than those covered by forward contracts are recorded at current rates except export transactions, which are recorded at the spot rate at the beginning of each month.

Forward premia in respect of forward exchange contracts are recognised over the life of the contracts.

Assets and Liabilities denominated in foreign currency, including balances in respect of a foreign branch, are restated at year-end rates.

Schedules forming part of the Accounts for the year ended March 31, 2005

SCHEDULE 21 - (Continued)

(Rs. in Lakhs)

All exchange gains and losses except those relating to acquisition of fixed assets, which are adjusted to the carrying cost of such assets, are accounted for in the Profit and Loss Account.

J) Lease Rentals

The cost components in respect of Finance leases is being amortised over the primary lease period or effective life of the Assets as depreciation on Leased Assets and the interest component is charged as a period cost.

Secondary Lease rentals are being charged to Profit and Loss Account.

K) Research and Development

Revenue expenditure on research and development is recognised as an expense in the year in which it is incurred.

Capital expenditure is shown as an addition to the fixed assets and are depreciated at applicable rates.

L) Retirement Benefits

The Company has created an Employee's Group Gratuity Fund, which has taken a Group Gratuity-Cum-Life Insurance Policy from Life Insurance Corporation of India. Gratuity is provided on the basis of the above policy.

Liability towards leave encashment benefit on retirement is provided based on the actuarial valuation done at the year-end.

Contributions to Company's Provident, Superannuation and Gratuity Funds are being charged to revenue.

M) Taxes on Income

a) Current Tax: Provision for Income Tax is determined in accordance with the provisions of Income Tax Act, 1961.

b) Deferred Tax Provision: Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted on the Balance Sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

	2004-05	2003-04
2) Contracts remaining to be executed:		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for - net of advance payments	2,20.92	5,40.61
3) Contingent Liabilities:		
a) Direct and Indirect Taxation Matters on which there are decisions of the appellate authorities in the Company's favour, but appeals made by tax authorities		
Income Tax	2,81.87	2,56.81
Wealth Tax	3.20	16.51
Excise and Custom Duty	38,87.37	24,83.00
Sales Tax	4.07	4.51
b) Direct and Indirect Taxation matters in respect of which the Company is in appeal		
Income Tax	—	2,08.23
Wealth Tax	—	11.15
Excise and Custom Duty	4,17.02	9,65.00
Sales Tax	3,95.93	4,10.08
c) Disputed demands of Octroi Duty	85.00	13,62.00
d) Bills discounted with Banks and Finance Companies	38,73.81	73,05.61
e) Corporate Guarantees given on behalf of others -		
Covered by indemnity undertakings from RPG Enterprises Ltd.	25,50.00	26,50.00
- Other Corporate Guarantees	3,00.00	3,00.00
4) Claims against the Company not acknowledged as Debts (Estimated):		
i) in respect of labour matters	11,61.12	7,02.43
ii) other claims	5,65.31	9,38.43

Schedules forming part of the Accounts for the year ended March 31, 2005

SCHEDULE 21 - (Continued)

(Rs. in Lakhs)

5) Remuneration to Managing Director (exclusive of contribution to Gratuity Fund on actuarial valuation)

Salaries	21.60	21.60
Allowances and Perquisites	2.40	2.40
Contribution to Provident and Superannuation Funds	5.83	5.83
Total	<u>29.83</u>	<u>29.83</u>

Notes: -

- 1) The remuneration paid to the Managing Director is computed as per the provisions of Section 198 of the Companies Act, 1956 read along with the provisions of Schedule XIII thereto.
- 2) As per the terms of appointment applicable during the year, no amount is payable to the Managing Director as commission.

6) Production, Sales and Stocks of each class of manufactured goods / traded goods :

Class of goods	Licensed Capacity	Installed Capacity (1)	Opening Stock	Production (2)	Purchase	Closing Stock	Gross Sales
Automotive Tyres							
Nos. in Lakhs	49.47 (49.47)	43.11 (40.11)	5.04 (6.96)	72.78 (63.60)	1.61 (1.84)	3.55 (5.04)	75.88 (67.36)
Value	— (—)	— (—)	52,11.08 (81,60.16)	— (—)	41,06.22 (31,70.73)	32,49.32 (52,11.08)	1,601,57.76 (1,480,28.68)
Automotive Tubes							
Nos. in Lakhs	49.47 (49.47)	— (—)	5.78 (6.97)	78.52 (54.75)	0.62 (10.47)	8.48 (5.78)	76.44 (66.41)
Value	— (—)	— (—)	11,20.35 (13,64.05)	— (—)	2,15.65 (6,59.42)	15,74.35 (11,20.35)	150,89.40 (140,99.66)
Automotive Flaps							
Nos. in Lakhs	— (—)	— (—)	1.42 (1.74)	23.30 (19.80)	— (1.42)	1.59 (1.44)	23.13 (21.54)
Value	— (—)	— (—)	1,58.63 (1,83.58)	— (—)	— (1,40.33)	1,69.04 (1,58.63)	27,71.81 (26,44.96)
Others – Value	— (—)	— (—)	4.01 (0.86)	— (—)	11.47 (6.18)	5.24 (4.01)	11.70 (21.49)
Total Value	— (—)	— (—)	64,94.07 (97,08.65)	— (—)	43,33.34 (39,76.66)	49,97.95 (64,94.07)	1,780,30.67 (1,647,94.79)

(1) Installed Capacity is as certified by the Management.

(2) Production quantity includes the following procured under conversion basis, for which licensed capacity and installed capacity is not relevant, hence not included:

	(Nos. in Lakhs)	
	Current year	Previous year
Automotive Tyres	34.96	25.58
Automotive Tubes	78.52	54.75
Automotive Flaps	23.07	17.62
Total	<u>136.55</u>	<u>97.95</u>

Schedules forming part of the Accounts for the year ended March 31, 2005

SCHEDULE 21 - (Continued)

(Rs. in Lakhs)

7) Raw Materials Consumed:

	2004-05		2003-04	
	Quantity (M.T.)	Value	Quantity (M.T.)	Value
Rubber	7,58,75	522,00.95	7,23,82	443,42.61
Fabrics	1,39,99	244,19.52	1,33,56	210,62.82
Carbon Black	3,50,00	104,04.17	3,30,92	100,36.67
Chemicals	1,88,58	83,58.34	1,78,43	77,83.68
Others	—	55,07.89	—	42,58.38
Total		1,008,90.87		874,84.16

8) Value of Imports calculated on CIF basis:

	2004-05	2003-04
Raw Materials	305,59.70	206,65.08
Traded Goods	29,98.49	21,49.36
Components and Spares	67.36	1,03.57
Capital Goods	1,88.22	3,96.20

9) Expenditure in Foreign Currency:

Interest	2,38.56	2,36.51
Travelling	1,06.48	1,39.28
Others	1,83.25	2,93.39

10) Value of Imported/Indigenous Raw Materials/Stores and Spares consumed:

	2004-05		2003-04	
	%	Value	%	Value
Raw Materials				
Imported	33.58	338,77.28	26.00	227,49.45
Indigenous	66.42	670,13.59	74.00	647,34.71
	100.00	1,008,90.87	100.00	874,84.16
Stores and Spares				
Imported	15.08	1,38.72	7.49	1,40.84
Indigenous	84.92	7,81.43	92.51	8,96.46
	100.00	9,20.15	100.00	10,37.30

11) Dividend Remittance in Foreign Currency:

Amount remitted (net)	23.77	23.77
Number of Non-resident Shareholders	3	3
Number of Shares on which remittance was made	23,76,565	23,76,565
Year for which the Dividend was remitted	2003-04	2002-03

Schedules forming part of the Accounts for the year ended March 31, 2005

SCHEDULE 21 - (Continued)

(Rs. in Lakhs)

12) Earnings in Foreign Currency:

Export Sales calculated on FOB basis	258,60.42	205,63.77
Royalty	70.47	71.65
Others	19.30	39.66

13) Research & Development Expenses

Capital	—	5.93
Revenue	91.42	1,12.44

14) Freight and Delivery Charges:

Freight and Delivery Charges Incurred during the year	59,69.38	54,23.28
Less : Freight Recovered	51.61	6,80.42
Net	59,17.77	47,42.86

15) Provision for Contingencies:

- Rs. 7,52.88 (Previous year Rs. Nil) has been used from previous year's contingency provision towards Excise, Sales Tax and Octroi Claims etc.
- The Company has reversed provision for contingencies of Rs. 4,85.13 as extra-ordinary item (Previous year Rs. Nil) due to satisfactory conclusion of certain matters under litigation.

16) Provision for Additional Excise Duty:

Additional Excise Duty of Rs. 55,12.09 was accounted in previous year which was originally permitted to be utilised for payment of CENVAT by Finance Act, 2003. The Same was partially withdrawn by Finance Act, 2004. As a Consequence, provision of Rs. 35,67.04 for the period upto 31st March, 2000 has been made.

- The Company has identified the suppliers who are covered under the "Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993". The liability under the said Act on account of interest is not ascertained as at 31st March 2005. However, no claims have been received for interest from suppliers with reference to the above Act.

- The names of small scale industrial undertakings to whom the Company owes a sum which is outstanding as per terms of contract agreed to for more than 30 days as at Balance Sheet date are given below.

Accura Valves	Acusharp Knives
Acmechem Pvt. Ltd.	Alfa Engineers
Alfred Rubber Products	Aristoplast
Asco Tarapur	Bharat Rubber Regenerating Ltd.
Burad Chemicals Pvt. Ltd.	C M & Sons
Cutch Oil & Allied Ind. Pvt. Ltd.	E Eyres Rubber Chemicals Pvt. Ltd.
Emco Precima	Elma Electric Co. Pvt. Ltd.
Flexhose India	Forward alloys and Castings
Grand Wood Works & Saw Mill	I.G Fabrichem
Industrial Controls and Appliances	J.K.Enterprises
Jaishil Sulphur & Chemical	J.N.Industries
Kalyani Industries	Key Industries
Micro Tyres and Belts Pvt. Ltd.	Multiquadrant Ind.Control
Nav Bharat Metallic Oxide Industry	National Spring Works
P J Brothers	Panchal Engineers
Pragati Udyog	Pneumatic Tools Mfg.Co.
Pukhraj Corporation	Pukhraj Engineering & Chemicals

Schedules forming part of the Accounts for the year ended March 31, 2005

SCHEDULE 21 - (Continued)

(Rs. in Lakhs)

Pigment and Chemicals	Premier Polymer Industries
Rajashree Enterprises	Ratna Moti Engineers Works
Sah Petroleum Ltd.	Sathi Industries
Shanmukha Laboratories	Sipa Press
Solar Chemferts Pvt. Ltd.	Specific Ventil Fabric
Suraiya Pvt. Ltd.	Swastik Enterprises
Tech-India Enterprises	Vita Technology Pvt.Ltd.
Vibros Rubber Products P. Ltd.	Zircon Metal Enterprises.

The above information and that given in Schedule 11 "Current Liabilities" regarding small scale industrial undertakings has been determined to the extent such parties are identified on the basis of information available with the Company, which has been relied upon by the Auditors.

18 Major components of Deferred Tax Assets and Deferred Tax Liabilities:

Particulars	2004-05	2003-04
Assets		
Carried forward tax losses and depreciation	21,45.42	21,42.67
Disallowance under section 43B of the Income Tax Act	7,48.38	6,67.02
	28,93.80	28,09.69
Liability		
Difference between book and tax depreciation	41,92.65	42,08.54
	41,92.65	42,08.54
	(12,98.85)	(13,98.85)

19) Disclosure of related parties/related party transactions:

- a) Related parties:
- Subsidiaries of the Company :
 - CEAT Ventures Limited,
 - CEAT Holdings Limited,
 - Meteoric Industrial Finance Company Limited,
 - Malabar Coastal Holdings Limited (Upto 31st December, 2004)
 - Other related parties:
 - Associated CEAT Holdings Company (Pvt.) Limited (*),
 - CEAT-Kelani Associated Holdings Company (Pvt.) Limited (*),
 - Associated CEAT (Pvt.) Limited,
 - CEAT-Kelani International Tyres (Pvt.) Limited,
 - ACT Limited (*),
 - Rado Tyres Limited
 - Zensar Technologies Limited
 - Key Management Personnel :
 - Mr. Paras K. Chowdhary, Managing Director
- (*) Indicates no transactions during the year with these related parties.

Schedules forming part of the Accounts for the year ended March 31, 2005

SCHEDULE 21 - (Continued)

(Rs. in Lakhs)

- b) The following transactions were carried out during the year with the related parties in the ordinary course of business :

	Subsidiaries of the Company		Other Related Parties	
	2004-05	2003-04	2004-05	2003-04
Transactions				
1. Reimbursement of Expenses	—	—	37.33	39.17
2. Dividend received	—	—	—	17.25
3. Dividend paid	—	—	—	0.01
4. Export Sales	—	—	3.99	22.00
5. Royalty	—	—	70.47	71.65
6. Interest (Net)	—	1.21	36.41	44.50
7. Imports of traded goods	—	—	24,05.06	14,27.01
8. Loans and Advances given	(2.00)	23,23.25	—	—
9. Deposits received	(10.00)	(28.00)	—	—
10. Conversion charges	—	—	4,25.20	4,77.66
11. Rent	—	0.55	—	—
Amount due to / from related parties				
1. Interest Receivable	16,90.51	11,60.25	2,21.78	1,94.49
2. Debtors	—	—	12.59	12.58
3. Amount receivable	—	—	—	28.82
4. Loans, Advances and Deposits given	143,89.49	143,97.25	3,68.10	3,78.94
5. Royalty receivable	—	—	59.41	96.15
6. Commission receivable	—	—	—	1.55
7. Creditors	—	—	10,47.80	4,43.02
8. Investments in Shares and Debentures	116,30.25	116,37.80	—	1,95.81

Transactions with Mr. Paras K. Chowdhary, Managing Director being the remuneration paid to him have been given in Note No. 5 of Schedule 21.

20) Disclosures as required under clause 32 of listing agreement.

- i) Loans and Advances in the nature of Loans given to Subsidiaries.

Sr.No.	Name of the Company	As at 31 st March, 05	Maximum Balance during the year
1	CEAT Holding Ltd.	93,23.36	93,23.36
2	Meteoric Industrial Finance Co.Ltd.	12,98.98	12,98.98
3	CEAT Venture Ltd.	37,67.15	37,67.15

Loans and Advances shown above, to Subsidiaries fall under the category of 'Loans and Advance in nature of loans where there is no repayment schedule'.

- ii) Loans and Advances in the nature of loans to associates: Rs. Nil (Previous year Rs. Nil)
- iii) Loans and Advances in the nature of Loans where there is no repayment schedule, or no interest or interest below Section 372A of the Companies Act, 1956: Rs. Nil (Previous year Rs. Nil)

For this purpose inter corporate loans are not considered as these are repayable on demand and interest is at Market rates.

Schedules forming part of the Accounts for the year ended March 31, 2005

SCHEDULE 21 - (Continued)

- iv) Loans and Advances in the nature of loans to Firms / Companies in which Directors are interested: Rs. Nil (Previous year Rs. Nil)
- v) Investments by the Loanee in the shares of the Company as on 31st March, 2005:

Sr. No.	Loanee	No. of Equity shares of Rs. 10/- each fully paid up
1	Adapt Investments Ltd.	135
2	Brabourne Investments Ltd.	269
3	B. N. Elias & Company Ltd.	100
4	Universal Industrial Fund Ltd.	131
5	Yield Investments Ltd.	100
6	Canal Investments and Industries Ltd.	5,982
7	Chattarpati Investments Ltd.	8,606
8	Hilltop Holdings India Ltd.	5,35,183
9	Jubilee Investments and Industries Ltd.	17,54,879
10	Offshore India Ltd.	3,74,784

21) Segment Reporting:

Considering the organisation structure, nature of products and risk and return profile based on geographical distribution, the tyre business is considered as a single segment in accordance with the Accounting Standard AS-17 "Segment Reporting".

22) Earnings Per Share (EPS):

	2004-05	2003-04
a) Weighted Average Number of shares at the beginning and end of the year	3,52,13,320	3,52,13,320
b) Net Profit / (Loss) after Tax available for Equity Shareholders (Rupees in Lakhs)	(1,87.42)	14,05.79
c) Face value per share (Rupees)	10	10
d) Basic and Diluted Earnings Per Share (Rupees)	(0.53)	4.01

- 23) In accordance with Accounting Standard 28 "AS 28" issued by the Institute of Chartered Accountants of India on "Impairment of Assets" no provision for impairment loss is required and hence no adjustment either in opening balance or revenue reserves or incremental / decremental effects on the current year's results has been made at the year end.

- 24) Previous year's figures have been regrouped wherever necessary to conform to current Year's classification.

25) BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (in terms of amendment to Schedule VI Part IV is given below).

I. Registration Details

Registration No.

1 1 0 4 1

State Code

1 1

Balance Sheet Date

3 1 0 3 2 0 0 5
Date Month Year

II. Capital raised during the year (Amount in Rs. Lakhs)

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Lakhs)

Total Liabilities

1 1 2 2 7 0 . 0 9

Total Assets

1 1 2 2 7 0 . 0 9

Sources of Funds

Paid-up Capital

3 5 0 9 . 8 1

Reserves and Surplus

5 9 5 0 3 . 9 7

Secured Loans

3 3 8 8 5 . 3 4

Unsecured Loans

1 1 1 7 8 . 3 2

Deferred Tax Liability

4 1 9 2 . 6 5

Application of Funds

Net Fixed Assets

5 4 4 4 7 . 6 2

Investments

1 9 0 7 9 . 3 6

Net Current Assets

3 5 8 4 9 . 3 1

Misc. Expenditure

N I L

Deferred Tax Assets

2 8 9 3 . 8 0

Accumulated Losses

N I L

IV. Performance of the Company (Amount in Rs. Lakhs)

Turnover

(Includes Other Income)

1 5 6 6 9 7 . 5 4

Total Expenditure

1 5 6 9 8 4 . 9 6

Profit/(Loss) before tax

(2 8 7 . 4 2)

Profit/(Loss) After Tax

(1 8 7 . 4 2)

Earning Per Share (Rs.)

(0 . 5 3)

Dividend Rate %

N I L

V. Generic Names of three Principal products/services of the Company (as per monetary terms)

Item Code No.

4011

4012

4013

Product Description

Automotive Tyres

Flaps

Tubes

Signatures to Schedule '1' to '21'

As per our report attached

On behalf of the Board of Directors,

For N.M. Raiji & Co.,
Chartered Accountants

H.V. Goenka

Vice Chairman

M.N. Thakkar
Partner

T.M. Elavia
Company Secretary

Paras K. Chowdhary

Managing Director

Mumbai, 30th June, 2005

Mumbai, 29th June, 2005



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT,1956 RELATING TO SUBSIDIARY COMPANIES

Name of the Subsidiary	CEAT Ventures Limited	Meteoric Industrial Finance Co. Ltd.	CEAT Holdings Limited
1 Financial year of the subsidiary ended on	31st March,2005	31st March,2005	31st March,2005
2 Shares of the subsidiary held on the above date :			
(a) Number and face value	3,99,99,500 Equity Shares of Rs.10 each fully paid up each fully paid	2,55,00,052 Equity Shares of Rs.10 each fully paid	4,00,00,000 Equity Shares of Rs.10 each fully paid up each fully paid
(b) Extent of holding	100%	100%	100%
3 Net aggregate amount of profits/losses of the subsidiary for the above financial year so far as they concern the members of the Company :			
(a) dealt with in the accounts of the Company for the period ended 31st March, 2005 (Rs. Lacs)	Nil (Nil)	Nil (Nil)	Nil (Nil)
(b) not dealt with in the accounts of the Company for the period ended 31st March, 2005 (Rs. Lacs)	-11,26.52 (-10,24.03)	39.52 (-81.17)	-5,67.54 (-2,78.12)
4 Net aggregate amount of profits/ losses of the subsidiary for the previous financial year so far as they concern the members of the Company :			
(a) dealt with in the accounts of the Company for the period ended 31st March, 2004 (Rs. Lacs)	Nil (Nil)	Nil (Nil)	Nil (Nil)
(b) not dealt with in the accounts of the Company for the period ended 31st March, 2004 (Rs. Lacs)	-10,24.03 (-7,44.39)	81.18 (-2,78.81)	-2,78.12 (-1,04.55)

Figures in brackets are in respect of the previous year.

On behalf of the Board of Directors,

T.M. Elavia
Company Secretary

H.V. Goenka
Paras K. Chowdhary

Vice Chairman
Managing Director

Mumbai, 29th June, 2005

DIRECTORS' REPORT

The Directors have pleasure in presenting their Twenty-third Annual Report with Audited Statements of Accounts for the period ended 31st March, 2005.

(1) FINANCIAL RESULTS

	For the year ended 31.03.2005	For the year ended 31.03.2004
	Rs. 000's	Rs.000's
Income	30,06	1,42,29
Profit/(Loss) Before Taxation	(2,32,18)	(2,79,65)
Provision for Taxation	—	—
Profit/(Loss) after Taxation	(2,32,18)	(2,79,65)
Income Tax Adjustments of earlier years	(18,19)	—
Transfer from General Reserve	1,47.89	—
Deficit brought forward from the last year	(10,24,04)	(7,44,39)
Deficit carried forward	(11,26,52)	(10,24,04)

(2) DIVIDEND

In view of the losses, the Directors decided against recommending any dividend.

(3) DEBENTURES

The Company, during the year under review, at the request of the debenture holders, had rolled over Fifth Series Unsecured fully convertible debentures of Rs. 10/- each for a further period of 4 years upto 4th December, 2008.

(4) DIRECTORS

Mr. S. K. Tamhane and Mr. V. Sridhar resigned from the directorship of the Company with effect from 27th June, 2005. The Board has placed on record its appreciation of the invaluable contribution made by Mr. Tamhane and Mr. Sridhar during their tenure of directorship.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company Messrs. A.J. Menon and Prem Kapil retire by rotation and, being eligible, offer themselves for re-appointment.

(5) EMPLOYEES

The Company had no employees of the category specified under section 217 (2A) of the Companies Act, 1956 during the year under review.

(6) DIRECTORS' RESPONSIBILITY STATEMENT

As specifically provided under the Companies Act, 1956, your Directors state:

- that in the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- that 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 true and fair view of the state of affairs of the Company in the Balance Sheet as at the end of the Financial Year ended 31st March, 2005 and of the Profit and Loss Account for the said financial year.
- that proper and sufficient care for the maintenance of proper accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities have been taken.
- That the annual accounts have been prepared on 'going concern' basis.

(7) AUDITORS

Shareholders are requested to appoint the Auditors and fix their remuneration.

Mr. H. M. Merchant, Chartered Accountant, the retiring auditor, has informed the Company that he is eligible for re-appointment.

On behalf of the Board of Directors,

Mumbai,
28th June, 2005

T. M. ELAVIA
CHAIRMAN

Registered Office:
463, Dr. Annie Besant Road,
Worli,
MUMBAI – 400 030.

AUDITORS' REPORT**TO THE MEMBERS OF CEAT VENTURES LIMITED**

1. I have audited the attached Balance Sheet of **CEAT VENTURES LIMITED** as at March 31, 2005, the Profit and Loss Account and also the Cash Flow Statement of the Company ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I conducted the audit in accordance with auditing standards generally accepted in India. Those Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, I enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to my comments in the Annexure referred to in paragraph 3 above, I report that:
 - (i) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purposes of my audit;
 - (ii) In my opinion, proper books of account as required by law have been kept by the Company so far as appears from my examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In my opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, I report that none of the directors are disqualified as on March 31, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In my opinion and to the best of my information and according to the explanations given to me, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2005;
 - (b) In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the Cash Flow for the year ended on that date.

H M MERCHANT
Chartered Accountant
Membership No. 6455

Place: Mumbai
Date: 27th April, 2005

ANNEXURE TO THE AUDITORS' REPORT**ANNEXURE REFERRED TO IN PARA 3 OF THE AUDITORS REPORT TO MEMBERS OF CEAT VENTURES LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2005.**

- (i) The Company is an investment company. Further, it does not have any Fixed Assets or Inventory. Hence clause 4 (i), (ii), (iv) & (viii) of the Order is not applicable.
- (ii) The Company has not taken / granted loans from / to Companies, Firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (iii) To the best of my knowledge and belief and according to the information and explanations given to me, there are no transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 and hence Clause 4 (v) & (xviii) of the Order is not applicable.
- (iv) The Company has not accepted any deposits from the public and hence the Directives issued by the Reserve Bank of India (RBI) for Non-Banking Financial Companies are not applicable to the company.
- (v) The scope and coverage of the Internal Audit System needs to be enlarged to make it commensurate with the size and operation of the business.
- (vi) (a) According to the information and explanations provided to me, the Company is generally regular in depositing with appropriate authorities undisputed income tax and other material statutory dues applicable to it.
(b) According to the information and explanations provided to me, there are no amounts of Statutory dues which remain unpaid as on the Balance Sheet date.
- (vii) As at the Balance Sheet date, the company does not have accumulated losses exceeding 50% of its net worth. After adding back the provision made for diminution in value of investments and provision for Non Performing Assets to the profit, the Company has not incurred cash losses in the financial year and the immediately preceding financial year.
- (viii) In my opinion and according to the information and explanations given to me, the Company has no borrowing from bank or financial institution.
- (ix) According to the information and explanations given to me, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (x) The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- (xi) According to the information and explanations given to me, the Company is not dealing in shares, securities and debentures. Therefore, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- (xii) The Company has pledged the shares of two companies with the Cost Value of Rs.1019.96 lacs to the bank / financial institution for loans taken by the respective Company from banks and financial institutions. I have been informed that the shares have been pledged in the capacity of promoters and therefore I am unable to comment whether the terms and conditions are prejudicial to the interest of the company.
- (xiii) During the financial year the company has not obtained any term loan during the year and hence clause 4(xvi) and (xvii) of the Order relating to utilization of the said loan is not applicable.
- (xiv) According to the information and explanations given to me, the Company has not issued any secured debentures during the period covered by my report. Accordingly, the provisions of clause 4 (xix) of the Order are not applicable to the Company.
- (xv) During the period covered by my audit report, the Company has not raised any money by way of a public issue.
- (xvi) To the best of my knowledge and belief and according to the information and explanations given to me, no material fraud on or by the Company has been noticed or reported during the course of my audit.

H M MERCHANT
Chartered Accountant
Membership No. 6455

Place: Mumbai
Date: 27th April, 2005

CEAT VENTURES LIMITED

BALANCE SHEET
as at 31st March, 2005

	Schedule	As at 31.03.2005 Rs. '000	As at 31.12.2004 Rs. '000
SOURCES OF FUNDS			
1) Shareholders' Funds			
a) Share Capital	A	39,99,95	39,99,95
b) Reserves & Surplus	B	13,17	1,61,05
		<u>40,13,12</u>	<u>41,61,00</u>
2) Unsecured Loans	C	51,02,70	54,05,88
Total		<u>91,15,82</u>	<u>95,66,88</u>
APPLICATION OF FUNDS			
1) Investments	D	46,13,14	40,77,42
2) Current Assets, Loans & Advances	E	36,09,13	44,84,96
Less : Current Liabilities & Provisions	F	<u>2,32,97</u>	<u>19,53</u>
		33,76,17	44,65,43
3) Debit Balance in Profit & Loss Account		11,26,52	10,24,03
Total		<u>91,15,82</u>	<u>95,66,88</u>
Notes	G		

As per our Report annexed

H.M. Merchant
Chartered Accountant
Membership No. 6455

I. I. KHAN
Whole Time Director
& Company Secretary

On behalf of the Board of Directors,

T. M. ELAVIA
U. BANERJEE } Director

Mumbai, 27th April, 2005

Mumbai, 27th April, 2005

PROFIT & LOSS ACCOUNT
for the year ended 31st March, 2005

	Schedule	Current Year 31.03.2005 Rs. '000	Previous Year 31.03.2004 Rs. '000
INCOME			
Dividend - Gross		20,27	18,68
Interest - Gross	H	—	1,06,77
Interest Income-tax		9,79	—
Profit on Sale of Investments		—	15,94
Provision no longer required		—	90
		<u>30,06</u>	<u>1,42,29</u>
EXPENDITURE			
Provision for Diminution in value of Investment		1,90,06	2,52,13
Provision against Non Performing Assets		67,43	1,36,68
Other Expenses	I	4,75	33,13
		<u>2,62,24</u>	<u>4,21,94</u>
Profit/(Loss) before Taxation		(2,32,18)	(2,79,65)
Provision for Taxation		—	—
Profit / (Loss) after Taxation		(2,32,18)	(2,79,65)
Income Tax Adjustments of earlier Years		(18,20)	—
Deficit Brought Forward From Last Year		(10,24,03)	(7,44,39)
Transfer from General Reserve		1,47,89	—
AMOUNT CARRIED TO BALANCE SHEET		<u>(11,26,52)</u>	<u>(10,24,03)</u>
Notes to accounts	G		

As per our Report annexed

H.M. Merchant
Chartered Accountant
Membership No. 6455

I. I. KHAN
Whole Time Director
& Company Secretary

On behalf of the Board of Directors,

T. M. ELAVIA
U. BANERJEE } Director

Mumbai, 27th April, 2005

Mumbai, 27th April, 2005

Cash flow Statement for the year ended 31st March, 2005

	31.03.2005 Rs. 000		31.03.2004 Rs. 000
A CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax	(2,32,18)		(2,79,65)
Adjustments for :			
(Profit)/Loss on sale of investments		(15,94)	
Dividend Earned	(20,27)	(18,68)	
Interest Earned	(9,79)	(1,06,78)	
Provision for Non - Performing Assets	67,43	-	
Provision for Diminution in Value of Investments	1,90,06	2,52,14	
Provisions no longer required written back		-	
	2,27,43		1,10,74
Operating Profit before working capital changes	(4,75)		(1,68,91)
Adjustments for :			
Variation in Curr.Assets	(2,91,04)	18,77,12	
Variation in Curr. Liabilities	2,17,72	(9,82,64)	
	5,08,76		8,94,48
Cash generated from Operations	5,04,01		7,25,57
Direct Taxes refund / (paid)	59,80	28,44	
	59,80		28,44
Cash flow before extraordinary items	5,63,81		7,54,01
Extraordinary Item	—		—
Net Cash from Operating Activities	5,63,81		7,54,01
B CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Investments	(7,25,78)	(5,51,11)	
(Profit)/Loss on sale of investments	—	15,94	
Interest received	9,79	1,06,78	
Dividend received	20,27	18,68	
Loans/Deposits to Companies	(35,16,82)	(40,07,07)	
Proceeds from Loans/Deposits to Companies	39,55,08	27,05,35	
Net Cash from Investing Activities	(2,57,46)		(17,11,43)
C CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid to Holding company	—	(21,40)	
Loan from Holding Company includes Interest receiveables	2,53	10,25,43	
Loan Repaid to Holding Company	(3,10,00)	(45,72)	
Net Cash generated/(used) in Financing Activities	(3,07,47)		9,58,31
Net Increase/(Decrease) in Cash & Cash equivalent (A+B+C)	(1,12)		89
Opening Balance -Cash & Cash Equivalents	4,84		3,95
Closing Balance -Cash & Cash Equivalents	3,72		4,84

Note :

1. Previous year's figures have been regrouped wherever necessary.
2. Cash and Bank Balances as per accounts have been classified as Cash and Cash Equivalents.
3. All figures in brackets are outflows.

As per my Report annexed

H M MERCHANT
Chartered Accountant
Membership No. 6455

I. I. KHAN
Whole Time Director
& Company Secretary

On behalf of the Board of Directors,

T. M. ELAVIA
U. BANERJEE

} Directors

Mumbai, 27th April, 2005

Mumbai, 27th April, 2005

CEAT VENTURES LIMITED

SCHEDULE A - Share Capital

	As at 31.03.2005 Rs. '000	As at 31.03.2004 Rs. '000
Authorised		
5,99,99,500 Equity Shares of Rs.10 each	59,99,95	59,99,95
50 12.5% Redeemable Preference Shares of Rs.100 each	5	5
	<u>60,00,00</u>	<u>60,00,00</u>
Issued Subscribed and Paid-up		
3,99,99,500 Equity Shares of Rs.10 each fully paid	39,99,95	39,99,95
	<u>39,99,95</u>	<u>39,99,95</u>

(All Shares are held by CEAT LTD and its nominees)

SCHEDULE B - Reserves and Surplus

	As at 31.03.2005 Rs. '000	As at 31.03.2004 Rs. '000
Capital Redemption Reserve	5	5
General Reserve	—	1,47,89
Special Reserve Fund	13,12	13,12
	<u>13,17</u>	<u>1,61,05</u>

SCHEDULE C - Unsecured Loans

	As at 31.03.2005 Rs. '000	As at 31.03.2004 Rs. '000
a) Debentures	8,05,29	8,05,29
b) Loan - From Holding Company	37,67,15	40,70,33
c) Interest Accrued & Due	5,30,26	5,30,26
	<u>51,02,70</u>	<u>54,05,88</u>

SCHEDULE D - Investments (Trade)

	Face Value (Rs.)	Holdings (Nos.)	As at 31.03.2005 Rs.000	As at 31.03.2004 Rs.000
SCHEDULE D - Investments (Trade)				
QUOTED (Valued at Cost)				
Equity Shares - Fully Paid				
CEC LTD. * See Note 5(a) and 5 (d) of Schedule G	10	10,20,356	6,88,26	6,13,48
CFL Capital Services Ltd.	10	31,17,400	6,96,70	6,96,70
Harrisons Malayalam Ltd.	10	7,28,000	8,08,91	8,08,91
KEC International Ltd. * *	10	7,00,151	8,68,24	24
Phillips Carbon Black Ltd.	10	163	10	10
RPG Transmission Ltd.	10	37,300	30,10	30,10
RPG Cables Ltd. - See Note 5 (b) and 5 (c) of Schedule G	10	5,72,481	3,31,70	3,31,70
RPG Life Sciences Ltd	10	1,58,640	79,16	79,16
Saregama India Ltd	10	260	7	7
Zensar Technologies Ltd.	10	10,72,138	1,52,57	1,52,57

* Acquired 124636 Shares during the year by way of Subscription to the Right issue.

* * Acquired 700000 Shares during the year by way of Conversion of Partly Paid shares into Fully Paid shares

Equity Shares - Partly Paid up				
K E C International Ltd. (Rs.2.50 paid up)	—	—	—	2,17,00

UNQUOTED (VALUED AT COST) Equity Shares - Fully Paid

Associated Ceat Holdings Company (Private) Ltd.	10	9,00,000	59,06	59,06
Adapt Investments Ltd.	10	9,700	1,96	1,96

	Face Value (Rs.)	Holdings (Nos.)	As at 31.03.2005 Rs.000	As at 31.03.2004 Rs.000
Adorn Investments Ltd.	10	10,500	3,18	3,18
Brabourne Investments Ltd.	10	1,52,000	1,52,03	1,52,03
Chattarpoti Investments Ltd.	100	2,69,000	2,69,00	2,69,00
Eastern Aviation & Industries Ltd.	10	5,00,000	50,00	50,00
Off-Shore India Ltd.	10	19,61,000	1,96,10	1,96,10
RPG Communications Holdings Ltd.	10	21,85,000	2,18,50	2,18,50
Rado Tyres Ltd.	10	8,03,175	80,32	80,32
Trade Apartments Ltd.	10	13,72,500	1,37,25	1,37,25
Yield investments Ltd.	10	21,72,500	2,17,25	2,17,25
Zero % Optional-Convertible Debentures				
Trikaya Goods Services Pvt Ltd	100	5,00,000	5,00,00	5,00,00
			<u>55,40,46</u>	<u>48,14,68</u>
Less : Diminution in Value of Investments			9,27,32	7,37,26
			<u>46,13,14</u>	<u>40,77,42</u>

Aggregate Cost of Quoted Investments	36,55,82	29,30,04
Aggregate Cost of UnQuoted Investments	18,84,64	18,84,64
Market Value of Quoted Investments	62,58,62	20,75,59

SCHEDULE E - Current Assets, Loans and Advances

	As at 31.03.2005 Rs.'000	As at 31.03.2004 Rs.'000
a) Current Assets		
(i) Dividend/Interest Receivable	3,05,38	4,11,03
Less: Provision for Doubtful Interest/Dividend	3,05,38	—
	—	-3,05,38
(ii) Receivable - Sales of Investments	—	2,52,82
(iii) Cash and Bank Balances		
Balances in Current Account with Scheduled Banks	3,72	4,84
	<u>3,72</u>	<u>3,63,31</u>
b) Loans and Advances		
Unsecured - Considered Good		
(i) Loans/Advances to Companies	35,15,55	39,53,81
(ii) Advance for Purchase of Shares/Debentures	—	4,25
Less : Provision for Doubtful amount	—	4,25
	—	—
(iii) Advance Payment of Income Tax (Net of Provision)	89,86	1,67,84
	<u>36,09,13</u>	<u>44,84,96</u>

SCHEDULE F - Current Liabilities & Provisions

	As at 31.03.2005 Rs.'000	As at 31.03.2004 Rs.'000
Other Liabilities	19,21	19,53
Overdrawn Balance with Bank	2,13,76	—
	<u>2,32,97</u>	<u>19,53</u>

SCHEDULE G - Interest (Gross) earned on

Interest (Gross) earned on :	Current Year 31.03.2005 Rs.'000	Previous Year 31.03.2004 Rs.'000
Inter Corporate Deposits	—	1,03,67
Interest Others	—	3,10
	—	1,06,77
Tax Deductable at source on interest Nil (Previous Year Rs.25,25,147/-)		

SCHEDULE H - Other Expenses

	Current Year 31.03.2005 Rs.'000	Previous Year 31.03.2004 Rs.'000
Legal & Professional Charges	5	—
Audit Fees	17	27
Other Matters	11	28
Interest on Income Tax	—	27,04
Other Expenses	4,00	4,98
Printing and Stationery	16	12
Miscellaneous Expenses	26	41
	4,75	33,13

SCHEDULE G - Notes to Accounts**1. Significant Accounting Policies:**

- a) Investments are shown at cost of acquisition inclusive of incidental expenses.
- b) Investments held by the Company are of long-term nature, which are carried at cost. Provision against diminution in the value of investment has been made in case diminution is considered as other than temporary, as per the criteria laid down by the Board of Directors after considering that such investments are of strategic in nature.
- c) Revenue Recognition :
- Income is recognised on accrual basis except in respect of assets classified as Non-Performing Assets (NPA). Classification of loans and advances as NPA and provision for doubtful advances is in accordance with relevant RBI guidelines, except for amounts realised after the balance sheet date that are recognised in arriving at the year-end classification.
- d) Taxation:
- The current year provision for taxation is based on Income Tax laws. Deferred tax is recognised as timing difference between the book profit and income tax profit .
- e) Expenses are accounted for on accrual basis.

2. The Company has not recognised Deferred Tax Asset on carry forward loss on account of uncertainty of taxable profit in future.

3. Contingent Liabilities

Income Tax demands for which the Company is in appeal, Rs.56.63 lacs (Previous year Rs 80.54 lakhs).

4. Debentures represent:

- a) 40,52,867 Zero Coupon Unsecured Fully Convertible Debentures (Fifth Series) of Rs.10/- each. These debentures were convertible into fully paid Equity Shares of

Rs.10/- each on the expiry of three years from the date of allotment i.e. 5th December, 1996. These debentures were rolled over at the request of the debenture holder for a further period of 4 years

- b) At the further request of Debenture holder, the said debentures which had fallen due for redemption on 5th December 2003 have been rolled over for a period of 3 years.
- c) 40,00,000 Zero Coupon Unsecured Fully Convertible Debentures (Sixth Series) of Rs.10/- each. These debentures shall be converted into fully paid Equity Shares of Rs.10/- each on the expiry of seven years from the date of allotment i.e.27th October, 1997. The debentures can be bought back by the Company, if they are offered for sale by the debenture holders. The Company had issued 90,00,000 such debentures out of which 50,00,000 debentures have been bought back.
- d) At the further request of Debenture holder, the said debentures which had fallen due for redemption on 26th October 2004 have been rolled over for a period of 3 years.
5. Investments
- (a) The Company has pledged its shareholding of CESC Limited in favour of IDBI Trusteeship Services Limited, which acts as Trustee for the benefit of secured lenders of CESC Limited.
- (b) The Company has given an undertaking to financial institution which has given loan to RPG Cables Ltd. (a company in which Upcom Cables Ltd. is merged) for non-disposal of its share-holdings in those companies till repayment of loans by them.
- (c) The Company has pledged its shareholding in RPG Cables Limited for securing advances made by certain Banks to RPG Cables Limited.
- (d) The Company has given an undertaking for non-disposal of its shareholding in CESC Limited in favour of the lender of CESC Limited.

6. Company is holding 350000 equity shares of Rs. 10/- each from KEC International Ltd being the bonus shares.

7. As at the balance sheet date, inter corporate deposits of Rs.3123.85 lakhs are outstanding from companies having negative networth as per the latest available audited financial statements of those companies. However these deposits are considered good and recoverable, since it has the support of its group Companies.

8. Accounting Standard 18 - Related Party Disclosures is not applicable as the company is not listed entity and its turnover is below the threshold of Rs. 50 crores.

10. The additional information pursuant to Part II of Schedule VI to the Companies Act, 1956 is NIL

11. Earnings in Foreign Currency (in lakhs)	2005	2004
Dividend received from		
Associated CEAT Holding Co.(P) Ltd	1.99	1.98

12. Previous years figures are regrouped wherever necessary

As per our Report annexed

H.M. Merchant
Chartered Accountant
Membership No. 6455

On behalf of the Board of Directors,

I. I. KHAN
Whole Time Director
& Company Secretary

T. M. ELAVIA
U. BANERJEE } **Director**

Mumbai, 27th April, 2005

Mumbai, 27th April, 2005

Information pursuant to Part IV of Schedule VI to the Companies Act 1956**Balance Sheet Abstract and Company's General Business Profile****I Registration Details**

Registration No.

27344

State Code

Balance Sheet Date

31/3/05

11

II Capital raised during the year (Rs.'000s)

Public Issue

Nil

Rights Issue

Nil

Bonus Issue

Nil

Private Placement

Nil

III Position of Mobilisation of Deployment of Funds (Rs.'000s)

Sources of Funds

Total Liabilities

911582

Total Assets

911582

Paid up Capital

399995

Reserves and Surplus

1317

Secured Loans

Nil

Unsecured Loans

510270

Application of Funds

Net Fixed Assets

Nil

Investments

461314

Net Current Assets

337617

Misc. Expenditure

Nil

Accumulated Losses

112652

IV Performance of the Company (Rs. '000s)

Turnover

3006

Total Expenditure

26224

Profit/Loss before Tax

-23218

Profit/Loss after Tax

-23218

Earnings per Share in Rs.

0.00

Dividend Rate

Nil

V Generic names of three principal products/ services of the Company (as per monetary terms)

Product Description

Investment Company

Item Code No.

Not Applicable

As per our Report annexed

H.M. MerchantChartered Accountant
Membership No. 6455I. I. KHAN
Whole Time Director
& Company Secretary

Mumbai, 27th April, 2005

On behalf of the Board of Directors,

T. M. ELAVIA
U. BANERJEE

Director

Mumbai, 27th April, 2005

CEAT VENTURES LIMITED

Schedule to the Balance Sheet of a Non-Banking Financial Company- 31st March 2005

Particulars	Rs. 000				
Liabilities Side			Long Term Investments		
1 Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:	Amount Outstanding	Amount Overdue	1. Quoted:		
(a) Debentures : Secured			(i) Shares: (a) Equity- Including Partly Paid	36,55,82	
: Unsecured	8,05,29	0	(b) Preference	0	
(other than falling within the meaning of public deposits*)			(ii) Debentures and Bonds	0	
(b) Deferred Credits	0	0	(iii) Units of Mututal Funds	0	
(c) Term Loans	0	0	(iv) Government securities	0	
(d) Intercompany Loans and borrowing	0	0	(v) Others	0	
(e) Commercial Papers	0	0	2. Unquoted		
(f) Public Deposits	0	0	(i) Shares: (a) Equity	13,84,64	
(g) Other Loans- from Holding Company	42,97,41	0	(b) Preference	0	
2 Break-up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):			(ii) Debentures and Bonds	5,00,00	
(a) In the form of Unsecured debentures	0	0	(iii) Units of Mututal Funds	0	
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	0	0	(iv) Government securities	0	
© Other public deposits	0	0	(v) Others	0	
Assets Side			6 Borrower group-wise classification of all leased assets stock-on-hire and loans and advances		
3 Break-up of Loans and Advances including bills receivables (other than those included in (4) below):	Amount Outstanding		Category	Amount net of provisions	
(a) Secured	0			Secured	Unsecured Total
(b) Unsecured	35,15,55		1 Related parties		
4 Break-up of Leased assets and stock on hire and hypothecation loans counting towards EL/HP activities			(a) Subsidiaries	0	0 0
(i) Lease assets including lease rentals under sundry debtors:			(b) Companies in the same group	0	0 0
(a) Financial lease	0		(c) Other related parties	0	0 0
(b) Operating lease	0		2 Other than related parties	0	35,15,55 35,15,55
(ii) Stock on hire including hire charges under sundry debtors:			Total	0	35,15,55 35,15,55
(a) Assets on hire	0		7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):	Market Value Break-up Value	Book Value (Net of Provisions) NAV
(b) Repossessed assets	0		1 Related parties		
(iii) Hypothecation loans counting towards EL/HP activities			(a) Subsidiaries		
(a) Loans where assets have been repossessed	0		(b) Companies in the same group		
(b) Loans other than (a) above	0		(c) Other related parties	0	0
5 Break-up of Investments			2 Other than related parties: Quoted	62,58,61	29,82,24
Current Investments:			Unquoted	4,02,22	16,30,90
1. Quoted:			Total	66,60,83	46,13,14
(i) Shares: (a) Equity	0		8 Other Information		
(b) Preference	0		Particulars		Amount
(ii) Debentures and Bonds	0		(i) Gross Non-Performing Assets		
(iii) Units of Mututal Funds	0		(a) Related Parties		0
(iv) Government securities	0		(b) Other than related parties		67,43
(v) Others	0		(ii) Net Non-performing Assets		
2. Unquoted			(a) Related Parties		0
(i) Shares: (a) Equity	0		(b) Other than related parties		0
(b) Preference	0		(iii) Assets acquired in satisfaction of debt		0
(ii) Debentures and Bonds	0				
(iii) Units of Mututal Funds	0				
(iv) Government securities	0				
(v) Others	0				

On behalf of the Board of Directors,

I. I. KHAN
Whole Time Director
& Company Secretary

T. M. ELAVIA
U. BANERJEE } Director

Mumbai, 27th April, 2005

Mumbai, 27th April, 2005

DIRECTORS' REPORT

Your Directors present herewith their Twenty-Sixth Annual Report with Audited Statements of Accounts for the period ended 31st March, 2005.

FINANCIAL RESULTS

	For the year ended 31.03.2005 Rs. 000's	For the year ended 31-03-2004 Rs. 000's
Income	11,25	2,84,89
Profit/(Loss) Before Taxation	(3,57,38)	(4,22,67)
Provision for Taxation-		
- Current	—	(48,00)
- Deferred	—	88,00
Profit/(Loss) after Taxation	(3,57,38)	(3,82,67)
Income tax adjustment of Earlier Years	(34)	—
Surplus/(Deficit) brought forward from the last year	(2,78,12)	1,04,55
Transfer from General Reserve	68,30	—
Deficit carried forward	(5,67,54)	(2,78,12)

DIVIDEND

In view of the losses suffered by the Company, Directors regret their inability to recommend any dividend.

DIRECTORS

Mr. V. Sridhar resigned from the directorship of the Company with effect from 27th June, 2005. The Board has placed on record its appreciation of the invaluable contribution made by Mr. Sridhar during his tenure of directorship.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Messrs. T. M. Elavia and A. J. Menon retire by rotation and being eligible, offer themselves for re-appointment.

EMPLOYEES

The Company had no employees of the category specified under section 217(2A) of the Companies Act, 1956 during the period under review.

DIRECTORS' RESPONSIBILITY STATEMENT

As specifically required under the Companies Act, 1956, your Directors state:

- that in the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- that 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 true and fair view of the state of the affairs of the Company in the Balance Sheet as at the end of the financial year ended 31st March, 2005 and of the Profit & Loss Account for the said financial year.
- that proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities have been taken.
- That the annual accounts have been prepared on 'going concern' basis.

AUDITORS

Shareholders are requested to appoint the Auditors and fix their remuneration.

Mr. H.M.Merchant, Chartered Accountant, the retiring auditor, has informed the Company that he is eligible for re-appointment.

On behalf of the Board of Directors

Mumbai
28th June, 2005

T. M. ELAVIA
CHAIRMAN

Registered Office:
463, Dr. Annie Besant Road,
Worli,
MUMBAI 400 030.

AUDITORS' REPORT

TO THE MEMBERS OF CEAT HOLDINGS LIMITED

1. I have audited the attached Balance Sheet of **CEAT HOLDINGS LIMITED** as at March 31, 2005, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I conducted my audit in accordance with auditing standards generally accepted in India. Those Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, I enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to my comments in the Annexure referred to in paragraph 3 above, I report that:
 - (i) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purposes of my audit;
 - (ii) In my opinion, proper books of account as required by law have been kept by the Company so far as appears from my examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In my opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, I report that none of the directors is disqualified as on March 31, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In my opinion and to the best of my information and according to the explanations given to me, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2005
 - (b) In the case of the Profit and Loss Account, of the loss for the year ended on that date;
 - (c) In the case of the Cash Flow Statement, of the Cash Flow for the year ended on that date.

H. M. MERCHANT
Chartered Accountant

Partner
Membership No.6455

Mumbai, 27th April, 2005

ANNEXURE TO THE AUDITORS' REPORT

ANNEXURE REFERRED TO IN PARA 3 OF THE AUDITORS REPORT TO MEMBERS OF **CEAT HOLDINGS LIMITED** ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2005.

- (i) The Company is an investment company. Further, it does not have any Fixed Assets or Inventory. Hence clause 4 (i), (ii), (iv) & (viii) of the Order is not applicable.
- (ii) (a) The Company has not taken /granted loans from Companies, Firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
(b) There are no overdue principal amounts of loans and interest.
- (iii) To the best of my knowledge and belief and according to the information and explanations given to me, there are no transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 and hence Clause 4 (v) & (xviii) of the Order is not applicable.
- (iv) The Company has not accepted any deposits from the public and hence the Directives issued by the Reserve Bank of India (RBI) for Non-Banking Financial Companies are not applicable to the company.
- (v) The scope and coverage of the Internal Audit System needs to be enlarged to make it commensurate with the size and operation of the business.
- (vi) (a) According to the information and explanations provided to me, the Company is generally regular in depositing with appropriate authorities undisputed income tax and other material statutory dues applicable to it.
(b) According to the information and explanations provided to me, there are no amounts of Statutory dues which remain unpaid as on the Balance Sheet date.
- (vii) As at the Balance Sheet date, the company does not have accumulated losses exceeding 50% of its net worth. After adding back the provision made for diminution in value of investments and provision for Non Performing Assets to the profit, the Company has not incurred cash losses in the financial year and the immediately preceding financial year.
- (viii) In my opinion and according to the information and explanations given to me, the Company has no borrowing from bank or financial institution.
- (ix) According to the information and explanations given to me, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (x) The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- (xi) According to the information and explanations given to me, the Company is not dealing in shares, securities and debentures. Therefore, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- (xii) The Company has pledged the shares of a company with the Cost Value of Rs. 836.24 lacs to the banks for loan taken by the respective Company from banks. I have been informed that the shares have been pledged in the capacity of promoters and therefore I am unable to comment whether the terms and conditions are prejudicial to the interest of the company.
- (xiii) During the financial year the company has not obtained any term loan during the year and hence clause 4(xvi) and (xvii) of the Order relating to utilization of the said loan is not applicable.
- (xiv) According to the information and explanations given to me, the Company has not issued any secured debentures during the period covered by my report. Accordingly, the provisions of clause 4 (xix) of the Order are not applicable to the Company.
- (xv) During the period covered by my audit report, the Company has not raised any money by way of a public issue.
- (xvi) To the best of my knowledge and belief and according to the information and explanations given to me, no material fraud on or by the Company has been noticed or reported during the course of my audit.

H. M. MERCHANT
Chartered Accountant

Mumbai, 27th April, 2005

Membership No.6455

CEAT HOLDINGS LIMITED

BALANCE SHEET

as at 31st March, 2005

	Schedule	As at 31.03.2005 Rs. '000	As at 31.03.2004 Rs. '000
SOURCES OF FUNDS			
1) Shareholders' Funds			
a) Share Capital	A	40,00,00	40,00,00
b) Reserves & Surplus	B	—	68,30
2) Unsecured Loans	C	104,04,72	100,93,40
Total		144,04,72	141,61,69
APPLICATION OF FUNDS			
1) Investments	D	40,85,07	43,81,40
2) Current Assets, Loans &			
Advances	E	95,09,90	92,60,50
Deferred Tax Asset		2,46,38	2,46,38
Less : Current Liabilities & Provisions	F	4,17	4,70
		97,52,11	95,02,18
Debit Balance in Profit & Loss Account		5,67,54	2,78,12
Total		144,04,72	141,61,69
Notes to Accounts	I		

As per my Report annexed

H M MERCHANT
Chartered Accountant
Membership No. 6455

Mumbai, 27th April, 2005

On behalf of the Board of Directors,

P. BANERJEE
Whole Time Director
& Company Secretary

Mumbai, 27th April, 2005

PROFIT & LOSS ACCOUNT

for the period ended 31st March, 2005

	Schedule	Current Year 31-3-2005 Rs. '000	Previous Year 31-3-2004 Rs. '000
INCOME			
Dividend		3,18	18,05
Interest - Gross	G	6,04	2,62,13
Interest-Income tax		2,03	4,70
Misc Income		-	-
		11,25	2,84,89
EXPENDITURE			
Provision for Diminution in value of Investment		2,96,34	2,42,81
Interest on Fixed Loans		16,00	12,38
Provision against Non Performing Assets		30,75	4,23,40
Other Expenses	H	25,54	28,97
		3,68,63	7,07,55
Profit/(Loss) before Taxation		(3,57,38)	(4,22,67)
Provision for taxation		-	-
- Current		-	48,00
- Deferred		-	(88,00)
Profit after Taxation		(3,57,38)	(3,82,67)
Income Tax Adjustment of Earlier years		(34)	-
Surplus/(Deficit) Brought From Last Year		(2,78,12)	1,04,55
Transfer from General Reserve		68,30	-
PROFIT/(LOSS) CARRIED TO BALANCE SHEET		(5,67,54)	(2,78,12)
Notes to Accounts	I		

As per my Report annexed

H M MERCHANT
Chartered Accountant
Membership No. 6455

Mumbai, 27th April, 2005

On behalf of the Board of Directors,

P. BANERJEE
Whole Time Director
& Company Secretary

Mumbai, 27th April, 2005

CEAT HOLDINGS LIMITED

Cash flow Statement for the year ended 31st March, 2005

	31.03.2005 Rs. 000		31.03.2004 Rs. 000
A CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax	(3,57,38)		(4,22,67)
Adjustments for :			
Dividend Earned	(3,18)	(18,05)	
Interest Earned	(6,04)	(2,66,83)	
Interest expenses	16,00	12,38	
Provision for Non - Performing Assets	30,75	—	
Provision for diminution in value of investment	2,96,34	2,42,81	
	3,33,87	(29,69)	
Operating Profit before working capital changes	(23,51)		(4,52,36)
Adjustments for :			
Variation in Curr.Assets	3,29,75	(16,73,02)	
Variation in Curr. Liabilities	(3,76)	(9,94,01)	
	3,33,51		6,79,01
Cash generated from Operations	3,10,00		2,26,65
Direct Taxes refund / (paid)	48,07	(1,29,94)	
	48,07		(1,29,94)
Cash flow before extraordinary items	3,58,07		96,71
Extraordinary Item	—		—
Net Cash from Operating Activities	3,58,07		96,71
B CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Investments	(1)	(14,36,03)	
Interest received	6,04	2,66,83	
Dividend received	3,18	18,05	
Loans/Deposits To Companies	(94,53,60)	(92,58,91)	
Proceeds from Loans/Deposits To Companies	87,95,91	87,87,12	
Net Cash from Investing Activities	(6,48,48)		(16,22,94)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid to holding company	—	(4,513)	
Loan from Holding Company includes Interest receivables	3,89,03	13,99,64	
Loan Repaid to Holding Company	(82,00)	(15,72)	
Proceeds from Borrowings	—	2,00,00	
Interest paid	(16,00)	(12,38)	
Net Cash generated/(used) in Financing Activities	2,91,03		15,26,41
Net Increase/(Decrease) in Cash & Cash equivalent (A+B+C)	62		18
Opening Balance -Cash & Cash Equivalents	3,37		3,19
Closing Balance -Cash & Cash Equivalents	3,99		3,37

Note :

1. Previous year's figures have been regrouped wherever necessary.
2. Cash and Bank Balances as per accounts have been classified as Cash and Cash Equivalents.
3. All figures in brackets are outflows.

As per my Report annexed

H M MERCHANT
Chartered Accountant
Membership No. 6455

Mumbai, 27th April, 2005

P. BANERJEE
Whole Time Director
& Company Secretary

On behalf of the Board of Directors,

T. M. ELAVIA
U. BANERJEE

} Directors

Mumbai, 27th April, 2005

CEAT HOLDINGS LIMITED

SCHEDULE A - Share Capital

	As at 31.03.2005 Rs. '000	As at 31.03.2004 Rs. '000
Authorised 5,00,00,000 Equity Shares of Rs.10 each	50,00,00	50,00,00
	50,00,00	50,00,00
Issued Subscribed and Paid-up 4,00,00,000 Equity Shares of Rs.10 each fully paid	40,00,00	40,00,00
(All Shares are held by CEAT LTD and its nominees)	40,00,00	40,00,00

SCHEDULE B - Reserves and Surplus

	As at 31.03.2005 Rs. '000	As at 31.03.2004 Rs. '000
General Reserve	—	68,30
	—	68,30

SCHEDULE C - Unsecured Loans

	As at 31.03.2005 Rs. '000	As at 31.03.2004 Rs. '000
a) Debentures	2,75,00	2,75,00
b) Loan - From Holding Company	93,23,36	90,12,04
c) Intercompany Deposit	2,00,00	2,00,00
d) Interest Accrued & Due	6,06,36	6,06,36
	104,04,72	100,93,40

SCHEDULE D - Investments (Trade)

	Face Value (Rs.)	Holdings (Nos.)	As at 31.03.2005 Rs. '000	As at 31.03.2004 Rs. '000
QUOTED (Valued at Cost)				
Equity Shares - Fully Paid				
CFL Capital Financial Services Ltd	10	7,20,100	72,02	72,02
CESC Ltd. *	10	122	15	14
Harrisons Malayalam Ltd.	10	150	15	15
Phillips Carbon Black Ltd.	10	6,32,551	4,00,51	4,00,51
RPG Cables Ltd.-See				
Note 5 (b) of Schedule I	10	15,63,799	8,36,24	8,36,24
RPG Transmission Ltd.	10	11,57,400	9,22,27	9,22,27
RPG Life Sciences Ltd	10	7,410	5,15	5,15
Saregama India Ltd	10	100	1	1
* Acquired 22 Shares during the year by way of Subscription to the Right issue				
UNQUOTED (VALUED AT COST)				
Equity Shares - Fully Paid				
Adapt Investments Ltd.	10	6,500	1,33	1,33
Adorn Investments Ltd.	10	6,500	1,98	1,98
Associated Ceat Holdings Company (Private) Ltd.	10	9,00,000	59,22	59,22
Brentwood Investments Ltd.	100	6,68,000	6,68,00	6,68,00
Consolidated Industrial Fund Ltd.	10	35,90,000	3,59,00	3,59,00

SCHEDULE D - Investments (Trade) (Contd.)

	Face Value (Rs.)	Holdings (Nos.)	As at 31.03.2005 Rs. '000	As at 31.03.2004 Rs. '000
Jubilee Investments & Industries Ltd	10	2,88,149	62,74	62,74
Off-Shore India Ltd.	10	19,29,000	1,90,64	1,90,64
Rado Tyres Ltd.	10	8,03,175	80,32	80,32
RPG Communications Holdings Ltd.	10	39,50,000	5,50,00	5,50,00
Spencer & Company Ltd	10	100	1	1
Trade Apartments Ltd.	10	13,72,500	1,37,25	1,37,25
Yield investments Ltd.	10	21,72,500	2,17,25	2,17,25
Preference Shares - Fully Paid				
B. N. Elias & Company Ltd.	100	2,87,500	2,87,50	2,87,50
Jubilee Investments & Industries Ltd	100	1,75,000	1,75,00	1,75,00
			50,26,74	50,26,72
Less : Diminution in Value of Investments			9,41,67	6,45,33
			40,85,07	43,81,40
Aggregate Cost of Quoted Investments				
			22,36,50	22,36,49
Aggregate Cost of Unquoted Investments				
			27,90,24	27,90,24
Market Value of Quoted Investments				
			13,84,61	7,96,78

SCHEDULE E - Current Assets,

	As at 31.03.2005 Rs. '000	As at 31.03.2004 Rs. '000
Loans and Advances		
a) Current Assets		
(i) Dividend / Interest Receivable	7,51,54	10,18,46
Less : Provision for Doubtful Interest	7,51,54	7,37,08
(ii) Sundry Debtors more than 1 Year	—	79,11
(iii) Cash and Bank Balances		
Balances in Current Account with Scheduled Banks	3,99	3,37
	3,99	3,63,87
b) Loans and Advances		
Unsecured - Considered Good		
(i) Loans/Advances to Companies	94,66,44	88,08,75
Less : Provision for Doubtful amount	14,00	14,00
(ii) Advance for Purchase of Shares /Debentures	—	4,25
Less : Provision for Doubtful amount	—	4,25
(iv) Advance Payment of Income Tax (Net of Provision)	53,47	10,188
	95,09,90	92,60,50

SCHEDULE F - Current Liabilities & Provisions

	As at 31.03.2005 Rs. '000	As at 31.03.2004 Rs. '000
Other Liabilities	4,17	4,70
	4,17	4,70

SCHEDULE G - Interest Income

	Current Year 31.03.2005 Rs.'000	Previous Year 31.03.2004 Rs.'000
i) On Inter-Corporate Deposit	6,04	2,62,13
	6,04	2,62,13

Tax Deducted at source on interest Nil
(Previous Year Rs 53,73,751/-)

SCHEDULE H - Other Expenses

	As at 31.03.2005 Rs.,000	As at 31.03.2004 Rs.'000
Legal & Professional Charges	23	3,94
Membership Fees	47	44
Auditors' Remuneration		
Audit Fees	17	16
Other matters	13	15
Interest on Income Tax	20,69	19,74
Office Expenses	3,68	4,38
Printing & Stationeries	16	12
Miscellaneous Expenses	1	3
	25,54	28,97

SCHEDULE I - Notes to Accounts

1. Significant Accounting Policies:

- Investments are shown at cost of acquisition inclusive of incidental expenses.
- Investments held by the Company are of long-term nature, which are carried at cost. Provision against diminution in the value of investment has been made in case diminution is considered as other than temporary, as per the criteria laid down by the Board of Directors after considering that such investments are of strategic in nature.
- Revenue Recognition :
Income is recognised on accrual basis except in respect of assets classified as Non-Performing Assets(NPA). Classification of loans and advances as NPA and provision for doubtful advances is in accordance with relevant RBI guidelines, except for

amounts realised after the balance sheet date are recognised in arriving at the year-end classification.

- Expenses are accounted for on accrual basis.
- The current year provision for taxation is based on Income tax laws. Deferred tax is recognised as timing difference between the book profit and income tax profit.
- The Company has not recognised Deferred Tax Asset on account of uncertainty of taxable profit in future .
- Contingent Liabilities:
Income Tax Demand for which the company is in appeal Rs.33.58 lakhs (previous year Rs.34.16 lakhs).
- Debentures represent:
27,50,000 Zero Coupon Unsecured Fully Convertible Debentures (V th Series) of Rs.10/- each. These debentures were convertible into fully paid Equity Shares of Rs.10/- each on the expiry of ten years from the date of allotment i.e. 30th March,1997. The debentures could be purchased by the Company any time before conversion/redemption, if they are offered for sale by the debentureholders.
- (a) Company is holding 2500 equity shares of Rs. 10/- each from KEC International Ltd being the bonus shares on the shares sold in the previous years.
(b) The Company has pledged its shareholding in RPG Cables Limited for securing advances made by certain Banks to RPG Cables Limited.
(c) The Company has given guarantee of Rs. 10 Crores to State bank of India and its Consortium in respect of Credit facility extended by them to RPG Cables Limited.
- As at the balance sheet date, inter corporate deposits of Rs.4451.54 lakhs are outstanding from companies having negative networth as per the latest available audited financial statements of those companies. However these deposits are considered good and recoverable, since it has the support of its group Companies..
- Accounting Standard 18 - Related Party Disclosures is not applicable as the company is not listed entity and its turnover is below the threshold of Rs. 50 crores.
- The additional information pursuant to Part II of Schedule VI to the Companies Act, 1956 is NIL
- Earnings in Foreign Currency (in lakhs)

	2005	2004
Dividend received from		
Associated CEAT Holding Co.(P) Ltd	1.99	1.98
- Previous years figures are regrouped wherever necessary

As per my Report annexed

On behalf of the Board of Directors,

H M MERCHANT
Chartered Accountant
Membership No. 6455

Mumbai, 27th April, 2005

P. BANERJEE
Whole Time Director
& Company Secretary

T. M. ELAVIA
U. BANERJEE } Directors

Mumbai, 27th April, 2005

Information pursuant to Part IV of Schedule VI to the Companies Act 1956
Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	21467	State Code	11
Balance Sheet Date	31-03-2005		

II. Capital raised during the year (Rs. '000s)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation of Deployment of Funds (Rs. '000s)

Total Liabilities	1440472	Total Assets	1440472
Sources of Funds			
Paid-up Capital	400000	Reserves and Surplus	NIL
Secured Loans	NIL	Unsecured Loans	1040472
Application of Funds			
Net Fixed Assets	NIL	Investments	408507
Net Current Assets	975211	Misc. Expenditure	NIL
Accumulated Losses	56754		

IV. Performance of the Company (Rs. '000s)

Turnover	604	Total Expenditure	36863
Profit/(Loss) before tax	-35738	Profit/(Loss) After Tax	-35738
Earning Per Share Rs.	-	Dividend Rate %	NIL

V. Generic Names of three Principal products/services of the Company (as per monetary terms)

Product Description	Investment Company
Item Code No.	Not Applicable

H. M. Merchant
Chartered Accountant

Membership No. 6455

Mumbai, 27th April 2005

P. Banerjee
Whole Time Director
& Company Secretary

On behalf of the Board of Directors,

T. M. Elavia

U. Banerjee

Director

Director

Mumbai, 27th April 2005

CEAT HOLDINGS LIMITED

Schedule to the Balance Sheet of a Non-Banking Financial Company- 31st March 2005

Particulars	Rs. 000				
Liabilities Side			Long Term Investments		
1 Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:	Amount Outstanding	Amount Overdue	1. Quoted:		
(a) Debentures : Secured			(i) Shares: (a) Equity	22,36,49	
: Unsecured	2,75,00	0	(b) Preference		0
(other than falling within the meaning of public deposits*)			(ii) Debentures and Bonds	0	
(b) Deferred Credits	0	0	(iii) Units of Mututal Funds	0	
(c) Term Loans	2,00,00	0	(iv) Government securities	0	
(d) Intercompany Loans and borrowing	0	0	(v) Others	0	
(e) Commercial Papers	0	0	2. Unquoted		
(f) Public Deposits	0	0	(i) Shares: (a) Equity	23,27,74	
(g) Other Loans- from Holding Company	99,26,29	0	(b) Preference	4,62,50	
2 Break-up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):			(ii) Debentures and Bonds	0	
(a) In the form of Unsecured debentures	0	0	(iii) Units of Mututal Funds	0	
(b) in the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	0	0	(iv) Government securities	0	
© Other public deposits	0	0	(v) Others	0	
Assets Side			6 Borrower group-wise classification of all leased assets stock-on-hire and loans and advances		
3 Break-up of Loans and Advances including bills receivables (other than those included in (4) below):	Amount Outstanding		Category	Amount net of provisions	
(a) Secured	0			Secured	Unsecured Total
(b) Unsecured	94,66,44		1 Related parties		
4 Break-up of Leased assets and stock on hire and hypothecation loans counting towards EL/HP activities			(a) Subsidiaries	0	0 0
(i) Lease assets including lease rentals under sundry debtors:			(b) Companies in the same group	0	0 0
(a) Financial lease	0		(c) Other related parties	0	0 0
(b) Operating lease	0		2 Other than related parties	0	94,66,44 94,66,44
(ii) Stock on hire including hire charges under sundry debtors:			Total	0	94,66,44 94,66,44
(a) Assets on hire	0		7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):	Market Value Break-up Value	Book Value (Net of or fair value or Provisions) NAV
(b) Repossessed assets	0		1 Related parties		
(iii) Hypothecation loans counting towards EL/HP activities			(a) Subsidiaries		
(a) Loans where assets have been repossessed	0		(b) Companies in the same group		
(b) Loans other than (a) above	0		(c) Other related parties		0 0
5 Break-up of Investments			2 Other than related parties: Quoted	13,84,61	18,68,71
Current Investments:			Unquoted-	4,27,67	22,16,36
1. Quoted:			Total	18,12,28	40,85,07
(i) Shares: (a) Equity	0		8 Other Information		
(b) Preference	0		Particulars		Amount
(ii) Debentures and Bonds	0		(i) Gross Non-Performing Assets		
(iii) Units of Mututal Funds	0		(a) Related Parties		0
(iv) Government securities	0		(b) Other than related parties		30,75
(v) Others	0		(ii) Net Non-performing Assets		
2. Unquoted			(a) Related Parties		0
(i) Shares: (a) Equity	0		(b) Other than related parties		0
(b) Preference	0		(iii) Assets acquired in satisfaction of debt		0
(ii) Debentures and Bonds	0				
(iii) Units of Mututal Funds	0				
(iv) Government securities	0				
(v) Others	0				

On behalf of the Board of Directors,

P. BANERJEE
Whole Time Director
& Company Secretary

T. M. ELAVIA
U. BANERJEE } Directors

Mumbai, 27th April, 2005

Mumbai, 27th April, 2005

METEORIC INDUSTRIAL FINANCE COMPANY LIMITED

DIRECTORS' REPORT

The Directors of your Company have pleasure in presenting their Seventeenth Annual Report with the Audited Statements of Accounts for the period ended 31st March, 2005.

FINANCIAL RESULTS

	For the year ended 31.03.2005	For the year ended 31.03.2004
	Rs. 000's	Rs. 000's
Income	34,56	58,93
Profit/(Loss) Before Taxation	22,81	(1,71,28)
Provision for Taxation		
Current	(11,20)	(20,00)
Deferred:	—	—
Profit/(Loss) after Taxation	11,61	(1,91,28)
Income Tax Adjustments of earlier years	(53,26)	(6,35)
Surplus brought forward from the last year	81,18	2,78,81
Balance carried forward	39,53	81,18

DIVIDEND

With a view to conserve resources, your directors decided not to recommend any dividend.

DIRECTORS

Mr. V. Sridhar resigned from the directorship of the Company with effect from 27th June, 2005. The Board has placed on record its appreciation of the invaluable contribution made by Mr. Sridhar during his tenure of directorship.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. I. I. Khan and Mr. A. J. Menon retire by rotation and being eligible, offer themselves for re-appointment.

EMPLOYEES

The Company had no employees of the category specified under section 217 (2A) of the Companies Act, 1956 during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

As specifically provided under the Companies Act, 1956, your Directors state:

- that in the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- that 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 true and fair view of the state of affairs of the Company in the Balance Sheet as at the end of the Financial Year ended 31st March, 2005 and of the Profit and Loss Account for the said financial year.
- that proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities have been taken.
- that the annual accounts have been prepared on 'going concern' basis.

AUDITORS

Shareholders are requested to appoint the Auditors and fix their remuneration.

Mr. H.M. Merchant, Chartered Accountant, the retiring auditor, has informed the Company that he is eligible for re-appointment.

On behalf of the Board of Directors

Mumbai,
28th June, 2005

T. M.Elavia
Chairman

Registered Office:
463, Dr. Annie Besant Road,
Worli,
MUMBAI 400 030.

METEORIC INDUSTRIAL FINANCE COMPANY LIMITED

AUDITORS' REPORT

TO THE MEMBERS OF METEORIC INDUSTRIAL FINANCE COMPANY LIMITED

1. I have audited the attached Balance Sheet of **METEORIC INDUSTRIAL FINANCE COMPANY LIMITED** as at March 31, 2005, the Profit and Loss Account and also Cash Flow Statement of the Company ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I conducted my audit in accordance with auditing standards generally accepted in India. Those Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, I enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to my comments in the Annexure referred to in paragraph 3 above, I report that:
 - (i) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purposes of my audit;
 - (ii) In my opinion, proper books of account as required by law have been kept by the Company so far as appears from my examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In my opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, I report that none of the directors is disqualified as on March 31, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In my opinion and to the best of my information and according to the explanations given to me, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2005;
 - (b) In the case of the Profit and Loss Account, of the profit for the year ended on that date;
 - (c) In the case of the Cash Flow Statement, of the Cash Flow for the year ended on that date.

H. M. MERCHANT
Chartered Accountant

Membership No.6455

Mumbai, 27th April, 2005

ANNEXURE TO THE AUDITORS' REPORT

ANNEXURE REFERRED TO IN PARA 3 OF THE AUDITORS REPORT TO MEMBERS OF **METEORIC INDUSTRIAL FINANCE COMPANY LIMITED** ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2005.

- (i) The Company is an investment company. Further, it does not have any Fixed Assets or Inventory. Hence clause 4 (i), (ii), (iv) & (viii) of the Order is not applicable.
- (ii) The Company has not taken/granted loans from/to Companies, Firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (iii) To the best of my knowledge and belief and according to the information and explanations given to me, there are no transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 and hence Clause 4 (v) & (xviii) of the Order is not applicable.
- (iv) The Company has not accepted any deposits from the public and hence the Directives issued by the Reserve Bank of India (RBI) for Non-Banking Financial Companies are not applicable to the company.
- (v) The scope and coverage of the Internal Audit System needs to be enlarged to make it commensurate with the size and operation of the business.
- (vi) (a) According to the information and explanations given to me, the Company is generally regular in depositing with appropriate authorities undisputed income tax and other material statutory dues applicable to it.
(b) According to the information and explanations provided to me, there are no amounts of Statutory dues which remain unpaid as on the balance Sheet date.
- (vii) As at the Balance Sheet date, the company does not have accumulated losses exceeding 50% of its net worth After adding back the provision made for diminution in value of investments and provision for Non Performing Assets to the profit, the Company has not incurred cash losses in the financial year and the immediately preceding financial year. .
- (viii) In my opinion and according to the information and explanations given to me, the Company has no borrowing from bank or financial institution.
- (ix) According to the information and explanations given to me, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (x) The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- (xi) According to the information and explanations given to me, the Company is not dealing in shares, securities and debentures. Therefore, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- (xii) According to the information and explanation given to me, the Company has not given any guarantee for loans taken by others from banks / Financial Institutions.
- (xiii) During the financial year the company has not obtained any term loan during the year and hence clause 4(xvi) and (xvii) of the Order relating to utilization of the said loan is not applicable.
- (xiv) According to the information and explanations given to me, the Company has not issued any secured debentures during the period covered by my report. Accordingly, the provisions of clause 4 (xix) of the Order are not applicable to the Company.
- (xv) During the period covered by my audit report, the Company has not raised any money by way of a public issue.
- (xvi) To the best of my knowledge and belief and according to the information and explanations given to me, no material fraud on or by the Company has been noticed or reported during the course of my audit.

H. M. MERCHANT
Chartered Accountant

Membership No.6455

Mumbai, 27th April, 2005

METEORIC INDUSTRIAL FINANCE COMPANY LIMITED

BALANCE SHEET

as at 31st March, 2005

	Schedule	As at 31.03.2005 Rs. '000	As at 31.03.2004 Rs. '000
SOURCES OF FUNDS			
1) Shareholders' Funds			
Share Capital	A	25,50,01	25,50,01
Reserves & Surplus	B	41,67	83,32
2) Loan Funds			
Unsecured			
a) Loan-From Holdings Company		12,98,99	12,98,92
b) Interest Accrued and Due		5,58,11	5,58,11
Total		44,48,78	44,90,36
APPLICATION OF FUNDS			
1) Investments	C	2,65	2,65
2) Current Assets, Loans &			
Advances	D	44,47,77	44,89,29
Deferred Tax assets		2,58	2,58
Less : Current Liabilities & Provisions	E	4,22	4,16
Total		44,46,13	44,87,71
Notes to Accounts	H	44,48,78	44,90,36

As per my Report annexed

H M MERCHANT
Chartered Accountant
Membership No. 6455

Mumbai, 27th April, 2005

On behalf of the Board of Directors,

NINA TRIVEDI
Whole Time Director
& Company Secretary

T. M. ELAVIA
U. BANERJEE } Directors

Mumbai, 27th April, 2005

PROFIT & LOSS ACCOUNT

for the period ended 31st March, 2005

	Schedule	Current Year 31-3-2005 Rs. '000	Previous Year 31-3-2004 Rs. '000
INCOME			
Interest - Gross	F	—	48,63
Interest Income tax		34,56	9,90
Provision no longer required		—	41
		34,56	58,93
EXPENDITURE			
Provision against Non Performing Assets		6,25	2,20,31
Other Expenses	G	5,50	9,90
		11,75	2,30,21
Profit / (Loss) before Taxation		22,81	(1,71,28)
Provision for Taxation			
— Current		11,20	20,00
— Deferred		—	—
Profit / (Loss) after Taxation		11,61	(1,91,28)
Income Tax Adjustments of Earlier Years		(53,26)	(6,36)
Surplus / (Deficit) Brought From Last Year		81,18	2,78,81
Amount Transfer To Balance Sheet		39,53	81,18
NOTES to Accounts	H		

As per my Report annexed

H M MERCHANT
Chartered Accountant
Membership No. 6455

Mumbai, 27th April, 2005

On behalf of the Board of Directors,

NINA TRIVEDI
Whole Time Director
& Company Secretary

T. M. ELAVIA
U. BANERJEE } Directors

Mumbai, 27th April, 2005

METEORIC INDUSTRIAL FINANCE COMPANY LIMITED

Cash flow Statement for the year ended 31st March, 2005

	31.03.2005 Rs. 000		31.03.2004 Rs. 000
A CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax	22,81		(1,71,28)
Adjustments for :			
Interest Earned	(34,56)	(58,52)	
Provision for Non - Performing Assets	6,25	-	
	(28,31)		(58,52)
Operating Profit before working capital changes	(5,50)		(2,29,80)
Adjustments for :			
Variation in Curr.Assets	(42,38)	(5,92,45)	
Variation in Curr. Liabilities	3,76	(13)	
	46,14		5,92,32
Cash generated from Operations	40,64		3,62,52
Direct Taxes refund / (paid)	(27,85)	(11,10)	
	(27,85)		(11,10)
Cash flow before extraordinary items	12,78		3,51,42
Extraordinary Item			
Net Cash from Operating Activities	12,78		3,51,42
B CASH FLOW FROM INVESTING ACTIVITIES			
Interest received	34,56	58,52	
Loans/Deposits to Companies	(44,38,43)	(46,66,40)	
Proceeds from Loans/Deposits to Companies	43,94,47	42,46,58	
Net Cash from Investing Activities	(9,40)		(3,61,30)
C CASH FLOW FROM FINANCING ACTIVITIES			
Loan from Holding Company includes Interest receivables	29,88	79,72	
Loan Repaid to Holding Company	(33,50)	(70,00)	
Net Cash generated/(used) in Financing Activities	(3,62)		9,72
Net Increase/(Decrease) in Cash & Cash equivalent (A+B+C)	(24)		(16)
Opening Balance -Cash & Cash Equivalents	1,45		1,61
Closing Balance -Cash & Cash Equivalents	1,21		1,45

Note :

1. Previous year's figures have been regrouped wherever necessary.
2. Cash and Bank Balances as per accounts have been classified as Cash and Cash Equivalents.
3. All figures in brackets are outflows.

As per my Report annexed

H M MERCHANT
Chartered Accountant
Membership No. 6455

Mumbai, 27th April, 2005

NINA TRIVEDI
Whole Time Director
& Company Secretary

On behalf of the Board of Directors,

T. M. ELAVIA
U. BANERJEE

Directors

Mumbai, 27th April, 2005

METEORIC INDUSTRIAL FINANCE COMPANY LIMITED

SCHEDULE A - Share Capital

	As at 31.03.2005 Rs. 000	As at 31.03.2004 Rs. 000
Authorised		
2,99,99,950 Equity Shares of Rs.10 each	29,99,99	29,99,99
5- 14% Non cumulative Redeemable Preference shares of Rs.100 each	1	1
	<u>30,00,00</u>	<u>30,00,00</u>
Issued Subscribed and Paid-up		
2,55,00,052 Equity Shares of Rs.10 each fully paid	25,50,01	25,50,01
(Previous year 10500052 Equity Shares of Rs. 10/- each)	<u>25,50,01</u>	<u>25,50,01</u>

(All Shares are held by CEAT LTD and its nominees)

SCHEDULE B - Reserve & Surplus

	As at 31.03.2005 Rs. 000	As at 31.03.2004 Rs. 000
Balance in Profit & Loss Account	39,53	81,18
Add : Adjustment for Opening Deferred Tax Assets	2,14	2,14
	<u>41,67</u>	<u>83,32</u>

SCHEDULE C - INVESTMENTS (TRADE)

	Face Value Rs.	No. of shares	As at 31.03.2005 Rs.000	As at 31-03-2004 Rs.000
Quoted (Valued at cost) - Long Term				
Equity shares - fully paid				
Saregama Ltd	10	228	2,94	2,94
Less: Diminution In Value of Investments			<u>29</u>	<u>29</u>
			<u>2,65</u>	<u>2,65</u>
Aggregate Cost of Quoted Investments			2,94	2,94
Market Value of quoted investment			22	11

SCHEDULE D - Current Assets, Loans and Advances

	As at 31.03.2005 Rs. 000	As at 31.03.2004 Rs. 000
a) Current Assets		
(i) Interest/Dividend Receivable	44,096	48,959
Less : Provision for doubtful Interest	<u>44,096</u>	<u>44,096</u>
		48,63
(ii) Cash and Bank Balances		
Balances in Current Account with Scheduled Banks	1,21	1,45
	<u>1,21</u>	<u>50,08</u>
b) Loans and Advances		
Unsecured - Considered Good		
(i) Loans/Advances to Companies	44,53,43	44,09,47
Less: Provision for Doubtful Advances	<u>15,00</u>	<u>15,00</u>
	44,38,43	43,94,47
(ii) Advances recoverable in cash or in kind	2,00	2,00
(iii) Advance Payment of Income Tax (Net of Provision)	6,13	42,74
	<u>44,47,77</u>	<u>44,89,29</u>

SCHEDULE E - Current Liabilities & Provisions

	As at 31.03.2005 Rs. 000	As at 31.03.2004 Rs. 000
Other Liabilities	4,22	4,16
	<u>4,22</u>	<u>4,16</u>

SCHEDULE F - Interest (Gross) earned on

	As at 31.03.2005 Rs. 000	As at 31.03.2004 Rs. 000
Inter Corporate Deposits	—	48,63
	<u>—</u>	<u>48,63</u>

Tax Deductable at source on interest. Nil (Previous Year Rs.996939/-)

SCHEDULE G - Other Expenses

	As at 31.03.2005 Rs. 000	As at 31.03.2004 Rs. 000
Office Expenses	3,58	3,62
Printing & Stationary	16	12
Bank Charges	—	—
Legal & Professional Charges	—	3,94
Auditors' Remuneration		
Audit Fees	17	16
Other matters	<u>13</u>	<u>13</u>
	30	29
Interest on Income Tax	1,46	1,92
	<u>5,50</u>	<u>9,90</u>

SCHEDULE - H NOTES TO ACCOUNTS

- Significant Accounting Policies:
 - Investments held by the company are of long-term nature, which are carried at cost. Provision against diminution in the value of investment has been made in case diminution is considered as other than temporary, as per the criteria laid down by the Board of Directors, after considering that such investments are of strategic in nature.
 - Revenue Recognition :
Income is recognised on accrual basis except in respect of assets classified as Non-Performing Assets (NPA). Classification of loans and advances as NPA and provision for doubtful advances is in accordance with relevant RBI guidelines, except for amounts realised after the balance sheet date are recognised in arriving at the year end classification.
 - Taxation:
In view of uncertainty in realising gains from sale of investments and the losses being absorbed in future as per income tax act, 1962, deferred taxation is not created on Provision for diminution in value of equity shares.
 - Expenses are accounted on accrual basis.
- Deferred tax is created for temporary timing differences between taxable profits and book profit to the extent of certainty of future profit.
- As at the balance sheet date, inter corporate deposits of Rs.4453.43 lakhs are outstanding from companies having negative networth as per the latest available audited financial statements of those companies. However these deposits are considered good and recoverable, since it has the support of its Group Companies.
- Accounting Standard 18 - Related Party Disclosures is not applicable as the company is not listed entity and its turnover is below the threshold of Rs. 50 crores.
- Income tax demand in matters for which the company has gone into appeal with the tax authorities, Nil (Previous Year Rs.6.54 lac).
- The additional information pursuant to Part II of Schedule VI to the Companies Act, 1956 is NIL.
- Previous years figures are regrouped wherever necessary.

As per my Report annexed
H M MERCHANT
Chartered Accountant
Membership No. 6455
Mumbai, 27th April, 2005

NINA TRIVEDI
Whole Time Director
& Company Secretary
Mumbai, 27th April, 2005

On behalf of the Board of Directors,
T. M. ELAVIA
U. BANERJEE
Directors

METEORIC INDUSTRIAL FINANCE COMPANY LIMITED

I. Registration Details

Registration No.

Balance Sheet Date

Date Month Year

State Code

II. Capital raised during the year (Rs. '000s)

Public Issue

Bonus Issue

Rights Issue

Private Placement

III. Position of Mobilisation of Deployment of Funds (Rs. '000s)

Total Liabilities

Sources of Funds

Paid-up Capital

Secured Loans

Total Assets

Reserves and Surplus

Unsecured Loans

Application of Funds

Net Fixed Assets

Net Current Assets

Accumulated Losses

Investments

Misc. Expenditure

IV. Performance of the Company (Rs. '000s)

Turnover

Profit/(Loss) before tax

Earning Per Share Rs.

Total Expenditure

Profit/(Loss) After Tax

Dividend Rate %

V. Generic Names of three Principal products/services of the Company (as per monetary terms)

Product Description

Item Code No.

As per my Report annexed

H. M. Merchant
Chartered Accountant

Membership No. 6455

Mumbai, 27th April 2005

Nina Trivedi
Whole Time Director
& Company Secretary

On behalf of the Board of Directors,

T. M. Elavia

U. Banerjee

Director

Director

Mumbai, 27th April 2005

METEORIC INDUSTRIAL FINANCE COMPANY LIMITED

Schedule to the Balance Sheet of a Non-Banking Financial Company- 31st March 2005

Particulars	Rs. 000		Long Term Investments		
Liabilities Side			1. Quoted:		
1 Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:	Amount Outstanding	Amount Overdue	(i) Shares: (a) Equity	2,94	
(a) Debentures: Secured			(b) Preference	0	
: Unsecured	0	0	(ii) Debentures and Bonds	0	
(other than falling within the meaning of public deposits*)			(iii) Units of Mututal Funds	0	
(b) Deferred Credits	0	0	(iv) Government securities	0	
(c) Term Loans	0	0	(v) Others	0	
(d) Intercompany Loans and borrowing	0	0	2. Unquoted		
(e) Commercial Papers	0	0	(i) Shares: (a) Equity	0	
(f) Public Deposits	0	0	(b) Preference	0	
(g) Other Loans- from Holding Company	18,56,30	0	(ii) Debentures and Bonds	0	
2 Break-up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):			(iii) Units of Mututal Funds	0	
(a) In the form of Unsecured debentures	0	0	(iv) Government securities	0	
(b) in the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	0	0	(v) Others	0	
© Other public deposits	0	0	6 Borrower group-wise classification of all leased assets stock-on-hire and loans and advances		
Assets Side			Category	Amount net of provisions	
3 Break-up of Loans and Advances including bills receivables (other than those included in (4) below):	Amount Outstanding		Secured	Unsecured	Total
(a) Secured	0		1 Related parties		
(b) Unsecured	44,53,43		(a) Subsidiaries	0	0
4 Break-up of Leased assets and stock on hire and hypothecation loans counting towards EL/HP activities			(b) Companies in the same group	0	0
(i) Lease assets including lease rentals under sundry debtors:			(c) Other related parties	0	0
(a) Financial lease	0		2 Other than related parties-	0	44,38,43
(b) Operating lease	0		Total	0	44,38,43
(ii) Stock on hire including hire charges under sundry debtors:			7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):	Market Value Break-up Value	Book Value (Net of Provisions) NAV
(a) Assets on hire	0		1 Related parties		
(b) Repossessed assets	0		(a) Subsidiaries		
(iii) Hypothecation loans counting towards EL/HP activities			(b) Companies in the same group		
(a) Loans where assets have been repossessed	0		(c) Other related parties	0	0
(b) Loans other than (a) above	0		2 Other than related parties	21	2,65
5 Break-up of Investments			Total	21	2,65
Current Investments:			8 Other Information		
1. Quoted:			Particulars		Amount
(i) Shares: (a) Equity	0		(i) Gross Non-Performing Assets		
(b) Preference	0		(a) Related Parties		0
(ii) Debentures and Bonds	0		(b) Other than related parties		6,25
(iii) Units of Mututal Funds	0		(ii) Net Non-performing Assets		
(iv) Government securities	0		(a) Related Parties		0
(v) Others	0		(b) Other than related parties		0
2. Unquoted			(iii) Assets acquired in satisfaction of debt		0
(i) Shares: (a) Equity	0				
(b) Preference	0				
(ii) Debentures and Bonds	0				
(iii) Units of Mututal Funds	0				
(iv) Government securities	0				
(v) Others	0				

On behalf of the Board of Directors,

NINA TRIVEDI
Whole Time Director
& Company Secretary

T. M. ELAVIA }
U. BANERJEE } Directors

Mumbai, 27th April, 2005

Mumbai, 27th April, 2005

AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF CEAT LIMITED

1. We have audited the attached Consolidated Balance Sheet of **CEAT Group**, as at 31st March, 2005, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the CEAT Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries, whose financial statements reflect net total assets of Rs.279.69 crores as at 31st March, 2005, the total revenues of Rs.0.76 crores and net cash flows amounting to Rs.0.04 crores for the year then ended. These financial statements and other financial information have been audited by other auditors whose report have been furnished to us, and our opinion, is based solely on the report of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the CEAT Limited's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by The Institute of Chartered Accountants of India.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements together with notes thereon forming part of Consolidated Financial Statements, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the CEAT Group as at 31st March, 2005;
 - (b) in the case of the Consolidated Profit and Loss Account, of the Loss of the CEAT Group for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the Cash Flow of the CEAT Group for the year ended on that date.

For **N. M. RAIJI & CO.,**
Chartered Accountants

M. N. Thakkar
Partner
Membership No.8873

Mumbai, 30th June, 2005

Consolidated Balance Sheet as at March 31, 2005

			(Rs in Lakhs)
	SCHEDULE	As at 31.03.2005	As at 31.03.2004
SOURCES OF FUND			
SHAREHOLDERS FUNDS			
Share Capital	1	35,09.81	35,09.20
Reserves and Surplus	2	578,64.74	579,72.16
		613,74.55	614,81.36
LOAN FUNDS			
Secured Loans	3	340,99.09	319,51.88
Unsecured Loans	4	113,82.54	153,17.45
		454,81.63	472,69.33
DEFERRED TAX LIABILITY		41,92.65	42,08.54
		1,110,48.83	1,129,59.23
APPLICATION OF FUNDS			
FIXED ASSETS	5		
Gross Block		889,82.74	829,36.50
Less : Depreciation		360,38.39	331,02.46
Net Block		529,44.35	498,34.04
Capital Work-in-progress		15,03.27	10,65.70
		544,47.62	508,99.74
INVESTMENTS	6	161,49.96	159,99.78
DEFERRED TAX ASSET		31,42.76	30,58.66
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	168,20.42	172,30.17
Sundry Debtors	8	236,60.03	247,13.71
Cash and Bank Balances	9	31,32.56	39,09.50
Loans and Advances	10	540,01.46	547,58.16
		976,14.47	1,006,11.54
Less :			
CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	11	556,49.07	551,06.32
Provisions	12	46,56.91	12,66.16
Provision for Contingencies	13	—	12,38.01
		603,05.98	576,10.49
NET CURRENT ASSETS		373,08.49	430,01.05
		1,110,48.83	1,129,59.23
Notes forming part of the Accounts	21		

As per our report attached

On behalf of the Board of Directors,

For N.M. Raiji & Co.,
Chartered Accountants

H.V. Goenka

Vice Chairman

M.N. Thakkar
Partner

T.M. Elavia
Company Secretary

Paras K. Chowdhary

Managing Director

Mumbai, 30th June, 2005

Mumbai, 29th June, 2005

Consolidated Profit and Loss Account for the year ended March 31, 2005

		(Rs in Lakhs)	
	SCHEDULE	2004-2005	2003-2004
INCOME			
Sales- Gross		1,780,30.67	1,647,94.79
Less : Excise duty on Sales		252,31.55	247,11.58
Sales- Net		1,527,99.12	1,400,83.21
Other Income	14	39,87.99	106,12.72
		1,567,87.11	1,506,95.93
EXPENDITURE			
Materials	15	1,008,90.87	874,84.16
Cost of Traded Goods Sold	16	46,91.20	38,09.67
Personnel	17	109,44.09	116,03.45
Other Expenses	18	325,27.44	320,20.65
Interest	19	64,55.42	77,02.71
Depreciation		22,06.14	22,11.08
		1,577,15.16	1,448,31.72
Add / (Less) : Decrease / (Increase) in stock	20	4,21.50	24,88.81
		1,581,36.66	1,473,20.53
PROFIT / (LOSS) BEFORE TAXATION AND EXTRAORDINARY ITEMS		(13,49.55)	33,75.40
(Add) / Less : Extraordinary items		(4,85.13)	20,62.18
PROFIT / (LOSS) BEFORE TAXATION		(8,64.42)	13,13.22
Less : Provision for Taxation			
Current Tax		11.20	3,58.86
Deferred Tax		(1,00.00)	4,48.00
		(7,75.62)	5,06.36
Add / (Less) : Income Tax Adjustment of earlier years		(72.29)	—
Add / (Less) : Transfer from General Reserve		2,16.18	—
Add / (Less) : Transfer from Debenture Redemption Reserve		12,00.00	—
Add / (Less) : Balance brought forward		40,26.51	39,15.97
Add / (Less) : Provision for Additional Excise Duty		(35,67.04)	—
AMOUNT AVAILABLE FOR APPROPRIATION		10,27.74	44,22.33
APPROPRIATIONS			
Proposed Dividend		—	3,52.13
Corporate Tax on Proposed Dividend		—	45.12
Adjustment due to desubsiderisation		(0.20)	(1.43)
		(0.20)	3,95.82
Balance carried to Balance Sheet		10,27.94	40,26.51
		10,27.74	44,22.33
Earning per share - Basic and Diluted (Rs.)		(2.21)	1.43

Notes forming part of the Accounts

21

As per our report attached

On behalf of the Board of Directors,

For N.M. Raiji & Co.,
Chartered Accountants

H.V. Goenka

Vice Chairman

M.N. Thakkar
Partner

T.M. Elavia
Company Secretary

Paras K. Chowdhary

Managing Director

Mumbai, 30th June, 2005

Mumbai, 29th June, 2005

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005

	31.03.2005	(Rs. in lakhs) 31.03.2004
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extraordinary items	(13,49.55)	33,75.40
Adjustments for :		
Depreciation	22,06.13	22,11.06
Foreign Exchange Fluctuation (Unrealised)	1,02.65	(4,70.52)
(Profit) / Loss on sale of Investment	—	(75.60)
Advances written off	77.97	—
Interest/Dividend Earned	(19,94.53)	(24,03.16)
Interest expenses	64,34.74	76,54.00
Lease Rent	37.02	50.97
(Profit)/Loss on sale/discard of Fixed Assets (Net)	13.39	(3,84.36)
Provisions no longer required written back	(3,69.06)	(5,36.74)
Provision for Doubtful Debts/ Advances	2,69.42	3,81.16
Provision for diminution in value of investment	4,97.91	5,17.96
Provisions for Obsolescence of Stores	34.77	—
Provision for Non—Performing Assets	1,04.43	7,80.39
Provision for desubsiderisation	(7.71)	(1.19)
	74,07.13	77,23.97
Operating Profit before working capital changes	60,57.58	110,99.37
Adjustments for :		
Trade and other receivables	27,79.33	(35,15.70)
Inventories	11,03.41	15,69.56
Trade payables and others	(8,50.75)	63,66.03
	30,31.99	44,19.89
Cash generated from Operations	90,89.57	155,19.26
Direct taxes refund/ (paid)	(66.07)	(6,86.32)
	(66.07)	(6,86.32)
Cash flow before extraordinary items	90,23.50	148,32.94
Extraordinary Items	4,85.13	(8,24.17)
Net Cash from Operating Activities	95,08.63	140,08.77
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(14,31.52)	(20,78.52)
Sale of Fixed Assets	56.85	6,45.48
Purchase of Investments	(8,01.72)	(19,93.97)
Sale/Redemption Proceeds of Investments	80.68	2,82.73
Interest received	7,17.25	9,03.03
Dividend received	44.82	1,08.88
Proceeds from Loans/Deposits with Companies	172,37.57	188,97.05
Loans/Deposits with Companies	(174,18.85)	(242,48.38)
Net Cash from Investing Activities	(15,14.92)	(74,83.70)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share Capital/Calls in arrears	—	89.00
Repayment of finance lease liabilities	(14.53)	(32.72)
Proceeds from Borrowings	57,22.48	161,07.85
Repayment of Borrowings	(77,07.45)	(169,78.24)
Dividend paid	(3,97.25)	(3,97.25)
Interest paid	(63,73.90)	(80,36.79)
Net Cash generated/(used) in Financing Activities	(87,70.65)	(92,48.15)
Net Increase/(Decrease) in Cash & Cash equivalent (A+B+C)	(7,76.94)	(27,23.08)
Opening Balance —Cash & Cash Equivalents	39,09.50	66,32.58
Closing Balance —Cash & Cash Equivalents	31,32.56	39,09.50

Note :

1. Previous year's figures have been regrouped wherever necessary.
2. Cash and Bank Balances as per accounts have been classified as Cash and Cash Equivalents.
3. All figures in brackets are outflows.

As per our report attached

For N.M. Raiji & Co.,
Chartered Accountants

M.N. Thakkar
Partner

Mumbai, 30th June, 2005

T.M. Elavia
Company Secretary

On behalf of the Board of Directors,

H.V. Goenka

Paras K. Chowdhary

Vice Chairman

Managing Director

Mumbai, 29th June, 2005

CONSOLIDATED ACCOUNTS

Schedules forming part of the Balance Sheet as at March 31 , 2005

SCHEDULE 1 SHARE CAPITAL

Authorised :

3,52,13,320	Equity Shares of Rs. 10 each
39,00,000	Preference Shares of Rs. 10 each
2,08,86,620	Unclassified Shares of Rs. 10 each

Issued, Subscribed and paid-up :

3,52,13,320	Equity Shares of Rs. 10 each, fully paid-up
	Less : Allotment Money / Calls in arrears

(Rs in Lakhs)

As at 31.03.2005	As at 31.03.2004
35,21.33	35,21.33
3,90.00	3,90.00
20,88.67	20,88.67
60,00.00	60,00.00
35,21.33	35,21.33
11.52	12.13
35,09.81	35,09.20

Notes:

Of the above Equity Shares

- (a) 9,20,769 Shares of Rs. 10 each were allotted pursuant to Schemes of Amalgamation without payment being received in cash.
(b) 53,86,965 Shares were allotted as fully paid Bonus Shares by capitalisation of Share Premium and General Reserve.

SCHEDULE 2 RESERVES AND SURPLUS

Capital Reserve

Share Premium :

Balance - 1 April, 2004	
Add : Received during the year	

Capital Redemption Reserve

General Reserve :

Balance - 1 April, 2004	
Less : Adjustment due to desubsiderisation	
Less : Transfer to Profit and Loss Account	

Special Reserve Fund

Revaluation Reserve :

Balance - 1 April, 2004	
Add : Revalued during the year	
Less : Depreciation \ Adjustments on sale of assets	

Debenture Redemption Reserve :

Balance - 1 April, 2004	
Transfer from Profit and Loss Account	

Profit and Loss Account

As at 31.03.2005	As at 31.03.2004
2,83.87	2,83.87
124,07.11	124,07.10
2.02	0.01
124,09.13	124,07.11
3,90.05	3,90.05
103,38.59	103,38.59
4.28	—
2,16.18	—
101,18.13	103,38.59
13.12	13.12
290,12.91	298,29.48
51,17.68	—
8,08.09	8,16.57
333,22.50	290,12.91
15,00.00	15,00.00
12,00.00	—
3,00.00	—
10,27.94	40,26.51
578,64.74	579,72.16

CONSOLIDATED ACCOUNTS**Schedules forming part of the Balance Sheet as at March 31 , 2005****SCHEDULE 3****SECURED LOANS**

Debentures :

16.50% Secured Redeemable Non- Convertible Debentures

13.50% Secured Redeemable Non- Convertible Debentures - (Note 1)

Loans from Financial Institutions/ Banks :

IFCI Limited - (Note 2)

ICICI Bank Limited - (Note 3)

Industrial Development Bank of India - (Note 4)

The Federal Bank Limited - (Note 5)

Indian Bank - (Note 6)

Bank Borrowings : (Note 7)

Working Capital Demand Loan

FCNR - B Loan

Cash Credit Facilities

Export Packing Credit

Other loans (Note 8)

Interest accrued and due

(Rs in Lakhs)

As at 31.03.2005	As at 31.03.2004
—	6,66.00
3,57.20	5,00.00
6,42.90	10,71.50
18,00.00	26,00.00
20,32.00	30,48.00
8,12.42	9,36.47
68,83.00	70,00.00
17,02.33	7,95.73
33,16.58	42,07.65
57,70.18	19,75.72
106,77.21	89,68.72
1,00.56	1,67.06
4.71	15.03
340,99.09	319,51.88

In respect of the above loans, Rs 38,49.22 (Previous year Rs. 29,16.40) due and repayable within a year.

Notes

- 13.50% 40,00,000 Secured Redeemable Non-Convertible Debentures of Rs. 12.50 (100) each issued to ICICI Bank Limited against financial assistance for Company's Radial Project. These Debentures are secured by first mortgage on the immovable property of the Company situated at Bhileshwarpura, District Mehsana, Gujarat and movable properties of the Radial Project at Nasik. These debentures were redeemable at par in 16 equal quarterly installments commencing from 15th December, 2003.
- Term Loan from IFCI Limited is to be secured on all the movable and immovable assets of the Company (except for CEAT Mahal Property at Worli, in Mumbai, Temple property at Gwalior in Madhya Pradesh, property at Bhileshwarpura, District Mehsana, Gujarat.) The aforesaid charges are to rank *pari passu* with a mortgage and charges created/to be created in favour of Industrial Development Bank of India Ltd. for the balance amount of the Term Loan of Rs. 20.32 (30.48) crores, ICICI Bank Limited, for the balance amount of the Corporate Loan of Rs. 18.00 (26.00) crores and with second charge in favour of Consortium of Banks led by Bank of India for Working Capital facilities.
- The Corporate Loan of Rs. 18.00 (26.00) crores of ICICI Bank Limited is secured on movable and immovable properties at Bhandup and Nasik (except movable of Radial Unit at Nasik) on *pari passu* basis with Industrial Development Bank of India Ltd., and IFCI Ltd, for the respective loans and with second charge in favour of Consortium of Banks led by Bank of India for working capital facilities.
- Term Loan from Industrial Development Bank of India Ltd., is to be secured on all movable and immovable properties of the Company (except for CEAT Mahal property at Worli, Mumbai, Temple property at Gwalior in Madhya Pradesh and property of the Company situated at Bhileshwarpura, District Mehsana, Gujarat.). The aforesaid charges are to rank *pari passu* with a mortgage and charges created/to be created in favour of IFCI Limited, for its Term Loan, charge in favour of ICICI Bank Limited, for its Corporate Loan and second charge in favour of Consortium of Banks led by Bank of India for Working Capital facilities.

CONSOLIDATED ACCOUNTS

Schedules forming part of the Balance Sheet as at March 31 , 2005

SCHEDULE 3 — SECURED LOANS (Continued)

5. The Term Loan of Rs. 8.12 crores obtained from Federal Bank Limited is secured on all the movable (except movable at Radial Unit at Nasik) and immovable assets of the Company situated at Bhandup, and Nasik Plants on *pari passu* basis with IFCI Limited, Industrial Development Bank of India Ltd., and ICICI Bank Ltd.
6. The Term Loan of Rs. 68.83 crores availed from Indian Bank is presently secured by mortgage of CEAT Mahal property situated at Worli in Mumbai and first *pari passu* charge on the movable assets of Radial Unit at Nasik.
7. Fund/Non Fund based Working Capital facilities from consortium of Banks led by Bank of India are secured/to be secured by hypothecation of Inventories and Book debts and by a second charge on immovable properties of the Company situated at Bhandup and Nasik Plants and CEAT Mahal property at Worli.
8. The vehicle loans availed from Citi Bank N.A., Citicorpmaruti Finance Limited, Ford Credit Kotak Mahindra Limited, Kotak Mahindra Primus Limited, ICICI Bank Limited, GMAC – TCFC Finance Limited, HDFC Bank Limited and GE Countrywide Consumer Financial Services Limited are secured by way of hypothecation of the Vehicles financed by them.

SCHEDULE 4

UNSECURED LOANS

Zero coupon Fully Convertible Debentures

Term Loan :

IL & FS Limited

Banks

Public Deposits

Inter-corporate Deposits

Commercial Paper

Interest Free Sales Tax Loan

Deferred Sales Tax Incentive-

State Industrial and Investment Corporation of Maharashtra Ltd (SICOM)

Interest accrued and due

(Rs in Lakhs)

As at 31.03.2005	As at 31.03.2004
—	40.00
3,50.00	3,50.00
5,00.00	—
69,72.87	73,17.28
8,26.31	21,66.95
5,00.00	35,00.00
4,06.66	5,34.81
18,22.48	14,04.19
4.22	4.22
113,82.54	153,17.45

In respect of the above loans, Rs 45,51.60 (Previous Year Rs. 45,62.63) is due and repayable within a year

CONSOLIDATED ACCOUNTS

Schedules forming part of the Balance Sheet as at March 31, 2005

(Rs.in Lakhs)

SCHEDULE 5 **FIXED ASSETS**

Assets	COST				DEPRECIATION				NET VALUE
	As at 01.04.2004	Additions \ Adjustments	Deductions/ Adjustments	As at 31.03.2005	As at 01.04.2004	On deductions/ Adjustments	For the year 2004-2005	As at 31.03.2005	As at 31.03.2005
Owned Assets									
Land	128,42.46 (128,42.46)	32,34.17 —	— —	160,76.63 (128,42.46)	42.95 (31.72)	— —	11.23 (11.23)	54.17 (42.95)	160,22.46 (127,99.52)
Buildings	104,51.99 (105,74.50)	19,35.56 (4.37)	20.15 (1,26.88)	123,67.40 (104,51.99)	22,61.32 (21,42.54)	5.97 (85.34)	1,98.86 (2,04.12)	24,54.20 (22,61.32)	99,13.20 (81,90.67)
Plant and Machinery	535,85.33 (527,32.45)	8,93.07 (9,42.32)	55.60 (89.45)	544,22.80 (535,85.33)	274,97.41 (251,55.11)	41.73 (82.17)	24,37.76 (24,24.48)	298,93.44 (274,97.41)	245,29.36 (260,87.92)
Furniture and Fixtures	22,61.04 (22,59.37)	43.86 (1,54.89)	36.14 (1,53.21)	22,68.76 (22,61.04)	13,62.81 (12,65.58)	23.60 (73.70)	1,49.33 (1,70.94)	14,88.55 (13,62.81)	7,80.21 (8,98.23)
Vehicles	9,92.74 (8,27.80)	70.34 (1,82.30)	18.88 (17.36)	10,44.20 (9,92.74)	3,43.95 (2,79.18)	6.46 (8.14)	75.69 (72.91)	4,13.18 (3,43.95)	6,31.01 (6,48.79)
	801,33.56	61,77.01	1,30.77	861,79.79	315,08.44	77.76	28,72.87	343,03.55	518,76.24
	(792,36.58)	(12,83.88)	(3,86.90)	(801,33.56)	(288,74.12)	(2,49.35)	(28,83.67)	(315,08.44)	(486,25.12)
Leased Assets									
Plant and Machinery	26,72.45 (26,72.45)	— —	— —	26,72.45 (26,72.45)	14,66.29 (13,26.44)	— —	1,38.05 (1,39.85)	16,04.35 (14,66.29)	10,68.11 (12,06.16)
Furniture and Fixtures	1,30.49 (1,30.49)	— —	— —	1,30.49 (1,30.49)	1,27.73 (1,23.61)	— —	2.76 (4.12)	1,30.49 (1,27.73)	— (2.76)
	28,02.94	—	—	28,02.94	15,94.02	—	1,40.81	17,34.84	10,68.11
	(28,02.94)	—	—	(28,02.94)	(14,50.05)	—	(1,43.97)	(15,94.02)	(12,08.92)
Total	829,36.50	61,77.01	1,30.77	889,82.74	331,02.46	77.76	30,13.68	360,38.39	529,44.35
	(820,39.52)	(12,83.88)	(3,86.90)	(829,36.50)	(303,24.17)	(2,49.35)	(30,27.65)	(331,02.46)	(498,34.04)
Capital Work-in-Progress -Includes Advances against Capital Account									15,03.27 (10,65.70)
Grand Total									544,47.62 (508,99.74)

- Land includes leaseholds - aggregate original cost Rs.11.07 (Previous Year Rs.11.07) less amortisation Rs 2.22 (Previous Year Rs.2.12), net value Rs. 8.85 (Previous Year Rs.8.95).
- Buildings include Rs 0.10 (Previous Year Rs 0.08) being value of shares held in co-operative housing societies.
- Plant and Machinery includes borrowing costs capitalised Rs. 65.39 (Previous Year Rs 25.63)
- Depreciation on Plant and Machinery includes depreciation of Rs 4.46 (Previous Year Rs Nil), Furniture & Fixtures Rs 0.09 (Previous Year Rs Nil) and Vehicles Rs 0.65 (Previous Year Rs Nil) provided for earlier years
- a) Fixed Assets cost includes assets revalued from time to time on the basis of valuation reports submitted by approved valuers about their market value as summarised below:

	Gross Amount written up on revaluation	Depreciation provided upto 31.03.2005	Amount written up (net of depreciation/ adjustments) as on 31.03.2005
Land	160,15.28	51.95	159,63.33
Buildings	87,57.57	6,69.46	80,88.11
Plant and Machinery	199,26.96	106,55.90	92,71.06
	<u>446,99.81</u>	<u>113,77.31</u>	<u>333,22.50</u>

- Land and Building at CEAT Mahal, Worli and Bhandup Plant have been revalued as on 31st March, 2005 and has resulted in increase in the cost of Land and Building by Rs. 51,17.68
 - Leasehold Land and Factory Building at Nasik Plant had been revalued as on 25th September, 2002 and resulted in increase in the cost of Land and Building by Rs.30,43.27.
 - Depreciation of Rs. 8,08.09 (Previous Year Rs.8,16.57) on the revalued portion has been provided for the year on the same rate as is applicable and this amount has been directly adjusted from the Revaluation Reserve.
- Rs.Nil (Previous year Rs 49.78) Revalued cost pertaining to Hyderabad Building and Accumulated depreciation thereon has also been reduced on account of sale.

CONSOLIDATED ACCOUNTS

Schedule forming part of the Balance Sheet as at March 31, 2005

(Rs. in Lakhs)

SCHEDULE 6

INVESTMENTS (At cost)

LONG TERM

	Face Value (Rs.)	Holdings (Nos.)	As at 31.03.2005	As at 31.03.2004
I Quoted (Non—Trade)				
Equity Shares - (Fully Paid)				
CESC Ltd * #	10	20,56,794	16,00.98	14,50.26
CFL Capital Financial Services Ltd	10	38,37,500	7,68.72	7,68.72
Harrisons Malayalam Ltd	10	7,28,150	8,09.06	8,09.17
KEC International Ltd	10	27,75,798	36,33.44	27,65.47
Phillips Carbon Black Ltd #	10	19,03,114	12,18.45	12,18.45
RPG Cables Ltd	10	22,00,280	12,63.15	13,78.14
RPG Life Sciences Ltd	10	10,64,560	10,79.38	10,79.38
RPG Transmission Ltd	10	22,82,000	18,19.68	18,19.68
Saregama India Ltd	10	2,53,088	66.27	66.27
Zensar Technologies Ltd.	10	22,22,138	3,48.38	3,48.38
Equity Shares-Partly paid				
KEC International Ltd (Rs. 2.50 paid up)	10	—	—	2,17.00
II Unquoted (Trade)				
Equity Shares - Unquoted (Fully Paid) :				
Adapt Investments Ltd	10	16,200	3.29	3.29
Adorn Investments Ltd	10	17,000	5.16	5.16
Associated CEAT Holdings Co. Pvt Ltd	10	18,00,000	1,18.28	1,18.28
Bombay Mercantile Co-operative Bank Ltd.	30	1,666	0.50	0.50
Basic Telephone Services Ltd. (Rs 20)	10	2	—	—
Brabourne Investments Ltd	10	1,52,000	1,52.03	1,52.03
Brentwood Investments Ltd	100	6,68,000	6,68.00	6,68.00
Chattarpati Investments Ltd	100	2,69,000	2,69.00	2,69.00
Consolidated Industrial Fund Ltd	10	35,90,000	3,59.00	3,59.00
Eastern Aviation & Industries Ltd	10	5,00,000	50.00	50.00
Hilltop Holdings India Ltd	10	3,54,654	3,90.12	3,90.12
Jubilee Investment & Industries Ltd	21	2,88,149	62.74	62.74
Off Shore India Ltd	10	38,90,000	3,86.74	3,86.74
Rado Tyres Ltd	10	16,06,350	1,60.64	1,60.64
RPG Communications Holdings Ltd	10	66,35,000	8,18.50	8,18.50
SICOM Ltd	10	1,27,500	1,02.51	1,02.51
Spencer & Co Ltd	10	2,37,100	1,78.83	1,78.83
The Greater Bombay Co-Operative Bank Ltd. (Rs.250)	25	10	—	—
The Thane Janata Sahakari Bank Ltd. (Rs. 500)	50	10	0.01	0.01
Trade Appartments Ltd	10	27,45,000	2,74.50	2,74.50
Yield Investments Ltd	10	43,45,000	4,34.50	4,34.50
Preference Shares-Fully Paid				
B.N.Elias & Co Ltd	100	2,87,500	2,87.50	2,87.50
Jubilee Investment & Industries Ltd	100	1,75,000	1,75.00	1,75.00
Zero % Optional - Convertible Debentures				
Trikaya Goods Services Pvt Ltd	100	5,00,000	5,00.00	5,00.00
15% Redeemable Non Cumulative Preference Shares (Fully Paid)				
Atlantic Holding Ltd.	100	—	—	10.05
Debentures - (Unsecured, Non Convertible & Fully paid)				
International Management Institute (5%) (Redeemable at par in 7 annual installments commencing from 1999)	20	3,15,000	63.00	1,26.00

CONSOLIDATED ACCOUNTS**Schedule forming part of the Balance Sheet as at March 31, 2005****(Rs. in Lakhs)****SCHEDULE 6 (Continued)
INVESTMENTS (At cost)**

	As at 31.03.2005	As at 31.03.2004
Total Value of Investments	180,67.36	174,53.82
Less : Provision for diminution in the value of Investment	19,17.40	14,54.04
	161,49.96	159,99.78
Aggregate Cost of Quoted Investments	126,07.53	119,20.92
Aggregate Cost of Unquoted Investments	54,59.83	55,32.90
Market Value of Quoted Investments	180,12.90	77,75.06

* Acquired 2,51,210 Shares during the year by way of Subscription to the Right Issue.

The Company has given an undertaking to the lenders of CESC Limited and Phillips Carbon Black Ltd.(No of Shares 1270400) for the non disposal of it's investment in the respective Companies

**SCHEDULE 7
INVENTORIES**

	As at 31.03.2005	As at 31.03.2004
Stores and Spares	16,26.04	16,63.94
Less : Provision for Obsolescence	1,28.16	93.39
	14,97.88	15,70.55
Stock - in - Trade :		
Raw Materials	78,34.83	70,03.21
(including in transit Rs.37,54.11 (Previous Year Rs. 30,59.14))		
Semi-Finished Goods	22,40.16	19,46.22
Finished Goods	52,47.55	67,10.19
(including in transit Rs. 2,49.60 (Previous Year Rs. 2,16.13))		
	168,20.42	172,30.17

**SCHEDULE 8
SUNDRY DEBTORS**

Debts outstanding for a period exceeding six months		
Considered Good	3,50.34	6,04.63
Considered Doubtful	7,51.89	8,31.05
Less : Provided for	7,51.89	8,31.05
	3,50.34	6,04.63
Other Debts		
Considered Good	233,09.69	241,09.08
	236,60.03	247,13.71

	As at 31.03.2005	As at 31.03.2004
Sundry Debtors		
Secured	66,08.48	79,28.86
Unsecured	170,51.55	167,84.85
Total	236,60.03	247,13.71

CONSOLIDATED ACCOUNTS

Schedule forming part of the Balance Sheet as at March 31, 2005

(Rs. in Lakhs)

SCHEDULE 9

CASH AND BANK BALANCES

	As at 31.03.2005	As at 31.03.2004
Cash on Hand	3,36.51	1,07.75
[Including cheques Rs.2,95.63 (Previous Year Rs. 94.42)]		
Remittance in Transit	11,64.88	11,38.61
With Scheduled Banks :		
In Current Accounts	6,57.88	13,10.37
In Deposit Accounts	3,90.00	5,50.75
In Margin Deposit Accounts	4,89.70	7,06.73
In Unclaimed Dividend Accounts	93.59	95.29
	31,32.56	39,09.50

SCHEDULE 10

LOANS AND ADVANCES

Unsecured - Considered Good, unless otherwise stated :

Advances receivable in Cash or Kind or for Value to be received	28,25.98	38,69.86
Balances with Customs, Port Trust , Excise , etc.	29,90.52	32,86.62
Loans and Deposits with Companies	331,47.81	329,76.51
Advance payment of Tax (net of provision)	6,27.88	6,49.24
Interest Receivables	66,23.48	73,10.20
Less : Provided for	—	14,83.40
	66,23.48	
Other Receivables		81,49.13
Loan, Advances and Deposits (considered doubtful)	9.20	13.11
Less : Provided for	9.20	13.11
	540,01.46	547,58.16

SCHEDULE 11

CURRENT LIABILITIES

Acceptances	135,97.24	132,87.41
Sundry Creditors :		
Small Scale Industrial Undertakings	5,53.44	4,76.98
Others	283,70.06	255,33.39
	289,23.50	
Interest Accrued but not due	4,38.54	4,87.30
Deposits from Dealers and Others	95,89.24	108,57.31
Other Liabilities	26,72.61	40,07.02
Liability towards Investor Education and Protection Fund under Section 205C of the Companies Act, 1956.		
Due as on 31.03.2005		
Unclaimed Interest on Debentures	—	5.68
Unclaimed Interest and Matured Bonds	7.25	—
	7.25	
Not due as on 31.03.2005		
Unclaimed Dividends	93.59	95.29
Unclaimed Interest and Matured Deposits	2,94.84	2,91.74
Unclaimed Interest and Matured Debentures	24.40	48.66
Unclaimed Interest and Matured Bonds	7.86	15.54
	4,20.69	
	556,49.07	551,06.32

(Rs. in Lakhs)

	As at 31.03.2005	As at 31.03.2004
Proposed Dividend	—	3,52.13
Corporate Tax on Proposed Dividend	—	45.12
Provision for Additional Excise Duty	35,67.04	—
Provision for Retirement and other Employee Benefits	10,89.87	8,68.91
	46,56.91	12,66.16

SCHEDULE 13

PROVISION FOR CONTINGENCIES

Balance as at 1.4.2004	12,38.01	—
Add: Created during the Year	—	12,38.01
Less: Used during the Year	7,52.88	—
Less ; Reversed during the Year	4,85.13	—
	12,38.01	12,38.01

Balance as at 1.4.2004		12,38.01	—
Add: Created during the Year	—		12,38.01
Less: Used during the Year	7,52.88		—
Less ; Reversed during the Year	4,85.13	12,38.01	—
		<u>—</u>	<u>12,38.01</u>
		<u><u>—</u></u>	<u><u>12,38.01</u></u>

		2004-2005	2003-2004
SCHEDULE 14			
OTHER INCOME			
Additional Excise Duty Refund		—	55,12.09
Foreign Exchange Fluctuations (Net)		2,73.61	—
Sale of Scrap		6,86.04	6,63.87
Profit on Assets Sold /Discarded		3.99	4,52.13
Interest		19,51.72	23,13.35
Dividend on Investments (Non-Trade)		44.82	89.82
Royalty		70.47	71.65
Profit on sale of Investments		—	75.60
Provision for Doubtful Debts / Advances Written back recovered		62.53	35.68
Provisions no longer required written back		3,69.06	5,38.05
Rent		13.64	27.47
Miscellaneous		5,12.11	8,33.01
		39,87.99	106,12.72
SCHEDULE 15			
MATERIALS			
Raw Materials			
Stock - 1st April, 2004		39,44.07	25,73.21
Add : Purchases		1,010,27.52	888,55.02
		1,049,71.59	914,28.23
		40,80.72	39,44.07
		1,008,90.87	874,84.16
Less : Stock - 31st March, 2005			

CONSOLIDATED ACCOUNTS

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2005

SCHEDULE 16

COST OF TRADED GOODS SOLD

Stock - 1st April, 2004

Add : Purchases

Less : Stock - 31st March, 2005

SCHEDULE 17

PERSONNEL

Salaries, Wages and Bonus

Provident Fund, Gratuity Fund and Superannuation Scheme etc.

Welfare Expenses

SCHEDULE 18

OTHER EXPENSES

Conversion Charges

Stores and Spares Consumed

Provision for Obsolescence of Stores

Power and Fuel

Freight and Delivery Charges (Net)

Rent

Rates and Taxes

Insurance

Repairs :

Machinery

Buildings

Others

Travelling and Conveyance

Printing and Stationery

Directors' Fees

Auditors' Remuneration :

Audit Fees

Taxation Matters

Other Services (Certification, Tax Audit, etc.)

Reimbursement of Expenses

Advertisement and Sales Promotion Expenses

Rebates and Discounts

Commission

Communication Expenses

Advances Written off

Less : Provision for Doubtful Advances written back to the extent provided

Bad Debts Written off

Less : Provision for doubtful Debts written back to the extent provided

Provision for Doubtful Debts / Advances

Loss on Assets Sold / Discarded

Lease Rent

Factory Expenses

Legal Charges

Finance Charges

Foreign Exchange Fluctuations (Net)

Provision for Diminution in value of Investments

Provision for Non Performing Assets

General Expenses

	2004-2005	(Rs in Lakhs) 2003-2004
	7,35.03	5,68.04
	43,33.34	39,76.66
	50,68.37	45,44.70
	3,77.17	7,35.03
	46,91.20	38,09.67
	84,39.25	90,88.13
	13,13.41	12,39.30
	11,91.43	12,76.02
	109,44.09	116,03.45
	64,47.32	55,33.06
	9,20.15	10,37.30
	34.77	—
	54,49.57	58,43.47
	59,17.77	47,42.86
	3,00.03	3,15.47
	5,36.31	5,57.11
	1,70.82	1,93.36
	6,06.66	6,76.58
	86.05	2,00.99
	1,00.37	78.64
	7,93.08	6,98.65
	5,96.10	1,57.41
	1,36.67	3.90
	5.90	15.72
	15.38	1.94
	1.30	12.73
	12.26	2.54
	1.06	—
	30.00	7,92.27
	6,31.17	49,62.68
	54,88.51	13,19.69
	13,15.37	3,55.56
	3,16.14	7.95
	77.97	7.95
	2,90.09	3,74.42
	2,90.09	3,74.42
	2,69.42	3,81.16
	17.37	67.77
	37.02	50.97
	3,14.66	2,95.13
	92.20	88.85
	8,07.56	9,40.50
	—	5.97
	4,97.91	5,17.95
	1,04.44	7,80.39
	12,19.21	13,90.03
	325,27.44	320,20.65

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2005

Interest Paid :	
On Debentures	
On Term Loans	
Others	

	(Rs in Lakhs)
2004-2005	2003-2004
68.15	7,62.11
15,93.22	19,18.45
47,94.05	50,22.15
64,55.42	77,02.71
19,46.22	16,90.92
57,59.04	91,40.61
77,05.26	108,31.53
22,40.16	19,46.22
46,20.78	57,59.04
68,60.94	77,05.26
8,44.32	31,26.27
(4,22.82)	(6,37.46)
4,21.50	24,88.81

Stock - 1st April, 2004
Semi-Finished
Finished

19,46.22		16,90.92
57,59.04		91,40.61
	77,05.26	108,31.53
22,40.16		19,46.22
46,20.78		57,59.04
	68,60.94	77,05.26
	8,44.32	31,26.27
	(4,22.82)	(6,37.46)
	4,21.50	24,88.81

Stock - 31st March, 2005
Semi-Finished
Finished

Differential Excise Duty on Opening and Closing Stock of Finished Goods

SCHEDULE-21
NOTES FORMING PART OF ACCOUNTS

- (a) The financial statement have been prepared to comply in all material aspects with applicable accounting principles in India, and the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).
- (b) **CONSOLIDATED FINANCIAL STATEMENTS** relates to CEAT LTD, the Parent Company and its Subsidiaries. The Consolidated Financial Statements are in conformity with the AS-21 issued by the ICAI and are prepared on the following :
 - (i) The financial statements of the Parent Company and its Subsidiaries have been combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating inter-company balances and transactions, resulting in unrealised profits & losses.
 - (ii) The consolidated financial statement are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company's separate financial statements except otherwise stated elsewhere in this schedule.
- (c) Accounting Policies and Notes on Account of the Parent Company and all the subsidiaries are set out in their respective financial statements. The Consolidated Financial statements are prepared by adopting uniform accounting policies except the following :

In Subsidiary books depreciation is provided on Written Down Value Method at the rates specified in schedule XIV to the Companies Act 1956.

Schedule forming part of the Consolidated Accounts for the year ended March 31, 2005
SCHEDULE-21 (Continued)

2) Revenue Recognition

In the Subsidiary books, income is recognised on an accrual basis except in respect of assets classified as Non Performing Assets (NPA). Classification of loans and advances as NPA and provision for doubtful advances is in accordance with relevant RBI guidelines, except for amounts realised after the balance sheet dates are recognised in arriving at the year end classification.

2) The Subsidiary Companies considered in the Consolidated Financial Statements are:

Name of the Company	Country of Incorporation	% voting power held as at 31st March, 2005
CEAT Ventures Limited	India	100
CEAT Holdings Limited	India	100
Meteoric Industrial Finance Co Limited	India	100

2004-05 2003-04

3) Contingent Liabilities of all subsidiaries combined:

Disputed demands of Income Tax	90.21	1,20.92
Partly paid Equity Shares	—	6,51.00

4) Earnings in Foreign Currency of all subsidiaries combined:

Dividend	3.98	3.96
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5) Major component of Deferred Tax Assets and Deferred Tax Liabilities of all subsidiaries:

Particulars	2004-05	2003-04
Assets		
Carried forward tax losses and depreciation	2,48.96	2,48.96
Liability		
Difference between book and tax depreciation	—	—

6) Investments

- CEAT Ventures Limited has pledged its shareholding of CESC Limited in favour of IDBI Trusteeship Services Limited, which acts as Trustee for the benefit of secured lenders of CESC Limited.
- CEAT Ventures Limited has given an undertaking to financial institution, which has given loan to RPG Cables Ltd. (a company in which Upcom Cables Ltd. is merged) for non-disposal of its share-holdings in those companies till repayment of loans by them.
- CEAT Ventures Limited and CEAT Holdings Limited has pledged its shareholding in RPG Cables Limited for securing advances made by certain Banks to RPG Cables Limited.

7) The Consolidated Financial Statement includes the financial transactions of erstwhile Subsidiary Malabar Coastal Holdings Limited till the date of desubsiderisation i.e. 31st December, 2004.

8) In case of Meteoric Industrial Finance Limited (MIFL), CEAT Holdings Limited (CHL) and CEAT Ventures Limited, as on the balance sheet date, inter corporate deposits of Rs. 44,53.43 lakhs, 44,51.54 lakhs and 31,23.85 lakhs respectively are outstanding from Companies having negative networth as per the latest available audited financial statements of those companies. The interest amounts of these deposits have been considered doubtful and provided for to the extent of requirement as per Non-Banking Financial Companies Regulation. The balance amounts has been considered good and recoverable, since it has the support of its Group Companies.

9) Previous Year's figures have been regrouped wherever necessary to conform to Current Year's classification.

Signatures to Schedule '1' to '21'

As per our report attached

For N.M. Raiji & Co.,
Chartered Accountants

M.N. Thakkar
Partner

Mumbai, 30th June, 2005

T.M. Elavia
Company Secretary

On behalf of the Board of Directors,

H.V. Goenka

Paras K. Chowdhary

Vice Chairman

Managing Director

Mumbai, 29th June, 2005

INFORMATION AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT DATED 30TH JUNE, 2005 FOR THE PERIOD 1ST APRIL, 2004 TO 31ST MARCH, 2005

(a) Name (b) Age (in yrs.) (c) Designation/Nature of Duties (d) Remuneration (in Rs.) (e) Qualifications (f) Experience (g) Date of Commencement of employment (h) Particulars of last employment held

(a) Particulars of employees employed throughout the year in terms of Section 217 (2A) (a) (i):

(a) Paras K. Chowdhary (b) 53 (c) Managing Director (d) 2983065 (e) B.Sc. Physics (Hons.) (f) 31 (g) 18-01-2001 (h) Apollo Tyres Ltd. (22 yrs.) President & Wholtime Director (a) G. Chandrasekaran (b) 56 (c) Chief Executive (d) 2405624 (e) B.E., M.Tech (I.E.) (f) 33 (g) 14-04-1986 (h) Apollo Tyres (3 yrs.) Production Manager (a) T.M. Elavia (b) 65 (c) Vice President-Legal & Secretarial (d) 2821880 (e) LLB, DTM, ACIS, FCS (f) 40 (g) 04-01-1971(h) Investment Corp. of India (6 yrs.) Assistant (a) K.J. Rao (b) 49 (c) Vice President - Finance (d) 2721576 (e) B.Com., F.C.S., M.I.M.A. (f) 25 (g) 22-10-1994 (h) RPG Telecom Ltd. (12 yrs.) Vice President (Finance) & Co Secretary (a) Tom K. Thomas (b) 52 (c) Vice President - Technical (d) 3688712 (e) B.S.c, B.Tech. (f) 29 (g) 20-07-2001 (h) J.K. Industries Ltd. (3 yrs.) Vice President-Tech. & Radial Plant (a) K.K. Paul (b) 47 (c) Vice President - Sales & Marketing (d) 3185582 (e) M.B.A. (f) 21 (g) 24-08-2001 (h) T.I. Cycles of India (18 yrs.) Vice President-Operations (a) Capt. S. Vasudeva (b) 64 (c) Advisor - Corporate Affairs (d) 3437154 (e) B.E. (Mech.), Masters Foreign Going Certificate of Competency issued by Ministry of Transport (f) 17 (g) 01-04-2002 (h) RPG Enterprises Ltd. (5 yrs.) President-Corporate Affairs (a) J.S. Mavlankar (b) 46 (c) Vice President-Group Business Audit & Risk Management (d) 2892370 (e) FCA, Grad. CWA, CISA (USA), CIA (USA) (f) 15 (g) 01-12-1997 (h) Kirlskar Cummins Limited (4 yrs.) Chief Internal Auditor.

(b) Particulars of employees employed part of the year in terms of Section 217 (2A) (a) (ii):

(a) Name (b) Age (in yrs.) (c) Designation/Nature of Duties (d) Remuneration (in Rs.) (e) Qualifications (f) Experience (g) Date of Commencement of employment (h) Particulars of last Employment held

(a) K. Ganesan (b) 48 (c) Vice President- Manufacturing (c) 2004015 (d) DME, BBA, PGDM (e) 26 (f) 24-09-2004 (g) J.K. Industries Limited (6 yrs.) Director-Manufacturing (a) N.K Prajapati (b) 46 (c) Chief Manager-Special Projects (d) 277755 (e) B.Sc., B.Sc. (Tech.) (f) 22 (g) 02-07-1982 (h) Nil (a) K. Ranganathan (b) 59 (c) Chief-Manufacturing (d) 851840 (e) B.Tech., M.Tech. (f) 33 (g) 04-02-1988 (h) Apollo Tyres Limited (6 yrs.) Deputy General Manager-Production (a) V. Sekhar (b) 58 (c) Executive Director (d) 1599423 (e) B.E. (Mech.) P.G. Dip. from Indian Institute of Science (f) 32 (g) 20-02-1992 (h) Dunlop India Limited (24 yrs.) Chief Manager-Rubber Purchase (a) S.N. Hardikar (b) 47 (c) Senior Manager-Mechanical (d) 224576 (e) B.E. (Mech.) (f) 23 (g) 21-09-1983 (h) Priston Tool Company (1 yr.) Sales Engineer (a) A.R. Padukone (b) 45 (c) Sales Manager-Tamil Nadu (d) 206419 (e) B.Sc. (f) 24 (g) 02-08-1982 (h) India Motor Parts & Accessories Limited (2 yrs.) Senior Clerk (a) S.N. Dutta (b) 55 (c) General Manager-Materials (d) 344106 (e) B.Sc., PDGMMA (f) 35 (g) 01-05-1996 (h) Bripranil Synthetic Industries (P) Limited (2 yrs) Vice President (a) D.V. Jadhav (b) 57 (c) Junior Engineer (d) 350184 (e) S.S.C. (f) 33 (g) 02-07-1973 (h) Tata Mills Limited (4 yrs.) Senior Electrician (a) K.S. Loke (b) 60 (c) Shift Foreman (d) 443154 (e) S.S.C. (f) 38 (g) 02-07-1966 (h) Nil (a) F. Fernandes (a) 59 (c) Supervisor (d) 376899 (e) Std. VI (f) 36 (g) 04-07-1966 (h) Nil (a) J.H. Ghanwat (b) 55 (c) Supervisor (d) 333830 (e) S.S.C. (f) 33 (g) 26-02-1971 (h) Nil (a) C.R. Kurmi (b) 59 (c) Supervisor (d) 374956 (e) Std. VIII (f) 39 (g) 24-02-1965 (h) Nil (a) J.U. Ram (b) 60 (c) Supervisor (d) 278778 (e) S.S.C. (f) 36 (g) 23-05-1968 (h) Nil (a) C.B. Dandekar (b) 53 (c) Supervisor (d) 349430 (e) Std. IX (f) 34 (g) 01-06-1971 (h) SPS Force (4 mnths) Watchman (a) John Campos (b) 55 (c) Inspector-Tyres (d) 248584 (e) Std. VIII (f) 32 (g) 23-04-1971 (h) Mukund Iron & Steel Works Ltd. (2 1/2 yrs) Pipe Fitter (a) J.M. Patil (b) 60 (c) Inspector-Tyres (d) 291508 (e) Std. X (f) 33 (g) 16-02-1970 (h) Prasanna Metallic Pvt. Ltd. (2 1/2 mnths) Helper (a) Chandrakant B. Kadam (b) 41 (c) Welder-cum-Fitter (d) 239813 (e) Std. XI (f) 17 (g) 04-12-1987 (h) V.N. Bhotingekar & Sons (11 mnths) Welder

Notes:

1. All appointments are/were contractual as per the rules and conditions of the Company, except for Mr. Paras K. Chowdhary under (a) who was appointed in accordance with the conditions specified in Part I and Part II of Schedule XIII, and as per the terms approved by the Members of the Company.
2. The appointments are/were terminable with Notice periods varying from 1 month to 6 months.
3. None of the above employees is a relative of any Director (or Manager) of the Company.
4. Remuneration includes salary, bonus, Company's contribution to Provident Fund, Leave Travel Concession, Medical Expenses and value of other facilities inclusive of accommodation as may be applicable in such case and in case of retired employees, includes Gratuity.

On behalf of the Board of Directors,

Mumbai,
Date : 30th June, 2005

H.V. GOENKA
Vice Chairman

PARAS K. CHOWDHARY
Managing Director



Registered Office: CEAT Mahal, 463, Dr. Annie Besant Road, Worli, Mumbai 400 030, India