



**TRANSCRIPT OF THE PROCEEDINGS OF THE SIXTY-FIRST ANNUAL  
GENERAL MEETING OF CEAT LIMITED HELD THROUGH VIDEO  
CONFERENCING ('VC') / OTHER AUDIO-VISUAL MEANS (OAVM) ON  
THURSDAY, SEPTEMBER 10, 2020 AT 03:00 P.M.**

**PARTICIPANTS**

**Mr Harsh Vardhan Goenka**  
Chairman

**Mr Anant Vardhan Goenka**  
Managing Director

**Mr. Atul C. Choksey**  
Independent Director

**Mr. Haigreve Khaitan**  
Independent Director

**Mr. Mahesh S. Gupta**  
Independent Director

**Mr. Paras Chowdhary**  
Independent Director

**Mr. Pierre Cohade**  
Independent Director

**Ms. Punita Lal**  
Independent Director

**Mr. Vinay Bansal**  
Independent Director

**Ms. Vallari Gupte**  
Company Secretary

**Mr. Kumar Subbiah**  
Chief Financial Officer

**Mr. Harsh Vardhan Goenka**

Good Afternoon Members! I hope that you and your family are safe and fine.

I take great pleasure in welcoming you to the Sixty-First AGM of your Company. The quorum being present, the meeting can now start.

In view of continuing COVID-19 pandemic, and to ensure social distancing norms, this Sixty-First AGM of the Company is convened through Video Conferencing or Other Audio-Visual Means, in accordance with various circulars issued by the Ministry of Corporate Affairs in this regard and in compliance with the applicable provisions of the Companies Act 2013 and SEBI Listing Regulations 2015.

I would now introduce the fellow members of the Board, who are present.

- Mr. Anant Goenka, Managing Director and Chairman of Corporate Social Responsibility Committee
- Mr. Atul C. Choksey, Independent Director
- Mr. Haigreve Khaitan
- Mr. Mahesh S. Gupta, Independent Director and Chairman of the Audit Committee, Risk Management Committee and the Nomination and Remuneration Committee
- Mr. Paras Chowdhary, Independent Director
- Mr. Pierre Cohade, Non-Independent Director
- Ms. Punita Lal, Independent Director
- Mr. Vinay Bansal, Independent Director and Chairman of the Stakeholders' Relationship Committee
- Representatives of Statutory Auditors "S R B C & CO LLP" and Secretarial Auditors "Parikh & Associates" are also attending this meeting.

The Company has received 21 Corporate Authorizations, representing 1,87,37,108 (One Crore Eighty-Seven Lacs Thirty-Seven Thousand One Hundred and Eight) equity shares of the Company constituting 46.32% of the total paid up equity share capital of the Company. There is no proxy facility available for this meeting.

The Register of Directors & KMPs (including their shareholding) maintained under Section 170 and Register of Contract maintained under section 189 of the Companies Act, 2013, are available for inspection electronically and the Members may send their request to inspect the same.

The Notice of the meeting along with Integrated Annual Report of the Company for FY 19-20 has been sent to the Membersthrough electronic mode, in accordance with the circulars issued by the Ministry of Corporate Affairs and SEBI. We, therefore, take the notice as read.

As the Statutory Auditors' Report and the Secretarial Auditors' Reports do not contain any qualification, observation or adverse comment, it is not required to read these Reports at the meeting.

Now I would like to brief the Members on the operational and financial performance of the Company.

### **CHAIRMAN'S SPEECH – Mr. Harsh Vardhan Goenka**

The Integrated Annual Report and the Audited Accounts have been with you for some time and I hope that you have gone through the same.

Towards the end of the last year, India was in the stage of the COVID-19 pandemic and announcement of the nation-wide lockdown was made on March 24, 2020. The Company resumed its factory operations in a phased manner from May 4th.

The Company took several steps to generate sales, optimize costs, maintain the supply chain and manage cash flows efficiently. Safety of the employees was given utmost priority. Detailed SOPs for safety measures without hampering productivity are being followed at plants and other locations.

On the Community front, the Company took initiatives to take care of various migrant workers,co-manufacturedCOVID testing booths and low-cost ventilators and we distributed masks, PPE kits, sanitizers to frontline workers who were combating the COVID pandemic.

About the performance in the year under review was a challenging one in terms of revenue growth owing to the impact of fall in demand from automobile manufacturers, dip in consumer sentiment and a drop in the revenue in March 2020 due to the COVID-19 pandemic. On a consolidated basis, the Company recorded revenue from operations of Rs. 6,779 Crores, marginally lower as compared to Rs. 6,984 Crores in the last financial year. The Company recorded a consolidated net profit of Rs. 230 Crores, against a net profit of Rs. 251 Crores of the previous financial year.

Despite the challenging business environment, focus on optimizing product mix, reducing raw material cost and overheads management it helped the Company deliver improvement in EBITDA margins. The Company's EBITDA increased by 11.8% to Rs. 741 Crores, as against Rs. 663Croresin the last financial year.

CEAT developed 63 new products during the year in various segments of the R&D sector which is based out of Gujarat and we also have our centre at Frankfurt, which have been received well.

CEAT Specialty Tyres, a wholly owned subsidiary of the Company, registered a revenue from operations of Rs. 377 Crores, registering a small growth over previous year's Rs. 368 Crores. While there was an increase in EBITDA, the Company recorded net loss of Rs. 7 Crores in FY 19-20 as against a loss of Rs. 46 Crores in the previous year, due to increase in finance costs and other expenses.

During the year, NCLT approved the Scheme of Amalgamation for merger of Specialty Tyres, with the Company. Under the said Scheme entire business of CEAT Specialty Tyres was transferred to the Company with effect from April 1, 2019 and the operations have been integrated from 1st September 2020.

The Joint Venture of the Company in Sri Lanka reported a revenue of Rs. 371 Crores as compared to Rs. 414 Crores for the previous year. The profit after tax was Rs. 37 Crores as compared to Rs. 42 Crores in the previous year. The Company continues to enjoy overall leadership in all categories of tyres in Sri Lanka.

CEAT AKKhan Limited is the joint venture of the Company in Bangladesh. During the year under review, its revenue was Rs. 100 Crores as compared to Rs. 85 Crores in the previous year.

During the year, the Company commenced production of its greenfield manufacturing facility near Chennai for Passenger Vehicle tyres and the expanded manufacturing capacity for Truck & Bus Radial tyres at existing facilities at Halol. Expansion of the manufacturing capacity of 2-Wheeler tyres at the Nagpur facility commenced on commercial basis recently and will ramp up in the coming years.

The Company has made investment of around Rs. 2,000 Crores across its expansion projects in Chennai, Halol and Nagpur. The remaining Rs. 1500 plus Crores investments will be made in a staggered manner over the next 3 years.

In Q1, nationwide lockdown due to COVID -19 led to halt in economic activities causing a steep downturn in the already stressed auto sector. This resulted in near zero sales in April. However the month of May and June witnessed recovery in the Replacement segment. Through continuous engagement with customers, focus on supply chain, extensive sub-dealer network and customer conversions, CEAT recorded the highest ever sales in TBR which is truck bus radial, Scooters and UVR categories in the month of June. The Original Equipment and International Business saw a major decline in sales due to the pandemic.

For the first quarter of the current year, on a consolidated basis the revenue was Rs. 1,120 Crores as against Rs. 1,752 Crores in the same quarter of the previous year with a net loss of

Rs. 35 Crores as against a net profit of Rs. 82 Crores for the same quarter of the previous year.

The impact of COVID-19 has been felt across businesses and this is true also for the auto sector. In the short term to medium term, global automobile sales may decline. For the tyre industry, Replacement sales should see a gradual uptick as regions which are less impacted have start opening. Export sales are expected to improve from Q2 onwards. The Company has streamlined its business processes and we are hopeful that there may be no significantly material impact on the operations and financial Impact of the Company due to the COVID-19 pandemic in the future.

I wish to place on record our appreciation to all stakeholders for their continued support and most of all to you shareholders for your support and confidence, you have reposed in the Company.

Thank you.

Before we invite the speaker Members to speak at this meeting, I would request the Company Secretary to make an announcement with respect to e-voting facility which has been activated for voting at the AGM.

Over to you

**Ms. Vallari Gupte**

Thank you sir.

Dear Members, Good afternoon.

In Compliance with the relevant provisions of the Companies Act 2013, Rules made thereunder and SEBI Listing Regulations, the Company had provided the facility to the Members to exercise their right to vote on the businesses proposed to be transacted at this AGM through remote e-voting for the period commencing from September 7, 2020 to September 9, 2020. In order to facilitate voting to those Members, who have not exercised their right to vote through remote e-voting, the Company has also provided facility to vote at this AGM through the e-voting platform of NSDL.

Mr. Mitesh Dhaliwala, of M/s Parikh & Associates, Practising Company Secretaries, has been appointed as the Scrutinizer for remote e-voting as well as e-voting at the AGM, who would scrutinize the votes and hand over the combined report on voting within forty eight hours of the conclusion of this AGM.

Upon receipt of the result of voting along with the Scrutinizer's Report, the same shall be uploaded on the website of the Company, NSDL and shall also be submitted to the Stock Exchanges.

Since this meeting is being held through Video Conference/Other Audio Visual Means and the resolutions mentioned in the Notice convening this meeting have already been put to the vote through "remote e-voting" there is no proposing and seconding of resolutions.

Thank you. I, now request the Chairman to please continue with the proceedings.

**Mr. Harsh Vardhan Goenka**

The Company had provided the facility to the Members to register themselves in advance by sending request from theregistered email id to express their views or queries during the AGM. We have received requests from few of the shareholders. As I call out each name the host will unmute the member and he / she may please put on thevideo and speak. I would request you to be to the pointand in brief.

**Mr. Harsh Vardhan Goenka**

Shobhna Mehta

**Ms. Vallari Gupte**

Sir Shobhana Mehta has not connected for the meeting we can go to the next one.

**Mr. Harsh Vardhan Goenka**

Is Lekha Shah there?

**Ms. Lekha Shah**

Hello can you hear me Sir?

**Mr. Harsh Vardhan Goenka**

Yes, I can hear you Lekha ji.

**Ms. Lekha Shah**

Respected Chairman sir, Board of directors and my fellow members good afternoon to all of you, myself Lekha Shah.I am very much thankful to our company secretary Mrs. Vallari Gupte ji for sending very good investor services and also sending me the annual report by email well in time which is full of knowledge facts and figures in place . Due pandemic COVID-19 we all are facing crisis and how to stay. Sir this is the first we are joining the Video Conference for giving the speech before one week and today also our company Secretary Vallari Gupte ji has asked on and given guidance and proper introduction for attending the meeting through video conference. I am very very grateful to our company secretary my lovely Vallari Gupte ji. Sir I am confident that with your vision and determination you will lead our Company to greater height. And also I pray to god our company will progress more and more under you and your team sir. Sir I have few questions to ask.

How is the company preparing itself in a post COVID world?

And my second question is what are the learning from the lockdown and how is the company implementing those learning?

My third question is How are we engaging our employees?

My fourth question is What is the roadmap for the next Two years?

So I wish our company good luck for a bright future and I support all the resolutions. Thank You Sir.

**Ms. Vallari Gupte**

Vasudha Dakwe you have been unmuted

**Ms. Vasudha Dakwe**

Hello can you hear me?

**Mr. Harsh Vardhan Goenka**

Yes we can hear you

**Ms. Vasudha Dakwe**

Very good afternoon respected Chairman sir, Board of Directors and my fellow shareholders myself Vasudha from Thane. I have already given my questions to Ms. Vallari Ma'am so I don't want to repeat it again. I support all resolutions thank you very much.

**Mr. Harsh Vardhan Goenka**

Ok. Thank you. Then we have Sharad Kumar shah.

**Ms. Vallari Gupte**

Mr Shah you have been unmuted.

**Mr. Sharad Shah:**

Hello

**Mr. Harsh Vardhan Goenka**

Hello. Mr Shah

**Mr. Sharad shah**

Hello.

**Mr. Harsh Vardhan Goenka**

Yes I can hear you. We can't hear you Mr Shah. Mr. shah?

**Mr. Sharad shah**

Hello can you hear me now?

**Mr. Harsh Vardhan Goenka**

I can hear you now.

**Mr. Sharad Shah**

My name is Sharad Kumar Shah. Sir, I have sent you in the morning one mail, regarding the leadership how India can develop leadership by seeing the matches of Dhoni and the article is written by our Narayan Murthy which appeared in 7th of August in times of India. It is a very interesting article and another thing just now I have seen one article in press news of Bridgestone.

What they are doing Sir..Bridgestone.They are supplying tyres going to home and supplying tyres so it is basically what I am looking today. Today is the business of replacement and my company has got 60% replacement business Apollo tyre has 80% replacement business I personally during this unpreidential time we should see that replacement business somehow we should try to increase and if you see two days back another team we have got wholly business 24% or something like that, If you see Maruti manufactured 113000 cars so we should concentrate basically only on Maruti because its volume is higher and so that our supply tyres to the Maruti will prove something better to other companies than company to other that is my screening and another thing our company secretary replied to my so many questions and from reply I could make out that VRS Business is totally closed now due Q3 and Q4 the company will not incur any losses like Q1 and mean will do definitely better than Q1 that is what is important andanother thing what I was looking only in balance sheet see we should not praise yourself only we manufacture high performance tyres this word particularly high performance tyre I have not seen anywhere in any balance sheet of tyre company.

So what is speciality of my tyre that you can explain it to me I will be very happy because I can also use for my vehicle.Another thing what I was looking for that our first plant was 1958 after that we put one plant in between in Nashik but last 10 years we have put like 9,16,17 and 20 plants so what is this four plants revenue that I could not separate out from total revenue sir so if you can guide me on that respect I will be very happy.

Another thing what I look here in the balance sheet is our cash flow is higher in last five years and though our results are compared to previous year are not that good but its not that bad also and looking at another thing just now CNBC18,there is a good demand for rubber in the world but the rubber demand is not increased in India and basic reason we were seeing that there 23% down in the auto industry.

So it looks like that I don't think we have got any much problem and one thing is there I have visited your this Bhandup plant two times first time my opinion was that it is number 1 hopeless plant and when I visited second time it was a surprise to me that the way in which

you improved this plant and now presently what happens you don't have any complaint from the surrounding people because it is basically located in a residential area and it is not a small plant it is 22 acres land and it is 1958 plant so I think it is the good thing what we have done and you should what I am saying your experience you should try to advise people that if you can put Japanese consultant definitely they can improve the condition of the plant and we can continue in the localities also.

That is the only thing what I wanted to tell you. Rest of things what our Company Secretary Gupte has promised there are certain questions I have in my mail and she said she requires some time because of COVID all people are not together I said whenever it is convenient you can reply. Thank you Sir.

**Mr. Harsh Vardhan Goenka**

Thank you very much.

Very kind of you to have taken all the efforts and giving such interesting suggestions and comments.

Lekha Shah ji thank you for comments and appreciation and good wishes. Post COVID and even during this time we are practicing social distancing, safety, we are communicating a lot within the team members and the employees those who don't need to come in the head Office everybody is working from home with extremely productively we have a strong and good relation with union with whom we are communicating a lot. We also have given facility to all our colleagues for mental and physical health council. We are doing a lot of work as far as digitalization is concerned, there is lot of emphasis applied trying to reduce cost, to engage with the community we are doing a lot of good work on CSRs and also trying to mostly work with customers.

We have done some innovation where we have done home fitment of tyres and if you go to CEAT shops you will experience a very hygienic condition and also we are putting a lot of emphasis on online buying.

On some of the questions which Ms. Vasudha Dawke has said. One is what is the impact of COVID on the employees working from home and not working from home as Company's policy.

I am happy to share with you the Company has paid the entire wages right through the period of all our workers, our employees, our contract employees and the office employees are all working nicely at home. Till date we have not had and don't want to have any layoffs. The CAPEX plan is around Rs. 4000 Crores of which Rs. 2200 Crores have incurred and balance Rs. 1800 Crores will be incurred over the next three years.

The status of the project is the Halol Truck Radial project has commenced its operations in February 2019 and ramped up in phases the Chennai project started commercial production in February 20, the Nagpur expansion project was commissioned in August 2020, the Ambernath expansion project is expected to be completed by FY20.

Then you wanted to know what is the impact of COVID on Subsidiary basis. On existing business the impact is primarily bit on medium and heavy commercial vehicles. On the subsidiaries the CEAT Specialty Tyres which deals with farm tyres there was very little impact on it.

Infact, the rural demand is very strong and therefore we find farm tyres doing very well. Rado Tyres doesn't have any production activity. Bangladesh sales were down by around 60% in Quarter 1 but by Quarter 2 it is increasing. The joint venture in Sri Lanka operations were affected in the 1st quarter and was down about 27%.

Mr. Sharad Shah thank you very much for sharing with us very interesting article on Dhoni. He was a great leader we have lot to learn from him and I think we will try imbibe some of leadership qualities he has shown he was captain cool, fantastic team man, and I think we all as human beings and organizations have to learn a lot from him.

We are concentrating on the replacement market and I am happy to say that in the last post COVID period we have been successful in increasing our ratios on replacement sales.

As far as OE is concerned it could not be wise thing to just concentrate on Maruti. Maruti is extremely important customer but I think we have to hedge our mates we have to work with Tata, we have to work with Mahindra and we have to work with Reno and so many others.

As far as our High performance Tyres, we have different high performance tyres for different category. We have one for better grid for safety, for 2 wheeler we have the milaze which is for long life. As far as the four new plants the revenue is around Rs. 3500 Crores. We are putting a lot of emphasis which is right to say on cash flow.

As far as Japanese consultant I don't know if you are aware long time back we had technical collaboration with Wokohama Rubber and we have worked on our quality journey with some of the Japanese consultants and I think it is about 2 years back when we got the very prestigious Jurain award , so we are working with very high quality we have a very strong R&D sector which is based out of Vadodara and Frankfurt. We try to get technology and sometimes consultants around the world. And we are working towards how we can have the finest products that are available in the market.

I take this opportunity to place on record our grateful appreciation to all our customers, bankers, employees and most importantly, the Members, for their continued support.

I once again thank the Members of the Company for attending this Sixty-First Annual General Meeting of the Company. I declare that the meeting is concluded.

Now those Members, who have not voted through remote e-voting may cast their votes during next 15 minutes. I authorize the Company Secretary to receive the combined voting results from the Scrutinizer and submit the same to the stock exchanges.

Thank you very much